2017

Activity Report

KREDİ GARANTİ FONU

KREDİ GARANTİ FONU

We provided credit support of 220 billion TL to our 350 thousand companies as of September especially through the Credit Guarantee Fund in order to smooth the way for our entrepreneurs. As we always state, we stand by and also will continue to stand by everyone who produces, works, makes effort, works very hard.

President
Recep Tayyip Erdoğan

We ranked first by surpassing South Korea compared to Credit Guarantee Funds around the world. Our credit with KGF is a model for the world.

Prime Minister
Binali Yıldırım

Contents

AGENDA OF THE ORDINARY GENERAL ASSEMBLY MEETING OF KREDI GARANTI FONU A.Ş. DATED 22/03/2018

1. Opening and formation of the Meeting Chairmanship,
2. Standing in silence and Turkish National Anthem,
3. Autorization of the Meeting Chairmanship for signing the meeting minutes on behalf of the General Assembly,
4. Reading, discussion and approval of the Activity Report of the Board of Directors with regard to the activities in 2017,
5. Reading, discussion and approval of the Independent Auditor's Report with regard to the activities in 2017,
6. Reading, discussion and approval of the Balance Sheets an Income Statements for the year 2017,
7. Releasing the Board Members from our corporation's activities and accounts for the year 2017,
8. Approval of the appointments for the Board Memberships because of resignations by the General Assembly,
9. Election of Board Members whose commission will expire in 2018,
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11. Determination of the wage and attendance fee to be granted to the Board Chairman and members,
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TURKEY GROWS

Credit Guarantee institutions offer the facility of long term and low cost finance which enables the businesses to continue their life, make new investments, provide more employment, and produce more added value and tax by eliminating the mortgage system which is the greatest obstacle for access of the real sector to finance all around the world.

According to international research, the real sector supported by the credit guarantee institutions makes more production and influence the employment and national income in a positive direction. Credit guarantee institutions which don't share profits to partners and which don't seek profit improve the financial structure of the country and rises the profitability of banks.

KGF, Turkey's credit guarantee institution, continues and shall continue to be the life line support of our country's economy.

While banks were keeping their 2017 growth targets at low levels due to both capital adequacy ratio (CAR) and global developments with respect to Treasury backed guarantees which has been initiated in 2009 and the guarantee volume of which has increased to 250 billion TL previous year, banks have enjoyed %14,7 net profit after KGF took the stage. Changes in the regulations concerning banking which aim being in harmony with international regulations have influenced capital adequacy, banking product and service demand, the regulations and applications which support growth have influenced credit demand, and the credits used by KGF guarantee have influenced credit supply in a positive direction. Again, BİST 100 index which ranged around 77 thousand points in January 2017 has broken the record of all times upon the value increase in banking sector shares and increased over 118 thousand points in January 2018.

Spring weather in the economy with the support of KGF provides confidence both to banking sector and real sector and accompanies new investments. Backed by confidence provided by KGF, our businesses take new investment decisions; start to seek new export markets abroad. However, our banks also continue to give credits with confidence.

Outdated credit system based on mortgage in Turkey is no longer used now. Our businesses are converting the project risks to credit risks and when contemporary finance institutions such as KGF undertake this credit risk, the firms reach to low cost finance. In addition, the banks provide KGF backed loans and improve their active quality and capital ratio. In other words, the fact that the banking system shall meet its source need more easily and cheaper provides the banks to let the use credits with lower costs. The banks which active qualities and capital adequacies rise may find longer term credits from the outer world in more suitable conditions.

This change increases employment and when the firms making investments with new sources prefer trained and quality employment, also wages increase. Giant countries in the world like South Korea are applying this system successfully for years. We shall also improve our giant brands with new finance tools as in the developed countries and make them world giants.

Change accompanies growth and growth accompanies the welfare environment. While international credit rating institutions are keeping the growth expectation for Turkey at about %2, we grew over %7 in 2017. The cyclic or global risks never affected the ambition of Turkish people to work. We always worked and continue to work for more.

"We shall also improve our giant brands with new finance tools as in the developed countries and make them world giants."

Faik Yavuz
Chairman of the
Board of Directors

TRUST

The feeling of trust is an abstract and intangible concept which is difficult to state in words. Humanity seeks for trust from the birth. It is useful to provide realistic threat perceptions to form trust properly. If man sees his plusses and minuses, becomes aware of his biases, that is, recognizes himself, he can more correctly analysis threats from others.

While hasty behaviors such as prejudice, deciding with the initial impressions decrease trust, dialogue increases trust. As prejudice is the biggest obstacle in front of proper questioning, it leads man to wrong judgments and as a result causes wrong decisions. This makes a person take unreal steps.

But, when trust is established, it is used as a strategical advantage and growth accelerates, cooperation and applications are improved and the value provided to the stakeholders can be increased with this advantage.

As in KGF. trust has become our most important principle from the beginning. Because we know that there is nothing Turkish people can't succeed when they believe.

At the point we come today, we are much beyond our dream of last year. Credits more than 200 billion only in 1 year have become the life line support of more than 350 thousand businesses.

While capital adequacy ratios of the banks improved, the problematic credit ratios rapidly decelerated, and the businesses restored their balances and by this means intensified on investment decisions. Dishonoured check and bill ratios rapidly dropped, export and employment increased. Our country grew much above the growth expectations of international rating institutions.

Credit guarantee fund focused both on the real sector and banking system and increased their common interest to the highest level and provided them to meet at the same denominator. KGF transformed to an institution in a short time which provided an important support to the development of Turkey. KGF became an important economical actor which didn't design the banking system, but sharing the risks by trusting the system.

KGF evolved to a structure working for the benefit of all stakeholders with trust based system re-built by it. This system shall be a part of the support which the banking sector and real sector shall provide to the growth and development of Turkish economy. We have formed the targets and strategies of the coming 3 years for this. We are preparing and shall continue to prepare to activate these targets.

We trust real sector, we trust banking sector, because we trust Turkey.

"We trust the real sector, we trust Banking sector because we trust Turkey"

İsmet Gergerli
General Manager

Board of Directors

1. **FAİK YAVUZ**
   Chairman
2. **CEVAHİR UZKURT**
   Vice Chairman
3. **İSMET GERGERLİ**
   Board Member and General Manager
4. **GÜRSEL BARAN**
   Board Member
5. **MURAT BİLGİÇ**
   Board Member
6. **MEHMET ALPER BATUR**
   Board Member
7. **ÖZER MATLI**
   Board Member
8. **MURAT KULAKSIZ**
   Board Member
9. **HAYRETTİN DEMİRCAN**
   Board Member


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Board Members and Their Backgrounds

1. **FAİK YAVUZ**
Chairman

Faik Yavuz, born in 1953 in Şereflikoçhisar, Ankara, graduated from the Department of Mathematics, Faculty of Education at Gazi University. He still serves as the Chairman of Ankara Commodity Exchanges, Treasurer of TOBB Board of Directors, Vice Chairman of ICC, Board Member of TEPAV and Member of TOBB ETÜ Board of Trustees.

4 **GÜRSEL BARAN**
Board Member

He was born in Siirt in 1960. He continues his activities in the field of construction and painting via his company called DOST BOYA which was established in 1981.He is still an active member of Timkoder- Installation, Construction and Industrial Materials Dealers' Association and Siirt Education, Culture and Solidarity Foundation. In 2004 local elections, he was elected as a member of Altındağ Council and worked 2 terms. In 1999 he was elected as a member of Ankara Chamber of Commerce and has been successfully continuing his duty for 4 terms. He worked at Ankara Chamber of Commerce respectively as assembly membership, Committee membership, specialization commission membership, price forecasting membership, account reviewing membership, regional government special commission membership, human resources and organizational development specialization commission membership, real estate specialization commission membership and he has been working as the Chairman since 2016. He is married and has three children.

2. **CEVAHİR UZKURT**
Vice Chairman

Cevahir Uzkurt, born in Niğde in 1973, graduated from the Department of International Business Administration, Faculty of Economics and Administrative Sciences at Marmara University in 1995 and took his master degree at the Social Policy, İstanbul University in 1997. He completed his doctorate at the Department of Production Management and Marketing, Marmara University in 2002. Uzkurt worked as a research assistant at the Faculty of Economics and Administrative Sciences, Kırıkkale University between 1996 and 2000, at the Faculty of Economics and Administrative Sciences, Eskişehir Osmangazi University between 2000 and 2003. Then, he worked with the title of associate professor between 2009 and 2011. Uzkurt, who was working as an associate professor at the Faculty of Business, Yıldırım Beyazıt University, became Professor Doctor at the Department of Business Administration at the Faculty of Economics and Administrative Sciences, Kırıkkale University. He worked as the Science and Technology General Manager at the Ministry of Science, Industry and Technology between 2012 and 2015. He has been working as the Deputy Undersecretary of the Ministry of Science, Industry and Technology since 2015.

Uzkurt has been serving as the Board Member of Turkish Patent Institute since 2013, as Science Board Member of TUBITAK since 2014 and Energy Efficiency Coordination Board Member since 2015. His books and papers were published in national and international journals.

3. **İSMET GERGERLİ**
Board Member and General Manager

He was born in Adıyaman in 1969.He graduated from the Department of International Relations, Faculty of Political Sciences at Ankara University in 1989. He did his master degree at the Sociology Department at Ankara University. He started working in the banking sector at Pamukbank. He took charge in marketing and credit departments of corporate branches. He worked as the Regional Director of Entrepreneurial Loans. He held the offices of Head of Tradesman Banking Department, Head of Tradesman and Small Enterprise Banking Department, Head of SME Marketing Department, Head of Training Department at Halkbank in 2005-2011. He worked as the Coordinator of Ankara 3rd Region and Istanbul 1st Region at Halkbank between 2011and 2015. He served as a Member of the Board of Directors at Credit Guarantee Fund between 2008 and 2011. He has been working as the General Manager and Board Member of KGF since November 2015.

5. **MURAT BİLGİÇ**
Board Member

He was born in 1968 in Ankara. He graduated from the Department of International Relations at the Faculty of Economics and Administrative Sciences at METU in 1990. He completed his master degree study in the field of Money, Banking and Finance at the University of Birmingham. He started working as an intern assistant inspector at the Inspection Board of İşbank in 1990 and was assigned as the Deputy Director at the Corporate Loan Allocation Department in 1999, as the Regional Director in 2002 and Division Director in 2008 at the same department. He was assigned as Deputy General Director on 25 March 2016.

6. **MEHMET ALPER BATUR**
Board Member

Alper BATUR, working as the Vice General Director at the Directorate-General of Foreign Economic Relations of the Undersecretariat of Treasury, is responsible for maintaining the relations with the multilateral development banks as well as G20 and IMF. Batur, who is G20 Sherpa of Turkey, works as our country group's director at the Board of Directors of the Asian Infrastructure Investment Bank. Batur, took charge in Economy Coordination Board and Interest-Free Finance Coordination Board, continues his duty at the Secretary of Financial Stability Committee. Batur, who graduated ranking first in class from the Department of Business at Çankaya University (scholarship student) in 2003, successfully completed his post-graduate study at the University of California Berkeley Haas Business School in 2012. He still continues his doctorate studies in the field of Banking and Finance at Yıldırım Beyazıt University.

Note: The board members have no activity within the scope of the operation conducted on its or others behalf pursuant to the permission granted by the General Assembly and also prohibition of competition.

7. **ÖZER MATLI**
Board Member

Özer Matlı, born in 1968 in Karacabey/ Bursa, still serves as the Chairman of Bursa Commodity Exchanges and also Matlı Group, one of the leading industrial enterprises of our country.

9. **HAYRETTİN DEMİRCAN**
Board Member

After Hayrettin Demircan, born in Bursa in 1965, graduated from the Department of Business Administration, Faculty of Political Sciences at Ankara University, he completed his master degree at the West Coast University in the United States of America between1994 and 1996. He started his career in 1987 as a Specialist at the Centre for Studies for Developing Exports and continued his career in the State Planning Organization between 1989 and 1992. After 1992, he worked as Specialist at the Undersecretariat of Treasury and Foreign Trade, as Economic Consultant at the OECD Permanent Representative on behalf of Undersecretariat of Treasury, as EU OECD Department Head and as Deputy Director of DG Financial Sector Relations and Foreign Exchange respectively. He has been working as Deputy Undersecretary at the Undersecretariat of Treasury since August 2016. He also worked as the Private Secretary of Mr. Mehmet Şimşek, Ministry for Treasury between June 2008 and June 2009. He is married and has three children. He is fluent in English and intermediate in French.

8. **MURAT KULAKSIZ**
Board Member

Kulaksız, born in 1972, completed his undergraduate education in the field of Business in English, Faculty of Economics and Administrative Sciences at Çukurova University in 1996. He started his banking career at the Inspection Board of ToprakBank A.Ş. in 1998 and worked at Çağlayan, Ayazağa, Maslak Commercial Center and İstanbul Public Branches of Denizbank A.Ş. beyween in 2003- 2004. He was appointed as the Branch Director of Ayazağa Branch in 2007 and then of Maslak Commercial Center and Istanbul Public Finance Branch. He worked as the Europe-2nd Region Director between 2012 and 2016. Kulaksız, appointed as the Deputy General Manager of SME Banking in February 2016, is married and has two children and also speaks English and Russian.

OUR MISSION

To provide strategic support to the growth and development of Turkey by facilitating the access to financing of all enterprises, especially those which are promising.

OUR VISION

To become an indispensable financial support institution for Turkey, ensuring access to credit of all SMEs and non-SMEs through its national and international cooperation.

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General Information

A. TRADE REGISTRY INFORMATION

Accounting Period
01.01.2017 - 31.12.2017

Trade Name
Kredi Garanti Fonu Anonim Şirketi

Number of Employees
2016: 178
2017: 197

Central Registration System Number
0589005350800014

Trade Registry Number
83408

Tax Office / Number
Maltepe Tax Office - 5890053508

Address
Dumlupınar Bulv. No: 252 TOBB İkiz Kuleler C Blok Kat: 5-6-7
Eskişehir Yolu 9. km. 06530 Yenimahalle / ANKARA

Telephone
0 312 204 00 00 (pbx)

Fax
0 312 204 01 97- 98

Call Center
444 7 543

Website
www.kgf.com.tr

B. Shareholding Structure

OUR SHAREHOLDING	GROUP	CAPITAL AMAUNT (TL)	SHARE PERSENTAGE (%)
TOBB (The Union of Chambers and Commodity Exchanges of Turkey)	A	92.832.388,73	29,167
KOSGEB (Small and Medium Enterprises Development and Support Administration)	B	92.805.640,82	29,158
TESK (Confederation of Turkish Tradesman and Craftsmen)	D	395.989,86	0,124
TOSYÖV (Turkish Foundation for Small and Medium Businesses)	D	25.584,40	0,008
MEKSA (Foundation for the Promotion of Vocational Training and Small Industry)	D	12.803,55	0,004
AKBANK T.A.Ş.	C	4.896.642,32	1,539
ALBARAKA TÜRK KATILIM BANKASI A.Ş.	C	4.896.642,32	1,539
ALTERNATİFBANK A.Ş.	C	4.896.642,32	1,539
ANADOLUBANK A.Ş.	C	4.896.642,32	1,539
BURGAN BANK A.Ş.	C	4.896.642,32	1,539
DENİZBANK A.Ş.	C	4.896.642,32	1,539
FİBABANKA A.Ş.	C	4.896.642,32	1,539
HSBC BANK A.Ş.	C	4.896.642,32	1,539
ING BANK A.Ş.	C	4.896.642,32	1,539
KUVEYT TÜRK KATILIM BANKASI A.Ş.	C	4.896.642,32	1,539
NUROL YATIRIM BANKASI A.Ş.	C	4.896.642,32	1,539
ODEABANK A.Ş.	C	4.896.642,32	1,539
QNB FİNANSBANK A.Ş.	C	4.896.642,32	1,539
ŞEKERBANK T.A.Ş.	C	4.896.642,32	1,539
TURKLAND BANK A.Ş.	C	4.896.642,32	1,539
TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI A.Ş.	C	4.896.642,32	1,539
TÜRK EKONOMİ BANKASI A.Ş.	C	4.896.642,32	1,539
TÜRKİYE FİNANS KATILIM BANKASI A.Ş.	C	4.896.642,32	1,539
TÜRKİYE GARANTİ BANKASI A.Ş.	C	4.896.642,32	1,539
TÜRKİYE HALK BANKASI A.Ş.	C	4.896.642,32	1,539
TÜRKİYE İHRACAT KREDİ BANKASI A.Ş.	C	4.896.642,32	1,539
TÜRKİYE İŞ BANKASI A.Ş.	C	4.896.642,32	1,539
TÜRKİYE SINAİ KALKINMA BANKASI A.Ş.	C	4.896.642,32	1,539
TÜRKİYE VAKIFLAR BANKASI T.A.O.	C	4.896.642,32	1,539
VAKIF KATILIM BANKASI A.Ş.	C	4.896.642,32	1,539
YAPI VE KREDİ BANKASI A.Ş.	C	4.896.642,32	1,539
ZİRAAT KATILIM BANKASI A.Ş.	C	4.896.642,32	1,539
		318.281.750,00	**100**

There is no privileged shares.
The Institution does not have any repurchased shares.

C. Legal Framework and Regulations Governing the Institution

Legal Framework Governing Our Institution

The title of our institution, founded on 29.07.1991 with the title of "Kredi Garanti Fonu İşletme ve Araştırma Ticaret Anonim Şirketi" was changed as "Kredi Garanti Fonu Anonim Şirketi"on 28.06.2007. Our institution, decided to be founded via international treaty, is subject to the provisions of the Turkish Commercial Code.

The support to be transferred to the institution by the Undersecretariat was increased to TL 2 billion from TL 1 billion by the "Resolution dated 13/05/2015 and numbered 2015/7715 on the Amendment to the Resolution Pertaining to the Principles and Procedures on Treasury Support to be provided to Loan Guarantee institutions", published in the Official Gazette on 24 June 2015.

The "Resolution dated 27 February 2017 and numbered 2017/9969 on the Amendment to the Resolution Pertaining to the Principles and Procedures on Treasury Support to be provided to Loan Guarantee institutions", was published in the Official Gazette on 10 March 2017 and the resource provided by the Undersecretariat of Treasury was increased to TL 25 billion from TL 2 billion.

The sureties, granted by our institution and provided with the support of Treasury Undersecretariat are considered as the first group sureties within the scope of the "the Regulation on the Procedures and Principles for Determining Loan Qualifications and Provisions to be set aside" and those not provided with the support of Treasury Undersecretariat are considered as the second group sureties.

The institution's capital was increased to TL318.281.750 from TL 278.438.891,61 by the amendment dated 15.05.2017 on the Articles of Association and the upper limit of the registered capital was determined as TL 500.000.000. Furthermore, it was decided by the abovementioned amendment to elect the Chairman of the Board of Directors among the Group A Shareholders. There are no lawsuits filed against the Institution and also that could affect the financial status and activities of the Institution.

Sector of Activity and the Institution's Position in This Sector

KGF was founded in1991 with the aim of assisting SMEs to assess financing.

Since then, it was accepted as a primary duty to be a guarantor and to provide collateral support to the SMEs which have creditworthiness before the banks but don't use credit due to the lack of necessary collaterals. Because we know that SMEs are life-blood for the economy. 99.8% of the enterprises in Turkey are SMEs and these SMEs provide for 77.8% of the total employment. Moreover, 35.7% of total investments in the country, 54.2% of production and 55% of the value added are provided by SMEs. In conclusion, these data clearly demonstrate that the SMEs should be supported to strengthen the economy of Turkey.

It is necessary to improve the SMEs' productivity, to support the integration processes into the international markets, to ensure that the SMEs get technical information and counseling assistance in the field of investment, production and marketing and also to support their access to the long-term and low- cost credit sources.

KGF becomes a part at this point and grants sureties up to hundred percent to SMEs and non-SME companies through recent regulations.

Exemptions and Exceptions Granted To Our Institution

Our Institution is exempt from corporate tax pursuant to the Article 4 of the Corporate Tax Law no. 5520.

Our Institution is exempt from the value added tax in its loan guarantee operations pursuant to the Article 17 of the Value Added Tax Law no. 3065 regulating the Exceptions for Social and Military Purposes and Other Exceptions.

The documents issued with the aim of loan collateral are exempt from the Stamp Duty pursuant to the Article 9 of the Stamp Duty Law no. 488(concerning the exemptions).

Our company is exempted from any fees as set out in the law for the sureties granted to the bank loans and collateral transactions for Public Institutions and Organizations (except for the judicial expenses registration dues for the pledge of commercial enterprise are in this group) pursuant to the Article 123 of Act of Fee No. 492.

Pursuant to the Article 8 of the Law no. 6745 on Supporting Investments on Project Basis and Amending Certain Laws and Decree Laws, any withholding cannot be made from the interest incomes generated from the deposits of our institution.

Financial Rights Granted to the Board Members and Senior Staff

The benefits, wages, SSI employer's shares and attendance fees of the Board of Directors provided to the Board Member and Senior Staff by years ended on 31 December 2016 and 31 December 2017 are as follows:

01 Ocak-31 Aralık 2016	01 Ocak-31 Aralık 2017
2.075.020 TL	1.963.631,45 TL

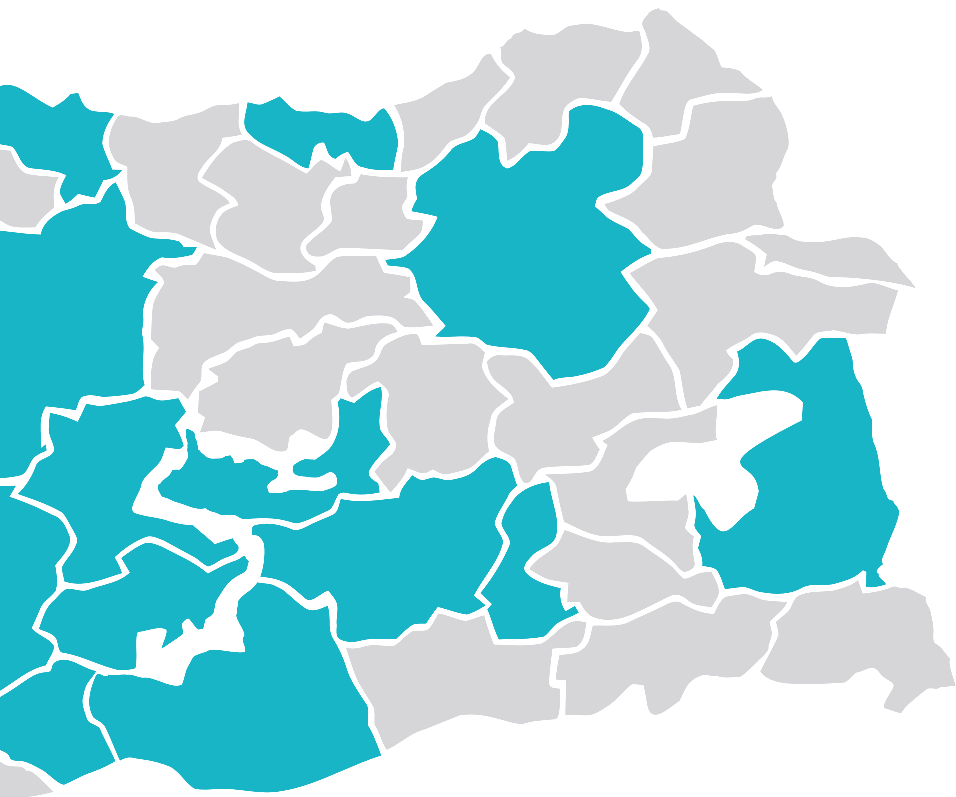
There are not any administrative or judicial sanctions imposed to the Institution or the Board Members because of the practices contrary to the legislation.

D. BRANCHES

Our institution, which had 39 branches apart from the General Directorate in 2016, has increased the branch number to 40 with our branch opened in Elazığ in 2017 and continues to grow every day and to support more enterprises in a faster manner.

40 BRANCHES IN TOTAL

- 1- Adana
- 2- Adıyaman
- 3- Ankara / Ostim
- 4- Ankara / Kızılay
- 5- Antalya
- 6- Afyonkarahisar
- 7- Aydın
- 8- Balıkesir
- 9- Batman
- 10- Bursa
- 11- Çorum
- 12- Denizli
- 13- Diyarbakır
- 14- Elazığ
- 15- Erzurum
- 16- Eskişehir
- 17- Gaziantep
- 18- İstanbul
- 19- Kadıköy / İstanbul
- 20- İkitelli / İstanbul
- 21- Eminönü / İstanbul
- 22- İzmir
- 23- Kahramanmaraş
- 24- Kayseri
- 25- Karabük
- 26- Kocaeli
- 27- Gebze / Kocaeli
- 28- Konya
- 29- Manisa
- 30- Malatya
- 31- Bodrum / Muğla
- 32- Ordu
- 33- Sakarya
- 34- Samsun
- 35- Sivas
- 36- Şanlıurfa
- 37- Çorlu / Tekirdağ
- 38- Trabzon
- 39- Van
- 40- Ereğli / Zonguldak



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Path To Success

PATH TO SUCCESS

THE FUNCTIONALITY AND CONTRIBUTION TO ECONOMY OF THE STATE SUPPORT PROVIDED FROM THE CREDIT GUARANTEE FUND WAS REVEALED BY ANALYSIS.

Kredi Garanti Fonu A.Ş. (KGF), founded as a non- profit joint-stock company which did not pay dividend to its shareholders pursuant to the articles of association in 1991, provided its first surety in 1994. It became a member of the European Association of Guarantee Institutions (AECM) in 2005. It is aimed to grow by providing a corporate appearance to the credit guarantee fund system and to facilitate the access of all enterprises especially SMEs to financing and also to provide strategic support to the growth and development of Turkey. KGF, of which the only source of income is the commissions getting in return for guarantees, facilitates the access to credit of more enterprises by adding the fund surpluses into its equities.

By the end of 2016, KGF's issued capital isTL 318,2 million and the upper limit of the registered capital was increased to TL 500 million by the Resolution of Extraordinary General Assembly held on 04 May 2017. 27 Banks/Participation Bank in the shareholding structure constitute 98% of the sector size. Our institution also works with 12 leasing companies, of which the controlling shareholder is the banks and also which represent 83% of the sector. Kredi Garanti Fonu A.Ş., carrying on its activities through its domestic branches in addition to its General Directorate in Ankara, opened its 40th branch in Elazığ in March, 2017 and reached more SMEs via its nationwide active communication network.

KGF can provide guarantees opportunity up to 10 times of its equities and also provide guarantees after the determination of creditworthiness made within its body for the credits supplied to the SMEs, engaged in commercial and economic activities, and tradesmen and craftsmen, self-employed, cooperatives (except for the land and house building societies), farmers considered to be in this category and real person business and/or business enterprises meet the criteria specified in the articles of association of the institution. The guarantees limit in favor of each beneficiary/risk group is maximum TL 3 million and the surety rate is 80%.

The total surety volume supplied to 13.133 companies was recorded as TL 4.324 million by the end of 2016 and totally TL 5.209 million-guarantees was provided by reaching to 18.834 companies by the end of 2017. While the guarantees risk provided from the KGF's equities was TL 1.243 million, it was recorded as TL 1.448 million at the end of 2017.

Studies on Treasury backed guarantees

For mitigating the negative effect of credit crunch in the banking system on the SMEs through the global crisis and providing support to the SMEs, the studies have been started by authorizing the Treasury Undersecretariat in order to transfer cash resources up to TL 1 billion to the credit guarantee institutions and/or to issue government debt security (special issue). The protocol was signed between the Treasury Undersecretariat and KGF in 2009 to transfer resource up to TL1 billion to the institution and to provide guarantee opportunity via this support as a commitment.
While the support to be transferred to the institution

by the Undersecretariat was increased to TL 2 billion from TL 1 billion by the "Resolution dated 13/05/2015 and numbered 2015/7715 on the Amendment to the Resolution Pertaining to the Principles and Procedures on Treasury Support to be provided to Loan Guarantee Institutions", published in the Official Gazette on 24 June 2015, total guarantee amount to be supplied was increased to TL 15 billion from TL 10 billion.

The Treasury Backed Guarantee System was reconstructed by being made necessary arrangements by the Treasury Undersecretariat and Banking Regulation and Supervision Agency (BRSA) as a result of the institution's attempts for changing the operation of Treasury Backed Guarantee System, which did not achieve the target goal despite started in 2009 and had very limited impact. As KGF, the guarantee processes were rearranged and also the Portfolio Guarantee System (PGS) and Portfolio Limit System (PLS), being the most important parts of the new system, were introduced.

BECAME THE WORLD'S LARGEST CREDIT GUARANTEE INSTITUTION TOGETHER WITH TREASURY SUPPORT.

In this context, the meetings were held with the senior staff of the relevant institutions including the general directors of the Banks which are shareholders of our institution in order to ensure the effective use of the system. The banks were informed about the mobility and value-added to be provided by the new system to the finance sector and their potential effects although it was designed primarily to support the real sector and also they were motivated about the new practice to be implemented.

Through the Decree of the Council of Ministers no. 2016/9538 and dated 31.10.2016, published in the Official Gazette on 22 November 2016, the informative studies carried out intensively about the need for a new system until that date brought to a successful conclusion and the new system has begun to be implemented with the following amendments made on the existing practice.

- Treasury Backed Guarantee Program duration was extended to the end of 2020 from the end of 2017.
- Total balance amount of the Treasury Backed Guarantees to be supplied by KGF was increased to TL 20 billion from TL 15 billion.
- It was decided to carry out the allocation procedures via the Rating System and Portfolio Guarantee System instead of the Loan Approval Committees.
- The structure was established with respect that the banks carry out transactions within the upper limits of indemnification.
- SMEs' guarantee upper limit was increased to USD 3 million from TL 1,5/2,5 million.
- By adding "other non-SME enterprises" into the beneficiary definition, the guarantee upper limit was determined as USD 50 million.
- It was decided to be collected a guarantee commission at a rate of 1% of the guarantee amount from the SMEs and also 2% from the non-SME companies.
- The guarantee commissions for KGF, applied as 0,1% of the guarantee amount was changed as 0,5%.
- It was decided to include the direct sureties

PATH TO SUCCESS

provided to Eximbank in the scope of the Treasury Support with 100% surety rate.

- The guarantee rate given to the banks for Eximbank loans were changed as 85% which was 75% and also the non-SME companies were included in the scope.
- While it was provided to the companies which had no due debts to the SSI and Tax Office, it has begun to be implemented to supply guarantee in the event that the due debt does not exceed 20% of the credit to which the guarantee is supplied and also is paid with the credit to be used.

By the end of 2016, TL 5 billion-surety in total was granted to 19.483 enterprises at the first stage through the change made on the system by the Decree of the Council of Ministers, published on 31.10.2016, the institutionalization of KGF and also the power brought by the new system and also by the end of February, 2017, TL 20 billion was reached so the total guarantee amount provided to KGF by the Treasury Undersecretariat was fully used in a short time like 2 months.

The success of the Treasury backed guarantee system was enabled by the belief of the banks in the system and their effective use. However, it was determined that one of the most important reasons, that the Banks have not used the system effectively since 2009, was the opinion of BRSA submitted to the Banks Association of Turkey concerning the Regulation on Provisions related to the Treasury Backed Guarantee System on 05.11.2009. Clarification of the matter in the new process is of great importance and also this has become the most important factor that will affect the efficient and effective use of the system by the Banks both in CAR and Provisions context. This matter was explained through the attempts at the BRSA as of November, 2016 and the matter was clarified by the Board Decision. This matter was notified to the Banks via the letter of BRSA dated 16.02.2017 and so the banks' lending constrains in CAR context were removed.

In order to increase the guarantee volume provided to KGF, the provisional article 20 of the Law no. 4749 on Regulating Public Finance and Debt Management was rearranged by our Government and published in the Official Gazette on 27 January 2017 and so the resource amount to be transferred to KGF by the Treasury Undersecretariat was increased to TL 25 billion from TL 2 billion.

In line with the new Decree of the Council of Ministers, the protocol on the Treasury Support between the Treasury Undersecretariat and Kredi Garanti Fonu A.Ş. was revised on 15.03.2017 and the following amendments concerning the new process were introduced:

- The guarantee volume to be supplied by utilizing the resource provided by the Undersecretariat was increased to TL 250 billion from TL 20 billion,
- The guarantee limit per SME was increased to TL 12 million from USD 3 million,
- The guarantee limit per non-SME Company was increased to TL 200 million from USD 50 million,
- The commission rate getting at the rates ranging between 0,5% and 1,5% were decreased to 0,03% (three per ten thousand),
- The practice to collect the surety commission for the next years, was removed,
- The application fee for the guarantee applications collected by KGF was cancelled,
- The grace period opportunity as being maximum 1 year for the working capital loans was introduced,

- The guarantee rate was increased to 90% from 85% for SMEs,
- The guarantee rate was increased to %85 from %75 for non-SMEs,
- The guarantee rate was increased to 100% from 85% in which received through the Banks for TL/FC loans of Bank and Eximbank originated of the SMEs and non-SME companies which have exportation and foreign exchange earning activities,
- The validity periods of the tax clearance certificates and SSI clearance certificates were increased to 90 days from 30 days in guarantee applications.

Together with these amendments made on the new system, TL 199,3 billion-guarantee was provided for approximately TL 221,5 billion-loan in 372.308 transactions in total to 209.681 companies as of 31.12.2017. The general appearance concerning the resulting table by the end of 2017 in the Treasury Backed KGF Guarantees, continuing with the new system started in 2009, is as follows:

- 73,4% of the loans provided is for SMEs and 26,6% of them is for non-SME companies.
- 91,7%,2,8% and 5,5% of the loans provided are respectively the working capital loans, investment loans and non-cash loans.
- 55%, 32% and 5% of the loans provided are respectively the new loans, additional loan and renewal/refinancing loans.
- 31,3%, 43%, 12,8%, 3% and 2,8% of the loans provided are respectively in the manufacturing industry, trade and services, construction, agriculture and tourism sectors.
- The average loan extend of those provided are TL 527,7 thousand.
- The average interest rate of the loans is 15,30%.
- The average term of the working capital loans is 38,9 months and the grace period is 9 months. The average term of the investment loans is 65,1 months and the grace period is 19,2 months.
- 12,8% of the loans were provided to the companies which have exportation and foreign exchange earning activities.
- 84,6% of the loans are in TL and 15,4 % of them are in foreign exchange.
- The indemnity payment in the amount of TL 726,2 million was made until today by following 1.550 of the loans provided. The amount of TL 25,3 billion of the loans were repaid as of 31.12.2017.

KREDİ GARANTİ FONU A.Ş., HAS BECOME THE WORLD'S LARGEST CREDIT GUARANTEE INSTITUTION WITH ITS GUARANTEE POLICY, THAT COULD BE MODEL FOR THE WHOLE WORLD.

The most important factor for the new guarantee system to work so fast is the effective system configuration and activities within the scope of the change and institutionalization policy of the KGF in 2016:

- Within the restructuring process of KGF; our mission was updated as "to provide strategic support to the growth and development of Turkey by facilitating the access to financing of all enterprises, especially those which are promising" and also our

PATH TO SUCCESS

mission was updated as "to become an indispensable financial support institution for Turkey, ensuring access to credit of all SMEs and non-SMEs through its national and international cooperation".

- The updated, practical, plain and simple website came into use together with the use of new logo, designed to evoke the mission of "Guarantee" our institution undertakes in delivering financing to SMEs.
- Our organizational structure was revised according to today's needs.
- The units, responsible for KGF transactions, were established at the banks, which are our shareholders and all communication processes have started to be realized through these units and the possible confusion and informational convergence have been prevented.
- The Guarantee applications made only for the bank- allocated loans have begun to be processed so that the operational processes of our institution can be shortened.
- As of June 2016, the requests have begun to be received only from the banks which are our shareholders in the sureties from equities similar to the Treasury-supported KGF Guarantee practices. The request finalization periods which took 35-40 days in the past have been shortened to 1 day.
- A Credit Committee structure consisting of Professionals who have worked in the field of loan has been established.
- The KGF indemnification processes, followed manually, have been accelerated after moving into KOBIT system.
- The quantitative performance evaluation has been carried out about the branches' activities for the first time.
- ISO 9001:2008 Quality Certificate was obtained for the first time by making quality registration.
- By moving into the document security system in the Guarantee letters, the qr code usage was introduced.
- KOBIS system, which is fast enough to evaluate within the same day and has the Standard Evaluation on the system independently of people, started to be used.

At this point, KGF, becoming the world's largest Credit Guarantee Institution, and also its unique model has attracted many financial institutions' attention. The communication and media studies were conducted both in printed and mass media about the system which is not well known by the public and the awareness of the system in both the real sector and the finance sector was raised to a higher level.

Owing to the internal dynamics of the treasury Guarantee system (indemnification upper limit practice 7%), the auto-control function is available and the Banks' willingness and confidence in this system has been gained by ensuring they manage their own loan portfolio with this consciousness. This is an important success in terms of the system sustainability.

Contribution of KGF to the our Country's Economy

- As of March 2017, there has been a decrease in the rate of loans transferred to legal proceeding through the loans provided quickly by the banks with the support of KGF. Thus, the decline in loan quality has been prevented. The greatest impact of the Credit Guarantee Fund occurred in 3rd period because of the commencement of Treasury support in March, 2017. While the Banks' NPL (follow-up) rates were 2,92% at the end of February, its lowest value was occurred in November, 2017 with the rate of 2,73% and it was recorded as 2,78% in December, 2017.
- While the Banks behaved timidly to provide loan because the capital adequacy ratio (CAR) approached the lower limits, their willingness to provide loan increased along with KGF. The CAR rates of the banks rose to 17,2% in September, 2017 by increasing by 2 points. (15,57% at the end of 2016); however this rate decreased and was recorded as 16,87% in December, 2017 when the bank limits of KGF expired.
- The companies paid their tax and SSI debts with the loans they received by being used KGF loans and a significant amount of collection was provided in public debts.
- There has been a 7.8% employment development as of November 2017 compared to the end of 2016 of the companies which used loans with KGF guarantee (approximately 250 thousand people).
- While the rate of unpaid checks and bills was very high as 3,24% at the end of 2016 before KGF, this went down to 1,62% which is the lowest dishonored check rate in August 2017. However, this rate was recorded as 2% as of December, 2017 when the bank limits of KGF expired.
- KGF increased the banks' profitability with the loan increase.
- The guarantee in the amount of TL 27 billion and TL 60 billion was provided respectively to the export sector, which has a significant share of 17.2% and to the manufacturing industry which has a share of 15.2% in growth.

Thanks to the rapid change and restructuring in one year, KGF is able to provide service to approximately 10.000 companies per day while it was only 1.000 companies per year in its 25- year history. This structure was provided with the same number of personnel but with a more qualified staff and a very good technical infrastructure. A rating system according to the international standards and also a structure integrated with the banking system were set up.

In brief; the accurate determination of KGF gains and continuation of the model development is of great importance for the healthy growth of Turkish economy. KGF had important effects in the growth at a rate of 5,2% in the first quarter, 5,4% in the second quarter and 11,1% in the third quarter.

KGF acquired a structure regulating the economy. The Credit Guarantee Fund not only ensures that the enterprises access to the financing but also make positive contributions to the capital adequacy ratio, one of the most important costs of the banking sector.

TOBB President
M. Rifat Hisarcıklıoğlu

KGF facilitates challenges.

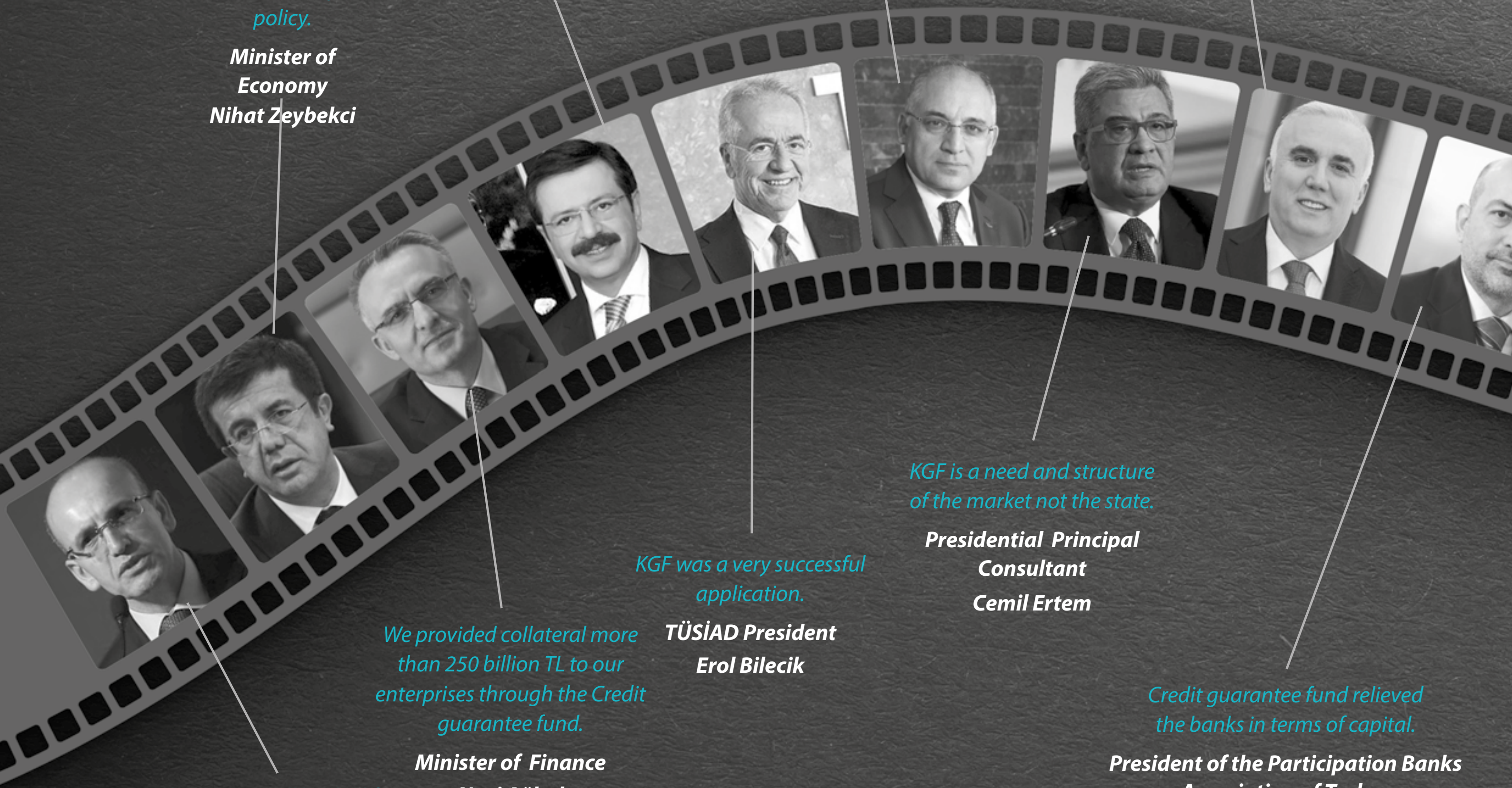
TİM President
Mehmet Büyükekşi

KGF was an exceptionally successful application. KGF loans increase the welfare level of the society.

Chairman of the Banks Association of Turkey
Hüseyin Aydın

Through KGF, we took an important step for the access to sustainable export policy.

Minister of Economy
Nihat Zeybekci



KGF is a need and structure of the market not the state.

Presidential Principal Consultant
Cemil Ertem

KGF was a very successful application.

TÜSİAD President
Erol Bilecik

We provided collateral more than 250 billion TL to our enterprises through the Credit guarantee fund.

Minister of Finance
Naci Ağbal

Credit guarantee fund relieved the banks in terms of capital.

President of the Participation Banks Association of Turkey
Alabaraka Türk General Manager
Melikşah Utku

The returns will be the life line support in KGF. The companies pay attention to make repayment for the KGF loans.

Deputy Prime Minister
Mehmet Şimşek

PATH TO SUCCESS

he support provided to SMEs by KGF is very valuable.

IDB Groups Regional Director in Turkey Saleh Jelassi

KGF collateral had an effect on the growth of banks.

Fibabanka General Manager Ömer Mert

The policy to provide loans with the Credit Guarantee Fund's guarantee provided a valuable initiative both for our sector and also the segment in need of finance.

QNB Finansbank General Manager Temel Güzeloğlu

Being commissioned the Credit guarantee fund by the State relieved the banks.

Burgan Bank General Manager Murat Dinç

KGF has played an important role in overcoming the recession.

South Korea (KODIT) Hwang Rok

KGF makes an extremely valuable contribution to the SMEs in collateral difficulties.

Denizbank General Manager Hakan Ateş

KGF supported loans are the guarantor of our economic growth.

Halkbank General Manager Osman Arslan

Together with KGF guarantee and other measures taken, the economy has started to be recovered.

TEB General Manager Ümit Leblebici


DATA
DATA

3

Our Activities in 2017

CORPORATE COMMUNICATION ACTIVITIES

A total of 21 national and international protocols are signed in 2017.

KGF is represented in 309 domestic meetings in 2017.

Following the Ordinary General Assembly Meeting of date March 30, 2017, an amendment is made in the Articles of Association on 15.05.2017 in the direction of the Resolution taken in the Extraordinary General Assembly Meeting held on 04.05.2017 and the company capital is increased from 278.438.891,61 TL to 318.281.750,-TL and registered capital ceiling is determined as 500.000.000,-TL and when 21 Banks were partners to the Institution, participation of 6 more Banks is approved in the General Assembly and the number of partners are increased to 27.

KGF which provides Guarantee support to the businesses which experience security problems without any discrimination of sectors and regions, has opened 40. Branch in Elazığ on March 31, 2017.

A Call Center is established, a daily average of 80 calls and 150 e-mails are replied and all questions, proposals and requests are replied in the shortest time.

A revision is made in the internal regulation and application instructions in the direction of the changing circumstances and arising new needs. Our institution's legislation contains;

- 1 Internal Directive,
- 1 Credit Policies,
- 14 Regulations,
- 16 Application

Instructions.

International Contacts

Preliminary studies are performed with many international institutions and organizations in the direction of carrying out international projects. In this scope, negotiations are made with many international institutions, especially, international finance institutions such as European Investment Fund, European Bank of Reconstruction and Development, German Development Bank, International Agricultural Development Fund, and Islamic Development Bank and the negotiations are included below:

European Investment Fund (EIF)

A project application is made for EaSI (Employment and Social Innovation Program) and COSME (Competitively of SMEs) programs besides MAP (Multi Annual Program applied in the past, CIP (European Union Competitively and Innovation Program) for which new applications are not accepted but only the existing operations are carried out and IPA (Credit Facilities for Growing Anatolia) program which implementation continues and is open until the end of 2017 for credit guarantee application. COSME Project application has passed the preliminary suitability assessment and the assessment process continues. Its presentation to the users within 2017 is planned as a new product.

German Development Bank (KFW)

KfW authorities are visited on November 1, 2017, a conference is held about SME finance which is the common denominator of both institutions and possible cooperation scenarios are assessed.

European Bank of Reconstruction and Development (EBRD)

The projects built on the basis of risk sharing are being assessed by the parties KGF, EBRD and banks.

Islamic Development Bank (IDB)

Many meetings are held with Islamic Development Bank Group and probable cooperation scenarios are studied. In this scope, a Memorandum of Understanding which draws the framework concerning SPEED project directed to providing support to the Palestinians in Turkey is signed in the scope of 13. Organization of Islamic Cooperation Economical and Commercial Cooperation Permanent Committee - İSEDAK Meeting held on November 22, 2017.

International Agricultural Development Fund (IFAD)

Interviews are realized with the concerned delegations for finance access component in the scope of Rural Development Program for Highlands carried out by R.T. Ministry of Food, Agriculture and Stockbreeding and International Agricultural Development Fund. Start of works for the regulations required for the legal legislations is due.

Meetings and Organizations with Foreign Institutions

Meetings are attended by representing our country and Institution in countries such as South Korea, Thailand, Spain, Germany, Greece, Croatia, Poland and contacts are provided with foreign credit guarantee institutions and international institutions.

AECM General Assembly

KGF has attended "AECM General Assembly Meeting" in Spain as being a member since 2005 where 25. Anniversary of foundation of AECM is celebrated and then a global conference on " guarantee institutions for SME Finance".

SME Finance Forum

Attendance is provided to the annual meeting of SME Finance Forum realized in Germany which also contained the seminar with title "Digitalization in SME Finance".

KODIT

KGF has had official contacts at KODIT which is the credit guarantee institution of South Korea in the scope of its studies of developing new cooperation of international dimensions.

KfW (German Development Bank)

KGF has made a working meeting at the headquarters of KfW in Frankfurt to share information on its activities in the last period and mutual opinion exchange on the subject of SME finance being a common mission and assess the probable cooperation opportunities.

Frankfurt School of Finance & Management

Mutual opinion exchange has been realized at the headquarters of Frankfurt School in Germany which is an internationally accredited business academy and consultancy institution which was involved in the technical consultancy leg of "Micro Credits to Micro SMEs" project started in 2009 together with European Development Fund.

ESCAP (United Nations Economic and Social Commission for Asia and the Pasific)

The conference with title "Workshop for Finance of Small and Medium Scale Enterprises and Role of Development Banks in Asia Pacific and Latin America" realized in Thailand has been attended and official contacts are made.

AECM OTS (Operational Training Session)

Traditional system and portfolio guarantee system applications og the credit guarantee institutions are assessed in the session realized in Greece with the participation of AECM member countries.

10. EFSE (European Fund for Southeast Europe) Meeting

Emphasis is put on the ways of providing contribution directed to entrepreneurship ecosystem, financing / supporting the entrepreneurs and making the system more productive in the scope of the meeting realized in Croatia.

AECM OTS (Operational Training Session)

Experiences of the representatives of the credit guarantee institutions on country basis on the subjects such as the methods of communication with banks, experienced woes, precautions taken on this matter are shared in the meeting realized in Poland.

In addition, Credit Guarantee Fund had contacts along 2017 with Ministries, Credit Guarantee Institutions, Public Institutions, Chambers of Industry and Commerce, Agencies and many organizations all around the world and made information presentations to them and shared technical information concerning guarantee business model. Information presentation is made;

- To the Deputy Minister of Colombia Responsible for Business Development and the accompanying Colombia Ministry of Commerce, Industry and Tourism technical delegation,

- To the delegation composed of Pakistan Small and Medium Scale Enterprises Development Agency (SMEDA) and Pakistan Small Enterprises Cooperation Agency (PSIC) authorities,
- To Jordan Credit Guarantee Fund (JLGC) General Director and the accompanying delegation,
- Azerbaijan Financial Markets Supervision Agency (FIMSA) authorities,
- To the technical delegation composed of Kazakhstan International Chamber of Commerce (ATAMEKEN) authorities,
- To Morocco Guarantee organization (CCG) about KGF and the developments of the last period,
- To Northern Cyprus Turkish Republic Development Bank Chairman and General Director and the accompanying delegation,
- To the delegation composed of the foreign country consultants serving in R.T. Prime Ministry Investment Support and Publicity Agency.

HUMAN RESOURCES ACTIVITIES

- The number of staff being 178 persons by the end of 2016 has become 197 by the end of December 2017 where 3 persons left service and 19 persons started service. The number of staff has increased about %10,6 in 2017 compared to the previous year. The ratio of males and females is equal in the institution.
- %89 of the staff has graduated from university and/or higher education. The average age is 37,5 at KGF which has a young employee profile. Seniority average of the institution is 5 years.

197 personnel
50% female + 50% male
89% university graduate
37,5 age average
5 year-seniority avarage

KGF is aware that it has provided development, change, giving decisions and acting rapidly, sustainable growth by means of its young human source and, due to this reason, continuously makes investments to the personnel in the sense of both rights and education.

The institution both develops and trains its human resource and provide their belonging to the institution in compliance with its mission and vision and thus endeavors to create surplus value to all of its stakeholders.
In this scope**, in-house legislation is enriched and updated;**

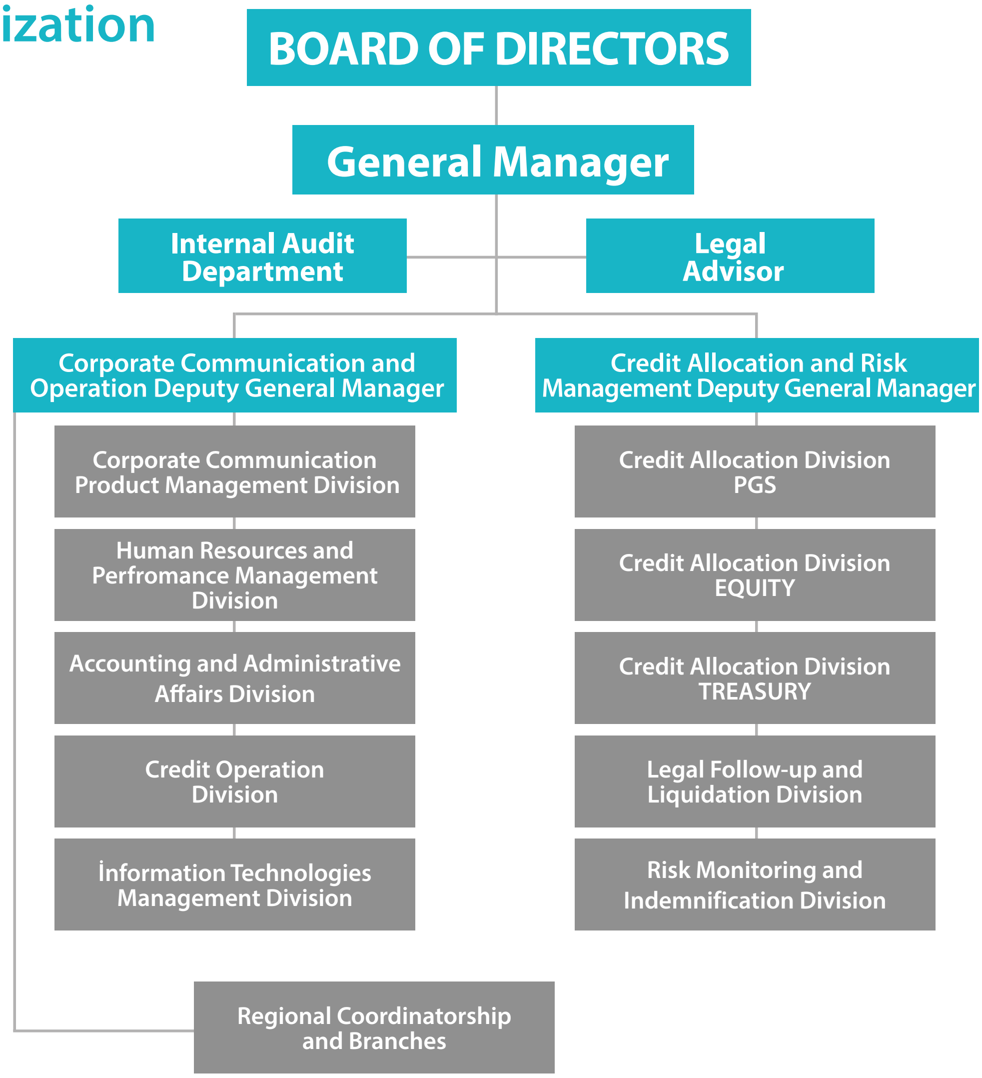
- To provide transparency by securing and recording the rights and liabilities and career paths of the staff,
- To determine transparent and sustainable policies,
- To secure both domestic and foreign customers by writing down the business processes and applications.
- Professional and personal development continued to be supported both in-class and e-learning trainings.
- 2017 audit of Quality Certificate in ISO 9001 Service Sector which we possess with the understanding and goal of continuation, development of stakeholder satisfaction in business processes and service with increasing quality is completed successfully and continuation of the certificate is entitled.
- The application of individual accident insurance and complementary health insurance started in 2016 in the scope of improving the employee personal rights also continued in 2017.

- Human Resources tab in KOBIT system where the employees' personal rights, leave rights and payrolls are followed continue to be developed in compliance with the needs. In-house training and exam information and foreign language exam information are accessible.
- Service procurement is continued in 2017, too, in compliance with the obligation of making Occupational Health and Safety Expert and Business Place Physician available at the low hazard business places employing 50 or more persons. Occupational Health and Safety meetings are held once in 3 months and monthly control of the physical conditions of the institution is realized with regards to the occupational safety, ergonomic work environment and risk assessment.

With all these achievements, KGF has become an institution where working is preferred.

- Organization is altered according to the needs of the institution.
- Our trainings are continued in 2017, too, both as in-class and e-learning to invest in the human resource

Organization Chart



and respond quickly and reliably to the increased importance, action volume, customer potential of KGF. In this scope, trainings are given to the branch personnel by technical, updated, and successful instructors on the subjects of firm examination, balance reading, identifying made-up balance, following and interpreting the current economical data, transfer of legal subjects to pay attention in security actions, finance of sectors in their direction when allocating the sureties.

Trainings are organized for the personnel of the General Directorate with the vision of continuous development and learning vision and, at the same time, the participation of our personnel in trainings out of the Institution is provided.

At the end of the training, training assessment surveys are made; the instructor, contents of the training, hotels of lodging are continuously checked; personnel's interest to and expectation from the training is determined.

In 2017, approximately 36-hour interclass and e-learning was provided per person.

Totally 3590-hour inter training was provided. Our personnel participated in 3 person/day interclass training and 18.3 hours of e-learning per person.

INFORMATION TECHNOLOGIES AND SECURITY ACTIVITIES

- Network system, software components and applications are reinforced by miscellaneous security systems in the scope of 2017 investment activities of KGF.
- Security studies are started at data level and completed to a great extent to bring the information security to the utmost level.
- Disaster rescue system is established and thus uninterrupted service of KGF automation systems is provided.
- Server infrastructure ad data storage systems are updated.
- R&D studies are made and new process analysis and design works are started to facilitate the business processes, more rapid servicing and accelerating the application processes.
- The project of decreasing manual data input in surety applications is started with on-line information sources.
- Analogue telephone system is abandoned and IP telephone system is installed. Digitalization of the fax communication and its integration to the existing applications is realized.
- Protocols are made to provide service in e-state portal. KGF archive is digitalized and the process of integrating it to the software system is started.
- Business processes and information systems audit is realized within the account period by an independent audit firm.
- The institution has granted the redundant computers and other technological devices which completed their useful life to needing institutions / organizations.

INTERNAL AUDIT ACTIVITIES

The information about the internal control mechanism and internal audit activities of the institution are presented below:
Internal control mechanisms to be observed and applied by the Institution personnel are established to realize the activities performed in our institution in compliance with the current legislation and in the framework of the policies and rules determined by the Board of Directors and to provide the accuracy of the accounting and reporting systems.

Besides this, internal audit activity is realized by the Internal Audit Department periodically and based on risk directed to ensure the Senior Management on the matter of the efficiency and adequacy of internal control systems and if the Institution's activities are carried out in the direction of the laws and other related legislation and in-house strategies, policies, principles and goals. Internal Audit Department is attached administratively to the General Director and is responsible for the performance of the audit activities against the Audit Committee and the Board of Directors. Any reporting concerning the audit activities is directly made to the Audit Committee and the General Director.

Scope of the internal audit activities and the principles to be observed in the works are determined in the annually prepared internal audit plan ınternal audit plan becomes effective upon the assent of the General Director and approval of the Audit Committee. .

Audit reports and work sheets issued as a result of the audit of all directorates of the institution by the internal auditors are forwarded to Internal Audit Department. Internal Audit Department sends the audit reports to the related directorates within the knowledge of the Deputy General Directorate to which the audited directorates are attached for the purpose of responding within a maximum of 10 days. Action is taken within a reasonable time period by the related directorates by considering the importance and urgency of the finding for the elimination of the findings which are identified and watched closely by the internal auditors and the result is notified to the Internal Audit Department. Internal Audit Department conducts investigation works upon the instruction of the General Director or the Audit Committee for the purpose of investigation, assessment and proposal of any subject. In the same way, upon the instruction of the General Director or the Audit Committee, Internal Audit Department carries out interrogation works about the acts and behaviors of the Institution personnel which shall require their criminal, administrative or financial responsibilities contrary to the laws and other related legislation. The reports prepared as a result of investigations and interrogations are submitted to the Audit Committee and the General Director.

PRESS AND PROMOTIONAL ACTIVITIES


WELCOME
HOŞGELDİNİZ
IFS'17
8. ISTANBUL FINANCE SUMMIT
İSTANBUL FİNANS ZİRVESİ
27-28
EYLÜL 2017
experian
TÜRK EXIMBANK İLE KREDİ
KOSGEB
TOSYÖV
SPONSOR
TÜCCAR
KAHRAMANMARAŞ
TİCARET VE SANAYİ
TİM
EXIMBANK
KGF
İHRACAT FİNANSMANINDA
EGE
SANAYİ

PRESS AND PROMOTIONAL ACTIVITIES


KGF'yle sorunlu kredi oranındaki artış durdu
KGF kredilerinde Güney Kore'yi geçip lider olduk
80 bin firmaya 50 milyar kredi
Hazine destekli kefalette yeni bir döneme geçen Kredi Garanti Fonu, süreci hızlandırıp 3 haftada tam 80 bin firmaya 50 milyar liralık kredi verilmesini sağladı
YENİLENEN SİSTEM HIZLANDI
KREDİ ALMAK KOLAYLAŞTI
Borcu olanlara da KEFİL OLACAK
Hazine destekli kredide dünyaya örnek oluyoruz
YENİ GARANTİ SİSTEM BANKALARI RAHATLA
Kredi Garanti Fonu tam gaz
SELL
BUY
Ticarilerde %20'lik pay
95.3 MİLYARLIK KEFALET
'SINIF ATLADIK'
İsmet Gergerli


june
july
aug.
Subdivision 2

4

KGF in Figures

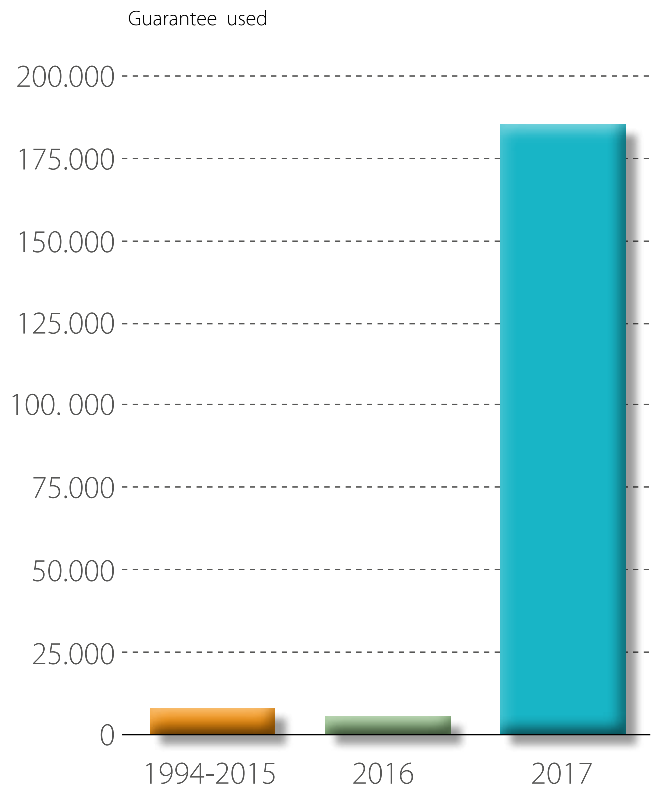
A.DEVELOPMENTS IN OUR GUARANTEE VOLUME

STATUS OF PROVISION OF GUARANTEE REQUESTS BY YEARS (Million TL)

(Equity Backed + Treasury Backed 1994-2017)

Period	Requested Guarantees (Request Received)			Guarantees (Granted)			Guarantees Used (Opened Requests)		
	Number	Loan Amount	Guarantee Amount	Number	Loan Amount	Guarantee Amount	Number	Loan Amount	Guarantee Amount
1994-2015	35.408	25.310	18.695	24.085	15.054	10.913	17.674	9.660	7.189
2016	30.220	14.387	11.389	23.365	9.580	7.375	19.506	6.682	5.128
2017	321.321	323.101	290.873	314.239	264.982	238.774	297.682	208.116	187.499
1994-2017	386.949	362.798	320.957	361.689	289.615	257.062	334.862	224.457	199.815

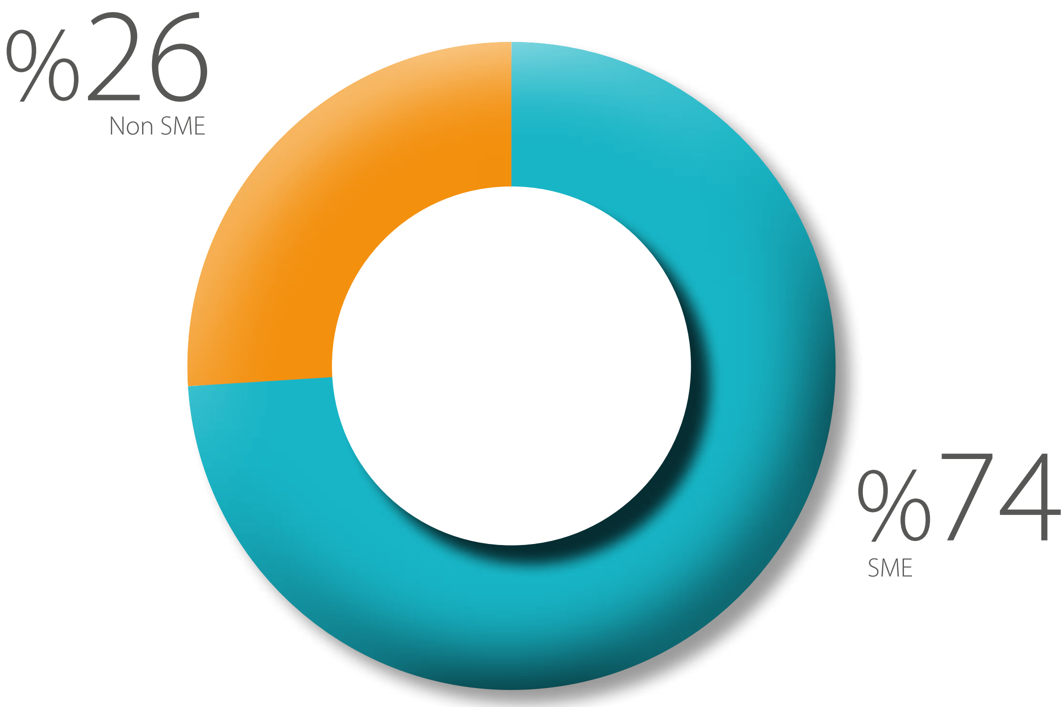
The number of SMEs granted with guarantee in 2017 (97%) is greater than those granted between years 1994 and 2016.



DISTRIBUTION BY ENTERPRISES OF GUARANTEES GRANTED (Million TL)
(Equity Backed + Treasury Backed y1994-2017)

Scales	Number	Loan Volume used with the Guarantee provided	Guarantee Amount	Rate
SME	325.694	166.765	148.112	74 %
Non-SME	9.168	57.692	51.703	26%
TOTAL	**334.862**	**224.456**	**199.815**	**100%**

The number of SMEs granted with Guarantee in 2017 (97%) is greater than those granted between years 1994 and 2016.

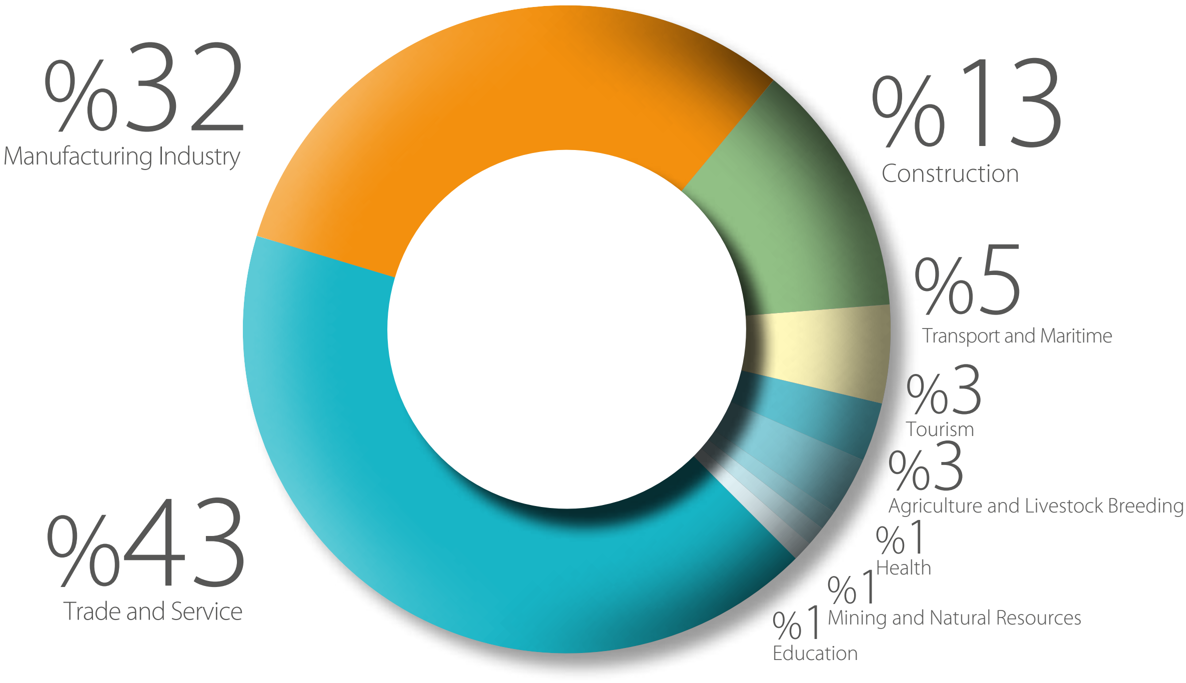


A. DEVELOPMENTS IN OUR GUARANTEE VOLUME

DISTRIBUTION BY SECTOR OF GUARANTEES GRANTED (Million TL)

(Equity Backed + Treasury Backed 1994-2017)

Sectors	Number	Guarantee Amount	Share
Trade and Service	167.354	85.293	43%
Manufacturing Industry	70.397	63.511	32%
Construction	35.729	25.191	13%
Transport and Maritime	17.447	9.397	5%
Tourism	11.413	5.595	3%
Agriculture and Livestock Breeding	26.469	6.035	3%
Health	2.821	1.944	1%
Mining and Natural Resources	1.379	1.648	1%
Education	1.853	1.201	1%
TOTAL	**334.862**	**199.815**	**100 %**

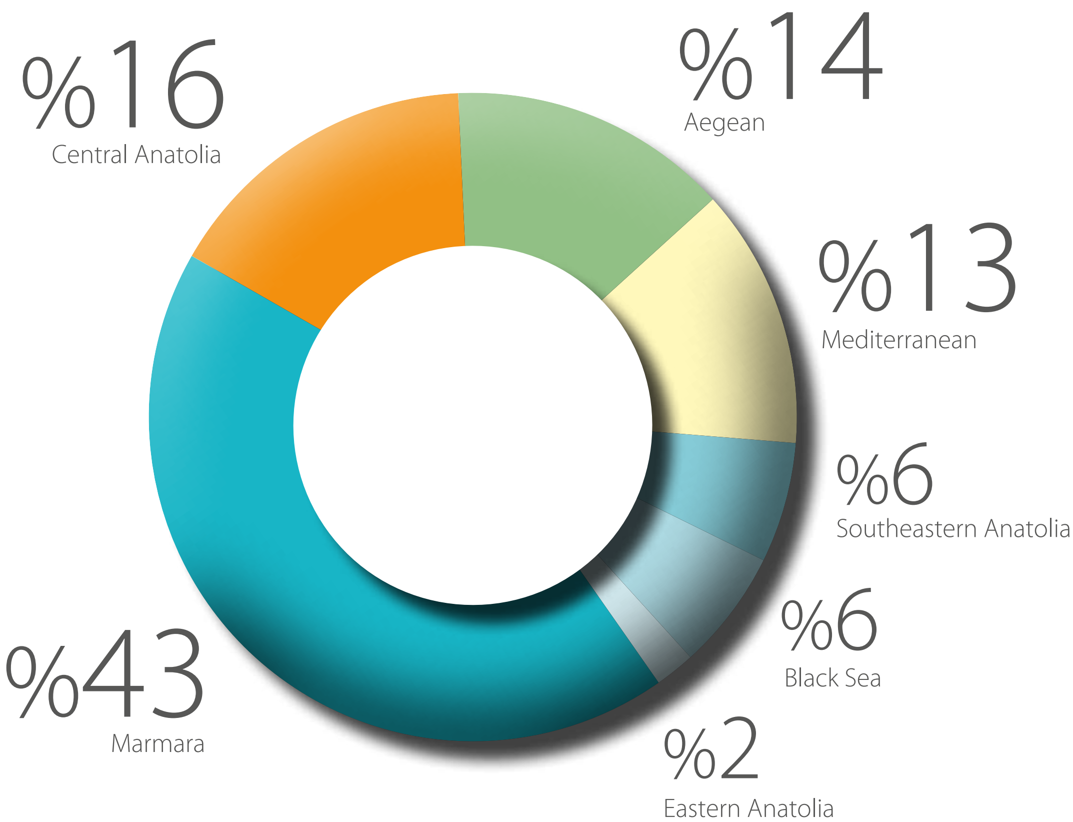


DISTRIBUTION BY REGIONS OF GUARANTEES GRANTED (Million TL)

(Equity Backed + Treasury Backed 1994-2017)

Regions	Number	Guarantee Amount	Share
Marmara	118.427	85.720	43%
Central Anatolia	56.500	32.611	16%
Aegean	52.325	27.432	14%
Mediterranean	41.521	25.115	13%
Southeastern Anatolia	17.733	12.249	6%
Black Sea	33.647	11.726	6%
Eastern Anatolia	14.709	4.962	2%
TOTAL	**334.862**	**199.815**	**100 %**

In the loans used with KGF Guarantee in 2017, the Marmara Region ranked as the first region with a share of 43%, by raising its Guarantee amount to TL 85.761 million. It was observed that the average highest credit utilization on transaction basis occurred in the Marmara Region with TL 724 thousand and the lowest utilization in the Eastern Anatolia Region with TL 337 thousand.

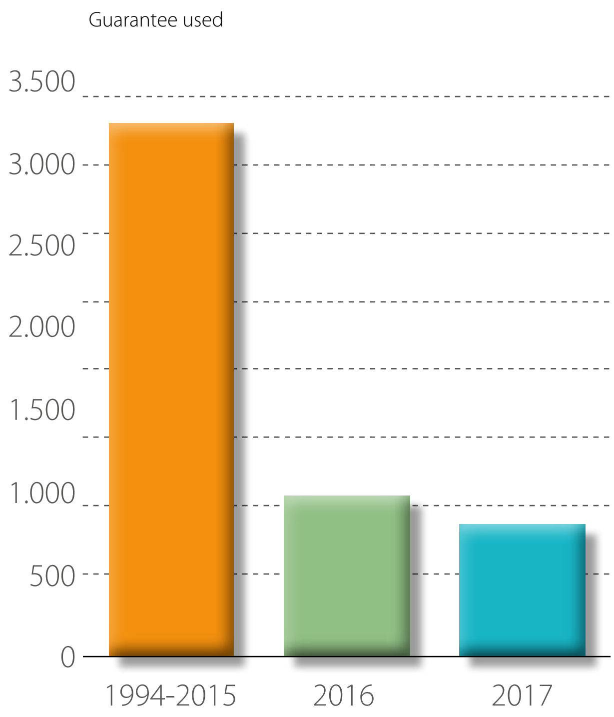


B. BANK LOANS PROVIDED TO SMEs BY KGF EQUITY BACKED GUARANTEES

STATUS OF PROVISION OF GUARANTEE REQUESTS BY YEARS (Million TL)

(Equity Backed 1994-2017)

Equity Backed	Requested Guarantees (Request Received)			Guarantees (Granted)			Guarantees Used (Opened Requests)		
	Number	Loan Amount	Guarantee Amount	Number	Loan Amount	Guarantee Amount	Number	Loan Amount	Guarantee Amount
1994-2015	22.473	13.707	10.492	14.273	7.467	5.645	9.963	4.220	3.290
2016	6.154	4.564	3.931	4.446	2.392	2.057	3.170	1.199	1.033
2017	10.001	5.446	4.656	6.888	2.381	2.076	5.701	1.008	886
1994-2017	38.628	23.716	19.079	25.607	12.239	9.777	18.834	6.427	5.209



The Credit Guarantee Fund which accomplished important innovations and changes in 2017, and has become the most preferable organization in ensuring more SMEs access to financing in 2017 with the support provided by its own equity.

5.701 SMEs used a total of TL 1.008 million-loan from the banking system with TL 886 million-guarantee provided to them in 2017.

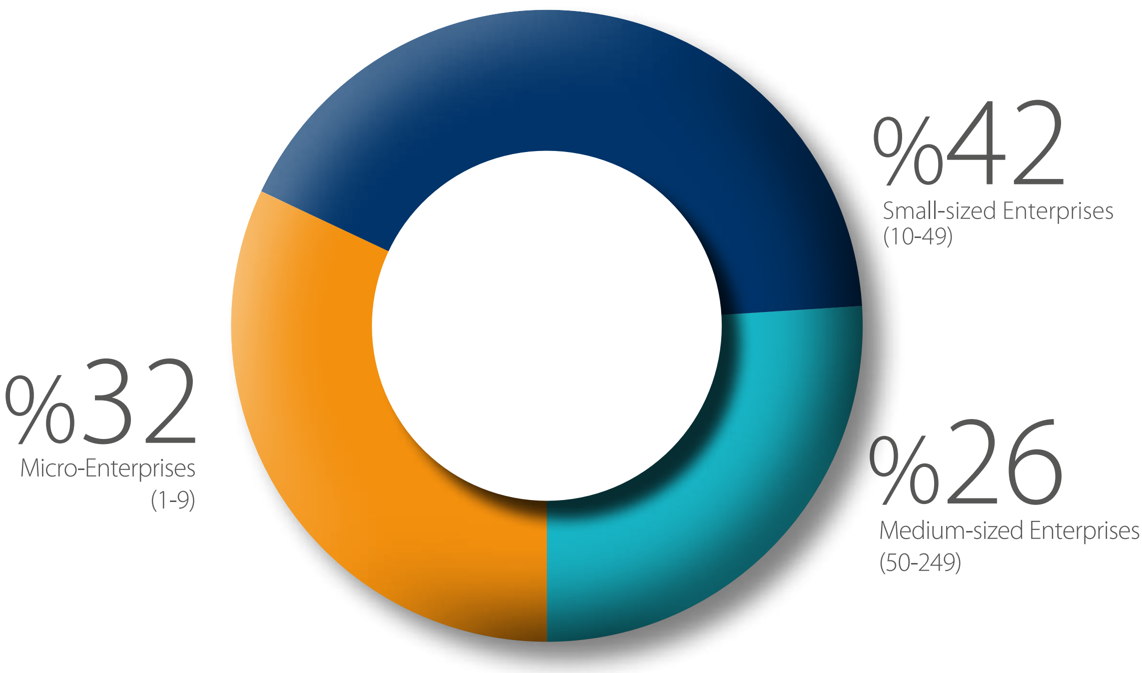
By evaluating the applications made for 38.628 SMEs from 1994 to the end of 2017, KGF mediated that the loan in the amount of TL 6.427 million in return for the guarantee in the amount of TL 5.209 million.

DISTRIBUTION OF GUARANTEES GRANTED BY ENTERPRISES (Million TL)

(Equity Backed 1994-2017)

Scales	Number	Loan Volume used with the Guarantee provided	Guarantee Amount	Share
Micro-Enterprises (1-9)	13.142	2.054	1.671	32 %
Small-sized Enterprises (10-49)	4.104	2.715	2.178	42 %
Medium-sized Enterprises (50-249)	1.588	1.658	1.360	26 %
TOTAL	**18.834**	**6.427**	**5.209**	**100 %**

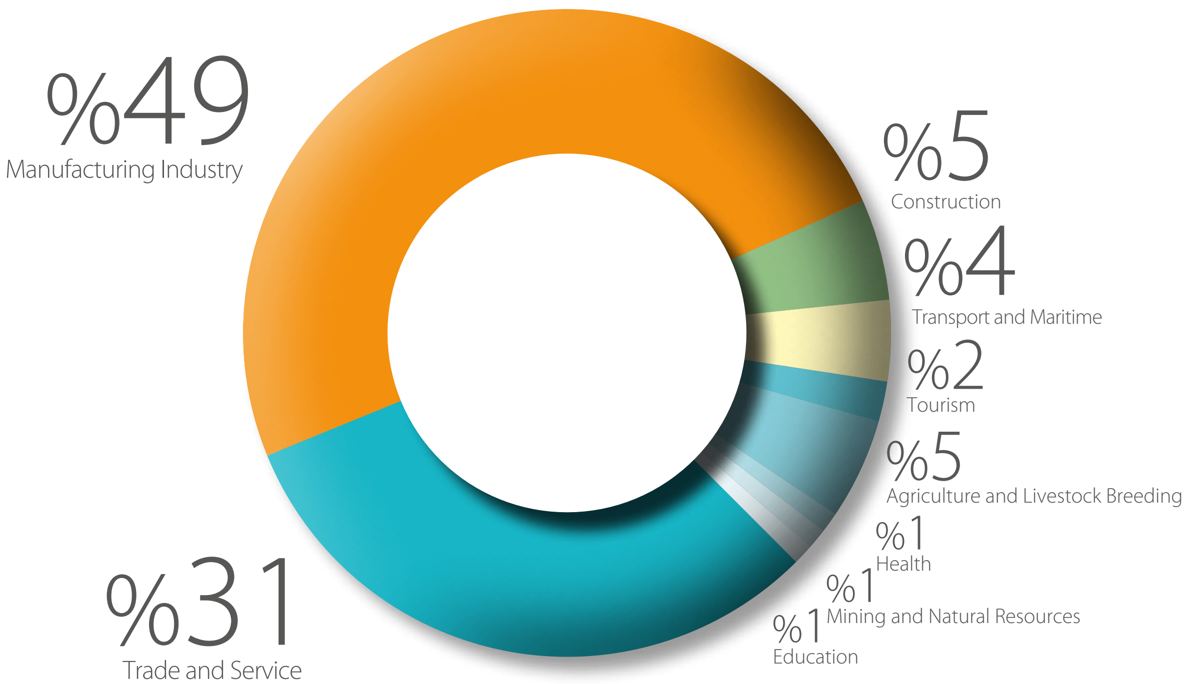
While the share of micro-enterprises in overall sum rose to 32% with the GUARANTEES granted in 2017, the loans provided to the small-sized enterprises were recorded as TL 662 thousand and had a share of 42% in overall sum. The share of medium-sized enterprises decreased to the ratio of 26% compared to the previous year with guarantee in return for the loan in the amount of TL 1.658 million



B. BANK LOANS PROVIDED TO SMEs BY KGF EQUITY BACKED GUARANTEES

DISTRIBUTION BY SECTOR OF GUARANTEES GRANTED (million TL)
(Equity Backed 1994-2017)

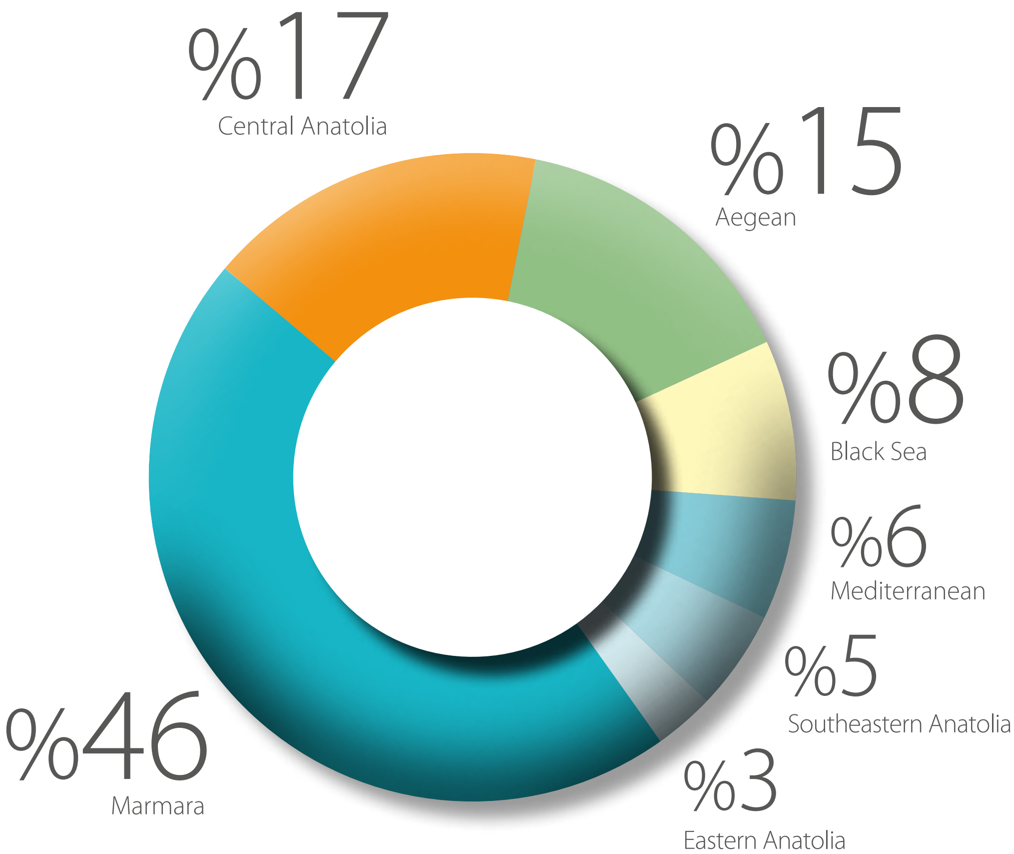
Sectors	Number	Surety Amount	Share
Trade and Service	7.691	1.628	31%
Manufacturing Industry	6.882	2.566	49%
Construction	944	257	5 %
Transport and Maritime	1.146	232	4%
Tourism	872	127	2%
Agriculture and Livestock Breeding	920	241	5%
Health	176	59	1%
Mining and Natural Resources	114	62	1%
Education	89	37	1%
TOTAL	**18.834**	**5.209**	**100 %**



DISTRIBUTION OF GUARANTEES GRANTED BY REGIONS (Million TL)

(Equity Backed 1994-2017)

Regions	Number	Surety Amount	Rate
Marmara	4.833	2.405	46 %
Central Anatolia	3.173	882	17 %
Aegean	2.100	775	15 %
Black Sea	4.277	397	8 %
Mediterranean	1.512	291	6 %
Southeastern Anatolia	1.461	280	5 %
Eastern Anatolia	1.478	179	3 %
TOTAL	**18.834**	**5.209**	**100 %**



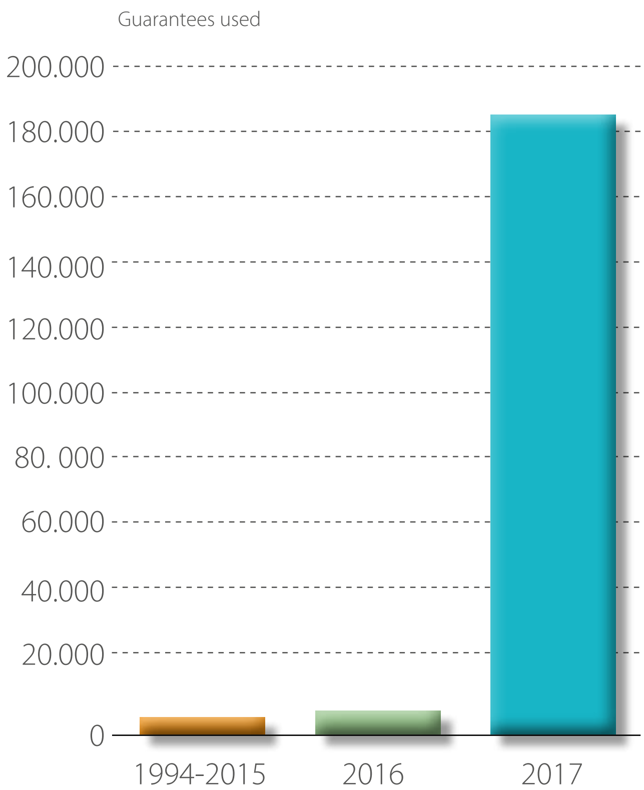
C. BANK LOANS PROVIDED BY THE TREASURY BACKED KGF GUARANTEES

STATUS OF PROVISION OF GUARANTEE REQUESTS BY YEARS (Million TL)

(Treasury Backed 2010-2017)

Period	Requested Guarantees (Request Received)			Guarantees (Granted)			Guarantees Used (Opened Requests)		
	Number	Loan Amount	Guarantee Amount	Number	Loan Amount	Guarantee Amount	Number	Loan Amount	Guarantee Amount
2010-2015	12.935	11.603	8.202	9.812	7.587	5.268	7.711	5.440	3.899
2016	24.066	9.824	7.458	18.919	7.188	5.318	16.336	5.483	4.095
2017	311.320	317.655	286.217	307.351	262.601	236.698	291.981	207.107	186.613
2010-2017	348.321	339.083	301.877	336.082	277.376	247.285	316.028	218.030	194.606

96% of the Treasury backed guarantees, granted between 2010 and 2017 was realized in 2017



The Treasury backed guarantees practice initiated in 2010 has increased 45 times in 2017 and the annual guarantee absorbtion reached to TL 186.613 million in 2015.

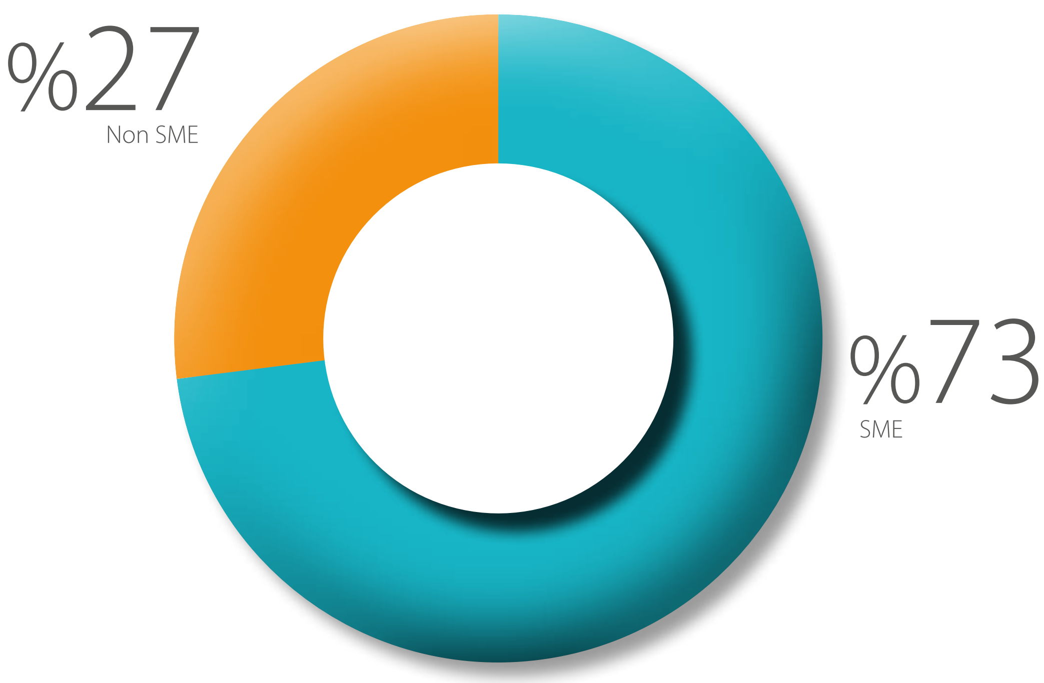
From the start of this practice until the end of 2017, the request of 348.321 SMEs was evaluated and a guarantee support in the amount of 194.606 million TL was provided in return for the loan in the amount of 218.030 Million TL provided by the banking system to 316.028 SMEs.

The TOBB Nefes Loan, initiated in the late of December, 2016 continued in 2017.

DISTRIBUTION OF GUARANTEES GRANTED BY ENTERPRISES (Million TL)

(Treasury Backed 2010-2017)

Scales	Number	Loan Volume used with the guarantee provided	guarantee Amount	Share
SME	306.863	160.366	142.931	73 %
Non SME	9.165	57.664	51.675	27 %
TOTAL	**316.028**	**218.030**	**194.606**	**100 %**

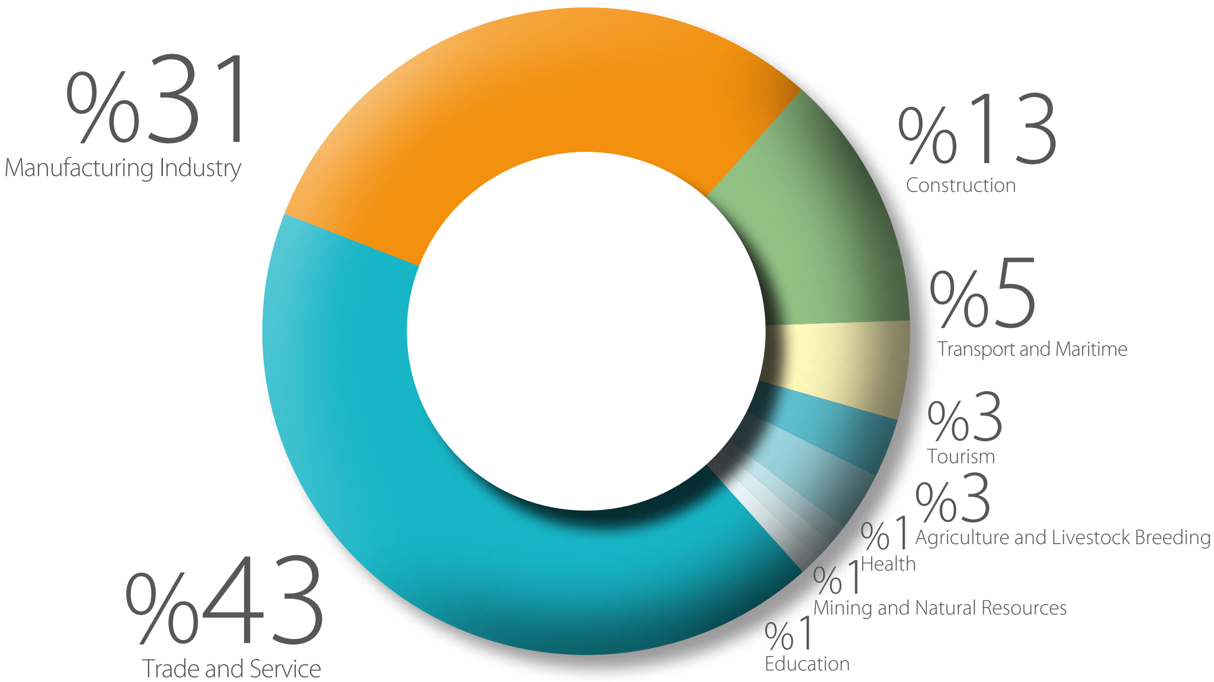


C. BANK LOANS PROVIDED BY THE TREASURY BACKED KGF GUARANTEES

DISTRIBUTION OF GUARANTEES GRANTED BY SECTOR (Million TL)

(Treasury Backed 2010-2017)

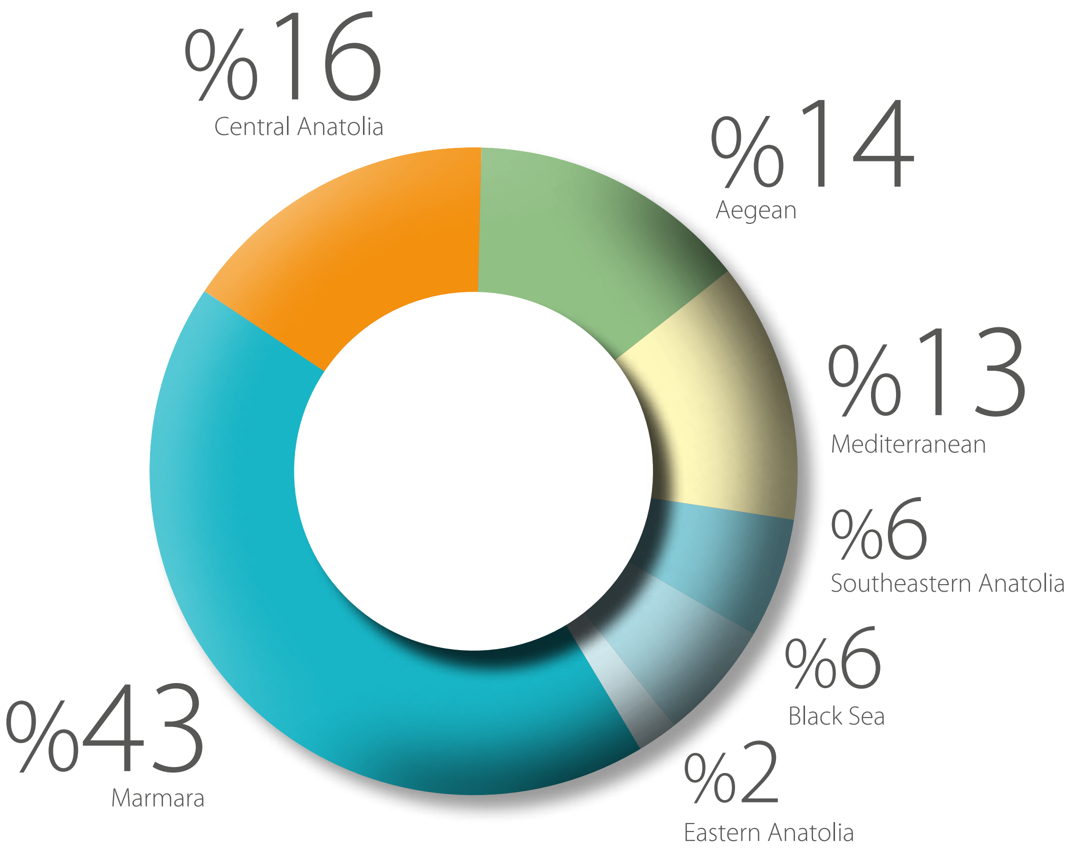
Sectors	Number	Guarantee Amount	Share
Trade and Service	159.806	83.665	43 %
Manufacturing Industry	63.273	60.945	31 %
Construction	34.873	24.934	13 %
Transport and Maritime	16.287	9.165	5 %
Tourism	10.523	5.468	3 %
Agriculture and Livestock Breeding	25.596	5.795	3 %
Health	2.644	1.885	1 %
Mining and Natural Resources	1.262	1.586	1 %
Education	1.764	1.164	1 %
TOTAL	**316.028**	**194.606**	**100 %**



DISTRIBUTION OF GUARANTEES GRANTED BY REGIONS (Million TL)

(Treasury Backed 2010-2017)

Regions	Number	Guarantee Amount	Share
Marmara	113.594	83.316	43 %
Central Anatolia	53.327	31.729	16 %
Aegean	50.225	26.657	14 %
Mediterranean	40.009	24.825	13 %
Southeastern Anatolia	16.272	11.969	6 %
Black Sea	29.370	11.328	6 %
Eastern Anatolia	13.231	4.783	2 %
TOTAL	**316.028**	**194.606**	**100%**



D. OUR DIRECT GUARANTEES (KOSGEB, MINISTRY OF SCIENCE, INDUSTRY AND TECHNOLOGY, TUBITAK, TTGV)

With the protocols signed in 2014, the scope of the direct guarantee practice with KOSGEB, TUBITAK and TTGV was expanded and the public support provided to SMEs has also been included in the scope. The opportunity for the related institutions to carry out the support transactions they provide to SMEs has occurred by accepting the KGF guarantee as a substitute for bank guarantees.

Technological Product Investment Support Protocol was signed with the Ministry of Science, Industry and Technology in November, 2016 and by continuing the direct supports in 2017, KGF has led that the SMEs can benefit from the public supports without using their credit lines at the counters of banks.

E. OUR NON-PERFORMING RECEIVABLES

From 1995 when we started our operations until the end of 2017, a total of TL 199.815 million TL of guarantees, 5.209 million TL being equity backed guarantees and 194.606 million TL being Treasury backed guarantees, was provided. In total 1.090 million TL of the used guarantees have turned into non-performing receivables, and the rate of non-performing receivables was recorded as 0,54% while it was 3,65% at the end of 2016. 29,9% of the non-performing receivables originated due to our equity backed guarantees and 70,1% due to Treasury backed guarantees.

The rate of being turned into the non-performing receivables backed by Shareholder's equity was recorded as 6,26% at the end of 2017 which was recorded as 6,02% at the end of 2016.

In terms of Treasury backed guarantees, a total of 764,4 million TL guarantee was transferred to legal follow-up as of the end of 2017. The legal follow-up rate which was 2,37% at the end of 2016 for Treasury backed guarantees decreased to 0,39% at the end of 2017.

RATES OF TRANSFER TO LEGAL FOLLOW-UP AND LEGAL FOLLOW-UP RISK BY SOURCES (TL)

	01.01.1994 - 31.12.2017			31.12.2017	
Sources	Used Guarantees	Amount Transferred to Legal Follow-up	Legal Follow-up Rate(%)	Outstanding Legal Follow-up Risk Amount (incl. those bound by a protocol)	Outstanding Legal Follow-up Risk Rate (%)
Equity backed guarantees	5.209.077.779	325.992.402	6,26	180.740.371	3,46
Treasury backed guarantees	194.606.373.095	764.373.713	0,39	723.932.085	0,37
TOTAL	**199.815.450.874**	**1.090.366.115**	**0,54**	**904.672.456**	**0,45**

Note: 33.159.558,89 TL of the non-performing receivables originated due to equity backed guarantees was cancelled by the Resolution of the Board of Directors dated 17.11.2016.

The collections made from non-performing receivables also increase by years. A total of 115 million TL principal from the non-performing receivables originated due to equity backed guarantees and a total of 38,4 million TL principal from the non-performing receivables originated due to Treasury backed guarantees were collected until the end of 2017.

Taking above mentioned collections in calculation, 19,98% and 80,02% of total legal follow-up risk in the amount of 904,7 million TL in total, consists of 180,7 million TL from the equity backed guarantees and 723,9 million TL from Treasury backed guarantees respectively as of 2017 year-end.

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Financial Information

KREDİ GARANTİ FONU A.Ş.
COMPARATIVE BALANCE SHEET (TL) FOR 01.01.2017-31.12.2017T.P.L

	ACTIVE (ASSETS)	Previous Period	Current Period		LIABILITIES	Previous Period	Current Period
		31/12/2016	31/12/2017			31/12/2016	31/12/2017
1	**CURRENT ASSETS**			3	**SHORT TERM LIABILITIES**		
10	Liquid Assets	219.052.919	341.344.585	30	Financial Liabilities		
100	Cash	3.088	3.251	32	Trade Payables	4.354.771	2.041.131
102	Banks	217.793.045	339.712.069	309	Other Financial Liabilities	2.395	16.726
104	Treasury Bank Account	1.256.787	1.629.265	320	Suppliers	265.834	358.512
11	Stocks And Shares	3.362.076	3.485.273	326	Deposits And Sureties Received	1.698.026	413.477
111	Private Sector Bonds, Notes And Bills	171.235		329	Other Trade Payables	2.388.516	1.252.416
112	Public Sector Bonds, Notes And Bills	3.190.842	3.485.273	33	Other Liabilities	522.866	2.465.370
12	Trade Receivables	83.634.755	111.836.375	335	Payables To Personnel	3.500	
120	Receivables	77.765		336	Other Miscellaneous Payables	519.366	2.465.370
123	Customers Bound By Protocol	5.961.463	9.032.305	34	Advances Received	514.522	2.499.987
126	Deposits And Sureties Given	503	503	341	Fee And Commission Advances	514.522	2.499.987
128	Doubtful Trade Receivables	140.806.029	176.252.712	36	Taxes Payable And Other Liabilities	1.827.728	2.313.995
129	Provision For Doubtful Trade Receivables (-)	-63.211.005	-73.449.145	360	Taxes And Funds Payables	602.104	856.369
13	Other Receivables	90.100	92.027	361	Social Security Withholdings Payable	1.056.934	1.365.296
136	Other Miscellaneous Receivables	90.100	92.027	362	Retainer Fee For The Opposite Party	168.690	92.330
15	Stocks	220	311.000				
159	Advances Given For Purchase Orders	220	311.000	38	Short-Term Deferred Income And Accrued Expenses	24.264	0
18	Short-Term Prepaid Expenses and Accrued Income	1.065.260	3.445.990		And Their Accruals		
180	Prepaid Expenses For Next Months			380	Short-Term Deferred Income And Accrued Expenses	24.264	
181	Income Accruals	1.065.260	3.445.990	39	Other Short-Term Liabilities	2.057	0
19	Other Current Assets	567	53.900	391	VAT Payable	2.057	
190	Deferred VAT						
191	Deductible VAT				**TOTAL SHORT-TERM LIABILITIES**	7.246.210	9.320.483
195	Advances paid for services to be received	567	53.900				
				4	**LONG-TERM LIABILITIES**		
	TOTAL CURRENT ASSETS	**307.205.897**	**460.569.150**	**40**	**Financial Liabilities**		
2	**FIXED ASSETS**			**42**	**Trade Payables**		
22	Trade Receivables			43	Other Debts		
220	Receivables from Customers			47	Provisions For Liabilities And Expenses	3.221.476	4.480.081
226	Deposits and Sureties Given			472	Provisions For Termination Indemnities	3.221.476	4.480.081
23	Other Receivables	106.200	106.200	48	Long-Term Deferred Income		
236	Other Miscellaneous Receivables	106.200	106.200		and Accrued Expenses		
25	Tangible Fixed Assets	6.825.942	9.046.312		TOTAL LONG-TERM LIABILITIES	3.221.476	4.480.081
250	Lands and parcels	1.847.602	1.030.302				
251	Land Improvements			5	SHAREHOLDER'S EQUITY		
252	Buildings	745.827	1.392.171	50	Paid Capital	278.438.892	318.281.750
253	Plants Machinery And Equipment			500	Capital	278.438.892	318.281.750
254	Vehicles	1.743.596	1.661.610	501	Unpaid Capital (-)		
255	Fixtures And Fittings	2.938.426	4.977.694	52	Capital Reserves	12.841.633	5.751.284
256	Other Tangible Fixed Assets			529	Other Capital Reserves	12.841.633	5.751.284
257	Accumulated Depreciation (-)	-1.463.509	-2.668.352	54	Profit Reserves	2.473.743	2.750.255
258	Construction-In-Progress	1.014.000	2.652.887	540	Legal Reserves	2.473.743	2.750.255
26	Intangible Fixed Assets	760.317	1.769.931	542	Extraordinary Reserves		
260	Rights	29.634	30.194	548	Other Income Reserves		
264	Special Costs	221.638	200.511	549	Special Funds		
267	Other Intangible Fixed Assets	949.618	2.821.122	57	Profits from Previous Years	5.209.286	0
268	Accumulated Depreciation (-)	-440.573	-1.281.896	570	Profits from Previous Years	5.209.286	
28	Long-Term Prepaid Expenses And	63.114	289.694	58	Losses from Previous Years (-)		
	Accrued Income			580	Losses from Previous Years (-)		
280	Prepaid Expenses For Future Years	63.114	289.694	59	Net Profit for the Period (loss)		
281	Income Accruals			590	Net Profit for the Period	5.530.231	131.197.434
	TOTAL FIXED ASSETS	**7.755.573**	**11.212.137**		**TOTAL SHAREHOLDER'S EQUITY**	**304.493.785**	**457.980.723**
	TOTAL ACTIVES (ASSETS)	**314.961.470**	**471.781.287**		**TOTAL LIABILITIES**	**314.961.470**	**471.781.287**
	Shareholder's Equity Surety Debt Risk	**8.274.317.000**	**201.400.669.453**		**MEMORANDUM ACCOUNTS**	**8.274.317.000**	**201.400.669.453**
	Treasury Source Surety Debt Risk	1.242.672.000	1.448.139.526		Shareholder's Equity Surety Debt Risk	1.242.672.000	1.448.139.526
	Sureties Obtained from the Treasury	5.031.645.000	174.952.529.927		Treasury Source Surety Debt Risk	5.031.645.000	174.952.529.927
	Hazineden Sağlanan Garantiler	2.000.000.000	25.000.000.000		Sureties Obtained from the Treasury	2.000.000.000	25.000.000.000

KREDİ GARANTİ FONU A.Ş.
COMPARATIVE DETAILED INCOME STATEMENT FOR 01.01.2017-31.12.2017

		31/12/2016		31/12/2017
A- GROSS INCOME		**40.640.681**		**134.292.275**
1. Commissions obtained from Domestic Sureties	39.744.898		133.324.154	
2. Commissions obtained from Foreign Sureties				
3. Other Income	895.783		968.121	
B- SALES DISCOUNTS (-)		**122.878**		**715.236**
1. Returns on Sales (-)	122.878		715.236	
2. Sales Discounts (-)				
3. Other Discounts (-)				
C- NET SALES		**40.517.803**		**133.577.039**
D- COST OF SALES (-)				
PROFIT OR LOSS FROM GROSS SALES		**40.517.803**		**133.577.039**
E- OPERATING EXPENSES (-)		**29.961.598**		**41.217.433**
1. Research and Development Expenses (-)				
2. Branches' Operating Expenses (-)	14.089.665		17.219.058	
3. General Administration Expenses (-)	15.871.933		23.998.375	
OPERATING PROFIT OR LOSS		**10.556.205**		**92.359.606**
F- ORDINARY INCOME AND PROFITS FROM OTHER ACTIVITIES		**32.022.398**		**57.678.606**
1. Dividend Income From Affiliates				
2. Dividend Income From Subsidiaries				
3. Interest Income	18.431.462		34.317.070	
4. Commission Income				
5. Provisions No longer Required	2.622.650		4.761.861	
6. Gains on Marketable Securities' Sales				
7. Foreign Currency Gains	10.968.285		18.599.675	
8. Rediscounted Interest Income				
9. Other Income And Profit From Operations				
G- ORDINARY EXPENSE AND LOSSES FROM OTHER ACTIVITIES (-)		**28.206.187**		**24.193.188**
1. Commission Losses				
2. Reserve Expenses	24.699.796		15.000.002	
3. Real Estate Sales Loss				
4. Foreign Currency Losses	3.506.392		9.193.186	
5. Rediscounted Interest Expense				
6. Other Ordinary Expenses and Losses				
ORDINARY EXPENSES OR LOSSES		**14.372.416**		**125.845.024**
I- EXTRAORDINARY EXPENSES AND LOSSES		**3.327.806**		**5.762.132**
1. Previous Period Income and Profit			414.735	
2. Other Extraordinary Income and Profit	3.327.806		5.347.397	
J- EXTRAORDINARY EXPENSES AND LOSSES (-)		**12.169.990**		**409.722**
1. Idle Capacity Expenses and Losses (-)				
2. Previous Period Expenses and Losses (-)				
3. Other Extraordinary Expense and Losses (-)	12.169.990		409.722	
PERIOD PROFIT ANDLOSS		**5.530.231**		**131.197.434**
NET PROFIT OR LOSS FOR THE PERIOD		**5.530.231**		**131.197.434**

FINANCIAL POSITION EVALUATION

OUR ASSETS

Our company's size of assets has increased by 49,79% compared to the previous year and reached to TL 471.781.287. The banks deposit which is in the item of liquid assets was recorded as TL 339.712.069 by increasing TL 121.919.024. Especially the income generated from the guarantees provided in the first quarter of the year had a positive reflection on our deposits.

Our doubtful trade receivables were recorded as TL 176.252.712 by increasing by 25,17% compared to the previous year. The necessary provisions were put aside. The item of tangible fixed assets in the fixed assets group was recorded as TL 9.046.312 by increasing 32,52%.

Our company has strengthened its IT infrastructure with the new devices and equipment and obtained the necessary software in line with the current conditions.

OUR LIABILITIES

The most important change occurred in the structure of our liabilities in 2017 was the increase in our paid capital. Our institution moved into the Registered Capital System with the upper limit of TL 500 million. Our paid capital is TL 381.281.750.

Our institution allocates provisions for severance pay for the employees who completed at least one full year in our company, according to the legislation, every year.

Our period income in 2017 was recorded as TL 131.197.434 before the provisions.

DIVIDEND DISTRIBUTION POLICY

Pursuant to the clause of exemption stated in the article 4/1/l of the Corporate Tax Law no. 5520, our institution do not exercise dividend distribution. Accordingly, no dividend distribution was made in 2017. It is not planned to make a dividend distribution in 2018 too.

CONCLUSION

Our institution successfully completed the year of 2017. Our net period profit was recorded as TL 131 million.

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Independent Audit Report

Kredi Garanti Fonu A.Ş.
Financial statements as of December 31, 2017 together with independent auditors' report
(Convenience translation of financial statements into English and independent auditors report originally issued in Turkish)

(Convenience translation of a report and financial statements originally issued in Turkish)

INDEPENDENT AUDIT REPORT

Building a better working world

Güney Bağımsız Denetim ve
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INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Kredi Garanti Fonu A.Ş.

A) Report on the Audit of the Financial Statements

1) Opinion

We have audited the financial statements of Kredi Garanti Fonu A.Ş. (the Company), which comprise the statement of financial position as at December 31, 2017, and the statement of profit or loss and comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2017, and its financial performance and its cash flows for the year then ended in accordance with the Turkish Accounting Standards (TAS).

2) Basis for Opinion

We conducted our audit in accordance with Independent Auditing Standards (InAS) which are part of the Turkish Auditing Standards as issued by the Public Oversight Accounting and Auditing Standards Authority of Turkey (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 are independent of the Company in accordance with the Code of Ethics for Independent Auditors (Code of Ethics) as issued by the POA, and we have fulfilled our other ethical responsibilities in accordance with the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

3) 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 TAS, 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.

INDEPENDENT AUDIT REPORT

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4) Auditor's Responsibilities for the Audit of the Financial Statements

In an independent audit, our responsibilities as the auditors are:

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 InAS will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and 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 InAS, 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.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

INDEPENDENT AUDIT REPORT

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B) Report on Other Legal and Regulatory Requirements

1) In accordance with paragraph 4 of Article 402 of the TCC, no significant matter has come to our attention that causes us to believe that the Company's bookkeeping activities for the period 1 January - 31 December 2017 and financial statements are not in compliance with law and provisions of the Company's articles of association in relation to financial reporting.

2) In accordance with paragraph 4 of Article 402 of the TCC, the Board of Directors submitted to us the necessary explanations and provided required documents within the context of audit.

The name of the engagement partner who supervised and concluded this audit is Damla Harman.

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

Damla Harman, SMMM
Sorumlu Denetçi

Ankara, 28 Şubat 2018

Statement of financial position as of 31 December 2017

(Amounts expressed in Turkish Lira ("TL") unless otherwise stated.)

		Current Period	Previous Period
		Audited	Audited
Assets	**Notes**	**31 Aralık 2017**	**31 Aralık 2016**
Current assets		**456.239.791**	**288.199.492**
Cash and cash equivalents	4	344.155.326	214.609.693
Financial investments	5	3.514.937	8.870.370
Trade receivables	6	107.318.775	64.475.485
Other receivables	7	318.820	41.811
Prepaid expenses	8	289.694	56.407
Other current assets	13	642.239	145.726
Non-current assets		**11.548.107**	**7.898.192**
Non-current assets	9	4.468.752	3.584.154
Intangible assets	10	4.718.830	1.737.580
Other non-current assets	13	2.360.525	2.576.458
Total assets		**467.787.898**	**296.097.684**
Current liabilities		**31.254.234**	**25.923.090**
Trade payables	6	379.030	301.207
Employee benefit obligations	11	2.238.004	1.691.855
Other payables	7	3.917.611	3.264.874
Deferred income	14	13.270.611	13.723.115
Short-term provisions:		2.908.185	1.774.155
-Short-term provisions for employee benefits	11	2.060.561	1.568.131
-Other short-term provisions	12	847.624	206.024
Other short-term liablities	13	8.540.793	5.167.884
Non-current liabilities		**2.407.340**	**2.054.026**
-Long-term provisions for employee benefits	11	2.407.340	2.054.026
Shareholders' equity		**434.126.324**	**268.120.568**
Attributable to equity holders of parent			
Paid-in share capital	15	318.281.750	278.438.892
Actuarial loss arising from employee benefits	11	86.290	(721.936)
Restricted reserves	15	2.750.255	2.473.743
Accumulated loss/ retained earnings	15	(22.809.647)	(12.442.586)
Net profit/ (loss) for the year		135.817.676	372.455
Total liabilities and shareholders' equity		**467.787.898**	**296.097.684**

Statement of profit or loss and comprehensive income for the year ended December 31, 2017

(Amounts expressed in Turkish Lira ("TL") unless otherwise stated.)

		Current year	Prior year
		audited	Audited
	Notes	January 1- December 31, 2017	January 1- December 31, 2016
Revenue	16	133.037.159	33.556.619
Cost of sales (-)	16	(17.653.785)	(13.902.360)
Gross profit		**115.383.374**	**19.654.259**
General administrative expenses (-)	17	(23.539.085)	(15.576.948)
Other operating income	18	9.600.406	5.116.520
Other opearating expense (-)	18	(11.225.159)	(35.735.900)
Operating loss		**90.219.536**	**(26.542.069)**
Income from investment activities	19	835.391	1.068.963
Operating loss before financial expenses		**91.054.927**	**(25.473.106)**
Financial income	20	53.973.060	29.351.953
Financial expense (-)	20	(9.210.311)	(3.506.392)
Net profit/ (loss) for the year		**135.817.676**	**372.455**
Actuarial gain/ (loss)	11	808.226	157.639
Total other comprehensive income / expense		**808.226**	**157.639**
Total comprehensive income		**136.625.902**	**530.094**

Statement of changes in equity for the year ended December 31, 2017

(Amounts expressed in Turkish Lira ("TL") unless otherwise stated.)

	Paid-in share capital	Actuarial gain/ (loss) arising from employee benefits	Legal reserves	Retained earnings	Net profit / (loss) for the year	Total
Balance at January 1, 2016, as previously reported	**278.438.892**	**(801.981)**	**2.199.570**	**(14.674.643)**	**(2.337.629)**	**262.824.209**
Effects of the restatements	-	(77.594)	-	-	1.118.245	-
Balance at January 1, 2016	**278.438.892**	**(879.575)**	**2.199.570**	**(10.949.029)**	**(1.219.384)**	**267.590.474**
Transfers	-	-	274.173	(1.493.557)	1.219.384	-
Total comprehensive income	-	157.639	-	-	-	157.639
Net profit for the year	-	-	-	-	372.455	372.455
Balance at December 31, 2016	**278.438.892**	**(721.936)**	**2.473.743**	**(12.442.586)**	**372.455**	**268.120.568**
Balance at January 1, 2017	**278.438.892**	**(721.936)**	**2.473.743**	**(12.442.586)**	**372.455**	**268.120.568**
Transfers	10.463.004	-	276.512	(10.367.061)	(372.455)	-
Total comprehensive income	-	808.226	-	-	-	808.226
Share capital increase (*)	29.379.854	-	-	-	-	29.379.854
Net profit for the year	-	-	-	-	135.817.676	135.817.676
Balance at December 31, 2017	**318.281.750**	**86.290**	**2.750.255**	**(22.809.647)**	**135.817.676**	**434.126.324**

* The Company increased the capital in 2017 and a portion of TL 10.463.004 of this increase is made using internal resources consisted of prior year earnings. The remaining part amounting to TL 29.379.854 is equally provided by the newly entering banks into partnership in cash.

Statement of cash flows
for the year ended December 31, 2017

(Amounts expressed in Turkish Lira ("TL") unless otherwise stated.)

		Current period Audited	Previous eriod Audited
		December 31, 2017	December 31, 2016
A. Cash flows from operating activities	Notes	64.167.457	(2.649.806)
Net profit/ (loss)		135.817.676	372.455
Adjustments for reconciliation of net profit/ (loss)		**(22.867.142)**	**17.475.956**
Adjustments for reconciliation of net profit/ (loss)	9, 10, 13	1.915.973	1.075.555
Adjustment for provisions and deferred receivables	18	9.104.864	35.019.091
Adjustment for interest income	20	(35.373.387)	(18.431.268)
Adjustment for gain on sale of fixed assets	19	(835.391)	(1.068.963)
Adjustment for litigations	12	641.600	158.904
Adjustment for unpaid vacation liability and bonus accrual	11	492.430	(21.805)
Adjustment for employee termination benefits	11	1.186.769	744.442
Changes in working capital		**(48.757.849)**	**(20.098.057)**
Change in non-performing loans	6	(51.948.154)	(27.081.569)
Change in prepaid expenses	8	(233.287)	184.599
Changes in other receivables	7	(277.009)	114.775
Change in other current assets	13	(496.513)	(112.783)
Change in trade payables	6	77.823	244.671
Changes in short-term liabilities	13	3.372.909	355.244
Change in employee benefit obligations	11	546.149	486.165
Cahnge in other payables	7	652.737	(291.027)
Change in deferred revenues	14	(452.504)	6.001.868
Net cash flows from operating activities		**(25.228)**	**(400.160)**
Employment termination benefits paid	11	(25.228)	(400.160)

Statement of cash flows for the year ended December 31, 2017

(Amounts expressed in Turkish Lira ("TL") unless otherwise stated.)

		Current Period Audited	Previous Period Audited
B. Cash flows from operating activities		**624.935**	**(7.153.882)**
Proceeds from sale of property, plant and equipment, intangible assets and other non-current assets		1.195.516	2.079.024
Purchases of property, plant and equipment	9	(2.330.794)	(2.653.622)
Purchases of intangible assets	10	(3.595.220)	(1.402.808)
Purchases of other-current assets	13	-	(565.687)
Changes in financial investments	5	5.355.433	(4.610.789)
C. Cash flows from financing activities		**62.961.002**	**16.300.686**
Capital increase	15	29.379.854	-
Interest received	20	33.581.148	16.300.686
Net decrease in cash and cash equivalents		127.753.394	6.496.998
Cash and cash equivalents at beginning of the year	4	213.544.401	207.047.403
Cash and cash equivalents at the end of the year	4	341.297.795	213.544.401

Note 1- Organization and nature of operations

Kredi Garanti Fonu A.Ş. (the "Company") has been established in 1991 and operates in Turkey. The Company supports small and medium size entities through providing guarantees, enables them utilizing bank credits for their investments and financing activities. The Company provided its first credit guarantee on July 1994.

The shareholders of the Company consist of Türkiye Odalar ve Borsalar Birliği ("TOBB"), Küçük ve Orta Ölçekli İşletmeleri Geliştirme ve Destekleme İdaresi Başkanlığı ("KOSGEB"), Türkiye Esnaf ve Sanatkarları Konfederasyonu ("TESK"), Türkiye Küçük ve Orta Ölçekli İşletmeler, Serbest Meslek Mensupları and Yöneticiler Vakfı ("TOSYÖV"), Mesleki Eğitim ve Küçük Sanayi Destekleme Vakfı ("MEKSA") and 27 banks in equal shares by the shares of 29,16%, 29,15%, %0,12, 0,01%, 0,004% of and 41,53%, respectively.

The Company's registered address is TOBB İkiz Kuleleri C Blok, Kat: 5-6-7, Dumlupınar Bulvarı No: 252, Ankara. As at December 31, 2017, the Company has 197 employees (December 31, 2016: 176).

Note 2- Basis of presentation of financial statements

2.1. Statement of presentation

The Company maintains its book of accounts and prepares their statutory financial statements in TL, in accordance with the Uniform Chart of Accounts, Turkish Commercial Code, and the Turkish Tax Legislation.

The accompanying financial statements are prepared in accordance with Turkish Accounting Standards/ Turkish Financial Reporting Standards ("TAS/ TFRS") and its addendum and interpretations issued by Public Oversight Accounting and Auditing Standards Authority ("POA").

Statement of Compliance with Turkish Accounting Standards

The financial statements for the year ended December 31, 2017 have been authorized for issue by the Company management on February 28, 2017. The General Assembly has the rauthority to change the financial statements.

2.2. Functional and presentation currency

The financial statements of the Company is prepared and presented in functional and presentation currency which is Turkish Lira "(TL).

2.3. The new standards, amendments and interpretations

The accounting policies adopted in preparation of the financial statements as at 31 December 2017 are consistent with those of the previous financial year, except for the adoption of new and amended TFRS and TFRIC interpretations effective as at 1 January 2017. The effects of these standards and interpretations on the Company's financial position and performance have been disclosed in the related paragraphs.

(i) The new standards, amendments and interpretations which are effective as at 1 January 2017 are as follows:

TAS 7 Statement of Cash Flows (Amendments)

In December 2017, POA issued amendments to TAS 7 'Statement of Cash Flows'. The amendments are intended to clarify TAS 7 to improve information provided to users of financial statements about an entity's financing activities. The improvements to disclosures require companies to provide information about changes in their financing liabilities.

TAS 12 Income Taxes: Recognition of Deferred Tax Assets for Unrealised Losses (Amendments)

In December 2017, POA issued amendments to TAS 12 Income Taxes. The amendments clarify how to account for deferred tax assets related to debt instruments measured at fair value. The amendments clarify the requirements on recognition of deferred tax assets for unrealised losses, to address diversity in practice. These amendments are to be retrospectively applied for annual periods beginning on or after January 1, 2017 with earlier application permitted. However, on initial application of the amendment, the change in the opening equity of the earliest comparative period may be recognised in opening retained earnings (or in another component of equity, as appropriate), without allocating the change between opening retained earnings and other components of equity. The amendment are not applicable for the Company and will not have an impact on the financial position or performance of the Company.

Annual Improvements to TFRSs - 2014-2016 Cycle

In December 2017, POA issued Annual Improvements to TFRS Standards 2014–2016 Cycle, amending the following standards:

- TFRS 12 Disclosure of Interests in Other Entities: This amendment clarifies that an entity is not required to disclose summarised financial information for interests in subsidiaries, associates or joint ventures that is classified, or included in a disposal group that is classified, as held for sale in accordance with TFRS 5 Non-current Assets Held for Sale and Discontinued Operations. These amendments are to be applied for annual periods beginning on or after 1 January 2017.

The amendment are not applicable for the Company and will not have an impact on the financial position or performance of the Company.

ii) Standards issued but not yet effective and not early adopted

Standards, interpretations and amendments to existing standards that are issued but not yet effective up to the date of issuance of the financial statements are as follows. The Company will make the necessary changes if not indicated otherwise, which will be affecting the financial statements and disclosures, when the new standards and interpretations become effective.

TFRS 15 Revenue from Contracts with Customers

In September 2016, POA issued TFRS 15 Revenue from Contracts with Customers. The new standard issued includes the clarifying amendments to IFRS 15 made by IASB in April 2016. The new five-step model in the standard provides the recognition and measurement requirements of revenue. The standard applies to revenue from contracts with customers and provides a model for the sale of some non-financial assets that are not an output of the entity's ordinary activities (e.g., the sale of property, plant and equipment or intangibles). TFRS 15 effective date is January 1, 2018, with early adoption permitted. The amendment are not applicable for the Company and will not have an impact on the financial position or performance of the Company.

TFRS 9 Financial Instruments

In January 2017, POA issued the final version of TFRS 9 Financial Instruments. The final version of TFRS 9 brings together all three aspects of the accounting for financial instruments project: classification and measurement, impairment and hedge accounting. TFRS 9 is built on a logical, single classification and measurement approach for financial assets that reflects the business model in which they are managed and their cash flow characteristics. Built upon this is a forward-looking expected credit loss model that will result in more timely recognition of loan losses and is a single model that is applicable to all financial instruments subject to impairment accounting. In addition, TFRS 9 addresses the so-called 'own credit' issue, whereby banks and others book gains through profit or loss as a result of the value of their own debt falling due to a decrease in credit worthiness when they have elected to measure that debt at fair value. The Standard also includes an improved hedge accounting model to better link the economics of risk management with its accounting treatment. TFRS 9 is effective for annual periods beginning on or after 1 January 2018, with early application permitted by applying all requirements of the standard. Alternatively, entities may elect to early apply only the requirements for the presentation of gains and losses on financial liabilities designated as FVTPL without applying the other requirements in the standard. The company has performed an impact assessment of TFRS 9. This assessment is based on currently available information and may be subject to changes arising from further detailed analyses or additional supportable information being made available to the Company in the future. The impact of standard on all three aspects of TFRS 9 is as follows:

Classification and Measurement of Financial Assets:

The Company does not expect a significant impact on its balance sheet or equity on applying the classification and measurement requirements of TFRS 9. It expects to continue measuring at fair value all financial assets currently held at fair value.

Loans as well as trade receivables are held to collect contractual cash flows and are expected to give rise to cash flows representing solely payments of principal and interest. The Company analysed the contractual cash flow characteristics of those instruments and concluded that they meet the criteria for amortised cost measurement under IFRS 9. Therefore, reclassification for these instruments is not required.

Impairment:

The Company will apply the simplified approach and record lifetime expected losses on all trade receivables. The effect of IFRS 9 on prior year financial statements are evaluated and it is expected that its effect on the Compan's equity is limited in 1%-2% on December 31, 2017.

Hedge accounting:

As TFRS 9 does not change the general principles of how an entity accounts for effective hedges, applying the hedging requirements of TFRS 9 will not have a significant impact on Company's financial statements.

TFRS 4 Insurance Contracts (Amendments)

In December 2017, POA issued amendments to TFRS 4 Insurance Contracts. The amendments introduce two approaches: an overlay approach and a deferral approach. These amendments are to be applied for annual periods beginning on or after 1 January 2018. Earlier application is permitted. The standard is not applicable for the Company and will not have an impact on the financial position or performance of the Company.

TFRIC 22 Foreign Currency Transactions and Advance Consideration

The interpretation issued by POA on December 2017 clarifies the accounting for transactions that include the receipt or payment of advance consideration in a foreign currency.

The Interpretation states that the date of the transaction for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income is the date on which an entity initially recognises the non-monetary asset or non-monetary liability arising from the payment or receipt of advance consideration. An entity is not required to apply this Interpretation to income taxes; or insurance contracts (including reinsurance contracts) it issues or reinsurance contracts that it holds. The interpretation is effective for annual reporting periods beginning on or after 1 January 2018. Earlier application is permitted. The interpretation is not applicable for the Company and will not have an impact on the financial position or performance of the Company.

TFRS 2 Classification and Measurement of Share-based Payment Transactions (Amendments)

In December 2017, POA issued amendments to TFRS 2 Share-based Payment, clarifying how to account for certain types of share-based payment transactions. The amendments, provide requirements on the accounting for:

a. the effects of vesting and non-vesting conditions on the measurement of cash-settled share-based payments;
b. share-based payment transactions with a net settlement feature for withholding tax obligations; and
c. a modification to the terms and conditions of a share-based payment that changes the classification of the transaction from cash-settled to equity-settled.

These amendments are to be applied for annual periods beginning on or after 1 January 2018. Earlier application is permitted. The amendment are not applicable for the Company and will not have an impact on the financial position or performance of the Company.

Amendments to TAS 28 Investments in Associates and Joint Ventures (Amendments)

In December 2017, POA issued amendments to TAS 28 Investments in Associates and Joint Ventures. The amendments clarify that a company applies TFRS 9 Financial Instruments to long-term interests in an associate or joint venture that form part of the net investment in the associate or joint venture.

TFRS 9 Financial Instruments excludes interests in associates and joint ventures accounted for in accordance with TAS 28 Investments in Associates and Joint Ventures. In this amendment, POA clarified that the exclusion in TFRS 9 applies only to interests a company accounts for using the equity method. A company applies TFRS 9 to other interests in associates and joint ventures, including long-term interests to which the equity method is not applied and that, in substance, form part of the net investment in those associates and joint ventures.

The amendments are effective for annual periods beginning on or after 1 January 2019, with early application permitted. The amendments are not applicable for the Company and will not have an impact on the financial position or performance of the Company.

TAS 40 Investment Property: Transfers of Investment Property (Amendments)

In December 2017, POA issued amendments to TAS 40 'Investment Property'. The amendments state that a change in use occurs when the property meets, or ceases to meet, the definition of investment property and there is evidence of the change in use. These amendments are to be applied for annual periods beginning on or after 1 January 2018. Earlier application is permitted. The amendment are not applicable for the Company and will not have an impact on the financial position or performance of the Company.

TFRS 10 and TAS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments)

In December 2017, POA postponed the effective date of this amendment indefinitely pending the outcome of its research project on the equity method of accounting. Early application of the amendments is still permitted.

Annual Improvements to TFRSs - 2014-2016 Cycle

TFRS 1 First-time Adoption of International Financial Reporting Standards: This amendment deletes the short-term exemptions about some TFRS 7 disclosures, IAS 19 transition provisions and IFRS 10 Investment Entities. These amendments are to be applied for annual periods beginning on or after 1 January 2018.

- TAS 28 Investments in Associates and Joint Ventures: This amendment clarifies that the election to measure an investment in an associate or a joint venture held by, or indirectly through, a venture capital organisation or other qualifying entity at fair value through profit or loss applying TFRS 9 Financial Instruments is available for each associate or joint venture, at the initial recognition of the associate or joint venture. These amendments are to be applied for annual periods beginning on or after 1 January 2018. Earlier application is permitted.

The amendments are not applicable for the Company and will not have an impact on the financial position or performance of the Company.

iii) The new standards, amendments and interpretations that are issued by the International Accounting Standards Board (IASB) but not issued by Public Oversight Authority (POA)

The following standards, interpretations and amendments to existing IFRS standards are issued by the IASB but not yet effective up to the date of issuance of the financial statements. However, these standards, interpretations and amendments to existing IFRS standards are not yet adapted/issued by the POA, thus they do not constitute part of TFRS. The Company will make the necessary changes to its financial statements after the new standards and interpretations are issued and become effective under TFRS.

Annual Improvements – 2010–2012 Cycle

IFRS 13 Fair Value Measurement

As clarified in the Basis for Conclusions short-term receivables and payables with no stated interest rates can be held at invoice amounts when the effect of discounting is immaterial. The amendment is effective immediately.

IFRS 16 Leases

The IASB has published a new standard, IFRS 16 'Leases'. The new standard brings most leases on-balance sheet for lessees under a single model, eliminating the distinction between operating and finance leases. Lessor accounting however remains largely unchanged and the distinction between operating and finance leases is retained. IFRS 16 supersedes IAS 17 'Leases' and related interpretations and is effective for periods beginning on or after January 1, 2019, with earlier adoption permitted if IFRS 15 'Revenue from Contracts with Customers' has also been applied. The Company is in the process of assessing the impact of the standard on financial position or performance of the Company.

IFRIC 23 Uncertainty over Income Tax Treatments

The interpretation clarifies how to apply the recognition and measurement requirements in "IAS 12 Income Taxes" when there is uncertainty over income tax treatments.

When there is uncertainty over income tax treatments, the interpretation addresses:

(a) whether an entity considers uncertain tax treatments separately;
(b) the assumptions an entity makes about the examination of tax treatments by taxation authorities;
(c) how an entity determines taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates; and
(d) how an entity considers changes in facts and circumstances.

An entity shall apply this Interpretation for annual reporting periods beginning on or after 1 January 2019. Earlier application is permitted. It is not applicable fort he Company as long as the Company is exempt from income tax.

If an entity applies this Interpretation for an earlier period, it shall disclose that fact. On initial application, an entity shall apply the interpretation either retrospectively applying IAS 8, or retrospectively with the cumulative effect of initially applying the Interpretation recognised at the date of initial application.

The amendment are not applicable for the Company and will not have an impact on the financial position or performance of the Company.

IFRS 17 - The new Standard for insurance contracts

The IASB issued IFRS 17, a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. IFRS 17 model combines a current balance sheet measurement of insurance contract liabilities with the recognition of profit over the period that services are provided. IFRS 17 will become effective for annual reporting periods beginning on or after 1 January 2021; early application is permitted. The standard is not applicable for the Company and will not have an impact on the financial position or performance of the Company.

Prepayment Features with Negative Compensation (Amendments to IFRS 9)

In October 2017, the IASB issued minor amendments to IFRS 9 Financial Instruments to enable companies to measure some prepayable financial assets at amortised cost.

Applying IFRS 9, a company would measure a financial asset with so-called negative compensation at fair value through profit or loss. Applying the amendments, if a specific condition is met, entities will be able to measure at amortised cost some prepayable financial assets with so-called negative compensation.

The amendments are effective from annual periods beginning on or after 1 January 2019, with early application permitted.

The amendment are not applicable for the Company and will not have an impact on the financial position or performance of the Company.

Annual Improvements – 2015–2017 Cycle

In December 2017, the IASB announced Annual Improvements to IFRS Standards 2015–2017 Cycle, containing the following amendments to IFRSs:

- IFRS 3 Business Combinations and IFRS 11 Joint Arrangements — The amendments to IFRS 3 clarify that when an entity obtains control of a business that is a joint operation, it remeasures previously held interests in that business. The amendments to IFRS 11 clarify that when an entity obtains joint control of a business that is a joint operation, the entity does not remeasure previously held interests in that business.
- IAS 12 Income Taxes — The amendments clarify that all income tax consequences of dividends (i.e. distribution of profits) should be recognised in profit or loss, regardless of how the tax arises.
- IAS 23 Borrowing Costs — The amendments clarify that if any specific borrowing remains outstanding after the related asset is ready for its intended use or sale, that borrowing becomes part of the funds that an entity borrows generally when calculating the capitalisation rate on general borrowings.

The Company evaluates the effect of this amendment on its financial position and performance.

Plan Amendment, Curtailment or Settlement" (Amendments to IAS 19)

On 7 February 2018, the IASB published Amendments to IAS 19 "Plan Amendment, Curtailment or Settlement" to harmonise accounting practices and to provide more relevant information for decision-making. The amendments require entities to use updated actuarial assumptions to determine current service cost and net interest for the remainder of the annual reporting period after a plan amendment, curtailment or settlement occurs. An entity shall apply these amendments for annual reporting periods beginning on or after 1 January 2019. Earlier application is permitted. If an entity applies these amendments for an earlier period, it shall disclose that fact. The Company is in the process of assessing the impact of the interpretation on financial position or performance of the Company.

Note 3- Significant accounting policies

3.1. Foreign currency transactions

Transactions denominated in foreign currencies are recorded at the exchange rates ruling at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are converted into TL at the exchange rates ruling at the reporting date. The resulting exchange differences are recognized as foreign exchange gains or losses in the statement of comprehensive income.

The exchange rates ruling as at December 31, 2017 and 2016 are as follows:

	31 December 2017	31 December 2016
USD	3,7719	3,5192
EUR	4,5155	3,7099

3.2. Financial instruments

The Company's financial assets are comprised of cash and cash equivalents, held-to-maturity investments and loans and receivables; whereas its financial liabilities are comprised of trade payables.

Financial assets

The Company initially recognizes its deposits on the dates they are originated. All financial assets are recognized initially on the trade date at which the Company becomes a party to the contractual provisions of the instrument. A financial asset is derecognized when the control over the contractual rights that comprise that asset is lost. This occurs when the rights are realized, expire or are surrendered. Non derivative financial assets are measured initially at fair value plus transaction costs that are directly attributable to its acquisition or issue.

Subsequent to initial recognition non-derivative financial assets are measured as described below:

Cash and cash equivalents

Cash and cash equivalents are comprised of cash, bank deposits with original maturity periods of less than three-months and other highly liquid short-term investments which are readily convertible to a known amount of cash and are subject to an insignificant risk of change in value. The carrying values of these assets approximate their fair values.

Held-to-maturity investments

Financial assets with fixed or determinable payments that an entity intends and is able to hold to maturity and that do not meet the definition of loans and receivables and are not designated on initial recognition as assets at fair value through profit or loss or as available for sale have been classified as held-to-maturity investments. Held-to-maturity investments are measured at amortized cost.

Doubtful trade receivables

Doubtful trade receivables are comprised of guarantees given that are under legal follow-up.Doubtful trade receivables are measured at cost less any impairment losses. If there is an objective evidence of uncollectibility, the Company books a provision for the doubtful receivables and losses. Impaired doubtful receivables are derecognized when the legal procedures are completed and net loss is determined. The amount of the provision is the difference between the carrying amount and recoverable amount.

Impairment losses and un-collectability risks are calculated for each significant individual loans separately and for all doubtful trade receivables including these receivables which are not impaired individually on a portfolio basis and it includes significant estimates and assumptions

Doubtful liquidated loans are written off after all necessary legal proceedings have been completed and net loss is determined.

Impairment of financial assets

The Company assesses at each balance sheet date whether a financial asset is impaired. If there is objective evidence that an impairment loss on assets carried at amortized cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced through use of an allowance account. The amount of the loss is recognized in the statement of income. If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed, to the extent that the carrying value of the asset does not exceed its amortized cost at the reversal date. Provision for impairment is provided when there is an objective evidence of any doubt about collectability of trade receivables. Reserve is provided for the overdue uncollectible receivables. Also portfolio reserve is provided for the not due receivables based on certain criteria. The carrying amount of the receivable is reduced through use of an allowance account.

Offsetting

Financial assets and liabilities are offset and the net amount is presented in the statement of financial position when, and only when, the Company has a legal right to set off the amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

3.3. Tangible assets

Tangible assets acquired before December 31, 2004 are carried at restated cost for the effects of inflation in TL units current at December 31, 2004 less accumulated depreciation and impairment losses, and tangible assets acquired after January 1, 2005 are carried at acquisition cost less accumulated depreciation and impairment losses.

Depreciation

Depreciation is provided on the acquired values of property, plant and equipment on a straight-line method starting from the acquirement date.

Economic useful lives of assets approximately are as follows:

Type of Fixed Assets	31 December 2016
Vehicles	5 years
Furniture and fixtures	5-15 years
Leasehold improvements	Through the lease period

Subsequent costs

Expenditures incurred to replace a component of tangible assets that is accounted for separately, including major inspection and overhaul costs, are capitalized. Other subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the item of tangible assets. All other expenditures are recognized in the statement of comprehensive income as expense when incurred.

The gain or loss arising on the disposal of an item of tangible assets is determined as the difference between the proceeds from sales and the carrying amount of the asset and is recognized in profit or loss in the related period.

3.4. Intangible assets

Intangible assets comprise softwares. Intangible assets are carried at restated cost for the effects of inflation in TL units current at December 31, 2004 for the intangible assets acquired before January 1, 2005, and intangible assets acquired after January 1, 2005 are carried at acquisition cost less accumulated amortisation and impairment losses. The amortization of intangible assets is recorded in the statement of comprehensive income based on straight line amortization with the economic lives varying within 3 to 5 years.

3.5. Impairment of non-financial assets s

The Company determines whether there are any indicators for impairment at every balance sheet date. In the case of an indicator, the recoverable value of that asset is estimated. Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognized in profit or loss.

3.6. Provisions, contingent liabilities and contingent assets

A provision is recognized in the financial statements when the Company has a present implicit or legal 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 criterias are not met, the Company discloses the related issues in the notes.

If the inflow of economic benefits is probable, contingent assets are disclosed in the notes to the financial statements. If the inflow of the economic benefit is virtually certain, such asset and income statement effects are recognized in the financial statements at the relevant period that income change effect occurs.

3.7. Employee benefits

Provision for employee severance indemnity

Under Turkish law and union agreements, lump sum payments are made to employees retiring or involuntarily leaving the Company.

The provision for employee severance indemnity reflects the present value of the future probable obligation of the Company arising from the retirement of employees.

Short-term employee benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided.

A provision is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

3.8. Related parties

a- A person or a close member of that person’s family is related to a reporting entity if that person:

- Has control or joint control over the reporting entity;
- Has significant influence over the reporting entity; or
- Is a member of the key management personnel of the reporting entity or of a parent of the reporting entity.

b- 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)

- The entity and the company are members of the same group.
- 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).

- Both entities are joint ventures of the same third party.
- One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
- 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).
- The entity is controlled or jointly controlled by a person identified in (a).
- 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).

3.9. Financial guarantees and revenue

The Company provides financial guarantees based on sureties. The said financial liabilities are initially measured at fair value. The fair value is composed of the received guarantee commissions, investigation revenue and grant commissions while first recognition and fair values comprised. Following the initial recognition, investigation and grant commissions for each transaction, without considering whether the guarantee is provided to the customer or not, are accounted as revenue when they are collected. Guarantee commissions are accounted on an accrual basis.

3.10. Finance income and expenses

Interest income and expense is recognized using the effective interest method. The effective interest rate is the rate that exactly discounts the estimated future cash payments and receipts through the expected life of the financial asset or liability to the carrying amount of the financial asset or liability.

The calculation of the effective interest rate includes all fees and points paid or received, transaction costs, and discounts or premiums that are an integral part of the effective interest rate. Transaction costs are incremental costs that are directly attributable to the acquisition, issue or disposal of financial assets or liabilities.

Interest income and expense presented in statement of comprehensive income includes interest on financial assets and liabilities at amortized cost on an effective interest rate basis,

Foreign exchange gains and losses are presented as net under finance income in the statement of comprehensive income.

3.11. Taxation

Tax Procedural Law No. 213, Procedure Law on Collection of Public Claims No. 6183, Income Tax Law No. 193, abrogated Corporate Tax Law No. 5422 and 25th May dated and 4108 numbered Law for making amendments on Value-Added Tax Law No. 3065 became effective as they were published on Official Gazette on 2 June 1995. According to this Law "Corporations established to provide credit facilities only within the frame of financial and technical cooperation with foreign or international financial organizations; add revenues generated from these operations to their guarantee responsibility funds; and retain these funds in order to invest banks and corporations" are exempted from Corporate Tax Law pursuant to 1st clause of the 4th article of Corporate Tax Law. (4th article of the law numbered 6609- revised).

Credit guarantee services by corporations mentioned in 17/4-e article of Value-Added Tax Law, (24) numbered clause of Article 7 of abrogated Corporate Income Tax Law No. 5422, and (l) clause of article 4 of the new Corporate Income Tax Law no. 5520, are exempted from value-added tax.

The papers which are drawn up for credit guarantee operations of the Corporations mentioned in the 29th article of 4842 numbered Law for making Amendments on Certain Laws, 24th paragraph of Article 7 of the Corporate Income Tax Law, and 22 numbered paragraph of Stamp Tax Law No. 488 which is added to section no.2 Table V- Papers for Corporations, are exempted from stamp duty.

3.12. Statement of cash flows

The Company presents statement of cash flows as an integral part of other financial statements to inform the users of financial statements about the changes in its net assets, its financial structure and its ability to manage the amount and timing of its cash flows under new conditions. For the purposes of the statement of cash flows, cash and cash equivalents include cash on hand and bank deposits having original maturities shorter than 3 months.

3.13. Subsequent events

Subsequent events consist of events in favor of or against the Company that occur subsequent to the balance sheet date, but prior to the issuance of financial statements. There are two types of subsequent events:

- Post-balance sheet events that provide additional information about the Company's position at the reporting dates (adjusting events)
- Post-balance sheet events that provide additional information about the Company's position after the reporting dates (not adjusting events).

Post-balance sheet events that provide additional information about the Company's position at the reporting dates (adjusting events) are reflected in the financial statements.

Post-balance sheet events that are not adjusting events are disclosed in the notes when material.

Note 4- Cash and cash equivalents

As of December 31, 2017 and 2016; cash and cash equivalents are as follows:

	31 December 2017	31 December 2016
Cash	3.251	3.088
Bank-demand deposits	1.132.916	581.438
Bank-time deposits (*)	343.020.125	214.025.167
Total	**344.155.326**	**214.609.693**
Deduction: Interest accrual	(2.857.531)	(1.065.292)
Cash and cash equivalents in cash flow	**341.297.795**	**213.544.401**

(*) Average maturity of the time deposits is 34 days (December 31, 2016: 35 days). Average interest rate of time deposits is 13,2% (December 31, 2016: 10,5%).

Note 5- Financial investments

As of December 31, 2017 and 2016; financial investments which are held to maturity are as follows:

	31 December 2017		31 December 2016	
	Avg. interest rate %	Carrying amount (TL)	Avg. interest rate %	Carrying amount (TL)
Private sector bonds	-	-	%10,75	172.546
Public sector bonds	%12,25	3.514.937	%8,60	3.204.610
Time deposits (*)	-	-	%1,53	5.493.214
Total		**3.514.937**		**8.870.370**

(*) Time deposits consist of deposits with an original valuation over 90 days were classified under financial investments..

Note 6- Trade receivables and payables

a) Trade receivables

As of December 31, 2017 and 2016 trade receivables are as follows:

	December 31 2017	December 31 2016
Doubtful trade receivables	185.297.216	138.110.924
Provision for doubtful trade receivables (*)	(77.978.442)	(73.635.439)
Total	**107.318.775**	**64.475.485**

(*) The Company books customer-specific provision for receivables that the Company has concerns about collection. The allowance includes receivables that the related customers can not pay back or that are considered to be impossible to realize the value of the collateral received for the receivables.

As of December 31, 2017 and 2016 the movement of doubtful trade receivables are as follows:

	December 31 2017	December 31 2016
Opening	**73.635.439**	**73.183.516**
Abandoned receivables (*)	-	(22.119.653)
Provisions ro longer required (Note 18)	(4.761.861)	(2.622.650)
Allowances (Note 18)	9.104.864	25.194.226
Closing	**77.978.442**	**73.635.439**

(*) The Company abandoned TL 31.944.517 portion among its receivables with the decision of Board of Directors. TL 22.119.653 of this amount consists of the doubtful receivables previously set aside and the remaining amount of TL 9,824.864 has been transferred directly to the statement of profit or loss statement (Note 18).

b) Trade payables

As of December 31, 2017 and 2016; trade payables are as follows:

	December 31 2017	December 31 2016
Trade payables	379.030	301.207
Total	**379.030**	**301.207**

NOT 7- Other receivables and payables

a) Other receivables

As of December 31, 2017 and 2016; other receivables are as follows:

	December 31 2017	December31 2016
Advances given	314.790	39.708
Other receivables	3.527	1.600
Deposits and guarantees given	503	503
Total	**318.820**	**41.811**

b) Other payables

	December 31 2017	December 31 2016
Advances taken (*)	1.252.416	**2.436.116**
Wage and commision advances	2.499.987	**550.165**
Retainer expenses	165.208	**276.535**
Tax payables	-	**2.058**
Total	**3.917.611**	**3.264.874**

(* Comprises of cash blockage and conveyance from payments which are from third parties who are guarantor with in the scope of equity. NOT

Note 8- Prepaid expenses

	December 31 2017	December 31 2016
Expenses for the following months	289.694	56.407
Total	**289.694**	**56.407**

Note 9- Tangible assets

a) Current Year

Cost	January 1 2017	Addition	Disposal	December 31 2017
Vehicles	1.743.596	-	(81.986)	1.661.610
Equipment	2.938.426	2.166.877	(127.610)	4.977.693
Leasehold improvements	221.638	163.917	(185.045)	200.510
Total	**4.903.660**	**2.330.794**	**(394.641)**	**6.839.813**
Accumulated depreciation				
Vehicles	(574.019)	(348.451)	23.098	(899.372)
Equipment	(559.561)	(891.101)	91.933	(1.358.729)
Leasehold improvements	(185.926)	(27.802)	100.768	(112.960)
Total	**(1.319.506)**	**(1.267.354)**	**215.879**	**(2.371.061)**
Carrying amount	**3.584.154**			**4.468.752**

b) Prior year

Cost	January 1 2017	Addition	Disposal	December 31 2017
Vehicles	2.090.992	-	(347.396)	1.743.596
Equipment	562.928	2.619.328	(243.830)	2.938.426
Leasehold improvements	190.910	34.293	(3.565)	221.638
Total	**2.844.830**	**2.653.621**	**(594.791)**	**4.903.660**
Accumulated depreciation				
Vehicles	(468.460)	(430.609)	325.050	(574.019)
Equipment	(269.766)	(424.352)	134.557	(559.561)
Leasehold improvements	(147.204)	(42.287)	3.565	(185.926)
Total	**(885.430)**	**(897.248)**	**463.172**	**(1.319.506)**
Carrying amount	**1.959.400**			**3.584.154**

Note 10- Intangible assets

a) Current Period

Cost	January 1 2017	Addition	Disposal	December 31 2017
Rights	29.634	560	-	30.194
Other intangible assets	923.895	1.955.773	(84.270)	2.795.398
Construction in progress (*)	1.014.000	wwwww 1.638.887	-	2.652.887
Total	**1.967.529**	**3.595.220**	**(84.270)**	**5.478.479**
Accumulated depreciation				
Rights	(199)	(341)	-	(540)
Other intangible assets (*)	(229.750)	(603.295)	73.936	(759.109)
Total	**(229.949)**	**(603.636)**	**73.936**	**(759.649)**
Carrying amount	**1.737.580**			**4.718.830**

b) Prior period

Cost	January 1 2017	Addition	Disposal	December 31 2017
Rights	400	29.634	(400)	29.634
Other intangible assets	190.444	759.174	(25.723)	923.895
Construction in progress (*)	400.000	614.000	-	1.014.000
Total	**590.844**	**1.402.808**	**(26.123)**	**1.967.529**
Accumulated depreciation				
Rights	(400)	(199)	400	(199)
Other intangible assets (*)	(64.544)	(176.479)	11.273	(229.750)
Total	**(64.944)**	**(177.128)**	**11.673**	**(229.949)**
Carrying amount	**525.900**			**1.737.580**

(*) Includes software and system installments that are not completed.

Note 11- Employee benefits

a) Short -term employee benefit obligations

	December 31 2017	December 31 2016
Social security payables	1.365.294	1.056.934
Taxes and funds payables	856.369	602.104
Payables to personnel	16.341	32.817
Total	**2.238.004**	**1.691.855**

b) Short-term provisions for employee benefits

	December 31 2017	December 31 2016
Bonus accruals	1.292.040	1.011.859
Provision for unused vacation	768.521	556.272
Total	**2.060.561**	**1.568.131**

Provisions for unused vacation:

In accordance with the applicable labor law in Turkey, The employer is obliged to pay to the employer or his / her beneficiaries at the expiry of the contract for the term of the annual leave for which the employment contract has not been exercised for any reason.

The movement of the allowance for the years ended 31 December 2017 and 2016 is as follows:

	December 31 2017	December 31 2016
Opening	556.272	793.117
Charged/ (used), net	212.249	(236.845)
Closing	**768.521**	**556.272**

c) Long-term provisions for employee benefits

	December 31 2017	December 31 2016
Provision for termination indemnities	2.407.340	2.054.026
Total	**2.407.340**	**2.054.026**

Reserve for employee severance indemnity represents the present value of the estimated future probable obligation of the Company arising from the retirement of the employees and calculated in accordance with the Turkish Labour Law. It is computed and reflected in the financial statements on an accruals basis as it is earned by serving employees. The computation of the liabilities is based upon the retirement pay ceiling announced by the Government. The ceiling amounts applicable for each year of employment are TL 4.732,48 and TL 4.297,21 as at December 31, 2017 and 2016, respectively.

The movement of the employee termination indemnity liability is as follows:

	December 31 2017	December 31 2016
Opening	2.054.026	1.867.383
Compensations paid during the year (-)	(25.228)	(400.160)
Interest expense	236.213	197.943
Service cost	950.555	546.499
Actuarial (gain)/ loss	(808.226)	(157.639)
Closing	**2.407.340**	**2.054.026**

TFRS requires actuarial valuation methods to be developed to estimate the entity's obligation under provision for employee severance indemnity. The principal actuarial assumptions used in the calculation of the total liability in the accompanying financial statements at December 31, 2017 and 2016 are as follows:

	December 31 2017	December 31 2016
Net discount rate	%4,69	%4,20
Expected wage increase rate	%11	%14

Note 12- Other provisions

As at December 31, 2017 and 2016; other provisions are as follows:

	December 31 2017	December 31 2016
Litigation provisions	847.624	206.024
Total	**847.624**	**206.024**

Note 13- Other assets and liabilities

a) Other short-term assets

	December 31 2017	December 31 2016
Job advances	642.239	145.726
Total	**642.239**	**145.726**

b) Other long-term assets

	December 31 2017	December 31 2016
Lands	1.030.302	1.847.602
Buildings	1.330.223	728.856
Total	**2.360.525**	**2.576.458**

(*) The Company has acquired land and buildings through the portfolios under follow up. Land and buildings are not in use and are not considered within the scope of TFRS 5.

c) Other short-term liabilities

	December 31 2017	December 31 2016
Funds (*)	6.164.762	4.650.058
Payables from guarantee transactions containing Treasury support (**)	2.376.031	517.826
Total	**8.540.793**	**5.167.884**

(*) The Company has signed an agreement to regulate the principles of operating and use of a fund by KGF. The Fund will be formed by agencies in order to develop collaterals for all kinds of loans will be provided to various institutions and small and medium size entities operating in Turkey. Under extraordinary circumstances which makes proper use of fund contributions impossible or significantly endanger the implementation of KGF applications and fulfillment of obligations by related parties, relevant organizations might prevent to continue the use of funds and might completely liquidate the accounts of funds. These fund agreements could be terminated and fund accounts could be liquidated with the mutual understanding reached by parties. Those funds are composed of the GTZ Fund, European Investment Fund, Undersecretariat of Treasury, Bakü Tiflis Ceyhan Company (BTC Company) and KOSGEB.

(**) Due to the protocol between the Undersecretariat of Treasury and KGF, the guaranteing loans provided by the treasury guarantee has been started in February 2012. As to the protocol, 13% of the guarantee commissions received with a rate of 1% from the guarantee risks provided by the treasury guarantee has been accounted as revenue and 87% of the amount is followed under other liabilities as Payables from guarantees from the Treasury support (Note 13). According to the protocol between the Treasury and KGF which has been started in April 8, 2013. 3% of following year commissions records as income in to financial statements and 97% of commissions are recorded as other liabilities for Undersecretariat of Treasury.

Note 14- Deferred income

As of December 31, 2017 and 2016 deferred income and realization periods are as follows:

	December 31 2017	December 31 2016
Up to 1 month	122.708	66.138
1-3 months	1.485.043	527.118
3-6 months	2.527.224	2.350.886
6-12 months	9.135.636	10.778.973
Total	**13.270.611**	**13.723.115**

Deferred income consists of bail commissions that are set aside annually by the customers in relation to the suretyships allocated, and are accounted for in the related periods.

Note 15- Shareholder's Equity

a) a) Paid-in share capital

As of 31 December 2017 and 2016, the shareholding structure is as follows:

	Share (%)	Group A	Group B	Group C	Group D	Total
TOBB	%29,17	92.832.389	-	-	-	92.832.389
KOSGEB	%29,16	-	92.805.641	-	-	92.805.641
27 BANKS	%41,54	-	-	132.209.343	-	132.209.343
TESK	%0,12	-	-	-	395.990	395.990
TOSYOV	%0,01	-	-	-	25.584	25.584
MEKSA	%0,00	-	-	-	12.804	12.804
Nominal Capital	**%100,00**	**92.832.389**	**92.805.641**	**132.209.343**	**434.378**	**318.281.750**

The main capital of the Company is 318.281.750 TL. This capital is divided into 31.828.175.000 in the name of the holder written shares each with a nominal value of 1 Kr. (one Kurus).

The administration and general affairs of the Company are executed by Board of Directors constituted from nine members each of three representing A, B, C Group shareholders. In the case that Republic of Turkey Prime Ministry Undersecretariat of the Treasury ("Undersecretariat of the Treasury") provides fund to the Company, one of the each three representatives of B and C group shares will be determined among the candidates proffered by Treasury, until the Treasury subsidy accounts are closed and liquidated. Following the transfer of the fund by Undersecretariat of Treasury and liquidating of Treasury subsidy accounts, two candidates as one person by B Group shareholders and the other by C Group shareholders will be offered in place of persons representing Undersecretariat of Treasury. The term for Board of Directors membership office is three years for partners, A and B Group shareholders and 1 year for C Group shareholders. Members could be reelected at the end of the term of office. Boards of Directors elect the Chairman among the Board members offered by A Group shareholders.

Shareholders of the company are listed below:

Shareholders	Capital (TL)	Ratio (%)	Group
TOBB	92.832.388,73	29,166	A
KOSGEB	92.805.640,82	29,1582	B
TESK	395.989,86	0,1243	D
TOSYÖV	25.584,40	0,0080	D
MEKSA	12.803,55	0,0040	D
TÜRKİYE HALK BANKASI A.Ş.	4.896.642,32	1,5385	C
AKBANK T.A.Ş.	4.896.642,32	1,5385	C
ALBARAKA TÜRK KATILIM BANKASI A.Ş.	4.896.642,32	1,5385	C
DENİZBANK A.Ş.	4.896.642,32	1,5385	C
BURGAN BANK A.Ş.	4.896.642,32	1,5385	C
FİNANSBANK A.Ş.	4.896.642,32	1,5385	C
HSBC BANK A.Ş.	4.896.642,32	1,5385	C
ING BANK A.Ş.	4.896.642,32	1,5385	C
KUVEYT TÜRK KATILIM BANKASI A.Ş.	4.896.642,32	1,5385	C
ŞEKERBANK T.A.Ş.	4.896.642,32	1,5385	C
TÜRK EKONOMİ BANKASI A.Ş.	4.896.642,32	1,5385	C
TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI A.Ş.	4.896.642,32	1,5385	C
TÜRKİYE FİNANS KATILIM BANKASI A.Ş.	4.896.642,32	1,5385	C
TÜRKİYE GARANTİ BANKASI A.Ş.	4.896.642,32	1,5385	C
TÜRKİYE İHRACAT KREDİ BANKASI A.Ş.	4.896.642,32	1,5385	C
TÜRKİYE İŞ BANKASI A.Ş.	4.896.642,32	1,5385	C
TÜRKİYE VAKIFLAR BANKASI T.A.O.	4.896.642,32	1,5385	C
YAPI VE KREDİ BANKASI A.Ş.	4.896.642,32	1,5385	C
ZİRAAT KATILIM BANKASI A.Ş.	4.896.642,32	1,5385	C
ALTERNATİFBANK A.Ş.	4.896.642,32	1,5385	C
VAKIF KATILIM BANKASI A.Ş.	4.896.642,32	1,5385	C
TURKLAND BANK A.Ş.	4.896.642,32	1,5385	C
ANADOLUBANK A.Ş.	4.896.642,32	1,5385	C
FİBABANKA A.Ş.	4.896.642,32	1,5385	C
ODEABANK A.Ş.	4.896.642,32	1,5385	C
NUROL YATIRIM BANKASI A.Ş.	4.896.642,32	1,5385	C
TÜRKİYE SINAİ KALKINMA BANKASI A.Ş.	4.896.642,32	1,5385	C
Total	**318.281.750**	**100**	

b) Legal Reserves

	December 31 2017	December 31 2016
Legal reserves	2.750.255	2.473.743
Total	**2.750.255**	**2.473.743**

The legal reserves consist of first and second legal reserves, appropriated in accordance with the Turkish Commercial Code ("TCC"). The TCC stipulates that the first legal reserve is appropriated out of historical statutory profits at the rate of 5% per annum, until the total reserve reaches 20% of the Company's historical 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 historical paid-in share capital. Under TCC, the legal reserves are not available for distribution unless they exceed 50% of the historical paid-in share capital but may be used to offset losses in the event that historical general reserve is exhausted.
Note 15- Equity (continued)

c) Accumulated loss

	December 31 2017	December 31 2016
Accumulated losses	(22.809.647)	(12.442.586)
Total	**(22.809.647)**	**(12.442.586)**

Note 16- Sales and cost of sales

a) Sales

	January 1 2017- December 31 2017	January 1 2016- December 31 2016
Income from bail transactions	133.752.394	33.679.497
Sales returns (-)	(715.235)	(122.878)
Total	**133.037.159**	**33.556.619**

b) Cost of sales

	January 1 2017- December 31 2017	January 1 2016- December 31 2016
Cost of sales (*)	(17.653.785)	(13.902.360)
Total	**(17.653.785)**	**(13.902.360)**

(*) The cost of services sold primarily consists of sales personnels' wage costs in branches and various other service costs.

Note 17- General administration expenses

	January 1 2017- December 31 2017	January 1 2016- December 31 2016
General administration expenses	(23.539.085)	(15.576.948)
Total	**(23.539.085)**	**(15.576.948)**

Note 18- Other income/expense from main operations

a) Other income

	January 1 2017- December 31 2017	January 1 2016- December 31 2016
Provisions no longer required (*) (Note 6)	4.761.861	2.622.650
Social security incentive income	968.121	596.323
Pursuit income	919.430	512.537
Expertise income	259.557	379.508
Grants	-	299.460
Notary income	264.001	240.037
Rent income	4.746	7.924
Communication income	-	50
Prior year income and profits	414.735	
Other	2.007.955	458.031
Total	**9.600.406**	**5.116.520**

(*) TL 4.761.861 of the related amount is related to canceled provisions of doubtful receivables (31 December 2016: TL 2.622.650).

b) Other expenses

	January 1 2017- December 31 2017	January 1 2016- December 31 2016
Doubtful receivables provisions (Note 6)	(9.104.864)	(25.194.226)
Abandoned receivables (Note 6)	-	(9.824.865)
Other	(2.120.295)	(716.811)
Total	**(11.225.159)**	**(35.735.900)**

Note 19- Income and expenses from investment activities

	January 1 2017- December 31 2017	January 1 2016- December 31 2016
Gain on sale of fixed asset	835.391	1.068.963
Total	**835.391**	**1.068.963**

Note 20- Financial Income and expenses

a) Financial income

	January 1 2017- December 31 2017	January 1 2016- December 31 2016
Interest Income from banks	35.373.387	18.431.268
Foreign exchange gain	18.599.673	10.920.685
Total	**53.973.060**	**29.351.953**

b) Financial expenses

	January 1 2017- December 31 2017	January 1 2016- December 31 2016
Foreign exchange loss	(9.193.186)	(3.506.392)
Marketable securities sales loss	(17.125)	-
Total	**(9.210.311)**	**(3.506.392)**

Note 21- Earnings per share

	1 January 2017- 31 December 2017	1 January 2016- 31 December 2016
Net profit/ (loss)	135.817.676	372.455
Each one 0,01 TL par value stock	31.828.175.000	31.828.175.000
Earnings per share	**0,00427**	**0,00001**

Note 22- Related party disclosures

	December 31 2017	December 31 2016
Receivables from related parties		
Cash and cash equivalents - shareholders (*)	342.905.022	209.831.287
Financial investments - shareholders (*)	-	5.493.213
Private sector bonds - shareholders (**)	-	172.546
Interest income from related oarties - shareholders	**35.371.478**	**17.436.082**
Benefits and rights provided to executives (**)	564.952	865.699

(*) Consist of cash, cash equivalents, bond and fund, mandatorily hold due to foundation of the Company, in banks which are shareholders of the Company such as Halkbank, Yapı Kredi, Ziraat Bankası mentioned in Note 1.
(**) Benefit provided to the executives consists of per diem.

Note 23- Nature and level of risks arising from financial instruments

Capital risk management

The management of the Company considers the cost of capital and the risks associated with each class of capital. The Company's capital structure consists of cash and cash equivalents, and shareholder's equity components mentioned in equity notes such as issued capital, capital reserves, and profit reserves for its net debt to equity ratio analysis.

The Company manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Company may incur new payables or repay the existing payables and adjust the dividend payment to shareholders or the shareholders may make a direct cash contribution of the needed working capital to the Company.

The Group follows equity by using the rate of liabilities/ equity. This ratio is calculated by division of net liabilities to total equities. Net debt is calculated by excluding the cash and cash equivalents from total debt amount (financial liabilities include trade and other payables and short-term and long term other liabilities like as indicated on financial statement). However, The Company has no financial liabilities.

	December 31 2017	December 31 2016
Total liabilities	33.661.574	27.977.116
Less: Cash and cash equivalents (Not 4)	(344.155.326)	(214.609.693)
Net cash	310.493.752	186.632.577
Total equity	434.126.324	268.120.569
Debt/ equity balance	-	-
Net financial debt/ total equity ratio	-	-

Credit Risk

As of December 31, 2017 and 2016, the maximum credit risk exposure of the Company is as follows:

Balance sheet	December 31 2017	December 31 2016
Loans and receivables	107.318.775	64.475.485
Cash and cash equivalents	(344.155.326)	214.609.693
Investments held to maturity	3.514.937	8.870.370
Off balance sheet		
Allocated equity collateralized bail risks	1.448.139.526	1.242.672.000
Allocated Treasury bailed bail risks	174.952.539.927	5.031.645.000
Total	**176.400.679.453**	**6.274.317.000**

As of December 31, 2017, the aggregate of the real estate mortgages and guarantees composed of the operating pledges received for the shareholders' equity and treasury auctions allocated by the Company is TL 2.413.282.453.

Details of the allocated equity collateralized bail risks and allocated treasury bailed bail risks are presented in the following table:

	December 31 2017	December 31 2016
EURO	17.525.565.646	1.126.146.984
USD	9.910.074.265	758.009.869
TL	147.516.890.016	4.390.160.242

Liquidity risk

Liquidity risk is the inability of the Company to match the net funding requirements with sufficient liquidity. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring losses. However, The Company has no financial debt.

The following table presents the Company's contractual undiscounted cash flows as of December 31, 2017.

As of December 31, 2017;

Non derivative financial liabilities	Carrying amount	Gross outflow under contract	Less than 6 months	6-12 months	1-2 years
Trade payables	379.030	379.030	379.030	-	-
Total	**379.030**	**379.030**	**379.030**		

As of December, 31 2016;

Non derivative financial liabilities	Carrying amount	Gross outflow under contract	Less than 6 months	6-12 months	1-2 years
Trade payables	301.207	301.207	301.207	-	-
Total	**301.207**	**301.207**	**301.207**		

"Funds" presented in other liabilities has not been included in the liquidity risk table above. The Company does not have any derivative financial instruments as at December 31, 2017 and 2016.

Market risk

Market risk is the risk that changes in market prices, such as interest rate, equity prices, foreign exchange rates and credit spreads will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters.

December 31 2017	USD	EURO	Total
Cash and cash equivalents	17.285.055	38.208.068	55.493.123
Total assets	**17.285.055**	**38.208.068**	**55.493.123**
Total liabilities	**-**	**-**	**-**
Net foreign currency position	**17.285.055**	**38.208.068**	**55.493.123**

December 31 2016	USD	EURO	Total
Cash and cash equivalents	15.420.057	29.348.472	44.768.529
Total assets	**15.420.057**	**29.348.472**	**44.768.529**
Total liabilities	**-**	**-**	**-**
Net foreign currency position	**15.420.057**	**29.348.472**	**44.768.529**

Foreign currency risk exposure:

10 percent devaluation of the TL against the following currencies as at and for the years ended December 31, 2017 and 2016 would affect total comprehensive income and profit or loss by the amounts shown below.

	December 31 2017		December 312016	
	Profit	Total comprehensive income	Profit	Total comprehensive income
USD	1.728.506	1.728.506	1.542.006	1.542.006
EURO	3.820.807	3.820.807	2.934.847	2.934.847
Total	**5.549.313**	**5.549.313**	**4.476.853**	**4.476.853**

Interest rate risk

The Company is exposed to interest rate risk due to interest bearing assets and liabilities.

As of December 31, 2017 and 2016, the Company does not have any financial instruments with variable interest rates whereas financial instruments with fixed interest rates are shown below:

Financial instruments with fixed interest rates	December 31 2017	December 31 2016
Financial assets		
Banks – time deposits	344.155.326	214.024.852
Held to maturity investments (Note 6)	3.514.937	8.870.370

Interest rates which are applied to financial instruments as at December 31, 2017 and 2016 are as follows:

	December 31 2017	December 31 2016
Financial Assets		
Banks – time deposits (TL)	%13,20	%10,46
Banks – time deposits (USD)	%4,57	%2,85
Banks – time deposits (EUR)	%2,56	%1,93
Held to maturity investments - bonds (TL)	%12,25	%9,75
Held to maturity investments – time deposits (USD)	-	%2,00
Held to maturity investments – time deposits (EUR)	-	%1,05

Fair value of financial instruments

The fair value of an asset is the amount at which that asset could be bought or sold in a current transaction between willing parties.

The following table shows the comparison of fair values and book values of financial assets and liabilities.

	December 31 2017		December 31 2016	
	Book value	Fair Value	Book value	Fair Value
Non performing credit receivables	107.318.775	107.318.775	64.475.485	. 64.475.485
Cash and cash equivalents	344.155.326	344.155.326	214.609.378	214.609.378
Held to maturity investments	3.514.937	3.514.937	8.870.370	8.870.370
Financial liabilities				
Trade payables	379.030	379.030	301.207	301.207

The following methods and assumptions were used to estimate the fair value of each financial instrument where fair value could be determined.
The carrying amount of cash and cash equivalents approximates their fair values, due to the fact that they are short term.

The carrying amount of trade payables and borrowings approximates their fair values, due to the fact that they are short term.

In accordance with TAS 13 Fair Value Measurement in this framework, the said information is third level information quality.

Note 24- Contingent liabilities

	January 1 2017- December 31 2017	January 31 2016- December 31 2016
Equity assigned	1.448.139.526	1.242.672.000
Treasury guarantee risks	174.952.539.927	5.031.645.000
Total	**176.400.679.453**	**6.274.317.000**

Note 25- Other matters

Pursuant to the 14 July 2009 dated and 2009/15197 numbered decision by the Council of Ministers which is about "Procedures and Principles concerning Treasury Support for Credit Guarantee Corporations" Kredi Garanti Fonu and Undersecretariat of Treasury have signed a Protocol on September 18, 2009. The Protocol serves to the objectives of efficiency in loan market, supporting entities with limited fund access and providing additional fund facilities for these entities by guarantees given them through use of Treasury Undersecretariat contribution, within the frame of duties and responsibilities of Kredi Garanti Fonu and Undersecretariat of Treasury. Accordingly, as the Protocol became effective Undersecretariat of Treasury transfers up to TL 25.000.000.000 cash fund to KGF and/or issues special government bond. The fund will be transferred either collectively or in slices within the context of the plan KGF submits.

In accordance with the protocol, Kredi Garanti Fonu recognizes commission proceeds due to guarantees provided upon Treasury collateral, and the revenue from other uncollateralized transactions separately.

Note 26- Subsequent events

None.

7

Future of the Institution, Expectations, Planned Important New Products and Services

SIGNIFICANT STUDIES PLANNED TO BE CONDUCTED IN 2018

Thanks to the rapid change and restructuring in one year, KGF is able to provide service to approximately 10.000 companies per day while it was only 1.000 companies per year in its 25-year history. This structure was provided with the same number of personnel but with a more qualified staff and a very good technical infrastructure. A rating system according to the international standards and also a structure integrated with the banking system were set up. For the health conduct of the surety process and the sustainability of the system;

- The works are ongoing in order to increase the incomes of the institution.
- It is aimed that the system infrastructure and software (IT) will be further developed and software infrastructure will be renewed.
- In order to ensure product diversity as well as our sureties directly provided for the bank loans of the SMEs and the refundable supports of the institutions such as KOSGEB, TUBITAK, TTGV and Ministry of Science, Industry and Technology, the works will be continued for being provided surety by our institution as to expand the borrowing facilities through the capital market instruments.
- Project application for enhancing the access of SMEs to finance through funding to be granted to our organization by EU Programme for the Competitiveness of Enterprises and Small and Medium-sized Enterprises (COSME) of European Union covering 2014-2020, whose target audience are entrepreneurs and agencies-institutions supporting enterprises was made and it is aimed through the implementation of this project that more than 2000 SMEs will reach to EUR 312,5 million credit volume.
- Our efforts to receive resources, in cash or countersurety, from the funds reserved for candidate countries by the EU will continue. In this context, we applied to the Employment and Social Innovation (EaSI) Programme and it is aimed through the implementation of this project to provide 10 thousand SMEs with the opportunity to access to credit.
- By cooperating with the credit surety funs operated in abroad, we will continue our studies on new products and projects.
- Studies will continue to be conducted with international financial institutions such as European Bank for Reconstruction and Development (EBRD), Islamic Development Bank (IDB), French Development Agency (AFD) and German Development Bank (KfW) for provision of new funding and new products and also project cooperation.
- Cooperation will be made for the finance of the improvements planned to be carried out in 2018 through EFSE fund which provides technical support and assistance relating to business development to commercial banks, microfinancing institutions and non-banking financial institutions in the Southern Europe.
- Pursuant to the social responsibility assumed by KGF, new product and service studies intended in respect of both refugees hosted in our country and social entrepreneurship venture programs will be continued.
- We, as KGF, will continue to offer solutions intended for the conjunctural needs of our country with the understanding of proactive governance in addition to our current duties.

ONGOING LEGISLATIVE STUDIES

- Our attempts at the relevant authorities to make legislative arrangements in order for our Institution be mentioned together with the banks in the related article of the Value Added Tax Law regulating exemptions and benefit from the aforesaid exemption exactly the same with the banks as to ensure the transfer of real property, which has become an asset as a result of legal proceedings in return for the sureties we have provided, to third parties by sale with VAT exemption and without the obligation to wait two full years.
- Due to the fact that the article 13 of the "Agricultural Reform Law on Land Arrangement in Irrigation Areas" which states these lands can only be mortgaged by agricultural credit cooperatives and banks constitutes a barrier to the provision of loans to farmers through KGF surety, our attempts at the relevant authorities to add our Institution into the related article will continue.
- Our studies conducted for the purpose of rearranging the related article in terms of KGF and other similar agencies and abolishing the requirements as to form in respect of corporate surety to ensure the elimination of the inconsistency of Article 583 of the Turkish Code of Obligations to our institution's method of surety granting will continue.
- Our efforts are ongoing at the Agencies and Institutions in order to obtain the necessary permission and technical infrastructure for making the relevant queries at the civil registry office of the R.T. Ministry of Internal Affairs in order to pave the way for providing faster surety allocation to more SMEs by establishing customer database and customer data verification system.
- The studies are ongoing to ensure becoming a member of UYAP/CORPORATE PORTAL by getting in contact with the Minister of Justice free of charge in order to accelerate the follow-up process and to increase the collection of our institution.
- A request was made at the BRSA that the risk coverage rate of LGF Equity Surety is 100% and be raised to 1st group in order to pave the way for providing more support to the SMEs by increasing the creditworthiness and market reputation of KGF A.Ş.
- In the current situation, KGF cannot access directly to the information such as Revenue Administration, SSI, central civil registration system, national judiciary informatics system, and central registration system obtained from the state system required concerning the companies used Treasury supported sureties. We have make attempts to the Risk Center of the Banks Association of Turkey to be also granted KGF the access right to these information granted by the law without paying any fees.

8

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KONYA BRANCH

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Konya Sanayi Odası Binası 1. Organize Sanayi Bölgesi İstikamet Cad. - 42300 Selçuklu / KONYA
t. 0332 251 06 07 / 0332 251 06 13
f. 0332 251 06 14
kgfkonya@kgf.com.tr

MALATYA BRANCH

Responsibility area: Malatya

Malatya Ticaret ve Sanayi Odası Binası Niyazi Mah. Çevre Yolu (Buhara Blv.) Cad.
No:195 Kat:2 - 44100 / MALATYA
t. 0422 326 26 53 / 0422 326 26 65
f. 0422 326 26 71
kgfmalatya@kgf.com.tr

MANİSA BRANCH

Responsibility area: Manisa
Manisa Ticaret ve Sanayi Odası Binası Merkez Efendi Mah. Mimar Sinan Blv.
No:127 Kat:1 - 45120 Yunusemre / MANİSA
t. 0236 237 95 15
f. 0236 234 23 28
kgfmanisa@kgf.com.tr

MUĞLA / BODRUM BRANCH

Responsibility area: Muğla
Konacık Mahallesi, Atatürk Blv. No:148/1 Bodrum / MUĞLA
t. 0252 313 57 67 / 0252 313 57 07
f. 0252 313 57 37
kgfmugla@kgf.com.tr

ORDU BRANCH

Responsibility area: Giresun, Ordu
Düz Mah. Stadyum Cad. No:2 Ordu Ticaret ve Sanayi Odası Binası Kat.3 Altınordu / ORDU
t. 0452 666 24 24 / 0452 666 24 25
f. 0452 666 24 26
kgfordu@kgf.com.tr

SAKARYA BRANCH

Responsibility area: Bolu, Düzce, Sakarya
Sakarya Ticaret ve Sanayi Odası Binası Sakarya Mah. No:19 Kat:2 Hanlı - Adapazarı / SAKARYA
t. 0264 291 27 88
f. 0264 291 37 88
kgfsakarya@kgf.com.tr

SAMSUN BRANCH

Responsibility area: Samsun, Sinop
Samsun Ticaret ve Sanayi Odası Hançerli Mah. Abbasağa Sk.
No: 8 Kat:7 - 55020 Buğdaypazarı - İlkadım / SAMSUN
t. 0362 431 21 21
f. 0362 432 09 00
kgfsamsun@kgf.com.tr

SİVAS BRANCH

Responsibility area: Sivas, Tokat
Sivas Ticaret ve Sanayi Odası Binası 1. Kat Kaleardı Mah. Turgut Özal Blv. - 58070 / SİVAS
0346 223 77 74
0346 223 65 77
kgfsivas@kgf.com.tr

ŞANLIURFA BRANCH

Responsibility area: Şanlıurfa

Şanlıurfa Ticaret Borsası Binası Paşabağı Mah. Zafer Cad. No:13 Haliliye / ŞANLIURFA
t. 0414 312 09 63
f. 0414 315 71 18
kgfurfa@kgf.com.tr

TEKİRDAĞ / ÇORLU BRANCH

Responsibility area: Edirne, Kırklareli, Tekirdağ, Çatalca

Çorlu Ticaret ve Sanayi Odası Binası, Zafer Mah. Cumhuriyet Blv. No:3/1 Kat:2 Çorlu / TEKİRDAĞ
t. 0282 652 79 74
f. 0282 654 72 36
kgftekirdag@kgf.com.tr

TRABZON BRANCH

Responsibility area: Artvin, Gümüşhane, Rize, Trabzon

Trabzon Ticaret ve Sanayi Odası Binası Pazarkapı Mah. Sahil Cad. No:103 Kat:7 - 61200 Ortahisar / TRABZON
t. 0462 321 62 75 / 0462 321 62 25
f. 0462 321 62 29
kgftrabzon@kgf.com.tr

VAN BRANCH

Responsibility area: Bitlis, Hakkâri, Muş, Van

Van Ticaret ve Sanayi Odası Binası Alipaşa Mah. İskele Cad. No: 51 K:5 İpekyolu / VAN
t. 0432 215 73 79
f. 0432 215 15 17
kgfvan@kgf.com.tr

ZONGULDAK / EREĞLİ BRANCH

Responsibility area: Zonguldak

Karadeniz Ereğli Tic. ve San. Odası Binası Giriş Katı
Müftü Mah. Meydanbaşı Cad. Müftülük Karşısı Çamlık Sk. - 67300 Ereğli / ZONGULDAK
t. 0372 310 07 82
f. 0372 310 07 83
kgfzonguldak@kgf.com.tr

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