

KGF A.S. FACT SHEET

01.11.2019

- A. Who is KGF?**
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A. Who is KGF?

Kredi Garanti Fonu (KGF) was established in 1991 as a non-profit joint-stock company according to its articles of association which does not distribute profit to its shareholders. After the Decision of the Council of Ministers no.93/4496 dated July 14, 1993, the Fund completed its establishment and issued its first guarantee in 1994. KGF is a member organization of AECM since 2015 and SME Finance Forum since 2017.

With the institutionalization and growth of the credit guarantee fund system, it is aimed to continue the strategic support for the growth and development of Turkey by facilitating access to financing for all enterprises but particularly SMEs.

The Share Capital of KGF is in the value of 78,9 million EUR and with the General Assembly held on April 12th 2019, the share capital ceiling has been increased to 92,3 million EUR.

Current shareholding structure;

| | |
|----------|-----------|
| TOBB | 28,30 % , |
| KOSGEB | 28,29 % , |
| 29 Banks | 43,28 % , |
| Other | 0,13 % |

29 Banks / Participation Banks in the shareholding structure consists of both private and public banks, and constitute 99% of the market size of the sector.

KGF provides guarantees up to a total volume of 54,7 billion EUR by utilizing its resources which are its own equity amounting 92,3 million EUR, Treasury counterguarantee of 3,85 billion EUR and other funds such as European Investment Fund under COSME counterguarantee equivalent to 20 million EUR.

B. How we restructured KGF?

At the beginning of 2016, the process of restructuring KGF has been initiated, its functioning and infrastructure has been shaped from the scratch. Overall qualifications of human resources consisting of 184 staff has been improved, technological infrastructure has been totally renewed and a credit evaluation system complying with the international standards has been established. Guarantee allocation system is shaped in a way that works integrated with the banks as the other best practices in the world.

An average of 1.000 transactions have been serviced per year in the past 25 years, but now an average of 4.000 transactions per day can be serviced with the rapid improvement and restructuring.

C. Why and how we amended the guarantee scheme?

KGF issues guarantees backed by mainly two financial resources. KGF utilizes committed State Funds alongwith its own equity provided by its shareholders.

Under equity backed guarantees, a total of 8.2 billion TL guarantees to 26.886 enterprises as of September 2019.

As the State backed guarantees have commenced in 2009 but couldn't reach to the projected volumes, necessary amendments have been made by Ministry and Banking Regulation and Supervision Agency to restructure current system. By the way, KGF provided and initialized Portfolio Guarante System (PGS) and Portfolio Limit System (PLS) which are the most important aspect of the implementation of new structure.

While just 3.7 billion TL of guarantees for 8.282 enterprises has been issued between the commencement of State backed guarantees in 2009 and the 2015 year-end; with the amendments of scheme by consecutive Decrees 317.3 billion TL guarantees issued to 501.356 enterprises till September 2019.

Our institution collaborated with Ministry and provided all kind of technical assistance during the process.

The most important aspects enabling the rapid absorption of the new system may be counted as setting the mechanism of scheme and improving corporate structure of the institution properly in 2016. As a result of above corporate improvements, KGF became the largest individual credit guarantee institution in terms of outstanding guarantees.

Thanks to internal dynamics of Treasury backed guarantee system (%7 cap-rate), willingness and confidence of the banks has been acquired by raising the awareness among banks. This enabled banks to exercise their own risk management policy on their loan portfolios. This detail is a great success in the sense of sustainability of the system.

A quick statistical outlook of loans extended with Treasury Backed KGF Guarantees can be found below as of September 2019 (317.3 billion TL guarantees).

- % 66,5 of the Treasury backed KGF guaranteed loans extended by private banks, while % 33,5 by public banks.
- % 76,3 of those loans are granted for SMEs while the remaining % 23,7 granted for large-scaled companies.
- % 50,1 of the loans are new allocations, % 44,3 are additional allocations and lastly % 4,7 represents restructured/refinanced loans.
- % 34,8 of those loans has been borrowed by manufacturing industry and the % 41,9 borrowed by the companies in retail and services sector.
- Treasury backed KGF guaranteed loan amount equals to 446 thousand TL on average.
- While % 86,1 of the loans nominated in TL, remaining % 13,9 are based on foreign currency.

For detailed information, please see <http://www.kgf.com.tr/index.php/en/information-center/faqs>