
Annual Report 2020





25.yıl

KREDİ KAYIT BÜROSU

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Kredi Kayıt Bürosu (KKB) was founded on April 11, 1995, with the partnership of nine leading banks of the industry. After 25 years since its foundation, KKB now provides services both on behalf of itself and the Risk Center to approximately 200 members including banks, consumer finance, leasing, and insurance companies.

Thanks to its innovative approach, KKB continues to develop new products and services to increase the added value it generates for its stakeholders.

KKB has been an indispensable actor in financial life for a quarter of a century with its trust-oriented operations. It has expanded its service network all over Turkey, serving not only financial institutions but also the real sector and individuals. KKB's Anadolu Data Center continues its operations to provide emergency centers and local cloud technology services to all industries, especially the banking and finance industry.



**“ KKB stands for
reliability in financial
life for 25 years! ”**



“ KKB is growing with innovative products and technology. ”

KKB provides services with its over 80 product types designed for all sectors and individual needs. It adds reliability to and stands out in financial life by putting innovation at the heart of its operations. Findeks continues its growth by adding new ones to its innovative applications such as Findeks QR Code Cheque System and Electronic Letter of Guarantee.

KKB transcends borders with the power of its experience, expertise, and innovations. One of the best credit bureaus in the world in terms of its products and activities, KKB implements projects that transcend borders in cooperation with other international credit bureaus, and it provides international credit bureau consulting.



**“ KKB’s achievements
reach beyond
borders. ”**



**“KKB makes the youth’s
dreams come true.”**

“You Imagine, We Realize,” which is a competition for social innovation ideas, continues since 2014. Innovative ideas of university students who develop ideas for social innovation projects are rewarded to carry them forward into the future.

Who We Are

01. ABOUT KKB

KKB serves individuals and the real sector, and especially the financial industry, with its innovative products and effective risk management solutions.

86

Products and Services

Kredi Kayıt Bürosu (KKB) was founded on April 11, 1995, as a partnership between nine leading banks. One of the long-established institutions in the finance sector, KKB has a total of 166 members, including 49 banks, 15 consumer finance, 55 factoring, 22 financial leasing, 5 insurance, 16 asset management companies, 1 resource organization, and 3 other companies as of December 31, 2020. 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' 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 law legal entities and third natural persons if consent has been given by the customers. Upon transfer of the Risk Centralization Center within the organization of the Central Bank of Turkey (CBRT), the Risk Center of the Banks Association of Turkey (BAT) started its operations on 28 June 2013. KKB conducted all operational and technical activities through its organization on behalf of the Risk Center of TBB and is providing data collection and sharing services to 181 financial institutions which are members of the Risk Center (RC).

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. Offering significant tools for individuals and organizations to manage their financial repu-

KKB's Anadolu Data Center provides emergency center, cloud, central product, and technology infrastructure services.

tation, KKB introduced Findeks, a financial services platform aimed at individual customers and the real sector in 2014. 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 life. KKB Anadolu Data Center, which started operations in December 2016, provides data center, emergency center, and cloud services as well as structured central products tailored for institutions and technology infrastructure services, especially for the banking and finance sector. As of 2020 year-end, KKB offers 86 products and services for members. KKB has 521 employees as of year-end 2020.

**Accounting Period of the Report**

01.01.2020-31.12.2020

Trade Name

KKB Kredi Kayıt Bürosu A.Ş.

Trade Registration Number

329148-276730

MERSİS (Central Registration System) Number

0564-0004-2270-0011

Address

Barbaros Mah. Ardiç Sok. Varyap
Meridian F Blok Ataşehir-Istanbul

Anadolu Kurumlar Tax Office

Tax Number 564 000 4227

Phone Number

+90 216 579 29 29

Fax Number

+90 216 455 45 36

Website

www.kkb.com.tr

Call Center

444 99 64 – info@kkb.com.tr

02. AWARDS AND ACHIEVEMENTS

KKB has crowned its success in 2020 with various awards it has received for its distinctive products and services.

In 2014,

- ◊ GeoMIS, the map-based reporting system, was presented with the "Oracle 2014 Innovator Excellence" award.

In 2018,

- ◊ Kredi Kayıt Bürosu Information Security team was presented with the "Security Team of the Year" award in Europe, the Middle East, and Africa by the global cybersecurity company FireEye.
- ◊ At the "Best Financial Technology Projects of the Year" Awards, organized as part of the IDC Turkey Finance Summit, KKB's Electronic Letter of Guarantee project was awarded the first prize in the "Corporate Banking" category.
- ◊ As part of the IDC Turkey Finance Summit, KKB won second prize with its project "Digital Transformation of Software Quality" in the "Data Infrastructure" category at the "Best Financial Technology Projects of the Year" Awards.
- ◊ KKB's Audio Question Bank project received the "Most Successful Volunteering Project" award from the Private Sector Volunteers Association.

- ◊ The Audio Question Bank project also won prizes at the Felis Awards, organized by MediaCat, in the categories of "Education" and "Voluntary Work for Disabled Persons" under the main heading of "Social Responsibility and Sustainability."

In 2019,

- ◊ The QR Code Cheque System Project was deemed worthy of the Golden Sardis Award in the "Product and Service Innovation" category at the Sardis Awards.
- ◊ The Electronic Letter of Guarantee Project won the Silver Award in the "Product and Service Innovation Category" at the Sardis Awards.
- ◊ The Audio Question Bank won the Innovation Award at the TİSK Corporate Social Responsibility Awards organized by the Turkish Confederation of Employers' Associations (TİSK).
- ◊ With the same project, KKB won the Grand Prize as one of the organizations adding value to sustainable development goals at the Corporate Social Responsibility Summit.

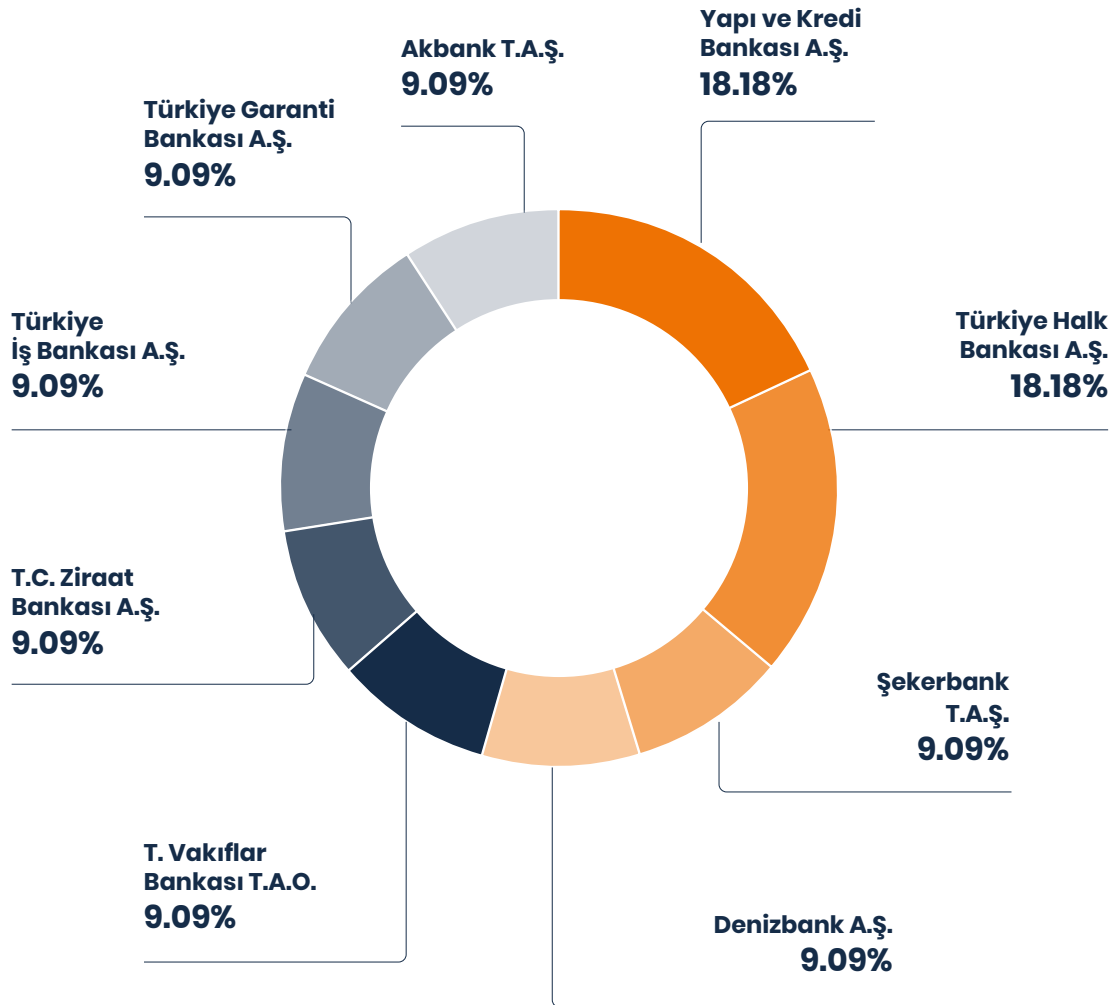
- ◊ The Audio Question Bank also won the Gold Award in the Social Responsibility Project Communications category at the Istanbul Marketing Awards.

In 2020,

- ◊ The Findeks Mobile Project received the Silver Sardis Award in the "Product and Service Innovation" category.
- ◊ The "Findeks Renewed Mobile App Communications" campaign received a bronze award in the "Banks and Financial Institutions" category at the Effie 2020 Awards.
- ◊ The "Corporate Performance Management Application" was awarded the first prize in the "Future of Business - Metrics & KBIs" category at the IDC Turkey CIO Summit Awards.
- ◊ KKB's Digital Transformation Project was awarded the second prize in the "Digital Trailblazer" category at the IDC DX Awards 2020.

03. SHAREHOLDING STRUCTURE

KKB was founded with the partnership of nine leading banks.



04. VISION, MISSION AND STRATEGIES

KKB's vision is to become a growing value for Turkey and an exemplary credit bureau in the world.



Vision

To become an exemplary, leading credit bureau in the world and a growing value for Turkey, by exceeding expectations with innovative products and services.



Mission

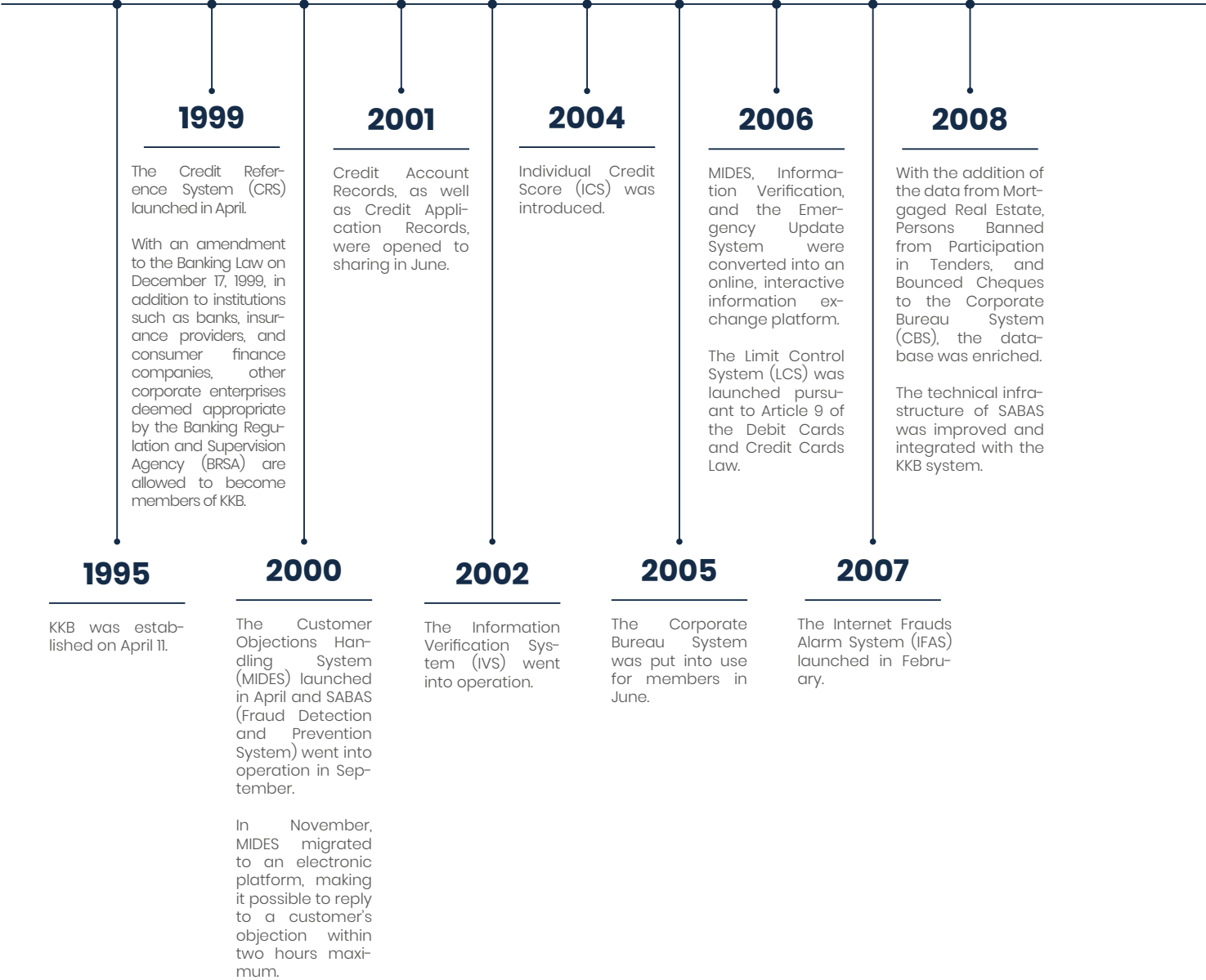
To offer the information and technology that meets the financial needs of the financial industry and the real sector, in the best way, to increase the operational efficiency of the institutions it serves.



Strategies

- ◊ To ensure the enrichment of the existing database by improving customer risk management 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 AI technologies,
- ◊ 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 reporting and macro-economic indicator services on the economic/financial outlook and status on behalf of the member organizations of the KKB and the RC,
- ◊ 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 society and the environment with corporate social responsibility projects, and raise society's awareness on this subject,
- ◊ To be an institution committed to delivering a high level of employee satisfaction, prioritizing employee development and synergy between employees, maintaining a strong corporate structure, and upholding the principle of equality.

05. MILESTONES



2009

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

2013

E-Reporting System was launched.

Commercial Credit Rating (CCR) was 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.

KRM data quality score 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, works on the Risk Center commenced. The entire infrastructure and operation-related works were undertaken by KKB.

The website www.kkb.com.tr was renewed.

2014

The Findeks brand was introduced and www.findeks.com launched. Findeks press launch was held. A 360-degree communications campaign was initiated.

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.

Cheque Status Inquiry was launched.

The Household Database and Trade Registry Sharing System (TRSS) was launched.

The Loans Analysis Portal went live.

The Address Processing System was launched.

Letter of Guarantee Status Inquiry (LGS) was launched.

2015

The Findeks QR Code Cheque System was launched in collaboration with the Banks Association of Turkey.

The National Fraud Detection and Prevention Service was launched.

The Factoring Invoice Pool of the Association of Financial Institutions (FKB) was created.

The foundation was laid for the Data Center, which will be built in Ankara.

The Cross Cheque Relations Inquiry Application was launched.

IBAN Verification Service was launched.

The CRS daily sharing system went into service.

The Real Sector Credit Assessment System, designed for the vehicle rental and leasing sector in collaboration with the Auto Leasing and Rental Companies Association (TOKKDER), was launched.

The second edition of the social responsibility project ideas competition, "You Imagine, We Realize," was organized.

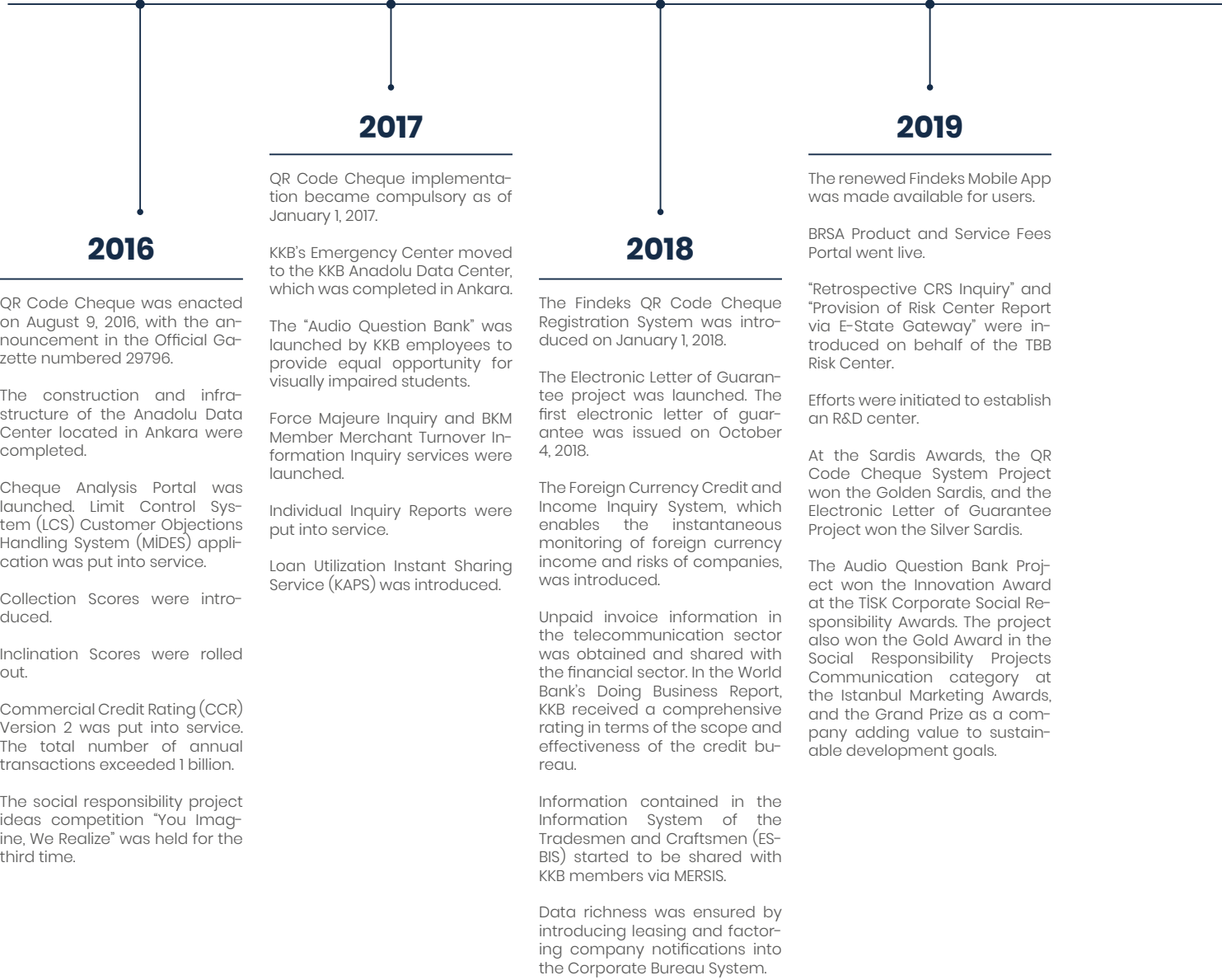
2012

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 works were completed.

Concrete steps were taken to launch the infrastructure of the Risk Center. Risk and Cheque Reports were introduced and the E-Reporting System, enabling electronic report requests and delivery, became operational.

05. MILESTONES



2020

- ♦ KKB R&D Center was established.
- ♦ Turkish ID Number-GSM verification service was launched.
- ♦ Agricultural Loan Score was put into use.
- ♦ KKB Nova platform was put into service.
- ♦ KKB won a Silver Sardis Award for its Findeks Mobile Project.
- ♦ The "Findeks Renewed Mobile App Communications" campaign received a Bronze Effie Award.
- ♦ KKB was awarded the first prize in the "Future of Business - Metrics & KBIs" category at the IDC Turkey CIO Summit Awards.
- ♦ KKB's Digital Transformation Project was awarded the second prize in the "Digital Trailblazer" category at the IDC DX Awards 2020.

Products and services that have become cornerstones in 25 years:

Credit Rating, Risk Report, and Cheque Report: Supporting risk management

TARDES: Simplifying agricultural loan assessment process and improving farmers' access to financial resources

Findeks: Accessible control and management of financial life for individuals

QR Code Cheque System: Contributing to a more transparent and safe growth of trade with this system - the first and only of its kind in the world

The Electronic Letter of Guarantee: Abandoning traditional paper-based letters of guarantee and transferring the entire process to an electronic environment

KKB Anadolu Data Center: Turkey's eco-friendly, highly technological, LEED Platinum, Tier IV, and Environmental Management certified data center, which is the pioneering digital fortress thanks to environmental and physical safety measures

KKB R&D Center: A center that responds to changing business models with fast and continuous innovation using digital technologies

In 25 Years:

~200

Members

80+

Products and services

4.4 Million

Findeks members

40.5 Million

Total number of
Findeks inquiries

50+

KKB Volunteers

05. MILESTONES

We hope that “The History of Cheques in Turkey, From Past to the Present” will shed light on future generations and the finance world.

The History of Cheques in Turkey, From Past to the Present

KKB is happy and proud to work for a stronger and greater Turkish economy for 25 years. Since our establishment, we work to minimize the uncertainties in commercial life and turn data into a secure future, thanks to our qualified team and know-how.

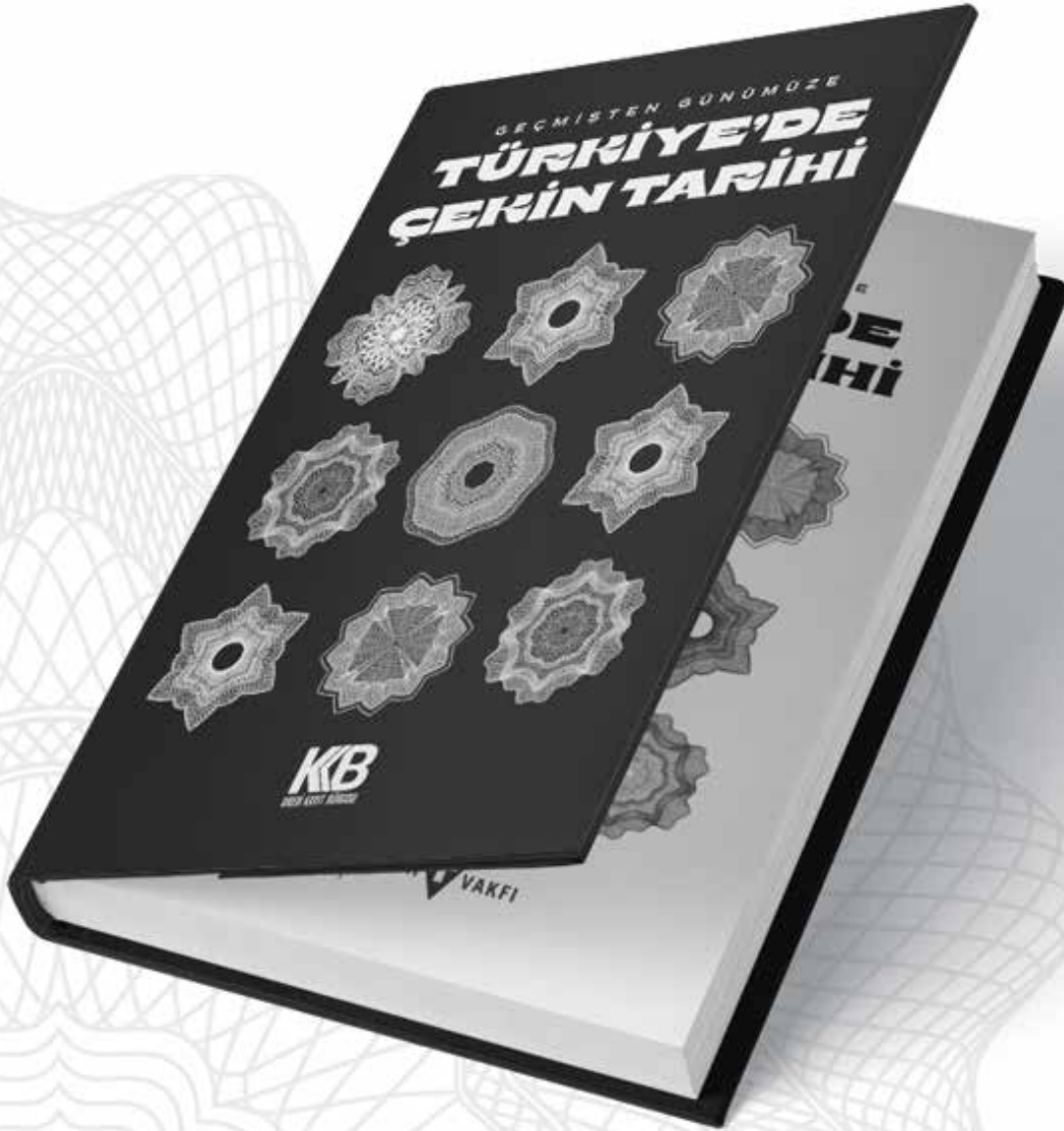
Every day, we offer a new value-added product and service for all sectors, especially the banking and financial sector, and we pursue our mission to facilitate the lives of our stakeholders with the

power we derive from technology. In addition to the financial services we offer and the trust we create in commercial life, we also participate in social projects to benefit Turkey.

In cooperation with the History Foundation, we tell the long story of cheques, one of the most important means of payment in the commercial life, in the book named “Geçmişten Günümüze Türkiye’de Çekin Tarihi” (The History of Cheques in Turkey, From Past to the Present), which we prepared to commemorate the 25th anniversary of our organization. We

wish it sheds light on future generations and the finance world and inspires similar studies. Our book has already taken its place as a reference work in all university and public libraries in Turkey. It is also available to all stakeholders on www.kkb.com.tr

While developing innovative products and services for the growth of the national economy and the dissemination of secure trade activities in the real sector with the same enthusiasm since our first day, we will always be part of creative projects.



06. OPERATIONAL INDICATORS

KKB has achieved successful operational results in 2020 with its innovative products and services.

Key Operational Indicators	2016	2017	2018	2019	2020
Individual Bureau Inquiries (Million Units)	421	445	488	553	631
Corporate Bureau Inquiries (Million Units)	18	30	40	54	73
Personal Credit Rating Inquiries (Million Units)	365	375	408	466	528
Monthly Inquiry Records (Million Units)	45	46	48	56	67
Objections on MIDES (Thousand Units)	267	288	205	219	131
LCS Inquiries (Million Units)	140	173	197	216	263
Produced Cheque Reports (Million Units)	30	45	47	46	53
Produced Risk Reports (Million Units)	13	15	17	15	17

KKB Member Profile

54
Banks

+

15
Consumer
Finance

+

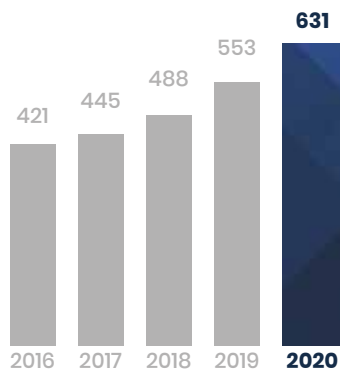
55
Factoring

+

22
Financial
Leasing

+

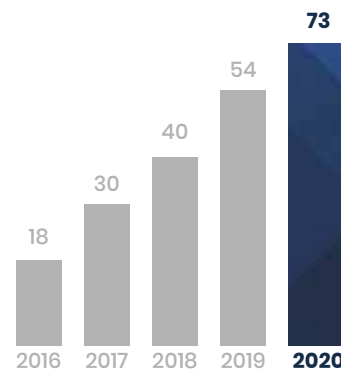
Individual Bureau Inquiries
(Million Units)



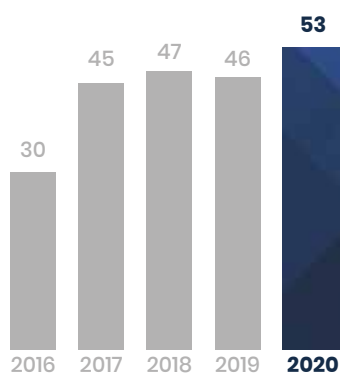
LCS Inquiries
(Million Units)



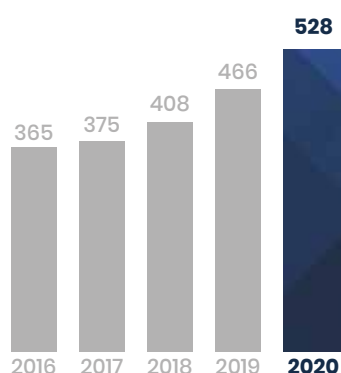
Corporate Bureau Inquiries
(Million Units)



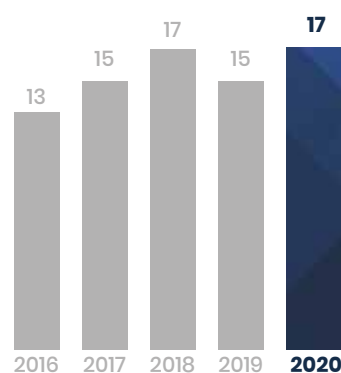
Produced Cheque Reports
(Million Units)



Individual Credit Ratings
(Million Units)



Produced Risk Reports
(Million Units)



$$\begin{array}{rclclcl}
 10 & & 4 & & 18 & & 178^* \\
 \text{Insurance} & + & \text{Other} & + & \text{Asset Management Companies} & = & \text{Total Number of Members}
 \end{array}$$

*As of 31 December 2020, the number of KKB members is 166 and this figure identifies the members who are served through the Risk Center.

07. CORPORATE VALUES

KKB is committed to the continuous development of its employees, products, service quality, and technological infrastructure.



Teamwork

Our greatest asset is human resources with their open communication, team spirit, shared goals, and devoted efforts.



Responsibility

We are responsible for providing our members and customers with accurate information, making economic and social contributions to our country, being fair to our employees, and focusing on employee satisfaction.



Reputation

We owe our reputation to our solid position in Turkey's economy, our trustworthiness, and our information security practices.



Continuous Development

We are committed to the continuous development of our employees, products, service quality, and technology infrastructure.

Management

08. LETTER FROM THE CHAIRMAN

During the pandemic, which brought various difficulties, KKB acted with the awareness of its responsibilities.

Dear Stakeholders,

Turkey has started 2020 with goals of progress and growth, thanks to current economic policies and programs. However, 2020 was a period of intense struggle with unprecedented challenges.

As part of the fight against the globally unsettling COVID-19 epidemic, we have taken a strong stance on economic stability and financial sustainability as a country. The synergy achieved by the business world, private sector, and financial institutions under the leadership of our government has been effective in achieving economic balance.

During this period, which was a time of struggle against social and economic difficulties, Kredi Kayıt Bürosu (KKB) acted with the awareness of its responsibilities. We have maintained our support by creating an environment of trust in commercial life with the products and services we offer for all sectors, especially the banking and financial sector.

We were able to take fast and accurate action with the power of our digital infrastructure.

Thanks to the strength we derive from our digital infrastructure, we planned and took the right actions rapidly ac-

cording to periodic dynamics and requirements. We have been able to fulfill our responsibilities towards our customers and stakeholders without experiencing any difficulty in keeping up with the changes in business processes and disciplines.

We are working for the growth of the Turkish economy, as we have always done for 25 years.

In 2021, we will continue to work on our innovative products and services, coming up with value-added solutions for our customers and stakeholders, making investments, and creating added value.

I would like to congratulate all our employees, who have successfully adapted to the "new normal" and kept up with the requirements of this period, for their achievements, and I would also like to express my gratitude to the esteemed members of the Board for their cooperation. I wish even more success in 2021 for our country and KKB.

Yours respectfully,



Arif Çokçetin
Chairman of the Board

In 2021, we will continue to work on our innovative products and services, coming up with value-added solutions for our customers and stakeholders.





09. LETTER FROM THE GENERAL MANAGER

We have ensured our business continuity thanks to new working models and remote working systems adopted during the pandemic.

Dear Stakeholders,

We have left behind a difficult year that has affected our country just like it affected the whole world. The COVID-19 pandemic has caused all goals for 2020 to be re-planned, and all priorities to be restructured in line with health measures. However, we have fought an exemplary battle against the pandemic both as a country and nation.

As Kredi Kayıt Bürosu, we have implemented necessary measures and precautions in our headquarters and Anadolu Data Center locations to establish a safe and healthy working environment as soon as the pandemic spreads to Turkey. We monitored the process closely throughout the pandemic, and successfully ensured the continuity of our business thanks to new working models and remote working systems that we put into operation under the effective management of all our administrative units.

We shed light on the agenda during the pandemic

We prepared reports about the impact of the outbreak on the agriculture and food sector. Closely monitoring the transformations experienced by the agricultural sector, we have added a new one to

the reports we prepared to share with the public. In the report named “The Impacts of the Coronavirus on Agriculture and Food Sector,” we handled the macroeconomic effects of the outbreak, and its impact on agricultural production and agricultural stakeholders.

We transferred our successful practices in Turkey to Azerbaijan

For 25 years, we have been creating value not only for the banking sector but also for all stakeholders of the Turkish economy with the value-added services we offer to the real sector and individuals. We are setting an example abroad with the products and services we have developed. Most recently, we have implemented the “Personal Credit Score Model Development Project” in cooperation with the Azerbaijan Credit Bureau for Azerbaijani consumers to learn about their credit scores.

We published the book Geçmişten Günümüze Türkiye’de Çekin Tarihi” (The History of Cheques in Turkey, From Past to the Present).

We published the book *Geçmişten Günümüze Türkiye’de Çekin Tarihi* (The History of Cheques in Turkey, From Past to the Present), which we prepared to celebrate the 25th

We published the book Geçmişten Günümüze Türkiye’de Çekin Tarihi” (The History of Cheques in Turkey, From Past to the Present), which we prepared to celebrate the 25th anniversary of our organization.

anniversary of our organization. Cheques have a past that goes deep into history and are a fundamental part of commercial life. We are delighted to have enabled the collection of this journey into a book and to leave a lasting work behind.

We started a new era with the R&D Center

As a result of our intensive and devoted work, we have officially established our R&D Center. With this historical development that starts a new era in our institution, we are proud that not only the products and services we offer but also the technological infrastructure, knowledge and human resources we have are acknowledged by the relevant authorities. We will contin-

09. LETTER FROM THE GENERAL MANAGER

We will continue with a dedication to contribute to Turkey's economic growth and the expansion of secure trade in the real sector.

ue to provide innovative solutions for the needs of all our stakeholders, especially the financial sector, bearing the responsibility of being an R&D Center in our activities in the upcoming period.

Our project idea competition went digital

We announced the winners of the 7th social responsibility project ideas competition, "You Imagine, We Realize," which is open to all university students in Turkey. The semi-final and final stages of the competition were organized online as everybody needed to stay home because of the COVID-19 pandemic. This year's winners were also announced via the "You Imagine, We Realize" website and social media accounts. We received a total of 1,134 project submissions from 132 different universities throughout Turkey. We thank each project owner who applied for the competition and congratulate the winners with all our hearts.

We continued to receive awards in 2020

Thanks to the devotion of our colleagues, we managed to crown this difficult year with awards. Our "Measuring and Reporting Process

Performance Indicators" project received the first prize in the "Future of Business - Metrics & KBIs" category at the IDC Turkey CIO Summit Awards which assessed best practices. Our Findeks Mobile Project received the Silver Sardis Award in the "Innovation/Product and Service Innovation/Other Financial Institutions" category of the Sardis Awards. At Effie Awards Turkey, our "Findeks Renewed Mobile App Communications" campaign received a bronze award.

We will work to sustain secure trade activities with innovative products

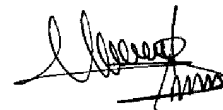
As KKB, we will continue to introduce innovative products, applications, and services that will contribute to the growth of Turkey's economy and the dissemination of secure trade activities in the real sector in the coming period.

I would like to thank our shareholders and members for their trust and support in our Institution; to our Board of Directors for the working meetings conducted effectively throughout the year, and for the power and support they have

Our "Measuring and Reporting Process Performance Indicators" project received the first prize in the "Future of Business - Metrics & KBIs" category at the IDC Turkey CIO Summit Awards which assessed best practices.

given us for the decisions taken, and to all our staff who continue to work hard across all our various functions and operations for their efforts.

Yours respectfully,



Veysel Sunman
Board Member and General
Manager



10. BOARD OF DIRECTORS



Top row, from left to right

Celal Candan
Member of the Board of Directors
Türkiye Halk Bankası A.Ş.

Veysel Sunman
Member of the Board of Directors
and Deputy General Manager

Bottom row, from left to right

Kasım Akdeniz
Member of the Board of Directors
T.C. Ziraat Bankası A.Ş.

İzzet Oğuzhan Özark
Deputy Chairman of the
Board of Directors
Denizbank A.Ş.

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



Top row, from left to right

Şahismail Şimşek

Member of the Board of Directors
T. İş Bankası A.Ş.

Şükrü Alper Eker

Member of the Board of Directors
T. Garanti Bankası A.Ş.

Bottom row, from left to right

Nurgün Eyüboğlu

Member of the Board of Directors
Yapı ve Kredi Bankası A.Ş.

Arif Çokçetin

Chairman of the Board
Türkiye Vakıflar Bankası T.A.O.

Şükrü Tuğbay Kumoğlu

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

10. BOARD OF DIRECTORS

Arif Çokçetin

Chairman of the Board

Türkiye Vakıflar Bankası T.A.O.

Director, Assessment and Rating Department

Arif Çokçetin graduated from Istanbul University, Faculty of Social Sciences, Department of Finance. After working at the Turkish Republic Ministry of Finance for a while, he started working at Vakıf Bank in 1996 and worked as a financial analyst, manager, and president in various units and branches ever since. He was appointed as the Deputy General Manager on July 13, 2020. Currently, Mr. Çokçetin serves as the Deputy General Manager responsible for Loan Allocation Management. He served as a Board Member at Vakıf Faktoring A.Ş. from 2013 to 2019. Having been appointed as a Board Member to KKB in 2019, Mr. Çokçetin has been serving as the Chairman of the Board of Directors since March 2020.

İzzet Oğuzhan Özark

Deputy Chairman of the Board of Directors

Denizbank A.Ş.

Deputy General Manager, Retail Banking

Born in 1976, in Istanbul, Oğuzhan Özark graduated from Istanbul Technical University, Department of Mathematical Engineering. Mr. Özark started his career in the Retail Banking Department of Garanti Bank in 1997. He served as the director of SME Banking at the same bank from 1999 to 2002, and director of the CRM department from 2003 to 2004. Özark joined Denizbank in 2004 as the Sales Manager of the SME Banking Department. After successfully serving as the Sales Management Group Head of the Retail Banking Department from 2009 to 2013, he was appointed Deputy General Manager of Retail Banking in February 2014. As of April 28, 2014, he is a member of the Board of Directors of KKB.

Ege Gültekin

Member of the Board of Directors

Akbank T.A.Ş.

Executive Vice President, Credit Monitoring and Legal 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 University Carey Business School. After graduating from Ziraat Bank's Banking School in 1992, she began her career at Osmanlı Bank on the Inspection Board. Mrs. Gültekin is currently Executive Vice President in charge of Credit Monitoring and Legal Follow Up at Akbank T.A.Ş. She has been a member of the Board of Directors at KKB since May 2015.

Şükrü Alper Eker

Member of the Board of Directors

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 Ph.D. from the University of Houston in 2001. He started his professional career in 2001 at GE Global Research Center in the United States as the System Control and Optimization Project Leader. After working on R&D projects for GE Energy, Medical Systems, and other GE companies, he moved over to Risk Management at GE Capital in 2005. Between 2005 and 2011, he served in various positions and levels at GE Capital in the US, Europe, and Turkey. He went on to work as Risk Director at Garanti Bankası-BBVA Representative Office between 2011 and 2015. Since September 2015, he has served as the Coordinator of Garanti Bankası Individual and SME Credits Risk Management Department. Since March 2016, he has been a member of the KKB Board of Directors.

Celal Candan

Member of the Board of Directors

Türkiye Halk Bankası A.Ş.

Executive Vice President, Credit Risk Monitoring and Legal Follow Up

Born in Konya in 1970, Celal Candan worked as a freelance attorney after graduating from Istanbul University Faculty of Law. He served as VakıfBank Anatolian Side Legal Affairs Director, Halk Leasing Board Member, Halk Emeklilik Board Member, and President of Halkbank Credit Risk Liquidation Department, respectively. As of September 22, 2020, he has been serving as the Deputy General Manager of Credit Risk Monitoring and Legal Follow-Up by proxy at Türkiye Halk Bankası A.Ş. He is married and has three children.

Şahismail Şimşek

Member of the Board of Directors

T. İş Bankası A.Ş.

Deputy General Manager; SME and Business Banking Sales Department, SME and Business Banking Marketing Department, Agricultural Banking Marketing Department, and Commercial Banking Product Department

Şahismail Şimşek was born in Erzurum in 1968 and graduated from Ankara University, Faculty of Political Sciences, Department of Finance. Mr. Şimşek started his career as Officer at the Yenışehir/Ankara branch in 1992. Between 1995 and 2007, he worked in the Sultanhamam Branch as, respectively, Service Officer, Deputy Manager, and Assistant Manager. Between 2007 and 2012, he assumed the roles of Assistant Manager and Unit Manager in the Commercial Banking Product Management Department and Branch Manager at the Avcılar Commercial Branch from 2012 to 2016. Having served as Commercial Banking Sales Department Manager since 2016, Şahismail Şimşek was appointed

Assistant General Manager on November 28, 2017. Since March 2018, Mr. Şimşek has been a Member of the KKB Board of Directors.

Şükrü Tuğbay Kumoğlu

Member of the Board of Directors

Şekerbank T.A.Ş.

Deputy General Manager; SME, Retail and Agricultural Banking

Şükrü Tuğbay Kumoğlu graduated from Gazi University, Faculty of Economics and Administrative Sciences, Department of Finance. He started his banking career at Garanti Bank, in 1999 as the SME Banking Customer Relations Manager. After working as the Director of the Ortaklar Branch of Garanti Bank between 2005-2006, Kumoğlu served as the Regional Manager of Türk Ekonomi Bankası A.Ş. (TEB). From 2013 to 2018, he served as TEB ShA Board Member in charge of the expansion of retail banking activities in Kosovo. Later, Kumoğlu served as TEB Retail Banking Sales and Call Center Group Director. In December 2019, Şükrü Tuğbay Kumoğlu has been appointed as Şekerbank's Deputy General Manager responsible for SME, Retail and Agricultural Banking. He also serves as a member of the Board of Directors at KKB.

Nurgün Eyüboğlu

Member of the Board of Directors

Yapı ve Kredi Bankası A.Ş.

Deputy General Manager, Loans

Nurgün Eyüboğlu graduated from Boğaziçi University, Faculty of Administrative Sciences, Department of Economics in 1991. She started her career in 1991 as an MT at İktisat Bankası. She joined Koçbank in 1993 and worked there as a branch manager until 2004. After the merger of Yapı Kredi and Koçbank in 2006, she continued her career as the Group Director of Corporate Banking and Multinational Com-

panies at Yapı Kredi until 2009. In February 2009, she was appointed as the General Manager of Yapı Kredi Leasing. She has served as the Assistant General Manager in charge of Corporate and Commercial Credits since February 2013. As of March 2020, she has been appointed as the Assistant General Manager responsible for Credits (Credit Lending Officer, CLO), and a member of the executive board. Ms. Eyüboğlu is a member of the Board of Directors at Yapı Kredi Faktoring, Yapı Kredi Leasing and KKB.

Kasım Akdeniz

Member of the Board of Directors

T.C. Ziraat Bankası A.Ş.

General Manager of Credit Guarantee Fund

Having about 33 years of experience in the banking industry, Kasım Akdeniz started his professional career at Yapı Kredi on the Inspection Board in 1987. From 1996 to 2011, he held managerial responsibilities, working as a 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 served as the Chairman of the Board of Directors of KKB Kredi Kayıt Bürosu A.Ş., a Board Member between

2005 and 2011, and as the General Manager from 2011 to 2020. As of March 2020, Kasım Akdeniz has been appointed as Kredi Garanti Fonu A.Ş. (KGF) General Manager. Currently, he serves as the KGF General Manager and Board Member.

Veysel Sunman

Member of the Board of Directors and Deputy General Manager

Veysel Sunman was born in Sakarya, in 1967. Mr. Sunman started his career in 1988, at Pamukbank T.A.Ş., as a Specialist. He served at the bank's Credit Risk Monitoring Department until 1994. From 1994 to 2001, he worked as the Manager of Osmanlı Bankası A.Ş.'s Credit Monitoring Unit. He worked as Head of Credit Risk Monitoring Department of Türkiye Halk Bankası A.Ş. from 2002 to 2005, and as the Department Head of Internal Control and Monitoring Center at MNG Bank from 2005 to 2007. He started working at T.C. Ziraat Bankası A.Ş. as the Head of Credit Risk Monitoring Department in 2007 and continued serving in this position until May 2020. Since 2008, Mr. Sunman has also been a member of KKB's Board of Directors and Audit Committee. Having complete knowledge of all the dynamics of KKB, Mr. Sunman has taken an active role in the formation of many milestones, such as the diversification of KKB's product and service infrastructure, the initiation of activities carried out on behalf of the Risk Center, the expansion of KKB's field of activity to include the real sector, and the launch of the Findeks Platform, KKÇ Report, Electronic Letter of Guarantee and the KKB Anadolu Data Center Project. After serving as the Chairman of the Board of Directors of KKB between March 2019 and 2020, he started his current position at Kredi Kayıt Bürosu as of July 2020.

11. SENIOR MANAGEMENT



Veysel Sunman
Member of the Board of Directors
and Deputy General Manager



Abdullah Bilgin
Information Technologies and
R&D Department Assistant
General Manager



Koray Kaya
KKB and Findeks Business
Management Department
Assistant General Manager



Orkun Deniz
Risk Center Coordination
Department Assistant
General Manager



Serdar Çolak
Risk Management Department
Assistant General Manager



İnci Tümay Özmen
Financial Reporting and Financial
Affairs Department Assistant
General Manager



Ali Kemal Cenk
Internal Audit Department
Assistant General Manager



Nil Durukanoğlu
Human Resources Department
Director



Serkan Siyasal
Product Management and
Development Department
Director



Erşan Rasim Hoşrik
Regulatory Compliance,
Legal and Operations
Department Director



Hazar Tuna
Internal Control Department
Director

Veysel Sunman
Member of the Board of Directors and
Deputy General Manager
See page 39 for his resume.

Abdullah Bilgin
Information Technologies and R&D Department
Assistant General Manager

Abdullah Bilgin has 33 years of professional experience. He graduated from Middle East Technical University, Department of Computer Engineering in 1985. Mr. Bilgin received his Master's degree from Istanbul University, Department of International Relations in 2002. Starting his career at Bilpa A.Ş. in 1986, Mr. Bilgin later worked as System Manager at John Deere in the USA. Subsequently, he served as Director in charge of System and Network Management in the Information Technologies Department at Yapı Kredi Bankası and as Group Manager of Self-Service Banking in the Alternative Distribution Channels Department until 2012. Abdullah Bilgin, who has served as Assistant General Manager in charge of Information Technologies and R&D at KKB since November 2012, manages KKB's efforts related to digital transformation as well as the activities of the KKB Anadolu Data Center.

Koray Kaya
KKB and Findex Business Management Department
Assistant General Manager

Koray Kaya has 25 years of experience in the banking industry. He graduated from Yıldız Technical University, Faculty of Engineering, Department of Civil Engineering. After completing his MBA 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 credit scoring systems in Turkey. During his tenure at Garanti Bankası, Mr. Kaya designed credit automation systems for consumer credits, credit cards, and small enterprise credit applications. In 2004, he started to work as a Consultant at Experian. Mr. Kaya went on to serve as a consultant on projects pertaining to the automation of credit decisions 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 Credits Allocation Department at TEB from 2005 until 2009. During that period, he pioneered the modernization of the personal credits approval platform of TEB in accordance with the prevailing conditions at that time. After starting to work as Head of the Personal Credits 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 Credits Allocation Department at the same organization in January 2012. Mr. Kaya has been working as Assistant General Manager in charge of KKB and Findex Business Management at KKB since May 2012.

Orkun Deniz
Risk Center Coordination Department
Assistant 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, and 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 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 in early 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 relations with the financial sector 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 Assistant General Manager in charge of Risk Center Coordination.

Serdar Çolak
Risk Management Department
Assistant General Manager

Serdar Çolak has 15 years of professional experience. He graduated from Robert College and Istanbul Technical University and the 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 an SAP Consultant in New York and after gaining experience there, he went on to work in the Istanbul office of PwC Turkey. In the Istanbul office of PwC Turkey, 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 Istanbul Office, 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, financial leasing companies, and capital market intermediary firms. He submitted reports to the BRSA as an independent auditor in charge of BRSA information systems audits conducted at many banks and their subsidiaries in Turkey, Germany, Greece, and Portugal. Having the titles of Certified Information Systems Auditor (CISA), ISO 27001 Information Security Management System, and ISO 22301 Business Continuity Management System Chief Auditor, Mr. Çolak has served as the Assistant General Manager in charge of the Risk Management Department 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. Under the management of Mr. Çolak, the KKB Information Security team was named "Security Team of the Year" in Europe, the Middle East, and Africa at the FireEye Excellence Awards in 2018. This was the first time a Turkish team received the award.

İnci Tümay Özmen
Financial Reporting and Financial Affairs Department
Assistant General Manager

İnci Tümay Özmen has 25 years of professional experience. She graduated from Boğaziçi University, Department of Business Administration with a degree in 1995. She started her career at Ernst & Young Denetim in 1995. İnci Tümay Özmen was involved in the audit services of many financial institutions while she worked at Ernst & Young. Having obtained the title of Certified Public Accountant in 2000, she left Ernst & Young as Manager. Ms. Özmen worked as Deputy General Manager in charge of Financial Affairs, Budget Reporting, and Operations at Yapı Kredi Leasing from 2000 to 2012. She played an active role in the adaptation process of the BRSA and Koçbank-YKB merger. İnci Tümay Özmen joined KKB in May 2012, and she has served as Assistant General Manager of Financial Reporting and Financial Affairs since October 2014. İnci Tümay Özmen was authorized as Independent Auditor in 2017 by the Public Oversight, Accounting, and Auditing Standards Authority.

Ali Kemal Cenk
Internal Audit Department
Assistant General Manager

Ali Kemal Cenk has 20 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 Negotiations 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, Basel II-III, internal control, and banking in the USA; he also participated in training courses and has certificates of completion on COBIT, TFRS, International Accounting Standards, Oliver Wyman Risk Management, and European Central Bank Eurosystem Macro-Micro Financial Audit. Mr. Cenk has been serving as Assistant General Manager of Internal Audit since April 2012.

Nil Durukanoğlu
Human Resources Department
Director

Nil Durukanoğlu worked in the field of human resources for over 22 years in various companies. After graduating from Istanbul University Faculty of Political Sciences, Department of Finance in 1999, she completed her MBA at Bahçeşehir University in 2019. Ms. Durukanoğlu started her career at Pamukbank in 1998. She worked as the Quality and Training Manager at Fortis Bank in 2002, Recruitment and Career Planning Manager at Türkiye Ekonomi Bank between 2005-2013, and Human Resources Partner at the same bank between 2013-2017. After

joining Denizbank in 2017, Ms. Durukanoğlu served as the Head of Academy Development Department and played an active role in the management of Training, Development, Assessment Center, Organizational Development, and Strategic Human Resources processes until 2020. Most recently, Ms. Durukanoğlu served as the Human Resources Director at Boyner Group and joined the KKB family in 2020 to serve as the Human Resources Director.

Serkan Siyasal
Product Management and Development Department
Director

Serkan Siyasal graduated from Marmara University Faculty of Law in 2005. Throughout his career, Mr. Siyasal gained experience in many areas such as payment systems, product development, business development, and risk management. He started his career at Garanti Payment Systems and assumed important roles in the company's critical projects such as the establishment of the collection tracking system, the launch of the Shop&Miles credit card, the merger of Garanti Bank and the Osmanlı Bank, and the restructuring of the bank's sales channels. He established the Call Center and Loyalty Management Systems of Betek Boya. He continued his career as a Project Manager at Disbank Risk Management and carried out the restructuring works for Disbank's personal credit and credit card application systems. In 2006, he established his own start-up and continued to contribute to the financial sector with his experience in payment systems. After a four-year period, Mr. Siyasal started working as a consultant to the General Manager at Provus and took part in numerous projects during the sale of Provus to Mastercard. In 2012, he joined Kredi Kayıt Bürosu as the manager of Decision Support Systems, and in 2014, he assumed the role of Findex Marketing and Sales Manager. During this period, he managed the launch of the Findex platform, which brought KKB expertise to the real sector and individuals. He also managed many projects that steered the Findex process, such as the establishment of sales channels and field structuring, remote customer acceptance, remote customer verification, and electronic consent system. In 2016, he started working as the Product Management and Development Manager. He thus played a role in the commissioning of many products that pioneered the digitalization of finance and public sectors and paved the way for transparent and data-based trade in the real sector. Since 2020, Mr. Siyasal has been the Director of the Product Management and Development team.

Ersan Rasim Hoşrik
Regulatory Compliance, Legal and Operations
Department
Director

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

Hazar Tuna
Internal Control Department
Director

Hazar Tuna holds 15 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 within the entire UniCredit Group, playing a key role in shaping the final version thereof. Having served as the Certified Information Systems Auditor (CISA), Certified Internal Control Professional (CICP), ISO 27001 Information Security Management System, and ISO 22301 Business Continuity Management System Chief Auditor, Mr. Tuna has been the Internal Control Director at KKB since April 2013.

12. MEMBERS

Member Type	2015	2016	2017	2018	2019	2020
Banks	53	52	52	52	53	54
Factoring	69	62	61	59	56	55
Financial Leasing	29	26	25	24	23	22
Consumer Finance	12	14	14	14	15	15
Asset Management Companies	12	15	13	18	21	18
Insurance and Other	10	11	12	13	13	14
Total	185	180	177	180	181	178*

*As of 31 December 2020, the number of KKB members is 166 and this figure identifies the members who are served through the Risk Center.

Member Banks

ADABANK A.Ş.
AKBANK T.A.Ş.
AKTİF YATIRIM BANKASI A.Ş.
ALBARAKA TÜRK KATILIM BANKASI A.Ş.
ALTERNATİF BANK A.Ş.
ANADOLUBANK A.Ş.
ARAP TÜRK BANKASI A.Ş.
BANK MELLAT
BANK OF AMERICA YATIRIM BANK A.Ş.
BANK OF CHINA TURKEY A.Ş.
BANKPOZİTİF KREDİ VE KALKINMA BANKASI A.Ş.
BİRLEŞİK FON BANKASI A.Ş.
BURGAN BANK A.Ş.
CITIBANK A.Ş.
DENİZBANK A.Ş.
DEUTSCHE BANK A.Ş.
DİLER YATIRIM BANK A.Ş.
FİBABANKA A.Ş.
GOLDEN GLOBAL YATIRIM BANKASI A.Ş.
GSD YATIRIM BANKASI A.Ş.
HABİB BANK LIMITED
HSBC BANK A.Ş.

ICBC TURKEY BANK A.Ş.
ING BANK A.Ş.
INTESA SANPAOLO S.P.A. İTALYA İSTANBUL MERKEZ ŞUBESİ
İLLER BANKASI A.Ş.
İSTANBULTAKAS VE SAKLAMA BANKASI A.Ş.
JPMORGAN CHASE BANK
KUVEYT TÜRK KATILIM BANKASI A.Ş.
MUFG BANK TURKEY A.Ş.
NUROL YATIRIM BANKASI A.Ş.
ODEA BANK A.Ş.
PASHA YATIRIM BANKASI A.Ş.
QNB FİNANSBANK A.Ş.
RABOBANK A.Ş.
SOCIETE GENERALE
STANDARD CHARTERED YATIRIM BANKASI TÜRK A.Ş.
ŞEKERBANK T.A.Ş.
T.C. ZİRAAT BANKASI A.Ş.
TÜRKİYE SİNAİ KALKINMA BANKASI A.Ş.
TURKISH BANK A.Ş.
TURKLAND BANK A.Ş.
TÜRK EKONOMİ BANKASI A.Ş.
TÜRKİYE EMLAK KATILIM BANKASI A.Ş.
TÜRKİYE FİNANS KATILIM BANKASI A.Ş.
TÜRKİYE GARANTİ BANKASI A.Ş.

TÜRKİYE HALK BANKASI A.Ş.
TÜRKİYE İHRACAT KREDİ BANKASI A.Ş.
TÜRKİYE İŞ BANKASI A.Ş.
TÜRKİYE KALKINMA VE YATIRIM BANKASI A.Ş.
TÜRKİYE VAKIFLAR BANKASI T.A.O.
VAKIF KATILIM BANKASI A.Ş.
YAPI VE KREDİ BANKASI A.Ş.
ZİRAAT KATILIM BANKASI A.Ş.

Financial Leasing Companies

A&T FİNANSAL KİRALAMA A.Ş.
AK FİNANSAL KİRALAMA A.Ş.
ALTERNATİF FİNANSAL KİRALAMA A.Ş.
ANADOLU FİNANSAL KİRALAMA A.Ş.
ARI FİNANSAL KİRALAMA A.Ş.
BNP PARIBAS FİNANSAL KİRALAMA A.Ş.
BURGAN FİNANSAL KİRALAMA A.Ş.
DE LAGE LANDEN FİNANSAL KİRALAMA A.Ş.
DENİZ FİNANSAL KİRALAMA A.Ş.
GARANTİ FİNANSAL KİRALAMA A.Ş.
HALK FİNANSAL KİRALAMA A.Ş.
ING FİNANSAL KİRALAMA A.Ş.
İŞ FİNANSAL KİRALAMA A.Ş.
MERCEDES BENZ FİNANSAL KİRALAMA TÜRK A.Ş.

PERVİN FİNANSAL KİRALAMA A.Ş.
QNB FİNANS 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
ANONİM ORTAKLIĞI
YATIRIM FİNANSAL KİRALAMA A.Ş.

Factoring Companies

ABC FAKTORİNG A.Ş.
ACAR FAKTORİNG A.Ş.
AK FAKTORİNG A.Ş.
AKDENİZ FAKTORİNG A.Ş.
AKIN FAKTORİNG A.Ş.
ANADOLU FAKTORİNG HİZMETLERİ
A.Ş.
ARENA FAKTORİNG A.Ş.
ATILIM FAKTORİNG A.Ş.
BAŞER FAKTORİNG A.Ş.
BAYRAMOĞLU FAKTORİNG A.Ş.
C FAKTORİNG A.Ş.
CREDITWEST FAKTORİNG A.Ş.
ÇAĞDAŞ FİNANS FAKTORİNG
HİZMETLERİ A.Ş.
ÇÖZÜM FAKTORİNG A.Ş.
DENİZ FAKTORİNG A.Ş.
DESTEK FAKTORİNG A.Ş.
DEVİR FAKTORİNG HİZMETLERİ A.Ş.
DOĞA FAKTORİNG HİZMETLERİ A.Ş.
DORUK FAKTORİNG A.Ş.
EKO FAKTORİNG A.Ş.
EKSPÖ FAKTORİNG A.Ş.
FİBA FAKTORİNG A.Ş.
GARANTİ FAKTORİNG A.Ş.
GLOBAL FAKTORİNG HİZMETLERİ A.Ş.
GSD FAKTORİNG A.Ş.
HALK FAKTORİNG A.Ş.
HUZUR FAKTORİNG A.Ş.
ING FAKTORİNG A.Ş.
İSTANBUL FAKTORİNG A.Ş.
İŞ FAKTORİNG FİNANSMAN
HİZMETLERİ A.Ş.
KAPİTAL FAKTORİNG A.Ş.

KENT FAKTORİNG A.Ş.
KREDİ FİNANS FAKTORİNG
HİZMETLERİ A.Ş.
LİDER FAKTORİNG A.Ş.
MERT FİNANS FAKTORİNG
HİZMETLERİ A.Ş.
MNG FAKTORİNG HİZMETLERİ A.Ş.
OPTİMA FAKTORİNG A.Ş.
PAMUK FAKTORİNG A.Ş.
PARA FİNANS FAKTORİNG
HİZMETLERİ A.Ş.
QNB FİNANS FAKTORİNG A.Ş.
SARDES FAKTORİNG A.Ş.
SÜMER FAKTORİNG A.Ş.
ŞEKER FAKTORİNG A.Ş.
ŞİRİNOĞLU FAKTORİNG A.Ş.
TAM FİNANS FAKTORİNG A.Ş.
TEB FAKTORİNG A.Ş.
TRADEWIND FAKTORİNG A.Ş.
TUNA FAKTORİNG A.Ş.
ULUSAL FAKTORİNG HİZMETLERİ A.Ş.
VAKIF FAKTORİNG A.Ş.
VDF FAKTORİNG A.Ş.
YAPI KREDİ FAKTORİNG A.Ş.
YAŞAR FAKTORİNG A.Ş.
YEDİTEPE FAKTORİNG A.Ş.
ZORLU FAKTORİNG A.Ş.

Consumer Finance Companies

ALJ FİNANSMAN A.Ş.
DORUK FİNANSMAN A.Ş.
EVKUR FİNANSMAN A.Ş.
HEMENAL FİNANSMAN A.Ş.
KOÇ FIAT KREDİ FİNANSMAN A.Ş.
KOÇ FİNANSMAN A.Ş.
MERCEDES BENZ
FİNANSMAN TÜRK A.Ş.
ORFİN FİNANSMAN A.Ş.
ŞEKER FİNANSMAN A.Ş.
TEB FİNANSMAN A.Ş.
TIRSAN FİNANSMAN A.Ş.
TURKCELL FİNANSMAN A.Ş.
TÜRK FİNANSMAN A.Ş.
VFS FİNANSMAN A.Ş.

VOLKSWAGEN DOĞUŞ
FİNANSMAN A.Ş.

Insurance Companies

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

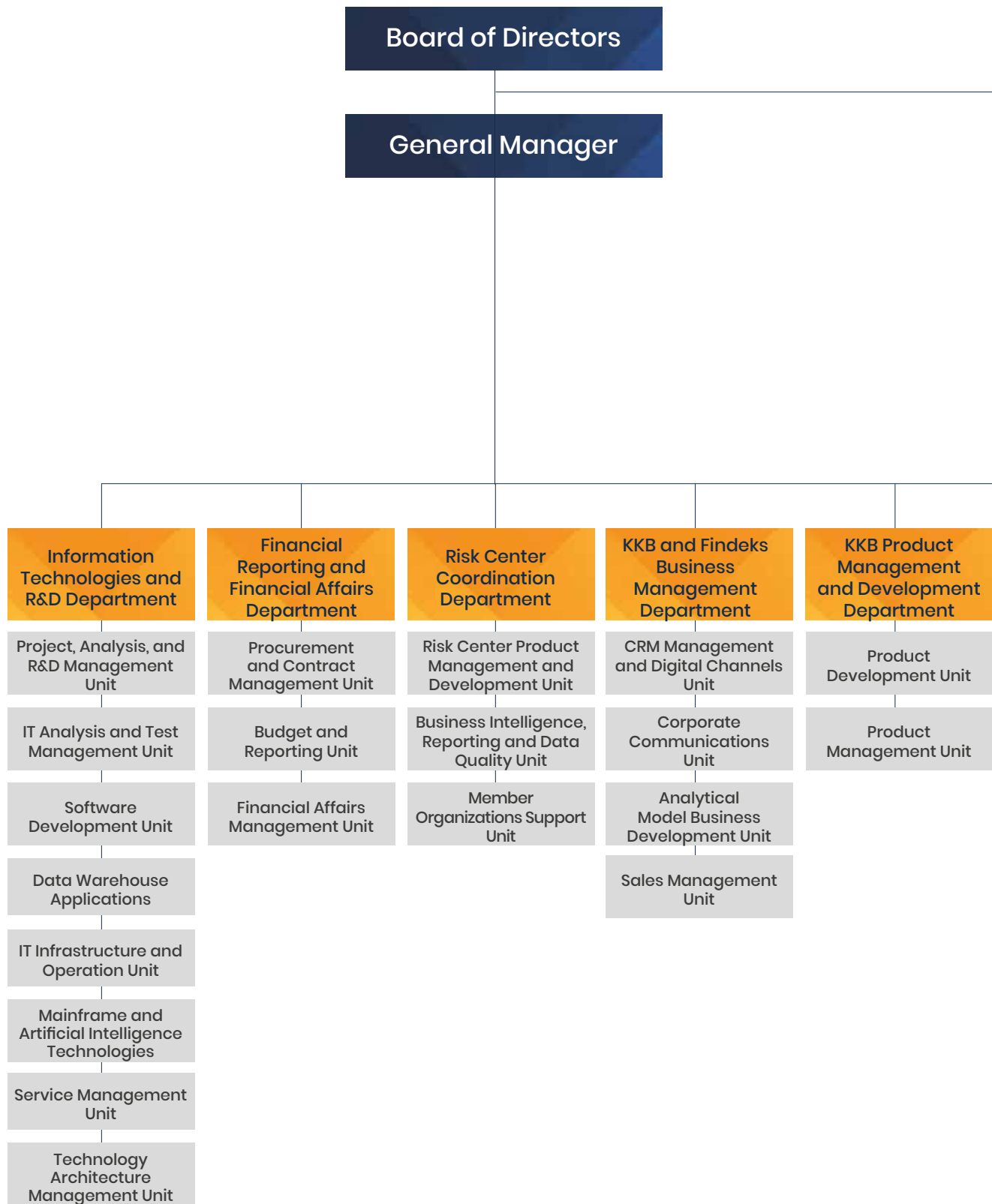
Asset Management Companies

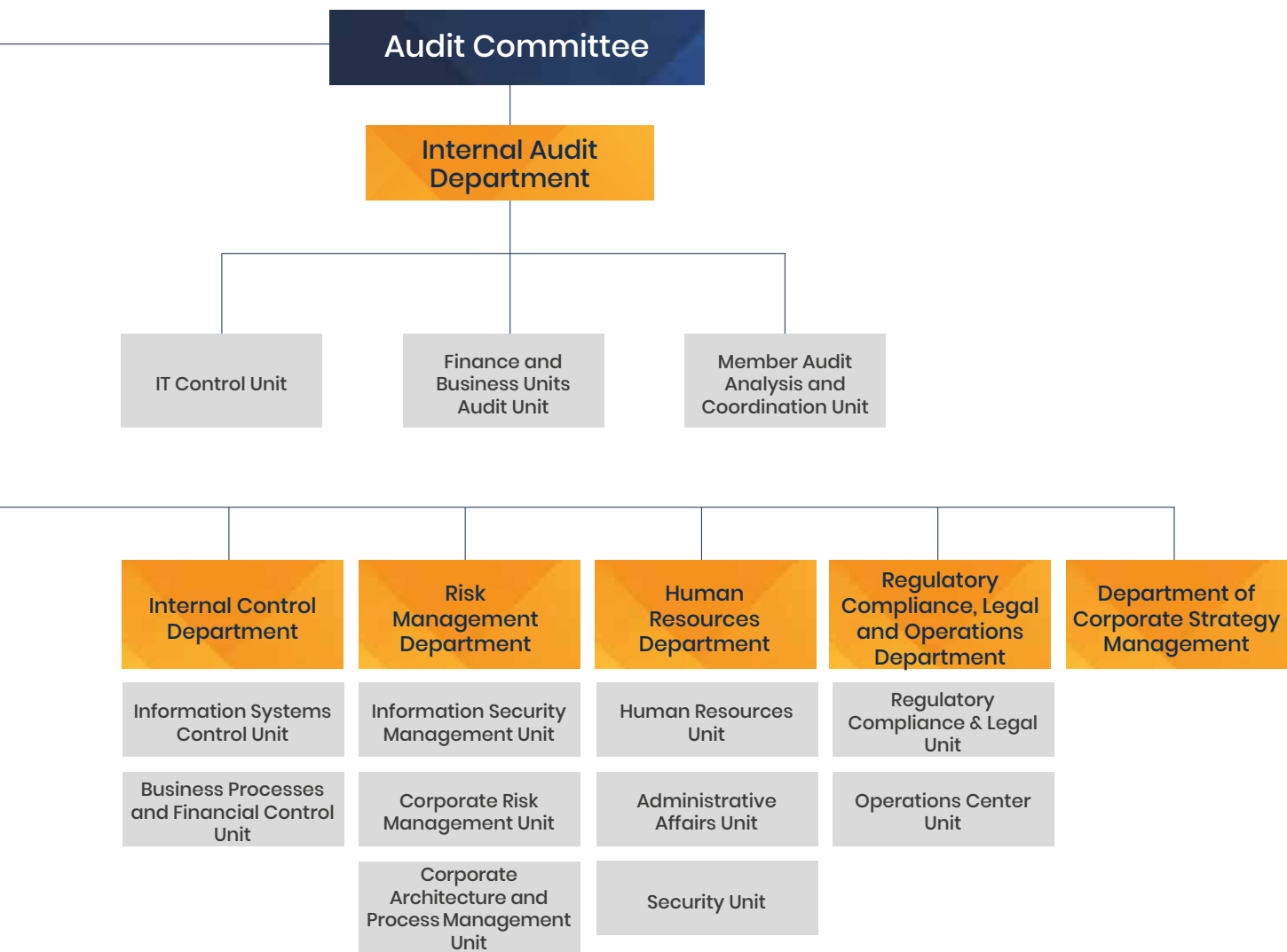
ADİL VARLIK YÖNETİM A.Ş.
ARMADA VARLIK YÖNETİM A.Ş.
ARSAN VARLIK YÖNETİM A.Ş.
BİRİKİM VARLIK YÖNETİM A.Ş.
BİRLEŞİM VARLIK YÖNETİM A.Ş.
BOĞAZİÇİ VARLIK YÖNETİM A.Ş.
DENGİ VARLIK YÖNETİM A.Ş.
DOĞRU VARLIK YÖNETİM A.Ş.
DÜNYA VARLIK YÖNETİM A.Ş.
EFES VARLIK YÖNETİMİ A.Ş.
EMİR VARLIK YÖNETİM A.Ş.
GELECEK VARLIK YÖNETİM A.Ş.
HEDEF VARLIK YÖNETİM A.Ş.
İSTANBUL VARLIK YÖNETİM A.Ş.
MEGA VARLIK YÖNETİM A.Ş.
MET-AY VARLIK YÖNETİM A.Ş.
SÜMER VARLIK YÖNETİM A.Ş.
YUNUS VARLIK YÖNETİM A.Ş.

Other

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

13. ORGANIZATIONAL CHART





Business Units

14. BUSINESS UNITS

The Information Technologies and R&D Department carries out software development efforts in line with modern technologies.

The IT Access and Payment Applications Unit conducts software development activities for Risk Center products.



INFORMATION TECHNOLOGIES AND R&D DEPARTMENT

Software Development Unit

Operating under the Department of Information Technologies and R&D, this unit is responsible for developing software in line with modern technologies and product development requests received from the entire organization. There are nine separate units operating under the Directorate, all of which serve in different areas of responsibility.

Basic Bureau Applications Unit is responsible for office software, which is the main area of responsibility of the institution, and Limit Control System (LCS) application.

The Corporate Bureau System (CBS) is planned to be transferred to a daily notification system in the coming period.

The Digital Platforms Unit is responsible for the development and maintenance of all KKB websites. The same team is also responsible to develop the Central Billing Registration System (MFKS) offered for the Association of Financial Institutions (FKB). This year, new improvements were put into practice to enhance customer experience on member portal websites, namely findeks.com and kbb.com.tr. In addition, customers' operational costs have been decreased thanks to new applications such as Bilgiç and Chatbox.

The Risk Center Applications Unit is responsible for Risk Center software development activities. Important projects commissioned this year by the team include the Foreign Currency Risk Notification Project, Foreign Currency Appeal Assessment System, Risk Center (RC) Application Improvement, and the e-State Report Enrichment project.

The IT Access and Payment Applications Unit is responsible for developing software for RC products and the software of KKB's payment systems infrastructure. Major projects implemented by this team in 2020 include the Daily Notifications of Legal Entities Turkish Lira Cash Risks, Legal Entities Credit Monitoring Application Notifications, the establishment of data collection

platform on behalf of Birleşik İpotek Finansmanı A.Ş., and the Fraud Prevention Project.

The IT Findeks and Real Sector Applications Unit is responsible for Findeks application & development activities. The QR code cheque report service offered within Findeks was enriched in 2020 with the addition of important features such as bankruptcy information, and UYAP and MERSIS integration. Additional features were introduced to increase the prevalence and boost the performance of the new Findeks mobile application, which was launched in 2019. In addition, integration of the Message Management System (MMS) has been completed, making it easier for Findeks customers to manage their notifications. In order to make Findeks customer communication more effective, secure and traceable, the transition to the new SMS, OTP, and PUSH notification platform is planned to be completed in January 2021.

The Mobile Technologies Unit is responsible for developing applications for the Findeks Mobile Project. Important projects successfully completed by the team include the development of dual-component verification infrastructure for RC and KKB FTP applications, and the GSM verification project developed using open code technologies such as MySQL/Tomcat.

The IT Decision Support Unit is responsible for developing software for KKB products. Important projects implemented by the team this year include the Credit Guarantee Fund (KGF) project; integration of the Electronic Letter of Guarantee with Takasbank; SABAS; DYS envision integration; and the TarımKart Score Project. IT Ankara Data Center Software Unit is responsible for the development of the Systemic Risk Data Tracking System (SRVTS) presented to the CBRT, and of KKB'S NOVA platform. The team has successfully completed the software development efforts for the data collection form module of NOVA in 2020.

Data Warehouse Applications

The Data Warehouse Software Development department consists of two separate units: The Data Warehouse and Business Intelligence Applications Unit, and ERP Applications Unit.

The Data Warehouse and Business Intelligence Applications Unit is responsible for the reporting and analytical applications that the organization provides to both internal and external customers. Business intelligence solutions are applications that enable companies' decision-makers and employees to reach the right information, at the right time and place, in the fastest way possible, thus ensuring strategic decisions are made in the most accurate way. With the most recent arrangements made in 2020, works have commenced renewing the services offered on this platform. The Risk Center Interactive Data Platform was established, allowing members to access reports quickly from a central platform, and in a dynamic and secure way. In today's world where access to data is of great importance, the team obtains data from its source and processes it to make it available for use in all different areas such as data engineering, data mining, and data analysis. In order to increase the service quality in this field, the team has also started to work on integrating its services with new big data solutions by preparing an RFP. They carry out intense efforts to put the new platform into service in 2021.

The ERP Software Development Unit is responsible for software development activities related to all workflow systems of the organization. This unit is responsible for providing software support for the ERP application used by the Procurement and Contract Management Department, and the Financial Affairs and Human Resources Department. It is also responsible for the new development and maintenance services offered on this module. As a result of the

The Mobile Technologies Unit carries out the development efforts for the Findeks Mobile Project.

works carried out in 2020, the ERP system has been integrated with many modules used in the organization, such as the Document Management System, Budget Reporting, Customer Contracts, and R&D Platform modules.

IT Service Management Unit

In the 2020 operating period, the availability reports of KKB products and services continued to be shared with related persons on a weekly and monthly basis. Meanwhile, the same reports were also shared on the Risk Center products and services side for weekly, 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 updated on the KKB side. The availability measurement and reporting of the Risk Center Member Audit Tracking System (MATS) are continued. On the infrastructure side, server availability reporting is notified instantly and reported on a weekly basis. In addition, detected warning and critical alarm messages are sent to the relevant teams immediately to enable them to make the necessary interventions. The monthly SLA report of the SAP service offered to TBB by Itelligence, and the monthly SLA report of the SAP service offered to TBB by KKB continued to be delivered to TBB Risk Center.

14. BUSINESS UNITS

IT Project, Analysis and R&D Management Unit ensure the implementation of KKB's three-year IT and R&D strategy plan.

Special monitoring systems and methods are used and robotic monitoring activities are carried out in order for members to use the products and services offered through KKB's strong infrastructure without interruption and at the highest quality. We make continuous investments in methods that will help us notice problems as early as possible without letting them affect our members and resolve them without turning them into larger problems. As part of these monitoring activities, the most elaborate details of applications and infrastructures, and also capacity management efforts are carefully monitored.

KKB Anadolu Data Center transmits SLA performance reports, energy consumption data, and cabin logs to 21 different customers every month. KKB Anadolu Data Center also continued to share the Service Bulletin, which is prepared with data received from the KKB and Alpha applications, with related department managers via monthly reports. The Daily Service Quality Status Report is sent to the relevant teams at the end of each working day. As regards the KKB and KKB Anadolu Data Center, the works are ongoing concerning the carrying out of the SLA measurements by third-party firms and sharing the results with companies.

IT Project, Analysis and R&D Management Unit

Thanks to three different disciplines it incorporates, the IT Project, Analysis, and R&D Management Unit have implemented not only information technologies and R&D governance studies in 2020, but also the analysis, planning, and execution studies for the needs of all departments within KKB.

The unit operates in 2 different locations: KKB Istanbul R&D Center and KKB Anadolu Data Center. As it has been serving in two different locations since 2018, the remote working methodology has been partially adopted by the unit ever since. However, remote working has been extended to cover most of its activities since the first four months of 2020, due to the pandemic. The unit's experience and know-how in remote working have enabled it to quickly adapt to the digital working environment, creating an increase in productivity.

The Unit contributes to the timely implementation of KKB's objectives at the right cost by developing a three-year IT and R&D Strategy Plan and updating it in line with KKB corporate strategies. With its active role in IT and R&D governance, it ensures transparent and up-to-date infor-

Due to the pandemic in 2020, KKB Istanbul R&D Center and KKB Anadolu Data Center have expanded the application of the remote working model

mation flow by detecting, identifying, and managing risks. In addition, as a result of the cooperation carried out with universities and institutions as part of R&D activities, it takes an active role in the management of the reporting provided to the Turkish Republic Ministry of Industry and Technology and relations with the same Ministry.

IT Project and R&D Management Office

The IT Project and R&D Management Office ensures that projects (which have been scoped by the senior management, evaluated in terms of legal and legislative compliance, scaled by the relevant business unit, deemed eligible for project design, and forwarded to the IT and R&D Department) are planned, executed and coordinated according to the PMI-based Project Management methodology and internal corporate standards.



The IT Project and R&D Management Office ensures that: all requests/projects carried out within KKB are handled according to a plan and prioritized correctly; resources are used appropriately and efficiently; a common language and methodology are used in all projects launched within the organization, and project performance measurements, risks, and lessons learned become part of the organizational memory.

The Turkish Republic Ministry of Industry and Technology approved KKB's application for the Istanbul R&D Center in early 2020. In addition to its current tasks, the IT Project and R&D Management Office has also undertaken the responsibility for the management of R&D activities.

In 2020, it continued working with the aim of ensuring compliance between IT and business unit objectives with a value-oriented governance perspective which is in line with corporate strategies, facilitating and accelerating decision-making processes with a data-oriented approach, and increasing the visibility of IT and R&D efforts.

It completed the adaptation of the project portfolio management tool and master planning tool to ensure

the automation of portfolio and project management processes in line with international standards and methodologies. Thanks to adapted applications, measurement of all IT and R&D resources' existing capacity, its transfer to the right projects, and its planning and use can be carried out in end-to-end integrity. Thus, the Information Technologies and R&D Governance Transformation Program was launched. Thanks to this program, KKB was awarded second prize in the "Digital Trailblazer" category of the IDC DX Awards 2020.

The IT Project and R&D Management Office have successfully implemented the following works as part of its R&D management activities in 2020:

Organizing the infrastructure for external mission forms,

- ♦ Conducting and reporting monthly R&D TZ personnel measurements,
- ♦ Establishing the Academic Advisory Board,
- ♦ Regular convention of the Academic Advisory Board to assess R&D activities and coordinate new suggestions,
- ♦ Developing cooperation with universities and institutions,
- ♦ Monitoring and reporting of R&D efforts and sharing the results with the Turkish Republic Ministry of Industry and Technology,

- ♦ Internal and external monitoring and planning of R&D training programs,
- ♦ Enhancing R&D processes.

The unit also organized training courses and workshops to increase the maturity of project and R&D management processes and encourage the widespread use of current project management techniques and tools.

IT Business Analysis and Test Management Unit

The IT Business Analysis and Test Management Unit provided analysis and carried out testing in all project and software change requests submitted during 2020 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; targeted service level; performance criteria; domain controls in screen and web services; and data requirements.

In the previous years, a test automation infrastructure was put into use in order to ensure the continuity and sustainability of service quality and to increase the quality in the software development life cycle. In 2020, a mobile application test automation product has been added to this infrastructure to ensure the automation of mobile application tests. Furthermore, a mobile device pool was established to help run mobile regression tests on different devices. A separate testing environment was established in 2020 to ensure all test automation scenarios are run periodically and in a stable environment.

To this end, an automated and integrated system was planned throughout the entire software development lifecycle, from the analysis phase up to the transition into reality. A test automation infrastructure was established for all actors in this cycle to contribute and its continuity was ensured.

The Analysis and Test Costs Template, which is a transparent and systematical method, is used for cost assessment in projects.

For all applications developed within KKB, an inventory of external dependencies has been created to ensure continuous usability.

In order to maintain total quality, regression sets for applications have been created and documented, and these regression sets have been automated on the test automation tool. An 80% increase was achieved in test automation scenarios, and all scenarios have been revised and updated. In all types of infrastructure, software, and configuration changes, regression sets were regularly run with an “end-to-end test” perspective, and the results were shared via e-mail.

Infrastructure has been created to allow for the test automation of applications integrated with the mainframe.

Test automation scenarios have been integrated into the tool that manages the software develop-

ment lifecycle, creating an infrastructure where they can be triggered at each versioning.

A robot application that runs in the real environment was designed in previous years to ensure service continuity and help prompt monitoring of real environment interruptions. In 2020, its Emergency Center automation deployments were completed, and it was used in the Emergency Center exercises held during the year. It is aimed that this study will bring along significant added value, including automation of the tests, reduced reliance on individuals, and faster opening times of services.

New applications were added to the robot application operating in a real environment, which was designed in the previous years, and thus it is aimed to increase the traceability of systems.

As part of the master plan studies carried out in 2020, the Analysis and Test Costs Template, which was developed to use a more transparent and systematic method in the calculation of project analysis and testing costs, was used in all project-related cost assessment works. New processes were formulated for

test automation, load tests, and audit trail developments to guarantee effective use of resources in line with the continuous development and improvement perspective.

Analysis and testing processes have been restructured to ensure standardization by improving the quality and efficiency of the relevant processes. Test automation and load test processes have been integrated into the test processes. All analysis processes have been merged after reviewing Data Warehouse and ERP analysis processes and renewing templates used in related processes. An analysis template focusing on the “usage scenario diagram” method was prepared in order to adapt the analysis documents to various software development models and pilot studies were conducted.

In order to ensure instant tracking of test cases, new instant status reports were designed on the Demand Management System and standard test status and closing reports were created. In the newly designed test processes, it was aimed to increase the test maturity level. As part of this goal, preliminary studies have been carried out for a new test management tool that will

meet the needs of the Analysis and Test Management Unit. This tool is planned to become operational in 2021.

To ensure continuous usability, an external dependencies inventory was created by analyzing the risks and impacts of external dependencies posed by all the applications developed at KKB. External application dependencies included in the external dependencies inventory were also examined and an external application test data dependencies inventory was created to assess the dependency of test processes.

Presentations on new technologies and products were carried out within the team to ensure continuous development.

Technology Architecture Management Unit

The Technology Architecture Management Unit continued its intensive operations in 2020 in line with its mission to guide the application, infrastructure, and information architecture. The unit has researched and evaluated many technologies that can support the institution's goals and has carried out necessary efforts to implement eligible ones. In parallel, it has made necessary assessments in terms of application, infrastructure, and information architecture in all projects carried out within the institution, and has supported the creation of products and services that comply with institutionally determined standards.

The Technology Architecture Management Unit has completed the "Automatic Feeding of uCMDB - Product Impact Analysis" R&D project in 2020 to establish a connection between product and service, application, infrastructure, and data. This project has enabled an institution-wide detailed impact analysis to be conducted on the uCMDB database to determine the product/service, the infrastructures on which the product/service runs,

the applications on relevant infrastructures, and the data produced or consumed by these applications.

A master plan project commenced in 2020 to spread the use of the API PORTAL product developed for APIs within the organization, which have become increasingly important for the use of KKB products and services by members and the real sector. The project was completed within the 2020 operating period. Thanks to this project, determining the APIs offered by products and services, and the APIs called by them to use the data of other products and services has become possible throughout the organization.

Business units' demands, such as fast transferring of products and services into the production environment, and having uninterrupted and high accessibility; and the ever-increasing efficiency of cloud technologies have led to the worldwide adoption of a new application development approach called "microservice." The Technology Architecture Management Unit has launched the "Corporate Microservice Framework" R&D project to spread the use of this approach organization-wide. With this study, it is planned to determine the microservice development practices to be used in KKB and to add these practices to the backend framework to facilitate their use within the institution. This project will continue in 2021.

In addition to the abovementioned studies, the inclusion of a MySQL database support to the power designer (data modeling) product, and JIRA's integration with the model changes conducted on power designer have been completed as part of the Information Architecture activities. Software Development and Data Warehouse teams have been updated about codes affected by data model changes. Thus, any errors in different applications caused by model changes will be prevented. Also, "database mod-

ification" process flows for MsSQL, MongoDB, and MySQL databases on JIRA were implemented.

Maintenance works have been completed for products managed by Infrastructure Architecture and DEVOPS Management Team (Nexus, Nexus IQ, Sonarqube, Jira, Confluence, Bitbucket, Crowd, Bamboo) and the servers these products worked on. The necessary integrations between the NETA product, which was completed in 2020, and Jira have been established. The project management product and IT processes have been associated. The Nexus IQ finding process and the Nexus IQ Waive process have been implemented in relation to the dependency vulnerability management product Nexus IQ. Products and services that had not been covered by SDLC flow have been included in the SDLC streaming in 2020. Code quality scans and code dependency vulnerability scans were carried out continuously for source codes developed by external companies. Thus, it has been ensured that the codes developed by external companies working at KKB also meet the predetermined quality and security criteria. The Infrastructure Architecture and DEVOPS management team's SDLC approach that prioritizes security and quality was presented at the vShield 2020 Conference. The team also received an invitation to present at the All Day DevOps event in 2021.

The corporate backend framework created by the team in previous years was continuously updated and fortified with new features in 2020. Besides, the graph database technology necessary for various projects has been researched and a sample application architecture has been created. Research has been conducted on data transfer with CDC (Change Data Capture) technology and sample applications have been developed. Assessments were submitted about how the applications, which are developed by third-party com-

14. BUSINESS UNITS

Maintenance of the OG/AG, transformer, MDP, and busbar infrastructure of 800 cabinets was carried out without interruption.

panies and used in KKB, comply with the organization's application architecture criteria. An ELK infrastructure was established for varied log inspection needs and necessary analyses were conducted. Efforts to improve code quality and eliminate application vulnerabilities of the applications implemented under the responsibility of the Application Architecture team continued throughout the year. In 2020, on the API management side, the transition of internal web services onto the API Gateway product continued. All these efforts supported many critical activities such as API authentication, authorization, transaction log records removal, and error tracking. API Gateway improvement efforts continue to make it an uninterrupted and highly accessible product.

IT Infrastructure and Operation Unit

KKB Anadolu Data Center Studies

In the KKB Anadolu Data Center, which was established by KKB to serve the finance sector, the entire energy/cooling and data infrastructure of a 120-cabin area in A-VM WS3 was designed and transported for the İşbank Active - Active Data Centers operating

projects. During the year, all infrastructure preparations were completed and a 50-cabin area was allocated to Halk Bank so that the bank can also start using the center as an Emergency Center. In addition, Şekerbank's system was transported to a 10-cabin area allocated in the WS2 at the center.

As a result of a lengthy planning phase, all MV/AG, Transformer, MDP, and Busbar infrastructures of KKB Anadolu Data Center, which has 800 cabins, were maintained without interruption. Thus, as part of the SLA provided to members, actions that are necessary to avoid possible downtime were completed beforehand.

Mainframe

The operating system in the mainframe was upgraded to zOS 2.4 and necessary security updates were completed in 2020. The transaction server running KRM, KRS, LKS, and Telko applications has been upgraded to the CICs TS 5.5. version, which is more up-to-date and superior in terms of security and performance.

During the 2020 operating period, security definitions in products such as RACF and zSecure, which are security products in the main-

Efforts for the improvement of the uninterrupted and highly accessible API Gateway product continue.

frame environment, were fortified. In this respect, many unnecessary authorizations were restricted, and stricter policies were put in place according to the segregation of teams' duties principle.

The hardware works of Mainframe EC Automation - zOS and zSeries have also been completed in 2020. BCPii scripts have been activated for enabling the automatic closure of Istanbul systems and automatic opening of Ankara-EC systems in EC transitions.

Database Management

With the use of open source databases, a total of \$2 million was saved (5-year TCO). After the EC switchover transition, closed-circuit tests have also been automated. The use of new NoSQL databases has paved the way for the rapid development of applications with variable data types.

Central IT Operations

The following studies have been conducted as part of Central IT Operations: Alpha CSM transition and the closure of KKBYY, installation of the Automic product for EC automation and monitoring, the transition to Forescout's new version and high available structure, the new Windows image work, preparation and implementation of IDLC processes, and SolarWinds Synthetic monitoring. During the COVID-19 outbreak, the focus on the Teleperformance and Headquarters side was on VDI dissemination. The creation and pilot deployment of the VDI PAW infrastructure was also completed.

IT Open Systems

With the completion of the Corporate VDI infrastructure preparation project in 2020, the singular operations of the Help Desk have been centralized, providing both a safe environment and a higher operational efficiency.

As part of the Symmetrical Data-center Project, a separate hardware line for critical environments from storage level to application level has been created using KKB Headquarters DC facilities. This study was aimed at increasing the level of accessibility of the services offered by KKB.

The installation of the Red Hat OpenShift platform has paved the way for the organization to develop CloudNative applications.

This project resulted in high-level productivity gains for all open system teams. Besides, operational activities were centralized and the duration of middleware (WebLogic, Tomcat) patch operations that had taken days before were reduced to hours.

GGF's online relocation and the infrastructure building work of Birleşik İpotek Finansmanı A.Ş. has been completed during the year.

The practice to use vehicles to carry cartridges between cities has been discontinued, making the backup environment more isolated and secure. KKB's backup/restore speeds and business efficiency have increased significantly.

All storages where KKB stores the data of RC infrastructures have been renewed online/without interruption. KKB Anadolu Data Center was scaled up to the KKB Headquarters standard. Outdated switches were decommissioned and single-point management was ensured.

Compliance with standards has been achieved in complex environments such as Oracle Siebel and EBS. Dependency on consultants in internal works has been eliminated, and efforts have been made to raise the standards to KKB levels.

The RM interactive reporting system project was executed and commissioned with KKB's own resources. Operational risk and cost have been reduced by transferring the reports, which RM used to publish statically to its members using traditional methods, into an interactive environment.

Some critical applications were put into service through KKB Anadolu Data Center in 2020. In this regard, some middleware applications in KKB Anadolu Data Center were also put into operation through Istanbul, and the service level offered to members has been improved.

KKB Anadolu Data Center infrastructure segmentation studies have brought the entire datacenter infrastructure to the KKB Prod datacenter standard, making it convenient for not only DR but also prod workloads to run.

Network and Network Security

As part of network and network security studies carried out in 2020, the EC site switch operation was supported. In addition, with the EC

segmentation efforts, the EC environment was equipped with the same segmentation and security structure used in KKB Headquarters DC and thus made suitable for providing prod services.

During the year, KKB's consulting efforts for future infrastructure design were supported.

As COVID-19 cases began to emerge in Turkey, the infrastructure necessary for remote working was established. VPN and internet capacities have been increased, and a large number of firewall rules have been activated for VPN access. Webex started to be widely used. Infrastructure support was provided for teleperformance users to work with VPN and VDI.

As part of user networks segmentation and Firewall Identity Awareness studies, different user groups were separated on a VLAN basis to increase the security of KKB. In addition to IP address control, user information control has also been added to Firewall rules.

The Cisco ACI structure deployed at KKB headquarters was also deployed at Ankara EC. A high-capacity infrastructure has been thus created to meet KKB Data Center's backbone needs for many years.

Besides, the purchasing phase of infrastructure, PoC, and design studies that can solve SSL traffic was completed and their installation started in order to make security controls more effective.

The entire datacenter infrastructure has been upgraded to the KKB Prod datacenter standard thanks to KKB Anadolu Data Center infrastructure segmentation efforts.

14. BUSINESS UNITS

Analytical Model Development has ensured the continuity of existing risk forecasting models and enabled the development of new models.

The Sales Management Unit aims to make KKB a pioneer in the financial sector in terms of reputation and relationship management.

KKB AND FINDEKS BUSINESS MANAGEMENT DEPARTMENT

Analytical Model Development Unit

Established in 2013, the Analytical Model Development Unit's activities are focused on three areas: Statistical Model Development, Central Decision Support Systems, and Fraud Prevention. In addition to ensuring the continuity of existing risk prediction (scoring) models, the Unit has built new models to respond to the needs and requests of KKB members. The Unit plans to introduce its various applications (including the Personal Credit Rating, Personal Indebtedness Index, Cheque Score, Commercial Credit Rating, Commercial Indebtedness Index, Personal Collection Scores, Commercial Web

Score, Agricultural Loan Score, and Personal Inclination Score) to a wider audience. Giving further momentum to its innovative activities, the Analytical Model Development Unit continues working with the aim of deploying various machine learning models in 2021.

The Central Decision Support Systems applications enabled decisions involving risks to be made in a faster, more consistent, and more accurate manner for banks and financial institutions as well as factoring companies and the real sector. The team introduced Turkey's first fraud prevention systems and focused on ensuring widespread use of these systems in 2020.

Sales Management Unit

As of 2020, Banking Channel Management, Member Channel Management, Findeks Business Development Management, Business Partnerships Management, Customer Communication Center (CCC), and Sales Channels Marketing Management Units have been gathered under the roof of the Sales Management Unit.

The main function of the Sales Management Unit is to ensure the effective management of the financial risks of banks, financial institutions, and the real sector by providing one-stop services to all KKB customers under its responsibility. One of the key strategies of the unit is to become the financial sector's pioneer in reputation and relationship management by delivering KKB's innovative products and services to every segment.

The Sales Management Unit conducts sales and marketing activities for all KKB and Findeks products offered to the real sector, banks, and member institutions, and individuals.

In line with KKB's strategies, the unit focuses on acquiring new customers and offering services to existing members and customers according to KKB's high standards. The Sales Management Unit is committed to meeting members' and customers' demands as soon as possible and at the highest quality. To ensure member and customer satisfaction, KKB uses its advanced technology facilities in the most effective manner. In addition, it provides for the continuous development of the human



resources who provide this service. To ensure that Findeks strategic sales targets are achieved, the unit makes sure that KKB products reach their target audience by using member banks' distribution channels, and also the Business Development and Business Partnership channels established for the dissemination of Findeks.

Banking Channel Management

The Banking Channel Management unit aims to create maximum value by directly contacting the headquarters, regional directorates, and branches of banks. It also conducts sales and marketing activities for all Findeks products available to banking customers.

The Banking Channel Management Unit works to increase recognition of the Findeks brand, establish a culture of risk management in both real sector representatives and individuals, and instill

this culture in the end consumer. To effectuate this cultural change, the Unit contributes to the establishment of a partnership between the Findeks brand and member banks' branches, and alternative distribution channels.

To ensure that Findeks strategic sales targets are achieved, the unit uses member banks' distribution channels to make sure that Findeks products reach their target audience.

In 2020, more than 35 thousand branch-customer visits were conducted by Findeks Communication Consultants, who are in charge of improving Findeks awareness and product/process knowledge through one-on-one meetings via the banking branch channel. The sales efficiency of this channel is planned to be improved in 2021, thereby increasing Findeks's new customer acquisition rate and existing customer penetration.

The Sales Support team pursues the mission of providing quality services on sales channels and establishes necessary coordination with the field team. It also monitors field visits and performance reports to achieve sales targets. It successfully supports the operations of the field sales team, creates reports as required for sales channels, and communicates necessary information to the field team.

The objectives in this respect include: managing the existing Findeks field team with maximum productivity and efficiency, turning Findeks into a banking product in the Headquarters business lines of banks, positioning it among products that have a sustainable growth rate, increasing awareness about Findeks, and making it more widely used in all channels, especially mobile and internet branches of banks.

14. BUSINESS UNITS

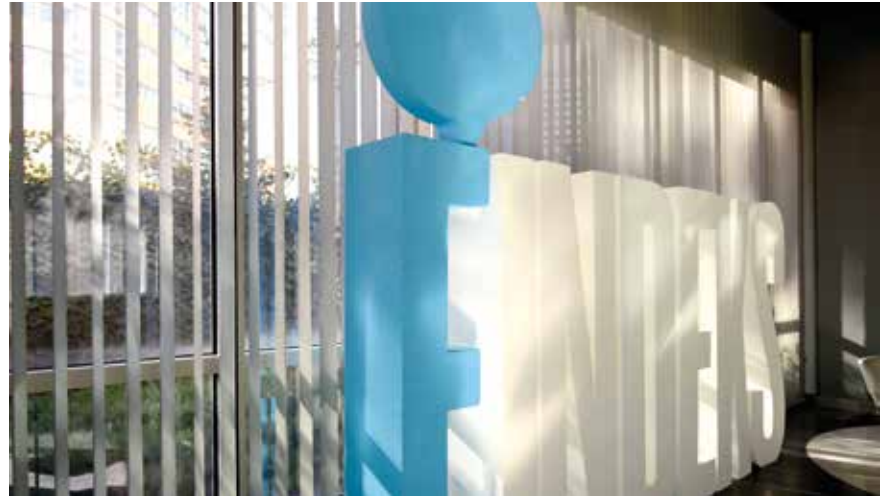
In its fields of operation, KKB aims to contribute to the digitalization of the real sector with the Business Development Unit.

Thanks to our cooperation with non-governmental organizations, KKB's QR Code Cheque System and ELGP have also started to be widely used.

Business Development Unit

Since its establishment, the Business Development Unit has been KKB's gateway to the real sector in terms of identifying financial risk management needs of the real sector and providing access to KKB's services. The unit accepts real sector actors, public institutions and organizations, and non-governmental organizations as its stakeholders and carries out its efforts to manage receivable risks based on rational data, increase financial literacy via business models, establish standards in financial information sharing processes, and ensure transparency.

In 2020, digitalization has entered our lives not as a choice, but as a necessity. In its fields of operation, the Business Development Unit



aimed to contribute to the digitalization of the real sector with KKB's products and services that same year.

In this regard, the Electronic Letter of Guarantee platform (ELGP) allows the real sector to make the letter of guarantee process completely secure by digitalizing it from end to end. In 2020, major Turkish organizations in the real sector have started using the ELGP and leading the sector in this sense. In addition to the institutions and firms directly contacted by the Unit, the ELGP was comprehensively promoted to many sectors including automo-

tive, construction, insurance, energy, and healthcare, as part of the communication activities performed via those institutions and firms in 2020, just like the previous year. Not only ELGP but also the QR Code Cheque service has been introduced to many sectors through presentations, introductory meetings, and informative activities, thanks to introductory presentations delivered at the chambers of commerce, and partnerships with non-governmental organizations in 2020.

The "Findeks Through the Eyes of the Sector" webinar series, in which real sector professionals share their ex-

periences and the benefits provided by KKB products and services, has been planned and implemented. Representatives of the durable goods, agriculture, and automotive sectors shared the benefits they obtained from KKB's products and services through this platform. The information they shared served as a reference for other real sector professionals, and especially other professionals working in the same sector with them.

In 2020, important partnerships have been initiated with the Presidency of the Republic of Turkey Presidency of Defense Industries, and Aselsan. The works carried out in this regard have allowed the sector to evaluate supplier risks through KKB reports.

The Business Development Unit has also undertaken proactive studies for insurance and electronic money/payment institutions operating in the financial sector and has contributed to the dissemination of verification services, which is one of the outstanding needs in this field of activity.

Efforts have continued to enable the use of Findeks in bonded sales processes of auto rental, durable consumer goods, and second-hand car sales sectors, thus also contributing to individuals' financial literacy. The efforts made in these sectors and the widespread use of Findeks in 2019 have set an example for other sectors.

In 2020, projects were implemented with important institutions for stakeholders in sectors requiring dealer credit risk management – such as FMCG, agriculture, construction materials, automotive, and fuel oil – as well as those sectors where risk monitoring is critical. Thus, the number of Findeks-integrated systems in these business lines has been increased. These studies undertaken with the real sector in the field of risk monitoring have enabled enterprises to manage dealer risks more proactively. Furthermore, they have utilized Findeks reports as a primary

evaluation tool for limit allocations and included this rating system in their corporate processes.

Member Channel Management Unit

Member Channel Management is responsible for managing KKB's relations with the financial sector. 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 unit.

The unit serves banks, 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 guiding them to benefit from these service offerings in the best way possible.

In parallel with 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, the unit regularly monitors the budget and the sales performance of products, while working 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 to the relevant teams. These efforts contribute to the development of new KKB products and services.

Business Partnerships Management

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

In partnership with the Insurance Agents Federation of Turkey (TÜSAF), the unit has also started to offer Findeks packages to the customers of insurance agents. The cooperation will allow the customers of insurance agents to manage their financial risks, find out the financial status of third parties they have trade relations with, and consequently manage their receivable risks.

Customer Communication Center Department

The Customer Communication Center (CCC) aims to respond accurately and promptly to the requests of individual and commercial customers. The center continued working with this mission also in 2020. The Customer Communication Center provides customer service support to the Findeks and TBB Risk Center.

During the COVID-19 outbreak, necessary infrastructure was urgently prepared and CCC has switched to the remote working system without any interruption in services.

Processes are constantly improved in parallel with technological developments. The speech analytics technology has also been deployed to improve customer experience and determine customers' expectations more accurately in 2021.

14. BUSINESS UNITS

The Sales Management Unit conducts product promotion and relationship management studies for current and potential customers.

Sales Channels Marketing Management

Sales Channels Marketing Management is responsible for managing the marketing strategies related to the product and service promotion processes of all sales management channels. In line with KKB's missions, it aims to maximize activities related to Findeks products through internal and external communication channels. It ensures coordination with stakeholders in the marketing activities of all channels within the Sales Management Unit.

The unit ensures that the products and services offered under the Findeks brand are promoted in customer channels. The "Findeks Digital Presentation" portal, which was developed in accordance with the latest global trends, is offered to KKB members to provide product guidance for banks and their business partners.

The Sales Management Unit formulates arguments in line with the marketing plan to support product promotion and relationship management for existing and potential customers with operations in different sectors. The unit organizes campaigns to support campaign strategies in parallel with the needs of sales channels and in accor-

dance with the goals set in the budget and annual financial plan. In addition to the marketing activities carried out in sales channels, the sales-marketing budget and target-realization changes are regularly monitored by the unit.

It also carries out organizational activities by ensuring that KKB's corporate values -team strength, responsibility, reputation, and continuous development- are adopted in all sales channels.

Corporate Communications Unit

The Corporate Communications Unit is responsible for creating, maintaining, and protecting the brand identity of KKB and its sub-brands. In this regard, the unit supports and conducts internal/external communication studies with marketing communications, visual design, media relations and reputation management, and media planning teams.

During 2020, KKB and Findeks communication efforts included creating product and service promotion materials, conducting media planning in line with communication strategies, organizing sponsorship activities at sectoral events, and holding live webinars.

2020 also marked the 25th anniversary of KKB. In cooperation with the History Foundation, the book named "Geçmişten Günümüze Türkiye'de Çekin Tarihi" (The History of Cheques in Turkey, From Past to the Present), which tells the long story of cheques - one of the most important means of payment in commercial life- was prepared to commemorate the 25th anniversary of our organization and shared with our internal and external stakeholders.

KKB continues to execute corporate social responsibility projects at full speed. In 2020, the seventh edition of the "You Imagine, We Realize" competition was completed. Activities were carried out to implement one of the shortlisted projects in the competition. Efforts to create a corporate volunteering program were initiated, the KKB Volunteers platform was established and its active participation in corporate social responsibility projects was supported. Additionally, KKB supported the activities of internal social clubs that aim to bolster organizational culture; encouraged voluntary participation in social responsibility projects; and carried out CSR projects in collaboration with civil society organizations.

The CRM Management and Digital Channels Unit contributes to the establishment of a special user portal (<https://www.kkb.com.tr/en/membership>) for members.

CRM Management and Digital Channels Unit

The CRM Management and Digital Channels Unit operates with a focus on new customer acquisition and with the aim of increasing existing customers' loyalty by offering the right product to the right person at the right time. The unit, which places customers at the focal point of its strategy, continues to develop new communication channels and improve existing ones by monitoring technology developments and trends.

The unit is mainly responsible for:

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

Throughout 2020, the unit focused on providing Findeks campaign management activities, which included targeting and segmentation studies supported by analytical approaches. These campaigns were mainly offered through digital channels and digital marketing platforms. Additionally, in 2020, the

unit continued campaign management practices to offer products and services, maintained its intensive efforts to develop and improve channel infrastructure, and focused on Data Warehouse projects that will lay the groundwork for analytical studies. The unit also sustained its CRM activities in particular, which are aimed at introducing and triggering the use of products by new customers that are acquired with the renewal of the Findeks mobile application. Activation analyses conducted for package-owner customers enabled an increase in activation rate together with the utilization activities carried out through SMS, e-mail, intelligent virtual networks (iVN), and Communication Center channels. In the last quarter of the year, the unit conducted a survey using internal resources and applications to collect the opinions and recommendations of the activated customers. The survey yielded valuable results that can guide the activity plans for 2021.

The unit continued its contributions for the improvement of <https://www.kkb.com.tr/en/membership> which is a promotional platform for the service range specifically offered to KKB members. It also carried out improvement efforts to create a fast, effective and interactive communication platform for KKB members. In the last quarter of 2020, the notification management infrastructure developed to track the issues communicated by KKB members via this platform was also put into use on the portal. Thus, the efficiency of communication and follow-up services has been increased.

The unit continued to renew the technological infrastructure of the Findeks corporate website in line with today's user experience trends and carried out many improvement works throughout the year. In the last quarter of 2020, Findeks Bilgi has been launched as a chatbot application that will enrich the experience offered on the site. Preparations have started to put the bot application into wider use on other

digital channels in the coming period. In 2020, the unit continued working on the Smart CRM application, which includes web analytics, decision module, and monitoring functions and works in integration with all internal systems. These efforts are aimed at developing an artificial intelligence-based application that will take the customer experience to a higher level, increase operational efficiency, increase revenue, and also comprise a real-time suggestion/bidding structure. With the automation of campaign submissions, the unit aims to reach the customer "instantly" when needed. It also aims to continue these technological improvements that increase in-house operational efficiency and ensure the effective use of automation systems.

In 2020, the unit also continued its efforts aimed at increasing the financial literacy of KKB's followers on social media channels. It also monitored new developments closely in all social media accounts and adapted Findeks accounts when necessary.

In June 2020, the highest figures in Findeks history were reached in digital marketing in terms of cost per unit, site traffic, and web sales.

The unit continued its monitoring activities in digital channels to manage the corporate reputation of KKB and Findeks, to predict potential crises, and to provide insight. Besides, by establishing an infrastructure where all social media accounts of and reviews about KKB and Findeks will be monitored on a single platform, it has improved the service level in complaint management. With the launch of the new mobile application, customer reviews in the Findeks Mobile application market have started to be monitored. The unit has also established and implemented a complaint management flow that both increases customer satisfaction and provides explanations to guide new visitors.

14. BUSINESS UNITS

22 managers provided mentoring to 55 employees as part of the “Developing Together” program that continued in 2020.

HUMAN RESOURCES DEPARTMENT

In 2020, 67 new employees were hired and 44 were promoted within the framework of the career management model called “Ideal,” which is built on the corporate vision, mission, strategies, and culture.

To facilitate the orientation process of new hires and encourage the management staff to understand new generations’ expectations and perspectives on professional life, “Mentors” are appointed for six-month periods as part of the program “Developing Together” initiated in 2018. 22 managers provided mentoring to 55 employees in 2020.

In line with the “Competence Inventory,” developed with the organization-specific core competencies based on job title, 14 employees participated in the “Online Assessment Center.” These staff members received feedback on their strengths and improvement areas through an objective assessment and evaluation methodology. With this effort, employees are provided with development plans for the future, and KKB created a Candidate Pool for Executive Positions.

In order to ensure the continuous professional and personal development of employees, training/development programs com-

47

Number of Employees Promoted In 2020

posed of in-class and online modules were developed based on job titles; and full employee participation was achieved.

The rate of people who left KKB and started to work at other institutions was 3% in 2020.

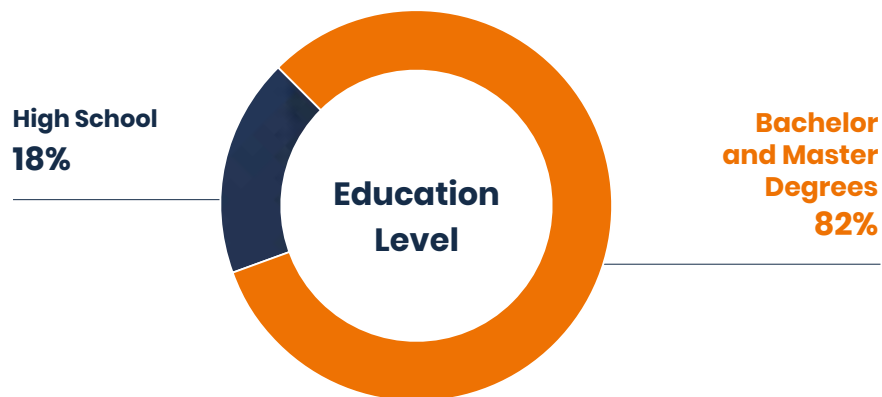
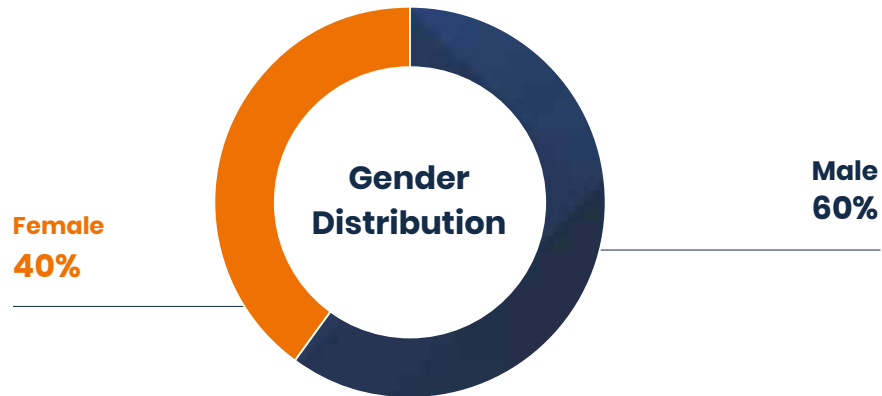
Profile of Human Resources

521

Total Number of Employees

67

New Hires in 2020



36
Average Age

2
Average Training Days per
Employee in 2020

14. BUSINESS UNITS

KKB Anadolu Data Center has received the ISO 14001 Environmental Management System certificate.

The Risk Management Department assesses risks and opportunities that should be managed taking the mission and strategic objectives of KKB into account.

RISK MANAGEMENT DEPARTMENT

Shaping its activities according to superior quality standards, KKB manages strategic, operational, financial, and reputational risks in light of international corporate risk management standards (e.g. COSO ERM, ISO 31000 Risk Management). The Risk Management Department operates directly under the General Manager and reports to the Audit Committee.

The Unit works to assess risks and opportunities that should be managed in line with KKB's founding mission and strategic objectives while supporting the provision of

products and services in the most efficient, effective, and controlled manner possible. While strategic planning/targeting and risk management activities are carried out, risk assessment is performed in accordance with the Information Security Management System (ISO 27001), Business Continuity Management System (ISO 22301), and Service Management System (ISO 20000) standards. These activities were separately conducted by process, service, and asset. This is how KKB's critical services, as well as the processes and assets enabling the provision of such services, were subjected to risk assessments based on different methods and perspectives so as to identify all possible risks. In 2020, the Risk Management Department also performed risk assessments prior to contract execution with critical third parties providing services to or entering into a business partnership with the organization. The potential impacts of activities that are underway on KKB were also evaluated; relevant third parties were visited and on-site activities were conducted. These efforts helped mitigate all external risks, including the risk arising from support services.

Holding ISO 27001, ISO 22301, and ISO 20000 certificates, KKB targeted the best practices in risk management and improved its maturity in 2020, passing all inspections successfully and renewing these certifications. Additionally, KKB established and commissioned the Environmental Management System in the Anadolu Data Center and was entitled to the ISO 14001 Environmental Management System certificate after the audits. Furthermore, the practice initiated in 2018 was repeated. After the independent audit at KKB Anadolu Data Center, the Service Assurance Report drafted in accordance with the ISAE3402 reporting standard was shared with customers. The report assured customers while helping mitigate audit efforts.

The department also made significant progress in the technological and structural development of crisis management, risk management, information security, strategic planning, and process management. In October, the business continuity and disaster recovery tests were performed successfully

- in a more comprehensive manner than the previous years. As for crisis management, crisis simulations were developed with the participation of the senior management for better preparedness against current threats. KKB's crisis preparedness was assessed; potential improvement areas were identified. The benefit of the crisis simulations was especially seen during the COVID-19 pandemic in 2020. The crisis was managed by the Risk Management Department with the aim of minimizing the pandemic's impact on the institution.

The IT and business processes related to all KKB activities are established and carried out under the COBIT framework, the ISO 27001, ISO 22301, and ISO 20000 standards, and the "Communiqué on the Principles Applicable to the Management of Information Systems of Information Exchange, Clearing and Settlement Entities and on the Audit of Business Processes and Information Systems," issued by BRSA in 2013. As part of Corporate Process Management, all corporate processes have been aligned with the current operations; the impact of changes in processes has been analyzed, and these changes have been disseminated in a more effective manner. Standards were defined for processes, and efforts initiated in August 2019 to identify and improve efficiencies in processes. As a result, Key Performance Indicators (KPI) were determined and made available for process owners. Process automation opportunities were evaluated. As a result, studies for Robotic Process Automation (RPA), which is among the initial steps towards full automation, have been initiated and an application plan has been prepared for the coming period.

In order to bring information security infrastructure and processes up to the level of the companies with the best performance in this field, KKB continued to invest in information security and improve cybersecurity detection capabilities in 2020. The transition to the new security incident management tool has been completed in 2020. Besides, the big data analytics platform has ensured a more effective detection and analysis of information security incidents. In line with the human-focused information security approach, information security awareness efforts related to current events and global threats continued at full speed in 2020, while five employees with the highest information security awareness index were awarded gift checks. KKB continued to host security managers in 2020 to enhance the banking sector's cooperation in information security.

Risk Management also assumes responsibility for operating the Business Continuity Management System to provide the continuity of services KKB offers to its customers. In 2020, it continued working to reduce the risks of potential crises and maintain KKB's crisis readiness with business impact analyses and emergency drills.

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,

The Risk Management Department operates KKB's Business Continuity Management System and ensures the continuity of the services it offers.

- ♦ 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 the 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 the operating results of risk management by senior management.

Loan extension and repayment amounts of commercial loans in TL are shared with members via the Commercial Turkish Lira Risk Notification Project.

The consolidated bill data of the persons who are subject to an inquiry can now be viewed on the web service thanks to the Bill Report launched in 2020.

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 RC Product Management and Development, Business Intelligence, Reporting and Data Quality, and Member Organizations Support units.

RC Product Management and Development Unit

The Risk Center Project and Product Development Unit implemented the following key projects in 2020:

- ◊ Accounts that are re-structured or under an interim injunction are now displayed separately, and retrospective summary data related to the last 12 months is shared with members over the Credit Reference System (CRS).
- ◊ With the Bill Deduplication Project;
 - Different types of bill data belonging to real persons, commercial enterprises of real persons, and legal persons started to be reported and shared daily via the web service.
 - Consolidated bill data number and amount summaries of the persons who are subject to an inquiry started to be displayed collectively over the web service through the bill report.
- ◊ Commercial Turkish Lira Risk Notification project was launched in less than two months at the request of the CBRT. Thanks to the project, the TRY commercial loan extension and repayment amounts for commercial enterprises of real persons, and legal entities are notified daily and shared with members.
- ◊ Extension, payment, maturity, and collateral information related to commercial TRY and FC loans are collected from members on a daily basis and shared with the CBRT.
- ◊ The Customer Objections Handling Application was launched for handling data reported through Foreign Currency and Income Notifications.
- ◊ The investment incentive certificate information related to the legal entities at the Ministry of Industry and Technology can now be inquired instantly.

The following activities initiated in 2020 are planned for deployment in 2021:

- ◊ Bankruptcy and debt composition data will be collected from the Ministry of Justice via web service and shared with members on a daily basis.
- ◊ In the CBS application, which is currently based on monthly notifications sent by members, a daily notification/sharing method will be adopted.

- ◊ A Member Notification Tracking and Declaration System will be established where members will be able to declare that they do not have any data subject to Risk Center notifications or that they do not have any operations related to a certain data type, and to follow up the statements that were already entered.
- ◊ The scope of the E-State Risk Center Report will be extended by supporting it with data from various applications such as the CRS, CBS, telecommunications, cheques, and bills, in addition to the CLCR. Thus, a holistic projection of the report owner's financial status will be shown with summarized and detailed information.

The Risk Center Product Management and Development Team started to share the "Risk Center Product Management and Development Newsletter," which contains information about completed projects, new products, important changes in existing products and services, utilization of product and services offered on behalf of the Risk Center, and current memberships.

Studies continued for an e-Brochure that will contain summaries and introductory information about KKB's products and services. Preparations have started for creating E-Learning videos about products.

Business Intelligence, Reporting and Data Quality Unit

The "Risk Center Interactive Reporting System" was launched by the Business Intelligence, Reporting and Data Quality Unit in 2020. This free reporting system offers the following advantages:

- ◊ Unlike traditional reports, members are able to access not only sector-wide figures but also figures related to their own institutions instantly, thus having the opportunity to make institution-sector comparisons.
- ◊ Using the interactive content in the system, members can make choices and instantly reach the results structured according to their own preferences.
- ◊ Development and change analyses can be carried out thanks to the wide time interval offered by the reporting system.

In 2021, a project will be launched to add new content to this system to enrich it. This content will be based on all cheque and bill data.

Daily cheque statistics have started to be shared with members in 2020 to help them track bounced cheques (an important indicator of sectoral risk) more effectively.

The "Issuer's Postdated Cheque Data Sharing" service was launched in 2020. If requested by the members of the Banks Association of Turkey Risk Center, the members will be able to access a detailed breakdown of the postdated cheques they have issued for their customers or transferred to other banks for collection or collateral, thanks to this service. In this way, members can access important information about future payment liabilities of cheque customers.

The cheque analyses presented in the Monthly Newsletter, which is published as part of the public statistics on the official website of the Banks Association of Turkey Risk Center, have been expanded and started to be published as a separate newsletter.

The Business Intelligence, Reporting, and Data Quality Unit started to share the "Key Indicators Bulletin" with all KKB employees in 2020.

Member Organizations Support Unit

The Member Organizations Support Unit continued to provide fast and high-quality support services based on the satisfaction level in member feedbacks.

The KKB Notification Management platform had a more dynamic infrastructure as of December 2020. This enabled more elaborate measurements. Along with this change, the KKB members portal, where members view their requests related to KKB, was also restructured, thus improving the service quality of the institution.

The Unit gets feedback from the members to serve them better. Members who submit feedback through the Notification Satisfaction Survey continue to be contacted by phone to inform them about resolved notifications. In addition, members are also contacted by phone to get their opinions for resolved notifications.

As part of the data quality studies to be carried out in 2021, member communication efforts are planned to be conducted on robotic applications. Thus, the speed of communication will be increased and resources will be used more efficiently.

The Financial Reporting and Financial Affairs Department bases its activities on strategic objectives, legislative regulations, and public interest.

The Financial Affairs Management Unit prepares policies that reduce financial risks and increase corporate credibility.

FINANCIAL REPORTING AND FINANCIAL AFFAIRS DEPARTMENT

Financial Reporting and Financial Affairs Department is in charge of ensuring the planning of financial activity so that obligations and reporting requirements on financial activities are accurately and promptly fulfilled and monitoring and systematically recording operating results. The Department fulfills these responsibilities in accordance with KKB's strategic objectives, legislative regulations, and public interest.

The Department is also tasked with;

- ♦ Monitoring and fulfilling tax liabilities,
- ♦ Cash flow optimization,
- ♦ Providing the reports requested by the senior management,

- ♦ Compiling and submitting information, documents, and reports required by public authorities.
- ♦ The Department ensures that all kinds of support needed by the operational units are within the legal and regulatory framework so they can entirely focus on their areas of expertise and maximize their efficiency.

Financial Affairs Management Unit

The Financial Affairs Management Unit successfully carried out accounting and finance operations in 2020, by taking into account the procedures and principles related to the accounting standards.

To this end:

- ♦ In addition to preparing financial reports in line with the rules and regulations set forth by public authorities and sharing these reports with related business units and the public, the Unit fully met tax obligations on time.
- ♦ Policies that reduce financial risks and increase corporate credibility are prepared and applied.
- ♦ Cash flows were planned in a way that generates an optimal return.
- ♦ The amendments to the legislation considering the financial activities were followed and necessary arrangements were made.

- ♦ The Unit monitored collections and reported its findings to relevant departments to ensure efficient resource utilization and planning.
- ♦ The Unit paid the expenses related to the maintenance and repair, insurance expenses for the preservation of assets and repairs of fixed assets, project expenditures, general management expenses; it also met its financial obligations arising from applicable laws.
- ♦ The Institution's financial obligations arising from R&D project expenditures and applicable laws were checked and recorded in accordance with the legislation.
- ♦ As an organization subject to the regulations of the Banking Regulation and Supervision Agency (BRSA), all legal reporting and independent external audit work conducted as per Turkish Accounting and Financial Reporting Standards was supported. In addition to these activities, all opinion requests from within KKB were answered within the framework of tax legislation.



Financial Planning and Reporting Unit

In 2020, the Financial Planning and Reporting Unit carried out the following activities:

- ♦ Provided assistance in formulating the financial strategy, harmonizing financial management and control systems; preparing the budget in line with KKB's policies and goals; performing budget implementation and control.
- ♦ Established the principles to be taken into account by business units included in the consolidated budget during budget preparation; coordinated the budget preparation process.
- ♦ Reviewed the budgets prepared by business units to ensure their conformity to financial plans; created a financial scenario by consolidating budgets; and presented it to the Board of Directors, explaining the rationale.
- ♦ Ensured that the budget is implemented in accordance with the goals described in the annual financial plan and carried out work related to the actualized budget.
- ♦ Reviewed additional and extraordinary requests submitted by the departments in line with emerging needs; made year-end estimates; and prepared a new budget for the requests deemed appropriate.
- ♦ Compiled income and cash flow data and evaluated them against the expense budget; prepared a detailed income and expense budget by taking into account the cash flow statement prepared at the beginning of each fiscal year; revised these plans as necessary and monitored them for each department.
- ♦ Ensured dissemination of fast and effective information flow in the most accurate way, with all business units within KKB and senior management, and verified the accuracy of data in the MIS systems.
- ♦ Undertook feasibility studies for new projects and products; and oversaw their management within KKB to ensure the implementation of an appropriate strategy.
- ♦ Measured financial performance and guided managers accordingly.
- ♦ Facilitated the formulation process of the financial strategy and carried out the necessary reporting and analysis in line with KKB's needs;
- ♦ Monitored the channel-based sales performance of the units operating under a consolidated budget;
- ♦ Conducted performance monitoring of distribution channels by supporting the planning of the campaign plans in line with the budget and targets set in the annual financial plan;
- ♦ Examined the budgets prepared by the units and facilitated the processes of the budget monitoring and preparation of the objectives; ensured that the information flow and budget comply with the income/expense balance by

drawing up reports required to define the targets;

- ♦ Carried out turnover and income monitoring as well as budget target realization monitoring and established the reporting and system infrastructure required for these to be monitored by the business units as well.

Procurement and Contract Management Unit

In 2020, the Procurement Management Unit successfully executed purchasing activities in accordance with KKB's corporate structure, audit processes, and internal procedures.

- ♦ The Unit provided support to address KKB's needs in the most cost-effective and fastest way in tender processes conducted with suppliers.
- ♦ The electronic tender platform was used where suppliers can share and update their bids electronically. Significant savings were attained thanks to this platform.
- ♦ As for procurement procedures outside this platform, KKB made significant savings through strong negotiation capabilities and effective analyses of bids and requirements.
- ♦ Improvements and additional enhancements were made in the existing ERP system processes to make the system more effective, efficient, and controlled.
- ♦ Process enhancements and updates as required by applicable laws were introduced in supplier risk assessment and support/external service decision-making processes.
- ♦ As part of inventory management, fixed assets and inventories were tracked in a controlled and transparent manner on the electronic platform.
- ♦ In addition to procurement contracts, processes were introduced regarding business partnership, product, and data center contracts.
- ♦ A mechanism was established whereby all procurement details can be instantly forwarded to department heads via the reporting system.

14. BUSINESS UNITS

The Product Management team guides the marketing strategies about the products/services offered under the roof of KKB and Findeks.

KKB PRODUCT MANAGEMENT AND DEVELOPMENT DEPARTMENT

KKB Product Management and Development Department is responsible for determining the strategies for the products and services offered by KKB and Findeks, following technological developments related to these strategies, and performing necessary activities to improve existing products, and to design, launch, and manage new products. The Department fulfills these responsibilities in accordance with the needs and expectations of the finance, public, and real sectors and individuals. The department is mainly responsible for:

- ♦ Developing new products and improving existing products by focusing on digitalization in its marketing strategies,
- ♦ Preparing awareness-raising training programs to improve financial literacy,
- ♦ To offer the highest-level customer experience, the department continues its efforts to design user screens and product processes that are compatible with digital trends.

Product Management Unit

The product management team guides the marketing strategies for the products and services offered by KKB and Findeks, taking into account the needs and expectations of the finance, public, and real sectors and individuals. The Unit focuses on the digitalization of the Turkish economy with the services it offers to the finance and real sectors. The accessible and sustainable services it offers also ensure a transparent economy and enable rapid access to data. The team reinforces these efforts with the financial literacy training programs organized with internal and external collaborations. Thus, it aims to raise awareness about products and to offer the products to a wide user base through marketing activities.

The Product Management team continues its efforts to increase the prevalence of its unique products such as Electronic Letter of Guarantee, Credit Rating, Risk Report, Limit Control System (LCS), IBAN Validation, and QR Code Cheque

The Product Management Department regularly analyzes the technological and economic trends and market opportunities to meticulously design the services it will provide to its members.

Report. Thus, it regularly analyzes user expectations, technological and economic trends, and market opportunities, and takes actions in line with strategies.

In 2020, the Unit responded to the needs of the financial and real sectors uninterruptedly and reaped the positive results of the steps taken for the digitalization of the Turkish economy. Efforts to improve and diversify the products



also continued at full speed this year. The Findeks Mobile application, which was renewed in 2019, received a Silver Sardis at the 2020 Sardis Awards.

Product Development Unit

The Product Development Unit determines KKB's product development strategies by blending technological and regulatory developments with the expectations of the finance, public, and real sectors and individuals. The Unit carries out necessary activities to improve and diversify existing products and design new products. While performing these activities, the Unit also aims to offer an entirely different customer experience by designing user-friendly

and streamlined processes for products. Starting from the idea phase, the Unit manages all processes until the product's introduction to the market, ensuring that KKB and Findeks products reach users.

Throughout 2020, the Product Development team continued its efforts to improve, renew and diversify KKB and Findeks products. The foundations of the cooperation with the Credit Guarantee Fund (CGF) and Birleşik İpotek Finansmanı A.Ş. were laid in 2020, which enabled considerable progress in the digitalization of the Turkish economy. In 2020, the Unit ensured that the diverse and high-volume demands from the financial and

real sectors were met without interruption. It also played an important role in ensuring the sustainability and accessibility of the services designed by KKB.

The Product Development team played an active role in the implementation of digitalization actions with a user-oriented and systematic approach. In 2021, it will continue its efforts aimed at offering its rapidly growing product portfolio and collaborations to users without interruption.

Regulatory Compliance and Legal Unit ensures that products and services KKB plans to offer are designed in compliance with applicable laws.

The Regulatory Compliance, Legal and Operations Department provides legal consultancy to all KKB units.

REGULATORY COMPLIANCE, LEGAL AND OPERATIONS DEPARTMENT

Regulatory Compliance and Legal Unit

The Unit aims to ensure compliance of the products and services KKB plans to offer with applicable laws and alignment of existing products and services with the changes to applicable laws. Today, many companies across industries, in particular those in banking and finance, target moving their products and services to the digital environment to boost efficiency and reduce costs with the use of advanced technology. Against this backdrop, the Unit

aims to conduct studies for the establishment of the necessary legal infrastructure to assist in implementing these corporate digitalization strategies. The Unit is also in charge of preparing the contracts KKB will execute with members, customers, and suppliers, ensuring coordination between relevant KKB departments and companies providing consultancy services in trademark and patent processes, selecting the law firms to provide legal services, and monitoring their services, following up litigation cases planned to be monitored within KKB, providing legal advice to the units within KKB, and providing support to General Assembly preparations.

Audits Conducted, Sanctions and Penalties Imposed During the Period

As of December 31, 2020, the pending lawsuits filed against the Company with pecuniary compensation claims are as follows:

- ♦ The lawsuit filed on November 28, 2013, with a claim of TRY 100,000 for pecuniary and non-pecuniary damages, each of which amount to TRY 50,000 and with a claim to at least 20% of the possible earnings,
- ♦ A lawsuit filed on 27.10.2016 against a bank and KKB with a claim of TRY 1,000 for pecuniary damages and TRY 30,000 for non-pecuniary damages.
- ♦ The lawsuit filed on July 30, 2018, with a non-pecuniary damage claim amounting to TRY 20,000.
- ♦ The lawsuit filed on March 3, 2020, with a claim amounting to TRY 210,
- ♦ 4 reinstatement lawsuits.
- ♦ 5 severance and/or notice pay lawsuits.

In 2020, a total of TRY 3,500 was imposed on the Company in respect of administrative fines.

Competition 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.

Dividend Distribution Proposal

During the Board of Directors meeting dated February 24, 2021, and in line with the decision numbered 2021/08, it was unanimously resolved by the participating members to submit for the approval of the General Assembly

not to distribute the net income remaining from the Company's 2020 Gross Profit after setting aside the legal reserves, to the shareholders, and to keep it in the Extraordinary Reserves Account.

Competition 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.

Operations Center

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

The Authorization Management Team's activities include authorizing internal and external web applications of KKB; defining memberships and subscriptions; meeting customer report requests related to the RC Risk Report, making Findex operational definitions related to real sector customers, while ensuring that the data types, which are notified to the members daily, are logged in the system.

The Official Correspondence Team's activities include responding to correspondence from customers as well as official institutions such as the courts, public prosecutor's office, security directorate, the Ministry of Finance,

The Operations Center responds to the requests of members, customers, and the units within the organization by proxy, both on behalf of KKB and the Risk Center of the Banks Association of Turkey.

Capital Markets Board (CMB), Social Security Institution (SSI), and the Revenue Administration within the legally required time frame. The team also ensures that the reports requested by the official institutions are produced accurately and completely and become ready for submission.

The first phase of the project to renew the Document Management System has been initiated in 2020. The Document Management System is used to monitor official authorities' requests and the forms sent by members in line with circular orders. With the new system, all correspondences with official authorities have been fully integrated with the system, and all manual processes have been abandoned. This, in turn, reduced operational risks and improved efficiency.

In the second phase of the project, all data in the old system will be transferred to the new system. Preparations for this phase have already started and it is planned to be implemented in the first quarter of 2021.

14. BUSINESS UNITS

Artificial Intelligence-Powered Technological Control and Fraud Models

INTERNAL AUDIT DEPARTMENT

IT Control Unit, and Finance and Business Units Audit Unit

In 2020, the Internal Audit Department completed the process and management statement audits in line with the audit plan approved by the Board of Directors. Management statement works and support service provider audits were conducted by the Department for the seventh time in 2020. In regard to the referenced efforts, KKB's 2020 Management Statement Report and Management Statement Report Related to the Risk Center Operations Carried Out by KKB were prepared successfully. The reports were shared with the independent audit company and TBB Risk Center.

As part of the audit plan prepared with a risk-based methodology in 2020, an audit for the Critical Controls Regarding the Remote Working Period was carried out. The audit was completed by assessing the risks that the institution may be exposed to during the remote working period and making necessary analyses. The project for the renewal of Risk Center Practices management screens has

ended after the completion of its 1st and 2nd phases. Necessary audits were carried out to ensure that the screens deployed at the end of the project work effectively. The Department completed the audit of 26 IT and business processes and one support service process (including System Security, Software Development Life Cycle, Demand, and Change Management, Continuity Management, Data Management, Performance and Capacity Management, and Operations Center processes) based on KKB's service continuity and information security requirements. In addition, detailed reviews and audits were carried out in line with specific audit requests from the BRSA and various public institutions.

Using technology effectively in every aspect of its operations, the Internal Audit Department monitors findings, and actions through automatic reporting via the GRC system. Monitoring results are reported monthly to KKB and TBB Risk Center administrations.

Member Audit Analysis and Coordination Unit

The Risk Center Member Audit Tracking System, which has ensured centralized management of member audits since 2016, continued to serve all member organizations and independent audit companies via e-signature verification and two-factor identity authentication infrastructure.

As a result of analysis and evaluation studies made by the Unit, the risk performance of member organizations can be tracked. With

the rising awareness, the maturity level in terms of the security, integrity, and authenticity of Risk Center data increased in the eyes of member organizations.

In 2020, the Internal Control Department performed risk analyses and previous period comparisons with respect to 30 audits conducted by independent audit firms at member institutions. The results of the audits were shared with the Risk Center administration.

In accordance with the circular published by TBB Risk Center in 2017, the Internal Control Department's member inspection team conducted on-site studies in relation to risk analysis of six Risk Center member organizations in 2020. Besides, the Department developed an early warning system that analyzes the risk structures of members and end users according to various criteria based on an analytical model. A major part of the efforts to develop a system involving advanced technological solutions including artificial intelligence has been completed. The Unit supports the efforts to update the best practices guideline prepared in previous years to raise awareness in the sector while continuing with monitoring and steering activities to ensure compliance with the guideline.

In 2020, Findeks Web Service Data Security Analyses following a data-security-focused methodology were carried out at 15 Findeks member organizations.

The Internal Control Department aims to guarantee the efficiency and effectiveness of KKB's operations.

INTERNAL CONTROL DEPARTMENT

The Internal Control Department is focused on guaranteeing the efficiency and effectiveness of operations in light of the type and nature of the activities undertaken by KKB. Accordingly, the Department is in charge of planning, implementing, and coordinating internal control activities including those related to information systems, business processes, financial reporting systems, and compliance with laws. Its responsibilities include evaluating the effectiveness of internal control systems and thus protecting KKB's assets; implementing control activities efficiently, effectively, and in accordance with applicable laws, internal policies, and rules; ensuring the reliability and integrity of accounting and financial reporting systems as well as prompt availability of information; and developing internal control systems and internal control activities in a manner to eliminate and prevent risks.

The audit trails middleware structure, which was developed for the end-to-end interpretation and centralization of the audit trails of new products and critical infrastructures starting from 2017, paved the way for the Smart Control System pilot applications in 2020. As a result of this pilot study, which enabled the evaluation of automation and artificial intelligence algorithms' positive impact on internal control activities, relevant activities are planned to be moved to this platform in 2021.

Information Systems Control Unit

Information Systems Control Unit executes control activities for the information systems processes within KKB pursuant to existing legislation and KKB's internal procedures. The identified violations are recorded on the governance application; relevant action plans are regularly monitored. Additionally, the unit conducts verification studies within the institution in relation to the obligations of the ISO 27001, ISO 22301, ISO 20000, and ISO 14001 certifications.

Business Processes and Financial Control Unit

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

14. BUSINESS UNITS

COMMITTEES

Disciplinary Committee

The Disciplinary Committee is responsible for determining situations contrary to the Human Resources Discipline Regulation and for implementing the disciplinary sanction decisions that are deemed appropriate. To determine situations contrary to the Disciplinary Regulations, the Manager of the Legal Compliance and Operations Department and other KKB Department Executives come together to evaluate the results of the inquiry on the related issue.

Audit Committee

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

KKB Steering Committee

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

Weekly Product Evaluation Meeting

Weekly Product Evaluation Meetings are held to evaluate the strategic conformity of existing products/services, product usage, and improvement recommendations/requests regarding products. Additionally, decisions are taken on the types of data to be used and the manner of sharing such data within the scope of the product/service provided by KKB. Important matters regarding the suppliers of new and existing products are also evaluated during these meetings.

Information Security Committee

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

Business and IS Continuity Committee

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

Information Technologies Steering Committee

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

Project Steering Committee

The Project Steering Committee is responsible for informing senior management about the strategic conformity of projects, investment decisions regarding important information systems, requests to be added to the annual project plan, assessing the costs and priorities of projects, and evaluating the risks related to existing projects and potential risks.

Data Governance Committee

The Data Governance Committee is responsible for making decisions to ensure the quality and integrity of the data that KKB has provided, stored, and shared. The Committee identifies the needs related to the data and assesses data validation rules and methods. Also, the Data Governance Committee evaluates the information architecture and makes decisions on the compatibility of projects that may affect the information architecture.

Process Committee

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

Technology Architecture Committee

In the context of software (application) architecture, infrastructure architecture, and data architecture that make up the technology architecture of the institution; the Technology Architecture Committee is responsible for providing supportive information to the decision-making mechanism about the goals, structure, functioning of the institution; the systems it uses, and the technologies used in these systems. It is also responsible for creating an alternative distribution channel architecture for products and services, evaluating the decisions to be taken in line with project and portfolio management in terms of their compatibility with the technology architecture, and evaluating the relevant capacities and needs.

Change Committee

The Change Committee is tasked with evaluating application and system changes' impact on daily operations and their compliance with applicable laws. The Committee also controls the measures required to minimize the risks arising from changes.

Internal Audit Committee

The Internal Audit Committee compiles information on the audit plan, holds briefings on completed audits, gathers information on actions/findings, which are either overdue or incomplete and the action date revision requests. The Committee discusses the audit findings and results with executives and/or the staff of the audited units and departments.

Service Management Committee

The Service Management Committee is responsible for determining the scope, policy, and objectives of KKB's service management in line with the corporate strategy, planning and monitoring the efforts related to service management, and raising awareness with respect to meeting service requirements. The Committee also ensures that activities are regularly reviewed and carried out in accordance with applicable laws, rules, and regulations; provides adequate resources to conduct service management activities; and identifies and manages risks related to service management.

Activities

15. OUR HOLISTIC PRODUCTS AND SERVICES

Name of the Service	1999	2020	2001	2002	2003	2004	2005	2006
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 Information Sharing Services								
Personal Indebtedness Index (PII)								
Cheque Report								
Risk Report								
Credit Limit Credit Risk Inquiry and Sharing Services								
Sharing Information about Protested Bills								
Individual Cheque Inquiry								
Risk Center Customer Report Service								
GeoMIS – Map-Based Reporting Service								
Agricultural Loan Assessment System (TARDES)								
Cheque Index								
Central Decision Support Systems (CDSS)								
Commercial Credit Rating (CCR)								
Prescribed Accounts								
Corporate Customer Objection Assessment System (Corporate MIDES)								
Cheque Report Raw Data Presentation								
Risk Report Raw Data Presentation								
Bounced Cheque Warning Service								
Inquiry and Warning Services about Entities Prohibited from Participation in Tenders								
Data Sharing about Derivative Transactions								
Data Updating Application Service								
Data Validation and Sanction Application Service								
Acceptance & Rejection Notifications Related to Loan Applications								
Sharing Service of Internal Rating Scores								
Rating Scores Sharing Service								
Official Institution and Customer Information Request Services								
Member Request Management Services								
Risk Center Bulletin and Statistics Publication Services								
Address Processing Service								
Cheque Status Inquiry Service								
Farmer Registry System (FRS)								
My Findeks Rating Consultant								
Findeks Warning Services								
Findeks Tracer								
Trade Registry Sharing System (TRSS)								

[illegible]

15. OUR HOLISTIC PRODUCTS AND SERVICES

Name of the Service (Continued)	1999	2000	2001	2002	2003	2004	2005	2006
Paid Bills Inquiry								
Sharing Information about Cheques under Interim Injunction								
Sharing Information about Companies that have Declared Bankruptcy/Suspended Bankruptcy/Debt Composition								
Sharing Service about Customers Banned from Using Cheques								
Customer RA Personal Record Search								
Cross Cheque Relations Inquiry Service								
Credit Insurance Inquiry Service								
Findeks QR Code Cheque System								
Letter of Guarantee Status Inquiry (LGSİ)								
Collection Scores								
Inclination Scores								
Central Invoice Registration System (CIRS)								
IBAN Validation Service								
LCS Customer Objections Handling System (MIDES)								
Fraud Attempt Detection and Prevention Service								
Credits Analysis Portal								
CTMCRS Inquiry Service								
Cheque Analysis Portal								
Address Processing - Maps Service								
RC Warning Services								
Force Majeure Inquiry								
BKM Member Merchant Turnover Information Inquiry								
Loan Extension Instant Sharing Service (KAPS)								
Electronic Letter of Guarantee								
Individual Inquiry Unit Reporting								
Findeks QR Code Cheque Registration System								
Telecommunications Information Inquiry								
Foreign Currency Credit and Income Inquiry								
BRSA Product and Service Fees Portal								
Retroactive CRS Inquiry								
Provision of Risk Center Report via the E-State Gateway								
The Bill Report Service								
Commercial Turkish Lira Risk Notification and Information Sharing								
Electronic Investment Incentive Certificate (e-YTB) Information Sharing Service								
Daily Notifications for Commercial TRY and FC Credits								
Foreign Currency Credit and Income Customer Objections Handling System (MIDES)								
Risk Center Interactive Reporting System								
Issuer's Postdated Cheque Data Sharing Service								
Daily Cheque Statistics Sharing Service								
NOVA								
Turkish ID Number - GSM Verification								
Agricultural Loan Score								
Fraud Net								

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16. KKB'S PRODUCTS AND SERVICES*

Name of the Service	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Limit Control System (LCS)	●	●	●	●	●	●	●	●	●	●	●
Personal Credit Rating (PCR)	●	●	●	●	●	●	●	●	●	●	●
False Information/Document/Declaration/ Application Alert System (SABAS)	●	●	●	●	●	●	●	●	●	●	●
Internet Frauds Alert System (IFAS)	●	●	●	●	●	●	●	●	●	●	●
Personal Indebtedness Index (PII)			●	●	●	●	●	●	●	●	●
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 Service					●	●	●	●	●	●	●
Cheque Status Inquiry Service					●	●	●	●	●	●	●
Farmer Registry System (FRS)					●	●	●	●	●	●	●
My Findeks Rating Consultant					●	●	●	●	●	●	●
Findeks Warning Services					●	●	●	●	●	●	●
Findeks Tracer					●	●	●	●	●	●	●
Trade Registry Sharing System (TRSS)					●	●	●	●	●	●	●
Findeks QR Code Cheque System						●	●	●	●	●	●
Letter of Guarantee Status Inquiry (LGSİ)						●	●	●	●	●	●
Collection Scores						●	●	●	●	●	●
Inclination Scores						●	●	●	●	●	●
Central Invoice Registration System (CIRS)						●	●	●	●	●	●
IBAN Validation Service						●	●	●	●	●	●
LCS Customer Objections Handling System (LCS MİDES)						●	●	●	●	●	●
Application Fraud Attempt Detection and Prevention Service						●	●	●	●	●	●
Credits Analysis Portal						●	●	●	●	●	●
Cheque Analysis Portal							●	●	●	●	●
Address Processing - Maps Service							●	●	●	●	●
Loan Extension Instant Sharing Service (KAPS)								●	●	●	●
Electronic Letter of Guarantee								●	●	●	●
Findeks QR Code Cheque Registration System									●	●	●
BRSA Product and Service Fees Portal										●	●
NOVA											●
Turkish ID Number – GSM Verification											●
Agricultural Loan Score											●
Fraud Net											●

*Products and services offered to the TBB Risk Center by proxy are presented in Chapter 17.

LIMIT CONTROL SYSTEM (LCS)

Pursuant to the Bank Cards and Credit Cards Law, the total limit of credit cards that may be granted by all banks 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 cardholders.

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

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

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

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

- ♦ If there are missing records in the first notification file transmitted, or if a subsequent addition is attempted,
- ♦ If FTP notification does not comply with the standards or is not made within the specified time.
- ♦ If the final limit is notified wrongly,
- ♦ If the current limit is communicated incorrectly.

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

LCS CUSTOMER OBJECTIONS HANDLING SYSTEM (LCS MIDES)

LCS MIDES provides a platform for KKB members to handle customer objections 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 objections 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 quickly and clearly and to carry out all related communications in accordance with certain standards. It aims to shorten the objection process and increase customer satisfaction.

RISK REPORT

The Risk Report is a KKB product that shows the past 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 report is prepared based on this information and submitted without making changes. It is beyond its peers in the world in terms of design and content as a result of the enrichment activities carried out in 2014. The following information is provided in the report:

- ♦ 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 non-performing loans, if any
- ♦ Leasing – Factoring combined data
- ♦ The rating percentiles which indicate customer's credit rating percentile throughout Turkey
- ♦ The 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.

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 Risk 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.

CHEQUE REPORT

The enactment of the Law Amending Cheque Law No. 6273, which was promulgated in the 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 receivables risk management.

16. KKB'S PRODUCTS AND SERVICES*

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 decisions via the Cheque Reports the system produces.

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 the first cheque presented
- ♦ Date of the first cheque presented and dishonored
- ♦ Date of the last cheque presented and dishonored
- ♦ Date of the 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,
- ♦ Cheque Index,
- ♦ Table showing the lowest, highest and average amounts of cheques by year,
- ♦ Data of open cheques in addition to collection guarantee cheques,
- ♦ Issuers' postdated and open cheques, in addition to bounced and paid cheques.

The report enables the tracking of the positive or negative cheque payment performance of the account holder. 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.

Reports can be required by real sector players from the counterparty at every platform of commercial transactions via online devices or online. Through online report applications, real sector players can obtain a Cheque Report or a Risk Report of a debtor from the said debtor or, with their approval, directly from the KKB inquiry system to control their receivables 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.

The online report applications enable the real sector players to instantly obtain a debtor's cheque report or risk report directly from the KKB inquiry system.

CHEQUE STATUS INQUIRY SERVICE

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

The inquiry will be used to prevent the possibility of a certain cheque's being a copy of the original cheque by determining whether the cheque in question is returned to the banking system, or whether it is received by any bank for collection/collateral purposes. In order to ensure a safer commercial life in Turkey, KKB has offered this service to the entire financial sector as part of the "Measures Taken to Prevent Cheque Fraud."

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

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.

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. Lastly, KKB launched the fifth version of PCR in 2017.

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 existing debt and who therefore are increasingly incurring more debt, even though they may not have shown any signs of repayment problems in the past,
- ♦ Ensuring responsible lending,
- ♦ Enabling users to make more accurate decisions concerning matters such as determining credit limits, risk-based pricing, and the like,
- ♦ Improving the quality of the lending decision systems of banks.

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

In addition to the definition of "non-performing loan" (i.e. persons who failed to pay three in-

stalments in succession, persons who are under legal prosecution, persons who are classified as an uncollectible account), which Personal Credit Rating and similar risk prediction models try to forecast, PII also detects signs of "excessive indebtedness." PII was developed to identify persons who have an outstanding non-guaranteed debt higher than TRY 250 and to predict excessive indebtedness.

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 can be queried by member banks and other financial institutions as part of inquiries made through the Corporate Bureau, which keeps a record of credit histories.

CCR is based on demographic data, loan 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.

Financial institutions consider many variables in the lending process. As financial institutions take into consideration a number of variables during the lending process, the loan repayment history of legal persons 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 the analysis of detailed data contained in the CBS inquiries and the Risk Report. CCR provides the following advantages:

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- ♦ 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 in a shorter time.

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

COLLECTION SCORES

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

INCLINATION SCORES

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

This is aimed at enabling members to manage their risks effectively by reaching customers genuinely in need of loans or customers with sufficient credibility.

KKB Inclination Scores:

- ♦ Enable KKB members to reach the best prospects rapidly with appropriate strategies.
- ♦ Allow members to see more comprehensive data via a single score with a lesser operational burden.
- ♦ Save time thanks to the easy identification of target masses on a product basis.
- ♦ Provides more productive, efficient management in making products available.

GEOMIS – MAP-BASED REPORTING SERVICE

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

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 an output that boosts productivity and risk models.

KKB offers the GeoMIS service with a map-based reporting platform via Oracle database and application servers.

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 average.

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 system identifies the institution of the user signing in on the system via the IP address used and displays information based on the identified 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 KKB information about small/medium/large enterprises and the commercial segment. As a result, GeoMIS Corporate & Cheque provides detailed reports based on cities and towns.

The GeoMIS Corporate & Cheque application allows the 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 based on cities and even towns. Corporate members are able to view their data, track the changes and development of their data, and 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 firms on credit/bank branches.

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

GeoMIS Combined

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

The following information can be viewed on GeoMIS Combined

- ♦ The number of records, branches, customers, and customers per branch on Unit Reports;

- ♦ The risk amount in TRY terms, risk amount excluding rediscount and accrued interest, risk amount per customer, and risk amount per branch on Risk Reports;
- ♦ Limits in TRY terms and limit occupancy ratios on Limit Reports;
- ♦ Non-performing receivable ratios and delayed credit ratios on Ratio Reports.

LOANS ANALYSIS PORTAL (LAP)

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

These three analyses are three core reporting themes available in the product.

The Credits Portfolio Analysis Service 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.

The application enables to:

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

CHEQUE ANALYSIS PORTAL

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

Through the reports prepared with the data obtained from the daily cheque 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;

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

- ♦ Monitor the rates of the dishonored cheques which are subsequently paid, on a monthly basis with the Vintage analysis;
- ♦ Measure the ratio of bounced cheques during the presentation, 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.

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 address information can be formatted; changed information such as street name, town, 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.

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 assessments based on accurate, up-to-date data, without the need for specialist teams.

TARDES offers KKB members the following benefits:

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

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

Thanks to this assessment system developed jointly by the Frankfurt School and KKB, cost, 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.

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 supports, and to ensure evaluations are sound and accurate.

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

FRS Inquiry Screens enable those KKB members who do not use the TARDES loan module to inquire about FRS data, compiled by the

General Directorate of Agricultural Reform and used to update, inspect, and monitor farmer-related data.

TRADE REGISTRY SHARING SYSTEM (TRSS)

The Trade Registry Sharing System (TRSS) enables financial institutions to electronically monitor their customers' up-to-date trade registry information amendments published in the Trade Registry Gazette.

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 trade registry information about several customers at once. Users can either retrieve information about all types of announcements or select announcements in a specific category.

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

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

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.

IBAN Validation Service minimizes any negative incidents related to money transfers thanks to the inquiry and confirmation options it offers.

KKB's IBAN Inquiry feature 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 IBAN Confirmation feature is a verification service that can be used when the IBAN and IBAN owners' Turkish ID/Tax numbers are known but identity verification cannot be performed. Users can check whether the match between the IBAN and Turkish ID/Tax number is correct by inquiring about it on KKB.

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.

ELECTRONIC LETTER OF GUARANTEE

The Electronic Letter of Guarantee transfers traditional paper-based letters of guarantee issued by banks to the electronic environment while ensuring that all transactions made throughout the life cycle of an LoG can be executed electronically.

All transactions that can be made for letters of guarantee created in paper form can also be executed for the Electronic Letter of Guarantee.

System integration works between banks and intermediary institutions that are parties to the project went into a production environment on January 5, 2018. The first Electronic Letter of Guarantee was transferred between VakıfBank and Eximbank on October 4, 2018. All banks are working to complete their integration processes with this important project – which is a revolutionary step forward in the Turkish banking sector.

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Real sector firms that are beneficiaries in an Electronic Letter of Guarantee transaction, can follow the status of their letters through Findeks. The status of the letter can be displayed and the stages of the processes between the payer and the bank can be monitored.

The Electronic Letter of Guarantee also provides many advantages in terms of both the beneficiary and the payer. The most prominent of these advantages are faster, safer transactions with minimal operational costs.

All the functions in the life cycle of the standard letter of guarantee – such as compensation claim, request for restitution/release, maturity update, expiry date, and status inquiry – are also available in the Electronic Letter of Guarantee.

LETTER OF GUARANTEE STATUS INQUIRY (LGSİ)

The Letter of Guarantee Status Inquiry (LGSİ) service enables customers who have obtained 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 letters 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 web-based service integration.

CENTRAL DECISION SUPPORT SYSTEMS (CDSS)

Serving as a data-sharing platform since its foundation, KKB now enables the 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 deliver 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.

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

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 several 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 the 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 software;
- ♦ Compiles and consolidates KKB data used in CDSS decision-making processes, which use KKB's know-how and technology;
- ♦ Conducts inquiries on all reports received from KKB through inquiry.

PRESCRIBED ACCOUNTS

With this service, information about prescribed deposit accounts, participation funds, trust, and accounts receivable are collected from the 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 all financial services customers until June.

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

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

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

SABAS is structured around five main objectives:

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

INTERNET FRAUDS ALERT SYSTEM (IFAS)

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

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

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

Another important feature of IFAS is that it can be integrated and operated in parallel with SABAS. Criminals generally use counterfeit documents to withdraw the stolen money. In online fraud, perpetrators generally open deposit accounts using false identification documents 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.

APPLICATION 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.

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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, which is currently activated especially for lending institutions, is expected to expand and become a national information-sharing platform with the participation of different industries.

LOAN UTILIZATION INSTANT SHARING SERVICE (KAPS)

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

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

BRSA PRODUCT AND SERVICE FEES PORTAL

BRSA Product and Service Fees Portal provides financial consumers with information on any fees, commissions, and expenses charged for retail products and services by banks other than interest and profit share in a transparent, legible, and comparable manner.

All fees charged by banks to retail consumers are entered into the system in the same format, and data can be updated simultaneously in case of any changes to

such fees. The portal enables users to review and compare banking product and service fees in a single format, regardless of the varying fees charged by banks.

TURKISH ID NUMBER - GSM VERIFICATION

Turkish ID Number - GSM Verification service aims to enable customers to make digital verifications in banking transactions.

These days, when the importance of digitalization has increased for the finance sector as for other sectors, this service is aimed at contributing to the sector. With this service, which is designed for ensuring security in financial transactions, it is possible to confirm the phone number shared by the bank customer if it is registered in the banking sector.

Thus, we can check whether a given phone number and Turkish ID number have been previously registered in any bank and whether they match or not.

Banks that wish to use the application can join the system with the web service integration and integrate it into their own systems.

NOVA

KKB NOVA platform enables data obtained from scattered channels at different times to be collected systematically according to defined rules, categorized, analyzed to achieve targeted results, and interpreted.

It has been developed by KKB to establish a dynamic data collection platform and to collect, monitor, process, and analyze related data from a single platform.

Due to the following situations arising in current data collection systems, it is aimed to collect data dynamically on a single system.

- ♦ Duplicate Data
- ♦ Data Verification
- ♦ Integration Deficiencies
- ♦ Lost Data
- ♦ Dependency on People
- ♦ IT Dependency
- ♦ High Costs
- ♦ Manual Processes

AGRICULTURAL LOAN SCORE

The Agricultural Loan Score has been developed to predict to what extent people operating in the agricultural sector will be able to repay the loan they received/will receive. The Score measures the agricultural loan non-repayment risk within 12 months for real persons operating in the agricultural sector.

The Agricultural Loan Score service is available since December 1, 2020. For the first time in Turkey, an analytical model specific to the agricultural sector has been developed with nationwide sector data.

FRAUD NET

Fraud Net is fraud detection and risk management software package designed to provide protection against online frauds. Launched at the beginning of 2020, the application is actively used by three banks, as of 2020 year-end.

With its effective rule engine that can be configured by users in terms of risk points and thresholds and its device recognition feature, Fraud Net offers banks, e-commerce firms, and telecommunication companies a common device data pool for applications, account openings, and all online transactions, and provides the opportunity to create a fraud prevention platform.

17. OUR PRODUCTS AND SERVICES OFFERED ON BEHALF OF TBB RISK CENTER

Name of the Service	2013	2014	2015	2016	2017	2018	2019	2020
Credit Limit Credit Risk Inquiry and Sharing Services	●	●	●	●	●	●	●	●
Bill Details Notification and Sharing Service	●	●	●	●	●	●	●	●
Bounced Cheque Inquiry and Information Sharing Services	●	●	●	●	●	●	●	●
Individual Cheque Inquiry	●	●	●	●	●	●	●	●
Risk Center Customer Report Service	●	●	●	●	●	●	●	●
Credit Reference System (CRS)		●	●	●	●	●	●	●
Corporate Bureau System (CBS)		●	●	●	●	●	●	●
Individual Customer Objection Assessment System (Individual MIDES)		●	●	●	●	●	●	●
Corporate Customer Objection Assessment System (Corporate MIDES)		●	●	●	●	●	●	●
CRS Information Verification System		●	●	●	●	●	●	●
Cheque Report Raw Data Presentation		●	●	●	●	●	●	●
Risk Report Raw Data Presentation		●	●	●	●	●	●	●
Bounced Cheque Warning Service		●	●	●	●	●	●	●
Inquiry and Warning Services about Entities Prohibited from Participation in Tenders		●	●	●	●	●	●	●
Data Sharing about Derivative Transactions		●	●	●	●	●	●	●
Data Updating Application Service		●	●	●	●	●	●	●
Data Validation and Sanction Application Service		●	●	●	●	●	●	●
Acceptance – Rejection Notifications Related to Loan Applications		●	●	●	●	●	●	●
Sharing Service of Internal Rating Scores		●	●	●	●	●	●	●
Credit Rating Agencies (CRAS) and Sharing Service of Rating Scores		●	●	●	●	●	●	●
Official Institution and Customer Information Request Services		●	●	●	●	●	●	●
Member Request Management Services		●	●	●	●	●	●	●
Risk Center Bulletin and Statistics Publication Services		●	●	●	●	●	●	●
Sharing Information about Cheques under Interim Injunction			●	●	●	●	●	●
Sharing Information about Companies that have Declared Composition			●	●	●	●	●	●
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					●	●	●	●
Force Majeure Inquiry					●	●	●	●
BKM Member Merchant Turnover Information Inquiry					●	●	●	●
Individual Inquiry Reports					●	●	●	●
Telecommunications Information Inquiry						●	●	●
Foreign Currency Credit and Income Inquiry						●	●	●
Provision of Risk Center Report via the E-State Gateway							●	●
The Bill Report Service								●
Commercial Turkish Lira Risk Notification and Information Sharing								●
Electronic Investment Incentive Certificate (e-YTB) Information Sharing Service								●
Daily Notifications for Commercial TRY and FC Credits								●
Foreign Currency Credit and Income Customer Objections Handling System (MIDES)								●
Risk Center Interactive Reporting System								●
Issuer's Postdated Cheque Data Sharing Service								●
Daily Cheque Statistics Sharing Service								●

17. OUR PRODUCTS AND SERVICES OFFERED ON BEHALF OF TBB RISK CENTER

CREDIT LIMIT-CREDIT RISK INQUIRY AND INFORMATION SHARING SERVICES

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 receivable to be liquidated, via this system on a monthly basis.

Information is collected from members under the following categories:

- ♦ Credit Limit: Credit limits extended to real persons and legal entities for cash and non-cash loans, funds, and other accounts receivable with respect to their 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 with respect to their activities, and associated interest and profit shares.
- ♦ 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 receivable to be liquidated. Information about risks associated with commercial paper issues 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 provides comprehensive information required by members to evaluate credit risk.

With adjustments made to the CLCR system in 2019, new risk codes have been introduced for the notification of re-structured receivables.

BILL DETAILS NOTIFICATION AND SHARING SERVICE

The Bill Details Notification and Sharing Service collects information about forward-term bills, paid bills, bills protested due to non-payment, bills with withdrawn protests, and canceled/returned bills from banks on a daily basis via the web service and shares it with all members.

Bill details regarding real persons, commercial enterprises of real persons, and legal entities can be individually inquired through the bill inquiry screen on web applications. Risk Center members can get up-to-date information about bills that are reported daily, whether regarding their own customers or not. Besides, bills protested due to non-payment, and bills with withdrawn protests are shared with all members for free through the Bill Feedback web service.

THE BILL REPORT SERVICE

With the Bill Report Service, bill details regarding real persons, commercial enterprises of real persons, and legal persons are obtained from banks, consolidated, and shared with members. Regarding the inquired companies or persons, summarized and detailed information can be accessed about bills paid in the last 5 years, overdue bills, protested bills, bills with withdrawn protest, bills canceled/returned before maturity, and forward-term bills with a due date within 5 years.

Risk Center members can get up-to-date information about bills that are reported daily, whether regarding their own customers or not.

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 Inquiry: 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 online within several seconds via CRS inquiry: 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.

With the ability to access any information regarding the 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 a 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, consolidation, addition, or other alteration and opens the data to share with the other members. Besides, the information contained in the risk reports comes from this data pool.

Thanks to the CRS Emergency Update Application, members are able to instantly update the financial information and personal information of their credit accounts, delete guarantors and additional card users and make credit deletions without waiting for the next daily notification.

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

CRS is not a blacklist; 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 a 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.

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

CORPORATE BUREAU SYSTEM (CBS)

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

Launched in 2005, this groundbreaking application 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 the sharing of an extensive range of data, including identity details of real persons and legal entities, information about relations on a capital basis, loan account and repayment data, collateral information, and bounced cheque data.

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

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

17. OUR PRODUCTS AND SERVICES OFFERED ON BEHALF OF TBB RISK CENTER

MIDES is the fastest system in the world in terms of “reviewing and responding to consumer objections.”

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

Under this effort, KKB plans to enter Payment Performance data to CBS, just like in CRS, and share the Number of Days of the Biggest Delays in Payments within the Period for any given loan, going back as far as 36 months.

Financial leasing companies that were not in the CBS previously were included in the system as of April 2018; factoring companies were included as of November 2018. Asset management companies also started CBS notifications as of April 2019.

Additionally, turnover and asset size percentiles received from the Ministry of Treasury and Finance, Revenue Administration started to be shared on CBS as of September 2019.

The project to collect CBS notifications on a daily basis and share them the following day, the primary works of which began in the last quarter of 2020, will be implemented in the first quarter of 2021.

CUSTOMER OBJECTIONS HANDLING SYSTEM (MIDES)

The Customer Objections Handling 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 period of time.

MIDES has the distinction of being the fastest system in the world in terms of examination of and responding to consumer objections 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 2018, efforts were made to code the current functions of the individual MIDES application with new technology in order to better meet the developing and changing needs of members.

In parallel to the start of CRS notification and CBS notification by asset management companies in 2016 and 2019, respectively, systemic developments were completed for the submission and evaluation of the objections against the asset management companies' information.

Thanks to the Foreign Currency Credit and Income Customer Objections Handling System, customer objections are handled and finalized in a short time by accessing the customer information shared via the Foreign Currency Credit and Income Service.

A maximum of 8 business days is allowed for the Risk Center members to respond to the objections.

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 SERVICE

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

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

postdated and open cheques, in addition to dishonored and paid cheques.

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

Thanks to the developments undertaken in 2019, members are able to access cheque scores via the cheque report raw data web service.

RISK REPORT RAW DATA PRESENTATION SERVICE

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

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

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

Improvements made to the individual inquiry service of the Risk Report in 2018 included: grouping under a single heading of services that were previously separate for member

types in the current structure; adding data for asset management companies; enriching of individual credit data. In addition, the current service quality was upgraded by making improvements such as simplifying "input" information used in inquiries.

CROSS CHEQUE RELATIONS INQUIRY SERVICE

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

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

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

BOUNCED CHEQUE WARNING SYSTEM SERVICE

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 special warning message to inform members about the status of the bounced cheque.

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

INQUIRY AND WARNING SERVICES 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 SERVICE 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 on a semimonthly basis, including information about limits and risks available one business day before the notification date. Data sharing about derivative transactions can be made either collectively or individually.

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

17. OUR PRODUCTS AND SERVICES OFFERED ON BEHALF OF TBB RISK CENTER

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 Information about Cheques under Interim Injunction enables clarification whether there is an interim injunction or cancellation decision on a cheque. With this service, inquiries can be made via the bounced cheque individual inquiry screen as well as the cheque report.

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

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

SHARING SERVICE ABOUT CUSTOMERS BANNED FROM USING CHEQUES

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

CUSTOMER RA PERSONAL RECORD SEARCH SERVICE

Within the Ministry of Finance, Revenue Administration (RA), and under the "Customer RA Personal Record Search Service," Active/Inactive status is shared with information on the identity of the customer (taxpayer),

date of establishment, address including UAVT (National Address Database) code and area of activity.

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

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

As of July 2020, the RA Personal Record Search Service provides information such as branch details, branch activity name, and code (NACE) of taxpayers that have multiple branches.

CREDIT INSURANCE NOTIFICATION AND SHARING

This service ensures the collection of monthly limit and risk information on the basis of customers who were insured by (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 via the web service.

RISK CENTER CUSTOMER REPORT SERVICE

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

The RA Personal Record Search Service provides information such as branch details, branch activity name, and code (NACE) of taxpayers that have multiple branches.

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

Protested Bill Report

It is the report containing information about protested bills. This report contains information about protested bills in the last five years, including bank name, branch name, record type (notification or withdrawal), bill amount, protested bill notification date, protested bill withdrawal date, and reason for withdrawal.

ACCEPTANCE & REJECTION NOTIFICATIONS RELATED TO LOAN APPLICATIONS

Acceptance/rejection status of the home, auto, and consumer loans; credit cards; overdraft 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 the development of the financial sector.

SHARING SERVICE 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 rating scores assigned to customers, their risk categories, and score scales. They also share this information with the Banking Regulation and Supervision Agency (BRSA).

SHARING SERVICE OF RATING SCORES

JCR Avrasya Derecelendirme A.Ş. notifies the TBB Risk Center of its customers' rating scores, score scales, and reasons for changes in scores. These scores are assigned to customers by Credit Rating Agencies (CRAs), which have been authorized but not directly acknowledged by BRSA. This notification is shared collectively with all Risk Center members, whether or not they are customers of the notification service.

DATA UPDATING APPLICATIONS SERVICE

With the Risk Center Data Updating Applications, 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, Credit Insurance, 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 APPLICATIONS SERVICE

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.

OFFICIAL INSTITUTION AND CUSTOMER INFORMATION REQUEST SERVICES

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

MEMBER REQUEST MANAGEMENT SERVICES

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

RISK CENTER BULLETIN AND STATISTICS PUBLICATIONS SERVICES

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

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

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

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

CTMCRS INQUIRY SERVICE

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

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

In 2018, systems upgrades enabled the sharing of tradesmen data in the Information System of Tradesmen and Craftsmen (ESBIS) via MERSIS. Additionally, information sharing was enriched by enabling results to be collected from both MERSIS and ESBIS when a MERSIS inquiry is made using TRID.

17. OUR PRODUCTS AND SERVICES OFFERED ON BEHALF OF TBB RISK CENTER

BKM MEMBER MERCHANT TURNOVER INFORMATION INQUIRY

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

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

RC WARNING SERVICES

This product enables the delivery of negative notifications to requesting members with a warning file through FTP. These negative notifications include different institutions' cheques, bills, credit insurance, and tender bans belonging to the individual and commercial customers who are notified by members to the Risk Center. Warnings are issued for customers who are notified by members to the Risk Center and involved in credit-limit, credit-risk, receivables to be liquidated (CLCR), individually qualified credit and credit card (CRS) or commercially qualified credits (CBS), issuers' postdated cheque applications with banks.

INDIVIDUAL INQUIRY UNIT REPORTING

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

FORCE MAJEURE INQUIRY

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

TELECOMMUNICATIONS INFORMATION INQUIRY

Debt information of real persons and legal entities who failed to pay their debts in due time was obtained from telecommunication companies at monthly intervals. The data was broken down by the number of overdue days and shared, after being consolidated, with all Risk Center members via the web screen and web service.

FOREIGN CURRENCY CREDIT AND INCOME INQUIRY SYSTEM

The Foreign Currency Credit and Income Inquiry system gives notifications and shares information on foreign currency loans granted to legal entities resident in Turkey, loans extended to these entities from abroad with the mediation of banks, as well as their foreign currency income of the last three fiscal years.

If banks, factoring companies, financial leasing firms, and financing companies extend foreign currency loans or their current foreign currency loan balances change (through reimbursement, the extension of additional loans, closure, balance update, becoming the subject matter of legal proceedings), this is instantly reported to the Risk Center via the web service.

Foreign currency credit and income information, and information about credits utilized as part of the Investment Incentive Certificate are shared individually via the screen and web service application, regardless of whether the member making the notification is a customer or not.

In 2019, new scope codes related to the notification and sharing of re-structured foreign currency credits were introduced to the application. Enhancements were made in the income notification service to ensure notifications comply with the Circular on Capital Movements.

PROVISION OF RISK CENTER REPORT VIA THE E-STATE GATEWAY

The Banks Association of Turkey (TBB) Risk Center Report was launched on March 15, 2019, via the e-state gateway.

Real persons and real persons' commercial enterprises are now able to submit report applications by going to "Risk Center Report Application" at www.turkiye.gov.tr.

As part of the service, one report per month can be obtained free of charge; and the right to apply is renewed one month after the date of the previous application.

Users can apply for "Credit Limit and Debt Information" or "Cheque Information" reports. Users have access to the following details in the Credit Limit and Debt Information Report:

- ♦ Debt information on bank/financial institution basis and with respect to their maturity breakdown,
- ♦ Information about outstanding interest/commission fees, if any; the total amount of active or closed debts written as NPL by banks and financial institutions in the past ten years.

The Cheque Information Report contains details of:

- ♦ Cheques paid upon presentation;
- ♦ Bounced cheques that are currently unpaid;
- ♦ Cheques that bounced but were paid afterward;
- ♦ Cheques for collection/collateral by Banks; and the number of cheques leaves not yet drawn.

The total commercial loan extension rate, payment amounts, and balance details of banks, factoring companies, leasing companies, and financing companies are reported daily.

COMMERCIAL TURKISH LIRA RISK NOTIFICATION AND INFORMATION SHARING SYSTEM

Thanks to this system, information about commercial credits utilized by real persons' commercial enterprises and by legal persons are reported and shared on a Risk Code basis.

The total commercial loan extension rate, payment amounts, and remaining balance details of banks, factoring companies, leasing companies, and financing companies are reported daily.

Regardless of whether the member making the notification is a customer or not, Commercial Turkish Lira Risks are shared individually via the web service application. The shared information contains only details about extension amount, and daily payment transactions are not included.

SHARING INFORMATION ABOUT ELECTRONIC INVESTMENT INCENTIVE CERTIFICATES (E-YTB) KEPT BY THE TURKISH REPUBLIC MINISTRY OF INDUSTRY AND TECHNOLOGY

The shared information includes details about the investor, the investment, elements supporting the investment, investment amount, financing of the investment, and special conditions included in the legal persons' electronic investment incentive certificates (e-YTB), which are kept by the Ministry of Industry and Technology.

This service enables obtaining Investment Incentive Certificate information via instant inquiries, switching from the printed form to the electronic environment, accessing the most up-to-date data in each inquiry, and preventing duplicate loan disbursements.

The Electronic Investment Incentive Certificate is shared with banks and factoring, leasing, and finance companies through the web screen and web service.

DAILY NOTIFICATIONS FOR COMMERCIAL TURKISH LIRA AND FOREIGN CURRENCY CREDITS

Information about commercial TRY and FC credits utilized by legal entities, and by commercial enterprises of natural persons is reported on an account basis.

The total commercial TRY and FC credit extension rate and payment amount details of banks, factoring companies, leasing companies, and financing companies are reported daily.

This information obtained from members is shared with the CBRT, thus supporting the CBRT in monitoring the development of the financial sector.

RISK CENTER INTERACTIVE REPORTING SYSTEM

This reporting system uses data reported by the members of the Risk Center of the Banks Association of Turkey and is accessible only to the members of the Risk Center of the Banks Association of Turkey. With this reporting system, members have the opportunity to simultaneously access the figures of their own institutions, as well as total sector figures classified according to the types of banks and other financial institutions, and to compare these figures. The main purpose of the system is to ensure that desired reports are accessed interactively in line with preferred filters so that members do not have to rely on the scope and format shared in static reports.

The Risk Center Interactive Reporting system currently contains the "Credit Limit, Credit Risk, and Receivables to be Liquidated" (CLCR) data reported by the members of the Risk Center of the Banks Association of Turkey. Data is updated on the third business day of each month to reflect the new period.

Data about Individual Credits and Credit Cards (CRS), Paid Cheques, Bounced Cheques, Postdated Cheques, Open Cheques, Paid Bills,

and Protested Bills will also be added to the system in the future. CRS data will be shared on a monthly basis, whereas data on cheques and bills will be shared on a daily basis.

Using the report, members will be able to:

access not only sector-wide figures but also figures belonging to their own institutions instantly, thus having the opportunity to make an institution-sector comparison.

- ♦ make choices and instantly reach the results structured according to their own preferences, using the filters in the reporting system and the report's interactive content.
- ♦ make development and change analyses thanks to the wide time interval offered by the reporting system.

DAILY CHEQUE STATISTICS SHARING SERVICE

With this service, daily cheque statistics are released to the FTP directories of Risk Center members. With the help of these statistics, members are able to regularly monitor cheque statistics showing sector-general at the highest frequency.

ISSUER'S POSTDATED CHEQUE DATA SHARING SERVICE

It is a reporting service where the Risk Center member banks can access a detailed breakdown of the postdated cheques they have issued for their customers or transferred to other banks for collection or collateral.

Banks that are members of the Risk Center and issue cheque books for their customers can benefit from this service.

These reports are produced upon members' request, using the "Postdated Cheque Notification" data collected from Risk Center member banks.

Thus, banks can have an idea about the future cheque payment obligations of their customers whom they offer cheque books. This way, they will have more information about the payment obligations of their customers while making allocation decisions.

18. FINDEKS

The design of the Findeks Mobile application allows users to easily access products and services.

The new Findeks Mobile offers Findeks members a high-level customer experience.

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 alike with access to credibility indicators, which the financial sector has used for years, thus ensuring transparency, and making financial management and monitoring 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. In light of the advantages provided by 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, the Findeks Risk Report, the Findeks Cheque Report, and the Findeks QR Code Cheque Report, which cover all major financial indicators, KKB has provided benefits to the market with value-added products. For example, "Findeks Rating Consultancy" provides expert advice on the improvement of credit scores. Meanwhile, the "Findeks Tracer" enables individuals to find out whether their financial and personal information is available online, through unwanted sites. The "Warning Service" gives alerts on changes in credit card limits and debts with all banks and Findeks Credit Rating and notifies credit applications filed.

QR Code Cheque System introduced by Findeks became mandatory for all cheques by law on January 1, 2017. The QR Code Cheque System is intended to establish a more transparent and secure environment for trade, while increasing production, employment, prosperity, and trade volume.

A key tool for access to Findeks services, the Findeks Mobile application was renewed in 2019. The renewed Findeks Mobile provides

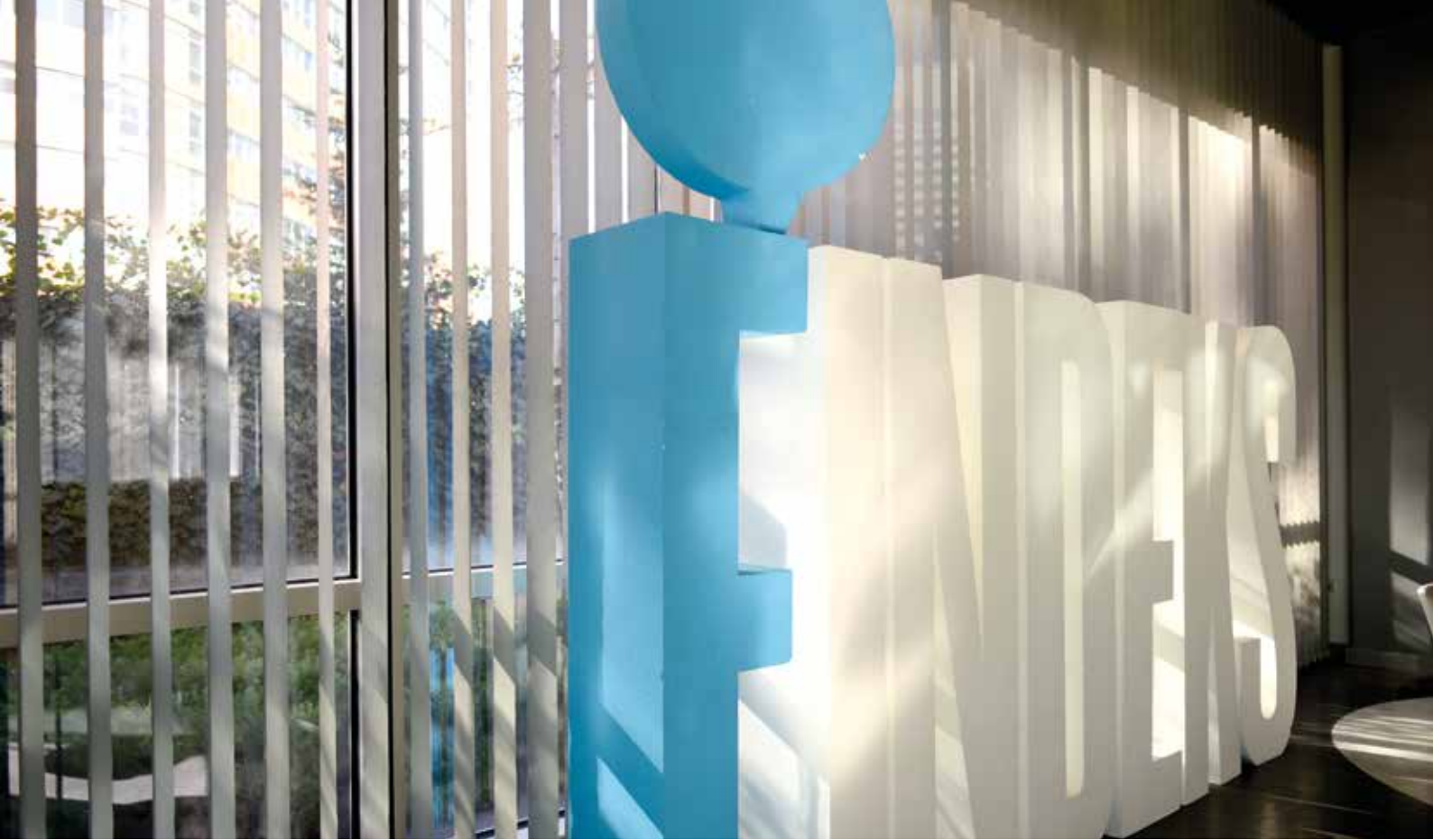
a next-gen home page where users can easily monitor their credit ratings and credit products at all banks. Featuring a design that facilitates access to products and service offerings, the app also offers a superior customer experience for Findeks members.

The Findeks Mobile application, which offers a wide range of products to its users, reaches its customers through many channels including the internet branch, website, customer communications center, banks, and strategic business partners.

444 4 552
www.findeks.com
www.facebook.com/Findeks
www.twitter.com/Findeks
www.instagram.com/findeks

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 accounts; as well as new credit openings and frequency of credit usages.



Findeks Credit Rating functions like a summary of the Findeks Risk Report. Banks and other financial institutions take into consideration the credit rating 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. Requesting the Findeks Credit Rating, institutions improve the capability of offering their customers the right product at the right price, boost automation in decision processes, reduce operational costs, and increase customer satisfaction and profitability. Individuals, on the other hand, can use their Findeks Credit Rating as a strong reference to show their debt repayment performance to individuals and institutions with whom they will have a debt relationship.

FINDEKS RISK REPORT

This is a report allowing users to review collective information on credits, credit cards, and overdraft accounts at banks, find out total debt and limit information, and track payment habits. The report covers home, auto, and consumer loans, credit cards, overdraft accounts, and commercial loans. 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 Findeks Risk Report. As a result, individuals and the real sector are able to access information about the credit products of all banks in a single report. The Findeks Risk Report allows users to see their own financial information in detail; in addition, they can view the financial performance of other persons or enterprises, if they have their approval to do so. Risk Reports ensure a safe environment for trade, making it possible in trade relations to see the repayment history – and thus the pay-

ment habits – of the other party and take precautionary measures against accounts receivable risk.

FINDEKS CHEQUE REPORT

Findeks Cheque Report demonstrates the payment habits of an individual or institution. If a cheque bearer obtains approval from the drawer, then they can track the cheque payment history of that drawer. The Findeks Cheque Report also contains information about all banks that offer cheques in Turkey. The data contained in these reports relate to the period after 2009 for bounced cheques and after 2007 for paid cheques. Data is updated daily.

FINDEKS CHEQUE INDEX

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

18. FINDEKS

The Findeks QR Code Cheque System – the first-of-its-kind in the world – enables users to access information about issuers' past cheque payment habits only in seconds.

The Findeks Cheque Index ranges from 0 to 1,000 points. In the Findeks Cheque Index, if an issuer fails to pay all of the cheques, they receive a score of 0. If they pay all of the cheques when due, then they receive a score of 1,000 points. However, if there is even one cheque that has been dishonored and is still unpaid, then the Findeks Cheque Index is calculated between 1 and 500 points. If there are dishonored cheques, which have been paid later, then the Findeks Cheque Index is calculated between 501 and 999 points. The Findeks Cheque Index gives an idea about the cheque payment habits of an individual or an enterprise.

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 requiring a consent procedure.

As of January 1, 2017, as required by law all cheques are required to have QR codes and be registered in 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 important data such as the cheque payment history of the issuer within seconds, and take precautions against accounts receivable risk, which arises from payments with cheques.

FINDEKS QR CODE CHEQUE REPORTS

As of January 1, 2017, all cheques must bear a QR code. Findeks QR Code Cheque Report uses this QR

code to show the cheque payment history of issuers. This report also allows the information on the cheque leaves to be compared with the information in the system. Thanks to the Findeks QR Code Cheque Report, which can be obtained from the Findeks Mobile application, issuer information such as cheque payment performance, forward-term cheques, and the number of open cheques can be easily accessed before accepting a cheque.

FINDEKS QR CODE CHEQUE REGISTRATION SYSTEM

The cheque bearer or endorser should create a record as soon as a cheque is accepted via the Findeks QR Code Cheque Registration System indicating the date on which the cheque is issued. The Findeks QR Code Cheque Registration System is legally supported by means of promoting its usage as of January 1, 2018.

An ill-intentioned cheque issuer will not be able to raise an objection alleging that the signatory was not an authorized person of the institution on the date of collection for a cheque that is registered in the Findeks QR Code Cheque Regis-

$$\begin{array}{rcl} 4,017,495 & + & 356,598 \\ \text{Findeks Individual} & & \text{Findeks Commercial} \\ \text{Members} & & \text{Members} \\ & = & 4,374,093 \\ & & \text{Findeks Total Members} \end{array}$$

tration system. Therefore, cheques registered in the cheque registration system may leave traces in the system as of the date of registration.

FINDEKS MONITORING SERVICE

Thanks to the Findeks Mobile application, which was renewed in 2019, users are able to monitor the limit and debt status of their loans, credit cards, and overdraft accounts, also their payment performance, and any change in credit ratings at all banks, on a daily basis. With the aim of reaching a wider audience with Findeks Mobile, this feature, which enables users to easily monitor their information, is offered to users free of charge the first three days.

FINDEKS WARNING SERVICE

Another distinguishing feature of Findeks is the Findeks Warning Service, which provides instant notifications on any changes in the Findeks Credit Rating, credit card limit and debt status, or credit applications made. Thanks to this service, customers can keep their current finances under control and take action when necessary.

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

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

- ♦ If their Findeks Credit Rating falls below 1.400 points.
- ♦ If their credit card debt exceeds TRY 10,000.
- ♦ If they delay payment on one's credit cards, cheques, and the like.
- ♦ If an application for a credit product (loan and credit card) is made in their name.

FINDEKS TRACER

The Findeks Tracer is another exclusive benefit provided to Findeks customers. Tracer protects personal and sensitive data, including ID, contact, credit card information transmitted by the user, by running extensive scans online, including the "dark web." The user is promptly notified if such information is found on unreliable websites. In an age where more and more people share information on digital platforms, Findeks Tracer addresses a significant security need of customers.

MY FINDEKS RATING CONSULTANT

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 increasing or maintaining a credit rating.

My Findeks Rating Consultant product offers personalized advice on how to increase the Findeks Credit Rating or how to maintain a high-grade rating.

LETTER OF GUARANTEE STATUS INQUIRY

The Letter of Guarantee Status Inquiry (LGSİ) service enables customers to check the validity of a letter of guarantee, without contacting the issuing bank. Using parameters such as "bank name," "branch name," "letter of guarantee number," "amount," "currency code" and "expiration date," customers can run an online check to find out whether a letter of guarantee has been issued, and whether an active risk record exists for that letter of guarantee.

359,957

Total Number of Findeks Credit Rating Inquiries

30,926,576

Findeks Risk Reports Number of Inquiries

769,182

Total Number of Findeks Cheque Report Inquiries

8,422,548

Findeks QR Code Cheque Reports

31,568

QR Code Cheque Registration

40,509,831

Total Number of Findeks Inquiries

**Figures include free notifications sent as part of QR Code Cheque Reports, Cheque Reports, and Risk Reports, and daily information monitoring carried out for Findeks Mobile.*

19. KKB ANADOLU DATA CENTER

KKB Anadolu Data Center is the first data center in Turkey to be entitled to receive the LEED Platinum Green Building certificate.

800

The Capacity of KKB Anadolu Data Center (Cabins)

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

In December 2016, T.C. Ziraat Bank started to relocate its systems and use KKB Anadolu Data Center as its Emergency Center ("EC").

As of April 2017, Yapı Kredi Bank completed relocating its systems and started using KKB Anadolu Data Center as the EC.

On October 17, 2020, KKB conducted its business continuity test studies, which it undertakes every year and covers the capability to provide services from the Emergency Center. With this effort, all KKB and Risk Center services were provided via KKB Anadolu Data Center for one day. All services were relocated



to KKB İstanbul Data Center at the end of the day and continued to be provided from there.

As of September 2019, Garanti Bank completed system relocation and started using KKB Anadolu Data Center as the EC.

As of November 2019, two other system rooms with the same features became operational, increasing the total number of system rooms to 4. Four system rooms, spanning an area of 650 sqm in total, are now in service, with the capacity of KKB Anadolu Data Center increasing from 400 to 800 cabins.

In December 2019, VakıfBank started relocating to the new system room to use KKB's Anadolu Data Center actively.

İşbank completed its system relocation as of March 2020 and started to actively use KKB Anadolu Data Center according to its active-active architecture.

As of April 2020, Şekerbank completed system relocation and started using KKB Anadolu Data Center as the EC.

As of September 2020, Halk Bank completed system relocation and started using KKB Anadolu Data Center as the EC.

To use Anadolu Data Center in their active-active architecture via the newly-opened system rooms, Garanti Bank has increased the number of its cabins as of December 2020.

KKB Anadolu Data Center has reached its maximum capacity as of 2020, due to significant increases in the demands of banks that are currently served and wish to be served. Thus, KKB senior management team has started making new assessments to meet the increasing demands.

The Center will primarily meet the backup and main data center service needs of the banks. The facility is a data center where infrastructure costs are shared and operational applications are centralized in the financial industry. The KKB, which offers the most advanced technologies to Turkey's financial institutions, aims to provide efficiency in technology investments by offering the services of cloud technologies platform, which will be established in accordance with financial regulations, primarily for the finance sector and later for all sectors.

KKB Anadolu Data Center comprises a data center, a support building, and a customer operation center. The facility is designed to expand with two additional data centers and another support building. KKB Anadolu Data Center has been the first data center in Turkey to receive the "LEED Platinum" Green Building Certificate, which is considered as the ultimate level of environmental protection standard. Besides, it has also received the ISO 14001 Environmental Management System Certificate, and the TIER IV Certificate, which is a high-level uptime standard.

KKB also holds ISO 22301 Business Continuity Management System certification, which is a testimony to the fact that the quality of all processes at KKB is in accordance with this international management system standard, minimizing the possibility of interruption of the services provided and ensuring service continuity in a short period of time in case of an interruption. Also, KKB holds ISO 27001 Information Security Management System certification. Accordingly, all processes at KKB are carried out in accordance with this global management system standard, providing the highest level of confidentiality, uniformity, and accessibility in case of a need for all information within the responsibility of the KKB. KKB Anadolu Data Center obtained ISO 20000-1 Information Technologies Service Management Systems certification in 2018. All the Center's operations, inputs, and outputs of service management processes are managed with a consistent and continuously developing management system approach. In 2020, KKB Anadolu Data Center received the ISO 14001 certificate, which documents that it has established and implemented a management system in line with the Environmental Management System requirements.

KKB Anadolu Data Center is audited every year by independent auditors authorized by the BRSA. The Center provides the necessary assurance for the supervision environment of the data center by sharing with its customers and auditors the Independent Audit Report drawn up in accordance with ISAE 3402 Type 2 Report Format at the end of the audit. With this assurance, the workload of KKB Anadolu Data Center users and auditors has been reduced in terms of both effort and time expended.

TECHNICAL SPECIFICATIONS OF THE KKB ANADOLU DATA CENTER

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

KKB Anadolu Data Center has received the ISO 22301 Business Continuity Management System certificate.

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. Its energy and cooling infrastructure hold the certificate of Uptime Institute Tier IV design (TCCD). In November 2019, scenario tests by Uptime Institute were completed, and the Tier IV Facility (TCCF) certification was received. In addition to advanced electricity infrastructure, the Center features ventilation systems that provide precise climatization and 24/7 cooling and humidity control in case of any malfunction. These advanced technological infrastructures help Data Center users achieve a low PUE level in their electricity consumption, which is a great advantage. The hardware used in the Center, where energy and data cabling is made overhead the cabinet, provides high-speed support to customers.

QUICK AND CONTINUOUS ACCESSIBILITY

Built in the low earthquake risk zone in compliance with earthquake regulations and protected against lightning hazards, maximum attention is paid to the physical security of 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.

Our Social Contribution

20. OUR SOCIAL CONTRIBUTION

The “You Imagine, We Realize” contest focuses on social innovation in its seventh year.

1,134

Total Number of Projects

**Hayal Edin
Gerçekleştirilim**

YOU IMAGINE, WE REALIZE

In 2020, KKB organized the seventh edition of the social innovation ideas contest, “You Imagine, We Realize,” which was implemented for the first time in 2013 to raise social responsibility awareness and increase sensitivity towards social issues among university students. This year, the contest has acquired a social innovation focus, in line with the requirements of our era.

The “You Imagine, We Realize” Social Innovation Project Ideas contest was open for university students’ applications from October 1, 2019, to January 8, 2020. Nearly 2 thousand project applications about the environment, education, culture and arts, health, sports, financial literacy, technology, and society were received during the application period. From among a total of 1,134 project applications from 132 different universities all around Turkey, the “Artificial Intelligence-Based Smart Beehive Tracking System” project received the first prize.

Until today, nearly 10 thousand applications have been submitted for the Social Innovation Project Ideas Contest, which was launched in 2013 and continued with the increasing interest of university students year after year.

The semi-final and final stages of the “You Imagine, We Realize” social innovation project ideas contest were organized online because of the COVID-19 pandemic. Among thousands of valuable creative ideas, projects that qualified for the top 100 joined the “back to entrepreneurs” online platform and passed the necessary steps to reach the final phase to further develop their projects. Pre-evaluation interviews with these 100 projects were conducted on our online system. The top 10 finalists held mentoring meetings for 3 weeks with the KKB Manager assigned to them. After the mentoring phase, the videos prepared by finalists to present their projects were delivered to the jury members along with the project documentation. The jury panel, which evaluated finalist projects, consisted of İbrahim Betil, civil society volunteer; Yasemin Salih, journalist; Fügen Toksü, communication expert; Özlem Denizmen, businesswoman and social entrepreneur; Fatoş Karahasan, academician and journalist; Can Yılmaz, actor, scriptwriter and writer; and Cem Seymen, journalist and presenter. As a result of the jury evaluation, the winners were awarded 30 thousand TRY as the first-place prize, 20 thousand TRY as the second-place prize, 15 thousand TRY as the third-place prize, and 10 thousand TRY as the special Findeks prize. Other proj-

One in every three visually impaired used the resources in the Audio Question Bank to prepare for university exams.

~15 thousand

Number of Questions in the Audio Question Bank



ect owners who made it to the finals received a 1,000-TRY Special Jury Award and obtained a certificate after completing the entrepreneurship program.

THE AUDIO QUESTION BANK

In the 2016 "You Imagine, We Realize" contest, the "Audio Question Bank" project won the "Education" category first prize with the highest score. The project now aims 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 exams such as TYT and AYT to the appropriate medium after being vocalized.

KKB established a team of volunteering KKB employees to launch the Audio Question Bank project in cooperation with the Association of Visually Impaired in Education (EGED) and Istanbul University, Department of Library and Documentation, Unimpeded Information Center. After taking vocalization courses from EGED, KKB volunteers started to vocalize question banks to be used in preparation for university admission exams. From 2017 to the end of 2019, nearly 15 thousand questions were

vocalized and put to the use of all the libraries serving visually-impaired individuals. One in every three visually impaired had access to the resources generated under the Audio Question Bank effort through the online e-library of the Visually Impaired Technology and Education Laboratory (GETEM) and prepared for exams.

The societal benefit created by the project was recognized and awarded by various platforms. In 2019, the Audio Question Bank won the Innovation Award at the TİSK Corporate Social Responsibility Awards organized by the Turkish Confederation of Employers' Associations (TİSK), and the Gold Award in the Social Responsibility Project Communications category at the Istanbul Marketing Awards. Also, the Corporate Social Responsibility Association deemed the project worthy of the Grand Prize in the 11th edition of the awards presented to businesses contributing to sustainable development goals.

To ensure the sustainability of the Audio Question Bank project, infrastructure efforts have started to transfer content vocalized by KKB Volunteers to the digital platform. KKB will continue helping visually impaired students access current question banks as part of the Audio Question Bank project.

20. OUR SOCIAL CONTRIBUTION

KKB implements its socially-beneficial projects with the voluntary contributions of over 50 KKB employees.

50+

**Number of KKB
Volunteering
Platform Members**



KKB VOLUNTEERING PLATFORM

Putting social responsibility at the core of all its operations, KKB implements socially-beneficial projects with the voluntary contribution of KKB employees. KKB's Volunteering Platform, which was launched on December 5, 2019, International Volunteers' Day, has gathered all corporate social responsibility projects under a single roof. Over 50 KKB Volunteers continue their activities through this platform.

KKB'S RUNNING TEAM

KKB's Running Team ran at the Runatolia 2020 marathon held on February 29, 2020, to raise donations for the TEMA Foundation. KKB's Running Team ran all 10 km as part of the half marathon and collected donations. Every 100 TRY collected by the team contributed to a child's participation in the Forest Ecosystem Nature Education, and to the creation of a Children's Memorial Forest.



5.000

Saplings

A BREATH FOR THE FUTURE FORESTATION CAMPAIGN

As part of the social mobilization for a greener Turkey, KKB supported the “A Breath for the Future” campaign to help recover the forests destroyed by the fire in Hatay. A total of 5,000 saplings were donated on behalf of all KKB employees and their families to leave a greener world for future generations.

KKB donated 5,000 saplings to support the “A Breath for the Future” forestation campaign organized after the forest fires in Hatay province.



PREVENT ALZHEIMER'S DISEASE, KEEP THE CHILDREN WARM

The first project of the KKB Volunteering platform was the “Prevent Alzheimer's Disease, Keep the Children Warm” project, which was the 2019 winner of the “You Imagine, We Realize” project in the Social category. The project, which aims to raise awareness about Alzheimer's disease and slow down its course with knitting activities, also aims to deliver knitted products to children in Ağrı to help them keep warm. The project was launched in January 2020, and just in one month, approximately 200 scarves, winter hats, jumpers, and socks were knitted and delivered to the children in Ağrı by 26 KKB Volunteers.

Financial Information

21. AGENDA OF THE ORDINARY GENERAL ASSEMBLY

KKB KREDİ KAYIT BÜROSU ANONİM ŞİRKETİ

NOTICE OF THE ORDINARY GENERAL ASSEMBLY TO BE HELD ON MARCH 24, 2021

The Annual Ordinary General Assembly of our company will be held at the following head office address at 13:00 on Wednesday, March 24, 2021, to review the activities of the year 2020 and to discuss and finalize the agenda mentioned below. Barbaros Mah. Ardiç Sokak Varyap Meridian F Blok Batı Ataşehir, İstanbul.

Shareholders who will be represented by proxy at the meeting must execute the proxy in accordance with the following sample 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 3, 2021.

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

Yours sincerely,

KKB KREDİ KAYIT BÜROSU A.Ş.



ARİF ÇOKÇETİN
CHAIRMAN OF THE BOARD OF DIRECTORS



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

AGENDA

1. Opening and formation of the Chairing Board;
2. Reading, discussion, and approval of the Annual Report prepared by the Board of Directors;
3. Reading and discussion of the Auditor's Report;
4. Reading, discussion and approval of the financial statements;
5. Release of each member of the Board of Directors and the Auditor from their obligations;
6. Determination of the mode of use of the profit and of the rates of profit and dividend share to be distributed;
7. Determination of remunerations and other benefits, such as attendance fee, bonus, premium, and the like of the members of the Board of Directors;
8. If there is any vacancy in 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;
9. Election of the auditor;
10. Discussion of granting of permissions to the members of the Board of Directors as outlined in Articles 395 and 396 of the Turkish Commercial Code No. 6102;
11. Wishes and suggestions;
12. Closing

PROXY FORM

In respect of..... shares at par value of TRY..... in aggregate owned by our Bank in the capital of KKB Kredi Kayıt Bürosu A.Ş. (the "Company"), we appoint..... to be our proxy to represent our Bank and to cast vote on behalf of the Bank on the issues in the agenda of 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 24.03.2021.

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

P.S. 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.

22. INDEPENDENT AUDITOR'S REPORT ON THE BOARD OF DIRECTORS' ANNUAL REPORT



KKB Kredi Kayıt Bürosu A.Ş.

1. Opinion

We have audited the annual report of KKB Kredi Kayıt Bürosu A.Ş. (the "Company") for the accounting period between 1 January - 31 December 2020.

In our opinion, the financial information included in the annual report of the board of directors and the examinations made by the Board of Directors using the information in the audited financial statements about the status of the Company are consistent with the full set of audited financial statements and the information we obtained during the independent audit, and they reflect the truth.

2. Justification of the Opinion

Our independent audit was conducted in line with the Independent Auditing Standards ("BDS"), which is part of the Turkish Auditing Standards published by Public Oversight, Accounting and Auditing Standards Authority ("KGK"). Our responsibilities under these standards are explained in detail in the Independent Auditor's Responsibilities Regarding the Independent Audit of Annual Reports section of our report. We declare that we are independent of the Company, in accordance with the Ethical Rules for Independent Auditors ("Ethical Rules") published by KGK, and relevant provisions about ethics in the independent auditing legislation. We have also fulfilled our other responsibilities regarding ethics as part of the Ethical Rules and the relevant legislation. We believe that the independent audit evidence we obtained during the independent audit process constitutes a sufficient and appropriate basis for our opinion.

3. Auditor's Opinion on the Full Set of Financial Statements

In our auditor's report dated February 24, 2021, we have expressed an unqualified opinion about the full set of financial statements of the Company for the accounting period between January 1 - December 31, 2020.

4. The Board of Directors' Responsibility for the Annual Report

According to the articles 514 and 516 of the Turkish Commercial Code ("TCC") numbered 6102, and the provisions of the Capital Markets Board's ("CMB") Communiqué no. II-14.1 regarding "Financial Reporting Principles in Capital Markets" ("Communiqué"), the management of the Company is responsible for the following in relation to the annual report:

- Preparing the annual report within the first three months following the balance sheet date and submitting it to the general assembly.
- Preparing the annual report in a way that reflects the Company's flow of activities and financial status for the year in question accurately, completely, straightforwardly, truthfully and honestly in all relevant aspects. The annual report evaluates the financial status according to financial statements. The report also clearly indicates the progress made by the Company and any possible risks it may encounter. The board's assessments regarding these issues are also included in the report.
- The annual report also includes the following:

Events of special importance that occur in the company after the end of the operating year, and the Company's R&D activities; Financial benefits such as wages, premiums, and bonuses; also allowances; travel, accommodation and representation expenses; in-kind and in-cash benefits; insurances and similar guarantees provided to board members and senior executives.

The secondary legislation regulations made by the Ministry of Commerce and related institutions are also taken into account by the board of directors while preparing the annual report.

5. Independent Auditor's Responsibility Regarding the Independent Auditing of the Annual Report

In accordance with the provisions of the Turkish Commercial Code and Communiques, our aim is to provide opinion on whether the financial information included in the annual report and the examinations made by the Board of Directors using the information in the audited financial statements are consistent with the Company's audited financial statements and the information we obtained during the independent audit, and whether they reflect the facts or not, and to prepare a report that contains our opinion.

Our independent audit process was conducted in accordance with the Independent Auditing Standards. These standards require being compliant with ethical provisions and planning and executing the independent audit process in a way to obtain reasonable assurance as to whether the financial information included in the annual report and the examinations made by the Board of Directors using the information in the audited financial statements are consistent with the Company's audited financial statements and the information we obtained during the independent audit, and whether they reflect the facts or not.

PwC Bağımsız Denetim ve
Serbest Muhasebeci Mali Müşavirlik A.Ş.

İNG HALİ GELMELİ
Didem Demir Kaya, ŞMMM
Sorumlu Denetçi

İstanbul, 24 Şubat 2021

*Convenience Translation Into English of Financial Statements and
Independent Auditor's Report Originally Issued In Turkish, See In Note 2*

KKB KREDİ KAYIT BÜROSU A.Ş.

FINANCIAL STATEMENTS FOR THE YEAR ENDED
31 DECEMBER 2020 TOGETHER WITH INDEPENDENT
AUDITOR'S REPORT



CONVENIENCE TRANSLATION INTO ENGLISH OF INDEPENDENT AUDITOR’S REPORT
ORIGINALLY ISSUED IN TURKISH

INDEPENDENT AUDITOR’S REPORT

To the Board of Directors of KKB Kredi Kayıt Bürosu A.Ş.

A. Audit of the Financial Statements

1. Opinion

We have audited the accompanying financial statements of KKB Kredi Kayıt Bürosu A.Ş. (the “Company”) which comprise the statement of financial position as at 31 December 2020 and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended and the notes to the financial statements and a summary of significant accounting policies and financial statement notes.

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as at 31 December 2020, and its financial performance and its cash flows for the year then ended in accordance with “Banking Regulation and Supervision Agency (“BRSA”) Accounting and Financial Reporting Legislation” which includes “Communiqué on Uniform Chart of Accounts and Prospectus to be implemented by Financial Leasing, Factoring and Financing Companies” published in the Official Gazette numbered 28861 dated 24 December 2013 and “Regulation on Accounting Practices and Financial Statements of Financial Leasing, Factoring and Financing Companies”, communiqués, and circulars and, announcements made by BRSA and requirements of Turkish Financial Reporting Standards for the matters not regulated by the aforementioned legislations.

2. Basis for Opinion

Our audit was conducted in accordance with the Standards on Independent Auditing (the “SIA”) that are part of Turkish Standards on Auditing issued by the Public Oversight Accounting and Auditing Standards Authority (the “POA”). Our responsibilities under these standards are further described in the “Auditor’s Responsibilities for the Audit of the Financial Statements” section of our report. We hereby declare that we are independent of the Company in accordance with the Ethical Rules for Independent Auditors (the “Ethical Rules”) and the ethical requirements regarding independent audit in regulations issued by POA that are relevant to our audit of the financial statements. We have also fulfilled our other ethical responsibilities in accordance with the Ethical Rules and regulations. We believe that the audit evidence we have obtained during the independent audit provides a sufficient and appropriate basis for our opinion.



3. Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. Key audit matters were addressed in the context of our independent audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How our audit addressed the key audit matter
Revenue recognition <p>The Company has a total of TL 447,819,713 income that was recognised under “revenue” in the comprehensive income for the period between 1 January 2020 and 31 December 2020. Disclosures and notes related to the revenue are presented under notes 2.4 and 17 of the accompanying financial statements prepared as of 31 December 2020.</p> <p>We focussed on this area as a key audit matter for the following reasons: the magnitude of revenue in the financial statements; revenue being earned through variable channels; revenue being generated as a result of multiple transactions and calculated by using different unit prices due to the nature of the Company’s operations.</p>	<p>Within the scope of the audit procedures we applied related to revenue recognition, we evaluated compliance of accounting policies determined by Company management regarding revenue recognition with BRSA Accounting and Financial Reporting Legislation. In addition to this, we tested operational controls related with reliability of the data on which revenue is recognized and with data-recording medium by involving our information and technology specialists. Furthermore, we evaluated and tested the design and operational effectiveness of the internal controls applied by the management to ensure revenue is recognised in accordance with relevant accounting legislation. We tested the transaction details of a selected sample from revenue transactions subject to the audit by comparing these transaction details to the relevant supporting documentation to verify that the amounts were recognised properly on a transaction basis.</p>



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

The Company management is responsible for the preparation and fair presentation of the financial statements in accordance with the BRSA Accounting and Financial Reporting Legislation, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

5. Auditor's Responsibilities for the Audit of the Financial Statements

Responsibilities of independent auditors in an independent audit are as follows:

Our aim is to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an independent auditor's report that includes our opinion. Reasonable assurance expressed as a result of an independent audit conducted in accordance with SIA is a high level of assurance but does not guarantee that a material misstatement will always be detected. Misstatements can arise from fraud or error. Misstatements are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.



Additional Paragraph for Convenience Translation:

The effects of differences between accounting principles and standards explained in detail in Note 2 and accounting principles generally accepted in countries in which the accompanying financial statements are to be distributed and International Financial Reporting Standards ("IFRS") have not been quantified in the accompanying financial statements. Accordingly, the accompanying financial statements are not intended to present the financial position, results of operations and changes in financial position and cash flows in accordance with the accounting principles generally accepted in such countries and IFRS.

PwC Bağımsız Denetim ve
Serbest Muhasebeci Mali Müşavirlik A.Ş.

Didem Demer Kaya, SMMM
Partner

Istanbul, 24 February 2021

KKB KREDİ KAYIT BÜROSU A.Ş.

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KKB KREDİ KAYIT BÜROSU A.Ş.

STATEMENT OF FINANCIAL POSITION AT 31 DECEMBER 2020

(Amounts expressed in Turkish Lira ("TRY"), unless otherwise indicated.)

	Notes	Audited Current period 31 December 2020	Audited Prior period 31 December 2019
Current assets		193,594,148	124,270,443
Cash and cash equivalents	3	126,325,546	72,529,058
Trade receivables		33,090,610	32,317,020
- Trade receivables due from related parties	4, 6	29,768,593	27,998,113
- Trade receivables due from other parties	4	3,322,017	4,318,907
Inventories	7	2,139,642	4,510,643
Prepaid expenses	14	26,385,673	6,688,146
Other current assets	15	3,639,154	716,532
Current income tax assets	22	2,013,523	7,509,044
Non-current assets		299,850,950	260,132,315
Tangible assets	8	230,392,206	214,775,110
Right of use asset	10	5,856,275	3,149,540
Intangible assets other than goodwill	9	58,902,229	31,162,312
Prepaid expenses	14	4,688,920	11,034,033
Other non-current assets	15	11,320	11,320
Total assets		493,445,098	384,402,758

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

KKB KREDİ KAYIT BÜROSU A.Ş.

STATEMENT OF FINANCIAL POSITION AT 31 DECEMBER 2020

(Amounts expressed in Turkish Lira ("TRY"), unless otherwise indicated.)

	Notes	Audited Current period 31 December 2020	Audited Prior period 31 December 2019
Short-term liabilities		179,439,596	148,900,439
Short term borrowings	6, 11	37,980	6,957,116
Lease liabilities	10	2,476,669	1,148,714
Trade payables		77,327,125	33,698,895
- Trade payables due to related parties	4, 6	7,062,814	3,134,403
- Trade payables due to other parties	4	70,264,311	30,564,492
Other payables		5,036,180	4,803,047
- Other payables due to other parties	5	5,036,180	4,803,047
Short term provisions	13	32,310,784	30,441,429
- Short term provisions for employee benefits		29,838,870	24,610,646
- Other short term provisions		2,471,914	5,830,783
Payables related to employment benefits	13	2,477,695	2,144,524
Deferred income	14	59,773,163	69,706,714
Long-term liabilities		21,049,282	15,281,480
Long term borrowing	11	-	70,242
Lease liabilities	10	3,773,052	1,944,541
Deferred tax liability	22	12,090,816	9,876,747
Long term provisions	13	5,185,414	3,389,950
- Long term provisions for employee benefits		3,514,406	1,886,824
- Other long term provisions		1,671,008	1,503,126
Other Liabilities		200,488,878	164,181,919
Shareholders' Equity			
Share capital	16	7,425,000	7,425,000
Restriction reserves from profit		160,891,214	153,498,243
Adjustment to share capital	16	2,574,025	2,574,025
Accumulated other comprehensive expense that will not be reclassified to profit or loss (-)		(676,753)	413,992
- Remeasurement losses of defined benefit plans (-)		(676,753)	413,992
Retained earnings		46,327,083	34,129,110
Net profit for the period		76,415,651	22,180,469
Total shareholders' equity		292,956,220	220,220,839
Total liabilities and shareholders' equity		493,445,098	384,402,758

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

KKB KREDİ KAYIT BÜROSU A.Ş.

STATEMENT OF COMPREHENSIVE INCOME FOR THE PERIOD 1 JANUARY – 31 DECEMBER 2020

(Amounts expressed in Turkish Lira ("TRY"), unless otherwise indicated.)

	Notes	Audited Current period 1 January – 31 December 2020	Audited Prior period 1 January – 31 December 2019
Operating income			
Sales	17	447,819,713	333,141,597
Cost of sales (-)	17	(151,640,414)	(137,911,494)
Gross profit		296,179,299	195,230,103
General administrative expenses (-)	18	(166,432,130)	(133,055,536)
Marketing, selling and distribution expenses (-)	18	(42,646,806)	(51,233,237)
Research and development expenses (-)		(100,255)	-
Other operating incomes		3,643,638	3,476,689
Other operating expenses (-)	20	(178,297)	(556,220)
Operating profit		90,465,449	13,861,799
Income from investing activities	23	31,042	2,723,363
Operating profit before financial income		90,496,491	16,585,162
Financial income	21	17,363,356	20,144,974
Financial expense (-)	21	(11,876,531)	(8,465,090)
Profit before tax from continuing operations		95,983,316	28,265,046
- Current tax expense for the period (-)	22	(17,080,910)	(4,052,721)
- Deferred tax expense (-)	22	(2,486,755)	(2,031,856)
Net profit for the period from continuing operations		76,415,651	22,180,469
OTHER COMPREHENSIVE INCOME/(EXPENSE)			
Items that will not be reclassified to profit or loss			
- Defined benefits plans remeasurement gains/(losses)	13	(1,363,431)	732,628
- Defined benefits plans remeasurement gains/(losses), tax effect	22	272,686	(161,178)
Other comprehensive income/(expense)		(1,090,745)	571,450
Total comprehensive income		75,324,906	22,751,919

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

KKB KREDİ KAYIT BÜROSU A.Ş.

STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD 1 JANUARY – 31 DECEMBER 2020

(Amounts expressed in Turkish Lira ("TRY"), unless otherwise indicated.)

	Shareholders' Equity (Audited)				
	Share Capital	Adjustment to share capital	Reserves on retained earning	Accumulated other comprehensive income or expenses not classified as profit or loss	Net profit for the year
1 January 2019	7,425,000	2,574,025	136,249,822	(157,458)	41,205,601
Transfers	-	-	30,785,546	-	(41,205,601)
Dividend paid (-)	-	-	(13,537,125)	-	-
Total comprehensive income	-	-	-	571,450	22,180,469
- Net profit for the period	-	-	-	-	22,180,469
- Other comprehensive expenses (-)	-	-	-	571,450	-
31 December 2019	7,425,000	2,574,025	153,498,243	413,992	22,180,469
					220,220,839

	Shareholders' Equity (Audited)				
	Share Capital	Adjustment to share capital	Reserves on retained earning	Accumulated other comprehensive income or expenses not classified as profit or loss	Net profit for the year
January 2020	7,425,000	2,574,025	153,498,243	413,992	22,180,469
Transfers	-	-	9,982,496	-	(22,180,469)
Dividend paid (-)	-	-	(2,589,525)	-	-
Total comprehensive income	-	-	-	(1,090,745)	76,415,651
- Net profit for the period	-	-	-	-	76,415,651
- Other comprehensive expenses (-)	-	-	-	(1,090,745)	-
31 December 2020	7,425,000	2,574,025	160,891,214	(676,753)	76,415,651
					292,956,220

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

KKB KREDİ KAYIT BÜROSU A.Ş.

STATEMENT OF CASH FLOWS FOR THE PERIOD 1 JANUARY – 31 DECEMBER 2020

(Amounts expressed in Turkish Lira ("TRY"), unless otherwise indicated.)

	Notes	Audited Current period 1 January – 31 December 2020	Audited Prior period 1 January – 31 December 2019
A. Cash flows from operating activities		137,048,062	61,775,843
Net profit for the period		76,415,651	22,180,469
Adjustments to reconcile net profit and net cash provided from operating activities:			
Adjustments for tax expense	22	19,567,665	6,084,577
Adjustment related to provision expenses		24,994,064	21,430,647
Adjustments for depreciation and amortization	19	45,572,529	32,370,691
Adjustments for financial expense	11	(501)	(8,786)
Adjustments for interest income	21	(9,516,373)	(11,257,509)
Adjustments for profit on sale of tangible and intangible assets (-)	20	414,105	(2,344,196)
Adjustments for other non-cash items		2,748,590	5,945,900
Adjustments for net foreign currency exchange effect		(9,114,323)	742,798
Adjustment for increases/decreases in trade receivable	4	(837,271)	(11,805,325)
Adjustment for increases/decreases in trade payables	4	43,628,230	(5,791,154)
Adjustment for increases and decreases in inventories		2,371,001	(4,510,643)
Adjustments for increases/decreases in other liabilities related to activities		(9,367,247)	31,252,617
Adjustments for increases/decreases in other receivables related to activities	5	(16,275,036)	(821,553)
Taxes paid (-)		(11,585,389)	(7,391,393)
Other cash outflows (-)		(21,967,633)	(14,301,297)
B. Net cash used in investing activities		(76,656,897)	(57,638,177)
Investing activities:			
Purchases of tangible assets (-)	8	(19,942,831)	(45,954,000)
Purchases of intangible asset (-)	9	(36,047,312)	(13,571,660)
Sale of tangible assets	8	40,299	5,263,957
Sale of intangible asset	9	-	237,660
Payments for investments in progress (-)		(30,470,310)	(15,802,734)
Interests received		9,763,257	12,188,600
C. Net cash used in financial activities		(16,967,320)	(25,664,621)
Financial activities:			
Dividends paid (-)		(2,589,525)	(13,537,125)
Payments for finance leases (-)	11	(13,295,322)	(11,613,971)
Interests paid (-)		(1,082,473)	(513,525)
Net increase in cash and cash equivalents (A+B+C)		43,423,845	(21,526,955)
Net currency effect		10,117,585	516,930
D. Cash and cash equivalents at the beginning of the period	3	72,411,384	93,421,409
Cash and cash equivalents at the end of the period (A+B+C+D)	3	125,952,814	72,411,384

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

KKB KREDİ KAYIT BÜROSU A.Ş.

CONVENIENCE TRANSLATION INTO ENGLISH OF EXPLANATORY NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020 ORIGINALLY ISSUED IN TURKISH

(Amounts expressed in Turkish Lira ("TRY"), unless otherwise indicated.)

1. ORGANISATION AND PRINCIPAL ACTIVITIES OF THE COMPANY

KKB Kredi Kayıt Bürosu A.Ş. (the "Company" or "KKB"), was established in 11 April 1995 with the partnership of 11 banks as the first and only credit bureau in Turkey. As of 31 December 2020, KKB is owned by 9 banks and has 166 members which consist of 49 banks, 15 consumer finance, 55 factoring, 22 financial leasings, 5 insurance, 16 asset management companies, 1 source organization and 3 companies from other sectors. Members have been sharing their credit informations with each other since April 1999 through KKB. 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.

Banking Regulation and Supervision Agency ("BRSA") has approved the adaptation of KKB to Law of Bank Cards and Credit Cards numbered 5464, with the first article of the decision dated 3 July 2008 and numbered 2685.

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 178 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 name 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 No, 6728 to the Turkish Commercial Code No, 6102, and entered into force as of 1 January 2017.

Electronic Collateral Letter System which arranges collateral letter in an electronical environment has been launched by KKB in 2018 has been run by KKB ever since.

The control of the Company is provided by the shareholders according to the allocation of shares presented in the Note 16.

As of 31 December 2020, the Company has 492 employees (31 December 2019: 482).

The Company is registered in Turkey and the registered adress of the Company is as stated below:

Varyap Meridian Sitesi, F Blok, Barbaros Mah, Ardıç Sk., 34746, Ataşehir, İstanbul, Türkiye

KKB KREDİ KAYIT BÜROSU A.Ş.

CONVENIENCE TRANSLATION INTO ENGLISH OF EXPLANATORY NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020 ORIGINALLY ISSUED IN TURKISH

(Amounts expressed in Turkish Lira ("TRY"), unless otherwise indicated.)

1. ORGANISATION AND PRINCIPAL ACTIVITIES OF THE COMPANY (Continued)

Approval of the financial statements

The financial statements for the period ended 31 December 2020 have been approved by the General Assembly on 24 February 2021, General Assembly and authorised bodies of the Company have the right to amend the financial statements within legal framework.

a. The products and services provided to members directly by KKB are presented below:

- Limit Control System (LCS)
- Personal Credit Rating (PCR)
- BDDK Product and Service Fees Portal
- False Information/Document/Declaration/Application Alert System (SABAS)
- Internet Fraud Alert System (IFAS)
- Loan Utilization Instant Sharing Service (KAPS)
- Individual Indebtedness Index
- Cheque Report
- Risk Report
- GeoMIS - Map Based Reporting Service
- Agricultural Loan Assessment System (TARDES)
- Cheque Index
- Cheque Scores
- Real Sector Decision Support Systems (RSDSS)
- Central Decision Support Systems (CDSS)
- Commercial Credit Rating (CCR)
- Prescribed Accounts
- Address Processing Service
- Cheque Status Inquiry
- Farmer Registration System
- Letter of Guarantee Status Inquiry (LGSİ)
- Trade Registry Sharing System (TRSS)
- Collection Scores
- Inclination Scores
- Agricultural Loan Score
- Central Invoice Registration System (CIRS)
- IBAN Verification Service
- LCS Customer Objection Assessment System (MIDES)
- National Fraud Attempt Detection and Prevention Service
- Credits Analysis Portal
- FraudNet
- Cheque Analysis Portal
- KKB Unknown Number Service
- Electronic Letter of Guarantee Service
- Turkish ID Number - GSM Verification
- NOVA
- Findeks
 - Findeks Credit Rating
 - Risk Report
 - Cheque Report
 - Cheque Index
 - Warning Service
 - Tracer
 - Rating Consultancy
 - Findeks QR Code Cheque System
 - Findeks QR Code Cheque Registration System

KKB KREDİ KAYIT BÜROSU A.Ş.

CONVENIENCE TRANSLATION INTO ENGLISH OF EXPLANATORY NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020 ORIGINALLY ISSUED IN TURKISH

(Amounts expressed in Turkish Lira ("TRY"), unless otherwise indicated.)

1. ORGANISATION AND PRINCIPAL ACTIVITIES OF THE COMPANY (Continued)

b. The products and services provided to members by TBB Risk Center are presented below:

- Credit Limit-Credit Risk Inquiry and Sharing Services
- Protested Bills Sharing Service
- Bounced Cheque Inquiry and Sharing Services
- Individual Cheque Inquiry
- Credit Reference System (CRS)
- Corporate Bureau System (CBS)
- Individual Customer Objection Assessment System (Individual MIDES)
- Corporate Customer Objection Assessment System (Corporate MIDES)
- CRS Information Verification System
- Cheque Report Raw Data Presentation
- Risk Report Raw Data Presentation
- Cross-Cheque Relations Inquiry Service
- Bounced Cheque Alert Service
- Inquiry and Warning Services (re:entities banned from tenders)
- Derivative Transactions Sharing Service
- Paid Bills Inquiry
- The Bill Report Service
- 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
- Credit Insurance Inquiry and Sharing
- Risk Center Customer Report Service
- Acceptance & Rejection Notifications Related to Loan Applications
- Sharing of Internal Rating Scores
- Credit Rating Agencies (CRAS) and Sharing of Rating Scores
- Data Updating Application
- Data Validation and Sanction Application
- Risk Center Bulletin and Statistics Publication Services
- CTMCRS Inquiry Service
- BKM Member Merchant Turnover Information Inquiry
- RC Warning Services
- Individual Inquiry Unit Query
- Force Majeure Inquiry
- Telecommunications Information Inquiry
- Foreign Currency Credit and Income Inquiry
- Presentation of Risk Center Report via E-Government Sistem
- Commercial Turkish Lira Risk Notification and Information Sharing (Electronic Investment Incentive Certificate (e-YTB) Information Sharing Service)
- Daily Notifications for Commercial TRY and FC Credits)
- Foreign Currency Credit and Income Customer Objections Handling System (MIDES))
- Issuer's Postdated Cheque Data Sharing Service)
- Daily Cheque Statistics Sharing Service
- Risk Center Interactive Reporting System)

KKB KREDİ KAYIT BÜROSU A.Ş.

CONVENIENCE TRANSLATION INTO ENGLISH OF EXPLANATORY NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020 ORIGINALLY ISSUED IN TURKISH

(Amounts expressed in Turkish Lira ("TRY"), unless otherwise indicated.)

2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS

2.1 Accounting standards

Company prepares its financial statements in accordance with Banking Regulation and Supervision Agency ("BRSA") Accounting and Reporting Legislation which includes "Communiqué on Uniform Chart of Accounts and Prospectus to be implemented by Financial Leasing, Factoring and Financing Companies" published in the Official Gazette numbered 28861 dated 24 December 2013 and "Regulation on Accounting Practices and Financial Statements of Financial Leasing, Factoring and Financing Companies", communiqués, and circulars and, announcements made by BRSA and requirements of Turkish Accounting Standards for the matters not regulated by the aforementioned legislations.

The financial statements are prepared on the historical cost basis.

The preparation of financial statements requires estimates and assumptions that affect the amounts of reported assets and liabilities or declared contingent assets and liabilities as of the balance sheet date and the amounts of income and expenses reported in the related period. These estimates are based on managements' best judgements and information; however, actual results may vary from these estimates.

Financial statements and statutory books of the company are presented in Turkish Lira ("TRY") in compliance with Turkish Commercial Code ("TCC") and accounting principles of the tax legislation.

2.2 Basis in preparation

The basic accounting policies adopted in the preparation of the financial statements as of 31 December 2020 are presented below. These policies are applied consistently throughout the whole year, unless otherwise indicated.

2.2.1 Functional and reporting currency

The Company's functional and reporting currency is Turkish Lira ("TRY").

2.2.2 Adjustment of financial statements in periods of high inflation

Financial statements were subject to inflation accounting in accordance with "Turkish Accounting Standards Financial Reporting in Hyperinflationary Economies" ("TAS 29") until 31 December 2004. The BRSA announced a declaration with a decision dated 28 April 2005 that hyperinflationary period is over and inflation accounting has ceased as of 1 January 2005.

KKB KREDİ KAYIT BÜROSU A.Ş.

CONVENIENCE TRANSLATION INTO ENGLISH OF EXPLANATORY NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020 ORIGINALLY ISSUED IN TURKISH

(Amounts expressed in Turkish Lira ("TRY"), unless otherwise indicated.)

2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.2.3 Offsetting

Financial assets and liabilities are offset and the net amount is reported in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

2.2.4 Comparatives and restatement of prior year financial statements

In order to enable the determination of the financial position and performance trends, the Company's financial statements have been presented comparatively with the prior period, Reclassifications are made on comparative figures to conform to changes in presentation of the financial statements and major differences are explained.

2.2.5 Changes in accounting policies

Significant changes in accounting policies are applied retrospectively and prior period financial statements are restated, There was no accounting policy changes in 2020, except for changes required by TFRS 16 "Leases".

2.2.6 Changes in accounting estimates and errors

If the changes in accounting estimates are related to only one period, they are applied in the current period in which the change is made, and if they are related to future periods, they are applied both prospectively and in the future periods, The Company's accounting estimates did not change significantly in the current period.

Significant accounting errors are applied retrospectively and the prior period financial statements are restated.

2.2.7 Going concern

The Company prepared its financial statements on a going concern basis.

2.2.8 Segment reporting

The company, which operates in Turkey and in a single field of activity, has not reported its financial information according to segments.

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2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.3 Amendments in standards and interpretations

Implementation of new or revised TAS and TFRS and interpretations

The Company adopted the new and revised standards, amendments and interpretations published by POA which are applicable after 1 January 2021 and related to the Company's operations.

a) Standards, amendments and interpretations applicable as at 31 December 2020:

Explanations on the effects of the new TAS/TFRS on financial statements:

- a) Title of TMS/TFRS
 - b) If there is a change in accounting policy has been made in accordance with the relevant transitional provisions.
 - c) Description of the change in accounting policy
 - d) If there is explanation of the transitional provisions
 - e) If there is the effects of the passing provisions on the future periods
 - f) As far as possible the amount of adjustment for current period and for each previous period presented;
 - i) Should be presented for each financial statement item affected
 - ii) If applicable to the company "TAS 33 Earnings Per Share" standard ordinary share and diluted earnings per share should be recalculated.
 - a) As far as possible adjustment amounts for the periods before the periods not presented and
 - b) If retrospective application is not possible for any period or periods, the events that led to this situation should be disclosed and the date and have the change in accounting policy was applied should be explained.
- **Amendments to IAS 1 and IAS 8 on the definition of material;** effective from Annual periods beginning on or after 1 January 2020. These amendments to IAS 1, 'Presentation of financial statements', and IAS 8, 'Accounting policies, changes in accounting estimates and errors', and consequential amendments to other IFRSs:
 - i) Use a consistent definition of materiality throughout IFRSs and the Conceptual Framework for Financial Reporting
 - ii) Clarify the explanation of the definition of material; and
 - iii) Incorporate some of the guidance in IAS 1 about immaterial information.
 - **Amendments to IFRS 3 – definition of a business;** effective from Annual periods beginning on or after 1 January 2020. This amendment revises the definition of a business. According to feedback received by the IASB, application of the current guidance is commonly thought to be too complex, and it results in too many transactions qualifying as business combinations.
 - **Amendments to IFRS 9, IAS 39 and IFRS 7 – Interest rate benchmark reform;** effective from Annual periods beginning on or after 1 January 2020. These amendments provide certain reliefs in connection with interest rate benchmark reform. The reliefs relate to hedge accounting and have the effect that IBOR reform should not generally cause hedge accounting to terminate. However, any hedge ineffectiveness should continue to be recorded in the income statement. Given the pervasive nature of hedges involving IBOR-based contracts, the reliefs will affect companies in all industries.

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2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.3 Amendments in standards and interpretations (Continued)

- **Amendment to IFRS 16, 'Leases' – Covid-19 related rent concessions;** effective from Annual periods beginning on or after 1 June 2020. As a result of the coronavirus (COVID-19) pandemic, rent concessions have been granted to lessees. Such concessions might take a variety of forms, including payment holidays and deferral of lease payments. On 28 May 2020, the IASB published an amendment to IFRS 16 that provides an optional practical expedient for lessees from assessing whether a rent concession related to COVID-19 is a lease modification. Lessees can elect to account for such rent concessions in the same way as they would if they were not lease modifications. In many cases, this will result in accounting for the concession as variable lease payments in the period(s) in which the event or condition that triggers the reduced payment occurs.
- **IFRS 17, 'Insurance contracts';** effective from annual periods beginning on or after 1 January 2023. This standard replaces IFRS 4, which currently permits a wide variety of practices in accounting for insurance contracts. IFRS 17 will fundamentally change the accounting by all entities that issue insurance contracts and investment contracts with discretionary participation features.

b) Standards, amendments and interpretations that are issued but not effective as at 31 December 2020:

- **Amendments to IAS 1, 'Presentation of financial statements' on classification of liabilities;** effective from 1 January 2022. These narrow-scope amendments to IAS 1, 'Presentation of financial statements', clarify that liabilities are classified as either current or non-current, depending on the rights that exist at the end of the reporting period. Classification is unaffected by the expectations of the entity or events after the reporting date (for example, the receipt of a waiver or a breach of covenant). The amendment also clarifies what IAS 1 means when it refers to the 'settlement' of a liability.
- **A number of narrow-scope amendments to IFRS 3, IAS 16, IAS 37 and some annual improvements on IFRS 1, IFRS 9, IAS 41 and IFRS 16;** effective from Annual periods beginning on or after 1 January 2022.
 - Amendments to IFRS 3, 'Business combinations' update a reference in IFRS 3 to the Conceptual Framework for Financial Reporting without changing the accounting requirements for business combinations. .
 - Amendments to IAS 16, 'Property, plant and equipment' prohibit a company from deducting from the cost of property, plant and equipment amounts received from selling items produced while the company is preparing the asset for its intended use. Instead, a company will recognise such sales proceeds and related cost in profit or loss.
 - Amendments to IAS 37, 'Provisions, contingent liabilities and contingent assets' specify which costs a company includes when assessing whether a contract will be loss-making.

Annual improvements make minor amendments to IFRS 1, 'First-time Adoption of IFRS', IFRS 9, 'Financial instruments', IAS 41, 'Agriculture' and the Illustrative Examples accompanying IFRS 16, 'Leases'.

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2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.3 Amendments in standards and interpretations (Continued)

- **Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 Interest Rate Benchmark Reform Phase 2;** effective from annual periods beginning on or after 1 January 2021. The Phase 2 amendments address issues that arise from the implementation of the reforms, including the replacement of one benchmark with an alternative one.
- **Amendments to IFRS 17 and IFRS 4, 'Insurance contracts', deferral of IFRS 9;** effective from annual periods beginning on or after 1 January 2021. These amendments defer the date of application of IFRS 17 by two years to 1 January 2023 and change the fixed date of the temporary exemption in IFRS 4 from applying IFRS 9, Financial Instrument until 1 January 2023.

General explanation about Covid-19

The company has taken the necessary precautions for the safety of both its customers and the society regarding the coronavirus (Covid-19) pandemic. Evaluating the developments instantly and sharing all the decisions it has taken and reviewed in the most transparent way.

In February, in line with the public health guidelines announced by the World Health Organization and the Ministry of Health, the health and safety measures in the working environment are carried to the highest level and employees are regularly informed about this issue.

The Company carries out its business processes with a remote working model as of March 16, 2020. For processes that are required to be in the office due to mandatory duties, the relevant units are in the office alternately, under strict health and safety measures.

Covid - 19 legal regulations

With the Law on Reducing the Economic and Social Effects of the 7244 New Coronavirus (Covid-19) Epidemic published in the Official Gazette dated April 17, 2020, and the Law Amending Some Laws;

With the amendment made in the Turkish Commercial Code, capital companies may decide to distribute only up to twenty-five percent of the net profit for the year 2019 until 3 September 2020. General Assembly that the dividend distribution decision for the 2019 fiscal period has been taken, but if the shareholders have not yet been paid or if a partial payment has been made, payments for the part exceeding twenty-five percent of the net profit for the year 2019 will be postponed until the end of the specified period.

The amendments that will be effective as of 1 January 2021 are not expected to have a significant impact on the Company's financials, operations and financial performance.

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2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.4 Summary of Significant Accounting Policies

The principal accounting policies applied in the preparation of these financial statements are summarized below:

Cash and cash equivalents

Cash and cash equivalents consist of cash on hand, deposits at banks and highly liquid and insignificant risk of change in the value of the investments with maturity periods of less than three months.

Financial instruments

Classification and measurement of financial instruments

The Company recognizes a financial asset in the financial statement when, and only when, the Company becomes a party to the contractual provisions of the instrument. When the Company first recognizes a financial asset, the business model and the characteristics of contractual cash flows of the financial asset are considered by management. Based on assessments, the Company has classified its financial assets as the business model that aims to keep the contractual cash flows and has determined that the contractual terms of the financial assets contain solely payments of principal and interest on the principal amounts outstanding.

Assessment of whether contractual cash flows are solely payments of principal and interest (SPPI)

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition, 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs.

In assessing whether the contractual cash flows are SPPI, the Company considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition,

The Company meets the balance sheet classification and measurement requirements by applying the above procedures. The Company measures and classifies all of its financial asset by "Financial assets measured at Amortised cost".

At initial recognition, the Company classifies its financial assets in the following categories: "Financial Assets at Fair Value Through Profit or Loss"; "Financial Assets Measured at Fair Value Through Other Comprehensive Income" or "Financial Assets Measured at Amortised Cost". Measurement and classification of financial liabilities do not materially change from the requirements of TAS 39.

The Company classifies and measures its financial assets as "Financial Assets Measured at Amortised Cost". The financial assets are recognized or derecognized in accordance with the "Recognition and Derecognition" principles defined in the section below related to the classification and measurement of financial instruments of "IFRS 9 Financial Instruments". At initial recognition, financial assets are measured at fair value. In the case if financial assets are not measured at fair value through profit or loss, transaction costs are added or deducted to/from their fair value.

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2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.4 Summary of Significant Accounting Policies (Continued)

The Company recognizes a financial asset in the financial statements when, and only when, the Company becomes a party to the contractual provisions of the instrument. When the Company first recognizes a financial asset, the business model and the characteristics of contractual cash flows of the financial asset are considered by management.

Financial assets measured at amortized cost

A financial asset is classified as a financial asset measured at amortized cost when it is held within a business model to collect contractual cash flows and the terms give rise to cash flows that are solely payments of principal or interest.

Financial assets measured at amortized cost are initially recognized at acquisition cost including the transaction costs, if any, which reflect the fair value of those instruments and subsequently recognized at amortized cost by using effective interest rate method. Interest income obtained from financial assets measured at amortized cost is accounted in income statement. The Company has measured cash and cash equivalents and trade receivables in the financial statements at amortized cost as of 31 December 2020.

Impairment of financial assets

As of 1 January 2018, a loss allowance for expected credit losses is provided for all financial assets measured at amortised cost in accordance with TFRS 9 principles. Impairment method is based on the gradual increase in credit risk observed since their initial recognition.

Measurement of the expected credit losses includes the following decisions that shall be taken by the Company:

- Definition of criterias regarding to the increase in credit risk.
- Determination of appropriate model and assumptions on measuring expected credit losses.
- Reasonable and supportable information on past events, current conditions and forecasts of future economic conditions at the reporting date.
- Definition of similar financial asset groups for calculation of expected credit loss.

The Company has recognized expected credit loss provision of TRY 79,896 in its financial statements prepared as at 31 December 2020 (31 December 2019: TRY 108,453).

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2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.4 Summary of Significant Accounting Policies (Continued)

Effective interest method

The effective interest method is a method of calculating the amortized cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset, or where appropriate, a shorter period.

Leases Standard

The company - as a lessee

At inception of a contract, the Company assess whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. The Company considers the following matters when assessing whether the agreement transfers the right to control the use of an identified asset for a limited period of time:

The contract includes an identified asset; contract includes a definition of a specified asset explicitly or implicitly).

- a) A capacity portion of an asset is physically distinct or represents substantially all of the capacity of an asset (if the supplier has a substantive right to substitute the asset and obtain economic benefits from use of the asset, then the asset is not an identified asset).
- b) The company has the right to obtain substantially all of the economic benefits from use of the identified asset.
- c) The company has the right to direct the use of an identified asset. The Company considers that the asset has the right to use if decisions about how and for what purpose the asset is used are predetermined. The company has the right to manage the use of the asset in the following cases:
 - i. The company has the right to operate the asset (or to direct others to operate the asset in a manner that it determines) throughout the period of use, without the supplier having the right to change those operating instructions; or
 - ii. Group designed the asset (or specific aspects of the asset) in a way that predetermines how and for what purpose the asset will be used throughout the period of use.

At the commencement date, the Company recognize a right-of-use asset and a lease liability in financial statements.

Right-of-use asset

The right of use asset is initially recognized at cost comprising of:

- a) The amount of the initial measurement of the lease liability.
- b) Any lease payments made at or before the commencement date, less any lease incentives received.
- c) Any initial direct costs incurred by the Company, and

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2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.4 Basis in preparation (Continued)

The Company re-measure the right of use asset:

- a) After netting-off depreciation and reducing impairment losses from right of use asset.
- b) Adjusted for certain re-measurements of the lease liability recognized at the present value.

The Company apply the depreciation requirements in TAS 16 Property, Plant and Equipment in depreciating the right-of-use asset, subject to the requirements. If the lease transfers ownership of the underlying asset to the lessee by the end of the lease term or if the cost of the right-of-use asset reflects that the lessee will exercise a purchase option, the Company depreciate the right-of-use asset from the commencement date to the end of the useful life of the underlying asset. Otherwise, The Company depreciate the right-of-use asset from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term.

The company applies TAS 36 Impairment of Assets standard to determine whether the right-of-use asset is impaired and to account for any impairment loss identified.

Lease liability

At the commencement date, The Company measure the lease liability at the present value of the lease payments that are not paid at that date. The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the Company use the lessee's incremental borrowing rate.

At the commencement date, the lease payments included in the measurement of the lease liability comprise the following payments for the right to use the underlying asset during the lease term that are not paid at the commencement date:

- a) Fixed payments, less any lease incentives receivable.
- b) Variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date.
- c) The exercise price of purchase option if the Group is reasonably certain to exercise that option; and
- d) Payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease.

After initial recognition, the lease liability is measured:

- a) Increasing the carrying amount to reflect interest on the lease liability.
- b) Reducing the carrying amount to reflect the lease payments made, and
- c) Remeasuring the carrying amount to reflect any reassessment or lease modifications or to reflect revised in-substance fixed lease payments.

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2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.4 Basis in preparation (Continued)

Interest on the lease liability in each period during the lease term is the amount that produces a constant periodic rate of interest on the remaining balance of the lease liability. The Company determine the revised discount rate as the interest rate implicit in the lease for the remainder of the lease term, if that rate can be readily determined, or the lessee's incremental borrowing rate at the date of reassessment, if the interest rate implicit in the lease cannot be readily determined. After the commencement date, The Company remeasure the lease liability to reflect changes to the lease payments. The Company recognise the amount of the remeasurement of the lease liability as an adjustment to the right-of-use asset.

The Company shall remeasure the lease liability by discounting the revised lease payments using a revised discount rate, if either:

- a) There is a change in the lease term. The Group determine the revised lease payments on the basis of the revised lease term; or
- b) There is a change in the assessment of an option to purchase the underlying asset. The Group determine the revised lease payments to reflect the change in amounts payable under the purchase option.

The Company determine the revised discount rate as the interest rate implicit in the lease for the remainder of the lease term, if that rate can be readily determined, or the lessee's incremental borrowing rate at the date of reassessment, if the interest rate implicit in the lease cannot be readily determined.

The Company remeasure the lease liability by discounting the revised lease payments, if either:

- a) There is a change in the amounts expected to be payable under a residual value guarantee. The Company determine the revised lease payments to reflect the change in amounts expected to be payable under the residual value guarantee.
- b) there is a change in future lease payments resulting from a change in an index or a rate used to determine those payments. The Company remeasure the lease liability to reflect those revised lease payments only when there is a change in the cash flows.

The Group determine the revised lease payments for the remainder of the lease term based on the revised contractual payments. In that case, the Group use an unchanged discount rate.

The Group recognises the restructuring of the lease as a separate leasing if both of the following are met:

- a) The restructuring extends the scope of the leasing by including the right of use of one or more underlying assets, and
- b) The lease payment amount increases as much as the appropriate adjustments to the price mentioned individually so that the increase in scope reflects the individual price and the terms of the relevant agreement.

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2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.4 Summary of Significant Accounting Policies (Continued)

The Company – as a Lessor

All the leases that Company is the lessor are operating leases. Assets leased out under operating leases are classified under investment properties, property, plant and equipment or other current assets in the consolidated balance sheet. Rental income is recognised in the consolidated statement of income on a straight-line basis over the lease term.

The Company distributes an amount that takes place in an agreement which includes an item that has or has not one or more extra leasing qualities along with a leasing item through applying the TFRS 15 "Revenue arising from agreements made with customers" standard.

Inventories

Inventories are stated at the lower of cost and net realizable value, The cost of inventories consists of all purchase costs and other costs necessary to make a sale, Unit cost of inventories is determined using weighted average method, Net realizable value represents the estimated selling price less all estimated costs of completion and costs necessary to make a sale, (Note 6).

Provision for impairment of inventories

Inventories are evaluated whether provision for impairment is required or not by investigating the purchase date and physical conditions of the asset and by assessment of usability performed by technical personnel, Since the inventories of the Company are being sold to members shortly before obtaining the asset, the Company hasn't booked any provision for impairment of inventories.

Short and long term liabilities

Financial liabilities including borrowings are recognized initially at fair value, net of transaction costs incurred, Subsequently, financial liabilities are measured at amortized cost.

Tangible assets

Tangible assets are measured at its cost when initially recognized and any directly attributable costs of setting the asset in working order for its intended use are included in the initial measurement, Subsequently, tangible assets are carried at cost less accumulated depreciation and provision for value decrease.

All tangible assets are carried at cost, restated equivalent to purchasing power of TRY at 31 December 2005 less accumulated depreciation. Depreciation is calculated over the restated amounts of tangible assets by using the straight-line method to write down the restated cost of each asset to their residual values over their estimated useful life, Depreciation is calculated over the cost of tangible assets using the straight-line method over estimated useful lives.

Gains and losses on disposals of property, plant and equipment are determined by comparing the carrying amount and the selling price.

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2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.4 Summary of Significant Accounting Policies (Continued)

The residual value and useful lives of the assets are evaluated at each balance sheet date and adjusted when necessary.

Costs associated with developing or maintaining tangible assets are recognized as an expense as incurred. Expenditure which enhances or extends the performance of tangible assets beyond their original specifications is recognized as a capital improvement and added to the original cost of the software. These costs consist of expenses that extend the useful lives and enhances service capacity of the assets, increase the quality and decrease the cost of using the equipments.

The estimated useful lives are stated below:

	Useful life
Buildings	10-50 years
Machinery, plant and equipment	3-15 years
Furniture and fixtures	2-15 years

Intangible Assets

Acquired intangible assets

Acquired intangible assets with unique useful lives, are carried at historical costs after the deduction of accumulated amortization. These assets are amortized using the straight-line method over their useful lives. Expected useful lives and amortization method are evaluated every year and the changes are applied prospectively. Acquired intangible assets with infinite useful lives are measured at acquisition costs after the deduction of impairments.

Other intangible assets

Other intangible assets of the Company consist of licenses, trademarks and patents. Other intangible assets are carried at historical cost. Other intangible assets have unique useful lives and are carried at historical costs after the deduction of accumulated amortization. Other intangible assets are amortized using the straight-line method over their useful lives.

Softwares

Softwares are recorded at cost of acquisition and are amortized on a straight-line basis over their estimated useful lives, which are 3-15 years from the date of acquisition.

Costs associated with developing or maintaining computer software programmes are recognized as an expense as incurred. Expenditure which enhances or extends the performance of computer software programmes beyond their original specifications is recognized as a capital improvement and added to the original cost of the software. Costs contain general administrative expenses and the personnel expense for the personnel who improved the softwares.

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2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.4 Summary of Significant Accounting Policies (Continued)

Internally-generated intangible assets – research and development expenditures

Expenditures on research activities are recognized in profit and loss in the period they are incurred.

An internally-generated intangible asset arising from development is recognized if, and only if, all of the following have been demonstrated:

- The technical feasibility of completing the intangible asset so that it will be available for use or sale;
- The intention to complete the intangible asset and use or sell it;
- The ability to use or sell the intangible asset;
- How the intangible asset will generate probable future economic benefits;
- The availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- The ability to measure reliably the expenditure attributable to the intangible asset during its development.

The amount initially recognized for internally-generated intangible assets is the sum of expenditure incurred from the date when the intangible asset first meets the recognition criteria listed above. Where no internally-generated intangible asset can be recognized, development expenditure is charged to profit or loss in the period in which it is incurred.

Subsequent to initial recognition, internally-generated intangible assets are reported at cost less accumulated amortization and accumulated impairment losses, on the same basis as intangible assets acquired separately.

The estimated useful lives are stated below:

	Useful life
Softwares	3-15 years
Rights	3-5 years
Other intangible assets	3-15 years

Impairment of tangible assets and intangible assets other than goodwills

Assets that are subject to amortization are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets other than goodwill that suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

When an asset' (or cash generating unit's) recoverable amount is lower than their carrying value asset's (or cash generating unit's) carrying value is decreased to their recoverable amount. If the related asset is not measured at revalued amount impairment loss is directly recognized in profit/loss. In such cases, the impairment loss is treated as revaluation loss.

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2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.4 Summary of Significant Accounting Policies (Continued)

When there is any indication that an impairment loss recognised in prior periods for an asset other than goodwill may no longer exist or may have decreased at each reporting period and, if such a conditions exists, the Company reverses the impairment loss recognized in prior periods for an individual asset, Unless the related asset is accounted and measured under a different standard, reversal of the impairment is accounted under statement of comprehensive income.

Employment termination benefits

Provision for employee termination benefits

TAS 19 "Turkish Accounting Standard for Employee Benefits" requires companies to use their actuarial valuation methods to calculate the present value of the potential liabilities, Therefore, the present value of the Company's possible liability is calculated using the assumptions in the following table.

The provision for employment termination benefits is calculated as required by Turkish Labor Law as a statutory obligation of the Company and reflects the present value of severance pay entitlement to employee retirement, dismissal, call for military service or death in case of completion of at least one year of service, TAS 19 "Turkish Accounting Standard for Employee Benefits" requires companies to use their actuarial valuation methods to calculate the present value of the potential liabilities, Therefore, the present value of the Company's possible liability is calculated using the assumptions.

Provision for unused vacation

According to the Labor Law applicable in Turkey, the Company is obliged to pay the annual leave periods which the employment contract are not entitled for any reason, to the employer or their beneficiaries at the date the contract ends.

Bonus payments

The Company records the accrual as an obligation and expense based on a method that takes into consideration the Company's profitability, budget realization and performance criteria, The Company also reserves provisions in cases where it is a contractual obligation.

Provisions, contingent assets and liabilities

In accordance with the TAS 37 "Provisions, Contingent Liabilities and Contingent Assets", a provision is recognised when the Company has a legal or constructive obligation as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation, If the specified criteria are not met, the Company discloses the related issues in the accompanying notes, Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability if the time value of the money is significant to the provision, In determining the discount rate to be used in reducing the provisions to their present value, the interest rate on the relevant market and the risk related to the related obligation are taken into consideration, Contingent assets are disclosed in the notes and not recognised unless they are realized.

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2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.4 Summary of Significant Accounting Policies (Continued)

Revenue recognition

In accordance with TFRS 15, "Revenue Standard from Customer Agreements"; which is effective as of 1 January 2018, the Company accounts in the financial statements of the revenue consignment in accordance with the following five-tiered model.

- Identification of customer contracts.
- Identification of performance obligations.
- Determination of transaction price in the contract.
- Allocation of price to performance obligations.
- Recognition of revenue.

The Company assesses the goods or services undertaken by each contract made with the customers and sets each commitment to transfer such goods or services as a separate performance obligation.

For each performance obligation, at the beginning of the contract, the obligation to fulfill the obligation is to be delivered in time or at a certain time, When the control of a good or service is over time and the Company fulfills its performance obligations related to sales in a timely manner, the Group takes the financial statements in the console at the expiration time by measuring the progress towards fulfillment of the fulfillment obligations.

When the Company fulfills the obligation to perform the obligation by transferring a promised good or service to the customer, it records the transaction value corresponding to the obligation as revenue in the consolidated financial statements, When the control of the goods or services is overtaken by the customers (or as they pass) the goods or services are transferred.

When the Company evaluates the transfer of the customer for the control of the goods or services sold.

- a) Group owns the right to collect the goods or services.
- b) Owns legal ownership of the goods or services.
- c) The transfer of the possession of the goods or services.
- d) Ownership of the significant risks and rewards of ownership of the property of the customer.
- e) Takes into consideration the conditions under which the customer accepts goods or services.

The Company does not make any adjustments to the effect of a significant financing component at the commitment price if the contract at the outset suggests that the period between the transfer date of the goods or services undertaken by the customer and the date the customer pays the price of the goods or services is one year or less, If the other party has significant financing within the revenue, the revenue value is determined by discounting future collections with the interest rate included in the financing element, The difference is recorded in the related periods as Other income from the main operations on the accrual basis.

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2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.4 Summary of Significant Accounting Policies (Continued)

Foreign currency transactions

Transactions in foreign currencies are initially recorded in the functional currency rate ruling at the date of the transaction, Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency rate of exchange ruling at the balance sheet date Foreign currency translation rates used by the Company as of respective year-ends are 7.3405 TRY=1 US Dollars and 9.0079 TRY=1 Euro (2019: 5.9402 TRY=1 US Dollars and 6.6506 TRY=1 Euro).

Earnings per share

In accordance with the Turkish Accounting Standards 33 – Earning per share ("TAS 33"), the companies, whose common stocks are not quoted on the stock exchange, do not have to disclose earning per share information, Since the parent Company's common stocks are not quoted on the stock exchange, earnings per share information is not calculated in the accompanying financial statements.

Deferred Revenue

Deferred revenues are liabilities that consist of advances from other parties that are obtained in the relevant period in terms of sale agreements or booked as receivables and related with future periods.

Government incentives and grants

Within the scope of the Law No.5746 on the support of Research and Development activities, it was decided by the Ministry of Industry and Technology for the Company to benefit from the incentives and exemptions provided under the Law No.5746 as of the same date, with the application of the Company approved on 7 January 2020.

Government incentives that allow the payment of reduced corporate tax within the scope of R&D incentives are evaluated within the scope of TAS 12, "Income Taxes" standard.

As of 31 December 2020, R&D expenses amounting to TRY 3,040,991 have been used as a deduction item in the tax calculation.

Taxes calculated on the basis of corporate income

Income tax expense consists of corporate tax and deferred tax expenses.

Corporate/Income tax

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the tax authorities, The tax rates and tax laws used to compute the amount are those that are enacted or substantially enacted by the balance sheet date.

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2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.4 Summary of Significant Accounting Policies (Continued)

Deferred tax

Deferred income tax is provided, using the liability method, on all temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred income tax liabilities are recognized for all taxable temporary differences. The rates enacted, or substantively enacted, at the balance sheet date are used to determine deferred income tax.

Under TAS 12, which deals with income taxes, deferred tax assets are recognized to the extent that it is probable that future taxable profits will be available against which the deferred tax asset can be utilized and deferred tax assets should be reduced to the extent that it is no longer probable that the related tax benefit will be realized. The deferred tax asset and deferred tax liability have been netted off in these financial statements.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities, and deferred taxes relate to the same taxable entity and the same taxation authority.

Corporate and deferred taxes for the period

Income tax relating to items recognized in other comprehensive income or directly in equity is recognized in other comprehensive income or directly in equity and not in the statement of profit or loss.

Cash flow statement

The Company prepares cash flow statements to inform users of the ability to direct the amount and timing of changes in net assets, financial structure and cash flows according to changing conditions.

In the cash flow table, the cash flows related to the turnover are reported by being classified as operating, investing and financing activities. Cash flows arising from operating activities represent cash flows arising from the transactions entered into the operating area of the Company. Cash flows from investing activities represent for the Company used and obtained from investment activities (fixed investments and financial investments). Cash flows from financing activities represent the resources the Company uses in its financing activities and the repayments of these resources.

Related parties

For the purposes of these financial statements, shareholders, key management personnel and Board members, in each case together with companies controlled by/or affiliated with them and associated companies are considered and referred to as related parties.

A related party is a person or entity that is related to the entity that is preparing its financial statements

(a) A person or a close member of that person's family is related to a reporting entity if that person:

- (i) has control or joint control over the reporting entity;
- (ii) has significant influence over the reporting entity; or
- (iii) is a member of the key management personnel of the reporting entity or of a parent of the reporting entity.

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2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.4 Summary of Significant Accounting Policies (Continued)

(b) An entity is related to a reporting entity if any of the following conditions applies:

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

2.5 Significant accounting judgements, estimates and assumptions

The Company has prepared its financial on going concern principal.

Preparation of the financial statements requires estimates and judgments about the reported amount of assets and liabilities or contingent assets and liabilities and reported amount of income and expenses of the related period. Such estimates and judgments are based on the Company's best estimates regarding current events and transactions, however, the actual results may differ from these estimates.

The significant estimates and assumptions the Company uses in preparing its financial statements are explained below:

Useful lives of tangible assets and intangible assets: The useful life of assets and additional costs are determined by the Company Management at initial recognition date and re-evaluated regularly. The Company determines useful lives of the assets by evaluating estimated benefits of the related assets. This evaluation is based on the Company's experiences on relevant assets.

Recognition of deferred tax asset: Deferred tax assets can only be booked if the relevant tax benefit is probable. The amount of the probable future tax advantages and taxable income are based on the Company's medium-term projections and expectations based on these projections.

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3. CASH AND CASH EQUIVALENTS

The details of the Company's cash and cash equivalents as of 31 December 2020 and 2019 are as follows:

	31 December 2020	31 December 2019
Banks		
- Time deposit	120,699,562	69,817,322
- Demand deposit	2,394,132	985,387
Credit card receivables with term of less than three months ^(*)	3,291,546	1,815,696
Provision for expected credit loss (-)	(59,694)	(89,347)
Total	126,325,546	72,529,058

^(*) As of 31 December 2020, the average maturity of credit card receivables of the Company amounting to TRY 3,291,546 (31 December 2019: TRY 1,815,696) 45 is days (31 December 2019: 40 days).

As of 31 December 2020 and 2019, there is no restriction on cash and cash equivalents.

As of 31 December 2020 and 31 December 2019, the details of time deposits are as follows:

31 December 2020

Maturity date	Currency	Gross annual interest rate (%)	31 December 2020
1 January 2021	TRY	19.00	20,000,000
1 January 2021	TRY	18.00	20,000,000
1 January 2021	TRY	17.60	10,000,000
1 January 2021	TRY	18.75	10,000,000
1 January 2021	TRY	16.80	9,831,801
1 January 2021	TRY	6.50	120,000
1 January 2021	TRY	8.00	100,000
1 January 2021	USD	2.00	13,946,950
1 January 2021	USD	3.75	9,175,625
1 January 2021	USD	2.00	8,808,600
1 January 2021	USD	3.75	3,670,250
1 January 2021	USD	3.75	3,670,250
1 January 2021	USD	3.50	3,670,250
1 January 2021	USD	3.50	3,670,250
1 January 2021	EUR	0.75	3,603,160
			120,267,136
Interest accruals on time deposits			432,426
Total time deposit			120,699,562

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3. CASH AND CASH EQUIVALENTS (Continued)

31 December 2019

Maturity date	Currency	Gross annual interest rate (%)	31 December 2019
1 January 2020	TRY	10,80	25,452,161
1 January 2020	TRY	11,00	10,000,000
1 January 2020	TRY	11,00	10,000,000
1 January 2020	TRY	11,00	10,000,000
1 January 2020	TRY	11,15	10,000,000
1 January 2020	USD	1,90	4,158,140
			69,610,301
Interest accruals on time deposits			207,021
Total time deposit			69,817,322

As of 31 December 2020 and 2019, in the cash flow statement, cash and cash equivalents of the Company are shown by deducting interest accruals:

	31 December 2020	31 December 2019
Cash and cash equivalents	126,385,240	72,618,405
Interest accruals (-)	(432,426)	(207,021)
Cash and cash equivalents in the cash flow statement	125,952,814	72,411,384

4. TRADE RECEIVABLES AND PAYABLES

As of 31 December 2020 and 2019, the details of trade receivables are as follows:

	31 December 2020	31 December 2019
Trade receivables		
Trade receivables from related parties (Note 6)	29,772,580	28,001,943
Trade receivables from other parties	3,338,232	4,334,183
Provision for expected credit loss (-)	(20,202)	(19,106)
- Regarding trade receivables from related parties (Note 6)	(3,987)	(3,830)
- Regarding trade receivables from other parties	(16,215)	(15,276)
Total	33,090,610	32,317,020

The average maturity of trade receivables is 10 days (31 December 2019: 10 days). As of 31 December 2020, there is no neither past due nor impaired receivable (31 December 2019: no neither past due nor impaired receivable).

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4. TRADE RECEIVABLES AND PAYABLES (Continued)

As of 31 December 2020 and 2019, the details of trade payables are as follows:

	31 December 2020	31 December 2019
Trade payables ^(*)		
Trade payables to other parties	70,264,311	30,564,492
Trade payables to related parties (Note 6)	7,062,814	3,134,403
Total	77,327,125	33,698,895

^(*) The average maturity for trade payables is between 30 and 60 days (31 December 2019: between 30 and 60 days). As of 31 December 2020 and 2019, a significant portion of the trade payables consist of the purchases and maintenance of tangible and intangible assets and their liabilities related to outsourced services.

5. OTHER RECEIVABLES AND PAYABLES

As of 31 December 2020 and 2019, the details of other receivables are as follows:

	31 December 2020	31 December 2019
Other payables due to other parties	5,036,180	4,803,047
- Tax payables	4,954,866	3,455,961
- Value Added Tax ("VAT") payable	-	1,327,856
- Other payables	81,314	19,230
Total	5,036,180	4,803,047

6. BALANCES AND TRANSACTIONS WITH RELATED PARTIES

As of 31 December 2020 and 2019, the Company's balances with related parties are as follows:

Trade receivables from related parties	31 December 2020	31 December 2019
Türkiye Bankalar Birliği Risk Merkezi İkt. İşl.	19,102,356	15,336,513
Akbank T.A.Ş.	1,812,165	1,166,107
T. İş Bankası A.Ş.	1,702,146	1,264,797
T. Garanti Bankası A.Ş.	1,663,876	1,752,230
T.C. Ziraat Bankası A.Ş.	1,472,811	-
T. Vakıflar Bankası T.A.O.	1,037,210	5,982,483
Yapı ve Kredi Bankası A.Ş.	1,027,110	919,394
Denizbank A.Ş.	863,620	946,225
Türkiye Bankalar Birliği	390,770	255
T. Halk Bankası A.Ş.	310,651	237,703
Şekerbank T.A.Ş.	158,880	114,108
Other	230,985	282,128
Expected credit loss (-)	(3,987)	(3,830)
Total	29,768,593	27,998,113

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6. BALANCES AND TRANSACTIONS WITH RELATED PARTIES (Continued)

As of 31 December 2020 and 2019, the Company's balances with related parties are as follows:

Trade payables to related parties	31 December 2020	31 December 2019
Vakıf Katılım Bankası A.Ş.	1,956,386	493,150
T. İş Bankası A.Ş.	1,800,492	187,864
Aksigorta Anonim Şirketi	1,484,568	815,582
Koçsistem Bilgi ve İletişim Hizm. A.Ş.	764,682	512,437
Anadolu Anonim Türk Sigorta Şirketi	708,914	729,486
Türkiye Bankalar Birliği Risk Merkezi İkt. İşl.	189,513	355,487
VDF Filo Kiralama Anonim Şirketi	70,901	255
Akbank T.A.Ş.	48,576	-
Anadolu Hayat Emeklilik A.Ş.	22,702	835
T. Halk Bankası A.Ş.	11,443	36,695
Otokoç Otomotiv Ticaret ve Sanayi Anonim Şirketi	3,173	1,935
T. Garanti Bankası A.Ş.	1,464	677
Total	7,062,814	3,134,403

As of 31 December 2020 and 2019, the details of cash and cash equivalents with related parties are as follows :

Cash and cash equivalents from related parties	31 December 2020	31 December 2019
T. Halk Bankası A.Ş.	74,124,932	10,120,025
Denizbank A.Ş.	27,280,943	29,857,928
Şekerbank T.A.Ş.	10,001,206	201
Yapı ve Kredi Bankası A.Ş.	1,260,119	703,286
T. Garanti Bankası A.Ş.	1,018,733	10,594,179
Akbank T.A.Ş.	479,048	422,020
Vakıf Katılım Bankası A.Ş.	438,666	133,264
T. İş Bankası A.Ş.	341,615	10,477,649
T.C. Ziraat Bankası A.Ş.	63,503	194,355
T. Vakıflar Bankası T.A.O.	1,363	16,924
Expected credit loss (-)	(9,621)	(3,830)
Total	115,000,507	62,516,001

As of 31 December 2020 and 2019, the details of the Company's other receivables balances from related parties are as follows:

Prepaid expenses to related parties	31 December 2020	31 December 2019
Anadolu Anonim Türk Sigorta A.Ş.	2,714,280	2,668,495
Aksigorta A.Ş.	1,491,173	814,197
Koçsistem Bilgi ve İletişim Hizm. A.Ş.	1,068,544	724,312
Anadolu Hayat Emeklilik A.Ş.	56,606	55,011
T. Halk Bankası A.Ş.	153	98
Total	5,330,756	4,262,113

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6. BALANCES AND TRANSACTIONS WITH RELATED PARTIES (Continued)

For the periods ended at 31 December 2020 and 2019, the details of the Company's short and long term liabilities to related parties are as follows:

Short and long term liabilities to related parties	31 December 2020	31 December 2019
İş Finansal Kiralama A.Ş.	37,881	6,664,329
Yapı Kredi Finansal Kiralama A.O.	99	363,029
Total	37,980	7,027,358

For the periods ended at 31 December 2020 and 2019, the details of the Company's expenses to related parties are as follows:

Expenses to related parties	1 January - 31 December 2020	1 January - 31 December 2019
T.C. Ziraat Bankası A.Ş.	19,556,506	29,830,917
İş Finansal Kiralama A.Ş.	7,891,056	569,929
Vakıf Katılım Bankası A.Ş.	5,711,817	2,648,976
Koçsistem Bilgi ve İletişim Hizm. A.Ş.	5,169,973	5,231,169
T. İş Bankası A.Ş.	4,372,146	5,123,363
Anadolu Anonim Türk Sigorta A.Ş.	4,079,039	7,941,393
Türkiye Bankalar Birliği Risk Merkezi İkt. İşl.	2,189,163	2,089,516
Aksigorta A.Ş.	1,618,121	954,721
VDF Filo Kiralama A.Ş.	1,146,200	643,228
T. Halk Bankası A.Ş.	1,127,775	655,601
Denizbank A.Ş.	665,076	11,932
Yapı Kredi Finansal Kiralama A.O.	476,123	60,198
T. Vakıflar Bankası T.A.O.	211,350	4,106,140
Otokoç Otomotiv Tic. ve San. A.Ş.	132,449	297,191
Anadolu Hayat Emeklilik A.Ş.	85,816	163,747
Akbank T.A.Ş.	85,582	126,110
Yapı ve Kredi Bankası A.Ş.	45,682	56,221
Şekerbank T.A.Ş.	22,258	56,285
T. Garanti Bankası A.Ş.	9,333	12,659
VDF Faktoring A.Ş.	47	-
Bankalararası Kart Merkezi A.Ş.	-	86
Total	54,595,512	60,579,382

Total salaries and benefits of top management

The Company's shareholders, senior executives and directors, members of the board of directors and their respective companies and their families are deemed to be related parties. For the period ended 31 December 2020, the total amount of benefits provided to top management is TRY 17,592,914 (31 December 2019: TRY 6,268,438).

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6. BALANCES AND TRANSACTIONS WITH RELATED PARTIES (Continued)

For the periods ended at 31 December 2020 and 2019, the details of the Company's revenues to related parties are as follows:

Revenue from related parties	1 January - 31 December 2020	1 January - 31 December 2019
Türkiye Bankalar Birliği Risk Merkezi İkt. İşl.	189,620,944	186,468,185
T. İş Bankası A.Ş.	23,188,863	12,739,695
T. Garanti Bankası A.Ş.	20,623,161	22,201,891
Akbank T.A.Ş.	13,922,021	11,828,507
T.C. Ziraat Bankası A.Ş.	12,872,218	13,556,026
Yapı ve Kredi Bankası A.Ş.	11,603,412	12,444,003
T. Vakıflar Bankası T.A.O.	11,015,345	20,489,261
Denizbank A.Ş.	9,799,764	11,667,601
T. Halk Bankası A.Ş.	5,298,974	3,653,297
Koçsistem Bilgi Ve İletişim Hizm. A.Ş.	2,575,136	2,929,251
Şekerbank T.A.Ş.	1,828,321	1,251,308
Anadolu Anonim Türk Sigorta Şirketi	1,401,560	1,746,990
TBB Türkiye Bankalar Birliği	1,086,695	101,863
Anadolu Hayat Emeklilik A.Ş.	390,150	224,576
Otokoç Otomotiv Tic. ve San. A.Ş.	381,136	808,186
Vakıf Katılım Bankası A.Ş.	379,591	411,938
Ziraat Katılım Bankası A.Ş.	270,379	197,080
Aksigorta A.Ş.	200,486	328,191
Koç Finansman A.Ş.	108,358	171,820
Garanti Faktoring A.Ş.	75,685	93,406
Türkiye Sınai Ve Kalkınma Bankası A.Ş.	72,005	90,163
İş Faktoring A.Ş.	67,501	106,214
Koç Fiat Kredi Finansman A.Ş.	55,644	72,473
İş Finansal Kiralama A.Ş.	40,638	55,179
Bankalararası Kart Merkezi A.Ş.	37,896	154,002
Halk Finansal Kiralama A.Ş.	37,536	45,217
Deniz Faktoring A.Ş.	36,578	51,447
Şeker Faktoring A.Ş.	36,142	88,180
Yapı Kredi Finansal Kiralama A.O.	35,655	44,286
Ak Finansal Kiralama A.Ş.	34,491	6,461
Garanti Finansal Kiralama A.Ş.	33,551	40,961
VDF Faktoring A.Ş.	27,908	3,095
Volkswagen Doğuş Finansman A.Ş.	19,359	22,021
Arap Türk Bankası A.Ş.	11,348	23,663
Vakıf Faktoring A.Ş.	5,874	35,413
Halk Faktoring A.Ş.	4,155	7,916
Vakıf Finansal Kiralama A.Ş.	3,289	4,962
Şeker Finansal Kiralama A.Ş.	2,302	3,487
Garanti Filo Yönetim Hizmetleri A.Ş.	2,230	30
VDF Filo Kiralama A.Ş.	2,200	3,380
A&T Finansal Kiralama A.Ş.	777	901
Yapı Kredi Faktoring A.Ş.	477	4,022
Deniz Finansal Kiralama A.Ş.	77	187
Şeker Finansman A.Ş.	14	293
Yatırım Finansal Kiralama A.Ş.	-	7,770
Kredi Garanti Fonu A.Ş.	-	4,654
Hemenal Finansal Kiralama A.Ş.	-	1,435
Ziraat Finansal Kiralama A.Ş.	-	117
Total	307,209,846	304,191,004

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7. INVENTORIES

	31 December 2020	31 December 2019
Trade goods (*)	2,139,642	4,510,643
Total	2,139,642	4,510,643

(*) This balance consists of equipments obtained in order to sell to customers for use of the services provided by the Company to member organizations. These inventory items consist of consumables such as cables, shelves and cabinets.

As of 31 December 2020 and 2019, there are no inventories given as collateral for liabilities.

8. TANGIBLE ASSETS

Movements of tangible assets for the period between 1 January and 31 December 2020 are as follows:

Cost	1 January 2020 Opening	Additions	Disposals (-)	Transfers	31 December 2020 Closing
Buildings	128,914,592	908,469	-	-	129,823,061
Machinery, plant and equipment	88,361,830	2,544,308	(49,620)	-	90,856,518
Furniture and fixtures	56,033,553	16,490,054	(8,031)	7,450,267	79,965,843
Constructions in progress	5,358,050	30,470,310	(8,155)	(17,500,743)	18,319,462
Total	278,668,025	50,413,141	(65,806)	(10,050,476)	318,964,884

Accumulated depreciation	1 January 2020 Opening	Additions (-)	Disposals	Transfers	31 December 2020 Closing
Buildings (-)	(12,827,354)	(3,369,130)	-	-	(16,196,484)
Machinery, plant and equipment (-)	(28,820,862)	(7,325,472)	32,520	-	(36,113,814)
Furniture and fixtures (-)	(22,244,699)	(14,020,191)	2,510	-	(36,262,380)
Total	(63,892,915)	(24,714,793)	35,030	-	(88,572,678)

Net book value	214,775,110				230,392,206
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8. TANGIBLE ASSETS (Continued)

Movements of tangible assets for the period between 1 January and 31 December 2019 are as follows:

Cost	1 January 2019 Opening	Additions	Disposals (-)	Transfers	31 December 2019 Closing
Buildings	131,984,307	1,494,147	(4,563,862)	-	128,914,592
Machinery, plant and equipment	52,036,671	28,834,488	(81,322)	7,571,993	88,361,830
Furniture and fixtures	40,409,459	15,625,365	(1,271)	-	56,033,553
Constructions in progress	2,983,783	15,802,734	-	(13,428,467)	5,358,050
Total	227,414,220	61,756,734	(4,646,455)	(5,856,474)	278,668,025

Accumulated depreciation	1 January 2019 Opening	Additions (-)	Disposals	Transfers	31 December 2019 Closing
Buildings (-)	(11,646,493)	(3,229,690)	2,048,829	-	(12,827,354)
Machinery, plant and equipment (-)	(22,533,682)	(6,343,788)	56,608	-	(28,820,862)
Furniture and fixtures (-)	(12,028,531)	(10,216,592)	424	-	(22,244,699)
Total	(46,208,706)	(19,790,070)	2,105,861	-	(63,892,915)
Net book value	181,205,514				214,775,110

There is no mortgage on the Company's tangible assets (31 December 2019: No mortgage).

As of 31 December 2020, the insurance amount on tangible assets is TRY 1,365,652,400 (31 December 2019: TRY 954,114,102).

9. INTANGIBLE ASSETS

Movements of intangible assets for the period between 1 January and 31 December 2020 are as follows:

Cost	1 January 2020 Opening	Additions	Disposals (-)	Transfers	31 December 2020 Closing
Softwares	66,423,533	34,721,463	-	2,680,811	103,825,807
Rights	12,436,039	1,307,854	-	7,369,665	21,113,558
Other intangible assets	1,653,960	17,995	-	-	1,671,955
Total	80,513,532	36,047,312	-	10,050,476	126,611,320

Accumulated depreciations	1 January 2020 Opening	Additions (-)	Disposals	Transfers	31 December 2020 Closing
Softwares	(45,386,397)	(15,035,572)	-	-	(60,421,969)
Rights	(2,687,398)	(3,286,646)	-	-	(5,974,044)
Other intangible assets	(1,277,425)	(35,653)	-	-	(1,313,078)
Total	(49,351,220)	(18,357,871)	-	-	(67,709,091)
Net book value	31,162,312				58,902,229

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9. INTANGIBLE ASSETS (Continued)

Movements of intangible assets for the period between 1 January and 31 December 2019 are as follows:

Cost	1 January 2019 Opening	Additions	Disposals (-)	Transfers	31 December 2019 Closing
Softwares	55,482,229	10,121,887	(740,178)	1,559,595	66,423,533
Rights	4,710,303	3,428,857	-	4,296,879	12,436,039
Other intangible assets	1,633,044	20,916	-	-	1,653,960
Total	61,825,576	13,571,660	(740,178)	5,856,474	80,513,532
Accumulated depreciations	1 January 2019 Opening	Additions (-)	Disposals	Transfers	31 December 2019 Closing
Softwares	(34,191,784)	(11,317,964)	123,351	-	(45,386,397)
Rights	(1,458,776)	(1,228,622)	-	-	(2,687,398)
Other intangible assets	(1,243,390)	(34,035)	-	-	(1,277,425)
Total	(36,893,950)	(12,580,621)	123,351	-	(49,351,220)
Net book value	24,931,626				31,162,312

10. LEASES

As of 31 December 2020 and 2019, the details of right of use assets are as follows:

	31 December 2020	31 December 2019
Vehicles	3,996,471	555,795
Buildings	1,859,804	2,593,745
Total	5,856,275	3,149,540
	2020	2019
Beginning of the period - 1 January	3,149,540	761,757
Additions	5,206,600	3,060,745
Additions depreciation expense	(2,499,865)	(672,962)
End of the period - 31 December	5,856,275	3,149,540

As of 31 December 2020 and 2019, the details of lease liabilities are as follows:

	31 December 2020	31 December 2019
Short term lease liabilities	2,476,669	1,148,714
Long term lease liabilities	3,773,052	1,944,541
Total	6,249,721	3,093,255

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10. LEASES (Continued)

Movement table of the lease liabilities in the period of 1 January – 31 December 2020 and 2019 is as follows:

	2020	2019
Beginning of the period - 1 January	3,093,255	761,757
Additions	5,206,600	3,060,745
Payments (-)	(3,088,900)	(1,160,851)
Interest expenses	942,183	389,630
Exchange differences	96,583	41,974
End of the period - 31 December	6,249,721	3,093,255

11. SHORT TERM AND LONG TERM LIABILITIES

As of 31 December 2020 and 2019, the details of short and long term liabilities are as follows:

	31 December 2020	31 December 2019
Short term leasing payables	37,980	6,957,116
Total	37,980	6,957,116
Long term leasing payables	-	70,242
Total	-	70,242
Total leasing payables	37,980	7,027,358

As of 31 December 2020, the effective weighted average interest rates for denominated US Dollar, Euro and TRY financial leasing payables are respectively 6.16%, and 3.25%, (31 December 2019: 6.02%, 3.19% and 14.22%).

As of 31 December 2020 and 2019, the payment schedule of financial leasing payables is as follows:

	31 December 2020	31 December 2019
Up to 1 year	37,980	6,957,116
Between 1-2 years	-	70,242
Total	37,980	7,027,358

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11. SHORT TERM AND LONG TERM LIABILITIES (Continued)

The movement table of the Company's financial liabilities for the accounting period between 1 January and 31 December 2020 and 2019 is as follows:

	2020	2019
Beginning of the period - 1 January	7,027,358	17,903,912
Payments during the period (-)	(8,088,722)	(12,127,496)
The effect of unrealized exchange rate differences	1,099,845	1,259,728
Accrual of interest	(501)	(8,786)
End of the period - 31 December	37,980	7,027,358

12. PROVISIONS, CONTINGENT ASSETS AND LIABILITIES

Letters of guarantee given:

	31 December 2020	31 December 2019
Letters of guarantee	126,199	228,421
Total	126,199	228,421

Letters of guarantee received:

	31 December 2020	31 December 2019
Letters of guarantee received ^(*)	1,598,404	1,149,446
Total	1,598,404	1,149,446

^(*) Letters of guarantee received from the service provider companies regarding the building of the Company that is located in Ankara Organized Industrial Zone.

As of 31 December 2020, the Company has no collateral, pledge or mortgage given for the purpose of acquiring its own debt or debt of any person or entity other than the Company, (31 December 2019: No collateral, pledge or mortgage).

Lawsuits against the company:

As of 31 December 2020, there are 13 lawsuits filed against the Company. Provision of TRY 1,145,020 has been provided based on the best estimates of the Company management regarding these lawsuits, (31 December 2019: There are 9 cases and TRY 677,000 has been provisioned).

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13. EMPLOYMENT BENEFITS

i) Payables for employee benefits

As of 31 December 2020 and 2019, the details of the payables for the employees are as follows:

	31 December 2020	31 December 2019
Social security withholding to be paid	2,389,183	2,081,295
Payables to employees	88,512	63,229
Total	2,477,695	2,144,524

ii) Short term provisions

As of 31 December 2020 and 2019, the details of the Company's short-term provisions are as follows:

	31 December 2020	31 December 2019
Provision for personnel performance bonus	22,543,603	18,658,413
Provision for unused vacation	7,295,267	5,952,233
Provision for bank commissions ^(*)	741,452	2,529,625
Provision for uninvoiced expenses	174,871	128,374
Other provisions	1,555,591	3,172,784
Total	32,310,784	30,441,429

^(*) The Company works with various banks from Turkey in order to complete transactions of Findeks products. The Company pays commissions to the banks in direct proportion to sale amounts within the context of agreements terms. These balances consist of provisions for commissions payable to branch banks as of 31 December 2020 and 2019.

The movement table of provision for personnel performance bonus of the Company for the periods between 1 January and 31 December 2020 and 2019 is as follows:

	2020	2019
Beginning of the period - 1 January	18,658,413	13,471,394
Increase in the period	22,543,603	18,658,413
Paid during the period (-)	(18,658,413)	(13,471,394)
End of the period - 31 December	22,543,603	18,658,413

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13. EMPLOYMENT BENEFITS (Continued)

iii) Long term provisions

As of 31 December 2020 and 2019, the details of the Company's long-term provisions are as follows:

	31 December 2020	31 December 2019
Provision for employment termination benefits	3,514,406	1,886,824
Provision for lawsuits	1,145,020	677,000
Other	525,988	826,126
Total	5,185,414	3,389,950

The provision for employment termination benefits is provided for as explained below.

Under the Turkish Labor Law, the Company is required to pay termination benefits to each employee who has completed at least one year of service and whose employment is terminated without due cause, is called up for military service, dies or who retires after completing 25 years of service (20 years for women) and achieves the retirement age (58 for women and 60 for men). Since the legislation was changed on 23 May 2002, there are certain transitional provisions relating to length of service prior to retirement.

The principal assumption is that the maximum liability for each year service will increase in line with inflation. Thus, the discount rate applied represents the expected rate of actual inflation. As the maximum liability is revised semi-annually the maximum amount of TRY 7,638,96 which is effective from 1 January 2021 has been taken into consideration in calculating the provision for employment termination benefits of the Company (31 December 2019: TRY 6,730,15, effective from 1 January 2020).

The liability is not funded, as there is no funding requirement, Provision for employment termination benefits is calculated by estimating the present value of the probable liability in the case of retirement of the employees.

The Company develops and uses actuarial valuation methods to estimate the employee termination benefit provision. Accordingly, the following actuarial assumptions were used in the calculation of the total liability:

	31 December 2020	31 December 2019
Annual discount rate (%)	4,15	4,19

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13. EMPLOYMENT BENEFITS (Continued)

The movement of employment termination benefits during the year is as follows:

	2020	2019
Beginning of the period - 1 January	1,886,824	2,087,455
Service cost	378,243	378,243
Interest cost	188,682	340,255
Payment within the period (-)	(302,774)	(186,501)
Actuarial (gain)/loss	1,363,431	(732,628)
End of the period - 31 December	3,514,406	1,886,824

14. PREPAID EXPENSES AND DEFERRED INCOME

The details of short-term prepaid expenses of the Company as of 31 December 2020 and 2019 are as follows:

Short term prepaid expenses ^(*)	31 December 2020	31 December 2019
Prepaid expenses from related parties	5,330,756	4,262,113
Prepaid expenses from other parties	21,054,917	2,426,033
Total	26,385,673	6,688,146

^(*) As of 31 December 2020 and 2019, the related amounts consist of prepaid insurance, maintenance, dues, training and other miscellaneous expenses which have not been included in the statement of profit or loss.

As of 31 December 2020 and 2019, the details of long-term prepaid expenses are as follows:

Long term prepaid expenses ^(*)	31 December 2020	31 December 2019
Prepaid expenses from other parties	4,688,920	11,034,033
Total	4,688,920	11,034,033

^(*) As of 31 December 2020 and 2019, the related amounts consist of prepaid insurance, maintenance, dues, training and other miscellaneous expenses which have not been included in the statement of profit or loss.

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14. PREPAID EXPENSES AND DEFERRED INCOME (Continued)

The details of deferred income as of 31 December 2020 and 2019 are as follows:

Deferred income	31 December 2020	31 December 2019
Deferred income ^(**)	59,773,163	69,706,714
Total	59,773,163	69,706,714

(**) As at 31 December 2020 and 2019, related amounts consist of service income of the Company generated from Findeks, IFAS and MKDS products, which have been collected in advance but not accrued.

15. OTHER ASSETS AND LIABILITIES

a) Other current assets:

The details of other current assets as of 31 December 2020 and 2019 are as follows:

	31 December 2020	31 December 2019
Deferred VAT	2,675,085	–
Order advances given	365,296	290,574
Receivables from employees	318,676	111,650
Accruals on trade receivables from customers	278,135	30,081
Amounts to be invoiced	1,962	284,227
Total	3,639,154	716,532

b) Other non-current assets:

The details of other fixed assets as of 31 December 2020 and 2019 are as follows:

	31 December 2020	31 December 2019
Deposits and guarantees given	11,320	11,320
Total	11,320	11,320

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16. SHAREHOLDERS' EQUITY

The Company's authorized share capital consists of TRY 7,425,000 of each 1 TRY nominal share (31 December 2019: TRY 7,425,000).

Shareholders or their proxies present at the Ordinary and Extraordinary General Assembly meetings have 1 voting right per share.

The Company's shareholders and their shares in the capital at 31 December 2020 and 2019 are as follows:

	31 December 2020		31 December 2019	
Shareholders:	Share (%)	Share amount	Share (%)	Share amount
Yapı ve Kredi Bankası A.Ş.	18,182	1,350,000	18,182	1,350,000
Türkiye Halk Bankası A.Ş.	18,182	1,350,000	18,182	1,350,000
Akbank T.A.Ş.	9,091	675,000	9,091	675,000
Türkiye Garanti Bankası A.Ş.	9,091	675,000	9,091	675,000
Şekerbank T.A.Ş.	9,091	675,000	9,091	675,000
Türkiye İş Bankası A.Ş.	9,091	675,000	9,091	675,000
Denizbank A.Ş.	9,091	675,000	9,091	675,000
T. Vakıflar Bankası T.A.O.	9,091	675,000	9,091	675,000
T.C. Ziraat Bankası A.Ş.	9,091	675,000	9,091	675,000
Paid in capital	100.00	7,425,000	100,00	7,425,000

Reserves on retained earnings

	31 December 2020	31 December 2019
Extraordinary reserves	146,513,689	139,367,193
Reserves on retained earnings	14,377,525	14,131,050
Share capital adjustment	2,574,025	2,574,025
	163,465,239	156,072,268

The legal reserves consist of first and second reserves, appropriated in accordance with the Turkish Commercial Code ("TCC"). The TCC stipulates that the first legal reserve is appropriated out of statutory profits at the rate of 5% per annum, until the total reserve reaches 20% of the Company's paid-in share capital. The second legal reserve is appropriated at the rate of 10% per annum of all cash distributions in excess of 5% of the paid-in share capital. Under the TCC, the legal reserves can only be used to offset losses and are not available for any other usage unless they exceed 50% of paid-in share capital. As of 31 December 2020, the extraordinary reserves of the Company which are classified under the statutory reserves are TRY 146,513,689 (31 December 2019: TRY 139,367,193).

At the Ordinary General Assembly held on 25 March 2020, the Company decided to pay dividends amounting to TRY 15,000,000 (31 December 2019: the Company has paid a dividend payment of TRY 15,000,000). The dividend payments have been made to the shareholders in the second quarter of 2019.

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17. SALES AND COST OF SALES

The Company's sales for the periods 1 January – 31 December 2020 and 2019 and the cost of sales are as follows:

	1 January – 31 December 2020	1 January – 31 December 2019
Findeks product income	125,820,363	83,329,896
CRS product income	119,935,047	94,808,784
Datacenter product income	30,790,445	21,004,324
LCS product income	28,979,941	23,806,056
Risk center cheque report product income	24,507,339	19,632,183
PPI product income	23,231,692	22,505,733
Individual limit risk query	14,807,497	10,149,595
CBS product income	13,846,967	9,247,153
Personel credit rating	13,187,283	13,932,370
Credit guarantee fund	8,000,000	-
Risk center service income	5,316,003	4,236,091
Commercial credit rating product income	5,113,019	4,023,698
Electronic guarantee product income	4,306,693	2,369,000
Risk center risk report product income	3,747,706	3,852,743
Factoring invoice pool product income	3,153,324	2,787,576
Trade registry sharing system product income	2,809,000	2,808,000
Loan utilization instant sharing service product income	1,922,477	1,522,547
Fraudnet product revenue	1,854,443	-
IBAN confirmation service	1,668,939	521,473
Telecom individual query product income	1,597,219	1,312,064
Tardes product income	1,584,785	1,405,515
GeoMIS product income	1,584,000	1,609,000
GİB künve product income	1,311,046	1,113,208
KKB cheque report product income	1,150,031	1,692,947
Risk center report via E-Government system product income	805,378	1,074,016
Product income from the declaration and		
sharing of foreign currency loans and incomes	784,176	698,716
Cross cheque query product income	700,138	776,320
Central Bank Services product income	691,890	701,443
CTMCRS product income	594,432	404,474
FRS product income	526,500	332,000
Address database service	470,000	410,000
DVS product income	381,942	303,666
CDSS incomes	293,582	195,378
Internet frauds alarm system income	270,555	301,539
KKB risk report product income	205,595	240,804
Bounced cheque product income	107,989	144,448
Individual cheque query product income	77,624	158,685
Other income	2,677,408	884,482
Sales	448,812,468	334,295,927
Sales returns (-)	(992,755)	(1,154,330)
Net sales	447,819,713	333,141,597
Cost of sales (-)	(151,640,414)	(137,911,494)
- Personnel expenses (-)	(89,774,864)	(76,643,489)
- Depreciation expenses (-)	(22,278,421)	(16,747,417)
- Score service expenses (-)	(13,437,739)	(20,395,217)
- System services expenses (-)	(10,018,977)	(8,806,497)
- Query services expenses (-)	(6,662,296)	(5,434,983)
- Other expenses (-)	(9,468,117)	(9,883,891)
Gross operating profit	296,179,299	195,230,103

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18. MARKETING, SELLING AND DISTRIBUTION EXPENSES, GENERAL ADMINISTRATIVE EXPENSES

a) Marketing, selling and distribution expenses:

The details of marketing, selling and distribution expenses of the Company for the periods 1 January – 31 December 2020 and 2019 are as follows:

	1 January – 31 December 2020	1 January – 31 December 2019
Commission expenses	22,063,664	27,305,922
Advertising, media and sales expenses	19,861,743	23,294,459
Other	721,399	632,856
Total	42,646,806	51,233,237

b) General administrative expenses:

The details of general administrative expenses for the accounting periods of 1 January – 31 December 2020 and 2019 are as follows:

	1 January – 31 December 2020	1 January – 31 December 2019
Personnel expenses	60,884,109	51,184,392
Installation and maintenance expense	40,543,905	27,992,844
Amortization and depreciation expense	20,794,243	15,623,274
Consultancy expenses	13,118,423	11,948,329
Communication expenses	11,212,257	9,355,629
Electricity, water and fuel costs	10,256,046	6,040,963
Taxes and other liabilities	2,936,862	2,096,266
Amortisation expenses from lease	2,499,865	672,962
Insurance expenses	1,689,325	1,303,226
Travel expenses	379,672	1,168,646
Other	2,117,423	5,669,005
Total	166,432,130	133,055,536

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19. EXPENSES BY NATURE

The details of expenses by nature for the accounting periods of 1 January - 31 December 2020 and 2019 are as follows:

	1 January - 31 December 2020	1 January - 31 December 2019
Personnel expenses	150,658,973	127,827,881
Amortization and depreciation expense	43,072,664	32,370,691
Installation and maintenance cost	40,543,905	27,992,844
Score service expenses	13,437,739	20,395,217
Consultancy expenses	13,118,423	11,948,329
Communication expenses	11,212,257	9,355,629
Electricity, water and fuel cost	10,256,046	6,040,963
System services expenses	10,018,977	8,806,497
Query services expenses	6,662,296	5,434,983
Taxes and other liabilities	2,936,862	2,096,266
Amortisation expense related with leases	2,499,865	672,962
Insurance expenses	1,689,325	1,303,226
Travel expenses	379,672	1,168,646
Other	11,585,540	15,552,896
Total	318,072,544	270,967,030

20. OTHER OPERATING EXPENSES

The details of the Company's other operating expenses for the accounting periods of 1 January - 31 December 2020 and 2019 are as follows:

	1 January - 31 December 2020	1 January - 31 December 2019
Expected credit loss provision expense	79,896	108,453
Other expenses	76,881	68,600
Losses from fix asset sales	21,520	379,167
Total	178,297	556,220

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21. FINANCIAL INCOMES AND EXPENSES

The details of financing income and expenses of the Company for the periods 1 January – 31 December 2020 and 2019 are as follows:

Financial income	1 January – 31 December 2020	1 January – 31 December 2019
Interest income on time deposits	9,516,373	11,257,509
Foreign exchange gains	7,846,983	8,887,465
Total	17,363,356	20,144,974

Financial expenses (-)	1 January – 31 December 2020	1 January – 31 December 2019
Foreign exchange loss	10,793,557	7,569,416
Interest expenses	1,082,974	895,674
Total	11,876,531	8,465,090

22. TAX ASSETS AND LIABILITIES

	31 December 2020	31 December 2019
Provision for corporate tax	17,080,910	4,052,721
Prepaid corporate tax (-)	(19,094,433)	(11,561,765)
Current period tax (asset)/liability, net	(2,013,523)	(7,509,044)

"Law on the Amendment of Some Tax Acts and Some Other Laws" numbered 7061 is published on Official Gazette dated 5 December 2017 and numbered 30261. With the temporary amendmend on 32nd article of Law numbered 5520, the corporate tax rate has been determined as 22% that to be applied to earnings generated in the 2018, 2019 and 2020 fiscal periods.

Corporation tax is payable on the total income of the Company after adjusting for certain disallowable expenses, corporate income tax exemptions (participation exemption and investment allowance, etc.) and corporate income tax deductions (like research and development expenditures deduction). No further tax is payable unless the profit is distributed (except withholding tax at the rate of 19,8% on an investment incentive allowance utilized within the scope of Income Tax Law transitional article 61).

Dividends paid to non-resident corporations, which have a place of business in Turkey, or resident corporations are not subject to withholding tax. Otherwise, dividends paid are subject to withholding tax at the rate of 10%. An increase in capital is not considered as a profit distribution.

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22. TAX ASSETS AND LIABILITIES (Continued)

Corporations are required to pay advance corporation tax quarterly on their corporate income. Advance tax declaration is made by the 14th day and payable by the 17th day of the second month following each calendar quarter end by companies. Advance tax paid by corporations is credited against the annual corporation tax liability. If, despite offsetting, there remains a paid advance tax amount, it may be refunded or offset against other liabilities to the government.

In Turkey, there is no procedure for a final and definitive agreement on tax assessments. Companies file their tax returns within the 25th of the fourth month following the close of the financial year to which they relate.

Tax returns are open for 5 years from the beginning of the year that follows the date of filing for the tax authorities' review who have the right to audit tax returns, and the related accounting records on which they are based, and they may issue re-assessments based on their findings.

Under the Turkish taxation system, tax losses can be carried forward to offset against future taxable income for up to 5 years. Tax losses cannot be carried back to offset profits from previous periods.

The tax expenses in the statement of profit or loss for the periods ended at 31 December 2020 and 2019 are summarized below:

	1 January - 31 December 2020	1 January - 31 December 2019
Current tax charge (-)	(17,080,910)	(4,052,721)
Deferred tax expense (-)	(2,486,755)	(2,031,856)
Total tax expense (-)	(19,567,665)	(6,084,577)

As of 31 December 2020 and 2019, the Company's tax reconciliation is presented as follows:

	1 January - 31 December 2019	1 January - 31 December 2018
Profit before tax	95,983,316	28,265,046
Current tax rate	%22	%22
Theoretical tax expense calculated with current tax rate (-)	(21,116,330)	(6,218,310)
Effect of change in tax rate ^(*)	1,209,080	-
Investment incentives utilized	527,027	-
(Disallowable expenses)/discounts, net	(187,442)	133,733
Total tax expenses	(19,567,665)	(6,084,577)

^(*) Although the corporate tax rate for 2020 is 22%, the Company management has decided to make deferred tax calculations at 20% as of 31 December 2020, as deferred tax assets and liabilities will be subject to corporate tax in 2021 and after (31 December 2019: 22%). As a result of this, deferred tax calculated over 20% causes a difference of TRY 1,209,080 in the tax reconciliation calculated over 22%.

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22. TAX ASSETS AND LIABILITIES (Continued)

Deferred Tax

The Company calculates and accounts for deferred income taxes for all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in these financial statements in accordance with TAS 12. In the deferred tax calculation, the enacted tax rate, in accordance with the tax legislation, is used as of the balance sheet date.

The calculated deferred tax asset and deferred tax liabilities are offset in the financial statements.

Deferred tax liabilities calculated on accumulated temporary differences subject to deferred taxation as of 31 December 2020 and 2019 have been prepared using the related tax rates effective for the periods when the related liabilities are expected to be realized and reflected to the financial statements.

The details of the deferred tax calculations as of 31 December 2020 and 2019 are as follows:

	Total temporary differences		Deferred tax assets/(liabilities)	
	31 December 2020	31 December 2019	31 December 2020	31 December 2019
Provision for unused vacation (Note 13)	7,295,267	5,952,233	1,459,053	1,309,491
Provision for termination (Note 11)	3,514,406	1,886,824	702,881	415,101
Lease liabilities and right of use asset, net	393,446	123,986	78,689	27,277
Provision for expected credit loss	79,896	108,453	15,979	23,860
Deferred tax assets	11,283,015	8,071,496	2,256,602	1,775,729
Depreciation adjustment of tangible and intangible assets (-)	(71,737,089)	(52,965,800)	(14,347,418)	(11,652,476)
Deferred tax liabilities (-)	(71,737,089)	(52,965,800)	(14,347,418)	(11,652,476)
Deferred tax liabilities (-), net			(12,090,816)	(9,876,747)

The details of the movement table of the deferred tax liabilities for the periods ended at 31 December 2020 and 2019 are as follows:

	2020	2019
Beginning of the period - 1 January	(9,876,747)	(7,683,713)
Deferred tax expense recognized under the statement of profit or loss (-)	(2,486,755)	(2,031,856)
Deferred tax (expense)/income recognized under equity	272,686	(161,178)
End of the period - 31 December	(12,090,816)	(9,876,747)

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23. INCOME FROM INVESTING ACTIVITIES

The details of the income obtained from the investment activities of the Company for the periods 1 January – 31 December 2020 and 2019 are as follows:

	1 January – 31 December 2020	1 January – 31 December 2019
Income from sale of tangible and intangible assets	31,042	2,723,363
Total	31,042	2,723,363

24. NATURE AND EXTENT OF RISKS ARISING FROM FINANCIAL INSTRUMENTS

Due to its operations, The Company is exposed to cash flow risk, market risk arising from interest risks, capital risk, credit risk and liquidity risk. The Company's risks management policy focuses on unexpected changes in financial markets.

The management policy of financial risks is performed by the Company's senior management and finance department in line with its policies and strategies approved by the Board of Directors. The Board of Directors prepares principles and policies in general to manage exchange rate, interest and capital risks and closely monitors financial and operational risks.

The Company is exposed to the following risks during its operations:

Credit Risk

Liquidity Risk

Market Risk

Capital Risk

This note is presented to inform the Company about its objectives, policies and processes under these risks if the Company is exposed to the above mentioned risks.

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24. NATURE AND EXTENT OF RISKS ARISING FROM FINANCIAL INSTRUMENTS (Continued)

a) Credit risk:

Credit risk arises from deposits in banks, receivables from related parties and other trade receivables. In addition, it holds the financial assets also carries the risk of the third party's not meeting the requirements of the agreement. The Company management meets these risks by limiting the average risk for the counterparty in each agreement, Trade receivables are evaluated by the Company management on the basis of past experiences and current economic situation and presented in the balance sheet

As of 31 December 2020 and 2019, the credit risk exposure for the financial instruments is as follows:

31 December 2020	Trade receivables		Other receivables		Cash and cash equivalents at banks	
	Related party	Third party	Related party	Third party	Related party	Third party
Maximum amount of credit risk exposed as of reporting date (A+B+C+D+E)	29,768,593	3,322,017	-	-	115,000,507	11,325,039
- Maximum credit risk secured guarantees etc.	-	-	-	-	-	-
A. Net book value of neither past due nor impaired financial assets	29,768,593	3,322,017	-	-	115,000,507	11,325,039
B. Book value of financial assets that are restricted, otherwise which will be recognized as overdue or impaired	-	-	-	-	-	-
C. Net book value of assets past due but not impaired	-	-	-	-	-	-
- Secured by guarantees etc.	-	-	-	-	-	-
D. Net book value of impaired assets	-	-	-	-	-	-
- Past due (gross book value)	-	-	-	-	-	-
- Impairment amount (-)	-	-	-	-	-	-
- Net value secured by guarantees etc.	-	-	-	-	-	-
- Non past due (gross book value)	-	-	-	-	-	-
- Impairment amount (-)	-	-	-	-	-	-
- Net value secured by guarantees etc	-	-	-	-	-	-
E. Off-balance items exposed to credit risk	-	-	-	-	-	-

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24. NATURE AND EXTENT OF RISKS ARISING FROM FINANCIAL INSTRUMENTS (Continued)

a) Credit risk (Continued):

31 December 2019	Trade receivables			Other receivables			Cash and cash equivalents at banks	
	Related party	Third party	Third party	Related party	Third party	Third party	Related party	Third party
Maximum amount of credit risk exposed as of reporting date (A+B+C+D+E)	27,998,113	4,318,907	-	-	-	-	62,516,001	10,013,057
- Maximum credit risk secured guarantees etc.	-	-	-	-	-	-	-	-
A. Net book value of neither past due nor impaired financial assets	27,998,113	4,318,907	-	-	-	-	62,516,001	10,013,057
B. Book value of financial assets that are restricted, otherwise which will be recognized as overdue or impaired	-	-	-	-	-	-	-	-
C Net book value of assets past due but not impaired	-	-	-	-	-	-	-	-
- Secured by guarantees etc.	-	-	-	-	-	-	-	-
D. Net book value of impaired assets	-	-	-	-	-	-	-	-
- Past due (gross book value)	-	-	-	-	-	-	-	-
- Impairment amount (-)	-	-	-	-	-	-	-	-
- Net value secured by guarantees etc.	-	-	-	-	-	-	-	-
- Non past due (gross book value)	-	-	-	-	-	-	-	-
- Impairment amount (-)	-	-	-	-	-	-	-	-
- Net value secured by guarantees etc	-	-	-	-	-	-	-	-
E. Off-balance items exposed to credit risk	-	-	-	-	-	-	-	-

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24. NATURE AND EXTENT OF RISKS ARISING FROM FINANCIAL INSTRUMENTS (Continued)

b) Liquidity Risk:

Prudent liquidity risk management implies holding sufficient cash and marketable securities, the availability of funding through adequate credit transactions and the ability to close out market positions.

The risk of being able to fund the existing and prospective debt requirements is managed by maintaining the availability of sufficient number of credit providers and sufficient amounts of funds generated from operations. The Company management monitors the collection of customer receivables on maturity and tries to avoid any financial burden on the Company in order to ensure uninterrupted liquidation and, as a result of the works carried out with the banks, the cash and non-cash credit limits are determined.

As of 31 December 2020 and 2019, the analysis of liquidity risk by type of financial liability is as follows:

31 December 2020:

Maturity in accordance with the agreement	Book value	Total cash outflow in accordance with the agreement (=I+II+III)	Up to 3 months (I)	3 - 12 months (II)	1 - 5 years (III)
Non derivative financial liabilities					
Lease liabilities	6,249,721	7,955,893	778,293	2,280,715	4,896,885
Financial leasing payables	37,980	48,351	48,351	-	-
Trade payables	77,327,125	77,327,125	77,327,125	-	-
Other payables	5,036,180	5,088,925	5,088,925	-	-
Total	88,651,006	90,420,294	83,242,694	2,280,715	4,896,885

31 December 2019:

Maturity in accordance with the agreement	Book value	Total cash outflow in accordance with the agreement (=I+II+III)	Up to 3 months (I)	3 - 12 months (II)	1 - 5 years (III)
Non derivative financial liabilities					
Lease liabilities	3,093,255	4,233,556	367,344	1,024,121	2,842,091
Financial leasing payables	7,027,358	7,218,924	2,160,257	3,766,753	1,291,914
Trade payables	33,698,895	33,698,895	33,698,895	-	-
Other payables	4,803,047	4,803,047	4,803,047	-	-
Total	48,622,555	49,954,422	41,029,543	4,790,874	4,134,005

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24. NATURE AND EXTENT OF RISKS ARISING FROM FINANCIAL INSTRUMENTS (Continued)

c) Market risk:

i) Currency Risk

Foreign exchange risk is primarily based on the existence of foreign currency denominated debt and assets in US Dollars and Euros and the exchange rate risk arising from foreign currency exchange rate changes during translation of these to TRY.

Foreign currency position table:

	31 December 2020		31 December 2019	
	Total	Euro	US Dollar	Total
		Euro		Euro
				US Dollar
1. Trade receivables	-	-	-	-
2a. Monetary financial assets (including cash, cash at banks etc.)	51,461,560	4,237,964	47,223,596	140,842
2b. Non-monetary financial assets	-	-	-	-
3. Other	270,237	270,237	-	199,518
4. Current assets (1+2+3)	51,731,797	4,508,201	47,223,596	340,360
5. Trade receivable	21,634	-	21,634	-
6a. Monetary financial assets	-	-	-	-
6b. Non-monetary financial assets	-	-	-	-
7. Other	-	-	-	-
8. Fixed assets (5+6+7)	21,634	-	21,634	19,181
9. Total assets (4+8)	51,753,431	4,508,201	47,245,230	340,360
10. Trade payables	(49,170,708)	(217,3212)	(46,997,496)	(7,910,408)
11. Financial liabilities	(100,766)	(279)	(100,487)	(5,455,848)
12a. Other monetary liabilities	-	-	-	-
12b. Other non-monetary liabilities	-	-	-	-
13. Short-term liabilities (10+11+12)	(49,271,474)	(2,173,491)	(47,097,983)	(5,674,420)
14. Trade payable	-	-	-	-
15. Financial liabilities	(100,265)	-	(100,265)	(76,586)
16a. Other monetary liabilities	(345,611)	(345,611)	-	-
16b. Other non-monetary liabilities	-	-	-	-
17. Long-term liabilities (15+16+17)	(445,876)	(345,611)	(100,265)	(199)
18. Total liabilities (13+17)	(49,717,350)	(2,519,102)	(47,198,248)	(5,674,619)
19. Net asset/(liability) position of off-balance sheet derivative instruments (19a-19b)	-	-	-	-
19a. Total amount of hedged assets	-	-	-	-
19b. Total amount of hedged liabilities	-	-	-	-
20. Net foreign currency position of assets/(liabilities) (19+9-18)	2,036,081	1,989,099	46,982	(5,334,259)
21. Net foreign currency positions of assets/(liabilities) (monetary items) (1+2+3+5+6a-10-11-12a-14-15-16a)	2,036,081	1,989,099	46,982	(5,334,259)
22. Total fair value of financial instruments used for foreign currency hedge	-	-	-	-

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24. NATURE AND EXTENT OF RISKS ARISING FROM FINANCIAL INSTRUMENTS (Continued)

i) Currency risk (Continued)

Exchange rate sensitivity table

	31 December 2020		31 December 2019	
	Profit/Loss		Profit/Loss	
	Appreciation of foreign currency	Depreciation of foreign currency	Appreciation of foreign currency	Depreciation of foreign currency
In case of 20% change in the value of US Dollar against TRY:				
1- US Dollar net asset/liability	9,396	(9,396)	(874,803)	874,803
2- US Dollar currency hedging (-)	-	-	-	-
3- US Dollar effect-net (1+2)	9,396	(9,396)	(874,803)	874,803
In case of 20% change in the value of Euro against TRY:				
4- Euro net asset/liability	397,820	(397,820)	(1,066,852)	1,066,852
5- Euro currency hedging (-)	-	-	-	-
6- Euro effect-net (4+5)	397,820	(397,820)	(1,066,852)	1,066,852
Total (3+6)	407,216	(407,216)	(1,941,655)	1,941,655

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24. NATURE AND EXTENT OF RISKS ARISING FROM FINANCIAL INSTRUMENTS (Continued)

ii) Interest rate risk

The need of Company's dealing ways with interest risk rate arises from effects of interest rates changes on the financial instruments, The sensitivity of the Company to interest rate risk is related with maturity mismatch of assets and liabilities, This risk is managed through corresponding assets that are sensitive to interest rates with similar liabilities.

Interest position table

Fixed rate financial instruments	31 December 2020	31 December 2019
Time deposits	120,699,562	69,817,322
Short term borrowings	37,980	6,957,116
Long term borrowings	-	70,242

As of 31 December 2020, the Company has no interest-sensitive financial assets, (31 December 2019: None), Since the Company does not have any floating rate financial assets, the Company is not exposed to interest rate risk. Therefore, the interest rate sensitivity table is not presented.

d) Capital risk management

The Company manages its debt and equity balance in the most efficient manner by examining the maturities of cash and trade receivables and financial and commercial debts from its operations while trying to ensure the continuity of its activities. Risks associated with each capital class together with the capital cost of the Company are evaluated by the top management. The Company management presents these risks to the Board of Directors, Based on the evaluations of the management and the Board of Directors, the Company aims to balance its capital structure through dividend payments as well as through new borrowing or payment of existing debt.

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25. FAIR VALUE OF FINANCIAL INSTRUMENTS

The estimated fair values of financial instruments have been determined by the Company using available market information and appropriate valuation methodologies. However, judgment is necessarily required to interpret market data to estimate the fair value. Accordingly, the estimates presented herein are not necessarily indicative of the amounts the Company could realise in a current market exchange.

The fair value of short-term assets and liabilities other than trade receivables and borrowings is considered approximate to the carrying value, since the discount effect of fair value is insignificant.

As of 31 December 2020 and 2019, the carrying amount and fair value of financial assets and liabilities are as follows;

	31 December 2020		31 December 2019	
	Carrying amount	Fair value	Carrying amount	Fair value
Financial assets				
Cash and cash equivalents	126,325,546	126,385,240	72,529,058	72,618,405
Trade receivables	33,090,610	33,110,812	32,317,020	32,332,296
Financial liabilities				
Leasing payables	37,980	48,351	7,027,358	7,218,924
Trade payables	77,327,125	77,327,125	33,698,895	33,698,895

Fair values of financial assets and liabilities are determined as follows:

- Level 1: Financial assets and liabilities are valued at the stock exchange price in an active market for exactly the same assets and liabilities.
- Level 2: Financial assets and liabilities are valued with the inputs used to determine a directly or indirectly observable price other than the stock market price of the relevant asset or liability mentioned in Level 1.
- Level 3: Financial assets and liabilities are valued with inputs that cannot be based on data observable in the market and used to determine the fair value of the asset or liability.

As of 31 December 2020 and 2019, the Company does not have any financial assets or liabilities which are carried at fair value.

26. SUBSEQUENT EVENTS

None.





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