

YAPI KREDİ RESPONSIBLE LENDING STATEMENT

 **YapıKredi**

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Purpose

Within the framework of its “sustainable profitability” and responsible banking approach, Yapı Kredi created its responsible lending principles. While delivering financial products and services, to meet the customers’ needs and enhance their well-being, the Bank adopts principles such as providing accurate information, embracing transparent and fair service mentality and improving their financial literacy. Responsible lending approach applies to all individual credits and mentality loan activities. The Bank’s senior management is responsible for overseeing and implementing these principles.

Yapı Kredi transparently communicates to its customers the information required for a correct understanding of financial products and services.

Basic product information is presented in an easily-understandable format. Technical details, that may reduce the understandability of the product or the service, are not included in the product information. Special emphasis is put on ensuring comparability between products. The Bank notifies the customer verbally and in writing, in a clear and simple form about product’s price, cost and payment terms as well as possible sanctions of the Bank in case of default. Customers are provided with the means to make well-informed decisions.

Yapı Kredi engages in activities to improve financial literacy of the society.

Financial literacy is a key pre-requisite for benefiting from financial services. It empowers customers to make well-informed choices. Especially in case of consumer loans, selecting the right product out of a wide range is the key to consumer’s well-being. Therefore, Yapı Kredi aims to conduct activities to enhance financial literacy skills of its customers and the entire community.

Yapı Kredi is committed to convey accurate and sufficient information in its product and service advertisements, without using any misleading language.

Many consumers receive the initial information about the financial products from advertisements and promotions in several platforms. Thus, providing correct information about products and services is one of the fundamental principles of responsible lending.

Yapı Kredi analyzes customers’ financial positions and offers them suitable lending options.

Yapı Kredi utilizes comprehensive risk assessment systems to have an understanding of customer credibility. In accordance with the responsible lending principles, all customers receive fair treatment. The Bank examines customer data including income statements, employment documentations, credit history, current assets and liabilities in order to ensure that the lending practice complies with customer solvency.

Yapı Kredi develops products and sets targets for enhancing access of disadvantaged groups to financial services.

Yapı Kredi strives to prevent “over-indebtedness”.

Over-indebtedness may occur as a result of customer’s misinterpretation of the lending rules or insufficient financial literacy of the debtor. Looking to provide customers access to accurate information and to raise their awareness, Yapı Kredi creates solutions to this type of problems.

Yapı Kredi offers its customers financial solutions tailored to their needs.

Looking out for the customer’s interests, Yapı Kredi aims to provide products and services which meet the customer’s needs. To this end, the Bank helps customers choose the right product by taking customer credibility into account as well as analyzing their financial needs and expectations.

Yapı Kredi acts in the light of “responsible lending” principles while providing service.

Yapı Kredi staff in charge of informing customers about credits is provided with comprehensive training on products and services as well as customer rights. Loan approval authorization is granted to qualified and experienced employees. Responsibilities with regards to loan approval, sales and relations management are distributed to ensure independency in lending procedures. Credit risk policies are prepared within the framework of the responsible lending approach and legal requirements. Regular site audits are performed to monitor whether the relevant procedures are followed.

Yapı Kredi determines maximum interest rates applied in consumer loans. These rates are publicly shared through announcements on the Bank’s and BRSA website and at the branches.

Yapı Kredi takes precautions to protect its customers against financial difficulties.

Yapı Kredi reminds its customers of loan payments in a timely manner, with the aim of preventing the occurrence of interest on overdue payments. In case of overdue payments, the Bank cooperates with the customers to find solutions on a common ground. If it is concluded that the customer fails to follow the payment plan in place, the Bank may actively intervene by reducing instalment amounts and proposing an extension of term to enhance the customer’s ability to pay. In the event of a short overdue, if the customer applies for debt restructuring on the grounds of lacking the ability to pay and going through financial hardship, the Bank may review this request to restructure the debt in order to facilitate payments. The Risk Management may estimate and identify customer groups that are likely to suffer repayment problems by the use of early warning systems and predefined risk criteria. To ease the terms of payment for these customer groups, the Bank may offer a term extension or a personal loan to cover the credit card debt, even if they do not become overdue. This enables elimination of any failures to meet financial obligations that was estimated to arise in short- to mid-term, before they happen. In the event of force majeure such as a natural disaster, which is beyond the customer’s power, the Bank may offer facilitating options to spare customers from financial hardships.

Yapı Kredi establishes systems to evaluate customer complaints as a part of its responsible lending approach.

In line with its customer-oriented approach, Yapı Kredi is aware that sustainability is only possible with high levels of customer satisfaction and loyalty. Accordingly, for continuous improvement of the systems and processes, a dedicated team has been set up, which monitors and analyzes customer feedback and complaints across the Bank. This team holds the ISO 10002 Quality Certificate, which implies that high level international standards are met. Yapı Kredi receives customer suggestions and complaints via several communication channels. The Bank has a wide range of feedback channels including a dedicated customer service line [444 0 440], a customer help page in the corporate website, a Twitter account [@YapıKrediHizmet], and a mail address for written complaints. The Bank investigates the complaints and informs the customers of the results.

Yapı Kredi conducts customer experience and satisfaction activities under the supervision of senior management.

In order to improve its service quality and customer experience Yapı Kredi formed a Customer Experience Committee. The Customer Experience Committee comprises of the assistant general managers of Alternative Delivery Channels, Retail Banking, Compliance and Internal Audit, IT & Operations, Financial Planning and Financial Affairs as permanent members, and the assistant general managers of Legal Affairs and Corporate Communications as participants on an as-needed basis as regards the agenda.