

Impact Oriented Sustainable Development



Integrated Annual Report 2021



TABLE OF CONTENTS

TSKB AT A GLANCE

- 08 About the Report
- 09 Corporate Profile
- 11 Value Creation Model
- 12 TSKB's Products And Services
- 13 Key Financial and Non-Financial Indicators
- 15 Milestones from 1950 to 2021
- 18 Achievements and Awards
- 19 Message from the Chairperson
- 21 Message from the CEO

STRATEGY, PERFORMANCE AND EXPECTATIONS

- 24 Strategic Plan
 - 24 TSKB's Strategy
 - 25 Stakeholders and Materiality Analysis
- 30 Governance Structure
 - 30 *Sustainable Management System*
 - 34 *Corporate Governance Structure*
- 35 External Factors
- 44 Capitals
 - 44 Financial Capital
 - 46 *Highlights of 2021*
 - 65 Human Capital
 - 69 *Agile Training Workshops*
 - 73 Natural Capital
 - 80 *Climate Risk*
 - 85 *Operational and Financed Emissions Measurement*
 - 88 Intellectual and Manufactured Capital
 - 99 *Information Security and Digitalization*
 - 101 Social Capital
 - 105 *Equal Opportunity Projects*

CORPORATE GOVERNANCE AND RISK MANAGEMENT

- 109 Board of Directors
- 112 Senior Management
- 114 Directors
- 115 Corporate Governance Compliance Report
- 119 Profit Distribution Proposal
- 120 Summary Report of the Board of Directors
- 121 Other Major Updates on Corporate Operations
- 122 Risk Management Policies
- 124 Audit Committee
- 125 Audit Committee Report

COMPLIANCE OPINIONS

- 128 Independent Auditor's Report on the Annual Report of the Board of Directors
- 129 Integrated Annual Report Limited Assurance Report
- 130 UNEP-FI Reporting Index Limited Assurance Report
- 131 Reporting Guidance
- 137 ISO 14001 Audit Certificate
- 138 ISO 14064 Audit Certificates
- 139 ISO 27001 Audit Certificate
- 139 ISO 45001 Audit Certificate

ANNEXES

- 141 Sustainability Principles Compliance Report
- 147 UNEP-FI Responsible Banking Principles Reporting Index
- 154 GRI Index
- 161 UNGC Index
- 162 WEPs Index
- 163 WEF Stakeholder Capitalism Index
- 164 TCFD Table of Disclosures
- 165 General Assembly Agenda
- 166 Declaration of Independence
- 167 Statement of Responsibility

FINANCIAL STATEMENTS AND NOTES

- 169 Unconsolidated Statements and Independent Audit Report
- 179 Consolidated Statements and Independent Audit Report



Please scan the QR code to access the PDF copy of the TSKB Integrated Annual Report 2021.

www.tskb.com.tr/en

Expanding Our Positive Impact

The finance sector plays a critical role in the environmental, social and governance (ESG) oriented economic growth target. At TSKB, we continuously increase our positive impact on the development and green transformation of the production economy in Türkiye with our corporate banking, investment banking and advisory services.

Green transformation has become a compulsory direction for sustainability to become a permanent norm in the development of Türkiye. In this journey, which started 71 years ago, we continue to take responsibility and create a strong value chain with our financial capabilities, expertise and stakeholders.

At TSKB, we believe that sustainability is a goal that can be achieved through effective cooperation, and it goes forward by gradually elevating its impact.



Impact on the future

We published the first Climate Risk Report with the mission of being one of the leading organizations supporting the Task Force on Climate-related Financial Disclosures (TCFD) in Türkiye.

We plan to finalize the end-to-end integration of climate risk in our loan portfolio by 2023. By 2025, we aim to have a 90% share of SDG-linked loans and a 60% share of climate and environment-focused SDG-linked loans in the total portfolio.



We actively contribute to the reduction of our country's carbon footprint by **15.8 million tons** every year.





Impact through renewable energy financing

We consider sustainability as an integrated business model beyond the loan themes.

Especially in the last 20 years, we have prioritized to environmental sustainability projects, and have supported approximately 400 renewable energy power plants and around 150 energy and resource efficiency projects. The renewable energy power plants financed by TSKB today are corresponding to 15% of Türkiye's installed power in this field.



To date, we have participated in the financing of **387 projects** that correspond to the annual electricity needs of approximately 9 million households. ✓

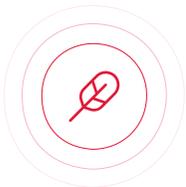




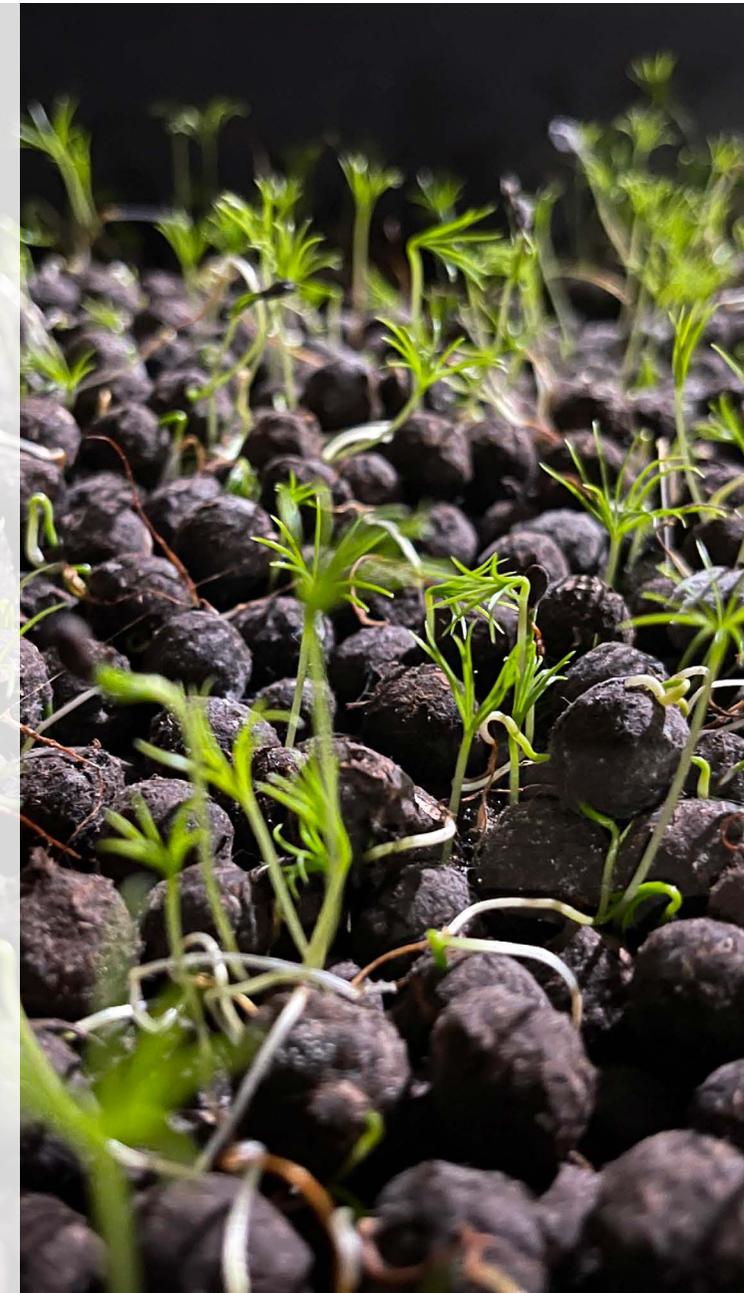
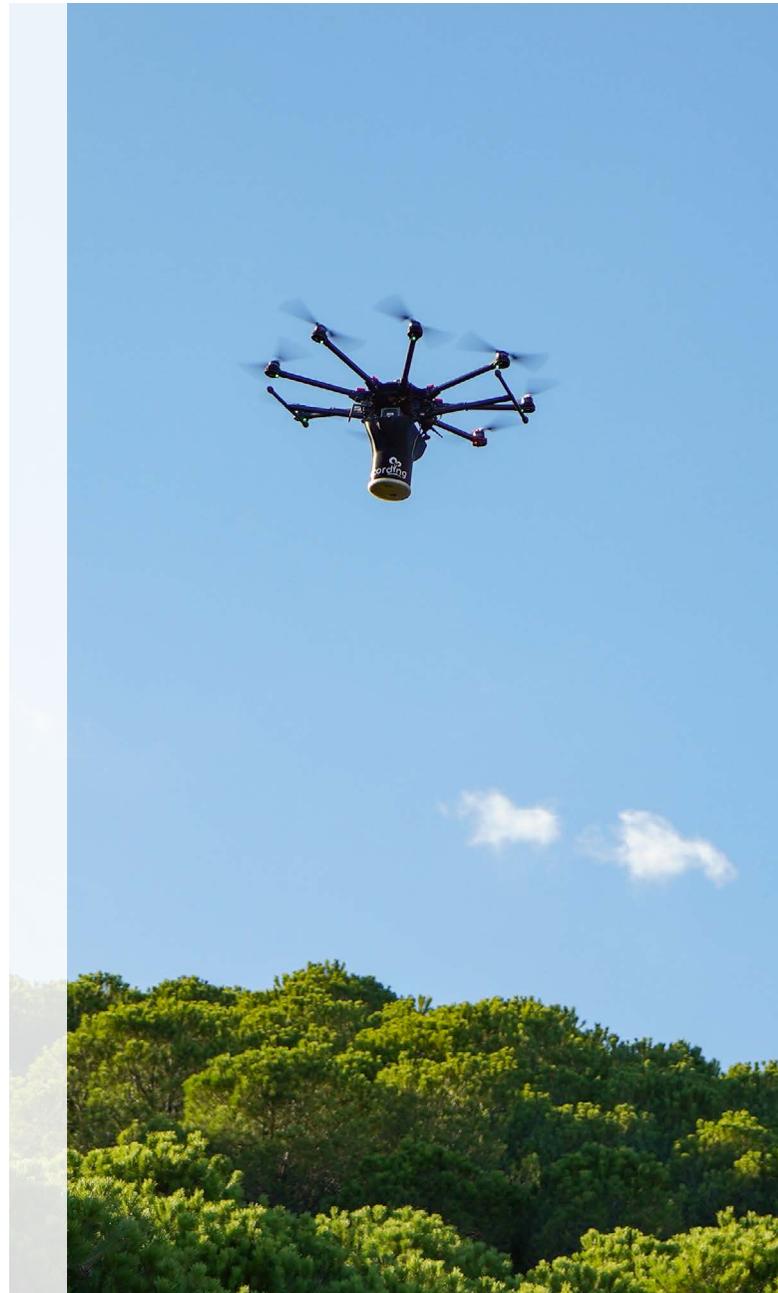
Social impact with innovative solutions

As TSKB, we became the first bank in the finance sector to implement afforestation by aerial seeding, in cooperation with the social enterprise Ecording to restore the forests lost by the fires.

This project is indexed to our investment loans. In 2021, on behalf of our 56 corporate customers, ecoDrones delivered a total of 37,000 seed balls in hard-to-reach areas that need to be afforested. We aim to deliver a total of 150,000 seed balls in total with the aim of supporting the social entrepreneurs who produce sustainable solutions and contribute to the forestation of Türkiye.



We aim to deliver **150,000** seed balls via ecoDrones.





Impact on social development

In line with our vision of supporting inclusive development, we take responsibility for increasing women's employment in Türkiye and extending equal opportunity practices in business life.

We contribute to the corporate transformation of our customers with our Women-Friendly Loan Program which is a first in Türkiye. We expand our impact in the corporate field to the social dimension with our social responsibility projects, such as Equal Steps, Empowerment-through-Education Scholarship Fund and Women Stars of Tomorrow-Education Support Fund. We also offer a women-friendly working environment with our high rates of female employees and managers.



With APEX Loans, we have reached **835 SMEs** in the last 3 years and created an additional **526 jobs**.





Growing impact

Thanks to our sustainable banking model, we have a distinguished position in the development and investment banking sector. We increase our joint impact with our customers by transferring our technical knowledge and experience in the field of ESG through our advisory services.

We are growing with our road map to fight against climate change in line with our medium- and long-term targets.



We increased our total asset size by 63.4% to TL 84.1 billion.



TSKB AT A GLANCE

- 08 About the Report
- 09 Corporate Profile
- 11 Value Created
- 12 TSKB's Products and Services
- 13 Key Financial and Non-Financial Indicators
- 15 Milestones from 1950 to 2021
- 18 Achievements and Awards
- 19 Message from the Chairperson
- 21 Message from the CEO



GRI 102-5, GRI 102-10

CORPORATE PROFILE

TSKB In Figures



TL 84.1 billion
Total asset

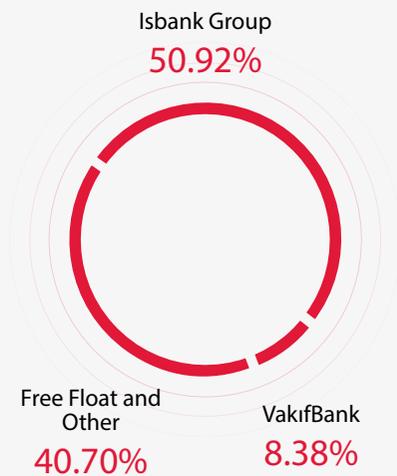


TL 6.9 billion
Equity



576
Total employees
(TSKB and subsidiaries)

TSKB's Shareholding Structure



TSKB stock is traded on BIST Stars under the ticker "TSKB" with a free float ratio of 38.9%. TSKB's registered capital ceiling is TL 4,500,000,000 whereas its paid-in capital is TL 2,800,000,000 as of 2021 year-end.

The shareholdings of the Bank's Board Members, Auditors, Chief Executive Officer and Executive Vice Presidents are negligible.

TSKB's Subsidiaries



Ratings

Ratings*	TSKB	Türkiye
Long Term Senior Unsecured Debt	B+	BB-
Long Term Issuer Rating	B3	B2
SAHA	9.59/10	
Sustainalytics ESG Risk Score	13.6	
Refinitiv ESG Score	63	

* Details regarding credit ratings are included in the audit reports.



CORPORATE PROFILE

Contributing to the sustainable transformation of the manufacturing economy in Türkiye

TSKB was established in Istanbul in 1950 as Türkiye's first private development and investment bank with the initiation of the World Bank and the Central Bank of Türkiye, and with the share ownership of commercial banks. With our extensive knowledge and competence since the day one, we offer products and services to our customers in corporate banking, investment banking and advisory services.

We contribute to the sustainable growth, development and transformation of the manufacturing economy in Türkiye.

Bringing together Turkish private sector investors with international funds

Since we are a development and investment bank, we do not collect deposits and do not offer retail banking services. We aim sustainable development in corporate banking, and we bring together the Turkish private sector investors with thematic funds from supranational development finance institutions and international financial institutions. We also issue debt instruments in foreign capital markets to create additional resources for our country's sustainable and inclusive development investments.

Standing out with our broad loan footprint

We provide structured medium-long term financing support to sustainable investment projects with our wide range of loan options, including corporate loans and project financing. Under APEX banking, we are expanding our sphere of influence by offering loans to SMEs and exporting companies through financial leasing and factoring companies, commercial banks, and participation banks.

We work closely and establish long term cooperation with all industries that create sustainable value for the Turkish economy. We distinguish ourselves in the Turkish banking industry with our impact-oriented development approach, deep industry-specific expertise and multidimensional insight.

Being the solution partner of a zero-carbon future

In this period when the world is accelerating its steps towards a zero-carbon future, we are taking the advantage of being one of the leading company in sustainable banking. With all our capital items, we make a tangible contribution to the UN Sustainable Development Goals. Approximately 90% of our loan portfolio consists of SDG-linked investments. We consider measuring the environmental and social risks of all investment and working capital loans, regardless of the amount, as an integral part of our responsible banking approach.

Taking innovative steps in sustainable and inclusive banking

As TSKB, we have introduced various innovative practices in sustainability and inclusion aspects to the Turkish finance industry. In the early 2000s, we integrated globally recognized sustainability approaches into our entire banking model. We are the first bank in Türkiye to obtain ISO 14001 and ISO 14064 certificates and to zero its direct emissions.

Following the first green/sustainable bond issuances of our country and the region, we continue to create alternative resources for our customers by offering sustainability oriented instruments in the Turkish capital markets. We contribute effectively to the green transformation of companies with our SDG-linked loan models and our consultancy power.

Introducing a sustainability approach to the investment banking

As Türkiye's first investment bank, we are moving forward with the goal of making a qualified contribution to the development of capital markets. We guide companies on their growth journeys with services such as public offerings, brokerage for debt instrument issues, and merger/acquisition advisory. In parallel with the increasing interest in sustainability oriented investments and funds all over the world, we diversify our investment banking products and expand our sphere of influence with our sustainability, SDG and low carbon economy-themed issuances in Turkish capital markets.

Being closer to our targets thanks to our agile and innovative business culture

Our greatest source of motivation in business development is to create financial resources for our country, the business world and our investors, as well as to provide sustainable, visionary and intellectual contribution. Accordingly, we move our 71 years of experience and expertise forward with our agile and innovative working models.

We closely follow global trends, academic developments, markets, financial institutions and new approaches and good practices in every field that affect our industry. We provide the business world and investors with solutions developed with an innovative approach, which is a part of our corporate culture.

As of the end of 2021, we continue to create value with a total of 576 employees, including subsidiaries, of which 361 are in the banking staff. We strive to provide our teams with a modern work environment that respects human rights and encourages participation with equal opportunities. We encourage continuous learning, individual development and initiative-taking.

Increasing our impact with our subsidiaries

We work in close cooperation with our subsidiaries operating in real estate, capital markets and sustainability areas. We continue to deepen our expertise in the national economy with Türkiye's first securities company Yatırım Finansman (Investment Financing), TSKB Gayrimenkul Değerleme (Real Estate Appraisal) with 20 years of experience in its industry, and Escarus which has been contributing to the sustainable transformation of the business world for 10 years.

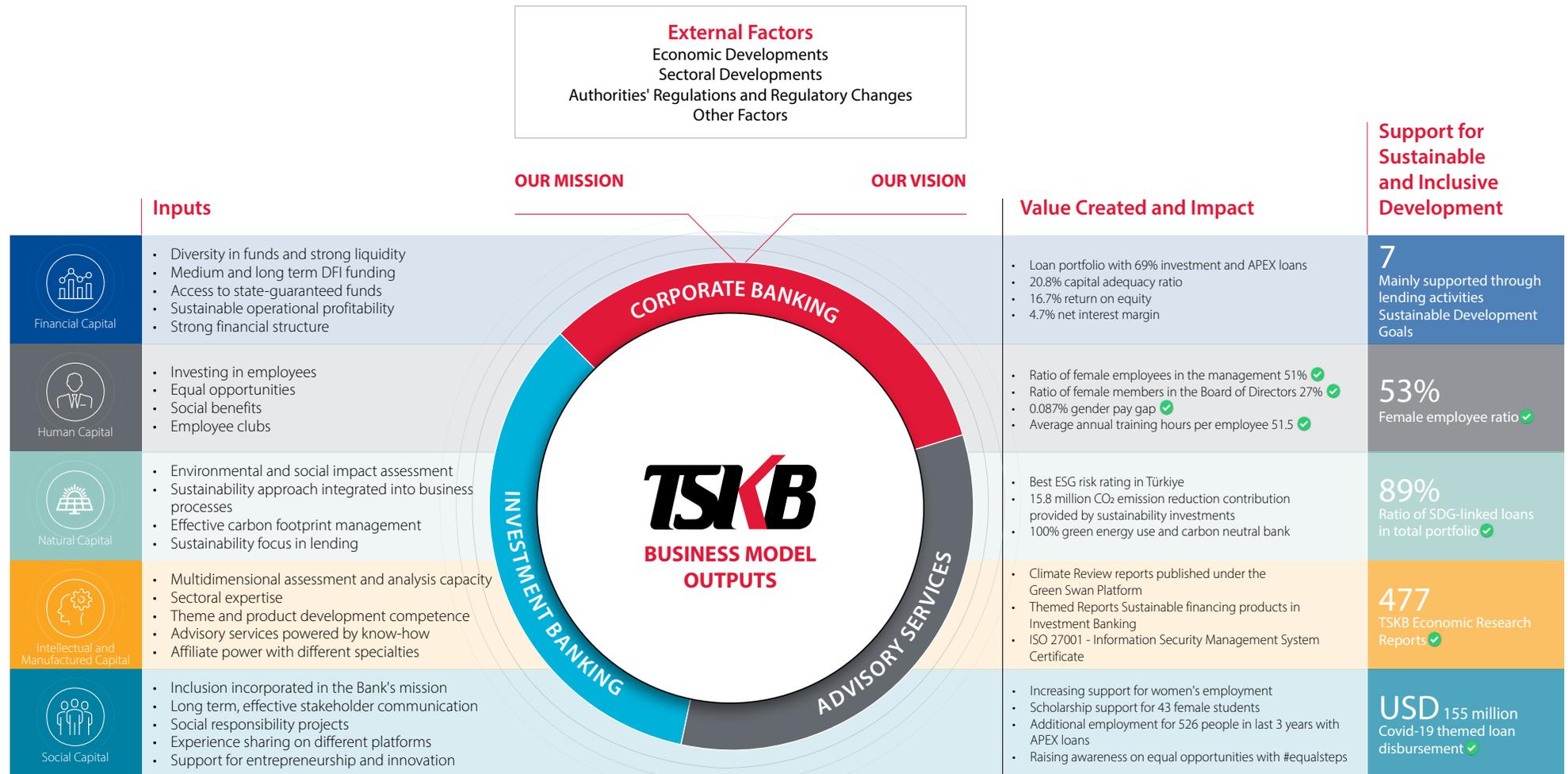
Offering advisory services to the real sector from a development banking perspective

With our advisory teams specialized in finance, engineering and economics and our 71 years of local knowledge, we provide services to all actors of development at global standards. We increase the competitiveness of our country by integrating sustainability and inclusion models - our strengths - into the processes of our business partners.



GRI 201-1, GRI 203-2

VALUE CREATION MODEL



Fundamentals of Knowledge Banking

Technical, financial and industrial experience	Environmental and social impact assessment and analysis competence	Healthy and ESG focused loan portfolio	Effective risk management	Power to create common value with subsidiaries	Strategic and agile management approach	Qualified human resources and expertise	Efficient and effective use of resources
--	--	--	---------------------------	--	---	---	--



TSKB'S PRODUCTS AND SERVICES

We support the Turkish economy with our products, services and solution offerings.

CORPORATE BANKING

Qualified Financing Solutions for Sustainable Development Projects in Different Sectors

Corporate Loans

- Industrial Investments
- Energy and Resource Efficiency
- Environmental Investments
- Sustainable Tourism
- Renewable Energy
- Women's Employment and Equal Opportunity
- Occupational Health and Safety
- Investments in Developing Regions
- R&D and Innovation
- Education and Healthcare Investments
- Working Capital Financing

Project Finance

- Energy Generation and Distribution
- Transportation / Infrastructure
- Public-Private Sector Partnership Projects
- M&A Financing

Other Loan Products

- SME Financing with Wholesale Banking
- Foreign Trade Finance
- Country (ECA) Loans
- Working Capital Financing
- Financial Leasing
- Letters of Guarantee / External Guarantees / Letters of Credit
- Export Loans / Eximbank Endorsement Loans

INVESTMENT BANKING

Investment Banking Experience at International Standards with Effective, Innovative and Sustainable Instruments

Corporate Finance

- Public Offering Preparation and Brokerage
- Issuance of Debt Instruments
- Mergers and Acquisitions

Derivative Products

- Forward
- Option
- Caps & Floors
- SWAP Transactions
- Swaption

Money and Capital Markets*

- Brokerage for Stock Trading
- Brokerage for Bonds Trading
- Foreign Exchange Transactions
- Repo Transactions
- Warrant Transactions
- Foreign Derivative Transactions
- Securities Loan
- Portfolio Management
- Investment Advisory

ADVISORY SERVICES

Advisory Services to Key Sectors in Türkiye for Transformation, Development and Sustainability

Economic Researches

- Macroeconomics Advisory
- Sustainable Development Analytics
- Export Strategy Advisory

Financial Advisory

- Financial Planning and Strategy
- Feasibility Services
- Valuation Services
- Restructuring Services
- Sectoral Analyzes

Engineering and Technical Advisory

- Technical Analysis and Assessment
- Project Financing and Valuation Advisory
- Energy and Efficiency
- Sustainability, Environment and Climate
- Industrial Transformation

Sustainability Consultancy*

Real Estate Consultancy*

* TSKB provides some of its services through its subsidiaries Yatırım Finansman Menkul Değerler A.Ş., Escarus Sürdürülebilirlik Danışmanlığı A.Ş., and TSKB Gayrimenkul Değerleme A.Ş.



GRI 102-7, GRI 201-1

KEY FINANCIAL AND NON-FINANCIAL INDICATORS

At TSKB, we categorize the impact and value it generates to its stakeholders under 6 capital categories from an integrated thinking perspective. We aim to demonstrate the comparison of our performance against the targets set in line with our strategy, with the key performance indicators defined in each category.

Financial Capital



The relevant section is available on page 44.

Net Interest Margin (Adjusted*)

4.7%

Return on equity ratio

16.7%

Fee & commission growth

41.4%

Capital adequacy ratio

20.8%

Human Capital



The relevant section is available on page 65.

Female employee rate in the entire bank ✓

53%

Female employee rate in the management ✓

51%

Gender pay gap ✓

0.087%

Average annual training hours per employee ✓

51.5

Natural Capital



The relevant section is available on page 73.

CO₂ emission reduction contribution provided by sustainability investments

15.8 million

Renewable energy projects involved in their financing ✓

387

Scope 2 greenhouse gas emissions tCO₂

0

Annual water commitment per person (m³/year)

1 m³

Intellectual and Manufactured Capital



The relevant section is available on page 88.

Number of Climate Review reports published under the Green Swan ✓

4 Reports

The number of contents published on the #EqualSteps platform

175

ESG linked innovative products brokered in Investment Banking

7 Transactions

Information Security Management System Certificate

ISO 270001

Social Capital



The relevant section is available on page 101.

Covid-19 themed loan disbursement ✓

USD 155 million

APEX Loans 835 SMEs and additional employment

for 526 people in the last 3 years

Number of female students provided with scholarships

43

Improvement in company scores for gender equality

37%

* Swap costs and FX position income included
 ** Renewable Energy, Energy Efficiency and Resource Efficiency projects (tons CO₂e/year)



GRI 102-7, GRI 201-1

KEY FINANCIAL AND NON-FINANCIAL INDICATORS

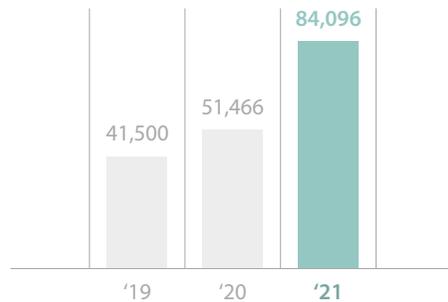
Following the successful financial performance, our asset size increased to TL 84.1 billion in 2021.

KEY INDICATORS (TL million)	2017	2018	2019*	2020	2021
Total Asset	28,910	38,298	41,500	51,466	84,096
Loans Portfolio	22,344	28,226	31,415	39,120	63,905
Equity	3,535	4,719	5,167	6,104	6,941
Net Profit	596	661	776	733	1,089

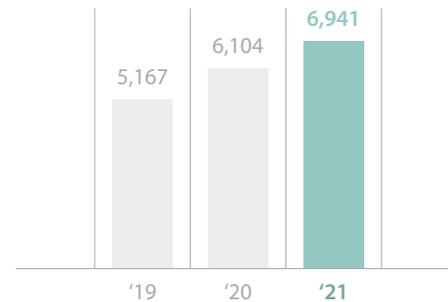
(%)	2017	2018	2019*	2020	2021
Return on Equity	18.4	17.2	16.6	13	16.7
Return on Assets	2.3	2	2	1.6	1.6
Capital Adequacy Ratio	17.1	16.2	17.8	19.4	20.8

* TMS 27 adjustment were applied for 2019 financials.

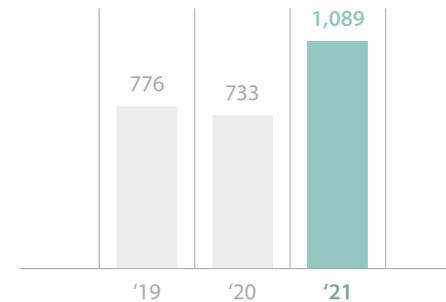
Total Assets
(TL million)



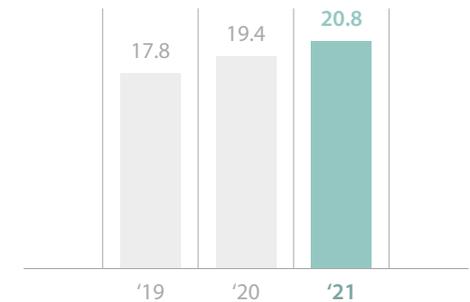
Equity
(TL million)



Net Profit
(TL million)



Capital Adequacy Ratio
(%)





MILESTONES FROM 1950 TO 2021

We provided loan support to the domestic production of many products such as the first domestic buses and automobiles, automobile tires, LPG gas cylinders, high voltage cables, batteries, cardboards, plastics and acrylic fiber.



70th anniversary book

Please click on the [link](#) to read the book, "TSKB From Past to Present - A Story of 70 Years", which includes our contributions to life in the past 70 years.

FROM 1950 TO 2000

Since our establishment in 1950, we have had many pioneering achievements in the development of Türkiye. They include medium and long term resource procurement, project based technical advisory services and studies for the establishment of the capital market. We were the only bank that acted as an intermediary in the sale of foreign currency funds released from the Marshall Aid Fund for TL and the first Turkish company to have its accounts and records audited by an international independent institution. We provided loan support to the domestic production of many products such as the first domestic buses and automobiles, automobile tires, LPG gas cylinders, high voltage cables, batteries, cardboards, plastics and acrylic fiber.

Our achievements after the 1970s includes: obtaining the first medium term syndicated loan from the European market, issuing the first long term bonds, taking our brand reputation one step further in international markets with the TSKB bonds (Samurai bonds) that we issue in the Japanese capital market, and taking part in the preparation of the Türkiye's Privatization Master Plan. We also signed long term foreign currency and interest rate swap agreements with international financial institutions and provided advisory services to the European Bank for Reconstruction and Development (EBRD) in Uzbekistan. We also carried out successful public offerings in this period. Upon the establishment of the ISE, we added a new area of expertise and increased our efficiency in the capital markets.

2000 - 2010

The sustainable bank of the year in the Eastern Europe Region

We continued to develop international funding sources in the 2000s, successfully completing the first international syndicated loan and murabaha (cost-plus) financing. Under APEX Banking, we financed the investment and growth projects of many SMEs through commercial banks and leasing companies. As the concept of sustainability was gaining importance on a global scale, our Bank became the first Turkish bank to establish an Environmental Management System in full compliance with the ISO 14001 standard and in line with our goal of shaping all business processes with a sustainability approach. In addition, we started to work on "environment related" loans. In these years, we also laid the foundations of our social responsibility projects with the aim of raising social awareness on environmental sustainability. In the Sustainable Banking Awards held in partnership with FT-IFC, we ranked first in the Eastern Europe Region for 3 consecutive years and recognized as Türkiye's first carbon neutral bank. During this period, our Bank closely followed the sustainability efforts in the international arena: We became a member of the United Nations Environment Program Finance Initiative (UNEP-FI) and publicly communicated our commitment in the light of the UN Global Principles.

Pioneering Innovations

- Work on the first "green loan" for a healthier environment
- The first bank to establish a real estate appraisal company approved by the Capital Markets Board (CMB)
- Coordination secretariat services under the Istanbul Approach
- Creation of the "risk based loan pricing model"
- The first Turkish bank to procure a loan from the French Development Agency (AFD)
- The first and only Turkish bank to be a partner of the European Investment Fund (EIF)
- Holder of the ISO 14001 Environmental Management System Certificate
- The first Turkish bank to calculate and delete its carbon footprint
- Launch of the most comprehensive environment related information portal
- "Sustainable Bank of the Year" in the Eastern European Region in 2008, 2009 and 2010



MILESTONES FROM 1950 TO 2021

2010 - 2020

Accelerated steps in sustainable banking

In the 2010s, we began to rise to prominence through renewable energy and energy efficiency projects. We financed numerous renewable energy, energy and resource efficiency projects, and we played an essential role in meeting Türkiye's increasing energy demand as well as in the fight against the global climate change. Following the global financial crisis in 2008, interest rates fell rapidly, creating new opportunities in the product and service production of the banking industry. By making a difference with our experience, we offered new and competitive alternative investment opportunities to our investors with capital protected and guaranteed products. In addition, we continued to add value to our stakeholders by taking on key roles in electricity distribution privatizations, asset purchase-sales and acquisition financing activities, bond issuances and public offerings in Türkiye. Sustainable tourism and resource efficiency themes were included in our loan portfolio in this period. We successfully maintained resource diversification activities through the issuance of Eurobonds. In the field of corporate governance, we followed international regulations and best practices, as well as complied fully with legal statute. Accordingly, we made continuous improvements and won the first prize three times, the second prize twice and the third prize once at the Corporate Governance Awards held by the Corporate Governance Association of Türkiye (TKYD).

In addition to the Long-Term Investors Club (LTIC), TSKB was also the only member from Türkiye in the European Long-Term Investors Association (ELTI) and the International Development Finance Club (IDFC). We signed the low carbon economy transition declarations published by the European Long-Term Investors Association (ELTI) and the International Development Finance Club (IDFC) as part of the Climate Summit (COP21 Summit) in 2015. We also took our place in the "BIST Sustainability Index", which includes companies traded on Borsa Istanbul with a high level of corporate sustainability performance.

First green/sustainable bond issuances in Türkiye

We strengthened our leading position in sustainability and became the first Turkish organization to issue "Green/Sustainable Bonds" in international markets in 2016. Taking strength from the interest in this issue, we took a groundbreaking step worldwide in 2017 and realized the issuance of Sustainable Subordinated Bonds. In 2016, TSKB secured a special resource in order to finance occupational health and safety investments and the investments by companies supporting women's employment through observing gender equality in the working environment, and thus took an important step in social inclusion. We extended our pioneering approach in sustainability to the reporting area, and after publishing the first GRI Sustainability Report of the banking industry, we also published the first Integrated Report of the private sector in 2017.

Thanks to our experience in sustainable development, we were involved in an important project in 2017 and undertook the coordination of the Turkish Ministry of Development's "Current State Analysis of Türkiye Under Sustainable Development Goals Project" together with our subsidiary Escarus. By including the women's employment issue in our sustainability related social responsibility projects since the early 2000s, we took important steps towards strengthening the female employees of the future in education and equality of opportunity. TSKB provided the highest amount of funds in its history in 2018.

Advisory solutions from a development banking perspective

We signed a USD 400 million loan for Inclusive Access to Finance Project with the International Bank for Reconstruction and Development (IBRD) of the World Bank Group, giving new impetus to our efforts in inclusive finance, which became a part of our mission statement in the previous year. In 2018, we had another groundbreaking achievement. We became the first financial institution to provide funds from the Asian Infrastructure Investment Bank (AIIB) to private sector companies. This fund allows for USD 200 million financing for renewable energy, energy efficiency, transportation, energy transmission, waste water management and telecommunication investments to be realized by companies across Türkiye. With our advisory solutions based on a development banking perspective, we provide increasingly value-added services to the business world and investors. In 2018, we successfully completed 63 advisory projects in more than 20 industries. In 2019, we joined the UNEP FI Principles for Responsible Banking as a founding signatory as part of the sustainable banking activities.

In the same year, we took another groundbreaking step to become the first Turkish bank to provide Treasury and Finance guaranteed long term funds from the China Development Bank (CDB). We restructured the Advisory and Investment Banking service models, while successfully continuing our social responsibility projects in inclusion and equal opportunity.

Pioneering Innovations

- "Green loan" granting for a healthier environment
- The first institution to publish a sustainability report in accordance with the GRI Standards in the Turkish finance sector
- Participation in CDP Türkiye - Carbon Disclosure Project
- Signature of the UN Global Compact
- Launch of the most comprehensive energy efficiency portal
- Organization with the Highest Corporate Governance Rating
- The first Turkish bank to receive the Greenhouse Gas Verification Certificate
- CDP Türkiye Climate Change Leaders Award 2013, CDP Türkiye Climate Disclosure Leadership Award 2015
- Participation in BIST Sustainability Index
- Founding signatory of the UNEP FI Principles for Responsible Banking.



MILESTONES FROM 1950 TO 2021

We continue to bring innovative funding products to our sustainable banking journey through our first club loan agreement indexed to ESG management rating, syndicated loan indexed to sustainability performance criteria, and our third sustainable bond issuance in international markets.

2020s

Concrete contribution to SDGs with innovative banking practices

As of March 16, 2020, right after the first Covid-19 cases emerged in Türkiye and the WHO declared a pandemic, TSKB made the first lease certificate issuance of the food industry. We thus provided TL 75 million to Altınmarka Gıda Sanayi ve Ticaret A.Ş. On June 2, 2020, on the occasion of our 70th anniversary, we announced that we were ready for the next 70 years in Türkiye's development journey and made reassuring statements (TSKB's 70th anniversary). In July 2020, we joined the Global Best Banks League with Environmental Social and Governance (ESG) Risk Rating and ranked first among Turkish banks. With an ESG risk rating of 16.7, we were positioned in the second percentile worldwide, ranking 6th among 372 banks. In August 2020, we announced the innovative SDG loan model in sustainability financing. We made a press announcement, stating that we provided the first support to Altınmarka under this loan model. Another important development in August 2020 was the official appointment of Ece Börü, who was serving as the Executive Vice President, as the CEO. Ece Börü thus became the first female chief executive officer of our Bank. In October 2020, we announced that we established the Green Swan Platform to jointly fight the climate crisis, stating that we aim to bring together public, private sector and NGO representatives, international organizations, academics, students and media members under this platform.

At the end of 2020, we signed a loan agreement tied to the ESG rating index, and we obtained loans from 4 different global banks in 4 countries under the sustainability and loan coordination of ING Bank. In 2021, TSKB increased its ESG risk rating score, with an improvement above the targeted rate, within the scope of the aforementioned loan.

Decisive progress towards target based reporting

At TSKB, we pursued our groundbreaking moves in 2021 as well. We introduced innovative instruments to Turkish Capital Markets by issuing lease certificates under the themes of sustainability, SDG and carbon reduction. Thanks to these issuances, we were honored with prestigious awards in international platforms. We continue to bring innovative funding products to our sustainable banking journey through our first club loan agreement indexed to ESG management rating, syndicated loan indexed to sustainability performance criteria, and our third sustainable bond issuance in international markets. In the same year, we expanded our lending activities to provide direct support to SDGs with an afforestation project, and supported the aerial seeding by the social initiative Ecoding in areas determined by the Ministry of Forestry. The Climate Risk report published according to TCFD recommendations was another innovative move in the Turkish banking industry. We thus maintained our commitment to target based reporting. While we continued to be recognized for our successful practices in Türkiye and in the world, our CEO was selected as one of the 13 female leaders in sustainability in the Asian Region.

Pioneering Innovations

- TSKB in the management of the International Development Finance Club (IDFC)
- Support for the report "Türkiye's Gender Equality Scorecard in 81 Provinces"
- The first sustainable lease certificate issuances in the Turkish food and healthcare industries
- The sixth in the global finance world and the first among Turkish banks with its ESG risk rating
- Türkiye's first SDG Loan Model
- First female chief executive officer appointed to TSKB
- Green Swan Platform to tackle the climate crisis
- First club loan agreement indexed to the ESG rating
- First lease certificate issuances under the themes of Sustainability, SDG and Transition to Low Carbon Economy
- Loan granting to the world's first investment that enables the endless recycling of plastic bottles
- 'Best Bank of the Year in Sustainable Finance' award by Euromoney
- Syndicated Loan Indexed to Sustainability Criteria
- 'Islamic Financial Deal of the Year in Europe' by The Banker
- The first 'Climate Risk Report' in the Turkish banking industry, published taking into account TCFD recommendations
- The third Sustainable Eurobond issuance
- TSKB CEO Ece Börü among the 13 female leaders in the Asian Region's Female Sustainability Leaders Hall of Fame
- Türkiye Bonds & Loans Awards - 'Islamic Financial Deal of the Year' First Prize



ACHIEVEMENTS AND AWARDS

2021

Low Carbon Heroes Awards

Innovative Sustainable Financing Solutions Award

Türkiye Bonds & Loans Awards

Islamic Financial Deal of the Year First Prize

Euromoney

Best Bank of the Year in Sustainable Finance

World Finance

Türkiye's Most Sustainable Bank Award

Banker

Islamic Finance Deal of the Year in Europe Award

2020

- ASRA - Integrated Report of the Year Award (Bronze)
- Fast Company Magazine - Sustainability Leaders
- CSR Works International - Ece Börü, Asia's Top Sustainability Superwomen

2019

- Finalist in the Investment and Finance Category - Finance for the Future Awards

2018

- Project Finance of the Year (Second Place) Bonds&Loans Türkiye
- Acquisition Financing of the Year (Third Place) Bonds&Loans Türkiye
- Structural Finance Deal of the Year (Third Place) Bonds&Loans Türkiye
- Natural Resources Financing of the Year (Second Place) Bonds&Loans Türkiye
- Syndicated Loan of the Year (Second Place) Bonds&Loans Türkiye
- Best Bond Deal of the Year (Third Place) - Bonds&Loans Türkiye
- Special Award of the Board of Directors Empowered by Women (2018)

2017

- Best Green Bond in Central and Eastern Europe - Emea Finance
- Best Syndicated Loan in Central and Eastern Europe | Tredaş – Emea Finance
- Best Syndicated Loan in Central and Eastern Europe | Aksa Natural Gas and Kazancı Holding – Emea Finance
- Best Infrastructure Deal | Galataport – Emea Finance
- Middle East and Africa's Best Privatization Deal | Galataport – Emea Finance
- Sustainable Bond of the Year Award – Thomson Reuters / International Financing Review
- Structured Financing Deal of the Year (First Place) – Bonds&Loans Türkiye
- International Bond Issue of the Year (Second Place) – Bonds&Loans Türkiye
- Financial Institutions Borrowing Deal of the Year (Third Place) – Bonds&Loans Türkiye
- Infrastructure Finance of the Year (First Place) – Bonds&Loans Türkiye
- Syndicated Loan Deal of the Year (First Place) – Bonds&Loans Türkiye
- Transportation Finance of the Year (Second Place) – Bonds&Loans Türkiye



* The Integrated Annual Report 2021 includes the awards from 2017 to 2021.



GRI 102-14, GRI 103-2, GRI 103-3, 203-1

MESSAGE FROM THE CHAIRPERSON

Turkish economy continued to accelerate its growth in 2021 as well. In the first three quarters of the year, GDP grew year-on-year by 11.7%.



16.7%

Return on Equity



1.6%

Return on Assets

Esteemed Stakeholders,

The pandemic is still at the top of the agenda in the world as well as in Türkiye. Although the adverse consequences continue to affect our lives, we are at a much better position than in 2020 thanks to the increased rate of vaccination, the adoption of new behaviors according to the new normals such as masks and social distance, and, of course, the support of decision makers to the economy.

Raised awareness on sustainability in all areas

This year, we are faced with a great truth that we have known for a long time, yet postponed to see: the adverse consequences of climate change. We all started to feel the adverse effects of climate change in our daily lives in 2021, including devastating forest fires and floods in our country, as well as global droughts and extreme weather events. In my opinion, as of this year, societies will understand the importance of sustainability, Environmental Social and Governance (ESG) approach and Sustainable Development Goals (SDGs) much better and deal with these issues with much greater awareness.

Last year witnessed a global recovery in terms of economy. With the increased vaccination rate, the sharp economic contraction of the previous year was replaced with recovery and growth. However, the increase in commodity prices was felt in every country due to the hitches in the supply chains, supply shortages in many commodities, problems in the production and supply of China-based mineral products, and restrictions caused by climate change



in agricultural production. Thus, inflationary expectations rose. With the increase in the energy prices, these expectations became permanent.

Our economy continued to accelerate its growth in 2021

I believe that all adverse circumstances and uncertainties in our lives will disappear and be replaced by positive expectations in 2022. Consequently, we can say that we expect the world economy to grow significantly in 2022 as well.

Turkish economy continued to accelerate its growth in 2021 as well. In the first three quarters of 2020, GDP grew year-on-year by 11.7%. Current data indicate that financial activities preserved its capacity in the last quarter of the year.

The slowdown in domestic demand remained limited, while the inflation increased throughout the year due to global costs. Especially since the second half, the volatility in exchange rates, the capacity constraints caused by the normalization process and the rapid increases in food prices caused an increase in inflation. Annual inflation, which was 14.6% at the end of 2020, reached 36.1% by the end of 2021. As our exports increased at a record level and domestic demand recovered year-on-year, the Turkish economy closed 2021 with a strong growth. We expect Türkiye to continue to grow in 2022, since a recovery in current account balances is expected as a result of strong foreign demand and ongoing improvement in tourism followed by subsequent growth.



GRI 102-14, GRI 103-2, GRI 103-3, 203-1

MESSAGE FROM THE CHAIRPERSON

We will continue to provide financing for environmental investments with renewable energy, energy and resource efficiency in order to support our country's transition to a low carbon economy.

We are proud to support green transformation

In 2021, we all experienced the adverse consequences of climate change in our lives, and we will continue to experience them unless any action is taken. However, based on the belief that great opportunities lie in every crisis, I think that the past year would also be a milestone for the world societies. Societies are now more aware than ever of this problem and what awaits us.

At the UN Glasgow Climate Change Conference (COP26), the countries made a promising decision to break up with fossil fuels. At this conference, we observed with great excitement that the Paris Agreement, which is an important step towards the fight against climate change, is still alive and has not fallen off the global agenda. I think it is very important that the Paris Agreement, signed in 2016, was accepted by the Grand National Assembly of Türkiye and entered into force after a six-year hiatus, which demonstrates that political awareness on climate change has been raised in Türkiye.

Established for the development of Türkiye, support for investments in economic enterprises and improvement of the capital market, TSKB has a significant experience in sustainable banking. Escarus, our subsidiary that has been serving in sustainability consultancy for 10 years, is an important partner in our contribution to the green transformation of the business world. In addition to consultancy, we are proud to support the green and sustainability transformation in our country with our loan facilities.

We published the first Climate Risk Report in our industry

The sustainability related funding from international development finance institutions and debt capital markets have exceeded 80% of our total funding. As a result of our improvements and strong ESG performance throughout the year, our Bank ranks first among Turkish banks evaluated by Sustainalytics, and ranks sixth among global banks in its category. We make a measurable and traceable contribution to the UN Sustainable Development Goals through our financing activities. Recently, we have started to deal with our working capital loans in this context. In May, we published the first Climate Risk Report in the Turkish banking industry, taking into account the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD). With the roadmap we announced and the science based targets we set, we promised to continue our support for Türkiye's transition to a low carbon economy at full speed.

Mitigation of risks caused by climate change and investments in adaptation to climate change will remain among TSKB's focus areas. We will continue to provide financing for environmental investments with renewable energy, energy and resource efficiency in order to support our country's transition to a low carbon economy.

You can prove the existence of institutions, companies, banks and financial institutions only on paper. Plazas, buildings, offices and meeting rooms consist of chairs, tables, glass and concrete. It is people who both give meaning and purpose to institutions and companies, and add life to buildings and offices. We understood and experienced it better during the pandemic.

The only thing that creates and enables, and will enable, TSKB to exist is human beings. I believe that behind our successful work and your hope for the future lie behind the strong bonds we have established with our colleagues, customers and stakeholders.

I would like to thank all our stakeholders both personally and on behalf of Board of Directors. I hope that 2022 will go down in history as a year in which the pandemic and all its adverse consequences come to an end, and concrete steps are taken for a livable world.

ADNAN BALI
Chairperson of the Board of Directors



GRI 102-14, GRI 103-2, GRI 103-3, 203-1

MESSAGE FROM THE CEO

We are among the first banks in our category, both in Türkiye and globally, with the ESG risk rating given to our Bank by Sustainalytics.



Dear Stakeholders,

It has become an existential necessity for us to reconstruct all our production, consumption, living and working practices with a "green" perspective during the transition from a linear economy to a circular economy. If we are to have a future on this beautiful planet with limited resources, we cannot afford to waste time to take these steps.

Our country has to carry out a comprehensive transformation in all sectors, from industry to agriculture and transportation to energy, in line with the SDGs in the upcoming period. The finance industry will be one of the most important actors of this transformation. I believe that development banking, which deals with not only the economic aspect of growth, but also with other aspects such as ecology, biodiversity, natural resources and social welfare with a long term perspective all over the world, will guide and inspire the finance industry in the new period.

Sustainable impact on green and inclusive transformation

As we stated in our report "Green Transformation of the Turkish Industrialists" published in 2021, our country needs approximately 11 billion Euros of smart financing to realize its green transformation within the framework of the Paris Agreement and the European Green Deal. We have been providing uninterrupted support to the transformation of our country in this field with our lending, investment banking and advisory services for many years.

We are the first in Türkiye and among the top five institutions globally with the ESG risk rating given to our Bank by Sustainalytics. This makes us proud, while increasing our responsibility for sustainable development. We build all our activities on the SDGs. 90% of our loan portfolio consists of SDG-linked investments. We mainly contribute to seven SDGs, though we touch all SDGs with our financial support for environmental and social investments such as renewable energy, energy and resource efficiency, environment, women's employment, developing regions, and occupational health and safety.

Combating the climate change, supporting the transition to a low carbon economy and ensuring an inclusive social development will continue to be our strategic priorities in the upcoming period as well. Accordingly, we will further expand our product and service range with innovative environmental, social and governance products. By 2025, we aim to have a 90% share of SDG-linked loans and a 60% share of climate and environment-focused SDG-linked loans in the total portfolio. From 2021 to 2030, we aim to provide USD 8 billion of SDG-linked financing to our economy.



15%

Our share in the installed power of our country in renewable energy



TL 6.9 billion
Equity



GRI 102-14, GRI 103-2, GRI 103-3, 203-1

MESSAGE FROM THE CEO

We completed our third sustainable bond issuance in 2021, when innovative products and collaborations gained importance in the field of sustainable finance.



TL 1.1 billion
Net profit



80%
Ratio of ESG linked funding

Sustainable impact with renewable energy investments

For 20 years, we have been providing support to renewable energy investments, which are extremely important in our country's transition to a low-carbon economy. As of the end of 2021, we have a 15% share in Türkiye's installed power in this field. This year, we mainly financed investments and hybrid projects with wind, geothermal, solar and biogas/biomass resources.

Sustainable impact on the economy

In 2021, we maintained our steady growth in line with our medium and long term targets. As of the end of the year, our total asset size was TL 84.1 billion, while our total loan portfolio was TL 63.9 billion, indicating our direct contribution to the real economy. In the same period, we extended approximately USD 1 billion of new long term loans. We can say that renewable energy, inclusiveness and capacity increase investments stand out in these loans. Moreover, our strong profitability continues to support our reserves policy and capital. While maintaining our asset quality, we increased our equity by 13.7% to TL 6.9 billion and our net profit to TL 1.1 billion.

ESG-linked funding reaching 80%

In 2021, when innovative products and collaborations gained importance in sustainable finance, we signed a USD 25 million trade finance-based sustainable funding agreement with Citi and also completed our third sustainable bond issuance. Moreover, 14 international banks, four of which are new, joined our sustainability-linked syndication loan, which amounted to USD 192 million with a roll-over

rate of 130%. We will finance the geothermal investments of private sector companies throughout Türkiye with the "Geothermal Development Project" loan amounting to USD 150 million, which we obtained from the World Bank in December with the guarantee of the Ministry of Treasury and Finance. As of the end of 2021, the ratio of ESG linked funding in our total liabilities reached 80%.

Digital Impact for green transformation

The pandemic has accelerated technological developments, digitalization and innovation all over the world. From a development bank perspective, we consider these developments as opportunities for the sustainability of our planet and inclusive economic growth. We are accelerating our investments in application modernization, data analytics, business continuity and artificial intelligence in order to increase efficiency throughout our bank, while closely following international digital transformation developments. We both improve ourselves and try to raise awareness among our stakeholders in order to achieve the green technological transformation as well as the green economic transformation.

Social responsibility projects

We expand the impact we created with our banking activities with long-term social responsibility projects we carry out in different fields. We handle these projects according to our bank's strategic priorities, and focus on issues such as climate change, environment, women's employment, and equal opportunity in education and arts. In all these efforts, we increase our impact through close collaborations with NGOs to access

more people and institutions. In its 4th year, the #EqualSteps platform, which we launched with SKD Türkiye, has become an important digital guide in the women-friendly transformation of the business world. Empowerment-through-Education Scholarship Fund, which we established under TEV and supported female university students, has reached its 5th year. The Women Stars of Tomorrow-Education Support Fund, which we conduct together with IKSİ, supports our talented young female musicians in their international career journeys and brings them one step closer to their dreams.

It is our common goal to ensure the green and inclusive growth of our country in line with the SDGs. TSKB will continue to move forward with the motivation to create a positive and lasting impact on its common future with effective collaborations and concrete steps. I would like to thank our shareholders, customers, business partners, board of directors and colleagues for their valuable contributions on this journey.

Kind regards,

ECE BÖRÜ
CEO, Board Member



STRATEGY, PERFORMANCE AND EXPECTATIONS

- 24 Strategic Plan
 - 24 TSKB's Strategy
 - 25 Stakeholders and Materiality Analysis
- 30 Governance Structure
 - 30 Sustainability Management System
 - 34 Corporate Governance Structure
- 35 External Factors
- 44 Capitals
 - 44 Financial Capital
 - 65 Human Capital
 - 73 Natural Capital
 - 88 Intellectual and Manufactured Capital
 - 101 Social Capital



STRATEGIC PLAN

TSKB'S STRATEGY

Vision

We aim to be the first business partner that stakeholders consult and prefer towards the economic, environmental, and social development of Türkiye.

Our Values:

Pioneering
Human-Focused
Solution-oriented
Reliable
Respectful



We want to achieve this vision by prioritizing our 10 focus areas in our 3 main business lines, acting on our strategic points and values that distinguish us:

- Support for combating the climate change and the transition to a low carbon economy
- Maintaining high-caliber human resources
- Creation of development projects and support for the SDGs directly and indirectly
- Sustainable financial performance
- Strengthening international collaborations and developing new collaborations
- Strong corporate governance & effective risk management
- Overseeing equal opportunity both inside and outside the institution
- Maintaining synergistic cooperation with the Group companies
- Increased corporate efficiency by digitalization
- Direct and indirect social impact management

ABOUT THE FUTURE

We will continue to work resolutely to realize our financial and non-financial short, medium and long-term capital targets in line with this strategy, which we keep up to date by correctly analyzing the risks and opportunities arising from external factors and taking into account stakeholder expectations. Please see pages 27-29 for the table which shows our strategic focus areas associated with stakeholder expectations and targets, as well as the related actions taken.



GRI 103-1, GRI 102-40, GRI 102-42, GRI 102-43, GRI 102-44, GRI 102-47

STRATEGIC PLAN

STAKEHOLDERS AND MATERIALITY ANALYSIS

Stakeholder Communication

We adopt an innovative perspective in stakeholder communication, where we act with the strategy of creating value for inclusive sustainable development.

Regular Stakeholder Analysis Study

We reflect the integrated perspective to our strategy and all our business processes, and determine our material issues in line with the expectations of our stakeholders.

As part of the business cycle, we regularly contact all stakeholder groups and conduct extensive stakeholder analysis studies. The analysis is conducted every two years in order to align our strategy and material issues with those of our stakeholders and to share transparent information according to the expectations of our stakeholders. We use important developments and stakeholder opinions of the following year as additional input to our analysis.

Attaching tremendous importance to sustainable dialogue with our stakeholders, we strive to adapt the feedback we receive to our business processes in the most beneficial way. Accordingly, we are guided by the determination of strategic priorities, establishment of policies and procedures, review of existing collaborations and creation of new collaborations, and development of social responsibility projects.

While preparing the report, we used the stakeholder analysis study we carried out in the period of November-December 2020. We are planning to maintain active interaction by carrying out this process, which we carry out in the digital environment since we are in the pandemic process, with workshops where we come together with our stakeholders in the upcoming period.

We conducted a digital survey with our stakeholders to determine the subjects to be included in the report. As a result of this quantitative survey, we had the chance to learn about the opinions and perceptions of our stakeholders. Consequently, we have determined our material issues in line with our strategy, taking into account the expectations of internal and external stakeholders. We were pleased to see that the primary expectations of our stakeholders were in line with our long-term strategy.

Eight subjects were identified as a result of our studies:

- Combating climate change and supporting and financing adaptation to climate change,
- Investment in human resources, employee development and increasing employee satisfaction,
- Financing of economic, environmental and social development in line with the SDGs,
- Diversification and development of products for environmental and social development,
- Sustainable growth and revenue creation,
- Strengthening solid relations and enhancing cooperation with international financial institutions and Development Finance Institutions,
- Financing the combat against economic & environmental risks and social disasters,
- Inclusiveness, ensuring equal opportunity and prevention of all forms of discrimination.





GRI 103-1, GRI 102-40, GRI 102-42, GRI 102-43, GRI 102-44, GRI 102-47

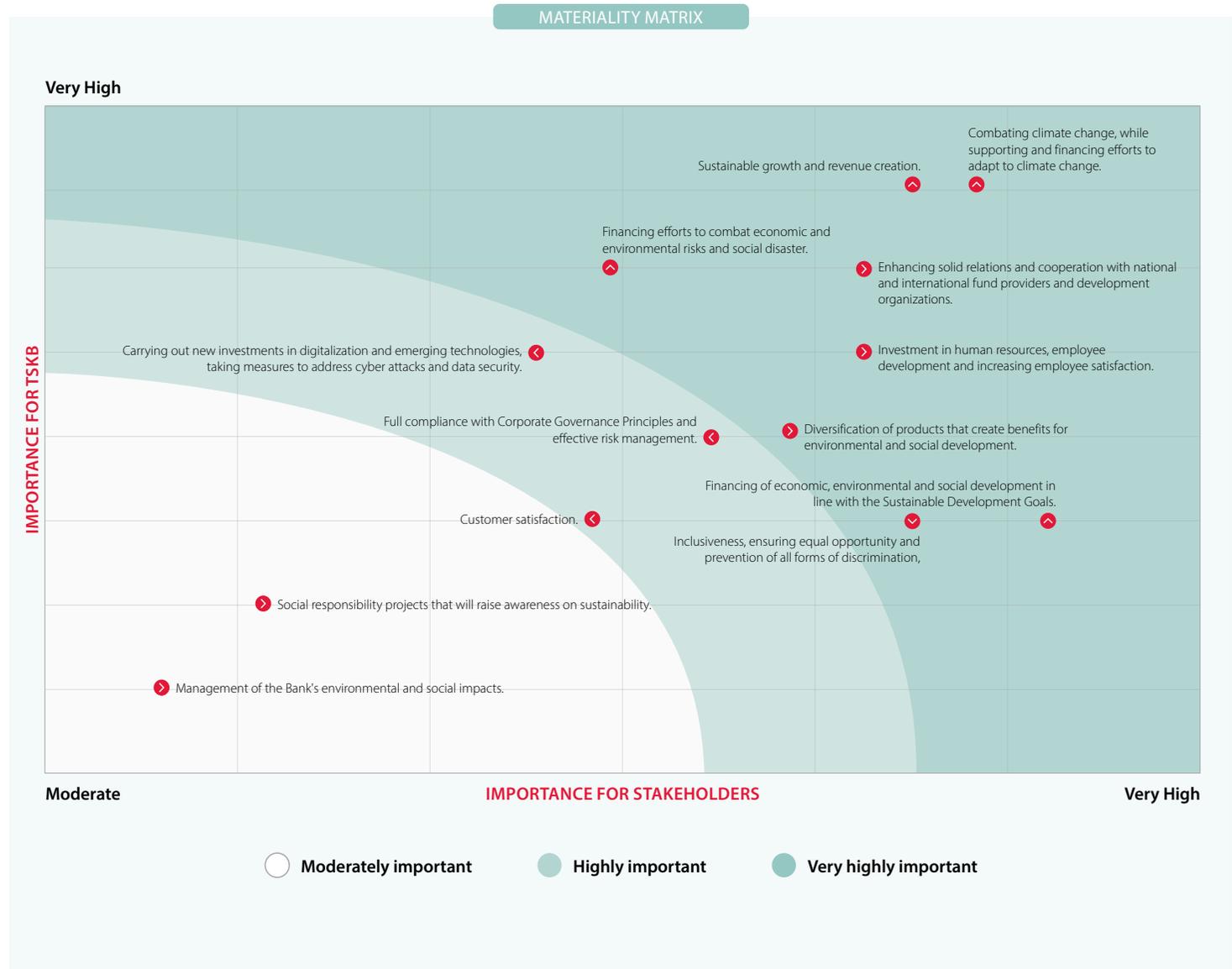
STRATEGIC PLAN

STAKEHOLDERS AND MATERIALITY ANALYSIS

Results and Evaluation of the Materiality Analysis

TSKB's materiality analysis is developed in harmony with our stakeholders and approaches Türkiye's qualified development from the perspective oriented towards sustainability and responsible banking. In addition, it enables us to create our business manner by taking into account the expectations of our employees and the stakeholders, and contributes to make our goal-setting processes more realistic and efficient.

Please see the next page for the material areas as well as materiality matrix of our Bank's management and all its stakeholders, determined as a result of the stakeholder analysis.





GRI 103-1, GRI 102-40, GRI 102-42, GRI 102-43, GRI 102-44, GRI 102-47

STRATEGIC PLAN

STAKEHOLDERS AND MATERIALITY ANALYSIS

Reflection of Material Areas in the Integrated Report

The following tables lay out which material issues identified by the Stakeholder Analysis are prioritized by relevant stakeholders, the relationship of the material issues with our Bank's strategies, which SDGs are served, and targets set for the relevant material issue.

Priority issues are monitored by the senior management within the framework of our Bank's governance structure, and relevant control mechanisms are activated when necessary.

Material Issue	Relevant Stakeholders (Internal / External)	Materiality Strategy	SDGs	Bank's Relevant Strategy Focus	Related Objectives
Financing of economic, environmental and social development in line with the SDGs	TSKB Management / Finance Institutions, Development Finance Institutions, Customers, Industry Representatives, Non-Governmental Organizations (NGO), the Media	Our Bank was established to support the development of the Turkish private sector and its aim is to promote sustainable development. With themed loans and APEX Banking, the investment and growth projects of the private sector in Türkiye are financed by/through TSKB, regardless of industry and size.	  	Creation of development projects and support for the SDGs directly and indirectly	
Combating climate change	TSKB Management / the Customers, Development Finance Institutions, NGOs and the Media	Combating climate change and transition to a low carbon economy are key issues for TSKB. Our Bank, which carries out pioneering work on combating climate change, renewable energy and energy efficiency, works in cooperation with its clients on the management of the risks arising from climate change.	   	Support for combating the climate change and the transition to a low carbon economy	
Sustainable growth and revenue creation	TSKB Management, Employees, Subsidiary Employees / Development Finance Institutions, Finance Institutions	Maintenance and improvement of our strong financial performance is crucial in accessing to international capital in order to contribute to Türkiye's sustainable development. In other words, sustainable financial performance is a key criterion for TSKB.		Sustainable financial performance	
Inclusion and equal opportunity	TSKB Management / Development Finance Institutions, NGOs and the Media, Industry Representatives	Achieving social gender equality is vital to ensure sustainable development. It is clear that there is a need for financing resources for women's empowerment in Türkiye. Our Bank offers gender equality-themed loans in cooperation with development finance institutions, embodying its support for women's empowerment in business and social life.		Overseeing equal opportunity inside and outside the institution	
Strong collaborations with international finance institutions and development finance institutions (DFI)	TSKB Management / Finance Institutions, Development Finance Institutions, Customers, Industry Representatives	For TSKB as a private development bank, it is important to ensure continuous access to international financial resources throughout the medium and long term lending activities.	 	Strengthening international collaborations and developing new collaborations	



GRI 103-1, GRI 102-40, GRI 102-42, GRI 102-43, GRI 102-44, GRI 102-47

STRATEGIC PLAN

STAKEHOLDERS AND MATERIALITY ANALYSIS

Material Issue	Relevant Stakeholders (Internal / External)	Materiality Strategy	SDGs	Bank's Relevant Strategy Focus	Related Objectives
Investment in human resources	TSKB Management, Employees, Subsidiary Employees	Employee development is one of the top priorities for TSKB's management. We consider human resources as the building block of a successful and sustainable performance. Employees of TSKB and its subsidiaries prioritize their personal and professional development and have the opportunity to continuously develop themselves with various projects.		Maintaining high-caliber human resources	H1 H2 H3 H4 H5 H6 H7
Diversification and development of products for environmental and social development	TSKB Management / Finance Institutions, Development Finance Institutions, Customers, Industry Representatives	The diversification and development of the themed loans offered by our Bank in accordance with its core mission serves many material issues, including resource diversity, client satisfaction, and collaborations with financial institutions.	 	Creation of development projects and support for the SDGs directly and indirectly	N1 N2 N3 I1 I2
Corporate Governance	TSKB Management / Financial Institutions / Development Finance Institutions, NGOs and the Media	Most of the financing we provide is of international origin. For the continuous access to these resources, it is of great importance to be transparent and to comply with globally accepted corporate governance principles.	 	Strong corporate governance & effective risk management	N7 N8 H3 H4 H6
Financing the combat against economic & environmental risks and social disasters	TSKB Management / Finance Institutions, Development Finance Institutions, Customers, NGOs, the Media, Industry Representatives	Effective management and financing of economic, environmental and social risks are of great importance for sustainable development. The ongoing Covid-19 crisis and the recent natural disasters have also revealed the materiality of the financing for natural catastrophes and environmental risks management.	 	Creation of development projects and support for the SDGs directly and indirectly	N1 N2 N3 N4 N5 N6 N7 N8 N9 N10 N11 N12 N13 N14 S8
Customer satisfaction	TSKB Management / Customers	In a highly competitive market, it is vital to ensure the absolute satisfaction of clients. We support its customers in all their needs, with convenient and diverse financing resources, high-quality investment banking and advisory services.		Sustainable financial performance	I3
Digitalization	TSKB Management / Customers	The issue of digitalization is vital in ensuring our activities are effective, efficient and resilient. In an increasingly digitalizing world, rapid access to information, effective use of digital channels and data security will continue to gain importance.		Sustainable financial performance	I6 I7 H5 H7



GRI 103-1, GRI 102-40, GRI 102-42, GRI 102-43, GRI 102-44, GRI 102-47

STRATEGIC PLAN

STAKEHOLDERS AND MATERIALITY ANALYSIS

Material Issue	Relevant Stakeholders (Internal / External)	Materiality Strategy	SDGs	Bank's Relevant Strategy Focus	Related Objectives
Social responsibility projects that will raise awareness on sustainability	TSKB Management / NGOs - Media, Industry Representatives	For our Bank, which supports Türkiye's sustainable development with its products and services, social responsibility projects are important for providing direct support to and raising awareness on economic, environmental and social issues.		Creation of development projects and support for the SDGs directly and indirectly	
Management of the bank's environmental and social impacts	TSKB Management / Development Finance Institutions, NGOs and the Media	In line with its sustainable development mission, it is vital for our Bank to measure and manage every impact created. We manage all kinds of environmental and social impacts arising from our operations, even the minor ones, by using international management systems. We also adopt pioneering practices in the industry regarding the management of indirect environmental and social impacts and risks of the projects it finances.		Support for combating the climate change and the transition to a low carbon economy	

In the tables on pages 27-29, the relationship between SDGs and TSKB's capitals-based objectives is indicated using the icons below.

- Associated with the SDG number and color.
- Associated with the corresponding capitals objective.





GRI 102-12, GRI 102-13, GRI 102-19, GRI 102-20, GRI 102-21, GRI 102-32

GOVERNANCE STRUCTURE

SUSTAINABILITY MANAGEMENT SYSTEM

We have established a strong governance structure by integrating our environmental, social and governance approach into our decision mechanisms. This structure allows us to aim and achieve to create value faster and in synergy.



7 Sustainability committee meetings

Internalized end-to-end sustainability concept

Our Bank is an institution that internalizes sustainability in the Turkish market from its mission to business model and processes, in parallel with the global development of the concept of sustainability.

Our Bank supports Türkiye's sustainable development with its products and services. In this context, our Bank has structured the Sustainability Management System (SMS) to cover all its business processes, in order to mitigate the environmental and social impacts arising from its banking activities and to support Türkiye's transition to a low carbon economy.

The Sustainability Policy is the main framework of TSKB SMS. In 2012, TSKB expanded the scope of its Environmental Policy, which was published in 2006, and revised it as Sustainability Policy. As of the end of 2021, TSKB SMS has been managed as per the Sustainability Policy dated February 26, 2015.

Our Bank supports its Sustainability Policy with complementary policies under the environmental, social and governance themes. In the annex of the complementary TSKB Environmental and Social Impact Policy, a List of Activities Not to be Financed was published, setting out the activities which TSKB would not finance for the sake of responsible banking.

In 2021, our Bank published the Climate Change Mitigation and Adaptation Policy as a complementary policy to the Sustainability Policy, to publicly communicate our basic principles regarding climate change.

Sustainability Committee ✓

All sustainability works across our Bank are managed by the Sustainability Committee, which was established in 2014 and consists of 3 Board Members, CEO and 2 Executive Vice Presidents as of the end of 2021.

Members to the Sustainability Committee are appointed by the decision of the Board of Directors. The Committee is responsible for the coordination of the activities and business plans created in line with our sustainability strategy vision and targets. With the participation of our Bank's CEO as a committee member, the Sustainability Committee evolved into a structure which would manage all targets and strategies under a macro perspective.

By the end of 2021, the Sustainability Committee consists of the Members of the Board of Directors and the General Manager, as well as Assistant General Managers of our Bank's departments covering the main activities such as Advisory services and Marketing, Economic Research, Financial Advisory, Financial Institutions and Investor Relations, Development Finance Institutions, Loan Monitoring, Corporate Banking Sales, Engineering and Technical Advisory, and Project Finance. One of the relevant Executive Vice Presidents officiates as the Coordination Director.

For more effective results, our Bank has made a structural change in the management of the Sustainability Committee in 2021, and a Sustainability Coordination Officer position has been created in the organizational structure.

It is aimed to plan and manage our Bank's core strategies and targets, as well as the Committee's work and objectives, in a more inclusive, effective and synchronized manner.

In 2021, the Sustainability Committee convened 3 times.

Sustainability Management Committee ✓

A Sustainability Subcommittee was established in order to roll out sustainability activities throughout our Bank and to ensure their integration with all business processes in

parallel with our vision, strategy, targets and business plans on sustainability and climate change. This Subcommittee has evolved into the Sustainability Management Committee in 2021.

A team of 14 people consisting of TSKB CEO, Executive Vice Presidents directly related to sustainability and the heads of Sustainability Working Groups reports their activities to the TSKB Sustainability Committee.

The annual targets of the Sustainability Management Committee are set clearly and measurably, and are reflected in the performance scorecards of all management committee members.

The internal coordination of the sustainability structure at TSKB is carried out by the Sustainability Coordination Officer. In 2021, the Sustainability Management Committee convened 4 times.

Working group activities, global and local developments, planned projects, targets and achievements are discussed at the Sustainability Committee and Sustainability Management Committee meetings.

We have gathered the Working Groups operating under the Sustainability Management Committee under 4 main groups with the organizational change made in 2021, and we have pointed out the 4 focal points of our Bank under the theme of sustainability. These main groups and their focal points are: Strategy, Corporate Governance, Environment and Climate, Social Impact and Inclusion. These main groups, on the other hand, involve 11 sub-working groups. ✓



GRI 102-12, GRI 102-13, GRI 102-19, GRI 102-20, GRI 102-21, GRI 102-32

GOVERNANCE STRUCTURE

SUSTAINABILITY MANAGEMENT SYSTEM

Formed under the sustainability structure, the Sustainability Strategy Working Group monitored the compliance of the sustainability activities of our Bank and its subsidiaries with our Sustainability Strategy.

WORKING GROUPS

Sustainability work is conducted in an integrated manner by eleven different Working Groups under four main groups reporting to the Sustainability Management Committee. ✓

The members of the Working Groups are selected from various department heads and group managers, and the Working Groups are managed in a dynamic manner.

As of the end of 2021, 74 people from TSKB's 21 departments and subsidiaries took part in committees and working groups. This represents 20% of the banking staff. The objectives of the Sustainability Committee are distributed to every employee involved in this structure and are considered as a part of the employee performance evaluation.

STRATEGY

Sustainability Strategy Working Group

Formed under the sustainability structure, the Sustainability Strategy Working Group monitored the compliance of the sustainability activities of our Bank and its subsidiaries with our Sustainability Strategy. In addition, it followed developments and regulations on key performance indicators, global and national sustainability, and proposed recommendations.

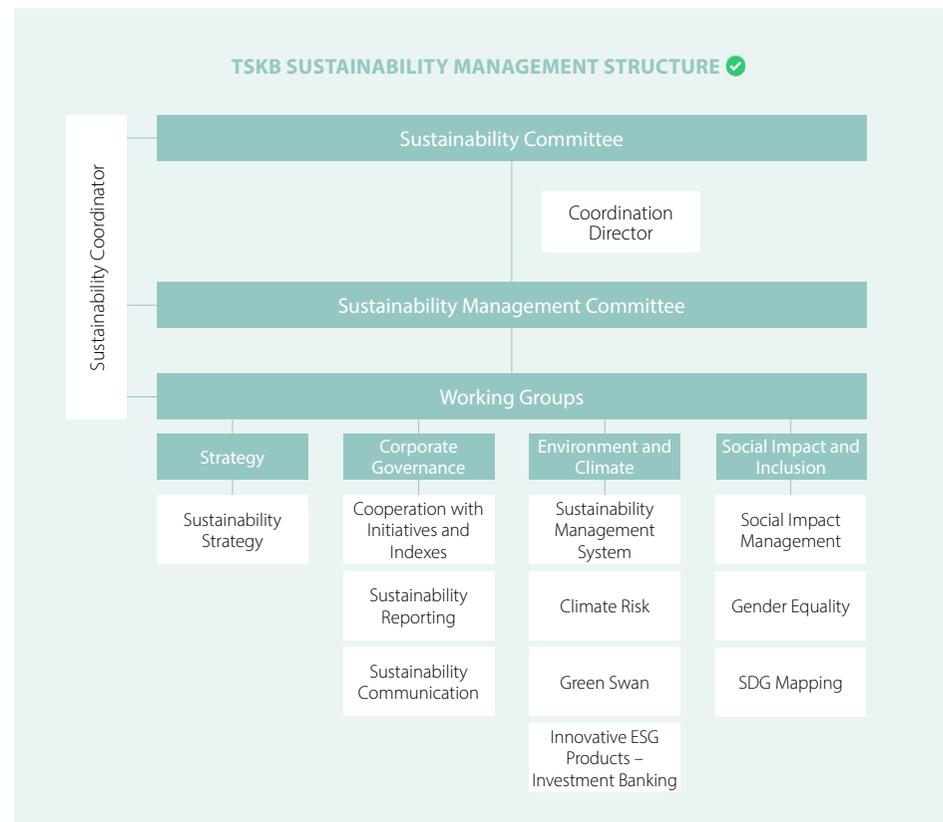
In 2021, TSKB Sustainability Strategy 2023 was published.

CORPORATE GOVERNANCE

Cooperation with Initiatives and Indexes Working Group

This working group was established to determine the need for resources in cooperative sustainability efforts with international and supranational financial institutions and international initiatives (IDFC, UNEP-FI, TCFD, UN Global Compact, IIF, ELTI, LTIC, I4CE, ADFIMI, etc.), organize the work, and manage relations with BIST Sustainability Index and international sustainability assessment companies. In this regard, it coordinates any necessary improvements within our Bank.

Empowered by its achievements, our Bank maintained its place in the BIST Sustainability Index in 2021, and ranked first in Türkiye in the ESG Risk Rating by Sustainalytics.



20%

Rate of employees in committees and working groups ✓



GRI 102-12, GRI 102-13, GRI 102-15

GOVERNANCE STRUCTURE

SUSTAINABILITY MANAGEMENT SYSTEM

In 2021, the Climate Risk Working Group continued to represent TSKB in the Phase 2 Banking Pilot Program of the UNEP-FI Task Force for Climate-Related Financial Disclosures (TCFD) and published the first Climate Risk Report in the financial industry in May in line with TCFD recommendations.

The Sustainability Management System Working Group evaluated our Bank's Scope 1 emission sources in 2021 and determined its emission reduction potential. Consequently, long-term Scope 1 and Scope 2 emission reduction targets were set in line with the Science Based Targets published for the finance industry and communicated in the Climate Risk Report.

Sustainability Reporting Working Group

The working group closely followed the latest trends in domestic and global good practices and coordinated our Bank's sustainability reporting, including the Integrated Annual Report, in compliance with internationally recognized standards.

Sustainability Communication Working Group

This working group carried out the communication of our Bank's sustainability efforts, and continued to share information on zero carbon events and sustainability-themed portals.

ENVIRONMENT AND CLIMATE

Sustainability Management System Working Group

It was established to monitor and evaluate the internal environmental impacts and occupational health and safety (OHS) performances of our Bank. Training courses were provided to our Bank and related subcontractors to raise awareness on OHS and sustainability.

As TSKB, we incorporated the ISO 45001 Occupational Health and Safety Management System into our Bank's structure in 2021.

In 2021, our Bank successfully completed ISO 14001, ISO 14064 and ISO 45001 audits with the help of the Sustainability Management System Working Group's efforts.

Climate Risk Working Group

Climate change poses financial risks to the banking sector but also presents a variety of opportunities. From this point on, Climate Risk Working Group was established within the sustainability structure in 2020.

The Group is working on measuring our Bank's financial risks arising from climate change, conducting and managing scenario-based analyzes in order to measure the effects of risk factors in the medium and long term, and integrating them into our risk model.

Green Swan Working Group

The Green Swan Working Group was established in 2021 to act jointly and take action against the climate crisis. Our Bank published various reports on climate related themes within the Green Swan platform.

Innovative ESG Products – Investment Banking Working Group

The Working Group was established in 2021 to develop sustainable labeled products on behalf of our customers, to follow the best practices in the world and carry out similar practices at our Bank and our subsidiary Yatırım Finansman.

SOCIAL IMPACT AND INCLUSION

Social Impact Management Working Group

The Social Impact Management Working Group continued to follow national and international good practices to develop TSKB's social impact analysis approach in its direct and lending activities, to create training programs, and to improve capacity.

Gender Equality Working Group

Our Bank joined the International Development Finance Club's (IDFC) Management Committee in 2019 and continued to chair the Gender Equality Working Group within the Club in 2021 as well.

The Group has established and published the Gender Equality Policy, which determines the responsibilities and principles regarding internal and external practices and strategies that respect gender equality.

SDG Mapping Working Group

It was established in 2021 to measure and report the contribution of investment and working capital loans granted by our Bank to SDGs. The group follows SDG-linked developments on a global and national scale and participates in training courses.



GOVERNANCE STRUCTURE

SUSTAINABILITY MANAGEMENT SYSTEM

DECLARATIONS TO WHICH TSKB IS A SIGNATORY

11 Working Groups are also responsible for actions related to a number of declarations and principles of which TSKB is a signatory.

- International Development Finance Club (IDFC) Climate Declaration
- The European Long-Term Investors (ELTI) - COP21 Declaration on the Transition to a Low Carbon Economy
- Women's Empowerment Principles (WEPS)
- Joint Statement on Energy Efficiency by the EBRD and UNEP-FI
- Global Compact Türkiye - Declaration of Sustainable Finance
- UNEP-FI Principles for Responsible Banking (Founding Signatory)
- The IDFC Gender Equality and Gender Equity Statement

IDFC Finance in Common

- Sustainable and Resilient Global Recovery Declaration
- Biodiversity Declaration
- Gender Equality and Women's Empowerment Declaration
- Social Investment Coalition – Social Investment Statement
- Business Plastics Initiative

International Development Finance Club (IDFC)

We continued our efforts on gender equality, climate, biodiversity and similar issues at the IDFC Club, to which we have been an active member since 2011, and its duty as the IDFC Climate Facility coordinator in 2021.

A common roadmap covering all IDFC members was drawn by the Frankfurt School

of Finance and Management under the IDFC Gender Equality Working Group, coordinated by our Bank. In addition, a separate analysis was performed by TSKB and forward-looking action plans were presented. During the COP26 held in Glasgow in November 2021, we held a panel themed "Climate and Gender Equality" at the IDFC Pavilion, organized by TSKB and IDFC Secretariat and in cooperation with AFD and BICE. In addition to previous statements, TSKB announced its support for the "Social Investment Statement" in the Finance in Common Summit-II in 2021.

The Banks Association of Türkiye (TBB) Sustainability Working Group

Developing sustainable finance approach and practices for all sectors, especially the finance sector,

Dissemination of sustainability policies and strategies in banks' lending and all operational processes,

It was established in 2020 with the aim of raising awareness in the field of sustainability by taking into account the national and international agenda, practices and regulations.

Our Bank will maintain its position as the Chairperson of the Banks Association of Türkiye Sustainability Working Group.

In this context, our bank coordinated the work to update the **"Sustainability Guide for the Banking Sector"**, which was published in 2014, and includes good practices of the contribution of the banking and financial sector to sustainable development. The updated guide was published in March 2021.

As part of cooperation and experience sharing with all stakeholders, Banks Association of

Türkiye organized video conferences on "Possible Impacts of Risks and Opportunities Arising from Climate Change on the Banking Sector" and "European Union Green Deal" in 2021. TSKB took part in the conferences where both regulatory authorities, academicians and esteemed speakers from abroad were brought together.

Again in 2021, the effects of the risks arising from climate change on the economy and the banking sector, and the **recommendation taken on green financing** within the scope of the efforts of the TBB Sustainability Working Group in this field were shared with the public.

With the Presidential Circular published in the Official Gazette dated 16.07.2021, the **"Green Deal Action Plan"** was announced by the Ministry of Commerce and the responsibility and coordination of the action "3.2.5. Determining a roadmap for the development of sustainable banking" for the target of "3.2. Developing an ecosystem that will enable the development of green finance in our country" under the title of "Green Finance" numbered 3 in the Plan was given to the BRSA and the BRSA Sustainability Working Group was established in 2021.

In this context, the **"Sustainable Banking Strategic Plan"** was accepted with the Decision no. 9999 of the Banking Regulation and Supervision Agency dated 24.12.2021 in order to determine the roadmap for supporting the financing of activities to reduce greenhouse gas emissions within the scope of the Paris Agreement and the European Union Green Deal, managing financial risks stemming from climate change and developing sustainable banking activities.

The studies foreseen in the document regarding the "Actions" in which TBB is designated as the

"Responsible/Coordinating Institution" and "Actions" where the TBB is designated as the "Cooperation Organization" are followed up by the TBB Sustainability Working Group, and the studies will continue in 2022.

Our Bank is also actively involved in the roundtable series by NGOs and supports the resulting projects. Accordingly, our Bank took an active role in the Environment and Climate Change working group under the TÜSİAD and Environment roundtable, which was established in 2021 to deal with energy and environment issues that are of strategic importance for Türkiye. As a member of the Carbon Pricing sub-working group, our Bank took part in the creation of the 'Certificate of Attitude on Internal Carbon Pricing', which is planned to be published in 2022, and contributed to capacity development.

On November 2019, the Business World Plastics Initiative Platform was established by Global Compact Türkiye, SKD Türkiye and TÜSİAD to continue its work on a voluntary basis. As a signatory to the Business World Plastics Initiative commitments in 2021, our Bank published its plastic reduction targets. Detailed information about the platform and TSKB commitments is available **in the related report.**

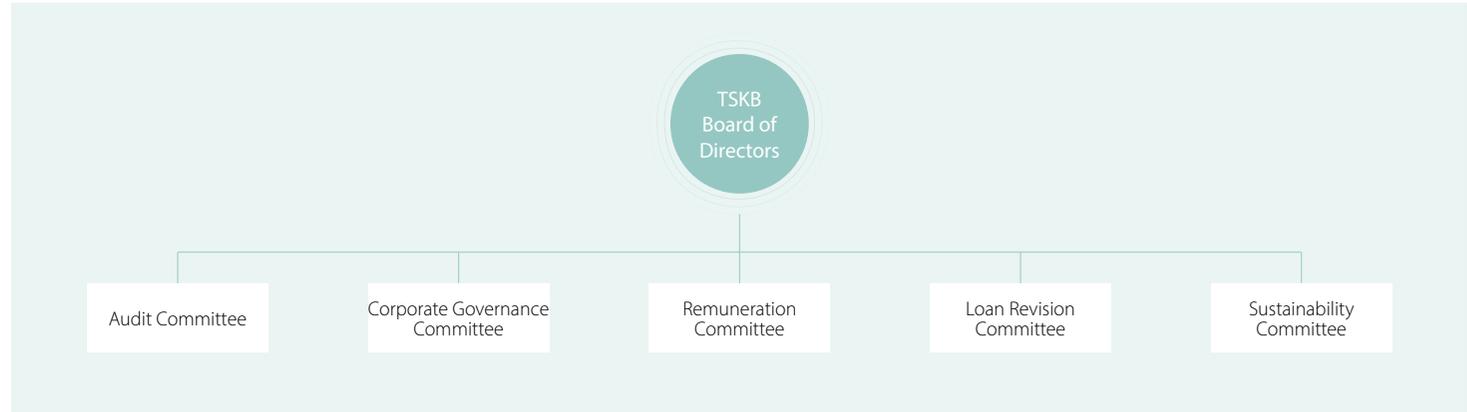
* IDFC Finance in Common Summit is the first global meeting of development banks around the world, held in November 2020 under the leadership of IDFC.



GOVERNANCE STRUCTURE

CORPORATE GOVERNANCE STRUCTURE

We regard corporate governance and compliance with laws as an important cornerstone in the responsible banking.



We regards corporate governance and compliance with laws as an important cornerstone in the responsible banking. Our Bank acts in accordance with the transparency, accountability and risk management principles required by corporate governance in all its operations. Other committees operating under the Board of Directors as part of corporate governance:

AUDIT COMMITTEE

The Audit Committee has been established to assist the Board of Directors in carrying out its audit and supervision activities. The committee consists of at least two non-executive Board Members and convenes at least 4 times a year.

CORPORATE GOVERNANCE COMMITTEE

The Corporate Governance Committee determines whether the Corporate Governance Principles are applied in the Company, if not, the reason and the conflicts of interest that occur due to not fully complying with these principles. It makes recommendations to the Board of Directors to improve Corporate Governance Practices and oversees the work of the Investor Relations Department. It consists of at least two non-executive Board Members and an Investor Relations Manager.

REMUNERATION COMMITTEE

The Remuneration Committee determines and oversees the principles, criteria and practices to be used in the remuneration of the Members of the Board of Directors and executives with administrative responsibility, taking into account the long term targets of the Company. It consists of at least two non-executive Board Members.

LOAN REVISION COMMITTEE

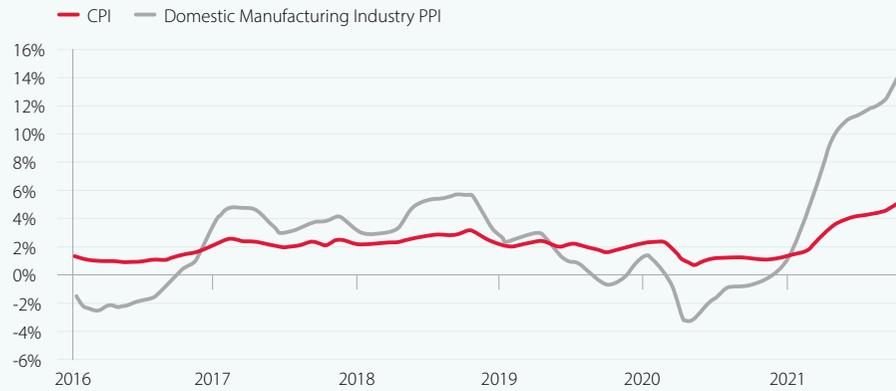
It is not one of the mandatory committees stipulated by the CMB Corporate Governance Communiqué, but consists of the CEO, 3 Members of the Board of Directors, 2 Executive Vice Presidents, and the managers of the relevant departments. It convenes at least once a year to discuss the evaluation of the loan portfolio and the revision of limits.



EXTERNAL FACTORS

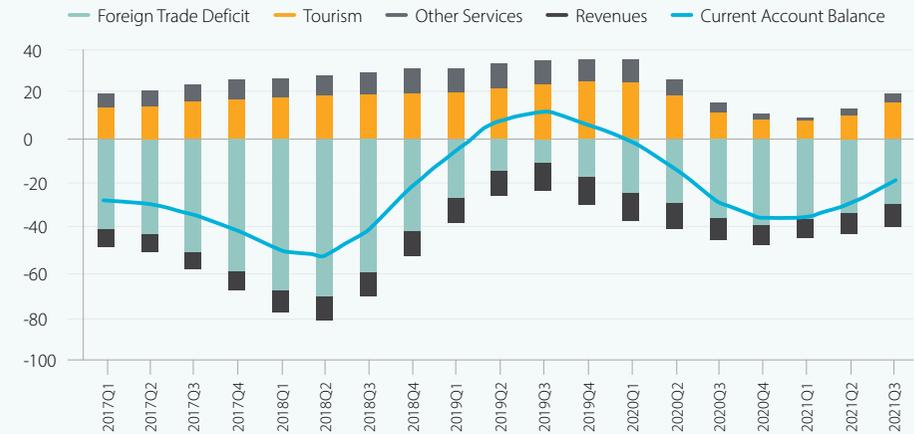
GLOBAL ECONOMIC DEVELOPMENTS

INFLATION IN OECD ECONOMIES



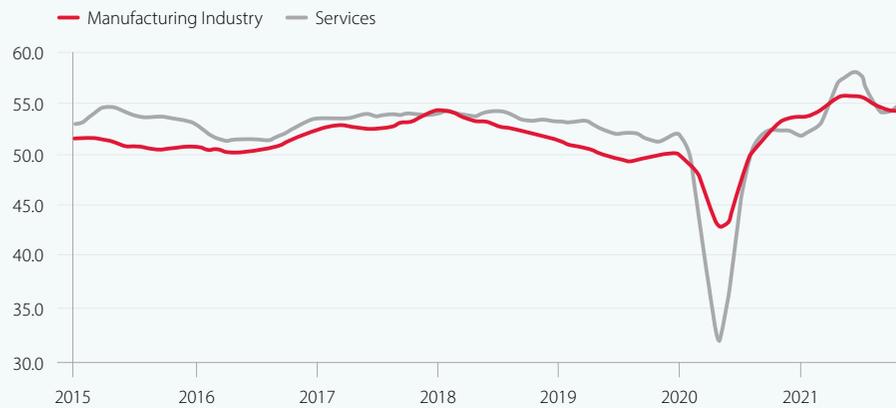
Sources: OECD, TSKB Economic Research

COMPONENTS OF CURRENT ACCOUNT BALANCE (12-MONTH TOTALS, USD BILLION)



Source: TCMB, TSKB Economic Research

MANUFACTURING INDUSTRY AND SERVICES PMI INDEX (3-MONTH AVERAGES)



Source: Reuters, TSKB Economic Research

ANNUAL INFLATION RATES



Source: TÜİK, TSKB Economic Research



EXTERNAL FACTORS

GLOBAL ECONOMIC DEVELOPMENTS

After the sharp contraction caused by the COVID-19 pandemic, the world economy has started to recover since the second half of 2020.



10.3%

2021 growth rate of world trade volume



54.7

Global service industry PMI for 2021

Activity remains strong in both manufacturing and service industries

After the sharp contraction caused by the COVID-19 pandemic, the world economy has continued to recover since the second half of 2020. Despite widespread vaccination, the high number of cases with different variants leads to the difficulties in the management of the pandemic and disruptions in supply processes. In 2021, world trade volume grew by 10.3% and industrial production by 7.9% in real terms. Preliminary data reveal that activity in both manufacturing and service industries remained strong in the last quarter of the year. As of the end of 2021, the global manufacturing purchasing managers index (PMI) was 54.3, while the services PMI was 54.7, indicating that the increasing number of cases in the last quarter of 2021 had a limited effect on economic activity.

Climate related problems led to an increase in agricultural commodity prices

The rapidly recovering world growth and supply constraints resulting from the pandemic factors have led to increases in commodity prices, increasing inflationary expectations. Moreover, the need for investment required by the green transformation has strengthened the demand for industrial metals such as copper and aluminum. The price of Brent crude oil, which averaged USD 43.3 per barrel in 2020, maintained its upward trend in 2021 and the price of 1 barrel of Brent crude oil rose up to USD 70.9 in average. The climate related problems led to increases in agricultural commodity prices, as well as squeeze in electricity production from renewable energy sources and natural gas supply, record increase in carbon prices and rapid rise in energy prices.

While transportation costs worldwide reached record levels, some countries extended their supply times due to the methods of combating the pandemic and factors caused by supply-demand imbalance. Consequently, consumer inflation in the USA, which was 1.3% at the end of 2020, increased throughout the year and exceeded 7%. Annual inflation in the Euro area reached 5%. While the number of cases with new variants remains high on a global scale in the pandemic, commodity prices are fluctuating due to uncertainties about the speed of the slowdown in the Chinese economy. Due to the ongoing pandemic, the inflation outlook is considered to have two-way risks.

High inflation may last longer than expected

The forward guidance that high inflation is caused by temporary factors and will start to decline in the future has left its place to the evaluations that high inflation may last longer than expected. This has strengthened the expectations that central banks of developed countries could put their exit strategies forward. The US Federal Reserve (Fed) slowed its asset purchases. This gave the message that the future rate hikes may be faster than the previous path. Fed also announced that they could start shrinking the balance sheet after interest rate hikes. Due to the inflationary pressure that continued throughout the year, many central banks in emerging economies tightened their monetary policy stances to varying degrees.

Inflation is expected to decline at a moderate pace in the second half of 2022 as temporary factors disappear.

Consequently, the world economy, which grew strongly in 2021, is expected to grow above the average of the last 10 years in 2022. However, there is a possibility that the varying performances of countries in vaccination and pandemic management may also be reflected in their economic performance. Inflation is expected to remain high until mid-2022 and to decline at a moderate pace in the second half of the year as the temporary factors disappear. Distress in the supply chain, accumulated costs, aggregate demand conditions and climate related problems indicate that high levels of inflation may last longer than expected. On the other hand, uncertainties about the slowdown in the Chinese economy keep the downside risks on world growth and commodity prices alive, while limiting global inflationary risks.



EXTERNAL FACTORS

DEVELOPMENTS IN THE TURKISH ECONOMY

TSKB IN THE LIGHT OF ECONOMIC DEVELOPMENTS

Although the economy has entered a recovery period, there has been no significant increase in investment demand and FX loan appetite compared to the previous year, due to the pandemic and global uncertainties. In 2021, TSKB's support to the economy exceeded USD 2.2 billion with cash and non-cash loans. TSKB provided a total of USD 155 million in financing for companies that were adversely affected by the Covid-19 pandemic. ✓

Closely monitoring risks and opportunities, TSKB will increase its support to the economy compared to the previous year with its lending, investment banking and advisory activities in 2022.

➤ [See Financial Capital](#)



11.0%

Growth rate of Türkiye's economy in 2021

TURKISH ECONOMY

Private sector consumption and investment expenditures had impacts on the economy

Despite the global recession, the Turkish economy ended 2020 with growth and gained momentum in 2021. According to seasonally and calendar adjusted data, gross domestic product (GDP) grew by an average of 2.0% over the four quarters. Compared to 2020, the growth was 11.0%. In dollar terms, GDP increased from USD 716.9 billion to USD 802.7 billion. While private sector consumption and investment expenditures were influential in the economy throughout the year, net foreign demand supported growth. Preliminary data indicate that economic activity started 2022 with a moderate slowdown.

In the first ten months, budget revenues increased one and a half times more than expenditures

In 2021, budget revenues increased more than expenditures due to the strong domestic demand and inflationary effects. Revenues increased year-on-year by 36.8% in 2021, while the increase in tax revenues amounted to 39.8%. In the same period, the increase in total expenditures was 32.9%, while non-interest expenditures remained slightly below the inflation rate with 32.6%. Thus, the budget deficit rose from TL 175.3 billion in 2020 to TL 192.2 billion in 2021. In the same period, primary deficit decreased from TL 41.3 billion to TL 11.4 billion.

Current account balance improved thanks to the recovery in services revenues

Despite the limited increase in international energy prices and the slowdown in domestic demand, the strong external demand for the manufacturing

industry balances the risks on the current account deficit. Exports increased year-on-year by 32.8% in 2021, while the increase in imports remained at 23.6%. Thus, the foreign trade deficit narrowed by 7.5%. However, a gradual improvement was observed in the current account balance due to the recovery in service revenues, especially in tourism. The current account deficit, which was USD 35.5 billion in 2020, decreased to USD 14.9 billion in 2021. Core current account surplus excluding gold and energy increased from USD 11.1 billion to USD 29.3 billion. While the need for external financing decreased following the recovery in the current account balance, inflows from capital flows and net errors-omissions led to an increase in official reserves. While foreign direct investment inflow was USD 7.7 billion throughout the year, USD 761 million inflow was recorded in portfolio investments. Firms were net foreign debt payers, while official reserves increased by USD 23.3 billion with the contribution of net errors and omissions.

Inflation continued to rise throughout the year

The slowdown in domestic demand remained limited, while the inflation increased throughout the year due to global costs. In addition to the capacity constraints caused by the volatility in exchange rates and the normalization process, the upside risks on the inflation outlook increased due to the rapid increases in food prices. Annual inflation increased from 14.6% at the end of 2020 to 36.1% at the end of 2021. The cost pressure caused by the developments in the exchange rate and international commodity prices led to the increase in annual producer inflation from 25.1% at the end of 2020 to 79.9%. In addition to high commodity prices, fluctuation in exchange rates increased inflationary pressure.

The CBRT, though it opened the year with interest rate hikes, started to lower interest rates at the end of the third quarter. The CBRT increased the policy rate from 15.0% at the end of 2020 to 17.0% in January and to 19.0% in March 2021. In September, the CBRT lowered the policy rate by 100 basis points, considering that the rise in inflation stemmed from outside the control area of monetary policy. The CBRT made cuts of 200, 100 and 100 basis points in October, November and December, respectively. The CBRT also made a number of changes in the required reserve practices to strengthen the transfer mechanism.

Economy is expected to continue to grow in 2022, albeit slowing

The Turkish economy, closed 2021 with a strong growth, is expected to continue to grow in 2022, albeit at a slower pace. Domestic demand is expected to lose momentum due to the volatility in financial markets. While it is thought that the slowdown in imports may remain limited due to high commodity prices, it is predicted that the strength of foreign demand and the extent of the recovery in tourism will determine the improvement in the current account balance. In addition to high commodity prices, fluctuation in exchange rates increases inflationary pressure. Therefore, it is estimated that inflation may rise in the short term and then decline slightly towards the end of 2022 due to the limited improvement in expectations.



EXTERNAL FACTORS

SECTORAL DEVELOPMENTS

TSKB IN THE LIGHT OF SECTORAL DEVELOPMENTS

Following the procedures completed in 2021, our restructuring rate was total 70% for Stage 2 and Stage 3 loans, while it reached 92% for the third group loans separately. The asset quality was maintained and the prudent provision policy was supported by profitability. Our net loan risk cost adjusted for the exchange rate effect decreased to 143 bps.

We do not expect a significant deterioration in asset quality in 2022, when we will analyze and monitor risks and opportunities closely in the light of sectoral developments, and we anticipate that the net cost of risk will be around 200 bps. We will continue to support the Turkish economy with our strong capital.

[See Financial Capital](#)



20.4%

Increase in Turkish Lira loans in the banking industry in 2021

DEVELOPMENTS IN THE SECTOR

Effective growth path

In the banking industry, 2021 was a year in which growth rates normalized as a result of the decrease in loan demand after the high rate of loan growth in the previous year and the effect of the Central Bank's interest rate policies implemented until the last quarter of the year. In the industry, Turkish lira (TRY) denominated loans increased by 20.4% in 2021 and foreign currency (FX) denominated loans (adjusted for exchange rate effects) decreased by 1.6%. Banks, with the increased restructuring efforts, also continued to support the real sector by providing payment facilities to debtor companies.

Asset quality improved with the increase in economic activity

In 2021, there was a revival in economic activity with the increase in vaccination and removal of certain restrictions against the pandemic. This, in turn, increased the loan repayment performance of companies and slowed down the occurrence of non-performing loans in the banking industry. On the other hand, in addition to the asset quality management activities of banks, the increase in the exchange rate due to the fact that non-performing loans are predominantly TL denominated also contributed to the decline in the non-performing loan ratio. Consequently, the NPL ratio of the banking industry decreased from 4% to 3.2% in 2021. Thanks to the decrease in collection problems and the improvement in expectations for economic activity in the first 10 months of 2021, banks were able to operate cautiously by allocating lower amount of provisions compared to the high loan provisions reserved in the previous year. In the last 2 months of the year, banks preferred to act conservatively to strengthen their provisions.

The return on equity reached 14%.

The net profit of the industry increased by 57.4% in 2021 and a recovery was observed in the profitability rates with the contribution of core banking activities especially since the second half of the year. The return on equity of banks had declined from 15% to 11% in the previous three years. In 2021, on the other hand, the return on equity was increased to 14.4% as of November 2021 following the improved profit margins and the ability to control expenses.

The banking industry continues to maintain its strong capital structure

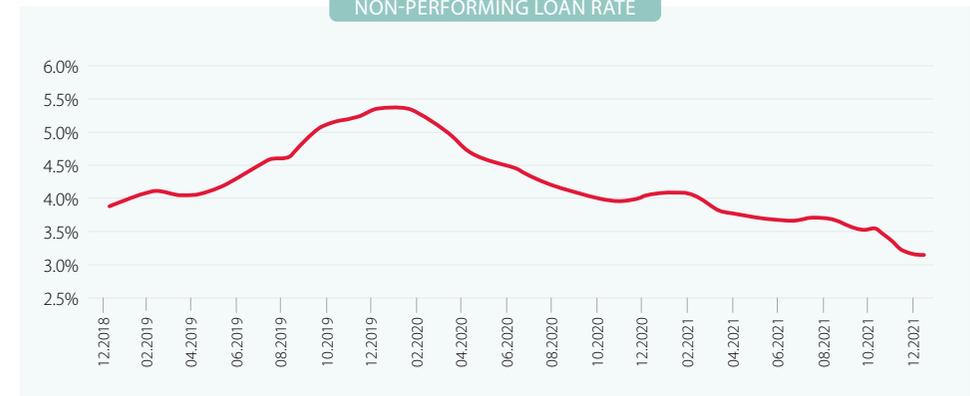
In their foreign borrowings in 2021, banks were observed to manage almost all of their due debts by re-borrowing, as in the previous year. Considering syndicated loans only, the conversion rate increased compared to previous years and reached 110% within the year, indicating the confidence of the lenders in the Turkish banking industry. The short-term FX liquid assets of the banking industry can easily cover its short-term foreign borrowings.

Considering the regulatory changes set out by the BRSA, the industry's capital adequacy ratio was 18.3% as of December 2021, and this shows that the industry continues to maintain its strong capital structure.

We will continue to support the economy

In 2022, the GDP growth rate is expected to slow down compared to 2021. This possible development may cause companies' loan demands to concentrate on short-term TL denominated loans and may also put pressure on their loan repayment capacities. The industry is expected to continue to meet customers' loan and restructuring demands with a prudent management approach. On the other hand, banks may prefer to increase their provisions with a conservative approach in order to be prepared for possible deterioration in asset quality.

NON-PERFORMING LOAN RATE





EXTERNAL FACTORS

LEGISLATIVE DEVELOPMENTS

TSKB IN THE LIGHT OF LEGAL REGULATIONS

We closely followed the changing regulations in line with the global developments in 2021. In addition, we have determined our strategies, measures, operating rules and responsibilities to reduce and control the risks that may be exposed in this context. TSKB will continue to work on this issue in 2022 as well, and will take necessary actions by following all legislative developments.

- **See Financial Capital**
- **See Corporate Governance and Risk Management**

REGULATIONS AND REGULATORY CHANGES BY AUTHORITIES

As the first year of the pandemic ended on March 2021, the "Economic Reform Package" was announced, in which a roadmap was drawn to support the normalization in the banking industry and the real sector and to get prepared for the post-pandemic period. The Economy Reform Package included the main topics of Public Finance, Price Stability, Financial Industry, Current Account Deficit, Employment, Corporate Governance, Encouragement of Investments, Facilitating Domestic Trade, Competition, Market Surveillance and Supervision, and planned to implement legislative regulations that are closely related to the banking industry by the end of the year. The Guidelines on Loan Allocation and Monitoring Processes and the Guidelines on NPL Resolution have been published within the scope of actions "implementation of the long life cycle project" and "creation of operational restructuring and firm rehabilitation functions in the banking industry for closely monitored loans", which are aimed at increasing the asset quality of the banking industry. The Guidelines on Loan Allocation and Monitoring Processes stated that banks should take a holistic approach and include environmental Social and Governance factors as well as the associated risks in their loan risk appetite and risk management policies, loan risk policies and procedures.

The Regulation on Sharing of Confidential Information was published in June 2021; it defines the scope, form, procedures and principles regarding the communication and transfer of bank secrets and customer secrets. The regulation will enter into force in July 2022.

The 2022-2025 Sustainable Banking Strategic Plan was announced in December 2021 in order to draw the roadmap for the development and dissemination of sustainable finance practices in the Turkish banking industry, included in the Green Deal Action Plan published by the Ministry of Commerce in July 2021.

The Draft Guideline on Green Debt Instrument and Green Lease Certificate was created by the Capital Markets Board and communicated publicly in November 2021. This guideline intends to promote green bond and sukuk issuances by creating a guide in compliance with the international standards for the financing of environmentally sensitive investments.

In terms of tax regulation, it has been announced that the corporate tax rate shall be 25% for corporate earnings for the 2021 taxation period and 23% for corporate earnings for the 2022 taxation period according to the temporary article included in the Corporate Tax Law.

The Fight Against Money Laundering and Financing of Terrorism, and Sanctions

In 2021, a series of regulations were established by the Financial Crimes Investigation Board to prevent laundering of proceeds of crime, financing of terrorism and financing of the proliferation of weapons of mass destruction.

The Regulation on the Procedures and Principles Regarding the Enforcement of the Law on the Prevention of Financing the Proliferation of Weapons of Mass Destruction entered into force in order to implement the sanction decisions of the United Nations Security Council on preventing the financing of the proliferation of weapons of mass destruction. Miscellaneous amendments were made in the Regulation on the Program of Compliance with Obligations Regarding the Prevention of Laundering of Proceeds of Crime and the Financing of Terrorism, and in the Regulation on the Procedures and Principles Regarding the Enforcement of the Law on the Prevention of the Financing of Terrorism.



EXTERNAL FACTORS

OTHER DEVELOPMENTS

TSKB IN THE LIGHT OF CLIMATE CHANGE AND CIRCULAR ECONOMY

Our Bank communicated its climate risk strategy, governance, defined and analyzed risks and opportunities, key performance indicators, long-term targets and roadmap to its stakeholders in a comprehensive manner in the first TCFD-compliant climate risk report of the finance industry published in 2021. Our Bank continues to work resolutely in line with its strategy and targets.

Our Bank has taken part in the financing of many investments aimed at combating and adapting to climate change with the sustainability-themed funds it has been offering. We will continue to support Turkish industrialists in the circular economy and transition to decarbonisation.

- [See Natural Capital](#)
- [See Financial Capital](#)

OTHER FACTORS

Climate Change and Circular Economy

With a dramatically increasing impact every year, climate change continued to affect the world with both acute and chronic weather events throughout 2021. Deaths due to drought and extreme heat in the USA, increased number of pests damaging agricultural products in East Africa, sandstorms and floods in China, and heavy rains that caused loss of life in Germany-Belgium-Netherlands region revealed the seriousness of the effects of climate change.

Adaptation and mitigation efforts on climate change continued to gain momentum as the materiality of the issue became much clearer and the awareness increased in the world. Türkiye approved the Paris Agreement, which it signed in 2016, with the main goal of limiting climate change as much as possible and strengthening resilience against climate-related impacts, with a presidential decree on October 7, 2021, and declared a net zero emission target for 2053. The 26th United Nations Climate Change Conference (COP26), held in Glasgow in November, revealed the concrete examples of the actions taken in this regard. The notable outcomes of COP26 included a joint statement by China and the US promising to work together to slow global warming, the agreement signed by more than 40 countries to phase out the coal use, and declarations by China and India to become carbon neutral by 2060 and 2070, respectively.



The access to funds has also a critical role in the adaptation to climate change. In this regard, important steps were taken in 2021 in terms of climate change financing. The blended finance approach gained importance in order to ensure that less public resources were spent and private funds were triggered to accompany public resources spending. Another prominent development was to establish the Glasgow Financial Alliance for Net Zero (GFANZ). Joined by more than 450 companies, representing USD 130 trillion in assets, the Alliance aims to decarbonize the world economy by 2050. At COP26, 10 multilateral development banks signed a joint statement committing to accelerating their efforts towards the conservation, restoration and sustainable use of nature, and agreed to double the funding (approximately USD 160 billion) provided to developing countries for climate change adaptation by 2025 compared to 2019.

The transition to the circular economy has a significant role in fighting against the climate change and its effects. Recent studies indicate that current linear economy practices will lead our planet to a temperature increase of 3 to 6 degrees in 2044. However, it will be possible to keep this increase well below 2 degrees by implementing practices towards the development and expansion of circular economy. Therefore, the finance industry has a great role in this regard. It is vital to take actions and develop products in order to support the practices that will contribute to the circular economy and to ensure access to funds.



EXTERNAL FACTORS

OTHER DEVELOPMENTS

SUSTAINABLE FINANCE AT TSKB

Our Bank started 2021 with its third sustainable Eurobond issuance and indexed its 130% renewed syndicated loan to sustainability criteria. Our Bank entered into a successful cooperation by signing the first foreign trade based sustainable funding agreement of USD 25 million with Citi. Our SDG-linked loan ratio was 89% at the end of 2021. ✓

We will continue to have SDGs at the heart of all our activities, including international funding, loan products, investment banking, and advisory.

- [See Natural Capital](#)
- [See Financial Capital](#)



USD 859 billion

Total issuance in the sustainable bond market in 2021

Sustainable Finance

In parallel with the increasing importance of sustainability, decarbonization and combating climate change, the world of sustainable finance also made an active start to 2021. The amount of sustainable bonds issued in the first half of the year almost doubled compared to the same period of the previous year. Total issuance in the sustainable bond market reached USD 859 billion by the end of 2021, according to Environmental Finance data. Nearly half of these bonds (48.5%) were green bonds, while social bonds, sustainability bonds, sustainability related bonds and developing transformation bonds made up the rest of the market.

Biodiversity financing drew attention as an issue that started to be mentioned frequently in 2021 and is expected to rise in the sustainable finance world in 2022. In June 2021, the United Nations Development Program (UNDP), the United Nations Environment Program Finance Initiative (UNEP-FI), the World Wide Fund for Nature (WWF), and Global Canopy took a significant step to draw attention to biodiversity and founded the Task Force on Nature-related Financial Disclosures (TNFD). It was observed that investors were getting more interested in the matter and tended to allocate capital to the protection of the nature; however, existing financing instruments and agreements were below the level that is required to meet the increasing demand. Therefore, it is anticipated that the tendency towards biodiversity and nature protection financing mechanisms will increase in the upcoming period.



In parallel to these global developments, Türkiye also made progress in sustainable finance in 2021. In November, the Capital Markets Board (CMB) published the Draft Guidelines on the Green Debt Instrument and Green Lease Certificate. This document aims to contribute to the increase in the issuance of green debt instruments and green

lease certificates, to strengthen investor confidence, and to diversify investment opportunities for sustainability oriented projects in Türkiye. Based on this guidelines, which is expected to be finalized and put into effect in 2022, the sustainable finance market in Türkiye is anticipated to gain momentum.



EXTERNAL FACTORS

OTHER DEVELOPMENTS

TSKB IN THE LIGHT OF DIGITALIZATION

At TSKB, we invest in digitalization to increase efficiency and to ensure improvement in time management. We also use artificial intelligence in our projects.

In order to support the awareness and development of employees in this context, we started to hold meetings on new technology trends and applications in 2021 and aims to continue holding these meetings in 2022 as well.

➤ **See Intellectual and Manufactured Capital**

Digitalization

Digitalization trends, which had already been on the rise before the Covid-19 pandemic, intensified following the onset of the pandemic with ongoing effects in 2021. One of the most important component of this trend has been the developments in Artificial Intelligence. These developments have enabled the finance industry players to use Artificial Intelligence to make predictions, take decisions and produce recommendations in line with the given targets. Therefore, the Artificial Intelligence is predicted to increase efficiency in the market, contribute to financial stability, and improve the conditions of access to financial services and the customer experience. This development in Artificial Intelligence can also significantly increase efficiency in human resource management.

Artificial Intelligence also enables more effective monitoring and analysis of financial indicators as well as sustainability-linked indicators via its ability to instantly and systematically collect and analyze big data. However, it is of great importance to adopt accountability, transparency, traceability and strong data management practices in order to ensure the reliability of the data.

Social Outlook and Social Change

According to the data announced in February 2022, unemployment figures in Türkiye showed a decrease of 1.9 points in the fourth quarter of 2021 compared to the same quarter of the previous year and was recorded as 11%. The unemployment rate in Türkiye was above the OECD average of 5.8% in November 2021. In the fourth quarter of 2021, youth unemployment in Türkiye decreased by 4.1% compared to the same period of the previous year and reached 21%. The labor force participation rate of women was 34% in this period. This rate corresponds to an increase of 1% quarter-on-quarter and 3.8% year-on-year.

The gender equality continued to be one of the most prominent social issues both in Türkiye and in the world in 2021. In particular, the steps taken to pave the way for women's participation in the workforce and their advancement in the business world are accelerating. Global studies show that the percentage of women in top management positions has reached 31% in 2021, compared to 19% in 2004. However, in addition to the necessity of increasing this rate in the future, actions should continue to focus on different aspects such as wage differences, gender-based prejudices and women's access to finance for gender equality in the business world.

TSKB IN THE LIGHT OF SOCIAL DEVELOPMENTS

At TSKB, we carry on its activities towards inclusion, equal opportunity, and prevention of discrimination. Our Bank actively supports equality of opportunity with social responsibility projects such as Empowerment-through-Education Scholarship Fund, #Equal Steps, and Women Stars of Tomorrow-Education Support Fund. With the financing provided by our Bank for equal opportunity to date, the ratio of women-themed loans in the loan portfolio has reached 3.5%. In addition, we support efforts on equal opportunities in many international and local prestigious platforms such as IDFC.

➤ **See Social Capital**
➤ **See Financial Capital**



33%

Labor force participation rate of women in Türkiye



EXTERNAL FACTORS

OTHER DEVELOPMENTS

TSKB IN THE LIGHT OF REPORTING TRENDS

We closely monitor developments, good practices and reporting trends concerning the international standards, and makes improvements in our reporting by taking into account the stakeholder feedback. We prepared the 2021 Integrated Annual Report (IAR) based on the feedback received annually under the Reporting Matters project as well as the comments of nearly 10 important international stakeholders about the report this year.

The TCFD aligned Climate Risk Report published in May was a groundbreaking move by our Bank in the financial industry. Our Bank included the important issues and key performance indicators from the aforementioned report into the IAR 2021, and also shared its performance against the targets and roadmap with the stakeholders.

➔ [See Natural Capital](#)

Non-Financial Reporting Trends

Sustainability reporting practices have become an even more important trend in 2021 with the development of reporting standards in terms of both industrial scope and reporting framework criteria. Studies also point to a trend towards harmonized and comparable reporting standards. In March 2021, the European Financial Reporting Advisory Group (EFRAG) communicated its recommendations on the development of EU sustainable reporting standards to the European Commission. In April 2021, the Commission submitted a proposal for the Corporate Sustainability Reporting Directive, which includes recommendations for updating and improving the Non-Financial Reporting Directive. The reporting requirements of this directive cover all listed companies in the EU. Another change in sustainability reporting has been the developments in reporting expectations for sustainable finance practices. On October 22nd, the technical criteria of the Sustainable Finance Reporting Directive were published, imposing a reporting obligation on sustainable investment and finance practices. The Directive involves technical reporting expectations for financial product owners, investors and financial service providers and has been expected to be implemented in 2022. However, the implementation date has been updated as January 2023, considering that the criteria cannot be fulfilled by the market participants until this date.



Another step towards the development and harmonization of reporting standards was taken at the COP26 summit. The International Accounting Standards Agency (IFRS) announced that the establishment of International Sustainability Standards Board (ISSB) was in progress. It was reported that the ISSB would aim to set mandatory reporting standards and would involve the Climate Disclosure Standards Board (CDSB) and the Value Reporting Foundation (VRF) under its umbrella.

The Task Force on Climate-Related Financial Disclosures (TCFD), which has been one of the most important reporting initiatives since its establishment, also made improvements in the reporting framework in 2021.

The organization updated the TCFD Implementation Recommendations published in October 2017, and made additions and improvements on the indicator and target disclosure requirements.

The Task Force on Nature-Related Financial Disclosures (TNFD), which is considered as an advanced stage of TCFD efforts and has a similar methodology, also published two different reports in June. These reports provided recommendations for the TNFD on governance, communications, resources and technical coverage of the business plan and statements.



GRI-FS6, GRI-FS7, GRI-FS8

CAPITALS



Financial Capital

2022 TARGETS

Fees & Commissions Growth 30%

Commissions from Advisory Services and Investment Banking are expected to continue to increasingly support revenues.

Low 20s Return on Equity Ratio

As a result of our activities in 2022, we expect our return on equity ratio to develop at low 20s levels.

~16% Capital Adequacy Ratio*

We will continue to create value with our strong capital supported by profitability.

2021 KPIs

19.4%

OPEX Growth

4.7%

Net Interest Margin**

3.2%

NPL ratio

8.4%

Cost/Income Ratio

20.8%

Capital adequacy ratio

143 bps

Net Cost of Risk***



* BRSA temporary measures excluded

** Adjusted - Swap costs and FX position income included

*** Currency adjusted



GRI-FS6, GRI-FS7, GRI-FS8

CAPITALS

FINANCIAL CAPITAL

2022 GUIDANCE	
Financial Guidance (Bank Only)	2022YE Guidance (%)
Growth	
F1 FX Adjusted Loan Growth	Contraction
Profitability	
F2 Net Interest Margin (Adjusted*)	~4.0
F3 Fees & Commissions Growth	~30
F4 Return on Equity	Low Twenties
Efficiency	
F5 OPEX Growth	~50
F6 Cost/Income Ratio	<14
Solvency**	
F7 Capital Adequacy Ratio	~16.0
F8 Tier 1 Ratio	~10.0
Asset Quality	
F14 NPL Ratio	<4.5
F15 Net Cost of Risk	~200 bps

* Swap adjusted and excluding FX Gains/Losses.

** Excluding BRSA's temporary measures.

2021 RESULTS		
Financial Expectations (Bank Only)	2021YE Guidance (%)	2021YE Results (%)
FX Adjusted Loan Growth	<2	-0.8
Net Interest Margin (Adjusted*)	~4.5	4.7
OPEX Growth	<20	19.4
Fees & Commissions Growth	~35	41
Return on Equity	~16	16.7
Cost/Income Ratio	~14	8.4
Capital Adequacy Ratio (**)	~15.5	15.3
Tier 1 Ratio (**)	~10.5	8.9
NPL Ratio	~4	3.2
Cost of Risk (***)	~150 bps	225 bps

* Swap adjusted, including FX Gains/Losses.

** Excluding BRSA's temporary measures.

*** Gross CoR including currency impact and excluding NPL provision reversals. The net CoR without currency impact is 143 bps.

Sustainable profitability

SDG-supporting loan operations

Strong resources and liquidity

Strong risk management

Innovative ESG products

Increased commission contribution to revenues

Strong communication with stakeholders



GRI-FS6, GRI-FS7, GRI-FS8

CAPITALS

FINANCIAL CAPITAL

Our Bank attained an improvement of 10.7 points in its environmental, social, and governance risk management rating thanks to the optimizations and strong ESG performance it has delivered throughout the year.

HIGHLIGHTS OF 2021

A key player in development and investment banking

TSKB's total asset size grew by 63.4% on a year-on-year basis, reaching TL 84.1 billion. Ranking 13th in the industry in terms of asset size, our Bank maintains the second place among development and investment banks.

ESG rating improvement exceeding the target

TSKB's environmental, social, and governance risk management score increased 10.7 points as a result of the optimizations and robust ESG performance throughout the year. With an ESG rating of 13.6, our Bank ranked first among the Turkish banks assessed by Sustainalytics and sixth among global banks in its category. The ESG-Rating Linked Club Loan obtained last year with the intention to improve ESG ratings and the cost of loans closed successfully in November.

80% of total funding in ESG

Following the issuance of a sustainability-themed Eurobond worth USD 350 million in January, our Bank rolled its syndication with 130% ratio, with adding sustainability-linked KPIs in July. The share of ESG in funds reached 80%.



SDG-driven lending activities

In parallel with its mission and commitment to supporting SDGs, our Bank continued to finance projects that had positive environmental and social impacts in 2021. In 2021, our Bank's support to the economy through cash and non-cash loans exceeded USD 2.2 billion. USD 17 million within the aggregate amount of USD 1.3 billion in cash loan disbursements was realized through APEX loans. SDGs 1, 7, 8, 9, 12, and 13 were prominent among the SDGs supported through lending activities, while the share of SDG-linked loans reached 89% of total loans. ✓

New loan limit of USD 1.5 billion

Our Bank allocated cash and non-cash loan limits of USD 1.5 billion to corporate clients throughout the year and signed a new loan agreement worth over USD 861 million.



GRI-FS6, GRI-FS7, GRI-FS8

CAPITALS

FINANCIAL CAPITAL

In 2021, we disbursed USD 1.3 billion in cash loans to our clients as part of our Corporate Banking and Project Finance activities.



34%

Long term loans market share among development and investment banks



More than 100%

Growth rate in investment banking and advisory revenues

Working capital support for companies hit by the COVID-19 pandemic

With a 34% market share in long term loans among development and investment banks, we concentrate on investment loans as per our mission. In addition, we focused on the working capital and liquidity needs of companies adversely affected by COVID-19 in order to reduce the effects of the pandemic that still dominated 2021. In this context, we successfully attained the target of USD 150 million in financing in 2021. As of the end of 2021, the share of investment loans within the total loan portfolio slightly narrowed, falling to 62%, while the share of working capital loans reached 32%. The share of APEX loans was 6%.

Medium and long term loans' share at 78%

Our Bank disburses medium and long term loans to clients in line with its vision of pioneering Türkiye's sustainable development. As of the end of 2021, loans with a maturity of less than one year represented 22% of Our Bank's loan portfolio, while loans with a maturity of five years or more represented 51%. With an average maturity of 5.1 years, the average lending amount at TSKB is USD 14 million.

Well-established expertise in investment loans

In 2021, we disbursed USD 1.3 billion in cash loans to our clients as part of our Corporate Banking and Project Finance activities. USD 991 million of this amount was disbursed to corporate customers as long term investment and short/medium term working capital loans. As part of our project financing activities, our Bank disbursed loans of approximately USD 287 million to the projects financed in cooperation with other financial institutions. The amount of APEX loans disbursed in the same period was approximately USD 17 million.

With the new loans extended in 2021, we financed women's employment and projects in developing regions on the axis of inclusion which covers economic and social sustainability themes, as well as investments in capacity increase in various industries, especially investments in electricity generation and distribution activities. We also focused on the working capital needs of its customers.

In 2021, Our Bank financed mainly investments in wind, geothermal, solar and biogas/biomass resources in the field of renewable energy.

Although the weak investment appetite is expected to continue in 2022, Our Bank anticipates that investments in renewable energy and capacity will increase, as well as investments in the inclusion and circular economy themes, will have a significant share in new loan disbursements.

Contribution of robust investment banking and advisory services

Successful investment banking and advisory deals continued to support core banking revenues.

Investment banking and advisory revenues, standing at 63% in total gross commissions, doubled compared to the previous year.

In 2021, our Bank issued its first SDG-linked lease certificate in line with its green transformation efforts in capital markets.



GRI 102-15, GRI-FS6, GRI-FS7, GRI-FS8

CAPITALS

FINANCIAL CAPITAL

PROJECT FINANCING AREAS OF TSKB

ENERGY GENERATION

- Renewable Energy and Power Generation Plants

ENERGY DISTRIBUTION

- Electricity Distribution Projects
- Natural Gas Distribution Projects

MERGERS AND ACQUISITIONS (M&A) FINANCING

- Energy
- Fuel
- Packaging
- Pharmaceuticals

INFRASTRUCTURE/TRANSPORTATION

- Logistics
- Transportation Projects (Ports and Airports)
- Telecommunications

PUBLIC-PRIVATE PARTNERSHIP PROJECTS (PPP)



35%

Share of renewable energy projects in the total portfolio

Renewable Energy Industry and TSKB

The effective and accurate use of renewable energy resources is of key importance in combating climate change and during the transition to a low carbon economy in Türkiye. Renewable energy resources are key to reducing Türkiye's external dependency on energy.

Power generation has the largest share in TSKB's loan portfolio, with 39.7%. Renewable energy projects account for 89% of power generation portfolio. The share of renewable energy projects in our total portfolio is 35%.

The renewable energy installed power capacity funded by TSKB has reached 8,239 MW.

We have been supporting projects in the field of renewable energy in Türkiye with medium and long term funds since 2002.

The energy projects funded by TSKB range from hydroelectric power plants to solar, wind, biomass and geothermal power plants.

The total installed power of 387 projects financed by TSKB is 8,239 MW, which represents 15% of Türkiye's total installed capacity in renewable energy. ✓



Considering our Bank's loan portfolio, the energy industry maintained its dominant position as of the end of 2021. In the upcoming period, our Bank will continue to support renewable energy projects which contribute to the integration of domestic energy resources into the economy. Within the scope of fight against climate change, we monitor the sensitivity of the sectors in our portfolio to climate risk with the Portfolio Heat Map, which we have prepared by taking advantage of TCFD recommendations, and we undertake that we will not finance the newly established coal-fired thermal power plant and coal mining investments for electricity generation.

91% of the renewable energy projects financed by TSKB are in operation.

As of the end of 2021, 91% (on a MW basis) of the renewable energy projects financed by TSKB has started generating power. The total installed power of the projects in operation amounts to 7,506 MW.

The total investment of energy projects financed in Türkiye from 2003 to 2021 amounted to USD 12.3 billion, while the volume of loans committed by TSKB for these projects stood at approximately USD 5 billion.



CAPITALS

FINANCIAL CAPITAL

In the field of renewable energy, which is among our prominent themes, we have participated in the financing of 387 projects with an installed capacity of 8,239 MW, which corresponds to the annual electricity needs of approximately 9 million households. ✓

RENEWABLE ENERGY



94 HPPs ✓

Number of Ongoing Projects: -



3,824 MW -
2.9 million households

Total Installed Capacity



42 WPPs ✓

Number of Ongoing Projects: -



2,203 MW -
3 million households

Total Installed Capacity



206 SPPs ✓

Number of Ongoing Projects: 6



1,335 MW* -
1 million households

Total Installed Capacity

* 1,000 MW is from YEKA SPP project



16 GPPs ✓

Number of Ongoing Projects: -



628 MW -
1.6 million households

Total Installed Capacity



29 BIOMASS/WASTE ✓

Number of Ongoing Projects: -



229 MW -
0.5 million households

Total Installed Capacity



149 PROJECTS

Energy and Resource Efficiency



CAPITALS

FINANCIAL CAPITAL

Our Bank finances the investments of the SMEs in a wide array of fields, including technology upgrading investments, capacity increases, energy efficiency and environmental projects.

Versatile support to SMEs

Since day one, we have stood by the real sector and have strongly demonstrated its support for SMEs, which are the lifeblood of the Turkish economy. Our Bank has developed various financing models to support SMEs and has worked closely with international financial institutions.

Our Bank finances the investments of the SMEs in a wide array of fields, including technology upgrading investments, capacity increases, energy efficiency and environmental projects. In addition, the working capital needs of the SMEs are met in accordance with the criteria of the funds that are received from international financial institutions.

Accordingly, the loan received from the AIIB in 2020 helped to meet the working capital needs of the SMEs and corporations adversely affected by the Covid-19 pandemic in 2021 as well. Working capital needs of 28 companies were met with AIIB Covid-19 funds. All loan disbursements were completed in 2021.

In addition, SMEs were also provided with funds through both direct financing and APEX banking under IBRD Inca2F loan. At the end of 2021, the share of loans disbursed to SMEs through the APEX financing model stood at 7% in the total portfolio.



Providing sufficient collateral is one of the most challenging problems for SMEs in accessing to bank loans. We signed the InnovFin SME Guarantee Agreement with the European Investment Fund (EIF), which was developed in 2016 as part of Horizon2020 (the European Union's Research and Innovation Framework Programme covering the period from 2014 to 2020) in order to help SMEs access to loan financing.

We have supported the research, development and innovation projects of innovative SMEs with the loans in its portfolio established under this loan guarantee mechanism.



~1,700

Job creation for women within the last 5 years with our loans



CAPITALS

FINANCIAL CAPITAL

Throughout the year, we focused on meeting the cash and non-cash loan needs of its customers in the distribution, packaging, health, power generation, tourism and real estate industries.



USD 8.4 billion
of funds were provided to the real sector in a 5-year period

Focus on Inclusiveness

In December 2016, we signed a loan agreement with the French Development Agency (AFD - L'Agence Française de Développement), adding occupational health and safety and women's empowerment to its funding themes. These AFD funds were provided to the companies operating in Türkiye which invested in occupational health and safety, as well as the companies which respected gender equality in the workplace and encouraged the women participation in the workforce.

In addition to women's employment, we continued to support enterprises operating in developing regions with a high concentration of Syrian refugees under temporary protection in 2021, with a USD 400 million loan granted by the World Bank in 2018.

In 2019, a EUR 85 million loan agreement was signed with the AFD as part of the ongoing cooperation with the AFD since 2016. This agreement enables TSKB to finance the investments of companies which support equal opportunity in the workplace and women's employment.

As of the end of 2021, approximately 1,700 women were provided with employment opportunities through the projects funded under the theme of gender equality and women's employment. In addition, our Bank also develops action plans for companies to self-evaluate and improve their existing practices in terms of equal opportunity. These action plans include supporting the implementation of equal opportunity for employees from the



moment of their recruitment; the revision of human resources, ethics, and disciplinary policies; improvement to or the creation of breastfeeding rooms within companies, reduction or elimination of the gender pay gap and support to training on gender equality. As of the end of 2021, there was a 25% improvement in working conditions in companies thanks to these action plans.

USD 8.4 billion of funds to the real sector

Throughout the year, our Bank focused on meeting the cash and non-cash loan needs of its clients in the renewable energy, iron & steel, chemicals, plastics, packaging and textiles industries. Our Bank resolutely maintains its high-

quality contribution to the sustainable growth of the Turkish economy. We have provided direct financing to the real sector in the last 5 years, amounting to a total of USD 7.8 billion.

Considering the USD 620 million disbursed to SMEs through APEX loans, we provided a total of USD 8.4 billion financing to the real sector over the last 5-year period.

Support with non-cash loans

Our Bank mediates foreign trade transactions with various products. The total amount of non-cash loans it provided for its customers in 2021 was USD 940 million.



CAPITALS

FINANCIAL CAPITAL

STRONG SUPPORT FOR TÜRKİYE'S DEVELOPMENT IN 2022

In line with the UN SDGs, we will continue in 2022 to provide financing for the projects of companies that support women's employment, target energy and resource efficiency, reduce the current account deficit, and carry out export-oriented production activities, in addition to renewable energy. We also aim to increase our support for the development of Türkiye by continuing to provide funds for the investment financing and working capital needs in development priority regions. Under the TSKB's Sustainable Development Goals (SDG) Loan Model, developed in line with the vision of sustainability and inclusion, we aim to continue our contribution to an investment culture that has climate, eco-friendly and social impact in 2022.

LOAN MONITORING ACTIVITIES

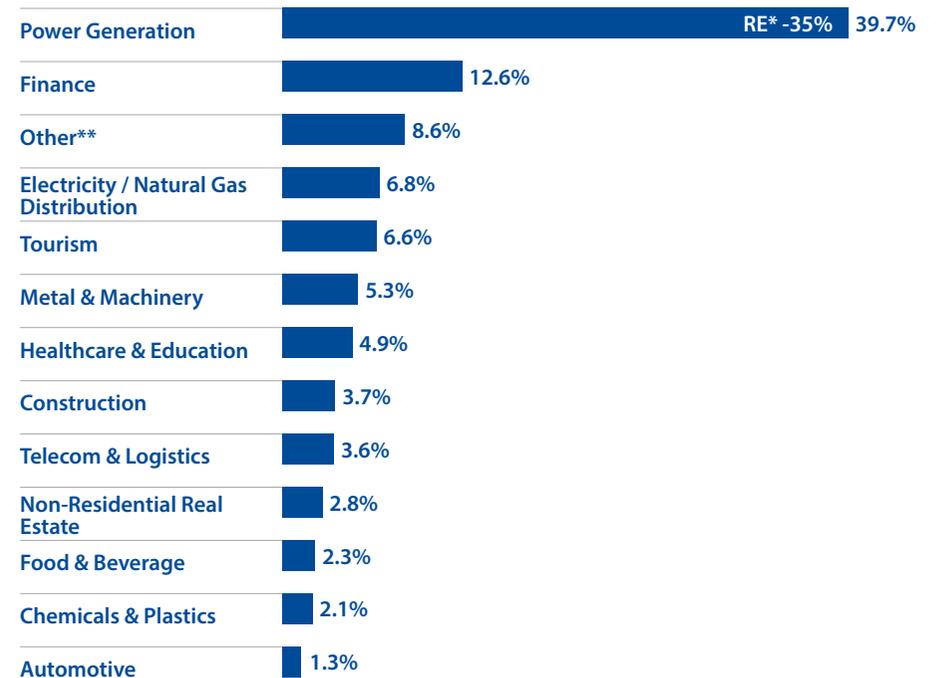
The companies and projects to be loaned at TSKB are selected with a comprehensive and prudent perspective of loan analysis, allocation and monitoring functions, contributing to the sustainability of the high quality of the loan portfolio.

At TSKB, projects undergo a robust evaluation based on impartial, comprehensive and in-depth reviews by financial analysts, engineers and economists. With the effect of this approach, our Bank's Stage 3 loan ratio has been at historically low levels.

As most of the loans provided for investments and working capital financing of companies consist of foreign currency loans, it is important to create income and funds in foreign currency. A large part of our Bank's loan portfolio consists of loans extended to renewable energy projects, which will maintain their strategic importance in the future as well. This contributes to the high asset quality of the portfolio. In these projects, the existence of guaranteed prices in foreign currency and additional incentives for domestic elements create a natural hedge and raise the efficiency and solvency of the projects to high levels. In addition, the majority of companies outside the energy industry in the portfolio consist of companies that can manage exchange rate risk because they are exporters or have the ability to generate income in foreign currency.

The majority of Stage 2 and 3 loans are project loans extended to companies that continue their activities. For loans with ongoing restructuring, contract changes are made based on the business models created by detailed analysis, and the cash flows and amortization plans of the projects are harmonized. Moreover, additional measures are taken to target the sponsor's contribution, additional collateralization and asset/share sales, additional fund inflows and loan reduction.

Breakdown of TSKB's Loan Portfolio by Industry in 2021



* Renewable Energy Loans
 ** Textile, Retail and Other Loans

As of the end of 2021, approximately 70% of the Stage 2 and 3 loans were subject to restructuring. With the changing economic conditions, it is expected that close monitoring in the portfolio and restructuring procedures in non-performing loans will continue in 2022.

Our Bank's Stage 3 loan ratio stood at 3.2% as of December 31, 2021. In 2022, no major change is anticipated in the NPL ratio.



CAPITALS

FINANCIAL CAPITAL

In 2021, our Bank maintained close contact with domestic and foreign banks in line with its resource diversification and sustainability-oriented product development targets, and focused on diversifying its relations and collaborations.



100%

Total international borrowing obtained in 2021 were ESG focused



USD 350 million

Sustainable Bond Issuance

Cooperation with development finance institutions

Funding through development finance institutions (DFI) accounts for 67% of the funding structure of TSKB, as a well-known Turkish bank in the international financial markets. We work in close cooperation with development finance institutions, including the World Bank (IBRD), the European Investment Bank (EIB), the German Development Bank (KfW), the Asian Infrastructure Investment Bank (AIIB), the Islamic Development Bank (ISDB), the French Development Agency (AFD), the China Development Bank (CDB), the Council of Europe Development Bank (CEB), the Japan Bank for International Cooperation (JBIC), the International Finance Corporation (IFC), the European Bank for Reconstruction and Development (EBRD), and the Austrian Development Bank (OeEB).

IBRD - Geothermal Development Project Additional Finance Loan

In addition to the Geothermal Development Project Loan received from the World Bank in 2016, we provided a loan of USD 150 million on December 21, 2021. Provided under the repayment guarantee of the Ministry of Treasury and Finance of the Republic of Türkiye, the funds will be used to finance the geothermal investments of private companies in Türkiye.

Strong relations with international financial institutions

In 2021, we maintained close contact with domestic and foreign banks in line with its resource diversification and sustainability-oriented product development targets, and focused on diversifying its relations and collaborations. We also maintained intensive and effective communication with rating agencies.

All funds received from financial institutions in 2021 were sustainable. In addition, the ESG Risk Rating Indexed Loan Agreement signed in 2020 provided an improvement above the target in the TSKB's ESG rating.

Third Sustainable Bond Issuance

Following the issuance of green/sustainable bonds in 2016 and sustainable subordinated bonds in 2017, we successfully completed our Third Sustainable Bond Issuance in January. TSKB is the first institution in the banking industry to issue green and sustainable bonds in Türkiye. Paving the way for sustainable bond issuances of other banks, our Bank completed its sustainable issuance of USD 350 million with 6 times over-subscription rate and zero new issue premium. One third of the successfully completed issuance consists of ESG funds. Funds obtained through bonds are used to finance green and social projects in line with the Sustainable Finance Framework updated in December 2020. As of the end of 2021, the share of Eurobonds including the subordinated bond in TSKB's resources (excluding equity) stood at 25.6%, while the total size stood at USD 1.4 billion.

Syndicated loan linked to sustainability KPIs

In July, we secured a syndicated loan of USD 192 million, consisting of USD 55 million and EUR 116 million, with the participation of 14 banks (4 of which were new participants) from 11 different countries in Europe, America, Asia and the Middle East. The loan was provided with an annual interest rate of 175 basis points and the roll-over rate was 130%. This year, the syndicated loan was linked to 3 different sustainability criteria linked to Gender Equality, exit from coal financing and COVID-19 themes, and all targets set for 2021 were successfully achieved as of the end of the year.

Sustainable bilateral borrowing agreements

Our Bank attaches importance to enriching its existing bilateral relations with domestic and international financial institutions and establishing new relations. In 2021, we signed bilateral funding agreements based on sustainability oriented foreign trade finance with 2 different financial institutions. In the upcoming period, we will continue to develop innovative products with financial institutions that are among its long term stakeholders and diversify its resources.



GRI-FS6, GRI-FS7, GRI-FS8

CAPITALS

FINANCIAL CAPITAL

Supporting SDGs is among the strategic priorities of TSKB, which stands out with its know-how and good practices in ESG fields. We continue to structure alternative debt instruments and innovative products through this know-how and experience. Considering the current funding structure, all of TSKB's themed funds are ESG-focused. Loan activities will continue to be shaped by taking into account the SDG effect in line with funds.

LONG TERM FUNDS PROVIDED BY TSKB FROM 2017 TO 2021

Loans	Amount	Maturity
2017		
TSKB Sustainable Tier-II	USD 300 million	10 years*
IFC - Sustainable Climate Loan	USD 75 million	7 years
EBRD - MidSEFF III (Mid-Size Sustainable Energy Financing Facility III) Loan	USD 85 million	7 years
2018		
Eurobond	USD 350 million	5 years
AIIB - Sustainable Energy and Infrastructure Loan	USD 200 million	15 years
IBRD - Inclusive Access to Finance Project Loan	USD 400 million	29 years
2019		
CDB - Energy, Manufacturing Industry, Infrastructure, Healthcare, Education and SMEs Loan	USD 200 million	8 years
AFD - Women's Empowerment Loan	EUR 85 million	10 years
2020		
Eurobond	USD 400 million	5 years
AIIB - Covid-19 Loan	USD 200 million	4 years
2021		
Sustainable Eurobond	USD 350 million	5 years
IBRD - Geothermal Development Project – Supplementary Financing Loan	USD 150 million	28 years

* There is an early issuer call option in the 5th year.



GRI-FS6, GRI-FS7, GRI-FS8

CAPITALS

FINANCIAL CAPITAL

It is aimed that the global funds to be provided in the upcoming period will be in line with the United Nations Sustainable Development Goals (SDGs) and in compliance with the development plan that oversees the fight against climate change. It is planned to continue studies on clean energy, climate change mitigation and adaptation, youth employment and circular economy.



424

Number of companies benefiting from the inclusive Access to Finance Project Loan through Wholesale Banking activities

TSKB - WHOLESALE BANKING LOANS (APEX) KEY INDICATORS

Program Name	Year	Agreement Amount	Number of Beneficiary Companies (As of the end of 2021)	Current Status of the Program
SMEs (Women's Employment and Prioritized Regions)				
Inclusive Access to Finance Project Loan (IncA2F)	2018	USD 200 million	424	Ongoing
Support to SMEs and Export				
Second Disbursement of Innovative Access to Finance Project Loan (IA2F)	2018	USD 250 million	37	Ongoing
Innovative Access to Finance Project Loan (IA2F)	2014	USD 250 million	231	Completed
Support to Export				
EFIL IV Supplementary Loan	2011	USD 300 million	137	Completed
EFIL IV	2008	USD 300 million	133	Completed
EFIL III	2005	USD 305 million	168	Completed
EFIL II	2004	USD 303 million	211	Completed
SMEs				
SMEs TSKB FUNDING *	2017	EUR 150 million	340	Completed
CEB V APEX	2016	EUR 100 million	960	Completed
CEB IV APEX	2013	EUR 100 million	416	Completed
CEB III APEX	2010	EUR 100 million **	223	Completed
KfW APEX	2004	EUR 7.7 million	54	Completed
EIB APEX	2005	EUR 150 million	343	Completed

* Re-disbursement of repaid loans

** EUR 90.9 million of the agreed amount is disbursed as an APEX loan.



CAPITALS

FINANCIAL CAPITAL

In line with our Development Banking mission, we bring together the resources we obtain from international development finance institutions with SMEs and exporting companies through financial institutions.



30

Number of intermediaries with which we cooperate within the scope of our wholesale banking activities



526 people

Total new employment created with APEX loans in the last 3 years

EFFICIENT COLLABORATIONS IN WHOLESALE BANKING

As the pioneer of wholesale banking in Türkiye, we continued to lend our thematic international wholesale banking funds to financial institutions in 2021. In addition to our existing cooperation with leasing companies and commercial banks, we started to work with participation banks and factoring companies under the "Innovative Access to Finance Project Loan" (IA2F) granted by the World Bank in 2014.

We continued to transfer USD 200 million of the "Inclusive Access to Finance Loan" (IncA2F), provided by the World Bank in 2018, to commercial banks and leasing companies through wholesale banking.

So far, we have cooperated with 30 brokerage houses under wholesale banking and has achieved a credible performance. In 2021, a total of USD 21 million in loans were disbursed through wholesale banking.

The share of wholesale banking loans in our total portfolio stood at 7% as of the end of 2021.

Contribution to employment increase

We disbursed a total of USD 278 million to 835 SMEs in the last three years through wholesale banking loans. This created 526 new jobs in the same period.



A successful year for public offerings

We promote the growth and development of companies with our efforts in Corporate Finance. With deep-rooted experience in this business line, we offer our clients fully fledged advisory and intermediary services on initial public offerings, debt instrument issuances (sukuk, bonds, etc.), mergers & acquisitions, asset purchase & sale, and privatization.

2021 was a productive year for IPOs. A public offering size of approximately TL 22 billion was reached in 53 public offerings. Foreign investors continued to exit the stock market in 2021 as well, and the downtrend of foreign share in Borsa Istanbul remained in the band of 40-42%. It was a good period for public offerings due to the

increased risk appetite of domestic investors and 1.4 million additional individual investors starting to trade stocks as of the beginning of 2020.

Domestic investor interest was a major driving force for Borsa Istanbul and played a leading role both in the increase of the index and in the recent revival of the IPO market.



CAPITALS

FINANCIAL CAPITAL

We offer our clients fully fledge advisory and intermediary services on initial public offerings, debt instrument issuances (sukuk, bonds, etc.), mergers & acquisitions, asset purchase & sale, and privatization in Corporate Finance.



10

Real sector debt instrument issues in 2021

Our Bank successfully held the public offering of Biotrend Çevre ve Enerji Yatırımları A.Ş. in 2021. The public offering of TL 750 million was one of the largest and most successful public offerings in 2021. TSKB aims to hold significant public offerings in 2022 as well.

We realized 10 real sector debt instrument issuances in 2021. Despite the fluctuations in the debt instruments market and investor concerns, we concluded a successful year. Our Bank ranked first among all intermediary financial institutions for real sector issuances.

Again in 2021, TSKB made the first lease certificate issuance in the healthcare industry with MLP Care. In addition, we also issued the first SDG-aligned "sustainable" lease certificate for Zorlu Enerji, leading the way not only in Türkiye, but also around the world.

Next year, we will continue to be a major player in the market in debt instruments with both bond and lease certificate issuances, and to introduce new players to the capital markets.

Following 2019 and 2020, which were weak on the mergers and acquisitions front, the transaction volume remained low in 2021 compared to previous years.

Our Corporate Finance team was among the most successful mergers & acquisitions advisors in the market in 2021, as it was in 2020. We completed four mergers & acquisitions in 2021. In addition, it completed 10 successful real sector debt instrument issuances as well as one public offering in the field of Capital Markets.

We will continue our successful efforts in 2022 with the leverage that will be created by the transactions closed in 2021 with the decrease of the effect of the pandemic. We will continue to maintain our position among the leading institutions in our sector.

Utilizing the opportunities correctly increased revenues

As a key player in the money and capital markets, TSKB focused on maximizing its returns, taking into account the risk factors of its balance sheet in the uncertain and volatile environment of 2021. On the other hand, we offered derivatives to our clients in order to enable them to hedge against the financial risks.

Thanks to our flexible balance sheet structure, we exercised utmost care in managing risks while increasing its revenues by seizing the opportunities properly. We successfully managed our foreign exchange position as per our treasury policies by taking into account the risk factors and market conditions.

In 2021, we funded nearly all of its TL securities portfolio by our Bank's equity. In the same period, transactions in the swap market stood out in the management of TL denominated liabilities.

Consequently, the TL funding provided our Bank with an effective cash flow management, providing an advantage in the total funding costs. In addition, we continued to pursue short-term TL placements in markets such as the Takasbank Stock Exchange Money Market, contributing positively to profitability throughout the year.

In line with its liquidity management plan, TSKB prefers to invest its cash capital in the risk-free, high-yielding securities. As of the end of 2021, our Bank's TL 6 billion securities portfolio consisted of CPI-indexed and other variable interest rate securities with 71% share and fixed interest rate securities with 29% share. The average maturity of the TL securities portfolio is 2 years with an average return of 19.9%. The yield of our Bank's USD 532 million FX securities portfolio was increased through Eurobond purchases in 2021.

With the increased need for hedging due to market volatility and given our Bank's proactive approach to its clients, we also performed well in terms of sales volume of derivatives trading and treasury products for hedging. At the same time, we also provided our clients with an extensive range of research products consisting of daily newsletters and market comments.

In 2021, risk management activities continued to be our focus. The successful liquidity management allowed us to avoid the adverse effects of market fluctuations on our Bank's balance sheet.



CAPITALS

FINANCIAL CAPITAL

With our advisory services, powered by our financial, technical and economic analysis competence, we share our experience and knowledge with the business and finance world, and offer qualified solutions.

A long term business and solution partner with advisory services

With the advisory solutions powered by our banking expertise, we provide value-added services and solutions needed by the business world and investors.

Under TSKB Advisory Services, our Bank manages its knowledge and experience in economic, financial and engineering areas effectively and with high quality on the axis of advisory. In addition, with the aim of transforming this experience into economic benefits and diversifying the revenues, we provide services with its four departments under one roof: Advisory Services and Marketing, Economic Research, Financial Advisory, Engineering and Technical Advisory. Through our advisory services, we plan to become a long term business and solution partner of its clients in line with its strategic targets.

Under financial advisory, we assist our clients in financial planning and strategy, feasibility, restructuring, valuation, financing advisory and industrial analysis. Under technical advisory, we provide technical due diligence, feasibility, industrial transformation, energy/resource efficiency and project-based incentive reporting services. Under economic research, we offer advisory services on macroeconomics, export strategy and sustainable development analytics.

Some of the services shaped by the concept of an advisory bank are offered through synergetic collaborations with the subsidiaries, TSKB Real Estate Appraisal Company Inc. and ESCARUS. Our Bank guides domestic and foreign investors with its visionary advisory services in the field of real estate. Our Bank also provides niche solutions in the integration of the globally recognized approaches to sustainability into the Turkish business world.

In 2020, the contract sum of advisory services increased by 85% year-on-year. In the same period, revenue grew by 63%. With its strength in the delivery of multidisciplinary services, Our Bank is committed to improving its advisory services and providing its experience and know-how to an increasing number of clients in the upcoming period.

Our Bank embodies its experience and knowledge through the consolidated and inclusive approach of its financial, technical and economic analysis competence, and shares it with the business world and the finance industry. We will continue to diversify its support for sustainable and strong development in the following period.

YATIRIM FİNANSMAN

Yatırım Finansman Menkul Değerler A.Ş. (Yatırım Finansman) was Türkiye's first capital market institution. The company was established on October 15, 1976 under the leadership of TSKB and İş Bank and with the participation of 13 major banks.

Value-added investment practices

As a "Broadly Authorized Brokerage Institution", Yatırım Finansman offers individual and institutional investors at home and abroad with fast and reliable access to the capital markets via its branch network, online services and mobile applications.

The YFTRADE, YFTRADEMOBILE, YFTRADEINT applications developed by Yatırım Finansman enable investors to add value to their savings, regardless of the time and space, by carrying out reliable transactions via laptops, desktop computers or next-generation smart devices without the necessity of a broker in domestic and/or foreign markets.

Yatırım Finansman was awarded the Bronze Stevie Award in 2019 in recognition of its YFTRADEMOBILE application as a result of its investments in smart technologies.

The Company has been involved in various investment banking projects with TSKB and continues to offer appropriate financial instruments for its clients and add value to their investments with its employees, who make the most of their knowledge, experience and competencies.



63%

Increase in advisory services revenue



CAPITALS

FINANCIAL CAPITAL

Yatırım Finansman has 10 service points across Türkiye, equity of TL 233.7 million, and customer assets exceeding TL 11.8 billion in 2021. Thanks to all these features, the company distinguishes itself in the market as one of the most preferred and leading brokerage houses that shape the industry.



TL 11.8 billion

Total customer assets for Yatırım Finansman

The most preferred brokerage company that shapes the industry

In 2020, Yatırım Finansman achieved its goals of providing a satisfactory return to both its investors and stakeholders as per the principle of "Responsible Profitability."

Yatırım Finansman, in which TSKB holds a 95.8% stake, has 10 service points across Türkiye, equity of TL 233.7 million, and customer assets exceeding TL 11.8 billion in 2021. Thanks to all these features, the company distinguishes itself in the market as one of the most preferred and leading brokerage houses that shape the industry.

During the pandemic, Yatırım Finansman adopted measures to protect employee health by switching to a rotating distant home working model and having the minimum number of employees in its Head Office and branches. The Company thus ensured business continuity without compromising its service quality.

Full support for women's employment

Yatırım Finansman believes that women's employment is an important leverage for economic development. Accordingly, the Company supports a stronger presence of women in the business world and carries out many projects for gender equality within the organization. The Company received the KAGIDER Equal Opportunity Certificate (FEM) and the ESCARUS Gender Equality Program Certificate (CEPS) in 2020, proving its sensitivity on gender equality.

Aiming to develop technologies in financial products and services

Yatırım Finansman integrates the advanced technology into its products and services, particularly its website yf.com.tr and mobile application YFTRADEMOBILE, in order to meet user needs as per the requirements of developing technology and market innovations. Powered by its knowledge and experience in the industry, the Company will continue to invest in smart technologies and digital platforms in 2022 as well. Instead of being a company that just use the technology, Yatırım Finansman aims to develop technology in financial products and services in the medium and long term.

Collaborations that raise awareness on financial literacy

Yatırım Finansman collaborated with Aydın Adnan Menderes University to increase financial literacy for investors in capital markets, and to raise awareness of investors. Consequently, the Company held online financial literacy training courses from May to December 2021. The live financial literacy training courses consisted of 3 modules, with a duration of 18 hours (3 days) per participant. In addition, Yatırım Finansman was the main sponsor of the Finance Camp held by Aydın Adnan Menderes University from September 1st to 19th. Under the leadership of Prof. Dr. Yusuf Kaderli, the event aimed at raising the awareness of investors investing in capital market instruments. Yatırım Finansman aims to create permanent value for both the industry and its investors by expanding its financial literacy projects in the coming years.

Hybrid growth model with digitalization

The Company continues to make the essential infrastructure investments to digitize customer acquisition with "Distance Contracts", which is expected to be implemented in the capital markets industry next year. In addition, it aims to increase its market share through its "financial inclusion" strategy.

In addition to its investments in digitalization, the Company took important steps in the field of physical accessibility in 2021, increasing the number of service points in Türkiye's key centers to 10 with opening of Bodrum Liaison Office in October 2021. In 2022, it aims to continue its investments in branching and to create a hybrid growth model with digitalization.

In 2022, Yatırım Finansman will continue to support its customers in guiding their investments with different products and instruments within the scope of asset management.



CAPITALS

FINANCIAL CAPITAL

With its core values of consistency, transparency, quality, social responsibility, client orientation and teamwork, TSKB REIT bases its investment strategy on growth through project development, sustainability and risk management.



TL 744 million
Asset size for TSKB REIT



66,000 m²
Rentable area under the management of TSKB REIT

TSKB Real Estate Investment Trust (TSKB REIT)

Aiming to create an efficient real estate portfolio

Established in 2006, TSKB Gayrimenkul Yatırım Ortaklığı A.Ş. (TSKB REIT) is a real estate investment company aiming to create and develop an efficient real estate portfolio.

TSKB REIT, in which TSKB holds an 89.15% stake, is powered by our Bank's 71 years of corporate know-how and experience. As a capital market institution, TSKB REIT can invest in real estate, real estate projects, real estate-based rights and capital market instruments. The Company is also able to establish ordinary partnerships to realize specific projects and engage in other activities permitted by the relevant communiqué of the CMB (Capital Markets Board).

Consistent, transparent, quality, customer-oriented values

With its core values of consistency, transparency, quality, social responsibility, client orientation and teamwork, TSKB REIT bases its investment strategy on growth through project development, sustainability and risk management. Established with a TL 10 million of original capital, the Company managed to increase its capital to TL 650 million in the third quarter of 2021. As of December 31, 2021, the asset size of TSKB REIT was TL 744 million with the rentable area under its management amounting to 66,000 m².



As of the end of 2021, the TSKB REIT real estate portfolio includes the Pendorya Shopping Center located on the E-5 Highway in Pendik, Istanbul and opened on December 17, 2009 with an enclosed area of approximately 80,648 m² and rentable area of 30,573 m²; two office blocks with an enclosed area of 17,827 m² in Findıklı, Istanbul; the Tahir Inn in Karaköy, Istanbul; and the Divan Adana Hotel (opened in September 2015) and half of the shares of its independent areas in Adana city center.

TSKB REIT and capital markets

Subject to the capital market legislation, TSKB REIT aims to contribute to the establishment of real estate investments in the capital markets as a liquid and solid investment alternative. TSKB REIT's shares went public in April 2010 under the TSGYO ticker and has been traded on the Borsa Istanbul Stars since 2021.

Activities to increase the rental income and to diversify the portfolio

TSKB REIT's investment strategies include increasing the existing rental income and diversifying the portfolio. Accordingly, the Company will maintain its efforts to increase the occupancy rate and rental income of Pendorya AVM in 2022. Similarly, it also aims to increase its profitability by using its competitive advantage in the region where Divan Adana Hotel is located.



CAPITALS

FINANCIAL CAPITAL

TSKB Real Estate Appraisal Company prioritizes a strategic, innovation-oriented and sustainable response to the structural transformation of the real estate industry and changing user preferences.



9

Branches for TSKB Real Estate Appraisal Company



23

International appraisal cases for TSKB Real Estate Appraisal

TSKB REAL ESTATE APPRAISAL COMPANY

TSKB Real Estate Appraisal Company focus on maintaining and developing its know-how and competencies, cooperating with leading international organizations, following the innovations in its field and preserving its pioneering identity.

The company's primary goal is to offer its clients a global perspective on appraisal standards. TSKB Real Estate Appraisal Company has carried out appraisal activities in 23 different countries so far.

A representative of deep-rooted experience and expertise in the appraisal industry, TSKB Real Estate Appraisal Company has a wide service network with a total of 9 branches across Türkiye, including the Malatya branch opened at the end of 2020.

TSKB Real Estate Appraisal Company prioritizes a strategic, innovation-oriented and sustainable response to the structural transformation of the real estate industry and changing user preferences.

A wide range of appraisal services

TSKB Real Estate Appraisal Company provides appraisal services in a wide range of areas under the leadership of responsible appraisers authorized by the CMB. The Company's service areas include lands, business centers, factories, shopping centers, hotels, logistics facilities, fuel stations and power plants. TSKB Real Estate Appraisal Company has issued approximately 280,000 appraisal reports in the last 10 years.

In addition to appraisal reports for guarantee and special purposes, the Company completed 35 best and most efficient usage analysis and project

appraisal cases in 2021, together with high-quality works such as appraisal of real estates to be privatized, solar power plant and natural gas cycle power plant appraisal, resource appraisal and pre-IPO portfolio appraisal.

Employees with the highest number of international licenses in Türkiye

In addition to the authorization by the CMB and BRSA, TSKB Real Estate Appraisal Company also holds the RICS license, which provides international service assurance. Thus, the Company has become one of the leading companies with its 3 licenses in Türkiye.

With employees licensed by MRICS, Appraisal Institute, LEED Green Associate for appraisal and advisory services, the Company prides on its staff having the highest number of international licenses in Türkiye. Moreover, TSKB Real Estate Appraisal Company is the first real estate appraisal company in Türkiye to obtain ISO 9001:2008 Quality Certificate, and also holds ISO 9001:2015 Quality Management System Certificate.

Aiming to be among the top 5 companies in the industry

Operating in the real estate industry, one of the industries most affected by the pandemic, TSKB Real Estate Appraisal Company provided professional support in 2021 for its clients to manage their real estates and investments.

In 2021, TSKB Real Estate Appraisal Company achieved a rate of conversion of requests to contracts in line with its targets and continued to carry out all of its operations based on an employee-oriented approach.

The company aims to expand its staff and maintain its growth in 2022 in order to be among the top 5 companies in the appraisal industry by 2025.

Key Memberships

- ULI (Urban Land Institute) Türkiye Executive Board Membership: The ULI is the world's oldest, most prestigious and largest interdisciplinary initiative, which brings together real estate and land use specialists. The TSKB Real Estate Appraisal Company General Manager is a member of the ULI Türkiye Executive Board. As of 2021, the Company has taken over the co-presidency of the ULI NEXT Türkiye subgroup (real estate professionals aged 35-45).
- GYODER (Real Estate Investors Association) Supervisory Board Substitute Membership.
- GYODER (Real Estate Investors Association) Sustainable Urban Development Committee Membership.
- Maintaining its development in the social sphere with its policies supporting the gender equality, TSKB Real Estate Appraisal Company was awarded two different Equal Opportunity Certificates.
- RICS: TSKB Real Estate Appraisal Company is one of first companies in Türkiye to hold RICS membership.
- USGBC: TSKB Real Estate Appraisal Company has been the only appraisal company from Türkiye to be a member of the USGBC since 2016. The USGBC promotes sustainability in building design, construction and operation through the LEED certification.



CAPITALS

FINANCIAL CAPITAL

ESCARUS designs and implements innovative, constructive and transformative consulting solutions with strategic and operational sustainability activities.

ESCARUS(TSKB SUSTAINABILITY CONSULTANCY)

National and international innovative projects

Celebrating its 10th anniversary in 2021, Escarus (TSKB Sustainability Consultancy) operates with a project-oriented approach built on the expertise, experience and know-how of TSKB in different disciplines.

ESCARUS aims to be a leading consultancy company in the field of sustainable development with its experienced, technically competent and specialized staff in different sectors. The company operates in three main segments:

1. Strategic Sustainability
2. Operational Sustainability
3. Research, Reporting and Training

ESCARUS carries out innovative projects in different areas at home and abroad. The company designs and implements high value-added consultancy solutions in areas such as energy, environment, operational efficiency, environmental and social assessment, sustainability management system, climate change, gender equality, European Green Deal, compliance with SDGs and sustainable finance. Beyond its "advisory" role, ESCARUS has proven itself with robust performance in different areas through its "guiding" approach in the implementation phase of projects.

ESCARUS does not content itself with corporations of the business world and conducts inclusive and comprehensive awareness studies and workshops in collaboration with non-governmental organizations, universities and public institutions in order to establish a sustainability-oriented approach in all segments of society.



TSKB'S STOCK PERFORMANCE AND INVESTOR RELATIONS ACTIVITIES IN 2021

Our Bank, which contributed significantly to the formation of the capital markets in Türkiye, went public in 1986. TSKB's shares are traded on the BIST 50 on the Star Market (Yıldız Pazar) under the "TSKB" ticker. TSKB's shares maintain their position in the BIST Corporate Governance and BIST Sustainability Index.

Our market value is TL 4 billion.

In 2021, our Bank's stocks were traded on Borsa İstanbul with an average volume of 160 million lots and closed the year with a market value of TL 4 billion (USD 308 million).

Meetings were held with domestic and foreign investors in 2021 as in previous years in order to answer verbal and written information requests.

İŞ LEASING / İŞ GİRİŞİM & İŞ FAKTORİNG

Company	Industry	Capital (TL million)	TSKB's Share (%)	Website
İş Finansal Kiralama A.Ş.	Finance	695.3	29.46	www.isleasing.com.tr/home
İş Girişim Sermayesi Yatırım Ortaklığı A.Ş.	Finance	74.7	16.67	www.isgirisim.com
İş Faktoring A.Ş.	Finance	150	21.75	www.isfaktoring.com.tr/home-page



CAPITALS

FINANCIAL CAPITAL

In 2022, we will continue our efforts to increase contact with domestic and foreign investors, including ESG and sustainability investors, as part of our investor relations activities.

During the year, informative teleconferences were held for investors and analysts following the announcement of the financial statements in each quarter, and their questions were answered in detail. Presentations about the TSKB investor relations are available on our website.

In 2022, we will continue our efforts to increase contact with domestic and foreign investors, including ESG and sustainability investors, as part of our investor relations activities.

ASSESSMENT ON FINANCIAL STATUS, PROFITABILITY AND SOLVENCY, AND FINANCIAL PROJECTIONS 2021

As we pay attention to the preservation of its strong financial structure and effective risk and liquidity management in the fluctuating market conditions created by the tight monetary policy steps of the central banks in developed countries and the fluctuations in the exchange rates in the domestic markets, while the negative effects of the pandemic have begun to fade, our asset size rose by 63.4% in TL terms to TL 84.1 billion in 2021. The asset size of our Bank is USD 6.4 billion as of the end of 2021.

16% of our assets are in Turkish Lira (TL) and 84% in Foreign Currency (FX). The ratio of our Bank's interest bearing assets to its total assets is 97%.

In 2021, we extended a total of USD 1.3 billion in cash loans under Corporate Banking, Project Finance and APEX Banking activities. Parallel to the resource structure of our bank, 93.4% of the loans are in FX. The cash loan portfolio, which reached TL 63.9 billion with an increase of 63.4% in 2021, decreased by 0.8% on a currency-adjusted basis. The share of gross loans in total assets, which was 76% at the end of the previous year, remained unchanged at the end of 2021.

62% of our loans consist of investment loans while 25% consists of working capital loans. The remaining part is the loans disbursed to the financial sector. Considering the foreign currency distribution of loans, including foreign currency indexed loans, 56% are in USD, 38% in Euro and 6% in TL.

Investments in power generation stood out with a 31% share in loans extended in 2021. It was followed by the metal & machinery industry with 12% and the finance industry with 8%. The breakdown of the loan portfolio by industry as of the end of the year shows that 40% consists of loans extended to the power generation industry and 13% to the finance industry. They are followed by the electricity-gas distribution, tourism, metal and machinery, healthcare, construction, logistics and textile industries, which have a share of 3-7%. The share of SDG-linked loans in the total loan portfolio is 89%, while the share of loans linked to climate and environment focused SDGs is 62%.

	2019	2020	2021
TSKB Closing Share Price (TL)	1.19	1.75	1.44
Change (%) **	49.4	47.1	-17.5
BIST Banking Index	1,602	1,558	1,596
Change (%) **	36.0	-2.7	2.4
BIST 100 Index	1,144	1,477	1,858
Change (%) **	25.4	29.1	25.8
Relative to BIST Banking Index (%)	9.8	51.2	-19.5
Relative to BIST 100 Index (%)	19.2	14	-34.5

Source: Finnet

* Retrospective closing prices are adjusted in line with the cash dividends and capital increase through bonus issues after the relevant dates.

** Year-to-date change



TL 4 billion

Market capitalization for TSKB



CAPITALS

FINANCIAL CAPITAL

Profit before provisions and tax for 2021 increased by 64.6% to TL 2.9 billion, and net profit increased by 48.6% to TL 1.1 billion. Return on equity was 16.7%



TL 63.9 billion
Loan portfolio size



TL 12.6 billion
15% of total assets
Strategically managed and profit-supporting securities portfolio

The share of non-performing loans in total loans, which was recorded at the level of 4.3% at the end of 2020, the collections from non-performing loans and the growth of loans on TL basis stood at 3.2% at the end of 2021. The ratio of stage 2 loans to the total portfolio was 12.1%. TSKB maintained its cautious reserve policy and increased the reserve ratio from 13.2% to 18.7% for Stage 2 loans and from 44.6% to 53.9% for Stage 3 loans. Despite the increase in reserve ratios, net loan risk cost decreased from 226 basis points to 218 basis points by the end of 2021 as a result of some reserve cancellations from last year.

The total size of the securities portfolio, which ranks only second to loans in terms of share in assets with 15.0%, grew year-on-year by 67.3% to 12.6 billion TL. As of the end of the year, 47% of the securities portfolio is in TL. In this portfolio, available-for-sale securities account for 44%, and securities to be held until maturity comprise 56%. In the comparison of the beginning and the end of the year, the rate of inflation-indexed securities (TÜFEKS) in the TL portfolio decreased from 61% to 58%, and the weight of total floating-rate securities, including TÜFEKS, decreased from 75% to 71%. The average maturity of the portfolio, which is almost entirely funded by free equity, is 2 years.

In line with the asset composition, 89% of the liabilities of our balance sheet consists of FX liabilities. Almost all of these loans consist of medium and long term funds obtained from abroad in foreign currency. 59.1% of the loans were obtained with the guarantee of the Turkish Ministry of Treasury and Finance.

We have no interest structure mismatch and liquidity imbalance resulting from the our variable weighted borrowing and liability balance, effective asset-liability management, and the maturity structure of funds being longer than placements. The fact that the loans and funding sources are in the same currency keeps the exchange rate risk at a limited level.

In our Bank's income statement, the net interest income increased by 43.2% to approximately TL 2.8 billion in 2021. The net interest margin increased from 4.5% to 4.7% in 2021 due to the changes in the USD/TL exchange rate and inflation data. It was 3.9% excluding Foreign Currency Position income.

As an important actor in the capital markets who develops its consultancy activities product range year by year, our fee and commission income increased by 41.3% in 2021 as a result of the increase in mergers & acquisitions and public offerings in the capital markets.

The total personnel and other operating expenses increased by 18.6% to TL 263.1 million. The expense/income ratio decreased from 11.3% to 8.4%.

The total amount of donations and aids made during the year amounted to TL 425,000. The total expenditures related to social responsibility projects amounted to TL 444,000. Profit before provisions and tax for 2021 increased by 64.6% to TL 2.9 billion, and net term profit increased by 48.6% to TL 1.1 billion. TSKB achieved 16.7% return on equity in 2021.

Equity increased year-on-year by 13.7% to 6.9 billion TL, while its share in total liabilities decreased from 11.9% to 8.3% due to the rise in exchange rates. As of the end of 2021, the capital adequacy ratio was 21.1% on a solo basis and 20.8% on a consolidated basis, while the main capital adequacy ratio was 13.0% on a solo basis and 12.7% on a consolidated basis (The rates are 15.3%, 15.2%, 8.9% and 8.9%, respectively, excluding the BRSA temporary measures). Our free capital was 6.8 billion TL and its ratio to total assets was 8.1% as of the end of 2021. All of the free capital is utilized in liquid assets.

TSKB LOAN CLASSIFICATION BY 2021 YEAR-END

	Share in portfolio	Coverage ratio
Group 1	84.7%	1.0%
Group 2	12.1%	18.7%
Group 3	3.2%	53.9%
Total	100.0%	4.9%



GRI 102-8, GRI 103-2, GRI 103-3, GRI 404-1, GRI 404-2

CAPITALS



Human Capital

2022 TARGETS

Sustainable Development Meetings

Under TSKB Technology and Entrepreneurship Platform, we are planning Sustainable Development Meetings and Digital Efficiency activities that will also include employees.

HR Digitalization Roadmap

We will draw an HR Digitalization Roadmap by analyzing the current and target situations as part of the adaptation of the Human Resources Department to digitalization.

Social gender equality

We will continue to attach importance to gender equality and to act according to the principle of equality in HR practices.

2021 KPIs

82%

Average remote/hybrid working ratio in 2021 ✓

51.5

Average annual training hours per employee ✓

0.087%

Gender pay gap* ✓

27%

The ratio of female members in the Board of Directors ✓

51%

Ratio of female employees in the management ✓

5.3

Employee turnover ratio** ✓



* The ratio difference is given according to the female/male median value.

** Turnover rate among high-performing employees in banking staff.



GRI 102-8, GRI 103-2, GRI 103-3, GRI 404-1, GRI 404-2

CAPITALS

HUMAN CAPITAL

2022 TARGETS



H1
In 2022, it is aimed to revise and simplify the competency set in line with the current period needs.



H3
Under the Employee Satisfaction Survey, Empowerment/Autonomy and Decision Making will be evaluated in addition to the Loyalty and Manager satisfaction 2022.



H5
We will draw an HR Digitalization Roadmap by analyzing the current and target situations as part of the adaptation of the Human Resources Department to digitalization.



H7
Under TSKB Technology and Entrepreneurship Platform, we are planning Sustainable Development Meetings and Digital Efficiency activities that will also include employees.



H2
Awareness webinars and webinar series concerning the focus competencies will be held in line with the competency set to be updated.



H4
With the launch of the feedback application, it is aimed that all employees give feedback to each other and increase interaction.



H6
We will continue to attach importance to gender equality and to act according to the principle of equality in HR practices.

2021 KEY PERFORMANCE INDICATORS

Ratio of women in total employees	53%
Ratio of female employees in the management	51%
Ratio of female members in the Board of Directors	27%
Gender pay gap	0.087%
Ratio of employees in the sustainability structure	20%
Average annual training hours per employee	51.5
Employee turnover ratio**	5.3
Average remote/hybrid working ratio	82%
Ratio of female employees on maternity leave	7%
Ratio of return from maternity leave	100%
Ratio of male employees on paternity leave	5%
Ratio of participation in the employee satisfaction survey	90%
Level of employee satisfaction regarding the Covid-19 measures taken by the Bank according to the employee satisfaction survey results	83%

Equal opportunities pursued in all HR practices	Women's Ratio
Flexible working	59%
Department change (rotation, internal transfer)	56%
New recruits	49%
Promoted employees	52%
Employees joining TSKB following the TSKB Academy new graduate program	56%
Candidates involved in the recruitment process	49%
Foreign representation at the university	65%
Sustainability Workshop	72%

* The ratio difference is given according to the female/male median value.

** Turnover rate among high-performing employees in banking staff.



GRI 102-8, GRI 103-2, GRI 103-3, GRI 404-1, GRI 404-2

CAPITALS

HUMAN CAPITAL

2021 TARGETS	2021 REALIZATIONS
<p>Within the scope of Robotic Process Automation, it is aimed to complete and evaluate new processes that are under development, and to continue to increase the number of processes by starting new ones.</p>	<p>Under Robotic Process Automation (RPA), a total of 30 processes from 9 departments were handled in 2021, and manual operational works were robotized. The productivity of employees was increased by earning approximately 3.14 FTE in the studies.</p>
<p>In 2021, it is aimed to carry out coaching activities with the project teams to consolidate the methodology in agile projects, and to hold training courses and workshops to disseminate the agility culture.</p>	<p>As of September 1, 2021, permanent agile teams were formed within IT department in order to benefit more from the gains of the agile method. Business Unit Agile Representatives were identified to support the work of agile teams by business units and to manage total demand. These teams and project teams are trained by agile coaches.</p>
<p>It is planned to make all human resources processes available to employees in 2021 in an integrated manner with the Digital HR platform.</p>	<p>We put the modules of our digital HR platform into practice and increased our efficiency in human resources processes by making them available to our employees.</p>
<p>The employees were identified under the critical position succession program as part of organizational development activities in 2021, and we aim to ensure the participation of these employees in various development programs in order to support their development.</p>	<p>Under the critical position succession program, three development planning concepts were created, suitable for the participation of the target audience. The first one, Coaching, started in April. The domestic and international development program, on the other hand, started in September.</p>
<p>We aim reinforce the "Managerial Development Program" offered in 2021 and to enable the employees included in the "Competency Development Program" to deepen and to monitor their development towards their targets.</p>	<p>Launched in 2020, the Executive Development Program and Competency Development Program went on with online classroom training courses with in-depth content in 2021 and was completed in November.</p>
<p>In 2021, we will continue to devote efforts to implement end-user-oriented HR systems. In the Performance Management System, which has been actively used for the last 2 years, improvement areas will be identified and the system will be implemented more effectively.</p>	<p>Improvements on HR systems have been completed. Advisory Service was received regarding the Performance Management System in the first quarter of the year. Improvement areas related to our performance system were identified in one-to-one workshop meetings with senior management. Relevant actions were taken as required.</p>
<p>We aim to bring employees and entrepreneurs together, to keep the spirit of entrepreneurship alive in the upcoming period, and to bring together people from the world of entrepreneurship and employees.</p>	<p>A cooperation was established with the Entrepreneurship Foundation (GirVak) to increase employee productivity in digitalization and innovation across the Bank. As part of this cooperation, 2 inspiration sessions were held in 2021, in which the participants had the opportunity to listen to the stories of successful entrepreneurs and ask them questions.</p>
<p>We aim to continue to attach importance to gender equality and to act according to the principle of equality in HR practices.</p>	<p>We followed a human resources policy based on diversity and equal opportunity, adopting the principle of equality in all human resources practices. The Employee Engagement Survey for 2021 was conducted to measure how our practices such as career development, promotion, training and development were perceived by employees. 88% of the respondents agreed that "Female and male employees in my company have equal career development and promotion opportunities", while 93% agreed that "Female and male employees in my company have equal training and development opportunities."</p>
<p>It is aimed to deepen the sustainability awareness within the Bank in order to strengthen the Sustainability Management to cover the entire Bank.</p>	<p>A holistic program was designed in order to deepen the awareness of sustainability, and as the first step, screen savers were used to create awareness. In the second half of the year, the training contents designed under the guidance of Escarus started to be transformed into an online training module with the contribution of various departments within the bank. The first online training courses on "Introduction to Sustainability" and "Corporate Sustainability" were made available on the GOO platform. The Bank will continue to extend the program under the theme of "What is ESG?".</p>
<p>We aim to obtain ISO 45001 Occupational Health and Safety Certificate in 2021.</p>	<p>In the first half of 2021, the ISO 45001 Occupational Health and Safety Management System certificate was obtained as a result of successful audits. The relevant certificate can be found on page 139.</p>



GRI 103-2, GRI 103-3, GRI 404-1, GRI 404-2

CAPITALS

HUMAN CAPITAL

In the training activities carried out in 2021 under the motto of "Become a Partner to the Future", the priority was given to development of competencies and management skills.

HUMAN RESOURCES AND THEIR DEVELOPMENT IN 2021

We maintain our investments in human resources and their development based on a sustainable approach in compliance with the requirements of its corporate strategy.

During the pandemic, the remote/hybrid working rate of our Bank's employees changed from month to month depending on the course of the pandemic throughout the year but the hybrid working model has been adopted as of September. As of September, the remote working rate reached 55%. Although it changes every month depending on the course of the pandemic during the year, the average remote working rate in 2021 was 81.6%. Additionally, we took the highest level of precautions in every area of our premises and ensured a healthy working environment by introducing new regulations as per the course of the pandemic.

The hybrid model is planned to be permanent in our Bank as of 2022, once the pandemic is over.

Working remotely during the pandemic

Depending on the course of COVID-19 cases in Türkiye, we observed the health of our employees at the highest level. Moreover, measures were taken in all areas in order to ensure that the activities with clients and other stakeholders could be performed in a complete and effective manner. In parallel with the statements by official institutions during the pandemic, our Bank managed the remote working process dynamically, and thus the rate of remote workers reached 95% in the days of full lockdown. Short, medium and long term planning for human resources, successions for critical positions and business continuity plans were made. During



the pandemic, our Bank's senior management, Human Resources department and other units were in constant communication with employees, who were instructed not to be present at our Bank unless necessary.

Digitalization of HR applications continued in 2021

At TSKB, the digitalization was initialized at the beginning of 2020 in order to provide more user-friendly HR applications and to increase the traceability and transparency of the system. The digitalization efforts continued in 2021 at full speed.

Training and development management was put into use via the digital human resources platform. Improvements were made to the performance management system evaluation screens. Preparations were completed for TSKB Candidate Career Portal to be launched in January 2022.

In our Bank's Technical Information and Skills Library, technical knowledge and skills defined for each title, level and department were updated on an employee basis within the scope of career movements. The Technical Knowledge and Skills Library is used to support the employees with horizontal career movements, to monitor them as well as to identify their developmental needs.

In the training activities carried out in 2021 under the motto of "Become a Partner to the Future", the priority was given to development of competencies and management skills.

The "Critical Position Succession Plan", used to prepare for the future, was updated in 2021 in line with the changing needs. Accordingly, the outputs of the development plans presented in 2021 were analyzed to re-identify the needs of potential employees in 2022.



82%

Average rate of remote work ✓



GRI 103-2, GRI 103-3, GRI 404-1, GRI 404-2

CAPITALS

HUMAN CAPITAL

In order to accelerate the orientation of new employees who joined TSKB during the pandemic and to increase communication between employees, "Talking About Business Meetings" were held, where interdepartmental workflows were discussed.



12%

HR Representative ratio among employees



12

"Bir Bilen Anlatsın" meetings

With the Internal Transfer Project, we support horizontal career movements among its employees to improve their work diversity and technical knowledge, skills and competencies. With the application, we provided the opportunity to change departments to 18 colleagues, and to gain new experiences in different departments to 9 of our colleagues with the Rotation application.

Since 2017, volunteer HR representatives from each department have been conveying the collected opinions and suggestions to the HR Department and acting as a bridge in the transparent communication of HR practices to the teams.

Periodic meetings continued to be held in order to communicate the questions, opinions and suggestions of the departments to the Human Resources function and to listen to the needs of the pandemic period. 4 periodic meetings were held in 2021. Two of these meetings were held with the participation of TSKB CEO Ece Börü.

12% of the our banking staff assumed the role of HR Representative until 2022. These practices will continue in 2022 as well.

In order to accelerate the orientation of new employees who joined TSKB during the pandemic and to increase communication between employees, "Talking About Business Meetings" were held, where interdepartmental workflows were discussed.

In order to increase the communication between employees during the pandemic, 12 "Bir Bilen Anlatsın" meetings were held at noontime in the form of a small talk where they chat about their hobbies.

Agile working model training courses at full speed

In addition to the target of more efficient human resources, agile working methodology is implemented in pilot projects with the support of in-house coaches.

In order to spread the agile culture, the organizational agile transformation strategy and goals were communicated to the senior management and HR representatives. Moreover, the business units in agile projects took part in various training programs.

As of September 1, 2021, permanent agile teams were formed within IT department in order to benefit more from the gains of the agile method. Business Unit Agile Representatives were identified to support the work of agile teams by business units and to manage total demand. Teams and project teams are trained by agile coaches. Industry-leading consultants provide counselling services. Agile Leadership training courses were designed and held with the participation of the Managers, including the Senior Management. The agile transformation will continue to accelerate following the agile advisory services. In 2022, in addition to becoming agile in our ways of doing business, we will work to expand the agile mindset throughout our organization, and we will continue the training of our employees for further deepening in agility.

TSKB Technology and Entrepreneurship Platform

The TSKB Technology and Entrepreneurship Platform was established in cooperation with the Turkish Entrepreneurship Foundation (GirVak) in 2018 in order to keep up with the rapid change of the world and to develop new ways of doing business and innovative perspectives. In a series of inspiring speeches, two entrepreneurial companies were hosted in 2021. Plans for 2022 include online inspiration sessions with entrepreneurs, trend conversations with GirVak members, and meetings focused on sustainable development and optimization in digitalization.

Strong employer branding with universities

In 2021, 18 TSKB employees took part in various courses and programs across 15 universities as part of the strong employer branding activities.

The content of the seminars and courses attended were determined in line with needs of undergraduate and graduate students. However, they were mostly focused on Finance and Development Economics. In addition to technical lecture, TSKB employees also talked about how the academic knowledge acquired at university was reflected in business life. While the cooperation with target universities continued, the projects were promoted to the target audience at virtual career fairs.



GRI 103-2, GRI 103-3, GRI 404-1, GRI 404-2, GRI 405-1

CAPITALS

HUMAN CAPITAL

In 2021, 18 TSKB employees took part in various courses and programs across 15 universities as part of the strong employer branding activities.



48

Number of students participating in the Sustainability Workshop



54

Employees joined the TSKB family in 2021

The 9th Sustainability Workshop was held in cooperation with TSKB and Escarus in 2021 in order to improve the sustainability literacy of students. The online workshop was attended by 48 students from different disciplines and 11 universities.

Job opportunities for the students after internship

TSKB starts interacting with young talents in their university years, maintaining this relationship in the future as well. In 2021, total 22 interns worked at our Bank on a part-time basis for at least 6 months.

Following the internship period, which is no different from a real work experience, interns can also have the chance to start working as junior associates upon graduation. In 2021, 5 interns started to work at TSKB as full-time junior associates.

A structure growing with new employees

As part of TSKB's recruitment activities in 2021, a total of 54 new employees, including 18 new graduates and 36 experienced employees, joined the TSKB family in line with the needs of different departments.

TSKB Academy

Total 9 Junior Associates were recruited under the first TSKB Academy program, which was implemented to recruit newly graduated young people to our Bank. Training and rotations are planned for new graduates throughout the year.

Gender equality principle in remuneration management

In line with TSKB's strategies and long term objectives, TSKB's employees are paid an annual bonus in compliance with risk management structures and by taking into account ethical values and internal balances.

As in all human resources practices, gender equality is also pursued in remuneration management. A constant balance is maintained in the pay gap by position and gender. As of the end of 2021, the pay gap was 0.087%.

Feedback Survey for more interaction

We aim to improve interactions by creating a transparent channel within our bank. Accordingly, the "Interdepartmental Feedback" survey was conducted to allow employees to give feedback as a team.

Ongoing improvements in the Digital HR Platform

With Digital HR platform, productive and improving efforts have been carried out. These efforts include the simplification of HR processes to increase their effectiveness and visibility, establishment of a modern and contemporary infrastructure, management of processes in an integrated manner and the creation of a culture of feedback and open communication. Improvements continued on the platform throughout 2021.

In 2022, end-user-oriented feedback and regular Human Resources surveys are planned to be conducted through the digital HR platform. In January 2022, the candidate career portal will be launched.



GRI 103-2, GRI 103-3, GRI 404-1, GRI 404-2, GRI 405-1

CAPITALS

HUMAN CAPITAL

In order to support the development of employees selected under the critical position succession plan as part of the organizational development activities in 2021, employees participated in one-on-one coaching, domestic and international development training courses, as well as technical/vocational training programs.

TRAINING PROGRAMS AT TSKB

At TSKB, we aim to develop its human resources with customized training programs. In line with this target, our Bank conducts various training and development activities in order to improve the technical and professional knowledge and personal skills of its employees. The average training time per employee was 51.49 hours in 2021. In the same year, the average training hour per contract employee was 17.

TSKB employees are also provided with various theme-based training programs, including technical and vocational training courses as well as mandatory training courses. Orientation and mentoring system processes are put in place to ensure that new recruits can adapt quickly to the organization.

The Training Catalogue is one of the most important tools of our continuous improvement target. In 2021, the Catalog included webinars in different topics, including adaptation to the new normal, family relations, our roles, which cover all employees in parallel with the pandemic agenda.

Different programs are offered to employees at every level in order to improve their managerial skills and to prepare them for the future. Accordingly, department managers are given one-on-one coaching, and domestic and international training programs are held to improve their leadership skills.



The "Sustainability Development Program" was designed with the contributions of our subsidiary Escarus and business units in order to increase the level of knowledge and awareness of employees on "sustainability", one of our most important fields of activity.

In 2021, we started to plan the development journey where new technology trends and applications on digitalization were discussed. Supported by new generation learning tools, the program will continue to offer different topics in 2022 as well.



51.5

Average training hours per person



GRI 103-2, GRI 103-3, GRI 404-1, GRI 404-2, GRI 405-1

CAPITALS

HUMAN CAPITAL

These surveys allow us to regularly measure the satisfaction and engagement levels of our employees, to provide a consistent platform for them to convey their ideas and suggestions, and to take action in line with our Bank's improvement targets.

"Become a Partner to the Future" Program

Potential evaluation and 360-degree competency evaluation inventories are implemented within the scope of potential and organizational development studies to measure the readiness of TSKB employees for senior positions. Based on these inventories, we have introduced the motto "Become a Partner to the Future" into our lives. Accordingly, the development journey, specially designed for the participation of different title groups and presented in an integrated manner since 2020, continued in 2021 with a deepening focus.

In order to support the development of employees selected under the critical position succession plan as part of the organizational development activities in 2021, employees participated in one-on-one coaching, domestic and international development training courses, as well as technical/vocational training programs. The development programs prepared in line with the needs of the new period will continue in 2022 as well.

Investments in human resources and their multifaceted development were published with determination based on an approach that observes the requirements of corporate strategy.

90% participation rate in the Employee Engagement Survey

We believe that the key to the business development is the opinions and feedback of people within the organization. Therefore, we conduct employee satisfaction surveys periodically. These surveys allow us to regularly measure the satisfaction and engagement levels of our employees, to provide a routine platform for them to convey their ideas and suggestions, and to take action in line with our Bank's improvement targets.

In order to carry out practices on an equitable basis without adopting any different approach in Human Resources processes, essential reporting activities were conducted in full compliance with the Equal Opportunity Model (EOM) and responsibilities. Finally, associated actions were taken as required.

With a participation rate of 90% in 2021, 348 employees responded to the employee satisfaction survey. Our efforts to improve the employee engagement were reflected in the survey's results.

Key results of the Employee Engagement Survey

- The highest score in employee engagement was achieved in First Level Manager Satisfaction and Job Satisfaction aspects. They were followed by "Brand" and "Cooperation."
- The Job Satisfaction aspect has been on an uptrend over the last 4 years.
- Employees maintained their opinion that TSKB took appropriate actions for the COVID-19 crisis in 2021 as well.
- Social and Environmental Awareness, Workplace Safety, Gender Equality, Risk Appropriate Management and Communication were among TSKB's strengths.
- A balanced distribution was observed in the "Engagement" score of female and male employees.
- "The company's values coincide with my personal values", "This company strongly supports the training and development of its employees," and "My company supports me to develop ideas that will make this place more successful." were some of the questions that TSKB achieved the highest scores compared to Banking industry as well as other industries.

Human Resources Principles

We have accepted the principles of the Universal Declaration of Human Rights, the International Labor Organization (ILO) Basic Principles and Rights at Work, the UN SDGs and the United Nations Anti-Corruption Convention, and we carry out all our activities in accordance with these principles.

We are sensitive to the issue of compliance with international human rights standards. We ensure that all stakeholders, including our own employees and suppliers, comply with international standards. For this purpose, TSKB Prohibited Sectors and Activities List has been published. You can access our human rights and other relevant policies on our website.

We provide a working environment based on the principle of diversity and inclusiveness.

In the recruitment processes, we do not discriminate on the basis of visible or invisible reasons such as gender, religion, national and social origin, race, marital status, age, political opinion, mental or physical disability, social class difference, HIV/AIDS status, philosophical belief, union membership, sexual orientation and the like, we do not allow discrimination between employees and we provide a working environment based on diversity and inclusiveness.

Issues such as training and development opportunities, remuneration, working hours, job security, performance evaluation and promotion, maternity protection, occupational health and safety are applied equally to all our employees and we do not make any discrimination.



90%

Participation rate in the Employee Satisfaction Survey



CAPITALS



Natural Capital

MEDIUM AND LONG-TERM TARGETS

Ratio of SDG-linked loans in total portfolio 90%

We aim to keep the ratio of SDG-linked loans in the total portfolio at 90% and above from 2022 to 2026.

Ratio of loans linked to climate and environment focused SDGs in total portfolio 60%

Between 2021 and 2025, we aim to have a 60% ratio of loans linked to climate and environment focused SDGs in the total loan portfolio.

Direct emission reduction by 2035 63%

We commit to reduce our direct emissions by 42% by 2030 and by 63% by 2035.



2021 KPIs

387

Renewable energy projects ✓

15%

Our share in Türkiye's renewable energy installed capacity ✓

12.8 million

CO₂ emission reduction contribution provided by the renewable energy projects we finance (tons CO₂/year) ✓

100% green

Energy use

8,239

Total installed capacity funded (MW) ✓

40%

Share of energy generation in loan portfolio



CAPITALS

NATURAL CAPITAL

SHORT, MEDIUM- AND LONG-TERM TARGETS

FINANCING



N1
We aim to provide **SDG-linked financing of USD 8 billion** or more by 2030.



N2
We aim to keep the ratio of SDG-linked loans in the total portfolio **at 90%** and above from 2021 to 2025.



N3
Between 2021 and 2025, we aim to have a **60% share of loans** linked to climate and environment focused SDGs in the total loan portfolio.



N4
We aim to extend loans of at least **USD 150 million** to renewable energy projects by the end of 2022.



N5
In the upcoming period, We aim to provide direct and indirect support to companies in the transition to **the EU Green Deal**.



N6
Within the scope of combating climate change, we declare that it will not finance greenfield **coal-fired thermal power plants and coal mining investments for electricity generation purposes**.

CLIMATE RISK



N7
In line with our 5-year roadmap (2021-2025), the evaluation of the loan portfolio in terms of climate risk, which was launched in 2020, will be finalized and **climate risk will be integrated into the loan evaluation and monitoring procedures**.



N8
In line with our 5-year roadmap (2021-2025), a climate risk management approach will be developed and full compliance will be achieved by following the **UNEP-FI and TCFD recommendations**.

EFFECTIVE CARBON MANAGEMENT



N9
We undertake to manage all internal impacts, greenhouse gas emissions and external environmental and social impacts originating from funded companies and projects in compliance with **ISO 14001 and ISO 14064-1 Standards** in 2022.



N10
We undertake to reduce its Scope 1 (direct) emissions by **42% by 2030 and by 63% by 2035**.



N11
We will continue our studies on greenhouse gas emissions measurements in **carbon-intensive sectors** in our portfolio.



N12
We undertake to calculate our carbon footprint periodically in 2022 and to carry out effective carbon management by **neutralising its carbon footprint** excluding financed emission.

ENVIRONMENTAL AND SOCIAL RISK MANAGEMENT



N13
In 2022, we will continue to apply **the Environmental and Social Risk Assessment Model** to investment loans and working capital loans.



N14
As a signatory to the Declaration on Biodiversity under the IDFC - Finance in Common Summit (FICS), we undertake to maintain our compliance with environmental and social standards for **the protection of biodiversity**.



GRI 302-1, GRI 302-2, GRI 302-3, GRI 302-4, GRI 303-1, GRI 303-3, GRI 305-1, GRI 305-2, GRI 305-3, GRI 305-4, GRI 305-5, GRI 306-2

CAPITALS

NATURAL CAPITAL

2021 KEY PERFORMANCE INDICATORS

CO ₂ emission reduction contribution provided by sustainability investments (tons CO ₂ e/year)*	15.77 million
---	---------------

RENEWABLE ENERGY

Number of renewable energy projects	387
Total installed capacity funded (MW)	8,239
TSKB's share in Türkiye's renewable energy capacity	15%
Energy use	100% green
Loan disbursement amount (USD billion)	4.4
Contribution to reduction of CO ₂ emissions (tons CO ₂ /year)	12,8 million

RENEWABLE ENERGY PROJECTS FINANCED IN 2021

Number of projects	58
Installed power (MW)	1,645
Power generation volume (MWh)	3.8 million
CO ₂ emission reduction contribution (tons CO ₂ e/year)	2.7 million

ENERGY & RESOURCE EFFICIENCY

Raw material savings (tons/year)	14.65 million
Water savings (m ³ /year)	1.21 million
Waste savings (tons/year)	55,530
Energy savings (Gigacal/year)	6.14 million
CO ₂ emission reduction contribution (tons CO ₂ e/year)	2.97 million

INTERNAL IMPACTS OF THE BANK

Annual carbon footprint removal	799
Paper consumption in the Head Office (kg)	2,164
Recycled glass, plastic and paper waste (kg)	3,388
Electricity consumption in the Head Office (kWh)	796,909
Natural Gas consumption in the Head Office (m ³)	57,991
Water consumption in the Head Office (m ³)	3,403
Water density (m ³ /employee)	17.3
Electricity density (kWh/m ²)	47.5
Natural gas density (m ³ /m ²)	3.5

* Renewable Energy, Energy Efficiency and Resource Efficiency projects



CAPITALS

NATURAL CAPITAL

<p>89% ✓</p> <p><i>We aim to keep the ratio of SDG-linked loans in the total portfolio at 90% and above from 2021 to 2025.</i></p>	<p>USD 1.1 billion ✓</p> <p><i>We aim to provide SDG-linked financing of minimum USD 8 billion by 2030.</i></p>	<p>62% ✓</p> <p><i>We aim to have a 60% share of loans linked to climate and environment focused SDGs in our total loan portfolio.</i></p>	<p>3.8%</p> <p><i>We aim to limit the share of power plants generating electricity from non-renewable sources within our Bank's entire loan portfolio to 5%</i></p>
---	--	---	--

2021 TARGETS	2021 REALIZATIONS
--------------	-------------------

<p>As of 2021, the Environmental and Social Risk Assessment Model will be applied to working capital loans along with investment loans. We undertake to manage all internal impacts, greenhouse gas emissions and external environmental and social impacts originating from companies and projects financed in compliance with ISO 14001 and ISO 14064-1 Standards in 2021.</p> <p>We undertake to calculate its carbon footprint periodically in 2021 and to continue its banking activities with zero carbon principles by zeroing its carbon footprint.</p> <p>As a signatory of the Declaration on Biodiversity under IDFC - FiCS, we have committed to maintain its compliance with environmental and social standards for the protection of biodiversity.</p> <p>In line with our 5-year roadmap (2021-2025), the evaluation of the loan portfolio in terms of climate risk, which started in 2020, will be finalized and climate risk will be integrated into the loan evaluation and monitoring procedures.</p> <p>In line with our 5-year roadmap (2021-2025), a climate risk management approach will be developed and full compliance will be achieved by following the UNEP-Fi and TCFD Climate-Related recommendations.</p> <p>10% decrease is targeted in 2017-2021 greenhouse gas emission average compared to the average of the previous 5 years (2012-2016).</p> <p>We undertake to reduce its Scope 1 (direct) emissions by 42% by 2030 and by 63% by 2035.</p> <p>We will continue to work on developing methodologies and criteria in order to effectively monitor the greenhouse gas emissions of companies operating in carbon-intensive industries in its portfolio. As part of its combat against the climate change, TSKB declares that it will avoid financing the establishment of the coal-fired thermal power plants and coal mining investments for power generation purposes.**</p> <p>In the upcoming period, we aim to provide direct and indirect support to companies in the transition to the EU Green Deal.</p> <p>We aim to have all Bank employees fill out the water saving awareness questionnaire in order to determine the total water commitment of the employees and to raise awareness on this issue.</p>	<p>In 2021, we applied ERET for Working Capital Loans (an environmental and social risk measurement model) to a total of 42 working capital loans. In 2021, all environmental and social impacts of our Bank were managed in compliance with ISO 14001 and ISO 14064-1 standards. The external audit carried out by BSI on February 01, 2022 and February 02, 2022 was successfully completed. The relevant certificates can be found on pages 137-138. In 2021, greenhouse gas emissions from our Bank's operational activities were calculated according to the ISO 14064:2018 standard and verified by BSI. The resulting emissions (the emissions from funded projects excluded) have been neutralized through carbon credits. In line with its responsible banking approach, we deal with biodiversity as a separate issue under the environmental and social risk assessment in the projects it finances, and expects its investors to take appropriate actions in risky situations.</p> <p>As one of the leading institutions supporting the Task Force on Climate-related Financial Disclosures (TCFD) in Türkiye, we published the first Climate Risk Report in 2021, prepared in line with TCFD recommendations in the Turkish banking sector. We closely follow current developments and good practices in the field of climate risk. Efforts on the assessment of physical and transition risks arising from climate change and their integration into all loan processes continue. In this context, the Climate Risk Assessment Tool was developed and its pilot applications were completed in 2021.</p> <p>Greenhouse gas emissions from the Bank's operations decreased by 16% as of the end of 2021.*</p> <p>Scope 1 (direct) emissions increased by 6.7% compared to last year. The reason for this increase is the revision of the ISO 14064 Standard and the expansion of the scope. In addition, necessary investments for emission reduction in buildings started in 2021. Therefore, it is expected to see emission reduction in the coming years. Emissions financed for companies operating in carbon-intensive industries (non-renewable power generation, cement, iron & steel) and accounting for 7.5% of TSKB's 2021 year-end portfolio were calculated.</p> <p>In 2021, no financing was provided in this area. ✓</p> <p>Developments in the EU Green Deal are closely followed, and the green and inclusive transformation of stakeholders is supported through 3 business lines. In the upcoming period, our Bank will continue to provide support for innovative products and services in line with the developments. As a result of the survey, which was completed with a participation rate of 40% throughout our Bank, a commitment was made to reduce water use by approximately 1 m³ per person per year.</p>
---	---

* Emissions from financed projects calculated according to the revised ISO 14064-1:2018 standard were excluded in the calculation in 2021.

** The relevant target was revised in the Climate Risk report published in 2021.



CAPITALS

NATURAL CAPITAL

In all investment projects funded by the ERET Model and working capital loans, our Bank adopts a sustainability approach that meets the environmental, social and occupational health and safety standards of development finance organizations.

ERET Model

Since 2007, ERET Model has been applied to all investment projects on which TSKB focused. ERET was developed to close the competency and experience gap between experts in the environmental and social risk categorization of projects, to ensure the utilization of a consistent and standardized methodology, and to carry out risk management in a way to cover specific risks. ERET - the Environmental and Social Risk Evaluation Tool - was designed and implemented in 2005.

Implemented since 2007, the ERET Model not only contributes to the project evaluation, but also enables us to build up a deep intellectual capital and knowledge. Additionally, the environmental and social risk evaluation also helps to raise awareness within the organizations financed by our Bank. The ERET Model creates value in line with the principle of responsible income generation for both our Bank and our stakeholders.

Management of Environmental and Social Impacts Arising from Lending Activities

In line with the principles of responsible banking, we attach importance to identifying objectively the potential risks and impacts that arise in the evaluation of the environmental and social impacts of projects.

This process requires a comprehensive assessment, and the extent of the environmental and social impacts is discussed in cooperation with investors prior to lending. In the light of the project evaluation results, issues to be managed and the actions to be taken are determined and

communicated to the investors. At TSKB, lending begins when all of these processes have been completed and the project risk management plan has been prepared. The annual evaluation results of the ERET Model are publicly reported on our website.

Our Bank is the representative of an expertise-oriented banking culture. We also introduce pioneering practices in environmental and social risk measurement. With the start of the loan process, the relevant project plans are monitored by our engineers or independent environmental and social consultants. We meticulously monitor the implementation of these plans and manage the environmental and social risks of the projects it finances.

Since 2007, our Bank has been evaluating all investment projects eligible for financing, regardless of the investment amount and/or loan limit. The ERET Model addresses the potential environmental impacts of projects such as waste, emissions and noise, as well as potential social impacts on stakeholders such as expropriation methods, physical and economic displacement.

In all investment projects funded by the ERET Model, our Bank adopts a sustainability approach that meets the environmental, social and occupational health and safety standards of development finance organizations.

The environmental and social risk rating methodology of the ERET Model is constantly reviewed by TSKB teams. Depending on the changing conditions, the weight of high risk issues in the calculation is increased, and issues that pose a risk are put forward.

The ERET Model is also in line with the criteria in the Equatorial Principles, which are based on standards of the IFC and the World Bank and implemented by banks operating in developed economies.

Investment Projects Considered Within the Scope of ERET

The current project risks measurement model consists of 35 questions under five main categories, This model is based on a current and prospective study of the environmental and social impacts as well as legal and financial liabilities that may arise from the investment projects evaluated by our Bank for financing.

Depending on the environmental and social risk score obtained in the evaluation, a plan is prepared in cooperation with the investor to mitigate and monitor the impacts. The environmental and social risk scores of the owners/investors of investment projects evaluated in 2021 are given below:

	Project
High risk A	3
Moderate-sensitive risk B+	21
Moderate risk B-	32
Low risk C	6



CAPITALS

NATURAL CAPITAL

We measure the environmental and social risks of our customers, for whom we provide investment loans and working capital loans, and their projects with the Enterprise ERET model.

The high risk projects evaluated in 2021 consisted of investments in solar plants, fertilizer and the iron & steel industry. Environmental and social risk assessment was carried out for these investments and Environmental and Social Action Plans were established for effective risk management. Investments with moderate-sensitive risk included biogas energy, biomass energy, solar energy and wind energy projects. Environmental and Social Action Plans have been drawn up for these investment and their implementation is followed up.

Customers with Investment Projects Considered within the Scope of ERET

The client risk evaluation within the ERET Model consists of 12 questions under 5 categories.

	Project Owner
High risk A	5
Moderate-sensitive risk B+	16
Moderate risk B-	19
Low risk C	3

Working Capital Loans ERET

With its mission as a development and investment bank, we support Türkiye's sustainable development through financing investments that respect the environment and society. We have demonstrated that it stands by the private sector with the working capital loans it provided in 2021.

Our Bank commits to monitor the environmental and social impacts and performance of its customers that it has granted working capital loans since 2021.

We have expanded the scope of its environmental and social risk management approach to include working capital loans. Playing a leading role in the industry once again, we created the Environmental and Social Risk Evaluation Tool (ERET) for Working Capital Loans to measure working capital loan risks.

The environmental and social risk scores of the working capital loan projects evaluated in 2021 are as follows:

	Client
High risk A	6
Moderate-sensitive risk B+	18
Moderate risk B-	13
Low risk C	5

High risk businesses evaluated in 2021 operate in the construction, automotive and iron & steel industries. The businesses with moderate-sensitive risk operate in the chemistry, food, textile and tourism industries. Similar to investment loans, Environmental and Social Action Plans have been prepared for working capital loans and risks are being monitored.

In 2021, environmental and social risk assessments were carried out within the scope of a total of 62 investment loans and 42 operating loans.

Environmental impacts arising from operational activities are also handled by SMS.

Environmental impacts arising from operational activities are meticulously managed. Using the SMS, the consumption of electricity, water, natural gas, etc. is periodically monitored and actions are taken in compliance with the reduction targets. Variations in natural gas and electricity consumption caused by climate change are sensitively evaluated.

Moreover, our waste management plan aims to make maximum use of recycling, to dispose of waste in an eco-friendly manner and to ensure their recovery for the economy. The target is to reduce the amount of waste per person through our Bank's awareness raising activities. SMS training is provided to all new TSKB employees to ensure that the concept of sustainability is internalized.

We carry out all of its operations as per ISO 14001 Environmental Management System Standard. As an ISO 14001 Certificate holder since 2007, we aim to ensure its continuity.



104 loans

In 2021, environmental and social risk assessments were carried out within the scope of a total of 62 investment loans and 42 operating loans.



CAPITALS

NATURAL CAPITAL

We have been carrying out its activities in accordance with the ISO 14064 Greenhouse Gas Accounting and Verification Standard since 2012. In order to comply with the revised standard, our Bank completed its training in 2021 and updated its greenhouse gas inventory in accordance with the requirements of the revised standard.

Breaking new ground in the Turkish banking sector in 2021, we included or declared our "financed emissions", resulting from the financing we provide to our customers operating in carbon-intensive sectors in our portfolio, in the calculation and verification process of greenhouse gas emissions.



7,126 tons

Carbon emissions prevented since 2009

Carbon Footprint Management

Climate change and the loss of biodiversity are among the leading global threats to the future of humanity. The rapid transition to a low carbon economy is vital in ensuring a sustainable world.

We adopt globally emerging trends in a proactive approach. Accordingly, our Bank started measuring its carbon footprint in 2006. Since 2012, it has been operating in accordance with the ISO 14064-1 Greenhouse Gas Accounting and Verification Standard. In 2021, TSKB completed compliance training on the revised standard published in 2018, and thus updated its greenhouse gas inventory in line with the requirements of the new standard. During the transition to a low carbon economy, TSKB thus calculated the impact of carbon-intensive industries in its portfolio in an end-to-end transparent manner, and took the first steps to guide its future activities.

Contributions to global emission reduction efforts in financed projects are made as a part of SMS. Accordingly, Türkiye's grid emission factor is calculated using scientific and internationally accepted methods to measure the contribution to the transition to a low carbon economy through projects funded by TSKB.

In 2021, emission reduction targets were determined by taking into account the 2020 greenhouse gas emissions inventory, using the internationally accepted Science Based Target Initiative (SBTi) guidelines. Accordingly, we committed to reduce direct emissions by 63% until 2035 and to continue to provide 100% of its premises' electricity needs from renewable energy sources, which hold the International Renewable Energy Certificate (REC).

After announcing its commitments regarding the direct and indirect energy consumption emissions in 2021, we reviewed its portfolio with a high rate of renewable energy and sustainable investments. Indirect emissions were calculated to include emissions from projects financed in carbon-intensive industries, including thermal power plants, iron & steel industry, and cement industry, which make up less than 10% of the portfolio.

Accordingly, as part of the carbon zeroing activities carried out since 2008, we continue to zero all direct and indirect emissions, excluding those originating from newly financed projects.

In 2021, we joined the Climate Target Acceleration Program carried out under the leadership of the UN Global Compact in order to achieve its targets with strategic and science-based action plans. We exchanged information on the 1.5°C target with companies at different stages of the sustainability journey which want to proceed with their science-based emission reduction targets and become carbon-neutral with, and took part in the same program with the Turkish industrialists in order to understand their financial support needs.

Our strategy in transition to a low carbon economy;

- Measuring and reporting greenhouse gas emissions arising from operations and lending* activities, and having the calculations verified by independent institutions,
- setting greenhouse gas emission reduction strategies and designing projects, and
- identifying the impact of the portfolio and managing the financing to support the transition to a low carbon economy.

Since the second half of 2009, we have prevented 7,587-tonnes of CO₂ equivalent emissions by meeting our electricity needs from renewable energy sources. We are committed to continuing to supply our electricity needs from energy sources with 100% I-REC, as we did yesterday, and with this commitment, we aim to contribute to science-based targets on the net-zero target.

* Emissions from financed projects calculated for 2021 cover 7.5% of the end-of-year 2021 portfolio.



CAPITALS

NATURAL CAPITAL

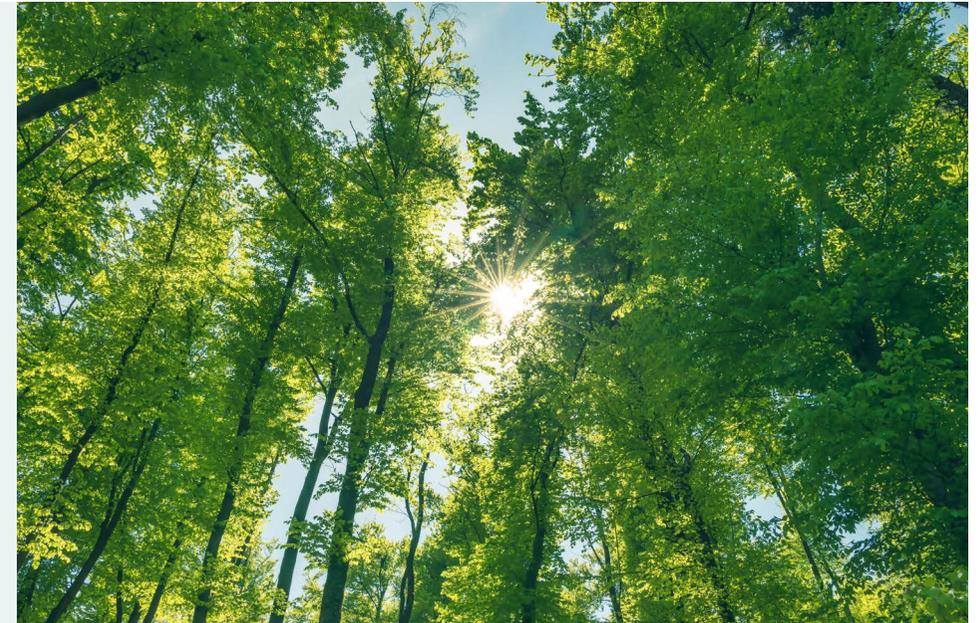
TSKB AND CLIMATE CHANGE

Risks and Opportunities

Climate change is considered as one of the most significant global problems to threaten the future of humanity in environmental, social and economic dimensions. Scientific studies indicate that climate change will have far-reaching consequences for every region and water basin in Türkiye. In parallel with what is expected to happen in the world, it is predicted that average temperatures will increase, water resources will diminish significantly, drop in agricultural yields will lead to more restricted access to food, sea levels will rise, drought and desertification will gain pace, the frequency and effects of extreme weather events such as flood and prolonged forest fires will increase in Türkiye. The biodiversity will also be affected by all these adverse events.

Extreme climate events and long-term climate change present physical risks with the potential to disrupt or adversely affect economic activity, while move towards a low carbon economy presents transition risks. Changes in climate policies, technology, consumer preferences and financial market sentiment create large fluctuations in asset values and drive costs upwards in various industries. Under these circumstances, financial institutions may be exposed to transition risks to the extent of their positions in businesses that do not design their business models in line with the green economy.

Rapid and far-reaching transformations are needed in combating and adapting to climate change in agriculture, energy production, industry, transportation, waste management and urbanism.



This requires global cooperation of financial institutions. On the other hand, every action against physical and transitional risks presents an important opportunity for financial institutions, including TSKB, which are active in sustainability financing. In this context, the physical and transitional risks arising from climate change pose a serious threat in the short, medium and long term.

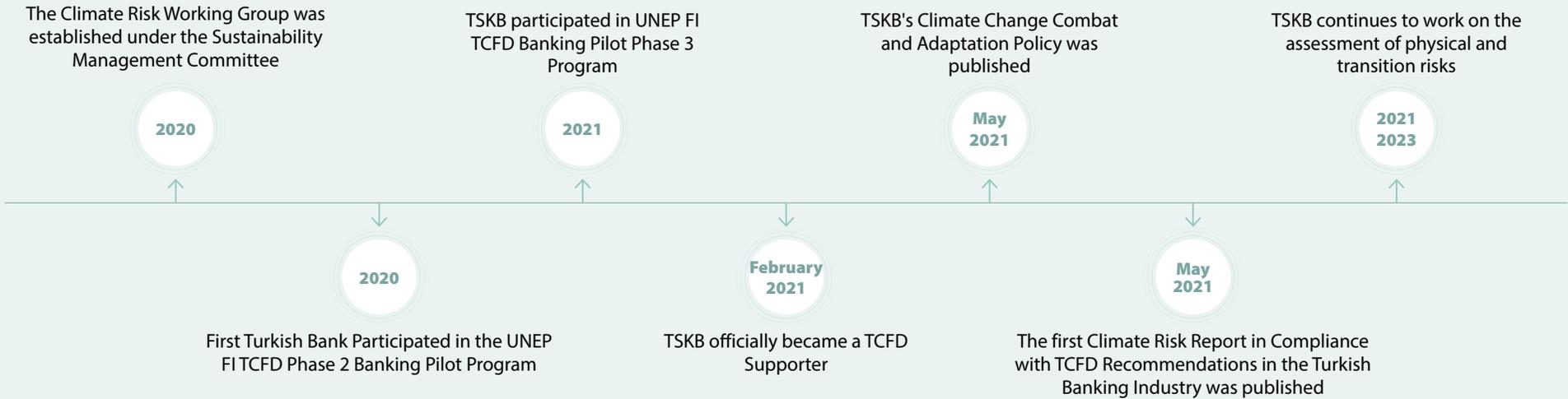
Therefore, it is necessary in all industries to be determined in the decarbonization and transition to circular economy, and to plan and manage the necessary adaptation measures against the existing physical effects of climate change. This will lead to valuable business opportunities for both financial institutions and companies operating in different industries.



CAPITALS

NATURAL CAPITAL

MILESTONES IN EFFORTS RELATED TO CLIMATE RISK



CLIMATE RISK REPORT



TSKB's Perspective on Climate Risk

- TSKB's activities on combating and adapting to climate change
- Physical and Transition Risks and Opportunities
- Science-Based GHG Reduction Targets
- Industry-based case studies
- Industry-focused heatmap



TSKB's Reporting Approach

- The Climate Risk Report summarizes TSKB's journey of combating and adapting to climate change, and explains its compliance with TCFD recommendations in 4 aspects.
- The information on the strategy, criteria and targets in the report will be reviewed periodically.
- TSKB will continue to communicate its commitments, targets and performance indicators in this report in the future.
- **Progress against the target as of the end of 2021 is reported in the Integrated Annual Report. The relevant realizations are available on pages 73-76.**



CAPITALS

NATURAL CAPITAL

FOCAL POINTS OF TSKB'S CLIMATE CHANGE COMBAT AND ADAPTATION POLICY

- Pursuing combat and adaption to climate change **in all fields of activity**
- Addressing the combat and adaptation to climate change with **the active participation of the Executive Committee, including the Board of Directors**
- Including **physical and transition risks arising from climate change in our Bank's risk management system**
- **Actively contributing to SDGs set by the United Nations in the combat against climate change**
- **Working in cooperation with all stakeholders** in the combat and adaption to climate change
- Communicating the **objectives and effects of combat and adaptation to climate change in a transparent manner**
- **Raising awareness** on combating and adapting to climate change through public reports and regular publications
- Following national and international declarations and **measuring and reporting in line with the recommendations of TCFD**

We issued its Climate Change Declaration in 2016. In 2020, the Climate Risk Working Group, which was established under our Bank's sustainability structure, developed capacity and took actions for the identification, measurement and transparent reporting of both physical and transition risks in the our portfolio. We position the fight against climate change and adaptation among our strategic focuses. Accordingly, we issued **the Climate Change Combat and Adaptation Policy** in 2021. As one of the leading institutions supporting the Task Force on Climate-Related Financial Disclosures (TCFD), our Bank led the way for the Turkish banking industry with its "Climate Risk Report" published in 2021. In the Climate Risk Report, we declared the risks and opportunities arising from climate change and underlined that they would continue to support Türkiye's transition to a low-carbon economy at full speed. In the upcoming period, we will continue to work in line with TCFD recommendations. **Please click here to access the Climate Risk Report.**

Our practices regarding climate risk have been awarded a B-rating by the Carbon Disclosure Project (CDP).

We have introduced many innovative and pioneering practices in the Turkish financial industry in the transition to a low carbon economy. We were one of the first stakeholders in Türkiye of the Carbon Disclosure Project (CDP), one of the most important global initiatives in climate change.

CDP is one of the most important global initiatives in climate change since 2011. CDP evaluates companies for the management of environmental risks and the determination of environmental objectives using an impartial and comprehensive methodology. Companies receive a rating from A to D based on their statements or good practice examples at the leadership level.

We voluntarily disclose our greenhouse gas emissions and strategies to combat climate change for compliance with CDP. We received the leadership award on climate in recent years. In 2021, when the global industry's average was B and the ratings of most banks operating in Türkiye decreased, we maintained our success and confirmed with a B rating that it is well on the way to achieving its high targets in sustainable development.

Climate change and TSKB's Sustainable Banking Strategy

At TSKB, we determine our actions for combating and adapting to climate change in line with our sustainability strategy. We believe that the high-quality development is directly related to sustainable banking and builds our sustainable banking strategy on three key pillars:

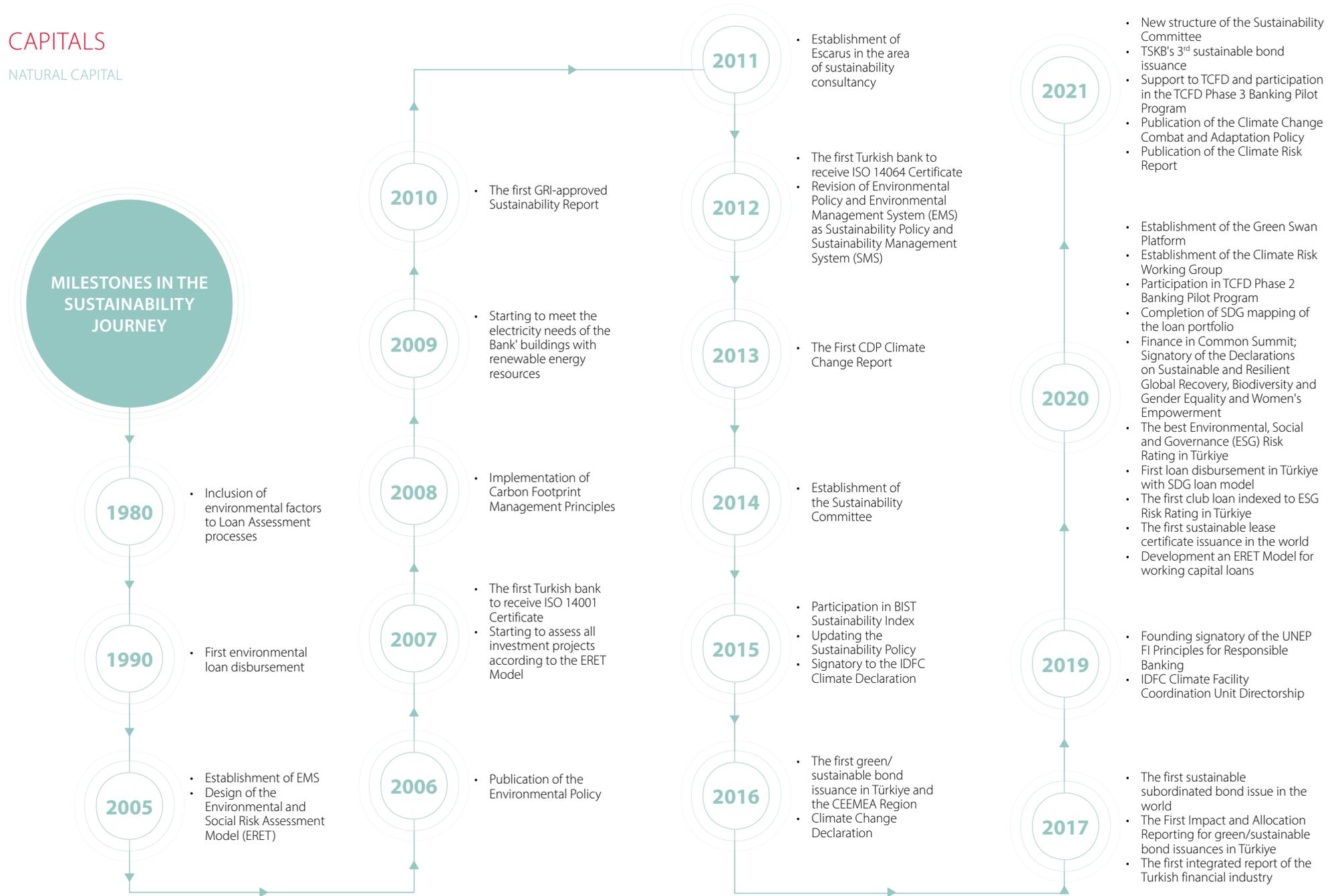
- supporting Türkiye's sustainable development model,
- playing an active role in combating and adapting to climate change,
- contributing to Türkiye's transition to an industry based on low carbon economy.

This strategy includes the assessment of related risks and opportunities as well as the management of climate change issues. Our Bank implements its sustainability vision and strategy in its daily service processes, following a properly constructed and effective sustainability cycle. Accordingly, we published its Climate Risk Report in 2021.



CAPITALS

NATURAL CAPITAL





GRI 201-2, GRI 302-1, GRI 302-2, GRI 302-3, GRI 302-4, GRI 303-1, GRI 303-3, GRI 305-1, GRI 305-2, GRI 305-3, GRI 305-4, GRI 305-5, GRI 306-2

CAPITALS

NATURAL CAPITAL

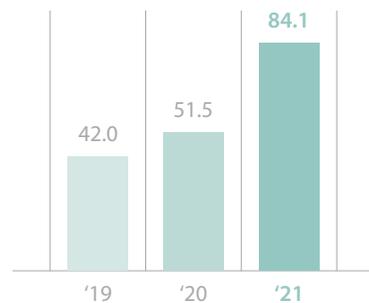
We calculate CO₂ emissions arising from our internal activities in accordance with the ISO 14064 Greenhouse Gas Calculation and Verification Standard and takes actions to reduce emissions.

INTERNAL IMPACTS - KEY INDICATORS

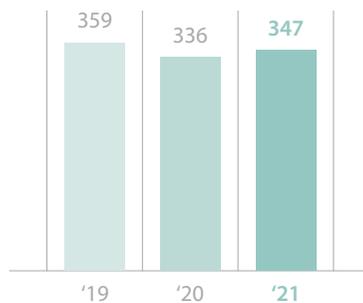
Environmental impacts arising from operational activities are meticulously managed. As per the SMS related activities, the consumption of electricity, water, natural gas, etc. is periodically monitored and actions are taken in compliance with the reduction targets. We calculate CO₂ emissions arising from its internal activities in accordance with the ISO 14064-1:2018 Greenhouse Gas Accounting and Verification Standard and takes actions to reduce emissions. With the waste management plan implemented according to the integrated waste management hierarchy, the waste collected separately at the source are sent to the recycling facilities. In this way, it is aimed to increase the rate of waste returned into the economy every year.



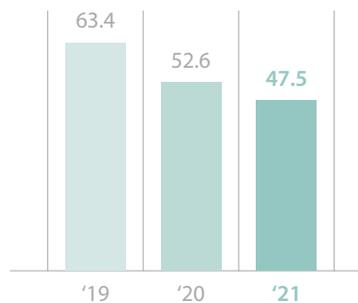
Total Asset
(TL billion)



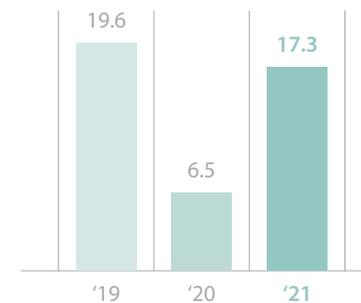
Number of Employees*



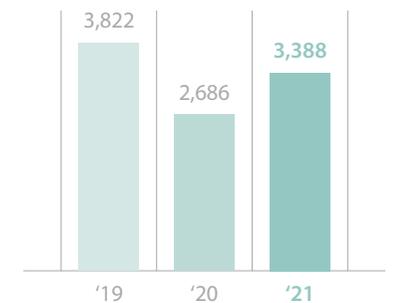
Electricity Consumption
(kWh/m³) ✓



Water Consumption**
(m³/employee) ✓



Quantity of Recycled Glass,
Plastic and Paper
(kg) ✓



* In the ISO calculations, the actual number of employees in the bank in 2021 was taken into account due to the Covid-19 pandemic.

** With the transition to the gradual return to the bank working order in 2021, approximately 57% of the average number of bank employees (including those working remotely and in the bank) actually came to the bank. For this reason, there is an increase in the annual per capita water consumption.

In 2020, the amount of water consumption per capita was less as the remote working system is continued due to the pandemic.



GRI 201-2, GRI 302-1, GRI 302-2, GRI 302-3, GRI 302-4, GRI 303-1, GRI 303-3, GRI 305-1, GRI 305-2, GRI 305-3, GRI 305-4, GRI 305-5, GRI 306-2

CAPITALS

NATURAL CAPITAL

As part of the transition to the ISO 14064-1:2018 standard in 2021, greenhouse gas emissions originating from financing were included in the inventory. In this context, the financing provided for coal and natural gas fired thermal power plants and iron-steel and cement production facilities of our customers, which are located in carbon-intensive sectors that make up 7.5% of the portfolio, were taken into consideration.

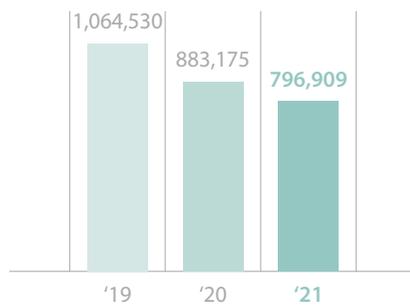
Scope-3 emissions including the emissions of the financed projects in 2021 are 2,748,447 tCO₂e, and the Scope-3 emissions excluding the emissions of the financed projects are 350 tCO₂e.

The total emissions including the emissions of the financed projects in 2021 are 2,748,896 tCO₂e, and the total emissions excluding the emissions of the financed projects are 799 tCO₂e.

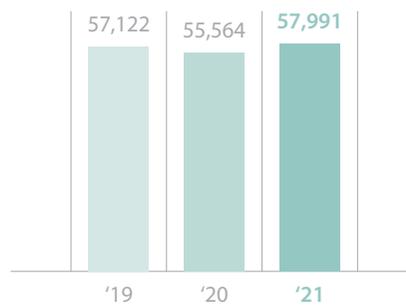
Since I-REC certified renewable energy is used in all buildings, Scope-2 carbon emissions are zero.



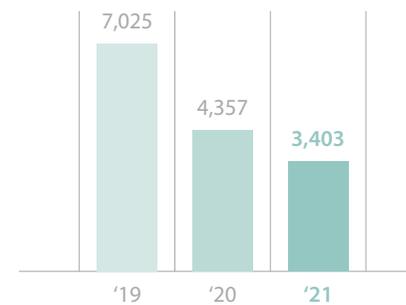
Electricity Consumption ✔ (kWh)



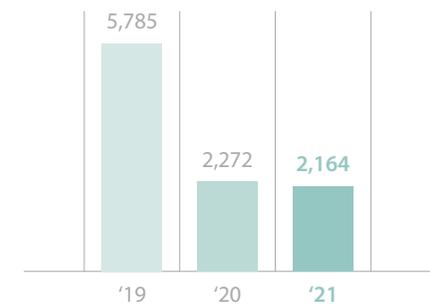
Natural Gas Consumption ✔ (m³)



Water Consumption ✔ (m³)



Paper Consumption ✔ (kg)



* **Direct Emissions (Scope-1):** Greenhouse gas emissions that an organization owns and can directly control. Examples of direct emissions include greenhouse gas emissions from natural gas consumption, company vehicles, generators, chillers, ventilation and fire extinguishing systems.

** **Indirect Emissions (Scope-2 and Scope-3):** Greenhouse gas emissions that occur as a result of an organization's operations and activities but are not owned or controlled by the organization. Examples of indirect emissions include electricity purchased, personnel transportation services, emissions originating from financing, service purchases, emissions originating from the production of used products.

*** New categories have been added due to the transition to the ISO 14064-1:2018 standard in 2021. The materiality criteria for categories will be reviewed annually and the emission sources included may vary.



GRI 201-2, GRI 303-1, GRI 303-3, GRI 305-1, GRI 305-2, GRI 305-3, GRI 305-4, GRI 305-5, GRI 306-2

CAPITALS

NATURAL CAPITAL

Türkiye, putting into effect the Paris Agreement in 2021, announced its target of being net-zero by 2053. It is expected that the roadmap that Türkiye will prepare for this target and the National Statement of Contribution that it will update, will bring about major changes for decarbonisation. This target is expected to create opportunities for our Bank in climate finance and advisory services.

CLIMATE CHANGE POLICIES FOLLOWED BY TÜRKİYE

The position of Türkiye in the fight against global climate change

Türkiye accepted the Paris Agreement in the Parliament and officially put the agreement into effect before the 26th Conference of the Parties (COP 26) to the United Nations Framework Convention on Climate Change held in Glasgow in November 2021. Türkiye, putting into effect the Paris Agreement in 2021, announced its target of being net-zero by 2053. Türkiye plans to draw a roadmap and update its National Statement of Contribution in 2022 in order to achieve its target.

Türkiye published the Green Deal Action Plan in 2021. The Ministry of Environment and Urbanization was renamed as the Ministry of Environment, Urbanization and Climate Change and the Department of Climate Change and Adaptation was established. Important developments are expected in the upcoming period regarding the draft Climate Law and the draft Regulation on Emissions Trading System set out in 2020.

As a supporter of climate-themed outsourcing to Türkiye, we meticulously monitor the issue of financing the climate change combat and adaptation. We also support the climate legislation and infrastructure development efforts by Türkiye.

The issue of combating and adapting to climate change is an important agenda item of the TSKB Sustainability Committee. We act in line with the mission of providing funds to Türkiye and closely follows the Conferences of the Parties attended by the representatives of foreign countries, public and private sector players and a wide range of non-governmental organizations. We participated actively in COP 26, as it did in previous Conferences of the Parties. We shared our experience, approaches and practices in climate change and finance with relevant parties at various events and platforms (EBRD, IDFC, Republic of Türkiye Pavilions). The developments related to the Paris Agreement, climate finance and climate risk were closely followed. By participating in such large organizations, we find the opportunity to learn about the approaches of international financial institutions, and to review and update its own practices.

2021 has been an important year for combating climate change. Within the framework of the European Green Agreement, which aims to become a "climate neutral" continent by 2050, the European Commission has published the "Fit for 55" package, which consists of proposals that will affect many industries such as energy, transport, industry and agriculture in order to reduce greenhouse gas emissions by 55% by 2030. One of the most important proposals included in the package is the "Carbon Border Adjustment Mechanism (CBAM)", which is expected to come into effect in 2026 and will cover the electricity, cement, iron-steel, aluminum and fertilizer industries at the first stage. While the European Commission aims

to reduce the risk of carbon leakage with CBAM, this may negatively affect companies exporting to the EU. The study called "**Green Transformation of the Turkish Industrialists**" was conducted by the TSKB's European Green Deal and Circular Economy Working Group and was published in September 2021; it emphasizes the importance of the green transformation of the industry and specifies the areas to be invested in. We have taken part in the financing of many investments aimed at combating and adapting to climate change with the sustainability-themed funds it has been offering. With our sustainability-themed funds, we play an important role in decarbonization and the transition to a circular economy and continues to support Turkish industrialists.

On October 6, 2020, we announced the establishment of the Green Swan Platform in order to act jointly against and to raise awareness on the climate crisis - the greatest obstacle to sustainable and inclusive development. We aim to bring together representatives of the public and private sectors, NGOs, international organizations, academics, students and members of the media under the umbrella of the platform.

We provide regular information to the members of the Green Swan Platform through reports and bulletins, aiming to spread awareness of the climate crisis to a wider range of stakeholders and industries. **Please click here to access the Climate Review reports.**



CAPITALS

NATURAL CAPITAL

In line with TSKB's sustainability policies and applications, Sustainalytics assigned our Bank with ESG Risk rating. As of September 2021, we ranked top in Türkiye and in the second percentile in the international banking group.



13.6

Environmental, Social and Governance Risk Rating

TSKB AND SUSTAINABILITY INDICES

Borsa Istanbul Sustainability Index

Our Bank is included in the BIST Sustainability Index, which consists of companies with a high corporate sustainability performance, traded on the Borsa Istanbul.

Borsa Istanbul determines the companies to be included in the index according to the results of the evaluation carried out under the following main categories: environmental policy, environmental management systems, biodiversity policy, climate change management, organization of the board of directors, anti-bribery policy, anti-bribery systems, human rights policy, human rights systems, and healthcare and security systems.

We have been trading in the index since November 2015. We update and improve our policies in compliance with the index rules, international regulations and good practices.

The sustainability indices play a decisive role for investors seeking to invest in companies, which adopt the principles of sustainability and corporate social responsibility.

TSKB's inclusion in the sustainability indices demonstrates our Bank's approach to sustainability issues as well as offering a clear signal of its activities and decisions in this field.

Refinitiv ESG Score

As a result of the improvement efforts carried out in regular contact with Refinitiv during the index evaluation process, our Bank increased its score to 63. Thus, we were ranked among the prominent institutions with our ESG performance and transparent reporting.

3.1 point improvement in Sustainalytics ESG Risk score

In line with our sustainability policies and applications, Sustainalytics assigned us with Environmental, Social and Governance (ESG) Risk rating. As of September 2021, our ESG Risk Rating was 13.6, placing us in the "low risk" category. As of the date of publication, we ranked top among Turkish banks and 5th among 403 banks in the second percentile in the international banking group.

ESG RISK SCORE UPDATE

13.6
ESG Risk Rating
Low Risk Category
Improvement by 3.1 points

72.1
ESG Risk Management
Strong
Improvement by 10.7 points





CAPITALS



Intellectual and Manufactured Capital

2022 TARGETS

Digitalization will be put at the center of the business model to multiply end-to-end digital solutions, improve user experiences, and automate the processes identified under **Robotic Process Automation (RPA)**.

Under Investment Banking, it is aimed to **continue issuance of sustainable/green labeled debt instruments** in the upcoming period.

High net promoter score of 9 and above

It is aimed to keep the Net Promoter Score (NPS) of TSKB Advisory Services at 9 and above.

2021 KPIs

61

Number of new customers of TSKB Advisory Services

477

Number of Economic Research publications

ISO 27001

Information Security Management System Certificate

4

Number of Climate Review reports published under the Green Swan Platform

60

Number of projects carried out by ESCARUS

7

Number of ESG linked innovative transactions under TSKB Investment Banking





CAPITALS

INTELLECTUAL AND MANUFACTURED CAPITAL

2022 TARGETS



11
Under TSKB Advisory Services, it is aimed to create investment strategies of customers in 2022 from a development banking perspective.



14
Under Investment Banking, it is aimed to continue issuance of sustainable/green labeled debt instruments in the upcoming period.



16
Digitalization will be put at the center of the business model to multiply end-to-end digital solutions, improve user experiences, and automate the processes identified under Robotic Process Automation (RPA).



19
Escarus aims to increase the number of the ongoing projects to 70, the number of companies contacted to submit proposal to 140, and the number of proposals submitted with its budget to 120; and to conduct business in each of its products under 18 categories in 2022.



12
Under TSKB Advisory Services, it is aimed to issue feasibility reports for customers' applications for access to finance in 2022.



15
Within the scope of Investment Banking, we will carry out activities focused on green transformation in equity market transactions instruments.



17
In the 2-year period, it is aimed to transform the synergetic and efficiency-increasing digital IT system infrastructure in all our business lines with the latest technologies.



110
In 2022, Real Estate Appraisal aims to be in the top 10 in the industry, to acquire 200 new customers, and to have a conversion rate of incoming requests to contracts at 60%.



13
It is aimed to keep the Net Promoter Score (NPS) of TSKB Advisory Services at 9 and above.



18
Under the Green Swan Platform, it is aimed to publish a new Climate Review report every quarter in 2022 in order to draw attention to climate change and raise awareness on current developments.



CAPITALS

INTELLECTUAL AND MANUFACTURED CAPITAL

2021 TARGETS

In 2021, TSKB Advisory Services aims to obtain advisory services income from 35 companies for the first time, and to increase the number of completed projects by 15%.

TSKB Real Estate Appraisal Company aims to maintain its specialist position and brand value in 2021 and achieve 6% growth in turnover, 150 new customers, and 60% rate of conversion of requests to contracts.

It is aimed to obtain ISO 27001 Information Security Management System Certificate in 2021.

In 2021, Escarus aims to increase the number of ongoing projects to 40, the number of companies contacted to submit proposal to 90, the number of names in the consultant pool to 300; to implement the project based time management system; and to do business in each of the products under 13 categories.

Under the Green Swan Platform, it is aimed to publish a new Climate Review report (the first issue was published in 2020) every quarter in 2021 in order to draw attention to climate change and raise awareness on current developments.

Under Investment Banking, it is aimed to enrich the activities by including sustainable financing opportunities.

2021 REALIZATIONS

With 61 new customers in 2021, we significantly exceeded our annual new customer acquisition target, and our project delivery numbers were in line with our targets.

Despite the 11% decrease in turnover under the pandemic conditions, TSKB Real Estate Appraisal Company turned 58% of the incoming requests into contracts and acquired 155 new customers.

The audits were successfully completed and the relevant certificate was obtained, available on page 139.

In 2021, Escarus increased the number of ongoing projects to 60, the number of companies contacted to submit proposal to 115, the number of names in the consultant pool to 357; implemented the project based time management system; and realized projects in 17 of its 18 products.

The themes of Water, Food Security, Soil and Biodiversity were discussed in 4 different Climate Review reports published throughout 2021.

In 2021, we issued one Sustainable Lease Certificate on behalf of Zorlu Enerji, five Lease Certificates in line with the UN SDGs, and one Transition to Low Carbon Economy Bond on behalf of Palen Enerji.



CAPITALS

INTELLECTUAL AND MANUFACTURED CAPITAL

Our Economic Research publications provide support to our Bank's funding, lending, advisory, treasury, marketing and promotional activities, but also act as a critical tool in sharing information with all non-bank stakeholders.



477

Number of Economic Research publications



249

Number of TSKB Daily Bulletin issues

TSKB ECONOMIC RESEARCH

TSKB Economic Research is the umbrella brand of the Bank's core business.

Our specialized Economic Research Team publishes reports on development, macroeconomics and financial markets and makes presentations on the internal and external activities of the Bank.

Our Economic Research publications provide support to the Bank's funding, lending, consulting, treasury, marketing and promotional activities, but also act as a critical tool in sharing information with all non-bank stakeholders.

The TSKB Economic Research produced 477 publications in 2021.

Periodicals published by TSKB Economic Research include the following:

- TSKB Daily Bulletin, which includes daily news summaries in macroeconomics and development on the agenda,
- TSKB Weekly Bulletin, which includes economic and non-economic developments of the previous week with a brief review of the new week,
- Macro View, which includes reviews and evaluations of macroeconomic data,
- New Month, which includes highlights of the next month's economic calendar, an analysis of important events in the Turkish and global economy, studies from the development economics agenda.
- Climate Review, which follows the agenda on climate change and is published quarterly,
- Energy Bulletin, which discusses developments in the energy industry and is published monthly.

	Number of issues
TSKB Daily Bulletin Daily news summaries on macroeconomics and development✔	249
Macro Outlook Analysis and evaluation reports on macroeconomic data within the calendar✔	98
TSKB Blog Short articles with analyses and comments on the development agenda and macroeconomic developments✔	18
Energy Bulletin (Turkish and English) Developments in the energy industry on a monthly basis✔	24
IPO Valuation Reports Review Studies evaluating pricing reports published in public offerings✔	1
TSKB Theme Look (Turkish and English) Analyses focused on structural issues, where development and macroeconomic perspectives intersect✔	16
Yeni Ay Highlights in the next month's economic calendar, analyses of important events from Türkiye and the world economy, studies from the development economics agenda✔	10
Climate Review (Turkish and English) A report providing an up-to-date summary of the climate change agenda✔	8
TSKB Weekly Bulletin Reports that include economic and non-economic developments of the previous week with a brief review of the new week✔	53
Total	477



CAPITALS

INTELLECTUAL AND MANUFACTURED CAPITAL

The first issue of Climate Review was published under the Green Swan Platform in 2020, while it addressed the themes of water, food security, soil and biodiversity in 2021.

TSKB Theme Look publication category includes studies on macroeconomics and development. These studies contribute to the diversification of funding and the development of themed loans, also creating value by addressing the Turkish economy from a macro and development perspective. Accordingly, a report entitled, "The Uncertain Future of the Female Labor Force: A Perspective of Pandemic and Climate Risk" was published in order to support the importance given by TSKB to gender equality and women's employment.

TSKB Economic Research has tended to address the issues it is working on through "green glasses", taking into account the extent of climate crisis in 2021, its position in the global policy agenda and developments in climate diplomacy. It has thus considered development issues from a climate perspective in the publications "Catalyst for Sustainable and Inclusive Development: Youth Empowerment", "Food Security: The Present and Future of Our Table" and "The Role of Tourism in Climate Action."

The publications continued to attach special importance to the discussions on the climate crisis and the European Green Deal in 2021, as it did in 2020. TSKB Economic Research analyzes Green Deal discussions with its publications, "The European Version of the Green Deal: A Step to Shaping the Climate Agenda" and "#FitFor55: The EU's Climate Roadmap Gets Clarified". TSKB Economic Research also shared its evaluation on the post-pandemic structure in its report, "Sailing to a Greener World After the Pandemic", in which it synthesized the development perspective from a macro perspective. The report titled with

"Leapfrogging Ahead: The Role of Development Banks in Structural Transformation" created from a medium term perspective in order to share the role that development banks can play in the structural transformation needed by countries with the international development finance institutions and national policy makers.

Climate Review

"Climate Review" includes global and national developments on the climate crisis, actions taken by governments in the fight against the climate crisis, as well as the analyses enriched with subject-specific data. The first issue of Climate Review was published under the Green Swan Platform in 2020, while it addressed the themes of water, food security, soil and biodiversity in 2021. It will continue to be published every quarter in 2022, available both in Turkish and English.

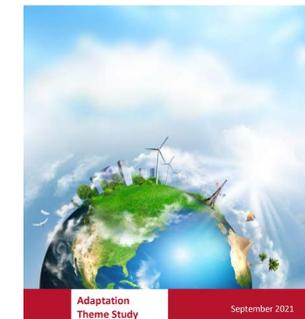
Energy Bulletin

Published monthly in Turkish and English, the Energy Bulletin contains analyses and developments related to the energy industry. It will continue to be published on a monthly basis in 2022, available both in Turkish and English.

NEW THEME WORKING GROUP

In 2021, our basic principles continued to include being visible with contents in compliance with its mission and maintaining transparent and effective communication. The Funds Management Committee convened regularly to provide its internal stakeholders with updates regarding the funds availability analysis of the potential project pool that it coordinated, as well as the current projections for disbursement

and new funds procurement. As part of these development activities, the New Theme Working Group was established as a sub-unit of the Funds Management Committee, which aims to contribute to the different disciplines of our Bank. The New Theme Working Group includes 3 Sub-theme Working Groups: Circular Economy, European Green Deal, and Sustainable Agriculture. In addition, two more groups were established: the Climate Change Adaptation Group under the Engineering and Technical Advisory Department, and the Youth Employment Group under the management of Advisory Services and Marketing and Development Finance Department. Efforts of these groups were communicated with external stakeholders in Theme Reports.



Adaptation Theme Study Report

Please click on **the link** to read the Adaptation Theme Study Report.



459 publications and **18** blog posts

TSKB Economic Research authored 459 publications and 18 blog posts in 2021. ✓



CAPITALS

INTELLECTUAL AND MANUFACTURED CAPITAL

TSKB Economic Research has tended to address the issues it is working on through "green glasses", taking into account the extent of climate crisis in 2021, its position in the global policy agenda and developments in climate diplomacy.



Green Transformation of Turkish Industrialists

Please click on **the link to** read the Green Transformation Report of the Turkish Industrialists.

In 2022, it is aimed to continue the effective work of Theme Working Groups by giving priority to issue and share follow-up reports on the themes identified in 2021, taking into account the general strategy priorities of funds and Türkiye's development needs, and coordinate the identification of additional themes, if necessary. In a structure that interacts with the developments in the field, the focus was on contributing to the provision of funds in the medium term by continuing the transfer of direct guiding information flow. In line with our Bank's strategic perspective, an active role will be taken in the implementation of the sustainability strategy that came into effect in 2021.

ENERGY WORKING GROUP

Established in 2018, TSKB Energy Working Group (TSKB EWG), with its 18-person team, aims to transfer our Bank's know-how in research, engineering and finance disciplines, acquired in the energy industry over the years, to both other relevant departments within our bank and external stakeholders. TSKB EWG analyzes the energy industry within its "Energy Outlook Report" published on a yearly basis in Turkish and English since 2018. It also focuses on the developments in the field of energy with the industry based fact sheets that it started to publish in 2021. The "Energy Outlook 2021" report, published in November, evaluated the prominent trends in the energy market with a detailed analysis.

In 2021, TSKB EWG published the following studies: "Off-Shore Wind Power Plants Fact Sheet", "Demand Side Management Fact Sheet", "Hydrogen Energy Fact Sheet", "Electric Vehicles and Storage Technologies Fact Sheet," and "Water and Energy Fact Sheet." In 2022, TSKB EWG will continue to communicate its experience with other relevant departments within our Bank as well as with external stakeholders.

TSKB BLOG

Based on our 70 years of know-how and experience, the TSKB Blog communicates economic and industry based developments through the eyes of our specialists, and shares new articles and current topics to its followers.

We share our know-how and experience in different fields such as macroeconomics and the development agenda along with sustainability and inclusion with a wide group of stakeholders, especially the business world and future managers on the TSKB Blog.

In addition to the economic and financial agenda, the TSKB Blog also includes articles about international trends such as climate change, water efficiency, food safety, digital transformation, industry 4.0, and low carbon economy. Aiming to scrutinize the development agenda, the TSKB Blog also sheds light on the rapid transformation in different industries.

The content of the TSKB Blog is also offered through the TSKB social media accounts. The TSKB Blog articles are written in a wide range of fields such as development, sustainability, engineering, technology, energy, and tourism.

TSKB LIBRARY

Launched in 1971, the TSKB Library is a specialized library with approximately 14,000 volumes and more than 100 periodicals and electronic database subscriptions. It also provides national and international literature as well as industry based reports and results of studies to researchers, university students, and academics.

TSKB Library contains many special collections on gender studies, sustainability and the history of Istanbul. It also includes collections of literature, politics, and personal and professional development. Collections are systematically developed in line with TSKB's focus areas.



CAPITALS

INTELLECTUAL AND MANUFACTURED CAPITAL

We contribute to the country's economy and development with our good relations with policy makers and public institutions and our power to give independent opinions.

TSKB Collection

- Speciality Collection (Economics, Finance, Banking)
- Sustainability Collection
- Women's Research Collection
- Literature, History, Politics Collection
- Law Collection
- İstanbul Collection
- Professional and Personal Development Collection
- Children's Library

Collection development efforts, databases and digital periodical subscriptions went on during the pandemic. Under the Mobile Library project, books requested by teams working remotely were sent on loan to their addresses. Thus, the information needs of the employees were met uninterrupted during the pandemic.

Launched as an internal journal of the library as part of the 70th Anniversary activities, "Bkz." continues to be published four times a year.

Following the architectural renovation in 2019, the TSKB Library now aims to provide better service to all interest groups in order to connect with TSKB's tradition and history of expertise, and to create a space for sharing and creativity for employees.

COLLABORATIONS WITH PUBLIC INSTITUTIONS

Thanks to its strategic relations with policy makers and public institutions under our mission and its ability to offer independent opinions, we:

- contribute to the country's economy and development,
- create diversity of funds for economic development,
- offer independent opinions from the private to public sector,
- serve as a bridge between the private and public sectors,
- contribute to the development of the market and legislative work,
- enable reputation, trust and promotion.

The work carried out as member of national and international initiatives reflects positively on the image and promotion of TSKB, supporting the development of internal capacity and raising awareness.

MEMBERSHIPS AND WORKING GROUPS

As TSKB, we are a member of domestic and international associations and initiatives, which operate in fields related to its strategy, activities and targets. We take active roles in these associations and initiatives, sharing its experience and establishing close relations and collaborations with numerous institutions.

Our participation in national and international initiatives contributes to Türkiye as well as the brand value of TSKB. The work carried out in these associations and initiatives reflect positively on the image and promotion of TSKB, supporting the development of internal capacity and raising awareness. These memberships offer the opportunity to communicate and establish a relationship with stakeholders from different regions and cultures, and contribute to the promotion of Türkiye on different platforms, especially when an organization from Türkiye participates for the first time. This also increases Türkiye's recognition in these areas.

At TSKB, we assume working group leadership and similar duties in some of the organizations which it is a member of.



CAPITALS

INTELLECTUAL AND MANUFACTURED CAPITAL

The national and international initiatives of which we are a member and the working groups we take part enable us to share and deepen the knowledge that is at the center of our Intellectual & Manufactured Capital.

INITIATIVES LED AND WORKING GROUPS PARTICIPATED BY TSKB

United Nations Global Compact Türkiye

Working Groups

- Sustainable Finance
- Gender Equality
- Environmental Working
- Diversity and Inclusion

Integrated Reporting Network Türkiye (ERTA)

Executive Board Member

Working Groups

- Board of Directors Working Group

Impact Investment Advisory Board (EYDK)

Advisory Board Membership

- Communication Group

Foreign Economic Relations Board (DEIK)

Energy Business Council

Sustainable Development Association (SKD)

Board Member

Working Groups

- Sustainable Finance
- Energy
- Women's Employment and Equal Opportunity
- Circular Economy
- New Technology in Sustainability
- Sustainable Agriculture and Access to Food
- Sustainability Reporting

Corporate Governance Association of Türkiye (TKYD)

Board Member

Working Groups

- Capital Markets Working Group and BIST Corporate Governance Index
- Board of Directors
- Studies on Integrated Reporting
- Corporate Governance in Family Businesses

Turkish Industrialists and Business People Association (TUSIAD)

Working Groups

- Economics and Finance Roundtable
 - Banking
 - Economic Analysis
- Industry Policies Roundtable
 - Next Generation Industry
 - Food, Beverage and Agriculture Working Group
 - SMEs
- Social Policies Roundtable
 - Health
 - Gender Equality
 - Training
 - Employment and Social Security
- Development Policies Roundtable
 - Tourism
- Energy and Environment Roundtable
 - Environment and Climate Change
 - Climate Change and Paris Agreement
 - Carbon Pricing
 - Environmental Legislation
 - Circular Economy and Waste Management
 - Energy
- Global Relations and EU Roundtable
- Capital Markets Working Group
- Tax Working Group

International Development Finance Club (IDFC)

Board Member

Gender Equality Working Group

Coordinator

Working Groups

- Biodiversity Working Group
- SDG Mapping Working Group
- Refugees Working Group

Institute of International Finance (IIF)

Working Groups

- Sustainable Finance



CAPITALS

INTELLECTUAL AND MANUFACTURED CAPITAL

TSKB Real Estate Appraisal Company has carried out appraisal activities in 23 different countries abroad, with a primary goal of offering its customers a global perspective on appraisal standards.



~280,000

Appraisal reports issued by TSKB Real Estate Appraisal Company in the last 10 years



35

Number of best and most efficient use analyses and project appraisals in 2021

REAL ESTATE APPRAISAL

TSKB Real Estate Appraisal Company focuses on maintaining and developing its know-how and competencies, cooperating with leading international organizations, following the innovations in its field, and preserving its pioneering identity.

TSKB Real Estate Appraisal Company has carried out appraisal activities in 23 different countries abroad, with a primary goal of offering its customers a global perspective on appraisal standards.

A representative of deep-rooted experience and expertise in the appraisal industry, TSKB Real Estate Appraisal Company has a wide service network with a total of 9 branches across Türkiye, including the Malatya branch opened at the end of 2020.

The Company prioritizes giving a strategic, innovation-oriented and sustainable response to the structural transformation of the real estate industry and changing user preferences.

35 best and most efficient usage analyses and project appraisals

With appraisal specialists under the leadership of responsible surveyors authorized by the CMB, TSKB Real Estate Appraisal Company provides appraisal services in a wide range of areas, including lands, business centers, factories, shopping malls, hotels, logistics facilities, fuel stations, and power plants. TSKB Real Estate Appraisal Company has issued approximately 280,000 appraisal reports in the last 10 years.

In addition to appraisal reports for guarantee and special purposes, the Company completed 35 best and most efficient usage analyses and project appraisal cases in 2021, together with high-quality works such as appraisal of real estates to be privatized, solar power plant and natural gas cycle power plant appraisal, resource appraisal and pre-IPO portfolio appraisal.

One of a select few appraisal companies in Türkiye to hold three different licenses

In addition to being authorized by the CMB and BRSA, TSKB Real Estate Appraisal Company is one of the leading companies in the industry operating with three licenses in Türkiye, having obtained the RICS license, which provides international service assurance.

With employees licensed by MRICS, Appraisal Institute, LEED Green Associate for appraisal and advisory services, the Company prides on its staff having the highest number of international licenses in Türkiye. Moreover, TSKB Real Estate Appraisal Company is the first real estate appraisal company in Türkiye to obtain ISO 9001:2008 Quality Certificate, and also holds ISO 9001:2015 Quality Management System Certificate.

Operating in the real estate industry, one of the industries most affected by the pandemic, TSKB Real Estate Appraisal Company provided professional support in 2021 for its clients to manage their real estates and investments.

In 2021, TSKB Real Estate Appraisal Company achieved a rate of conversion of requests to contracts in line with its targets and continued

to carry out all of its operations based on an employee-oriented approach.

The Company continued to expand its staff and maintain its growth in 2021. It aims to be among the top 5 companies in the appraisal industry by 2025.

Key Memberships

- **ULI (Urban Land Institute) Türkiye Executive Board Membership: The ULI is the world's oldest, most prestigious and largest interdisciplinary initiative, which brings together real estate and land use specialists.** The TSKB Real Estate Appraisal Company General Manager is a member of the ULI Türkiye Executive Board. As of 2021, the Company has taken over the co-presidency of the ULI NEXT Türkiye subgroup (real estate professionals aged 35-45).
- **GYODER** Associate Membership of Supervisory Board and Membership of Sustainable Urban Development Committee.
- Maintaining its development in the social sphere with its policies supporting the gender equality, TSKB Real Estate Appraisal Company was awarded two different Equal Opportunity Certificates.
- **RICS:** TSKB Real Estate Appraisal Company is one of first companies in Türkiye to hold RICS membership.
- **USGBC:** TSKB Real Estate Appraisal Company has been the only appraisal company from Türkiye to be a member of the USGBC since 2016. The USGBC promotes sustainability in building design, construction and operation through the LEED certification.



CAPITALS

INTELLECTUAL AND MANUFACTURED CAPITAL

Elected as a member of the "ICMA Green Bond Principles" Advisory Board in 2019, ESCARUS was re-elected for the Board in 2021 as well. It is the only Turkish company on the Board, which aims to provide a broader perspective on green, social and sustainable bond markets.

ESCARUS (TSKB SUSTAINABILITY CONSULTANCY)

Brand value strengthened by global projects

ESCARUS serves a wide geographical region including international markets as well as Türkiye. ESCARUS has undertaken more than 170 projects for more than 130 customers in Africa, Eurasia and the Middle East (Azerbaijan, Cameroon, Qatar, Kenya, Congo, Lebanon, Egypt, Senegal), making remarkable progress towards its goal, i.e. becoming a global consulting company.

ESCARUS predominantly carries out projects with private companies. In addition, the Company diversifies its customers every year and gains project experience in different geographies in line with its aim of providing services to public institutions and international organizations.

Numerous projects in different disciplines

Elected as a member of the "ICMA Green Bond Principles (GBP)" Advisory Board in 2019, ESCARUS was re-elected for the Board in 2021 as well. It is the only Turkish company on the Board, which aims to provide a broader perspective on green, social and sustainable bond markets.

In addition to the strategic sustainability-based projects, ESCARUS successfully completed numerous reference projects, including investment feasibility review, technical evaluation for export loans, environmental and social assessment and monitoring, strategic analysis, industry-based analysis, Carbon Disclosure Project reports, Task Force on Climate-related Financial Disclosures (TCFD) Reporting, European Green Deal studies, sustainability report and integrated reporting, Gender Equality Program Certification (CEPS) and sustainability-focused training.

ESCARUS considers sustainability as a concept which affects society and the economy as a whole, going far beyond the environment and closely related issues. Therefore, the Company addresses sustainability in a wide perspective outlined in compliance with the United Nation's 16+1 SDGs, and shapes its fields of activity accordingly.

OUTSTANDING PROJECTS IN 2021

Turkish Ministry of Energy and Natural Resources

"Energy Efficiency in Public Buildings Project – Advisory Services for Development of Technical Capacities of ESCOs, Energy Survey Companies and MENR Trainers"

The project is carried out by an international consortium led by ESCARUS. Under the advisory services that will continue in 2022, it was aimed to provide training courses on energy efficiency, ISO 50006, ISO 50015, measurement and evaluation in order to improve the technical capacities of the representatives of the Ministry, energy efficiency companies (ESCO) and energy audit companies, to update the existing training materials of the Ministry on energy efficiency, and to improve the capacity of the training center.

Foreign Economic Relations Board (DEIK)

"Support Project for the Transition of the Industrial Sector to a Carbon-free Economy"

The Foreign Economic Relations Board (DEIK) aimed to raise the awareness of export-oriented companies and other industrial organizations about the European Green Deal, and to carry out a capacity building study on actions and the measures to be taken. For this purpose, DEIK received advisory services from ESCARUS. As per the needs of DEIK, a comprehensive advisory service was provided to support the transition of the industrial sector to a carbon-free economy in line with the expectations of the European Green Deal, to prepare the sector for possible tendencies, and to clarify the roadmap.



CAPITALS

INTELLECTUAL AND MANUFACTURED CAPITAL

In 2022, ESCARUS plans to deliver sustainability-oriented technical, environmental, social and managerial advisory services to wider segments, to operate with an understanding that places sustainability at the heart of all technical and financial solutions.

Services Provided to a Multinational Holding

"Holistic Evaluation of Climate Change and Carbon Risks, Creation of Roadmaps and Corporate Strategies for the Most Accurate Management of Risks or Opportunities for the Holding and Its Affiliates"

Within the scope of the project, the assessment was carried out on the current climate risk and opportunities, as well as the risks and opportunities of transitioning to a low carbon economy for a company's affiliates operating in 6 industries and 4 countries. The necessary actions were taken to integrate the results into the corporate strategies of the companies. The project dealt with the climate change risks within the holding and its affiliates in a comprehensive and connected way, and created roadmaps for the most accurate management of risks or opportunities. The outputs of the project were placed at the center of sustainability activities within the Group. The project also contributed to corporate risk management efforts, while its results were used as an input in the short, medium and long term strategy formulation of the holding and its affiliates.

ESCARUS IN 2022

Pursuant to its targets for 2022, ESCARUS aims to strengthen its domestic consultancy structure with a global stance to be able to respond to the needs of public and private organizations at home and abroad, to share its knowledge, to increase the export of services to enable organizations relying on foreign funds in particular to create maximum value from these funds.

In 2022, ESCARUS plans to deliver sustainability-oriented technical, environmental, social and managerial advisory services to wider segments, to operate with an understanding that places sustainability at the heart of all technical and financial solutions, and to expand the number of projects, the number of internal and external consultants, and its sphere of influence.

Escarus 2022 Targets

Increasing the cooperation developed with public institutions and non-governmental organizations, thus contributing to the deepening of sustainable development policies throughout the country,

Developing pioneer and innovative approaches in the field of inclusive sustainable development with diversified sustainable finance products and consultancy projects,

Continuing to support the sustainability journeys of companies in line with the aim of strengthening the positive impact created by private sector companies,

Continuing to provide advisory services to other financial sector players in Türkiye and around the world in order to expand the experience gained in the field of responsible banking,

Increasing the number of stakeholders reached with renewed training content within the scope of awareness and capacity building activities focused on sustainable development.



CAPITALS

INTELLECTUAL AND MANUFACTURED CAPITAL

Information security policy and standards are set in compliance with the national/international regulations, standards and good practices as per our Bank's Strategy.

INFORMATION SECURITY AND DIGITALIZATION

At TSKB, we establish structures that will secure all IT assets, including employees, processes and technologies in order to ensure business continuity securely and focus on business targets. We aim to constantly monitor new and advanced security systems to implement the most effective security solutions.

In order to detect any security risks, the information security teams conduct regular security vulnerability scans, while independent auditors carry out annual penetration tests and information systems process audits in compliance with BRSA regulations.

Information security policy and standards are set in compliance with the national/international regulations, standards and good practices as per our Bank's Strategy.

ISO 27001 certificate has been obtained for the purpose of evaluating and documenting the adequacy of the Information Security management system by an expert institution.

A Data Labelling solution was implemented in order to increase the effectiveness of the Data Loss Prevention (DLP) systems.

As of 2021, real attack drills were included into the security tests in order to be prepared in response to cyber incidents and to test the adequacy of the security monitoring service. It is planned to work on the improvement points identified as a result of cyber drills.

We aim to focus on maturing its existing processes in 2022. In line with data leak prevention improvements, we plan to review the system, regulate existing rule sets to create fewer faulty cases, add new rule sets in line with current risks, and hold awareness training courses. It is aimed to review the scenarios used in the security tests and expand their scope.

The human factor plays a significant role as technical measures in ensuring security. The information security policy and standards set by TSKB aim to spread the security culture across our Bank so that the security responsibility is shared with all employees. Accordingly, stakeholders have been trained, awareness campaigns have been carried out, and phishing attack simulations have been performed to raise awareness on information security.

In this context, in addition to our employees, we expect our suppliers to take care of compliance and awareness. Our Bank conducts risk assessments of its suppliers, regularly monitors their performance, includes information security clauses in agreements, and mandates its suppliers who have access to our Bank's network to complete information security awareness training.

We Simultaneously Work on Numerous Strategic, Information Technologies and Process Digitalization Projects.

In 2021, our Bank carried out projects on decision support systems, lending, marketing, and theme and product development in line with the targets set within the strategic plan, while the digitalization became the focal point. In addition, R&D and project design studies were carried out on digitalization and innovation. Highlights of these studies are presented below.



CAPITALS

INTELLECTUAL AND MANUFACTURED CAPITAL

In 2022, digitalization will be put at the center of the business model to multiply end-to-end digital solutions, improve user experiences, and automate the processes identified under Robotic Process Automation (RPA).

As of September 1, 2021, permanent agile teams were formed within IT department in order to benefit more from the gains of the agile method. Business Unit Agile Representatives were identified to support the work of agile teams by business units and to manage total demand. These teams and project teams were trained by agile coaches. Industry-leading consultants provide counselling services. The agile transformation will continue to accelerate following the agile advisory services. In 2022, TSKB will strive to extend and incorporate the model throughout our Bank, and will continue to hold trainings for the employees in order to further deepen agility.

Under Robotic Process Automation (RPA), a total of 30 processes from 9 departments were handled in 2021, and manual operational works were robotized. The productivity of employees was increased by earning approximately 3.14 FTE in the studies. In addition, the scope of the Chatbot application (Digital Assistant launched in 2020) was expanded and services began to be provided on different subjects. Improvements will continue in the Chatbot (Digital Assistant) application. In 2022, digitalization will be put at the center of the business model to multiply end-to-end digital solutions, improve user experiences, and automate the processes identified under Robotic Process Automation (RPA). Studies on artificial intelligence will continue.

Improvements were made in the main banking applications based on user experience principles and new software technologies. Technological changes were initiated in our Bank's workflow processes, using new web technologies in line with our Bank's sustainable information technology strategy. Our Bank is working on offering digital solutions as per its mission to be a pioneer in sustainability. In the coming period, it is aimed to make applications available for open banking and cloud systems through service-based application development methods. In 2021, we will also consider the use of low-code platforms that enable the rapid development of simple applications.

The digital solution was expanded for centralization of customer information. The "Early Warning System" was developed, which contributes to the activation of the loan process. The "Board of Internal Auditors Findings Tracking" application was renewed by adding new functions and features for end-to-end tracking of findings. The "Corporate Communication Application" was developed to monitor TSKB's corporate communication activities. The use of the mobile application developed in the past has been expanded.

Improvements will continue for the effective use of data and advanced analytics studies in reporting, management information system and decision-making processes. With regard to loan activities, efforts will be made to offer a digital solution that meets the needs of

users and provides a simple experience and integrated access. With the simplification of loan applications and processes, a structure will be implemented to facilitate our Bank's system to benefit from the digitalization while carrying out applications, allocations, contracts, disbursements, monitoring and collection processes more quickly and effectively.

It is aimed to save time, increase quality and ensure customer satisfaction by developing user-friendly applications and processes for electronic signatures and mass e-mailing of documents to customers via REM (Registered Electronic Mail) and e-mail.

Arrangements were made to ensure business continuity and efficiency of emergency applications. In 2021, another important step was taken in terms of business continuity by moving the Emergency Center to a safer and less risky data center. In addition, the management of high-authority IT system accounts was improved, and behavior analysis-based threat prevention systems used in endpoint computers were renewed.

In 2022, the entire IT system infrastructure will be transformed with the latest technologies, and the Main Data Center will be moved to a more professional data center. It is planned to replace the backup infrastructure and system. It is aimed to implement virtual desktop solutions for private authorized users to work more securely.



CAPITALS



Social Capital

2022 TARGETS

Implementation of the Evaluation Tool to 75 companies

We aim to implement evaluation tools and provide various support mechanisms to at least 75 companies within the scope of its gender equality and women's empowerment loans.

Signatory of "Coalition for Social Investment"

In compliance with the "Coalition for Social Investment" Declaration signed by TSKB, it is aimed to raise awareness by strengthening cooperation on Social Investment.

Gender Bias Analysis

It is aimed to conduct a gender bias analysis in the financial industry and to hold relevant trainings.

2021 KPIs

37%

Average company score improvement achieved as a result of action plans related to gender equality and women's empowerment

USD 155 million

Covid-19 themed loan disbursement

43

people were provided with training support in TEV "Empowerment-through-Education Scholarship Fund (30 people) and IKSVM Tomorrow' Women Stars Project



* In loans provided by IBRD and AFD with the theme of ensuring gender equality in the workplace and promoting women's employment, an application tool consisting of 7 main categories is used for companies to make self-assessments.



CAPITALS

SOCIAL CAPITAL

2022 TARGETS



S1
 In compliance with the "Coalition for Social Investment Declaration" signed by TSKB last year, it is aimed to raise awareness by strengthening cooperation on Social Investment.



S2
 We are planning to increase social investment-oriented activities with the employment of experts.



S3
 We aim to integrate a gender equality perspective into its loan evaluation processes in order to raise awareness in the real sector.



S4
 We aim to conduct a gender bias analysis in the financial industry and to hold relevant trainings.



S5
 We aim to follow-up customized gender equality action plans on the basis of IDFC member organizations.



S6
 We aim to implement evaluation tools and provide various support mechanisms to at least 75 companies within the scope of its gender equality and women's empowerment loans.



S7
 An awareness seminar on inclusion and equal opportunities will be held for university students.



S8
 As a result of the action plans set for gender equality and women's empowerment, we aim to achieve a 20% improvement in the average score of companies in the next 3 years (2021-2023).



S9
 We aim to establish and publish a Sustainable Communication Policy.



S10
 We aim to sponsor an international publication on sustainable banking.



S11
 We aim to sponsor a local award program in the field of sustainability.



CAPITALS

SOCIAL CAPITAL

2021 TARGETS	2021 REALIZATIONS
In line with SDG 8 - Decent Work and Economic Growth, TSKB aims to provide USD 150 million in financing in 2021 in order to contribute to improvement of the resilience of companies adversely affected by the Covid-19 pandemic, to meet their liquidity needs and to support the sustainability of operations.	USD 155 million was provided in financing for this theme. ✓
In line with of SDG 5 - Gender Equality and SDG 8 - Decent Work and Economic Growth, TSKB aims to provide USD 200 million in financing during the year to support women's employment and the economy in developing regions.	USD 223 million was provided in financing for this theme. ✓
In line with SDG 17 - Partnerships for Purposes, we aim to raise awareness on climate change by bringing together our different stakeholders through the Green Swan Platform.	No physical event was held due to the pandemic, and stakeholders were constantly informed about climate risk through "Climate Review" reports. A working group was formed under the Sustainability Management Committee to make future plans on this issue.
In line with the "Paris Declaration on Gender Equality and Women's Empowerment", signed last year under IDFC - FICS, we aim to raise awareness by strengthening cooperation on SDG 5 - Gender Equality.	The Gender Equality Working Group has entered into many collaborations with different stakeholders on gender equality throughout the year.
As a result of the action plans set for gender equality and women's empowerment, we aim to achieve a 20% improvement in the average score of companies in the next 3 years (2021-2023).*	As a result of the action plans, the average score of companies improved by 37% in 2021.
We aim to provide scholarships to a total of 30 female students and young musicians in 2021 with TEV Empowerment-through-Education Scholarship Fund and IKS Women Stars of Tomorrow-Education Support Fund.	We provided education support to a total of 43 people, including 30 female students with Empowerment-through-Education Scholarship Fund, and 13 female students with IKS Women Stars of Tomorrow-Education Support Fund.

2021 KEY PERFORMANCE INDICATORS
With APEX Loans, 835 SMEs have been contacted in the last 3 years and additional 526 jobs have been created.
Under the IDFC Gender Equality Working Group coordinated by TSKB, the "Climate and Gender Equality" panel was held at the COP26 IDFC Pavilion , organized by TSKB and IDFC Secretariat in cooperation with AFD and BICE.
TSKB took part in the "Green and Gender Fast Track" initiative led by the EBRD, which aims to raise awareness on climate and gender equality by bringing organizations together and to address these two themes together.
TSKB joined the Target Gender Equality program launched globally by the UN Global Compact. Organizations participating in this program will complete the WEPs Gender Gap Analysis Tool and prepare an Action Plan by setting specific targets for their organizations.
TSKB attended the TEDx event, "Countdown Event on the challenges and possibilities of IMPACT" , in November 2021 as a speaker and drew attention to the interaction of gender equality and climate crisis.
As part of March 8, Women's Day, the "Women in Industry" conference was held online in cooperation with TSKB, AFD and the French Consulate General in Istanbul. Launched in 2016 in cooperation with TSKB and AFD using the funds received by the Bank from AFD, the March 8 conferences on gender equality have been traditionalized and continued online even during the pandemic.
A common roadmap covering all IDFC members was drawn by the Frankfurt School of Finance and Management under the IDFC Gender Equality Working Group, coordinated by TSKB. In addition, a separate analysis was performed by TSKB and forward-looking action plans were presented.
We took part as a speaker to discuss the themes of climate change and women's entrepreneurship at the "How to Advance Women's Leadership in Climate Action" event held by the UN Global Compact.

* In loans provided by IBRD and AFD with the theme of ensuring gender equality in the workplace and promoting women's employment, an application tool consisting of 7 main categories is used for companies to make self-assessments.



CAPITALS

SOCIAL CAPITAL

We implement various awareness, development, education, culture and arts projects on climate change, low carbon economy, women's participation in production and equal opportunities.

SOCIAL VALUE

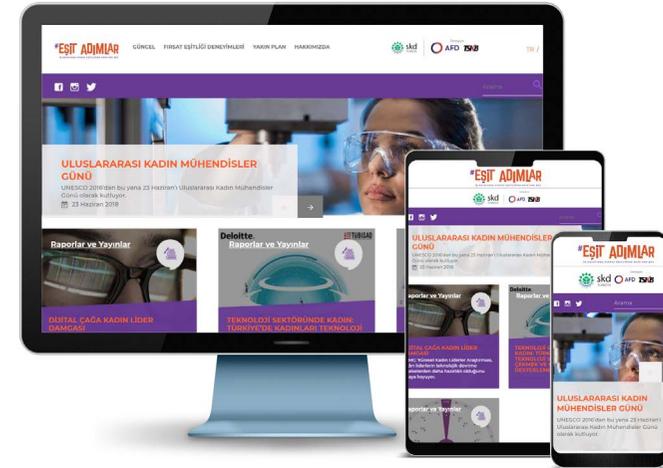
Long term responsibility projects strengthen TSKB's social capital.

At TSKB, we adopt sustainability and inclusiveness as our main business model for the qualified development of Türkiye. We support investments that produce environmental and social impact. In addition, we reinforce the total value generated through long term social responsibility projects, defined as an integral part of our business model.

In parallel with its mission of supporting Türkiye's sustainable and inclusive development, we implement various awareness, development, education, culture and arts projects on climate change, low carbon economy, women's participation in production and equal opportunity.

With these projects, we make a concrete contribution to increasing good practices in the business world, touching more people's lives, and developing a production ecosystem that protects the environment.

Our Bank's social capital reaches more stakeholders through collaborations and experience sharing platforms.



SUSTAINABILITY PROJECTS

www.cevreciyiz.com

We launched www.cevreciyiz.com in 2007 as our first sustainability project. Celebrating our 14th year, www.cevreciyiz.com offers a diverse range of content on different topics, including sustainability related business ideas, environmentally friendly innovation, alternative energy resources, circular economy, climate crisis, and green transformation.

At TSKB, we spread the impact created by www.cevreciyiz.com to large segments of society through its posts on social media.

As in previous years, we focused on the UN SDGs in 2021, following and communicating the sustainability agenda.

We closely followed the commitments of world leaders to the climate crisis, the solutions of countries regarding emission reduction, and the steps of the business world regarding sustainability. In all its actions, we have benefited from studies and concrete data by following a perspective parallel to the agenda of the United Nations and its affiliated institutions.

Throughout 2021, we have presented a qualified and responsible broadcast stream that will raise awareness by making use of research on renewable energy, biodiversity, sustainable living, environment and air pollution with more than 250 content. In the upcoming period, we will continue with cevreciyiz.com to be a resource for the studies of experts, academicians and students with our 14-year verified content library.



CAPITALS

SOCIAL CAPITAL

In 2021, the 9th TSKB ESCARUS Sustainability Workshop was held online, hosted by the Middle East Technical University, with the participation of 48 students from 8 departments and 11 universities.



21

universities held sustainability workshops from 2012 to 2021

Effective Carbon Footprint Management

Since 2008, we have offset our entire carbon footprint arising from our internal activities with Gold Carbon Credits obtained from renewable energy companies. In addition, TSKB offsets all emissions arising from the Istanbul Music Festival concerts sponsored by TSKB.

Taking responsibility for the transition of the business world to a low-carbon economy, we share our support and experience on every platform through our spokespersons as well as our loans, advisory solutions, and social responsibility projects on renewable energy, energy and resource efficiency.

In 2021, 35 interviews and sustainability-themed bulletins were published by senior spokespersons, focusing on sustainability, equal opportunities and green energy.

Sustainability Workshops

Sustainability Workshops, held since 2012, aim to raise awareness on sustainability and enhance perception of university students, who are the decision makers of the future. The workshops are held at a different university every year in cooperation with ESCARUS, a group company specialized in sustainability consultancy. Students attending the workshops come together with consultants from TSKB and ESCARUS to conduct a case analysis on a real banking project focused on climate change, carbon economy, and environment. In 2021, the 9th TSKB ESCARUS Sustainability Workshop was held online, hosted by the Middle East Technical University, with the participation of 48 students from 8 departments and 11 universities.

Sustainability Awareness Training

In order to increase the knowledge and awareness level of our employees on sustainability, we implement the "Sustainability Development Program" with the contributions of our subsidiary Escarus and our business units.

Patara Excavations

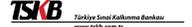
At TSKB, we consider the protection of cultural and historical treasures as one of the cornerstones of sustainability. Our Bank has been supporting the excavations of the ancient city of Patara, one of Türkiye's important historical treasures, together with Türkiye İş Bankası and Şişe & Cam Fabrikaları A.Ş. since 2016.

Located near the Kalkan town in the district of Kaş in Antalya, Patara was the capital of the Lycian Union and State. It exhibits a magnificent archaeological site with its theater, parliament, temple, horrea (storage structures), stadium, Turkish bath and churches, which have survived to the present day in good condition.

In addition to unique monuments such as the "Lighthouse" and "Road Guide Monument", the ancient city has also a social complex (kulliye), which was the first Ottoman Radio Telegraph Station established in 1905. The excavations in the Ancient City of Patara have been carried out by the Ministry of Culture and Tourism for nearly 30 years, under the leadership of Prof. Dr. Fahri Işık and Prof. Dr. Havva Işkan Işık from the Department of Classical Archeology, Faculty of Letters at Akdeniz University.



Düzenleyen Kurumlar





CAPITALS

SOCIAL CAPITAL

We support successful female students with the Empowerment-through-Education Scholarship Fund and the Women Stars of Tomorrow-Education Support Fund.



43

female university students and gifted young female musicians were supported in 2021

EQUAL OPPORTUNITY PROJECTS

Recently, our Bank focuses on inclusive development, providing funds to the private sector to increase women's employment. In companies participating in the Women Friendly Loan Program in the 2018-2021 period, a 37% performance increase was achieved in development areas such as policies, education, working conditions, and representation in management.

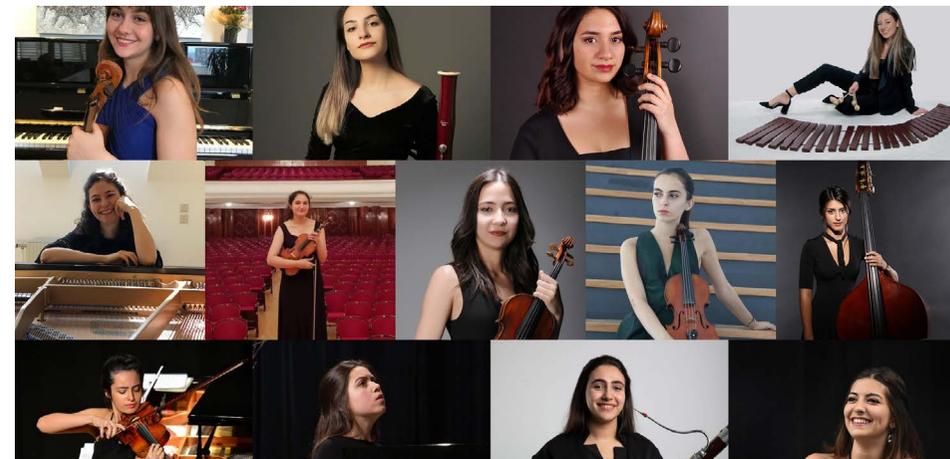
Drawing on the knowledge and experience acquired during this period, we designed and implemented equal opportunity projects in areas that we believe it can make a difference.

Empowerment-through-Education Scholarship Fund

Women's participation in the economy offers tremendous potential to increase Türkiye's welfare. The realization of this potential is associated with the empowerment of women through education. Acting on this belief, we established the TSKB Empowerment-through-Education Scholarship Fund in 2017.

Established in cooperation with the Turkish Education Foundation (TEV), the scholarship fund supports female university students in the 3rd and 4th grades every year. Beyond being a scholarship fund, the project also offers its scholars mentorship and inspiration meetings with the aim of ensuring that more and more women take part in business life.

In 2021, we provided support to 30 female students. Thus, a total of 150 female students have been provided with scholarships to date.



[▶ Please click the play button to watch the Women Stars of Tomorrow-Education movie.](#)

#EşitAdımlar (#EqualSteps)

The digital platform, www.esitadimlar.com, launched in cooperation with BCSD Türkiye (Business Council for Sustainable Development Türkiye), offers a comprehensive guide for all companies seeking to support women's employment and improve equal opportunities in the workplace.

With its digital library and effective use of social media, #EşitAdımlar has progressed to become a platform that hosts successful practices from Türkiye and the world, as well as roadmaps, standards and regulations, and all qualified studies performed in this field.

In 2021, a total of 213 articles were posted on #EşitAdımlar website. The website has a total of 23,000 followers on social media.

Women Stars of Tomorrow-Education

Our support for culture and arts goes back many years. We have been supporting the Music Festival held by the Istanbul Foundation for Culture and Arts (IKSV) since 1990.

In addition, we have been supporting the advancement of the international careers of gifted young female musicians in the instrumental, vocal and conducting areas with the "Women Stars of Tomorrow-Education Support Fund, which was launched under the Istanbul Music Festival. The fund can be applied to by women musicians who are accepted at undergraduate or postgraduate level by a music school abroad, who continue their music education abroad or who need support to purchase musical instruments or to participate in activities that will contribute positively to their career development such as master classes, orchestra selection, international competitions.



CAPITALS

SOCIAL CAPITAL

Due to the pandemic, the 2021 concert was broadcast on IKSU YouTube channel. Young female musicians were accompanied by guest artist Gülsin Onay at the concert, which was shot at the Yeldeğirmeni Art Center and drew great interest.

A total of 53 students benefited from the scholarship fund, including 14 in 2018, 14 in 2019, 12 in 2020, and 13 in 2021.

Social Impact with Innovative Solutions

Our Bank became the first bank in the finance sector to implement afforestation by aerial seeding, in cooperation with the social enterprise Ecoring, in order to restore the forests lost by

the fires. Within the scope of this project, which is indexed to our Bank's investment loans, in 2021, it planted a total of 37,000 seeds on behalf of its 56 corporate customers on hard-to-reach lands by means of ecodrones. We consider this step, which it aims to plant 150,000 seeds in total, important in terms of its support to social entrepreneurs who produce solutions in the field of sustainability as well as contributing to the reforestation of Türkiye.

Experience sharing

Through our banking activities, we share our experience with large audiences under our economic, environmental and social impact, and establishes mutual interaction.

Our Bank receives inputs and suggestions from all stakeholder groups through periodic Stakeholder Dialogue meetings, and takes care to include all relevant parties in its development journey.

We also establish productive collaborations with NGOs that create value on sustainability and women's employment. Our Bank is actively involved in the "Equal Opportunity" and "Sustainability" working groups of various national and international initiatives such as the BCSD Türkiye, TUSIAD, Global Compact, UNEP FI and IDFC, supporting joint projects.

We actively use industry-specific organizations to strengthen stakeholder communication. We share our expertise both locally and internationally with capacity building trainings and speeches at global summits.

Our Bank maintained its effective cooperation with its stakeholders in 2021 and sponsored 7 events:

- AFD-TSKB Conference on Women in Industry
- An Outlook on Macroeconomics, Energy and Climate Debates
- BCSD Türkiye - Sustainable Finance Forum
- Fast Company - Climate Crisis and Sustainability Summit
- 7th Carbon Summit
- The 3rd Boğaziçi University Corporate Sustainability and Responsibility Summit

In addition to its sponsorships, we continue to participate in events as a speaker or participant in order to make the experience sharing more effective.

We took part as a sponsor in 7 conferences and as a speaker in 67 events in 2021.

Major events attended by TSKB as a speaker / active participant in 2021:

UN Global Compact Young SDG Innovators

Our Bank participated in the Young SDG Innovators Program (YSIP - Young SDG Innovators) held by the UN Global Compact for the second time in 2021, in which member companies were represented by young employees under the age of 35.

COP26 IDFC Pavilion

We were among the organizers of the pavilion in cooperation with AFD and BICE, as the chairperson of the IDFC Gender Equality Working Group. We held the "Gender and Climate Nexus Within the Perspective of Development Banking" panel with the theme of Climate and Gender Equality.

UN Global Compact "How to Advance Women's Leadership in Climate Action"

We took part as a speaker to discuss the themes of climate change and women's entrepreneurship at the "How to Advance Women's Leadership in Climate Action" event held by the UN Global Compact.

Finance in Common Summit 2021 CEB-led

We attended the Thematic Session of "Do more, do better! Partnering for Social Investment" panel as a speaker.

We will continue our national and international collaborations in the upcoming period, and follow global trends and good practices in sustainable development to introduce innovative ones to Türkiye.

Contributions to the reporting ecosystem

In the past 10 years in sustainability and integrated reporting practice, we have inspired many companies, especially the actors of the banking industry, in integrating sustainability into their business cycles and transparent stakeholder communication. The integrated reports published by TSKB are among the few pioneering studies that are considered as case studies in the workshops, meetings and benchmark analyses by the initiatives operating for the dissemination of integrated reporting in Türkiye.

In 2020, our Bank issued its first report in line with the UNEP FI Principles for Responsible Banking.

In 2021, our Bank published the "Climate Risk Report" by taking into account the recommendations of the TCFD (Task Force on Climate-Related Financial Disclosures), and broke new ground in the Turkish banking industry.



7

sponsored conferences
in 2021



67

events attended at the
speaker's level in 2021



CORPORATE GOVERNANCE AND RISK MANAGEMENT

109	Board of Directors
112	Senior Management
114	Directors
115	Corporate Governance Compliance Report
119	Profit Distribution Proposal
120	Summary Report of the Board of Directors
121	Other Major Updates on Corporate Operations
122	Risk Management Policies
124	Audit Committee
125	Audit Committee Report



GRI 102-18, GRI 102-22

BOARD OF DIRECTORS



Adnan Bali

Born in İslahiye in 1962, Adnan Bali completed his university education in the Department of Economics, Faculty of Economics and Administrative Sciences at the Middle East Technical University.

Adnan Bali started to work as an Assistant Inspector at İş Bankası Board of Internal Auditors in 1986. He served as Assistant Manager in 1994 and Group Manager in 1997 at the Fund Management Department. He was appointed as Fund Management Head in 1998. Mr. Bali became the Manager of Şişli Branch in 2002 and Galata Branch in 2004. He was promoted as Executive Vice President on May 30, 2006. Adnan Bali was appointed as CEO to Türkiye İş Bankası A.Ş. on April 01, 2011. He resigned from his position on April 01, 2021 and he was elected as Chairperson of Türkiye İş Bankası A.Ş. on the same date.

Officiated as Chairperson at TSKB from 2011 to 2017, Mr. Bali was re-elected as the Chairperson of TSKB on March 31, 2021.



Mahmut Magemizoğlu

Mahmut Magemizoğlu graduated from the Department of Business Administration, Faculty of Administrative Sciences at the Middle East Technical University. He obtained his Master's degree in Investment Analysis at the University of Stirling in the UK.

Mahmut Magemizoğlu started his professional career in 1982 at Türkiye İş Bankası as Assistant Inspector and held various managerial positions from 1992 to 1999. Mr. Magemizoğlu served as the Subsidiaries Division Head from 1999 to 2005, and worked as the Executive Vice President of Türkiye İş Bankası from 2005 to 2016. After having served as the Senior Executive Vice President from 2016 to 2018, Mahmut Magemizoğlu retired at the end of September 2018.

To date, Mr. Magemizoğlu has officiated as chairperson or board member in more than 20 companies. Mr. Magemizoğlu was appointed as Board Member of TSKB on May 5, 2020. He is serving as Vice Chairperson and the Audit Committee Chairperson.



Ece Börü

Born in Istanbul in 1966, Ece Börü graduated from Management Engineering Department at Istanbul Technical University in 1988. She started her career in 1989 as Financial Control Assistant Specialist at TSKB. She was promoted to the Head of Financial Control in 2000 and to the Head of the Board Internal Auditors in 2006. Ms. Börü served as Executive Vice President from 2013 to 2020, and was appointed as TSKB's CEO and Board Member on August 25, 2020.



Cengiz Yavilioğlu

Economist Dr. Cengiz Yavilioğlu graduated from the Department of Public Administration, Faculty of Political Sciences at Istanbul University. He completed his postgraduate studies at the Department of International Finance, Faculty of Political Sciences at Istanbul University and his doctorate at the Department of International Economics, Faculty of Economics and Administrative Sciences at Cumhuriyet University. Cengiz Yavilioğlu officiated as a Research Assistant in the Department of Economics, Faculty of Economics and Administrative Sciences at Cumhuriyet University, as a Visiting Lecturer in the Faculty of Security Sciences at the Police Academy, and as the Deputy Chairperson of the Board of Trustees at Rauf Denktaş University.

He worked as the Head of Finance and Fund Management Department at the Prime Ministry Privatization Administration. He also served as a Member and/or Chairperson of the Board of Directors at Karadeniz Bakır İşletmeleri AŞ, Türkiye Denizcilik İşletmeleri AŞ, TEDAŞ Meram Elektrik Dağıtım AŞ, TEDAŞ Çamlıbel Dağıtım AŞ, Ankara Doğal Elektrik Üretim ve Ticaret AŞ, TÜPRAŞ, and Türkiye Şeker Fabrikaları AŞ.

He was elected as the Justice and Development Party's (AKP) Erzurum Deputy for the 24th Term. He served as AKP Deputy Chairperson of Economic Affairs, Member of the Planning and Budget Committee of the Grand National Assembly of Türkiye, and a Member of the Coups and Memorandums Research Commission. He officiated as the Deputy Minister of Finance in the 64th and 65th Governments. He was appointed as the Deputy Minister of Treasury and Finance on January 30, 2021. He was elected as a Board Member at TSKB on March 25, 2021.



GRI 102-18, GRI 102-22

BOARD OF DIRECTORS



Bahattin Özarslantürk

Born in Samsun in 1971, Bahattin Özarslantürk graduated from the Department of Business Administration at Istanbul University. He started his professional career in 1994 at Türkiye İş Bankası Zincirlikuyu Branch as an Assistant Loan Specialist. Özarslantürk worked as a Specialist in the Risk Management Department in 2000. He was appointed as Assistant Manager in the Corporate Loans Allocation Department in 2002 and as Regional Manager in the same department in 2006. He officiated as Hadımköy/Istanbul Commercial Branch Manager in 2009, Güneşli/Istanbul Corporate Branch Manager in 2011, Commercial Loans Allocation Manager in 2013, and Başkent/Ankara Corporate Branch Manager in 2017. Finally, he was appointed as Istanbul Corporate Branch Manager on January 30, 2020. Bahattin Özarslantürk, who is a financial analyst, was elected as a member of TSKB's Board of Directors in August 24, 2020.



Mithat Rende

Born in Antakya in 1953, Mithat Rende graduated from the Faculty of Political Science at the University of Ankara. He held various positions in the Embassies of Damascus, Rome, Brussels (NATO), Sofia, Vienna (OSCE) and London, and permanent representations under the Ministry of Foreign Affairs. After completing the postgraduate program at NATO Defense College and the postgraduate program on Security and International Relations at the Royal Defense College, London, Mr. Rende who was the Head of the Human Rights Department, became Deputy Ambassador-General Manager in 2005. Mr. Rende, who was the Head of the Trade and Transit Working Group of the Energy Charter Conference in Brussels between 2005 and 2008, was appointed as the Ambassador to Doha (Qatar) in 2007. Mr. Rende served as Director General of Multilateral Economic Affairs and Türkiye's Chief Negotiator for Climate Change. He was also a member on the Turkish Nuclear Energy Commission in the same period. Mithat Rende was appointed as the OECD Ambassador and Permanent Representative of Türkiye in 2013, and was elected as Chairperson of the Executive Committee of the OECD in 2014. Mr. Rende retired in 2016. He has been a member of the TSKB Board of Directors since April 4, 2017.



Zeynep Hansu Uçar

Born in Ankara in 1971, Ms. Zeynep Hansu Uçar graduated from the Business Administration Department, Faculty of Economics and Administrative Sciences at the Middle East Technical University in 1993. Ms. Uçar started her professional career at Türkiye İş Bankası A.Ş. as an Assistant Specialist in Subsidiaries Department. Uçar worked in the same department in managerial positions responsible for various group companies. She officiated as the Unit Manager from 2007 to 2015 and was promoted as Department Head of the Subsidiaries Department in 2015. Ms. Zeynep Hansu Uçar has been a TSKB board member since November 27, 2015.

Ms. Zeynep Hansu Uçar resigned from her position on January 7, 2022. Mr. Murat Doğan was elected as a board member.



Ozan Uyar

Born in Eskişehir in 1974, Ozan Uyar graduated from the Management Department, the Faculty of Economics and Administrative Sciences at the Middle East Technical University in 1997. Mr. Uyar started his professional career at Türkiye İş Bankası A.Ş. as Assistant Inspector on the Board of Inspectors in 1997. He has worked at several managerial positions at the Commercial Loans Allocation Department since 2006. Ozan Uyar was appointed as Head of Loans Portfolio Management Division in 2015 and of Corporate Banking Marketing and Sales Division in 2017. Ozan Uyar was appointed as Head of Corporate Loans Allocation Division in January 2020, as Head of Project Finance Division in August 2020, and as Head of Maslak Corporate Branch in February 2022. Ozan Uyar was elected as a member of the TSKB's Board of Directors in May 5, 2020.



GRI 102-18, GRI 102-22

BOARD OF DIRECTORS



Abdi Serdar Üstünsalih

Born in Trabzon in 1963, Abdi Serdar Üstünsalih started his career in 1991 at VakıfBank. He served as manager in various branches and departments at VakıfBank. He then officiated as the Head of IT, Retail Banking, Banking Operations, and Basic Banking Application Development departments. Mr. Üstünsalih was appointed as Executive Vice President in July 2018. He has been working as CEO and Executive Board Member of VakıfBank since May 27, 2019. In addition, Mr. Üstünsalih is the Deputy Chairperson of the Board of the Banks Association of Türkiye. He has been serving as a Board Member of TSKB since June 25, 2019. Mr. Üstünsalih is married and has two sons.



Gamze Yalçın

Born in Ankara in 1971, Gamze Yalçın graduated from the Department of Economics, Faculty of Economics and Administrative Sciences at the Middle East Technical University. She completed her master's degree in International Banking and Finance at The University of Birmingham in UK. She attended the Advanced Management Program in Harvard Business School in 2017. Ms. Yalçın started her professional career at Türkiye İş Bankası A.Ş. in 1993. She served as an expert and manager in the corporate architecture, accounting and risk management departments of the Bank. She was appointed as Executive Vice President on November 28, 2017. Gamze Yalçın was elected as a member of TSKB's Board of Directors on April 18, 2019.



Hüseyin Yalçın

Born in Konya in 1947, Hüseyin Yalçın holds a degree in Economics from the Faculty of Administrative Sciences at the Middle East Technical University. He served as an Inspector, Assistant Manager and Branch Manager at Ziraat Bank from 1977 to 1990. Mr. Yalçın served as a Executive Vice President and Advisor to the CEO at Development Bank of Türkiye from 1990 to 2000. Following the transfer of banks to Savings Deposit Insurance Fund, he served as Senior Executive Vice President at Yurtbank, as Executive Vice President at Sümerbank and at Kent Portföy, and as Advisor to the CEO at Toprakbank from 2000 to 2002. He was elected as a member of the Board of Directors at Türkiye İş Bankası A.Ş. in 2011 and worked for 6 years in the same position. Hüseyin Yalçın was elected as a member of the Board of Directors at Milli Reasürans from 2017 to 2018. Mr. Yalçın has been a TSKB Board Member since April 6, 2018.



GRI 102-18, GRI 102-22

SENIOR MANAGEMENT



Ece Börü

Born in Istanbul in 1966, Ece Börü graduated from Management Engineering Department at Istanbul Technical University in 1988. She started her career in 1989 as Financial Control Assistant Specialist at TSKB. She was appointed as the Financial Control Manager in 2000 and as the Head of the Board of Internal Auditors in 2006. Ms. Börü officiated as Executive Vice President from 2013 to 2020, and was appointed as TSKB's CEO and Board Member on August 25, 2020.



Meral Murathan

Born in Erzurum in 1977, Meral Murathan graduated from the Department of Economics at Boğaziçi University. She started her career in TSKB Treasury Department in 1998. She served in a variety of roles and positions and she acted as Head of Financial Institutions between 2012 and 2019. Meral Murathan was appointed as Executive Vice President in April 1, 2019. She is currently in charge of Financial Institutions and Investor Relations, Development Finance Institutions, Loan Monitoring, and Engineering and Technical Advisory Departments.



Aslı Zerrin Hancı

Born in Ankara in 1969, Aslı Hancı graduated from the Faculty of Business Administration at Istanbul University in 1990. She started her professional career at Citibank in 1991. She worked at Treasury Departments of Chase Manhattan and BNP Ak Dresdner Bank. Ms. Hancı joined the TSKB Treasury Team in 2005. She was appointed as the Head of Securities Department in 2007 and Head of Treasury Department in 2008. She was promoted to Executive Vice President position in January 1, 2017. She is currently in charge of Treasury, Treasury and Capital Markets Operations, Loan Operations, and Corporate Communications Departments.



Hasan Hepkaya

Born in Samsun in 1981, Hasan Hepkaya graduated from the Department of Business Administration at Hacettepe University. He started his career in Garanti Leasing in 2003. He served in a variety of roles and positions in Corporate Banking and Project Finance Departments at TSKB from 2005 to 2014. He was promoted as Head of Project Finance and Head of Corporate Banking from 2014 to 2018. On April 1, 2019, Hasan Hepkaya was appointed as Executive Vice President in charge of Corporate Banking Marketing, Project Finance, Corporate Banking Sales, Economic Research, Financial Advisory Departments and Business Development & Advisory Management Office.



GRI 102-18, GRI 102-22

SENIOR MANAGEMENT



Hakan Aygen

Born in Konya in 1965, Hakan Aygen graduated from the Department of Management Engineering at Istanbul Technical University in 1989. Mr. Aygen started his professional career in nonfinancial sector in 1989. He joined TSKB in 1995 as an Assistant Specialist in the Financial Analysis Department. He completed his master's degree on Management and Organization at the Marmara University in 1996. Mr. Aygen was appointed as Corporate Finance Head in 2006 and Corporate Finance Group Head in 2011. He received his Accounting Finance doctorate degree from Marmara University in 2013. He was appointed as Executive Vice President on November 28, 2013. Mr. Aygen is currently in charge of Corporate Finance, Loans Allocation, Loan Analysis, and Specialized Loans Departments.



Aziz Ferit Eraslan

Born in Istanbul in 1969, Aziz Ferit Eraslan graduated from the Public Administration Department at the Middle East Technical University in 1991. He completed the MT Banking School of Ziraat Bank. In 1992, Mr. Eraslan started his professional career in Board of Inspectors at Türkiye İş Bankası. He completed his master's degree at the Stirling University of Scotland from 1996 to 1997. Aziz Ferit Eraslan was appointed as Assistant Manager in 2000 and as Group Manager in 2003 in the Accounting Department at Türkiye İş Bankası. From 2007 to December 2012, Mr. Eraslan officiated as the Head of Accounting Department, which would later be renamed as Financial Management Department. Mr. Eraslan was Chief Executive Officer at Closed Joint Stock Company İşbank from 2013 to 2015. In October 2015, he was appointed as Executive Vice President responsible for Board of Inspectors, Risk Management and Internal Control Departments at TSKB. In September 1, 2020, he was appointed as Executive Vice President responsible for Financial Control, Budget Planning and Corporate Compliance Departments.



Engin Topaloğlu

Engin Topaloğlu was born in Pazar/Rize in 1971. He has undergraduate and graduate degrees in Industrial Engineering at Bilkent University, and doctorate degrees in Finance and Banking at Kadir Has University. Engin Topaloğlu worked as a research assistant at Bilkent University from 1993 to 1995. He started his career in the finance industry as a member of the Board of Inspectors at İşbank. Engin Topaloğlu served as Assistant Manager in 2004 and Group Manager in 2007 at İşbank Budget and Planning Department. He was appointed as Corporate Architecture Department Head in 2008, Gebze Branch Manager in 2011, Retail Banking Marketing Department Head in 2015 and London Branch Manager in 2016.

He served as a Board member at İş Yatırım Menkul Değerler A.Ş., İşNet Telekomünikasyon A.Ş., Erişim Müşteri Hizmetleri A.Ş., and the Turkish British Chamber of Commerce and Industry, and as the Vice Chairperson at Anadolu Hayat Emeklilik A.Ş. Engin Topaloğlu has been working at Turkish Industrial Development Bank as the Executive Vice President responsible for Board of Internal Auditors, Risk Management and Internal Control since August 2021. Mr. Topaloğlu has a Chartered Financial Analyst certificate issued by the CFA Institute.



DIRECTORS



Poyraz Koğacıoğlu

Koğacıoğlu completed his undergraduate education in the Department of Aerospace Engineering at Middle East Technical University (METU), and completed his master's degree in department of business administration (MBA) at Koç University. Koğacıoğlu participated in the student exchange program of Bocconi University during his education there.

Koğacıoğlu, who worked as a research assistant at Koç University between 2002-2004, continued his career as an Oyak Investment Equity Research Analyst in 2005. Koğacıoğlu worked as a Senior Analyst at 3 Seas Capital Partners in 2006 and as a Specialist in TAIB-PDF Corporate Finance in 2007. In the same year, Koğacıoğlu worked as a senior expert in the corporate finance team of Ak Yatırım, and in 2010 he became the assistant manager of the institution.

Koğacıoğlu transferred to the corporate finance team at Garanti Yatırım as a manager in 2012, and worked as a director in M&A and IPO at the same institution from 2015 to February 2019. Appointed as Assistant General Manager at Şeker Gayrimenkul in February 2019, Poyraz Koğacıoğlu started to work as TSKB Investment Banking Director since May 2019.



Özlem Bağdatlı

Özlem Bağdatlı was born in Çanakkale in 1974 and graduated from Marmara University Faculty of Law in 1995. Ms Bağdatlı started her professional career in real sector in 1998. Starting her career at TSKB as a Specialist Lawyer in 2003, Ms. Bağdatlı held various positions in the Legal Affairs Department between 2003 and 2021. Appointed as a Director on July 1, 2021, Ms. Bağdatlı is currently serving as the Director responsible for Legal Affairs, Human Resources, Retirement and Supplementary Foundations Directorates, and also serves as the Rapporteur of the Board of Directors.



Bilinç Tanağardı

Mr. Tanağardı, who was born in Konya in 1973, graduated from Department of Computer Science Engineering in Istanbul University in 1994 and started his career at Degere International. After Sınai Yatırım Bankası where he worked as a Software Engineer in 1999, he continued his career at TSKB in 2002 and worked at various levels of Information Technologies departments. He was promoted as System Support and Operations Head in 2015. Appointed as Director on July 1, 2021, Mr. Tanağardı still continues his duty as the director responsible for Application Development, Corporate Architecture and Process Management, and System Support and Operations departments.



CORPORATE GOVERNANCE COMPLIANCE REPORT

PART I – STATEMENT OF COMPLIANCE WITH CORPORATE GOVERNANCE PRINCIPLES

Türkiye Sınai Kalkınma Bankası A.Ş. (hereinafter "TSKB" or the "Bank") is subject to the Corporate Governance Principles, which are stipulated for banks by the Capital Markets Board (CMB) and banking regulations. According to the Bank's Articles of Association Article 55, transactions and Board of Directors resolutions that do not comply with the mandatory Corporate Governance Principles are deemed to be contrary to the Articles of Association. The Bank complies with the mandatory Corporate Governance Principles as per the "Regulation on the Corporate Governance Principles of Banks" and the "Corporate Governance Communiqué."

Although most of the non-mandatory Corporate Governance Principles have been complied with, the principles that have not yet been fully complied with are listed below. There are no conflicts of interest for the Bank arising from failure to fully comply with the non-compulsory principles.

- In relation to the principle no. 1.5.2, there is no regulation in the Bank's Articles of Association except for the provisions stipulated by the relevant regulation on minority rights.
- Regarding the principle no 4.6.1, no special study has been carried out for the performance evaluation of the Board of Directors.
- In relation to the principle 4.6.5, no disclosures are made on an individual basis as per the company policy. The remunerations for the Members of the Board of Directors and the Senior Management are announced collectively in the annual report.

Filed in accordance with Capital Markets Board Resolution no. 2/49 of January 10, 2019, the Bank's Corporate Governance Compliance Report (CRF) and Corporate Governance Information Form (CGIF) are available on the Public Disclosure Platform (PDP).

A leading institution in corporate governance, the Bank attained a corporate governance rating in 2021 that enabled it to maintain its position among the highest rated institutions. As a result of the evaluation by Saha Rating on October 19, 2021, TSKB's corporate governance rating increased from 9.56 to 9.59 over 10. The rating of four main sections (Shareholders, Public Disclosure and Transparency, Stakeholders, Board of Directors) were announced as 9.51, 9.75, 9.89 and 9.40 over 10, respectively.

TSKB's Corporate Governance Rating

Main Sections	Weight	Rating
Shareholders	0.25	9.51
Public Disclosure and Transparency	0.25	9.75
Stakeholders	0.15	9.89
Board of Directors	0.35	9.40
Total		9.59

TSKB, which has a long history of sustainable banking and good ESG practices, operates in compliance with all but one of the Sustainability Principles published on October 2, 2020 within the framework of the Communiqué Amending the Corporate Governance Communiqué (II-17.1).

- In relation with the environmental principles B/25, carbon pricing has not yet been implemented in the Bank. Transition to zero carbon economy has been one of the strategic focus areas of the Bank for the last 20 years. There have been ongoing dedicated efforts on climate risk. Once the targeted progress has been realized in this area, carbon pricing will be considered as the next stage.

PART II – SHAREHOLDERS

2.1. Investor Relations Department

At TSKB, investor relations activities are carried out in coordination by the Financial Institutions and Investor Relations Department and the Legal Affairs Department in accordance with the principles of transparency, accountability, responsibility and equality required by corporate governance. "Investor Relations Manager", who holds Capital Market Activities Advanced Level Certificate and Corporate Governance Rating Specialist Certificate, serves as a member of Corporate Governance Committee as per the provisions of the governing regulation.

Please find below the contact details of the employees who take part in Investor Relations:

Full Name and Title	Phone No.	Electronic Mail Address
Meral Murathan Executive Vice President*	0 212 334 51 24	murathanm@tskb.com.tr
Gizem Pamukçuoğlu Head of Financial Institutions and Investor Relations	0 212 334 52 58	erarslang@tskb.com.tr
Özen Çaylı Financial Institutions and Investor Relations Senior Manager**	0 212 334 52 49	halilogluo@tskb.com.tr
Korhan Aklar Head of Legal Affairs	0 212 334 50 92	aklark@tskb.com.tr

* Ms. Meral Murathan is the Assistant General Manager responsible for Financial Institutions and Investor Relations, Development Finance Institutions, Engineering and Technical Advisory and Loan Monitoring departments.

** Ms. Özen Çaylı holds Capital Market Activities Advanced Level Certificate (Certificate No: 204985) and Capital Market Board Corporate Governance Rating Specialist Certificate (Certificate No: 701337).



GRI 102-25, GRI 102-26, GRI 102-27, GRI-102-28, GRI 102-29, GRI 102-30, GRI 102-31, GRI 102-33, GRI 102-34

CORPORATE GOVERNANCE COMPLIANCE REPORT

2.2. General Assembly Meeting

The Bank's annual Ordinary General Assembly was held on March 25, 2021 at the Headquarters. The Ordinary General Assembly meeting for 2020 was attended by 183,034,200,171 shares corresponding to a total capital of TL 1,830,342,001.713, including the physical participation of 170,381,646,097 shares corresponding to a capital of TL 1,703,816,460.974 and the electronic participation of 12,652,554,073 shares corresponding to a capital of TL 126,525,540.739 (out of 280,000,000,000 shares, corresponding to the Bank's total capital of TL 2,800 million). The participation rate was 65%.

The following items were discussed and voted by the shareholders at the meeting:

- The Meeting Council was constituted in accordance with the Bank's Articles of Association. Authorization of the Meeting Council to sign the meeting minutes was adopted by majority of the shareholders' votes.
- Review and discussion of the Annual Reports of the Board of Directors and Reports of the Auditors and Independent Auditors regarding the Bank's accounts and transactions for 2020 was adopted by majority of the shareholders' votes.
- Review and approval of the Bank's balance sheet and profit & loss statement for 2020 was adopted by majority of the shareholders' votes.

- The appointment of Mr. Mahmut Magemizoğlu, Mr. Ozan Uyar, Mr. Bahattin Özarlantürk ve Ms. Ece Börü to replace Mr. Mehmet Şencan, Mr. Can Yücel ve Mr. Ahmet Hakan Ünal who resigned from their office was adopted by majority of the shareholders' votes.
- The release of the Board Members was adopted by majority of the shareholders' votes.
- The decision-making on the determination and distribution of profit was adopted by majority of the shareholders' votes.
- The General Assembly was informed about the bonus payments made to the employees in 2020 and anticipated to be made in 2021.
- The determination of attendance fee to be paid to the Board Members was approved by majority of the shareholders' votes.
- The election of the Board Members and Mithat Rende as independent member was adopted by majority of the shareholders' votes.
- Selection of the independent audit firm was adopted by majority of the shareholders' votes.
- The General Assembly was informed about the donations made during the year. In addition, the determination of the upper limit for donations to be made in 2021 was approved by majority of the shareholders' votes.
- Empowerment of the Board Members regarding the transactions set forth in the Turkish Commerce Code, Articles 395 and 396 was adopted by majority of shareholders' votes.
- The transactions included in Article 1.3.6 of the CMB's Corporate Governance Communiqué No. II-17.1 were submitted to the General Assembly's information.

During the period, there has been no transaction in which the decision had to be left to the discretion of the General Assembly due to negative votes of independent board members. The results and resolutions of the General Assembly meeting were published on Public Disclosure Platform on March 25, 2021.

2.3. Profit Distribution Policy

Dividend Payment Proposal of the Board of Directors has been prepared in line with the Profit Distribution Policy approved by the General Assembly, which takes into account the delicate balance between the expectations of the Shareholders and the Bank's need for growth, and the profitability of the Bank. Principles governing the Bank's dividend distribution are set down in the Articles of Association, Article 47, and there are 100 founders' shares that receive a share of the profit in line with these principles.

The Bank's dividend payment policy was revised in 2019 and disclosed to shareholders on the Bank's Turkish and English websites.

Cash dividend distribution of TL 73,280,776 for 2020 was made on March 29, 2021.

PART III – RELATIONS WITH STAKEHOLDERS

The stakeholders, including shareholders, employees, creditors, clients, suppliers, non-governmental organizations, and potential investors shall submit their complaints and recommendations to the Bank by means of a communication form available on the Bank's website. In this regard, the stakeholder analysis performed every two years also contributes to the relations with stakeholders.

Employees are kept informed about all decisions and developments that may be of concern to them. The Bank develops mechanisms to include employees into decision-making processes, receiving employee feedback via committee activities as well as periodic surveys. In addition, the Bank launched the "HR Representative" project with employees selected from each department in 2017.

Participation of employees in management is governed by internal regulations. The employees are authorized according to their signature level in pursuant to the Internal Directive on the Transfer of Representation Authority of Türkiye Sınai Kalkınma Bankası, published on Page 483 of the Trade Registry Newspaper No. 8944 of November 11, 2015.

Employees are able to convey their opinions and claims to the related parties and contribute to the company resolutions by means of "I Have a Suggestion" and "Complaint Form" available on the Bank's intranet. In addition, there are committees formed by employees on many different subjects at the Bank. These committees also enable employees to participate in the management.



GRI 102-25, GRI 102-26, GRI 102-27, GRI-102-28, GRI 102-29, GRI 102-30, GRI 102-31, GRI 102-33, GRI 102-34

CORPORATE GOVERNANCE COMPLIANCE REPORT

PART IV – BOARD OF DIRECTORS

4.1. Board Members

The Board of Directors consists of 11 members, allowing the activities of the Board of Directors to be organized effectively. Information about the Board members and the CEO are provided in the following table. Detailed resumes are accessible via the Bank's website and annual report.

Full Name	Position	Educational Background	Work Experience	Date of Appointment	Committees and Title*	Duties Outside the Bank
Adnan Bali	Chairperson of the Board of Directors	Department of Business Administration, Faculty of Economics and Administrative Sciences/METU	35 years	31.03.2021	-	Chairperson of the Board of Directors of T. İş Bankası, Chairperson of the Board of Directors of T. İş Bankası Members of the Supplementary Pension Fund, Chairperson of the Board of Softtech Ventures Teknoloji A.Ş.
Mahmut Magemizoğlu*	Vice Chairperson of the Board	MA in Investment Analysis/The University of Stirling	39 years	05.05.2020	Audit Committee Chairperson, Loan Revision Committee Chairperson	-
Ece Börü	Member of the Board of Directors and CEO	Management Engineering / Istanbul Technical University	32 years	25.08.2020	Loan Revision Committee Member, Sustainability Committee Member	TSKB A.Ş. CEO, Chairwoman of Yatırım Finansman Menkul Değerler A.Ş., Chairwoman of TSKB A.Ş. Members Pension Fund, Chairwoman of TSKB Officers and Employees Assistance and Retirement Foundation
Bahattin Özarslantürk	Board Member	Business Administration / Istanbul University	27 years	24.08.2020	Loan Revision Committee Member	T. İş Bankası A.Ş. Istanbul Corporate Branch Manager
Mithat Rende	Independent Board Member	Ankara University Faculty of Political Sciences, NATO-Defence College Postgraduate Education, Royal Defense College, London Postgraduate Education	49 years	04.04.2017	Sustainability Committee Member	Engie Yönetim Enerji Hizmetleri ve Ticaret A.Ş. Independent Board Member
Zeynep Hansu Uçar	Board Member	Department of Economics, Faculty of Economics and Administrative Sciences / METU	28 years	27.11.2015	Member of Corporate Governance Committee, Member of the Remuneration Committee, Sustainability Committee Member	T. İş Bankası A.Ş. Subsidiaries Department Head, Anadolu Cam Sanayi A.Ş. Board Member, Paşabahçe Cam Sanayi A.Ş. Board Member, Trakya Cam Sanayi A.Ş. Board Member, Türkiye Şişe ve Cam Fabrikaları A.Ş. Board Member, Trakya Yatırım Holding A.Ş. Board Chairwoman, Türkiye İş Bankası Banking and Commercial Law Research Institute Board Member
Ozan Uyar	Board Member	Department of Business Administration, Faculty of Economics and Administrative Sciences/METU	24 years	05.05.2020	Loan Revision Committee Member, Sustainability Committee Member	T. İş Bankası A.Ş. Maslak Corporate Branch Manager, Board Member of İşbank AG
Abdi Serdar Üstünsalih	Board Member	MS. Public Administration / Selçuk University, MS. Information Technologies / Gazi University	30 years	25.06.2019	-	T. Vakıflar Bankası T.A.O. CEO
Gamze Yalçın**	Board Member	Department of Economics, Faculty of Economics and Administrative Sciences / METU	28 years	18.04.2019	Audit Committee Member, Corporate Governance Committee Chairwoman, Remuneration Committee Chairwoman	T. İş Bankası A.Ş. Executive Vice President, İşbank AG Chairwoman, Founding Member of Turkish Risk Managers Association
Hüseyin Yalçın	Board Member	Department of Economics, Faculty of Economics and Administrative Sciences / METU	43 years	06.04.2018	-	-
Cengiz Yavilioğlu	Board Member	Public Administration / Istanbul University, MS. Finance / Istanbul University, PhD in International Economics / Cumhuriyet University	28 years	25.03.2021	-	Deputy Minister of Treasury and Finance

* Members of the Audit Committee were accepted as Independent Members of the Board of Directors as per the provisions of Capital Market Board's Corporate Governance Communiqué No: II.17.1., Article 6/(3)-a.

** The operating principles of the Board of Directors Committees are available on the Bank's website.



GRI 102-25, GRI 102-26, GRI 102-27, GRI-102-28, GRI 102-29, GRI 102-30, GRI 102-31, GRI 102-33, GRI 102-34

CORPORATE GOVERNANCE COMPLIANCE REPORT

Mr. Mithat Rende was re-elected as an Independent Member of the Board by the General Assembly on March 25, 2021. Mr. Mithat Rende's declaration of independence is included in the Appendices section.

Mr. H. Ersin Özince and Mr. Yavuz Canevi, whose terms of office ended on March 25, 2021, were replaced by Mr. Adnan Bali as the Chairperson of the Board and Mr. Cengiz Yavillioğlu as the Board Member on the same date.

In line with the "Policy for Female Participation in the Board of Directors" established in 2014 and revised in 2019, a present state assessment is performed by the Board of Directors on a yearly basis. As of December 31, 2021, there are 3 female members in the Board of Directors in line with the Bank's target.

4.2. Operating Principles of the Board of Directors

The Board of Directors convenes regularly and at least once a month as previously planned, and when deemed necessary, regardless of this period. Care is taken to determine the meeting date in a way that will allow the participation of all members, and Board of Directors meetings are held with the participation of all members, except for unforeseen exceptional circumstances.

In principle, Board Members attend every meeting. Board Members can also attend the meeting virtually.

Each Member of the Board has one vote. In accordance with the Bank's Articles of Association, the Board of Directors convenes with the majority of the total number of members and takes decisions with the majority of the attendants.

The Board of Directors held 39 meetings from January 1 to December 31, 2021. In this period, there was no significant update with any related parties that would be subject to the approval of General Assembly.

The possible losses resulting from mismanagement of the Board and all Bank managers are covered by the insurance policy signed by Türkiye İş Bankası A.Ş., the main partner, for its group companies.

Information on the Board of Directors Committees is available in the Investor Relations section of the Bank's website.

4.3. Remuneration Policy

The Bank carries out its remuneration policy practices in compliance with the relevant Banking and Capital Markets regulations. TSKB's Remuneration Policy is available in the Investor Relations section of the Bank's corporate website. This policy covers all Bank employees at all levels, including the Head Office and branches.

The Members of the Board of Directors are not paid any financial benefits other than the monthly attendance fee. Attendance fees and dividends paid as per the Articles of Association are determined by the General Assembly in line with the proposals submitted by the shareholders.

Members of the Board of Directors have never directly or indirectly used cash or non-cash loans from the Bank.

The total amount of financial benefits such as attendance fees, dividends, wages, premiums and bonuses paid to the Board Members and Senior Executives is TL 15,760.

The total amount of travel, accommodation and other payments made to the Board Members and Senior Executives is TL 332,139.



PROFIT DISTRIBUTION PROPOSAL

According to article 47 of our Articles of Association, General Assembly shall be offered to reserve 2021 Net Profit of TL 1,089,008,091.09 as follows:

1. According to paragraph (a) of Article 47 of our Articles of Association, 5% of the net profit amounting to TL 54,450,404.55 be reserved as general legal reserves,
2. TL 43,124,611.00 be reserved to a special fund in accordance with the relevant provisions of the tax legislation for the purpose of acquiring venture capital investment funds,
3. Remaining TL 991,433,075.54 be reserved as extraordinary reserves under equity,

We hereby submit to the General assembly to entitle the Board of Directors for all procedures related to all issues projected above.

Board of Directors

Information Note on Dividend Distribution Proposal

In accordance with the Bank's Dividend Policy; considering the national and global economic conditions, the long term growth targets of the Bank, the sustainability of its strong equity structure, as well as the Banking Regulatory and Supervisory Agency's guidance regarding the banking sector, it will be submitted to the approval of the General Assembly, as shown in the attached 2021 Profit Distribution Proposal that of the net profit of 1,089,008,091.09 TL, 54,450,404.55 TL will be reserved as general legal reserve, 43,124,611.00 TL will be reserved to a special fund in accordance with the relevant provisions of the tax legislation for the purposes of acquiring venture capital investment funds and the remaining 991,433,075.54 TL will be set aside as extraordinary reserves under equity.



SUMMARY REPORT OF THE BOARD OF DIRECTORS

Esteemed Shareholders,

Welcome to the TSKB's 72nd Ordinary General Assembly meeting. We would like to convey our kindest regards to our shareholders, their representatives and guests for honoring the hall and hereby submit to your examination and approval the Board's Annual Report and Independent Audit Report, as well as profit and loss statements, for the accounting period of 2021.

While the pandemic still maintains its place in the global agenda, the spread of vaccination created a more positive outlook worldwide in 2021 compared to last year. As the world economy continued to recover in the second half of 2020 from the sharp contraction caused by the pandemic, the Turkish economy grew by 11% in 2021. The Turkish economy is predicted to continue to grow in 2022 as well.

The banking industry continued its support to the Turkish economy in 2021. As of the end of 2021, the asset size of the banking industry increased by 51% to TL 9.2 trillion, and the total equity increased by 19% to TL 711 billion. Loans of the industry increased by 37% to TL 4.9 trillion. Although the annual increase of 33% occurred in the provision expenses as a result of the prudent approach of the banks, the net profit of the industry increased by 57% in the same period.

TSKB maintained a robust and resilient balance sheet and capital structure. As of December 31, 2021, the Bank increased, on a year-on-year basis:

- its total assets by 63.4% to TL 84.1 billion
- Its equity by 13.7% to TL 6.9 billion
- its loan stock by 63.4% to TL 63.9 billion.

The Bank increased its net banking income by 65% on an annual basis, and posted a net profit of TL 1 billion 89 million for 2021. As of the end of the year, the capital adequacy ratio calculated excluding the temporary measures of the BRSA was 15.3%, above the legal requirements.

Availing ourselves of this opportunity, we would like to thank our business partners, employees and all stakeholders for their contribution to such successful results and extend our warmest regards to our shareholders that honored our General Assembly meeting.

TÜRKİYE SİNAİ KALKINMA BANKASI A.Ş.
BOARD OF DIRECTORS



OTHER MAJOR UPDATES ON CORPORATE OPERATIONS

Disclosures on Private Audit and Public Audit During the Accounting Period

During the current accounting period, no private audit was conducted at the Bank as per Articles 207, 438 and 439 of the Turkish Commercial Code. The Bank is subject to public audit by public institutions such as the BRSA, CBRT, CMB, and the Competition Authority. If any matters requiring a public disclosure arise in relation to the audits conducted at the Bank by public institutions, they are publicly communicated through material disclosures.

Disclosures on Administrative or Judicial Sanctions Imposed on the Company and Board Members for Acts Contrary to Legislative Provisions

Information on court proceedings is provided in the annual report and in section III/4 of part five of the non-consolidated audit report. Information on the Bank's related party transactions are provided in the footnotes within the Audit Report. The conclusion of the Subsidiaries Report for 2021, drafted pursuant to Article 199 of the Turkish Commercial Code No. 6102, is provided below: "Between the Bank and Türkiye İş Bankası A.Ş., the controlling shareholder, and the companies affiliated thereto, there are no legal procedures completed under the instructions of our controlling shareholder to the benefit of the latter or of a company affiliated thereto and no measures taken or avoided to the benefit of our controlling shareholder or a company affiliated thereto. In addition, the commercial transactions concluded between the Bank and Türkiye İş Bankası A.Ş., the controlling shareholder, and the companies affiliated thereto and are provided in the report in detail, are required by

the Bank's operations and are completed over the equal values applicable in the market. They are compliant with the principle prescribed in Article 202 of the Turkish Commercial Code No. 6102 that the controlling shareholder cannot exercise its control in a way to inflict loss on its subsidiaries. There are no decisions against or transactions inflicting loss on the Bank under the instructions of Türkiye İş Bankası A.Ş., the controlling shareholder, and the companies affiliated thereto."

Information on Operational Fields for which Support Services are Outsourced Pursuant to the Regulation on Outsourcing of Support Services by Banks and Information on the Individuals and Organizations Supplying Such Services

The following services received by the Bank in 2021 fall into the scope of the Regulation on Outsourcing of Support Services by Banks, promulgated on November 5, 2011;

1. Server Hosting for Emergency Services provided by Superonline İletişim Hizmetleri A.Ş.
2. Risk-free Treasury Valuation System Service provided by Risk Aktif Danışmanlık Eğitim Yazılım Sanayi ve Ticaret Ltd. Şti.
3. Swift Service Office Main Connection Service provided by Fineksus Bilişim Çözümleri Ticaret A.Ş.
4. Internal Rating Model and Assets-Liabilities Management Infrastructure and Maintenance Service provided by Prometeia SPA
5. EFT Software Maintenance Service provided by BIS Çözüm Bilgisayar ve Entegrasyon Hizmetleri ve Tic. A.Ş.
6. Building and Employee Security Service provided by Tepe Savunma ve Güvenlik Sistemleri San. A.Ş.

Amendments to the Articles of Association During the Year

There have been no amendments to the Bank's Articles of Association during 2021.



RISK MANAGEMENT POLICIES

Information About Risk Management Policies by Risk Type

TSKB's Risk Management Policies and application principles of these policies consist of written standards established by the Board of Directors and implemented by the Bank's executive management.

According to TSKB's Risk Management Policies, the main risks exposed by the Bank are identified as the credit risk, asset-liability management risk (market risk, structural interest rate risk, liquidity risk) and operational risk. A Risk Management Department is formed within the Bank in order to manage the risks the Bank is exposed to in parallel to the risk policies ensuring compliance with those policies and related application principles.

TSKB's Risk Management Department actively participates in all processes regarding the management of risks and submits regular reports to the Board of Directors, Audit Committee, senior management and related units of the Bank. Its duties, responsibilities and structure have been established by the Regulation of Risk Management Department.

Credit Risk Management Policy

Credit risk is the possibility that the credit client or a counterparty of an agreement being unable to fulfill the obligations pursuant to the conditions of the agreement. Whilst the most common and apparent source of credit risk is the loans granted by the Bank, other banking services carrying counterparty risk also carry credit risk. In this regard, all related banking activities are evaluated within the scope of credit risk.

Credit risk is measured and managed by taking into account the structure and characteristics of the credit, the terms and conditions of the credit agreement and financial conditions, the structure of the risk profile until the end of the maturity in parallel with possible market movements, guarantees and collaterals, internal risk ratings, possible changes in ratings during the risk exposure period, concentrations (one single company, group of affiliated companies, sector, country, etc.) and compliance with limits established by the Board of Directors to prevent such concentrations.

In measuring credit risk, the Internal Rating Based Model is used for the purposes of monitoring and controlling the credit risk and providing early warning.

Maximum effort is taken to ensure that limits and policies in agreements with foreign and domestic sources do not diverge to a significant degree from the policies and limits set by the Bank. Despite the clauses in the agreements deviate from the existing policies, they are still accepted to be in force.

Asset-Liability Management Risk Policies

All financial risks arising from the Bank's assets and liabilities other than credit risk are defined as asset-liability management risks. The market risk of the trading portfolio, structural interest rate risk and liquidity risk fall into this category.

i - Market Risk Management Policy

Market risk is the possibility of portfolio or position loss in the scope of trading portfolio resulting from fluctuations in interest rates, stock prices, commodity prices or exchange rates on the financial markets. The purpose of market risk management is to manage, within the appropriate parameters, the risks which the Bank might be exposed to with a proactive approach and thus maximize the Bank's risk adjusted return.

Market risk is managed by using consistent risk measurement and criteria such as fluctuation level of interest and/or prices and Value at Risk calculations, establishing appropriate procedures regarding the performance of control and observing compliance with the identified risk limits.

Interest rate risk, exchange rate risk, stock and commodity price risk and exchange risks constitute the major elements of market risk. In order to control these risks in a healthy manner the core principal is to manage transactions carried out in money and capital markets such that they do not form concentration in terms of instrument, maturity, currency, interest type and other similar parameters, and in a "well

diversified" manner in accordance with their risk levels. Moreover, the creditworthiness of issuers of financial instruments causing market risk is evaluated and monitored carefully.

In calculating market risk, the Bank uses two major approaches, namely BRSA Standard Method and Value at Risk (VaR). Accuracy of the VaR model is ensured by back testing which is the comparison between the calculated Value at Risk and realized losses. In addition; stress tests are applied in order to determine the impacts of events, with low possibility of realization but substantial losses, on Value at Risk.

ii - Structural Interest Rate Risk Management Policy

Structural interest rate risk is the risk of change in the Bank's capital due to possible changes in interest rates through differences in the repricing period and the interest structures of interest-sensitive assets and liabilities monitored in banking book.

Structural interest rate risk is managed through the provision of consistent information on structural interest rate risk to all organizational levels by using risk measurement and criteria such as the level of fluctuation of interests, interest shock and stress test calculations.

The inconsistencies of the asset-liability structure are monitored and measured on currency basis and at determined maturity intervals taking into account their re-pricing.



RISK MANAGEMENT POLICIES

TSKB manages interest risk by acknowledging that it threatens the Bank's income, capital, liquidity and reputation and consists of factors such as re-pricing risk, yield curve risk, base risk, spread risk and option risk.

iii - Liquidity Risk Management Policy

Liquidity risk is defined as the risk of failure to meet the on and off balance sheet liabilities when due. This includes the case when the Bank does not have enough cash or cash inflows in order to fulfill the cash outflows completely and on time and thus incurs a loss.

There are two kinds of liquidity risk, one is related to funding for capital markets and trading activities, the other one is related to market. Liquidity risk related to funding is the risk which occurs when investment and funding needs are not fulfilled timely or with a reasonable cost because of inconsistency in the cash flows. Liquidity risk related to market occurs when the Bank cannot close its positions on time or with reasonable costs because the markets are not deep, have problems, or the Bank cannot enter the markets.

It is essential to have maximum diversification regarding to funding sources, markets, instruments and maturities in order to have an effective and sustainable liquidity management. In liquidity management, the portfolio structure is formed in line with the functions of revenue generating from the portfolio and management of the market risk. Risk return balance is constantly monitored whereas the liquidity needs are followed up at all times.

Operational Risk Policy

Operational risk is defined as the loss occurring from processes, humans and systems because of deficiencies or faults or mistakes or outside events. Compliance to the laws and ethical standards are also included in this definition.

Operational risks are managed by applying special controls and precautionary measures to the fundamental operational areas of the Bank, by forming an appropriate internal control system and distributing the authorities throughout the Bank, by testing and controlling in detail all the Bank's operational systems, by obtaining a consistency between the internal and external systems and having an independent data backup system.

The Bank respects the principle of segregation of duties in order to reduce the risk of fraud, manipulation or mistakes. The functions which should be separated are determined as (i) starting a transaction, (ii) giving authority and approval, (iii) recording the transaction, (iv) confirming the transaction, (v) reliable custody services, (vi) monitoring and auditing, (vii) upgrading of IT systems and activities of Daily operations. It is essential that the transaction data will be recorded in the system by using the IT applications right after the transaction has been made.

Operational risks are measured by applying the "Basic Indicator Approach" method.

Risk Management Policy for Subsidiaries

The Bank pays attention that the fundamental principles and standards related to the risk management systems and processes are also applied in the subsidiaries. Consolidated Risk Policies are determined and approved by the Board of Directors. It is essential for the subsidiaries that these policies are adopted, specified risk management systems and processes are applied in order to have consolidated risk management and to act in consistency with the risk limits set in the group level.

Policies Regarding Other Risks

Other risks are Model Risk, defined as the risk of loss due to erroneous design or implementation failures of the models used for pricing, credit facilities and risk measurement, Strategy Risk, occurring because of false or ill-timed decisions; and Reputation Risk, defined as the reputation loss of the Bank in the eyes of the clients and markets. These risks are mentioned in the Bank's Risk Policies in order to increase the awareness throughout the Bank.



AUDIT COMMITTEE

The Audit Committee consists of 2 members, selected from among the non-executive Board members. Currently, Audit Committee members are Mr. Mahmut Magemizoğlu and Ms. Gamze Yalçın.

The Audit Committee is responsible for:

- Ensuring the efficiency and adequacy of the Bank's internal systems (internal audit, internal control and risk management) on behalf of the Board of Directors, in compliance with the relevant regulations,
- Supervising the functioning of the internal systems, accounting and reporting systems in compliance with relevant laws and regulations, and maintaining the integrity of the information produced,
- Performing preliminary assessments for the selection of independent audit firms and rating, valuation and support service institutions by the Board of Directors, and regularly monitoring the activities of these institutions selected and contracted by the Board of Directors,
- Carrying out and coordinating the internal audit activities of companies subject to consolidation in a consolidated manner,
- Receiving regular reports from the units established under internal systems, and from the independent audit firms regarding the performance of their duties and reporting the detected setbacks to the Board of Directors.

All members of the Committee attended 57 meetings held by the Audit Committee in 2021.

EXECUTIVES WITHIN INTERNAL SYSTEMS

Executive Vice President: Engin Topaloğlu

Term of Office	Professional Experience	Previous Units	Educational Background
5 months	25 years	İşbank: Board of Internal Auditors, Commercial Loans Allocation, Strategy and Corporate Performance Management, Corporate Architecture, Retail Banking Marketing, Gebze and London Branches	Doctorate Degree in Türkiye

Head of Inspection Board: Mehmet Sungun

Term of Office	Professional Experience	Previous Units	Educational Background
8 years	28 years	Financial Analysis, Loan Investment, Corporate Marketing, Risk Management Departments	Master's Degree in Türkiye

Head of Risk Management: Fuat Sönmez

Term of Office	Professional Experience	Previous Units	Educational Background
5,5 years	23 years	System Development, Business Analysis and Process Management, Internal Control Departments; Head of Inspection Board	Bachelor's Degree in Türkiye

Head of Internal Control: Simay Kimyacı

Term of Office	Professional Experience	Previous Units	Educational Background
5 years	23 years	Treasury Department	Bachelor's Degree in Türkiye



AUDIT COMMITTEE REPORT

AUDIT COMMITTEE'S ASSESSMENT ON FUNCTIONING OF INTERNAL AUDIT, INTERNAL CONTROL AND RISK MANAGEMENT SYSTEMS AND THEIR ACTIVITIES IN 2021

The Audit Committee held 57 meetings in 2021. In these meetings, the Audit Committee worked on the fulfillment of duties and responsibilities specified within the scope of the "Regulation on the Evaluation of Banks' Internal Systems and Internal Capital Adequacy" in the "Activities of the Committees Established For Risk Management, and Full Names of the Chairpersons and Members of These Committees" Section of the Annual Report.

Internal systems related activities (internal audit, internal control and risk management) in the Bank are carried out by the Board of Internal Auditors, Internal Control Department, and Risk Management Department. Relevant departments' duties and responsibilities are specified in regulations approved by the Board of Directors. All three departments operate independently of executive activities and executive units through the Executive Vice President for Internal Systems, who reports to the Audit Committee, established to assist the Board of Directors in the performance of its auditing and oversight activities. It is among the priorities of the Board of Directors to evaluate and ensure the continuity of the functioning, adequacy and effectiveness of the internal systems established to cover all branches and units, and subsidiaries subject to consolidated audit. The duties and responsibilities of the Board of Directors

regarding internal systems are carried out by the Board of Directors, Audit Committee, Board of Internal Auditors, Internal Control Department, and Risk Management Department.

Board of Internal Auditors

The Board of Internal Auditors assures the performance of the Bank's activities in line with the relevant laws and other regulations, and internal strategies, policies, principles and targets, and as well as the efficiency and adequacy of the internal control and risk management systems. The Board of Internal Auditors plans and carries out its audit activities in a risk-oriented manner, evaluating the potential risks in Head Office units, branches, subsidiaries and Bank's information systems and processes, reviews whether the internal control, risk management and corporate governance systems are compatible, effective and sufficient, and examines the accuracy and reliability of accounting records and financial reports.

The Board of Internal Auditors does not content itself with only identifying the audit findings. It also provides opinions and suggestions to prevent the re-emergence of deficiencies, errors and abuses, if any, to improve processes, increase efficiency and effectiveness, and strengthen internal systems. Moreover, it closely monitors the findings and related actions, and provides information on the developments in the items discussed at the Audit Committee meetings throughout the year.

In 2021, the Board of Internal Auditors conducted a total of 41 audits in the Head Office units, 14 companies from which support services and external services were received, banking processes, and information systems.

As a result of the audits and assessments performed in 2021, no material problems were identified that could adversely affect the Bank's operations and prevent it from fulfilling its obligations. It has been determined that the Bank's internal control and risk management systems work well, the activities are generally low-risk, the financial and legal reports are correct, and the laws and regulations are complied with.

In conclusion, the internal audit system has been effective and successful in preventing, detecting and eliminating risks thanks to its risk-oriented approach, qualified human resources, experienced and prudent management.

Internal Control

TSKB's Internal Control System has been structured to cover the Bank's branches and Head Office units, subsidiaries subject to consolidation and all activities, in order to ensure that all financial and operational risks identified in relation with the operations are kept at a reasonable level and under control.

The adequacy and effectiveness of the Internal Control System are reviewed through continuous monitoring by all Bank personnel under the coordination of the Internal Control Department, and necessary improvements are carried out.

In compliance with the regulation amended in 2021, additional controls were created following the establishment of an IS internal control function within the Internal Control Department to check that the activities related to IS management, the processes supporting these activities and the IS controls established by the Bank and its external service providers are in compliance with the regulations and internal policies, procedures and standards. Efforts have been made to measure individual and interrelated operational risks within the Bank's processes, to establish a strong corporate culture with a risk management perspective in the light of the Operational Risk Guide published by the BRSA, and to establish structures that will contribute to the improvement of the current internal control environment. As a result of these efforts, a "Triple Line of Defense Model" has been developed as an effective way of managing risks and controlling operations to support the effectiveness and optimization of governance, risk and internal control systems. The aim is to establish strong pillars of reassurance among the Bank's stakeholders, legal authorities, Bank employees, and the Board of Directors regarding the competence and adequacy of the internal control system.



AUDIT COMMITTEE REPORT

The findings, opinions and suggestions resulting from the internal controls by the Internal Control Department are first communicated to those who carry out the activities and evaluated. It helps to take and implement the necessary complementary and preventive measures quickly, and thus to introduce appropriate and applicable solutions that improve processes and activities without any delay.

The Bank's Audit Committee periodically evaluates the effectiveness of the internal control system and the results of internal control activities through the annual reports issued by the Internal Control Department.

Risk Management

The risk management process, which is organized as per the risk management regulations and serves to create a common risk culture throughout the organization, has a structure where risks are defined in accordance with international regulations and where measurement, analysis, monitoring and reporting activities are carried out within this framework. The Risk Management Department carries out these activities by developing necessary systems, monitors the compliance of the risks with the policies and standards and the Bank's limits, and continues its efforts to comply with the relevant regulations and Basel criteria. In addition to the standard approaches used for legal reporting, risk measurements subject to reporting are also conducted with advanced approaches through internal models and are also supported by stress tests.

The Risk Management Department submits its detailed unconsolidated risk management reports monthly and consolidated risk management reports quarterly to the Board of Directors via the Audit Committee. In 2021, in addition to the reports submitted to the Board of Directors, risk and capital adequacy measuring and reporting activities continued for legal and MIS purposes. Moreover, activities of the Internal Capital Adequacy Assessment Process (ICAAP) and its reporting activities were coordinated. Accordingly, detailed stress tests and scenario analysis were conducted, and projections were made for future period's capital requirement.

In addition to routine operations, systematic infrastructure and automation level developments were carried out regarding the current reporting / analysis studies in 2021. In line with current conditions and good practice examples, necessary internal limits have been revised. The Committee started to work on improving the internal credit rating model and integrating climate-related risks into risk management systems.

The Audit Committee continued to report its opinions to the Board of Directors regarding the results of its activities in 2021, the necessary measures and practices, and other matters that it deems important for the safe continuation of the Bank's operations.

The Audit Committee monitored the compliance with the legal regulations regarding internal control, internal audit and risk management, as well as internal policies and implementation procedures approved by the Board of Directors. As a result of the Audit Committee's evaluations and reviews, it was observed that the Bank's internal systems were effectively functioning as expected, and that the internal controls on financial reporting were effective.

The Audit Committee evaluated the support services received by the Bank, and monitored the efforts of taking necessary measures for managing the risks efficiently in this process. Additionally, independent audit results, yearly and quarterly financial results as well as independent audit reports were assessed by the independent auditors. The independence of the rating institutions, independent audit firms and appraisal institutions in their activities related to the Bank and the adequacy of the allocated resources have been evaluated.

With respect to the activities and functioning of internal systems in 2021 which comprise internal audit, internal control and risk management, we believe that the activities performed were highly qualified and satisfactory.

Mahmut Magemizoğlu
Audit Committee
Chairperson

Gamze Yalçın
Audit Committee
Member



COMPLIANCE OPINIONS



- 128 Independent Auditor's Report on the Annual Report of the Board of Directors
- 129 Integrated Annual Report Limited Assurance Report
- 130 UNEP-FI Reporting Index Limited Assurance Report
- 131 Reporting Guidance
- 137 ISO 14001 Audit Certificate
- 138 ISO 14064 Audit Certificates
- 139 ISO 27001 Audit Certificate
- 139 ISO 45001 Audit Certificate



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



Güney Bağımsız Denetim ve SMMM A. Ş.
Maslak Mah. Eski Büyükdere Cad.
Orjin Maslak İş Merkezi No: 27 K: 2-3-4
34485 Sarıyer/İstanbul TÜRKİYE

Tel: +90 212 315 3000
Fax: +90 212 230 8291
ey.com
Ticaret Sicil No : 479920
Mersis No: 0-4350-3032-6000017

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

To the Shareholders of Türkiye Sınai Kalkınma Bankası Anonim Şirketi

1) Qualified Opinion

We have audited the annual report of Türkiye Sınai Kalkınma Bankası A.Ş. ("the Bank") and its subsidiaries ("the Group") for the period of January 1, 2021 – December 31, 2021.

In our opinion, except for the matter described in the Basis for Qualified Opinion section of our report, the consolidated and unconsolidated financial information provided in the annual report of the Board of Directors and the discussions made by the Board of Directors on the situation of the Group are presented fairly and consistent, in all material respects, with the audited full set consolidated and unconsolidated financial statements and the information we obtained during the audit.

2) Basis for Qualified Opinion

As described in the Basis For Qualified Opinion section of Independent Auditor's Report on the complete set of audited unconsolidated and consolidated financial statements of the Bank and the Group for the period between 1 January 2021 and 31 December 2021 dated February 3, 2022, the unconsolidated and consolidated financial statements as at 31 December 2021 include a free provision amounting to TL 440.000 thousands of which TL 220.000 thousands were provided in prior years and TL 220.000 thousands provided in the current year by the Bank and the Group management, for the possible effects of the negative circumstances which may arise from the possible changes in the economy and market conditions which does not meet the recognition criteria of "Turkish Accounting Standard" (TAS) 37 "Provisions, Contingent Liabilities and Contingent Assets".

We conducted our audit in accordance with "Regulation on independent audit of the Banks" published in the Official Gazette no.29314 dated 2 April 2015 published by Banking Regulation and Supervision Agency (BRSA Independent Audit Regulation) and Independent Auditing Standards (InAS) which are part of the Turkish Auditing Standards as issued by the Public Oversight Accounting and Auditing Standards Authority of Türkiye (POA). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Annual Report section of our report. We are independent of the Group 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 qualified opinion.

3) Our Auditor's Opinion on the Full Set Consolidated and Unconsolidated Financial Statements

We have expressed qualified opinions in our auditor's reports dated February 3, 2022 on the full set consolidated and unconsolidated financial statements of the Bank and the Group for the period of 1/1/2021-31/12/2021.

4) The Responsibility of the Board of Directors on the Annual Report

In accordance with Articles 514 and 516 of the Turkish Commercial Code 6102 ("TCC") and communique on 'Principles and procedures set out by the regulations on preparation and issuance of annual reports of Banks', the management of the Group is responsible for the following items:

- Preparation of the annual report within the first three months following the balance sheet date and submission of the annual report to the general assembly
- Preparation and fair presentation of the annual report; reflecting the operations of the Group for the year, along with its financial position in a correct, complete, straightforward, true and honest manner. In this report, the financial position is assessed according to the consolidated and unconsolidated financial statements. The development of the Group and the potential risks to be encountered are also noted in the report. The evaluation of the board of directors is also included in this report
- The annual report also includes the matters below:
 - Subsequent events occurred after the end of the fiscal year which have significance,
 - The research and development activities of the Group,
 - Financial benefits such as salaries and bonuses paid to the board members and to those charged governance, allowances, travel, accommodation and representation expenses, financial aids and aids in kind, insurances and similar deposits.
 - Other matters prescribed in the communique on 'Principles and procedures set out by the regulations on preparation and issuance of annual reports of Banks' published in official gazette no.26333 dated November 1, 2006.

When preparing the annual report, the board of directors takes into account the secondary legislative arrangements published by the Ministry of Trade and related institutions

5) Auditor's Responsibilities for the Audit of the Annual Report

Our aim is to express an opinion, based on the independent audit we have performed on the annual report in accordance with provisions of the Turkish Commercial Code and the Communique on 'Principles and procedures set out by the regulations on preparation and issuance of annual reports of Banks' published in official gazette no.26333 dated November 1, 2006, "Regulation on Accounting Applications for Banks and Safeguarding of Documents" published in the Official Gazette no.26333 dated 1 November 2006 and other regulations on accounting records of Banks published by Banking Regulation and Supervision Agency (BRSA), circulars, interpretations published by BRSA and "BRSA Accounting and Financial Reporting Legislation" which includes the provisions of Turkish Financial Reporting Standards (TFRS) for the matters which are not regulated by these regulations, on whether the consolidated and unconsolidated financial information provided in this annual report and the discussions of the Board of Directors are presented fairly and consistent with the Group's audited consolidated and unconsolidated financial statements and to prepare a report including our opinion.

The independent audit we have performed is conducted in accordance with InAS and BRSA Independent Audit Regulation. These standards require compliance with ethical provisions and the independent audit to be planned and performed to obtain reasonable assurance on whether the consolidated and unconsolidated financial information provided in the annual report and the discussions of the Board of Directors are free from material misstatement and consistent with the consolidated and unconsolidated financial statements.

The name of the engagement partner who supervised and concluded this audit is Fatma Ebru Yücel.

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



1 Mart 2022
İstanbul, Türkiye



INTEGRATED ANNUAL REPORT LIMITED ASSURANCE REPORT



Limited Assurance Report To the Board of Türkiye Sınai Kalkınma Bankası A.Ş.,

We have been engaged by the Board of Directors of Türkiye Sınai Kalkınma Bankası A.Ş. ("TSKB" or the "Bank") to perform an independent limited assurance engagement in respect of the selected Sustainability Information ("Selected Information") stated in the Bank's Integrated Annual Report ("the 2021 Integrated Annual Report") for the year ended on December 31, 2021 and listed below.

Selected Information

The scope of the Selected Information for the year ended 31 December 2021, which is subject to our independent limited assurance work, set on pages 3, 11, 13, 30, 31, 37, 41, 46, 48, 49, 65, 66, 68, 71, 73, 75, 76, 84, 85, 88, 90, 91, 92, 101, 103 of the 2021 Integrated Annual Report, and marked with is summarized below:

- Female employee rate in the entire bank
- Ratio of female members in the management (%)
- Ratio of female members in the Board of Directors (%)
- Average annual training hours per employee
- Average remote/hybrid working rate
- Average rate of flexible work (%)
- Employee turnover rate*
- Rate of female employees who were on maternity leave and turned back (%)
- Ratio of male employees who used paternity leave (%)
- Number of department changes (rotation and internal transfer) in 2021
- Promotion rate for 2021
- Employment processes in 2021
 - Number of candidates involved in the recruitment process
 - Interns
 - Number of recruited employees
 - Employees joining TSKB following the TSKB Academy new graduate program
- Social impacts
 - Collaborations with universities
 - Sustainability Workshop participants
 - "Let The Experts Talk" participants
- TSKB Economic Research Report and Blog posts
- Sustainability structure of the Bank
 - Sustainability Committee/Sub-Committee/Working Groups
 - Ratio of employees in the sustainability working groups

- Internal impacts of the Bank
 - Electricity consumption (kWh)
 - Natural gas consumption (m³)
 - Water consumption (m³)
 - Paper consumption (kg)
 - Electricity density (kWh/m² employee consumption)
 - Natural gas density (m³/m² employee consumption)
 - Water density (m³/employee)
 - Amount of recycled glass, plastic and paper (kg)
- Number of renewable energy projects as of end-2021
- Total installed capacity funded as of end-2021 (MW)
- TSKB's share in Türkiye's renewable energy capacity as of 2021 (%)
- CO₂ emission reduction contribution as of end-2021 (tons CO₂/year)
- Sustainable Development Goals (SDGs) Mapping Analysis
 - Ratio of SDG-linked loans to total portfolio as of the end of 2021 (%)
 - Amount of SDG-linked loans in 2021 (USD)
 - Ratio of climate and environment related loan portfolio (including climate, environment, energy/resource efficiency, sustainable tourism, renewable energy and infrastructure projects as well as investment, R&D and innovation projects that provide positive environmental benefits) provided in 2021 to total portfolio (%)
 - Total value, in USD, of the SDG portfolio associated with SKA-5 "Gender Equality" and SKA-8 "Decent Work and Economic Growth" for which loans were provided in 2021.

Our independent limited assurance work was with the respect to the year ended 31 December 2021 information only and we have not performed any procedures with respect to earlier periods or any other elements, other than Selected Information marked with included in the 2021 Integrated Annual Report and, therefore, do not express any conclusion thereon.

Criteria

The criteria used by the Bank to prepare the Selected Information is set out in 'Türkiye Sınai Kalkınma Bankası 2021 Integrated Report - Reporting Guidance' (the 'Reporting Guidance') on page 131-136 of the 2021 Integrated Annual Report.

The Bank's Responsibility

The Bank is responsible for the content of the 2021 Integrated Annual Report and the preparation of the Selected Information in accordance with the Reporting Guidance. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation of Selected Information that is free from material misstatement, whether due to fraud or error.

Limitations

Non-financial performance information is subject to more inherent limitations than financial information, given the characteristics of the subject matter and the methods used for determining such information. The absence of a significant body of established practice on which to draw to evaluate and

measure non-financial information allows for different, but acceptable, measures and measurement techniques and can affect comparability between entities. The precision of different measurement techniques may also vary. Furthermore, the nature and methods used to determine such information, as well as the measurement criteria and the precision thereof, may change over time. Therefore, it is important to read and examine the Selected Information in the context of the Reporting Guidance.

In particular, the calculations related to carbon emissions is based upon, inter alia, information and factors generated internally and/or derived by independent third parties as explained in the Reporting Guidance. Our assurance work has not included examination of the derivation of those factors and other third party information.

Independence and Quality Control

We have complied with the independence and other ethical requirements of the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

Our firm applies International Standard on Quality Control 1 and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Our Responsibility

Our responsibility is to form a conclusion, based on limited assurance procedures, on whether anything has come to our attention that causes us to believe that the Selected Information has not been properly prepared in all material respects in accordance with the Reporting Guidance. We conducted our limited assurance engagement in accordance with International Standard on Assurance Engagements 3000 (Revised), Assurance Engagements other than Audits or Reviews of Historical Financial Information; and, in respect of greenhouse gas emissions, International Standard on Assurance Engagements 3410, Assurance Engagements on Greenhouse Gas Statement issued by the International Auditing and Assurance Standard Board.

A limited assurance engagement is substantially less in scope than a reasonable assurance engagement under ISAE 3000 and ISAE 3410. Consequently, the nature, timing and extent of procedures for gathering sufficient appropriate evidence are deliberately limited relative to a reasonable assurance engagement.

The procedures we performed were based on our profession judgement and included inquiries, observation of processes performed, inspection of documents, analytical procedures, evaluating the appropriateness of quantification methods and reporting policies, and agreeing or reconciling with underlying records.

Given the circumstances of the engagement, in performing the procedures listed above we:

- Making inquiries of the persons responsible and the Bank's management for the Selected Information;
- Understanding the process for collecting and reporting the Selected Information. This included analysing the key processes and controls for managing and reporting the Selected Information;
- Evaluating the source data used to prepare the Selected Information and re-performing selected examples of calculation;
- Performing limited substantive testing on a selective basis of the preparation and collation of the Selected Information prepared by the Bank; and
- Undertaking analytical procedures over the reported data.

Limited Assurance Conclusion

Based on the procedures we have performed and the evidence we have obtained, nothing has come to our attention that causes us to believe that Bank's Selected Information for the year ended 31 December 2021, is not properly prepared, in all material respects, in accordance with the Reporting Guidance.

This report, including the conclusion, has been prepared for the Board of Directors of the Bank as a body, to assist the Board of Directors in reporting Türkiye Sınai Kalkınma Bankası A.Ş.'s performance and activities related to the Selected Information. We permit the disclosure of this report within the 2021 Integrated Annual Report for the year ended 31 December 2021, to enable the Board of Directors to demonstrate they have discharged their governance responsibilities by commissioning an independent assurance report in connection with the Selected Information. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Board of Directors of Türkiye Sınai Kalkınma Bankası A.Ş. as a body and the Türkiye Sınai Kalkınma Bankası A.Ş. for our work or this report save where terms are expressly agreed and with our prior consent in writing.

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



Talar Gül, SMMM
Partner

İstanbul, 1 Mart 2022



UNEP-FI REPORTING INDEX LIMITED ASSURANCE REPORT



Limited Assurance Report

To the Board of Türkiye Sınai Kalkınma Bankası A.Ş.,

We have been engaged by the Board of Directors of Türkiye Sınai Kalkınma Bankası A.Ş. (the "Bank") to perform an independent limited assurance engagement in respect of the Selected Information stated in the High-level summary of bank's response section which is set out in United Nations Principles for Responsible Banking Reporting Index on 147-154 pages of the Bank's 2021 Integrated Annual Report ("the 2021 Integrated Annual Report") and listed below.

Selected Information in the scope of United Nations Principles for Responsible Banking Reporting Index - High-level summary of bank's response

The scope of the Selected Information, which is subject to our independent limited assurance work, marked with  in the High-level summary of bank's response section which is set out in United Nations Principles for Responsible Banking Reporting Index on 147-154 pages of the 2021 Integrated Annual Report is summarised below:

- 1.1 Business Model Definition
- 1.2 Sustainable Strategy Plans
- 2.1 Impact Analysis
- 2.2 Goal Setting
- 2.3 Plans for the Implementation and Monitoring of Goals:
- 2.4 Progress in the Implementation of Goals
- 3.2 Incentives for Sustainable Practices
- 4.1 Responsible Banking Principles Collaborations
- 5.1 Governance Structure Planning for the Implementation of the Principles
- 5.2 Promoting a Responsible Banking Culture
- 5.3 Governance Structure for the Implementation of the Principles
- 6.1 Progress in the Application of Responsible Banking Principles

Our independent limited assurance was only with respect to the year ended 31 December 2021 information and we have not performed any procedures with respect to earlier periods or any other elements, other than Selected

Information marked with , included in the 2021 Integrated Annual Report and, therefore, do not express any conclusion thereon.

Criteria

The criteria used by the Bank to prepare the Selected Information is indicated in the United Nations Principles for Responsible Banking Reporting Index - Preparation Principles which is set out in the Türkiye Sınai Kalkınma Bankası 2021 Integrated Report - Reporting Guidance (the 'Reporting Guidance') on 131-136 pages of the 2021 Integrated Annual Report.

The Bank's Responsibility

The Bank is responsible for the content of the United Nations Principles for Responsible Banking Reporting Index - High-level summary of bank's response section and the preparation of the Selected Information in accordance with the United Nations Principles for Responsible Banking Reporting Index - Preparation Principles. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation of Selected Information that is free from material misstatement, whether due to fraud or error.

Limitations

Non-financial performance information is subject to more inherent limitations than financial information, given the characteristics of the subject matter and the methods used for determining such information. The absence of a significant body of established practice on which to draw to evaluate and measure non-financial information allows for different, but acceptable, measures and measurement techniques and can affect comparability between entities. The precision of different measurement techniques may also vary. Furthermore, the nature and methods used to determine such information, as well as the measurement criteria and the precision thereof, may change over time. It is important to read the Selected Information in the context of the United Nations Principles for Responsible Banking Reporting Index - Preparation Principles.

In particular, the calculations related to carbon emissions is based upon, inter alia, information and factors generated internally and/or derived by independent third parties as explained in the United Nations Principles for Responsible Banking Reporting Index - Preparation Principles. Our assurance work has not included examination of the derivation of those factors and other third party information.

Independence and Quality Control

We have complied with the independence and other ethical requirements of the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

Our firm applies International Standard on Quality Control 1 and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Our Responsibility

Our responsibility is to form a conclusion, based on limited assurance procedures, on whether anything has come to our attention that causes us to believe that the Selected Information has not been properly prepared in all material respects in accordance with the United Nations Principles for Responsible Banking Reporting Index - Preparation Principles. We conducted our limited assurance engagement in accordance with International Standard on Assurance Engagements 3000 (Revised), Assurance Engagements other than Audits or Reviews of Historical Financial Information ("ISAE 3000" Revised), issued by the International Auditing and Assurance Standards Board.

A limited assurance engagement is substantially less in scope than a reasonable assurance engagement under ISAE 3000 and ISAE 3410. Consequently, the nature, timing and extent of procedures for gathering sufficient appropriate evidence are deliberately limited relative to a reasonable assurance engagement.

The procedures we performed were based on our professional judgement and included inquiries, observation of processes performed, inspection of documents, analytical procedures, evaluating the appropriateness of quantification methods and reporting policies, and agreeing or reconciling with underlying records.

Given the circumstances of the engagement, in performing the procedures listed above we:

- Making inquiries of the persons responsible and the Bank's management for the Selected Information;
- Understanding the process for collecting and reporting the Selected Information. This included analysing the key processes and controls for managing and reporting the Selected Information;

- Evaluating the source data used to prepare the Selected Information and re-performing selected examples of calculation;
- Performing limited substantive testing on a selective basis of the preparation and collation of the Selected Information prepared by the Bank.

Limited Assurance Conclusion

Based on the procedures we have performed and the evidence we have obtained, nothing has come to our attention that causes us to believe that Bank's Selected Information which is situated the United Nations Principles for Responsible Banking Reporting Index - High-level summary of bank's response section for the year ended 31 December 2021, is not properly prepared, in all material respects, in accordance with the United Nations Principles for Responsible Banking Reporting Index - Preparation Principles.

This report, including the conclusion, has been prepared for the Board of Directors of the Bank as a body, to assist the Board of Directors in reporting Bank's performance and activities related to the Selected Information. We permit the disclosure of this report within the 2021 Integrated Annual Report for the year ended 31 December 2021, to enable the Board of Directors to demonstrate they have discharged their governance responsibilities by commissioning an independent assurance report in connection with the Selected Information. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Board of Directors of Türkiye Sınai Kalkınma Bankası A.Ş. as a body and the Türkiye Sınai Kalkınma Bankası A.Ş. for our work or this report save where terms are expressly agreed and with our prior consent in writing.

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



Talar Gül, SMMM

Partner

İstanbul, 1 Mart 2022



REPORTING GUIDANCE

INDUSTRIAL DEVELOPMENT BANK OF TÜRKİYE 2021 INTEGRATED ANNUAL REPORT - REPORTING GUIDE

This reporting guide provides information on the data collection and calculation methodologies of the indicators within the scope of independent audit in the 2021 Integrated Report of the Industrial Development Bank of Türkiye ("The Bank"). These indicators include the ratio of female employees in the entire Bank, the ratio of female members in the managerial staff, the ratio of female members in the Board of Directors, the average annual training hours per employee, remote/hybrid and flexible working rates, employee turnover rate, maternity and paternity leave usage rates, department changes (rotation and internal transfer), number of promotions, recruitment processes (numbers of candidates, interns and employees involved in the recruitment process), number of university cooperation events, sustainability workshop activities, number of employees who joined the job after the TSKB academy new graduate program, number of participation in the "Bir Bilen Anlatsın" event, TSKB Economic Research Report and Blog posts, Sustainability structure of the Bank (Committee, Subcommittee, Working Groups and the ratio of employees in these groups), the Bank's internal environmental impacts (electricity, natural gas, water and paper consumption, electricity, natural gas and water density, amount of recycled glass, plastic and paper waste), the number of renewable energy projects, the total installed capacity financed, TSKB's share in Türkiye's renewable energy capacity, CO₂ emission reduction contribution, SDG Mapping (Sustainable Development Goals – Amount of SDG-linked loans and their ratio to the total portfolio).

It is the responsibility of the Bank's management to ensure that appropriate procedures are in place to prepare these above-mentioned indicators, in all material respects, in line with the Reporting Guidelines.

The information contained in this guide covers the FY 21 fiscal year ending December 31, 2021 (January 1 – December 31, 2021) and related operations that are solely the responsibility of the Bank and excludes information about group companies.

General Reporting Principles

In preparing this guidance document, consideration has been given to following principles:

- In the preparation of information - to emphasize to users of the information the basic principles of relevance and reliability of information,
- In reporting information - to emphasize the principles of comparability / consistency of information with other data, including the previous year, and intelligibility / transparency that provides clarity to users

Key Definitions and Reporting Scope

For the purpose of this report, the Bank defines:

Capital	Indicator	Scope
Human	Female employee rate in the entire bank	It means the gender distribution of the Bank's total staff in the Banking staff (excluding subsidiaries and group companies) during the reporting period.
Human	Rate of female members in the management (%)	It means only the total management staff (General Manager, Assistant General Manager, Manager, Group Manager) of the Bank (excluding subsidiaries and group companies) and the gender distribution of the staff during the reporting period.
Human	Rate of female members in the Board of Directors (%)	It means only the gender distribution in the Board of Directors of the Bank (excluding subsidiaries and group companies) during the reporting period.
Human	Average annual training hours per employee	It means the ratio of the total training hours given to the Banking staff (excluding administrative staff) during the reporting period to the average number of employees calculated by taking the average of the Banking staff employee numbers at the end of the year.
Human	Average remote/hybrid working rate	It means the ratio obtained by subtracting the ratio obtained by dividing the number of employees entering the Bank by Card Pass System (KGS) by first working days and then by the number of employees during the reporting period. The number of employees entering the Bank, working days and number of employees are calculated on a monthly basis, and employees who are on leave are not included in this calculation made on a monthly basis. In cases where more than one entry is made to the Bank with the KGS system during the day, entries with the same registration number are counted once in order to avoid duplicate data.
Human	Average rate of flexible work (%)	It represents the ratio of the total working hours spent by the employees who requested and approved flexible working in the reporting period, in the breakdown of female and male employees. It means the ratio of flexible working women to total flexible workers and flexible working men to total flexible workers.
Human	Employee turnover rate*	It means the ratio of high-performing employees who left the job during the reporting period to the total number of high-performing employees.
Human	Maternity Leave (%)	It means the ratio of female employees who took maternity leave during the reporting period.
Human	Paternity leave (%)	It means the ratio of male employees to total male employees who took paternity leave during the reporting period.
Human	Promotion rate (%)	It means the ratio of female and male employees who were promoted in the reporting period to the total number of employees who were promoted.



REPORTING GUIDANCE

Capital	Indicator	Scope
Human	Department changes	It means the number of interdepartmental task changes (rotation and internal transfer) during the reporting period.
Human	Recruitment processes	It includes the number of candidates who were included in the recruitment process during the reporting period, interns, employees who started to work, and candidates who started to work after the TSKB academy graduate program.
Human	Social impacts	Refers to the number of participants in seminars, interviews and events held at universities, Sustainability Workshop events and "Bir Bilen Anlatsın" event during the reporting period.
Human	Bank Sustainability structure (Committee, Sub-Committee, Working Groups)	It means the number of meetings of the Sustainability Committee/Sub-Committee during the reporting period and the ratio of employees in the Sustainability Working Groups. It means the ratio of employees in the Sustainability Working Groups (Employees in the Sustainability Subcommittee means the ratio of Employees in the Sustainability Working Groups to the total number of employees).
Intellectual	TSKB Economic Research Report and Blog posts	Refers to the reports prepared in Turkish and English under the titles of TSKB Agenda, TSKB Weekly Agenda, Macro View, Energy Bulletin, Climate Review, Evaluation Reports on Price Determination Reports, TSKB Overview, and New Month published on the website https://www.tskb.com.tr/tr/yatirim-bankaciligi/economic-researches by the TSKB Economic Research Unit and the blogs published on the https://www.tskb.com.tr/blog website in the reporting period.
Natural	SDG Mapping Analysis	It refers to the loans provided to the projects related to the Sustainable Development Goals (SDGs) provided by the Bank as of the end of 2021. During the reporting period, the Bank determined 4 sub-headings within the scope of SDG-linked loan portfolio. 1- Percentage ratio of SDG-linked loan portfolio to total loan portfolio (%) 2- Total USD amount of SDG-linked loans extended in 2021 3- Climate and environment related loan portfolio (including climate, environment, energy/resource efficiency, sustainable tourism, renewable energy and infrastructure projects as well as investment, R&D and innovation projects that provide positive environmental benefits) provided in 2021 percentage of total portfolio (%). 4- Total value, in USD, of the SDG portfolio associated with SKA-5 "Gender Equality" and SKA-8 "Decent Work and Economic Growth" for which loans were provided in 2021.
Natural	Internal Impacts (Excluding subsidiaries)	It means the relevant environmental impacts arising from the Bank's operations in the Bank's Head Office building.
	Electricity consumption (kWh)	It means the total electricity purchased during the reporting period and used in operations that require heating, lighting and other electricity at the relevant locations.
	Natural gas consumption (m ³)	It means the total natural gas purchased during the reporting period and used in operations that require heating, kitchens and other natural gas at the relevant locations.
	Water consumption (m ³)	It means the total tap water used in the reporting period.
	Paper consumption (kg)	It means the total consumption of paper and cardboard in the reporting period.
	Electricity density (kWh/m ² employee consumption)	It means the intensity of the Bank's floor area (m ²) and total electricity consumption (in kWh) per employee during the reporting period.
	Water density (m ³ /employee consumption)	It means the density of total water consumption (m ³) to the average number of bank employees in the reporting period. The average number of employees is the average of the Bank's employee numbers at the end of June and December.
	Natural gas density (m ³ /m ² employee consumption)	It means the total natural gas density (m ³) density per floor area (m ²) of the Bank during the reporting period.
	Amount of recycled glass, plastic and paper (kg)	It is defined as the weight of recycled metal, plastic and paper/cardboard waste during the reporting period.
Natural	Number of renewable energy projects	It means the number of power plants financed according to the types of all renewable energy projects to which the Bank has granted loans as of the end of the reporting period.
Natural	Total installed capacity funded (MW)	It means the total installed power (MW) of the energy projects financed out of all the renewable energy projects to which the Bank has granted loans, as of the end of the reporting period.
Natural	TSKB's share in Türkiye's renewable energy capacity	It means the ratio of the total installed power (MW) of the energy projects financed out of all the renewable energy projects to which the Bank has granted loans, to the total installed capacity of renewable energy projects in Türkiye, as of the end of the reporting period.
Natural	CO ₂ emission reduction contribution (tons CO ₂ e/year)	As of the end of the reporting period, it means the reduction of CO ₂ emissions realized through all renewable energy projects to which the Bank has extended loans.



REPORTING GUIDANCE

4. PREPERATION OF DATA

Electricity, Natural Gas and Water Consumption

Only the Bank's own buildings are included in the calculations, and the consumption related to subsidiaries or group companies is not included. While calculating these values, the purification calculation based on the number of employees and average m² information obtained by taking the average of the Bank's employee figures at the end of June and December is used.

Natural gas and water consumption data are obtained from the meter and invoices of the service providers and the daily metering meters of the Bank. Since these consumptions are reported on the type of supply, it uses any conversion factors.

Electricity and water density data are calculated by calculating the ratio of annual consumptions made within this scope to the average number of employees and the average number of employees of the Bank at the end of June and December.

Financed renewable energy projects

While calculating this indicator, the renewable energy portfolio to which the Bank provides loans was utilized. In this context, with the financing provided to Hydroelectric Power Plant (HES), Wind Power Plant (WPP), Biomass Power Plant (BES), Waste Power Plant, Geothermal Power Plant (GES) and Solar Power Plant (GES – GES Hybrid) projects, which are within the scope of renewable energy. Calculated over the number of power plants established on the basis of projects.

Total installed capacity financed by the renewable energy portfolio

While calculating this indicator, the renewable energy portfolio to which the Bank provides loans was utilized. In this context, the financing rate of the bank is taken into account in the financing provided for Hydroelectric Power Plant (HES), Wind Power Plant (WPP), Biomass Power Plant (BES), Waste Power Plant, Geothermal Power Plant (JES) and Solar Energy Power Plant (GES) projects, which are within the scope of renewable energy. installed power calculation is made.

TSKB's share in Türkiye's renewable energy capacity

While calculating this indicator, the Bank's renewable energy portfolio and the total capacity of renewable energy projects in Türkiye were used. This information about Türkiye was obtained from the December 2021 Installed Power Report of Türkiye Elektrik Üretim A.Ş. (TEİAŞ) available at the website <https://www.teias.gov.tr/tr-TR/kurulu-guc-raporlari>. the ratio of the Bank's renewable energy portfolio in Türkiye's total installed power is calculated within the scope of river, waste heat, dam, biomass, solar, geothermal and wind energy included in the Installed Power Report. In this context, in the financing provided to Hydroelectric Power Plant (HES), Wind Power Plant (WPP), Biomass Power Plant (BES), Waste Power Plant, Geothermal Power Plant (GES) and Solar Power Plant (GES – GES/Hybrid) projects that are within the scope of renewable energy. The Bank's share in Türkiye's total installed power is calculated by taking into account the bank's financing rate.

Contribution to CO₂ emission reduction with renewable energy portfolio

CO₂ emission reduction is calculated with the help of the emission coefficient calculated by the Bank's own methodology. The efficiency rate used is based on the Türkiye sector average for the last three years for the energy production of different renewable energy sources. In this context, the bank's financing rate has not been taken into account in the partial financing provided to Hydroelectric Power Plant (HES), Wind Power Plant (RES), Biomass Power Plant (BES), Waste Power Plant and Solar Power Plant (GES - SES/Hybrid) projects that are within the scope of renewable energy, the calculation was made over the total installed power of the project.



REPORTING GUIDANCE

5. UNEP-FI PRINCIPLES FOR RESPONSIBLE BANKING REPORTING INDEX - PREPERATION PRINCIPLES

Reporting and Self-Assessment Requirements

2.1 Impact Analysis:

Via an impact analysis that meets the following elements, demonstrate that the Bank has identified the positive and negative areas where it has the greatest impact:

- a) Scope: The main business areas, products/services in the regions in which the Bank operates, described in 1.1, are considered within the scope of the analysis.
- b) Disclosure Scale: In determining the areas where it has the greatest impact, the Bank has taken into account the industries, technologies and regions in which its main activities/key activities are related.
- c) Context and Compliance: TSKB has taken into account the most relevant challenges and priorities related to sustainable development in the countries/regions in which it operates.
- d) The Scale and Intensity/Significance of the Impact:
In determining the areas with the greatest impact, TSKB has taken into account the scale and intensity/significance of the (potential) social, economic and environmental impacts arising from the Bank's activities and products and services.

(The Bank should have contacted the relevant stakeholders to help inform its analysis under items c) and d).)

Based on this analysis, demonstrate that the Bank:

- Has identified and explained the areas with the most significant (potential) positive and negative impacts;
- Has identified strategic business opportunities related to increasing positive impacts/reducing negative impacts.

Preparation Principles

The Bank used the Portfolio Impact Analysis Tool for Banks (Impact Analysis Tool) developed by the Positive Impact Initiative, Responsible Banking Principles and the United Nations Environment Program Finance Initiative (UNEP FI) in its impact analysis study. Only the loan portfolio of the Bank (corporate loans & project finance) under Corporate Banking activities in Türkiye as of December 31, 2021 is included in the assessment of Impact Analysis Tool. Although the Bank has investment banking and advisory services, they are not included in the Impact Analysis Tool assessment.

Within the scope of the Impact Analysis Tool evaluation, the Bank's cartography related to Corporate Banking activities was created with the sectoral breakdown of loan volumes. These loan volumes have been determined within the framework of the Bank's loan portfolio as of 31 December 2021 according to cash loans and their related risks. The bank labels the loans as sector-based in its own accounting system. In order to detail this sectoral breakdown within the scope of the Impact Analysis Tool evaluation, first NACE ("Nomenclature des Activités Économiques dans la Communauté Européenne) codes, which means the statistical classification of economic activities in the European Union, and then UN International Standard Industrial Classification of All Economic Activities (ISIC)." Studies were carried out according to sector classification lists.

In this context, fifteen sectors (hydroelectric power generation and distribution, solar (on-shore) power generation and distribution, wind power generation and distribution, geothermal power generation and distribution) represent 82% of the Bank's total corporate loan portfolio within the framework of Corporate Banking; and energy generation and distribution, biomass energy generation and distribution, electricity generation and distribution, finance, tourism, food, textile, non-residential real estate, health and education, metal production, logistics, wholesale and retail trade) are included in the analysis.

The Impact Analysis Tool includes "Country Need Scores" determined by the UNEP-FI secretariat. With this scoring, the needs of Türkiye in certain environmental, social and economic impact areas (Accessibility and quality in the subjects of Water, Food, Housing, Health and Sanitation, Education, Employment, Energy, Mobility, Communication (& Information), Culture and Heritage, Integrity and Safety of the Person, Justice, Strong Institutions, Peace and Stability; Quality (depending on physical and chemical properties) and efficient use in Water, Air, Soil, Biodiversity and Ecosystem, Resource Efficiency and Security, Climate, Waste; Inclusive and Healthy Economy, Economic Convergence and economic value creation for society) were measured by UNEP-FI and this analysis was directly used by the Bank while taking into account Türkiye's sustainable development needs.

The Impact Analysis Tool has a priority order of 1 to 4 determined by the UNEP-FI secretariat. When ranking the country needs and the Bank's positive/negative impact areas, 1 means low need/impact, 2 medium need/impact, 3 high need/impact, and 4 very high need/impact.

In line with the data entered in the Impact Analysis Tool within the scope of Corporate Banking, the Bank has chosen "Economic Transformation" and "Resource Efficiency-Security" as important areas of influence.



REPORTING GUIDANCE

Reporting and Self-Assessment Requirements

2.2 Goal Setting:

Demonstrate that the Bank has set and published at least two Specific, Measurable (can be qualitative or quantitative), Feasible, Relevant and Time-Limited (SMART) goals to address at least two of the “areas where TSKB has the most significant impact” on its activities, products and services.

Demonstrate that these goals are linked and contribute to the appropriate Sustainable Development Goals, the goals of the Paris Agreement and other relevant international, national or regional frameworks. The Bank must set a reference point (assessed for a particular year) and set goals on this basis.

Demonstrate that the Bank has analyzed and is aware of the significant (potential) negative impacts of the goals set for SDG / climate change / society goals on other aspects and has performed relevant activities to maximize the net positive impact of the goals and to reduce the negative impacts as much as possible.

Preparation Principles

Depending on the results of the Impact Analysis Tool, the Bank announced targets on 3 impact areas, 2 positive and 1 negative. All of the targets announced within the scope of UNEP FI Responsible Banking (with the exception of 5 targets and other targets and commitments determined by TSKB for future capital items and included in the 2021 Integrated Annual Report) have specific time intervals.

Other targets and commitments announced within the scope of UNEP FI Responsible Banking (determined by TSKB for future capital items and included in the 2021 Integrated Annual Report) are approved by the Bank's Executive Committee.

2.3 Plans for the Implementation and Monitoring of Goals:

Show the activities and milestones that the Bank has determined to achieve the set goals.

Demonstrate that the Bank has established methods for measuring and monitoring the set goals. The definitions of Key Performance Indicators, all changes in these definitions and a new regulation on the target base year should be transparent.

According to the Executive Committee decision dated August 26, 2021, the task definition of the Collaboration with Initiatives and Indices Working Group includes creating and following the commitments and targets required within the scope of international initiatives of which the Bank is a signatory/member.

5.3 Governance Structure

for the Implementation of the Principles

Demonstrate that the Bank has a governance structure for the implementation of the Principles of Responsible Banking. These activities should also include the following topics:

- a) Setting goals and carrying out activities to achieve these goals
- b) Carrying out corrective actions in case of failure to achieve goals or important stages or if an unexpected negative impact is detected

According to the Executive Committee decision dated August 26, 2021, within the scope of the cooperation with Initiatives and Indices Working Group's work on compliance with the determined targets, the Sustainability Committee and the Sustainability Management Committee members are informed and work on the coordination of the restorative action plans.



REPORTING GUIDANCE

Reporting and Self-Assessment Requirements

6.1 Progress in the Application of Responsible Banking Principles

In addition to setting and implementing goals in at least two areas, demonstrate how the Bank has made progress in implementing six Principles in the last 12 months (up to 18 months at first reporting after becoming a signatory). (See 2.1-2.4).

Demonstrate that the Bank takes into account current and developing international/regional good practices related to the implementation of the six Principles of Responsible Banking. To this respect, TSKB has defined priorities and goals to align with good practices.

Demonstrate that the Bank is making changes/working on its current practices and making progress in the implementation of these Principles in order to reflect and align existing and developing international/regional good practices.

Preparation Principles

The Bank's activities related to national and international initiatives and good practices within the scope of sustainability are accessed through the following references, respectively:

- Sustainability reports published by the Bank since 2009 and Integrated Annual Reports since 2018 are available at <https://www.tskb.com.tr/en/sustainable-banking/tskb-and-sustainable-banking/our-sustainability-reports>.
- The Carbon Disclosure Project (CDP) reports prepared by the Bank since 2013 can be accessed at <https://www.cdp.net/en/scores> by entering T.SINAI KALKINMA BANKASI A.Ş..
- The Progress Report on the Implementation of UNEP FI Responsible Banking Principles was published for the first time in the 2020 Integrated Annual Report.

6. RECONSIDERATION STATEMENT

Measuring and reporting sustainability data inevitably involves some degree of estimation. In case of more than 5% change in data at company level, a reconsideration may be considered.



ISO 14001 AUDIT CERTIFICATE



Certificate of Registration

ENVIRONMENTAL MANAGEMENT SYSTEM - ISO 14001:2015

This is to certify that:

Türkiye Sinai Kalkınma Bankası A.S.
Beyoğlu/ İstanbul
Meclisi Mebusan Cad. 81 Fındıklı
Beyoğlu/ İstanbul
İstanbul (Euro Side)
34427
Turkey

Holds Certificate No:

EMS 590918

and operates an Environmental Management System which complies with the requirements of ISO 14001:2015 for the following scope:

Investment and Development Banking Services.

For and on behalf of BSI:

Andrew Launn, EMEA Systems Certification Director

Original Registration Date: 2013-01-21

Effective Date: 2021-04-27

Latest Revision Date: 2021-02-15

Expiry Date: 2024-04-26

Page: 1 of 1



...making excellence a habit.™

This certificate was issued electronically and remains the property of BSI and is bound by the conditions of contract. An electronic certificate can be authenticated [online](#). Printed copies can be validated at [www.bsigroup.com/ClientDirectory](#)

Information and Contact: BSI, Kitemark Court, Davy Avenue, Knowlhill, Milton Keynes MK5 8PP. Tel: + 44 345 080 9000

BSI Assurance UK Limited, registered in England under number 7805321 at 389 Chiswick High Road, London W4 4AL, UK.



ISO 14064 AUDIT CERTIFICATES



Verification Opinion

GHGEV 588323 – 03.02.2022

Responsible Party: TSKB Türkiye Sınai Kalkınma Bankası A.S.
Meclisi Mebusan Cad. 81
Fındıklı 34427 İstanbul

Type of GHG Statement:
Organisational

Identification of GHG Statement:
TSKB Türkiye Sınai Kalkınma Bankası A.S. GHG Report 2021

Scope of activities:
Investment and Development Banking Services

Organisational Boundary:
Operational Control

Sites Included in Organisational Boundary:
The organization has consolidated its facility-level GHG emissions by equity share approach. TSKB has only one campus by three building.

Management and operations have been occurred in same address; Meclisi Mebusan Cad. 81 Fındıklı 34427 İstanbul.

The organizational boundaries have been clearly defined. Organizational boundaries defined as; 1. Headquarters 2. Additional Service Building 3. Cennet Bahçesi

Reporting Boundary:
GHG emissions aggregated into the following categories at the organisational level

- a) Direct GHG emissions and removals
- b) Indirect greenhouse gas emissions from imported energy;
- c) Indirect GHG emissions from transportation
- d) Indirect GHG emissions from products used by the organisation
- e) Indirect GHG emissions associated with the use of products from the organisation
- f) Greenhouse gas emissions from other sources

...making excellence a habit



Exclusions from Reporting Boundary:

The insignificant emission sources have been selected within indirect emission sources and summarized in below for 2021 emission inventory;

- Paper-work items, plastic water, glass water and meals in Upstream goods transport category (3.1)
- Personnel ferry in Employee commuting category (3.3)
- Taxi, bus, car and hotel stay in Business travel category (3.5)
- Paper-work items, plastic-work items, plastic water and glass water in Purchased goods category (4.1)
- Laptop computer, desktop computer, screen, mobile phone, fixed phone, tablet, television and projector in Capital goods category (4.2)
- Household, paper, battery and other waste in Waste generated category (4.3)
- Courier and social activity services in Purchased services category (4.5)

Criteria for developing the organisational carbon footprint:

ISO14064-1:2018
TSKB Türkiye Sınai Kalkınma Bankası A.S. GHG Management System Documentation

Level of Assurance:
Reasonable

Materiality level:
%7

Period:
01.01.2021-31.12.2021

GHG Emissions:

1- Direct GHG emissions and removals;	448,2	tCO2e
2 - Indirect GHG emissions from imported energy; Purchased Electricity	0	tCO2e
3 - Indirect GHG emissions from transportation;	177,2	tCO2e
4 - Indirect GHG emissions from products used by organization;	172,9	tCO2e
5 -Indirect GHG emissions associated with the use of products from the organization;	2.748.096,4	tCO2e
6 -Indirect GHG emissions from other sources.	0	tCO2e
TOTAL	2.748.895	tCO2e



Verification Opinion: Verified as Satisfactory

Based on the process and procedures conducted, there is no evidence that the GHG report 2021 produced by Türkiye Sınai Kalkınma Bankası A.S.;

- is not materially correct and is not a fair representation of GHG data and information;
- has not been prepared in accordance with ISO14064-1:2018

Verification Activities:

The following were the verification activities undertaken:

- Evaluation of the monitoring and controls systems through interviewing employees observation & inquiry
- Verification of the data through sampling recalculation, retracing, cross checking, reconciliation

The quantification and reporting of the carbon footprint have been independently verified by BSI against the specifications defined in ISO 14064-1:2018. The verification activity has been carried out in accordance with ISO 14064-3:2019 and the principles of ISO 14065:2020

Responsibilities:

The data on which the footprint is based has been provided by Türkiye Sınai Kalkınma Bankası A.S. in the document GHG report 2021. This document is the responsibility of Türkiye Sınai Kalkınma Bankası A.S. and is historical in nature.

The responsible party is responsible for the preparation and fair presentation of the GHG statement in accordance with the criteria.

The verifier is responsible for expressing an opinion on the GHG statement based on the verification

Lead Verifier: Mehmet Kumru

Signed on behalf of BSI: Yonca Çakır



Issue Date: 28.02.2022

NOTE: BSI Eurasia Belgelendirme Hizm. Ltd. Sti. is independent to and has no financial interest in Türkiye Sınai Kalkınma Bankası A.S. This verification Opinion has been prepared for Türkiye Sınai Kalkınma Bankası A.S. only for the purposes of verifying its statement relating to its carbon emissions more particularly described in the scope above. It was not prepared for any other purpose. In making this Statement, BSI Eurasia Belgelendirme Hizm. Ltd. Sti. has assumed that all information provided to it by Türkiye Sınai Kalkınma Bankası A.S. is true, accurate and complete. BSI Eurasia Belgelendirme Hizm. Ltd. Sti. accepts no liability to any third party who places reliance on this Statement.



ISO 27001 AUDIT CERTIFICATE

bsi.

Certificate of Registration

INFORMATION SECURITY MANAGEMENT SYSTEM - ISO/IEC 27001:2013

This is to certify that:

Türkiye Sınai Kalkınma Bankası A.S.
Beyoğlu/ İstanbul
Meclisi Mebusan Cad. 81 Fındıklı
Beyoğlu/ İstanbul
İstanbul (Euro Side)
34427
Turkey

Holds Certificate No: **IS 748549**

and operates an Information Security Management System which complies with the requirements of ISO/IEC 27001:2013 for the following scope:

IT governance, IT security, IT Software development, IT infrastructure of System Support and Operations, Application Development Departments, Information Security and Quality, Database Management units required for operating the bank operations of TSKB. The management system is in accordance with the Statement of Applicability dated 10.04.2021 Version 1.

For and on behalf of BSI:

Andrew Launn, EMEA Systems Certification Director

Original Registration Date: 2021-06-15

Effective Date: 2021-06-15

Latest Revision Date: 2021-06-15

Expiry Date: 2024-06-15

Page: 1 of 1



...making excellence a habit.™

This certificate was issued electronically and remains the property of BSI and is bound by the conditions of contract. An electronic certificate can be authenticated [online](#). Printed copies can be validated at [www.bsigroup.com/ClientDirectory](#)

Information and Contact: BSI, Kitemark Court, Davy Avenue, Knowlhill, Milton Keynes MK5 8PP. Tel: + 44 345 080 9000

BSI Assurance UK Limited, registered in England under number 7805321 at 389 Chiswick High Road, London W4 4AL, UK.

ISO 45001 AUDIT CERTIFICATE

FOC

Sertifika
CERTIFICATE

Bu Sertifika,

TÜRKİYE SINAI KALKINMA BANKASI

Ömer Avni Mahallesi Meclisi Mebusan Caddesi No:81 Fındıklı Beyoğlu / İstanbul

kuruluşunun,

YATIRIM BANKACILIĞI HİZMETLERİ

EA 32

kapsamında,

ISO 45001:2018

İş Sağlığı ve Güvenliği Yönetim Sistemi standardının şartlarına uyan bir yönetim sistemi kurduğunu ve uyguladığını onaylamak üzere verilmiştir.

İlk Veriliş Tarihi : 13.07.2021
Belge Tarihi : 13.07.2021
Belge Periyodu : 3 Yıl
Bitiş Tarihi : 12.03.2022
Sertifika No : 03.21.9397.0317.T

First Quality Certification
Sistem Sertifikasyon Onayı
İstanbul, 2021.07.13



FIRST QUALITY CERTIFICATION



FOC UYGUNLUK DEĞERLENDİRME ANONİM ŞİRKETİ

○ Devizi Mahallesi Tansel Caddesi No:12-18/28 Maltepe - İstanbul
● www.foc.com.tr ● belgelendirme@foc.com.tr ☎ 90 216 755 71 72

Bu sertifika, müşteri FOC'nun kurallarına ve sözleşme şartlarına uyduğu sürece geçerlidir. Sertifika geçerlilik durumu FOC internet sitesinden kontrol edilebilir. This certificate shall remain valid if the client meets the FOC's requirements and terms of the contract. The validity of the certificate can be checked on the FOC's website.



ANNEXES

- 141 Sustainability Principles
Compliance Report
- 147 UNEP-FI Principles for Responsible
Banking Reporting Index
- 154 GRI Index
- 161 UNGC Index
- 162 WEPs Index
- 163 WEF Stakeholder Capitalism Index
- 164 TCFD Table of Disclosures
- 165 General Assembly Agenda
- 166 Declaration of Independence
- 167 Statement of Responsibility



SUSTAINABILITY PRINCIPLES COMPLIANCE REPORT

TSKB SUSTAINABILITY PRINCIPLES COMPLIANCE REPORT - 2021

Principles	"Compliance (Yes/No/Partial/Irrelevant)"	Related Links	Related Section
A. General Principles			
A1. Strategy, Policy and Targets			
The Board of Directors determines material ESG issues, risks and opportunities and establishes relevant ESG policies accordingly. In terms of the effective implementation of these policies; internal guidelines, work procedures etc. can be developed. The Board of Directors takes decisions for these policies and they are publicly disclosed.	Yes	https://www.tskb.com.tr/en/sustainable-banking/sustainability-management https://www.tskb.com.tr/en/sustainable-banking/tskb-surdurulebilirlik-yonetim-organizasyonu/our-sustainability-policy	- -
Determines the Company Strategy in line with the ESG policies, risks and opportunities. It sets and publicly discloses short-term and long-term targets conforming to the Company Strategy and ESG policies.	Yes	https://www.tskb.com.tr/en/sustainable-banking/tskb-and-sustainable-banking/our-sustainability-reports https://www.tskb.com.tr/en/investor-relations/financial-information	TSKB Climate Risk Report 2021 Integrated Annual Report/Strategy, Performance and Expectations/Capitals/ Natural Capital
A2. Implementation/Monitoring			
Determines and publicly discloses the committees/units responsible for the execution of ESG policies. The responsible committee/unit reports the activities carried out within the scope of the policies to the Board of Directors at least once a year and in any case within the maximum periods determined for the public disclosure of the annual activity reports in the relevant regulations of the Board.	Yes	https://www.tskb.com.tr/en/sustainable-banking/tskb-sustainability-management-organization/tskb-sustainability-committee https://www.tskb.com.tr/en/sustainable-banking/tskb-surdurulebilirlik-yonetim-organizasyonu/our-sustainability-policy	- 2021 Integrated Annual Report/Strategy, Performance and Expectations/Capitals/ Natural Capital
Creates and publicly discloses implementation and action plans in line with the short-term and long-term targets set.	Yes	https://www.tskb.com.tr/en/investor-relations/financial-information	2021 Integrated Annual Report/Strategy, Performance and Expectations/Capitals
Determines and announces Key ESG Performance Indicators (KPIs) on a yearly basis. In the presence of verifiable data, it presents KPIs with local and international sector comparisons.	Yes	http://www.tskb.com.tr/en/financial-institutions/publications https://www.tskb.com.tr/en/investor-relations/financial-information	2021 Integrated Annual Report/Strategy, Performance and Expectations/Capitals
Discloses the innovation activities that improve the sustainability performance for business processes or products and services.	Yes	https://www.tskb.com.tr/en/investor-relations/financial-information	2021 Integrated Annual Report/Strategy, Performance and Expectations/Capitals
A3. Reporting			
Reports and publicly discloses its sustainability performance, targets and actions at least once a year. It discloses information on its sustainability activities within the scope of the annual report.	Yes	https://www.tskb.com.tr/en/investor-relations/financial-information	2021 Integrated Annual Report/Strategy, Performance and Expectations/Capitals
It is essential to share information, which is important for stakeholders in understanding the position, performance and development of the Company, in a direct and concise manner. It can also disclose detailed information and data on the website, and prepare separate reports that directly fulfilling the needs of different stakeholders.	Yes	https://www.tskb.com.tr/en/sustainable-banking/tskb-and-sustainable-banking/our-sustainability-reports http://www.tskb.com.tr/en/financial-institutions/publications	Allocation and Impact Reporting, Sustainability Reports, CDP Reports and CoP Reports
Exercises utmost care in terms of transparency and reliability. It objectively explains all developments related to material issues in disclosures and reportings within the scope of the balanced approach.	Yes	https://www.tskb.com.tr/en/investor-relations/financial-information	2021 Integrated Annual Report/Strategy, Performance and Expectations/Strategic Plan
Gives information about which of the United Nations (UN) 2030 Sustainable Development Goals its activities are related to.	Yes	https://www.tskb.com.tr/en/investor-relations/financial-information	2021 Integrated Annual Report/Strategy, Performance and Expectations/Strategic Plan 2021 Integrated Annual Report/Strategy, Performance and Expectations/Capitals/ Financial Capital
Makes disclosures regarding the lawsuits filed and/or concluded against environmental, social and corporate governance issues.	Yes	https://www.tskb.com.tr/en/investor-relations/financial-information	2021 Integrated Annual Report/Corporate Governance and Risk Management



SUSTAINABILITY PRINCIPLES COMPLIANCE REPORT

Principles	"Compliance (Yes/No/Partial/Irrelevant)"	Related Links	Related Section
A4. Verification Discloses publicly its sustainability performance measurements, if verified by independent third parties (independent sustainability assurance providers), and endeavors to increase such verifications.	Yes	https://www.tskb.com.tr/en/investor-relations/financial-information	2021 Integrated Annual Report/Assurance Letters and Certificates
B. Environmental Principles Discloses its policies and practices, action plans in relation to environmental management, environmental management systems (known by the ISO 14001 standard) and programs.	Yes	https://www.tskb.com.tr/en/sustainable-banking/sustainability-management https://www.tskb.com.tr/en/investor-relations/financial-information	- 2021 Integrated Annual Report/Strategy, Performance and Expectations/Capitals/Natural Capital 2021 Integrated Annual Report/Assurance Letters and Certificates
Complies with laws and other relevant regulations on the environment and discloses them.	Yes	https://www.tskb.com.tr/assets/document/pdf/TSKB-ENVIRONMENTAL-AND-SOCIAL-IMPACT-POLICY.pdf	-
Specifies the scope of the environmental report, reporting period, reporting date, data collection process and restrictions regarding reporting conditions to be included in the report to be prepared within the scope of the Sustainability Principles.	Yes	https://www.tskb.com.tr/en/sustainable-banking/sustainability-management https://www.tskb.com.tr/en/investor-relations/financial-information	- 2021 Integrated Annual Report/Strategy, Performance and Expectations/Capitals/Natural Capital
Discloses the highest person in charge, related committees on the issues of environment and climate change and their responsibilities.	Yes	https://www.tskb.com.tr/en/sustainable-banking/tskb-sustainability-management-organization/tskb-sustainability-committee https://www.tskb.com.tr/en/investor-relations/financial-information	- 2021 Integrated Annual Report/Strategy, Performance and Expectations/Capitals/Natural Capital
Discloses the incentives it offers for the management of environmental issues, including the achievement of targets.	Yes	https://www.tskb.com.tr/en/investor-relations/financial-information	2021 Integrated Annual Report/Strategy, Performance and Expectations/Capitals/Natural Capital
Explains how environmental matters are integrated into business targets and strategies.	Yes	https://www.tskb.com.tr/en/investor-relations/financial-information	2021 Integrated Annual Report/Strategy, Performance and Expectations/Strategic Plan 2021 Integrated Annual Report/Strategy, Performance and Expectations/Capitals/Natural Capital
Discloses sustainability performances associated with business processes or products and services, along with improvement steps therefor.	Yes	https://www.tskb.com.tr/en/investor-relations/financial-information	2021 Integrated Annual Report/Strategy, Performance and Expectations/Capitals/Natural Capital
Explains how it manages environmental issues not just with respect to its direct operations but throughout the Company's value chain and how it integrates suppliers and customers into its strategies.	Yes	https://www.tskb.com.tr/en/sustainable-banking/tskb-surdurulebilirlik-yonetim-organizasyonu/our-sustainability-policy https://www.tskb.com.tr/assets/document/pdf/Tskb-Sustainable-Procurements-Management-Policy.pdf https://www.tskb.com.tr/en/investor-relations/financial-information	- - 2021 Integrated Annual Report/Strategy, Performance and Expectations/Capitals/Natural Capital
Discloses whether it is involved in policy-making processes on environmental issues (sectoral, regional, national and international); environmental associations that it is a member of, its collaborations with related organizations and non-governmental organizations, and the tasks it undertakes and the activities it supports, if any.	Yes	https://www.tskb.com.tr/en/investor-relations/financial-information	2021 Integrated Annual Report/Strategy, Performance and Expectations/Capitals/Social - Intellectual&Manufactured Capital
Periodically reports information about its environmental impacts comparatively in the light of environmental indicators; Greenhouse gas emissions Scope-1 (Direct), Scope-2 (Indirect from purchased energy), Scope-3 (Other indirect), air quality, energy management, water and wastewater management, waste management, biodiversity implications)	Yes	https://www.tskb.com.tr/en/investor-relations/financial-information	2021 Integrated Annual Report/Strategy, Performance and Expectations/Capitals/Natural Capital



SUSTAINABILITY PRINCIPLES COMPLIANCE REPORT

Principles	"Compliance (Yes/No/Partial/Irrelevant)"	Related Links	Related Section
Discloses the standards, protocols, methodology and base year details for collecting and calculating its data.	Yes	https://www.tskb.com.tr/en/investor-relations/financial-information	2021 Integrated Annual Report/Strategy, Performance and Expectations/Capitals/ Natural Capital 2021 Integrated Annual Report/Assurance Letters and Certificates
Discloses the status of environmental indicators for the reporting year in comparison with previous years (increase or decrease).	Yes	https://www.tskb.com.tr/en/investor-relations/financial-information	2021 Integrated Annual Report/Strategy, Performance and Expectations/Capitals/ Natural Capital
Sets and discloses its short-term and long-term targets for mitigating its environmental impacts. These targets are recommended to be Science Based as suggested by the UN Climate Change Conference of the Parties. Also provides information about the progress achieved, if applicable, in the reporting period with respect to the targets it has set previously.	Yes	https://www.tskb.com.tr/en/investor-relations/financial-information	2021 Integrated Annual Report/Strateji, Performans ve Öngörüler/Capitals/Natural Capital
Discloses its strategy and actions to combat the climate crisis.	Yes	https://www.tskb.com.tr/en/investor-relations/financial-information	2021 Integrated Annual Report/Strateji, Performans ve Öngörüler/Capitals/Natural Capital
Explains its programs or procedures to prevent or minimize the potential negative impacts of the products and/or services it offers; explains its actions for driving reduction of GHG emission quantities of third parties.	Yes	https://www.tskb.com.tr/en/sustainable-banking/tskb-and-sustainable-banking/our-sustainability-reports	CDP Reports
		https://www.tskb.com.tr/en/sustainable-banking/sustainability-finance/environmental-and-social-risk-evaluation	-
		https://www.tskb.com.tr/en/sustainable-banking/tskb-and-sustainable-banking/our-sustainability-reports	CDP Reports
Discloses the total number of actions taken, projects carried out and initiatives undertaken to mitigate its environmental impacts, along with the benefits/revenues and cost savings they provide.	Yes	https://www.tskb.com.tr/en/investor-relations/financial-information	2021 Integrated Annual Report/Strategy, Performance and Expectations/Capitals/ Financial - Natural Capital
		https://www.tskb.com.tr/en/sustainable-banking/tskb-and-sustainable-banking/our-sustainability-reports	CDP Reports
Reports the total energy consumption data (excluding raw materials) and discloses its energy consumption as Scope-1 and Scope-2.	Yes	https://www.tskb.com.tr/en/investor-relations/financial-information	2021 Integrated Annual Report/Strategy, Performance and Expectations/Capitals/ Natural Capital
		https://www.tskb.com.tr/en/sustainable-banking/tskb-and-sustainable-banking/our-sustainability-reports	CDP Reports
Provides information about the electricity, heat, steam and cooling generated and consumed during the reporting year.	Yes	https://www.tskb.com.tr/en/investor-relations/financial-information	2021 Integrated Annual Report/Strategy, Performance and Expectations/Capitals/ Natural Capital
		https://www.tskb.com.tr/en/sustainable-banking/tskb-and-sustainable-banking/our-sustainability-reports	CDP Reports
Conducts studies on increasing the use of renewable energy, transition to zero or low carbon electricity and explains these studies.	Yes	https://www.tskb.com.tr/en/investor-relations/financial-information	2021 Integrated Annual Report/Strategy, Performance and Expectations/Capitals/ Financial - Natural Capital
		https://www.tskb.com.tr/en/sustainable-banking/tskb-and-sustainable-banking/our-sustainability-reports	CDP Reports, TSKB Climate Risk Report
Discloses data on its renewable energy generation and consumption.	Yes	https://www.tskb.com.tr/en/investor-relations/financial-information	2021 Integrated Annual Report/Strategy, Performance and Expectations/Capitals/ Natural Capital
Develops energy efficiency projects and discloses the quantity reduced in energy consumption and emission enabled by these efforts.	Yes	https://www.tskb.com.tr/en/investor-relations/financial-information	2021 Integrated Annual Report/Strategy, Performance and Expectations/Capitals/ Natural Capital
Reports the amount of underground or overground water withdrawn, consumed, recycled and discharged, the resources and procedures (Total water withdrawal on the basis of resources, water resources affected by water withdrawal; percentage and total volume of recycled and reused water, etc.).	Yes	https://www.tskb.com.tr/en/investor-relations/financial-information	2021 Integrated Annual Report/Strategy, Performance and Expectations/Capitals/ Natural Capital



SUSTAINABILITY PRINCIPLES COMPLIANCE REPORT

Principles	"Compliance (Yes/No/Partial/Irrelevant)"	Related Links	Related Section
Discloses whether its operations or activities are included in any carbon pricing system (Emission Trading System, Cap & Trade or Carbon Tax).	Yes	https://www.tskb.com.tr/en/sustainable-banking/tskb-and-sustainable-banking/our-sustainability-reports	CDP Reports
Discloses the carbon credits saved or purchased during the reporting period.	Yes	https://www.tskb.com.tr/en/investor-relations/financial-information	2021 Integrated Annual Report/Strateji, Performans ve Öngörüler/Capitals/Natural Capital 2021 Integrated Annual Report/Assurance Letters and Certificates
Discloses the details if carbon pricing is applied within the Company.	No	-	TSKB continues to work intensely on Climate Risk and opportunities. In May 2021, we have released our TCFD aligned Climate Risk Report. As we advance our efforts and outputs in time, we will be considering to take carbon pricing into our agenda as well.
Discloses all compulsory and voluntary platforms that it reports its environmental information to.	Yes	https://www.tskb.com.tr/en/investor-relations/financial-information	2021 Integrated Annual Report/Strategy, Performance and Expectations/Capitals/ Natural - Intellectual - Social Capital
C. Social Principles			
C1. Human Rights and Employee Rights			
Develops a Company Human Rights and Employee Rights Policy, which pledges full compliance with the Universal Declaration of Human Rights, ILO Conventions ratified by Türkiye and the regulatory framework and legislation governing the human rights and work life in Türkiye. Discloses the policy and the roles and responsibilities associated for its implementation.	Yes	https://www.tskb.com.tr/i/assets/document/pdf/TSKB-Human-Rights-Policy.pdf	-
		https://www.tskb.com.tr/en/about-us/careers-at-tskb/human-resources-policy	-
		https://www.tskb.com.tr/en/sustainable-banking/tskb-and-sustainable-banking/human-resources	-
		https://www.tskb.com.tr/en/investor-relations/financial-information	2021 Integrated Annual Report/Strategy, Performance and Expectations/Capitals/ Human Capital
Provides equal opportunity in recruitment processes. In its policies, it incorporates equitable workforce, improvement of working standards, women's employment and inclusion (not discriminating on the basis of women, men, faith, language, ethnicity, age, disabilities, refugees, etc.) while looking out for the effects of supply and value chain.	Yes	" https://www.tskb.com.tr/i/assets/document/pdf/TSKB_Equal_Opportunities_Policy.pdf "	-
		https://www.tskb.com.tr/en/about-us/careers-at-tskb/human-resources-policy	-
		https://www.tskb.com.tr/i/assets/document/pdf/TSKB-Human-Rights-Policy.pdf	-
		https://www.tskb.com.tr/en/investor-relations/financial-information	2021 Integrated Annual Report/Strategy, Performance and Expectations/Capitals/ Human Capital
Explains the measures taken throughout the value chain for protecting the rights of groups sensitive to certain economic, environmental, social factors (low-income groups, women, etc.) or for securing minority rights/equal opportunity.	Yes	https://www.tskb.com.tr/i/assets/document/pdf/TSKB_Equal_Opportunities_Policy.pdf	-
Reports on progress in relation to actions for preventing and remedying discrimination, inequality, human rights violations, forced labor. Explains the regulations to prevent child labor.	Yes	https://www.tskb.com.tr/i/assets/document/pdf/TSKB-List-of-activities-that-are-not-to-be-financed.pdf	-
Discloses its policies regarding investments in employees (training, development policies), employee compensation, fringe benefits granted, the right to unionize, work/life balance solutions and talent management. Determines the mechanisms for resolution of employee complaints and labor disputes, and determines conflict resolution process. Regularly discloses the activities for ensuring employee satisfaction.	Yes	https://www.tskb.com.tr/en/about-us/careers-at-tskb/employee-benefit	-
		https://www.tskb.com.tr/en/about-us/careers-at-tskb/training-development-at-tskb	-
		https://www.tskb.com.tr/en/about-us/tskb-contact-form	-
		https://www.tskb.com.tr/en/investor-relations/financial-information	2021 Integrated Annual Report/Strategy, Performance and Expectations/Capitals/ Human Capital 2021 Integrated Annual Report/Corporate Governance and Risk Management
Establishes and discloses occupational health and safety policies. Discloses the measures adopted for protection against workplace accidents and for protecting occupational health along with statistical data on accidents.	Yes	https://www.tskb.com.tr/i/assets/document/pdf/Tskb-Occupational-Health-and-Safety-Policy.pdf	-
		https://www.tskb.com.tr/en/about-us/careers-at-tskb/employee-benefit	-
		https://www.tskb.com.tr/en/investor-relations/financial-information	2021 Integrated Annual Report/Appendix
Establishes and discloses personal data protection and data security policies.	Yes	https://www.tskb.com.tr/en/privacy-policy	-



SUSTAINABILITY PRINCIPLES COMPLIANCE REPORT

Principles	"Compliance (Yes/No/Partial/Irrelevant)"	Related Links	Related Section
Establishes and discloses a code of ethics (including business, business ethics, compliance processes, advertising and marketing ethics, clear disclosure efforts, etc.)	Yes	https://www.tskb.com.tr/en/investor-relations/corporate-governance/code-of-banking-ethics-and-policies	-
		https://www.tskb.com.tr/i/assets/document/pdf/TSKB%20Anti-Bribery%20and%20Anti-Corruption%20Policy%20EN%20web.pdf	-
		https://www.tskb.com.tr/i/assets/document/pdf/Disclosure%20Policy.pdf	-
Discloses its activities and initiatives in relation to social investment, social responsibility, financial inclusion and access to finance.	Yes	https://www.tskb.com.tr/i/assets/document/pdf/TSKB-ENVIRONMENTAL-AND-SOCIAL-IMPACT-POLICY.pdf	-
		https://www.tskb.com.tr/i/assets/document/pdf/TSKB-List-of-activities-that-are-not-to-be-financed.pdf	-
		https://www.tskb.com.tr/en/about-us/corporate-social-responsibility	-
		https://www.tskb.com.tr/en/investor-relations/financial-information	2021 Integrated Annual Report/Strategy, Performance and Expectations/Capitals/Social Capital
Organizes information meetings and training programs for employees on ESG policies and implementations.	Yes	https://www.tskb.com.tr/en/investor-relations/financial-information	2021 Integrated Annual Report/Strategy, Performance and Expectations/Capitals/Natural Capital - Human Capital
C2. Stakeholders, International Standards and Initiatives			
Carries out its sustainability activities by taking into consideration the needs and priorities of all its stakeholders (employees, customers, suppliers and service providers, public institutions, shareholders, society and non-governmental organizations, etc.).	Yes	https://www.tskb.com.tr/en/investor-relations/financial-information	2021 Integrated Annual Report/Strategy, Performance and Expectations/Strategic Plan
Develops and discloses a customer satisfaction policy regarding the management and resolution of customer complaints.	Yes	https://www.tskb.com.tr/i/assets/document/pdf/anti-bribery-and-anti-corruption-programme-17-06-2016.pdf	-
		https://www.tskb.com.tr/en/about-us/tskb-contact-form	-
		https://www.tskb.com.tr/en/investor-relations/financial-information	2021 Integrated Annual Report/Corporate Governance and Risk Management
Maintains continuous and transparent communication with its stakeholders; it discloses with which stakeholders it communicates for what purpose, about which topic and how often, and the progress achieved in sustainability activities.	Yes	https://www.tskb.com.tr/en/investor-relations/financial-information	2021 Integrated Annual Report/Strategy, Performance and Expectations/Strategic Plan
Discloses the international reporting standards it has embraced (Carbon Disclosure Project (CDP), Global Reporting Initiative (GRI), International Integrated Reporting Council (IIRC), Sustainability Accounting Standards Board (SASB), Climate-Related Financial Disclosures Task Force (TCFD), etc.).	Yes	https://www.tskb.com.tr/en/sustainable-banking/tskb-and-sustainable-banking/our-sustainability-reports	Allocation and Impact Reporting, Sustainability Reports, CDP Reports and CoP Reports
		https://www.tskb.com.tr/en/investor-relations/financial-information	2021 Integrated Annual Report/About the Report
			2021 Integrated Annual Report/Strategy, Performance and Expectations/Capitals/Natural Capital
Discloses the international organizations or principles (Equator Principles, United Nations Environment Program Finance Initiative (UNEP-FI), United Nations Global Principles (UNGC), United Nations Principles for Responsible Investment (UNPRI) etc.) that it is a member or signatory of, and international principles it embraces (International Capital Market Association (ICMA) Green/Sustainable Bond Principles).	Yes	https://www.tskb.com.tr/en/sustainable-banking/tskb-and-sustainable-banking/stakeholder-engagement	-
		https://www.tskb.com.tr/en/investor-relations/financial-information	2021 Integrated Annual Report/Strategy, Performance and Expectations/Capitals/Natural - Intellectual - Social Capital
			2021 Integrated Annual Report/Appendix
Makes concrete efforts to qualify for inclusion in Borsa Istanbul Sustainability Index and international sustainability indices (Dow Jones Sustainability Index, FTSE4Good, MSCI ESG Indices, etc.).	Yes	https://www.tskb.com.tr/en/sustainable-banking/esg-risk-rating	-
		https://www.tskb.com.tr/en/investor-relations/financial-information	2021 Integrated Annual Report/Strategy, Performance and Expectations/Capitals/Natural Capital



SUSTAINABILITY PRINCIPLES COMPLIANCE REPORT

Principles	"Compliance (Yes/No/Partial/Irrelevant)"	Related Links	Related Section
D. Corporate Governance Principles			
Makes maximum effort to comply with all Corporate Governance principles in addition to the compulsory Corporate Governance principles under the Capital Markets Board <u>Corporate Governance Communiqué numbered II-17.1.</u>	Yes	https://www.kap.org.tr/en/cgif/4028e4a140f2ed710140f3831c6300fd	-
Takes into consideration the sustainability issue, environmental impacts of its operations and related principles while determining its corporate governance strategy.	Yes	https://www.tskb.com.tr/en/sustainable-banking/tskb-and-sustainable-banking/our-sustainability-reports	TSKB Climate Risk Report
Takes the necessary measures to comply with the principles regarding the stakeholders as stated in the Corporate Governance Principles and to strengthen the communication with the stakeholders. It takes its stakeholders' opinions for determining the sustainability-related measures and strategies.	Yes	https://www.tskb.com.tr/en/investor-relations/financial-information	2021 Integrated Annual Report/Strategy, Performance and Expectations/Strategic Plan 2021 Integrated Annual Report/Strategy, Performance and Expectations/Capitals/ Human - Natural Capital
Works on raising awareness on sustainability and its importance through social responsibility projects, awareness activities and trainings.	Yes	https://www.tskb.com.tr/en/investor-relations/financial-information	2021 Integrated Annual Report/Strategy, Performance and Expectations/Capitals/ Social Capital
Makes efforts to become a member of sustainability -related international standards and initiatives and to contribute to related studies.	Yes	https://www.tskb.com.tr/en/investor-relations/financial-information	2021 Integrated Annual Report/Strategy, Performance and Expectations/Capitals/ Natural - Intellectual&Manufactured - Social Capital
Discloses its anti-bribery and anti-corruption policies and programs and those on the tax integrity principle.	Yes	https://www.tskb.com.tr/i/assets/document/pdf/TSKB%20Anti-Bribery%20and%20Anti-Corruption%20Policy%20EN%20web.pdf	-
		https://www.tskb.com.tr/i/assets/document/pdf/TBB_Principles_of_Banking_Ethics(1).pdf	-



UNEP-FI RESPONSIBLE BANKING PRINCIPLES REPORTING INDEX

Principle 1: Alignment We will align our business strategy to be consistent with and contribute to individuals' needs and society's goals, as expressed in the Sustainable Development Goals, the Paris Climate Agreement and relevant national and regional frameworks.		
Reporting and Self-Assessment Requirements	High-level summary of bank's response	Reference(s)/Link(s) to bank's full response/ relevant information
1.1 Describe (high-level) your bank's business model, including the main customer segments served, types of products and services provided, the main sectors and types of activities, and where relevant the technologies financed across the main geographies in which your bank has operations or provides products and services	<p>In 2021, TSKB continued to offer products and services in the Corporate Banking, Investment Banking and Advisory branches to its customers.</p> <p>TSKB extended a total of USD 1.3 billion in cash loans under Corporate Banking, Project Finance and APEX Banking activities. By the end of the year, the share of investment loans, working capital loans, and APEX loans in Bank's total loan portfolio amounted to 62%, 32%, and 6%, respectively.</p> <p>With the new loans extended, TSKB financed women's employment and projects in developing regions on the axis of inclusion which covers economic and social sustainability themes, as well as investments in capacity increase in various industries, especially investments in electricity generation and distribution activities. In addition, TSKB focused on the working capital and liquidity needs of companies adversely affected by COVID-19 in order to reduce the effects of the pandemic.</p> <p>In 2021, TSKB financed mainly investments in wind, geothermal, solar and biogas/biomass resources in the field of renewable energy. Power generation has the largest share in TSKB's loan portfolio with 39.7%, and renewable energy projects make up 89% of the power generation portfolio. The total installed capacity of 387 renewable energy projects that TSKB has financed since 2002 is 8,239 MW and represents 15% of Türkiye's total installed capacity in renewable energy. On the other hand, as part of the fight against climate change, TSKB declares that it will not finance newly established coal-fired thermal power plants and coal mining investments for power generation purposes (Integrated Annual Report 2021, Page 74).</p> <p>In addition, in 2021, when innovative products and collaborations in sustainable finance gained importance, TSKB improved its ESG risk rating and maintained its first rank in Türkiye by adding new steps such as Syndicated Loan Indexed to Sustainability Criteria, Sustainable Bilateral Borrowing Agreements and the 3rd Sustainable Bond Issuance to its sustainable banking journey. As of September 2021, TSKB's ESG Risk Rating was 13.6, placing the Bank in the "low risk" category. As of the date of publication, TSKB ranked top among Turkish banks and 5th among 403 banks in the second percentile in the international banking group (Integrated Annual Report 2021, Page 87).</p> <p>As of the end of 2021, the ratio of ESG linked funds in our total funds reached 80%. The syndicated loan was indexed to 3 different sustainability criteria linked to Gender Equality, exit from coal financing and COVID-19 themes, and all targets set for 2021 were successfully achieved as of the end of the year.</p> <p>The key financial performance indicators and rates of the Bank are presented on page 45 of the Integrated Annual Report 2021.</p>	Integrated Annual Report 2021 Page 47, 48, 53
1.2 Describe how your bank has aligned and/or is planning to align its strategy to be consistent with and contribute to society's goals, as expressed in the Sustainable Development Goals (SDGs), the Paris Climate Agreement, and relevant national and regional frameworks.	<p>TSKB structures its activities in accordance with the Sustainable Development Goals (SDGs), Paris Agreement and national/regional frameworks and supports the sustainable and inclusive development of Türkiye.</p> <p>In this context, the developments and activities that that TSKB carried out in 2021 are as follows: - With the adoption of the Paris Agreement by the Parliament in October, Türkiye officially put the Paris Agreement into force and announced its goal of becoming net-zero in 2053. It is expected that the roadmap to be drawn for this goal and the "Nationally Determined Contribution (NDC)" to be updated will lead to major changes for decarbonization in the energy, waste, transportation, buildings and agriculture industries. This goal is expected to create opportunities for TSKB in climate finance and advisory services.</p> <p>Türkiye published the Green Deal Action Plan in 2021. The Ministry of Environment and Urbanization was renamed as the Ministry of Environment, Urbanization and Climate Change and the Department of Climate Change and Adaptation was established. Paris Agreement was approved by Presidential decree and the goal of net zero emission was announced for 2053. Important developments are expected in the upcoming period regarding the draft Climate Law and the draft Regulation on Emissions Trading System set out in 2020.</p> <p>TSKB aims to ensure that the global funds to be provided in the upcoming period will be in accordance with the SDGs, Paris Agreement and Türkiye's economic program and development plan.</p> <p>In this context, TSKB participated actively in the 26th Conference of the Parties (COP 26) of the United Nations Framework Convention on Climate Change held in Glasgow in November. TSKB shared its experience, approaches and practices on climate change and finance with relevant parties at various events and platforms (such as EBRD, IDFC, Republic of Türkiye Pavilions) and closely followed the developments related to the Paris Agreement, climate finance and climate risk.</p> <p>Within the framework of the European Green Agreement, which aims to become a "climate neutral" continent by 2050, the European Commission has published the "Fit for 55" package, which consists of proposals that will affect many industries such as energy, transport, industry and agriculture in order to reduce greenhouse gas emissions by 55% by 2030. Since one of the most important regulations included in the proposal package "Carbon Border Adjustment Mechanism (CBAM)", which is expected to come into effect in 2026 and at the first stage will cover the electricity, cement, iron-steel, aluminum and fertilizer sectors may negatively affect Turkish companies exporting to the EU, the study titled "Green Transformation of Turkish Industrialists" was published by the Bank's European Green Deal and Circular Economy Working Group in September. </p> <p>TSKB joined the Climate Goal Acceleration Program carried out under the leadership of the UN Global Compact in order to achieve its targets with strategic and science-based action plans. TSKB exchanged information on the 1.5°C target with companies at different stages of the sustainability journey which want to proceed with their science-based emission reduction targets and become carbon-neutral with, and took part in the same program with the Turkish industrialists in order to understand their financial support needs.</p> <p>-The Bank has established the SDG mapping working group in order to measure and report the contribution of investment and working capital loans to the SDGs and has included the SDG Mapping project that was implemented in 2020 within the scope of this working group. In 2021, SDG 1, SDG 7, SDG 8, SDG 9, SDG 12 and SDG 13 stood out among the SDGs supported through loan activities.</p>	Integrated Annual Report 2021 Page 46, 86



UNEP-FI PRINCIPLES FOR RESPONSIBLE BANKING REPORTING INDEX

Principle 2: Impact Analysis and Target Setting We will continuously increase our positive impacts while reducing the negative impacts on, and managing the risks to, people and environment resulting from our activities, products and services. To this end, we will set and publish targets where we can have the most significant impacts.		
Reporting and Self-Assessment Requirements	High-level summary of bank's response	Reference(s)/Link(s) to bank's full response/ relevant information
<p>2.1 Impact Analysis: Show that your bank has identified the areas in which it has its most significant (potential) positive and negative impact through an impact analysis that fulfills the following elements:</p> <p>a) Scope: The bank's core business areas, products/services across the main geographies that the bank operates in have been as described under 1.1. have been considered in the scope of the analysis.</p> <p>b) Scale of Exposure: In identifying its areas of most significant impact the bank has considered where its core business/its major activities lie in terms of industries, technologies and geographies.</p> <p>c) Context & Relevance: Your bank has taken into account the most relevant challenges and priorities related to sustainable development in the countries/regions in which it operates.</p> <p>d) Scale and intensity/salience of impact: In identifying its areas of most significant impact, the bank has considered the scale and intensity/salience of the (potential) social, economic and environmental impacts resulting from the bank's activities and provision of products and services.</p> <p>(your bank should have engaged with relevant stakeholders to help inform your analysis under elements c) and d).)</p> <p>Show that building on this analysis, the bank has</p> <ul style="list-style-type: none"> Identified and disclosed its areas of most significant (potential) positive and negative impact Identified strategic business opportunities in relation to the increase of positive impacts/ reduction of negative impacts 	<p>TSKB gives special importance to the management of environmental impacts arising from its operational activities and to objectively identifying the potential risks and impacts that arise in the environmental and social evaluation of the projects it finances in line with sustainable and responsible banking principles and within the scope of the Sustainability Management System (SMS).</p> <p>In this context, the developments for 2021 are summarized as follows.</p> <p>Operational Impact TSKB commits to continue to supply its electricity needs from energy sources with 100% International Renewable Energy Certificate (I-REC), and aims to contribute to science-based targets on the net-zero path.</p> <p>By incorporating the ISO 45001 Occupational Health and Safety Management System and ISO 27001 Information Security into its structure in 2021, TSKB has successfully completed the ISO 14001, ISO 14064, ISO 27001 and ISO 45001 audits of the Bank with the efforts in 2021.</p> <p>Environmental and Social Risk Assessment Model (ERET) Since 2007, ERET (Environmental and Social Risk Evaluation Tool) Model has been applied to all investment projects on which TSKB focused. It has also been applied to working capital loans as of 2021.</p> <p>The high risk projects evaluated in 2021 consisted of investments in solar plants, fertilizer and the iron & steel industry. Environmental and social risk assessment was carried out for these investments and Environmental and Social Action Plans were established for effective risk management. Investments with moderate-sensitive risk included biogas energy, biomass energy, solar energy and wind energy projects. Environmental and Social Action Plans have been drawn up for these investment and their implementation is followed up.</p> <p>Portfolio Impact Analysis Tool for Banks TSKB continues to expand its activities and to develop the impact analysis approach in order to identify and evaluate the positive and negative impacts of its financing activities in all its aspects.</p> <p>In this context, under the UNEP FI Principles for Responsible Banking, of which TSKB is a founding signatory, the "Portfolio Impact Analysis Tool for Banks", developed jointly by UNEP FI and the Positive Impact Initiative, was applied to the loan portfolio (corporate loans and project finance) under Corporate Banking activities as of the end of 2020 for the first time. ✓</p> <p>As a result of this study carried out in 2020, the Bank's cartography was prepared according to the International Standard Industrial Classification sector codes, and in accordance with the sectoral breakdown in the Bank's loan portfolio, the areas where the Bank had a positive impact were determined as "Climate" as well as "Economic Convergence and Employment", and the area where it had a negative impact as "Resource Efficiency/Security". ✓</p> <p>Considering the Bank's mission and Türkiye's needs identified in the Portfolio Impact Analysis Tool, the "Economic Convergence" and "Resource Efficiency/Security" areas were chosen as the important areas to be studied within the scope of the reporting. ✓</p> <p>As of the end of 2021, the analysis study in question was carried out again with the Portfolio Impact Analysis Tool and it was observed that the results were compatible with the 2020 analysis and in this context, our medium- and long-term goals set in 2020 were maintained.</p> <p>As of the end of 2021, TSKB's sectoral loan distribution includes electricity generation from renewable energy (36%), other financial services activities (13%), electricity and gas distribution (6%), transportation and storage (6%), human health and social service activities (4%), manufacture of basic metals (4%), accommodation and food service activities (3%), real estate activities (3%), manufacture of textile products (3%), and manufacture of food products (2%). ✓</p>	<p>Integrated Annual Report 2021 Page 73-85</p> <p>CDP 2021 Report</p> <p>TCFD Report</p>



UNEP-FI PRINCIPLES FOR RESPONSIBLE BANKING REPORTING INDEX

Reporting and Self-Assessment Requirements	High-level summary of bank's response	Reference(s)/Link(s) to bank's full response/relevant information
<p>2.2 Target Setting</p> <p>Show that the bank has set and published a minimum of two Specific, Measurable (can be qualitative or quantitative), Achievable, Relevant and Time-bound (SMART) targets, which address at least two of the identified "areas of most significant impact", resulting from the bank's activities and provision of products and services.</p> <p>Show that these targets are linked to and drive alignment with and greater contribution to appropriate Sustainable Development Goals, the goals of the Paris Agreement, and other relevant international, national or regional frameworks. The bank should have identified a baseline (assessed against a particular year) and have set targets against this baseline.</p> <p>Show that the bank has analysed and acknowledged significant (potential) negative impacts of the set targets on other dimensions of the SDG/climate change/society's goals and that it has set out relevant actions to mitigate those as far as feasible to maximize the net positive impact of the set targets.</p>	<p>With the Portfolio Impact Analysis Tool used for the 2020 UNEP FI Responsible Banking Principles Report, the important impact areas where the Bank can increase its positive effects and reduce its negative effects were determined as "Climate", "Economic Convergence", "Employment" and "Resource Efficiency and Security." ✓</p> <p>Considering the Bank's mission and Türkiye's needs identified in the Portfolio Impact Analysis Tool, Economic Convergence and Resource Efficiency/Security areas were selected as important areas to be studied within the scope of the reporting, and thus the following SMART targets and commitments were determined by the Bank. ✓</p> <p>- TSKB aims to provide SDG-linked financing of minimum USD 8 billion by 2030.</p> <p>As an intermediate goal, TSKB aims to provide SDG-linked financing of USD 3.5 billion and more by the end of 2025.</p> <p>Related impact areas: Economic Convergence and Resource Efficiency/Security</p> <p>- TSKB aims to keep the ratio of SDG-linked loans in the total portfolio at 90% and above from 2021 to 2025.</p> <p>Related impact areas: Economic Convergence and Resource Efficiency/Security</p> <p>In line with SDG 8 - Decent Work and Economic Growth, TSKB aims to provide USD 150 million in financing in 2021 in order to contribute to improvement of the resilience of companies adversely affected by the Covid-19 pandemic, to meet their liquidity needs and to support the sustainability of operations.</p> <p>Related impact areas: Economic Convergence</p> <p>- In line with of SDG 5 - Gender Equality and SDG 8 - Decent Work and Economic Growth, TSKB aims to provide USD 200 million financing in 2021 to support women's employment and the economy in developing regions.</p> <p>Related impact areas: Economic Convergence</p>	<p>Integrated Annual Report 2021 Page 76, 103</p>
<p>2.3 Plans for Target Implementation and Monitoring</p> <p>Show that your bank has defined actions and milestones to meet the set targets.</p> <p>Show that your bank has put in place the means to measure and monitor progress against the set targets. Definitions of key performance indicators, any changes in these definitions, and any rebasing of baselines should be transparent.</p>	<p>As detailed in article 5.3 of this report, the implementation of the UNEP FI Principles for Responsible Banking is undertaken by the Collaborations with International Initiatives and Indexes Working Group among the working groups under the Sustainability Management Committee, and the Bank's Sustainability Reporting Working Group and other relevant working groups collaborate for the annual reporting. ✓</p> <p>The results of the impact analysis shared in the first UNEP FI Principles for Responsible Banking Report published in 2020, and the goals set were followed up by the relevant teams under the coordination of the Collaborations with International Initiatives and Indexes Working Group. The realizations of the key performance indicators determined for the measurement and monitoring of the goals were calculated by the SDG Mapping of Loans Working Group.</p> <p>On the other hand, as mentioned above, the Portfolio Impact Analysis Tool has been re-applied to the loan portfolio under corporate banking as of the end of 2021, and the validity of the resulting impact areas has been confirmed.</p> <p>The goals set here are also supported by other goals and commitments set for future capital items in the Integrated Annual Report and the Climate Risk Report and included in the 2021 Integrated Annual Report.</p>	<p>Integrated Annual Report 2021 Page 30-32</p>



UNEP-FI PRINCIPLES FOR RESPONSIBLE BANKING REPORTING INDEX

Reporting and Self-Assessment Requirements	High-level summary of bank's response	Reference(s)/Link(s) to bank's full response/ relevant information
<p>2.4 Progress on Implementing Targets For each target separately:</p> <p>Show that your bank has implemented the actions it had previously defined to meet the set target. Or explain why actions could not be implemented/needed to be changed and how your bank is adapting its plan to meet its set target.</p> <p>Report on your bank's progress over the last 12 months (up to 18 months in your first reporting after becoming a signatory) towards achieving each of the set targets and the impact your progress resulted in. (where feasible and appropriate, banks should include quantitative disclosures)</p>	<p>The realizations of these goals are as follows: - TSKB aims to provide SDG-linked financing of minimum USD 8 billion by 2030.</p> <p>As an intermediate goal, TSKB aims to provide SDG-linked financing of USD 3.5 billion and more by the end of 2025.</p> <p>Realization in 2021: SDG-linked financing amounting to USD 1.1 billion has been provided. ✓</p> <p>- TSKB aims to keep the ratio of SDG-linked loans in the total portfolio at 90% and above from 2021 to 2025.</p> <p>Realization in 2021: Rate of SDG-linked loans in total portfolio was 89%. ✓</p> <p>In line with SDG 8 - Decent Work and Economic Growth, TSKB aims to provide USD 150 million in financing in 2021 in order to contribute to improvement of the resilience of companies adversely affected by the Covid-19 pandemic, to meet their liquidity needs and to support the sustainability of operations.</p> <p>Realization in 2021: USD 155 million was provided in financing for this theme. ✓</p> <p>- In line with of SDG 5 - Gender Equality and SDG 8 - Decent Work and Economic Growth, TSKB aims to provide USD 200 million in financing in 2021 to support women's employment and the economy in developing regions.</p> <p>Realization in 2021: USD 223 million was provided in financing for this theme. ✓</p>	<p>Integrated Annual Report 2021 Page 76, 103</p>
<p>Principle 3: Clients and Customers <i>We will work responsibly with our clients and our customers to encourage sustainable practices and enable economic activities that create shared prosperity for current and future generations.</i></p>		
<p>3.1 Provide an overview of the policies and practices your bank has in place and/ or is planning to put in place to promote responsible relationships with its customers. This should include high-level information on any programmes and actions implemented (and/ or planned), their scale and, where possible, the results thereof.</p>	<p>TSKB considers relations with its customers as essential for the ability and success of creating long-term value for Türkiye's economic, environmental and social development, it works hard to encourage its customers to adopt sustainable and responsible practices and uses its knowledge of sustainable banking to implement innovative products.</p> <p>On the other hand, TSKB maintains high standards of behavior in order to be the first and preferred business partner of its customers and continues to constantly improve the Bank's governance culture and accountability mechanisms to ensure its customers' absolute satisfaction.</p> <p>TSKB meticulously considers stakeholder priorities and expectations in the process of determining its focus areas, and conducts large-scale Stakeholder Analysis studies at regular intervals in order to align its strategy and priorities with the views of its stakeholders, and to share transparent information on stakeholder priorities in its reporting, by contacting all stakeholder groups, including customers, within the scope of its business cycle. This approach turns into a strategy that enables the Bank to offer products and services in line with the customer expectations and dynamics of the market in which it operates.</p> <p>In parallel with its mission of supporting Türkiye's sustainable and inclusive development, TSKB implements various awareness, development, education, culture and arts projects on climate change, low carbon economy, women's participation in production and equal opportunity.</p> <p>TSKB makes a tangible contribution to increasing good practices in the business world, touching more people's lives, and developing a productive ecosystem that protects the environment.</p>	<p>Integrated Annual Report 2021 Page 24-29</p>



UNEP-FI PRINCIPLES FOR RESPONSIBLE BANKING REPORTING INDEX

Reporting and Self-Assessment Requirements	High-level summary of bank's response	Reference(s)/Link(s) to bank's full response/relevant information
<p>3.2 Describe how your bank has worked with and/or is planning to work with its clients and customers to encourage sustainable practices and enable sustainable economic activities.</p> <p>This should include information on actions planned/implemented, products and services developed, and, where possible, the impacts achieved.</p>	<p>TSKB supports its customers in all matters they need, with appropriate and diverse financing resources, and high-quality investment banking and advisory services, and helps its customers transition to more sustainable practices and business models. TSKB diversifies and develops innovative products, initiatives and information sharing channels for environmental and social development for its customers, within the scope of its sustainable and responsible banking approach.</p> <p>In this framework, in 2021, TSKB continued its activities on corporate banking, investment banking and advisory services; implementing the following innovative tools and ESG products, conducting theme studies and implementing innovative projects.</p> <ul style="list-style-type: none"> - TSKB established the Innovative ESG Products - Investment Banking Working Group in 2021 to develop sustainable labeled products on behalf of our customers, to follow the best practices in the world and carry out similar practices at our Bank. ✔ In 2021, the Bank issued its first SDG-linked lease certificate in line with its green transformation efforts in capital markets. - Developments in the EU Green Deal are closely followed, and the green and inclusive transformation of stakeholders is supported through three business lines. In the upcoming period, TSKB aims to provide direct and indirect support to companies in the transition to the EU Green Deal. - TSKB has launched an afforestation project on behalf of its customers whom it provides loans for their sustainable investments within the scope of its lending activities aimed at providing direct support to SDGs. With the social enterprise Ecoding, the Bank supported the aerial seeding in areas determined by the Ministry of Forestry. ✔ - In line with its vision of supporting inclusive development, TSKB has continued to take responsibility for increasing women's employment in Türkiye as well as for extending equal opportunity practices in business life. In addition to its lending activities, TSKB has continued its impact in the corporate field with social responsibility projects such as "Equal Steps", Empowerment-through-Education Scholarship Fund and "Young Women Musicians Education Support Fund" in 2021. ✔ - Within the scope of the COVID-19 loan agreement signed with the AIB in 2020, TSKB has successfully achieved the financing target of USD 150 million in 2021 in order to support the working capital and liquidity needs of companies adversely affected by the pandemic. ✔ - It is expected that the European Green Deal will have significant effects on Türkiye, which has strong commercial relations with the EU. In this context, 4 different reports on the themes of "Water, Food Safety, Soil and Biodiversity" related to the "Climate Review" series were published in 2021 by the Green Swans Platform established in 2020. ✔ - TSKB aims to conduct a gender bias analysis in the financial sector and organize trainings in this context within the scope of the World Bank's Inclusive Access to Finance (Inca2F) Project. 	<p>Integrated Annual Report 2021 Page 30-32, 89-94, 102-107</p>



UNEP-FI PRINCIPLES FOR RESPONSIBLE BANKING REPORTING INDEX

<p>Principle 4: Stakeholders We will proactively and responsibly consult, engage and partner with relevant stakeholders to achieve society's goals</p> <p>Reporting and Self-Assessment Requirements</p>	<p>High-level summary of bank's response</p>	<p>Reference(s)/Link(s) to bank's full response/ relevant information</p>
<p>4.1 Describe which stakeholders (or groups/ types of stakeholders) your bank has consulted, engaged, collaborated or partnered with for the purpose of implementing these Principles and improving your bank's impacts. This should include a high-level overview of how your bank has identified relevant stakeholders and what issues were addressed/results achieved.</p>	<p>In order to comply with the UNEP FI Principles for Responsible Banking and to improve their impacts, the Bank took the following actions and continued to develop cooperation with its relevant stakeholders in 2021.</p> <ul style="list-style-type: none"> - Focusing on theme development activities, 3 Sub-Theme Working Groups have been established; Circular Economy, European Green Deal, and Sustainable Agriculture. In addition, Climate Change Adaptation and Youth Employment groups were established with the contributions of different units. Efforts of theme groups were communicated with external stakeholders in Theme Reports. ✓ - The publications of TSKB Economic Research continued to attach special importance to the discussions on the climate crisis and the European Green Deal in 2021. TSKB Economic Research analyzes Green Deal discussions with its publications, "The European Version of the Green Deal: A Step to Shaping the Climate Agenda" and "#FitFor55: The EU's Climate Roadmap Gets Clarified." TSKB Economic Research also shared its evaluation on the post-pandemic structure in its report, "Sailing to a Greener World After the Pandemic", in which it synthesized the development perspective from a macro perspective. The report titled with "Leapfrogging Ahead: The Role of Development Banks in Structural Transformation" created from a medium term perspective in order to share the role that development banks can play in the structural transformation needed by countries with the international development finance institutions and national policy makers. ✓ - In the report titled "Energy Outlook 2021" prepared by the TSKB Energy Working Group and published in November, the prominent trends in the energy market were evaluated with a detailed analysis. In 2021, Working Group also published the following studies: "Off-Shore Wind Power Plants Fact Sheet", "Demand Side Management Fact Sheet", "Hydrogen Energy Fact Sheet", "Electric Vehicles and Storage Technologies Fact Sheet" and "Water and Energy Fact Sheet." ✓ - As a signatory to the Business World Plastics Initiative commitments, TSKB published its plastic reduction targets. ✓ - TSKB continued its efforts on Gender Equality, Biodiversity, SDG Mapping and similar issues at the IDFC Club, to which it has been an active member since 2011, and its duty as the IDFC Climate Facility coordinator in 2021. TSKB took part in the coordination of the consultancy work carried out by the Frankfurt School of Finance and Management within the business plan of the IDFC Gender Equality Working Group, which it chaired. ✓ As a result of this study, a common roadmap covering all members of the IDFC was prepared, an analysis was also made in TSKB, and forward-looking action plans were presented. In addition, TSKB held a panel themed "The Relationship between Gender Equality and Climate in the Perspective of Development Banking", in cooperation with AFD and BICE, at the COP26 IDFC Pavilion. ✓ In addition to previous statements, TSKB announced its support for the "Social Investment Statement" in the Finance in Common Summit 2 in 2021. - TSKB positions the fight against climate change and adaptation among its strategic focuses. As a supporter of climate-themed outsourcing to Türkiye, TSKB meticulously monitors the issue of financing the fight against climate change and adaptation, and also supports the climate legislation and infrastructure development efforts by Türkiye. Having published the Fight Against Climate Change and Adaptation Policy in 2021, it works in cooperation with its stakeholders on the management of risks arising from climate change. - In this context, in 2020, TSKB became the only bank from Türkiye to participate in the UNEP-FI Task Force on Climate-Related Financial Disclosures (TCFD) Phase 2 Banking Pilot Program, and in 2021, and participated in the Phase 3 program, which is a continuation of these studies, and the studies are still continuing. ✓ - At the same time, in 2021, TSKB continued to serve as the Chairperson of the Banks Association of Türkiye Sustainability Working Group, which was established in 2020. The Bank coordinated the efforts to update the "Sustainability Guide for the Banking Sector", which was published in 2014 and includes good practices of the contribution of the banking and financial sector to sustainable development. The updated guide was published in March 2021. - As part of cooperation and experience sharing with all stakeholders, Banks Association of Türkiye organized video conferences on "Possible Impacts of Risks and Opportunities Arising from Climate Change on the Banking Sector" and "European Union Green Deal" in 2021. TSKB took part in the conferences where both regulatory authorities, academicians and esteemed speakers from abroad were brought together. ✓ 	<p>Integrated Annual Report 2021 Page 33, 91-95, 103</p>
<p>Principle 5: Governance and Culture We will implement our commitment to these Principles through effective governance and a culture of responsible banking</p> <p>5.1 Describe the relevant governance structures, policies and procedures your bank has in place/is planning to put in place to manage significant positive and negative (potential) impacts and support effective implementation of the Principles.</p>	<p>In 2021, TSKB has structured the Sustainability Management System (SMS) to cover all its business processes. For more inclusive and effective results, the Bank has made a structural change in the management of the Sustainability Committee in 2021, and a Sustainability Coordination Officer position has been created in the organizational structure. Four main Working Groups have been established in line with the Bank's 4 focal points under the sustainability theme. These main groups and their focal points are: Strategy, Corporate Governance, Environment and Climate, Social Impact and Inclusiveness. These main groups, on the other hand, involve 11 sub-working groups. ✓</p> <p>The aim of this structural change is to plan and manage the Bank's core strategies and targets, as well as the Committee's work and objectives, in a more inclusive, effective and synchronized manner. In 2021, the Sustainability Committee convened 3 times.</p> <p>The heads of the Working Groups are selected from various department managers and group managers, and the Working Groups are managed in a dynamic manner. As of the end of 2021, 74 people from TSKB and its subsidiaries took part in committees and working groups. This represents 20% of the banking staff. ✓</p> <p>In 2021, TSKB Sustainability Strategy 2023 and TSKB Climate Change Mitigation and Adaptation Policy as a complementary policy of the TSKB Sustainability Policy were also published. ✓</p>	<p>Integrated Annual Report 2021 Page 30-32</p> <p>Combating Climate Change and Compliance Policy</p>



UNEP-FI PRINCIPLES FOR RESPONSIBLE BANKING REPORTING INDEX

Reporting and Self-Assessment Requirements	High-level summary of bank's response	Reference(s)/Link(s) to bank's full response/ relevant information
<p>5.2 Describe the initiatives and measures your bank has implemented or is planning to implement to foster a culture of responsible banking among its employees.</p> <p>This should include a high-level overview of capacity building, inclusion in remuneration structures and performance management and leadership communication, amongst others.</p>	<p>Established under the updated SMS for 2021, the Sustainability Management System Working Group was established to monitor and assess the Bank's internal environmental impacts and occupational health and safety performances. Trainings were provided for the Bank and related subcontractors to increase OHS and sustainability awareness.</p> <p>In this framework, an integrated program was designed to develop a responsible banking culture and deepen the awareness of sustainability among TSKB employees, and in the second half of the year, the Bank started to work on transforming the training contents designed under the guidance of Escarus into an online education module with the contribution of different departments within the bank. The first online training programs on the topics of "Introduction to Sustainability" and "Corporate Sustainability" were published. The program will continue to be developed under the title "What is ESG?". The new content is aimed to be published in 2022.</p> <p>TSKB continued to carry out various training and development activities in order to improve the technical and professional knowledge of its employees as well as their personal skills. In 2021, an average of 51.5 hours of training was provided per head. The Bank prioritized the development of competencies and management skills in its training activities, which it started in 2020 and continued in 2021 with the motto of "Partner the Future."</p>	<p>Integrated Annual Report 2021 Page 67-72</p>
<p>5.3 Governance Structure for Implementation of the Principles Show that your bank has a governance structure in place for the implementation of the PRB, including:</p> <p>a) target-setting and actions to achieve targets set</p> <p>b) remedial action in the event of targets or milestones not being achieved or unexpected negative impacts being detected.</p>	<p>The Sustainability Management Structure of the Bank, detailed above, supports the implementation of the Principles.</p> <p>The implementation of the UNEP FI Principles for Responsible Banking, of which the Bank was a founding signatory in 2019, is carried out by the Bank's Collaborations with International Initiatives and Indexes Working Group and Indices Working Group with the support of other relevant working groups, the coordination of the annual reporting being done by the Sustainability Reporting Working Group in particular.</p> <p>In the same way, the monitoring of the goals determined in relation to the areas analyzed within the scope of the principles is carried out under the responsibility of these working groups and coordination is provided both inside and outside the Bank. Compliance with the UNEP FI Principles for Responsible Banking is supported by the decisions taken by the Bank, policies, goals and business associations and memberships.</p> <p>In the event that set goals are not achieved or unexpected negative effects are detected, Collaborations with International Initiatives and Indexes Working Group will make a comprehensive assessment in synergy with the relevant working groups, and inform the members of the Sustainability Committee and the Sustainability Management Committee in the light of the findings, and will carry out efforts to determine and put into practice the issues to be managed and the corrective action plans to be taken. </p>	<p>Integrated Annual Report 2021 Page 30-33</p>
<p>Principle 6: Transparency and Accountability We will periodically review our individual and collective implementation of these Principles and be transparent about and accountable for our positive and negative impacts and our contribution to society's goals.</p>		
<p>6.1 Progress on Implementing the Principles for Responsible Banking Show that your bank has progressed on implementing the six Principles over the last 12 months (up to 18 months in your first reporting after becoming a signatory) in addition to the setting and implementation of targets in minimum two areas (see 2.1 - 2.4).</p> <p>Show that your bank has considered existing and emerging international/regional good practices relevant for the implementation of the six Principles for Responsible Banking. Based on this, it has defined priorities and ambitions to align with good practice.</p> <p>Show that your bank has implemented/ is working on implementing changes in existing practices to reflect and be in line with existing and emerging international/regional good practices and has made progress on its implementation of these Principles.</p>	<p>TSKB closely monitors developments, good practices and reporting trends concerning the international standards, and makes improvements in its reporting by taking into account the stakeholder feedback.</p> <p>TSKB prepared the 2021 Integrated Annual Report based on the feedback received annually under the Reporting Matters project as well as the comments of nearly 10 important international stakeholders about the report this year.</p> <p>In accordance with the TCFD recommendations published in May, TSKB has signed a first in the financial sector with its Climate Risk Report. With this report, the Bank has announced its climate risk strategy, governance, risks and opportunities that has been identified and analyzed, its main performance indicators, long-term goals and roadmap to its stakeholders in a comprehensive manner. Important issues and key performance indicators in the aforementioned report have been included in the 2021 EFR.</p> <p>The Sustainability Management System Working Group evaluated the Bank's Scope 1 emission sources in 2021 and determined its emission reduction potential. Consequently, long-term Scope 1 and Scope 2 emission reduction targets were set in line with the Science Based Targets published for the finance industry and communicated in the Climate Risk Report. On the other hand, for Scope 3 indirect emissions, greenhouse gas emissions originating from financing were included in the inventory as part of the transition to the ISO 14064-1:2018 standard in 2021. Accordingly, coal and natural gas fired thermal power plants, iron-steel and cement projects from the carbon-intensive industries that make up 7.5% of the portfolio were taken into account.</p> <p>In addition to the Integrated Annual Report and Climate Risk Report, the other sustainability reports, especially the CDP report, were coordinated.</p> <p>While noting that the global sector rating is B, it is observed that the ratings of most banks operating in Türkiye and reporting CDP have decreased, and it has been confirmed that TSKB is on the way to achieving its high targets in the field of sustainable development by maintaining its success line with rating B in 2021.</p> <p>The UNEP FI Principles for Responsible Banking Report, the first of which was made in 2020, was conducted for the second time this year, and the progress made towards the implementation of the targets set as a result of the impact analysis study carried out in 2021 was published with this report. </p>	<p>Integrated Annual Report 2021 Page 73-87</p> <p>CDP Report</p> <p>Climate Risk Report</p>



GRI 102-55

GRI INDEX



GRI STATEMENT: For the Materiality Disclosures service, it has been examined that the GRI content index is provided and that the references for disclosures 102-40 and 102-49 are consistent with the relevant sections of the report. The service was performed on the Turkish version of the Report.

TSKB - GRI CONTENT INDEX - CORE

GRI STANDARD	EXPLANATION NO	PAGE NUMBER/DIRECT REFERENCE
GRI 101: FOUNDATION 2016		
GRI 102: GENERAL DISCLOSURES 2016		
	CORPORATE PROFILE	
	102-1	Türkiye Sınai Kalkınma Bankası A.Ş. (TSKB)
	102-2	Page: 12
	102-3	Head Office Meclisi Mebusan Cad. No: 81 Fındıklı 34427 İstanbul-Türkiye
	102-4	Türkiye
	102-5	Page: 9 https://www.tskb.com.tr/en/investor-relations/bank-information/articles-of-association
	102-6	TSKB operates in Türkiye.
	102-7	Page: 13-14
	102-8	Pages: 65-67
	102-9	https://www.tskb.com.tr/i/assets/document/pdf/Tskb-Sustainable-Procurements-Management-Policy.pdf
	102-10	Page: 9
	102-11	Page: 122-123
	102-12	Page: 30-33
	102-13	Page: 30-33
	STRATEGY	
	102-14	Page: 19-20 / Message from the Chairperson Page: 21-22 / Message from the CEO
	102-15	Page: 32, 48-49
	ETHICS AND INTEGRITY	
	102-16	https://www.tskb.com.tr/en/investor-relations/corporate-governance/code-of-banking-ethics-and-policies
	102-17	https://www.tskb.com.tr/en/investor-relations/corporate-governance/code-of-banking-ethics-and-policies
	GOVERNANCE	
	102-18	Page: 109-113
	102-19	Page: 30-31
	102-20	Page: 30-31
	102-21	Page: 30-31
	102-22	Page: 109-113 https://www.tskb.com.tr/en/investor-relations/bank-information/board-of-directors-senior-management https://www.tskb.com.tr/en/investor-relations/bank-information/committees
	102-23	The Chairperson of the Board of Directors has no executive duties.
	102-24	Regarding the minimum qualifications to be sought for the election of the members of the Board of Directors, the Bank acts within the framework of the Banking legislation, and the regulations stipulated by the Turkish Commercial Code and the CMB.
	102-25	Page: 116-118 https://www.tskb.com.tr/i/assets/document/pdf/Disclosure%20Policy.pdf

GRI 102: GENERAL DISCLOSURES 2016



GRI INDEX

GRI STANDARD	EXPLANATION NO	PAGE NUMBER/DIRECT REFERENCE
	102-26	Page: 116-118
	102-27	Page: 116-118
	102-28	Page: 116-118
	102-29	Page: 116-118
	102-30	Page: 116-118
	102-31	Page: 116-118
	102-32	Page: 30-31
	102-33	Page: 116-118
	102-34	Page: 116-118
	102-35	https://www.tskb.com.tr/i/assets/document/pdf/TSKB_Remuneration_Policy.pdf
	102-36	https://www.tskb.com.tr/i/assets/document/pdf/TSKB_Remuneration_Policy.pdf
	102-37	https://www.tskb.com.tr/i/assets/document/pdf/TSKB_Remuneration_Policy.pdf
	102-38	https://www.tskb.com.tr/i/assets/document/pdf/TSKB_Remuneration_Policy.pdf
	102-39	https://www.tskb.com.tr/i/assets/document/pdf/TSKB_Remuneration_Policy.pdf
	STAKEHOLDER ENGAGEMENT	
	102-40	Page: 25-29
	102-41	There is no Collective Bargaining Agreement at TSKB.
	102-42	Page: 25-29
	102-43	Page: 25-29
	102-44	Page: 25-29
	REPORTING	
	102-45	The report has been prepared on an unconsolidated basis and the operations of the TSKB's subsidiaries are excluded.
	102-46	Page: 8
	102-47	Page: 25-29
	102-48	There is no statement that has been re-issued.
	102-49	There have been no significant changes in material elements and element frameworks compared to previous reporting periods.
	102-50	Page: 8
	102-51	2020
	102-52	Annualy
	102-53	Özen Çaylı Tel: +90 (212) 334 52 49 Özen Çaylı <HALILOGLUO@tskb.com.tr>
	102-54	This report has been prepared in accordance with the GRI Standards: Core option.
	102-55	Page: 155
	102-56	Page: 129-130

GRI 102: GENERAL DISCLOSURES 2016



GRI INDEX

GRI STANDARD	EXPLANATION NO	PAGE NUMBER/DIRECT REFERENCE
GRI 200: ECONOMIC STANDARD SERIES		
ECONOMIC PERFORMANCE		
GRI 103: MANAGEMENT APPROACH 2016	103-1	Page: 25-29
	103-2	Page: 19-20 / Message from the Chairperson Page: 21-22 / Message from the CEO
	103-3	Page: 19-20 / Message from the Chairperson Page: 21-22 / Message from the CEO
GRI 201: ECONOMIC PERFORMANCE 2016	201-1	Page: 11, 13-14
	201-2	Page: 80-82, 84-86
	201-3	Page: 185-186
	201-4	No financial aids have been received from the government during the reporting period.
MARKET PRESENCE		
GRI 103: MANAGEMENT APPROACH 2016	103-1	Page: 25-29
	103-2	Page: 19-20 / Message from the Chairperson Page: 21-22 / Message from the CEO
	103-3	Page: 19-20 / Message from the Chairperson Page: 21-22 / Message from the CEO
GRI 202: MARKET PRESENCE 2016	202-1	At TSKB, the standard starting level wages of all employees are above the local minimum wage.
	202-2	All members of TSKB Senior Management are Turkish citizens.
INDIRECT ECONOMIC IMPACTS		
GRI 103: MANAGEMENT APPROACH 2016	103-1	Page: 25-29
	103-2	Page: 19-20 / Message from the Chairperson Page: 21-22 / Message from the CEO
	103-3	Page: 19-20 / Message from the Chairperson Page: 21-22 / Message from the CEO
GRI 203: INDIRECT ECONOMIC IMPACTS 2016	203-1	Page: 19-20 / Message from the Chairperson Page: 21-22 / Message from the CEO
	203-2	Page: 11
PROCUREMENT PRACTICES		
GRI 103: MANAGEMENT APPROACH 2016	103-1	Page: 25-29
	103-2	https://www.tskb.com.tr/i/assets/document/pdf/Tskb-Sustainable-Procurements-Management-Policy.pdf
	103-3	https://www.tskb.com.tr/i/assets/document/pdf/Tskb-Sustainable-Procurements-Management-Policy.pdf
GRI 204: PROCUREMENT PRACTICES 2016	204-1	https://www.tskb.com.tr/i/assets/document/pdf/Tskb-Sustainable-Procurements-Management-Policy.pdf
ANTI-CORRUPTION		
GRI 103: MANAGEMENT APPROACH 2016	103-1	Page: 25-29
	103-2	https://www.tskb.com.tr/i/assets/document/pdf/TSKB%20Anti-Bribery%20and%20Anti-Corruption%20Policy%20EN%20web(1).pdf
	103-3	https://www.tskb.com.tr/i/assets/document/pdf/TSKB%20Anti-Bribery%20and%20Anti-Corruption%20Policy%20EN%20web(1).pdf
GRI 205: ANTI-CORRUPTION 2016	205-1	Page: 125-126
	205-3	No confirmed corruption cases were detected during the reporting period.
ANTI-COMPETITIVE PRACTICES		
GRI 103: MANAGEMENT APPROACH 2016	103-1	Page: 25-29
	103-2	https://www.tskb.com.tr/i/assets/document/pdf/TBB_Principles_of_Banking_Ethics(1).pdf
	103-3	https://www.tskb.com.tr/i/assets/document/pdf/TBB_Principles_of_Banking_Ethics(1).pdf
GRI 206: ANTI-COMPETITIVE PRACTICES 2016	206-1	There were no lawsuits related to anti-competitive behavior, trustification and monopoly activities during the reporting period.



GRI INDEX

GRI STANDARD	EXPLANATION NO	PAGE NUMBER/DIRECT REFERENCE
GRI 300: ENVIRONMENTAL STANDARD SERIES		
ENERGY		
GRI 103: MANAGEMENT APPROACH 2016	103-1	Page: 25-29
	103-2	https://www.tskb.com.tr/i/assets/document/pdf/TSKB-ENVIRONMENTAL-AND-SOCIAL-IMPACT-POLICY.pdf
	103-3	https://www.tskb.com.tr/i/assets/document/pdf/TSKB-ENVIRONMENTAL-AND-SOCIAL-IMPACT-POLICY.pdf
GRI 302: ENERGY 2016	302-1	Page: 75, 84-86
	302-2	Page: 75, 84-86
	302-3	Page: 75, 84-86
	302-4	Page: 75, 84-86
WATER AND WASTEWATER		
GRI 103: GOVERNANCE APPROACH 2018	103-1	Page: 25-29
	103-2	Page: 19-20 / Message from the Chairperson Page: 21-22 / Message from the CEO https://www.tskb.com.tr/i/assets/document/pdf/TSKB-ENVIRONMENTAL-AND-SOCIAL-IMPACT-POLICY.pdf
	103-3	Page: 19-20 / Message from the Chairperson Page: 21-22 / Message from the CEO https://www.tskb.com.tr/i/assets/document/pdf/TSKB-ENVIRONMENTAL-AND-SOCIAL-IMPACT-POLICY.pdf
GRI 303: WATER AND WASTEWATER 2018	303-1	Page: 75, 84-86
	303-2	There is no water source that is significantly affected by draft survey.
	303-3	Page: 75, 84-86
EMISSIONS		
GRI 103: MANAGEMENT APPROACH 2016	103-1	Page: 25-29
	103-2	Page: 19-20 / Message from the Chairperson Page: 21-22 / Message from the CEO https://www.tskb.com.tr/i/assets/document/pdf/TSKB-ENVIRONMENTAL-AND-SOCIAL-IMPACT-POLICY.pdf
	103-3	Page: 19-20 / Message from the Chairperson Page: 21-22 / Message from the CEO https://www.tskb.com.tr/i/assets/document/pdf/TSKB-ENVIRONMENTAL-AND-SOCIAL-IMPACT-POLICY.pdf
GRI 305 EMISSIONS 2016	305-1	Page: 75, 84-86
	305-2	Page: 75, 84-86
	305-3	Page: 75, 84-86
	305-4	Page: 75, 84-86
	305-5	Page: 75, 84-86
WASTEWATER AND WASTE		
GRI 103: MANAGEMENT APPROACH 2016	103-1	Page: 25-29
	103-2	Page: 19-20 / Message from the Chairperson Page: 21-22 / Message from the CEO https://www.tskb.com.tr/i/assets/document/pdf/TSKB-ENVIRONMENTAL-AND-SOCIAL-IMPACT-POLICY.pdf
	103-3	Page: 19-20 / Message from the Chairperson Page: 21-22 / Message from the CEO https://www.tskb.com.tr/i/assets/document/pdf/TSKB-ENVIRONMENTAL-AND-SOCIAL-IMPACT-POLICY.pdf
GRI 306: WASTEWATER AND WASTE 2016	306-1	No response was provided as TSKB's activities are not directly related.
	306-2	Page: 75, 84-86
	306-3	No response was provided as TSKB's activities are not directly related.
	306-4	No response was provided as TSKB's activities are not directly related.
	306-5	No response was provided as TSKB's activities are not directly related.



GRI INDEX

GRI STANDARD	EXPLANATION NO	PAGE NUMBER/DIRECT REFERENCE
	ENVIRONMENTAL COMPLIANCE	
GRI 103: MANAGEMENT APPROACH 2016	103-1	Page: 25-29
	103-2	Page: 19-20 / Message from the Chairperson Page: 21-22 / Message from the CEO https://www.tskb.com.tr/i/assets/document/pdf/TSKB-ENVIRONMENTAL-AND-SOCIAL-IMPACT-POLICY.pdf
	103-3	Page: 19-20 / Message from the Chairperson Page: 21-22 / Message from the CEO https://www.tskb.com.tr/i/assets/document/pdf/TSKB-ENVIRONMENTAL-AND-SOCIAL-IMPACT-POLICY.pdf
GRI 307: ENVIRONMENTAL COMPLIANCE 2016	307-1	There are no fines and non-monetary sanctions for non-compliance with environmental laws and regulations. Page: 130
	SUPPLIER ASSESSMENT IN LINE WITH ENVIRONMENTAL CRITERIA	
GRI 103: MANAGEMENT APPROACH 2016	103-1	Page: 25-29 https://www.tskb.com.tr/i/assets/document/pdf/Tskb-Sustainable-Procurements-Management-Policy.pdf
	103-2	Close relations with suppliers are maintained in order to manage the environmental and social impacts caused by the supply chain. Suppliers are supported to improve their environmental and social sustainability performance. This is carried out in accordance with the Sustainable Supply Management Policy.
	103-3	https://www.tskb.com.tr/i/assets/document/pdf/Tskb-Sustainable-Procurements-Management-Policy.pdf
GRI 308: SUPPLIER ASSESSMENT IN LINE WITH ENVIRONMENTAL CRITERIA 2016	308-1	Although suppliers are expected to observe their environmental impacts, there are no suppliers subject to environmental audit.
	GRI 400: SOCIAL STANDARDS SERIES	
	EMPLOYMENT	
GRI 103: MANAGEMENT APPROACH 2016	103-1	Page: 25-29
	103-2	Page: 65-72
	103-3	Page: 65-72
GRI 401: EMPLOYMENT 2016	401-1	In 2021, 54 people in total were recruited. Page: 70
	401-2	All employees at TSKB are full-time employees.
	LABOR/MANAGEMENT AFFAIRS	
GRI 103: MANAGEMENT APPROACH 2016	103-1	Page: 25-29
	103-2	Page: 65-72
	103-3	Page: 65-72
GRI 402: LABOR/MANAGEMENT AFFAIRS 2016	402-1	TSKB fully complies with the laws and regulations governing this issue in Türkiye.
	OCCUPATIONAL HEALTH AND SAFETY	
GRI 103: GOVERNANCE APPROACH 2018	103-1	Page: 25-29
	103-2	https://www.tskb.com.tr/i/assets/document/pdf/Tskb-Occupational-Health-and-Safety-Policy.pdf
	103-3	https://www.tskb.com.tr/i/assets/document/pdf/Tskb-Occupational-Health-and-Safety-Policy.pdf
GRI 403: OCCUPATIONAL HEALTH AND SAFETY 2018	403-2	There were no injuries, accidents, occupational diseases and work-related deaths during the reporting period.
	403-3	Due to the nature of TSKB's activities, there is no risk of work accident or occupational disease.
	TRAINING AND EDUCATION	
GRI 103: MANAGEMENT APPROACH 2016	103-1	Page: 25-29
	103-2	Page: 65-72
	103-3	Page: 65-72
GRI 404: TRAINING AND EDUCATION 2016	404-1	Page: 65-72
	404-2	Page: 65-72



GRI INDEX

GRI STANDARD	EXPLANATION NO	PAGE NUMBER/DIRECT REFERENCE
	DIVERSITY AND EQUALITY IN OPPORTUNITY	
GRI 103: MANAGEMENT APPROACH 2016	103-1	Page: 25-29
	103-2	Page: 65-72
	103-3	Page: 65-72 https://www.tskb.com.tr/en/sustainable-banking/tskb-surdurebilirlik-yonetim-organizasyonu/our-sustainability-policy https://www.tskb.com.tr/i/assets/document/pdf/TSKB-Human-Rights-Policy.pdf
GRI 405: DIVERSITY AND EQUAL OPPORTUNITY 2016	405-1	Page: 70-72
	405-2	At TSKB, there is no gender-based discrimination for employee wages.
	NON-DISCRIMINATION	
GRI 103: MANAGEMENT APPROACH 2016	103-1	Page: 25-29
	103-2	https://www.tskb.com.tr/i/assets/document/pdf/TBB_Principles_of_Banking_Ethics(1).pdf
	103-3	Page: 65-72 https://www.tskb.com.tr/en/sustainable-banking/tskb-surdurebilirlik-yonetim-organizasyonu/our-sustainability-policy https://www.tskb.com.tr/i/assets/document/pdf/TSKB-Human-Rights-Policy.pdf
GRI 406: NON-DISCRIMINATION 2016	406-1	There were no cases of discrimination during the reporting period.
	COLLECTIVE BARGAINING AGREEMENT	
GRI 103: MANAGEMENT APPROACH 2016	103-1	Page: 25-29
	103-2	Page: 65-72
	103-3	Page: 65-72
GRI 407: COLLECTIVE BARGAINING AGREEMENT 2016	407-1	TSKB respects the rights of association and collective bargaining. During the reporting period, to the knowledge of TSKB, there was no violation of union rights by any supplier.
	CHILD LABOR	
GRI 103: MANAGEMENT APPROACH 2016	103-1	Page: 25-29
	103-2	https://www.tskb.com.tr/i/assets/document/pdf/TSKB-Human-Rights-Policy.pdf
	103-3	https://www.tskb.com.tr/i/assets/document/pdf/TSKB-Human-Rights-Policy.pdf
GRI 408: CHILD LABOR 2016	408-1	TSKB never employs child labor. TSKB expects its suppliers to comply with the age provisions specified in the relevant laws and regulations.
	FORCED/COMPULSORY LABOR	
GRI 103: MANAGEMENT APPROACH 2016	103-1	Page: 25-29
	103-2	https://www.tskb.com.tr/i/assets/document/pdf/TSKB-Human-Rights-Policy.pdf
	103-3	https://www.tskb.com.tr/i/assets/document/pdf/TSKB-Human-Rights-Policy.pdf
GRI 409: FORCED/COMPULSORY LABOR 2016	409-1	At TSKB, there are no activities determined to pose a significant risk in terms of forced or involuntary labor. TSKB expects its suppliers not to employ forced labor under any circumstances.
	HUMAN RIGHTS ASSESSMENT	
GRI 103: MANAGEMENT APPROACH 2016	103-1	Page: 25-29
	103-2	https://www.tskb.com.tr/i/assets/document/pdf/TSKB-Human-Rights-Policy.pdf
	103-3	https://www.tskb.com.tr/i/assets/document/pdf/TSKB-Human-Rights-Policy.pdf
GRI 412: HUMAN RIGHTS ASSESSMENT 2016	412-1	None
	CUSTOMER PRIVACY	
GRI 103: MANAGEMENT APPROACH 2016	103-1	Page: 25-29
	103-2	https://www.tskb.com.tr/i/assets/document/pdf/TBB_Principles_of_Banking_Ethics(1).pdf
	103-3	https://www.tskb.com.tr/i/assets/document/pdf/TBB_Principles_of_Banking_Ethics(1).pdf
GRI 418: CUSTOMER PRIVACY 2016	418-1	There are no complaints about breach of customer privacy and loss of customer data.



GRI INDEX

GRI STANDARD	EXPLANATION NO	PAGE NUMBER/DIRECT REFERENCE
FINANCIAL SERVICES		
SECTOR SUPPLEMENT	PRODUCT PORTFOLIO	
GRI 103: MANAGEMENT APPROACH 2016	103-1	Page: 25-29
	103-2	Page: 19-20 / Message from the Chairperson Page: 21-22 / Message from the CEO
	103-3	Page: 19-20 / Message from the Chairperson Page: 21-22 / Message from the CEO
FINANCIAL SERVICES SECTOR SUPPLEMENT	FS6	Page: 44-45, 46-48, 54-55
	FS7	Page: 44-45, 46-48, 54-55
	FS8	Page: 44-45, 46-48, 54-55
	ASSETS	
GRI 103: MANAGEMENT APPROACH 2016	103-1	Page: 25-29
	103-2	Page: 19-20 / Message from the Chairperson Page: 21-22 / Message from the CEO
	103-3	Page: 19-20 / Message from the Chairperson Page: 21-22 / Message from the CEO
FINANCIAL SERVICES SECTOR SUPPLEMENT	FS10	Page: 44-45, 46-48, 54-55
	FS11	Page: 44-45, 46-48, 54-55



UNGC INDEX

Principle 1:	Strategy, Performance and Expectations/Human Capital/Human Resources Principles https://www.tskb.com.tr/i/assets/document/pdf/TSKB-Human-Rights-Policy.pdf
Principle 2:	Strategy, Performance and Expectations/Human Capital/Human Resources Policy https://www.tskb.com.tr/i/assets/document/pdf/TSKB-Human-Rights-Policy.pdf https://www.tskb.com.tr/en/corporate-banking/corporate-lending/occupational-health-and-safety https://www.tskb.com.tr/i/assets/document/pdf/TCFD-eng-2021-05-24.pdf
Principle 3:	Strategy, Performance and Expectations/Human Capital/Human Resources Policy https://www.tskb.com.tr/i/assets/document/pdf/TSKB-Human-Rights-Policy.pdf
Principle 4:	Strategy, Performance and Expectations/Human Capital/Human Resources Policy https://www.tskb.com.tr/i/assets/document/pdf/TSKB-List-of-activities-that-are-not-to-be-financed.pdf https://www.tskb.com.tr/i/assets/document/pdf/TSKB-Human-Rights-Policy.pdf
Principle 5:	Strategy, Performance and Expectations/Human Capital/Human Resources Policy https://www.tskb.com.tr/i/assets/document/pdf/TSKB-List-of-activities-that-are-not-to-be-financed.pdf https://www.tskb.com.tr/i/assets/document/pdf/TSKB-Human-Rights-Policy.pdf
Principle 6:	Strategy, Performance and Expectations/Human Capital/Human Resources Policy https://www.tskb.com.tr/i/assets/document/pdf/TSKB_Equal_Opportunities_Policy.pdf
Principle 7:	Strategy, Performance and Expectations/Strategic Plan/TSKB's Strategy Strategy, Performance and Expectations/Natural Capital/ERET Model Strategy, Performance and Expectations/Natural Capital/TSKB and Climate Change https://www.tskb.com.tr/i/assets/document/pdf/TSKB-ENVIRONMENTAL-AND-SOCIAL-IMPACT-POLICY.pdf
Principle 8:	Strategy, Performance and Expectations/Governance Structure/Sustainability Management System/Declarations to which TSKB is a Signatory Strategy, Performance and Expectations/Intellectual and Manufactured Capital/Initiatives Led and Working Groups Participated by TSKB Strategy, Performance and Expectations/Social Capital/Sustainability Projects https://www.tskb.com.tr/i/assets/document/pdf/TSKB-ENVIRONMENTAL-AND-SOCIAL-IMPACT-POLICY.pdf
Principle 9:	Strategy, Performance and Expectations/Financial Capital/Renewable Energy Industry and TSKB Strategy, Performance and Expectations/Human Capital/TSKB Technology and Entrepreneurship Platform Strategy, Performance and Expectations/Natural Capital/ERET Model Strategy, Performance and Expectations/Social Impact with Innovative Solutions https://www.tskb.com.tr/i/assets/document/pdf/TSKB-ENVIRONMENTAL-AND-SOCIAL-IMPACT-POLICY.pdf
Principle 10:	Corporate Governance and Risk Management/Audit Committee Report https://www.tskb.com.tr/en/investor-relations/corporate-governance/code-of-banking-ethics-and-policies https://www.tskb.com.tr/i/assets/document/pdf/ANTI-BRIBERY-AND-ANTI-CORRUPTION-PROGRAMME-2021.pdf



WEPs INDEX

<p>Principle 1:</p>	<p>Strategy, Performance and Expectations/Governance Structure/Sustainability Management System/Gender Equality Working Group https://www.tskb.com.tr/i/assets/document/pdf/TSKB_Equal_Opportunities_Policy.pdf https://www.tskb.com.tr/i/assets/document/pdf/TSKB_Gender_Equality_Policy.pdf Strategy, Performance and Expectations/Social Capital/2021 Key Performance Indicators Strategy, Performance and Expectations/Social Capital/Equal Opportunity Projects</p>
<p>Principle 2:</p>	<p>Strategy, Performance and Expectations/Human Capital/2021 Key Performance Indicators Strategy, Performance and Expectations/Human Capital/Human Resources Policy https://www.tskb.com.tr/i/assets/document/pdf/TSKB_Equal_Opportunities_Policy.pdf https://www.tskb.com.tr/i/assets/document/pdf/TSKB_Gender_Equality_Policy.pdf</p>
<p>Principle 3:</p>	<p>https://www.tskb.com.tr/en/corporate-banking/corporate-lending/occupational-health-and-safety Strategy, Performance and Expectations/Human Capital Strategy, Performance and Expectations/Human Capital/Human Resources Policy</p>
<p>Principle 4:</p>	<p>Strategy, Performance and Expectations/Human Capital/2021 Key Performance Indicators Strategy, Performance and Expectations/Human Capital/Human Resources Policy Strategy, Performance and Expectations/Social Capital</p>
<p>Principle 5:</p>	<p>Strategy, Performance and Expectations/Financial Capital/Focus on Inclusiveness Strategy, Performance and Expectations/Social Capital/Social Value https://www.tskb.com.tr/i/assets/document/pdf/Tskb-Sustainable-Procurements-Management-Policy.pdf</p>
<p>Principle 6:</p>	<p>Strategy, Performance and Expectations/Governance Structure/Sustainability Management System/Declarations to which TSKB is a Signatory Strategy, Performance and Expectations/Intellectual and Manufactured Capital/Initiatives Led and Working Groups Participated by TSKB Strategy, Performance and Expectations/Social Capital/Sustainability Projects</p>
<p>Principle 7:</p>	<p>Strategy, Performance and Expectations/Human Capital/2021 Key Performance Indicators Annexes Sustainability Principles Compliance Report Annexes/GRI Index Annexes/UNGC Index Annexes/WEPs Index Annexes/WEF Stakeholder Capitalism Index https://www.tskb.com.tr/en/sustainable-banking/tskb-and-sustainable-banking/human-resources</p>



WEF STAKEHOLDER CAPITALISM INDEX

WEF Stakeholder Capitalism Core Disclosures

	Themes	Core Metrics and Disclosures	Category of Related Disclosures
Principles of Governance	Governing Purpose	Setting Purpose	Governance Structure
	Quality of the Governing Body	Governance Body Composition	Corporate Profile & Governance Structure
	Stakeholder Engagement	Material Issues Impacting Stakeholders	Stakeholders and Materiality Analysis
	Ethical Behavior	Anti-corruption	Human Capital
		Protected Ethics Advice and Reporting Mechanisms	Human Capital
Risk and Opportunity Oversight	Integrating Risk and Opportunity into Business Process	Risk Management Policies	
Planet	Climate Change	Greenhouse Gas (GHG) Emissions	Natural Capital
		TCFD Implementation	TCFD Table of Disclosures
	Nature Loss	Land Use and Ecological Sensitivity	Natural Capital
Freshwater Availability	Water Consumption and Withdrawal in Water-stressed Areas	TSKB carries out banking activities and therefore does not consume intensive water in its production processes.	
People	Dignity and Equality	Diversity and Inclusion	Human Capital
		Pay Equality	Human Capital
		Wage Level	Human Capital
		Risk for Incidents of Child, Forced or Compulsory Labor	TSKB operates under the laws of Türkiye. Therefore, there is no risk of child, forced or compulsory labor.
	Health and Well-being	Health and Safety	Human Capital
Skills for the Future	Training Provided	Human Capital	
Prosperity	Employment and Wealth Generation	Absolute Number and Rate of Employment	Human Capital
		Economic Contribution	Human Capital
		Financial Investment Contribution	Human Capital, Financial Statements and Footnotes
	Innovation of Better Products and Services	Total R&D Expenses	Intellectual and Manufactured Capital, Social Capital, Financial Statements and Footnotes
Community and Social Vitality	Total Tax Paid	Financial Statements and Footnotes	



TCFD TABLE OF DISCLOSURES

TCFD Recommendations	Integrated Annual Report	Climate Risk Report
Governance	a Strategy, Performance and Expectations/Sustainability Management System/Sustainability Committee	2.1. Board Oversight
	b Strategy, Performance and Expectations/Sustainability Management System/Sustainability Management Committee and Working Groups	2.2. Sustainability Management
Strategy	a Strategy, Performance and Expectations/Natural Capital/TSKB and Climate Change	3.2. Climate-Related Risks and Opportunities
	b	3.3. Scenario Analysis
Risk Management	a	4.1. Climate-Related Risks
	b Strategy, Performance and Expectations/Natural Capital/TSKB and Climate Change	4.2. Sectoral Analysis and Management of Risks
	c	
Metrics and Targets	a Strategy, Performance and Expectations/Natural Capital/Short-, Medium- and Long-Term Targets	
	b Strategy, Performance and Expectations/Natural Capital/2021 Targets	5.1. Metrics and Targets of Direct Impacts 5.2. Metrics and Targets of Indirect Impacts
	c Strategy, Performance and Expectations/Natural Capital/Internal Impacts	



GENERAL ASSEMBLY AGENDA

ORDINARY GENERAL ASSEMBLY MEETING AGENDA DATED 29.03.2022

1. Commencement, constitution of the Meeting Presidency in accordance with the Articles of Association of the Bank and delegation of authority to the Meeting Presidency for the execution of the minutes of the General Assembly,
2. Review and discussion of the Annual Reports of the Board of Directors and Independent Auditor Reports regarding the accounts and transactions of the Bank within the year of 2021,
3. Review, discussion and approval of the balance sheet and profit and loss statements of the Bank for the year of 2021,
4. Approval of the appointment of the members of the Board of Directors substituting the members leaving their post until the General Assembly,
5. Release of the Members of the Board of Directors,
6. Submission of the Board Resolution to the approval on the determination and allotment of the 2021 profit,
7. Determination of allowance for the Members of the Board of Directors,
8. Election of the Independent Audit Firm,
9. Approval of the Amendment of the 5th Article of the Articles of Association captioned capital which is certified by the Capital Markets Board, Banking Regulation and Supervision Agency and Ministry of Trade,
10. Presentation of the information regarding the donations made within the year and determination of the upper limit for donations to be made within the year 2022,
11. Authorization of the Members of the Board of Directors for the transactions depicted in Articles 395 and 396 of the Turkish Commercial Code,
12. Presenting information regarding the transactions within the scope of Article 1.3.6. of the Corporate Governance Principles of the Capital Markets Board.



DECLARATION OF INDEPENDENCE

To the Board of Directors of Türkiye Sınai Kalkınma Bankası A.Ş.;

Whereas I am nominated to Independent Board of Directors Member on your Bank's General Assembly Meeting dated March 25, 2021, I hereby represent and warrant:

- a) that there isn't any relations between myself, my spouse, my relatives up to second degree or my in-laws, and the Company or those persons who control the management of the Company or possess significant controlling power over the Company or legal persons who have controlling power on such shareholders and there isn't anyone among my relatives and in-laws that have had significant duties or responsibilities in management positions at the aforementioned legal persons; that I do not possess, jointly or individually, greater than 5% of the capital or rights to vote or privileged shares and that I do not have a significant commercial relations with the aforementioned;
- b) that I have not taken part, in the last five years, in companies from which the Company purchases significant amounts of goods or services, especially controlling (including but not limited to tax inspection, legal audit, internal audit), rating or advisory services, as shareholder (5% and above), Board of Directors member or in any other management position with important duties and responsibilities;
- c) that I have ample vocational education, knowledge and experience to properly perform duties I'll undertake as can be reasonably expected from an independent Board of Directors Member;
- d) that I am not employed by public sector organizations as a fulltime employee as of the date I was nominated to Independent Board of Directors Member and that –in the event I am elected, I will not work as a fulltime employee in public sector organizations throughout the term of my office as Independent Board of Directors Member;
- e) that I am considered as a resident of Türkiye in the sense of Income Tax Code (ITC) Code No: 193 dated December 31, 1960;
- f) that I possess strong ethical standards, vocational reputation and experience to contribute to the Bank's success and to remain impartial and take decisions with careful consideration of the stakeholders' rights in the event of any conflicts of interest that might arise among the stakeholders of the Company;
- g) that I will have enough time to monitor the Company's activities and fully perform my duties that I will undertake;
- h) that I did not serve as a Board Member for a term longer than 6 years for the last 10 years;
- i) that I did not serve as an Independent Board Member in more than three of the companies that have controlling power on the Company or shareholders of the Company and/or in more than five of the companies that are publicly traded in the stock market;
- j) that I wasn't registered and announced for and on behalf of a legal person that is appointed to the Board of Directors Member and therefore, I will serve as an Independent Member.

Sincerely,

Mithat Rende
Board Member



STATEMENT OF RESPONSIBILITY

March 1, 2022

TÜRKİYE SİNAİ KALKINMA BANKASI A.Ş. STATEMENT OF RESPONSIBILITY FOR THE INTEGRATED ANNUAL REPORT 2021

Prepared in accordance with the Communiqué on Principles of Financial Reporting in Capital Markets (II-14.1) issued by the Capital Markets Board; TSKB Annual Integrated Report for the period 01.01.2021 - 31.12.2021 comprising financial and non-financial information, key performance indicators and targets; Corporate Governance Compliance Report and Corporate Governance Information Form have been reviewed by us.

In this context, we confirm and state that;

- Within the framework of our duties and responsibilities in the Bank and the information we have, the Report does not include any untrue statement on material events or any deficiency which may make them misleading as of the date of statement,
- As of the reporting period, financial statements and other financial information in the Report honestly reflect the progress and the performance of the business and the financial position of the Bank together with the significant risks and the uncertainties faced,
- Non-financial information, targets and key performance indicators do not include any untrue statement,
- Corporate Governance Compliance Report and Corporate Governance Information Form do not include any deficiency or any untrue statement.

Sincerely,

TÜRKİYE SİNAİ KALKINMA BANKASI A.Ş.

Audit Committee Chairperson
Mahmut Magemizoğlu

Audit Committee Member
Gamze Yalçın

Executive Vice President
Responsible for Financial Reporting
Aziz Ferit Eraslan

Executive Vice President
Responsible for Investor Relations
Meral Murathan

Head of Financial Institutions and
Investor Relations
Gizem Pamukçuoğlu



FINANCIAL STATEMENTS AND NOTES

169	Unconsolidated Statements and Independent Audit Report
179	Consolidated Statements and Independent Audit Report



Türkiye Sınai Kalkınma Bankası Anonim Şirketi

Independent Auditor's Audit Report, Unconsolidated Financial Statements for the Year Ended December 31, 2021

(Convenience translation of unconsolidated financial statements and
independent auditor's audit report originally issued in Turkish, See Note I. of Section three)



You can scan the QR Code
to reach the footnotes.



Building a better
working world

Güney Bağımsız Denetim ve SMMM A. Ş.
Maslak Mah. Eski Büyükdere Cad.
Orjin Maslak İş Merkezi No: 27 D: 57
34485 Sarıyer/İstanbul TÜRKİYE

Tel: +90 212 315 3000
Fax: +90 212 230 8291
ey.com
Ticaret Sicil No : 479920
Mersis No: 0-4350-3032-6000017

INDEPENDENT AUDITOR'S REPORT

To the General Assembly of Türkiye Sınai Kalkınma Bankası A.Ş. Audit of Unconsolidated Financial Statements

Qualified Opinion

We have audited the accompanying unconsolidated financial statements of Türkiye Sınai Kalkınma Bankası A.Ş. (the Bank), which comprise the unconsolidated statement of financial position as at December 31, 2021 and the unconsolidated statement of profit or loss, unconsolidated statement of profit or loss and other comprehensive income, unconsolidated statement of changes in equity and unconsolidated statement of cash flows for the year then ended, and notes to the unconsolidated financial statements, including a summary of significant accounting policies.

In our opinion, except for the effects of the matter on the unconsolidated financial statements described in the Basis for Qualified Opinion paragraph, the accompanying unconsolidated financial statements present fairly, in all material respects, the unconsolidated financial position of Türkiye Sınai Kalkınma Bankası A.Ş. as at December 31, 2021 and unconsolidated financial performance and unconsolidated its cash flows for the year then ended in accordance with the Banking Regulation and Supervision Agency ("BRSA") Accounting and Financial Reporting Legislation which includes "Regulation on Accounting Applications for Banks and Safeguarding of Documents" published in the Official Gazette no.26333 dated November 1, 2006, and other regulations on accounting records of Banks published by Banking Regulation and Supervision Agency and circulars and interpretations published by BRSA and Financial Reporting Standards ("TFRS") for those matters not regulated by the aforementioned regulations.

Basis for Qualified Opinion

As explained in Note 7 of the Explanations and Disclosures related to the Liabilities, the accompanying unconsolidated financial statements as at 31 December 2021 include a free provision amounting to TL 440.000 thousands of which TL 220.000 thousands were provided in prior years and TL 220.000 thousands provided in the current year by the Bank management, for the possible effects of the negative circumstances which may arise from the possible changes in the economy and market conditions. Due to the fact that the above-mentioned items do not meet the recognition criteria of "Turkish Accounting Standard" (TAS) 37 "Provisions, Contingent Liabilities and Contingent Assets", the "Prior Years' Profit/Loss" as of 31 December 2021 and 31 December 2020 and "Net Profit/Loss" for the twelve-month then period ended 31 December 2021 are understated by TL 220.000 thousands, TL 220.000 thousands respectively.

Our audit was conducted in accordance with "Regulation on independent audit of the Banks" published in the Official Gazette no.29314 dated April 2, 2015 by BRSA (BRSA Independent Audit Regulation) and Independent Auditing Standards ("ISA") which are the part of Turkish Auditing Standards issued by the Public Oversight Accounting and Auditing Standards Authority ("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 Bank in accordance with Code of Ethics for Independent Auditors (Code of Ethics) published by POA and have fulfilled our other 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 qualified opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the unconsolidated financial statements of the current period. Key audit matters were addressed in the context of our audit of the unconsolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter described in the Basis for Qualified Opinion section we have determined the matters described below to be the key audit matters to be communicated in our report.



Key Audit Matter	How the matter is addressed in our audit
<p><i>Related important disclosures about recognition and impact of impairment on financial assets in accordance with TFRS 9</i></p> <p>As presented in Section 3 disclosure VIII the Bank calculates expected credit losses of financial assets in accordance with TFRS 9 "Financial Instruments". We considered the TFRS 9 impairment of financial assets as a key audit matter since:</p> <ul style="list-style-type: none"> - Amount of on and off-balance sheet items that are subject to expected credit loss calculation is material to the financial statements. - There are complex and comprehensive requirements of TFRS 9. - The classification of the financial assets is based on the Bank's business model and characteristics of the contractual cash flows in accordance with TFRS 9 and the Bank uses significant judgment on the assessment of the business model and identification of the complex contractual cash flow characteristics of financial instruments. - The Bank determines the fair value of financial assets measured at fair value by level 3 related business model category non-observable in fair value measurement due to the existence of significant estimates and assumptions determination - Policies implemented by the Bank management include compliance risk to the regulations and other practices. - Processes of TFRS 9 are advanced and complex. - Judgements and estimates used in expected credit loss calculation are new, complex and comprehensive. - Disclosure requirements of TFRS 9 are comprehensive and complex. 	<p>Our audit procedures included among others include:</p> <ul style="list-style-type: none"> - Evaluating the appropriateness of accounting policies as to the requirements of TFRS 9, Bank's past experience, local and global practices. - Reviewing and testing of new or structured processes which are used to calculate expected credit losses by involving our Information technology and Process audit specialists. - Evaluation of the reasonableness and appropriateness of the key judgements and estimates determined by the management and the methods, judgments and data sources used in the expected loss calculation, taking into account the standard requirements, industry and global practices, including the actions taken against the impacts of COVID-19 - Reviewing the appropriateness of criteria in order to identify the financial assets having solely payments of principal and interest and checking the compliance to the Bank's Business model. - Examining the financial instruments classification and measurement models (fair value hierarchy Level 3 financial instruments) and comparing them with TFRS 9 standard requirements - Assessing the appropriateness of definition of significant increase in credit risk, default criteria, modification, probability of default, loss given default, exposure at default and forward looking assumptions together with the significant judgements and estimates used in these calculations to regulations and bank's past performance. Evaluating the alignment of those forward looking parameters to Bank's internal processes where applicable. - Assessing the completeness and the accuracy of the data used for expected credit loss calculation. - Testing the mathematical accuracy of expected credit loss calculation on sample basis. - Evaluating the judgments and estimates used for the individually assessed financial assets. - Evaluating the accuracy and the necessity of post-model adjustments. - Auditing of TFRS 9 disclosures.

<i>Pension Fund Obligations</i>	
<p>Employees of the Bank are members of "TSKB A.Ş. Memur ve Müstahdemleri Yardım ve Emekli Vakfı", ("the Fund"), which is established in accordance with the temporary Article 20 of the Social Security Act No. 506 and related regulations. The Fund is a separate legal entity and foundation recognized by an official decree, providing all qualified employees with pension and post-retirement benefits. As disclosed in Section Three Note XVI the "Explanations on Liabilities regarding employee benefits" to the financial statements, Banks will transfer their pension fund to the Social Security Institution and the President has been authorized to determine the transfer date.</p> <p>The Bank's present value of the liabilities of TSKB A.Ş. Memur ve Müstahdemleri Yardım ve Emekli Vakfı fund, subject to the transfer to the Social Security Institution of the Pension Fund as of December 31, 2021 has been calculated by an independent actuary in accordance with the actuarial assumptions in the Law and as per actuarial report dated January 17, 2022, there is no need for technical or actual deficit to book provision as of December 31, 2021.</p> <p>The valuation of the Pension Fund liabilities requires judgment in determining appropriate assumptions such as defining the transferrable social benefits, discount rates, salary increases, demographic assumptions, inflation rate estimates and the impact of any changes in individual pension plans. The Bank Management uses Fund actuaries to assist in assessing these assumptions.</p> <p>Considering the subjectivity of key assumptions and estimate used in the calculations of transferrable liabilities and the effects of the potential changes in the estimates used together with the uncertainty around the transfer date and given the fact that technical interest rate is prescribed under the law, we considered this to be a key audit matter.</p>	<p>It has been addressed whether there have been any significant changes in regulations governing pension liabilities, employee benefits plan during the period, that could lead to adjust the valuation of employee benefits.</p> <p>Support from actuarial expert who is in the same audit network within our firm, has been taken to assess the appropriateness of the actuarial assumptions and calculations performed by the external actuary. We further focused on the accuracy and adequacy of the deficit and also disclosures on key assumptions related to pension fund.</p>



Derivative Financial Instruments	
<p>Derivative financial instruments including foreign exchange contracts, currency and interest rate swaps, currency and interest rate options, futures and other derivative financial instruments which are held for trading are initially recognized on the statement of financial position at fair value and subsequently are re-measured at their fair value. Details of related amounts are explained in Section Five Note 1.2.c Positive differences related to derivative financial assets and Section Five Note II.2 Negative differences related to derivative financial liabilities disclosures.</p> <p>Fair value of the derivative financial instruments is determined by selecting most convenient market data and applying valuation techniques to those particular derivative products. Derivative Financial Instruments are considered by us as a key audit matter because of the subjectivity in the estimates, assumptions and judgements used.</p>	<p>Our audit procedures involve obtaining written confirmations from the third parties and comparing the details of the related derivative transactions. Our audit procedures included among others involve reviewing policies regarding fair value measurement accepted by the bank management fair value calculations of the selected derivative financial instruments which is carried out by valuation experts in our audit team and the assessment of used estimations and the judgements and testing operating effectiveness of the key controls in the process of fair value determination.</p> <p>Our procedures included, amongst others, recalculating fair value calculation and disclosures relating to derivative financial instruments considering the requirements of Turkey Accounting Standards ("TAS") and Turkey Financial Reporting Standards ("TFRS").</p>

Responsibilities of Management and Directors for the Unconsolidated Financial Statements

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

In preparing the unconsolidated financial statements, management is responsible for assessing the Bank'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 Bank or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the Unconsolidated Financial Statements

In an independent audit, the responsibilities of us as independent auditors are:

Our objectives are to obtain reasonable assurance about whether the unconsolidated 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 BRSAs Independent Audit Regulation and ISAs 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 BRSAs Independent Audit Regulation and ISAs, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the unconsolidated 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 Bank'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 Bank'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 unconsolidated 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 Bank to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the unconsolidated 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 government 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.

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



Building a better
working world

Report on Other Legal and Regulatory Requirements

- 1) In accordance with Article 402 paragraph 4 of the Turkish Commercial Code No.6102 ("TCC"); no significant matter has come to our attention that causes us to believe that the Bank's bookkeeping activities and financial statements for the period January 1 – December 31, 2021 are not in compliance with the TCC and the Bank's articles of association in relation to financial reporting.
- 2) In accordance with Article 402 paragraph 4 of the TCC; the Board of Directors submitted to us the necessary explanations and provided required documents within the context of audit.

The engagement partner who supervised and concluded this independent auditor's report is Fatma Ebru Yücel.

Additional paragraph for convenience translation to English

As explained in detail in Note I of Section Three, the effects of differences between accounting principles and standards set out by regulations in conformity with BRSA Accounting and Financial Reporting Legislation, accounting principles generally accepted in countries in which the accompanying unconsolidated financial statements are to be distributed and International Financial Reporting Standards ("IFRS") have not been quantified in the accompanying unconsolidated financial statements. Accordingly, the accompanying unconsolidated financial statements are not intended to present the financial position, results of operations and changes in financial position and cash flows in accordance with the accounting principles generally accepted in such countries and IFRS.

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



Fatma Ebru Yücel, SMMM
Partner

February 3, 2022
İstanbul, Türkiye



THE UNCONSOLIDATED FINANCIAL REPORT OF TÜRKİYE SINAI KALKINMA BANKASI A.Ş. FOR THE YEAR ENDED 31 DECEMBER 2021

Address: Meclisi Mebusan Cad. No:81 Fındıklı/İstanbul
Telephone: (212) 334 52 58
Fax : (212) 334 52 34
Web-site: www.tskb.com.tr
E-mail: ir@tskb.com.tr

The unconsolidated financial report for the year end includes the following sections in accordance with "Communiqué on the Financial Statements and Related Explanation and Notes that will be made Publicly Announced" as sanctioned by the Banking Regulation and Supervision Agency:

- GENERAL INFORMATION ABOUT THE BANK
- UNCONSOLIDATED FINANCIAL STATEMENTS OF THE BANK
- EXPLANATIONS ON THE CORRESPONDING ACCOUNTING POLICIES APPLIED IN THE RELATED PERIOD
- INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT OF THE BANK
- EXPLANATORY DISCLOSURES AND FOOTNOTES ON UNCONSOLIDATED FINANCIAL STATEMENTS
- OTHER EXPLANATIONS
- INDEPENDENT AUDITOR'S REPORT

The accompanying unconsolidated financial statements and the explanatory footnotes and disclosures in this report, unless otherwise indicated, are prepared in thousands of Turkish Lira ("TL"), in accordance with the Communiqué on Bank's Accounting Practice and Maintaining Documents, Turkish Accounting Standards, Turkish Financial Reporting Standards, related communications and the Bank's records, and have been independently audited and presented as attached.

3 February 2022


Adnan BALI
Chairman of Board of Directors


Ece BÖRÜ
Member of Board of Directors and General Manager


Aziz Ferit ERASLAN
Executive Vice President In Charge of Financial Reporting


Halil SERT
Head of Financial Control Department


Mahmut MACEMİZOĞLU
Chairman of Audit Committee


Gamze YALÇIN
Member of Audit Committee

Contact information of the personnel in charge for addressing questions about this financial report:

Name-Surname / Title : Gizem Pamukçuoğlu/ Head of Financial Institutions and Investor Relations
Telephone Number : (212) 334 52 58

Türkiye Sınai Kalkınma Bankası A.Ş.
Meclisi Mebusan Cad. 81 Fındıklı 34427 İstanbul Tel: (212) 334 50 50 Faks: (212) 334 52 34 Ticaret Sicil No:42527
www.tskb.com.tr



TÜRKİYE SİNAİ KALKINMA BANKASI A.Ş.
UNCONSOLIDATED BALANCE SHEET (STATEMENT OF FINANCIAL POSITION)
AS OF DECEMBER 31, 2021

(Amounts are expressed in thousands of Turkish Lira (TL) unless otherwise stated.)

ASSETS	Section 5 Note I	Audited Current Period December 31, 2021			Audited Prior Period December 31, 2020		
		TL	FC	Total	TL	FC	Total
I. FINANCIAL ASSETS (NET)		5,919,318	10,948,528	16,867,846	3,999,712	4,873,494	8,873,206
I.1 Cash and Cash Equivalents		1,526,154	3,712,872	5,239,026	1,480,897	1,190,161	2,671,058
1.1.1 Cash and Balances with Central Bank	(1)	14,708	2,023,420	2,038,128	2,244	1,021,382	1,023,626
1.1.2 Banks	(3)	90,472	1,691,200	1,781,672	55,795	169,352	225,147
1.1.3 Money Market Placements		1,421,026	-	1,421,026	1,422,996	-	1,422,996
1.1.4 Expected Credit Losses (-)		52	1,748	1,800	138	573	711
1.2 Financial Assets at Fair Value Through Profit or Loss	(2)	-	263,097	263,097	-	263,097	263,097
1.2.1 Government Debt Securities		-	-	-	-	-	-
1.2.2 Equity Instruments		-	-	-	-	-	-
1.2.3 Other Financial Assets		-	263,097	263,097	-	263,097	263,097
1.3 Financial Assets at Fair Value Through Other Comprehensive Income	(4)	2,627,715	6,293,117	8,920,832	1,906,122	2,696,730	4,602,852
1.3.1 Government Debt Securities		2,254,125	6,096,386	8,350,511	1,695,394	2,619,578	4,314,972
1.3.2 Equity Instruments		53,776	196,731	250,507	62,062	77,152	139,214
1.3.3 Other Financial Assets		319,814	-	319,814	148,666	-	148,666
1.4 Derivative Financial Assets	(2)	1,765,449	679,442	2,444,891	612,693	723,506	1,336,199
1.4.1 Derivative Financial Assets at Fair Value Through Profit or Loss		1,765,449	679,442	2,444,891	612,693	723,506	1,336,199
1.4.2 Derivative Financial Assets at Fair Value Through Other Comprehensive Income		-	-	-	-	-	-
II. FINANCIAL ASSETS MEASURED AT AMORTIZED COST (NET)		8,417,021	56,330,165	64,747,186	7,705,331	32,745,881	40,451,212
2.1 Loans	(5)	5,668,235	57,889,759	63,557,994	5,514,640	33,400,020	38,914,660
2.2 Lease Receivables	(10)	10,238	336,329	346,567	-	205,726	205,726
2.3 Factoring Receivables		-	-	-	-	-	-
2.4 Other Financial Assets Measured at Amortized Cost	(6)	3,321,632	634,071	3,955,703	2,719,902	363,157	3,083,059
2.4.1 Government Debt Securities		3,321,632	634,071	3,955,703	2,719,902	363,157	3,083,059
2.4.2 Other Financial Assets		-	-	-	-	-	-
2.5 Expected Credit Losses (-)		583,084	2,529,994	3,113,078	529,211	1,223,022	1,752,233
III. PROPERTY AND EQUIPMENT HELD FOR SALE PURPOSE AND RELATED TO DISCONTINUED OPERATIONS (NET)	(16)	64,403	-	64,403	64,403	-	64,403
3.1 Held for Sale Purpose		64,403	-	64,403	64,403	-	64,403
3.2 Related to Discontinued Operations		-	-	-	-	-	-
IV. EQUITY INVESTMENTS		1,695,287	-	1,695,287	1,232,821	-	1,232,821
4.1 Investments in Associates (Net)	(7)	777,551	-	777,551	625,893	-	625,893
4.1.1 Accounted Under Equity Method		777,551	-	777,551	625,893	-	625,893
4.1.2 Unconsolidated Associates		-	-	-	-	-	-
4.2 Subsidiaries (Net)	(8)	917,736	-	917,736	606,928	-	606,928
4.2.1 Unconsolidated Financial Subsidiaries		881,621	-	881,621	581,897	-	581,897
4.2.2 Unconsolidated Non-Financial Subsidiaries		36,115	-	36,115	25,031	-	25,031
4.3 Entities under Common Control (Joint Venture) (Net)	(9)	-	-	-	-	-	-
4.3.1 Joint Ventures Valued Based on Equity Method		-	-	-	-	-	-
4.3.2 Unconsolidated Joint Ventures		-	-	-	-	-	-
V. TANGIBLE ASSETS (Net)	(12)	97,031	-	97,031	89,720	-	89,720
VI. INTANGIBLE ASSETS (Net)	(13)	2,901	-	2,901	3,304	-	3,304
6.1 Goodwill		-	-	-	-	-	-
6.2 Other		2,901	-	2,901	3,304	-	3,304
VII. INVESTMENT PROPERTY (Net)	(14)	-	-	-	-	-	-
VIII. CURRENT TAX ASSET		-	-	-	-	-	-
IX. DEFERRED TAX ASSET	(15)	394,121	-	394,121	175,421	-	175,421
X. OTHER ASSETS (Net)	(17)	117,051	110,659	227,710	117,404	458,868	576,272
TOTAL ASSETS		16,707,133	67,389,352	84,096,485	13,388,116	38,078,243	51,466,359

The accompanying notes are an integral part of these unconsolidated financial statement.

TÜRKİYE SİNAİ KALKINMA BANKASI A.Ş.
UNCONSOLIDATED BALANCE SHEET (STATEMENT OF FINANCIAL POSITION)
AS OF DECEMBER 31, 2021

(Amounts are expressed in thousands of Turkish Lira (TL) unless otherwise stated.)

LIABILITIES AND EQUITY	Section 5 Note II	Audited Current Period December 31, 2021			Audited Prior Period December 31, 2020		
		TL	FC	Total	TL	FC	Total
I. DEPOSITS	(1)	-	-	-	-	-	-
II. FUNDS BORROWED	(3)	89,213	54,154,809	54,244,022	119,985	32,176,978	32,296,963
III. MONEY MARKET BALANCES		76,555	698,140	774,695	721,536	323,705	1,045,241
IV. MARKETABLE SECURITIES ISSUED (Net)	(3)	-	14,927,941	14,927,941	-	8,021,275	8,021,275
4.1 Bills		-	-	-	-	-	-
4.2 Assets Backed Securities		-	-	-	-	-	-
4.3 Bonds		-	14,927,941	14,927,941	-	8,021,275	8,021,275
V. BORROWER FUNDS		11,191	680,513	691,704	6,275	115,830	122,105
5.1 Borrower Funds		11,191	680,513	691,704	6,275	115,830	122,105
5.2 Other		-	-	-	-	-	-
VI. FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS		-	-	-	-	-	-
VII. DERIVATIVE FINANCIAL LIABILITIES	(2)	800,764	319,998	1,120,762	326,364	548,616	874,980
7.1 Derivative Financial Liabilities at Fair Value Through Profit or Loss		800,764	319,998	1,120,762	326,364	548,616	874,980
7.2 Derivative Financial Liabilities at Fair Value Through Other Comprehensive Income		-	-	-	-	-	-
VIII. FACTORING LIABILITIES		-	-	-	-	-	-
IX. LEASE LIABILITIES	(5)	18,156	-	18,156	26,425	-	26,425
X. PROVISIONS	(7)	473,040	58,780	531,820	240,684	29,593	270,277
10.1 Restructuring Provisions		-	-	-	-	-	-
10.2 Reverse for Employee Benefits		28,506	-	28,506	17,096	-	17,096
10.3 Insurance Technical Provisions (Net)		-	-	-	-	-	-
10.4 Other Provisions		444,534	58,780	503,314	223,588	29,593	253,181
XI. CURRENT TAX LIABILITY	(8)	210,793	-	210,793	147,991	-	147,991
XII. DEFERRED TAX LIABILITY	(8)	-	-	-	-	-	-
XIII. LIABILITIES FOR PROPERTY AND EQUIPMENT HELD FOR SALE AND RELATED TO DISCONTINUED OPERATIONS (Net)	(9)	-	-	-	-	-	-
13.1 Held for Sale Purpose		-	-	-	-	-	-
13.2 Related to Discontinued Operations		-	-	-	-	-	-
XIV. SUBORDINATED DEBT INSTRUMENTS	(10)	-	4,029,204	4,029,204	-	2,299,503	2,299,503
14.1 Loans		-	-	-	-	-	-
14.2 Other Debt Instruments		-	4,029,204	4,029,204	-	2,299,503	2,299,503
XV. OTHER LIABILITIES	(4)	157,491	449,259	606,750	141,233	115,810	257,043
XVI. SHAREHOLDERS' EQUITY		7,157,420	(216,782)	6,940,638	5,981,463	123,093	6,104,556
16.1 Paid-in capital	(11)	2,800,000	-	2,800,000	2,800,000	-	2,800,000
16.2 Capital Reserves		374	-	374	374	-	374
16.2.1 Share Premium		-	-	-	-	-	-
16.2.2 Share Cancellation Profits		-	-	-	-	-	-
16.2.3 Other Capital Reserves		374	-	374	374	-	374
16.3 Accumulated Other Comprehensive Income or Loss Not Reclassified Through Profit or Loss	(11)	189,066	16,502	205,568	124,204	(765)	123,439
16.4 Accumulated Other Comprehensive Income or Loss Reclassified Through Profit or Loss		196,231	(233,284)	(37,053)	101,816	123,858	225,674
16.5 Profit Reserves		2,882,741	-	2,882,741	2,222,240	-	2,222,240
16.5.1 Legal Reserves	(11)	374,794	-	374,794	338,153	-	338,153
16.5.2 Status Reserves		75,641	-	75,641	75,641	-	75,641
16.5.3 Extraordinary Reserves	(11)	2,429,386	-	2,429,386	1,805,526	-	1,805,526
16.5.4 Other Profit Reserves		2,920	-	2,920	2,920	-	2,920
16.6 Profit Or Loss		1,089,008	-	1,089,008	732,829	-	732,829
16.6.1 Prior Years' Profit/Loss		-	-	-	-	-	-
16.6.2 Current Year Profit/Loss		1,089,008	-	1,089,008	732,829	-	732,829
TOTAL LIABILITIES AND EQUITY		8,994,623	75,101,862	84,096,485	7,711,956	43,754,403	51,466,359

The accompanying notes are an integral part of these unconsolidated financial statement.



TÜRKİYE SINAİ KALKINMA BANKASI A.Ş.
UNCONSOLIDATED STATEMENT OF OFF-BALANCE SHEET
AS OF DECEMBER 31, 2021
 (Amounts are expressed in thousands of Turkish Lira (TL) unless otherwise stated.)

OFF BALANCE SHEET	Section 5 Note III	Audited Current Period December 31, 2021			Audited Prior Period December 31, 2020		
		TL	FC	Total	TL	FC	Total
A. OFF-BALANCE SHEET COMMITMENTS AND CONTINGENCIES (I-III-III)		9,021,719	98,426,260	107,447,979	6,358,023	60,441,052	66,799,075
I. GUARANTEES AND COLLATERALS	(1)	337,756	7,945,861	8,283,617	356,889	4,582,781	4,938,800
1.1 Letters of Guarantee		251,851	2,660,952	2,912,803	356,059	1,730,105	2,086,164
1.1.1 Guarantees Subject to State Tender Law		-	-	-	-	-	-
1.1.2 Guarantees Given for Foreign Trade Operations		251,851	2,660,952	2,912,803	356,059	1,730,105	2,086,164
1.1.3 Other Letters of Guarantee		-	-	-	-	-	-
1.2 Bank Acceptances		-	170,742	170,742	-	170,915	170,915
1.2.1 Import Letter of Acceptance		-	170,742	170,742	-	170,915	170,915
1.2.2 Other Bank Acceptance		-	-	-	-	-	-
1.3 Letters of Credit		85,905	5,113,367	5,199,272	-	2,681,761	2,681,761
1.3.1 Documentary Letters of Credit		85,905	5,113,367	5,199,272	-	2,681,761	2,681,761
1.3.2 Other Letters of Credit		-	-	-	-	-	-
1.4 Prefinancing Given as Guarantee		-	-	-	-	-	-
1.5 Endorsements		-	-	-	-	-	-
1.5.1 Endorsements to the Central Bank of Turkey		-	-	-	-	-	-
1.5.2 Other Endorsements		-	-	-	-	-	-
1.6 Securities Issue Purchase Guarantees		-	-	-	-	-	-
1.7 Factoring Guarantees		-	-	-	-	-	-
1.8 Other Guarantees		-	-	-	-	-	-
1.9 Other Collaterals		-	-	-	-	-	-
II. COMMITMENTS	(1)	1,252,013	9,400,185	10,652,198	674,463	5,268,401	5,942,864
2.1 Irrevocable Commitments		694,819	795,425	1,490,244	124,557	553,859	678,416
2.1.1 Forward Asset Purchase and Sale Commitments		84,156	294,071	378,227	9,512	90,579	100,091
2.1.2 Forward Deposit Purchase and Sales Commitments		-	-	-	-	-	-
2.1.3 Share Capital Commitments to Associates and Subsidiaries		-	157,380	157,380	-	127,172	127,172
2.1.4 Loan Granting Commitments		-	-	-	-	-	-
2.1.5 Securities Underwriting Commitments		-	-	-	-	-	-
2.1.6 Commitments for Reserve Deposit Requirements		-	-	-	-	-	-
2.1.7 Payment Commitment for Checks		-	-	-	-	-	-
2.1.8 Tax and Fund Liabilities from Export Commitments		-	-	-	-	-	-
2.1.9 Commitments for Credit Card Expenditure Limits		-	-	-	-	-	-
2.1.10 Commitments for Promotions Related with Credit Cards and Banking Activities		-	-	-	-	-	-
2.1.11 Receivables from Short Sale Commitments		-	-	-	-	-	-
2.1.12 Payables for Short Sale Commitments		-	-	-	-	-	-
2.1.13 Other Irrevocable Commitments		610,663	343,974	954,637	115,045	336,108	451,153
2.2 Revocable Commitments		557,194	8,604,760	9,161,954	549,906	4,714,542	5,264,448
2.2.1 Revocable Loan Granting Commitments		557,194	8,604,760	9,161,954	549,906	4,714,542	5,264,448
2.2.2 Other Revocable Commitments		-	-	-	-	-	-
III. DERIVATIVE FINANCIAL INSTRUMENTS	(2)	7,431,950	81,081,014	88,512,964	5,327,501	50,889,870	55,917,311
3.1 Derivative Financial Instruments for Hedging Purposes		-	27,012,103	27,012,103	-	19,840,766	19,840,766
3.1.1 Fair Value Hedge		-	27,012,103	27,012,103	-	19,840,766	19,840,766
3.1.2 Cash Flow Hedge		-	-	-	-	-	-
3.1.3 Hedge of Net Investment in Foreign Operations		-	-	-	-	-	-
3.2 Held for Trading Transactions		7,431,950	54,068,911	61,500,861	5,327,501	30,749,104	36,076,605
3.2.1 Forward Foreign Currency Buy/Sell Transactions		652,330	1,633,747	2,286,077	551,948	799,850	1,351,798
3.2.1.1 Forward Foreign Currency Transactions-Buy		573,527	490,868	1,064,395	283,382	393,739	677,121
3.2.1.2 Forward Foreign Currency Transactions-Sell		78,803	1,142,879	1,221,682	268,566	406,111	674,677
3.2.2 Swap Transactions Related to Foreign Currency and Interest Rate		6,773,680	52,429,920	59,203,600	4,632,583	29,814,290	34,446,873
3.2.2.1 Foreign Currency Swap-Buy		575,456	13,556,545	14,132,001	264,164	6,861,632	7,125,796
3.2.2.2 Foreign Currency Swap-Sell		5,936,002	7,035,505	12,971,507	4,368,419	2,503,402	6,871,821
3.2.2.3 Interest Rate Swap-Buy		131,111	15,918,935	16,050,046	-	10,224,628	10,224,628
3.2.2.4 Interest Rate Swap-Sell		131,111	15,918,935	16,050,046	-	10,224,628	10,224,628
3.2.3 Foreign Currency, Interest Rate, and Securities Options		5,940	5,244	11,184	142,970	134,964	277,934
3.2.3.1 Foreign Currency Options-Buy		2,970	2,622	5,592	71,485	67,482	138,967
3.2.3.2 Foreign Currency Options-Sell		2,970	2,622	5,592	71,485	67,482	138,967
3.2.3.3 Interest Rate Options-Buy		-	-	-	-	-	-
3.2.3.4 Interest Rate Options-Sell		-	-	-	-	-	-
3.2.3.5 Securities Options-Buy		-	-	-	-	-	-
3.2.3.6 Securities Options-Sell		-	-	-	-	-	-
3.2.4 Foreign Currency Futures		-	-	-	-	-	-
3.2.4.1 Foreign Currency Futures-Buy		-	-	-	-	-	-
3.2.4.2 Foreign Currency Futures-Sell		-	-	-	-	-	-
3.2.5 Interest Rate Futures		-	-	-	-	-	-
3.2.5.1 Interest Rate Futures-Buy		-	-	-	-	-	-
3.2.5.2 Interest Rate Futures-Sell		-	-	-	-	-	-
3.2.6 Other		-	-	-	-	-	-
B. CUSTODY AND PLEDGES SECURITIES (IV-V+VI)		76,385,147	766,845,685	843,230,832	66,624,295	416,277,357	482,901,652
IV. ITEMS HELD IN CUSTODY		202,108	1,222,034	1,424,142	821,679	143,519	965,198
4.1 Customers' Securities Held		-	-	-	-	-	-
4.2 Investment Securities Held in Custody		72,731	1,222,034	1,294,765	24,389	143,519	167,908
4.3 Checks Received for Collection		248	-	248	248	-	248
4.4 Commercial Notes Received for Collection		-	-	-	-	-	-
4.5 Other Assets Received for Collection		-	-	-	-	-	-
4.6 Assets Received for Public Offering		-	-	-	-	-	-
4.7 Other Items Under Custody		-	-	-	-	-	-
4.8 Custodians		129,129	-	129,129	797,042	-	797,042
V. PLEDGES ITEMS		68,479,609	899,875,663	668,355,272	50,872,459	327,909,238	386,981,787
5.1 Marketable Securities		456,247	-	456,247	456,248	-	456,248
5.2 Guarantee Notes		110,554	2,180,912	2,291,466	80,240	1,616,133	1,696,373
5.3 Commodity		-	-	-	-	-	-
5.4 Warranty		-	-	-	-	-	-
5.5 Real Estate		8,875,234	152,961,497	161,836,731	8,235,107	89,251,431	97,486,538
5.6 Other Pledged Items		59,037,574	444,733,254	503,770,828	50,300,864	237,041,764	287,342,628
5.7 Pledged Items-Depository		-	-	-	-	-	-
VI. ACCEPTED BILL OF EXCHANGE AND COLLATERALS		7,783,430	165,747,988	173,451,418	6,730,157	88,224,510	94,954,667
TOTAL OFF BALANCE SHEET ITEMS (A-B)		85,406,866	865,271,945	950,678,811	72,982,318	476,718,409	549,700,727

The accompanying notes are an integral part of these unconsolidated financial statements.

TÜRKİYE SINAİ KALKINMA BANKASI A.Ş.
UNCONSOLIDATED STATEMENT OF PROFIT OR LOSS
FOR THE YEAR ENDED DECEMBER 31, 2021
 (Amounts are expressed in thousands of Turkish Lira (TL) unless otherwise stated.)

STATEMENT OF PROFIT OR LOSS	Audited Current Period January 1, 2021 – December 31, 2021	Audited Prior Period January 1, 2020 – December 31, 2020
I. INTEREST INCOME	(1) 4,541,358	3,266,501
1.1 Interest on Loans	3,162,432	2,368,072
1.2 Interest Received from Reserve Deposits	998	72
1.3 Interest Received from Banks	8,372	21,910
1.4 Interest Received from Money Market Placements	244,166	90,430
1.5 Interest Received from Marketable Securities Portfolio	1,113,008	772,828
1.5.1 Fair Value through Profit or Loss	-	5
1.5.2 Fair Value through other Comprehensive Income	549,462	408,341
1.5.3 Measured at Amortized Cost	563,546	364,482
1.6 Finance Lease Interest Income	9,239	8,460
1.7 Other Interest Income	3,143	4,729
II. INTEREST EXPENSES (-)	(2) 1,678,023	1,267,018
2.1 Interest on Deposits	-	-
2.2 Interest on Funds Borrowed	634,282	585,670
2.3 Interest on Money Market Borrowings	42,576	28,347
2.4 Interest on Securities Issued	989,918	643,826
2.5 Leasing Interest Expense	6,159	7,808
2.6 Other Interest Expense	5,088	1,367
III. NET INTEREST INCOME (I - II)	2,863,335	1,999,483
IV. NET FEES AND COMMISSIONS INCOME / EXPENSES	70,855	50,145
4.1 Fees and Commissions Received	79,805	57,605
4.1.1 Non-cash Loans	30,572	35,171
4.1.2 Other	49,233	22,434
4.2 Fees and Commissions Paid (-)	8,950	7,460
4.2.1 Non-cash Loans	1,795	1,067
4.2.2 Other	7,155	6,393
V. DIVIDEND INCOME	(3) 2,973	4,392
VI. NET TRADING INCOME	(4) 508,631	40,168
6.1 Securities Trading Gains / (Losses)	8,587	7,122
6.2 Derivative Financial Instruments Gains / Losses	1,966,654	(105,898)
6.3 Foreign Exchange Gains / Losses (Net)	(1,466,610)	138,944
VII. OTHER OPERATING INCOME	(5) 57,990	5,889
VIII. GROSS OPERATING INCOME (III+IV+V+VI+VII)	(6) 3,503,784	2,100,877
IX. EXPECTED CREDIT LOSSES (-)	(7) 1,791,457	1,008,512
X. OTHER PROVISION EXPENSES (-)	(8) 220,000	-
XI. PERSONNEL EXPENSES (-)	(9) 173,376	143,205
XII. OTHER OPERATING EXPENSES (-)	(10) 89,718	78,696
XIII. NET OPERATING INCOME/(LOSS) (VIII-IX-X-XI-XII)	1,229,233	869,664
XIV. AMOUNT IN EXCESS RECORDED AS GAIN AFTER MERGER	-	-
XV. PROFIT / (LOSS) ON EQUITY METHOD	228,830	77,684
XVI. GAIN / (LOSS) ON NET MONETARY POSITION	-	-
XVII. PROFIT/(LOSS) FROM CONTINUED OPERATIONS BEFORE TAXES (XIII+XIV+XV)	1,458,063	947,348
XVIII. TAX PROVISION FOR CONTINUED OPERATIONS (±)	(8) 369,055	214,519
18.1 Provision for Current Income Taxes	493,307	363,282
18.2 Deferred Tax Income Effect (+)	471,566	499,919
18.3 Deferred Tax Expense Effect (-)	595,818	648,682
XIX. NET PROFIT/(LOSS) FROM CONTINUED OPERATIONS (XVII+XVIII)	1,089,008	732,829
XX. INCOME ON DISCONTINUED OPERATIONS	-	-
20.1 Income on Assets Held for Sale	-	-
20.2 Income on Sale of Associates, Subsidiaries and Jointly Controlled Entities (Joint Venture)	-	-
20.3 Income on Other Discontinued Operations	-	-
XXI. LOSS FROM DISCONTINUED OPERATIONS (-)	-	-
21.1 Loss from Assets Held for Sale	-	-
21.2 Loss on Sale of Associates, Subsidiaries and Jointly Controlled Entities (Joint Venture)	-	-
21.3 Loss from Other Discontinued Operations	-	-
XXII. PROFIT / (LOSS) ON DISCONTINUED OPERATIONS	-	-
BEFORE TAXES (XX+XXI)	-	-
XXIII. TAX PROVISION FOR DISCONTINUED OPERATIONS (±)	-	-
23.1 Provision for Current Income Taxes	-	-
23.2 Deferred Tax Expense Effect (+)	-	-
23.3 Deferred Tax Income Effect (-)	-	-
XXIV. NET PROFIT/(LOSS) FROM DISCONTINUED OPERATIONS (XXII+XXIII)	-	-
XXV. NET PROFIT/(LOSS) (XIX+XXIV)	(10) 1,089,008	732,829
Earning / (loss) per share	0,389	0,262

The accompanying notes are an integral part of these unconsolidated financial statements.



TÜRKİYE SİNAİ KALKINMA BANKASI A.Ş.
UNCONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE
INCOME FOR THE YEAR ENDED DECEMBER 31, 2021

(Amounts are expressed in thousands of Turkish Lira (TL) unless otherwise stated.)

	Audited Current Period January 1, 2021 – December 31, 2021	Audited Prior Period January 1, 2020 – December 31, 2020
PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME		
I. CURRENT PERIOD INCOME / LOSS	1.089.008	732.829
II. OTHER COMPREHENSIVE INCOME	(179.643)	202.770
2.1 Not Reclassified Through Profit or Loss	83.084	49.286
2.1.1 Property and Equipment Revaluation Increase / Decrease	10.661	10.481
2.1.2 Intangible Assets Revaluation Increase / Decrease	-	-
2.1.3 Defined Benefit Pension Plan Remeasurement Gain / Loss	(7.670)	3.469
2.1.4 Other Comprehensive Income Items Not Reclassified Through Profit or Loss	79.581	36.639
2.1.5 Tax Related Other Comprehensive Income Items Not Reclassified Through Profit or Loss	512	(1.303)
2.2 Reclassified Through Profit or Loss	(262.727)	153.484
2.2.1 Foreign Currency Translation Differences	64.573	19.138
2.2.2 Valuation and / or Reclassification Income / Expense of the Financial Assets at Fair Value Through Other Comprehensive Income	(452.159)	57.487
2.2.3 Cash Flow Hedge Income / Loss	-	-
2.2.4 Income (Loss) Related with Hedges of Net Investments in Foreign Operations	-	-
2.2.5 Other Comprehensive Income Items Reclassified Through Profit or Losses	30.923	87.426
2.2.6 Tax Related Other Comprehensive Income Items Reclassified Through Profit or Loss	93.936	(10.567)
III. TOTAL COMPREHENSIVE INCOME (I+II)	909.365	935.599

TÜRKİYE SİNAİ KALKINMA BANKASI A.Ş.
UNCONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE YEAR ENDED DECEMBER 31, 2021

(Amounts are expressed in thousands of Turkish Lira (TL) unless otherwise stated.)

	Paid-in Capital	Share Premiums	Share Contributions	Other Reserves	Accumulated Other Comprehensive Income or Expenses or Through Profit or Loss						Current Period Profit or (Loss)	Total Equity Except from Minority Interest	Total Sharehold Equity	
					1	2	3	4	5	6				
CHANGES IN SHAREHOLDERS' EQUITY														
Prior Period – December 31, 2020	2.800.000	-	-	374	40.908	(1.082)	34.327	20.714	28.008	23.468	1.444.342	776.084	-	5.167.143
I. Corrections and Accounting Policy Changes	-	-	-	-	-	-	-	-	-	-	-	-	-	-
II. Revaluation Increase / Decrease of Fixed Assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-
III. Effects of the Changes in Accounting Policies	-	-	-	-	-	-	-	-	-	-	-	-	-	-
IV. Adjusted Beginning Balance (I+II)	2.800.000	-	-	374	40.908	(1.082)	34.327	20.714	28.008	23.468	1.444.342	776.084	-	5.167.143
V. Total Comprehensive Income	-	-	-	-	9.901	2.746	36.639	19.138	46.920	87.426	-	732.829	935.599	935.599
VI. Capital Increase by Issuance of Shares	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VII. Capital Increase by Issuance of Shares	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VIII. Effect of Inflation on Paid-in Capital	-	-	-	-	-	-	-	-	-	-	-	-	-	-
IX. Convertible Bonds to Share	-	-	-	-	-	-	-	-	-	-	-	-	-	-
X. Subordinated Debt Instruments	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XI. Transfers to Reserves	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XII. Dividends Distributed	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XIII. Profit Distributed	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XIV. Transfers to Reserves	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Period-End Balance (I+II+V+...+X+XII)	2.800.000	-	-	374	50.809	1.664	70.966	39.852	74.928	110.894	2.222.240	732.829	6.104.556	6.104.556

(*) The restatement for the previous period is for the Bank's application of TAS 27 and explained in Sections 3, Note XVIII

1. Accumulated Revaluation Increase / Decrease of Fixed Assets
2. Accumulated Remeasurement Gain / Loss of Defined Benefit Pension Plan
3. Other Shares of Investments Valued by Equity Method in Other Comprehensive Income Not Classified Through Profit or Loss and Other Accumulated Amounts of Other Comprehensive Income Items Not Reclassified Through Other Profit/Loss
4. Accumulated Revaluation and/or Remeasurement Gain/Loss of the Financial Asset at Fair Value Through Other Comprehensive Income
5. Accumulated Revaluation and/or Remeasurement Gain/Loss of the Financial Asset at Fair Value Through Other Comprehensive Income
6. Other Cash Flow Hedge Gain/Loss, Shares of Investments Valued by Equity Method in Other Comprehensive Income, Classified Through Profit or Loss and Other Accumulated Amounts of Other Comprehensive Income Items Reclassified Through Other Profit or Loss

The accompanying notes are an integral part of these unconsolidated financial statement.

The accompanying notes are an integral part of these unconsolidated financial statement.



TÜRKİYE SİNAİ KALKINMA BANKASI A.Ş.
UNCONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE YEAR ENDED DECEMBER 31, 2021
 (Amounts are expressed in thousands of Turkish Lira (TL) unless otherwise stated.)

CHANGES IN SHAREHOLDERS' EQUITY	Note	Paid-in Capital	Share Premiums	Share Cancellation Profits	Other Capital Reserves	Accumulated Other Comprehensive Income or Expenses Not Reclassified Through Profit or Loss						Current Period Profit or (Loss)	Prior Period Profit or (Loss)	Profit Reserves	Total Equity			
						1	2	3	4	5	6				Minority Interest	Minority Interest	Total Shareholders' Equity	
Current Period – December 31, 2021																		
I. Prior Period End Balance		2.800.000	-	-	374	50.809	1.664	70.966	39.852	74.928	110.894	2.222.240	732.829	-	6.104.556	-	6.104.556	-
II. Corrections and Accounting Policy Changes		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.1. Effect of Error		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.2. Effects of the Changes in Accounting Policies		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
III. Adjusted Beginning Balance (F+II)		2.800.000	-	-	374	50.809	1.664	70.966	39.852	74.928	110.894	2.222.240	732.829	-	6.104.556	-	6.104.556	-
IV. Total Comprehensive Income		-	-	-	9.639	(6.136)	79.581	64.573	(58.823)	30.923	-	-	1.089.008	-	909.365	-	909.365	-
V. Capital Increase by Cash		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VI. Dividends Distributed		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VII. Effect of Inflation on Paid-in Capital		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VIII. Convertible Bonds to Share		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
IX. Subordinated Debt Instruments		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
X. Increase/Decrease by Other Changes		-	-	-	(955)	-	-	-	-	-	-	668.501	(732.829)	-	(73.283)	-	(73.283)	-
XI. Dividends Distributed		-	-	-	(955)	-	-	-	-	-	-	620.501	(619.546)	-	(73.283)	-	(73.283)	-
XII. Transfers to Reserves		-	-	-	-	-	-	-	-	-	-	40.000	(40.000)	-	-	-	-	-
XIII. Other		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Period-End Balance (III-IV+...+XIII)		2.800.000	-	-	374	59.493	(4.472)	150.547	104.425	(283.295)	141.817	2.282.741	1.089.008	-	6.940.638	-	6.940.638	-

1. Accumulated Revaluation Increase / Decrease of Fixed Assets
 2. Accumulated Remeasurement Gain / Loss of Defined Benefit Pension Plan
 3. Other (Shares of Investments Valued by Equity Method in Other Comprehensive Income Not Classified Through Profit or Loss and Other Accumulated Amounts of Other Comprehensive Income Items Not Reclassified Through Other Profit or Loss)
 4. Foreign Currency Translation Differences
 5. Other Comprehensive Income Items Not Reclassified Through Profit or Loss
 6. Other (Cash Flow Hedge Gain/Loss, Shares of Investments Valued by Equity Method in Other Comprehensive Income Classified Through Profit or Loss and Other Accumulated Amounts of Other Comprehensive Income Items Reclassified Through Other Profit or Loss)

The accompanying notes are an integral part of these unconsolidated financial statement.

TÜRKİYE SİNAİ KALKINMA BANKASI A.Ş.
UNCONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2021
 (Amounts are expressed in thousands of Turkish Lira (TL) unless otherwise stated.)

Note	Audited Current Period December 31, 2021	Audited Prior Period December 31, 2020
A. CASH FLOWS FROM BANKING OPERATIONS		
I.1 Operating Profit Before Changes in Operating Assets and Liabilities	3.384.971	1.852.903
1.1.1 Interest Received	3.439.789	2.919.380
1.1.2 Interest Paid	(1.369.352)	(1.172.640)
1.1.3 Dividends Received	9.055	7.433
1.1.4 Fees and Commissions Received	79.805	57.605
1.1.5 Other Income	3.679	10.620
1.1.6 Collections from Previously Written off Loans	199.458	33.003
1.1.7 Payments to Personnel and Service Suppliers	(170.290)	(140.855)
1.1.8 Taxes Paid	(306.721)	(295.515)
1.1.9 Others	1.499.548	433.872
I.2 Changes in Operating Assets and Liabilities	210.118	(551.990)
1.2.1 Net (Increase) (Decrease) in Financial Assets at Fair Value through Profit or Loss	-	-
1.2.2 Net (Increase) (Decrease) in Due from Banks	-	-
1.2.3 Net (Increase) (Decrease) in Loans	1.062.378	568.701
1.2.4 Net (Increase) (Decrease) in Other Assets	(737.255)	(275.434)
1.2.5 Net (Increase) (Decrease) in Bank Deposits	-	-
1.2.6 Net (Increase) (Decrease) in Other Deposits	-	-
1.2.7 Net (Increase) (Decrease) in Financial Liabilities at Fair Value through Profit or Loss	-	-
1.2.8 Net (Increase) (Decrease) in Funds Borrowed	(860.102)	(1.367.338)
1.2.9 Net (Increase) (Decrease) in Matured Payable	-	-
1.2.10 Net (Increase) (Decrease) in Other Liabilities	745.097	522.081
I. Net Cash Provided by / (used in) Banking Operations	3.595.089	1.300.913
B. CASH FLOWS FROM INVESTING ACTIVITIES		
II. Net Cash Provided by / (used in) Investing Activities	(2.540.848)	(189.774)
2.1 Cash Paid for Purchase of Entities under Common Control, Associates and Subsidiaries	(134.399)	(185.542)
2.2 Cash Obtained from Sale of Entities under Common Control, Associates and Subsidiaries	-	-
2.3 Purchases of Property and Equipment	(8.475)	(1.532)
2.4 Disposals of Property and Equipment	936	108
2.5 Purchase of Financial Assets at Fair Value through Other Comprehensive Income	(3.044.446)	(1.013.123)
2.6 Sale of Financial Assets at Fair Value through Other Comprehensive Income	904.858	1.160.742
2.7 Purchase of Financial Assets Measured at Amortized Cost	(419.990)	(149.670)
2.8 Sale of Financial Assets Measured at Amortized Cost	162.558	1.577
2.9 Others	(1.890)	(2.334)
C. CASH FLOWS FROM FINANCING ACTIVITIES		
III. Net Cash Provided by / (used in) Financing Activities	(9.922)	(93.027)
3.1 Cash Obtained From Funds Borrowed and Securities Issued	2.558.789	2.345.479
3.2 Cash Used for Repayment of Funds Borrowed and Securities Issued	(2.460.308)	(2.420.808)
3.3 Capital Increase	-	-
3.4 Dividends Paid	(73.283)	-
3.5 Payments for Leases	(35.120)	(17.698)
3.6 Other	-	-
IV. Effect of Change in Foreign Exchange Rate on Cash and Cash Equivalents	533.518	23.688
V. Net Increase / (Decrease) in Cash and Cash Equivalents	1.577.837	1.041.800
VI. Cash and Cash Equivalents at Beginning of the Period	1.641.385	599.585
VII. Cash and Cash Equivalents at End of the Period	3.219.222	1.641.385

The accompanying notes are an integral part of these unconsolidated financial statement.



TÜRKİYE SINAİ KALKINMA BANKASI A.Ş.
UNCONSOLIDATED STATEMENT OF PROFIT DISTRIBUTION
FOR THE YEAR ENDED DECEMBER 31, 2021

(Amounts are expressed in thousands of Turkish Lira (TL) unless otherwise stated.)

	Audited Current Period December 31, 2021 (1)	Audited Prior Period December 31, 2020 (4)
I. DISTRIBUTION OF CURRENT YEAR INCOME		
1.1 CURRENT YEAR INCOME	1.458.063	947.348
1.2 TAXES AND DUTIES PAYABLE	369.055	214.519
1.2.1 Corporate Tax (Income tax)	493.307	363.282
1.2.2 Income withholding tax	-	-
1.2.3 Other taxes and duties (3)	(124.252)	(148.763)
A. NET INCOME FOR THE YEAR (1.1-1.2)	1.089.008	732.829
1.3 PRIOR YEARS LOSSES (-)	-	-
1.4 LEGAL RESERVES (-)	-	36.642
1.5 OTHER STATUTORY RESERVES (-)	-	-
B. NET PROFIT AVAILABLE FOR DISTRIBUTION [(A)-(1.3+1.4+1.5)]	1.089.008	696.187
1.6 FIRST DIVIDEND TO SHAREHOLDERS (-)	-	-
1.6.1 To owners of ordinary shares	-	-
1.6.2 To owners of preferred shares	-	-
1.6.3 To owners of preferred shares (pre-emptive rights)	-	-
1.6.4 To profit sharing bonds	-	-
1.6.5 To holders of profit and loss sharing certificates	-	-
1.7 DIVIDENDS TO PERSONNEL (-)	-	-
1.8 DIVIDENDS TO BOARD OF DIRECTORS (-)	-	73.283
1.9 SECOND DIVIDEND TO SHAREHOLDERS (-)	-	-
1.9.1 To owners of ordinary shares	-	-
1.9.2 To owners of preferred shares	-	-
1.9.3 To owners of preferred shares (pre-emptive rights)	-	-
1.9.4 To profit sharing bonds	-	-
1.9.5 To holders of profit and loss sharing certificates	-	-
1.10 STATUTORY RESERVES (-)	-	-
1.11 GENERAL RESERVES	-	582.704
1.12 OTHER RESERVES	-	-
1.13 SPECIAL FUNDS	-	40.000
II. DISTRIBUTION OF RESERVES	-	-
2.1 APPROPRIATED RESERVES	-	-
2.2 DIVIDENDS TO SHAREHOLDERS (-)	-	-
2.2.1 To owners of ordinary shares	-	-
2.2.2 To owners of preferred shares	-	-
2.2.3 To owners of preferred shares (pre-emptive rights)	-	-
2.2.4 To profit sharing bonds	-	-
2.2.5 To holders of profit and loss sharing certificates	-	-
2.3 DIVIDENDS TO PERSONNEL (-)	-	-
2.4 DIVIDENDS TO BOARD OF DIRECTORS (-)	-	-
III. EARNINGS PER SHARE (2)		
3.1 TO OWNERS OF ORDINARY SHARES	0,39	0,25
3.2 TO OWNERS OF ORDINARY SHARES (%)	38,89	24,86
3.3 TO OWNERS OF PRIVILEGED SHARES	-	-
3.4 TO OWNERS OF PRIVILEGED SHARES (%)	-	-
IV. DIVIDEND PER SHARE		
4.1 TO OWNERS OF ORDINARY SHARES	-	-
4.2 TO OWNERS OF ORDINARY SHARES (%)	-	-
4.3 TO OWNERS OF PRIVILEGED SHARES	-	-
4.4 TO OWNERS OF PRIVILEGED SHARES (%)	-	-

(1) Since the Board of Directors has not prepared any proposal for profit distribution relating to the year 2021 yet, only profit available for distribution for the year 2021 is presented.

(2) A nominal value of 1 Kurus figures a share in unconsolidated income statement and unconsolidated statement of profit distribution and an earnings per share is calculated for a nominal value of 1 Kurus.

(3) The current period and the prior period amounts are related to deferred tax income.

(4) The profit distribution table for the previous period became final with the decision of the Ordinary General Assembly dated March 25, 2021, after the publication of the independently audited financial statements dated December 31, 2020 and rearranged in this direction.

The accompanying notes are an integral part of these unconsolidated financial statement.



Türkiye Sınai Kalkınma Bankası Anonim Şirketi and Its Subsidiaries

Independent Auditor's Audit Report, Consolidated Financial Statements for the Year Ended December 31, 2021

(Convenience translation of publicly announced consolidated financial statements and independent auditor's review report originally issued in Turkish, See Note I. of Section Three)



You can scan the QR Code
to reach the footnotes.



Building a better
working world

Güney Bağımsız Denetim ve SMMM A.Ş.
Maslak Mah. Eski Büyükdere Cad.
Orjin Maslak İş Merkezi No: 27 D: 57
34485 Sarıyer/İstanbul TÜRKİYE

Tel: +90 212 315 3000
Fax: +90 212 230 8291
ey.com
Ticaret Sicil No : 479920
Mersis No: 0-4350-3032-6000017

INDEPENDENT AUDITOR'S REPORT

To the General Assembly of Türkiye Sınai Kalkınma Bankası A.Ş.

Audit of Consolidated Financial Statements

Qualified Opinion

We have audited the consolidated financial statements of Türkiye Sınai Kalkınma Bankası A.Ş. (the Bank) and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at December 31, 2021 and the consolidated statement of profit or loss, consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, except for the effects of the matter on the consolidated financial statements described in the Basis for Qualified Opinion paragraph, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of Türkiye Sınai Kalkınma Bankası A.Ş. and its subsidiaries as at December 31, 2021 and consolidated financial performance and consolidated its cash flows for the year then ended in accordance with the Banking Regulation and Supervision Agency ("BRSA") Accounting and Financial Reporting Legislation which includes "Regulation on Accounting Applications for Banks and Safeguarding of Documents" published in the Official Gazette no.26333 dated November 1, 2006, and other regulations on accounting records of Banks published by Banking Regulation and Supervision Agency and circulars and interpretations published by BRSA and Financial Reporting Standards ("TFRS") for those matters not regulated by the aforementioned regulations.

Basis for Qualified Opinion

As explained in Note 7 of the Explanations and Disclosures related to the Liabilities, the accompanying consolidated financial statements as at 31 December 2021 include a free provision amounting to TL 440.000 thousands of which TL 220.000 thousands were provided in prior years and TL 220.000 thousands provided in the current year by the Bank management, for the possible effects of the negative circumstances which may arise from the possible changes in the economy and market conditions. Due to the fact that the above-mentioned items do not meet the recognition criteria of "Turkish Accounting Standard" (TAS) 37 "Provisions, Contingent Liabilities and Contingent Assets", the "Prior Years' Profit/Loss" as of 31 December 2021 and 31 December 2020 and "Net Profit/Loss" for the twelve-month then period ended 31 December 2021 are understated by TL 220.000 thousands, TL 220.000 thousands respectively.

Our audit was conducted in accordance with "Regulation on independent audit of the Banks" published in the Official Gazette no.29314 dated April 2. 2015 by BRSA (BRSA Independent Audit Regulation) and Independent Auditing Standards ("ISA") which are the part of Turkish Auditing Standards issued by the Public Oversight Accounting and Auditing Standards Authority ("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 Group in accordance with of Code of Ethics for Independent Auditors (Code of Ethics) published by POA and have fulfilled our other 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 qualified opinion.



Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. Key audit matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter described in the Basis for Qualified Opinion section we have determined the matters described below to be the key audit matters to be communicated in our report.

Key Audit Matter	How the matter is addressed in our audit
<p>Related important disclosures about recognition and impact of impairment on financial assets in accordance with TFRS 9</p> <p>As presented in Section 3 disclosure IX the Bank calculates expected credit losses of financial assets in accordance with TFRS 9 "Financial Instruments". We considered the TFRS 9 impairment of financial assets as a key audit matter since:</p> <ul style="list-style-type: none"> - Amount of on and off-balance sheet items that are subject to expected credit loss calculation is material to the financial statements - There are complex and comprehensive requirements of TFRS 9 - The classification of the financial assets is based on the Group's business model and characteristics of the contractual cash flows in accordance with TFRS 9 and the Group uses significant judgment on the assessment of the business model and identification of the complex contractual cash flow characteristics of financial instruments. - The Group determines the fair value of financial assets measured at fair value by level 3 related business model category non-observable in fair value measurement due to the existence of significant estimates and assumptions determination - Policies implemented by the Group management include compliance risk to the regulations and other practices. - Processes of TFRS 9 are advanced and complex. - Judgements and estimates used in expected credit loss calculation are new, complex and comprehensive. - Disclosure requirements of TFRS 9 are comprehensive and complex 	<p>Our audit procedures included among others include:</p> <ul style="list-style-type: none"> - Evaluating the appropriateness of accounting policies as to the requirements of TFRS 9, Group's past experience, local and global practices. - Reviewing and testing of new or structured processes which are used to calculate expected credit losses by involving our Information technology and Process audit specialists. - Evaluation of the reasonableness and appropriateness of the key judgments and estimates determined by the management and the methods, judgments and data sources used in the expected loss calculation, taking into account the standard requirements, industry and global practices, including the actions taken against the impacts of COVID-19 - Reviewing the appropriateness of criteria in order to identify the financial assets having solely payments of principal and interest and checking the compliance to the Group's Business model - Examining the financial instruments classification and measurement models (fair value hierarchy Level 3 financial instruments) and comparing them with TFRS 9 standard requirements - Assessing the appropriateness of definition of significant increase in credit risk, default criteria, modification, probability of default, loss given default, exposure at default and forward looking assumptions together with the significant judgements and estimates used in these calculations to regulations and bank's past performance. Evaluating the alignment of those forward looking parameters to Group's internal processes where applicable. - Assessing the completeness and the accuracy of the data used for expected credit loss calculation - Testing the mathematical accuracy of expected credit loss calculation on sample basis - Evaluating the judgments and estimates used for the individually assessed financial assets - Evaluating the accuracy and the necessity of post-model adjustments - Auditing of TFRS 9 disclosures



Pension Fund Obligations	
<p>Employees of the Parent Bank are members of "TSKB A.Ş. Memur ve Müstahdemleri Yardım ve Emekli Vakfı", ("the Fund"), which is established in accordance with the temporary Article 20 of the Social Security Act No. 506 and related regulations. The Fund is a separate legal entity and foundation recognized by an official decree, providing all qualified employees with pension and post-retirement benefits. As disclosed in Section Three Note XVII the "Explanations on Liabilities regarding employee benefits" to the financial statements, Banks will transfer their pension fund to the Social Security Institution and the President has been authorized to determine the transfer date.</p> <p>The Parent Bank's present value of the liabilities of TSKB A.Ş. Memur ve Müstahdemleri Yardım ve Emekli Vakfı fund, subject to the transfer to the Social Security Institution of the Pension Fund as of December 31, 2021 has been calculated by an independent actuary in accordance with the actuarial assumptions in the Law and as per actuarial report dated January 17, 2022, there is no need for technical or actual deficit to book provision as of December 31, 2021.</p> <p>The valuation of the Pension Fund liabilities requires judgment in determining appropriate assumptions such as defining the transferrable social benefits, discount rates, salary increases, demographic assumptions, inflation rate estimates and the impact of any changes in individual pension plans. The Parent Bank Management uses Fund actuaries to assist in assessing these assumptions.</p> <p>Considering the subjectivity of key assumptions and estimate used in the calculations of transferrable liabilities and the effects of the potential changes in the estimates used together with the uncertainty around the transfer date and given the fact that technical interest rate is prescribed under the law, we considered this to be a key audit matter.</p>	<p>It has been addressed whether there have been any significant changes in regulations governing pension liabilities, employee benefits plan during the period, that could lead to adjust the valuation of employee benefits. Support from actuarial expert who is in the same audit network within our firm, has been taken to assess the appropriateness of the actuarial assumptions and calculations performed by the external actuary. We further focused on the accuracy and adequacy of the deficit and also disclosures on key assumptions related to pension fund.</p>



Building a better working world

Derivative Financial Instruments	
<p>Derivative financial instruments including foreign exchange contracts, currency and interest rate swaps, currency and interest rate options, futures and other derivative financial instruments which are held for trading are initially recognized on the statement of financial position at fair value and subsequently are re-measured at their fair value. Details of related amounts are explained in Section Five Note 1.2.c Positive differences related to derivative financial assets and Section Five Note 11.2 Negative differences related to derivative financial liabilities disclosures.</p> <p>Fair value of the derivative financial instruments is determined by selecting most convenient market data and applying valuation techniques to those particular derivative products. Derivative Financial Instruments are considered by us as a key audit matter because of the subjectivity in the estimates, assumptions and judgements used.</p>	<p>Our audit procedures involve obtaining written confirmations from the third parties and comparing the details of the related derivative transactions. Our audit procedures included among others involve reviewing policies regarding fair value measurement accepted by the bank management fair value calculations of the selected derivative financial instruments which is carried out by valuation experts in our audit team and the assessment of used estimations and the judgements and testing operating effectiveness of the key controls in the process of fair value determination.</p> <p>Our procedures included, amongst others, recalculating fair value calculation and disclosures relating to derivative financial instruments considering the requirements of Turkey Accounting Standards ("TAS") and Turkey Financial Reporting Standards ("TFRS").</p>

Responsibilities of Management and Directors for the Consolidated Financial Statements

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

In preparing the consolidated financial statements, management is responsible for assessing the Group'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 Group or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

In an independent audit, the responsibilities of us as independent auditors are:

Our objectives are to obtain reasonable assurance about whether the consolidated 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 BRSA Independent Audit Regulation and ISAs 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 consolidated financial statements.



Building a better working world

As part of an audit in accordance with BRSA Independent Audit Regulation and ISAs, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated 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 Bank'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 Bank'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 consolidated 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 Bank to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

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 government 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.

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

**THE CONSOLIDATED FINANCIAL REPORT OF
TÜRKİYE SİNAİ KALKINMA BANKASI A.Ş.
FOR THE YEAR ENDED 31 DECEMBER 2021**

Address: Meclisi Mebusan Cad. No:81 Fındıklı /İstanbul
 Telephone: (212) 334 51 97
 Fax : (212) 334 52 34
 Web-site: www.tskb.com.tr
 E-mail: ir@tskb.com.tr

Report on Other Legal and Regulatory Requirements

- 1) In accordance with Article 402 paragraph 4 of the Turkish Commercial Code No.6102 ("TCC"); no significant matter has come to our attention that causes us to believe that the Bank's bookkeeping activities and financial statements for the period January 1, – December 31, 2021 are not in compliance with the TCC and the Bank's articles of association in relation to financial reporting.
- 2) In accordance with Article 402 paragraph 4 of the TCC; the Board of Directors submitted to us the necessary explanations and provided required documents within the context of audit.

The engagement partner who supervised and concluded this independent auditor's report is Fatma Ebru Yücel.

Additional paragraph for convenience translation to English

As explained in detail in Note I of Section Three, the effects of differences between accounting principles and standards set out by regulations in conformity with BRSA Accounting and Financial Reporting Legislation, accounting principles generally accepted in countries in which the accompanying consolidated financial statements are to be distributed and International Financial Reporting Standards ("IFRS") have not been quantified in the accompanying consolidated financial statements. Accordingly, the accompanying consolidated financial statements are not intended to present the financial position, results of operations and changes in financial position and cash flows in accordance with the accounting principles generally accepted in such countries and IFRS.

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



Fatma Ebru Yücel, SMMM
 Partner

February 3, 2022
 Istanbul, Türkiye

The consolidated financial report for the year end includes the following sections in accordance with "Communiqué on the Financial Statements and Related Explanation and Notes that will be made Publicly Announced" as sanctioned by the Banking Regulation and Supervision Agency:

- GENERAL INFORMATION ABOUT THE PARENT BANK
- CONSOLIDATED FINANCIAL STATEMENTS OF THE PARENT BANK
- EXPLANATIONS ON THE CORRESPONDING ACCOUNTING POLICIES APPLIED IN THE RELATED PERIOD
- INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT OF THE GROUP WHICH IS UNDER CONSOLIDATION
- EXPLANATORY DISCLOSURES AND FOOTNOTES ON CONSOLIDATED FINANCIAL STATEMENTS
- OTHER EXPLANATIONS
- INDEPENDENT AUDITOR'S REPORT

The subsidiaries, associates and joint ventures, whose financial statements are consolidated within the framework of the reporting package, are as follows:

Subsidiaries	Associates
Yatırım Finansman Menkul Değerler A.Ş.	İş Finansal Kiralama A.Ş.
TSKB Gayrimenkul Yatırım Ortaklığı A.Ş.	İş Girişim Sermayesi Yatırım Ortaklığı A.Ş.
Yatırım Varlık Kiralama A.Ş.	İş Faktoring A.Ş.

The accompanying consolidated financial statements and the explanatory footnotes and disclosures in this report, unless otherwise indicated, are prepared in thousands of Turkish Lira ("TL"), in accordance with the Communiqué on Bank's Accounting Practice and Maintaining Documents, Turkish Accounting Standards, Turkish Financial Reporting Standards, related communiqués and the Bank's records, and have been independently audited and presented as attached.

3 February 2022


Adnan BALI
 Chairman of Board of Directors


Ece BÖRÜ
 Member of Board of Directors and General Manager


Aziz Ferit ERASLAN
 Executive Vice President In Charge of Financial Reporting


Tolga SERT
 Head of Financial Control Department


Mahmut MAÇMIZOĞLU
 Chairman of Audit Committee


Gamze YALÇIN
 Member of Audit Committee

Contact information of the personnel in charge for addressing questions about this financial report:

Name-Surname / Title : Tolga Sert / Head of Financial Control Department
 Telephone Number : (0212) 334 51 97

Türkiye Sınai Kalkınma Bankası A.Ş.
 Meclisi Mebusan Cad. 81 Fındıklı 34427 İstanbul Tel: (212) 334 50 50 Faks: (212) 334 52 34 Ticaret Sicil No: 42527
www.tskb.com.tr



TÜRKİYE SİNAİ KALKINMA BANKASI A.Ş. AND ITS SUBSIDIARIES
CONSOLIDATED BALANCE SHEET (STATEMENT OF FINANCIAL POSITION)
AS OF DECEMBER 31, 2021

(Amounts are expressed in thousands of Turkish Lira (TL) unless otherwise stated.)

ASSETS	Section 5 Note I	Audited Current Period 31 December 2021			Audited Prior Period 31 December 2020		
		TL	FC	Total	TL	FC	Total
I. FINANCIAL ASSETS (NET)		6.180.962	11.181.611	17.362.573	4.051.419	5.046.636	9.098.055
I.1 Cash and Cash Equivalents		1.726.208	3.945.944	5.672.152	1.512.256	1.363.303	2.875.559
1.1.1 Cash and Balances with Central Bank	(1)	14.716	2.023.420	2.038.136	2.247	1.021.382	1.023.629
1.1.2 Banks	(3)	282.457	1.925.304	2.207.761	86.932	342.533	429.465
1.1.3 Money Market Placements		1.429.167	-	1.429.167	1.424.176	-	1.424.176
1.1.4 Expected Credit Losses (-)		132	2.780	2.912	1.099	612	1.711
I.2 Financial Assets at Fair Value Through Profit or Loss	(2)	42.759	263.097	305.856	16.754	263.097	279.851
1.2.1 Government Debt Securities		-	-	-	-	-	-
1.2.2 Equity Instruments		32.276	-	32.276	4.152	-	4.152
1.2.3 Other Financial Assets		10.483	263.097	273.580	12.602	263.097	275.699
I.3 Financial Assets at Fair Value Through Other Comprehensive Income	(4)	2.642.160	6.293.117	8.935.277	1.905.409	2.696.730	4.602.139
1.3.1 Government Debt Securities		2.254.125	6.096.386	8.350.511	1.695.394	2.619.578	4.314.972
1.3.2 Equity Instruments		83.751	196.731	280.482	88.595	77.152	165.747
1.3.3 Other Financial Assets		304.284	-	304.284	-	-	121.420
I.4 Derivative Financial Assets	(2)	1.769.835	679.453	2.449.288	617.000	723.506	1.340.506
1.4.1 Derivative Financial Assets at Fair Value Through Profit or Loss		1.769.835	679.453	2.449.288	617.000	723.506	1.340.506
1.4.2 Derivative Financial Assets at Fair Value Through Other Comprehensive Income		-	-	-	-	-	-
II. FINANCIAL ASSETS MEASURED AT AMORTIZED COST (NET)		8.969.119	56.330.165	65.299.284	8.056.807	32.645.563	40.702.370
2.1 Loans	(5)	6.230.754	57.889.759	64.120.513	5.875.096	33.299.702	39.174.798
2.2 Lease Receivables	(10)	10.238	336.329	346.567	-	205.726	205.726
2.3 Factoring Receivables		-	-	-	-	-	-
2.4 Other Financial Assets Measured at Amortized Cost	(6)	3.321.632	634.071	3.955.703	2.719.902	363.157	3.083.059
2.4.1 Government Debt Securities		3.321.632	634.071	3.955.703	2.719.902	363.157	3.083.059
2.4.2 Other Financial Assets		-	-	-	-	-	-
2.5 Expected Credit Losses (-)		593.505	2.529.994	3.123.499	538.191	1.223.022	1.761.213
III. PROPERTY AND EQUIPMENT HELD FOR SALE PURPOSE AND RELATED TO DISCONTINUED OPERATIONS (NET)	(16)	64.403	-	64.403	64.403	-	64.403
3.1 Held for Sale Purpose		64.403	-	64.403	64.403	-	64.403
3.2 Related to Discontinued Operations		-	-	-	-	-	-
IV. EQUITY INVESTMENTS		815.503	-	815.503	651.842	-	651.842
4.1 Investments in Associates (Net)	(7)	777.551	-	777.551	625.893	-	625.893
4.1.1 Accounted Under Equity Method		777.551	-	777.551	625.893	-	625.893
4.1.2 Unconsolidated Associates		-	-	-	-	-	-
4.2 Subsidiaries (Net)	(8)	36.116	-	36.116	25.352	-	25.352
4.2.1 Unconsolidated Financial Subsidiaries		-	-	-	-	-	-
4.2.2 Unconsolidated Non-Financial Subsidiaries		36.116	-	36.116	25.352	-	25.352
4.3 Entities under Common Control (Joint Venture) (Net)		1.836	-	1.836	597	-	597
4.3.1 Joint Ventures Valued Based on Equity Method		-	-	-	597	-	597
4.3.2 Unconsolidated Joint Ventures		1.836	-	1.836	-	-	-
V. TANGIBLE ASSETS (Net)	(12)	479.361	-	479.361	380.662	-	380.662
VI. INTANGIBLE ASSETS (Net)	(13)	4.514	-	4.514	5.066	-	5.066
6.1 Goodwill		1.005	-	1.005	1.005	-	1.005
6.2 Other		3.509	-	3.509	4.061	-	4.061
VII. INVESTMENT PROPERTY (Net)	(14)	336.177	-	336.177	279.523	-	279.523
VIII. CURRENT TAX ASSET		209	-	209	78	-	78
IX. DEFERRED TAX ASSET	(15)	396.583	-	396.583	175.419	-	175.419
X. OTHER ASSETS (Net)	(17)	1.222.133	111.795	1.333.928	614.639	458.863	1.073.502
TOTAL ASSETS		18.468.964	67.623.571	86.092.535	14.279.858	38.151.062	52.430.920

The accompanying notes are an integral part of these consolidated financial statements.

TÜRKİYE SİNAİ KALKINMA BANKASI A.Ş. AND ITS SUBSIDIARIES
CONSOLIDATED BALANCE SHEET (STATEMENT OF FINANCIAL POSITION)
AS OF DECEMBER 31, 2021

(Amounts are expressed in thousands of Turkish Lira (TL) unless otherwise stated.)

LIABILITIES AND EQUITY	Section 5 Note II	Audited Current Period December 31, 2021			Audited Prior Period December 31, 2020		
		TL	FC	Total	TL	FC	Total
I. DEPOSITS	(1)	-	-	-	-	-	-
II. FUNDS BORROWED	(3)	119.231	54.154.809	54.274.040	119.985	32.212.225	32.332.210
III. MONETARY MARKET BALANCES		713.079	698.140	1.411.219	1.066.421	323.705	1.390.126
IV. MARKETABLE SECURITIES ISSUED (Net)	(3)	879.492	14.927.941	15.807.433	441.111	8.021.275	8.462.386
4.1 Bills		93.237	-	93.237	35.907	-	35.907
4.2 Assets Backed Securities		786.255	-	786.255	405.204	-	405.204
4.3 Bonds		-	14.927.941	14.927.941	-	8.021.275	8.021.275
V. BORROWER FUNDS		11.191	680.513	691.704	6.275	115.830	122.105
5.1 Borrower Funds		11.191	680.513	691.704	6.275	115.830	122.105
VI. FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS		-	-	-	-	-	-
VII. DERIVATIVE FINANCIAL LIABILITIES	(2)	801.270	320.009	1.121.279	326.364	548.616	874.980
7.1 Derivative Financial Liabilities at Fair Value Through Profit or Loss		801.270	320.009	1.121.279	326.364	548.616	874.980
7.2 Derivative Financial Liabilities at Fair Value Through Other Comprehensive Income		-	-	-	-	-	-
VIII. FACTORING LIABILITIES		-	-	-	-	-	-
IX. LEASE LIABILITIES	(5)	4.678	-	4.678	4.394	-	4.394
X. PROVISIONS	(7)	488.689	58.780	547.469	245.185	29.593	274.778
10.1 Restructuring Provisions		-	-	-	-	-	-
10.2 Reverse for Employee Benefits		33.367	-	33.367	21.141	-	21.141
10.3 Insurance Technical Provisions (Net)		-	-	-	-	-	-
10.4 Other Provisions		455.322	58.780	514.102	224.044	29.593	253.637
XI. CURRENT TAX LIABILITY	(8)	225.072	-	225.072	155.129	-	155.129
XII. DEFERRED TAX LIABILITY	(8)	-	-	-	1.508	-	1.508
XIII. LIABILITIES FOR PROPERTY AND EQUIPMENT HELD FOR SALE AND RELATED TO DISCONTINUED OPERATIONS (Net)		-	-	-	-	-	-
13.1 Held for Sale Purpose		-	-	-	-	-	-
13.2 Related to Discontinued Operations		-	-	-	-	-	-
XIV. SUBORDINATED DEBT INSTRUMENTS	(10)	4.029.204	4.029.204	-	2.299.503	2.299.503	
14.1 Loans		-	-	-	-	-	
14.2 Other Debt Instruments		4.029.204	4.029.204	-	2.299.503	2.299.503	
XV. OTHER LIABILITIES		409.935	548.736	958.671	175.204	207.828	383.032
XVI. SHAREHOLDERS' EQUITY		7.238.548	(216.782)	7.021.766	6.007.676	123.093	6.130.769
16.1 Paid-in capital	(11)	2.800.000	-	2.800.000	2.800.000	-	2.800.000
16.2 Capital Reserves		1.386	-	1.386	1.150	-	1.150
16.2.1 Share Premium		1.012	-	1.012	776	-	776
16.2.2 Share Cancellation Profits		-	-	-	-	-	-
16.2.3 Other Capital Reserves		374	-	374	374	-	374
16.3 Accumulated Other Comprehensive Income or Loss Not Reclassified Through Profit or Loss	(11)	483.242	16.502	499.744	390.557	(765)	389.792
16.4 Accumulated Other Comprehensive Income or Loss Reclassified Through Profit or Loss		196.233	(233.284)	(37.051)	101.903	123.858	225.761
16.5 Profit Reserves		2.609.620	-	2.609.620	1.947.077	-	1.947.077
16.5.1 Legal Reserves	(11)	381.427	-	381.427	342.716	-	342.716
16.5.2 Status Reserves		75.641	-	75.641	75.641	-	75.641
16.5.3 Extraordinary Reserves	(11)	2.149.632	-	2.149.632	1.525.800	-	1.525.800
16.5.4 Other Profit Reserves		-	2.920	2.920	-	2.920	2.920
16.6 Profit Or Loss		1.058.956	-	1.058.956	712.819	-	712.819
16.6.1 Prior Years' Profit/Loss		(22.153)	-	(22.153)	525	-	525
16.6.2 Current Year Profit/Loss		1.081.109	-	1.081.109	712.294	-	712.294
16.7 Non-Controlling Interests		89.111	-	89.111	54.170	-	54.170
TOTAL LIABILITIES AND EQUITY		10.891.185	75.201.350	86.092.535	8.549.252	43.881.668	52.430.920

The accompanying notes are an integral part of these consolidated financial statements.



TÜRKİYE SINAİ KALKINMA BANKASI A.Ş. AND ITS SUBSIDIARIES
CONSOLIDATED STATEMENT OF OFF-BALANCE SHEET
AS OF DECEMBER 31, 2021

(Amounts are expressed in thousands of Turkish Lira (TL) unless otherwise stated.)

OFF-BALANCE SHEET	Section 5 Note III	Audited Current Period December 31, 2021			Audited Prior Period December 31, 2020		
		TL	FC	Total	TL	FC	Total
A. OFF-BALANCE SHEET COMMITMENTS AND CONTINGENCIES (I-II-III)		10.087.461	98.584.719	108.672.180	7.373.851	60.513.309	67.887.160
I. GUARANTEES AND COLLATERALS	(1)	337.754	7.945.061	8.282.815	356.057	4.582.781	4.938.838
1.1 Letters of Guarantee		251.849	2.660.952	2.912.801	356.057	1.730.105	2.086.162
1.1.1 Guarantees Subject to State Tender Law		-	-	-	-	-	-
1.1.2 Guarantees Given for Foreign Trade Operations		-	-	-	-	-	-
1.1.3 Other Letters of Guarantee		251.849	2.660.952	2.912.801	356.057	1.730.105	2.086.162
1.2 Bank Acceptances		-	170.742	170.742	-	170.915	170.915
1.2.1 Import Letter of Acceptance		-	170.742	170.742	-	170.915	170.915
1.2.2 Other Bank Acceptance		-	-	-	-	-	-
1.3 Letters of Credit		85.905	5.113.367	5.199.272	2.681.761	2.681.761	2.681.761
1.3.1 Documentary Letters of Credit		85.905	5.113.367	5.199.272	2.681.761	2.681.761	2.681.761
1.3.2 Other Letters of Credit		-	-	-	-	-	-
1.4 Prefinancing Given as Guarantee		-	-	-	-	-	-
1.5 Endorsements		-	-	-	-	-	-
1.5.1 Endorsements to the Central Bank of Turkey		-	-	-	-	-	-
1.5.2 Other Endorsements		-	-	-	-	-	-
1.6 Securities Issue Purchase Guarantees		-	-	-	-	-	-
1.7 Factoring Guarantees		-	-	-	-	-	-
1.8 Other Guarantees		-	-	-	-	-	-
1.9 Other Collaterals		-	-	-	-	-	-
II. COMMITMENTS	(1)	2.124.218	9.400.185	11.524.403	1.600.166	5.267.924	6.868.090
2.1 Irrevocable Commitments		1.567.024	7.954.425	2.362.449	1.050.260	553.352	1.603.642
2.1.1 Forward Asset Purchase and Sale Commitments		84.156	294.071	378.227	9.028	90.102	99.130
2.1.2 Forward Deposit Purchase and Sales Commitments		-	-	-	-	-	-
2.1.3 Share Capital Commitments to Associates and Subsidiaries		-	157.380	157.380	-	127.172	127.172
2.1.4 Loan Granting Commitments		-	-	-	-	-	-
2.1.5 Securities Underwriting Commitments		-	-	-	-	-	-
2.1.6 Commitments for Reserve Deposit Requirements		-	-	-	-	-	-
2.1.7 Payment Commitment for Checks		-	-	-	-	-	-
2.1.8 Tax and Fund Liabilities from Export Commitments		-	-	-	-	-	-
2.1.9 Commitments for Credit Card Expenditure Limits		-	-	-	-	-	-
2.1.10 Commitments for Promotions Related with Credit Cards and Banking Activities		-	-	-	-	-	-
2.1.11 Receivables from Short Sale Commitments		-	-	-	-	-	-
2.1.12 Payables for Short Sale Commitments		-	-	-	-	-	-
2.1.13 Other Irrevocable Commitments		1.482.868	343.974	1.826.842	1.041.232	336.108	1.377.340
2.2 Revocable Commitments		557.194	8.604.760	9.161.954	549.906	4.714.542	5.264.448
2.2.1 Revocable Loan Granting Commitments		557.194	8.604.760	9.161.954	549.906	4.714.542	5.264.448
2.2.2 Other Revocable Commitments		-	-	-	-	-	-
III. DERIVATIVE FINANCIAL INSTRUMENTS	(2)	7.625.489	81.239.473	88.864.962	5.417.628	50.662.604	56.080.232
3.1 Derivative Financial Instruments for Hedging Purposes		-	27.012.103	27.012.103	-	19.840.766	19.840.766
3.1.1 Fair Value Hedge		-	27.012.103	27.012.103	-	19.840.766	19,840.766
3.1.2 Cash Flow Hedge		-	-	-	-	-	-
3.1.3 Hedge of Net Investment in Foreign Operations		-	-	-	-	-	-
3.2 Held for Trading Transactions		7.625.489	54,227.370	61,852.859	5,417.628	30,821.838	36,239.466
3.2.1 Forward Foreign Currency Buy/Sell Transactions		652.330	1,633.747	2,286.077	551.948	799.850	1,351.798
3.2.1.1 Forward Foreign Currency Transactions-Buy		573.527	490.868	1,064.395	283.382	393.739	677.121
3.2.1.2 Forward Foreign Currency Transactions-Sell		78.803	1,142.879	1,221.682	268.566	406.111	674.677
3.2.2 Swap Transactions Related to Foreign Currency and Interest Rate		6,913.070	52,562.061	59,475.131	4,710.136	29,887.024	34,597.160
3.2.2.1 Foreign Currency Swap-Buy		714.846	13,556.545	14,271.391	341.717	6,861.632	7,203.349
3.2.2.2 Foreign Currency Swap-Sell		5,936.002	7,167.646	13,103.648	4,368.419	2,576.136	6,944.555
3.2.2.3 Interest Rate Swap-Buy		131.111	15,918.935	16,050.046	-	10,224.628	10,224.628
3.2.2.4 Interest Rate Swap-Sell		131.111	15,918.935	16,050.046	-	10,224.628	10,224.628
3.2.3 Foreign Currency, Interest Rate, and Securities Options		8.540	16.170	24.710	142.970	134.964	277.934
3.2.3.1 Foreign Currency Options-Buy		4.270	8.085	12.355	71.485	67.482	138.967
3.2.3.2 Foreign Currency Options-Sell		4.270	8.085	12.355	71.485	67.482	138.967
3.2.3.3 Interest Rate Options-Buy		-	-	-	-	-	-
3.2.3.4 Interest Rate Options-Sell		-	-	-	-	-	-
3.2.3.5 Securities Options-Buy		-	-	-	-	-	-
3.2.3.6 Securities Options-Sell		-	-	-	-	-	-
3.2.4 Foreign Currency Futures		16.214	15.392	31.606	-	-	-
3.2.4.1 Foreign Currency Futures-Buy		8.247	7.696	15.943	-	-	-
3.2.4.2 Foreign Currency Futures-Sell		7.967	7.696	15.663	-	-	-
3.2.5 Interest Rate Futures		-	-	-	-	-	-
3.2.5.1 Interest Rate Futures-Buy		-	-	-	-	-	-
3.2.5.2 Interest Rate Futures-Sell		-	-	-	-	-	-
3.2.6 Other		35.335	-	35.335	12.574	-	12.574
B. CUSTODY AND PLEDGES SECURITIES (IV+V+VI)		78.243.073	766.859.683	845.102.756	68.853.512	416.411.119	485.264.631
IV. ITEMS HELD IN CUSTODY		2.057.418	1.235.367	3.292.785	3.048.106	276.873	3.324.979
4.1 Customers' Securities Held		-	-	-	-	-	-
4.2 Investment Securities Held in Custody		1,928.041	1,235.367	3,163.408	2,250.816	276.873	2,527.689
4.3 Checks Received for Collection		248	-	248	248	-	248
4.4 Commercial Notes Received for Collection		-	-	-	-	-	-
4.5 Other Assets Received for Collection		-	-	-	-	-	-
4.6 Assets Received for Public Offering		-	-	-	-	-	-
4.7 Other Items Under Custody		-	-	-	-	-	-
4.8 Custodians		129.129	-	129.129	797.042	-	797.042
V. PLEDGES ITEMS		68.482.225	599.876.326	668.358.553	59.075.249	327.909.736	386.964.905
5.1 Marketable Securities		456.247	-	456.247	456.248	-	456.248
5.2 Guarantee Notes		111.006	2.181.577	2.292.583	80.666	1.616.541	1.697.207
5.3 Commodity		-	-	-	-	-	-
5.4 Warranty		-	-	-	-	-	-
5.5 Real Estate		8,875.479	152,961.497	161,836.976	8,235.352	89,251.431	97,486.783
5.6 Other Pledged Items		59,039.493	444,733.254	503,772.747	50,302.983	237,041.764	287,344.747
5.7 Pledged Items-Depository		-	-	-	-	-	-
VI. ACCEPTED BILL OF EXCHANGE AND COLLATERALS		7.703.430	165.747.988	173.451.418	6.730.157	88.224.510	94.954.667
TOTAL OFF-BALANCE SHEET ITEMS (A+B)		88.330.534	865.444.402	953.774.936	76.227.363	476.924.428	553.151.791

The accompanying notes are an integral part of these consolidated financial statements.

TÜRKİYE SINAİ KALKINMA BANKASI A.Ş. AND ITS SUBSIDIARIES
CONSOLIDATED STATEMENT OF PROFIT OR LOSS AT DECEMBER 31, 2021
 (Amounts are expressed in thousands of Turkish Lira (TL) unless otherwise stated.)

STATEMENT OF PROFIT OR LOSS	Section 5 Note IV	Audited Current Period January 1, 2021 – December 31, 2021	Audited Prior Period January 1, 2020 – December 31, 2020
		I. INTEREST INCOME	(1)
1.1 Interest on Loans		3,272.487	2,422.360
1.2 Interest Received from Reserve Deposits		998	72
1.3 Interest Received from Banks		20.188	32.779
1.4 Interest Received from Money Market Placements		244.548	90.413
1.5 Interest Received from Marketable Securities Portfolio		1,117.107	774.466
1.5.1 Fair Value Through Profit or Loss		4.099	1.643
1.5.2 Fair Value Through other Comprehensive Income		a	408.341
1.5.3 Measured at Amortized Cost		563.546	364.482
1.6 Finance Lease Income		9.239	8.460
1.7 Other Interest Income		10.635	8.124
II. INTEREST EXPENSES (-)	(2)	1.776.943	1.314.289
2.1 Interest on Deposits		-	-
2.2 Interest on Funds Borrowed		640.141	606.235
2.3 Interest on Money Market Borrowings		95.655	56.029
2.4 Interest on Securities Issued		1,035.540	649.385
2.5 Leasing Interest Expense		519	192
2.6 Other Interest Expense		5.088	2.448
III. NET INTEREST INCOME (I - II)		2.898.259	2.022.385
IV. NET FEES AND COMMISSIONS INCOME / EXPENSES		155.505	118.915
4.1 Fees and Commissions Received		174.599	137.281
4.1.1 Non-cash Loans		30.572	35.030
4.1.2 Other		144.027	102.251
4.2 Fees and Commissions Paid (-)		19.094	18.366
4.2.1 Non-cash Loans		3.773	2.859
4.2.2 Other		15.321	15.507
V. DIVIDEND INCOME	(3)	8.260	10.857
VI. NET TRADING INCOME	(4)	516.384	(10,807)
6.1 Securities Trading Gains / (Losses)		(1.186)	5.119
6.2 Derivative Financial Instruments Gains / Losses		2,001.067	(61.198)
6.3 Foreign Exchange Gains / Losses (Net)		(1,483.497)	45.272
VII. OTHER OPERATING INCOME	(5)	356.887	138.534
VIII. GROSS OPERATING INCOME (III+IV+V+VI+VII)		3,935.295	2,279.884
IX. EXPECTED CREDIT LOSSES (-)	(6)	1,793.713	1,011.664
X. OTHER PROVISION EXPENSES (-)	(6)	220.000	-
XI. PERSONNEL EXPENSES (-)		219.201	178.506
XII. OTHER OPERATING EXPENSES (-)	(7)	343.188	228.018
XIII. NET OPERATING INCOME/(LOSS) (VIII-IX-X-XI-XII)		1,359.193	861.696
XIV. AMOUNT IN EXCESS RECORDED AS GAIN AFTER MERGER		-	-
XV. PROFIT / (LOSS) ON EQUITY METHOD		129.088	74.651
XVI. GAIN / (LOSS) ON NET MONETARY POSITION		-	-
XVII. PROFIT/(LOSS) FROM CONTINUED OPERATIONS BEFORE TAXES (XIII+...+XVI)		1,488.201	936.347
XVIII. TAX PROVISION FOR CONTINUED OPERATIONS (±)	(8)	390.892	226.874
18.1 Provision for Current Income Taxes		519.118	372.725
18.2 Deferred Tax Income Effect (+)		467.608	502.836
18.3 Deferred Tax Expense Effect (-)		595.834	648.687
XIX. NET PROFIT/(LOSS) FROM CONTINUED OPERATIONS (XVII±XVIII)	(10)	1,097.309	709.473
XX. INCOME ON DISCONTINUED OPERATIONS		-	-
20.1 Income on Assets Held for Sale		-	-
20.2 Income on Sale of Associates, Subsidiaries and Jointly Controlled Entities (Joint Venture)		-	-
20.3 Income on Other Discontinued Operations		-	-
XXI. LOSS FROM DISCONTINUED OPERATIONS (-)		-	-
21.1 Loss from Assets Held for Sale		-	-
21.2 Loss on Sale of Associates, Subsidiaries and Jointly Controlled Entities (Joint Venture)		-	-
21.3 Loss from Other Discontinued Operations		-	-
XXII. PROFIT / (LOSS) ON DISCONTINUED OPERATIONS BEFORE TAXES (XX±XXI)		-	-
XXIII. TAX PROVISION FOR DISCONTINUED OPERATIONS (±)		-	-
23.1 Provision for Current Income Taxes		-	-
23.2 Deferred Tax Expense Effect (+)		-	-
23.3 Deferred Tax Income Effect (-)		-	-
XXIV. NET PROFIT/(LOSS FROM DISCONTINUED OPERATIONS (XXII±XXIII))		-	-
XXV. NET PROFIT/(LOSS (XIX+XXIV))	(11)	1,097.309	709.473
25.1 Group's Profit / Loss		1,081.109	712.294
25.2 Minority Shares (-)		16.200	(2.821)
Earning / (loss) per share		0.386	0.254

The accompanying notes are an integral part of these consolidated financial statements.



TÜRKİYE SINAİ KALKINMA BANKASI A.Ş. AND ITS SUBSIDIARIES
CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE
INCOME FOR THE YEAR ENDED DECEMBER 31, 2021

(Amounts are expressed in thousands of Turkish Lira (TL) unless otherwise stated.)

	Audited Current Period January 1, 2021 – December 31, 2021	Audited Prior Period January 1, 2020 – December 31, 2020
PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME		
I. CURRENT PERIOD INCOME / LOSS	1,097,309	709,473
II. OTHER COMPREHENSIVE INCOME	(151,905)	206,373
2.1 Not Reclassified Through Profit or Loss	110,907	52,805
2.1.1 Property and Equipment Revaluation Increase / Decrease	93,082	32,407
2.1.2 Intangible Assets Revaluation Increase / Decrease	-	-
2.1.3 Defined Benefit Pension Plan Remeasurement Gain / Loss	(7,561)	3,507
2.1.4 Other Comprehensive Income Items Not Reclassified Through Profit or Loss	24,874	18,194
2.1.5 Tax Related Other Comprehensive Income Items Not Reclassified Through Profit or Loss	512	(1,303)
2.2 Reclassified Through Profit or Loss	(262,812)	153,568
2.2.1 Foreign Currency Translation Differences	64,573	19,138
2.2.2 Valuation and / or Reclassification Income / Expense of the Financial Assets at Fair Value Through Other Comprehensive Income	(452,241)	57,571
2.2.3 Cash Flow Hedge Income / Loss	-	-
2.2.4 Income (Loss) Related with Hedges of Net Investments in Foreign Operations	-	-
2.2.5 Other Comprehensive Income Items Reclassified Through Profit or Losses	30,922	87,426
2.2.6 Tax Related Other Comprehensive Income Items Reclassified Through Profit or Loss	93,934	(10,567)
III. TOTAL COMPREHENSIVE INCOME (I+II)	945,404	915,846

TÜRKİYE SINAİ KALKINMA BANKASI A.Ş. AND ITS SUBSIDIARIES
CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE YEAR ENDED DECEMBER 31, 2021

(Amounts are expressed in thousands of Turkish Lira (TL) unless otherwise stated.)

CHANGES IN SHAREHOLDERS' EQUITY	Accumulated Other Comprehensive Income or Expenses										Total Equity Except from Minority Interest	Total Shareholders' Equity				
	Note	1	2	3	4	5	6	Reserves	Prior Period Profit or Loss	Current Period Profit or Loss						
I. Prior Period - December 31, 2020																
II. Prior Period End Balance	2,800,000	530	-	374	310,599	(1,393)	27,781	20,714	28,010	23,469	1,226,589	704,226	-	5,140,839	38,090	5,178,989
2.1 Marking to Market According to IAS 39	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.2 Effects of the Changes in Accounting Policies	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
III. Adjusted Beginning Balance (I+II)	2,800,000	530	-	374	310,599	(1,393)	27,781	20,714	28,010	23,469	1,226,589	704,226	-	5,140,839	38,090	5,178,989
IV. Additions																
V. Capital Increase by Cash	-	-	-	-	31,836	2,785	18,174	15,158	47,004	87,456	-	-	712,294	918,607	(2,861)	915,846
VI. Capital Increase by Internal Sources																
VII. Effect of Issuance on Paid-in Capital	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VIII. Convertible Bonds to Share	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
IX. Decreases																
X. Increase/Decrease by Other Changes	-	246	-	-	-	-	-	-	-	-	17,844	(923)	-	-	18,901	36,068
XI. Profit Distribution																
11.1 Dividends Distributed	-	-	-	-	-	-	-	-	-	-	702,644	(134)	-	-	(134)	(134)
11.2 Transfers to Reserves	-	-	-	-	-	-	-	-	-	-	-	(702,644)	-	-	-	-
Other																
Period-End Balance (III-IV+...-XI-XI)	2,800,000	776	-	374	342,425	1,392	45,975	39,852	75,014	110,925	1,947,077	525	712,294	6,076,599	54,170	6,130,769

1. Accumulated Revaluation Income / Decrease of Fixed Assets.
 2. Accumulated Reassessment Gain / Loss of Defined Benefit Pension Plan.
 3. Other (Shares of Investments Valued by Equity Method in Other Comprehensive Income Not Classified Through Profit or Loss and Other Accumulated Amounts of Other Comprehensive Income Items Not Reclassified Through Other Profit or Loss).
 4. Other (Shares of Investments Valued by Equity Method in Other Comprehensive Income Not Classified Through Profit or Loss and Other Accumulated Amounts of Other Comprehensive Income Items Not Reclassified Through Other Profit or Loss).
 5. Accumulated Revaluation and/or Reassessment Gain/Loss of the Financial Asset at Fair Value Through Other Comprehensive Income.
 6. Other (Cash Flow Hedge Gain/Loss, Shares of Investments Valued by Equity Method in Other Comprehensive Income Classified Through Profit or Loss and Other Accumulated Amounts of Other Comprehensive Income Items Reclassified Through Other Profit or Loss).

The accompanying notes are an integral part of these consolidated financial statements.

The accompanying notes are an integral part of these consolidated financial statements.



TÜRKİYE SİNAİ KALKINMA BANKASI A.Ş. AND ITS SUBSIDIARIES
CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE YEAR ENDED DECEMBER 31, 2021
 (Amounts are expressed in thousands of Turkish Lira (TL) unless otherwise stated.)

CHANGES IN SHAREHOLDERS' EQUITY	Note	Paid-in Capital		Share Cancellation Profits	Share Capital Reserves	Accumulated Other Comprehensive Income or Expenses Reclassified Through Profit or Loss						Total Shareholders' Equity					
		2,800,000	1,012			1	2	3	4	5	6		7	8			
I. Current Period – December 31, 2021		2,800,000	1,012	-	374	346,425	1,392	45,975	39,852	75,014	110,895	1,947,077	71,219	-	6,076,599	54,170	6,130,769
II. Prior Period End Balance		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
III. Corrections and Accounting Policy Changes		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
IV. Effects of Changes in Accounting Policies		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
V. Adjusted Beginning Balance (I+II)		2,800,000	1,012	-	374	346,425	1,392	45,975	39,852	75,014	110,895	1,947,077	71,219	-	6,076,599	54,170	6,130,769
VI. Total Comprehensive Income		-	-	-	-	92,060	(6,027)	24,874	64,573	(38,307)	30,932	-	-	1,001,109	920,304	16,300	945,004
VII. Effect of Inflation on Paid-in Capital		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VIII. Effect of Inflation on Paid-in Capital		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
IX. Convertible Bonds to Share		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
X. Subordinated Debt Instruments		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XI. Profit Distribution		-	-	-	-	(985)	-	-	-	-	-	62,573	388	-	62,961	18,741	81,702
XII. Dividends Distributed		-	-	-	-	(985)	-	-	-	-	-	62,573	(21,551)	-	(23,551)	(73,551)	(91)
XIII. Transfers to Reserves		-	-	-	-	-	-	-	-	-	-	40,000	(40,000)	-	-	-	-
Period End Balance (III+IV+...+XIII)		2,800,000	1,012	-	374	438,500	(4,635)	70,849	104,425	(28,329)	141,817	2,009,650	1,001,109	-	6,932,456	80,111	7,012,566

1. Accumulated Revaluation Increase / Decrease of Fixed Assets.
 2. Accumulated Remeasurement Gain / Loss of Defined Benefit Pension Plan.
 3. Accumulated Revaluation Gain / Loss of Equity Method in Other Comprehensive Income Not Classified Through Profit or Loss and Other Accumulated Amounts of Other Comprehensive Income Items Not Reclassified Through Other Profit or Loss.
 4. Foreign Currency Translation Differences.
 5. Accumulated Revaluation and/or Remeasurement Gain/Loss of the Financial Asset at Fair Value Through Other Comprehensive Income.
 6. Other (Cash Flow Hedge Gain/Loss, Shares of Investments Valued by Equity Method in Other Comprehensive Income, Classified Through Profit or Loss and Other Accumulated Amounts of Other Comprehensive Income Items Reclassified Through Other Profit or Loss).

The accompanying notes are an integral part of these consolidated financial statements.

TÜRKİYE SİNAİ KALKINMA BANKASI A.Ş. AND ITS SUBSIDIARIES
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2021
 (Amounts expressed in thousands of Turkish Lira (TL) unless otherwise stated.)

Note	Current Period December 31, 2021	Audited Prior Period December 31, 2020
A. CASH FLOWS FROM BANKING OPERATIONS		
I.1. Operating Profit Before Changes in Operating Assets and Liabilities	3,465,828	1,892,269
I.1.1 Interest Received	3,583,179	2,985,322
I.1.2 Interest Paid	(1,482,426)	(1,224,002)
I.1.3 Dividends Received	8,260	10,857
I.1.4 Fees and Commissions Received	174,599	137,281
I.1.5 Other Income	67,049	65,373
I.1.6 Collections from Previously Written off Loans	199,913	33,596
I.1.7 Payments to Personnel and Service Suppliers	(258,021)	(210,323)
I.1.8 Taxes Paid	(330,043)	(284,929)
I.1.9 Others	1,503,318	379,094
I.2. Changes in Operating Assets and Liabilities	114,456	(684,992)
I.2.1 Net (Increase) (Decrease) in Financial Assets at Fair Value through Profit or Loss	(26,453)	(19,143)
I.2.2 Net (Increase) (Decrease) in Due from Banks	-	-
I.2.3 Net (Increase) (Decrease) in Loans	864,865	428,298
I.2.4 Net (Increase) (Decrease) in Other Assets	(983,039)	(315,826)
I.2.5 Net (Increase) (Decrease) in Bank Deposits	-	-
I.2.6 Net (Increase) (Decrease) in Other Deposits	-	-
I.2.7 Net (Increase) (Decrease) in Financial Liabilities at Fair Value through Profit or Loss	-	-
I.2.8 Net (Increase) (Decrease) in Funds Borrowed	(967,728)	(1,518,465)
I.2.9 Net (Increase) (Decrease) in Maturity Payable	-	-
I.2.10 Net (Increase) (Decrease) in Other Liabilities	1,226,811	740,144
I. Net Cash Provided by / (used in) Banking Operations	3,580,284	1,207,277
B. CASH FLOWS FROM INVESTING ACTIVITIES		
II. Net Cash Provided by / (used in) Investing Activities	(2,375,622)	(16,430)
2.1 Cash Paid for Purchase of Entities under Common Control, Associates and Subsidiaries	-	-
2.2 Cash Obtained from Sale of Entities under Common Control, Associates and Subsidiaries	15,816	-
2.3 Purchases of Property and Equipment	(11,184)	(10,965)
2.4 Disposals of Property and Equipment	936	280
2.5 Purchase of Financial Assets at Fair Value through Other Comprehensive Income	(3,028,291)	(998,063)
2.6 Sale of Financial Assets at Fair Value through Other Comprehensive Income	906,564	1,142,753
2.7 Purchase of Financial Assets Measured at Amortized Cost	(419,990)	(149,670)
2.8 Sale of Financial Assets Measured at Amortized Cost	162,558	1,577
2.9 Others	(2,031)	(2,342)
C. CASH FLOWS FROM FINANCING ACTIVITIES		
III. Net Cash Provided by / (used in) Financing Activities	63,651	(130,338)
3.1 Cash Obtained From Funds Borrowed and Securities Issued	3,491,938	2,330,419
3.2 Cash Used for Repayment of Funds Borrowed and Securities Issued	(3,351,364)	(2,478,503)
3.3 Capital Increase	15,862	20,534
3.4 Dividends Paid	(73,551)	(134)
3.5 Payments for Leases	(19,234)	(2,654)
3.6 Other	-	-
IV. Effect of Change in Foreign Exchange Rate on Cash and Cash Equivalents	528,181	24,313
V. Net Increase / (Decrease) in Cash and Cash Equivalents	1,796,494	1,084,822
VI. Cash and Cash Equivalents at Beginning of the Period	1,864,624	779,802
VII. Cash and Cash Equivalents at End of the Period	3,661,118	1,864,624

The accompanying notes are an integral part of these consolidated financial statements.



TÜRKİYE SİNAİ KALKINMA BANKASI A.Ş. AND ITS SUBSIDIARIES
CONSOLIDATED STATEMENT OF PROFIT DISTRIBUTION
FOR THE YEAR ENDED DECEMBER 31, 2021

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

	Audited Current Period December 31, 2021 (1)	Audited Prior Period December 31, 2020 (4)
I. DISTRIBUTION OF CURRENT YEAR INCOME		
1.1 CURRENT YEAR INCOME	1.458.063	947.348
1.2 TAXES AND DUTIES PAYABLE	369.055	214.519
1.2.1 Corporate Tax (Income tax)	493.307	363.282
1.2.2 Income withholding tax	-	-
1.2.3 Other taxes and duties (3)	(124.252)	(148.763)
A. NET INCOME FOR THE YEAR (1.1-1.2)	1.089.008	732.829
1.3 PRIOR YEARS LOSSES (-)	-	-
1.4 FIRST LEGAL RESERVES (-)	-	36.642
1.5 OTHER STATUTORY RESERVES (-)	-	-
B. NET PROFIT AVAILABLE FOR DISTRIBUTION [(A)-(1.3+1.4+1.5)]	1.089.008	696.187
1.6 FIRST DIVIDEND TO SHAREHOLDERS (-)	-	-
1.6.1 To owners of ordinary shares	-	-
1.6.2 To owners of preferred shares	-	-
1.6.3 To owners of preferred shares (pre-emptive rights)	-	-
1.6.4 To profit sharing bonds	-	-
1.6.5 To holders of profit and loss sharing certificates	-	-
1.7 DIVIDENDS TO PERSONNEL (-)	-	-
1.8 DIVIDENDS TO BOARD OF DIRECTORS (-)	-	73.283
1.9 SECOND DIVIDEND TO SHAREHOLDERS (-)	-	-
1.9.1 To owners of ordinary shares	-	-
1.9.2 To owners of preferred shares	-	-
1.9.3 To owners of preferred shares (pre-emptive rights)	-	-
1.9.4 To profit sharing bonds	-	-
1.9.5 To holders of profit and loss sharing certificates	-	-
1.10 STATUTORY RESERVES (-)	-	-
1.11 EXTRAORDINARY RESERVES	-	582.704
1.12 OTHER RESERVES	-	-
1.13 SPECIAL FUNDS	-	40.000
II. DISTRIBUTION OF RESERVES	-	-
2.1 APPROPRIATED RESERVES	-	-
2.2 DIVIDENDS TO SHAREHOLDERS (-)	-	-
2.2.1 To owners of ordinary shares	-	-
2.2.2 To owners of preferred shares	-	-
2.2.3 To owners of preferred shares (pre-emptive rights)	-	-
2.2.4 To profit sharing bonds	-	-
2.2.5 To holders of profit and loss sharing certificates	-	-
2.3 DIVIDENDS TO PERSONNEL (-)	-	-
2.4 DIVIDENDS TO BOARD OF DIRECTORS (-)	-	-
III. EARNINGS PER SHARE (2)		
3.1 TO OWNERS OF ORDINARY SHARES	0.39	0.25
3.2 TO OWNERS OF ORDINARY SHARES (%)	38.89	24.86
3.3 TO OWNERS OF PRIVILEGED SHARES	-	-
3.4 TO OWNERS OF PRIVILEGED SHARES (%)	-	-
IV. DIVIDEND PER SHARE		
4.1 TO OWNERS OF ORDINARY SHARES	-	-
4.2 TO OWNERS OF ORDINARY SHARES (%)	-	-
4.3 TO OWNERS OF PRIVILEGED SHARES	-	-
4.4 TO OWNERS OF PRIVILEGED SHARES (%)	-	-

(1) Since the Board of Directors has not prepared any proposal for profit distribution relating to the year 2021 yet, only profit available for distribution for the year 2021 is presented.

(2) A nominal value of 1 Kurus figures a share in unconsolidated income statement and unconsolidated statement of profit distribution and an earnings per share is calculated for a nominal value of 1 Kurus.

(3) The current period and the prior period amounts are related to deferred tax income.

(4) The profit distribution table for the previous period became final with the decision of the Ordinary General Assembly dated March 25, 2021, after the publication of the independently audited financial statements dated December 31, 2020 and rearranged in this direction. Also, the previous period adjustments stated in the Note XXIII of Section Three are not reflected in the previous period profit distribution table.

(5) The Profit Distribution Table shows the distributable net profit of the Parent Bank.

The accompanying notes are an integral part of these consolidated financial statements.



CONTACT DETAILS

Head Office

Meclisi Mebusan Cad. No: 81 Fındıklı 34427 İstanbul-TÜRKİYE
Phone: (212) 334 50 50
Fax: (212) 334 52 34

Ankara Branch

Aziye Mahallesi, Piyade Sok., B Blok, No: 3/7, Çankaya, Ankara-TÜRKİYE
Phone: (312) 441 75 22
Fax: (312) 441 75 66

Financial Institutions and Investor Relations

Tel: +90 (212) 334 52 58
Website: <https://www.tskb.com.tr/en>

BIST Code: TSKB
SWIFT Code: TSKBTRIS
EFT Code: 0014
Trade Register No.: 42527