



2021 ANNUAL REPORT

KB
KREDİ KAYIT BÜROSU

Fiscal Period of the Report

01.01.2021-31.12.2021

Trade Name

KKB Kredi Kayıt Bürosu A.Ş.

Trade Registration Number

329148-276730

MERSİS (Central Registration System)**Number**

0564-0004-2270-0011

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REPRESENTING CONFIDENCE IN FINANCIAL LIFE

KKB, which has become an essential institution in financial life with the trust it has built, embraces Turkey with its widening service network ranging from financial institutions to the real sector and individuals. KKB maintains its efforts to offer its emergency center and domestic cloud technologies services to all sectors, primarily the banking and finance sectors through the Anadolu Data Center.





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ABOUT KKB

BACKED BY ITS QUALIFIED AND EXPERT STAFF AND KNOWLEDGE, KKB MINIMIZES UNCERTAINTY IN COMMERCIAL LIFE AND TRANSFORMS DATA INTO A SECURE FUTURE.

Kredi Kayıt Bürosu (KKB) was founded on 11 April 1995, as a partnership between nine leading banks. One of the long-established institutions in the finance sector, KKB has a total of 185 members, including

- 55 banks,
- 17 consumer finance,
- 54 factoring,
- 22 financial leasing,
- 10 insurance,
- 21 asset management companies,
- 6 other companies

as of 30 December 2021.

As required by Banking Law No: 5411 (Article 73/4), KKB was established by at least five banks to facilitate the exchange of information and documents between financial institutions. Under the same article, corporate members have been sharing customers' credit information since April 1999.

With Law No. 6111 issued on 25 February 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 Türkiye (TBB) to collect the risk data of customers of credit institutions and any financial institutions deemed appropriate by the Banking Regulation and Supervision Agency (BRSA) 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 the Republic of Türkiye (CBRT), the Risk Center of TBB 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 185 financial institutions which are members of the Risk Center (RC).

With the Check Report and Risk Report launched in January 2013, KKB has started to offer services for individuals and the real sector as well as financial institutions.

Offering significant tools for individuals and organizations to manage their financial reputation, 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 1 January 2017 - an important step was taken for a more transparent and secure commercial life. The 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.

Recognized as one of the best examples of a credit bureau in the world, KKB adds new value-added products and services to its offerings to the financial and real sectors every day and brings ease to the lives of its stakeholders and customers with the power of technology. As of the end of 2021, KKB offered nearly 90 products and services for members. In addition to its products and services, KKB is focused on innovation in its internal activities and brings added confidence and difference to financial life. Contributing to the development and growth of the financial and banking sector with its R&D Center, KKB sets itself apart in Turkey with its research and product development studies and also sets an example to the world. KKB R&D Center continues to support initiatives and entrepreneurs while promoting the use of domestic products through collaborations between industry and academia.

KKB minimizes uncertainty in commercial life and transforms data into a secure future, with its knowledge and qualified, specialized workforce consisting of 516 employees as of the end of 2021. With its experience, expertise and innovation power, KKB goes the extra mile and realizes projects beyond our country's borders with its co-operation with credit bureaus around the world, and provides credit bureau consultancy, serving as an example in its sector internationally with its knowledge and competence.

KKB published its Sustainability Report.



<http://bitly.ws/oEI8>

In addition to the economic and financial solutions it offers, especially in the banking and finance sector, KKB has been carrying out its activities for many years in order to add value to our country, to raise awareness of social issues and to raise awareness of social responsibility, especially among the young people who are the architects of our future. Thanks to the adoption and internalization of the corporate social responsibility approach from the highest level of management, the employees of the institution also take on an active volunteering role.

KKB published its first Sustainability Report in 2021 in order to bring together the work it has carried out from a sustainability perspective and to present this work to its stakeholders.



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.

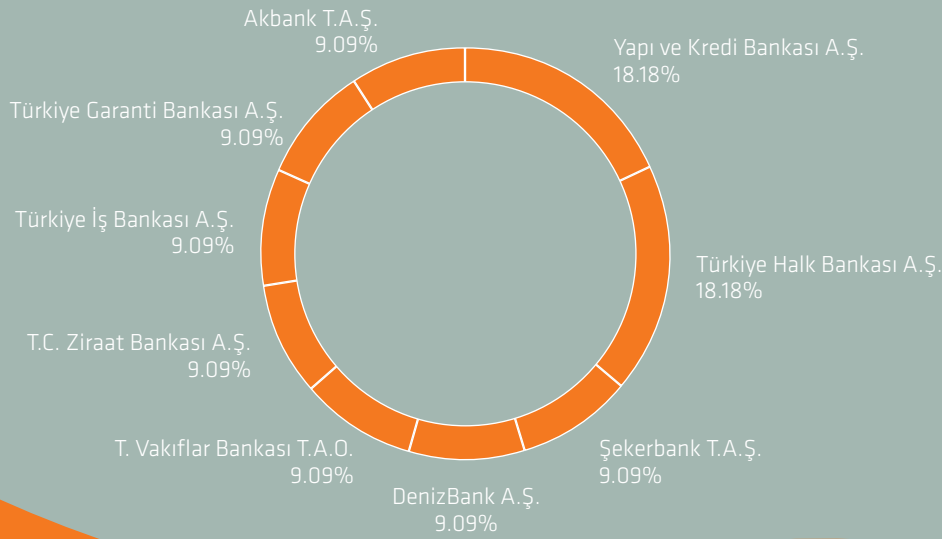
KEY STRATEGIES 2021

In 2021, the Objectives & Key Results (OKR) method was adopted for use in KKB Strategic Planning and Goal Setting studies in order to goals simpler, more focused and more measurable within KKB, and the studies were shaped in this direction.

This method is aimed at setting cast-iron, qualitative and inspiring goals for the entire institution and to measure their performance by following these goals with clear, realistic and numerically measurable key results. In addition, through this method, KKB aims to provide transparency in a manner where all employees of the institution know and understand the corporate strategies and strategic goals, and to motivate the employees in this direction.

While determining the strategic goals of the institution, this method was applied to create clear targets in line with the basic strategies, and these strategies were transformed into measurable key results, allowing the use of quantitative criteria for the evaluation of strategic performance. The targets were set as a pilot in 2021 and the key results allowing monitoring of the realization of these targets were followed throughout the year, with the corporate strategic performance measured on the basis of these values.

SHAREHOLDER STRUCTURE



KKB was founded with the partnership of nine banks.

The main strategies determined by KKB for 2021 were as follows:

Basic Bureau Services

- Performing other services as determined by contracts, in particular data collection, storage and sharing, provided to the TBB Risk Center, to the highest standards of security and service,
- Deploying KKB's competence in the collection, secure storage and sharing of information and developing value-added products and services to meet the similar needs of different sectors,
- Enriching data sources for the realization of these purposes,
- Presenting the analysis and reports needed to support the credit policies and stakeholders' strategic decisions.

Analytical Services

- Expanding the application surfaces of big data, artificial intelligence and advanced analytical methods, developing internal competencies in these areas and increasing the number of R&D projects based on analytical models.

Findeks

- Developing the products and services offered through Findeks, KKB's service channel and brand for individuals and non-financial sectors,
- Increasing the awareness of risk management and financial literacy among the target segment,
- Implementation of products beneficial to the real sector in risk management,
- Facilitating access to financial products for the real sector and individuals.

Data Center and Cloud Services

- To the public and real sectors, primarily the financial sector,
- Providing infrastructure shared data center services,

- Providing cloud-based software and platform services and other related value-added services,
- Providing cloud-based services that fintech and other start-ups may access easily and benefit from.

Managed Services

- Providing and operating the services needed by the financial sector by using KKB's technological, analytical and general capabilities,
- Providing a combination of operational efficiency and cost advantage by centralizing transactions performed separately by different institutions within KKB,
- Carrying out activities to increase awareness and production efficiency in the real sector by reducing costs of accessing information technologies,
- Supporting domestic R&D activities,
- Developing products with new technologies such as artificial intelligence and blockchain technology, and cooperation with tech providers in this context.

Corporate Social Responsibility

- Providing benefit to society and the environment with innovation-based social responsibility projects which it will develop and support, ensuring increased public awareness on these issues.
- Implementing the basic requirements in terms of environmental awareness and sustainability, and demonstrating positive discrimination in favor of institutions which have proved effective in this regard.

Corporate Governance

- KKB's being one of the most popular companies to work with its highly competent staff in its field and as an institution which prioritizes institutionalism by creating a corporate culture that observes justice and encourages unity among its employees, operates its processes in accordance with best practices and provides a high level of employee satisfaction.

OUR CORPORATE VALUES

TEAMWORK

Our greatest strength is to act with a team spirit for the common goal by adopting open and transparent communication.

REPUTATION

As a symbol of trust, our place in Turkish economy is defined by our reputation and reliability.

WITH ITS EXPERIENCE, COMPETENCE
AND POWER IN INNOVATION, KKB
CROSSES BORDERS, DEVELOPS
TECHNOLOGIES WHICH WILL
SHAPE THE FUTURE AND SETS AN
EXAMPLE FOR ITS SECTOR ON THE
INTERNATIONAL STAGE.

RESPONSIBILITY

We are responsible for providing economic and social benefit to our country for a sustainable future, treating our stakeholders and employees with fairness and informing our members and customers accurately and completely.

CONTINUOUS DEVELOPMENT

We prioritize the continuous development of our products, service quality and technological infrastructure through to our approach to innovation and our qualified staff.

AWARDS AND ACHIEVEMENTS

KKB HAS PROVIDED MULTIFACETED CONTRIBUTIONS TO THE ECONOMY WITH ITS WIDE RANGE OF PRODUCTS AND SERVICES OFFERED TO OUR COUNTRY'S FINANCIAL SYSTEM, INDIVIDUALS AND THE REAL SECTOR, WITH ITS ACHIEVEMENTS RECOGNIZED BY AWARDS IN MANY FIELDS.

2014

GeoMIS Map-Based Reporting System
"Oracle 2014 Innovator Excellence" Award

2018

Kredi Kayıt Bürosu Information Security Team

The "Security Team of the Year" award in the EMEA region by the global cybersecurity company FireEye.

Electronic Letter of Guarantee Project

The first prize at the "Best Financial Technology Projects of the Year" Awards, organized as part of the IDC Turkey Finance Summit

"Digital Transformation of Software Quality" in the "Data Infrastructure" Category

The second prize at the "Best Financial Technology Projects of the Year" Awards as part of the IDC Turkey Finance Summit

Audio Question Bank Project

The "Most Successful Volunteering Project" Award by the Private Sector Volunteers Association
Prizes at the Felis Awards, organized by MediaCat, in the categories of "Education" and "Voluntary Work for Disabled People" under the main heading of "Social Responsibility and Sustainability

2019

QR Code Cheque System Project

The Golden Sardis Award in the "Product and Service Innovation" category at the Sardis Awards

Electronic Letter of Guarantee Project

The Silver Award in the "Product and Service Innovation Category" at the Sardis Awards

Audio Question Bank Project

The Innovation Award at the TİSK Corporate Social Responsibility Awards organized by the Turkish Confederation of Employers' Associations (TİSK)
The Grand Prize in the "Organizations Adding Value to Sustainable Development Goals" category at the Corporate Social Responsibility Summit.
The Gold Award in the Social Responsibility Project Communications category at the Istanbul Marketing Awards.

2020

Findeks Mobile Project

The Silver Sardis Award in the "Product and Service Innovation" category at the Sardis Awards

"Findeks Renewed Mobile App Communications" campaign

The bronze award in the "Banks and Financial Institutions" category at the Effie 2020 Awards

Corporate Performance Management Application

The first prize in the "Future of Business - Metrics & KBIs" category at the IDC Turkey CIO Summit Awards

Digital Transformation Project

The second prize in the "Digital Trailblazer" category at the IDC DX Awards 2020



2021

Turkish ID No. and GSM Verification Service

The second prize in the category of “Corporate Banking” at IDC Turkey Finance Technology Awards

Mobile Application Test Automation Infrastructure Project

The second prize in the “Future of Digital Infrastructure” category of IDC Turkey Digital Transformation Awards

Third Party Risk Management Program

The third prize in the category of “Security and Fraud Management” at IDC Turkey Finance Technology Awards

UCMDB Content Enrichment Project

The second Prize at IDC Turkey Finance Technology Awards

Smart CRM Project

The “Wtech Marketing Award” given by the Women in Technology Association to the women leaders, who use technology best in marketing, as part of the Marketing Captains Awards

KKB TARDES Service

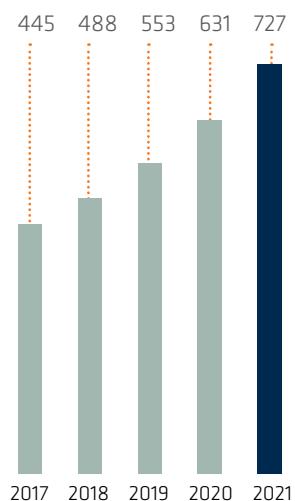
Turkey’s most innovative 50 companies list determined by Fast Company magazine

OPERATIONAL INDICATORS

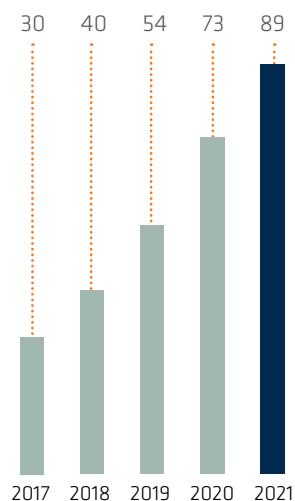
KKB HAS ALSO SET ITSELF APART WITH ITS OPERATIONAL RESULTS IN 2021 THROUGH ITS INNOVATIVE PRODUCTS AND SERVICES.

Key Operational Indicators	2017	2018	2019	2020	2021
Individual Bureau Inquiries (million)	445	488	553	631	727
Corporate Bureau Inquiries (million)	30	40	54	73	89
Personal Credit Rating Inquiries (million)	375	408	466	528	614
LCS Inquiries (million)	173	197	216	263	318
IBAN Verification Service (Number of Inquiries) (million)	1,2	6,3	26,1	90,1	219,2
Loan Utilization Instant Sharing Service (Number of Inquiries) (million)	-	30,6	151,9	225,4	337,5
Personal Indebtedness Index (Number of Inquiries) (million)	120,7	122,1	146,7	155,7	182,5
Revenue Administration (RA) Personal Record Search (Number of Inquiries) (million)	96,7	82,6	111,3	131,1	130,1

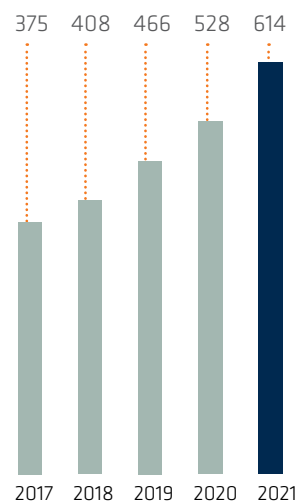
Individual Bureau Inquiries
(million)



Corporate Bureau Inquiries
(million)



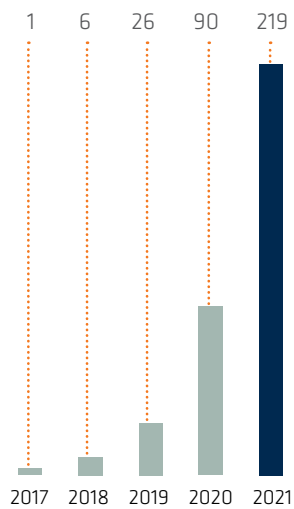
Personal Credit Rating Inquiries
(million)



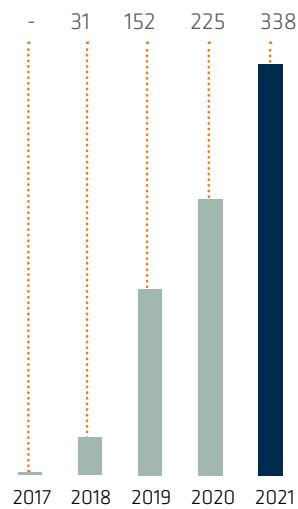
KKB Member Profile



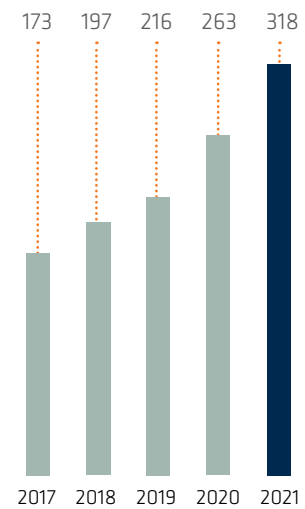
IBAN Verification Service
(Number of Inquiries-million)



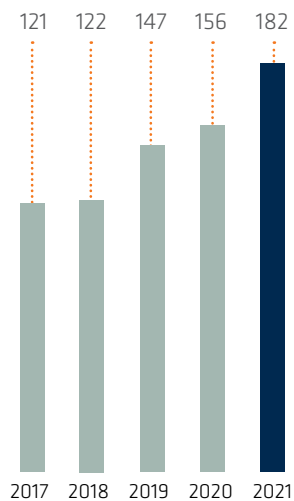
Loan Utilization Instant Sharing Service
(Number of Inquiries-million)



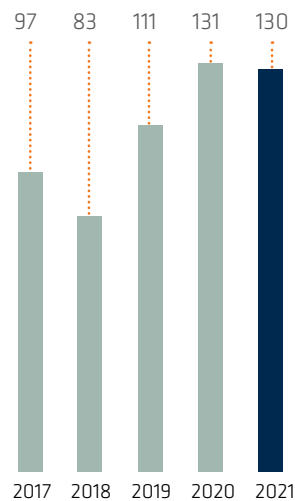
LCS Inquiries
(million)



Personal Indebtedness Index
(Number of Inquiries-million)



RA Personal Record Search
(Number of Inquiries-million)



MILESTONES

1995

- KKB was established on April 11th.

1999

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

2000

- The Customer Objections Handling System (MIDES) launched.
- SABAS (Fraud Detection and Prevention System) went into operation.
- MIDES migrated to an electronic platform, making it possible to reply to a customer's objection within two hours maximum.

2001

- Credit Account Records, as well as Credit Application Records, were opened to sharing.

2008

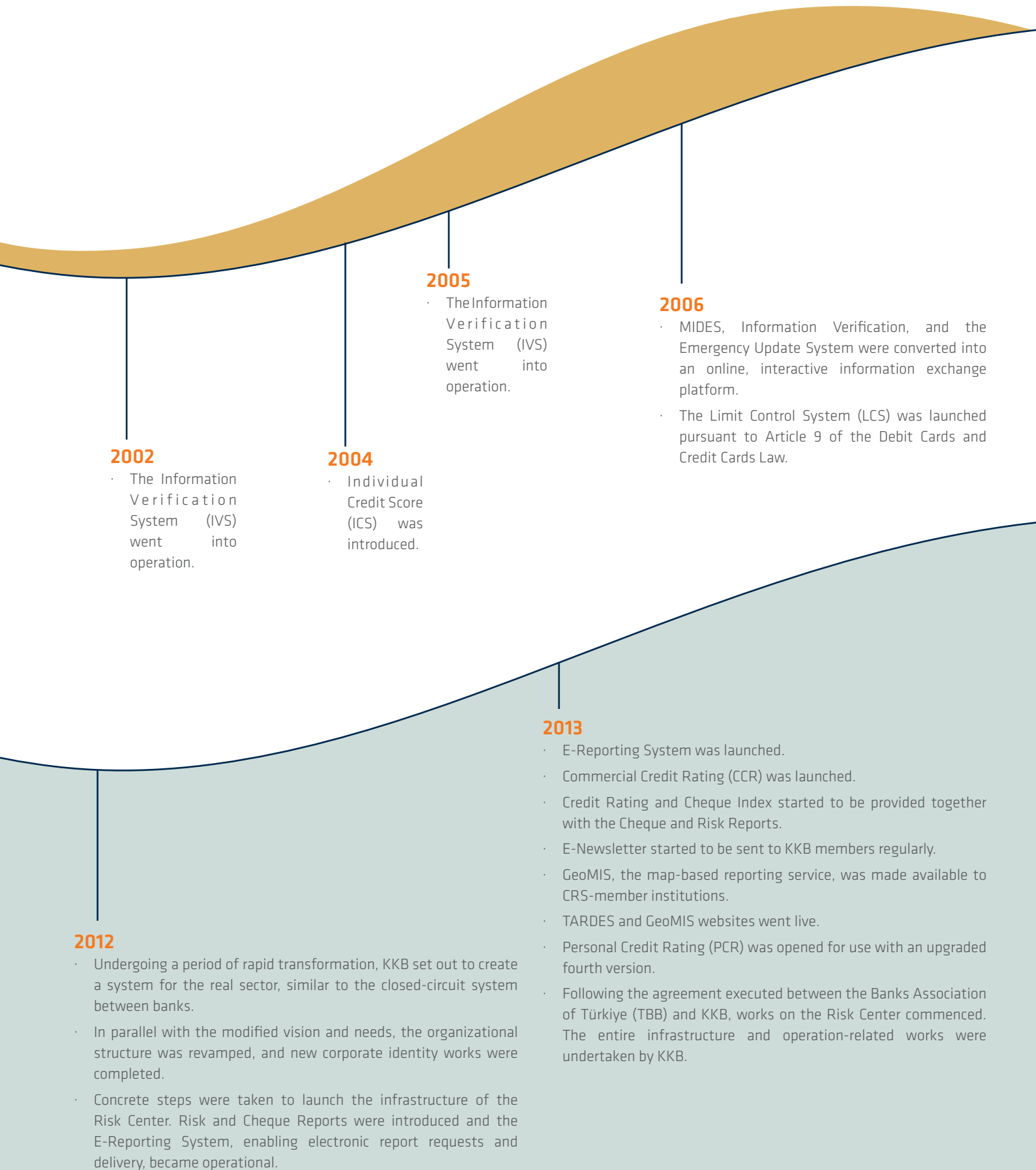
- With the addition of the data from mortgaged real estate, persons banned from participation in tenders, and bounced cheques to the Corporate Bureau System (CBS), the database was enriched.
- The technical infrastructure of SABAS was improved and integrated with the KKB system.

2007

- The Internet Frauds Alarm System (IFAS) launched

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.



MILESTONES

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.
- 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 (LGSİ) was launched.

2015

- The Findeks QR Code Cheque System was launched in collaboration with the Banks Association of Türkiye.
- The National Fraud Detection and Prevention Service was launched. The Factoring Invoice Pool of the Association of Financial Institutions (AFİ) 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, which was 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.

2018

- The Findeks QR Code Cheque Registration System was introduced on 1 January 2018.
- The Electronic Letter of Guarantee project was launched. The first electronic letter of guarantee was issued on 4 October 2018.
- The Foreign Currency Credit and Income Inquiry System, which enables the instantaneous monitoring of foreign currency income and risks of companies, was introduced.
- Unpaid invoice information in the telecommunication sector was obtained and shared with the financial sector. In the World Bank's Doing Business Report, KKB received a comprehensive rating in terms of the scope and effectiveness of the credit bureau.
- Information contained in the Information System of the Tradesmen and Craftsmen (ESBİS) started to be shared with KKB members via MERSİS.
- Data richness was ensured by introducing leasing and factoring company notifications into the Corporate Bureau System.

2019

- The renewed Findeks Mobile App was made available for users.
- QR Code Cheque System was introduced.
- BRSA Product and Service Fees Portal went live.
- "Retrospective CRS Inquiry" and "Provision of Risk Center Report via E-State Gateway" were introduced on behalf of the TBB Risk Center.
- At the Sardis Awards, the QR Code Cheque System Project won the Golden Sardis, and the Electronic Letter of Guarantee Project won the Silver Sardis.
- The Audio Question Bank Project won the Innovation Award at the TİSK Corporate Social Responsibility Awards. The project also won the Gold Award in the Social Responsibility Projects Communication category at the Istanbul Marketing Awards, and the Grand Prize as a company adding value to sustainable development goals.

2016

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

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

2017

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

2021

- The number of Findeks users reached 5 million.
- the KKB Anadolu Data Center rounds off its 5th year.
- Individual Credit Score (ICS) G6 Score Integration was realized.
- Commercial Indebtedness Index and Web Score launched.
- "Dynamo", the in-house entrepreneurship platform, is implemented.
- KKB Sustainability Report published.
- Commercial credit data notifications logged.
- Query-based "Misconduct Detection Analysis Model" working with Artificial Intelligence is commissioned.

GROWING WITH TECHNOLOGY AND INNOVATION

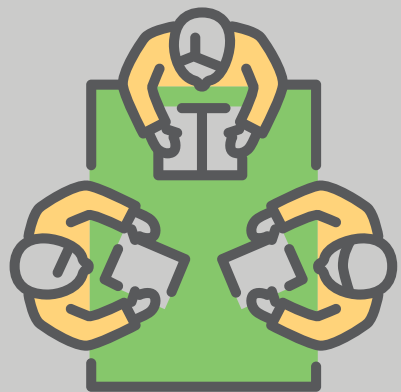
Serving a wide range of customers with nearly 90 product types, KKB adds convenience and vision to financial life with its services offered to all sectors and individual needs. It has been increasing its growth momentum with a focus on technology and innovation by building on applications such as Findeks, Findeks QR Code Cheque System and the Electronic Letter of Guarantee.





MANAGEMENT

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MESSAGE FROM THE CHAIRMAN

AT KKB, WE HAVE SUSTAINED OUR SERVICES WITHOUT INTERRUPTION WITH OUR STRONG PARTNERSHIP STRUCTURE IN 2021, A YEAR MARKED BY MANY DIFFICULTIES.

Dear Stakeholders,

2021 was a year affected by volatilities in the economy both in our country and abroad due to the pandemic. However, we believe we will emerge from this period stronger with the implemented economic programs, the financial strength of the banking system, the experience of those institutions managing the economy in volatile markets and the strength of Turkish real sector. In this context, Kredi Kayıt Bürosu (KKB) will continue to support the growing national economy with an awareness of our duties.

The symbol of sustainable confidence in financial life

During the pandemic, the importance of sustainability and the environment has started to increase in every sector and business line. Now individuals and institutions are required to create a sustainable structure which is respectful to the environment, nature and the society they operate in, which is focused not only on consumption but also on production.

KKB continues to play an active role in the economic and financial development of our country, and we also published our Sustainability Report in order to bring together the work we have carried out with our sustainability perspective. As the symbol of inscrutable confidentiality in financial life, we minimize uncertainty in business life and transform data into a secure future with our qualified team and know-how since the day we were founded.

In particular, we have increased our environmental benefits when it comes to saving paper; through the products and services we have digitized, we aim to reduce our carbon emissions by 5%. We also maintain our projects and efforts to contribute to social development without interruption with an awareness of sustainable development.

Innovative products and solutions for a sustainable business life

At KKB, we have sustained our services without interruption with our strong partnership structure in 2021, a year marked by many difficulties. In the upcoming period we will continue to offer innovative products and solutions to strengthen the business processes of our customers and stakeholders with all of our energy. I would like to congratulate all of our employees who have combined their knowledge and experience with dynamism and continue to serve in accordance with the needs of the new era, and I express my gratitude to the valuable members of our Board of Directors for the cooperation they have shown.

Respectfully,



İzzet Oğuzhan Özark
Kredi Kayıt Bürosu
Chairman of the Board

We will continue to offer innovative products and solutions to strengthen the business processes of our customers and stakeholders with all of our energy.



LETTER FROM THE GENERAL MANAGER

WE ARE PROUD TO PROVIDE ADDED VALUE TO THE FINANCIAL AND REAL SECTOR WITH OUR STRENGTH IN THE DIGITAL TRANSFORMATION, INNOVATION AND R&D AND OUR COMPETENT HUMAN RESOURCES, GOING BACK MORE THAN 25 YEARS.

Dear Stakeholders,

We rounded off 2021 under the shadow of the pandemic, and in that context worked tirelessly to correctly manage the risks in all areas of life and establish a balanced structure. As an institution, we have not wavered in providing comprehensive products and services for safe trading to all of our stakeholders in light of the expertise and experience we have gained during this period. Our focus was not only on our business goals - we also sought to realize projects and studies which would contribute to the society we are in and our country.

Findeks reached 5 million members

We are proud to provide added value to the financial and real sector with our strength in the digital transformation, innovation and R&D and our competent human resources, going back more than 25 years. We attained 5 million members in the 7th year of Findeks, which we designed in 2014, specifically to meet the needs of individuals and the real sector and which has gone on to attract wide acclaim as an important building block in the sector.

Control of financials and credit risk management have become a part of our daily lives, both in the individual and commercial world. We will continue to facilitate the life of the financial sector, and especially our users, with our technological clout by developing new innovative applications and solutions every day, especially in Findeks product family.

On this occasion, I would like to congratulate all of our employees who have kept up with the periodic dynamics and changes and fulfilled the requirements of the era, and I would like to take this opportunity to thank our Board of Directors and stakeholders for their cooperation and support.

The third of the Turkish Agricultural Outlook Field Survey has been published

We have shared the continuing effects of the Corona pandemic, agricultural production and the view of the agricultural value chain in our country by publishing the third Turkish Agricultural Outlook Field Survey. At the same time, we drew attention to the production technologies of farmers, their production preferences, use of technology and the problems which they are experiencing.

We have crowned our success with a new award

At the Finance Technology Awards organized by IDC Turkey as part of the IDC Finance Summit, we won awards in three different categories with our three projects. We are delighted to note that IDC Turkey has awarded innovative products which we have implemented, especially during the pandemic, and I would like to take this opportunity to congratulate all of my friends who contributed to this success and thank each and every one of them. At Kredi Kayıt Bürosu (KKB), we will continue to develop innovative products and services to support the growth of our national economy, the creation of effective risk management tools which strengthen the financial sector and which spread the practice of safe trading in the real sector.

We have awarded young people's social innovation projects

At KKB, we strive to provide innovative products and services which will contribute to our country's economy in line with our business goals as well as supporting the country's young people for a sustainable future.

Exactly 8 years ago, we set out to create a platform that aims to be modern, creative and add value to society as well as to itself, together with young people at university. In June we announced the winners of social innovation project ideas contest, "You Imagine, We Realize", focused on realizing the creative ideas of university students.

.....

We will continue to develop innovative products and services to support the growth of our national economy, the creation of effective risk management tools which strengthen the financial sector and which spread the practice of safe trading in the real sector.

.....



LETTER FROM THE GENERAL MANAGER

FOR A SUSTAINABLE FUTURE, WE BOTH OFFER INNOVATIVE PRODUCTS AND SERVICES WHICH WILL CONTRIBUTE TO OUR COUNTRY'S ECONOMY AND SUPPORT THE COUNTRY'S YOUNG PEOPLE.

Today we see that our competition has turned into a large event in which thousands of creative projects create value. We are proud to be the voice of thousands of projects that can shape our future with You Imagine, We Realize, one of the most comprehensive intercollegiate competitions in Turkey. We aim to continue to transform the bright ideas which will contribute to social innovation through the competition and bring them to society in the coming years.

We have implemented our in-house enterprise platform

The importance of the enterprise ecosystem is gradually increasing in our country as well as in the world. In addition to the work they do in their professions, many private sector employees also lead initiatives. At KKB, we are delighted to be able to offer this opportunity to our employees at a time when it so valuable to produce and be individuals who are useful to society.

Enterprise is no longer limited to initiatives born from individual stories, but also contains applications and solutions that sprout from the ideas of employees at well-established institutions. At KKB, we have also implemented Dinamo, our in-house enterprise platform, where we can reflect our innovative perspective. We aim to set ourselves apart in this ecosystem with the startup stories from Dinamo.

Job opportunities for young talent

For a sustainable future, we both offer innovative products and services which will contribute to our country's economy and support the country's young people. With the Young Talent Program which we have implemented in this vein, we aim to contribute to the recruitment, training and adaptation processes of young people in their first job and offer employment opportunities to young people.

These young people enrich our specialized and well qualified workforce. In the Young Talent Program, 23 participants took part in a one-year training and development adventure, including a multi-faceted job adaptation process created for six months to adapt to the organizational culture, the team and duties they are involved in effectively and rapidly, and started to work in different units in our organization, including in the R&D, Risk Management, Business Management, Product Management and Development and Risk Center Coordination Departments. We congratulate our young people who started their first jobs at KKB by qualifying for selection in the program.

Respectfully,

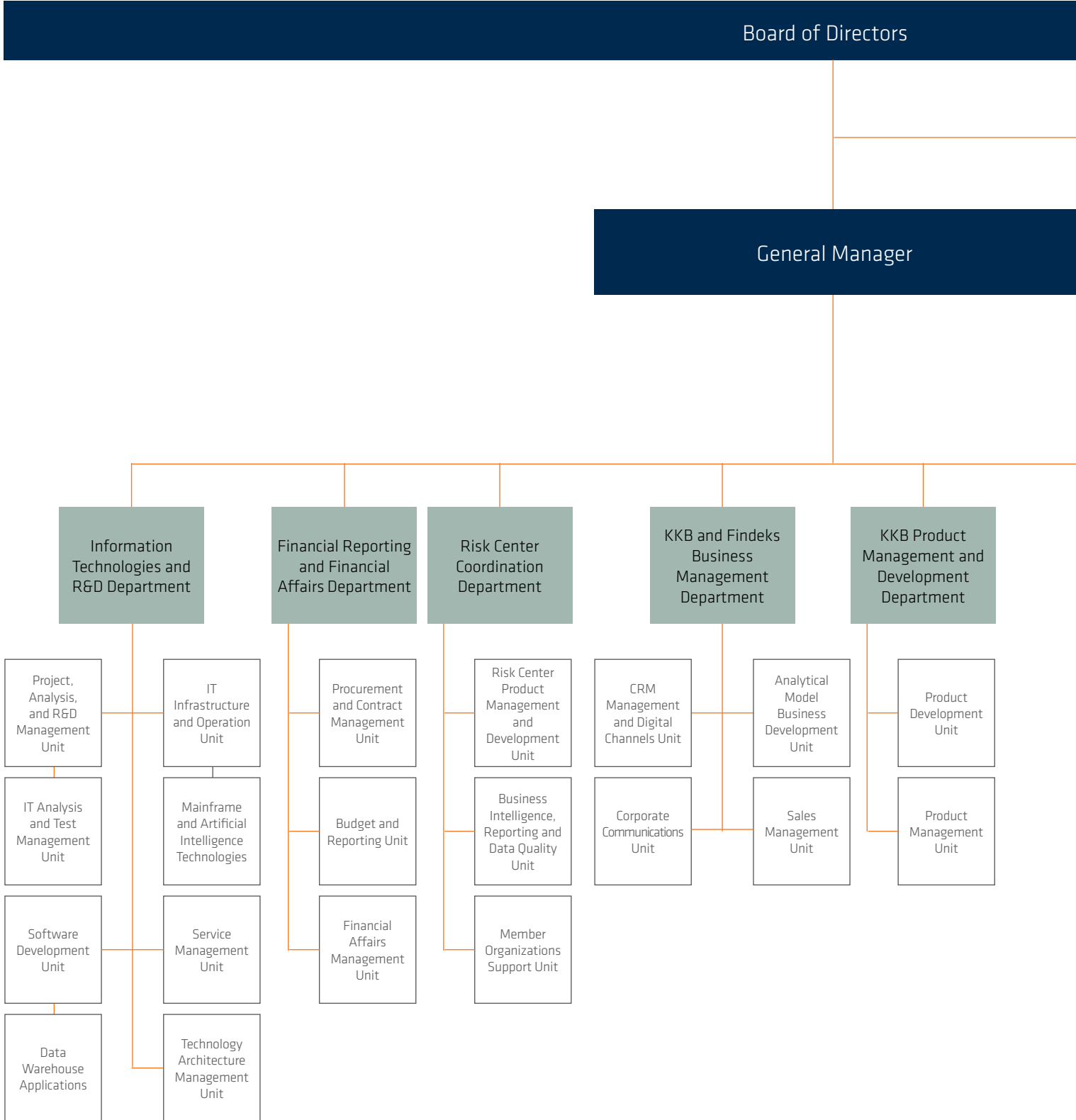


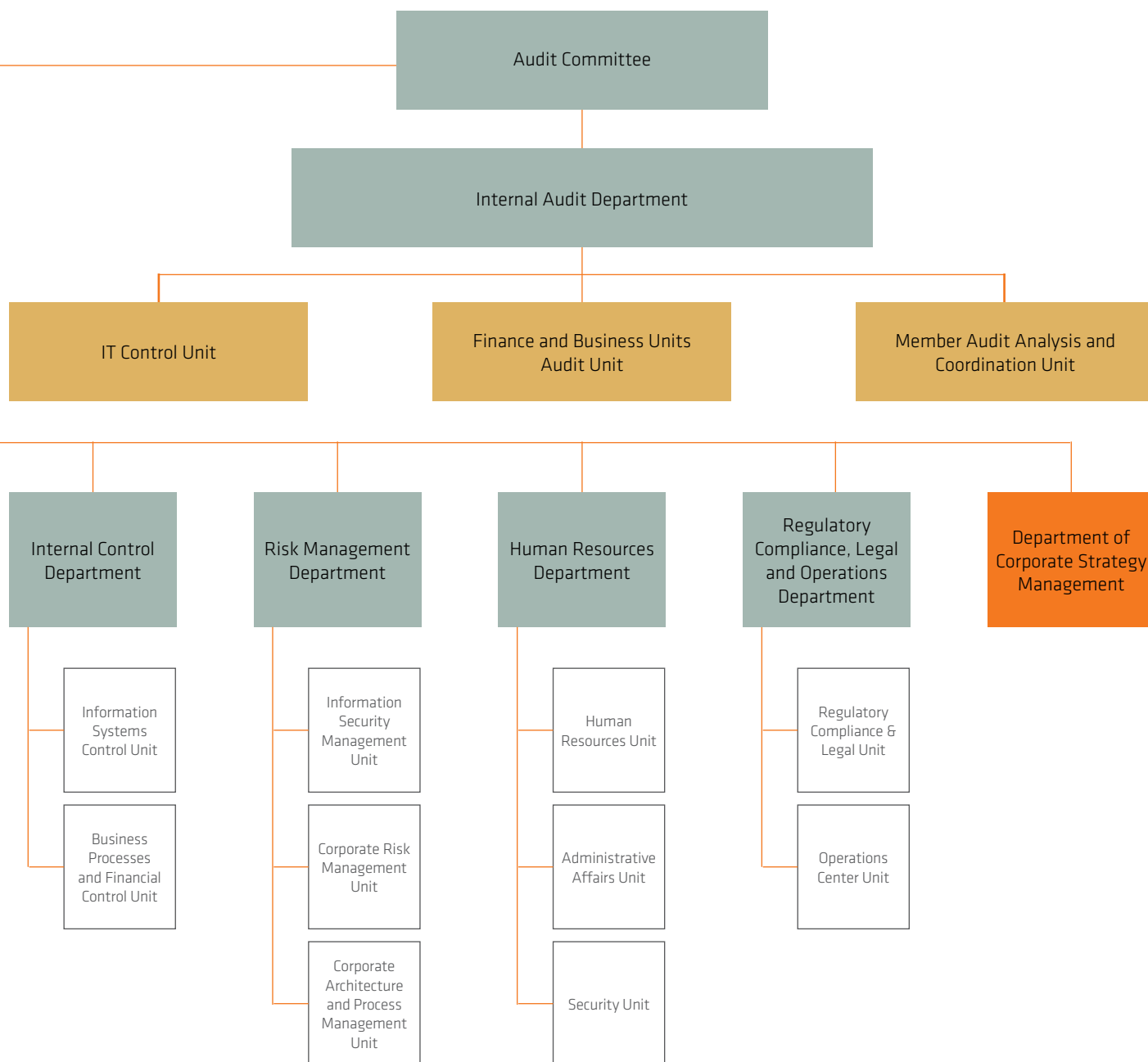
Veysel Sunman
Board Member and Deputy General Manager

We have also implemented Dinamo, our in-house enterprise platform, where we can reflect our innovative perspective.



ORGANIZATIONAL CHART





BOARD OF DIRECTORS



L-R:

İzzet Oğuzhan Özark
Chairman

Şükrü Alper Eker
Deputy Chairman

Şükrü Tuğbay Kumoğlu
Member of the Board of Directors

Celal Candan
Member of the Board of Directors

Arif Çokçetin
Member of the Board of Directors



L-R:

Ege Gültekin

Member of the Board of Directors

Şahisml Şimşek

Member of the Board of Directors

Ahmet Fakı

Member of the Board of Directors

Mehmet Erkan Akbulut

Member of the Board of Directors

Veysel Sunman

Member of the Board of Directors and Deputy General Manager

BOARD OF DIRECTORS

İzzet Oğuzhan Özark

Chairman

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 as Deputy General Manager of Retail Banking in February 2014. Appointed as a Member of the Board of Directors of KKB on 28 April 2014, Özark served as the Deputy Chairman of the Board of Directors of KKB between March 2020 and 2021. Özark has been the Chairman of the Board of Directors of KKB since March 2021.

Şükrü Alper Eker

Deputy Chairman

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 lev-

els at GE Capital in the US, Europe, and Turkey. He went on to work as Risk Director at Garanti Bank-BBVA Representative Office between 2011 and 2015. Since September 2015, he has served as the Coordinator of Garanti Bank Individual and SME Credits Risk Management Department. Served as a Member of the Board of Directors of KKB between 2016-2020, Eker has been as the Deputy Chairman of the Board of Directors of KKB since March 2021.

Şükrü Tuğbay Kumoğlu

Member of the Board of Directors

Şekerbank T.A.Ş.

Executive Vice President, SME, Retail and Agricultural Banking

Graduating from Gazi University, Faculty of Economics and Administrative Sciences, Department of Finance, Şükrü Tuğbay Kumoğlu started his banking career at Garanti Bank in 1999. Kumoğlu, who took on different duties in the branch, regional and head office organizations of the bank, assumed the position of Regional Director at Türk Ekonomi Bankası A.Ş. (TEB) in 2006. He was appointed to the position of Retail Banking Sales Director of the same bank in 2007, after serving as the Regional Director for one year. In addition to his position as Sales Director, Kumoğlu served as a Member of the Board of Directors responsible for the expansion of retail banking activities in TEB Sha Kosova between 2013 and 2018, and most recently, he served as TEB Retail Banking Sales and Call Center Group Director. Şükrü Tuğbay Kumoğlu was appointed as an Executive Vice President at Şekerbank Retail and Agriculture Banking in December 2019. Since July 2020 he has assumed the responsibility of Small- to Mid-size Enterprise Banking. Kumoğlu is also a member of the Board of Directors at Kredi Kayıt Bürosu A.Ş. and a member of the Board of Directors at Credit Guarantee Fund.

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 22 September 2020, he has been serving as the Deputy General Manager of Credit Risk Monitoring and Legal Follow-Up by proxy at Halkbank. He is married and has three children.

Arif Çokçetin

Member of the Board of Directors

Chairman of the Board

Türkiye Vakıflar Bankası T.A.O.

Executive Vice President, Loan Monitoring and Financial Appraisal

Arif Çokçetin graduated from Istanbul University, Faculty of Social Sciences, Department of Finance. After working at the Ministry of Finance for a while, he started working at VakıfBank in 1996 and worked as a financial analyst, manager, and president in various units and branches ever since. He was appointed as the Executive Vice President on 13 July 2020. Currently, Mr. Çokçetin serves as the Executive Vice President responsible for Loan Monitoring and Financial Appraisal. 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 served as the Chairman of the Board of Directors between March 2020 - 2021. Mr. Çokçetin has been serving as a Member of the Board of Directors of KKB since March 2021.

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 Ottoman 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.

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

Ahmet Fakı**Member of the Board of Directors****T.C. Ziraat Bankası A.Ş.****Head of Credit Risk Monitoring and Structuring Department**

Ahmet Fakı was born in 1979 in Ankara. He graduated from Ankara University, Faculty of Political Sciences, Department of Labor Economics and Industrial Relations in 2002. After starting to work as an Assistant Inspector at our Ziraat Bank in 2005, he worked as an Inspector, Structuring Manager in Credit Risk Monitoring and Credit Risk Liquidation Departments, and Branch Manager in Ambarlı-Avcılar, Avcılar and Bakırköy branches. He has been working as the Head of Credit Risk Monitoring and Structuring Department since April 2021.

Mehmet Erkan Akbulut**Member of the Board of Directors****Yapı ve Kredi Bankası A.Ş.****Assistant General Manager - Credits**

Mehmet Erkan Akbulut graduated from Business Administration Department of Faculty of Political Science at Ankara University in 1989. He started his career in Yapı Kredi Bank as an Assistant Internal Auditor in 1990, then worked as Department Manager in Credits Management, then as Directors in Corporate Banking Management and Commercial Banking Management. He had been expatriated to Yapı Kredi Azerbaijan and worked as Assistant General Manager, Credits between 2009 and 2013. Returning to Yapı Kredi, he worked as Director and then Group Director in Monitoring and Workout in Corporate and Commercial Credits between 2013 and 2018. Between 2018 and 2020 he worked as the Group Director of Corporate and Commercial Credits Underwriting. He worked as a Head of Collection and Workout Management between the dates of 2020 August - 2021 August. As of August 2021 he has been serving as Assistant General Manager - Credits and Yapı Kredi Bank Executive Committee Member. Akbulut is also a member of the Board of Directors of Yapı Kredi Faktoring, Yapı Kredi Leasing and KKB.

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.

He served at the bank's Credit Risk Monitoring Department until 1994. From 1994 to 2001, he worked as the Manager of Ottoman Bank's Credit Monitoring Unit.

He worked as Head of Credit Risk Monitoring Department of Halkbank 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 Ziraat Bank 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 Indeks 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 May 2020.

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 Findex 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**

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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 May 2020.

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

Abdullah Bilgin has 36 years of professional experience. He graduated from Middle East Technical University, Department of Computer Engineering in 1985. Mr. Bilgin received his Master's degree from İstanbul University, Department of International Relations in 2002. Starting his career at Bilpa A.Ş. in 1986, Mr. Bilgin later worked as System Manager at John Deere in the USA. Subsequently, he served as Director in charge of System and Network Management in the Information Technologies Department at Yapı Kredi Bank 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, carries out KKB's Cloud services activities together with KKB's digital transformation, the KKB Anadolu Data Center management and operating activities.

Koray Kaya**KKB and Findeks 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 Bank 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 Bank, 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 Findeks Business Management Department 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 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 the Banks Association of Türkiye Risk Center operations.

SENIOR MANAGEMENT

Serdar Çolak

Risk Management Department

Assistant General Manager

Serdar Çolak has 16 years of professional experience. He graduated from Robert College and İstanbul 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 İstanbul office of PwC Turkey. In the İstanbul 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 İstanbul 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, Corporate Architecture 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 26 years of professional experience. After completing her education at Saint Benoît French High School, she graduated from Boğaziçi University, Department of Business Administration with a degree in 1995. She started her professional 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 served 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- Yapı Kredi Bank 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 23 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 Türk 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 Holding 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 2006. 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 Ottoman 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 Dışbank Risk Management and carried out the restructuring works for Dışbank'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 Findeks Marketing and Sales Manager. During this period, he managed the launch of the Findeks platform, which brought KKB expertise to the real sector and individuals. He also managed many projects that steered the Findeks 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 Product Management and Development.

Erşan Rasim Hoşrik
Regulatory Compliance, Legal and Operations Department
Director

Erşan Rasim Hoşrik started his professional career in 2006 as Assistant Inspector at Yapı Kredi Bank. He went on to hold various positions in the Branch Audit, Headquarters Audit, and Investigation units at Yapı Kredi Bank. 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 Türkiye. He also participated in studies to prepare regulations related to the banking of the Consumer Protection Law. Having joined KKB in June 2016, Erşan Hoşrik works as Director of the Regulatory Compliance, Legal, and Operations Department.

Hazar Tuna
Internal Control Department
Director

Hazar Tuna holds 16 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 Bank 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.

MEMBERS

Member Type	2015	2016	2017	2018	2019	2020	2021
Banks	53	52	52	52	53	54	55
Factoring	69	62	61	59	56	55	54
Financial Leasing	29	26	25	24	23	22	22
Consumer Finance	12	14	14	14	15	15	17
Asset Management Companies	12	15	13	18	21	18	21
Insurance and Other	10	11	12	13	13	14	16
Total	185	180	177	180	181	178	185*

*As of 31 December 2021, the number of KKB members is 185 and this figure identifies the members who are served through the Risk Center.

BANKS	FINANCIAL LEASING COMPANIES
ADABANK A.Ş.	A&T FİNANSAL KİRALAMA A.Ş.
AKBANK T.A.Ş.	AK FİNANSAL KİRALAMA A.Ş.
AKTİF YATIRIM BANKASI A.Ş.	ALTERNATİF FİNANSAL KİRALAMA A.Ş.
ALBARAKA TÜRK KATILIM BANKASI A.Ş.	ANADOLU FİNANSAL KİRALAMA A.Ş.
ALTERNATİF BANK A.Ş.	ARI FİNANSAL KİRALAMA A.Ş.
ANADOLUBANK A.Ş.	BNP PARIBAS FİNANSAL KİRALAMA A.Ş.
ARAP TÜRK BANKASI A.Ş.	BURGAN FİNANSAL KİRALAMA A.Ş.
BANK MELLAT HEADQUARTERED IN TEHRAN-İSTANBUL TURKEY MAIN BRANCH	DE LAGE LANDEN FİNANSAL KİRALAMA A.Ş.
BANK OF AMERICA YATIRIM BANK A.Ş.	DENİZ FİNANSAL KİRALAMA A.Ş.
BANK OF CHINA TURKEY A.Ş.	GARANTİ FİNANSAL KİRALAMA A.Ş.
BANKPOZİTİF KREDİ KAL BANK A.Ş.	HALK FİNANSAL KİRALAMA A.Ş.
BİRLEŞİK FON BANKASI A.Ş.	ING FİNANSAL KİRALAMA A.Ş.
BURGAN BANK A.Ş.	İŞ FİNANSAL KİRALAMA A.Ş.
CITIBANK A.Ş.	MERCEDES BENZ FİNANSAL KİRALAMA TÜRK A.Ş.
D YATIRIM BANKASI A.Ş.	PERVİN FİNANSAL KİRALAMA A.Ş.
DENİZBANK A.Ş.	QNB FİNANS FİNANSAL KİRALAMA A.Ş.
DEUTSCHE BANK A.Ş.	SİEMENS FİNANSAL KİRALAMA A.Ş.
DİLER YATIRIM BANK A.Ş.	ŞEKER FİNANSAL KİRALAMA A.Ş.
FIBABANKA A.Ş.	VAKIF FİNANSAL KİRALAMA A.Ş.
GOLDEN GLOBAL YATIRIM BANKASI A.Ş.	VFS FİNANSAL KİRALAMA A.Ş.
GSD YATIRIM BANK A.Ş.	YAPI KREDİ FİNANSAL KİRALAMA A.O.
HABİB BANK LİMİTED HEADQUARTERED IN PAKİSTAN- İSTANBUL TURKEY MAIN BRANCH	YATIRIM FİNANSAL KİRALAMA A.Ş.
HSBC BANK A.Ş.	
ICBC TURKEY BANK A.Ş.	
INTESA SANPAOLO S.P.A. ITALY İSTANBUL MAIN BRANCH	
İLLER BANKASI	
ING BANK A.Ş.	
İSTANBUL TAKAS VE SAKLAMA BANKASI A.Ş.	
JPMORGAN CHASE BANK NATIONAL ASSOCIATION HEADQUARTERED IN COLUMBUS OHIO İSTANBUL TURKEY MAIN BRANCH	
KUVEYT TÜRK KATILIM BANKASI A.Ş.	
MUFG BANK TURKEY A.Ş.	
NUROL YATIRIM BANK A.Ş.	
ODEA BANK A.Ş.	
PASHA YATIRIM BANKASI A.Ş.	
QNB FİNANSBANK A.Ş.	
RABOBANK A.Ş.	
SOCIETE GENERALE S.A. PARIS HEADQUARTERED IN FRANCE İSTANBUL TURKEY MAIN BRANCH	
STANDARD CHARTERED YATIRIM BANKASI TÜRK A.Ş. HEAD OFFICE	
ŞEKERBANK T.A.Ş.	
T.C. ZİRAAT BANKASI A.Ş.	
T. GARANTİ BANKASI A.Ş.	
T. SİNAİ KALKINMA BANKASI A.Ş.	
T. VAKIFLAR BANKASI T.A.O.	
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 HALK BANKASI A.Ş.	
TÜRKİYE İHRACAT KREDİ BANKASI A.Ş.	
TÜRKİYE İŞ BANKASI A.Ş.	
TÜRKİYE KALKINMA VE YATIRIM BANKASI A.Ş.	
VAKIF KATILIM BANKASI A.Ş.	
YAPI VE KREDİ BANKASI A.Ş.	
ZİRAAT KATILIM BANKASI 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.
BİEN FİNANS 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 FİNANS 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.
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.
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.
TOM FİNANSMAN A.Ş.
TURKCELL FİNANSMAN A.Ş.
TÜRK FİNANSMAN A.Ş.
VFS FİNANSMAN A.Ş.
VODAFONE 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.
BOĞAZIÇI VARLIK YÖNETİM A.Ş.
DENGİ VARLIK YÖNETİM A.Ş.
DIRİKER 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 YÖNETİMİ A.Ş.
HEDEF VARLIK YÖNETİM A.Ş.
İLKE VARLIK YÖNETİM A.Ş.
İSTANBUL VARLIK YÖNETİM A.Ş.
MEGA VARLIK YÖNETİM A.Ş.
MET-AY VARLIK YÖNETİM A.Ş.
ORTAK VARLIK YÖNETİM A.Ş.
SÜMER VARLIK YÖNETİM A.Ş.
YUNUS VARLIK YÖNETİM A.Ş.

OTHERS

BİRLEŞİK İPOTEK FİNANSMANI A.Ş.
BORSA İSTANBUL A.Ş.
JCR AVRASYA DERECELENDİRME A.Ş.
KREDİ GARANTİ FONU A.Ş.
T.C. KÜÇÜK VE ORTA ÖLÇEKLİ İŞLETMELERİ
GELİŞTİRME VE DESTEKLEME İDARESİ
BAŞKANLIĞI
TÜRKİYE TARIM KREDİ KOOPERATİFLERİ
MERKEZ BİRLİĞİ

MAKING A DIFFERENCE INTERNATIONALLY WITH ITS EXPERTISE

Reflecting its expertise and experience in its innovative products and activities, KKB makes a difference with the power of its services and innovations, reinforcing its position as one of the best credit bureaus of the world. While carrying out collaborations and projects with credit bureaus abroad, KKB also offers international credit bureau consultancy.



KB
KREDİ KAYIT BÜROSU



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BUSINESS UNITS

DEVELOPMENTS, MAINTENANCE AND SECURITY PATCHES FOR THE INNOVATIONS REQUIRED BY THE FİNDEKS PLATFORM, THROUGH WHICH KKB SERVES INDIVIDUALS AND THE REAL SECTOR, CONTINUED THROUGHOUT THE YEAR.

INFORMATION TECHNOLOGIES AND R&D DEPARTMENT

Software Development Unit

Operating under the Information Technologies and R&D Department, the Unit is responsible for realizing the product development requests communicated throughout the organization and taking into account the organization's strategies and technological trends.

During 2021, the Software Development Unit continued to work with a perspective of generating understandable, safe, high quality, high performance, modular, flexible and error-free code by using current practices of application development (such as SOLID principles and Design Patterns) in accordance with the processes of the institution.

In addition to the related tasks and projects, the unit also assumed responsibilities for the development of information technology (IT) infrastructure and architecture; throughout the year, it was involved in new projects as well as carrying out changes, maintenance and support activities for products which continue to be used.

Among the prominent activities in 2021 were the introduction of Corporate Microservice Architecture and development practices to the institution. In parallel with the increasing importance of cloud technologies and the KKB Financial Cloud Strategy, the use of the relevant practices in a project got underway in 2021. Work in the field of cloud services is continuing apace. One of the main purposes of the implementation of these practices is to be able to take KKB products into the production environment more rapidly and to be able to scale up.

The Corporate Office (KRM) System has also been regulated and the switch to a daily structure of notifications made to members has been completed. Scoring studies, one of the main office activities for KKB, continued with the commissioning of new models. A new version of the Personal Credit Rating was adopted and studies on the Web Score and Commercial Indebtedness Index (CII) were carried out.

While the development activities of a wide range of projects carried out on behalf of the Risk Center (RC) continue, applications which conduct KRS queries have been transferred from the socket structure to the web service structure, while some products have been rewritten in accordance with the KKB's latest technology standard, while modernizations to the application have been carried out.

Developments, maintenance and security patches for the innovations required by the Findeks platform, through which KKB serves individuals and the real sector, continued throughout the year.

The dissemination of the Document Management System continued with the support of the team, thus eliminating the manual operation and document signing processes, and steps were taken to digitize the business processes.

In addition to members and business units, IT-specific product studies were also carried out. The Efor Calculator Project which is able to estimate the cost of a project to a high level of accuracy from the very beginning of a project, especially software projects, and which uses machine learning methods has been developed and put into pilot operation. The idea and development stages of the product were fully implemented by KKB employees and it was selected to become an R&D project.

Another product realized by KKB employees was the Parametric Service and Test Data Virtualization Platform (MOCK) project. The product is a service virtualization application developed to overcome service integration problems during software development and testing and to facilitate and accelerate software and testing processes. This product aims to prevent delays experienced during the development and testing phases, especially in service-based and interdependent applications, while effectively managing dependencies.

In the work and new projects carried out in 2021, an approach focused on quality was adopted so that the test coverage rates for the developed software would not fall below 50%.

In order to ensure the follow-up of the developed technologies, to increase the competencies of employees at the institution, to adapt to change and to ensure the accurate transfer of information to the application, training processes for employees at the unit were designed and implemented.

Among the prominent activities in 2021 were the introduction of Corporate Microservice Architecture and development practices to the institution.

Employees at the unit have carried out work to contribute to the initiatives of publishing technical blog posts, which are an important parameter in R&D and innovation as well as the professional development of employees. The planned preparations are aimed to be put into place in 2022 under a corporate approach.

KKB participated in two different panels on “The Challenges and Opportunities of the New Normal in Financial Services” and “The Future of Intelligence” at the “IDC Turkey DX Summit 2021” and “DC Turkey Financial Services Summit 2021” events.

Within the scope of university activities, KKB and its activities, especially software development, were explained to university students seeking a career in the field of informatics, by participating in the “Think Tech Informatics Camp” organized by Coderspace.

Data Warehouse Practices

The Data Warehouse Practices Department continues to work in three different disciplines: Data Warehouse and Business Intelligence Practices, CRM Practices and ERP Practices.

The Data Warehouse and Business Intelligence Practices team is responsible for the reporting and analytical activities which the organization provides to both internal and external customers. With the investment undertaken in 2021, a big data platform and next-generation reporting products were purchased with studies carried out to start presenting in-house reports on this new platform. By establishing a Risk Center Interactive Data Platform, members were provided with fast, dynamic and secure access to reports in a centralized environment. The technology of the Individual Inquiry Application was updated to ensure that the operational, legal reporting needs of the financial sector are met without

interruption and to maximize the performance. A big data platform has been prepared which allows all data-related studies to be performed more rapidly and dynamically.

With the work carried out by the Data Warehouse team, a data quality product was developed for use within the organization enabling data errors in member notifications to be detected as soon as possible. KKB aims to enrich the product with machine learning codes in 2022 to learn anomalies from data and become a smarter product.

The CRM Practices Team, which is responsible for the software development and maintenance of the customer relations module of the Findeks application, took part in important projects in 2021, in which G6 Score integration studies, smart CRM application, and e-mail deduplication studies were carried out.

The ERP Practices Team is responsible for the software support of the ERP application used by the Purchasing and Contract Management, Financial Affairs and Human Resources units of the institution and the new development and maintenance services on this module. While maintaining its activities with this perspective in 2021, the ERP Applications Team also carried out work to move the e-finance applications positioned by KKB to their ideal location.

IT Service Management Unit

In the 2021 operating period, 101 services included in the Risk Center (RC) Service Catalog and 101 services included in the KKB Service Catalog were monitored instantly and all stakeholders were informed through SLA performance reports. Reports on the availability of KKB services were published on a weekly and monthly basis, while the same reports continued to be shared with interested parties on a weekly, bi-weekly and monthly basis. The KKB Service Catalog was updated and new services started to be reported to the relevant stakeholders and management. The product/service catalog updates carried out at the Risk Center side were concluded in mutual agreement with the TBB Risk Center. Availability reports continued to be shared through the updated product and service catalog.

101 services included in the Risk Center (RC) Service Catalog and 101 services included in the KKB Service Catalog were monitored instantly.



BUSINESS UNITS

SPECIAL MONITORING SYSTEMS AND METHODS ARE USED TO ENSURE THAT MEMBERS ARE ABLE TO USE THE PRODUCTS AND SERVICES OFFERED THROUGH KKB'S COMPREHENSIVE INFRASTRUCTURE WITHOUT INTERRUPTION AND TO THE HIGHEST LEVELS OF QUALITY.

KKB's catalog for internal services was updated with work on measuring the availability and the reporting of the Risk Center Member Audit Tracking System (MATS) continuing. In regard to the infrastructure, server availability reporting is monitored and forwarded on a weekly basis. In addition, any detected warning and critical alarm messages are instantly forwarded to the relevant teams, who then perform the necessary interventions. The monthly SLA performance report of services received from external companies continued to be transmitted to the TBB Risk Center. Informative e-mails related to open status Service Management records, which are kept in accordance with the Department of Information Technologies, began to be sent throughout KKB in 2021. A Daily Service Quality Status Report on service interruption and service quality continues to be sent to the relevant teams at the end of each working day.

Special monitoring systems and methods are used to ensure that members are able to use the products and services offered through KKB's comprehensive infrastructure without interruption and to the highest levels of quality. Robotic monitoring activities are carried out with KKB continuing to invest in new methods to ensure that any issues are flagged without affecting members and resolved before they become problematic. Within the scope of these monitoring activities, the most detailed components of both applications and infrastructures are closely monitored and capacity management is also monitored together with proactive monitoring activities.

At the KKB Anadolu Data Center, SLA performance reports, data energy consumption and logs of cabinet activity are transmitted to 23 different customers on a monthly basis. Energy, temperature and humidity values are monitored instantly and managed through the Servicing Management. Also at the KKB Anadolu Data Center, the Shopping Center Bulletin created with data obtained from the Service Management application is shared with departmental managers on a monthly basis, with studies are continuing on the SLA measurements of third-party companies and their sharing with all relevant stakeholders through KKB and the KKB Anadolu Data Center.

All registration management is planned to be checked on a time-and-period basis in 2022 with the establishment of a Solution Center Team, set up as a single point to address all kinds of problems, errors, complaints, consultations and support within KKB. Along with the separation between Member and Customer and the IT (CSM/ITSM), a structural change will be carried out to the Service Management application and complaints from members and customers, along with records of incidents will be managed in related but different areas. Service and product matching

work will be completed and a relationship will be established between the Product Catalog and the Service Catalog with the aim of being fed from a single source and managed dynamically.

In the 2021 operating period, availability reports pertaining to KKB services continued to be shared with the relevant parties on a weekly and monthly basis, while for the Risk Center services, the same reports were shared on a weekly, bi-weekly and monthly basis. The KKB Service Catalog was updated and new services started to be reported to the relevant units and the management. The updates to the service catalog carried out by the Risk Center were finalized in agreement with the TBB Risk Center, and availability reports continued to be shared over the updated service catalogue.

In regard to KKB, an annual catalog update of internal services has been carried out while availability measurement and reporting of the Risk Center Member Audit Monitoring System service continues. In regard to infrastructure, reporting of server availability is carried out instantaneously and reported on a weekly basis. In addition, any warning and critical alarm messages are instantly forwarded to the relevant teams who perform the necessary interventions. The monthly SLA report of the SAP service provided by Intelligence to TBB has continued to be passed on to the TBB Risk Center, while the monthly SLA report of the SAP service provided by KKB to TBB continued to be forwarded to the TBB Risk Center. Informative e-mails for Alpha records with an open status, generated specifically for the IT Department, started to be sent throughout KKB in 2021. The Daily Service Quality Status Report on service interruption and service quality is sent to the relevant teams at the end of each working day.

The IT Project, Analysis and R&D Management Unit

In 2021, the IT Project, Analysis and R&D Management Unit carried out both information technologies and R&D governance studies, as well as analysis, planning and execution studies of the needs of all departments within KKB under three different disciplines.

The unit carries out its activities in two different locations - the KKB Istanbul R&D Center and the KKB Anadolu Data Center. In line with the strategies set out by KKB, the unit contributes to the realization of corporate targets on time and at the right cost by creating and keeping the three-year IT and R&D Strategy Plan up-to-date, and by ensuring that the masterplan, which is planned efficiently in accordance with the annual existing human capacity, is managed effectively with monthly revisions. With its active role in IT and R&D governance, the unit provides a transparent and up-to-date flow of information along with the identification, definition and management of risks. In addition, the unit plays an active role in the management of the reporting and related relations to the

Ministry of Industry and Technology, with the cooperation of universities, institutions and organizations within the scope of R&D activities.

The application for the KKB Istanbul R&D Center was approved by the Ministry of Industry and Technology at the beginning of 2020 and the Centre was awarded eligibility to be an on-site R&D Center. The IT Project and R&D Management Office has undertaken the responsibility of R&D management activities in addition to the work it has carried out.

In 2021, the Center maintained its activities in line with the corporate strategies which set out the goals of implementing Corporate OKRs from a value-oriented governance perspective, ensuring compliance with the goals of the IT and business unit, facilitating and accelerating decision-making processes with a data-oriented approach and increasing the visibility of IT and R&D activities.

With a focus on digitalization in project and R&D management processes in 2021, the Anomaly Detection System, which simulates missing and faulty situations in the processes and solutions to users, was established along with a self-control structure. This structure ensures operational efficiency while the data stored on project management systems is constantly updated and can be quickly reported to all levels and used in future forecasts.

In the area of project and R&D management, an adaptation of the gamification concept in the project and R&D management which lacks a global or local example was completed under a Digital Transformation perspective in 2021 and was made available to the use of project teams over six separate leagues. With this study, the unit participated in a number of international and national events and carried out presentations, sharing information aimed at promoting the development of the sector. As a result of these activities, it was possible to host a number of institutions from the financial sector and other sectors in 2021 while facilitating the direct transfer of the current approach and experience. In addition, the digitization process of the IT Project and R&D Management Office was presented as a “case study” for the sector by the Micro Focus Company and published as an article in the international PM Journal.



Work continued on the development of an Artificial Intelligence-based Autonomous Project Management Assistant, which is the next step of the IT Project and R&D Management Office in the perception of digitalization, throughout 2021. It is envisaged that the outputs of the project will serve as successful examples of the use of artificial intelligence in project management processes at national and international levels.

The IT Project and R&D Management Office ensures that the realization of the requests/projects carried out within the body of KKB is handled within a plan, that the prioritization is carried out correctly, that the resources are used appropriately and efficiently and put into practice through a common language and methodology in a corporate structure, and that project measurements, risks and lessons learned are transferred to the corporate memory.

Within the scope of R&D management activities, the office has ensured the implementation of the following activities in 2021.

- Arranging the infrastructure of External Assignment forms,
- Monthly realization and reporting of R&D TZ/KZ personnel measurements with automation,
- Ensuring the continuity of the Academic Advisory Board, evaluating R&D activities by meeting periodically and coordinating new proposals,
- Developing university, institution and organization collaborations,
- Application and coordination of national and international incentive support programs,
- Monitoring and reporting of R&D activities to the Ministry of Industry and Technology,
- Monitoring and planning R&D training both internally and externally,
- Maturing of the dissemination of R&D knowledge and achievements within and outside the institution,
- Maturing of R&D processes.

Training programs and workshops were organized within the institution in order to raise the level of project and R&D management maturity and to popularize the use of current project management techniques and tools. KKB has been a member of the executive committee of the Communication and Cooperation Platform of R&D Centers (ARG DECIP) since 2020. This membership ensures an active role is taken in increasing the quality of R&D and design cen-

The digitization process of the IT Project and R&D Management Office was presented as a “case study” for the sector by the Micro Focus Company.

BUSINESS UNITS

THE NEWLY DEVELOPED MOBILE APPLICATION TEST AUTOMATION PRODUCT WAS AWARDED SECOND PRIZE IN THE “FUTURE OF DIGITAL INFRASTRUCTURE” CATEGORY AT THE IDC DIGITAL TRANSFORMATION AWARDS.

ters, supporting communication between the centers, representation of the centers collectively at the Ministry level and realizing joint contributions.

Thanks to the umbrella agreements reached with four universities in 2021, the infrastructure was prepared for the development of cooperation with universities as well as sharing existing experience and knowledge, where invited to participate in courses as a private speaker, allowing universities to benefit from sectoral and field knowledge. As a result of the cooperation with Sabancı University, joint studies are being carried out with undergraduate students actively involved in the study.

In addition, within the scope of business relationship management defined under ISO 20000 certification, a draft process was created and a sample study was formed in 2021 in order to represent business units in IT and ensure there was a single contact person for business units in IT. Planning processes have been completed with the target of rolling out the process in 2022.

IT Business Analysis and Test Management Unit

The IT Business Analysis and Test Management Unit provided analysis and carried out testing in all commissioned projects and software change requests submitted during 2021 by taking into consideration the current functional and technical business requirements, screen requirements and operations, their impact on other systems, authorization structures, information which needs to be accessed, the target level of service, performance criteria, domain controls in screen and web services and data requirements.

To ensure service quality continuity and sustainability and to increase the quality of the software development lifecycle, mobile application tests were also automatically carried out in 2021 with the mobile app test automation product which had been included in the test automation infrastructure in previous years. The newly developed Mobile Application Test Automation Product was awarded second prize in the “Future of Digital Infrastructure” category at the IDC Digital Transformation Awards. In order to allow mobile regression tests to be run on different devices and managed remotely, a PoC study was conducted for device track management products. KKB has set out the aim of increasing the level of maturity in mobile device tests by positioning a new product in this field. By expanding the number and scope of test automation scenarios for applications, KKB envisages the operation of an automated and integrated system throughout the entire software development lifecycle, extending from analysis activities to the transition to the real environment, ensuring continuity of a test automation infrastructure which all participants in this cycle will contribute to.

In order to maintain overall quality, an increase of 80% was achieved in test automation scenarios, and all scenarios were revised and updated. The unit ensured that regression sets were run regularly with the perspective of “end-to-end testing” in all kinds of infrastructure, software and configuration changes and the results are shared by e-mail.

The decision was taken to position a new test management tool for effective planning and functional management and the integrated monitoring of tests with the software development lifecycle, and PoC studies were carried out in this area. Meetings were held with the leading companies in the sector within the scope of these studies, supporting an exchange of ideas. The process of product selection has been completed, with the product planned to be implemented in 2022.

The service virtualization application developed by KKB for purposes such as reducing development and testing costs in service-based architectures, monitoring the performance of services and ensuring that desired situations are created easily has been integrated with the test automation infrastructure, enabling automation tests to run with the desired data without being affected by integration points.

In 2021, the Disaster Center automation of a robot application working in a real environment, which was designed to ensure service continuity in past years and to monitor real environment interruptions, was also used in the Disaster Center drill held during the year. The greatest source of added value from this study in the coming years is expected to be the automation of tests, reducing human dependence and extending the periods which services are opened.

Efforts were made to increase the traceability of the systems by incorporating new applications into the robot application working in the real environment, which was developed in the past years.

In order to maintain overall quality, an increase of 80% was achieved in test automation scenarios.

Within the scope of master plan studies conducted in 2021, all project costing was carried out using the Analysis and Test Cost Template, which was set up with the aim of establishing a more transparent and systematic method in calculating project analysis and testing costs.

Analysis and testing processes continued to be developed with the perspective of effective use of resources and continuous improvement and change in order to increase the quality and efficiency of the relevant processes and to ensure their standardization. IT testing processes were separated according to test types and phases and process legibility was increased. Test automation and load testing processes were detailed and integrated into the SDLC. The Data Warehouse, Mainframe and ERP analysis processes were re-examined and the templates used in the relevant processes were renewed, with all analysis processes combined. All of these process developments were also built on the process management application and integrated with the institution's other processes.

Instant status reports built on the Demand Management System in order to provide instant follow-up of test cases were shared with the project stakeholders with standard test status and closing reports.

The OKR values, which were created for the purpose of closely monitoring the performance, were measured and followed on a monthly basis, and development suggestions were presented for the construction of new OKRs. Necessary preparatory work was carried out in order to integrate the generated OKR values with a gamification platform. The IT Analysis and Test Management Unit aims to commission a gamification platform in 2022.

Technology Architecture Management Unit

The Technology Architecture Management team pressed ahead with its API Gateway management activities in 2021. In this context, approximately 3.5 billion web service requests were met in the last 12 months with the managed product. A new request record in terms of the number of transactions was broken in October 2021, with 342 million transactions. At the same time, two separate important updates were carried out on API Gateway devices used for web service management, using the institution's resources, while ensuring minimal interruptions to services. Monitoring points were created in order to ensure the continuity of relevant systems in 2021, while monitoring teams were provided the ability to monitor the system continuously.



With the "Webservice Impact Analysis" project completed in 2021, the relationships between IT assets within KKB were made traceable. In this context, the relationship between products, services, applications, infrastructure and data was accumulated on the CMDB, thus allowing an effective impact analysis to be carried out on a company-wide basis.

Likewise, in 2021, a project to create a "Corporate Microservice Framework" under the leadership of the Technology Architecture Management team was completed in order to determine KKB's future application development approach. This project was aimed at creating the software development practices to be applied at KKB in the future. The experience gained and the approach created were used in the "Credit Guarantee Fund" project developed within KKB.

The management of products included in KKB's software life cycle continued in 2021. In this context, version updates of products on the software life cycle were monitored continuously and carried out. Studies to adapt the applications developed by external companies for KKB to KKB's software life cycle got underway in 2021, thus ensuring that the applications developed by external companies met KKB's quality and safety standards. Continuous scanning and effective tracking of the "Open Source Code" vulnerabilities under an approach which constantly puts security at the forefront was one of the activities carried out this year.

Standards for new database technologies were created in 2021 in the area of Data Architecture, paving the way for their transfer to the data modeling product. In addition, support was extended to the creation of a data pool, ensuring the positioning of the Microfocus Vertica product in KKB in 2021. The maturity level of the "Defining the PO2 Information Architecture" process in the BRSA Information Systems Independent Audit, which was concluded in 2021, was determined by external auditors to have increased from "3-Defined" to "4-Managed and Measured". The data architecture team has participated as a guide in the work which started in 2021 within the scope of Data Governance. In this context, the data architecture team participated in studies on the determination of flows within the scope of data governance and the establishment of a method and determination of common business dictionaries. Work continues on associating business dictionaries with technical dictionaries.

The work of KKB to bring the vulnerabilities of open-source software under control in 2021 was published by Sonatype where it was held up as a success story. Meanwhile, in the Realize-2021 event held by Microfocus, KKB spelt out why it had selected the Vertica product and the criteria under which it was evaluated during the selection process were shared with representatives from the sector.

A new request record in terms of the number of transactions was broken in October 2021, with 342 million transactions.

BUSINESS UNITS

THE KKB DATA CENTER CONTINUED TO PROVIDE VALUE NOT ONLY FOR THE BANKING SECTOR BUT FOR ALL STAKEHOLDERS OF THE TURKISH ECONOMY.

IT Infrastructure and Operations Unit

The KKB Anadolu Data Center Activities:

In addition to the products and services implemented by the KKB Anadolu Data Center as an institution and brought to the sector, the Center is of considerable importance for the financial and banking sector. In 2021, the Data Center continued to provide value not only for the banking sector but for all stakeholders of the Turkish economy with the value-added services it offers to the real sector and individuals. The Data Center holds the ISO 22301 Social Security and Business Continuity Management System certificate, which confirms that all processes have been carried out within the framework of an international management system standard, in order to minimize the possibility of interruption of the services provided and to rapidly ensure service continuity, even if interruptions occur. As a result of extensive planning, all of the KKB Anadolu Data Center's MV/LV, Transformer, MDP and Busbar infrastructure, which has 800 cabinets, were maintained without interruption and necessary actions were taken beforehand to avoid potential interruptions within the scope of the SLA given to the members.

Within the KKB Anadolu Data Center WS3, the entire energy/cooling and data infrastructure of the 120-cabinet area was prepared and transported to carry out İşbank Active-Active Data Center operation projects. To prepare Halkbank to start using the KKB Anadolu Data Center as an ODM, an area of 50 cabinets was created and the entire infrastructure was made ready. Şekerbank system transfers were completed and moved to a 10-cabin area in the WS2 part of the KKB Anadolu Data Center.

Mainframe:

In 2021, two mainframe servers in Istanbul and one mainframe server in the Ankara ODM environment were upgraded to state-of-the-art z15 model servers. Hitachi disks, where mainframe data is kept, were upgraded and new technology VSP 5500 disks were used. The Mainframe ODM migration and rollback has been fully automated. The scheduler environment (TWS-OPC), Mainframe System Automation and Netview products in which Mainframe batch jobs are run have all been upgraded.

Python usage and web service development studies have been carried out on the mainframe.

Model-9 PoC studies have been carried out for tape-free and cloud-based backup solutions.

Artificial Intelligence Technologies:

The development of an artificial intelligence-based Anomaly Detection Project supported within the framework of the TUBITAK TEYDEB program has been completed. The infrastructure and systems in which machine learning models will work have been established and studies have been carried out on the MLOPS infrastructure. Product research and workshops related to analytical environment development have been conducted. In addition, the European Union Program, "Cyber Threat Detection in Encrypted Networks", which is based on artificial intelligence and supported by ITEA, received international approval.

Database Management::

The Exadata Database Machine, which serves Prod databases, has been replaced with the latest version with corporate-critical databases transferred to the new machine in as little as 6 months. Exadata DBM Image Upgrade studies have been carried out to render the Machine more secure and stable. Three new databases were added to the scope of the 2021 ODM and included in the automation activities. Closed ODM testing for DWH databases was carried out for the first time in 2021. By integrating Oracle & MsSQL databases with IDM, the database was brought to a state where they were manageable through personal user management Alpha. Database installations have been carried out for the Credit Guarantee Fund (KGF) and the Turkish Securitization Company, and a central management infrastructure was established for MongoDB. By switching to the citrix load balancer structure in MySQL databases, the resource used from open systems was reduced. Hadoop installation has been performed to age the audit traces. Vertica installations were made for the Analytical Environment.

Central IT Operations:

Within the scope of Centralized IT Operations, pilot work and the dissemination of CyberArk EPM - Application White Listing and Symantec EPM - Local FW products got underway. The installation of the SailPoint IDM (Identity Management) product and first phase transition studies for the identity management were completed. The UCMDb Content Enrichment Project was awarded second prize from the IDC. Work on the DynaTrace OneAgent product installation and dissemination work has been completed.

The European Union Program, "Cyber Threat Detection in Encrypted Networks", which is based on artificial intelligence and supported by ITEA, received international approval.

Microsoft Teams was commissioned as an online meeting product, saving the need for Cisco Webex licenses. Due to the loss of resources in the institution, a higher level of analysis support was provided to ODM studies than in previous years. The Central Operations team managed the planning, adaptation and transition of automation studies. The expansion of the VDI PAW platform, which was established to provide System Administrators with access to systems from a more secure and centralized platform, has been completed.

IT Open Systems:

In 2021, a separate backup copy infrastructure was put in place to protect the entire backup infrastructure from Malware and Ransomware attacks. The Local Dropbox solution was put in place and the Tape Library was modernized. New storage infrastructure arrangements and investments were carried out to initiate an exit from the IBM SVC infrastructure. The corporate SMS and OTP infrastructure was replaced entirely. Five Services which were newly introduced were included in the scope of the ODM. The HLD's of third-party products were created, with the positioning of the third-party products necessary for the entire KGF infrastructure. An Internal Cloud Native Platform was installed with the Redhat Openshift infrastructure for the KGF, and the necessary middleware for the KGF was provided on the Openshift. Clicksense reporting products were also commissioned.

Studies into the financial cloud infrastructure took place. In the regulatory framework, products such as EPM, and Password Enforcer were commissioned. Operating system and virtualization infrastructure modernizations have been completed. The infrastructure design was carried out for the API Gateway Major transition, with Vertica, Hadoop and Cassandra infrastructures being provided. An automation setup which detects differences in applications released on Prod and the ODM was commissioned while Java versions of KKB and Risk Center application servers were updated. Tightening work was completed on the entire inventory. Integrations on DevOps streams were provided for Cloud Native development environments.

The Findex search engine was ported to Elastic Search, an open-source code, in 2 DC. The centralized monitoring and management setup for the entire kafka queuing infrastructure is provided by open-source products.

Network and Network Security:

As part of network and network security studies, the installation of an SSL Visibility infrastructure which can resolve SSL traffic was completed in 2021, increasing the effectiveness of security checks. A higher capacity user firewall exchange was installed in the Istanbul General Directorate office and the KKB Anadolu Data Center. Within the scope of Firewall Identity Awareness studies, IP address control as well as user information control studies were commissioned for users in the Istanbul Headquarters, the WBC and

the KKB Anadolu Data Center offices in addition to IP address control in firewall rules of different user groups which are parsed on a VLAN basis to increase the level of security.

The Ankara Loadbalancer SDX structure was installed with its capacity increased by changing the Shift Loadbalance, and the Istanbul Headquarters office was transferred to the new structure with 10G ports of the DMZ Switch structure. In addition, the renewal of the backup infrastructure of critical network devices was completed with the installation of the Backbox product.

The Cisco ACI structure, which was commissioned at the Istanbul Headquarters office, was invested in port transports and defined transports of firewall gateways as well as Cisco ACI capacity increase, and transportation plans were also put in place in the Ankara ODM. By enabling Internet service providers to announce their own prefixes to KKB, traffic routings became available. Investments have been carried out to replace the Internet firewall and pursue a TEST/PROD distinction.

The transition from the Cisco Webex infrastructure to the Microsoft Teams infrastructure was completed, and the Pexip (CVI) service, which provides communication between Cisco Video Conferencing and the Team, was decommissioned.

Server and application installations have been completed for the transition of the ININ dialer system used in the call center outbound infrastructure to the new version. Server and application installation work is being carried out for the transition of the AVAYA system used in the inbound-outbound infrastructure to the new version. The work on updating the server and application versions of Speech Analytics (Verint) used in the Call Center infrastructure has been completed. The study of automatic provision of geographical redundancy of ISDN-PRI lines with the 444 prefix used in the infrastructure has been completed.

Work on the KKB financial cloud operations continued. The ODM site switch, KGF and Unified Mortgage Financing studies were supported.

In the regulatory framework, products such as EPM, and Password Enforcer were commissioned.

Work on the KKB financial cloud operations continued in 2022.



BUSINESS UNITS

IN 2021, THE SIXTH VERSION OF THE BKN, COMMERCIAL INDEBTEDNESS INDEX AND THE WEB SCORECARD WAS LAUNCHED.

KKB AND FİNDEKS BUSINESS MANAGEMENT DEPARTMENT

Analytical Model Development Unit

The Analytical Model Development and Decision Support Systems Unit, which has a central position in KKB, develops value-added products for the use of member organizations on the one hand, and responds to the needs within KKB on the other. The unit focuses on activities in three different areas within its structure - Data Analysis, Fraud Prevention, and Central Decision Support Systems. The main objective of the unit is to ensure that banks and financial institutions can better manage their risks. For this purpose, numerous analytical forecasting models and five different national fraud prevention systems and central decision support systems have been developed and brought into use. In 2021, the sixth version of the BKN, Commercial Indebtedness Index and the Web Scorecard was launched. The dissemination of existing systems in the field of fraud prevention continues while a new SABAS system was also developed.

In 2022, the Personal Indebtedness Index model will be updated in line with changing conditions and strengthened with machine learning methods. To bring access to loans to a wider body of people, studies will be conducted on new models which use alternative data sources. A renewed SABAS system will be launched in the field of fraud prevention, biometric data-based systems will be developed, and a specialist training certificate program will be implemented to create an industry standard in Turkey. In order to make more use of artificial intelligence and machine learning methods in all areas in accordance with the strategic goals of the institution, the results of the technological and analytical transformation program launched in 2021 are hoped to be realized in 2022.

Sales Management Unit

The Sales Management Unit is responsible for sales and marketing activities related to all KKB and Findeks products for KKB's stakeholders, especially banks, financial institutions and the real sector. The Unit's activities are carried out under the functions of Bank Channel Management, Member Channel Management, Findeks Sales Business Development, Business Partnerships Management, Customer Contact Center and the Sales Channels Marketing Management.

In addition to popularizing the innovative products and services offered by KKB in all sectors and individuals, ensuring the effective management of financial risks by supporting raising awareness of financial literacy in society is one of the key objectives of the unit.

The focus of the Sales Management Unit is to provide the highest quality service by meeting the needs and demands of existing members and customers instantly and to provide new customer acquisition within the scope of corporate strategies. The unit works to ensure the satisfaction of all its members and customers with its expert staff, who effectively use the high-level technological infrastructure of the institution and demonstrate continuous improvement. Thanks to its continued hard work in 2021, the unit ensured that the benefits of innovative products and services offered by KKB and Findeks were transferred and disseminated, and the unit achieved its sales targets with flying colors. In this context, the unit also contributed to the expansion in Findeks' number of members to 5 million in 2021 as a result of its value-added and strategic activities carried out by spreading to the base through all its channels within its structure.

Bank Channel Management

The Bank Channel Management aims to create maximum value by directly contacting the banks' headquarters, regional directorates and branches, carrying out and expanding sales and marketing activities for all Findeks products which are broadly available to banking customers.

The Bank's Channel Management Unit has aimed to increase the recognition of the Findeks brand, to create a culture of risk management in both representatives of the real sector and individuals, and to ensure that final consumers also acquire this awareness. In order to realize this cultural change, the Unit directly contributes to increasing the level of financial literacy by participating in branches and alternative distribution channels of member banks with the Findeks brand.

In particular, the Unit aims to reach the target audience of Findeks products through branches and distribution channels of member banks in order to realize Findeks' strategic sales goals.

Even under pandemic conditions, around 30,000 branch and customer meetings were held by Findeks Communication Consultants, who are tasked with developing Findeks awareness and knowledge of its products and processes by conducting one-to-one meetings at the bank branch channel.

Findeks' number of members reached 5 million in 2021.

In 2022, KKB aims to improve the sales effectiveness of this channel, thereby both increasing the new customer acquisition rate and the existing user penetration of Findeks.

The sales support team, which adopts the mission of providing quality service in the sales channels and ensuring necessary coordination with the team in the field, monitors the field visits and performance reports in order to achieve sales targets. It successfully carries out the processes of supporting the operations of the field sales team, creating the reports needed for the sales channels and sharing the necessary information with the field.

In addition to managing the current Findeks field team with maximum efficiency and effectiveness, the target of placing Findeks as a banking product in the Head Office business lines of banks, positioning it among sustainable growing products and expanding awareness of the product in all channels, especially the mobile and internet branches of banks, is being carried out at an increasing pace every year.

Business Development Unit

Since its establishment, the Business Development Unit has served as the institution's gateway to the real sector in terms of determining the financial risk management needs of the real sector and accessing KKB's services. By including representatives from the real sector, public institutions and organizations and non-governmental organizations as its stakeholders, the unit maintains its efforts to manage the risks based on rational data, to increase financial literacy with developed business models, to establish standards in financial information sharing processes and to ensure transparency.

With digitalization having gained great momentum in all areas of our lives and become an indispensable part of many processes, the Business Development Unit continued to contribute to the digitalization processes of the real sector during 2021 with KKB's products and services in the areas in which it operates. While helping Turkey's leading large-scale institutions manage their receivables risk management processes with advanced integrated systems, the Unit also promoted KKB's services which will contribute digitally to the receivable risk management processes of small businesses through collaborations with non-governmental organizations and contributed to the digitalization process of businesses in every segment. The institution has gone to great lengths to reach businesses from every segment, primarily through joint work with the TOBB, the chambers of industry and commerce and KOSGEB.

The Electronic Letter of Guarantee Platform (ELGP) service, which carries bank letter of guarantee processes to the digital platform, was expanded in 2021, resulting in 100% growth in penetration compared to 2020. As in previous years, the ELGP has expanded to many sectors thanks to the widespread use of these institutions and companies, as well as institutions and companies which have been directly contacted by the Business Development Unit. Thanks to the introductory seminars and collaborations held in the chambers of industry and commerce, the QR Code Cheque service was introduced to different sectors, along with the ELGP and other reporting services.

The webinar series, "From the Eyes of the Sector with Findeks", where real sector professionals share their experiences and the benefits of KKB products and services, continued in 2021. Representatives of the construction materials, energy, automotive,



BUSINESS UNITS

THE WEBINAR SERIES, “FROM THE EYES OF THE SECTOR WITH FİNDEKS”, WHERE REAL SECTOR PROFESSIONALS SHARE THEIR EXPERIENCES AND THE BENEFITS OF KKB PRODUCTS AND SERVICES, CONTINUED IN 2021.

fast-moving consumer goods and car rental sectors described the benefits of KKB products and services in their own organizations through these events, in a way that would serve as a reference for other real sector professionals, primarily the sector in which they operate.

Maintaining its work for insurance and electronic money or payment institutions under the finance sector, the unit continued to expand its verification services in the sector in 2021.

Thanks to the receivables risk management of firms in the real sector based on Findeks data, introduction of individuals and small- and medium-sized enterprises to Findeks and increasing their financial literacy have been one of the goals of the unit. In this context, a number of system development activities were carried out during 2021, especially in the energy, agriculture, glass industry, automotive, promissory note sales and fast moving consumption sectors.

Member Channel Management Unit

The Member Channel Management is responsible for managing relations between KKB and the financial sector. Believing in the importance of contacting its members and always being accessible, KKB reaches out to the financial sector through the channels which it has positioned under the Member Channel Management Unit.

The unit provides services to banks, consumer finance companies, factoring and leasing companies, asset management companies and credit insurance companies which are members of the Borsa Istanbul, the Agricultural Credit Cooperative and the Risk Center. By contacting the members on a one-on-one basis with the member representatives assigned specifically to each institution, KKB is able to become closely acquainted with the services of KKB and the Risk Center, and directs them to make the most of these services.

In parallel technological developments and widening internet usage, KKB uses the website managed by the Member Channel Management team and which is designed specifically for members as a channel of information, notification and feedback on KKB and the Risk Center products.

In addition to managing the relations conducted with the members, the budget and sales performance of the products is also monitored regularly by the unit and efforts are being made to expand the services of KKB and the Risk Center.

Member Channel Management aims to support members wherever and whenever they need it, from the moment membership processes are started. For this purpose, the Unit contributes to the shaping of KKB products and services by organizing online meetings, one-to-one visits, working groups and communicating all kinds of feedback and suggestions from members to the relevant teams through its website.

Business Partnerships Management

Business Partnership Management, which is within the scope of the Sales Management unit, develops business models with industry-leading software houses, ERP solution partners, operators, e-commerce sites with a wide customer network and Fintechs, and works with the aim of extending Findeks products and packages to all areas.

Insurance agencies started to offer Findeks packages to their customers through a business partnership with the Turkish Insurance Agents Federation. Within the scope of the cooperation realized, insurance agency customers will now have the opportunity to manage their personal financial risks as well as learning the financial status of third parties with which they have commercial relations, and manage their receivables risks. In addition, in cooperation with mobile operators such as Türk Telekom and Turkcell, a fast and easy credit rating learning service was offered through the 1122 SMS channel, which has contributed to the spread of Findeks and the increase in financial literacy. In this context, cooperation studies are also carried out with various e-commerce sites.

The Electronic Letter of Guarantee Platform (ELGP) service was expanded in 2021, resulting in 100% growth in penetration.

Customer Contact Center Unit

The Customer Communication Center, which aims to respond correctly and quickly to the requests of individual and commercial customers, continued its activities in 2021 within the framework of this principle. The Customer Contact Center provides customer service support to Findeks and the TBB Risk Center.

In parallel with the developing technology, business processes are constantly undergoing improvement and speech analytics technology (from voice to text) is used in order to enhance the customer experience and determine customer expectations more clearly.

Sales Channels Marketing Management

The Sales Channels Marketing Management unit is responsible for managing the marketing strategies for product and service promotion processes of all Sales Management channels. The unit aims to take the activities to be carried out regarding Findeks products through internal and external communication channels to a higher level in line with KKB's mission. It provides support and coordination in the marketing activities of all channels within the Sales Management Unit.

In order to ensure the spread of Findeks' products and services through customer channels, the unit publishes material such as guides, presentations and brochures for banks and business partners, while also supporting marketing campaigns and events which are organized in accordance with the needs of the sales channels. In addition to the unit's marketing activities, the sales and marketing budget and the target-realization development are regularly monitored by the unit.



Corporate Communications Unit

Sponsorship activities were carried out within sector-specific events and press conferences were held during the year. In a bid to boost staff motivation and loyalty, KKB set out an internal communication strategy and offered various training programs, activities and events throughout the year.

KKB supported the active participation of KKB Volunteers in corporate social responsibility projects by helping to create a corporate volunteering program. Additionally, KKB supported the activities of internal social clubs which aim to bolster organizational culture, encouraged voluntary participation in social responsibility projects and carried out Corporate Social Responsibility projects in collaboration with NGOs.

The Corporate Communication Unit continues its activities in order to create, protect and uphold the image and reputation of KKB and its sub-brands. To that end, it supports and carries out activities related to internal and external communication with marketing communication, visual design, press relations and reputation management and media planning teams. Within the scope of the communication activities carried out regarding KKB and Findeks in 2021, product and service promotion materials were created, media plans were set out in line with communication strategies, sponsorship activities were organized at sectoral events and live broadcast webinars were held.

In 2021, the Sustainability Report, which represents the reflection of KKB's responsibilities to leave a more livable world to future generations in all fields of activity and the corporate culture was prepared and presented to the public.

Corporate social responsibility project studies are being carried out at the same pace and the eighth edition of the "You Imagine, We Realize" competition was completed successfully.

Efforts were made to implement one of the projects which was awarded within the scope of the competition. The KKB Volunteers Platform was launched with support provided to the active participation of this platform in corporate social responsibility projects. In addition, support was extended to voluntary social responsibility projects within the institution by encouraging the activities of in-house social clubs established to develop the corporate culture, and projects were developed in collaboration with NGOs.

Works with the aim of extending Findeks products and packages to all areas continued.

BUSINESS UNITS

IN 2021, THE USER EXPERIENCE OFFERED BY FİNDEKS BİLGİÇ, A CHATBOT APPLICATION, WAS IMPROVED, ALLOWING THE CHATBOT TO SERVE FİNDEKS USERS NATURALLY AND WITHOUT INTERRUPTION.

CRM Management and the Digital Channels Unit

Throughout 2019, the focus of the Unit's work was on carrying out 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. In addition, during 2019, the Unit continued campaign management practices and intensive work to develop and improve channel infrastructure. It also focused on data warehouse projects which will lay the groundwork for analytical studies and achieved increased campaign efficiencies through renewals and new customer analysis.

The CRM Management and Digital Channels Unit places the customer at the heart of its operating strategy and carries out new customer acquisition-oriented activities by offering the right product to the right person at the right time, in addition to increasing the loyalty of existing customers. In this vein, the unit continues to develop new communication channels and improve existing channels by following technological developments and trends.

The unit is mainly responsible for the following;

- Determining strategies to increase the use of Findeks products, their positioning and their dissemination on digital platforms,
- Following technological developments, trends and customer demand in accordance with these strategies, adapting and tracking the identified needs to digital channels in order to provide the best customer experience by continuing its work from a mobile priority perspective,
- Developing, implementing, monitoring 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,
- Maintaining efforts to perfect the purchasing and usage experience of Findeks products and services in all digital channels through the Omnichannel strategy,
- The dissemination of projects realized on digital platforms on Findeks and KKB's other digital platforms, and to increase efficiency,

- Maintaining data integrity by providing centralized management of all CRM and analytical reporting activities, and coordinating work with internal teams to automate reporting and analysis studies.

In accordance with the main strategies and targets set for 2021, the unit maintained its work on the main axis of presenting Findeks campaign management activities through digital channels and digital marketing platforms, where targeting and segmentation studies supported by analytical approaches were carried out throughout the year. At the same time, the unit organized cooperation campaigns to support dissemination and awareness by developing collaborations which will highlight the gains offered by Findeks products and services and benefit Findeks users. In addition, during 2021, a period of intensive development and improvement of the campaign management applications where products and services are offered and the channel infrastructure, the unit focused on data warehouse projects which will lay the groundwork for analytical studies. These activities are aimed at creating an early warning structure for when users leave the service, as well as using activity-based (such as on a user, offer or contact basis) behavioral segmentation with the effective use of analytical infrastructures. After the Findeks Mobile application was renewed, Findeks Mobile maintained its CRM activities to promote and encourage the use of products among new users gained with the activation of product-specific campaigns offered within Findeks Mobile. By conducting activation analysis of those owning a package, the number of users using at least one of the warning or note advisor services in the existing individual packages was increased, while usage activities were carried out through SMS, e-mail, IVN and Contact Center channels. After the activation communication, the unit aimed to obtain valuable results guiding 2022 activity planning by taking the opinions, suggestions and feedback of customers with the survey work carried out using internal resources and applications. At the same time, work continues on the development of the IVN, Pop-up and Push Notification channels in order to enhance the Findeks user experience and to meet all the needs of the digital channel diversity in line with user expectations.

The unit continued work on the development of the member-only user portal, www.kkb.com.tr/uye, a platform aimed at promoting the range of services offered exclusively to KKB members, and carried out improvements aimed at creating a fast, effective and interactive communication platform for KKB members. In addition to communication and follow-up services through the portal, the

notification management infrastructure developed to monitor the issues conveyed by KKB members through this platform, work continued on increasing productivity with the frequently asked questions pool in the same department.

As part of its efforts to adapt to the mobile priority strategy, the unit continues work on bringing the mobile and internet branch channels into a manageable infrastructure with a content management system. In this context, it also maintains its strategy of enabling the purchase and use of Findeks products and services in all channels through its Omnichannel strategy. The Findeks.com website continued to undergo renewal of its technological infrastructure, taking into account current user experience trends, and carried out a number of improvements throughout the year. In particular, the product/benefit relationship was improved with the enhancements to the product purchasing phase and campaign customizations specific to the purchased products. In 2021, the user experience offered by Findeks Bilgiç, a chatbot application, was improved, allowing the chatbot to serve Findeks users naturally and without interruption.

In 2021, the unit continued development activities for the Smart CRM Application, which includes web analytics, a decision module and monitoring functions and works in integration with all internal systems, and started application development activities which include an artificial intelligence-based, real-time suggestion and offer structure which will bring the user experience to a higher level, improve operational efficiency and increase revenue. With these technological developments, the unit aims to reach users in times of need, in particular by automating campaign submissions, while continuing to develop and effectively use automation systems which contribute to in-house operational efficiency.

In addition, preparations have got underway for the dissemination of chatbot and Smart CRM applications in the other digital channels in the future.

In 2021, the unit also maintained its activities to increase the financial literacy of its followers on social media channels. In addition, Findeks accounts were adapted by following new developments in all social media accounts.

The unit continued its monitoring activities in digital channels in order to manage the corporate reputation of KKB and Findeks, to be aware of crisis moments before they occur and to provide insight, paving the way for improvements to the service level of complaint management by providing the infrastructure to track all social media accounts and comments connected to KKB and Findeks through a single platform. In addition, in 2021, the follow-up of user comments in the Findeks Mobile application market got underway and a complaint management flow was created and implemented, allowing both an increase in user satisfaction and a sharing of explanations which will guide new visitors. In addition, all records coming to the contact center were kept in Alpha and reported on a daily basis.

The monitoring of all social media accounts of KKB and Findeks has been gathered on a single platform.



BUSINESS UNITS

A TOTAL OF 20,688 HOURS OF TRAINING AND DEVELOPMENT ACTIVITIES WITH 147 PROGRAMS WERE CARRIED OUT IN 2021.

HUMAN RESOURCES DEPARTMENT

The Human Resources Department continued its activities in 2021 in line with the employee-oriented, transparent, fair and sincere human resources strategy. In 2021, a year of change and transformation at KKB and the Human Resources Department, the focus areas were;

- Ensuring a positive employee experience,
- Bringing talent to the institution,
- Organizational design,
- A fair and transparent remuneration policy,
- Trust-oriented leader communication,
- Creating a culture of working together,
- Emphasizing the employer brand,
- Digitization of business processes and creation of digital human resources analytics,
- Establishment of data-driven decision support mechanisms

Young Talent Program

The Young Talent Program was launched in order to support the employment of newly graduated young people and to include them in the staff of qualified and expert employees in 2021. 156 of the 1,391 applications received within the scope of the program passed the CV pre-selection stage. Competency-Based Interview processes were carried out by Human Resources Business Partners with 96 candidates who had performed well in the online evaluation (Personality Tendency Inventory, General Ability and English Tests) and the telephone interviews. In the next step, short-listed candidates who had performed well in the human resources interviews were invited to second-stage interviews with the business units, and 23 Young Talented individuals joined the staff of KKB after a comprehensive evaluation process.

University Career Events

Within the scope of the events which bring us together with young talent throughout the year, a total of 3,650 students were reached in eight career events attended by students from every university in Turkey. The events attended by the specialist leaders of KKB as well as the Human Resources team, offered an opportunity to share information and feedback, together with feedforwards, which will guide the careers of young people and assist them in their professional lives.

Human Resources Sectoral Events

In order to invest in the perception of the employer brand, KKB participated as a speaker in various events where human resources professionals who are specialized in their fields met.

Transition to the Hybrid Operating Model

In line with the circular published in 2021, an action plan consisting of 36 items was created after a comprehensive study with the participation of the entire senior management team. In the aftermath of the pandemic, three different working models have been planned; working from the office, hybrid working and complete remote working, taking into account managerial decisions, work efficiency and the suitability of job descriptions. In line with the new hybrid working model, the R&D and General Directorate offices were renewed and the number of desks was reduced by 40%. In this new order, the work areas were not only established as “the place where the work is done”, but also as a co-production and socialization area in the new generation office layout.

23 Young Talented individuals joined the staff of KKB after a comprehensive evaluation process.

Profile of Human Resources

516

Total Number of Employees

106

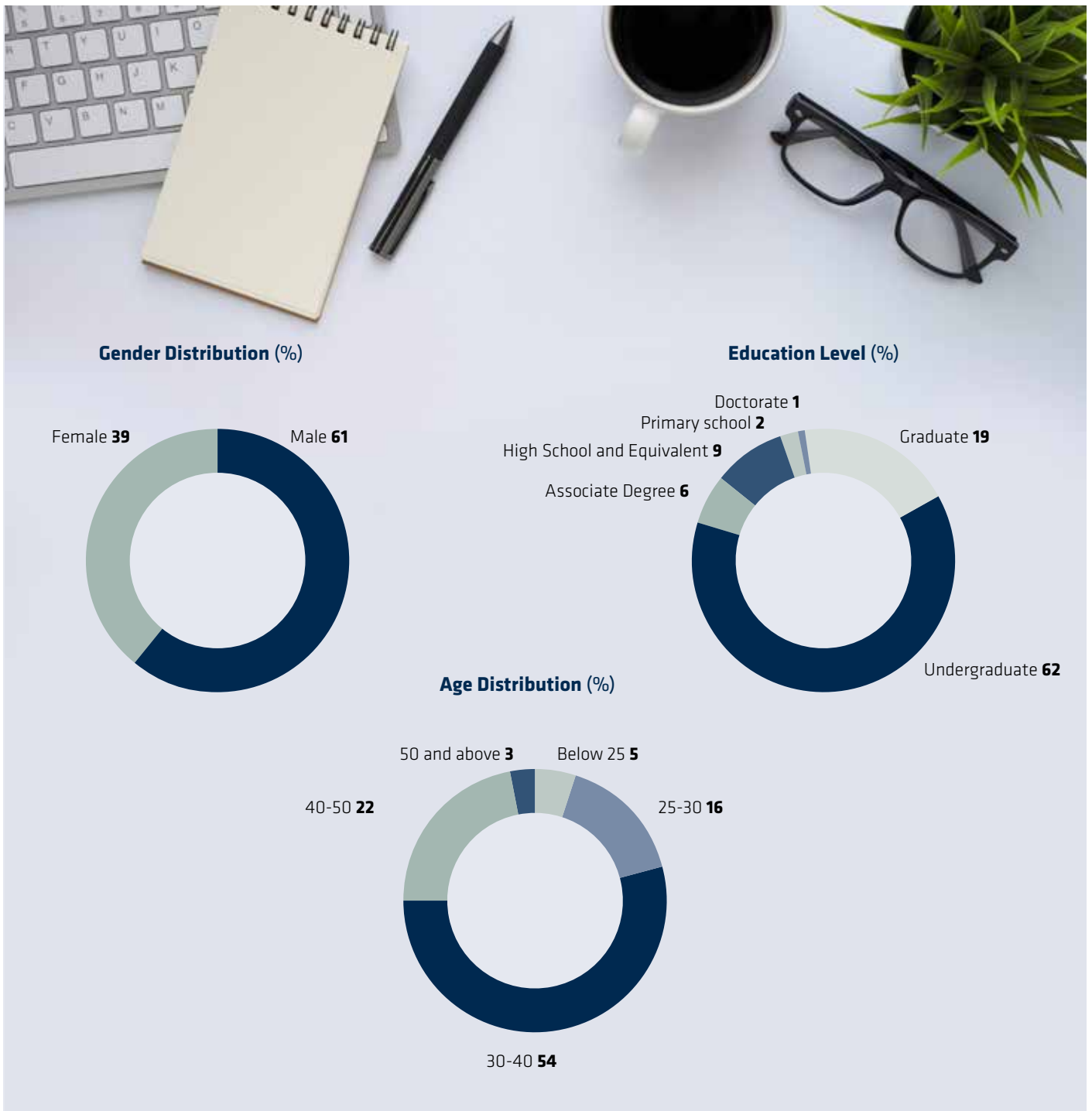
New Hires in 2021

36

2021 Average Age

2

Average Training Days per Employee in 2021



BUSINESS UNITS

THE LEADERSHIP PROGRAM OF THE “MANAGEMENT ACADEMY”, CONSISTING OF SIX MODULES, IN WHICH A TOTAL OF 82 CORPORATE MANAGERS PARTICIPATED, GOT UNDERWAY IN 2021.

Onboarding Program

Together with the new working model, a comprehensive onboarding process was designed to ensure that employees joining KKB were quickly and effectively integrated into the organization and worked in accordance with the new normal. The Onboarding Program, which aims to adapt new employees to the corporate culture and integrate employees into the organization, covers the process starting from the employee's candidacy to their first 6 months of employment. Efforts are underway to transfer this process, which includes a very detailed program which includes areas such as corporate orientation training, assigning teammates, assisting new employees, acquaintance meetings with the units of the organization and periodic forward and feedback meetings, to the digital environment in 2022 and to offer a more interactive platform.

Recruitment

The Human Resources Department continues to work with a vision of being an exemplary credit bureau in the world and a growing source of value of Turkey, with innovative products and services developed by KKB as a technology company as well as being one of the key institutions in the finance sector. In parallel with this, it shapes its recruitment and workforce strategy and recruits new employees who will be the partners in this vision. During 2021, a total of 13,561 candidates were included in the evaluation process, in which 2,221 candidates passed the preliminary evaluation process and 1,054 candidates were invited to attend an interview. In total, 106 new employees joined KKB during the year.

In-House Career Opportunities

The internal advertisement application, implemented in 2021, was evaluated as an internal resource project which would highlight competent and experienced staff, one of the main features of the institution, and offer career development opportunities for KKB employees. With this implementation, this career opportunity was offered to employees seeking experience in different departments and units within the organization, and they were supported in their career journeys. A total of 19 internal advertisements were published throughout 2021, and ten KKB employees were transferred to different units with changes to their duties within the company.

Continuous Learning and Development

Thanks to its focus on “continuous development”, which is one of KKB's four values and is embedded in its corporate DNA, the development of employees and, therefore, the organization is at the heart of the Human Resources Department's activities. In this context, in addition to the individual training programs which are provided based on demand, a training catalog created in accordance with the needs and expectations of the institution and organized quarterly has been published with the aim of supporting the professional and competence development of employees.

A total of 147 training and development programs were provided in 2021. The content-based time distribution of training and development activities, which has reached a total of 3,581 hours, included 916 hours of Vocational Technical Training, 339 hours of Competence or Soft Skill Training, 1,603 hours of Corporate Training, 71 hours of Seminars and Conferences and 651 hours of Workshops.

The leadership program of the “Management Academy”, consisting of six modules, in which a total of 82 corporate managers participated, also got underway in 2021.

Five O'clock Tea Chats

With the aim of offering a short and pleasant break from a busy working day, Five o'clock Tea Conversation meetings are held with the participation of the General Manager of KKB. The meetings, held in the Headquarters building, are aimed at providing employees in the office with an opportunity to socialize in accordance with the pandemic conditions and, accordingly, create synergy.

AVITA Employee Support Services

The AVITA Employee Support Program, which provides comprehensive consultancy services in a range of different fields such as financial legal consultancy, gardening and care of house plants, medical consultancy and veterinary support, has been implemented for the benefit of KKB employees. With the AVITA Employee Support Program, KKB employees may receive uninterrupted service from the program's expert team on a 24/7 basis.

The AVITA Employee Support Program, which provides comprehensive consultancy services in a range of different fields, has been put into practice.

New Human Resources Platform

The search for a new human resources platform, which was launched with the goal of digital, integrated, automated, next-generation and end-to-end human resources process management, was determined after a comprehensive evaluation process. In 2021, work got underway on integrating the relevant platform into the institution.

Dinamo In-House Entrepreneurship Platform

Dinamo, the in-house enterprise platform, has been implemented in view with the importance attached to innovation and enterprise, and the investment was carried out. Four of the valuable enterprise ideas transmitted through the platform were approved by the Evaluation Committee and teams were formed to develop the ideas. Four teams successfully completed the preparatory stage of the enterprise process and continued their development work.

Dinamo, the in-house entrepreneurship platform, was launched in 2021.



BUSINESS UNITS

IN 2021, CARBON AND WATER FOOTPRINT MEASUREMENTS WERE MADE, AND REDUCTION TARGETS FOR THE COMING YEARS WERE DETERMINED BY COMPARING THEM WITH OTHER STUDIES CONDUCTED IN LITERATURE.

RISK MANAGEMENT DEPARTMENT

Shaping its activities in line with superior quality standards, KKB carries out its risk management activities, which it has classified under the strategic, operational, financial and reputational categories, in accordance with the COSO ERM international corporate risk management standards and the ISO 31000 Risk Management Standard. The Risk Management Department is organizationally affiliated to the General Manager and reports to the Audit Committee.

Through its activities, the Department contributes to the evaluation of risks and opportunities which need to be managed in line with KKB's founding mission and the strategic objectives of the institution, and to the delivery of products and services in the most effective, efficient and controlled manner. In addition to strategic planning, targeting and risk management activities, the Department carries out risk assessment activities in accordance with the standards of the Information Security Management System (ISO 27001), the Business Continuity Management System (ISO 22301) and the Service Management System (ISO 20000). These activities were carried out separately on the basis of processes, services and assets, and as a result, KKB's critical services, the processes and the assets which provide these services underwent risk assessments with different methods and approaches aimed at identifying all possible risks. In 2021, the Risk Management Department continued to conduct risk assessments prior to contracting critical third parties to be outsourced or establishing business partnerships. By evaluating the possible effects of the planned work on KKB, visits to the relevant parties took place and field studies were organized. These efforts not only reduced the risks related to support services but also served to further reduce risks related to all external sources.

KKB, which holds the ISO 27001:2013, ISO 22301:2012 and ISO 20000:2018 certificates, increased its maturity by targeting best practices in these fields in 2021 and renewed all its certificates after successfully passing the audits. In addition, the ISO 14001 015 certificate for the Environmental Management System, which was established in 2020 at the KKB Anadolu Data Center, was renewed.

In 2021, a Sustainability Report study was conducted in order to address environmental management awareness on an institutional basis. The Sustainability Report studies included carbon and water footprint measurements which were carried out throughout of the entire organization, including in the KKB Anadolu Data Center, and reduction targets for the coming years were determined by comparing them with other studies conducted in literature.

An independent audit of the KKB Anadolu Data Center was carried out in 2021, following audits carried out since 2018, with the results were reported in accordance with the ISAE3402 reporting standard and the report shared with customers. While providing customers with assurance regarding the control environment of the KKB Anadolu Data Center, this report also helped reduce the work required during the audit.

In addition to the technological and structural developments in the areas of crisis management, risk management, information security, strategic planning and process management, the Department successfully carried out business continuity and emergency tests in October. These were performed in a broader scope than in previous years. In parallel with these tests, in order to increase preparation for current threats in the field of crisis management, crisis simulations were organized with the participation of the senior management, and possible development areas were revealed by evaluating KKB's level of preparedness for these crises. The benefit of crisis simulations was especially apparently during the COVID-19 pandemic, which started in 2020 and continued during 2021, and in the management of the pandemic which was carried out by the Risk Management Department with the aim of minimizing the impact of the pandemic on the institution.

All activities and business processes within KKB were established in accordance with the COBIT framework, the ISO 27001, ISO 22301 and ISO 20000 standards and the "Communiqué on Information Systems Management and Audit of Information Exchange Institutions and Risk Center", which replaced the "Communiqué on Principles to be Based on Information Systems Management in Information Exchange, Clearing and Settlement Institutions, and Business Processes and Audit of Information Systems" published by the BRSA in 2021. The application of Corporate Process Management ensures that all corporate processes are aligned with the current functioning, while analyzing the impact of changes in processes, with the result that changes are disseminated more effectively. In order to identify areas of efficiency in the processes and increase their effectiveness, analytical studies have been carried out and reports have been prepared setting out the processes that have been determined together with the process owners in recent years through the OKR. Robotic Process Automation (RPA) studies have

At KKB, international COSO ERM and ISO 31000 Risk Management Standards are applied.

been carried out, leading to increased operational efficiency in the related processes, while improvements were achieved in regard to process quality.

In addition, an end-to-end process was defined and started to be deployed in order to encourage employees to produce ideas which they believe will carry the organization and themselves further or which set out improvements or entrepreneurial ideas about a topic, application or product. These ideas are collected and entrepreneurial ideas are evaluated and rewarded by the senior management once the preliminary research and prototype stages have been completed.

In order to bring information security infrastructure and processes in line with best practices of companies in this field, KKB continued to invest in information security infrastructure and increase its detection capabilities in the field of cyber security in 2021. Some of the prominent studies carried out in this context are listed below:

- Cyber security exercises conducted by the Penetration Testing and Cyber Security and Threat Monitoring teams in 2021 tested the effectiveness of security incident management systems and processes and the detection and response capabilities of these systems and processes were improved after the studies.
- With the investments carried out by the institution in current cloud information technologies, security systems were implemented for these technologies.
- A security automation project was initiated in order to increase in-house efficiency and improve the security resilience of the institution.
- A strict security policy was followed in view of the increasing open-source library risks in the field of software and application security in 2021, with steps taken to ensure that risks and threats identified during the year were responded to immediately, thus keeping the risks and threats which the institution is exposed to in this vein were kept under control.
- A full-scale penetration test lasting for 150 days was carried out with an independent consultant company and potential risky points in the institution were identified and resolved.
- The University aims to contribute to the need for trained human resources in the field of cybersecurity through sponsorship and cooperation, providing active participation and sharing in national and international cybersecurity and cyber intelligence sharing events.
- Activities to promote compliance with new legislation on information systems continued unabated in 2021. Cyber risk management activities were carried out within the Risk Management structure with contributions made to internal, external and tertiary party audit processes.

- During the pandemic, employee awareness raising activities were carried out taking into account the specific risks of working from home, and department- and unit-based business-oriented scenarios were implemented.

KKB's policy on the risk management system includes;

- Defining the main operating objectives of KKB,
- Detection of threats which could prevent the achievement of these goals,
- Determining the risks which create these threats, their possible effects and the probability of their realization,
- Implementing the necessary risk management and controls to reduce the risk to within the levels determined by the senior management,
- Establishing the necessary coordination and communication network for the management of risks within KKB,
- Proactive evaluation of new risks which may emerge regarding credit recording and information systems technology, and propagating suggestions to mitigate possible risks,
- Ensuring that KKB managers receive regular training on risk management, and raising awareness of KKB employees,
- Determination and regular review of important risk indicators in order to measure and monitor the current state of risks.

This policy is supported by the written procedures and job descriptions, the first-level controls performed by the units for the risks determined at a corporate level in daily activities, and the periodic evaluation of the risk management activity results by the senior management.

Robotic Process Automation (RPA) studies have been carried out, leading to increased operational efficiency in the processes.



BUSINESS UNITS

THE CONTENT OF THE “RISK CENTER INTERACTIVE REPORTING SYSTEM” WAS ENRICHED WITH A PROJECT LAUNCHED IN 2021.

RISK CENTER COORDINATION DEPARTMENT

The Risk Center Coordination Department, which is responsible for the activities carried out by KKB on behalf of the TBB Risk Center, consists of the Risk Center Product Management and Development, Business Intelligence, Reporting and Data Quality and the Member Organizations Support Units.

Risk Center Product Management and Development Unit

The Risk Center Project and Product Development Unit implemented the following key projects in 2021:

- Sharing of bankruptcy and concordat information held by the National Judiciary Informatics System with members of the Risk Center,
- The Declaration System, where members may declare that they do not have the data subject to the Risk Center notifications or that they do not act on the relevant data type, and may follow the entered declarations through the system,
- Service improvements in the Credit Limit-Credit Risk (CLCR) and FX Credit and Income Statement systems,
- Improvements in the reports in which all inquiries made by Risk Center members individually are submitted as “Summary”, “Detail” and “Trend” within the scope of Individual Inquiry Quantity Reporting service,
- Ensuring that risk information regarding the factoring and leasing type members in the Risk Report Raw Data application is fed from the KRM application instead of the CLCR application,
- Carrying out improvements in the Risk Center report submitted through the e-Government portal.

In addition, in the Commercial Qualified Credit (KRM) Notification and Sharing service, work was carried out to ensure that members start daily data reporting and that members of the Risk Center receive all commercial credit information, company and real person identification information, capital-based relationship information, collateral information and cheque information on a daily basis regarding the commercial enterprises of legal persons or real persons.

Among the activities planned in 2022;

- Adding the “Board Member Name” list to the MERSIS Information Inquiry service,
- Transfer of the PDF Cheque Report and Risk Report products to the Risk Center,
- Carrying out improvements to the KRM Notification and Sharing service,
- Carrying out improvements to the Risk Center Interactive Reporting System (QLICK).

The e-brochure, which includes summary and introductory information on the products and services offered, continues to be produced, while the TBB Risk Center Report e-learning video was published on the Risk Center’s website for the first time this year.

The Risk Center Report, which can be accessed through the e-Government portal, contributed to increase the level of financial literacy among the general public. The content of the said reports was enriched with case studies carried out this year and a range of Risk Center information started to be accessed by real persons.

Within the scope of KKB’s vision to become the leading bureau in Turkey and the world by creating new innovative products, work continues to constantly evaluate new technological developments. In this context, the selected work is compiled into presentations and regularly conveyed within the institution.

The progress of the credit bureau’s activities throughout the world is monitored continuously. A detailed review of the activities of nine foreign bureaus was conducted in this area.

The interrogation periods of the members of the Risk Center are monitored regularly and work on the systematic conduct of the follow-up process continues unabated.

Business Intelligence, Reporting and Data Quality Unit

The content of the “Risk Center Interactive Reporting System”, which was implemented by the Business Intelligence, Reporting and Data Quality unit during the previous year, was enriched with a project launched in 2021. The new content to be added will include cheque and promissory note statistics, which are updated on a daily basis, with the target date for the completion of the project set of as the end of the first quarter of 2022. These enrichment activities are expected to lead to an increase in the use of the system, which is one of KKB’s corporate strategic objectives; the work will serve the purpose of “becoming a credit bureau that meets the information and needs of the financial sector, the real sector and individuals in the financial field and which serves as an example in the world with the steps it takes in this field”.

In addition, in 2021, additional data quality activities were initiated for the data collected from members by the TBB Risk Center and for which the collection frequency or method had changed; the quality of declarations was closely monitored and intensive member communications were carried out where necessary. Both the existing data quality studies, these new studies and the studies carried out in the field of data governance bring direct benefits to the service quality, continuity and security, which stand out among KKB’s strategic goals.

Among the important developments of 2021 were the activities of starting to carry out member communications, which are carried out within the scope of data quality studies, with robotic processes thanks to the gains brought by today’s technologies, and automating the routine reports required by different stakeholders with new

generation business intelligence tools. These activities serve the “in-house efficiency” and technology usage (automation) strategy, thus helping to meet KKB’s general objectives.

The Business Intelligence, Reporting and Data Quality Unit continued its work throughout the year as a proposal to diversify and improve the statistics it produces and shares with members of the TBB Risk Center, the public and official institutions.

Member Organizations Support Unit

The Member Organizations Support Unit has continued to provide rapid and high-quality support services based on member satisfaction in the notifications received from members.

Within the scope of data quality studies, some of the activities involving contact with members have started to be carried out with robotic applications, thus increasing efficiency and preventing possible operational errors from occurring.

In some resolved notifications, calls continued to be made to members to receive their opinions with the aim of increasing member satisfaction and the quality of service provided through the feedback received during these calls.

The TBB Risk Center Report e-learning video was published on the Risk Center’s website for the first time this year.



BUSINESS UNITS

AT KKB, POLICIES WHICH REDUCE FINANCIAL RISKS AND INCREASE THE CREDIBILITY OF THE COMPANY ARE DETERMINED AND FOLLOWED.

FINANCIAL REPORTING AND FINANCIAL AFFAIRS DEPARTMENT

The Financial Reporting and Financial Affairs Department is responsible for the planning of financial activity and monitoring and systematically recording the results of activities in order to fulfill the obligations and reporting regarding financial activities in a timely and accurate manner. In fulfilling these responsibilities, the Department takes into consideration the strategic goals of the institution, legal regulations and the public interest.

The main activities of the department include the following;

- Monitoring and fulfilling tax obligations,
- Optimization of cash flow,
- Preparing reports requested by the Senior Management,
- Provision of necessary information, documents and reports in accordance with the regulations of the relevant public authorities,
- Promptly providing all kinds of support within the framework of the legislation in order to ensure that the operational units concentrate fully on their own fields of expertise and maximize their efficiency.

Financial Affairs Management Unit

In the 2021 activity period, the Financial Affairs Management Unit successfully carried out accounting and finance operations in line with the procedures and principles regarding accounting standards.

In this context;

- In addition to the preparation of financial reports in line with the regulations of public authorities and their submission to the relevant units and the public, tax obligations were met fully and on time.
- Policies which reduce financial risks and increase the credibility of the company were determined and followed.
- Cash flow plans were created in order to evaluate the cash inflows in a manner which would provide optimal returns.
- Legislative changes regarding financial activities were followed and necessary amendments were made.

- In order to ensure efficient use of resources and planning, the relevant departments were informed of the follow-up procedures and the status of the collections.
- Maintenance and repair expenses of assets owned by the institution, expenses undertaken for various projects, insurance expenses for the protection of assets, service production expenses and general administrative expenses and financial liabilities arising from legal obligations were checked and paid in accordance with the legislation.
- Transactions subject to the R&D project expenditures of the institution and the financial liabilities arising from the laws were checked and recorded in accordance with the legislation.
- All correspondence and application processes regarding the incentive applications of the institution were carried out and the process was followed up.
- As a company subject to BRSA regulations, support was extended to all legal reporting and independent external audits required to be carried out in accordance with Turkish Accounting and Financial Reporting Standards.
- All requests for opinions received from the institution were responded to within the framework of tax legislation.

Budget and Reporting Unit

The Budget and Reporting Unit carries out budget management, financial and MIS reporting activities in accordance with the strategies of the institution, with priority given to efficiency.

The unit carries out budget planning, checks, reporting and management activities in accordance with the policies and objectives set by the institution.

It informs unit managers and senior management in accordance with the budget realization reports prepared by effectively monitoring the budget, and manages the budget revision processes if necessary.

It supports the process of preparing the targets set in accordance with the budget and annual financial plans, performs performance measurements of these targets and directly supports the decision-making processes of senior management and business units with the results of the analysis which it shares.

KKB is a company subject to BRSA regulations.

The unit shares the monthly operating results including the actual financial statements and budget comparisons of the institution with the Senior Management and provides consolidation of all presentations and reports prepared to the Board of Directors.

Thanks to the efficient reporting infrastructure established in accordance with the strategies of the institution, the Unit shares the analysis it has prepared rapidly and effectively with all KKB business units and the senior management.

By carrying out financial feasibility studies for new projects and products, the unit provides a direct contribution to the strategic decision-making processes of the senior management and its management within KKB.

The unit establishes and develops infrastructure for the financial management, reporting and control systems in accordance with the organization's strategies. In this context, the "Robotic Process Automation" system was included in the reporting tools in 2021. A number of studies have been conducted to evaluate the savings in resources provided by the robotic reporting infrastructure and new value-added reports were added to the inventory. The unit aims to further increase efficiency in 2022 by continuing to develop robotic reporting infrastructure.

The "Robotic Process Automation" system was included in the reporting tools in 2021.

Procurement and Contract Management Unit

The Procurement and Contract Management Unit continued its activities in 2021, taking into account the corporate structure and audit processes and procedures. In parallel with KKB's strategy on innovation, priority has been placed on increasing the share of technology and efficiency in business processes and reducing costs to the maximum extent possible in the purchase transactions carried out. In this context, the unit aims to strengthen digitalization, internal and external stakeholder satisfaction and the control environment in all processes. The developed reporting infrastructure has increased the effectiveness of reports shared with the business units of the Budget and Reporting and Financial Affairs Management Department.

- In accordance with the institution's strategies and budget plans, all purchases of products and services have been carried out in accordance with the demands of the business units, with supplier risks and performances evaluated during these purchases. Meanwhile, tenders, negotiations and order processes were managed on an end-to-end basis, and support was extended in the contract and invoice steps.
- The processes of all of the institution's product, member, customer and supplier contracts were managed and process requirements were checked for contracts within the scope of support and external services. The relevant contracts were archived, thus ensuring sustainability.
- Records of the fixtures and stocks owned by the institution were created in the inventory system, debit entries, which enable these resources to be used efficiently and deliver or receive them to the relevant persons in line with the principles of the institution, were carried out, and these transactions were followed and checked with regular counts.



BUSINESS UNITS

EFFORTS CONTINUED TO DEVELOP, RENEW AND ENRICH KKB AND FİNDEKS PRODUCTS THROUGHOUT 2021 UNINTERRUPTEDLY.

KKB PRODUCT MANAGEMENT AND DEVELOPMENT DEPARTMENT

The Product Management and Development Department is responsible for determining the strategies for the products and services of KKB and Findeks, following the technological developments relevant to these strategies and performing the necessary activities to improve existing products, designing new products, bringing them into use and managing the products. In fulfilling these responsibilities, the Department focuses on the needs and expectations of the finance sector, the public sector, the real sector and individuals. The department continues the following activities;

- Developing new products by contributing to the technological transformation and improving existing products by determining its marketing strategies with a focus on digitalization,
- Preparing awareness-raising training aimed at increasing financial literacy,
- Designing user screens and product processes which are compatible with digital trends in order to maximize the user experience.

Product Management Unit

The Product Management Unit directs the marketing strategies of products and services offered under the umbrella of KKB and Findeks, taking into account the needs and expectations of the finance sector, the public sector and the real sector as well as individuals, while keeping its finger on the pulse of developing trends around the world. The unit focuses on the digitalization of the country's economy with its services to the finance and real sector, providing benefits in many different areas and enabling all users to access data quickly with accessible and sustainable services on equal terms (with an awareness of the inequalities experienced by visually impaired users). The team aims to raise awareness of the products offered by supporting these efforts with financial literacy training activities which it carries out with various associations, in addition to internal and external collaborations, and to spread the products to a wide range of users through marketing activities.

The Product Management Unit maintains its efforts to increase the prevalence of unique products such as the Electronic Letter of Guarantee, Findeks Credit Rating, the Risk Report, Limit Control System (LCS), IBAN Verification, the QR Code Cheque Report and Tracker. To this end, the unit regularly analyzes user expectations, technological and economic trends, opportunities in the market and takes creative actions within the framework of the strategies.

Against the backdrop of the ongoing Covid-19 pandemic in 2021, the needs of the finance and real sector were responded to without interruption, with positive effects of the steps taken towards the digitalization of the country's economy being observed. Efforts to improve and diversify products also continued unabated during the year. Also during the year, KKB was selected as one of Turkey's 50 most innovative institutions in the evaluation by Fast Company with its TARDES project, which provides an important infrastructure and information service which allows banks to conduct evaluations based on accurate and up-to-date data and systematically evaluate agricultural credits without the need for expert teams in the field of agriculture.

Product Development Unit

The Product Development Unit determines KKB's product development strategies by blending the expectations of the finance sector, the public sector and the real sector, along with individuals while keeping its finger on the pulse of technological and legislative developments. The unit carries out the necessary activities to achieve the improvement and enrichment of existing products and the design of new products with innovative ideas. One of the unit's objectives is to provide a completely different customer experience by designing user-friendly, fluent processes for the products while carrying out these activities. The unit carries out all processes from the idea stage to the launch of products that will contribute to the Turkish economy and enable individuals and companies to carry out risk management more effectively, while ensuring that the products under the umbrella of KKB and Findeks are brought to users.

It is aimed to raise awareness of the products offered and to spread the products to a wide range of users.

The Product Development Unit continued its efforts to develop, renew and enrich KKB and Findeks products throughout 2021. In addition to the needs of all member institutions, it provides support to the product, service and infrastructure work needed by public institutions and organizations, and important steps have been taken towards the digitization of the Turkish economy with its collaborations. As in previous years, the unit ensured the continuous response to various and high-volume needs arising in the financial and real sectors in 2021, and the unit played an important role in ensuring that the designed services were sustainable and accessible.

At the same time, the Product Development Unit, which closely follows technological and market developments, provides opportunities for new collaborations through meetings and evaluations with startup companies.

The Product Development Unit, which plays a role in the commissioning of digitalization actions with a user-oriented and systematic approach, will unwaveringly continue to carry out its activities to provide users with a rapidly growing product portfolio and business partnerships in 2022.

Opportunities for new collaborations through meetings and evaluations with startup companies are provided.



BUSINESS UNITS

THANKS TO THE LAUNCH OF THE ELECTRONIC DOCUMENT MANAGEMENT SYSTEM, IMPROVEMENTS WERE IMPLEMENTED TO INCREASE EFFICIENCY AND TRACEABILITY.

REGULATORY COMPLIANCE, LEGAL AND OPERATIONS DEPARTMENT

The Regulatory Compliance and Legal Unit

The unit aims to,

- Design new products and services which KKB plans to offer in accordance with the current legislation,
- Update existing products and services in line with changes in legislation.

With the development of technology, one of the unit's objectives is to carry out studies to create the necessary legal infrastructure to implement strategies of the institutions in the banking and finance sectors in particular, and to increase efficiency and reduce costs by transferring the products and services currently offered to the digital environment.

Other responsibilities of the unit include;

the preparation of contracts to be concluded between members, customers, suppliers and KKB,

- ensuring coordination between the relevant departments of the companies which are consulted in the trademark and patent processes,
- selection of the legal offices to receive services, and the follow-up of the services received,
- Follow-up of cases for which a decision has been taken to follow up within KKB,
- Providing legal advice to units within KKB,
- Providing support in the preparation stage of the General Assembly.

Operation Center

In order to ensure the continuity and operability of business processes, the Operations Center meets the demands of members, customers and units within the organization by proxy, both on behalf of KKB and the Risk Center of the Banks Association of Türkiye. The unit operates with two teams; the Authorization Management and Official Correspondence. In 2021, the Authorization Management and Official Correspondence teams successfully continued to meet their main responsibilities of member authorizations and responding to requests from official institutions.

Thanks to the launch of the Electronic Document Management System, in which requests from official institutions and forms sent by the members within the scope of circulars are tracked, improvements were implemented to increase efficiency and traceability. All data in the old system was entirely transferred to the new system during the year. In addition, integrations with other applications were largely completed with the project reaching its final stage.

Operational support was provided for the renewal of all relevant menus within the scope of the third phase of the project of writing the application, in which the systemic definitions are carried out, with new technology.

Operational support was provided for the renewal of all relevant menus within the scope of the third phase of the project of writing the application, in which the systemic definitions are carried out, with new technology.

Audits Conducted, Sanctions and Penalties Imposed During the Period

As of 31 December 2021, pending lawsuits filed against the Company with pecuniary compensation claims were as follows:

- The lawsuit filed on 27 November, 2013, with a claim of TRY 100,000 for pecuniary and non-pecuniary damages, with each of which amounting to TRY 50,000 and with a claim to at least 20% of the possible earnings.
- The lawsuit filed on 27 October 2016 against a bank and KKB with a claim of TRY 98,237.20 for pecuniary damages and TRY 30,000 for non-pecuniary damages.
- The lawsuit filed on 30 July, 2018, with a non-pecuniary damage claim amounting to TRY 20,000.
- The lawsuit filed on 3 March, 2020, with a claim of TRY 33,000.
- Four reinstatement lawsuits,
- Seven labor receivables and/or severance and/or notice pay lawsuits.

In 2021, administrative fines totaling TRY 31,770 were imposed on the Company.

The Competition Status of the Executives of KKB

The members of the Board of Directors of KKB did not engage in any business or transactions which would violate the agreement not to enter competition, either for themselves or on behalf of others.

Dividend Distribution Proposal

DECISIONS

The members present at the meeting unanimously resolved to approve the financial statements of the company for the year ending 30 November 2021 and,

The proposal that the net profit remaining after the setting aside of statutory obligations from the gross profit of the Company (TRY 4,313,905.33 from the 2014 profit, TRY 32,518,399.52 from the 2015 profit, TRY 31,040,669.96 from the 2016 profit, TRY 37,872,536.83 from the 2017 profit, TRY 30,785,546.40 from the 2018 profit, TRY 9,982,631.33 from the 2019 profit and TRY 58,354,391.83 from the 2020 profit), with a net amount of TRY 184,418,398.08 remaining after the deduction of legal liabilities from a total of TRY 204,868,081.20, be distributed to shareholders in a single payment in cash between 31 January 2022 and 30 July 2022, on the decision of the Board of Directors, was submitted during the Extraordinary General Meeting.

BUSINESS UNITS

IN 2021, THE AUDIT OF TWO DEPARTMENTS, SIX PROCESSES, 28 IT AND BUSINESS PROCESSES AND ONE EXTERNAL SERVICE PROCUREMENT IN ADDITION TO THREE AUDITS REQUESTED BY THE RISK CENTER WERE COMPLETED.

INTERNAL AUDIT DEPARTMENT

IT Control Unit and Financial and Business Units Audit Unit

The Internal Audit Department successfully completed its 2021 process and management statement audits in accordance with the audit plan approved by the Board of Directors. In 2021, management statement work and support service provider audits were conducted for the eighth time by the Internal Audit Department. In regard to the referenced efforts, the 2021 KKB Management Statement Report and the Management Statement Report Related to the Risk Center Operations carried out by KKB were prepared and shared with the independent auditor and the TBB Risk Center.

As part of the audit plan prepared with a risk-based methodology in 2021, the Department completed the audit of two departments, six processes, 28 IT and business processes and one external service procurement in addition to three audits requested by the Risk Center. In addition, risks that the institution may be exposed to during the remote working period were evaluated and taken into account during the audits by conducting the necessary analysis. Again, within the scope of the Regulation on Banks' Information Systems and Electronic Banking Services, the legislation catalog and related controls were updated, and studies were carried out to ensure relevant harmonization, especially with the provisions of electronic banking.

Based on KKB's service continuity and information security requirements, audits on System Security, the Software Development Life Cycle, Demand and Change Management, Continuity Management, Data Management, Performance and Capacity Management and processes in the Operations Center were carried out periodically as in previous years. In addition, reports regarding Budget Reporting and Financial Affairs were prepared based on continuous checks throughout the year. As well as KKB and Risk Center Product Management and Development processes, other business processes were included in the nine business processes audited as business units.

Using technology effectively in every aspect of its operations, the Internal Audit Department monitors findings and actions with automatic reporting through the GRC system. The results of the monitoring are reported on a monthly basis to KKB and the TBB Risk Center administrations. In addition, the Department continues to carry out its audits effectively with the latest technologies, using the artificial intelligence models and robotic automation processes which it has established.

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 auditors through e-signature verification and two-factor identity authentication infrastructure.

As a result of analysis and evaluations conducted by the unit, it is possible to track the risk performance of member organizations. On the back rising awareness, the security, integrity, and authenticity of Risk Center data was seen as having a higher level of maturity in the eyes of member organizations.

In 2021, the Internal Control Department performed risk analysis and previous period comparisons with respect to 30 audits conducted by independent auditors at member institutions. The results of the audits were shared with the Risk Center administration and the relevant actions were followed.

In accordance with the circular published by the TBB Risk Center in 2017, the Internal Control Department's member inspection team conducted on-site inspections at Risk Center member organizations based on risk analysis, and the early warning system, in which the risk structures of members and end users were analyzed in an analytical model, continued to operate based on various criteria. Models created using artificial intelligence are constantly undergoing improvement. We continue our work on the development of general member auditing standards in the sector and ensuring compliance with the legislation.

Within the scope of Findeks Webservice Data Security Analysis in 2021, studies were carried out on 18 different Findeks members with the methodology focused on data security.

MODELS CREATED USING ARTIFICIAL INTELLIGENCE ARE CONSTANTLY UNDERGOING IMPROVEMENT.

INTERNAL CONTROL DEPARTMENT

The focus of the Internal Control Department's work is to ensure the efficiency and effectiveness of operations by taking into account the characteristics of all activities carried out by the institution. Accordingly, the Department is responsible for the planning, implementation and coordination of internal control activities including those related to information systems, business processes, financial reporting systems and compliance with laws.

By evaluating the effectiveness of internal control systems, the department ensures;

- that the assets of the organization are protected,
- that activities are carried out effectively and efficiently in accordance with the law and other relevant legislation, internal policies and rules in force,
- the reliability, integrity of the financial reporting system and the timely availability of information, as well as the development of internal control systems and internal control activities in order to eliminate and prevent risks.

Information Systems Control Unit

The Information Systems Control Unit carries out control activities for information systems processes within the company in accordance with the current legislation and company procedures. The identified violations are recorded on the governance application and relevant action plans are regularly monitored. The company also carries out audits in respect to the obligations for the ISO 27001, ISO 22301, ISO 20000 and ISO 14001 certificates within the company.

Business Processes and Financial Control Unit

The 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 the related legislation and internal procedures. Any breaches and violations detected as a result of the control activities are managed by creating a finding and action plan based on the governance practice being used.

BUSINESS UNITS

COMMITTEES

Disciplinary Committee

The Disciplinary Committee is responsible for determining situations which contravene the Human Resources Disciplinary Regulations and for implementing disciplinary sanctions as deemed appropriate. In determining situations which contravene the Disciplinary Regulation, the Manager of the Regulatory Compliance and Operations Department, as well as other KKB Department Executives, convene to evaluate the results of the investigation on the related issue.

Audit Committee

The Audit Committee convenes for the purpose of sharing the activities of the Internal Audit, Regulatory Compliance and Operations, Internal Control and Risk Management Departments and the results of these activities with the 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, assessing compatibility with the strategic objectives and evaluation of planned new products and services. The Committee also evaluates information from the related department executives regarding activities realized within the month which are deemed to be strategically important.

Weekly Product Evaluation Meeting

Weekly Product Evaluation Meetings are held to evaluate the strategic conformity of existing products, services, product usage, improvement recommendations and requests regarding products and requests for products, and to make decisions such as the data types to be used within the scope of the products and services, and the method of sharing. 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 identify any weaknesses in information security, primarily changes in the operation of the information security function, as well as evaluating the need for resources and coordination to eliminate these weaknesses. The Committee's responsibilities include informing the senior management of information security violations within the institution and global information security incidents.

Business & Information Systems 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 Systems Strategy Committee

The Information Systems Committee convenes to evaluate the compatibility of the organization's information systems strategies with its business objectives, the proper implementation of the information systems strategy plan and the need for revision. The duties of the committee include ensuring compliance of the investments with the information systems strategy plan and evaluation of the activities of the Information Systems Steering Committee.

Information Systems Steering Committee

The Information Systems Steering Committee is responsible for the prioritization of resource requirements in accordance with information technology strategies, the monitoring of critical information systems projects, evaluation of the compatibility of information systems architecture and critical information systems projects, monitoring of service levels related to information systems, preparation and submission of the annual Information Systems budget for approval, and planning of IT investments and assessing the impact of new investments on KKB risk profile and the resource requirements.

AI Management Committee

The duties of the Artificial Intelligence Management Committee are determining the artificial intelligence approach and strategies of the institution, evaluating the strategic suitability of AI projects, analyzing the effect of the institution on the existing or new ways of doing business in line with the determined AI strategies, determining the actions and approving artificial intelligence investments, projects and resources and determining the order of priority,

Sustainability Committee

The Sustainability Committee is responsible for establishing the sustainability strategy and policies of the institution, following the national and international developments related to sustainability, reviewing and reorganizing the current strategy, policy and practices, determining the environmental, social and economic risks and impact dimensions of the organization's operations, including climate change, and determining the carbon and water footprint, measuring, monitoring and reducing the footprint in line with the determined targets, directing the studies and developing projects for the integration and internalization of the sustainability culture into the corporate structure, following the organization's roadmap and developments in sustainability-related practices and determining and auditing performance criteria accordingly.

Project Steering Committee

The Project Steering Committee is responsible for informing the senior management of 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. The Data Governance Committee also evaluates the information architecture and reaches decisions on the compatibility of projects which may affect the information architecture.

Process Committee

The Process Committee convenes to assess the changes to be made in the functioning of the institutional processes, to eliminate gray areas as to which units should undertake the process activities; to determine and monitor the performance goals of the processes. Also, 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

The Technology Architecture Committee is responsible for providing supporting information for the decision mechanism about the software (application) architecture, infrastructure architecture and data architecture that constitute the technology architecture of the institution, its objectives, structure, functioning, the systems it uses and the technologies used in the systems, and creating the alternative distribution channel architecture for products and services, and the evaluation of the compatibility of the decisions to be made in line with the project and portfolio management with the technology architecture, and the evaluation of the relevant capacity 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 convenes to evaluate the audit plan information, information connected to completed audits, information regarding past and incomplete actions and findings, requests to revise the action date with the audited unit and department managers and, if necessary, with the audited unit personnel.

Service Management Committee

The main responsibility of the Service Management Committee is to determine the scope, policy and objectives of the service management in accordance with the corporate strategy, to plan and follow-up the service management and raise awareness of meeting service requirements. The Committee is also responsible for regularly reviewing the activities and ensuring compliance with the laws to which the organization is subject, ensuring adequate resources for the conduct of service management activities and identifying and managing risks related to the service management.

PRIORITIZING SUSTAINABILITY

We transform data in financial life into a secure future with the accomplishments we have achieved in the field of digital transformation.





THE ROLE OF KKB IN SUSTAINABILITY OF FINANCIAL AND COMMERCIAL LIFE

KKB contributes to the sustainability of financial and commercial life with the products and services it offers.

As Turkey's first and only credit bureau, located at the heart of financial and commercial life, KKB deals with sustainability under the headings of Environmental Protection, Economic Growth and Social Development. While serving individuals and the real sector, and the financial sector in particular, with its innovative products and effective risk management solutions, KKB contributes significantly to the sustainability of the financial and commercial ecosystem by enabling its members and customers to manage their risks more effectively with these solutions. With services such as the Cheque Report and the Risk Report offered within this scope, but also individuals and the real sector, as well as financial institutions, are provided with the opportunity to manage their financial risks more effectively. The QR Code Cheque System, which was introduced on 1 January 2017, has contributed to the transparency and reliability commercial life. In addition to risk management solutions, the system also helps reduce the impact of the pandemic on the banking and finance sector with centralized products such as Personal ID number and GSM authentication, especially for remote authentication processes which have become vital during the COVID-19 pandemic. Aiming for a more reliable financial and commercial life with the services it offers, KKB contributes directly to the sustainability of the entire financial and commercial ecosystem, especially in the banking and financial sector, offering nearly 100 products and services.

KKB contributes to the sustainability of financial and commercial life with its investments and the governance structure which it has established in order to offer its products and services with a minimum of interruption.

With the awareness of the importance of the services offered to the banking and finance sector and their impact on the sustainability of the sector, the uninterrupted delivery of services is one of KKB's most important priorities. In order to ensure the continuity of services, a Business Continuity Management System structure has been established in accordance with the ISO 22301 standard. In order to prevent the impact of a possible crisis caused by a potential outage in the sector, KKB's secondary systems have been set up in the KKB Anadolu Data Center and are ready to work. Within the scope of the Business Continuity Management System, business continuity exercises are organized every year, with situation testing is tested by providing services from the KKB Anadolu Data Center for a period of one day. In addition, investments have been initiated for the KKB systems in the KKB Anadolu Data Center to work with the primary center in an active-active structure.

The KKB Anadolu Data Center, which also holds the TIER IV certificate in the field of uninterrupted service delivery, offers a secondary system in which members, especially those who receive service as a disaster recovery center, can rely on in case of an outage in their primary data centers. This ensures an uninterrupted service not only for the members of the KKB Anadolu Data Center, but also for millions of their customers.

KKB CONTRIBUTES DIRECTLY TO THE SUSTAINABILITY OF THE ENTIRE FINANCIAL AND COMMERCIAL ECOSYSTEM, ESPECIALLY IN THE BANKING AND FINANCIAL SECTOR, OFFERING NEARLY 100 PRODUCTS AND SERVICES.

With the investments undertaken in the KKB Anadolu Data Center, which is of vital importance in the banking and finance sectors in particular, KKB contributes to reducing the environmental impact of the entire sector.

Providing emergency center, cloud services, central product and technological infrastructure services, the KKB Anadolu Data Center plays a vital role in supporting the sustainability of the banking sector by meeting the needs of its members in these areas from a central point. In the establishment and operation of the KKB Anadolu Data Center, energy efficiency and reducing the impact on the environment were always prioritized and investments were carried out in this vein. The KKB Anadolu Data Center, the first data center in Turkey to hold the “LEED Platinum” Green Building Certificate, has also held ISO 14001 Environmental Management System certification since 2020. The energy efficiency provided by the investments carried out in the KKB Anadolu Data Center contributes to the sustainability of the environment in which we live by reducing the carbon footprint of all service members, especially the banking and finance sectors.

Along with the published KKB 2020 Sustainability Report, annual carbon and water footprint values of KKB started to be calculated throughout the organization and it was revealed that investments in energy efficiency, especially within the KKB Anadolu Data Center, cause significantly less carbon emissions than other similar technologies that can be used.

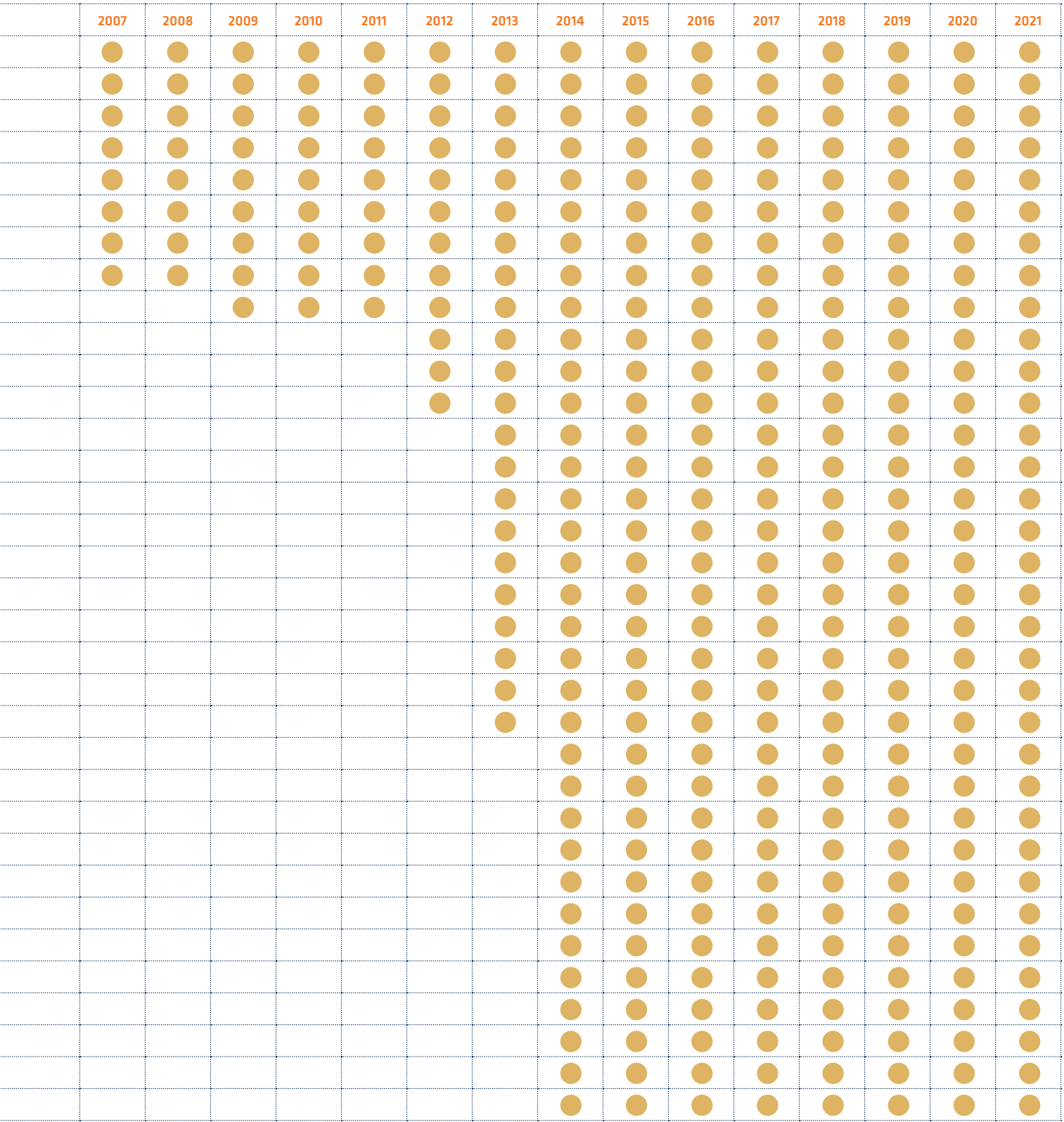
KKB ensures that the control environment regarding the hardware, software and data which it maintains is regularly audited and provides assurance to its members regarding their security and continuity.

In addition to its impact on the environment, many audits have been organized by independent auditors in order to ensure the security of the systems, data and employees of the members who receive services from the KKB Anadolu Data Center. With the publication of the ISAE 3402 Type 2 Independent Audit Report, independent auditors confirmed that the KKB Anadolu Data Center works in accordance with the Regulation on Information Systems and Electronic Banking Services published by the BRSA, in addition to the COBIT 4.1 framework. In addition to the assurance provided in this report, the entire organization, including the KKB Anadolu Data Center, holds ISO 27001 certificates in the field of information security, ISO 22301 in the field of business continuity and ISO 20000 in the field of service management. With these certificates obtained after the audit of the established management systems by independent auditors, KKB contributes to the sustainability of the banking and finance sectors, especially in the fields of information security, continuity and service delivery.

OUR ACTIVITIES

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104	PRODUCTS AND SERVICES WHICH WE OFFER TO THE TBB RISK CENTER BY PROXY
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KKB'S PRODUCTS AND SERVICES

KKB'S PRODUCTS AND SERVICES

Name of the Service	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
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)					●	●	●	●	●	●	●	●
Letter of Guarantee Status Inquiry (LGSİ)						●	●	●	●	●	●	●
Collection Scores						●	●	●	●	●	●	●
Inclination Scores						●	●	●	●	●	●	●
Central Invoice Registration System (CIRS)						●	●	●	●	●	●	●
IBAN Validation Service						●	●	●	●	●	●	●
LCS Customer Objections Handling System (LCS MIDES)						●	●	●	●	●	●	●
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										●	●	●
Cheque Score										●	●	●
Turkish ID Number - GSM Verification											●	●
Commercial Indebtedness Index (CII)											●	●
Fraud Net											●	●
Agricultural Loan Score											●	●

*Products and services offered to the TBB Risk Center by proxy are presented on page 104.

LIMIT CONTROL SYSTEM (LCS)

The LCS is a real-time system developed by KKB to meet the country's needs.

Pursuant to the Law on Bank Cards and Credit Cards, the total limit of credit cards that may be granted by all banks to a customer who will begin to use a credit card for the first time may not exceed an amount calculated as twice their income for the first year, and four times their income for the second year. Pursuant to the regulation dated 8 October 2013, credit limits apply to all credit cardholders.

KKB initiated work on this subject 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 had uploaded customers' credit card data into the system.

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

Pursuant to the Law on Bank Cards and Credit Cards, the LCS enables credit card issuers to manage the single limit application by combining credit card limits assigned by credit card issuers for each customer.

With effect from 1 March 2014, sanctions were 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 has been attempted,
- If the 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 able to perform reduction, closure, and record correction transactions without document circulation in order to facilitate correction of limits notified as part of the LCS.

LCS CUSTOMER OBJECTIONS HANDLING SYSTEM (MIDES)

The LCS MIDES allows objections to erroneous or incomplete data shared using the LCS can be managed by KKB members.

The LCS MIDES provides a platform for KKB members to handle customer objections related to incomplete or incorrect information shared via the LCS.

If a customer believes that the information shared through the LCS is incomplete or incorrect, they may initiate an objection process in the 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 the MIDES screens. If the responding member replies to an objection with a value lower than the LCS value, the process continues via the LCS Urgent Updating screen with the responding member updating their reply.

The LCS MIDES was developed to respond to customer objections quickly and clearly and to carry out all related communications in accordance with defined standards. It aims to shorten the objection process and increase customer satisfaction.

RISK REPORT

The Risk Report reveals the past loan payment performance of loan products issued by banks.

The Risk Report is a KKB product which sets out the past loan repayment performance of natural persons and legal entities.

The credit registry data held by KKB consists of customer information shared by all institutions and organizations which are members of KKB. The report is prepared on the basis of this information and submitted without changes. The report goes beyond those published by its world peers 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:

- Limits, risks, past payment performance and credit card payment details of the respective individual
- Number of financial institutions which issued the notification
- Total number of credit accounts
- Total limit and balance data
- Date of last loan utilization

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- 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: information such as outstanding balance under prosecution, credit utilization ratio, number of installments, amount of installments.

The Risk Report also includes the repayment performance for each loan over the past 18 months, while providing an overview of repayment performance in the financial sector. The Risk Report not only contains negative information, such as overdue payments or records under prosecution but also positive information, such as timely repayment of loans. Therefore, the Risk Report offThe enactment of the Law Amending Cheque Law No. 6273, which was promulgated in the Official Gazette No. 28193 (Repeating) dated 3 February 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.

Platforms through which information required for proper management of risk and enabling accurate decision making on the part of the bearer of the cheque on whether or not to accept a cheque aim to protect both the cheque issuer and the bearer.

The "Cheque Report Presentation System", which was implemented by KKB in April 2012 in order to render cheques, a common payment tool, more secure, is a service established to provide the cheque reports it produces and the past cheque payment information, which the cheque bearers will need regarding issuers in order to reach a sound decision.

Within the scope of the report, in which the past cheque payment information of the cheque issuer can be easily accessed;

- Banks where the customer holds a cheque account,
- The number of cheques presented since 2007,
- The number and amount of cheques paid upon presentation,
- The number and amount of cheques bounced and still unpaid since 2009
- The 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 post- dated 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.

CHEQUE STATUS INQUIRY SERVICE

With the Cheque Status Inquiry Service, it is aimed to find out whether the cheque is in circulation by making an online inquiry about the status of accepted cheques.

With the Cheque Status Inquiry Service, which has been developed in order to prevent cheque fraud, which has increased recently, it is aimed to find out whether the cheques are in circulation by querying the status of the received cheques online. Thanks to the

system that works by making an online inquiry through the bank that issues the cheque, it is possible to obtain information about whether the cheque transmitted from the addressee bank is in circulation.

The inquiry will be used to prevent the possibility of a certain cheque being a copy of the original cheque by determining whether the cheque in question has been returned to the banking system, or whether it is received by any bank for collection or collateral purposes. In order to pave the way for 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 studies carried out and the information obtained from new data services, work for the dissemination of KKB products continues. One such area of activity was the renewal of the Cheque Status Inquiry (CSI) application. The application was developed as a new application independent of the existing CSI application with the new services of the CSI service. After the improvements carried out, it is possible to conduct inquiries about cheques which are in circulation through the MICR code found on the cheque and also through the security code prepared as a feature to increase the security of the QR code.

THE CHEQUE INDEX

The Cheque Index, which summarizes cheque-using habits and the reliability of a cheque issuer, is a graphical risk indicator based on a score for the market derived from the cheque payment data of natural and legal persons.

The Cheque Index evaluates the cheque payment behavior of legal or natural persons as a measurable factor. If there have been problems in the payment of a cheque, the Cheque Index's calculation reflects the number and amount of such problems. The cheque bearer may easily view the standing of a cheque issuer on a simple diagram and compare their 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. Institutions which will carry out transactions against cheques, instead of trying to interpret detailed data on the history of the cheque in the Cheque Report, with the evaluations they carry out using the Cheque Index, which is calculated statistically by the analysis of these data can have an idea about the reliability of the cheques they accept as collateral, are able to reach consistent predictions in regard to whether the cheque will be paid on due date and thus will be able to minimize any financial loss in the event of the cheque being dishonored.

PERSONAL CREDIT RATING (PCR)

The Personal Credit Rating is used to predict the extent to which the loan will be repaid when compared to another consumer.

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

The Personal Credit Rating enables lending institutions to reach rational, standardized risk decisions while substantially shortening the decision-making process. As a result, customers are able to access loan products in a shorter space of time. KKB launched the fifth version of the Personal Credit Rating in 2017.

PERSONAL INDEBTEDNESS INDEX (PII)

The PII is a score-based risk index developed to help achieve better prediction of potential risks.

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

The objectives of the PII include:

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

Accordingly, the PII was designed to predict the individuals which would become "excessively indebted" within one year following the date of the inquiry, even if they were not expected to become insol-

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vent within the same period.

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

COMMERCIAL CREDIT RATING (CCR)

The CCR is a rating score ascribed to the credit worthiness of the relevant firm in order to facilitate commercial credit analysis.

The Commercial Credit Rating (CCR) is an evaluation of the credit-worthiness of a firm, which is used to facilitate commercial credit analysis. The CCR can be queried by member banks and other financial institutions as part of inquiries conducted through the Corporate Bureau, which keeps a record of credit histories.

The CCR is based on demographic data, loan data and the cheque payment performance, and is used to predict the extent that an enterprise will fulfill its repayment obligations of a loan obtained from a member. The higher the CCR, the less likely the firm is to be classified as an NPL within 12 months of the inquiry date.

Financial institutions consider a number of variables in the lending process. Credit repayment histories of legal entities serve as an important variable at this point. The CCR also fills an important gap by providing the information needed in the evaluation of the behavior (credit repayment) performance of legal entities. This simplifies the process of monitoring the external behavior of loan customers.

The CCR, which is calculated statistically through the analysis of detailed data contained in the Risk Report, provides the following advantages:

- Risk decisions reached by lending institutions can be evaluated more accurately.
- A standard can be established in the commercial segment.
- Decision-making processes are shortened so customers are able to access loan products in a shorter space of time.

KKB offers its corporate members the “Commercial Credit Rating” model, derived from data modeling carried out on the “Corporate Bureau System”.

COLLECTION SCORES

“Collection Scores” calculate the risk of further delay or default in the near term of a customer delaying a loan payment.

The Collection Scores service, one of KKB's high value-added products, launched in order to support the data-sharing service it offers to members with analytic scoring models, is used to assess the risk that a customer who has already delayed on a repayment will further delay a payment or default on a loan in the near future. Collection Scores, which are risk scorecards tailored for each customer who delays their payments, allow members to manage their collection processes more effectively by developing a collection strategy for their customers who have delayed on payments. Taking into account all CRS data, members may boost collection efficiency by planning their actions to realize risk segmentation in line with the related overdue periods and may also be able to maintain customer satisfaction except for operational gain.

INCLINATION SCORES

KKB Inclination Scores are used to predict the tendency of individuals to use a new loan product in the future.

KKB Inclination Scores seek to predict the likelihood that individuals will use a new credit product in the future based on their past behavior and their performance with respect to existing credit products. It 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,
- Provides more productive, efficient management in making products available.

KKB, which started to calculate trend scores for retail loans in 2015 by modeling the loan and loan application information of the retail portfolio in the data warehouse with statistical methods and calculations, plans to calculate trend scores for all individual products in the future.

GEOMIS - MAP-BASED REPORTING SERVICE

GeoMIS is a location-based data reporting service which allows addresses contained in the data within KKB to be processed and displayed on a map.

GeoMIS, the 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 town and city.

As well as offering a database, numerical map and reports, GeoMIS can also be effectively used as a decision support system as it visualizes common database processes, such as inquiries and statistical analysis, combining them with geographic analyses provided by the maps. This capability allows GeoMIS to produce much more valuable report outputs, providing an output which boosts productivity and risk models.

The GeoMIS Map based Reporting System can generate the Standard Report, which contains portfolio data of an institution pertaining to a specific period, the Trend Report, which enables the tracking of changes in the portfolio data of an institution within a certain time period, the Benchmark Report, in which portfolio data of an institution can be evaluated against industry data and TURKSTAT (Turkish Statistical Institute) data, as well as selected benchmarking group average data.

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 performed using geo-coding.

The system uses the IP address to determine the institution which the user entering the application belongs to, 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 then, the application has also offered services in the form of GeoMIS Personal.

GeoMIS Corporate & GeoMIS Cheque

GeoMIS Corporate and GeoMIS Cheque are GeoMIS family products, which brought specially prepared KKB data for small, medium and large enterprises and the commercial segment to the data set in August 2014 and allowed this data to be reported in detail on a provincial and district basis.

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 displays this data on the map on the basis of 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 and bank branch, and the number of firms on credit/bank branches.

As with other GeoMIS applications, the content of GeoMIS Corporate and GeoMIS Cheque is continually undergoing improvements. In its first year, the data set of GeoMIS Corporate 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 level of risk in TRY terms, the level of risk excluding rediscount and accrued interest, the level of risk per customer and the level of risk per branch on Risk Reports;
- Limits in TRY terms and limit the ratios on Limit Reports;
- Non-performing receivable ratios and delayed credit ratios on Ratio Reports.

KKB'S PRODUCTS AND SERVICES

LOANS ANALYSIS PORTAL (LAP)

The LAP is an interactive reporting environment which allows comparisons with the “comparison group” and the “sector as a whole”.

The Loans Analysis Portal (LAP) is an interactive reporting system which allows data reporting of any kind of installment loan, overdraft account, or credit card products in the portfolio held by natural persons, their payment performance, and comparisons with the benchmarking group selected in the GeoMIS Personal application and with the sector as a whole.

The primary advantages which the LAP offers to users include:

- Showing 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 through the Internet.

Using different parameters and filtering options on the reporting screens, the Portal is capable of producing about 175 million different reports on 2.5 billion lines of data. Thanks to its state-of-the-art infrastructure, the LAP generates reports in an extremely short space of time.

Corporate members of KKB who are also Credit Reference System (CRS) users may perform the following analysis on the LAP:

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

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 the following:

- Tracking of the current state and development of its own loan portfolio over time;
- Comparisons of data related to different portfolios, such as the amount, volume, overdue payments and collections, with competitors;
- The ability to use this data to establish and test risk management policies.

KAP (Public Disclosure Platform)'s reporting service was prepared as a separate portal for consumer finance companies. The companies were provided with the opportunity to receive data from the LAP on a product basis and under their preferred heading.

KAP (Public Disclosure Platform)'s reporting service was prepared as a separate portal for consumer finance companies. The companies were provided with the opportunity to receive data from KAP on a product basis and under their preferred heading. In addition to the newly opened accounts analysis, current portfolio analysis and risk analysis reports (which they may already receive), consumer finance companies may 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 which enables KKB members to compare their cheque numbers with the “benchmarking group” which they will define and the “sector in general”.

The Cheque Analysis Portal is an interactive reporting environment which enables KKB members to compare their cheque numbers with the “benchmarking group” that 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 may perform the following activities:

- Compare the number of cheque customers using cheques for the first time with competing institutions;
- Gather information about the ratios and trends of customers who issue bounced cheques in their customer portfolio;
- 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, as well as the payment history of cheque customers;
- Gather information regarding the up-to-date ratio of bounced cheques and the proportion of the bounced cheques which have been paid;
- Compare the ratio of cheque customers who issued a cheque for the first time and who presented 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 the cheque index distribution of the cheque customers.

ADDRESS PROCESSING SERVICE

The Address Processing Service is an application which includes updates of customer address information in the bank and checking newly added addresses, so customers can be correctly identified in the system.

The address formatting infrastructure used in GeoMIS started to be made available as a standalone service in line with the needs of KKB members in 2014.

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

The Address Processing Service provides the following benefits:

- With the collective processing of customer addresses, the customer's existing customer address information in the bank is formatted, allowing changes such as the street name and town in the address and the address to be updated with missing data, and geographic coordinates are added to the address data (geocoding).
- The service shares an 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. The coordinate assignment service through KKB is also provided for each address which has been entered. In addition, a reverse geocoding service is also offered to obtain current addresses through coordinates (reverse geocoding) for use in cases such as region or county changes.
- The mapping service allows any specific data related to a member to be mapped using a function operated by KKB.

AGRICULTURAL LOAN ASSESSMENT SYSTEM (TARDES)

TARDES provides an infrastructure and information service to financial institutions, enabling them to conduct systematic agricultural loan assessments.

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.

With TARDES, all banks which are members of KKB and able to carry out CRS & CRM notifications and inquiries are provided with a vital infrastructure and information service which allows them to conduct evaluations on accurate and up-to-date data without the need for specialized teams, and where they can carry out systematic agricultural loan assessments.

After an evaluation conducted in 2021, KKB was selected as one of Turkey's 50 most innovative companies by the Fast Company in recognition of its TARDES service.

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 of different maturities depending on the type 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 which 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;
- Preventing the extension of loans which 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;
- The automatic data input from the Farmer Registry System included the following;
 - A flexible lending infrastructure tailored to the needs of 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 approaches for a product for which a limit has been proposed;
 - Time savings by blocking applications for products which do not qualify for a loan extension;
 - Evaluation of a producer's loan requests for non-agricultural purposes through the personal loan category.

KKB'S PRODUCTS AND SERVICES

Thanks to this assessment system developed jointly by the Frankfurt School and KKB, cost, income, and maturity calculations have become much more straightforward.

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

FARMER REGISTRY SYSTEM (FRS)

The FRS is a registration system which requires the collection of farmer information in a centralized database.

The Farmer Registry System (FRS) is a registration system which requires all farmers to be registered in a central database in order to monitor, inspect, report and inquire in regard to agricultural support and to ensure that the evaluations are performed soundly and accurately.

The FRS is a combined system of systems in which the personal information of farmers actively engaged in agricultural activities, the assets they use during their activities (such as land, animals and various inputs), their product pattern and their average yields are recorded, along with agricultural supports which have been applied, monitored, inspected, and used in the formation of agricultural policies.

The FRS Inquiry Screens allow KKB members who are not using the TARDES loan module to inquire in regard to FRS data compiled by the General Directorate of Agricultural Reform and which is used to update, inspect, and monitor farmer-related data.

TRADE REGISTRY SHARING SYSTEM (TRSS)

The TRSS is a service that allows banks to track current trade registry information amendments published in the Trade Registry Gazette regarding their customers in a digital environment.

The Trade Registry Sharing System (TRSS) is a service which allows banks to track current commercial registry information changes published in the Trade Registry Gazette regarding their customers in a digital environment.

The TRSS allows users to access amendments published in the Trade Registry Gazette on a daily basis using their preferred method. The application may be used by submitting a single query as well as collective query and proactive notification methods.

The Multiple Inquiry option allows users to retrieve the trade registry information of several customers at any one time. Users may either retrieve information regarding all types of announcements or select announcements in a specific category.

The Proactive Notification service sends members daily notifications regarding 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 select which daily notifications they wish to receive by entering specified criteria into the system.

VALIDATION SERVICES

The IBAN Validation Service minimizes the risk of negative incidents related to money transfers through the inquiry and confirmation options which it offers.

The Verification Services offered by KKB, which are aimed at bringing about a more reliable financial environment, are a set of services created to alleviate the operational and cost burden of institutions and organizations in the financial world and create a reliable environment for their members while achieving time savings. Verification Services include the IBAN Verification Service and Turkish ID Number and GSM Verification Service.

IBAN VALIDATION SERVICES

The IBAN Validation Service minimizes the risk of negative incidents related to money transfers thanks to the inquiry and confirmation options which it offers.

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

The IBAN Verification Service aims to minimize incidents which may occur in money transfers with the query and confirmation options which 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 title of the legal entity connected to the IBAN, thus helping customers avoid incorrect money transfers.

The KKB IBAN Confirmation feature is a verification service which can be used when the account holder's IBAN and Turkish ID or Tax numbers are known, but the identity verification cannot be performed. Users may check whether the match between the IBAN and Turkish ID or Tax number is correct by submitting an inquiry on KKB.

The KKB's IBAN Validation Service aims to:

- Prevent errors in money transfers,
- Cut operational costs,
- Reduce time costs,
- Provide customers with a secure transaction platform, and
- Increase customer satisfaction.

TURKISH ID NUMBER AND GSM VALIDATION

Turkish ID No. and GSM Verification Service is a service aimed at confirming customers digitally in transactions to be performed by banks.

In the financial sector, as in other sectors, work is carried out with the aim of contributing to the sector at a time when digitalization has become important. Thanks to the services prepared for the safe execution of financial transactions, it is possible to confirm telephone numbers shared with members by their customers, if the telephone number has been registered in the banking sector.

With the telephone number given, it is possible to check whether the Turkish ID number has been previously registered in any bank and whether it matches.

Banks seeking to use the application may join the system with Web Service Integration and integrate it into their own systems.

ELECTRONIC LETTER OF GUARANTEE

The Electronic Letter of Guarantee is a platform which allows banks to transfer traditional letters of guarantee issued by banks to electronic media.

The Electronic Letter of Guarantee is a platform which carries traditional letters of guarantee issued by banks to electronic media and enables all transactions which can be carried out throughout the life cycle of the letter to be performed in an electronic environment.

All transactions which can be performed for letters of guarantee created in paper form may also be executed for the Electronic Letter of Guarantee.

The first Electronic Letter of Guarantee was transferred between VakıfBank and Türk Eximbank on 4 October 2018 following the completion of integration studies carried out between the banks and the intermediary institutions which were the party to the project, which was transferred to the production environment on 5 January 2018. All banks are working to complete their integration processes with this important project, which marks a revolutionary step forward in the Turkish banking sector.

Real sector firms which are beneficiaries in an Electronic Letter of Guarantee transaction may follow the status of their letters through Findeks. The status of the letters may be displayed and it is possible to monitor the stages of the processes between the payer and the bank.

The Electronic Letter of Guarantee also offers a wide range of advantages both for the beneficiary and for the payer. The most prominent of these advantages can be listed as faster and safer transactions with minimal operational costs.

All functions in the life cycle of the standard letter of guarantee such as compensation claims, requests for restitution or release, maturity updates, expiry date and status inquiries are also available in the Electronic Letter of Guarantee.

LETTER OF GUARANTEE STATUS INQUIRY (LGSİ)

The LGSİ is a system where it is possible to check whether or not the addressees of letters of guarantee issued by banks are still valid at the bank.

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 being able to instantly inquire the validity of a letter of guarantee without the need to contact the issuing bank.

The system, which allows the validity of a letter of guarantee to be checked instantly, also helps to prevent incidences of attempted fraud.

The system is able to immediately question the validity of a letter of guarantee given to the addressee, with the aim of preventing fraudulent attempts.

KKB member institutions and corporations may use the LGSİ service, which mainly targets public entities and institutions which process a large number of letters of guarantee, through web screens especially designed for this application. Users are able to submit online inquiries using banks' updated letters of guarantee databases, which are integrated into the system.

KKB'S PRODUCTS AND SERVICES

The LGSI covers all letters of guarantee issued to enterprises based in Turkey. In this "online/real-time" application, data flow to or from banks which issue letters of guarantee is achieved through web-based service integration.

CENTRAL DECISION SUPPORT SYSTEMS (CDSS)

The CDSS enables all decision automation to be carried out over KKB using cloud technology.

Serving as a data-sharing platform since its foundation, KKB now enables the execution of the entire decision automation to be carried out over KKB using cloud technology, through the Central Decision Support Systems (CDSS), which began to be offered to the members in 2014.

The CDSS is a decision automation system used by institutions which deliver all types of decisions including application management, risk and collection, credit monitoring and early warning related to services provided by them to their customers, in a rapid, efficient, and standardized manner. The most significant downside of these systems, despite their many advantages, is that the purchase, installation, and operational costs may be significant.

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

KKB enhances all information sent by members when decisions are required, before processing the information through the CDSS and then sending the final decision to that member. Accordingly, members may benefit from this state-of-the-art technology which was designed to reduce installation costs and implementation time. CDSS are effectively used by both the real sector and the finance industry. The main advantages of the CDSS, which can be used in a wide range of areas including application management, customer management, limit management and collection management which require continuous updating and optimization of decisions in order to adapt to the ever-changing business environment with successful strategy management, are as follows:

- The system requires minimal IT resources, since the technical infrastructure is provided by KKB;
- It 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 reach 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 draw on KKB's know-how and technology;
- Inquiries all reports received from KKB with the query are carried out within KKB through this system.

PRESCRIBED ACCOUNTS

In this service, information regarding prescribed deposits, participation funds, trusts and receivables are published on a platform accessible to customers.

With this service, information regarding prescribed deposit accounts, participation funds, trusts and accounts receivable are collected from banks which are members of the Banks Association of Türkiye (TBB) and the Participation Banks Association of Türkiye (TKBB), consolidated and published on a common platform (i.e., the website) to provide customers with easy access.

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

ALERT SYSTEM FOR FALSE INFORMATION, DOCUMENTS, DECLARATIONS OR APPLICATIONS (SABAS)

SABAS is a system that allows information about malicious attempts to be shared, enabling necessary precautions.

Serving the finance industry for the past 10 years, the Alert System for False Information, Documents, Declarations or Applications (SABAS) enables members to share information regarding 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 which 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 the face of the initiatives that are the subject of SABAS, 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 judgments”,
- 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 FRAUD ALERT SYSTEM (IFAS)

The IFAS primarily aims to establish communication between member institutions regarding fraud committed over the internet.

In what has become a very common criminal act, fraudsters obtain information such as the username and password of bank customers at the internet branches and enter the accounts of the customers, before transferring money to their own accounts, which they usually open using counterfeit identity documents. Even though banks use highly advanced security systems to prevent such attempts, criminals continue to develop new methods to bypass these systems.

The Internet Fraud Alert System (IFAS), developed by KKB, primarily aims to establish communication between member institutions regarding incidents of fraud carried out over the Internet. To that end, requests to block an account in the event of money transfer scams can be transmitted through the IFAS. Accordingly, it is possible to establish more effective communication between corporations, while all kinds of information regarding transactions can be stored in the data processing system.

Given the increasingly complex nature of money transfers, an automatic graph-drawing feature was added to the system to facilitate investigations 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. Perpetrators of online fraud generally open deposit accounts using false identification documents to withdraw the money they have transferred from customers' bank accounts. Data pertaining to such accounts is shared within SABAS so the relevant departments of corporate members are able to access this information. Hence, information which had been previously used for fraudulent purposes and detected by IFAS can never be used again.

APPLICATION FRAUD ATTEMPT DETECTION AND PREVENTION SERVICE

The Application Fraud Attempt Detection and Prevention Service provides a much safer operating environment when compared to checking fraud events on an institutional basis.

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

The Application Fraud Attempt Detection and Prevention Service establishes a much safer operational environment when compared to the fraud prevention controls undertaken by each institution on a separate basis. 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 through KKB, thus allowing for easy system participation at a low cost for financial institutions.

Since the licensing expenses will be shared by all institutions, the service, which provides a great advantage to institutions, is designed to work on shared rules and data, as well as to process exclusive rules and data of institutions.

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.

KKB'S PRODUCTS AND SERVICES

LOAN UTILIZATION INSTANT SHARING SERVICE (KAPS)

KAPS is a service provided with the aim of preventing a person from obtaining more than the amount determined by their creditworthiness from banks or financial institutions on any given day.

The Loan Utilization Instant Sharing Service (KAPS) is designed to prevent individuals from obtaining loans from banks and financial institutions in excess of the amount determined by their creditworthiness in any given day, and to identify any related fraud cases.

The service allows an institution to be informed if a customer has obtained any other loans in the 48 hours prior to the time the loan was extended. It allows a ban to be placed on any person receiving loans in excess of their solvency, while preventing a type of fraud commonly perpetrated in the market.

BRSA PRODUCT AND SERVICE FEES PORTAL

Information regarding all kinds of fees, commissions and expenses related to individual products or services is provided through the BRSA Product and Service Fees Portal.

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

NOVA

KKB NOVA is a platform that allows data to be collected, grouped, analyzed and interpreted in a systematic manner.

The 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.

The platform 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.

The platform aims to collect data dynamically on a single system, in view of the following situations arising in current data collection systems;

- Data Duplication
- Data Verification
- Integration Deficiencies
- Lost Data
- Dependence on People
- IT Dependency
- High Costs
- Manual Processes

AGRICULTURAL LOAN SCORE

The agricultural loan score measures the risk of default in agricultural loan repayments within 12 months for real persons operating in the agricultural sector.

Agriculture in Turkey is of tremendous importance in meeting the country's food needs, providing input to the industrial sector, exports and job creation.

Since financial risk management is critical in such an important sector, an analytical model specific to the agricultural sector has been developed for the first time in Turkey, with country-wide sector data, in order to predict the extent that those operating in the agricultural sector will be able to repay the loans they have received or will receive.

The Agricultural Loan Score measures the risk of default in agricultural loan repayments within 12 months for real persons operating in the agricultural sector. It has been developed by statistical methods for the use of the financial sector.

The use of Agriculture Score provides the following benefits;

- Enabling member financial institutions to reach objective decisions more quickly in the lending process,
- More effective management of the risk of the loan portfolio of financial institutions in the agricultural sector,
- Correct pricing according to the risk level predicted as a result of the analytical model for the producers.

KKB CHEQUE SCORE

The KKB Cheque Score measures the risk of the issuer defaulting on the payment of at least one cheque at maturity within 9 months.

The level of risk of cheques with a high leverage ratio for the economy is of critical importance. The “KKB Cheque Score” developed by KKB, which is intended to assist Members with analytical products in managing risk in the most appropriate way with statistical forecasting modeling methods using industry data, measures the risk that the issuer will default on the payment of at least one cheque at maturity within 9 months.

The model, which was developed by analyzing the payment performance of all cheque data as well as other loans, was made available to all financial institutions which are members of the Risk Center in 2019.

The KKB cheque score provided our members with the following benefits;

- Allowing Member financial institutions to reach more objective decisions more rapidly in the lending process,
- The ability to effectively manage the cheque credit risk of their customers working with cheques,
- Improving the quality of cheques in the collateral store.

FRAUD NET

FraudNet is a fraud detection and risk management software package designed to offer protection from online fraud.

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

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 creates a common device database and anti-fraud platform for applications for Bank, E-Commerce and Telecommunications companies, account openings and all online transactions.

COMMERCIAL INDEBTEDNESS INDEX (CII)

The CII model identifies firms which do not yet have an obvious delay but have a high degree of borrowing tendency, and are likely to fail in the future.

Companies which are experiencing some difficulty paying demonstrate some delays before defaulting. The CII model identifies the firms which do not yet have an obvious delay, but have a high degree of borrowing tendency and are likely to fail in the future. Unlike most risk models which look at the number of days of delay, this model brings a different perspective of riskiness by taking into account borrowing situations which exceed the company's payment capacity.

The model estimates the tendency of models developed for individual companies and legal entities using machine learning algorithms to fall under high indebtedness that may lead to the subsequent default of the customer by looking at customers' historical KRM information, both instantly and as a trend.

WEB SKOR

The Web Score model uses information about SMEs to estimate the probability of default with a risk model.

The Web Score model automatically collects and analyzes public internet data and uses this detailed information about SMEs to estimate the probability of default with a risk model. This model can be used to speed up the decision-making process of bank teams and automate the manual assessment of allocation. The Web Score model, which has been developed with Machine Learning algorithms, can be used as a strong analytical forecasting model to support the credit decision when there is limited external intelligence concerning the company, either a weak credit history or no credit history at all, and thus more companies can access credit. Even when sufficient information about the firm is available, the Web Score model can be used to improve the performance of credit risk models.

The Web Score model uses information concerning SMEs to estimate the probability of default with a risk model.

CREDIT LIMIT-CREDIT RISK INQUIRY AND INFORMATION SHARING SERVICES

Unpaid interest and rediscount information is provided through Credit Limit-Credit Risk Inquiry and Sharing Services.

With this service, information on credit limit-risk and receivables to be liquidated allocated to real and legal persons can be monitored in the short, medium and long term on the basis of credit type, and includes unpaid interest and rediscount information on loans.

The information headers collected in the notification are as follows:

- **Credit Limit:** Credit limits for cash and non-cash loans allocated to individuals and legal entities, funds and receivables within the scope of their activities,
- **Credit Risk:** Cash and non-cash loans, funds and receivables within the scope of their activities, and related interest and dividends,
- **Receivables to be Liquidated:** Loans and other receivables deemed as non-performing loans by banks. Receivables to be liquidated by financial leasing, factoring and financing companies and receivables followed in the receivables account as a loss.

The information collected within the scope of the service is consolidated on a customer basis and shared collectively with members which have sent notifications regarding these accounts. It is also possible to carry out individual inquiries via the web screen or the web service.

Within the scope of the service, information regarding the credit limit, credit risk and receivables to be liquidated at the Savings Deposit Insurance Fund, which notifies the Risk Center as the source institution, and information on the principal debt arising from the issuance of financial bills and bonds at the Merkezi Kayıt Kuruluşu A.Ş. is shared with members.

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

In addition to various error code adjustments in the CLCR application in 2021, individual qualified loans guaranteed by the KGF were notified and this information was shared with the members of the Risk Center.

BILL DETAILS NOTIFICATION AND SHARING SERVICE

The Bill Details Notification and Sharing Service collects information about forward-term bills, paid bills, bills contested due to default, bills with withdrawn objections, and canceled/returned bills from banks on a daily basis via the web service and shares this information 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, whether or not they are their own customers, are able to access up-to-date information on the bills which is reported on a daily basis. In addition, bills contested due to default, and bills with withdrawn objections are shared with all members free of charge through the Bill Feedback web service.

The Bill Report Service

This service consolidates and shares information about bills received from banks regarding real persons, commercial enterprises of real persons and legal entities. With regard to inquired companies or persons, summarized and detailed information can be accessed about bills paid in the last 5 years, overdue bills, contested bills, bills with withdrawn objection, bills canceled or returned before maturity and forward-term bills with a due date of within 5 years.

BOUNCED CHEQUE INQUIRY AND SHARING SERVICES

With the Bounced Cheque Inquiry and Sharing Services, information on bounced cheques and the account holders are reported to the Risk Center on a daily basis.

In the Bounced Cheque Inquiry 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:

- **With Collective Sharing,** bounced cheque data submitted by members is consolidated and shared collectively with all members of the Risk Center through the File Transfer System.
- **With the Individual Inquiry,** results of individual inquiries can also be shared with all members, whether or not they are customers, through the Risk Center's web applications.

INDIVIDUAL CHEQUE INQUIRY

The Individual Cheque Inquiry service enables Risk Center members to inquire in regard to cheques which have been recorded as dishonored as well as cheques paid after being recorded as dishonored.

PRODUCTS AND SERVICES WHICH WE OFFER TO THE TBB RISK CENTER BY PROXY

CREDIT REFERENCE SYSTEM (CRS)

With the CRS, all kinds of detailed information regarding individual loan products are shared with banks and financing companies.

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

Banks and financing companies which are members of the Risk Center are able to access a range of information online within several seconds through CRS inquiry, including data on all open accounts under which a consumer is “debtor” or “guarantor”, data on all closed accounts for the last five years, data on applications submitted during the last six months and loan repayment performance data pertaining to the last 36 months. Individual loan product information provided from members in accordance with a standard structure is transferred to the CRS database in its original form without undergoing any revisions, merging, additions or similar processes, and then is combined on a customer basis and shared. The CRS Emergency Update Application allows members to instantly update financial information and personal information pertaining to their credit accounts, delete guarantors and additional card users and carry out credit deletions without needing to wait for the next daily notification.

By using the system, financial institutions which can access all kinds of information about the total credit risk and payment habits of consumers in a very short space of time are able to carry out all kinds of risk decisions about their customers based on concrete data.

With the developed CRS Collective Inquiry Service, financial institutions which can conduct group inquiries on the portfolio of personal loan customers and correctly manage their risks are able to offer their loan products rapidly to the right customers under the right conditions, by reaching loan decisions rapidly (for example, by extending loans through SMS).

Thanks to these advantages provided by KKB, the finance industry is able to grow in a healthy manner and consumers can access the financial support they require on a macro scale.

The Credit Reference System minimizes personal credit risk, boosts credit volume by measuring credit risk, and enables more rational, faster, and healthier credit and limit decisions to be taken. The system also encourages individual credit customers to pay on a regular basis and paves the way for widespread loan utilization.

The CRS is not a blacklist; it also contains positive loan repayment data. Consequently, customers have the opportunity to introduce themselves easily to an institution which they will work with for the first time ever. While loan accounts are updated by 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, the CRS then began to be updated daily. In the CRS, where millions of accounts are recorded, work was carried out to ensure credit information and payment performance data were uploaded to the daily system. With more current data, members were better placed to reach healthier credit decisions more effectively.

As of July 2016, CRS notification was initiated by asset management companies, paving the way for enrichment of existing CRS data.

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

CORPORATE BUREAU SYSTEM (CBS)

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

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

Launched in 2005, this groundbreaking application offers a highly comprehensive 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 may easily update the portfolio at certain periods.

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

As the number of members providing information to the system grows, the Corporate Bureau System is being used more intensively. The 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, in addition to information on total corporate limits, information on group limits, group risk, cash, and the non-cash limit breakdown and overall revised maturity is shared in corporate inquiries.

After the Risk Center transition 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 where there is missing or erroneous data transmitted to the CBS without needing to wait until the next notification month. The system, through which where objections received and answered

via MIDES are also listed, additionally allows members to carry out updates without needing to wait until the following month's notification.

The first phase of the CBS Improvement and Simplification initiative commenced in 2017. This project enhanced data diversity within the CBS and further improved the system's data uploading and inquiry performance. With this project, Payment Performance data was added to the CBS in a manner similar to the CRS, and the "Maximum Delay Days in a Period" of a loan was shared 36 months retrospectively in response to the query.

Financial leasing companies and factoring companies were included in the system in 2018. Asset management companies also started CBS notifications as of 2019.

Additionally, turnover and asset size percentiles received from the Ministry of Treasury and Finance, Revenue Administration started to be shared on the CBS in 2019. Data for 2020 has also been added to the CBS service. The project to collect CBS notifications on a daily basis, primary work for which got underway in the last quarter of 2020, was implemented in the first quarter of 2021. Accordingly, Risk Center members who benefit from the CBS service are provided with more up-to-date customer data and are better able to manage their risks.

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 members who registered the records.

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.

With this system, the customer information shared in the CRS with the Personal MIDES application and the information shared in the CBS with the Corporate MIDES application is accessed, and the customer objections can be evaluated and concluded in a short space of time. As a result of the examination, where any problem is found with the shared data, the necessary correction process is also carried out in a short space of time without any requests.

MIDES holds the distinction of being the fastest system in the world in terms of examining and responding to consumer objections when compared to similar systems. Although Risk Center member banks are permitted up to 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 by asset management companies in 2016 and CBS notification in 2019, 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 customer information shared via the Foreign Currency Credit and Income Service. Risk Center members have a maximum of 8 business days to respond to the objections.

CRS DATA VERIFICATION SYSTEM (DVS)

The DVS is a system which allows the accuracy of consumer information to be checked and updated.

The CRS Data Verification System (DVS) is a system which is used extensively by members that allows members to check the accuracy of information declared by a consumer who has submitted the information in an application, to complete any missing information of existing customers and to update any outdated data of customers.

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

The Cheque Report Raw Data Presentation Service provides access to the historical payment data of a cheque issuer.

The Cheque Report Raw Data Presentation Service provides access to the historical payment data of a cheque issuer. The report includes detailed information concerning the banks where there is a cheque account, the cheques submitted, cheques which had bounced but were subsequently paid, and details in regard to the cheques which had bounced but were paid with 1-month, 3-month or 12-month intervals.

Since KKB has started to collect information on Postdated Cheques and Open Cheques from its members, the Cheque Report now contains information regarding issuers' postdated and open cheques in addition to cheques which have not been honored and paid cheques.

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

PRODUCTS AND SERVICES WHICH WE OFFER TO THE TBB RISK CENTER BY PROXY

the number/amount and ratio of cheques which have not been honored but are subsequently paid and the number / amount of cheques which have not been honored and are still unpaid.

RISK REPORT RAW DATA PRESENTATION SERVICE

The Risk Report Raw Data Presentation Service is a product which reveals the historical loan repayment performance of the loan products obtained from banks.

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

Based on personal and commercial loan data which is periodically collected by the Risk Center from corporate members through the CRS and CBS, this report contains information on data such as limits, risks and the number of credit accounts of real and legal persons, as well as member information on who holds an account, their past credit payment performance, the number of financial institutions which issue a notification, delays and follow-up actions which were taken.

Information on the limits and risk information which appears in financial leasing and factoring companies is fed from the CLCR system and presented in the Risk Report.

Improvements carried out to the individual inquiry service of the Risk Report in 2018 included grouping under a single heading of services which were previously separate for member types in the current structure, the addition of data for asset management companies and the enrichment of individual credit data. In addition, the current service quality was upgraded by carrying out improvements such as simplifying the "input" information used in inquiries.

With the project carried out in 2021, risk information regarding factoring and leasing members in the Risk Report Raw Data application was fed more up-to-date with the CBS application than it was with the CLCR application.

CROSS CHEQUE RELATIONS INQUIRY SERVICE

The Cross Cheque Relations Inquiry service allows inquiries to be conducted regarding the mutual cheque relations between the issuer and the last endorser.

This service allows inquiries concerning 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 setting out the number and the amount of cheques issued mutually between companies and natural persons, with detailed breakdown analyses which 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 has been provided through web applications and the web service since November 2015 and is actively used by all members.

BOUNCED CHEQUE WARNING SYSTEM SERVICE

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

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

INQUIRY AND WARNING SERVICES REGARDING ENTITIES PROHIBITED FROM PARTICIPATING IN TENDERS

Announcements published in the Official Gazette related to entities prohibited from participating 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 information, various services are provided to KKB-member institutions, including the following:

- When an announcement is published in regard to prohibited entities and natural persons, a warning report is generated specially for the financial institutions serving these clients. As a result, members may be informed of notices published regarding their customers without needing to refer to the Official Gazette.
- If a customer who is the subject of inquiry in the Corporate Bureau has a tender ban record, this information is also provided at the time of the inquiry.
- Customer-based searches can be conducted with the web application called "Transactions Related to Entities Prohibited from Taking Part in Tenders", where it is possible to access all announcements published within the year.

DATA SHARING SERVICE ABOUT DERIVATIVE TRANSACTIONS

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

- **Collective Sharing:** Data regarding derivative transactions is consolidated for each customer and shared collectively with members which have sent notifications regarding these customers related to derivative transactions and CLCR (Credit Limit-Credit Risk-Receivables to be Liquidated) on the business day following the notification.
- **Individual Inquiry:** Users may inquire about Credit Limit-Credit Risk-Receivables to be Liquidated and data regarding derivative transactions.

SHARING INFORMATION REGARDING CHEQUES UNDER INTERIM INJUNCTION

This service covers the daily collection of cheque information from the banks, which is out of the hands of the customers without the consent of the customers and for which the court takes a precautionary injunction, the annulment of the precautionary injunction, the cheque cancellation decision and sharing them through individual inquiries and collective feedback.

The service of Sharing Information about Cheques under Interim Injunction enables clarification regarding any interim injunction or cancellation decision on a cheque. With this service, inquiries can be carried out through the inquiry screen of the individual connected to the bounced cheque, as well as the cheque report.

SHARING OF INFORMATION ABOUT COMPANIES WHICH HAVE DECLARED BANKRUPTCY/ SUSPENDED BANKRUPTCY/ DEBT CONCORDATUM

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

SHARING OF INFORMATION ABOUT CUSTOMERS WHO HAVE BEEN 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 through the File Transfer System.

CUSTOMER REVENUE ADMINISTRATION (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: **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.

PRODUCTS AND SERVICES WHICH WE OFFER TO THE TBB RISK CENTER BY PROXY

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 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 any changes to the scores. These scores are assigned to customers by Credit Rating Agencies (CRAs), which have been authorized but not directly acknowledged by the 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

The Risk Center Data Updating Applications allows correction of the data notified and shared by members to be performed instantly, without needing to wait 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 through 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 they can take action. When an error is detected, the system imposes a sanction in accordance with the rules set out 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.

With the project, work on which started in 2021, the rules on sanctions regarding notifications made by the members over the web service will be automatically applied through the enforcement application.

OFFICIAL INSTITUTION AND CUSTOMER INFORMATION REQUEST SERVICES

These services include conducting the correspondence regarding letters received from official institutions such as the Courts, Prosecutor's Office, Police Department, Ministry of Finance, Capital Markets Board (CMB), Social Security Institution (SSI), Directorate of Execution and customers within the legally required time framework, ensuring that the reports requested by official institutions are produced accurately and in full and become ready for submission.

MEMBER REQUEST MANAGEMENT SERVICES

These services cover the checking and processing of forms submitted by the members in accordance with the memorandum and providing members with authorization to access applications after the controls.

APPLICATIONS OF THE SERVICE OF STATISTICAL INFORMATION DISCLOSED TO THE PUBLIC

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

Related bulletins and reports include the "Credit Limit Credit Risk and Receivables to be Liquidated (CLCR)," "Personal Loan and Credit Card", "Paid Cheque", "Bounced Cheque", and "Protested Bill", "Decisions on Cheque Ban" notifications issued by members to the Risk Center of the Banks Association of Türkiye.

These bulletins and reports include risk indicators such as the number of customers, total loan and cheque volumes, developments, non-performing loans, bad cheques and protested promissory notes regarding the Turkish finance sector in general, including non-bank financial institutions, and this information is presented in detail with sector and geographical breakdowns.

APPLICATIONS FOR THE SERVICE OF STATISTICAL INFORMATION DISCLOSED TO MEMBERS

The TBB Risk Center publishes various reports and analysis related to the Turkish financial sector, including non-bank financial institutions, from the data which it collects from its members, and shares these reports with its members. The sharing of this data is carried out statically through environments which can be accessed only by TBB Risk Center members.

APPLICATIONS FOR THE SERVICE OF STATISTICAL INFORMATION DISCLOSED TO OFFICIAL INSTITUTIONS

The TBB Risk Center publishes statistics, reports, analysis and data required and requested by the CBRT, BRSA and other official institutions from the data which it collects from its members and shares this information with the relevant official institutions regularly and/or upon request.

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 may lodge an individual inquiry using their MERSIS number, tax ID number or their national ID number. Information related to stock corporations, cooperatives, individual enterprises, the Turkish branch of foreign companies or their businesses established by associations and foundations is available within the service.

In 2018, system upgrades enabled the sharing of data regarding tradesmen in the Information System of Tradesmen and Craftsmen (ESBIS) through MERSIS. Additionally, information sharing was enriched by enabling results to be collected from both MERSIS and ESBIS when a MERSIS inquiry is carried out using the national ID number.

BKM MEMBER MERCHANT TURNOVER AND POS CANCELLATION INFORMATION INQUIRY

Work has been carried out to ensure that member merchant turnover from the Interbank Card Center (BKM) is consolidated on a monthly basis on the basis of identity and the following information titles are inquired by the members through the web service and web screen.

Within the scope of the inquiry service, information topics such as the national ID number or the tax number of the member workplace, period (month /year), the number of banks a member is working with and total turnover are shared.

However, with the Notification of POS Cancellation Information Service, which was implemented on 3 August 2021, banks of customers whose POS had been canceled with the decisions of the Fictitious Transaction Evaluation Committee due to fraudulent or mistaken use of POS devices, debit cards or credit cards notified the Risk Center.

This data is shared with members through the Member Workplace Turnover Information and POS Cancellation Information Inquiry Service.

RISK CENTER WARNING SERVICE

It is a product that allows negative notifications regarding checks, bills, credit insurance and tender bans made by different institutions, belonging to individual and commercial customers which Risk Center members make their notifications to, to be transmitted to members requesting the relevant service with an alert file via the FTP. Warnings are issued where members of notified the Risk Center of customers who have applied for credit limit, credit-risk, receivables to be liquidated (CLCR), individually qualified credit and credit cards (CRS) or commercially qualified credits (CBS) or issuers' postdated cheque applications with banks.

INDIVIDUAL INQUIRY UNIT REPORTING

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

With the project completed in 2021, improvements were carried out to the Individual Inquiry Unit Reporting Service, with sharing of all inquiries carried out individually by Risk Center members as raw data in the form of 10 different reports, including "Summary", "Detail" and "Trend Reports", using the FTP/DTS structure. In addition, new fields were added to the reports.

FORCE MAJEURE INQUIRY

Customers exposed to events defined as force majeure are notified to the TBB Risk Center on a monthly basis by all Risk Center members. As part of this service, in which individual inquiries can be conducted through the web screen, collective sharing is performed on a monthly basis through the FTP.

TELECOMMUNICATIONS INFORMATION INQUIRY

Debt information of real persons and legal entities who have delayed in their debt repayments has been obtained from telecommunication companies on monthly intervals. Data was broken down by the number of overdue days and shared, after being consolidated, with all Risk Center members through the web screen and web service.

PRODUCTS AND SERVICES WHICH WE OFFER TO THE TBB RISK CENTER BY PROXY

FOREIGN CURRENCY CREDIT AND INCOME INQUIRY SYSTEM

The Foreign Currency Credit and Income Inquiry system provides 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 and foreign currency income in 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 pertaining to credit utilized as part of the Investment Incentive Certificate are shared individually via the screen and web service application, regardless of whether the member performing the notification is a customer or not.

In 2019, new scope codes related to the notification and sharing of restructured 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.

In addition, new scope codes were added to the application in 2021, allowing members to perform notifications with newly added scope codes.

PROVISION OF RISK CENTER REPORT VIA THE E-STATE GATEWAY

The TBB Risk Center Report Service was launched on 15 March 2019, via the e-state gateway.

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

With the project implemented from 6 May 2021, the service, which was previously offered in two forms as Cheque Information and the Credit Limit Debt Information Report, has started to be presented as a single report, enriched with the following new information titles, as well as daily credit data in CRS and CBS.

Credit Limit and Debt Information (personal and commercial loans and asset management company records)

- Personal Loan Application Information
- Tender Ban Information
- Bill Information
- Cheque Information
- Information regarding the Cheque Ban

Within the scope of the service, free reports may be obtained once a day, four times a month and 24 times a year.

COMMERCIAL TURKISH LIRA RISK NOTIFICATION AND INFORMATION SHARING

Under this system, commercial credit information provided to real persons' commercial enterprises and legal entities is 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 on a daily basis.

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

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

The shared information includes details regarding the investor, the investment, elements supporting the investment, the investment amount, the 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 Investment Incentive Certificate information to be accessed through instant inquiries, the switching from a printed form to an electronic environment and access to the most up-to-date data in each inquiry, while preventing duplicate loan disbursements.

The e-YTB 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 CREDIT

Under this system, information regarding commercial TRY and FX credits utilized by legal entities and by commercial enterprises of natural persons is reported on an account basis.

Details of the total commercial TRY and FX credit extension rate and payment amounts of banks, factoring companies, leasing companies, and financing companies are reported on a daily basis.

Information obtained from members is shared with the CBRT (Central Bank of the Republic of Türkiye), thus helping the CBRT monitor development in the financial sector.

RISK CENTER REPORTING SYSTEM

The TBB Risk Center ensures that all data reported by its members is accessible to CBRT and BRSA employees through another reporting system. Through this system, employees of the CBRT and BRSA may perform all of the reports, analysis, controls and examinations which they need on their own, based on the data collected by the TBB Risk Center from members, and which is highly valuable for the Turkish finance sector.

RISK CENTER INTERACTIVE REPORTING SYSTEM

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 members do not have to rely on the scope and format shared in static reports.

The Risk Center Interactive Reporting System currently contains content (updated monthly) created from Credit Limit, Credit Risk and Receivables to be Liquidated (CLCR) data reported by TBB Risk Center members. In 2022, new content will be added to the system, consisting of data on individual credit and credit cards (CRS), paid cheques, bounced cheques, postdated cheques, blank cheques, paid bills and protested bills. Some of this content will be updated daily.

The benefits of the system can be briefly summarized with the following three items;

- As well as being able to access sector-wide figures, TBB Risk Center members are able to access figures belonging to their own institutions instantly, thus allowing them to conduct an institution-sector comparison.
- Members of the TBB Risk Center are able to take decisions and instantly reach the results structured according to their own preferences, using the filters in the reporting system and the report's interactive content.
- Members are able to carry out development and change analysis 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. These statistics allow members to regularly monitor cheque statistics regarding the sector in general with the highest level of frequency.

ISSUER'S POSTDATED CHEQUE DATA SHARING SERVICE

In this reporting service, cheque customers of TBB Center member banks share information of postdated cheques provided for collection and collateral of both their own banks and other banks.

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

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

Banks may gain a basic information regarding the future cheque payment obligations of their customers to whom they offer cheque books. As such, they will possess more information regarding the payment obligations of their customers during allocation decisions.

DECLARATION SYSTEM

Put in practice in 2021, the Declaration System allows members to declare that they do not have the data subject to Risk Center notifications or have not acted on the relevant data type, while allowing members to follow the entered declarations.

SHARING OF BANKRUPTCY AND CONCORDATUM DECISIONS IN THE UYAP SYSTEM

The Project of Sharing Bankruptcy and Concordat Decisions in the National Judiciary Informatics System (UYAP), implemented on 15 January 2021, allows the sharing of up-to-date information on bankruptcy and concordatum decisions, which are highly important in our country's agenda and are of intensive interest for our members.

Bankruptcy and concordatum information received from the Union of Chambers and Commodity Exchanges of Türkiye on a monthly basis and shared with members via FTS in the following month is now shared daily over the UYAP.

Under the new system, all Risk Center members may access current bankruptcy and concordatum decisions free of charge on the web service.

FİNDEKS WORLD

FİNDEKS AIMS TO ENABLE COMPANIES IN THE REAL SECTOR TO KNOW EACH OTHER FINANCIALLY, IMPROVE THEIR RISK-TAKING AND MANAGEMENT SKILLS, PROTECT THEIR CAPITAL AND REPUTATION, AND TO SAFELY EXPAND THEIR SALES TO OFFER THEM COMPETITIVENESS.

Findeks is a financial services platform launched by KKB in 2014 with the mission of allowing financial life in Turkey to better function. To that end, Findeks provides individuals and corporations alike with access to credibility indicators which the financial sector has used for many years, thus ensuring transparency bringing financial management and monitoring within the reach of 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 expand their sales and competitiveness. In light of the advantages provided by Findeks services, companies are able to 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 also filled important gaps with value-added products such as the “Findeks Rating Consultancy” which provides expert advice on how to improve credit scores, the “Findeks Tracer” which allows individuals to find out whether their financial and personal information has been made available online through fraudulent sites, the “Findeks Warning Service” which provides alerts on changes to credit card limits and debts with all banks, and the “Findeks Credit Rating” which provides notification of applications for credit which have been filed.

QR Code Cheque System introduced by Findeks became mandatory for all cheques by law on 1 January 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-generation 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.

Findeks, which offers a wide range of products to its users, reaches its customers through a number of different channels including the mobile application, internet branch, website, customer communications center, banks and strategic business partners. Work is underway to further develop these channels.

444 4 552

www.findeks.com

www.facebook.com/Findeks

www.twitter.com/Findeks

www.instagram.com/findeks

FİNDEKS CREDIT RATING

The Findeks Credit Rating has served as a reference 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 which individual customers have obtained from banks and financial institutions, credit card and overdraft accounts, new credit openings and the frequency of credit usage.

The Findeks Credit Rating functions 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.

The Findeks Credit Rating serves as an important evaluation rating which banks refer to when deciding to issue credit.

The Findeks Credit Rating is used by the real sector as a powerful supporting tool in decision making. With the Findeks Credit Rating, institutions improve their ability to offer 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, may use their Findeks Credit Rating as a strong reference to demonstrate their debt repayment performance to the individuals and institutions with which they will have a debt relationship.

FİNDEKS RISK REPORT

The Findeks Risk Report is a report in which credit, credit card and overdraft accounts in banks can be reviewed collectively, where total debt and limit information in banks can be accessed and payment habits tracked. The report covers housing loans, auto loans and consumer loans, credit cards, overdraft accounts and commercial loans. All information pertaining to 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 regarding the credit products of all banks in a single report.

The Findeks Risk Report allows users to view their own financial information in detail. They may also view the financial performance of other persons or enterprises where they have their approval to do so.

Risk Reports ensure a safe environment for trade, enabling viewing of the repayment history in trade relations and thus the payment habits of the other party, allowing precautionary measures to be taken against accounts receivable risk.

FİNDEKS CHEQUE REPORT

The Findeks Cheque Report provides a summary of the payment habits of an individual or institution. If a cheque bearer obtains approval from the drawer, then may track the cheque payment history of that drawer. The Findeks Cheque Report also contains information regarding all banks which 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.

In the light of the advantages provided by Findeks services, companies may significantly increase their asset quality.

FİNDEKS

Sizin Findeks'iniz Kaç?

Findeks Kredi Notu'nuz yüksek ise daha kolay ve uygun faiz oranlarıyla kredi kullanabilirsiniz.



FİNDEKS WORLD

THE FİNDEKS QR CODE CHEQUE SYSTEM, THE FIRST AND ONLY ONE OF ITS KIND IN THE WORLD, ALLOWS CAREFUL CHECKS OF THE RISKS OF RECEIVABLES ARISING FROM PAYMENTS MADE BY CHEQUE, WITH INFORMATION REGARDING THE VALIDITY AND AUTHENTICITY OF THE CHEQUE PROVIDED WITHIN SECONDS.

FİNDEKS 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. The Findeks Cheque Index ranges from 0 to 1,000 points. In the Findeks Cheque Index, where an issuer fails to pay any of the cheques, they will receive a score of 0; where they pay all of the cheques when due, then they receive a score of 1,000 points. However, if even one cheque has bounced and remains unpaid, the Findeks Cheque Index will be between 1 and 500 points. Where there have been bounced cheques but any outstanding balance has been paid later, the Findeks Cheque Index will be between 501 and 999 points. The Findeks Cheque Index provides an idea regarding the cheque payment habits of an individual or an enterprise.

FİNDEKS QR CODE CHEQUE SYSTEM

This system allows an issuer's past cheque payment status to be viewed, without an approval process or checking for potential forgery of the cheque, by scanning the QR Code on the Findeks Mobile Application. The QR code is then produced upon the request of the customers from the bank, along with legal enforcement functionality, and without the need for consent.

As required by law, all cheques have been required to have QR codes and be registered in the Findeks QR Code Cheque System with effect from 1 January 2017.

The Findeks QR Code Cheque System, which is the first and only one of its kind in the world, allows careful checks of the risks of receivables arising from payments made by cheque, along with information regarding the validity and authenticity of cheque within seconds.

FİNDEKS QR CODE CHEQUE REPORTS

The Findeks QR Code Cheque Report is a report where the details the cheque payment history of the issuer can be viewed through a QR code, which became mandatory with effect from 1 January 2017. 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 accessed easily before the acceptance of cheques.

FİNDEKS QR CODE CHEQUE REGISTRATION SYSTEM

The Findeks QR Code Cheque Registration System aims to create a record based on the issuance date as soon as the bearer or endorser accepts the cheque. The Findeks QR Code Cheque Registration System is legally supported, and its use has been promoted since 1 January 2018.

Under the system, fraudulent cheque issuers are unable to lodge objections 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 Registration system. Therefore, cheques registered in the cheque registration system may leave traces in the system on the date of registration.

FİNDEKS MONITORING SERVICE

The Findeks Mobile application, which was renewed in 2019, allows users to monitor the limit and debt status of their loans, credit cards and overdraft accounts as well as their payment performance and any changes in their credit rating at all banks on a daily basis. With the aim of reaching a wider audience through Findeks Mobile, this feature, which allows users to easily monitor their information, is offered to users free of charge for the first three days.

FİNDEKS WARNING SERVICE

Another feature which sets Findeks apart is the Findeks Warning Service, which provides instant notifications on any changes to the Findeks Credit Rating, credit card limit and debt status, or credit applications made. With this service, customers may 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.

FİNDEKS INDIVIDUAL MEMBERS

(Active + Account Locked + Membership Locked)

4,796,875**FİNDEKS COMMERCIAL MEMBER**

(Active + Member Login + Membership Confirmed)

405,337**FİNDEKS TOTAL MEMBERS**

(Memberships for 31 December 2020/2021 and earlier)

= 5,202,212**TOTAL NUMBER OF FİNDEKS CREDIT RATING INQUIRIES** (Other Person + Person)**392,886****FİNDEKS RISK REPORTS NUMBER OF INQUIRIES** (Graded Risk Report + Risk Report + Risk Report PDF) (Other Person + Person)**37,929,867****TOTAL NUMBER OF FİNDEKS CHEQUE REPORTS INQUIRIES** (Indexed Cheque Report + Cheque Report + Cheque Report PDF) (Other Person + Person)**1,127,576****FİNDEKS QR CODE CHEQUE REPORTS** (QR code Cheque Report Other Person)**9,266,930****QR CODE CHEQUE REGISTRATION****34,425****TOTAL NUMBER OF FİNDEKS QUERIES****48,751,684**

With Findeks Warning Service, alerts can be defined to the system, for example in the scope of the following cases, and a warning message is sent to the user:

- If their Findeks Credit Rating falls below 1,400 points.
- If their credit card debt exceeds TRY 10,000
- If they delay payment on their credit cards, cheques or other obligations.
- If an application for a credit product (loan and credit card) is made in user's name.

FİNDEKS TRACER

The Findeks Tracer is another exclusive benefit provided to Findeks customers. The 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. The Findeks Tracer fills an important need in today's world where sharing of personal and financial information is continuously increasing with the effect of digitalization, helping to meet a wide range of needs from business, shopping and education to socializing on the internet.

MY FİNDEKS RATING CONSULTANT

The Findeks Credit Rating Consultant system, which aims to create the necessary foresight for users to manage their own financial life and to establish commercial relations on solid foundations, brought with it the need for objective information on how to increase and maintain a credit rating.

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

LETTER OF GUARANTEE STATUS INQUIRY

The Letter of Guarantee Status Inquiry (LGSİ) service allows 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 "Expiry Date," customers may perform 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.

THE KKB ANADOLU DATA CENTER

THE KKB ANADOLU DATA CENTER, WHICH WAS THE FIRST DATA CENTER IN TURKEY, HAS MANAGED TO BECOME ONE OF THE FIVE DATA CENTERS TO HOLD THIS TITLE IN THE WORLD.

The KKB Anadolu Data Center, which KKB has built on an area of 43,000 m² in Ankara, was commissioned at the end of 2016 when the completion work was completed.

In December 2016, Ziraat Bank started to relocate its systems and use the KKB Anadolu Data Center.

In April 2017, Yapı Kredi Bank completed the relocation of its systems and started to use the KKB Anadolu Data Center.

On 13 October 2019, KKB conducted its business continuity test studies which it undertakes every year and covers the capability to provide services from the Emergency Center. In this effort, all KKB and Risk Center services were provided via the KKB Anadolu Data Center for one day. All services were relocated to the KKB İstanbul Data Center at the end of the day and continued to be provided from there.

In September 2019, Garanti Bank completed system relocation and started using the KKB Anadolu Data Center. As of November 2019, in addition to the existing two system rooms, two more system rooms with the same features became operational. Thus, four system rooms, spanning an area of 650 m², are now in service, with the capacity of the KKB Anadolu Data Center increasing from 400 to 800 cabins.

In December 2019, VakıfBank started the process of moving to the new system room in order to use the KKB Anadolu Data Center. The process was completed and the KKB Anadolu Data Center was brought into use in 2020.

İşbank, Şekerbank and Halkbank completed system relocations, with İşbank starting to use the KKB Anadolu Data Center in March, Şekerbank in April and Halkbank in September 2020.

In order use the KKB Anadolu Data Center in their active-active architecture through the newly opened system rooms, Garanti Bank and VakıfBank increased the number of cabins where they receive services in December 2020 and January 2021 respectively.

As of May 2021, two new system rooms were completed in the KKB Anadolu Data Center within the scope of the KKB Financial Cloud Project and the system rooms requirement infrastructure was prepared for the KKB Financial Cloud Project.

In September 2021, Akbank completed the installation of a new system room within the scope of cabin rental needs and started to use the KKB Anadolu Data Center, initially from two different rooms for the Akbank system relocations.

The capacity of the KKB Anadolu Data Center was increased from 800 to 1,000 cabins in December 2021 with the additional system rooms added to the existing system rooms.

The KKB Anadolu Data Center reached its maximum capacity following a surge in demand from banks which are currently served and need to be served. KKB senior management team accordingly started to conduct new assessments to meet the increase in demand.

The KKB Anadolu Data Center, which primarily meets the backup and main data center service needs of banks, also provides important infrastructure as a data center where infrastructure costs will be shared in the finance sector and operational applications will be centralized. 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.

The KKB Anadolu Data Center consists of a data center, a support building and a customer operation center building, and is designed to expand as an additional two data centers and a support building. The KKB Anadolu Data Center, which is the first data center in Turkey to be eligible for the "LEED Platinum" Green Building Certificate, which is considered as the ultimate level of environmental protection standard, has managed to become one of the five data centers with this title in the world.

The KKB Anadolu Data Center has been deemed to be in compliance with the LEED Certificate, having been established as a Green building since the beginning of the construction work, and the annual carbon footprint of KKB has been determined as approximately 10,390 tonnes CO₂ eq, according to the project, which was carried out with the life cycle analysis method, CCalC software and CML2001 method and the use of the Ecoinvent database. Approximately 88% of the determined annual carbon footprint originates from the activities of the KKB Anadolu Data Center, being approximately 23% higher than the carbon footprint of an average data center in the USA. Work continues on the project to provide 10%

of the electricity used in the KKB Anadolu Data Center from solar energy (photovoltaic), which will provide a significant contribution towards reducing the level of carbon emissions. In addition, the AHU cooling system, which is used by KKB and utilizes outdoor air for cooling, provides an 11.3% reduction in carbon emissions when compared to the DX type air conditioning units which are frequently used in the sector; it has been determined that the Dynamic UPS-DRUPS (UBTD+) system used for uninterrupted power supply provides a 4.6% reduction in carbon emissions compared to other static UPS (Uninterrupted Power Supply) systems used in the industry. As a result, KKB stands out as a successful institution in terms of sustainability, having reduced its carbon emissions by approximately 16% through the use of modern technologies. The total annual water footprint in KKB's Istanbul offices and the KKB Anadolu Data Center has been calculated as 5,744 tonnes, with the annual consumption limited to just 700 tonnes thanks to environmentally friendly applications, such as rainwater collection and irrigation using collected rainwater, currently in the design stage at the KKB Anadolu Data Center. Although there are examples of scientific studies in literature for carbon and water footprint measurement carried out by the institution for the KKB Anadolu Data Center, it has the quality of being a reference for studies to be conducted in related fields. These studies will continue to be measured annually and the institution aims to decrease these consumption values by 5% in 2022.

In addition to LEED Platinum, KKB also obtained the ISO 14001 Environmental Management System and the TIER IV Certificate, which is a high availability standard.

In that context, KKB also holds ISO 22301 Business Continuity Management System certification, confirming that the quality of all processes at KKB are in accordance with this international management system standard, minimizing the possibility of interruption to the services provided and ensuring service continuity in a short period of time in case of an interruption. In addition, KKB holds the 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 which KKB is responsible for keeping. The KKB Anadolu Data Center has also certified that the operation, inputs and outputs of the service management processes are managed with a consistent and constantly evolving management system approach, having obtained the ISO 20000-1 Information Technologies Service Management Systems Certificate in 2018.

The KKB Anadolu Data Center is audited every year by independent audit institutions authorized by the BRSA and provides the necessary assurance regarding the control environment of the data center by sharing the independent audit report prepared in the ISAE 3402 Type 2 Report format, published at the end of the audit, with its customers and auditors. This assurance serves to ease the burden of the KKB Anadolu Data Center users and auditors both in terms of labor and time.

TECHNICAL SPECIFICATIONS OF THE KKB ANADOLU DATA CENTER

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

During the design phase of the KKB Anadolu Data Center, the most sensitive issues were the creation of a back-up infrastructure providing customers seamless, fast, and continuous accessibility as well as data security. Its Energy and Cooling infrastructure holds the certificate of Uptime Institute Tier IV design (TCCD). In November 2019, scenario tests by the Uptime Institute were completed and the Tier IV Facility (TCCF) certification process was initiated. In addition to advanced electricity infrastructure, the Center features ventilation systems provide precise climate control and cooling and humidity control on a 24/7 basis in the event of any malfunction. The hardware used in the Center, where energy and data cabling is placed above the cabinets, provides high-speed support to customers.

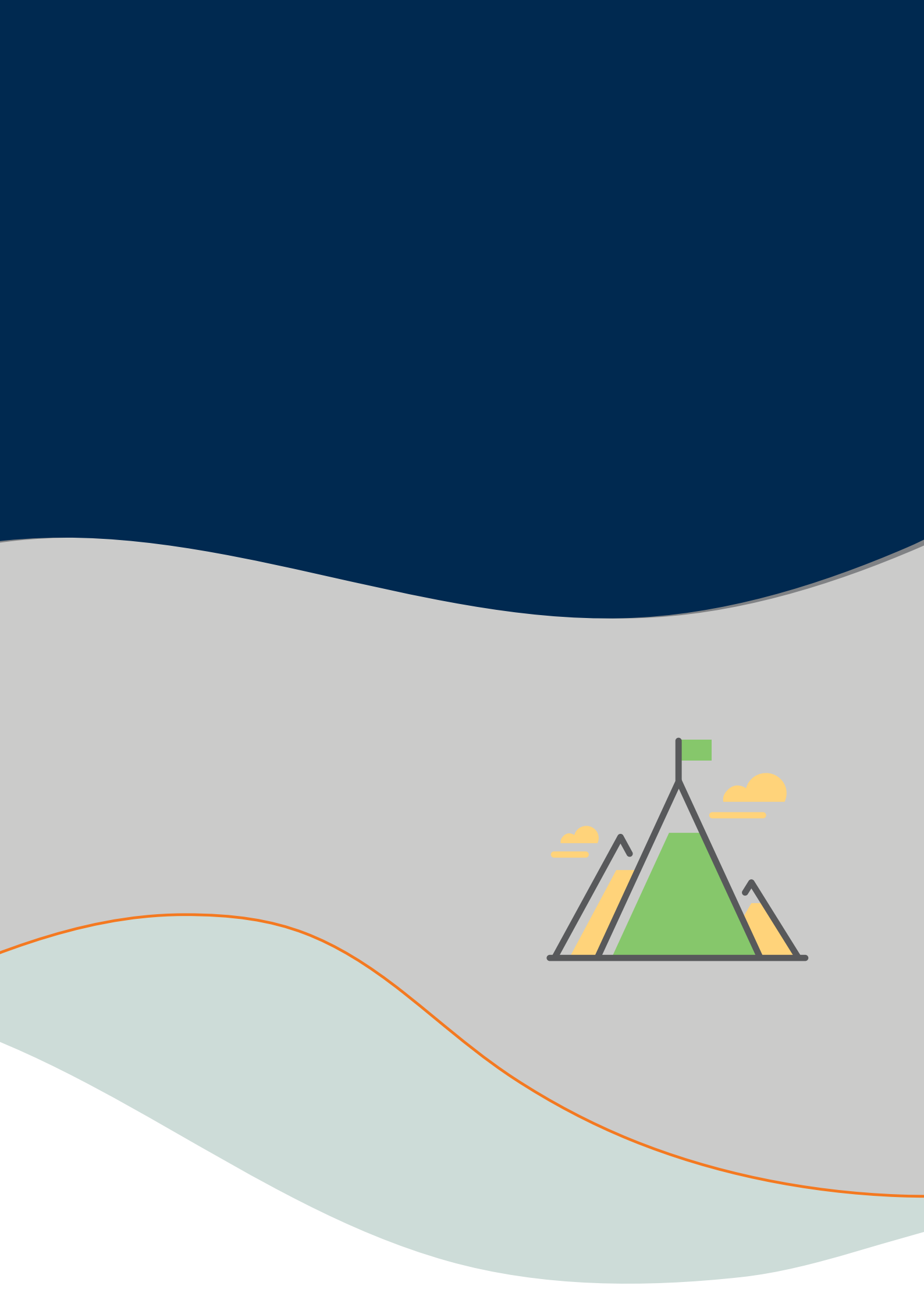
FAST AND CONTINUOUS ACCESSIBILITY

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 may enter. Access to the system room is granted with an iris scan through the iris reader. The building and infrastructure management at the KKB Anadolu Data Center is carried out on a 24/7 basis without interruption using state of the art automation and monitoring systems.



OUR SOCIAL CONTRIBUTION

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OUR SOCIAL CONTRIBUTION

WITH THE “YOU IMAGINE, WE REALIZE” COMPETITION THAT HAS LEFT ITS EIGHTH YEAR BEHIND, KKB HOSTED THE INNOVATIVE IDEAS OF HUNDREDS OF UNIVERSITY STUDENTS THAT WILL SHAPE THE FUTURE.

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 awareness of social responsibility and increase sensitivity towards social issues among university students. This year, the contest took on a social innovation focus in line with the requirements of our era.

In the eighth year of the “You Imagine, We Realize” competition, which started in 2013 with the aim of raising awareness of university students on social responsibility issues and their sensitivity to social problems, KKB brought together innovative ideas in different categories. The “You Imagine, We Realize” Social Innovation Project Ideas contest was open for applications from university students between 1 November 2020 and 10 February 2021. Around 1,000 project applications were received regarding agriculture, health, and financial literacy during the application period. Of a total of 743 project applications from 64 different universities throughout Turkey, the winner of the First Prize was the “Let Pollination and Nature Transform” project, which brings together farmers and beekeepers and aims to enable farmers to procure bees from beekeepers. Nearly 10,000 applications have so far been submitted for the Social Innovation Project Ideas Contest, which was launched in 2013 and has continued to attract growing interest from university students each year. The semi-final and final stages of the “You Imagine, We Realize” social innovation project ideas contest were held online because of the COVID-19 pandemic. Among the thousands of valuable creative ideas, projects qualifying 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 ten finalists held mentoring meetings for three weeks with the KKB Manager assigned to

them. After the mentoring phase, the videos prepared by the finalists to present their projects were delivered to the jury members along with the project documentation. Following evaluation from a jury, the winners were awarded TRY 30,000 for the first place prize, TRY 20,000 for the second-place prize, TRY 15,000 for the third place prize and TRY 10,000 as the special Findeks prize. Other project owners to reach the finals received a TRY 1,000 Special Jury Award and obtained a certificate having completed the enterprise program.

743 applications

743 projects from 64 different universities across Turkey applied to the competition.

**Hayal Edin
Gerçekleştirilelim**



AWARE OF THE IMPORTANCE OF EQUAL OPPORTUNITIES IN EDUCATION, KKB TOOK PART IN THE VOCALIZATION STUDIES OF THE QUESTION BANK RESOURCES FOR VISUALLY IMPAIRED UNIVERSITY CANDIDATES AND SUPPORTED THOUSANDS OF STUDENTS WITH THE VOLUNTARY PARTICIPATION OF ITS EMPLOYEES.

THE AUDIO QUESTION BANK

The Audio Question Bank project, which won first prize in the “Education” category of the You Imagine We Realize social innovation idea competition in 2016, aims to create personal, vocational and academic learning environments based on equal opportunities for the visually impaired. The project includes the transfer of updated trial tests and question banks prepared for examinations such as the TYT and AYT to a suitable environment. KKB established a team of volunteering KKB employees to launch the Audio Question Bank project in cooperation with the Association of the Visually Impaired in Education (EGED) and the Unimpeded Information Center at the Department of Library and Documentation in Istanbul University. Having received vocalization courses from the EGED, KKB volunteers started to vocalize the question banks to be used in preparation for university admission exams. Between 2017 and the end of 2019, nearly 15,000 questions were vocalized and offered to libraries serving visually impaired individuals. One in every three visually impaired individuals 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 the exams. The societal benefit offered by the Audio Question Bank project has gained recognition with awards on various platforms. In 2019, the Audio Question Bank won the Innovation Award at the TISK Corporate Social Responsibility Awards organized by the Turkish Confederation of Employers’ Associations (TISK), and the Gold Award in the Social Responsibility Project Communications category at the Istanbul Marketing Awards. In 2019, it was also awarded the Grand Prize at the 11th Companies Adding Value to Sustainable Development Goals Awards held by the Corporate Social Responsibility Association.

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 to offer assistance to visually impaired students in accessing current question banks as part of the Audio Question Bank project.

~15 thousand

Under the Audio Question Bank project, nearly 15,000 questions were vocalized and offered to libraries.



OUR SOCIAL CONTRIBUTION

KKB VOLUNTEERS PARTICIPATE IN MANY PROJECTS TO ADD VALUE TO THE SOCIETY.

KKB VOLUNTEERING PLATFORM

Wellness Runs

KKB participated in the virtual running organizations of N Kolay Istanbul Half Marathon and N Kolay Istanbul Marathon held in 2021 with its volunteer employees. KKB employees who run for charity collected donations for the Lokman Hekim Health Foundation by taking part in the N Kolay Istanbul Half Marathon. KKB employees supporting the Lokman Hekim Health Foundation's "Yetiş Doctor" project, which provides annual scholarships to medical school students, reached a total of TRY 10,359 in donations with the campaign carried out to raise funds to provide scholarships for medical students who are successful and in need. With the project supported by the KKB institution co-donation, total donations of TRY 20,359.00 were provided to the Lokman Hekim Health Foundation, thus providing annual education scholarships for five medical students.

Within the scope of N Kolay Istanbul Marathon, KKB employees carried out a charity run donation campaign for the benefit of Tohum Autism Foundation. With this campaign, the volunteer running team donated TRY 8,750 and provided 37 sessions of training support to 29 children with autism with special educational needs.

Charity Concert

Continuing its e-volunteering projects during the pandemic, KKB organized an online charity concert to raise funds for the Tohum Autism Foundation.

Within the scope of the kindness concert organized for KKB employees with the support of a group of volunteer KKB employees, a total of TRY 2,850 was raised with the support of 32 people, enough to fund 13 sessions of training for an autistic student.



Other Language of Love

KKB maintained its efforts to ensure equality and create awareness in all segments of the society during 2021 with a sense of corporate social responsibility. Supporting the videos in which KKB employees declare, "I Love You" in sign language, as part of February 14th Valentine's Day activities, KKB donated a total of TRY 5,000 to the Dem Association which creates dialogue spaces between hearing-impaired individuals and the hearing society for each video.

March 8, International Women's Day

KKB, which stands for gender equality in education, donated TRY 10,000 to the "I have a Daughter in Anatolia and she will be a Teacher" project conducted by the Association for Supporting Contemporary Life for its 250 female employees as part of the activities taking place to mark March 8, International Women's Day.



ÖSGD Vocational High School Students E-Volunteer Mentoring Project

KKB, which supports the E-Volunteer Mentoring Project of the Private Sector Volunteers Association (ÖSGD), participated in the mentor program organized for vocational high school students with 20 volunteer employees. KKB mentors, who came together with tens of vocational high school students, also contributed to the personal development journeys of the new generation by providing support to students as they prepared for professional life.



Women in Technology Association Wtech Academy Training

KKB, which cares about bringing young talent into business life in the field of technology, supports the development of productive and self-confident experts through its human resources and experience.

As a volunteer institution of the Women's Association in Technology, KKB has carried out studies to implement the "Artificial Intelligence Training" and "Data Warehouse Training" programs.

Sizi geleceğe yön veren bir iş sahibi olmaya davet ediyoruz!

YAPAY ZEKA

Eğitim Başlangıç Tarihi	Eğitim Süresi	Son Başvuru Tarihi
7 Şubat 2022	2 AY	28 Ocak 2022

wtech akademi KKB KATILIM KURUMU

Dijital Çağın Petrolü "Veri".
Peki siz de Veriyi işleyebilen az sayıdaki uzmanın arasına katılmak ister misiniz?

VERİ AMBARI GELİŞTİRİCİSİ

Eğitim Başlangıç Tarihi	Eğitim Süresi	Son Başvuru Tarihi
7 Şubat 2022	2 AY	28 Ocak 2022

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EXTRAORDINARY GENERAL ASSEMBLY AGENDA

KKB KREDİ KAYIT BÜROSU ANONİM ŞİRKETİ

NOTICE OF THE EXTRAORDINARY GENERAL ASSEMBLY TO BE HELD ON 6 JANUARY 2022

The Extraordinary General Assembly of our company will be held at the head office address of Barbaros Mah. Ardiç Sokak Varyap Meridian F Blok Batı Ataşehir, İstanbul at 14:00 on Wednesday, 6 January 2022, to discuss and finalize the agenda mentioned below.

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.

The financial statements related to the profit distribution proposal shall be available for review of our shareholders at KKB headquarters as of 20 December 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.

On behalf of DENİZBANK A.Ş.

İZZET OĞUZHAN ÖZARK

CHAIRMAN OF THE BOARD OF DIRECTORS



On behalf of T. GARANTİ BANKASI A.Ş.

ŞÜKRÜ ALPER EKER

DEPUTY CHAIRMAN OF THE BOARD OF DIRECTORS



AGENDA

1. Opening and formation of the Chairing Board;
2. 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;
3. Determining the use of the undistributed profits that were retained in the Extraordinary Reserves Account and the ratios of profit and profit shares to be distributed,
4. Wishes and suggestions;
5. 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 Extraordinary General Assembly of shareholders of the Company to be held at the address of Barbaros Mah. Ardiç Sokak, Varyap Meridian, F Blok, Batı Ataşehir, İstanbul at 14:00 hours on 6 January 2021.

PRINCIPAL: Name and Last Name/Trade Name

Date and Signature

ORDINARY GENERAL ASSEMBLY AGENDA

KKB KREDİ KAYIT BÜROSU ANONİM ŞİRKETİ

NOTICE OF THE ORDINARY GENERAL ASSEMBLY TO BE HELD ON 23 MARCH 2022

The Annual Ordinary General Assembly of our company will be held at the head office address of Barbaros Mah. Ardiç Sokak Varyap Meridian F Blok Batı Ataşehir, İstanbul at 13:00 on Wednesday, 23 March 2022, 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 8 March 2022.

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

Yours sincerely,

KKB KREDİ KAYIT BÜROSU A.Ş.

On behalf of DENİZBANK A.Ş.

İZZET OĞUZHAN ÖZARK


CHAIRMAN OF THE BOARD OF DIRECTORS



On behalf of T. GARANTİ BANKASI A.Ş.

ŞÜKRÜ ALPER EKER

DEPUTY CHAIRMAN OF THE BOARD OF DIRECTORS



AGENDA

1. Opening and formation of the Chairing Board;
2. Reading and discussion of the Annual Report prepared by the Board of Directors;
3. Reading 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 2021 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 23 March 2022.

PRINCIPAL: Name and Last Name/Trade Name

Date and Signature

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



BOARD OF DIRECTORS' ANNUAL REPORT ORIGINALLY ISSUED IN TURKISH

To the Shareholders of KKB Kredi Kayıt Bürosu Anonim Şirketi

Opinion

We have audited the annual report of KKB Kredi Kayıt Bürosu Anonim Şirketi (the "Company") for the period between 1 January 2021 and 31 December 2021, since we have audited the complete set financial statements for this period.

In our opinion, the financial information included in the annual report and the analysis of the Board of Directors by using the information included in the audited financial statements regarding the position of the Company are consistent, in all material respects, with the audited complete set of financial statements and information obtained during the audit and provides a fair presentation.

Basis for Opinion

We conducted our audit in accordance with Standards on Auditing which is a component of the Turkish Auditing Standards issued by the Public Oversight, Accounting and Auditing Standards Authority ("POA") ("Standards on Auditing issued by POA"). Our responsibilities under Standards on Auditing issued by POA are further described in the Auditor's Responsibilities for the Annual Report section of our report. We declare that we are independent of the Company in accordance with the Code of Ethics for Auditors issued by POA (including Independence Standards) (POA's Code of Ethics) and the ethical requirements in the regulations issued by POA that are relevant to audit of financial statements, and we have fulfilled our other ethical responsibilities in accordance with the POA's Code of Ethics and regulations. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Matter

The annual report of the Company for the period between 1 January 2020 and 31 December 2020 was audited by another auditor who expressed an unmodified opinion on the annual report on 24 February 2021.

Auditor's Opinion on Complete Set of Financial Statements

We have expressed an unqualified opinion on the complete set of financial statements of the Company for the period between 1 January 2021 and 31 December 2021 on 23 February 2022.

Board of Directors' Responsibility for the Annual Report

In accordance with the Articles 514 and 516 of the Turkish Commercial Code numbered 6102 ("TCC"), the Company's management is responsible for the following regarding the annual report:

- The Company's management prepares its annual report within the first three months following the date of statement of financial position and submits it to the general assembly.
- The Company's management prepares its annual report in such a way that it reflects the operations of the year and the financial position of the Company accurately, completely, directly, true and fairly in all respects. In this report, the financial position is assessed in accordance with the Company's financial statements. The annual report shall also clearly indicates the details about the Company's development and risks that might be encountered. The assessment of the Board of Directors on these matters is included in the report.

c) The annual report also includes the matters below:

- Significant events occurred in the Company after the reporting period,
- The Company's research and development activities.
- Financial benefits such as wages, premiums and bonuses paid to board members and key management personnel, appropriations, travel, accommodation and representation expenses, benefits in cash and kind, insurance and similar guarantees.

When preparing the annual report, the Board of Directors also considers the secondary legislation arrangements issued by the Ministry of Trade and related institutions.

Auditor's Responsibility for the Audit of the Annual Report

Our objective is to express an opinion on whether the financial information included in the annual report in accordance with the TCC and analysis of the Board of Directors by using the information included in the audited financial statements regarding the position of the Company are consistent with the audited financial statements of the Company and the information obtained during the audit and give a true and fair view and form a report that includes this opinion.

We conducted our audit in accordance with Standards on Auditing issued by POA. Standards on Auditing issued by POA require compliance with ethical requirements and planning of audit to obtain reasonable assurance on whether the financial information included in the annual report and analysis of the Board of Directors by using the information included in the audited financial statements regarding the position of the Company are consistent with the financial statements and the information obtained during the audit and provides a fair presentation.

KPMG Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik Anonim Şirketi



Ali Tuğrul Uzun, SMMM
Sorumlu Denetçi

23 February 2022

İstanbul, Türkiye

Convenience Translation of Financial Statements and Related Disclosures and Footnotes Originally Issued in Turkish, See Note 2

KKB KREDİ KAYIT BÜROSU A.Ş.

31 DECEMBER 2021 FINANCIAL STATEMENTS TOGETHER WITH INDEPENDENT AUDITORS' REPORT THEREON



INDEPENDENT AUDITOR'S REPORT



To the Board of Director of KKB Kredi Kayıt Bürosu Anonim Şirketi

A) Audit of the Financial Statements

Opinion

We have audited the accompanying balance sheet of KKB Kredi Kayıt Bürosu Anonim Şirketi ("the Company") as at 31 December 2021 and the income statement, statements of changes in equity and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as at 31 December 2021, 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.

Basis for Opinion

We conducted our audit in accordance with the regulations on auditing principles in force Standards on Auditing which is a component of the Turkish Auditing Standards published by the Public Oversight Accounting and Auditing Standards Authority ("POA") ("Standards on Auditing issued by POA"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We declare that we are independent of the Company in accordance with the Code of Ethics for Auditors issued by POA ("POA's Code of Ethics") and the ethical requirements that are relevant to our audit of the financial statements in Turkey and we have fulfilled our other ethical responsibilities in accordance with POA's Code of Ethics and regulations. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion

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. These matters were addressed in the context of our 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.

Revenue Recognition

Key audit matter	How our audit addressed the key audit matter
<p>The Company has a total of TL 506.465.078 TL income that was recognised under "revenue" in the comprehensive income for the period between 1 January 2021 and 31 December 2021. 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 2021.</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>

Refer to Note 2.4 and 17 to the financial statements for details of accounting policies and significant accounting estimates and assumptions used in recognised of revenue.

Other Matter

The financial statements of the company for the accounting period on 31 December 2020 was audited by another independent auditor and an unmodified opinion was given on the appropriateness of this annual report on 24 February 2021.

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with 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.

Auditor's Responsibilities for the Audit of the Financial Statements

Responsibilities of auditors in an audit are as follows:

INDEPENDENT AUDITOR'S REPORT



Our objectives are 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 auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with the regulations on auditing principles in force Standards on Auditing issued by POA will always detect a material misstatement when it exists. 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.

As part of an audit in accordance with regulations on auditing principles in force Standards on Auditing issued by POA, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

B) Other Legal and Regulatory Requirements

1) Pursuant to the fourth paragraph of Article 402 of the Turkish Commercial Code ("TCC"); no significant matter has come to our attention that causes us to believe that for the period 1 January - 31 December 2021, the Company's bookkeeping activities and financial statements are not in compliance with TCC and provisions of the Company's articles of association in relation to financial reporting.

2) Pursuant to the fourth paragraph of Article 402 of the TCC; the Board of Directors provided us the necessary explanations and required documents in connection with the audit.

KPMG Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik Anonim Şirketi

Ali Tuğrul Uzun, SMMM
Partner

23 February 2022
Istanbul, Turkey

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CONVENIENCE TRANSLATION INTO ENGLISH OF FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH, SEE IN NOTE 2
KKB KREDİ KAYIT BÜROSU A.Ş.

STATEMENT OF FINANCIAL POSITION AT 31 DECEMBER 2021

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

		Audited	Audited
		Current period	Prior period
	Notes	31 December 2021	31 December 2020
Current assets		291,751,984	193,594,148
Cash and cash equivalents	3	193,490,634	126,325,546
Trade receivables		45,992,503	33,090,610
- Trade receivables due from related parties	4,6	42,871,515	29,768,593
- Trade receivables due from other parties	4	3,120,988	3,322,017
Other receivables	4,6	-	-
Inventories	7	5,832,401	2,139,642
Prepaid expenses	14	42,275,078	26,385,673
- Prepaid expenses due from related parties	6	6,892,507	5,330,756
- Prepaid expenses due from other parties		35,382,571	21,054,917
Other current assets	15	1,540,544	3,639,154
Current income tax assets	22	2,620,824	2,013,523
Non-current assets		333,958,083	299,850,950
Tangible assets	8	265,454,977	230,392,206
Right of use asset	10	5,180,869	5,856,275
Intangible assets other than goodwill	9	57,340,427	58,902,229
Prepaid expenses	14	5,923,552	4,688,920
- Prepaid expenses due from other parties	14	5,923,552	4,688,920
Other non-current assets	15	58,258	11,320
Total assets		625,710,067	493,445,098

CONVENIENCE TRANSLATION INTO ENGLISH OF FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH, SEE IN NOTE 2

KKB KREDİ KAYIT BÜROSU A.Ş.

STATEMENT OF FINANCIAL POSITION

AT 31 DECEMBER 2021

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

		Audited Current period	Audited Prior period
	Notes	31 December 2021	31 December 2020
Short-term liabilities		228,330,966	179,439,596
Short term borrowings	6,11	-	37,980
Lease liabilities	10	3,115,936	2,476,669
Trade payables		63,434,413	77,327,125
- Trade payables due to related parties	4,6	8,494,086	7,062,814
- Trade payables due to other parties	4	54,940,327	70,264,311
Corporate tax liability on period profit		-	-
Other payables		8,008,356	5,036,180
- Other payables due to other parties	5	8,008,356	5,036,180
Short term provisions	13	50,553,670	32,310,784
- Short term provisions for employee benefits		40,102,743	29,838,870
- Other short term provisions		10,450,927	2,471,914
Payables related to employment benefits	13	3,080,815	2,477,695
Deferred income	14	100,137,776	59,773,163
Long-term liabilities		27,592,025	21,049,282
Lease liabilities	10	2,506,083	3,773,052
Deferred tax liability	22	17,807,008	12,090,816
Long term provisions	13	7,278,934	5,185,414
- Long term provisions for employee benefits		5,577,417	3,514,406
- Other long term provisions		1,701,517	1,671,008
Other liabilities		255,922,991	200,488,878
Shareholders' equity		369,787,076	292,956,220
Share capital	16	7,425,000	7,425,000
Reserves on retained earnings		14,377,525	14,377,525
Adjustment to share capital	16	2,574,025	2,574,025
Extraordinary reserves	16	204,868,081	146,513,689
Special funds		1,608,259	1,360,319
Accumulated other comprehensive expense that will not be reclassified to profit or loss (-)		599,357	(676,753)
- Remeasurement losses of defined benefit plans (-)		599,357	(676,753)
Retained earnings		63,028,023	44,966,764
Net profit for the period		75,306,806	76,415,651
Total liabilities		625,710,067	493,445,098

CONVENIENCE TRANSLATION INTO ENGLISH OF FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH, SEE IN NOTE 2
KKB KREDİ KAYIT BÜROSU A.Ş.

STATEMENT OF COMPREHENSIVE INCOME FOR THE PERIOD 1 JANUARY - 31 DECEMBER 2021

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

		Audited Current period	Audited Prior period
		1 January -	1 January -
	Notes	31 December 2021	31 December 2020
Sales	17	506,465,078	447,819,713
Cost of sales (-)	17	(169,203,807)	(151,640,414)
Gross profit		337,261,271	296,179,299
Marketing, selling and distribution expenses (-)	18	(67,013,050)	(42,646,806)
General administrative expenses (-)	18	(224,511,896)	(166,432,130)
Other incomes from main operations	20	5,767,157	3,643,638
Other expenses from main operations (-)	20	(648,817)	(178,297)
Research and development expenses (-)		(454,038)	(100,255)
Operating profit		50,400,627	90,465,449
Income from investing activities	23	556,236	31,042
Operating profit before financial income		50,956,863	90,496,491
Financial income	21	114,738,388	17,363,356
Financial expense (-)	21	(65,883,453)	(11,876,531)
Profit before tax from continuing operations		99,811,798	95,983,316
<i>Continuing operations tax income/(expense)</i>			
Current tax expense for the period	22	(19,107,827)	(17,080,910)
Deferred tax income/(expense)	22	(5,397,165)	(2,486,755)
Net profit for the period		75,306,806	76,415,651
<i>Other comprehensive income/(expense)</i>			
<i>Other comprehensive income which will be not reclassified in profit or loss</i>			
Defined benefits plans remeasurement gains/(losses)	13	1,595,137	(1,363,431)
Deferred tax income/(expense)	22	(319,027)	272,686
Other comprehensive income/(expense)		1,276,110	(1,090,745)
Total comprehensive income		76,582,916	75,324,906

CONVENIENCE TRANSLATION INTO ENGLISH OF FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH, SEE IN NOTE 2

KKB KREDİ KAYIT BÜROSU A.Ş.

STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD
1 JANUARY - 31 DECEMBER 2021

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

Audited Statement of Changes in Equity – 31 Aralık 2020									
	Share Capital	Adjustment to share capital	Reserves on retained earnings	Extraordinary reserves	Accumulated other comprehensive expense that will not be reclassified to profit or loss (-)	Special funds	Retained earnings	Net profit for the period	Total
1 January 2020	7,425,000	2,574,025	14,131,050	139,367,193	413,992	1,360,319	32,768,791	22,180,469	220,220,839
Transfers from retained earnings	-	-	-	-	-	-	22,180,469	(22,180,469)	-
Transfers	-	-	-	9,982,496	-	-	(9,982,496)	-	-
Dividend paid (-)	-	-	246,475	(2,836,000)	-	-	-	-	(2,589,525)
Total comprehensive income	-	-	-	-	(1,090,745)	-	-	76,415,651	75,324,906
Net profit for the period	-	-	-	-	-	-	-	76,415,651	76,415,651
Other comprehensive expenses (-)	-	-	-	-	(1,090,745)	-	-	-	(1,090,745)
31 December 2020	7,425,000	2,574,025	14,377,525	146,513,689	(676,753)	1,360,319	44,966,764	76,415,651	292,956,220
Audited Statement of Changes in Equity – 31 Aralık 2021									
	Share Capital	Adjustment to share capital	Reserves on retained earnings	Extraordinary reserves	Accumulated other comprehensive expense that will not be reclassified to profit or loss (-)	Special funds	Retained earnings	Net profit for the period	Total
1 January 2021	7,425,000	2,574,025	14,377,525	146,513,689	(676,753)	1,360,319	44,966,764	76,415,651	292,956,220
Transfers from retained earnings	-	-	-	-	-	-	76,415,651	(76,415,651)	-
Transfers	-	-	-	58,354,392	-	247,940	(58,354,392)	-	247,940
Dividend paid (-)	-	-	-	-	-	-	-	-	-
Total comprehensive income	-	-	-	-	1,276,110	-	-	75,306,806	76,582,916
Net profit for the period	-	-	-	-	-	-	-	75,306,806	75,306,806
Other comprehensive expenses (-)	-	-	-	-	1,276,110	-	-	-	1,276,110
31 December 2021	7,425,000	2,574,025	14,377,525	204,868,081	599,357	1,608,259	63,028,023	75,306,806	369,787,076

CONVENIENCE TRANSLATION INTO ENGLISH OF FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH, SEE IN NOTE 2
KKB KREDİ KAYIT BÜROSU A.Ş.

STATEMENT OF CASH FLOWS FOR THE PERIOD 1 JANUARY - 31 DECEMBER 2021

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

	Notes	Audited Current period 1 January- 31 December 2021	Audited Prior period 1 January- 31 December 2020
A. Cash flows from operating activities		122,740,523	137,048,062
Net profit for the period		75,306,806	76,415,651
Adjustments related to period net profit reconciliation:			
Adjustments for tax income/(expense)		(5,397,165)	19,567,665
Adjustment related to provision expenses		34,899,503	24,994,064
Adjustments for depreciation and amortization	19	56,019,996	45,572,529
Adjustments for financial expense	11	-	(501)
Adjustments for interest income and (expense)	21	(19,019,871)	(9,516,373)
Adjustments for profit on sale of tangible and intangible assets (-)	20	(556,236)	414,105
Adjustments for other non-cash items		26,988,593	2,748,590
Adjustments for net foreign currency exchange effect		(18,922,505)	(9,114,323)
Adjustment for increases/decreases in trade receivable	4	(12,901,893)	(837,271)
Adjustment for increases/decreases in trade payables	4	(13,892,712)	43,628,230
Adjustment for increases and decreases in inventories		(3,692,759)	2,371,001
Adjustments for increases/decreases in other liabilities related to activities		65,800,365	(9,367,247)
Adjustments for increases/decreases in other receivables related to activities		(15,679,666)	(16,275,036)
Taxes paid (-)	22	(21,728,651)	(11,585,389)
Other cash outflows/inflows (-/+)		(24,483,282)	(21,967,633)
B. Cash flows from investing activities		(69,510,162)	(76,656,897)
Investing activities:			
Purchases of tangible assets (-)	8	(46,578,348)	(19,942,831)
Purchases of intangible asset (-)	9	(11,942,522)	(36,047,312)
Sale of tangible assets	8	-	40,299
Other cash inflows/(outflows)		(30,009,163)	(30,470,310)
Interests received		19,019,871	9,763,257
C. Cash flows from financing activities		(5,229,774)	(16,967,320)
Financial activities:			
Dividends paid (-)		-	(2,589,525)
Payments for finance leases (-)	11	(4,245,471)	(13,295,322)
Interests paid (-)		(984,303)	(1,082,473)
Net increase/(decrease) in cash and cash equivalents (A+B+C)		48,000,587	43,423,845
Net currency effect		18,922,505	10,117,585
D. Cash and cash equivalents at the beginning of the year	3	125,952,814	72,411,384
Cash and cash equivalents at the end of the year (A+B+C+D)	3	192,875,906	125,952,814

CONVENIENCE TRANSLATION INTO ENGLISH OF FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH, SEE IN NOTE 2
KKB KREDİ KAYIT BÜROSU A.Ş.

STATEMENT OF PROFIT DISTRIBUTION 1 JANUARY - 31 DECEMBER 2021

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

	Note	Audited Current Period 31 December 2021	Audited Current Period 31 December 2020
I. DISTRIBUTION OF THE PERIOD PROFIT			
1.1. PERIOD PROFIT ^(*)		99,811,798	95,983,316
1.2. TAXES AND DUTIES PAYABLE	22	(19,107,827)	(17,080,910)
1.2.1. Corporate Tax (Income Tax)		-	-
1.2.2. Income Tax Deductions		-	-
1.2.3. Other Taxes and Legal Duties	22	(5,397,165)	(2,486,755)
A. CURRENT PERIOD PROFIT (1.1 - 1.2)		75,306,806	76,415,651
1.3. ACCUMULATED LOSSES (-)		-	-
1.4. FIRST LEGAL RESERVES (-)		-	-
1.5. OTHER STATUTORY RESERVES (-)		-	-
B. NET PROFIT AVAILABLE FOR DISTRIBUTION [(A - (1.3 + 1.4 + 1.5))]		75,306,806	76,415,651
1.6. FIRST DIVIDEND TO SHAREHOLDERS (-)		-	-
1.6.1. To owners of ordinary shares		-	-
1.6.2. To owners of privileged shares		-	-
1.6.3. To owners of redeemed shares		-	-
1.6.4. To holders' profit-sharing bonds		-	-
1.6.5. To holders of profit and loss sharing certificates		-	-
1.7. DIVIDENDS TO PERSONNEL (-)		-	-
1.8. DIVIDENDS TO FOUNDERS (-)		-	-
1.9. DIVIDENDS TO BOARD OF DIRECTORS (-)		-	-
1.10. SECOND DIVIDEND TO SHAREHOLDERS (-)		-	-
1.10.1. To owners of ordinary shares		-	-
1.10.2. To owners of privileged shares		-	-
1.10.3. To owners of redeemed shares		-	-
1.10.4. To holders' profit-sharing bonds		-	-
1.10.5. To holders of profit and loss sharing certificates		-	-
1.11. LEGAL RESERVES (-)		-	-
1.12. STATUTORY RESERVES (-)		-	-
1.13. EXTRAORDINARY RESERVES		-	(76,415,651)
1.14. OTHER RESERVES		-	-
1.15. SPECIAL FUNDS		-	-
II. DISTRIBUTION OF RESERVES		-	-
2.1. APPROPRIATED RESERVES		-	-
2.2. SECOND LEGAL RESERVES (-)		-	-
2.3. DIVIDENDS TO SHAREHOLDERS (-)		-	-
2.3.1. To owners of ordinary shares		-	-
2.3.2. To owners of privileged shares		-	-
2.3.3. To owners of redeemed shares		-	-
2.3.4. To holders of profit-sharing bonds		-	-
2.3.5. To holders of profit and loss sharing certificates		-	-
2.4. DIVIDENDS TO PERSONNEL (-)		-	-
2.5. DIVIDENDS TO BOARD OF DIRECTORS (-)		-	-
III. EARNINGS PER SHARE		-	-
3.1. TO OWNERS OF ORDINARY SHARES		10.1423	10.2917
3.2. TO OWNERS OF ORDINARY SHARES (%)		1,014	1,029
3.3. TO OWNERS OF PRIVILEGED SHARES		-	-
3.4. TO OWNERS OF PRIVILEGED SHARES (%)		-	-
IV. DIVIDEND PER SHARE		-	-
4.1. TO OWNERS OF ORDINARY SHARES		-	-
4.2. TO OWNERS OF ORDINARY SHARES (%)		-	-
4.3. TO OWNERS OF PRIVILEGED SHARES		-	-
4.4. TO OWNERS OF PRIVILEGED SHARES (%)		-	-

^(*) Since the profit distribution proposal for 2021 has not been prepared by the Board of Directors yet, the profit distribution table for 2021 has not been filled.

KKB KREDİ KAYIT BÜROSU A.Ş.

CONVENIENCE TRANSLATION INTO ENGLISH OF EXPLANATORY NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021 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 2021, KKB is owned by 9 banks and has 168 members which consist of 50 banks, 16 consumer finance, 54 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 185 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 enviroment 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 2021, the Company has 524 employees (31 December 2020: 492).

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

Varyap Meridian Sitesi, F Blok, Barbaros Mah, Ardiç 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 2021 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 2021 have been approved by the General Assembly on 23 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

KKB KREDİ KAYIT BÜROSU A.Ş.

CONVENIENCE TRANSLATION INTO ENGLISH OF EXPLANATORY NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021 ORIGINALLY ISSUED IN TURKISH

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

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

- Trade Indebtedness Index (TBE)
- Web Scores
 - Findex
 - Findex Credit Rating
 - Risk Report
 - Cheque Report
 - Cheque Index
 - Warning Service
 - Tracer
 - Rating Consultancy
 - Findex QR Code Cheque System
 - Findex QR Code Cheque Registration System
- b. The products and services provided to members by TBB Risk Center are presented below:
 - Credit Limit-Credit Risk-Receivables to be Liquidated Notification and Sharing Service
 - Promissory Note Transactions Notification and Sharing Service
 - Check Notification and Sharing Service of Bounced Check and Paid After Bounced Transaction
 - 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
 - Notification and Sharing Service of Checks Given an Injunction Decision by the Court/Revoked/Cancelled
 - Bankruptcy, Sharing Service of Firms Postponing Bankruptcy and Requesting Concordat
 - Sharing Services of the Decisions on the Prohibition of Issuing Checks and Opening Check Accounts, and the Decisions of the Removal of the Decisions on the Prohibition of Issuing Checks and Opening a Check Account
 - Customer Information Sharing Service at the Revenue Administration
 - 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

KKB KREDİ KAYIT BÜROSU A.Ş.

CONVENIENCE TRANSLATION INTO ENGLISH OF EXPLANATORY NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021 ORIGINALLY ISSUED IN TURKISH

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

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

- Members Disclosed Statistical Information Service Applications
- Publicly Disclosed Statistical Information Service Applications
- Official Institutions Disclosed Statistical Information Service Applications
- Risk Center Reporting System
- Post Dated Drawing Cheque Information Sharing Service
- Daily Sharing of Check Statistics
- Risk Center Interactive Reporting System
- Sharing of Central Registry System (Mersis) Information at the Ministry of Customs and Trade
- BKM Merchant Turnover Information and POS Cancellation Individual Inquiry
- RC Warning Services
- Individual Inquiry Unit Query
- Force Majeure Inquiry
- Sharing of Information Collected from Telecommunication Companies (Telco)
- Foreign Currency Loan and Income Statement and Sharing Service
- Foreign Currency Credit and Income Customer Objection Evaluation System
- Submission of Risk Center Report via E-Government Gateway
- Commercial TL Risk Notification and Sharing Service
- Sharing of Electronic Investment Incentive Certificate (e-YTB) Information at the Ministry of Industry and Technology of the Republic of Turkey
- Commercial Qualified TL and FX Loan Daily Notification Service
- Sharing of Bankruptcy and Concordat Decisions in the UYAP System of the TR Ministry of Justice
- Declaration System

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 ("TL") in compliance with Turkish Commercial Code ("TCC") and accounting principles of the tax legislation.

2.1.1 Comparative information

TL 1,608,259, which was classified in the "Retained Earnings/(Loss)" in the financial statements of the Company for the accounting period ended 31 December 2021, was classified in the "Special Funds" account in the comparative financial statements (31 December 2020: TL 1,360,319).

2.2 Basis in preparation

The basic accounting policies adopted in the preparation of the financial statements as of 31 December 2021 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 ("TL").

KKB KREDİ KAYIT BÜROSU A.Ş.

CONVENIENCE TRANSLATION INTO ENGLISH OF EXPLANATORY NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021 ORIGINALLY ISSUED IN TURKISH

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

2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.2 Basis in preparation (Continued)

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.

POA made a statement on the Application of Financial Reporting in Hyperinflationary Economies within the scope of TFRS on January 20, 2022, and it was stated that there is no need to make any adjustments in the financial statements of 2021 within the scope of TAS 29 Financial Reporting in Hyperinflationary Economies.

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 are no changes or detected errors in accounting policies in the current period.

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. Significant accounting errors are applied retrospectively and the prior period financial statements are restated. The Company's accounting estimates did not change significantly in the current period.

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.

2.3 Standards and interpretations issued but not yet effective

Standards issued but not yet effective and not early adopted

A number of new standards and amendments to existing standards are not effective at reporting date and earlier application is permitted; however the Company has not early adopted are as follows.

KKB KREDİ KAYIT BÜROSU A.Ş.

CONVENIENCE TRANSLATION INTO ENGLISH OF EXPLANATORY NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021 ORIGINALLY ISSUED IN TURKISH

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

2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

COVID-19-Related Rent Concessions beyond 30 June 2021 (the 2021 amendment)

IASB has extended the practical expedient by 12 months – permitting lessees to apply it to rent concessions for which any reduction in lease payments affects only payments originally due on or before 30 June 2022. The original amendment was issued in May 2020 to make it easier for lessees to account for Covid-19 related rent concessions, such as rent holidays and temporary rent reductions, while continuing to provide useful information about their leases to investors.

The amendment is effective for annual reporting periods beginning on or after 1 April 2021. Lessees are permitted to apply it early, including in financial statements not authorised for issue as of 31 March 2021 the date of publication of this amendment. In other words, if the financial statements for the accounting periods before the date of publication of the amendment have not yet been issued, it is possible to apply this amendment for the relevant financial statements. The 2021 amendments are applied retrospectively with the cumulative effect of initially applying it being recognised in opening retained earnings.

The original version of the practical expedient was, and remains, optional. However, the 2021 amendments are, in effect, not optional. This is because a lessee that chose to apply the practical expedient introduced by the 2020 amendments has to consistently apply the extension to eligible contracts with similar characteristics and in similar circumstances.

This means that lessees will need to reverse previous lease modification accounting if a rent concession was ineligible for the original practical expedient under the 2020 amendments but becomes eligible as a result of the extension.

Reference to the Conceptual Framework (Amendments to IFRS 3)

In May 2020, IASB issued Reference to the Conceptual Framework, which made amendments to IFRS 3 Business Combinations.

The amendments updated IFRS 3 by replacing a reference to an old version of the Board's Conceptual Framework for Financial Reporting with a reference to the latest version, which was issued in March 2018.

The Company shall apply these amendments for annual periods beginning on or after 1 January 2022 with earlier application permitted.

Property, Plant and Equipment—Proceeds before Intended Use (Amendments to IAS 16)

In May 2020, IASB issued Property, Plant and Equipment—Proceeds before Intended Use, which made amendments to IAS 16 Property, Plant and Equipment. The amendments 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.

The amendments improve transparency and consistency by clarifying the accounting requirements—specifically, the amendments 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.

The Company shall apply these amendments for annual periods beginning on or after 1 January 2022 with earlier application permitted. The amendments apply retrospectively, but only to items of Property, Plant and Equipment made available for use on or after the beginning of the earliest period presented in the financial statements in which the company first applies the amendments.

KKB KREDİ KAYIT BÜROSU A.Ş.

CONVENIENCE TRANSLATION INTO ENGLISH OF EXPLANATORY NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021 ORIGINALLY ISSUED IN TURKISH

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

2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.3 Standards and interpretations issued but not yet effective (Continued)

Standards issued but not yet effective and not early adopted (Continued)

Onerous Contracts–Cost of Fulfilling a Contract (Amendments to IAS 37)

In May 2020, IASB issued Onerous Contracts–Cost of Fulfilling a Contract, which made amendments to IAS 37 Provisions, Contingent Liabilities and Contingent Assets.

The amendments specify which costs an entity includes in determining the cost of fulfilling a contract for the purpose of assessing whether the contract is onerous.

IASB developed amendments to IAS 37 to clarify that for the purpose of assessing whether a contract is onerous, the cost of fulfilling the contract includes both the incremental costs of fulfilling that contract and an allocation of other costs that relate directly to fulfilling contracts.

The Company shall apply these amendments for annual periods beginning on or after 1 January 2022 with earlier application permitted. At the date of initial application, the cumulative effect of applying the amendments is recognised as an opening balance adjustment to retained earnings or other component of equity, as appropriate. The comparatives are not restated.

IFRS 17 Insurance Contracts

On 18 May 2017, IASB issued IFRS 17 Insurance Contracts. This first truly globally accepted standard for insurance contracts will help investors and others better understand insurers' risk exposure, profitability and financial position. IFRS 17 replaces IFRS 4, which was brought in as an interim Standard in 2004. IFRS 4 has given companies dispensation to carry on accounting for insurance contracts using national accounting standards, resulting in a multitude of different approaches. As a consequence, it is difficult for investors to compare and contrast the financial performance of otherwise similar companies. IFRS 17 solves the comparison problems created by IFRS 4 by requiring all insurance contracts to be accounted for in a consistent manner, benefiting both investors and insurance companies. Insurance obligations will be accounted for using current values – instead of historical cost. The information will be updated regularly, providing more useful information to users of financial statements. IFRS 17 has an effective date of 1 January 2023 but companies can apply it earlier.

The Company does not expect that application of IFRS 17 will have significant impact on its financial statements.

Initial Application of IFRS 17 and IFRS 9–Comparative Information (Amendment to IFRS 17)

In December 2021, IASB issued Initial Application of IFRS 17 and IFRS 9–Comparative Information (Amendment to IFRS 17). The amendment is a transition option relating to comparative information about financial assets presented on initial application of IFRS 17. The amendment is aimed at helping entities to avoid temporary accounting mismatches between financial assets and insurance contract liabilities, and therefore improve the usefulness of comparative information for users of financial statements. IFRS 17 incorporating the amendment is effective for annual reporting periods beginning on or after 1 January 2023.

The Company does not expect that application of these amendments to IFRS 17 will have significant impact on its financial statements.

KKB KREDİ KAYIT BÜROSU A.Ş.

CONVENIENCE TRANSLATION INTO ENGLISH OF EXPLANATORY NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021 ORIGINALLY ISSUED IN TURKISH

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

2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.3 Standards and interpretations issued but not yet effective (Continued)

Standards issued but not yet effective and not early adopted (Continued)

Amendments to IFRS 4: Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts

IFRS 4 has been amended by IASB to reduce the impact of the differing effective dates of the new insurance contracts standard and IFRS 9. These amendments to IFRS 4 provide two optional solutions for insurers to reduce concerns about implementations: i) when applying IFRS 9 by insurers to its financial assets, an insurer will be permitted to reclassify the difference between profit or loss and other comprehensive income and the amounts recognised in profit or loss under IFRS 9 and those that would have been reported under IAS 39; or ii) an optional temporary exemption from applying IFRS 9 for companies whose activities are predominantly connected with insurance before January 1, 2023. These companies will be permitted to continue to apply existing requirements for financial instruments in IAS 39. The Company does not expect that application of these amendments to IFRS 4 will have significant impact on its financial statements.

Classification of Liabilities as Current or Non-current (Amendments to IAS 1)

On 23 January 2020, IASB issued *Classification of Liabilities as Current or Non-Current* which amends IAS 1 *Presentation of Financial Statements* to clarify its requirements for the presentation of liabilities in the statement of financial position. The amendments clarify one of the criteria in IAS 1 for classifying a liability as non-current—that is, the requirement for an entity to have the right to defer settlement of the liability for at least 12 months after the reporting period.

The amendments include:

- (a) Specifying that an entity's right to defer settlement must exist at the end of the reporting period;
- (b) Clarifying that classification is unaffected by management's intentions or expectations about whether the entity will exercise its right to defer settlement;
- (c) Clarifying how lending conditions affect classification; and
- (d) Clarifying requirements for classifying liabilities an entity will or may settle by issuing its own equity instruments. The Company shall apply retrospectively these amendments for annual periods beginning on or after 1 January 2022 with earlier application permitted. However, according to the amendment published on 15 July 2020, IASB decided to defer the effective date of IAS 1 until 1 January 2023. The Company does not expect that application of these amendments to IAS 1 will have significant impact on its financial statements.

Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2)

IASB has issued amendments to IAS 1 *Presentation of Financial Statements* and an update to IFRS Practice Statement 2 *Making Materiality Judgements* to help companies provide useful accounting policy disclosures on 12 February 2021.

The key amendments to IAS 1 include:

- requiring companies to disclose their material accounting policies rather than their significant accounting policies;
- clarifying that accounting policies related to immaterial transactions, other events or conditions are themselves immaterial and as such need not be disclosed; and
- clarifying that not all accounting policies that relate to material transactions, other events or conditions are themselves material to a company's financial statements.

IASB also amended IFRS Practice Statement 2 to include guidance and two additional examples on the application of materiality to accounting policy disclosures.

The amendments are consistent with the refined definition of material previously:

"Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements".

The amendments are effective from 1 January 2023 but companies can apply it earlier.

The Company does not expect that application of these amendments to Amendments to IAS 1 and IFRS Practice Statement 2) will have significant impact on its financial statements.

KKB KREDİ KAYIT BÜROSU A.Ş.

CONVENIENCE TRANSLATION INTO ENGLISH OF EXPLANATORY NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021 ORIGINALLY ISSUED IN TURKISH

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

2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.3 Standards and interpretations issued but not yet effective (Continued)

Standards issued but not yet effective and not early adopted (Continued)

Definition of Accounting Estimates (Amendments to IAS 8)

The amendments introduce a new definition for accounting estimates: clarifying that they are monetary amounts in the financial statements that are subject to measurement uncertainty which is issued by IASB on 12 February 2021. The amendments also clarify the relationship between accounting policies and accounting estimates by specifying that a company develops an accounting estimate to achieve the objective set out by an accounting policy. Developing an accounting estimate includes both:

- selecting a measurement technique (estimation or valuation technique) – e.g. an estimation technique used to measure a loss allowance for expected credit losses when applying IFRS 9 Financial Instruments; and
- choosing the inputs to be used when applying the chosen measurement technique – e.g. the expected cash outflows for determining a provision for warranty obligations when applying IAS 37 Provisions, Contingent Liabilities and Contingent Assets.

The effects of changes in such inputs or measurement techniques are changes in accounting estimates. The definition of accounting policies remains unchanged.

The amendments are effective for periods beginning on or after 1 January 2023, with earlier application permitted, and will apply prospectively to changes in accounting estimates and changes in accounting policies occurring on or after the beginning of the first annual reporting period in which the company applies the amendments.

The Company does not expect that application of these amendments to Amendments to IAS 1 and IFRS Practice Statement 2) will have significant impact on its financial statements.

Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction – Amendments to IAS 12 Income Taxes

In May 2021 IASB issued *Deferred Tax related to Assets and Liabilities arising from a Single Transaction*, which amended IAS 12 Income Taxes.

The amendments to IAS 12 Income Taxes clarify how companies should account for deferred tax on certain transactions – e.g. leases and decommissioning provisions.

The amendments narrow the scope of the initial recognition exemption so that it does not apply to transactions that give rise to equal and offsetting temporary differences. As a result, companies will need to recognise a deferred tax asset and a deferred tax liability for temporary differences arising on initial recognition of a lease and a decommissioning provision.

The amendments clarify that the exemption does not apply to transactions such as leases and decommissioning obligations. These transactions give rise to equal and offsetting temporary differences.

For leases and decommissioning liabilities, the associated deferred tax asset and liabilities will need to be recognised from the beginning of the earliest comparative period presented, with any cumulative effect recognised as an adjustment to retained earnings or other components of equity at that date. If a company previously accounted for deferred tax on leases and decommissioning liabilities under the net approach, then the impact on transition is likely to be limited to the separate presentation of the deferred tax asset and the deferred tax liability.

The amendments are effective for annual reporting periods beginning on or after 1 January 2023. Earlier application is permitted.

The Company does not expect that application of these amendments to Amendments to IAS 12 will have significant impact on its financial statements.

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

2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.3 Standards and interpretations issued but not yet effective (Continued)

Standards issued but not yet effective and not early adopted (Continued)

Annual Improvements to IFRS Standards 2018–2020

Improvements to IFRSs

IASB issued Annual Improvements to IFRSs - 2018–2020 Cycle for applicable standards in May 2020. The amendments are effective as of 1 January 2022. Earlier application is permitted. The Company does not expect that application of these improvements to IFRSs will have significant impact on its financial statements.

IFRS 1 First-time Adoption of International Financial Reporting Standards

This amendment simplifies the application of IFRS 1 for a subsidiary that becomes a first-time adopter of IFRS Standards later than its parent – i.e. if a subsidiary adopts IFRS Standards later than its parent and applies IFRS 1.D16(a), then a subsidiary may elect to measure cumulative translation differences for all foreign operations at amounts included in the consolidated financial statements of the parent, based on the parent's date of transition to IFRS Standards. This amendment will ease transition to IFRS Standards for subsidiaries applying this optional exemption by i) reducing undue costs; and ii) avoiding the need to maintain parallel sets of accounting records.

IFRS 9 Financial Instruments

This amendment clarifies that – for the purpose of performing the ‘10 per cent test’ for derecognition of financial liabilities – in determining those fees paid net of fees received, a borrower includes only fees paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf.

IFRS 16 Leases, Illustrative Example 13

The amendment removes the illustration of payments from the lessor relating to leasehold improvements. As currently drafted, this example is not clear as to why such payments are not a lease incentive. It will help to remove the potential for confusion in identifying lease incentives in a common real estate fact pattern.

IAS 41 Agriculture

This amendment removes the requirement to exclude cash flows for taxation when measuring fair value, thereby aligning the fair value measurement requirements in IAS 41 with those in IFRS 13 Fair Value Measurement. The amendments provide the flexibility to use either, as appropriate, in line with IFRS 13.

Amendments are effective on 1 January 2021

1-) Interest Rate Benchmark Reform – Phase 2 – Amendments to IFRS 9 Financial Instruments, IAS 39 Financial Instruments: Recognition and Measurement, IFRS 7 Financial Instruments: Disclosures, IFRS 4 Insurance Contracts and IFRS 16 Leases

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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.

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 2021.

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2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.4 Summary of Significant Accounting Policies (Continued)

Financial instruments (Continued)

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 TL 98,041 in its financial statements prepared as at 31 December 2021 (31 December 2020: TL 79,896).

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.

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2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.4 Basis in preparation (Continued)

Leases Standard (Continued)

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

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.

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.

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2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.4 Basis in preparation (Continued)

Leases Standard (Continued)

The Company remeasure the lease liability by discounting the revised lease payments, if either:

- 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.
- 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:

- The restructuring extends the scope of the leasing by including the right of use of one or more underlying assets, and
- 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.

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 7).

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.

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2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.4 Summary of Significant Accounting Policies (Continued)

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 TL 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. 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
Right of use asset	2-20 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)

Intangible Assets (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.

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.

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2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.4 Summary of Significant Accounting Policies (Continued)

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.

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.

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2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.4 Summary of Significant Accounting Policies (Continued)

Revenue recognition (Continued)

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.

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 13.3290 TL=1 US Dollars and 15.0867 TL=1 Euro (31 December 2020: 7.3405 TL=1 US Dollars and 9.0079 TL=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 2021, R&D expenses amounting to TL 10,608,571 have been used as a deduction item in the tax calculation (31 December 2020: TL 3,040,991).

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.

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.

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2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.4 Summary of Significant Accounting Policies (Continued)

Deferred tax (Continued)

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.

(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).

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2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)**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.

3. CASH AND CASH EQUIVALENTS

The details of the Company's cash and cash equivalents as of 31 December 2021 and 2020 are as follows:

	31 December 2021	31 December 2020
Banks		
Time deposit	185,701,230	120,699,562
Demand deposit	3,115,737	2,394,132
Credit card receivables with term of less than three months ^(*)	4,768,824	3,291,546
Provision for expected credit loss	(95,157)	(59,694)
Cash and cash equivalents	193,490,634	126,325,546

^(*) The average maturity of the Company's credit card receivables amounting to TL 4,768,824 (December 31, 2020: TL 3,291,546) as of December 31, 2021 is 30 days (December 31, 2020: 45 days). As of 31 December 2021, the interest rates of the Company's time deposits in TL are between 10% and 17.80%, between 0.65% and 1% in USD and 0.40% in EURO. (December 31, 2020: in TL are between 6.5% ile 19%, in USD are between 2% ile 3.75% and 0.75% in Euro). As of 31 December 2021 and 2020, all time deposits have a maturity of less than three months.

As of 31 December 2021 and 31 December 2020, there is no restriction on cash and cash equivalents.

In the cash flow statements of the Company as of 31 December 2021 and 31 December 2020, cash and cash equivalents are shown by deducting interest accruals from cash and cash equivalents:

	31 December 2021	31 December 2020
Cash and cash equivalents	193,585,791	126,385,240
Interest accrual (-)	(709,885)	(432,426)
Cash and cash equivalents in the cash flow statement	192,875,906	125,952,814

4. TRADE RECEIVABLES AND PAYABLES

As of 31 December 2020 and 2019, the details of trade receivables are as follows:

	31 December 2021	31 December 2020
Trade receivables		
Trade receivables from related parties (Note 6)	42,874,399	29,772,580
Trade receivables from other parties	3,120,988	3,338,232
Provision for expected credit loss (-)	(2,884)	(20,202)
- Regarding trade receivables from related parties (Note 6)	(2,884)	(3,987)
- Regarding trade receivables from other parties	-	(16,215)
Total	45,992,503	33,090,610

The average maturity of trade receivables is 10 days (31 December 2020: 10 days). As of 31 December 2021, there is no neither past due nor impaired receivable (31 December 2020: no neither past due not 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 2021	31 December 2020
Trade payables ^(*)		
Trade payables to related parties (Note 6)	8,494,086	7,062,814
Trade payables to other parties	54,940,327	70,264,311
Toplam	63,434,413	77,327,125

(*) The average maturity for trade payables is between 30 and 60 days (31 December 2020: between 30 and 60 days). As of 31 December 2021 and 2020, 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 2021 and 2020, the details of other receivables are as follows:

	31 December 2021	31 December 2020
Other payables due to other parties	8,008,356	5,036,180
- Tax payables	7,965,175	4,954,866
- Other payables	43,181	81,314
Diğer borçlar	8,008,356	5,036,180

6. BALANCES AND TRANSACTIONS WITH RELATED PARTIES

As of 31 December 2021 and 2020, the details of cash and cash equivalents with related parties are as follows :

	31 December 2021	31 December 2020
Cash and cash equivalents from related parties		
T. Halk Bankası A.Ş.	63,593,660	74,124,932
Denizbank A.Ş.	41,819,539	27,280,943
Yapı ve Kredi Bankası A.Ş.	20,569,797	1,260,119
T.Vakıflar Bankası T.A.O.	20,007,166	1,363
T. Garanti Bankası A.Ş.	2,627,375	1,018,733
Vakıf Katılım Bankası A.Ş.	943,409	438,666
T. İş Bankası A.Ş.	669,082	341,615
Akbank T.A.Ş.	666,185	479,048
T.C. Ziraat Bankası A.Ş.	276,767	63,503
Şekerbank T.A.Ş.	294	10,001,206
Expected credit loss (-)	(95,157)	(9,621)
Total	151,078,117	115,000,507

As of 31 December 2021 and 2020, the details of the Company's prepaid expense to related parties are as follows:

	31 December 2021	31 December 2020
Prepaid expenses to related parties		
Anadolu Anonim Türk Sigorta A.Ş.	3,072,766	2,714,280
Aksigorta A.Ş.	2,133,502	1,491,173
Koçsistem Bilgi ve İletişim Hizm. A.Ş.	1,686,214	1,068,544
T. Halk Bankası A.Ş.	25	153
Anadolu Hayat Emeklilik A.Ş.	-	56,606
Total	6,892,507	5,330,756

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6. BALANCES AND TRANSACTIONS WITH RELATED PARTIES (Continued)

As of 31 December 2021 and 2020, the details of receivables from related parties from related parties are as follows:

	31 December 2021	31 December 2020
Receivables from related parties		
Türkiye Bankalar Birliği Risk Merkezi İkt. İşl.	25,873,783	19,102,356
Akbank T.A.Ş.	2,728,926	1,812,165
T. İş Bankası A.Ş.	2,564,989	1,702,146
T. Garanti Bankası A.Ş.	2,289,851	1,663,876
T.C. Ziraat Bankası A.Ş.	1,697,219	1,472,811
Yapı ve Kredi Bankası A.Ş.	1,634,680	1,027,110
T. Vakıflar Bankası T.A.O.	1,589,981	1,037,210
Denizbank A.Ş.	992,273	863,620
T. Halk Bankası A.Ş.	764,356	310,651
Şekerbank T.A.Ş.	119,647	158,880
Receivables from other related parties	2,618,694	621,755
Expected credit loss (-)	(2,884)	(3,987)
Total	42,871,515	29,768,593

For the periods ended at 31 December 2021 and 2020, the details of the Company's short and long term liabilities to related parties are as follows:

	31 December 2021	31 December 2020
Short and long term liabilities to related parties		
İş Finansal Kiralama A.Ş.	-	37,881
Yapı Kredi Finansal Kiralama A.O.	-	99
Toplam	-	37,980

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 2021, the total amount of benefits provided to top management is TL 16,198,773 (31 December 2020: TL 17,592,914).

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6. BALANCES AND TRANSACTIONS WITH RELATED PARTIES (Continued)

For the periods ended at 31 December 2021 and 2020, the details of the Company's trade payables to related parties are as follows:

	31 December 2021	31 December 2020
Trade payables to related parties		
Aksigorta A.Ş.	2,254,687	1,484,568
T. İş Bankası A.Ş.	2,056,177	1,800,492
Koçsistem Bilgi Ve İletişim Hizm. A.Ş.	1,618,511	764,682
Vakıf Katılım Bankası A.Ş.	1,342,701	1,956,386
Anadolu Anonim Türk Sigorta Şirketi	780,422	708,914
Türkiye Bankalar Birliği Risk Merkezi İkt. İşl.	271,573	189,513
Denizbank A.Ş.	139,543	-
Yapı ve Kredi Bankası A.Ş.	22,373	-
Otokoç Otomotiv Tic. Ve San. A.Ş.	6,262	3,173
VDF Filo Kiralama A.Ş.	1,837	70,901
Anadolu Hayat Emeklilik A.Ş.	-	22,702
Akbank A.Ş.	-	48,576
T. Halk Bankası A.Ş.	-	11,443
T. Garanti Bankası A.Ş.	-	1,464
Total	8,494,086	7,062,814

For the periods ended at 31 December 2021 and 2020, the details of the Company's expenses to related parties are as follows:

	31 December 2021	31 December 2020
Expenses to related parties		
T.C. Ziraat Bankası A.Ş.	23,067,236	19,556,506
T. İş Bankası A.Ş.	7,566,029	4,372,146
Koçsistem Bilgi ve İletişim Hizm. A.Ş.	5,922,748	5,169,973
Anadolu Anonim Türk Sigorta Şirketi	4,645,086	4,079,039
Vakıf Katılım Bankası A.Ş.	3,937,563	5,711,817
T. Halk Bankası A.Ş.	3,292,139	1,127,775
VDF Filo Kiralama A.Ş.	2,332,298	1,146,200
Aksigorta A.Ş.	2,282,252	1,618,121
Türkiye Bankalar Birliği Risk Merkezi İkt. İşl.	1,929,863	2,189,163
Denizbank A.Ş.	868,560	665,076
Yapı ve Kredi Bankası A.Ş.	506,702	45,682
T. Vakıflar Bankası T.A.O.	465,767	211,350
Otokoç Otomotiv Tic. Ve San. A.Ş.	217,465	132,449
Şekerbank T.A.Ş.	170,150	22,258
İş Finansal Kiralama A.Ş.	102,471	7,891,056
Akbank T.A.Ş.	28,358	85,582
T. Garanti Bankası A.Ş.	14,211	9,333
Anadolu Hayat Emeklilik A.Ş.	136	85,816
Yapı Kredi Finansal Kiralama A.O.	99	476,123
VDF Faktoring A.Ş.	-	47
Total	57,349,133	54,595,512

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6. BALANCES AND TRANSACTIONS WITH RELATED PARTIES (Continued)

For the periods ended at 31 December 2021 and 2020, the details of the Company's revenues to related parties are as follows:

	31 December 2021	31 December 2020
Revenue from related parties		
Türkiye Bankalar Birliği Risk Merkezi İkt. İşl.	220,967,909	189,620,944
T. Garanti Bankası A.Ş.	26,279,612	20,623,161
T. İş Bankası A.Ş.	23,188,188	23,188,863
Akbank T.A.Ş.	22,129,195	13,922,021
T. Vakıflar Bankası T.A.O.	17,178,381	11,015,345
T.C. Ziraat Bankası A.Ş.	16,164,583	12,872,218
Yapı ve Kredi Bankası A.Ş.	15,351,195	11,603,412
Denizbank A.Ş.	11,286,721	9,799,764
T. Halk Bankası A.Ş.	7,840,347	5,298,974
Koçsistem Bilgi Ve İletişim Hizm. A.Ş.	3,496,651	2,575,136
Finansal Kurumlar Birliği Ticaret Finansmanı İktisadi İşletmesi	3,613,704	-
Şekerbank T.A.Ş.	1,848,942	1,828,321
Otokoç Otomotiv Ticaret ve Sanayi A.Ş.	976,271	381,136
TBB Türkiye Bankalar Birliği	964,684	1,086,695
Vakıf Katılım Bankası A.Ş.	553,795	379,591
Anadolu Anonim Türk Sigorta Şirketi	524,330	1,401,560
Ziraat Katılım Bankası A.Ş.	359,602	270,379
Aksigorta A.Ş.	270,327	200,486
Anadolu Hayat Emeklilik A.Ş.	219,000	390,150
Koç Finansman A.Ş.	94,237	108,358
Türkiye Sınai Ve Kalkınma Bankası A.Ş.	83,125	72,005
Garanti Faktoring A.Ş.	82,251	75,685
İş Faktoring A.Ş.	78,262	67,501
Koç Fiat Kredi Finansman A.Ş.	59,233	55,644
Bankalararası Kart Merkezi A.Ş.	55,959	37,896
Deniz Faktoring A.Ş.	49,930	36,578
İş Finansal Kiralama A.Ş.	41,920	40,638
Halk Finansal Kiralama A.Ş.	38,478	37,536
Yapı Kredi Finansal Kiralama A.O.	36,504	35,655
Ak Finansal Kiralama A.Ş.	35,914	34,491
Garanti Finansal Kiralama A.Ş.	34,865	33,551
VDF Faktoring A.Ş.	32,606	27,908
Arap Türk Bankası A.Ş.	27,672	11,348
Şeker Faktoring A.Ş.	25,343	36,142
Volkswagen Doğu Finansman A.Ş.	20,730	19,359
Vakıf Faktoring A.Ş.	5,440	5,874
Vakıf Finansal Kiralama A.Ş.	2,870	3,289
Halk Faktoring A.Ş.	2,648	4,155
VDF Filo Kiralama A.Ş.	2,471	2,200
Garanti Filo Yönetim Hizmetleri A.Ş.	2,465	2,230
Şeker Finansal Kiralama A.Ş.	2,082	2,302
AGT Finansal Kiralama A.Ş.	806	777
Yapı Kredi Faktoring A.Ş.	88	477
Deniz Finansal Kiralama A.Ş.	84	77
Şeker Finansman A.Ş.	-	14
Toplam	374,029,420	307,209,846

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7. INVENTORIES

	31 December 2021	31 December 2020
Trade goods ^(*)	5,832,401	2,139,642
Total	5,832,401	2,139,642

^(*) 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 2021 and 2020, 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 2021 are as follows:

	1 January 2021	Additions	Transfers	Disposals	31 December 2021
Cost					
Buildings	129,823,061	898,204	-	-	130,721,265
Machinery, plant and equipment	90,856,518	7,628,784	927,093	(4,767,431)	94,644,964
Furniture and fixtures	79,965,843	38,051,360	15,031,875	(8,637,070)	124,412,008
Constructions in progress	18,319,462	30,009,163	(27,426,133)	(457,955)	20,444,537
	318,964,884	76,587,511	(11,467,165)	(13,862,456)	370,222,774
Accumulated depreciation					
Buildings	(16,196,484)	(3,204,811)	-	-	(19,401,295)
Machinery, plant and equipment	(36,113,814)	(7,113,302)	-	4,547,982	(38,679,134)
Furniture and fixtures	(36,262,380)	(18,399,390)	-	7,974,402	(46,687,368)
	(88,572,678)	(28,717,503)	-	12,522,384	(104,767,797)
Net book value	230,392,206				265,454,977

Movements of tangible assets for the period between 1 January and 31 December 2020 are as follows:

	1 January 2020	Additions	Transfers	Disposals	31 December 2020
Cost					
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	7,450,267	(8,031)	79,965,843
Constructions in progress	5,358,050	30,470,310	(17,500,743)	(8,155)	18,319,462
	278,668,025	50,413,141	(10,050,476)	(65,806)	318,964,884
Accumulated depreciation					
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)
	(63,892,915)	(24,714,793)	-	35,030	(88,572,678)
Net book value	214,775,110				230,392,206

There is no mortgage on the Company's tangible assets (31 December 2020: None).

As of 31 December 2021, the insurance amount on tangible assets is TL 2,697,073,063 (31 December 2020: TL 1,365,652,400).

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9. INTANGIBLE ASSETS

Movements of intangible assets for the period between 1 January and 31 December 2021 are as follows:

	1 January 2021	Additions	Transfers	Disposals	31 December 2021
Cost					
Softwares	103,825,807	11,431,303	383,240	-	115,640,350
Rights	21,113,558	510,056	11,083,925	-	32,707,539
Other intangible assets	1,671,955	1,163	-	-	1,673,118
	126,611,320	11,942,522	11,467,165	-	150,021,007
Accumulated depreciation					
Softwares	(60,421,969)	(20,623,523)	-	-	(81,045,492)
Rights	(5,974,044)	(4,312,543)	-	-	(10,286,587)
Other intangible assets	(1,313,078)	(35,423)	-	-	(1,348,501)
	(67,709,091)	(24,971,489)	-	-	(92,680,580)
Net book value	58,902,229				57,340,427

Movements of intangible assets for the period between 1 January and 31 December 2020 are as follows:

	1 January 2020	Additions	Transfers	Disposals	31 December 2020
Cost					
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
	80,513,532	36,047,312	10,050,476	-	126,611,320
Accumulated depreciation					
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)
	(49,351,220)	(18,357,871)	-	-	(67,709,091)
Net book value	31,162,312				58,902,229

10. LEASES

As of 31 December 2021 and 2020, the details of right of use assets are as follows:

	31 December 2021	31 December 2020
Vehicles	4,505,825	3,996,471
Buildings	675,044	1,859,804
Total	5,180,869	5,856,275
	31 December 2021	31 December 2020
Beginning of the period - 1 January	5,856,275	3,149,540
Additions	2,651,733	5,206,600
Additions depreciation expense	(3,327,139)	(2,499,865)
End of the period - 31 December	5,180,869	5,856,275

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10. LEASES (Continued)

As of 31 December 2021 and 2020, the details of lease liabilities are as follows:

	31 December 2021	31 December 2020
Short term lease liabilities	3,115,936	2,476,669
Long term lease liabilities	2,506,083	3,773,052
Total	5,622,019	6,249,721

Movement table of the lease liabilities in the period of 1 January - 31 December 2021 and 2020 is as follows:

	31 December 2021	31 December 2020
Beginning of the period - 1 January	6,249,721	3,093,255
Additions	2,651,733	5,206,600
Payments (-)	(4,262,911)	(3,088,900)
Interest expenses	983,476	942,183
Exchange differences	-	96,583
End of the period - 31 December	5,622,019	6,249,721

11. SHORT TERM AND LONG TERM LIABILITIES

As of 31 December 2021 and 2020, the details of short and long term liabilities are as follows:

	31 December 2021	31 December 2020
Short term leasing payables	-	37,980
Total	-	37,980

The Company has no borrowings as of 31 December 2021 (As of 31 December 2020, the effective weighted average interest rates for denominated US Dollar, Euro and TL financial leasing payables are respectively 6.16%, and 3.25%).

As of 31 December 2021 and 2020, the payment schedule of financial leasing payables is as follows:

	31 December 2021	31 December 2020
Up to 1 year	-	37,980
Total	-	37,980

The movement table of the Company's financial liabilities for the accounting period between 1 January and 31 December 2021 and 2020 is as follows:

	2021	2020
Beginning of the period - 1 January	37,980	7,027,358
Payments during the period (-)	(37,980)	(8,088,722)
The effect of unrealized exchange rate differences	-	1,099,845
Accrual of interest	-	(501)
End of the period - 31 December	-	37,980

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12. PROVISIONS, CONTINGENT ASSETS AND LIABILITIES**Letters of guarantee given:**

	31 December 2021	31 December 2020
Letters of guarantee	70,506	126,199
Total	70,506	126,199

Letters of guarantee received:

	31 December 2021	31 December 2020
Letters of guarantee received ^(*)	21,680	1,598,404
Total	21,680	1,598,404

^(*) 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 2021, 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 2020: No collateral, pledge or mortgage).

Lawsuits against the company:

As of 31 December 2021, there are 14 lawsuits filed against the Company, Provision of TL 1,343,529 has been provided based on the best estimates of the Company management regarding these lawsuits, (31 December 2020: There are 13 cases and TL 1,145,020 has been provisioned).

13. EMPLOYMENT BENEFITS**i) Payables for employee benefits**

As of 31 December 2021 and 2020, the details of the payables for the employees are as follows:

	31 December 2021	31 December 2020
Social security withholding to be paid	2,823,684	2,389,183
Payables to employees	257,131	88,512
Total	3,080,815	2,477,695

ii) Short term provisions

As of 31 December 2021 and 2020, the details of the Company's short-term provisions are as follows:

	31 December 2021	31 December 2020
Provision for personnel performance bonus	31,162,139	22,543,603
Provision for unused vacation	8,940,604	7,295,267
Provision for bank commissions ^(*)	5,977,675	741,452
Provision for uninvoiced expenses	325,879	174,871
Other provisions	4,147,373	1,555,591
Total	50,553,670	32,310,784

^(*) 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 2021 and 2020.

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13. EMPLOYMENT BENEFITS (Continued)

The movement table of provision for personnel performance bonus of the Company for the periods between 1 January and 31 December 2021 and 2020 is as follows:

	31 December 2021	31 December 2020
Beginning of the period - 1 January	22,543,603	18,658,413
Increase in the period	31,162,139	22,543,603
Paid during the period (-)	(22,543,603)	(18,658,413)
End of the period - 31 December	31,162,139	22,543,603

iii) Long term provisions

As of 31 December 2021 and 2020, the details of the Company's long-term provisions are as follows:

	31 December 2021	31 December 2020
Provision for employment termination benefits	5,577,417	3,514,406
Provision for lawsuits	1,343,529	1,145,020
Other	357,988	525,988
Total	7,278,934	5,185,414

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 TL 8,284.51 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 2020: TL 7,117.17, 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 2021	31 December 2020
Annual discount rate (%)	4.24	4.15

The movement of employment termination benefits during the year is as follows:

	2021	2020
Provision for employment termination benefits		
Beginning of the period - 1 January	3,514,406	1,886,824
Service cost	535,013	378,243
Interest cost	371,172	188,682
Termination cost	189,880	-
Payment within the period (-)	(628,191)	(302,774)
Actuarial (gain)/loss	1,595,137	1,363,431
End of the period - 31 December	5,577,417	3,514,406

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14. PREPAID EXPENSES AND DEFERRED INCOME

The details of short-term prepaid expenses of the Company as of 31 December 2021 and 2020 are as follows:

	31 December 2021	31 December 2020
Short term prepaid expenses (*)		
Prepaid expenses from related parties	6,892,507	5,330,756
Prepaid expenses from other parties	35,382,571	21,054,917
Total	42,275,078	26,385,673

(*) As of 31 December 2021 and 2020, 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 2021 and 2020, the details of long-term prepaid expenses are as follows:

Long term prepaid expenses (*)

	31 December 2021	31 December 2020
Long term prepaid expenses (*)		
Prepaid expenses from other parties	5,923,552	4,688,920
Total	5,923,552	4,688,920

(*) As of 31 December 2021 and 2020, 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.

The details of deferred income as of 31 December 2021 and 2020 are as follows:

	31 December 2021	31 December 2020
Deferred income		
Deferred income (*)	100,137,776	59,773,163
Toplam	100,137,776	59,773,163

(*) As of 31 December 2021 and 31 December 2020, the relevant amounts consist of service income that the Company has collected in advance regarding Findeks products and has not yet accrued.

15. OTHER ASSETS AND LIABILITIES**a) Other current assets:**

The details of other current assets as of 31 December 2021 and 2020 are as follows:

	31 December 2021	31 December 2020
Deferred VAT	1,372,454	2,675,085
Receivables from employees	168,090	318,676
Order advances given	-	365,296
Amounts to be invoiced	-	1,962
Accruals on trade receivables from customers	-	278,135
Total	1,540,544	3,639,154

b) Other non-current assets:

The details of other fixed assets as of 31 December 2021 and 2020 are as follows:

	31 December 2021	31 December 2020
Deposits and guarantees given	58,258	11,320
Total	58,258	11,320

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16. SHAREHOLDERS' EQUITY

The Company's authorized share capital consists of TL 7,425,000 of each TL 1 nominal share (31 December 2020: TL 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 2021 and 2020 are as follows:

	31 December 2021		31 December 2020	
	Share (%)	Share amount (TL)	Share (%)	Share amount (TL)
Shareholders				
Yapı ve Kredi Bankası A.Ş.	18,2	1,350,000	18,2	1,350,000
Türkiye Halk Bankası A.Ş.	18,2	1,350,000	18,2	1,350,000
Akbank T.A.Ş.	9,1	675,000	9,1	675,000
Türkiye Garanti Bankası A.Ş.	9,1	675,000	9,1	675,000
Şekerbank T.A.Ş.	9,1	675,000	9,1	675,000
Türkiye İş Bankası A.Ş.	9,1	675,000	9,1	675,000
Denizbank A.Ş.	9,1	675,000	9,1	675,000
T. Vakıflar Bankası T.A.O.	9,1	675,000	9,1	675,000
T.C. Ziraat Bankası A.Ş.	9,1	675,000	9,1	675,000
Paid in capital	100	7,425,000	100	7,425,000

	31 December 2021	31 December 2020
Reserves on retained earnings		
Extraordinary reserves	204,868,081	146,513,689
Reserves on retained earnings	14,377,525	14,377,525
Share capital adjustment	2,574,025	2,574,025
Total	221,819,631	163,465,239

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 2021, the extraordinary reserves of the Company which are classified under the statutory reserves are TL 204,868,081 (31 December 2020: TL 146,513,689).

At the Ordinary General Assembly of the Company held on March 24, 2021, it was decided that the net profit remaining after the legal liabilities have been deducted from the gross profit of 2020 will not be distributed to the shareholders and kept in the Extraordinary Reserves account.

17. SALES AND COST OF SALES

The Company's sales for the periods 1 January - 31 December 2021 and 2020 and the cost of sales are as follows:

	1 January - 31 December 2021	1 January - 31 December 2020
Sales ve cost of sales		
Sales	507,704,217	448,812,468
Sales returns (-)	(1,239,139)	(992,755)
Total	506,465,078	447,819,713
Cost of sales (-)		
Personnel expenses ^(*)	(102,960,630)	(89,774,864)
Depreciation expenses	(26,067,146)	(22,278,421)
System services expenses	(14,789,637)	(10,018,977)
Score service expenses	(8,383,059)	(13,437,739)
Query services expenses	(7,510,042)	(6,662,296)
Other expenses	(9,493,293)	(9,468,117)
Total	(169,203,807)	(151,640,414)
Gross operating profit	337,261,271	296,179,299

^(*) The relevant amount includes personnel bonus provision of TL 18,699,483. The relevant amount were paid on 31 January 2022.

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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 2021 and 2020 are as follows:

	1 January- 31 December 2021	1 January- 31 December 2020
Commission expenses	35,076,984	22,063,664
Advertising, media and sales expenses	30,988,033	19,861,743
Other	948,033	721,399
Total	67,013,050	42,646,806

b) General administrative expenses:

The details of general administrative expenses for the accounting periods of 1 January- 31 December 2021 and 2020 are as follows:

	1 January- 31 December 2021	1 January- 31 December 2020
Personnel expenses ^(*)	79,498,010	60,884,109
Installation, maintenance and support expense	58,422,454	40,543,905
Amortization and depreciation expense	27,621,846	20,794,243
Electricity, water and fuel costs	17,938,704	10,256,046
Consultancy expenses	12,822,178	13,118,423
Communication expense	12,298,743	11,212,257
Taxes and other liabilities	4,885,841	2,936,862
Amortisation expenses from lease	3,327,139	2,499,865
Insurance expenses	2,521,543	1,689,325
Travel expenses	583,559	379,672
Other	4,591,879	2,117,423
Total	224,511,896	166,432,130

^(*) The relevant amount includes personnel bonus provision of TL 12,462,656. The relevant amount were paid on 31 January 2022.

19. EXPENSES BY NATURE

The details of expenses by nature for the accounting periods of 1 January - 31 December 2021 and 2020 are as follows:

	1 January- 31 December 2021	1 January- 31 December 2020
Personnel expenses	182,458,640	150,658,973
Installation, maintenance and support expense	58,422,454	40,543,905
Amortization and depreciation expense	53,688,992	43,072,664
Electricity, water and fuel cost	17,938,704	10,256,046
System services expenses	14,789,637	10,018,977
Consultancy expenses	12,822,178	13,118,423
Communication expense	12,298,743	11,212,257
Score service expenses	8,383,059	13,437,739
Query services expenses	7,510,042	6,662,296
Taxes and other liabilities	4,885,841	2,936,862
Amortisation expense related with leases	3,327,139	2,499,865
Insurance expenses	2,521,543	1,689,325
Travel expenses	583,559	379,672
Other	14,085,172	11,585,540
Total	393,715,703	318,072,544

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20. OTHER INCOME AND EXPENSES FROM MAIN OPERATIONS

The details of the Company's other operating income for the accounting periods of 1 January - 31 December 2021 and 2020 are as follows:

	1 January- 31 December 2021	1 January- 31 December 2020
Provisions no longer required	(2,262,851)	(1,161,477)
Mutual funds income	(764,601)	(324,864)
Other income	(2,739,705)	(1,259,380)
Total	(5,767,157)	(2,745,721)

The details of the Company's other operating expenses for the accounting periods of 1 January - 31 December 2021 and 2020 are as follows:

	1 January- 31 December 2021	1 January- 31 December 2020
Expected credit loss provision expense	98,041	79,896
Other expenses (-)	550,776	76,881
Losses from fix asset sales	-	21,520
Total	648,817	178,297

21. FINANCIAL INCOMES AND EXPENSES

The details of financing income and expenses of the Company for the periods 1 January - 31 December 2021 and 2020 are as follows:

	1 January- 31 December 2021	1 January- 31 December 2020
Financial income		
Interest income on time deposits	19,019,871	9,516,373
Foreign exchange gains	95,718,517	7,846,983
Total	114,738,388	17,363,356

	1 January- 31 December 2021	1 January- 31 December 2020
Financial expenses (-)		
Foreign exchange loss	64,899,150	10,793,557
Foreign exchange loss	984,303	1,082,974
Total	65,883,453	11,876,531

22. TAX ASSETS AND LIABILITIES

	31 December 2021	31 December 2020
Provision for corporate tax	19,107,827	17,080,910
Prepaid corporate tax (-)	(21,728,651)	(19,094,433)
Current period tax (asset)/liability, net	(2,620,824)	(2,013,523)

The Company is subject to Turkish corporate taxes. Corporate tax is declared until the evening of the twenty-fifth day of the fourth month following the end of the relevant accounting period and is paid in one installment until the end of the relevant month. In Turkey, the corporate tax rate applied to the legal tax base to be found by adding the expenses that are not accepted as deductible by the tax laws to the commercial income of the corporations by deducting the exemptions in the tax laws was applied as 20% after January 1, 2021. However, with the Law No. 7316 on the Collection Procedure of Public Claims and the Law on Amendments to Certain Laws, which entered into force after being published in the Official Gazette dated April 22, 2021 and numbered 31462, with the Provisional Article 13 added to the Corporate Tax Law No. 5520, the corporate tax rate has been disposed to be 25% for corporate earnings for the 2021 taxation period and 23% for corporate earnings for the 2022 taxation period. The rate is set to be 25% for corporate earnings for the 2021 taxation period and 23% for corporate earnings for the 2022 taxation period. The change is valid for the taxation of corporate earnings for the periods starting from 1 January 2021, starting with the declarations that must be submitted as of July 1, 2021. Since the tax rate change came into effect as of April 22, 2021, the tax rate was used as 25% in the calculations of the period tax in the financial statements dated 31 December 2021. Within the scope of the new amendment, deferred tax assets and liabilities in the financial statements dated 31 December 2021 are calculated at the rates of 23% and 20%, respectively, for the portions of temporary differences that will have tax effects in 2022 and the following periods. According to the Corporate Tax Law, financial losses shown on the declaration can be deducted from the corporate tax base of the period, provided that they do not exceed 5 years. Declarations and related accounting records can be examined by the tax office within five years and tax accounts can be revised. As of 31 December 2021, the Company has no deductible financial loss (31 December 2020: None).

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22. TAX ASSETS AND LIABILITIES (Continued)

Dividend payments made to from resident incorporated companies in Turkey, to those who are not liable and exempt from corporate tax and income tax, and to real persons and non settled non-resident legal entities in Turkey are subject to 15% income tax. Dividend payments made from joint stock companies residing in Turkey to joint stock companies residing in Turkey are not subject to income tax. In addition, if the profit is not distributed or added to the capital, income tax is not calculated. In addition, 75% of the profits arising from the sale of the participation shares in the assets of the corporations for at least two full years and the founder's shares, the usufruct shares, and the pre-emptive rights of the real estates (immovables) owned for the same period, are exempt from corporate tax as of 31 December 2017. However, with the amendment made with Law No. 7061, this rate has been reduced from 75% to 50% in terms of immovables and this rate is used as 50% in tax returns to be prepared as of 2018.

In order to benefit from the exemption, the said income must be kept in a passive fund account and not withdrawn from the business for 5 years. The sales price must be collected until the end of the second calendar year following the year of sale.

In Turkey, there is no practice of reaching an reconciliation with the tax administration regarding the taxes to be paid. Corporate tax returns are submitted within four months following the end of the accounting period. The tax inspection authorities can examine the tax returns and the accounting records underlying them for five years following the accounting period and make an additional reassessment as a result of their findings.

The tax expenses in the statement of profit or loss for the periods ended at 31 December 2021 and 2020 are summarized below:

	1 January- 31 December 2021	1 January- 31 December 2020
Current tax charge (-)	(19,107,827)	(17,080,910)
Deferred tax expense (-)	(5,397,165)	(2,486,755)
Total	(24,504,992)	(19,567,665)

As of 31 December 2021 and 2020, the Company's tax reconciliation is presented as follows:

	1 January- 31 December 2021	1 January- 31 December 2020
Profit before tax	95,983,316	95,983,316
Theoretical tax expense calculated with current tax rate (-)	(24,952,950)	(21,116,330)
Effect of change in tax rate ^(*)	(468,467)	1,209,080
(Disallowable expenses)/discounts, net	916,425	339,585
Total tax expense	(24,504,992)	(19,567,665)

^(*) The company calculates its deferred income tax assets and liabilities by taking into account the effects of temporary differences that arise as a result of the different evaluations between the BRSA Accounting and Financial Reporting Legislation and the Tax Procedure Law in the balance sheet items. The tax rate used in calculating deferred tax assets and liabilities is 25%, 23% and 20% for taxable gains in 2021, 2022 and beyond, respectively (31 December 2020: 22%).

Deferred Tax

Ertelenmiş vergi varlık ve yükümlülüklerin finansal tablolarda yer alan kayıtlı değerleri ile vergi matrahında kullanılan değerleri arasındaki vergi indirimine konu olmayan şerefiye ve muhasebeye ve vergiye konu olmayan ilk defa kayıtlara alınan varlık ve yükümlülük farkları hariç geçici farklar üzerinden hesaplanır.

The details of the deferred tax calculations as of 31 December 2021 and 2020 are as follows:

	Total temporary differences		Deferred tax assets/(liabilities)	
	31 December 2021	31 December 2020	31 December 2021	31 December 2020
Provision for termination (Note 13)	5,577,417	3,514,406	1,115,483	702,881
Provision for unused vacation (Note 13)	8,940,604	7,295,267	2,056,339	1,459,053
Provision for expected credit loss (Note 2.4)	98,041	79,896	22,549	15,979
Lease liabilities	441,149	393,446	101,464	78,689
Deferred tax assets	15,057,211	11,283,015	3,295,835	2,256,602
Depreciation adjustment of tangible and intangible assets (-)	(91,751,493)	(71,737,089)	(21,102,843)	(14,347,418)
Deferred tax liabilities (-)	(91,751,493)	(71,737,089)	(21,102,843)	(14,347,418)
Deferred tax liabilities (-), net			(17,807,008)	(12,090,816)

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22. TAX ASSETS AND LIABILITIES (Continued)

The details of the movement table of the deferred tax liabilities for the periods ended at 31 December 2021 and 2020 are as follows:

	2021	2020
Beginning of the period - 1 January	(12,090,816)	(9,876,747)
Deferred tax expense recognized under the statement of profit or loss (-)	(5,397,165)	(2,486,755)
Deferred tax (expense)/income recognized under equity	(319,027)	272,686
End of the period - 31 December	(17,807,008)	(12,090,816)

Transfer pricing

In Turkey, transfer pricing regulations are specified in Article 13 of the Corporate Tax Law, titled "Disguised profit distribution through transfer pricing". The communiqué dated 18 November 2007 with the notification on disguised profit distribution via transfer pricing regulates the details of the implementation.

If the taxpayer buys or sells goods or services with related parties at the price or price they have determined in violation of the arm's length principle, the profit is deemed to have been distributed implicitly through transfer pricing in whole or in part. Disguised profit distribution through such transfer pricing is considered as an expense that is not legally accepted for corporate tax.

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 2021 and 2020 are as follows:

	1 January- 31 December 2021	1 January- 31 December 2020
Income from sale of tangible and intangible assets	556,236	31,042
Total	556,236	31,042

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 2021 and 2020, the credit risk exposure for the financial instruments is as follows:

	Trade Receivables		Other Receivables		Cash and Cash Equivalents at Banks	
	Related party	Third party	Related party	Third party	Related party	Third party
31 December 2021						
Maximum amount of credit risk exposed as of reporting date (A+B+C+D+E)	42,871,515	3,120,988	-	-	151,078,117	42,412,517
- Maximum credit risk secured guarantees etc.	-	-	-	-	-	-
A. Net book value of neither past due not impaired financial assets (3)	42,871,515	3,120,988	-	-	151,078,117	42,412,517
B. Book value of financial assets that are restricted, otherwise which will be recognized as overdue or impaired (3, 4)	-	-	-	-	-	-
C. Net book value of assets past due but not impaired (5)	-	-	-	-	-	-
- 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):

	Trade Receivables		Other Receivables		Cash and Cash Equivalents at Banks	
	Related party	Third party	Related party	Third party	Related party	Third party
31 December 2020						
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 not impaired financial assets (3)	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 (3, 4)	-	-	-	-	-	-
C. Net book value of assets past due but not impaired (5)	-	-	-	-	-	-
- 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. Bilanço dışı kredi riski içeren unsurlar	-	-	-	-	-	-

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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 2021 and 2020, the analysis of liquidity risk by type of financial liability is as follows:

31 December 2021

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	5,622,019	6,713,586	987,119	1,823,187	3,903,280
Trade payables	63,434,413	63,434,413	63,434,413	-	-
Other payables	8,008,356	8,008,356	8,008,356	-	-
Total	77,064,788	78,156,355	72,429,888	1,823,187	3,903,280

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	7,995,893	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	90,460,294	83,242,694	2,280,715	4,896,885

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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 2021			31 December 2020		
	Total	Avro	ABD Doları	Total	Avro	ABD Doları
1 Trade receivables	-	-	-	-	-	-
Monetary financial assets (including cash, cash at banks etc.)	42,973,735	8,302,270	34,671,465	51,461,560	4,237,964	47,223,596
2a. Non-monetary financial assets	-	-	-	-	-	-
3 Other	-	-	-	270,237	270,237	-
4 Current assets (1+2+3)	42,973,735	8,302,270	34,671,465	51,731,797	4,508,201	47,223,596
5 Trade receivable	-	-	-	21,634	-	21,634
6a. Monetary financial assets	-	-	-	-	-	-
6b. Non-monetary financial assets	-	-	-	-	-	-
7 Other	31,523	31,523	-	-	-	-
8 Non current assets (5+6+7)	31,523	31,523	-	21,634	-	21,634
9 Total assets (4+8)	43,005,258	8,333,793	34,671,465	51,753,431	4,508,201	47,245,230
10 Trade payables	(33,955,111)	(4,276,540)	(29,678,571)	(49,170,708)	(2,173,212)	(46,997,496)
11 Financial liabilities	-	-	-	(100,766)	(279)	(100,487)
12a. Other monetary liabilities	-	-	-	-	-	-
12b. Other non-monetary liabilities	-	-	-	-	-	-
13 Short-term liabilities (10+11+12)	(33,955,111)	(4,276,540)	(29,678,571)	(49,271,474)	(2,173,491)	(47,097,983)
14 Trade payable	-	-	-	-	-	-
15 Financial liabilities	-	-	-	(100,265)	-	(100,265)
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)
18 Total liabilities (13+17)	(33,955,111)	(4,276,540)	(29,678,571)	(49,717,350)	(2,519,102)	(47,198,248)
Net assets/(liabilities) position of off-balance sheet derivative insturement (19a-19b)	-	-	-	-	-	-
19a. Total amount of hedged assets	-	-	-	-	-	-
19b. Total amount of hedged liabilities	-	-	-	-	-	-
Net foreign currency position of assets/(liabilities) (9-18+19)	9,050,147	4,057,253	4,992,894	2,036,081	1,989,099	46,982
Net foreign currency positions of assets/liabilities(monetary items) (1+2a+5+6a-10-11-12a-14-15-16a)	9,018,624	4,025,730	4,992,894	1,765,844	1,718,862	46,982

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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 2021		31 December 2020	
	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 Dollars against TL:				
1- US Dollar net asset/liability	998,579	(998,579)	9,396	(9,396)
2- US Dollar currency hedging (-)	-	-	-	-
3- US Dollar effect-net (1+2)	998,579	(998,579)	9,396	(9,396)
In case of 20% change in the value of Euro against TL:				
4- Euro net asset/liability	811,451	(811,451)	397,820	(397,820)
5- Euro currency hedging (-)	-	-	-	-
6- Euro effect-net (4+5)	811,451	(811,451)	397,820	(397,820)
Total (3+6)	1,810,030	(1,810,030)	407,216	(407,216)

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

	31 December 2021	31 December 2020
Fixed rate financial instruments		
Time deposits	185,701,230	120,699,562
Short term borrowings	-	37,980

As of 31 December 2021, the Company has no interest-sensitive financial assets, (31 December 2020: 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.

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24. NATURE AND EXTENT OF RISKS ARISING FROM FINANCIAL INSTRUMENTS (Continued)**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.

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 2021 and 2020, the carrying amount and fair value of financial assets and liabilities are as follows:

	31 December 2021		31 December 2020	
	Carrying amount	Fair value	Carrying amount	Fair value
Financial assets				
Cash and cash equivalents	193,490,634	193,585,791	126,325,546	126,385,240
Trade receivables	45,992,503	45,995,387	33,090,610	33,110,812
Financial liabilities				
Leasing payables	-	-	37,980	48,351
Trade payables	63,434,413	63,434,413	77,327,125	77,327,125

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 2021 and 2020, the Company does not have any financial assets or liabilities which are carried at fair value.

26. SUBSEQUENT EVENTS

None.



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