



2022

# SUSTAINABLE BANKING TRANSFORMING THE FUTURE

INTEGRATED ANNUAL REPORT

WE WILL  
RECOVER  
TOGETHER

Distinguished Stakeholders,

During our Integrated Annual Report 2022 preparations, we were painfully struck with the calamity of two Kahramanmaraş centered earthquakes on February 6, 2023. We wish for God's grace upon our citizens who have lost their lives, and hope for the immediate recovery of our wounded, in the 11 provinces and around.

We are deeply saddened; our grief is infinite...

In the wake of this blight that has pierced our heart, we are aware that the today is the high time to heal wounds, and to build an even stronger future.

Within the scope of the relief efforts that TSKB has carried out by mobilizing all its facilities together with our subsidiary companies, we have donated a total of TL 65 million to the Disaster and Emergency Management Presidency (AFAD) in addition to in-kind assistance for the urgent needs of the earthquake-affected regions to provide permanent support to the region.

As a development bank working with the mission of sustainability and inclusiveness, we believe in establishing a society impenetrable against natural disasters, which is the reality of our country, is one of our top priority targets. For this purpose, we have further increased our efforts to bring the medium- and long-term resources needed to put forward qualified and permanent solutions to our country, taking into account the sad earthquake disaster our country is experiencing.

We will continue to work with our stakeholders in cooperation with all our branches of activity for the fastest recovery of our earthquake-affected regions. We sincerely believe that all the institutions will act with similar responsibility in these difficult days we are going through and that we will all work together for long-term and effective solutions to rebuild a safer future.

**TSKB**

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Please scan the QR code to access the PDF copy of the TSKB Integrated Annual Report 2022.

[www.tskb.com.tr](http://www.tskb.com.tr)



Data audited by  
PwC Türkiye



Data audited by BSI



# TOWARDS THE TARGETED FUTURE...



As the bank publishing the first responsible communication policy of Türkiye, we continue to expand our positive impact with our efficiency and sustainability goals in every field we operate, while celebrating the 100<sup>th</sup> anniversary of our Republic. And we continue to create value with a focus on sustainable and inclusive development of Türkiye.

With our sustainable banking model, we contribute in climate- and environment-friendly investments and inclusive economic growth, and we strive to differentiate with our approach in every area we touch.

We launched Transforming Steps, Türkiye's first energy-efficient sustainability communication campaign. The campaign focuses on energy efficiency in all its processes, from the color palette to the system fonts. We are proud of presenting Türkiye's first energy-efficient integrated annual report as a part of this project.

# AN IMPORTANT STEP IN THE FIGHT AGAINST CLIMATE CHANGE AND THE TRANSITION INTO A CARBON-FREE ECONOMY

- With our membership in the **Net-Zero Banking Alliance**, we have committed to supporting the transition to a zero carbon economy in the international arena.
- We have been continuing the calculation and verification process of Scope 3 emissions, which we started with carbon-intensive sectors, since the end of 2021. We included **financed emissions** for companies operating in carbon-intensive sectors, which account for 8.4% of our portfolio as of the end of 2022.
- We have completed our application to the **Science Based Targets Initiative** for our Scope 1-2-3 emissions; our verification process is ongoing.



**15%** ✓

Share of projects we are involved in the financing of, in Türkiye's installed capacity of renewable energy.



**100%** ✓

In our use of green electric energy and direct emissions as a carbon-neutral bank.



**13.2 million tons** ✓

Our emission reduction contributions via renewable energy projects we are involved in financing.

# STRONG STAKEHOLDER ENGAGEMENT

- We are in constant communication and reciprocal engagement with our stakeholders. Thus, taking the concept of **Double Materiality** into account, we have updated our stakeholder analysis and reviewed our strategic focuses in 2022.
- We are the first bank in Türkiye to announce its compliance with the **World Economic Forum Stakeholder Capitalism Metrics**.
- Within the scope of well-established stakeholder relations, we have signed a funding agreement of approximately USD 650 million.



**80%**

The environmental, social, and governance (ESG) linked funding ratio



**12**

Long-lasting relationships with Development Finance Institutions.

# INTERNATIONALLY RECOGNISED SUSTAINABLE BANKING PRACTICES

- **Our ESG risk rating reached 7.9 points, which represents the lowest risk level.** Among the banks evaluated, with this rating, we ranked 1<sup>st</sup> in Türkiye, 12<sup>th</sup> among international development banks, and 15<sup>th</sup> in the global banking sector. With this score, **we became the only institution from Türkiye that managed to enter the List of 50 Institutions Achieving Top ESG Performance of the World** determined by Sustainalytics.
- We have raised our CDP Climate Change Programme score to the leadership level. Thus, **while ranking among the first 21% in the world, we have been among the top Turkish banks.**
- We have undersigned significant achievements that touch every part of the capital of our value creation model and are accepted on international platforms.



**89/100**

Our Refinitiv ESG Rating



**9.59/10**

Our SAHA Corporate Governance Rating



# SUSTAINABLE GROWTH FOR THE FUTURE CENTURIES OF OUR REPUBLIC

- We bolstered our **strong liquidity** with total funding worth of approximately USD 750 million that we provided in 2022.
- We have positioned ourselves among the banks with the highest coverage ratios in the sector, not only by maintaining our **intact asset quality** but also by strengthening our provisions.
- We have strengthened our capital further thanks to our **internal capital generation capacity**.
- We maintain our **sustainable strong profitability** as a result of our successful activities in 3 main business lines.



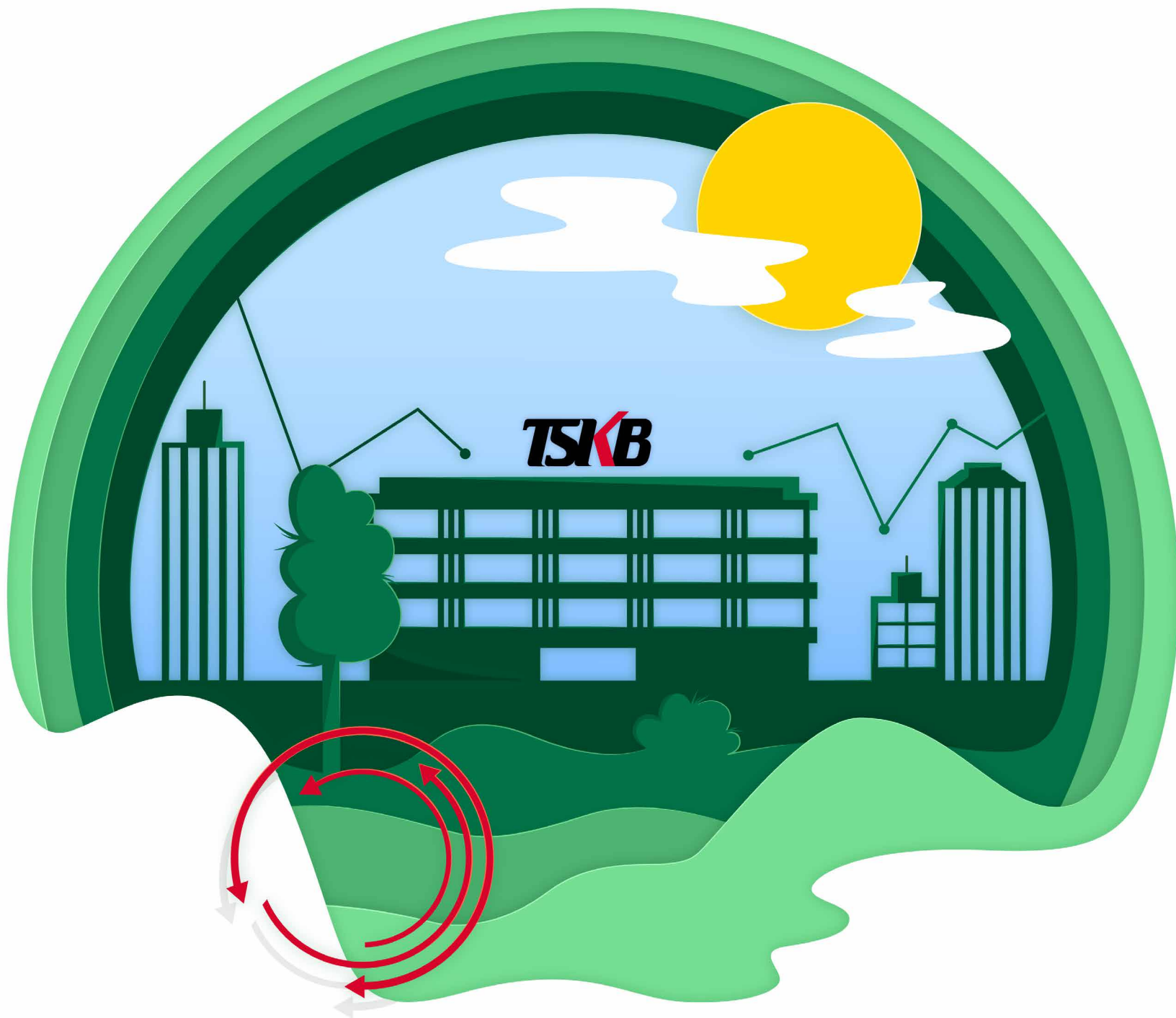
**TL 115.6 billion**  
Total assets



**22.4%**  
Capital adequacy ratio



**41.1%**  
Return on equity ratio



# TSKB AT A GLANCE

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## About the Report

### Nature, Period and Scope of the Report

We present TSKB's financial, environmental, social, and governance performance for 2022 with the Integrated Annual Report, which includes the Board of Directors Activity Report covering the period from January 1 to December 31, 2022. Our Bank does not have any activities abroad and the report covers the activities carried out in Türkiye.

### Capital Classification Approach

In this report we classify, analyze and report to our stakeholders the current outputs and outcomes of our value creation model, risk and opportunity management, strategy and goals for the future on the basis of capital and integrated thinking principles proposed by the Value Reporting Foundation (VRF).

### Content of the Report

Our multifaceted contribution to inclusive and sustainable development has been considered in its financial, social and environmental aspects and presented in detail throughout the different parts of the report. The report also includes the United Nations Responsible Banking Principles Report, of which our Bank is a founding signatory.

### Compliance with Legislation and Regulatory Frameworks

This report has been prepared in accordance with the International Integrated Reporting Framework and Integrated Thinking Principles recommended by the VRF as well as the GRI Standards published by the Global Reporting Initiative (GRI). The content of the report was compiled according to the methods of setting the content, including the materiality principle, described in the GRI Standards guide. Performance statements were basically presented in accordance with the GRI Standards, taking into account the progress reporting principles of the United Nations Global Compact (UNGC), of which we made a commitment in 2010, and the requirements of the Women's Empowerment Principles (WEPs), of which we are a signatory. The reporting process also took into account the recommendations of the Sustainability Accounting Standards Board (SASB), the Stakeholder Capitalism Metrics established by the International Business Council within the World Economic Forum (WEF), and the Task Force on Climate-related Financial Disclosures (TCFD). TSKB complies with the minimum requirements of the BRSA and the Capital Markets Law (CMB) regarding annual reports within its Integrated Annual Report 2022.

### Publication Format of the Report

It is a priority target for our Bank that the integrated annual report is accessible to all stakeholders. Accordingly, the report was produced with an eco-friendly approach and communicated electronically. The report is available on the Public Disclosure Platform and [www.tskb.com.tr](http://www.tskb.com.tr).

### Audit

Our Bank's Integrated Annual Report 2022 and the independent audit reports attached in the Annual Report are audited by Güney Bağımsız Denetim and SMMM A.Ş. (EY). In addition, non-financial information was also subject to a limited assurance review by PwC Bağımsız Denetim ve SMMM A.Ş. (PwC Türkiye). Moreover, our Bank is also audited by the British Standards Institution (BSI) in compliance with ISO 14001 for the Sustainability Management System and ISO 14064-1 for the accounting and verification of greenhouse gas emissions derived from our operational activities.

### Senior Management Statement

Financial and non-financial information, targets and key performance indicators included in the Integrated Annual Report are reviewed by our senior management in line with the Bank's strategy. The corresponding Statement of Responsibility is presented on page 187.



# SUSTAINABLE BANKING

## TRANSFORMING THE FUTURE

### ENERGY EFFICIENT INTEGRATED ANNUAL REPORT

All TSKB Integrated Annual Report materials were designed to provide energy savings.  
As a result, the objective is to achieve energy savings of at least 30%.

#### TYPOGRAPHY

Fonts used are the system fonts found in any computer, therefore it is convenient enough for access. The fonts we chose from those available in the system enable the monitor to spend less energy in the digital environment and use less ink on the printed surfaces.

#### COLORS

The colors we preferred usually belong to the RGB scale. Besides, the white balance was optimized. This color palette features minimum energy spending during both the printing process and the use of the screen.

#### PRINTING

The report will be predominantly shared in the digital environment. The natural effect will be minimized by using environmentally friendly paper for printing. On the other hand, as part of the operational activities maintained by TSKB as carbon neutral, the emission of this report's printed version will also be neutralized in 2023.

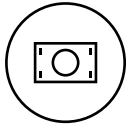


30% energy saving



## Corporate Profile

### TSKB in Figures



**TL 115.6 billion**  
Total assets



**TL 12.8 billion**  
Total shareholders' equity



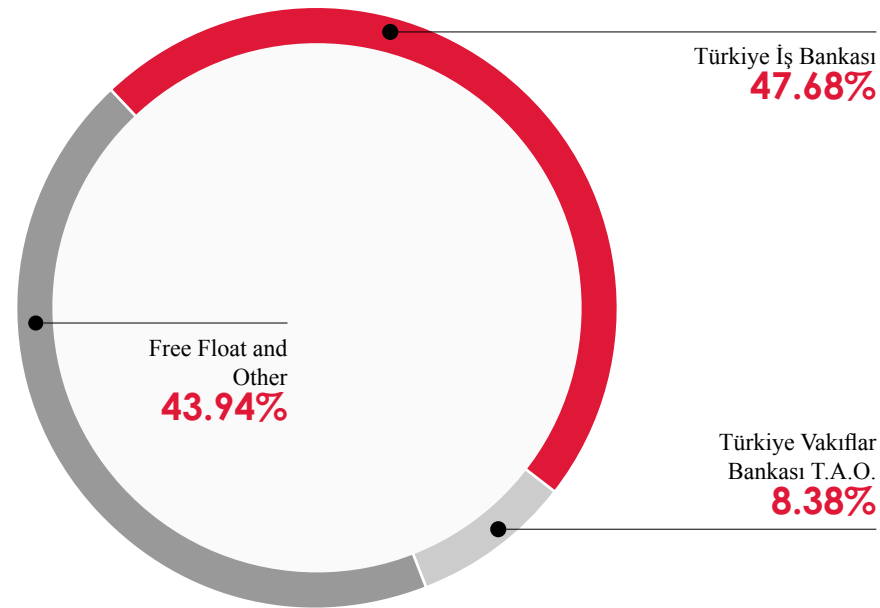
**597**  
Total employees  
(TSKB and subsidiaries)

GRI 2-1, 2-2, 2-6

### TSKB's Shareholding Structure

TSKB stock is traded on BIST Stars under the ticker name "TSKB" with a free float ratio of 38.8%. TSKB's registered capital ceiling is TL 7,500,000,000 whereas its paid-in capital is TL 2,800,000,000 as of 2022 year-end.

The shares held by the Chairman and Members of the Board of Directors, Audit Committee Members, CEO, and Executive Vice Presidents in the Bank are insignificant.



\*The total share of İşbank Group (Türkiye İş Bankası, Milli Reasürans and Anadolu Sigorta) is 50.48%.

### TSKB's Subsidiaries

- Yatırım Finansman Securities
- TSKB Real Estate Appraisal Company
- TSKB Real Estate Investment Trust
- TSKB Sustainability Consultancy (Escarus)

### Ratings

Ratings*	TSKB	Türkiye
Fitch Long Term Senior Unsecured Debt	B-	B
Moody's Long Term Foreign Currency Issuer Rating	B3	B3
SAHA Corporate Management Rating	9,59/10	
Sustainalytics ESG Risk Score	7.9	
Refinitiv ESG Score	A	

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

### **Contributing to the sustainable transformation of the manufacturing economy in Türkiye**

Founded in Istanbul in 1950 as Türkiye's first private development and investment bank, with the support of the World Bank and the Central Bank of the Republic of Türkiye, and the contributions of national and international commercial banks, TSKB contributes to the sustainable growth, development, and green transformation of the Turkish manufacturing economy. With our 72 years of knowledge and competence, we offer products and services to our customers in the corporate banking, investment banking, and advisory fields.

### **We provide financing for the transformation of the private sector with thematic funds we receive from international financial institutions**

As we are a development and investment bank, we do not collect deposits and offer retail banking services. We work with a sustainable development perspective in the field of corporate banking pursuing science-based targets, and we introduce thematic funds from international development finance institutions and international financial institutions to the private sector investors in Türkiye. 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 the positive impact we create via our financing activities**

We provide structured 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 more and more 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 added value for the Turkish economy. We distinguish ourselves in the Turkish banking industry with our impact-oriented development approach, industry-specific expertise and multidimensional insight.

### **As a signatory of the Net-Zero Banking Alliance, we are adding new ones to our commitments**

Implementing many first and pioneering practices in the Turkish financial sector towards Türkiye's transition to a low carbon economy, our bank has been measuring and managing its carbon footprint since 2006. With our banking approach prioritizing climate risks and opportunities, as a signatory of the Net-Zero Banking Alliance established by the United Nations Environment Program Finance Initiative, we have added a new one to our commitments in the global arena.

In line with the 1.5°C target of the Paris Climate Agreement, we will align our loan and investment portfolio with net-zero emission targets by 2050. We will continue to guide our sector by following the principles of transparency and accountability, and science-based guidelines in our sustainable banking journey and setting our targets before 2030 in accordance with the Net-Zero Banking framework.

With all our capital items, we make a tangible contribution to the UN Sustainable Development Goals. 91% of our loan portfolio consists of SDG related investments. The share of our loans contributing to climate and environment-related SDGs is hovering at 60%. 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.

Awarded the Climate Change Leadership award by CDP Türkiye in 2013 and 2015 within the scope of the Carbon Disclosure Project (CDP), our bank has raised its "B" rating, which it has maintained since 2016, to the "A-" level by making significant progress in its carbon emission targets.

### **We are taking important steps in sustainable and green transformation-focused banking**

TSKB introduced various innovative practices to the Turkish financial sector in the fields of sustainability and inclusiveness. We integrated sustainability approaches that have been accepted globally at the beginning of the 2000s into our entire banking model. TSKB is the first bank in Türkiye to obtain ISO 14001 and ISO 14064 certificates and to zero its direct emissions. Since 2021, we have included the impact of the carbon-intensive sectors in our portfolio, in other words, our financed emissions, into the calculation and verification processes in an end-to-end transparent manner.

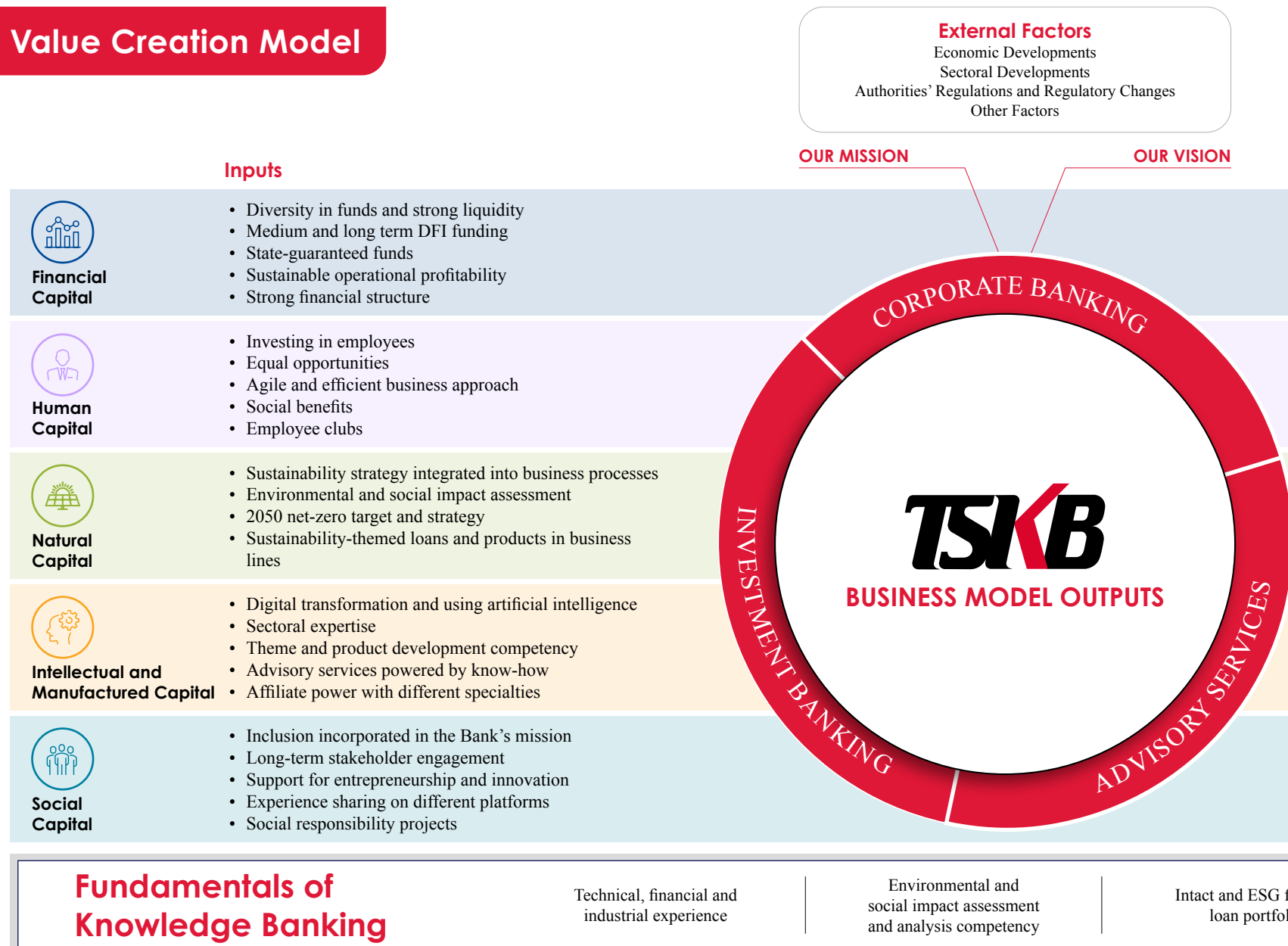
Following the first green/sustainable bond issuances of our country and the region, we continue to create alternative resources for our customers by offering sustainability oriented instruments in the Turkish capital markets. We contribute effectively to the green transformation of companies with our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

With our advisory activities, we determine the medium and long-term investment needs, targets and roadmaps of companies within the scope of sustainability principles.

### **Introducing a sustainability approach to the advisory and investment banking**

As Türkiye's first investment bank, we continue our efforts with the goal of making high quality contributions 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.

## Value Creation Model



## Value Created and Impact

- Loan portfolio with 78% APEX and investment loans
- 6.9% net interest margin
- 41.1% return on equity
- 22.4% capital adequacy ratio

- Ratio of female employees in the management; 49% ✓
- 18% female member ratio in the Board of Directors ✓
- 0.008 gender pay gap ✓
- Average annual training hours per employee is 51.3 ✓

- Best ESG risk rating in Türkiye
- 13.2 million tons of CO<sub>2</sub> emission reduction contribution made by renewable energy projects we are involved in financing. ✓
- 100% green electricity energy use and carbon neutral bank ✓
- The share of climate and environment-focused SDG-linked loans in the total portfolio; 60% ✓

- TSKB Advisory Services Net Promoter Score; 9.52/10
- Number of TSKB Economic Research reports; 466 ✓
- On Climate Review reports published quarterly in 4 different themes ✓
- Sustainable financing products in Investment Banking

- Ongoing support for women's employment
- Scholarship support for 180 female students to date
- Raising awareness on equal opportunities with Equal Steps
- TSKB Sustainable Communication Policy

## Support for Sustainable and Inclusive Development

91%

Ratio of SDG-linked loans in total portfolio ✓

52%

Female employee ratio ✓

8.4%

The ratio of the loan portfolio included in the Scope 3 calculation and verification processes ✓

9.48 FTE

Provided through 28 Robotic Process Automation

27.9%

Improvement in company capacity for gender equality ✓

Strategic and agile management approach

High-calibre human resources and expertise

Efficient and effective use of resources

Effective risk management

Power to create common value with subsidiaries

## Key Financial and Non-Financial Indicators

At TSKB, we categorize the impact and value it generates to its stakeholders under 6 capitals from an integrated thinking perspective.



### Financial Capital

Net Interest Margin\*

**6.9%**

Return on equity ratio

**41.1%**

Fee & commission growth

**124%**

Capital adequacy ratio

**22.4%**



### Human Capital

Female employee ratio ✓

**52%**

Ratio of female employees in the management ✓

**49%**

Gender pay gap\*\* ✓

**0.008**

Average annual training hours per employee ✓

**51.3**



### Natural Capital

The CO<sub>2</sub> emission reduction contribution provided by the renewable energy projects we are involved in financing ✓

**13.2 million tons**

Renewable energy projects involved in their financing to date ✓

**386 projects**

The number of energy and resource efficiency projects financed

**156**

The ratio of the loan portfolio included in the Scope 3 calculation and verification processes ✓

**8.4%**



### Intellectual and Manufactured Capital

TSKB Advisory Services Net Promoter Score

**9.52/10**

Number of TSKB Economic Research reports ✓

**466**

Number of books in TSKB Library

**14,000**

The number of projects included in the RPA process

**28**



### Social Capital

The number of contents published on the #EqualSteps platform

**195**

APEX Loans

**335 SMEs and additional employment for 370 people in the last 3 years**

Number of female students provided with scholarships to date

**180**

Improvement in company capacity for gender equality ✓

**27.9%**

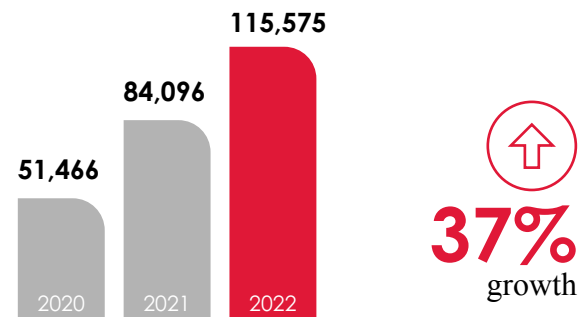
\* Swap costs and FX position income included

\*\* Calculations are based on the median values.

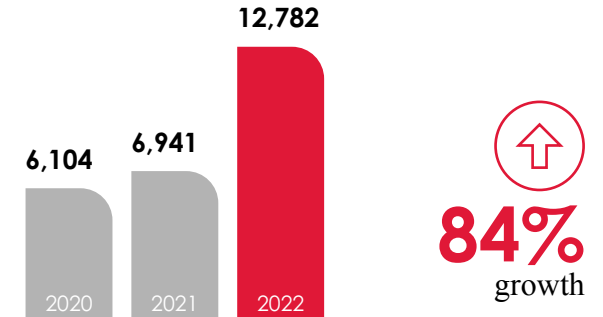
## TSKB DELIVERED STRONG FINANCIAL RESULTS IN 2022.

Financial Highlights (TL Million)	2018	2019	2020	2021	2022
Total Assets	38,298	41,500	51,466	84,096	115,575
Total Loans	28,226	31,415	39,120	63,905	80,274
Shareholders' Equity	4,719	5,167	6,104	6,941	12,782
Net Profit	661	776	733	1,089	4,055
(%)	2018	2019	2020	2021	2022
Return on Equity	17.2	16.6	13	16.7	41.1
Return on Assets	2	2	1.6	1.6	4.1
Capital adequacy ratio	16.2	17.8	19.4	20.8	22.4

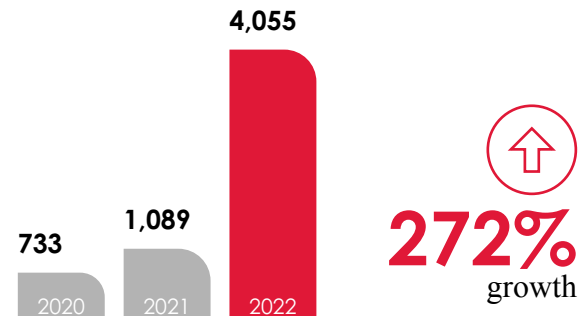
Total Assets (TL million)



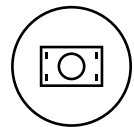
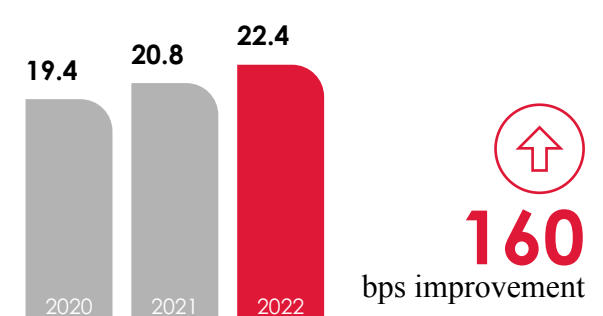
Shareholders' Equity (TL Million)



Net Profit (TL Million)



Capital Adequacy Ratio (%)



**TL 115.6 billion**  
Total assets

## Message from the Chairperson



**WE HOPE THAT THE GOOD PRACTICES TSKB HAS PUT FORWARD IN THE AREAS OF ENVIRONMENTAL, SOCIAL, AND GOVERNANCE WILL SHED LIGHT ON THE WAY FOR BOTH OUR INDUSTRY AND THE REAL SECTOR COMPANIES.**

Esteemed Stakeholders,

While commencing the year 2023, which marks the 100<sup>th</sup> anniversary of our Republic, with great excitement, we were deeply shaken by the earthquake disasters that unfortunately affected our 11 provinces. Our losses are immense, and it is impossible to bring those who lost their lives back, but it is possible to heal the wounds and build up those who were destroyed in a stronger way. We all believe that we will overcome this difficult period with great solidarity and cooperation by working hard.

While starting my assessments about our integrated annual report on TSKB's 2022 results with these feelings, I wish God's grace upon the citizens who lost their lives and rapid recovery to the injured citizens as well as well-being and strength to whole country.

In 2022, when we faced the economic decisions taken during the fight against the COVID-19 pandemic and the challenging and inflationary repercussions of this process for global supply chains, we also felt the effects of geopolitical developments intensely. The war between Russia and Ukraine and the sanctions imposed on Russia, as well as the rise in energy and food prices, have created inflationary pressure, while the increasing uncertainties combined with the ongoing epidemic measures and the increasing number of incidents in China have triggered recession concerns in the world.

In this context, we have observed that the economies of developed countries have entered a tightening process in their monetary policies. The US Central Bank (Fed) increased the monetary policy rate seven times, bringing it to 4.25–4.50% at the end of the year, while the

European Central Bank (ECB) ended its negative interest rate policy that it had been maintaining for eight years. With the interest rate hikes, the ECB increased the deposit interest rate to 2% at the end of the year. In light of all these developments, the expectation that there will be a slowdown in economic activity in 2023 compared to last year prevails. For example, according to the forecasts of the International Monetary Fund (IMF), following 3.2% of estimated growth rate in 2022, growth rate is expected to decline to 2.7% in 2023.

However, we have witnessed that the Turkish economy exceeded expectations and achieved 6.2% growth in the first nine-month period. Having kept the monetary policy interest rate constant in the first seven months of the year, the Central Bank of the Republic of Türkiye (CBRT), making interest cuts for the rest of the year, decreased the weekly repo interest rate to 9% at the end of 2022. It continues its macroprudential policies, which have significant repercussions on the banking sector, within the scope of the Liraization strategy. Although the leading data in the last quarter indicate a slight slowdown due to the external demand effect, we anticipate that we will end the year with a growth of 5.2%.

In line with the policies implemented by the CBRT, the banking sector completed the year with a loan growth of 40.6% on an foreign currency (FX)-adjusted basis. The sector, which maintains its asset quality with its non-performing loan ratio of 2.1% as of the end of the year, has further strengthened its FX liquidity buffers with the effect of the contraction in FX-denominated loans. In 2022, the capital adequacy ratio of the sector, which was supported by 41.6% of strong return on equity, was realized at the level of 19.5%, taking into account the temporary measures of the BRSA.



We anticipate that a period of uncertainty will continue not only in the areas covered by global macroeconomics and production processes but also in terms of diplomatic processes. In this period, when recession concerns are also surging, I am in the view that it is very critical for institutions to maintain their financial stability and that the decisions to be taken in this direction will shape the future. I believe that green and inclusive transformation has a guiding role that institutions need in this critical process. After the last disaster that we experienced, the establishment of sustainable living and production models that are resistant to natural disasters, as well as the healing of earthquake wounds, will continue to be one of our main agenda items for a long time.

Despite global uncertainties, important steps have been taken in our country and around the world in the field of combating climate change and sustainability in 2022.

One of these important steps taken last year was the EU Council's announcement that the parties had reached a consensus on the Carbon Border Adjustment Mechanism (CBAM), which has been a topic of discussion between the member states and the negotiators of the European Parliament for many years. The gradual implementations that will follow this consensus, which is a big step for the EU's goal of becoming a carbon-neutral continent in 2050, are also of close interest to Türkiye, which has intensive trade relations with EU. We think that the low carbon footprint of our country compared to other countries and the acceleration of renewable energy and sustainability practices every day will give Türkiye an advantage in competition. TSKB follows the developments very closely and continues to support the changes, transformations, and requirements in Türkiye, both with our sustainability-themed finance products and with our investment banking as well as our advisory services.

On the other hand, we are proud to see the important reflections of the good practices that we have implemented on international platforms. While our bank was awarded the best bank in the field of sustainable development of Türkiye at the Global Banking and Finance Awards 2022, it was named the "Most Sustainable Bank of Türkiye" for the second time in a row within the scope of the banking awards organized by World Finance magazine. Another global award organization where the efforts and visions of my colleagues were rewarded was "Türkiye's Best Sustainability Practices in Banking" given by Global Economics magazine. Our reports, which are transparent and comply with international reporting standards, also took place among the examples of good practice in the international arena. Our 2021 Integrated Annual Report, which we published in 2022, won the "Honorary Award" at the ARC Awards of International Reporting Awards, while the score of our Carbon Disclosure Project (CDP) Response was moved to the "A" level, which represents the leadership level, by the CDP, and we were proud of being among the first 21% in the world and ranking among the top Turkish banks.

As you know, in the context of sustainability, one should have already accomplished and left behind the steps of determining a circular approach, and setting its stance on ESG impact issues. Today, if we want to make a meaningful difference for the future, we need to ensure our actions gain momentum as soon as possible to leave them in much better conditions than we have, going beyond guaranteeing the life rights of the generations after us. Unfortunately, the disasters we have experienced recently have underlined this necessity again.

The business world, which is the biggest front of the transformation, is one of the most important parties that are expected to take substantive steps. In this new period, when we need to accelerate our steps for a bright future, we hope that the good practices TSKB has put forward in the areas of ESG will shed light on the way for both our industry and the real sector institutions.

Nowadays, when almost every concept is redefined and there is a transformation and awareness in all areas of life, not only in technology, it is not sufficient to desire to adapt to the transformation but necessary to have the determination and motivation to realize this desire.

In addition to adapting to the transformation, we know that TSKB will use all the opportunities to the fullest extent in order for our country and our people to look at the future more strongly and confidently in the next hundred years of our Republic. We also invite our stakeholders to take more responsibility for this objective and establish effective cooperation to this end.

We wish that 2023 will be a hopeful year for our country, our stakeholders, and the TSKB family.

Sincerely,



**ADNAN BALI**  
Chairperson of the Board of Directors

## Message from the CEO



**WE CONTINUE TO CREATE  
ADDED VALUE FOR THE  
GREEN TRANSFORMATION  
OF THE REAL SECTOR WITH  
OUR SUSTAINABLE AND  
INCLUSIVE BANKING VISION.**

***In the shadow of the highly severe earthquakes affecting 10 provinces in our country, we have come together to evaluate TSKB's 2022 year performance and future targets. Would you like to share your feelings and thoughts about the earthquake before we start?***

We are deeply saddened because of the earthquakes. We wish God's grace to our citizens who lost their lives, condolences and patience to their relatives, and fastest recovery to the injured.

Unfortunately, our country has faced highly severe earthquakes for centuries, and according to scientific data, it will inevitably continue to face them due to its location. Today, the first task of our authorities and organizations is to restructure our provinces affected by the earthquake in a stronger way, heal the wounds of our people, and ensure that they get back to their normal lives as soon as possible. As a development bank working with a sustainability mission, we think that we need systematic steps and effective cooperation for an infrastructure that is resistant to such large-scale and highly severe natural events, urbanization, disaster management, production, and economic order. Just as a successful realization of the green economic transformation is an important target that will successfully integrate us into the global world, establishing a life resistant to earthquakes and natural disasters, which is the reality of our country, should be one of our most important priorities. Although we have passed another big test on the 100<sup>th</sup> anniversary of our Republic, we also see this as an opportunity to raise our second hundred years on much more solid foundations. TSKB has mobilized all its resources to provide permanent solutions in this respect.

We wish fastest recovery to our whole country, especially the people of the region.

***You have drawn crucial assessments by asserting permanent and sustainable solutions. Now, we would appreciate receiving your opinions specific to the year, which is the subject of the report. 2022 was expected to be a period of recovery after the global pandemic. However, the uncertainties surged by the Russia-Ukraine hot war and the subsequent economic recession have significantly affected corporate strategies as well. How would you define the year 2022 of TSKB?***

While we were thinking that we would get out of the COVID-19 pandemic and return to our old normal, the Russia-Ukraine War that started in Europe, the embargoes imposed by the West on Russia, the strong rise in energy prices, and the monetary policies that tightened with the deepening inflation problem around the world changed all the balances in the world.

While growth is slowing down globally, we have seen inflationary pressures along with the risk of recession. We have experienced a year in which China's role in the global economy has begun to change. The West considers this country as a serious competitor, and mounting economic protectionism weighed on the year.

In addition, all these developments—climate change, income, gender inequality, as well as political movements— which have marked the year 2022 will persist to be environmental and social issues we will take into account in the coming period.

TSKB is a bank that operates with the mission of sustainable development and inclusiveness. We closely follow all the dynamics on a global scale, and we are moving forward with the goal of making a qualified contribution to the development goals of our country irrespective of any backdrop. In 2022, we provided nearly USD 2 billion in support of the economy via cash and non-cash loans. Thanks to our knowledge and our expert technical staff, we have continued to implement successful projects in the investment banking and advisory business lines. In the coming period, we will continue to create value together with all our stakeholders in the development and transformation journey of our country in line with our mission and impact-oriented approach by analyzing risks and opportunities well in the face of difficult and uncertain conditions.

***In the current stakeholder and materiality analysis, sustainable financial performance is among the issues with a very high strategic priority. In this context, how would you evaluate TSKB's performance compared to last year? What are your forward looking expectations for 2023?***

We have completed 2022 with a strong performance in line with our goals. While the total asset size of our bank reached TL 115.6 billion, our total loan portfolio, which indicates our direct contribution to the real economy, also reached TL 80.3 billion, constituting 69% of our total assets. While maintaining our asset quality, our shareholders' equity surged by 84% to reach TL 12.8 billion and we have posted a net profit of TL 4 billion with 272% increase. We supported our capital adequacy ratios, which are well above the legal limits, with our solid profitability. Also, we positioned ourselves among the banks with the highest coverage ratios across the sector by lifting our provision ratios on the back of our cautious approach.

We aim to expand our loan portfolio by 5% on a fx-adjusted basis in 2023. We will realize this growth mainly in the areas of climate finance as well as inclusion. We will continue to keep our asset quality strong and strengthen our capital in a way that will further support development.

While expanding our coverage and scope of influence with our knowledge banking approach, which we observe in our investment banking and advisory business lines, we aim to double our gross fee and commission revenues. Via our subsidiaries, which contribute to our revenues with their successful performances, we will continue to offer innovative solutions that will guide our customers within the framework of sustainability principles.

***Your value creation model enables continuous capacity development and information sharing with international financial institutions and development finance institutions. In line with Türkiye's needs, many themes are determined thanks to close cooperation. Could you share the sources of funding provided this year with us?***

As usual, we have closely followed COP 27 and its reflections, where climate risks and actions were discussed. Türkiye, which ratified the Paris Agreement in the Turkish Grand National Assembly, announced the updated National Contribution Statement to the public at the same event. The importance that Türkiye attaches to green transformation in all sectors in all areas of the economy within the framework of its development priorities was also included in the Medium-Term Program announced in the same year. Thus, we have observed the transformation of issues such as climate finance and circular economy into important agenda items both in the world and in Türkiye.

While monitoring global development focuses, we also closely analyze the development needs of our country and work on new themes that are compatible with the strategies of development finance institutions. In line with our efforts, the previous year has been a very active and fruitful period for us. In 2022, we provided nearly USD 650 million in funding from five different development finance institutions. A major part of this funding was climate finance-themed. While inclusiveness takes its place in our mainstream themes, we have added the circular economy, which we think will become even more widespread in the medium and long term, into our financing themes.

We renewed the syndicated loan, which we have provided indexed to sustainability criteria in recent years, for the third time with even more differentiated criteria. The loan, which is subject to three different sustainability criteria compatible with our strategy, was realized in the amount of approximately USD 110 million with the participation of eight banks from eight different countries from Europe, America, Asia, and the Middle East.

In addition to the theme of gender equality, we will finance renewable energy and energy efficiency investments aimed at reducing greenhouse gas emissions throughout Türkiye, advanced technology-supported projects in this field, technologies and services supporting the green economy, climate change mitigation and adaptation investments, and circular economy investments and the companies aiming to develop circular economy practices with these funding agreements, through which we have further strengthened our strong liquidity, in the next period.

## Message from the CEO

### THE SUSTAINABLE DEVELOPMENT GOALS ARE AT THE CENTER OF ALL OUR ACTIVITIES. THE RATIO OF OUR SDG-LINKED LOANS IN THE TOTAL PORTFOLIO IS 91%.

*TSKB is further improving its ESG rating, which is shown as an important reference for investors who include ESG criteria in their investment decisions, every year. You completed the 2022 update in November with sustainable practices that extend to all components of the business model. What is your ranking in the international arena with your current rating?*

We continued to improve our Sustainalytics' ESG risk rating in 2022 as well. As a result of a meticulous study, while we stood out among banks on a global scale with a risk rating of 13.6 in 2021, we improved our rating further by nearly 6 points in 2022 to reach the lowest risk level with 7.9. By decoupling positively from the other institutions on the list of dimensions such as ESG-oriented strategy, environmental and social risk management, human capital, and business ethics, we ranked first in Türkiye with our risk rating, 12<sup>th</sup> among international development banks, and 15<sup>th</sup> in the global banking sector. This has really been a source of great pride for all of us. We will continue to maintain this leading position with good practices.

*The concept of double materiality defines each sector representative as a corporate citizen responsible for our planet. In addition, it emphasizes that institutions should include environmental and social issues as well as financial ones in decision-making mechanisms and materiality analyses. As TSKB, you are operating in this direction in accordance with changing conditions and needs with your dynamic business model. In this context, can you tell us about the important developments in 2022?*

TSKB continues to support the economic, environmental, and social development of our country with our sustainable and inclusive banking vision and creates added value for the green transformation of the real sector. In addition to financing sustainability-themed investments, we use our knowledge, experience, and vision to offer innovative and alternative solutions to our customers with our investment banking and advisory services. In this context, fighting climate change and climate adaptation are among our most important strategic focus areas.

In the previous year, we have achieved many important developments that demonstrate our commitment to sustainability. We have continued our studies on measuring and reporting the emissions of our loans in carbon-intensive sectors, which we have included in our audited emission calculations in 2021. As of the end of 2022, emissions included in Scope 3 calculation constituted 8.4% of our total portfolio. During the same period, we applied to the Science-Based Targets Initiative for our emission targets. While the relevant approval process is ongoing, we have become a signatory of the Net-Zero Banking Alliance launched by the United

Nations Environment Programme Finance Initiative (UNEP-FI). With this signature, we have committed to aligning the loan and investment portfolio with the zero-emission targets by 2050. In the next period, we will transparently share our road map and goals that we will determine within the scope of our commitment and our performance in this regard with our stakeholders.

Our sustainability vision not only supports the transformation of our country and the business world. We also aim to take part in this transformation as an institution. Double materiality emerges at this point. Each of our colleagues also keeps the ESG approach on the agenda in a way that is integrated with their daily responsibilities. We have been offsetting our emissions arising from our bank operations since 2008, and we use green energy on all our campuses. SDGs are at the center of all our activities. The ratio of our SDG-related loans in the total portfolio is 91%, whereas the share of our loans contributing to climate and environment-related SDGs is hovering around 60%.

**While increasing its importance every day, sustainability brings along the problem of “Green Washing” as well. We see that many advisory decisions and regulations have started to be introduced against this problem in Europe and in our country. By taking an exemplary step in this field, you have become the first institution in Türkiye to publish the Responsible Sustainability Communication Policy. What do you aim for with this policy?**

We pay attention to the communication of the pioneering practices we have implemented with our stakeholders within the scope of our sustainable and inclusive banking mission for the dissemination of good examples.

TSKB has been carrying out all its communication activities with an integrated perspective for many years, taking into account the ten principles of the UN Global Compact and the UNEP-FI Principles of Responsible Banking with the aim of making the economic, environmental, and sociocultural development of our country qualified and continuous. We are reporting to our stakeholders with the principles of transparency and accountability in international standards, and we are conducting detailed audits of our main performance indicators related to our targets. We support impact-oriented spokespersonship, advocacy, and cooperation opportunities in the direction of a sustainable future, and we also take care of our environmental and social footprint in our communication activities. We have also prepared our Responsible Sustainability Communication Policy to be a guide for all sectors, and we hope to inspire all professionals as well as green-collar employees with this study.

**2023 is the 100<sup>th</sup> Anniversary of the Republic of Türkiye. As the leader of an institution working for the sustainable future of our country, what is your message for this special year?**

As a 73-year-old institution working with a sustainable and inclusive development mission, I find it important to evaluate 2023 from the perspective of steps that will carry our country into the future. While planning the second century of our Republic, I believe that all institutions should take responsibility for our common future, both in a national and global context. Unfortunately, the recent earthquakes have left their mark on this year. The most urgent and material issue that we need to bring to a solution will be the re-establishment of our destroyed cities and the integration of our people into life in a healthy way.

On the other hand, with the climate crisis risks starting to become a reality, we have entered an era where we need to make radical changes in our current production and consumption habits. This means qualified impact-oriented investments with a transforming perspective. For our country to become a successful actor in the global economy, we have to achieve net zero carbon targets and development with high social inclusiveness together. In this context, sustainability, green transformation, efficiency, and equality opportunities will continue to be our main agenda items. The development of technology, innovation, and digitalization in a way that directly creates added value to these goals is of critical importance. We believe that our country will write a qualified growth story with its economic, environmental, and social axes by rapidly healing the wounds of the earthquake disaster we have been through, and we are channeling all our strength into concrete investments and solutions that contribute to these goals.

In the 100<sup>th</sup> anniversary of our Republic, as the large TSKB family, which includes our subsidiary companies, we are aware of our responsibility with our competent human resources, and we are ready to work harder and create value in the new hundred years of our Republic.



**MURAT BİLGİÇ**  
Member of the Board of Directors and CEO





# STRATEGY, PERFORMANCE AND EXPECTATIONS

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## Strategic Plan

### MISSION

We create value for the inclusive and sustainable development of our country with our financing and advisory solutions, which are powered by our qualified human resources, experience in the field of development and investment banking, visionary approach, and well-established international cooperations.

### VISION

We aim to be the first business partner that stakeholders rely on, consult and prefer by offering quality services for the economic, environmental, and social development of Türkiye, and by pioneering with international best practices.

### OUR VALUES

We are trustworthy and respectful.

GRI 2-22



### ABOUT THE FUTURE

We will continue to work decidedly 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. The risks and opportunities related to material issues and future expectations are available under the related capital items.

We review our strategic focuses every two years within the scope of Stakeholder and Materiality Analysis outputs and external factors in which we operate. You can access the stakeholder analysis outputs that we have updated this year from page 28 and the external factors from page 43.



## Stakeholder Participation and Materiality Analysis

### Significance of Stakeholder Communication

Reflecting an integrated perspective on its strategy and all business processes, our bank adopts an inclusive approach that takes into account the priorities and expectations of its stakeholders when determining material issues. Accordingly, within the scope of the activity cycle, we regularly carry out analyses in order to harmonize our strategic and material issues with the opinions of all our stakeholder groups and provide information about our approach to these issues in reporting processes.

### Methodological Approach

TSKB reviews the stakeholder analysis every two years in line with the developments experienced during that period, taking into account the long-term strategy and business model of the institution. The outputs of stakeholder analysis form the basis of TSKB's Integrated Annual Reporting activities. In this report, we have taken the stakeholder analysis carried out in the period of October-December 2022 as a basis.

The stakeholder analysis was designed by TSKB Sürdürülebilirlik Danışmanlığı A.Ş. - Escarus in a structure containing 3 different evaluation questions in order to analyze the stakeholders' perception of TSKB and their views on sustainability priorities in more depth, unlike the Bank's relevant studies in previous years. In the study that we conducted as an online survey, we completed our analysis by obtaining numerical results from a sample representing the TSKB stakeholders universe. In the survey, we reached a total of 174 participants, formed of 115 internal and 59 external stakeholders. ✓

In our 2022 study, corporate strategies, trends related to national and international banking and finance sectors, global trends, and international sustainability framework documents were examined in the process of determining material issues in order to create an inclusive and current topic universe. In addition, we met with the Bank's Sustainability Management Committee and other department managers of strategic importance and received their opinions on the targets and forward-looking strategies that are considered important in the actual situation. Taking into account all the opinions collected during the workshop we organized with participants from the Sustainability Management Committee, we decided on the materiality topics.

Within the scope of the materiality analysis, we aimed to evaluate the importance of the topics for stakeholders in three dimensions, the adequacy of the studies TSKB has carried out so far on the relevant topic from the stakeholder's perspective, and how important the related topic will be for TSKB in the future. In addition, we have collected the thoughts that stakeholders would like to share by including an open-ended question at the end of the survey. Therefore, we had the opportunity to make a more in-depth analysis by collecting opinions from different aspects.

Another innovation that we implemented in our stakeholder analysis this year was the stakeholder weighting study. With this method, the ranking of the stakeholders was determined taking the opinions of the expert team and senior management, who determined the strategy and sustainability goals of our Bank.

As a result of this evaluation, we have created the materiality matrix by analyzing the sustainability strategy of our Bank and internal and external stakeholder expectations. We have prepared a materiality list, in which stakeholder expectations are outlined, based on this matrix.

Internal and external stakeholders participating in the materiality analysis according to the stakeholder weighting ranking are as follows:

#### Internal Stakeholder Group ✓

Senior Management

Members of the Sustainability Governance Committee

Board of Directors

All Employees

Shareholders

Subsidiaries

#### External Stakeholder Group ✓

Development Finance Institutions

Public Institutions / Auditors

Clients and Customers

Financial Institutions

NGOs

Academic Stakeholders

Intermediary Institutions

Suppliers

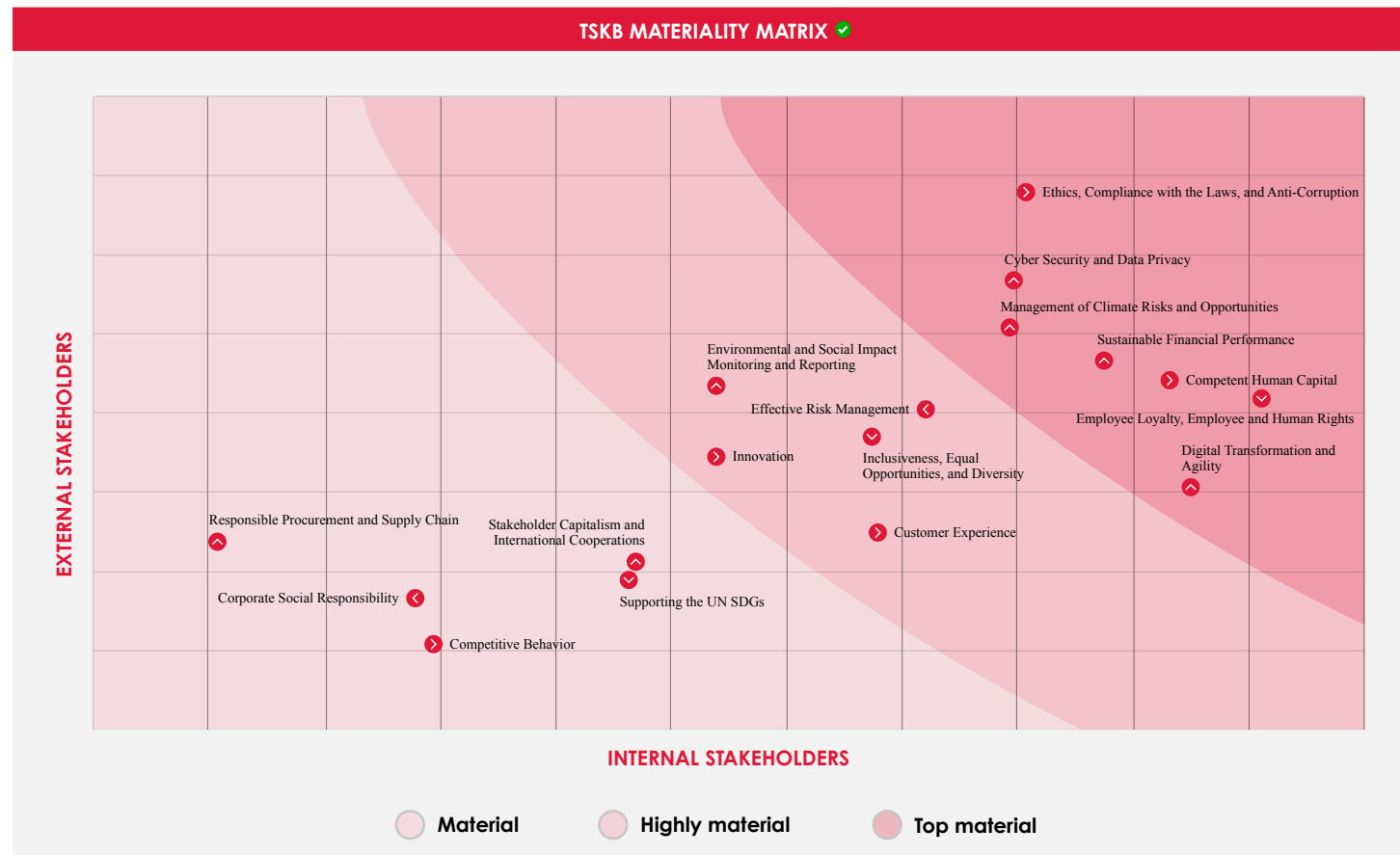
## Strategic Plan

### Stakeholder Participation and Materiality Analysis

#### Results and Evaluation of the Materiality Analysis

The materiality analysis underlines that TSKB is growing in harmony with all its stakeholders by taking into account the sustainability and responsible banking perspectives that it has designed for the qualified development of the country.

The priorities of TSKB's internal and external stakeholders determined as a result of the stakeholder analysis are presented below. The methodology followed within the scope of stakeholder engagement and materiality analysis activities, including the process of identifying very high priority, high priority and material topics, was examined in detail and verified by PwC Türkiye within the scope of third party verification studies.



## TOP MATERIAL ISSUES FOR INTERNAL AND EXTERNAL STAKEHOLDERS

### Ethics, Compliance with the Laws, and Anti-Corruption

TSKB has determined compliance with all laws and regulations, the prevention of corruption in commercial relations with stakeholders, and the maintenance of our activities in the light of ethical rules while carrying out its activities as its corporate governance approach. Our working rules, which are created in order to regulate the relations we establish with internal and external stakeholders within the framework of our ethical principles, improve the quality of service, and protect assets and resources, and which locate “integrity” and “honesty” at the center, are in our future focus.

In the survey results, the importance of full compliance with corporate governance principles, which is a critical area in sustainable banking, was also emphasized. The answers given show that stakeholders believe that TSKB is resistant to risks that will be exposed today and in the future as a result of its policies and practices based on fair, transparent, accountable, and responsible banking principles, and that the soundness of the financial structure is important for stakeholders for the future as well.

**Audit Mechanism:** The related issues are managed by our Corporate Compliance department and are constantly under the scope of our Bank’s Audit Committee and Internal Control audit.

### Cyber Security and Data Privacy

The regulations we have developed regarding data privacy and our high-level cyber security practices show that we have adopted the importance of the confidentiality of corporate and personal financial data as a basic responsibility. We aim to constantly monitor new and advanced security systems to implement the most effective security solutions.

**Audit Mechanism:** The related issues are managed by our Information Security and Quality department and are constantly under the scope of our Bank’s Audit Committee and Internal Control audit. It is also subject to ISO 27001 audits.

### Sustainable Financial Performance

The sustainability of our financial performance is critical in order to maintain our deep-rooted relations with our stakeholders, especially with our shareholders and funders, and be able to operate successfully for the development of our country in line with our long-term business model. Therefore, we act with a longer-term, impact-focused value and sustainable perspective in all dimensions and processes.

**Audit Mechanism:** Related issues are managed in a multifaceted manner, primarily by Financial Control, Budget, and Planning, as well as by our Financial Institutions and Investor Relations department, and are constantly under the supervision of our Bank’s Supervisory Board and Internal Control. It is also subject to periodic independent audit.

### Management of Climate Risks and Opportunities

TSKB will continue in the future, as it is today, to take concrete steps in the areas of renewable energy and energy and resource efficiency projects as well as combating climate change and compliance in line with our target of financing sustainable development. Our Bank will continue to take an active role in the management of climate risks and opportunities by developing products in cooperation with subsidiaries in all business areas.

In addition to climate risks, risks caused by earthquakes and similar natural disasters that are not directly related to climate change are evaluated and prioritized under the heading of Effective Risk Management.

**Audit Mechanism:** Relevant issues are managed by our Risk Management department and the Climate Risks Working Group and are monitored by Senior Management and the Sustainability Committee. Also, external audit assurance is obtained for relevant issues that undergo periodic evaluations within the scope of various ESG indices and ratings.

### Competent Human Capital

With the awareness that the cornerstone of our successful and sustainable performance is human resources, our main priorities include increasing employee satisfaction and ensuring the development of employees through investment in human resources and in-house training. In this era of rapid change and transformation, we aim to continue our operations with a highly motivated, skilled, and qualified workforce.

**Audit Mechanism:** The related issues are managed by our Human Resources department and are constantly under the scope of our Bank’s Audit Committee and Internal Control audit.

### Employee Loyalty, Employee and Human Rights

The Bank followed a human resources policy based on diversity and equal opportunity, adopting the principle of equality in all practices within this scope. In order to carry out human resources processes on an equitable basis for all our stakeholders, we aim at full compliance with the Equal Opportunity Model. We regularly measure the satisfaction and commitment levels of our internal stakeholders through the surveys we conduct, and we offer a platform where they can communicate their thoughts and suggestions. By taking these feedbacks into our focus, we take additional steps that are deemed necessary in line with our improvement targets that we have determined.

## Strategic Plan

### Stakeholder Participation and Materiality Analysis

We are committed to applying a model pattern in which all stakeholders, both our own employees and our suppliers, are evaluated at the same level by showing sensitivity to the issue of compliance with international human rights standards in the future periods as well.

**Audit Mechanism:** Relevant issues are managed by our Human Resources department and undergo periodic evaluations within the scope of various ESG indices and ratings. In addition, our Bank is also audited by the Inspection Board and Internal Control.

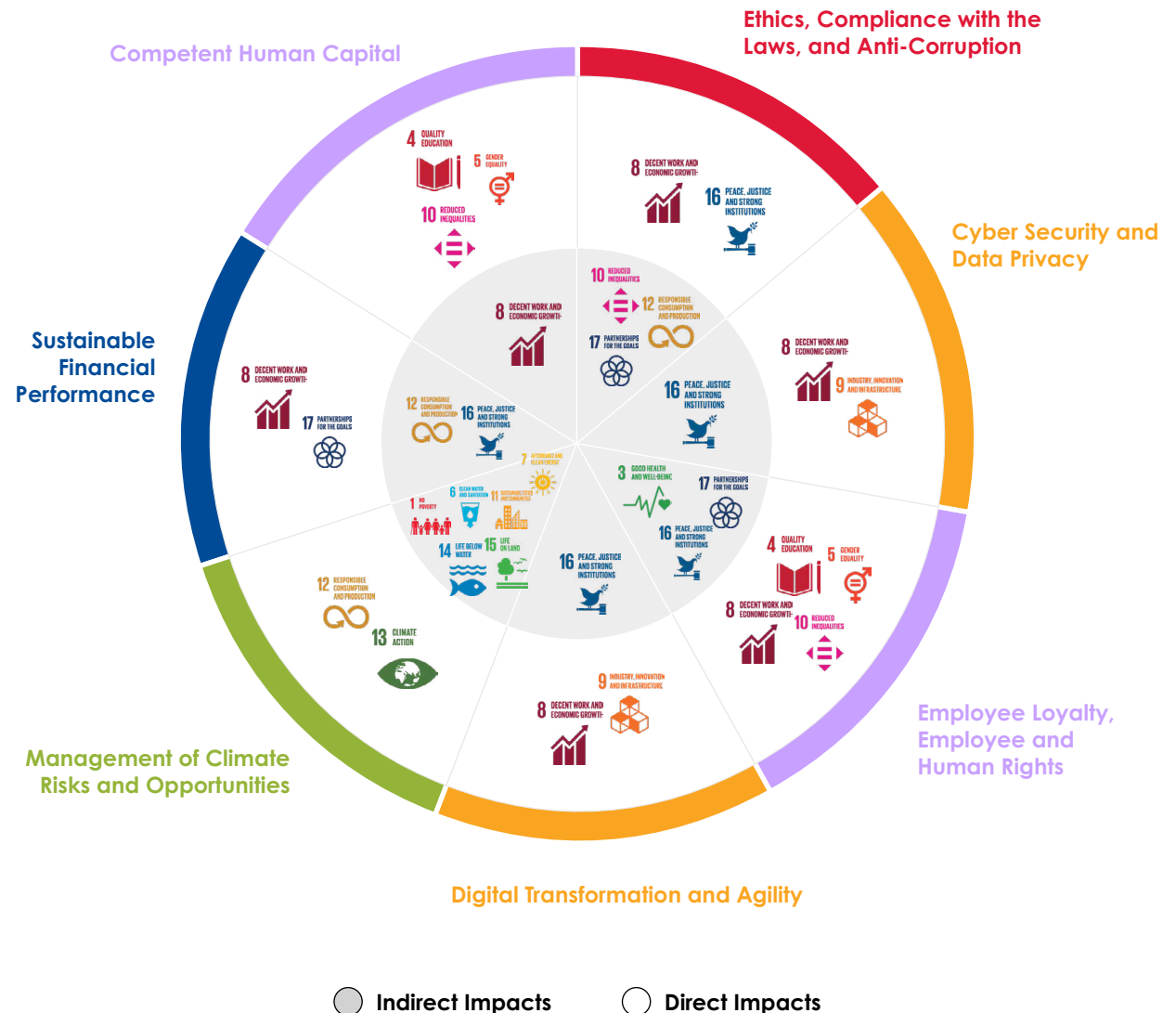
#### Digital Transformation and Agility

We continue our efforts to multiply end-to-end digital solutions, improve user experiences, and automate the processes identified under Robotic Process Automation (RPA) by placing digitalization at the center of our business model. In addition, in order to benefit from the gains of agile management, we continue to carry out studies and provide trainings to employees for the internalization of this model by spreading it in our Bank.

**Audit Mechanism:** The related issues are managed by our Information Security and Quality department and are constantly under the scope of our Bank's Audit Committee and Internal Control audit. It is also subject to ISO 27001 audits.

#### Associating Material Areas with Sustainable Development Goals

We evaluated the results of the materiality analysis within the framework of SDG and identified the SDGs that our Bank's material issues directly and/or indirectly contributed to. The following table shows which SDGs are served by the material issues determined as a result of the Stakeholder Analysis:



**Direct impact** refers to SDGs to which the relevant material issue makes a direct contribution. This material issue touches on the majority of the sub-targets of the relevant SDGs and contributes to these SDGs in their entirety.

**Indirect impact** refers to SDGs where the relevant material issue touches at least one of its sub-targets.

**Taking into account the sustainability vision of our Bank and the practices it has implemented in this direction, the SDGs that are considered as a material focus area for the Bank in the future**

#### SDG 4: Quality Education



- Supporting life-long learning
- Professional training platforms

#### SDG 10: Reducing Inequalities



- The activities carried out and the trainings offered to ensure income equality, social equality, and inclusiveness

#### SDG 5: Gender Equality



- Elimination of gender-based opportunity inequality
- Strengthening the role of women in decision-making mechanisms

#### SDG 12: Responsible Production and Consumption



- Prevention of waste and pollution
- Recycling
- Circular economy

#### SDG 8: Decent Work and Economic Growth



- Contribution to sustainable economic growth
- Creation of employment under favorable conditions

#### SDG 13: Climate Action



- Combating climate change and strengthening the capacity of resilience against and adaptation to climate risks

#### SDG 9: Industry, Innovation and Infrastructure



- Supporting inclusive and sustainable industrialization and producing projects for development
- Applicability of knowledge to innovation

#### SDG 16: Peace, Justice and Strong Institutions



- A strong, transparent, and accountable communication and sustainable cooperation with stakeholders
- Strengthening international cooperation

## Strategic Plan

### Stakeholder Participation and Materiality Analysis

Table of Relations with Stakeholders

Stakeholder Group	Expectations, Recommendations and Positive Effects	Relationship with TSKB Sustainability Priorities	Communication Method and Frequency	TSKB's Response
Financial Institutions	TSKB is an institution that has proven itself with a strong governance system in the field of ESG and targets on the basis of capital	Environmental and Social Impact Monitoring and Reporting	Environmental and Constant communication through all kinds of communication channels	At our bank, we deal with ESG issues at the Board of Directors level within the framework of the Sustainability Management System established in 2014. With the participation of the Board of Directors, we set long-term targets complying with the bank's strategy under this structure.
		Supporting the UN SDGs		
		Stakeholder Capitalism and International Cooperations		
Development Finance Institutions	Calculation and reporting of financial institutions' financed emissions	Environmental and Social Impact Monitoring and Reporting	Constant communication through all kinds of communication channels	Our Scope 3 emission calculation studies, which we started at the end of 2021, continued to cover 8.4% of the portfolio in 2022.
		Management of Climate Risks and Opportunities		
Investors	Conducting transparent reports in accordance with international standards, attaching importance to simplicity, and enriching reports with numerical targets and data	Environmental and Social Impact Monitoring and Reporting	Constant communication through all kinds of communication channels	We report both our financial and non-financial performance in accordance with internationally accepted standards and by supporting them with data subject to audit.
		Supporting the UN SDGs		
		Stakeholder Capitalism and International Cooperations		
Employees	Transforming supply chain management in the direction of companies that comply with SDGs and make commitments in this regard	Responsible Purchasing and Supply Chain	Participation in various committees and working groups, continuous communication through HR practices such as Open Door and complaint mechanism	We regularly update our supply chain policies and procedures.
		Supporting the UN SDGs		
		Stakeholder Capitalism and International Cooperations		
	Supporting R&D projects carried out in universities within the scope of fighting against and adaptation to climate change	Management of Climate Risks and Opportunities		We organize a Sustainability Workshop every year in cooperation with different universities. We share our experience about current trends and practices in the field of sustainable banking as guests of different courses through our representatives.
		Corporate Social Responsibility		
	TSKB's many multi-faceted initiatives in the field of sustainability and the satisfaction of working in an institution which is highly sensitive to the environment	Employee Loyalty, Employee and Human Rights		Our Bank inspires and pioneers with our innovative solutions and sustainability practices.
		Supporting the UN SDGs		
		Corporate Social Responsibility		

Stakeholder Group	Expectations, Recommendations and Positive Effects	Relationship with TSKB Sustainability Priorities	Communication Method and Frequency	TSKB's Response
<b>Board of Directors</b>	Ensuring capital adequacy in a stable manner by exceeding the cost of economic capital with sustainable profitability and sound asset quality	Sustainable Financial Performance	Strategic communication through Senior Management, General Secretariat, and committees	We aim to achieve sustainable financial performance with an effective risk management approach in line with changing macroeconomic conditions and regulations.
<b>Senior Management</b>	Financial soundness and the creation of a strong, sustainable, and competitive business model	Sustainable Financial Performance Competitive Behavior High Caliber Human Capital	Constant communication through all kinds of communication channels	We aim to achieve sustainable financial performance with an effective risk management approach in line with changing macroeconomic conditions and regulations.
<b>Clients and Customers</b>	Many companies benefit from TSKB's privileged advisory services through its expert staff	High Caliber Human Capital Customer Experience	Effective communication through bank representatives, contact forms, and complaint mechanism	With our HR applications, we systematically support the technical capacity and personal development of our employees both through the digital platform and in physical environments.
<b>Suppliers</b>	High sensitivity about sustainability	Stakeholder Capitalism and International Cooperations Environmental and Social Impact Monitoring and Reporting Competent Human Capital	Transparent communication through the contact forms and complaint mechanism	We observe compliance with the ESG criteria in each component of our value creation model. We pay attention to the fact that all our stakeholders with whom we have established cooperation have the same approach.
<b>NGOs</b>	Taking a more active role in social responsibility issues as well as commercial activities	Corporate Social Responsibility	Focused communication through the representatives of the association and the working group	We are increasing our influence by implementing responsibility projects in many dimensions such as education, art, environment, and inclusivity.



## Governance Structure

### Sustainability

## WE CONTINUE TO EXPAND OUR SPHERE OF INFLUENCE AND GENERATE ENVIRONMENTALLY AND SOCIALLY ORIENTED VALUE BY INTEGRATING OUR SUSTAINABILITY PRIORITIES INTO OUR BANK'S STRATEGY, BUSINESS PLAN AND MANAGEMENT STRUCTURE.

### Internalized end-to-end sustainability concept


We continue to support the sustainable development of Türkiye with our sustainability-related 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. We support the Sustainability Policy, which we first published in 2012 and revised in 2015, with nine complementary auxiliary policies with 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 2022, we updated TSKB's Sustainability Policy and seven supporting policy documents in the light of global sustainability standards, sustainability indices and other developments of priority. In addition to the auxiliary policies, we published the TSKB Responsible Communication Policy in 2022. With this policy, which is a first in our country, we have determined the principles that take into account the understanding of sustainability and responsible banking in our brand communication activities.

Click [here](#) for the relevant policies.

### Sustainability Committee

All sustainability efforts across the Bank are managed by the Sustainability Committee, which was established in 2014 and consists of 4 Board Members, CEO and 2 Executive Vice Presidents as of the end of 2022. 

Click [here](#) for the operational structure, working principles, and other details of the Committee.

The Committee convened 3 times in 2022 to ensure the coordination of business plans and activities created within the scope of our strategy, vision, and goals in sustainability, closely monitor the activities of the sustainability management committee and working groups.

### Sustainability Management Committee

The Sustainability Management Committee, established in parallel with our vision, strategy, goals, and business plans about sustainability issues, especially climate change, convenes every 2 months during the year in order to ensure the dissemination of our sustainability activities throughout our Bank and their integration into our differentiating business processes.

A team of 14 people consisting of TSKB CEO, Executive Vice Presidents directly related to sustainability, and the sustainability working heads 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.

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

### WORKING GROUPS

**Our sustainability activities are carried out by 11 Working Groups affiliated to the Sustainability Management Committee.** In this context, we categorize our activities under four main headings: Strategy, Corporate Governance, Environment and Climate, and Social Impact and Inclusion. ✔

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 2022, 69 people from TSKB's 23 departments took part in Committees and Working Groups. This represents 18% 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.

## TSKB SUSTAINABILITY MANAGEMENT STRUCTURE ✔



## Governance Structure

### Sustainability

## OUR SUSTAINABILITY ACTIVITIES ARE CARRIED OUT BY 11 WORKING GROUPS FOCUSED ON STRATEGY, CORPORATE GOVERNANCE, ENVIRONMENT AND CLIMATE, AND SOCIAL IMPACT AND INCLUSION.

### STRATEGY

#### **Sustainability Strategy Working Group**

Within the Working Group, the compliance of the sustainability activities of our Bank and our subsidiaries with the Sustainability Strategy of our Bank has been followed due to national and international developments.

### CORPORATE GOVERNANCE

#### **Cooperation with Initiatives and Indexes Working Group**

Established to determine the need for resources in cooperative sustainability efforts with international and supranational financial institutions and international initiatives, to organize the work, and to follow-up the developments with national and international sustainability rating companies, the Working Group continued its activities.

We have been included in the newly established BIST25 Sustainability Index by maintaining our place in the BIST Sustainability Index in 2022. A new methodology was applied by the external consultant Refinitiv company, which started to evaluate the ESG performance of the companies included in the index in 2022. In accordance with this methodology, we conducted gap analysis and action plan studies and increased our rating to A.

### **Sustainability Reporting Working Group**

Closely following the latest frameworks and criteria with domestic and international good practices, observing high standards with our international recognition, we presented our financial and non-financial performance and our direction for the future to all our stakeholders with the sustainability reports, especially the Integrated Annual Report and CDP report.

In this context, our Integrated Annual Report of 2021 was awarded the honor award in the “non-traditional integrated annual reports” category by the International Reporting Awards ARC Awards.

Again, in the CDP (Carbon Disclosure Project) Climate Change Program, which we publish on an annual basis, we responded to the newly added topics in 2022 and carried out improvement activities. Positioning ourselves above the global average in our own activity category in 11 of 12 titles in total, our grade increased from B to “A-”, which is the “leadership” level.

In addition, by participating in the “Early Adopters” program initiated by UN Global Compact this year for the new reporting system that it will launch in 2023, we became one of the first institutions to respond to the detailed set of questions.

### **Sustainability Communication Working Group**

We carried out the communication activities of our Bank’s sustainability studies and continued to share information through zero carbon activities and sustainability-themed portals. We participated in the TSKB Responsible Communication Policy and intra-bank energy efficient communication campaign studies published in 2022.

## ENVIRONMENT AND CLIMATE

### Sustainability Management System Working Group

We continued to provide trainings to our Bank and related subcontractors in order to increase OHS and sustainability awareness within the Working Group established to monitor and evaluate the internal environmental impacts and occupational health and safety performances of our Bank.

In 2022, the 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. Based on this point, we continue to carry out studies in the Working Group established in the sustainability organization in 2020 within the scope of measuring the financial risks of our Bank arising from climate change, conducting scenario-based analyses to measure the impact of risk factors in the medium- and long-term, and managing and integrating them into the bank's risk model. While closely following all variable parameters in this area, we improved capacity in efforts for Net-Zero Commitment and Science Based Targets.

### 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.

Click [here](#) for the related reports.

### Innovative ESG Products – Investment Banking Working Group

Within the Working Group established in 2021 to develop sustainable labeled products on behalf of our customers and work to implement similar applications in our Bank and our subsidiary Yatırım Finansman by following the examples of good practices in the world, we have followed sustainable and green labeled products and developments in the world and Turkish capital markets, participated as speakers in organizations related to this issue, and cared for stakeholder cooperation.

## SOCIAL IMPACT AND INCLUSION

### Social Impact Management Working Group

In the Working Group, we continued to carry out studies, prepare training programs, follow national and international good practice examples, and develop capacity in order to improve our social impact analysis approach in our Bank's direct and lending activities. In 2022, we included an expert sociologist in the Working Group.

### Gender Equality Working Group

We were included in the Management Committee of IDFC in 2019. As in 2021, we continued the Gender Equality Working Group Presidency activities within the Club in 2022. We continued to carry out gender equality efforts meticulously in order to increase awareness in the real sector in 2022. In the coming period, in this context, we aim to complete the integration of a similar structure into the lending process by analyzing the results of the survey we conducted in 2022.

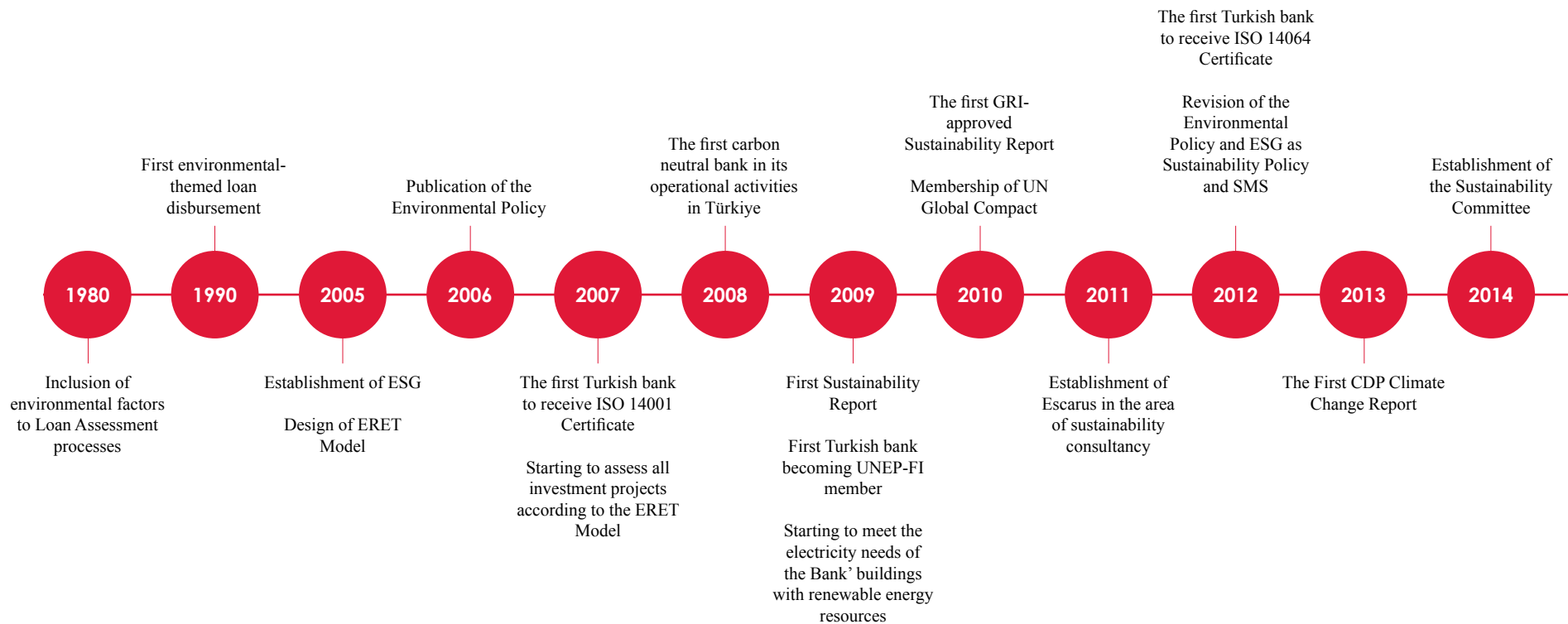
### SDG Mapping Working Group

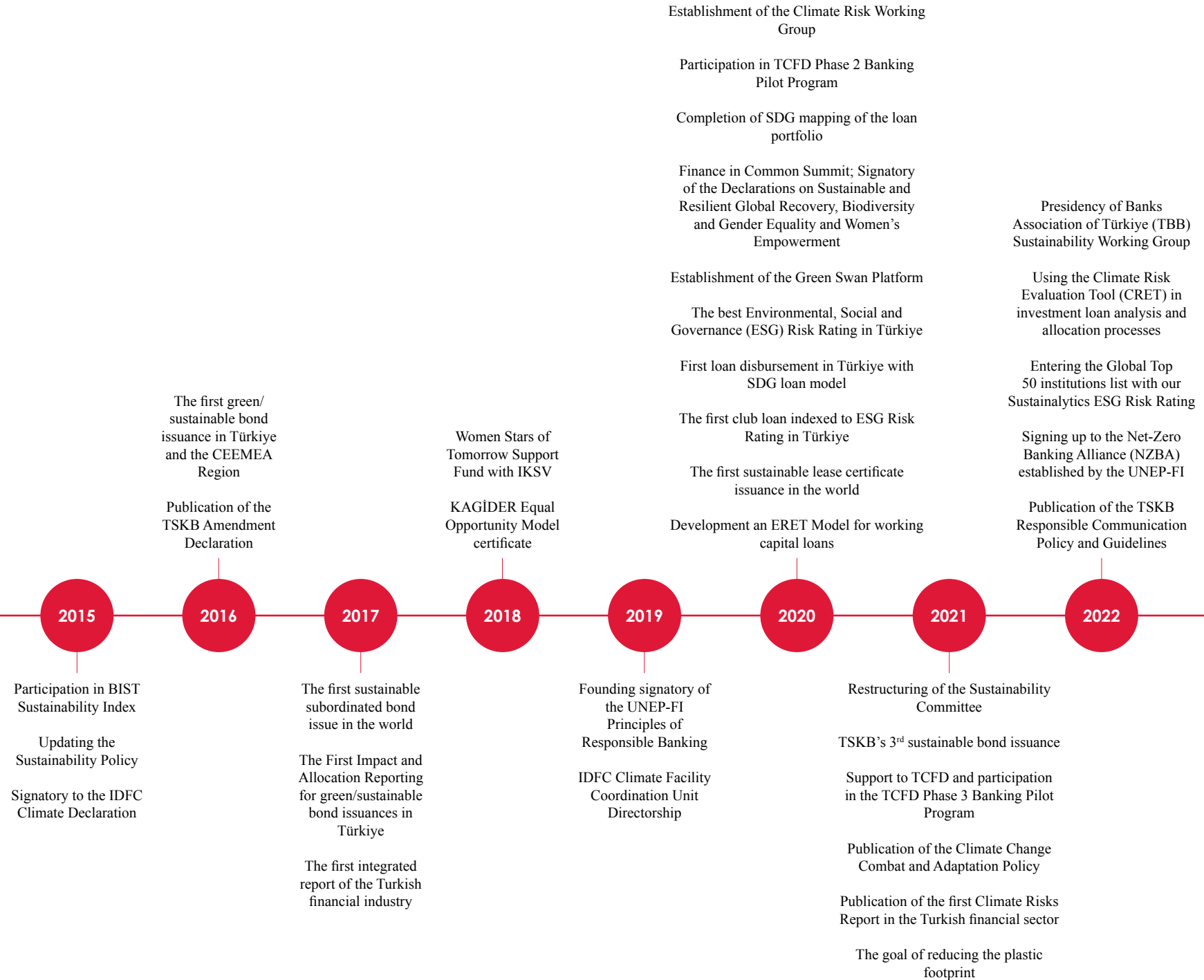
Within the Working Group established in 2021 to measure and report the contribution of investment and working capital loans granted by our Bank to SDGs, we follow the developments related to SDGs on a global and national scale and participate in trainings. We participated in information sharing workshops about our SDG Mapping Model with IDFC member banks and consultant organization Natixis. We carried out external assurance studies in 2022 for the audit of our SDG Mapping Model.

## Governance Structure

### Sustainability

## MILESTONES IN THE SUSTAINABILITY JOURNEY





## Governance Structure

### Sustainability

## 11 WORKING GROUPS ARE RESPONSIBLE FOR ACTIONS RELATED TO A NUMBER OF DECLARATIONS AND PRINCIPLES OF WHICH TSKB IS A SIGNATORY.

### DECLARATIONS AND PRINCIPLES TO WHICH TSKB IS A SIGNATORY

11 Working Groups are 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
- Social Investment Coalition – Social Investment Statement
- Business Plastics Initiative

### IDFC Finance in Common

- Sustainable and Resilient Global Recovery Declaration
- Biodiversity Declaration
- Gender Equality and Women's Empowerment Declaration

### International Development Finance Club (IDFC)

We continued our efforts on gender equality, climate change, biodiversity, compliance with SDGs, and similar issues in 2022 within the International Development Finance Club (IDFC), of which TSKB has been an active member since 2011 and became a member of the Management Committee in 2019. The main highlights during the year are as follows:

- We focused on the action plans proposed in the **“IDFC Collective Roadmap”** report, which was started to be prepared in 2021 and published in 2022 by the Frankfurt School of Finance and Management within the business plan of the IDFC Gender Equality Working Group, of which our bank is the chief coordinator.
- We supported the “Climate and Gender Equality” and “Biodiversity and Gender Equality” panels organized separately by the IDFC Gender Equality Working Group co-coordinators AFD and BICE at the IDFC Pavilion during COP27 held in Sharm El Sheikh, Egypt, as moderator and speaker.
- We participated in the meetings organized within the framework of the joint declaration on gender equality, which we participated among the signatories at the “Finance in Common” Summit, which was organized for the first time in 2020, and made presentations about the “IDFC Collective Roadmap” representing the IDFC Gender Equality Working Group.
- We contributed to the **“SDG Alignment”** study, which was conducted with Natixis advisory firm in the IDFC on compliance with SDGs and published in December 2022.

- We hosted the first climate-themed workshop event of the IDFC Climate Facility. While IDFC Climate Facility and consultant company Adelphi provided training to IDFC member organizations' experts responsible for climate and sustainability issues, it was aimed with this training that IDFC members would recognize and apply the basic products within the scope of climate strategy and climate risk management to their own institutions, share their own experiences on these issues, and exchange ideas on good practices.

### TBB Sustainability Working Group

Our Bank holds the position of Chair of the TBB Sustainability Working Group and our Sustainability Coordinator Ayşe Nazlıca is the chairperson of the Sustainability Working Group and the Sub-Working Group.

The responsibility and coordination of the action of "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 heading of "Green Financing Action Plan" numbered 3 of the "Green Reconciliation Action Plan" published in the Official Gazette dated 16.07.2021 was given to the BRSA.

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 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 TBB Sustainability Working Group continued the studies envisaged to be carried out 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" in 2022 as well. Within this framework, presentations to share experiences on Sustainability issues were delivered by Banks every month, and BRSA officials also participated in these meetings as guests. Some of the presentations, that were made at the meetings that attracted a lot of attention and intense participation, can be accessed from the [TBB website](#).

In addition, during the year, studies were carried out to prepare a Guide on the "Preparation of Heat Map Methodologies and Creation of a Green Asset Ratio." The Sustainability Sub-Working Group has been established specifically on this topic and the said working group convenes monthly with the BRSA officials. At each meeting, the green asset technical criteria studies on a sectoral basis have been presented for discussion by one or more banks. It is expected that the guide study will be completed in February 2023.

In 2022, a round table meeting titled "**Türkiye Transition Finance Workshop**" was organized in cooperation with the Institute of International Finance (IIF) and hosted by TBB. At the meeting, the environmental transformation process in Türkiye was discussed and five banks, including our Bank, made presentations on the planning and implementation of the transition to Net Zero and exchanged views with the World Bank, IIF, MC Kinsey, and GFANZ officials.

Our Bank is also actively involved in the roundtable discussions by NGOs and supports the resulting projects. Accordingly, our Bank took a role in the Environment and Climate Change working group under the TÜSİAD and Environment Roundtable, established in 2022 to deal with climate and environment issues that are of strategically important for Türkiye.

- On November 20, 2019, the Business World Plastics Initiative Platform was established by Global Compact Türkiye, SKD Türkiye and TUSIAD to continue its work on a voluntary basis. As TSKB, we published our targets on plastic reduction as a signatory to the commitments of the Business World Plastics Initiative in 2021. [\*\*The Plastics Commitments Progress Report\*\*](#), which includes our performance for 2022, was published last year.



## Governance Structure

### Corporate Governance

We regard corporate governance and compliance with laws as important cornerstones in banking performance. We act in accordance with the transparency, accountability and risk management principles required by corporate governance in all our operations. Other committees operating under the Board of Directors as part of corporate governance:

#### Credit 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.

#### 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 Bank. It consists of at least two non-executive Board Members and meets at least once a year.

#### 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 Bank 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. They convene at least 4 times a year. The Members of the Board of Directors participating in the said committee are also members of the Nomination Committee.

\*Committees take place with the full participation of members.

## External Factors

### Global Economic Developments

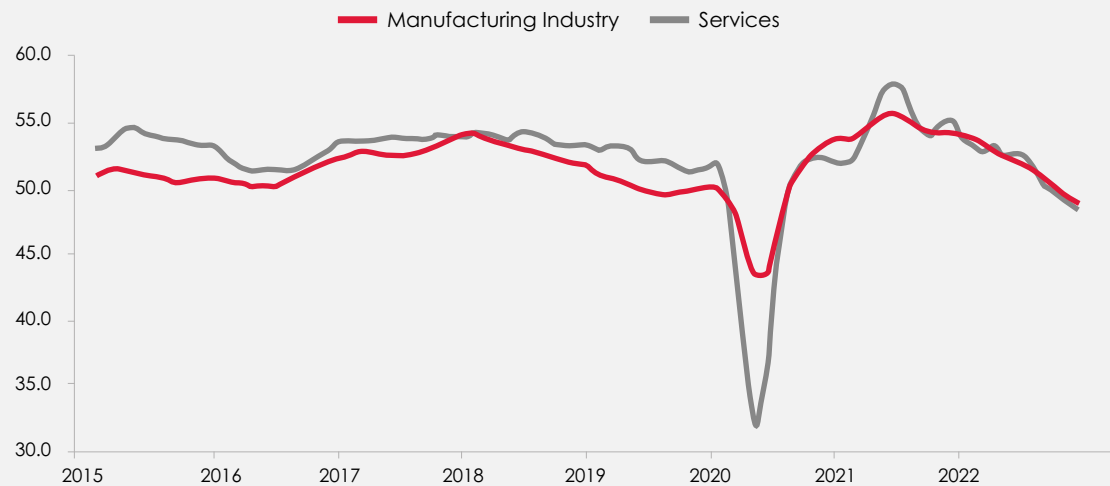
#### As global activity continues to lose momentum

After a rapid recovery in 2021, the world economy slowed down in 2022. While geopolitical tensions lead to rapid increases in energy prices and inflation, interest rate hikes lead to a tightening in global financial conditions. The global purchasing managers' indices (PMI) for the last quarter of 2022 have fallen into the contraction zone, indicating that the slowdown has become evident. Despite the optimism caused by China's reopening, it is estimated that downside risks to the outlook remain important due to tight financial conditions with the impact of interest rate hikes, and geopolitical uncertainties.

#### Fluctuation in energy prices has led to a rise in inflation

Geopolitical problems and supply constraints caused by the effects of the climate crisis triggered rapid increases in global commodity prices, led by crude oil and natural gas. The zero-case policy implemented in China for a long time against the COVID-19 pandemic limited the improvement in the supply chain, while the loss of momentum in global growth limited price pressures. The price of Brent crude oil per barrel, which is USD 70.9 on average in 2021, hovered close to USD 100 on average in 2022 due to geopolitical uncertainties. Despite the Organization of the Petroleum Exporting Countries' production quota cuts, it has returned to its levels at the beginning of the year with the price ceiling application on the axis of sanctions implemented against Russia. While China's opening may limit the weakening in demand, it is estimated that ongoing geopolitical uncertainties and climate-related factors may lead to volatility in commodity prices in the coming period.

#### GLOBAL MANUFACTURING INDUSTRY AND SERVICES PMI (3-MONTH AVERAGES)



Source: Reuters, TSKB Economic Research

## External Factors

### Global Economic Developments

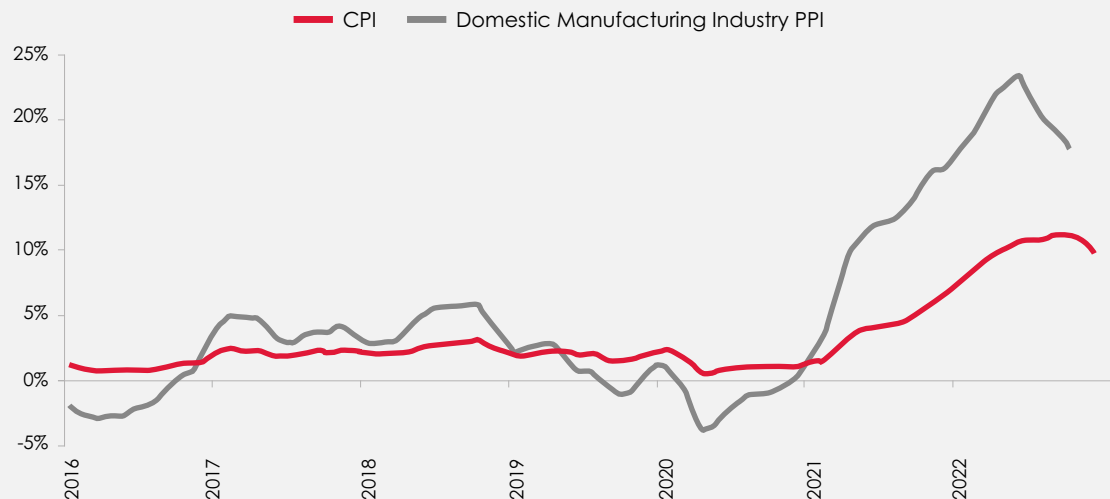
#### Accelerating inflation has caused widespread interest rate increases

While geopolitical problems caused dramatic increases in energy prices, they increased inflation during the year on a global scale to levels that have not been seen for a long time. Consumer price inflation in the member economies of the Organization for Economic Cooperation and Development (OECD), which was 6.6% at the end of 2021, ended up at 9.4% in 2022 after rising to 10.8% as of October. Producer price inflation, on the other hand, started at 15.5%, reached 22.1% in the middle of the year, and reached 17% as of October. With the significant deterioration in inflation dynamics, the US Central Bank (Fed) made the first increase in the monetary policy rate by increasing to the range of 0.25 - 0.50% by 25 basis points in the first quarter of 2022. At subsequent meetings, it accelerated the rate hikes and increased the policy rate up to 4.25%-4.50% at the end of the year. The European Central Bank (the "ECB"), on the other hand, announced the 0.50% deposit rate as 0.00% in July, ending its negative interest rate policy that it had been maintaining for eight years and increasing it to 2.00% by the end of the year. At the first meeting of the new year, the Fed increased interest rates by 25 basis points and the ECB by another 50 basis points, continuing to tighten monetary policies.

#### Although growth has improved slightly, inflation forecasts continue to be revised upwards

The International Monetary Fund (IMF) forecasts that world growth will slow down to 2.9% in 2023 after 3.4% in 2022. Although the figure is 0.2 percentage points above the expectation of three months ago, it is hovering below the long-term average. Although it pointed out that the tightening in global financial conditions and geopolitical developments have weakened the outlook, it has been noted that China's opening up could provide a recovery. While expecting the global trade volume to grow by 5.4% in 2022 and expand more slowly by 2.4% in 2023, it assesses that the improvement in inflation will be more limited than its previous forecasts. It predicts that the worldwide inflation, which it calculated as 8.8% in 2022, will decrease to 6.6% in 2023.

#### INFLATION IN OECD ECONOMIES



Sources: OECD, TSKB Economic Research

## Developments in the Turkish Economy

### TSKB IN THE LIGHT OF ECONOMIC DEVELOPMENTS

Although the recovery in the economy continues, no significant increase in FX loan demand was observed compared to last year. In 2022, our support to the economy with cash and non-cash loans exceeded a total of USD 2 billion. In this context, climate finance and inclusiveness continued to be prominent mainly in our new loan disbursements.

Closely monitoring risks and opportunities, we will increase our support to the economy compared to the previous year with our lending, investment banking and advisory activities, and our subsidiaries in 2023.



[See Financial Capital](#)

#### GDP grew by 5.6% in 2022

The Turkish economy, which completed 2021 with high growth, remained resilient in 2022. After the strong performance of 11.4% recorded in the previous year, gross domestic product (GDP) grew by 5.6% in 2022 compared to 2021. In this period, when private sector consumption continued to make the highest contribution to growth, the support of net external demand for growth slowed down. Annualized GDP in US dollar terms, which was USD 807.1 billion at the end of 2021, rose to USD 905.5 billion in 2022. Although leading data indicate that economic activity is still resilient in early 2023, it is thought that the impacts of the earthquake are significant for the performance in the following period of the year.

#### Budget revenues increased above expenditures

While central government revenues increased by 99.9% in 2022 compared to the previous year, the increase in tax revenues reached 102%. In the same period, there were increases above inflation with 83.4% in total expenditures and 84.9% in expenditures excluding interest. Thus, the budget deficit, which was TL 201.5 billion in 2021, decreased to TL 139.1 billion in the same period of 2022. The primary balance, which had a deficit of TL 20.7 billion in 2021, had a surplus of TL 171.8 billion in 2022. It is expected that the ratio of the budget deficit to GDP will be around 1% in 2022, while it is thought that the course of domestic demand may be important for the budget performance in 2023.

**The Turkish economy, which completed 2021 with high growth, remained resilient in 2022. After the strong performance of 11.4% recorded in the previous year, gross domestic product (GDP) grew by 5.6% in 2022 compared to 2021.**

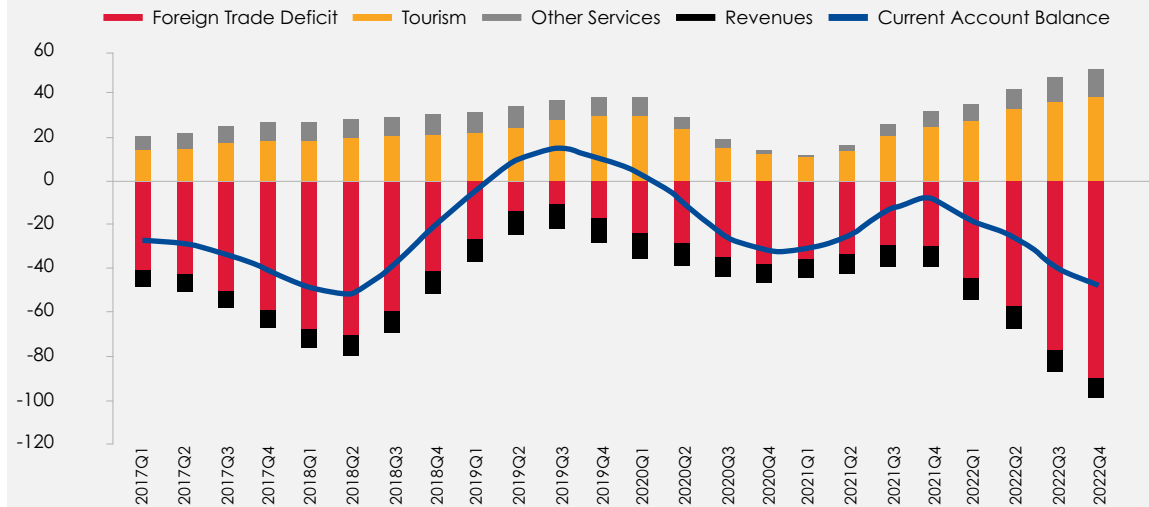
## External Factors

### Developments in the Turkish Economy

#### The increase in energy and commodity prices negatively affected the current account balance

The exports slowed down, while the foreign trade deficit widened due to high commodity prices. For this reason, despite the recovery in tourism, the current account deficit increased from USD 7.2 billion in 2021 up to USD 45 billion in 2022. In 2022, when capital flows pointed to a net outflow, a fluctuating course was observed in foreign currency reserves with foreign borrowings and net errors and omissions items. Outflows in portfolio investments continued, while foreign direct investment inflows remained limited. With the contribution of the net errors and omissions inflow, there was an increase in reserves of almost USD 18 billion throughout the year.

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



Source: TCMB, TSKB Economic Research

### Inflation continued to rise throughout the year in line with the global developments

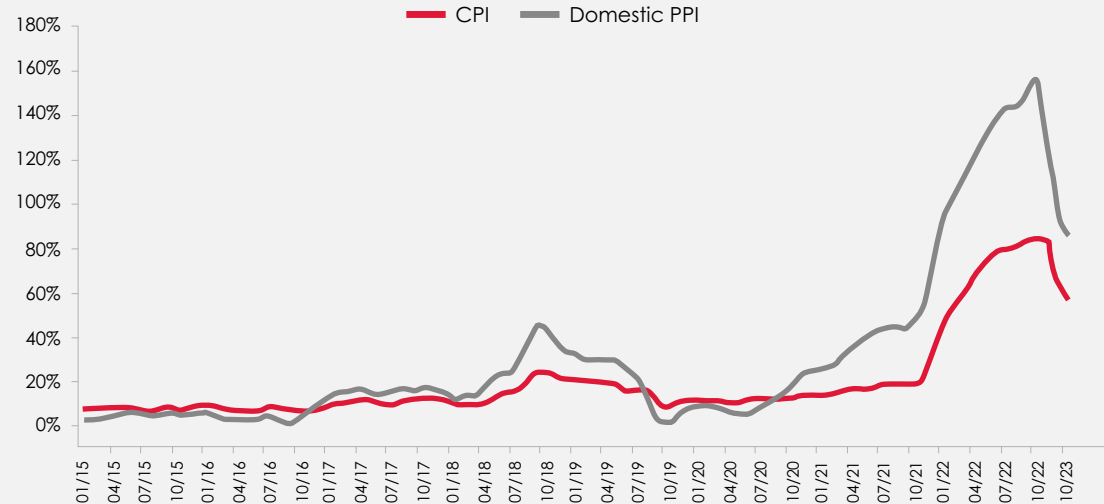
Domestic demand remained strong throughout 2022, while inflation increased as a result of the deterioration in global and domestic cost elements and expectations. The general consumer prices index (CPI), which was 36.1% at the end of 2021, increased to 85.5% in October and decreased to 84.4% in November and 64.3% in December due to the base effect in the last two months. The domestic producer prices index (D-PPI) increased from 79.9% at the end of 2021 to 157.7% in October and, as with consumer inflation, declined rapidly to 97.7% in the last two months of 2022. In addition to the decline in commodity prices in the near term, the limited rise in exchange rates is easing inflationary pressures. With these trends, both consumer and producer inflation continued to decline in the first month of 2023 and fell to 57.7% and 86.5%, respectively.

After keeping the monetary policy rates steady in the first seven months of the year, the CBRT made some decreases in them. It decreased the policy rate, which is 14.00% at the end of 2021, to 13.00% in August and 12.00% in September. The CBRT cutting interest rates by 150 basis points each in October and November ended the cuts by pulling the weekly repo rate to 9%. As part of the liraization process, it has implemented a set of macroprudential policies to influence the monetary transmission mechanism.

### Growth is expected to continue in 2023

While the weakening in external demand was not as severe as was feared, the slowdown in domestic demand seems limited. In this environment, the Turkish economy, which is calculated to have grown by over 5% at the end of 2022, is expected to grow by around 4% in 2023. However, it is estimated that the earthquake has somewhat increased the uncertainties in the domestic macroeconomic outlook.

### ANNUAL INFLATION RATES



Source: TÜİK, TSKB Economic Research

## External Factors

### Sectoral Developments

#### TSKB IN THE LIGHT OF SECTORAL DEVELOPMENTS

In the past year, we have increased our core banking revenues thanks to our successful balance sheet management. We achieved a return on equity of 41.1% with a net profit of TL 4 billion, which was also contributed by our subsidiary revenues. During the year, our strong profitability supported our capital and high provision ratios, which is an extension of our conservative approach. At the end of the year, we were in line with our forecasts in terms of asset quality.

We will maintain our sound asset quality in 2023, during which we will closely analyze and monitor risks and opportunities in light of sectoral developments. We anticipate that we will see some normalization in our net credit risk cost.

We will continue to support the Turkish economy with our strong capital.



[See Financial Capital](#)

#### **We ended a year where regulatory developments were significant for the industry.**

In the banking industry, 2022 was a year during which the liraization strategies of the CBRT directed the banking industry. Within the scope of the macro-prudential policies for assets and liabilities in the balance sheet which were set to raise the weight of the Turkish lira permanently, lending and effective management of liabilities with securities management were the topics that steered the banking industry.

The credit growth of the sector in 2022 is 40.6%. While FX credit growth, adjusted for the exchange rate effect, decreased by 12.2% compared to last year, TL loans grew by 80.5%. Looking at the bank group basis, credit growth in public banks was higher than that of private banks and reached to 44.3% increase.

#### **The sector maintained its strong capital structure in 2022.**

While the Loan/Deposit ratio was 93.2% at the end of 2021, this ratio decreased to 84.8% as of December 31, 2022. In 2022, as a result of exchange rate-protected deposits and decisions taken, it was observed that savers were oriented towards TL-denominated deposits due to the effect of the change in interest rates, and a 150% increase was recorded in TL-denominated deposits compared to the beginning of the year.

The occurrence of non-performing loan is at a limited level in 2022, and the non-performing loans ratio has been decreasing with the performing loan contribution since the beginning of the year. While it became horizontal at a 2.3% level after July, it was observed at a 2.1% level at the end of 2022. On a nominal basis, the highest non-performing loan occurrence is 25.2% in consumer loans, while it is observed that non-performing loan occurrence is 22.1% in personal loans.

The profit of the banking sector in 2022 was TL 433.5 billion and an increase of about 4 times compared to the same period last year was observed. This increase in net profit was due to the positive effect of the widening loan deposit spread along with the returns on CPI-indexed securities. Increases in profitability ratios were observed with the contribution of core banking activities. Since the beginning of the year, it has been observed that the net interest margin has been 8% across the sector when calculated including commercial profit/loss, while this ratio has reached 9.3% in private banks. Along with the increase in the net interest margin, it was observed that the return on equity of the banking sector also increased from 15% seen in 2021 to 41.6%.

The banking sector continued to maintain its strong capital structure. The capital adequacy ratio of the sector is 19.5% as of December 2022, taking into account the regulatory changes of the BRSA.

#### **CBRT liraization strategy continues to be implemented**

Taking into account the impact of inflation and the regulations, which were adopted in 2022 and which we think will continue in the coming period, we estimate that the credit growth in the sector will be 30% in 2023. The fact that the policies to be implemented within the framework of the Liraization Strategy continue to be used to increase the TL weight on both the asset and liability sides of the banking system indicates that the profitability of banks will have a limited increase compared to that of 2022. However, with the effect of the decisions taken, the increase in deposit rates will direct the preferences of savers to TL deposits and will continue to increase the share of TL deposits in total deposits.



## Legislative Developments

### TSKB IN THE LIGHT OF NEW LEGAL REGULATIONS

In the past year, we have frequently seen legislative changes entering into force, especially in the banking sector, and we have closely followed their reflections on us and the sector. Due to our unique business model, the impact of these changes was limited on our Bank.

We will continue to take the necessary actions by closely following the regulatory developments that may affect us in 2023 as well. In this context, we will continue to review our strategy, operations, and responsibilities that aims to control the risks we might be exposed to.



See Financial Capital



See Corporate Governance and Risk Management

#### Regulations and regulatory changes by authorities

Arrangements were made regarding the conditions for cash loan disbursements in TL with the decisions taken by the Banking Regulation and Supervision Agency to strengthen financial stability and make the credit system work effectively by using resources more efficiently. The risk weights of the loans to be extended to legal entities performing derivative transactions with foreign residents to ensure that the resources are used to meet the financing needs of the segments in need of financing have been increased. Within the scope of macroprudential measures and the liraization strategy, regulations regarding the principles related to securities to be held in CBRT were published.

As of January 2023, all general provisions and special provisions allocated in accordance with the Regulation on the Classification of Loans and the Procedures and Principles Related to the Provisions to be Allocated for them will be taken into account in the calculation of the standard ratio of foreign currency net general position/equity, and this ratio has been set at five percent.

The Regulation on Communication of Confidential Information entered into force in July 2022, defining the scope, form, procedures, and principles regarding the communication and transfer of bank and customer secrets.

The Medium-Term Program (2023-2025), which includes policies and measures related to growth, green transformation, employment, price stability, the balance of payments, financial stability, and public finances, was approved by Presidential Decree in September 2022. In October, Türkiye, having ratified the Paris Agreement in the parliament, announced its updated Statement of Contribution to the public at the COP27 event.

The Guide for Capital Market Green Debt Instrument, Sustainable Debt Instrument, Green Lease Certificate, Sustainable Lease Certificate, prepared by the Capital Markets Agency and aims at increasing compliance with the best practices and standards in international financial markets in issuances and the transparency, integrity, consistency, and comparability in the financing of projects, was published in February 2022.

The Banking Regulation and Supervision Agency has published the Sustainable Banking Strategic Plan (2022-2025) to determine the roadmap for the development of sustainable banking.

The Energy Market Regulatory Authority has made some arrangements for storage legislation with amendments to the Electricity Market License and Electricity Market Storage Activities Regulations.

In terms of tax regulations, with the amendment to the Corporate Tax Code, it was stipulated that the corporate tax rate for banks will be applied as 25% to corporate earnings for the year 2023 and subsequent taxation periods.

By the regulation of the Tax Procedure Law dated January 2022, the financial statements dated 31.12.2023 will have to be subject to inflation adjustment, regardless of whether the conditions for inflation adjustment have been met.

#### Combating Money Laundering and Financing of Terrorism, and Sanctions

In 2022, various regulations were put in place by the Financial Crimes Investigation Board on the laundering of proceeds of crime and the prevention of financing of terrorism. The Communiqué on the Tightened Measures on Persons with Public Influence, the Implementation Guide for Persons with Public Influence, and the Guide to Combating the Financing of Terrorism for Financial Institutions are the prominent regulations in this context.

## External Factors

### Other Developments

#### TSKB IN THE LIGHT OF CLIMATE CHANGE AND CIRCULAR ECONOMY

We are continuing our work on climate change, which is one of our strategic focuses, in all branches. In this context, the share of loans contributing to environment-focused SDGs in our loan portfolio in the total loan portfolio was 60% by the end of 2022. In 2022, we have obtained more than USD 750 million in funding through development finance institutions and financial institutions. The climate finance theme was mainly prominent in the said funds. We will continue to support Turkish industrialists in the areas of climate finance, circular economy, and transition to decarbonization with these resources in future periods.

As we were undergoing the application process of Science-Based Targets Initiative (SBT-i) and working on our financed emission targets, we topped off our firm steps in this field by becoming a member of Net-Zero Banking Alliance (NZBA) in 2022. In the upcoming period, we will determine our roadmap and targets in line with our zero emission commitment until 2050 and share our performance transparently with our stakeholders.

→ See Financial Capital

→ See Natural Capital

#### Climate Change and Circular Economy

Climate change, which continues to have an impact in 2022, has not fallen off the top of the world's agenda this year as well. The disasters occurring around the world have once again underlined the extent of the climate crisis we are facing.

The Climate Change 2022, the 6<sup>th</sup> assessment report of the Intergovernmental Panel on Climate Change (IPCC) published in 2022, revealed that further delays cannot be tolerated, current policies and commitments will cause 2.3-2.5°C of warming, short-term actions cannot eliminate all the effects, even if they reduce losses and damages, and in the long term, temperature increases will continue to threaten food production, water resources, human health, coastal settlements, national economies, and ecosystems. The Report also emphasized that it will not be possible to adapt to these changes, therefore, precise and sharp decisions should be made.

In most of the climate vulnerability dimensions selected by the World Bank, Türkiye was classified as highly vulnerable due to climate factors, population exposure, and socioeconomic factors. According to the Country Climate and Development Report (CCDR) prepared for Türkiye by the World Bank Group and published in June 2022, the carbon intensity of Türkiye's electricity, transport, and agriculture sectors and the energy efficiency of the building sector (residential and non-residential) are lower than the EU average. Türkiye's coal dependency, however, is at a high level. The war in Ukraine and the resulting energy supply disruptions and price increases have made the risks more apparent to countries dependent on fossil fuel imports, such as Türkiye. In addition, the fact that the EU has implemented the Carbon Border Adjustment Mechanism (CBAM) for the manufacturing sector in Türkiye, which has a higher carbon intensity than the EU average, is also on the agenda as another factor that increases the risks faced by the country.

In the Global Risks Report published by the World Economic Forum (WEF), risks arising from current economic, social, environmental, and technological tensions were identified and examined, while areas such as cyber security, space competition, irregular climate transition, and migration pressures were also included in the scope of the research. It was stated that 84% of the experts participating in the Global Risk Perception Survey (GRPS), which forms the basis of the report, have negative opinions about the course of the world, while about 15% believe that the global recovery will accelerate and have more positive opinions. While the research identified the most serious risks as "climate action failure," "extreme weather conditions," and "biodiversity loss," it pointed out that irregular climate transition will divide societies and cause more disruptions and damage in the long term, and therefore irregular transition should be prevented.

Climate change has also been a topic on the agenda of the financial sector and regulatory agencies. The Banking Regulatory and Supervisory Board (BRSA) published the "Sustainable Banking Strategic Plan" in 2022. The Plan aims to:

- Effectively manage climate-related risks and opportunities in order to implement the commitments, plans, and policies made by Türkiye within the scope of the Paris Climate Agreement,
- Establish the financial sector to provide the necessary financing for sustainable investments and projects,
- Ensure compliance with the financial obligations to be imposed by the CBAM in accordance with the "EU Green Deal" and the "Fit for 55,"
- Determine the actions aimed at measuring, analyzing, and managing the physical risks associated with climate change and the risks associated with the transition to a low-carbon economy,
- Ensure that the foreign green finance markets benefited by considering sustainability criteria.

The 27<sup>th</sup> Climate Change Conference of the Parties (COP) took place in Egypt this year. Türkiye announced the updated National Contribution Statement during the period of COP 27; accordingly, it increased its reduction target from 21% to 41% for 2030 emissions.

## TSKB IN THE LIGHT OF SUSTAINABLE FINANCE

In 2022, when we ended with the focus on sustainable banking, 80% of our funding structure and 91% of our loan portfolio were sustainability-linked. 🟢 In addition to the themed funding contracts we signed with development finance institutions, and our long-term stakeholders, we have linked our syndicated loan to 3 different sustainability criteria that are compatible with our strategy.

In line with the SDG-linked loan disbursement target of USD 8 billion by 2030, which we set last year, we will continue to follow international developments in the field of sustainable finance in the upcoming period by increasing our cooperation in this area with innovative products.



See Financial Capital



See Natural Capital

### Sustainable Finance

Combating climate change and green growth targets trigger the development of sustainable finance practices. The total issuance in the sustainable bond market, which set a record with USD 1 trillion in 2021, decreased to USD 863.4 billion in 2022. This decline, which was also observed in the conventional bond market, did not change the share of sustainable bond issuance in the total issuances and remained at 5% in 2022. Green bonds, which continue to dominate the sustainable issuance market, had a 56% share with USD 487.1 billion in 2022. Sustainable, social, and sustainability-linked issuances accounted for 19%, 15%, and 9%, respectively, while the share of transition-themed bonds in the transition to a low-carbon economy remained below 1%.

As part of the 1.5°C target of the Paris Climate Agreement, the Net-Zero Banking Alliance (NZBA), which was established by the United Nations Environment Programme Finance Initiative (UNEP-FI) in 2021 with the focus on the goal of aligning its loan and investment portfolio with net zero emission targets by 2050, continued its growth in 2022. The alliance, established with 43 members, has almost tripled the number of its members to 122 in 2022. More than half of its members have set their decarbonization targets for the interim period by November 2022.

Also, the efforts in the preparation of regulatory and framework-defining documents on sustainable finance in Türkiye continued rapidly in 2022. With the “Guide for Green Debt Instrument, Sustainable Debt Instrument, Green Lease Certificate, Sustainable Lease Certificate” published by the CMB in February 2022, it is expected that there will be a further increase in activity in the sustainable finance market in Türkiye.

## External Factors

### Other Developments

#### TSKB IN THE LIGHT OF POSITIVE IMPACT APPROACH, SOCIAL OUTLOOK AND SOCIAL CHANGE

The inclusiveness theme, which is one of our focal points, is processed with the support of 2 different working groups, namely social impact and gender equality, under the sustainability management system of our Bank. At the same time, themes of youth employment and management of migration and labor, the importance of which has increased after the recent developments, have become our focal points. In addition to the social criteria embedded in our loan evaluation tool, we have intensified our work with our social expert, whom we employed in 2022, in order to conduct a more in-depth analysis and measure the impact of our entire value creation model, including the social responsibility projects we support excluding loans.

In the upcoming period, we will continue our work in this field and continue to increase the awareness levels of our customers and contribute to their development with action plans.



[See Social Capital](#)

#### Positive Impact Approach

The focus of financial institutions on creating a positive impact has intensified with the global sustainability movement and this trend has continued in 2022 as well. UNEP-FI has prepared an Impact Protocol to help financial institutions finance SDGs and measure the impact they have. It has updated the “Portfolio Impact Analysis Tool for Banks,” which it has prepared for the measurement of sustainability-oriented impacts, and presented its modular third version. It has also updated the “Impact Radar” document, which is one of the main components of these impact measurement tools, by expanding its social impact areas. These developments indicate that the concept of positive impact will be discussed more for financial institutions in the coming years.

#### Social Outlook and Social Change

Although the unemployment figure in Türkiye increased to 13.2% during the pandemic period (March 2020 - February 2021) while it was 12.6% in February 2020, it decreased to 10.9% as of May 2022. In October 2022, compared to October 2021, the unemployment rate decreased by 1 point and was recorded as 10.2%. It was stated that the unemployment rate, which was 10.2% in general, was 8.6% for men and 13.3% for women.

In gender equality, which is one of the most prominent issues globally, there is a worldwide expectation of progress, while improvement efforts are also being actively carried out in this context.

When it comes to 2022 employment rates in Türkiye, it is seen that it was 65.6% for men and 30.8% for women, and the total employment rate was 48%.

In addition to women’s increased participation in business life, the necessity to increase efforts on topics such as wage gaps, gender-based prejudices, and women’s access to finance for gender equality in the business world still remains valid.

Strengthening the young population, which became more fragile by the COVID-19 pandemic, raising their employment opportunities, and developing the loans and instruments themed accordingly became critical issues of development.

On the other hand, it is also substantial to develop banking products to manage migration and movements of the workforce, maintain the supply and value chains and prevent possible income losses.

## TSKB IN THE LIGHT OF REPORTING TRENDS

In 2022, when there were many important developments in reporting, our Bank continued to provide capacity development with the close follow-up and active feedback participation of the Sustainability Reporting Working Group.

Our Bank took its place among the “Early Adopter” institutions by switching 1 year in advance to the Communication on Progress (CoP) reporting revised by the UN Global Compact.

Our 2021 Integrated Annual Report was awarded the honor award in the “non-traditional integrated annual reports” category by the International Reporting Awards ARC Awards.

Last year, we increased our rating to “A-”, the “leadership” level, in the CDP (Carbon Disclosure Project) Climate Change Program reporting, where the biodiversity, water, and forests topics had also been included.

In the rapidly changing and developing reporting environment, we aim to closely follow the innovations in the upcoming period, reflect them in our reporting activities, and continue to inspire in the field of transparency, which is the impact force of our sector.



[See Natural Capital](#)



[See Social Capital](#)

### Reporting Trends

2022 was a year, in which the steps are taken to universalize reporting standards and harmonize them with each other provided important outputs.

The Corporate Sustainability Reporting Directive, in which the European Financial Reporting Advisory Group (EFRAG) shared its recommendations on the development of EU sustainable reporting standards in 2021 and submitted as a proposal, was approved at the end of 2022. The Directive obliges companies and SMEs with certain qualifications to share their activities related to sustainability with stakeholders in a transparent and accountable manner. The concept of double materiality, which is one of the most discussed ESG issues of 2022, was also among the important topics included in the Directive. In this context, companies are expected to report both the financial risks that sustainability-oriented issues will create and the effects that they create on people and the environment through their direct activities.

The organizations that will carry out reporting within the scope of the Directive must also comply with the European Sustainability Reporting Standards (ESRS). The European Commission gave its final approval on November 28 for the adoption of the ESRS, which has been submitted to stakeholders as a draft and for which opinions have been collected for some time. The ESRS, prepared according to the cooperation agreement between EFRAG and GRI, is compatible with GRI in all aspects, although it does not provide any novelty for the companies reporting under GRI.

The initiative was taken by the International Financial Reporting Standards (IFRS) Foundation for the development of inclusive and universal reporting standards at the COP26 summit resulting in the establishment of the International Sustainability Standards Board (ISSB) in 2022. Presenting two draft standards coded S1 and S2 to the public opinion on March 31, 2022, the ISSB aims to make all important decisions about the drafts by February 2023 and to determine the date of finalization of the standards.

The COP15 Biodiversity Conference, which was held between 7-19 December 2022, also made important progress in including the biodiversity title and indicators thereof in the reporting, and the Global Biodiversity Framework was accepted on 19 December 2022. In this respect, the business world is expected to measure and disclose its risks, the impact it creates, and its respect for nature.

One of the important developments of 2022 was the publication of the first beta version of the “Nature-Related Risk & Opportunity Management and Disclosure Framework” by the Taskforce on Nature-related Financial Disclosures (TNFD).

## Capitals



### Financial Capital

#### Risks

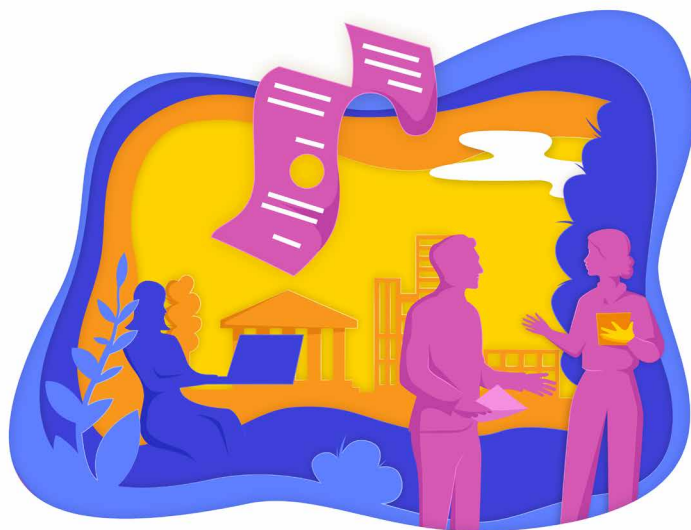
- Credit risk
- Liquidity risk
- Market risk

#### Opportunities

- Sustainable development
- Transition risks financing
- Circular economy financing
- Inclusion and employment in vulnerable groups
- Increase in climate-themed resources

#### Associated Material Issues

- Sustainable Financial Performance
- Management of Climate Risks and Opportunities
- Ethics, Compliance with the Laws, and Anti-Corruption
- Cyber Security and Data Privacy
- Digital Transformation and Agility



*\*All metrics in the financial capital section are on bank-only basis.*

GRI 2-2, 3-3, 201-1, 203-2

#### 2022 Key Indicators\*

**6.9%**

Net Interest Margin

**124%**

Fees and Commissions Growth

**41.1%**

Return on Equity

**22.4%**

Capital Adequacy Ratio

**6.6%**

Cost/Income Ratio

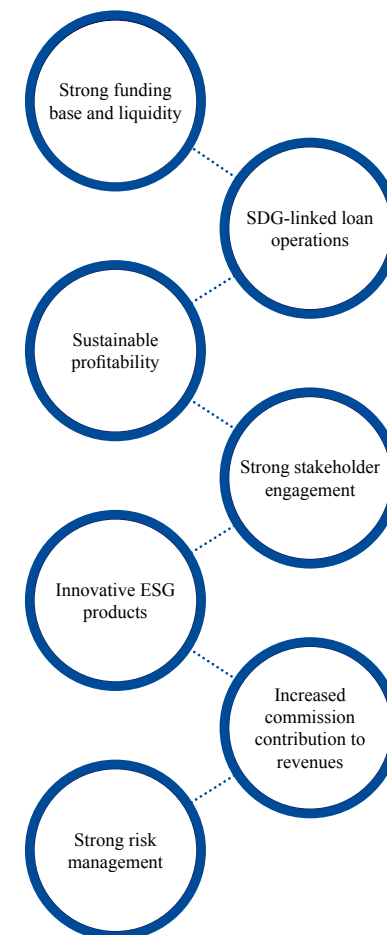
**2.9%**

NPL Ratio

## 2022 Target Realizations and 2023 Targets

	Financial Expectations (Solo)	2022 Year-End Guidance (%)	2022 Year-End Results (%)	2023 Year-End Guidance (%)
<b>Growth</b>				
F1	FX Adjusted Loan Growth	Contraction	-6	~5
<b>Profitability</b>				
F2	Net Interest Margin*	>6	6.9	>5
F3	Fees and Commissions Growth	~80	124	~100
F4	Return on Equity**	>40	41.1	~35
<b>Efficiency</b>				
F5	OPEX Growth	Compatible with the CPI	90	~90
F6	Cost / Income Ratio	~7.0	6.6	<13
<b>Solvency***</b>				
F7	Capital Adequacy Ratio	13	17.9	~17,0
F8	Tier I Ratio	12	16.7	~16.0
<b>Asset Quality</b>				
F14	NPL ratio	~3.0	2.9	~2.5
F15	Net Cost of Risk (including currency impact)****	~250 basis points	329 basis points	<100 basis points

\* Excluding FX Gains/Losses.  
 \*\* When free provisions set aside during 2022 are adjusted ROE reaches up to 44.7%  
 \*\*\* Excluding BRSA's temporary measures.  
 \*\*\*\* Currency impact adjusted net CoR is around 200 bps.





## Capitals

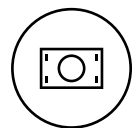
### Financial Capital

## PURSUANT TO OUR MISSION AND COMMITMENT TO SUPPORT SDGS, WE CONTINUED TO FINANCE PROJECTS THAT HAVE POSITIVE ENVIRONMENTAL AND SOCIAL IMPACTS IN 2022.



# 37%

Surge in total assets



# 2 USD billion

Support to the economy provided via loans

### HIGHLIGHTS OF 2022

#### A key player in the development and investment banking

TSKB's total asset size grew by 37.4% on a year-on-year basis, reaching TL 115.6 billion. Ranking 12<sup>th</sup> in the industry in terms of asset size, the Bank maintains second place among development and investment banks.

#### Significant improvement recorded in the ESG risk rating

As a result of the improvements we made during the year and the strong ESG performance, our Sustainalytics ESG Risk Rating was determined as 7.9, and our risk category was determined as "negligible risk". As of the date of publication, our Bank, which was ranked first among Turkish Banks, was ranked 12<sup>th</sup> among international development banks, 15<sup>th</sup> in the global banking industry, and 60<sup>th</sup> among about 15 thousand institutions evaluated by Sustainalytics.

#### Strong liquidity supported by DFI agreements and our renewed syndicated loan

During the year, we signed funding agreements with JBIC, IFC, EBRD, AIIB and AFD in the amount of approximately USD 650 million on the themes of climate finance and gender equality. The syndicated loan in the amount of USD 109 million that we renewed in July was also obtained as linked to the sustainability criteria. Thus, while maintaining our ESG-linked funding ratio in our total funding at 80%, our FX Liquidity coverage ratio was 322%.

#### SDG focused lending activities

In line with our mission and commitment to supporting SDGs, we continued to finance projects that have a positive environmental and social impact in 2022. In 2022, the support provided by our Bank to the economy through cash and non-cash loans extended during the year amounted to approximately USD 2 billion. USD 24 million of the cash loan grant amounting to USD 1.4 billion was provided through APEX loans. SDGs 1, 7, 8, 9, 12, 13 and 17 were prominent among the SDGs supported through lending activities, while the share of SDG-linked loans reached 91% of total loans. We have completed approximately 30% of our target for SDG-linked loan disbursement of USD 8 billion until 2030, with a loan of 2.2 billion US dollars, which we have extended since 2021.

#### New loan limits totaling USD 1.9 billion

Our Bank allocated cash and non-cash loan limits of USD 1.9 billion to corporate clients throughout the year and signed new loan agreements worth over USD 600 million.

**Medium and long-term loans share at 78%**

In line with the vision of TSKB to be the leading bank in Türkiye's sustainable development, we provide medium- and long-term financing to our customers. At the end of 2022, it is seen that 15% of our loan portfolio consists of loans with maturities of less than 1 year and 53% with maturities of 5 years and above. The average loan maturity is about 5 years.

Our Bank, which has a market share of 31% among development and investment banks in long-term loans, gives importance to investment loans due to its mission. As of the end of 2022, the share of investment loans in the total loan portfolio reached 72%, while the share of working capital loans was 22%. The share of APEX loans was 6%.

**Strong capital supported by sound asset quality and profitability**

Our non-performing loan ratio, which was 2.9% in line with our expectations, and our net profit for the period, which increased by 272% year-on-year, further strengthened our capital adequacy. Excluding the BRSA temporary measures, our capital adequacy ratio was 17.9%.

**Contribution of robust investment banking and advisory services**

We increased our core banking revenues by 149% in 2022. Successful investment banking and advisory deals continued to support core banking revenues.

Especially our focus on advisory services during the last three years has accelerated in creating a positive impact.

Investment banking and advisory revenues, standing at approximately 60% in total gross commissions, rose by 137% on a year-on-year basis.

**Well-established expertise in investment loans**

In 2022, we disbursed USD 1.4 billion in cash loans to our clients as part of our Corporate Banking and Project Finance activities. USD 863 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 232 million to the projects financed in cooperation with other financial institutions. The amount of APEX loans disbursed in the same period was approximately USD 24 million.

With the new loans extended in 2022, 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 the 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 2023, we anticipate that the investments in climate finance, mainly renewable energy, in addition to inclusivity and circular economy themes, will predominantly have a share in our new loan disbursements.

**Our non-performing loan ratio, indicating 2.9% in line with our expectations, and our net profit which reads as TL 4 billion with a YoY increase of 272%, further strengthened our capital adequacy.**

## Capitals

## Financial Capital

**THE TOTAL INSTALLED CAPACITY OF 388 PROJECTS THAT WE ARE INVOLVED IN FINANCING IS 8,312 MW, WHICH REPRESENTS 15% OF TÜRKİYE'S TOTAL INSTALLED CAPACITY IN RENEWABLE ENERGY.**



**12.3 USD billion**

The total amount of renewable energy investments in which TSKB was a financier

#### TSKB and Renewable Energy

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.

Electricity generation has the largest share in TSKB's loan portfolio, with 39%. Renewable energy projects account for 91% of the electricity generation portfolio. The share of renewable energy projects in our total portfolio is 35%.

#### Total installed capacity of renewable energy projects financed by TSKB has reached 8.312 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 financed by TSKB range from hydroelectric power plants to solar, wind, biomass and geothermal power plants.

The total installed capacity of 388 projects that we are involved in financing is 8,312 MW, which represents 15% of Türkiye's total installed capacity in renewable energy.

Considering our Bank's loan portfolio, the energy generation maintained its dominant position as of the end of 2022. 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. As part of the fight against climate change, we monitor the sensitivities of the sectors in our portfolio to climate risks with the Portfolio Heat Map we have prepared by using the TCFD recommendations.

Currently, in addition to initiating the works to update the Portfolio Heat Map, we are also effectively using the Climate Risks Evaluation Tool (CRET) model that we have prepared in order to integrate climate risks in the decision-making mechanism in our committee process. The mentioned model has been developed as a rating tool to measure the level of physical and transition risks in the financed projects. With this model, we aim to detect climate-related risks at an early stage and reduce the negative financial effects of these risks. The development of this model is also considered an important step for the process of integrating climate change-related risks into our loan evaluation, allocation, and monitoring processes by the end of 2023, which is one of the goals described in the TCFD report of our Bank.

#### 99% of the renewable energy projects financed by TSKB are in operation based on quantity and installed capacity.

As of the end of 2022, based on quantity and installed capacity, 99% of the renewable energy projects that we have financed have started generating electricity. The total installed capacity of the projects in operation amounts to 8,245 MW.

The total investment of energy projects financed in Türkiye from 2003 to 2022 amounted to USD 12.3 billion, while the volume of loans committed by TSKB for these projects stood at approximately USD 5 billion.

#### Rooftop SPP and land SPP investments for internal consumption

Due to the increase in energy prices and the CBAM, which will be launched soon, rooftop SPP and land SPP investments for their internal consumption have recently come to the fore in companies in the manufacturing sector. In this context, we have provided financing for 14 Rooftop SPPs with a total installed capacity of 40 MW and 2 land-type SPP investments with a total installed capacity of 94 MW.

## Renewable Energy, Energy, and Resource Efficiency Projects\*



**94 HPPs** ✓

Number of Ongoing Projects: -

**3,824 MW**

Total Installed Capacity  
(3.45 million households)



**43 WPPs** ✓

Number of Ongoing Projects: 1

**2,233 MW**

Total Installed Capacity  
(3.01 million households)



**207 SPPs** ✓

Number of Ongoing Projects: 3

**1,379 MW\*\***

Total Installed Capacity  
(1 million households)

\*\* 1,000 MW is from YEKA SPP project



**16 GPPs** ✓

Number of Ongoing Projects: -

**628 MW**

Total Installed Capacity  
(1.63 million households)



**28 BIOMASS/WASTE** ✓

Number of Ongoing Projects: 4

**248 MW**

Total Installed Capacity  
(0.46 million households)



**16 LAND/ROOFTOP SPPs** ✓

Number of Ongoing Projects: 9

**134 MW**

Total Installed Capacity



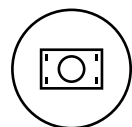
**156 PROJECTS** Energy and Resource Efficiency

\*The number of projects we have financed so far

## Capitals

### Financial Capital

## TSKB HAS DEVELOPED VARIOUS FINANCING MODELS AND WORKED CLOSELY WITH DEVELOPMENT FINANCE INSTITUTIONS TO SUPPORT SMEs SINCE ITS ESTABLISHMENT.



# 7.8 USD billion

The amount of financing provided directly to the real sector in the last 5 years

### Versatile support to SMEs

Since day one, we have stood by the real sector and have strongly demonstrated our 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 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.

The program, which was started with the EBRD aiming to increase and facilitate the financing opportunities of SMEs within the scope of the joint loan financing that has been in force since 2016, has been expanded with a total of EUR 100 million risk-sharing facility agreement signed in 2019. Continuing to cooperate with the EBRD within the scope of joint loan financing in 2022, we aim to diversify these projects and increase the support provided to SMEs in 2023.

With the direct financing agreement and APEX funding agreement signed with IBRD IncA2F in 2018, we continued to support women's participation in the workforce and SMEs in developing regions.

To date, we have entered into cooperation with 30 intermediary institutions within the scope of our APEX loans activities and we have achieved a productive performance with these cooperation.

The share of SMEs in our total loan portfolio is 16%. As of the end of 2022, the loans we have extended to SMEs through the APEX financing model account for 6% of the total portfolio.

### Contribution to employment

We disbursed a total of USD 126 million to 335 SMEs in the last three years through wholesale banking loans. This created 370 new jobs in the same period.

In 2022, our Bank has started theme studies to support Green Transformation in SMEs in parallel with its mission. It is aimed to create a system where SMEs can access credit in an agile way. Thus, the SMEs having this transformation will also be able to access the funds provided by international development organizations more easily.

### 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 our 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 women's participation in the workforce.

In addition to women's employment, we continued to support enterprises operating in developing regions in 2022, with a USD 400 million loan granted by the World Bank in 2018.

In 2019, we signed EUR 85 million loan agreement with the AFD as part of our ongoing cooperation since 2016. With this agreement, we continue to finance the investments of companies that support equal opportunity in the workplace and women's employment.

In 2022, we signed a new loan agreement with the World Bank Group member International Finance Corporation (IFC) for USD 100 million to provide financing to companies in Türkiye that support women's participation in employment and conserve gender equality in the working environment, as well as to disseminate gender equality practices in companies. With this loan, we have strengthened our cooperation with IFC, with whom we have been partnering for many years, especially on climate finance, on a social theme for the first time. In this context, we continue to take concrete steps towards equal representation of women at production and management levels by contributing to the inclusive transformation of private sector companies.

We also develop 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 train on gender equality. As of the end of 2022, there was a 25% improvement in working conditions in companies thanks to these action plans.

#### **USD 7.8 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. We resolutely maintain our 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 1.9 billion disbursed to SMEs through APEX loans, we provided a total of USD 7.8 billion in financing to the real sector over the last 5-year period.

#### **Support with non-cash loans**

We mediate foreign trade transactions with various products. In 2022, the total amount of non-cash loans disbursed to customers was approximately USD 600 million. It is planned to increase the number and variety of non-cash loan transactions mediated in 2023 and achieve a 100% increase in commission income in this context.

**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 on the back of its sustainability strategy**

## Capitals

## Financial Capital

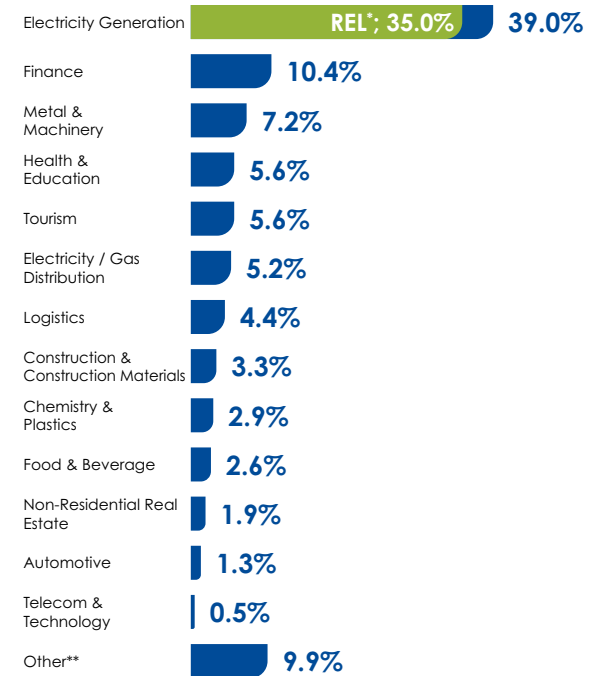
**WE WILL CONTINUE OUR CONTRIBUTIONS TO THE INVESTMENT CULTURE WITH CLIMATE, ENVIRONMENT-FRIENDLY, AND SOCIAL IMPACT THEMES IN 2023 WITHIN THE FRAMEWORK OF THE SDG LOAN MODEL DEVELOPED IN LINE WITH OUR SUSTAINABILITY AND INCLUSIVENESS VISION.**

### STRONG SUPPORT FOR TÜRKİYE'S DEVELOPMENT IN 2023

In line with the Sustainable Development Goals, TSKB continued 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. In addition, the Bank plans to provide financing support for rooftop SPP, land SPP, and industrial SPP investments for the domestic consumption of its customers in the manufacturing sector in the upcoming period in parallel with the increase in energy prices and CBAM. Under the SDG Loan Model, developed in line with our vision of sustainability and inclusion, we will continue our contribution to an investment culture that has climate, eco-friendly, and social impact in 2023.

Within the scope of the European green deal and circular economy, it is expected that projects within the scope of scrap recycling will increase in the plastic, paper, iron, and steel sectors, not limited to the aluminum, wood and forest products, and cement sectors. Anticipating that there will be potential in circular economy in the next 3 years, we are taking steps with the aim of shaping our themes. Within this scope, we consolidate our cooperation with all stakeholders, including public enterprises.

### Breakdown of TSKB's Loan Portfolio by Sectors in 2022



\* Renewable Energy Loans

\*\* Textile, Retail, and Others



### ALLOCATION AND MONITORING ACTIVITIES OF LOAN PORTFOLIO

The companies and projects to be provided loans at TSKB are selected with a comprehensive and prudent perspective of allocation and portfolio 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, experts in the industry, and engineers.

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 TSKB's loan portfolio consists of project loans, which will maintain their strategic importance in the future as well. 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 the assessment of the projects outside this scope, we utilize the electricity price modeling designed by us. 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 can generate income in foreign currency. To provide input and insight into all loan activities, private sector reporting, exchange risk measurements, debt service coverage, and related warranty monitoring, rating scenarios, and stress analyses including climate risks are performed.

Having maintained its prudent approach in 2022 as well, our Bank held Tier 2 and Tier 3 loan ratios of 12.3% and 2.9% respectively and continued to strengthen its coverage ratios. Our Bank which has the highest coverage ratios in the industry maintained a coverage ratio of Stage 1 loans in 2022 at 1% while boosting that of Stage 2 and Stage 3 loan ratios to 26.9% and 92%, respectively. With the additional free provisions of TL 460 million, the Bank allocated within the year; the total free provisions stock reached TL 900 million.

As of the end of 2022, the restructuring ratio of Stage 3 loans corresponded to 93% whereas that of Stage 2 and Stage 3 loans was 67%.

We will maintain our robust asset quality in 2023 in which we don't expect any significant change in loan classifications.

**A large part of our Bank's loan portfolio consists of project loans, which will maintain their strategic importance in the future as well.**

## Capitals

### Financial Capital

**IN 2022, AMOUNT OF FUNDING WE RECEIVED FROM DEVELOPMENT FINANCE INSTITUTIONS AND FINANCIAL INSTITUTIONS EXCEEDED USD 750 MILLION.**



**650 USD million**

The amount of total funding agreements with DFIs in 2022

#### Close cooperation with development finance institutions

Funding through development finance institutions (DFI) accounts for 67% of the funding structure of TSKB, a well-known Turkish bank in the international financial markets. 80% of these funds are obtained under the guarantee of the Ministry of the Treasury and Finance of the Republic of Türkiye. 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).

#### JBIC GREEN 2 Loan

As the continuation of the “JBIC GREEN” loan signed between JBIC and TSKB in 2015, we signed the “JBIC GREEN 2” loan agreement for USD 220 million on February 10, 2022, in order to provide financing for renewable energy and energy efficiency investments as well as high-tech projects aimed at reducing greenhouse gas emissions throughout Türkiye.

#### IFC Women's Empowerment Loan

On March 8, 2022, International Women's Day, we signed a new loan agreement with the World Bank Group member International Finance Corporation (IFC) for USD 100 million to provide financing to companies in Türkiye that support women's participation in employment and conserve gender equality in the working environment, as well as to disseminate gender equality practices in companies. With this loan, we have strengthened

our cooperation with IFC, with whom we have been partnering for many years, especially with a climate finance focus, on a social theme for the first time, on the topics of gender equality and empowerment of women's employment.

#### EBRD Green Economy Financing Loan

We signed a EUR 53.5 million “GEFF-Green Economy Financing Facility” loan agreement with the EBRD to provide financing for projects including technologies that support the green economy. Our Bank is the first institution that obtained financing under this facility.

#### AIIB Sustainable Energy and Infrastructure Loan, Phase 2

In 2018, we obtained USD 200 million loan from the Asian Infrastructure Investment Bank (AIIB) as a continuation of the Sustainable Energy and Infrastructure loan. 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 investments of private sector companies throughout Türkiye in renewable energy, energy efficiency, and mitigation and adaptation due to climate change, as well as industries that support them.

#### AFD – Circular Economy Loan

On December 27, 2022, we signed EUR 80 million loan agreement with the French Development Agency (AFD) in order to provide financing for investments that serve the circular economy in Türkiye and investments that will be made by companies aiming to improve the circular economy practices.

This agreement features the first circular economy loan in our country, which was procured from DFIs in a way that was defined clearly.

**Long Term Funding Provided by TSKB from 2017 to 2022**

<b>Loan</b>	<b>Amount</b>	<b>Maturity</b>
<b>2017</b>		
TSKB Sustainable Subordinated Bonds	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
<b>2018</b>		
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
<b>2019</b>		
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
<b>2020</b>		
Eurobond	USD 400 million	5 years
AIIB - Covid-19 Loan	USD 200 million	4 years
<b>2021</b>		
Sustainable Eurobond	USD 350 million	5 years
IBRD - Geothermal Development Project – Supplementary Financing Loan	USD 150 million	28 years
<b>2022</b>		
JBIC GREEN 2 Loan	USD 220 million	12 year
IFC Women's Empowerment	USD 100 million	3 years
EBRD GEFF	EUR 53.5 million	3 years
AIIB - Sustainable Energy and Infrastructure Loan, Phase 2	USD 200 million	15 years
AFD – Circular Economy Loan	EUR 80 million	12 year

\* Call option was exercised in the 5th year and the transaction was completed as of March.

# Capitals

## Financial Capital

### TSKB APEX Loans Key Indicators

Program Name	Year	Agreement Amount	Number of Beneficiary Companies (As of the end of 2022)	Current Status of the Program
<b>SMEs (Women's Employment and Prioritized Regions)</b>				
Inclusive Access to Finance Project Loan (IncA2F)	2018	USD 200 million	448	Ongoing
<b>Support to SMEs and Export</b>				
Second Disbursement of Innovative Access to Finance Project Loan (IA2F)	2018	USD 250 million	49	Ongoing
Innovative Access to Finance Project Loan (IA2F)	2014	USD 250 million	231	Completed
<b>Support to Export</b>				
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
<b>SMEs</b>				
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.

### Strong relations with international financial institutions

In 2022, we maintained close contact with domestic and foreign banks in line with our resource diversification and sustainability-oriented product development goals and focused on protecting and diversifying our relations and collaborations. We also maintained intensive and effective communication with rating agencies.

Throughout the year, we have continued to effectively conduct relations and communication with international banks to provide support to the foreign trade and correspondent banking needs of our customers. As a consequence of macro and geopolitical developments, we have continued regular contact to protect our Bank's existing limits, strengthen its relations, and establish limits with new banks.

### Subordinated Funding

In the context of raising the reputation of our Bank in international markets and keeping our promise to the investors, in March 2022, we decided to exercise the call option of the Sustainable Subordinated Bond, which had an early issuer call option.

Following that, by signing the AT-1 agreement with İşbank in the loan format, which is the most suitable option among the subordinated capital products we work with as an alternative, amounting to USD 200 million, we renewed the subordinated capital product, which was redeemed as of the 1<sup>st</sup> quarter, in the same quarter.

### Eurobond Market

In 2022, TSKB was not active in the Eurobond market in parallel with the Turkish Banking industry. However, we kept our regular communication with investors during the year. After the early redemption in the first quarter of the year, the Eurobond issuances account for 22% of our Bank's resources (excluding shareholders' equity) by the end of 2022, and their size is USD 1.1 billion.

### Syndicated loan linked to sustainability KPIs

We renewed our Bank's syndicated loan indexed to sustainability criteria, which was to be redeemed in July, with a 65% roll-over rate based on the same criteria this year as well. The syndicated loan agreement consisting of two different tranches of EUR 90 million and USD 17.5 million with a total amount of USD 109 million was signed with the participation of eight banks from eight different countries.

We have linked the syndicated loan to 3 different sustainability criteria this year in accordance with our bank's long-term strategy and have successfully completed all our targets set for 2022 as of the end of the year.

### Investment Banking Activities

We promote the growth and development of companies with our efforts in Corporate Finance. We offer our clients fully fledged advisory and intermediary services on initial public offerings preparation and brokerage, debt instrument issuances (sukuk, bonds, etc.), mergers & acquisitions, asset purchase & sale, and privatization.

2022 was a productive year for IPOs. A public offering size of approximately TL 19.4 billion was reached in 40 public offerings. Foreign investors continued to exit the stock market in 2022 as well, and the foreign shares in Borsa Istanbul remained in the band of 30-32% with a downtrend. It was an active period for public offerings due to the increased risk appetite of domestic investors and 2.5 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 the recent revival of the IPO market.

In 2022, we successfully carried out the IPOs of Smart Güneş Teknolojileri A.Ş., Suwen Tekstil A.Ş., and Kimteks Poliüretan A.Ş. The IPO of Güneş Teknolojileri A.Ş. with a size of TL 535 million was among the most successful IPOs of the year in terms of receiving the highest demand and successful stock performance. The IPO of Suwen Tekstil A.Ş. has been carried out with a size of TL 425.5 million and become the first example of venture capital companies to sell shares through Borsa Istanbul in 2022. The IPO of Kimteks Poliüretan A.Ş. has been carried out with a size of TL 957 million, and it has been the largest IPO of the year during the period it took place. It has been recorded as the 3<sup>rd</sup> largest IPO of the year at the end of 2022. In 2023, as part of the continuing appetite for IPOs, we aim to carry out IPOs of significant size.

## Capitals

## Financial Capital

## AS A KEY PLAYER IN THE MONEY AND CAPITAL MARKETS, WE EFFECTIVELY MANAGED OUR BALANCE SHEET DESPITE THE UNCERTAIN AND VOLATILE ENVIRONMENT OF 2022.



5

Debt instrument issuances



3

IPOs

We have given advisory for 5 real sector debt instrument issuances in 2022. Despite the fluctuations in the debt capital market and investor concerns, we concluded a successful year. We are glad to be ranked first among all intermediary financial institutions for real sector issuances. In 2023, we will continue to be a major player in the market of debt instruments with both bond and lease certificate issuances and introduce new players to the capital markets.

In parallel with the economic conditions, the numbers and volumes of merger and acquisition advisory services continued to decrease in Türkiye in 2022 as it was in 2021.

On the other hand, our Corporate Finance team was among the most successful mergers & acquisitions advisors in the market in 2022, as it was in 2021. In 2022, we carried out two transactions as a sell-side advisor t in the sale of Kuyucak JES owned by Turcas to Albioma and as a sector team in the IPO of Smart Güneş Teknolojileri, which operates in the field of installation services of Solar Power Plants and module production.

With the leverage effect created by the transactions completed in 2022, we will continue our successful operations in 2023. We will continue to maintain our position among the leading institutions in our sector.

### Proactive Treasury Management

As a significant player in the money and capital markets, we managed our balance sheet successfully in the uncertain and volatile environment of 2022. On the other hand, we offered derivatives to our clients to enable them to hedge against financial risks.

In 2022, risk management activities continued to be our focal point. Through effective management of liquidity and monitoring of the market risk, we inhibited volatility from affecting our balance sheet adversely. We will carry on our proactive balance sheet management with a focus on assets & liabilities optimization by closely tracking market developments and properly making use of the risks and opportunities in 2023.

### A long-term business and solution partner with advisory services

With 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, we manage our 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 three departments under one roof: Advisory Services Sales, Economic Research, Financial and Technical Consulting. Through our advisory services, we plan to become a long-term business and solution partner for our clients in line with our strategic targets.

You can access the details about the advisory services included in our main activities from the Intellectual and Manufactured Capital section.

### **YATIRIM FINANSMAN**

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 fast and reliable access to the capital markets via its branch network, online services and mobile applications.

The YFTRADE, YFTRADEMOBILE, and YFTRADEINT trading platforms as well as the YF Face-to-Face application, which is activated for online account opening, 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.

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.

### **A Hybrid growth model with digitalization**

The Company continues to make the essential infrastructure investments to digitize customer acquisition with "Distance Contracts," which are 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 digital technologies, the Company took important steps in the field of physical accessibility in 2022 and increased the number of service points in Türkiye's important centers to 11 with its Denizli Branch, which started to operate in December 2022. In 2023, it aims to continue its investments in branching and to create a hybrid growth model with digitalization.

In 2023, Yatırım Finansman will continue to support its customers in guiding their investments with different products and instruments, especially in the equity and futures markets, under asset management.

Yatırım Finansman aims to increase the number of customers by investing in online channels in 2023 with strategies that make a difference in the sector to expand its customer base within the scope of the "Customer-Centered Transformation" project initiated in 2022.

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## Capitals

### Financial Capital

**IN LINE WITH THE DEVELOPING TECHNOLOGY AND THE REQUIREMENTS OF MARKET INNOVATIONS, YATIRIM FİNANSMAN INTEGRATES ADVANCED TECHNOLOGY, PARTICULARLY YF.COM.TR WEBSITE AND YFTRADEMOBILE APPLICATION, INTO ITS PRODUCTS AND SERVICES TO MEET USERS' NEEDS.**

#### **Collaborations that raise awareness of financial literacy**

Yatırım Finansman continues its cooperation with YUKADEMY in 2022 in order to increase financial literacy for investors in the capital markets and raise awareness of investors. In this context, it aims to add value to its investors with 6 online seminars, each of which is 8 hours long, the main sponsorship of 3 different Finance Camp events, 16 city seminars held throughout the year, and video content that will contribute to financial literacy under the leadership of Prof. Dr. Yusuf Kaderli on social media.

#### **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 to gender equality.

#### **The most preferred brokerage company that shapes the industry**

In 2022, 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 11 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.

#### **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 88.7% stake, is powered by the Bank's 72 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.

##### **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 TL 10 million of the original capital, the Company managed to increase its capital to TL 650 million in the third quarter of 2021. As of December 31, 2022, the asset size of TSKB REIT was TL 1.8 billion with the rentable area under its management amounting to approximately 65,000 m².



As of the end of 2022, 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 m<sup>2</sup> and a rentable area of 30,573 m<sup>2</sup>; two office blocks with an enclosed area of 17,827 m<sup>2</sup> in Fındıklı, 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.

#### **Activities to increase the rental income and 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 2023. Similarly, it also aims to increase its profitability by using its competitive advantage in the region where Divan Adana Hotel is located.

#### **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, which have been publicly traded since April 2010, are currently traded on Borsa Istanbul Stars.

#### **TSKB REAL ESTATE APPRAISAL COMPANY**

TSKB Gayrimenkul Değerleme A.Ş. 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.

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.

Representing a deep-rooted experience and expertise in the appraisal sector, TSKB Real Estate Appraisal has a wide service network with branches in all geographical regions.

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.

**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.**

## Capitals

### Financial Capital

**ESCARUS WAS ESTABLISHED TO PROVIDE CONSULTANCY SERVICES BY DEVELOPING SUSTAINABILITY SOLUTIONS WITH ITS EXPERIENCED AND PROFESSIONAL TEAM AND TO INTEGRATE INTERNATIONALLY ACCEPTED ENVIRONMENTAL AND SUSTAINABLE APPROACHES INTO THE TURKISH BUSINESS WORLD.**

#### ESCARUS

##### Innovative projects in Türkiye and abroad

Escarus (TSKB Sürdürülebilirlik Danışmanlığı A.Ş.), which is a subsidiary of our bank began its operations in April 2011, was established to provide advisory services by developing sustainability solutions with its experienced and professional staff and integrating internationally accepted environmental and sustainable approaches into the Turkish business world.

Aiming to become a leading consultancy company in the field of sustainable development with its specialized staff with different disciplinary and sector experience and high technical competencies, Escarus currently conducts its activities under 3 main segments:

- Strategic Sustainability
- Operational Sustainability
- Research, Reporting and Training

Escarus implements innovative projects in different sectors both at home and abroad, especially in Türkiye and its nearby geography. Escarus applies high-value-added advisory solutions that support sustainable development, especially in the fields of energy, finance, construction and manufacturing, and increase technical and commercial efficiency under

the mentioned segments. Escarus, which has a strong technical and financial advisory team in sustainability, has been designing and implementing high-value-added advisory solutions in areas such as the establishment of sustainability management systems, analysis and management of climate risks, sustainable finance, resource-energy efficiency, evaluation and monitoring of technical and financial feasibility, and gender equality since its establishment. In addition, it conducts research and advisory activities on special themes such as European Green Deal, carbon markets, and Borsa Istanbul Sustainability Index. Beyond its “advisory” role, ESCARUS continues to prove itself with robust performance in different areas through its “guiding” approach in the implementation phase of projects.

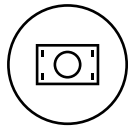
Escarus does not content itself with corporations of the business world and conducts inclusive and comprehensive awareness studies and workshops in collaboration with non-governmental organizations, universities and public institutions to establish a sustainability-oriented approach in all segments of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

It continues its successful journey in our country and international markets with the projects it has carried out for public and private sector customers in its portfolio.

#### İş Finansal Kiralama / İş Girişim and İş Faktoring

Company	Sector	Capital (TL million)	TSKB's Share (%)	Website
İş Finansal Kiralama A.Ş.	Finance	695.3	29.46	<a href="http://www.isleasing.com.tr">www.isleasing.com.tr</a>
İş Girişim Sermayesi Yatırım Ortaklığı A.Ş.	Finance	74.7	16.67	<a href="http://www.isgirisim.com.tr">www.isgirisim.com.tr</a>
İş Faktoring A.Ş.	Finance	150	21.75	<a href="http://www.isfaktoring.com.tr">www.isfaktoring.com.tr</a>

**IN 2022, OUR BANK'S STOCKS WERE TRADED ON BORSA ISTANBUL WITH AN AVERAGE VOLUME OF 171 MILLION LOTS AND CLOSED THE YEAR WITH A MARKET CAPITALIZATION OF TL 7.4 BILLION (USD 438 MILLION).**



**7.4 TL billion**

Market capitalization as of the 2022 year-end



**171 million lots**

Average daily volume

#### **OUR MARKET VALUE IS TL 7.4 BILLION.**

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. In addition, our stock was included in the BIST Sustainability 25 Index launched by BIST in 2022. In 2022, our Bank's stocks were traded on Borsa İstanbul with an average volume of 171 million lots and closed the year with a market value of TL 7.4 billion (USD 438 million). On an annual basis, it showed a performance parallel to the BIST-100 and the Bank Index.

During the year, we continued to hold informative teleconferences for investors and analysts following the announcement of the financial statements in each quarter. In addition, we held meetings with domestic and foreign investors as in previous years to answer verbal and written information requests based on our transparency and accountability principles.

In 2023, 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.

	2020	2021	2022
TSKB Closing Share Price (TL)	1.75	1.44	4.37
Change (%)**	47.1	17.5	203.5
BIST Banking Index	1,558	1,596	5,028
Change (%)**	-2.7	2.4	215.1
BIST 100 Index	1,477	1,858	5,509
Change (%)**	29.1	25.8	196.6
Relative to BIST Banking Index (%)	51.2	-19.5	-3.7
Relative to BIST 100 Index (%)	14	-34.5	2.3

Source: Finner

\* 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

## Capitals

### Financial Capital

**THE FEE AND COMMISSION REVENUES OF OUR BANK, WHICH IS AN IMPORTANT ACTOR IN THE CAPITAL MARKETS AND DEVELOPS ITS ADVISORY ACTIVITIES PRODUCT RANGE YEAR-BY-YEAR, INCREASED BY 124% IN 2022 DUE TO THE INCREASE IN ITS INVESTMENT BANKING REVENUES.**



**4.1 TL billion**

Net profit

#### ASSESSMENT OF FINANCIAL STATUS, PROFITABILITY AND SOLVENCY, AND FINANCIAL PROJECTIONS 2022

In 2022, within the scope of the liraization strategy implemented by public authorities, the Bank managed the balance sheet effectively by adapting quickly to an era in which the TL credit and bond markets were significantly affected, and pricing practices were transformed by the macroprudential measures introduced. The asset size of our Bank increased by 37.4% to TL 115.6 billion in 2022. The asset size of our Bank is USD 6.2 billion as of the end of 2022.

20.6% of TSKB's assets are in Turkish Lira (TL) and 79.4% in FX. The ratio of our Bank's interest-earning assets to its total assets is 95.8%.

In 2022, we extended a total of USD 1.4 billion in cash loans with long- and short-maturity under Corporate Banking, Project Finance and APEX Banking activities. In parallel with the funding structure of our Bank, 90.5% of the loans are FX-denominated. The cash loan portfolio, which increased by 25.6% reaching TL 80.3 billion in 2022, contracted by 6.0% on a foreign currency adjusted basis. The share of gross loans in total assets was 69.5% at the end of 2022.

69.5% of our Bank's loans consist of investment loans, while 20.1% working capital loans. The remaining part is the loans disbursed to the financial sector. With respect to currency distribution of loans, including foreign currency indexed loans, 55% are in USD, 35% in Euro, and 10% in TL. The share of SDG- linked loans in the total loan portfolio is 91%, while the share of loans linked to climate and environment-focused SDGs is 60%.

Investments in electricity generation stood out with a 22% share in loans extended in 2022. Electricity generation was followed by the metal & machinery sector with 18% and the logistics sector with 11%. The breakdown of the loan portfolio by sector as of the end of the year shows that 39% consists of loans extended to the electricity generation and 10% to the finance sector. They are followed by the electricity-gas distribution, tourism, metal and machinery, health and education, construction, logistics, chemistry and plastic sectors, which have a share of 3% to 7%.

The share of non-performing loans in total loans, which was recorded at the level of 3.2% at the end of 2021, stood at 2.9% at the end of 2022 with the collections from nonperforming loans and the growth of loans on TL basis. The ratio of Stage 2 loans to the total portfolio was 12.3%. Maintaining our prudent approach, we increased the coverage ratio from 18.7% to 26.91% at the end of 2022 for Stage 2 loans and from 53.9% to 91.97% for Stage 3 loans compared to previous year. With the increase in the coverage ratios, the net cost of risk pointed to 329 basis points.

The total size of the securities portfolio, following loans in terms of share in assets with 20.2%, grew year-on-year by 85.3% to 23.4 billion TL. As of the end of the year, 41% of the securities portfolio is in TL. Within this section, the ratio of securities whose fair value difference is reflected in other comprehensive income is 46.4%, and the ratio of securities measured by amortized cost is 53.6%. In the comparison of the beginning and the end of the year, the rate of CPI-linkers in the TL portfolio increased from 58% to 69%. The average maturity of the portfolio, which is almost entirely financed by free equity, is 3.4 years.

In line with the asset composition, 86.8% 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. 53.2% of the loans were obtained with the guarantee of the Turkish Ministry of Treasury and Finance.

With effective assets-liabilities management, which takes into account our variable weighted borrowing and placement structure and the fact that the maturity structure of our funds is longer than the placements, which differentiate us from the banking sector, the interest and liquidity position is managed in such a way as to meet the minimum determined legal rates.

In the Bank's income statement, the net interest income increased by 153.7% to approximately TL 6.4 billion in 2022. Due to the changes in the USD/TL exchange rate and inflation data, the net interest margin was realized as 6.9% in 2022. The rate excluding CPI-indexed assets, in turn, was 3.9%.

The fee and commission revenues of our Bank, which is an important actor in the capital markets and develops its advisory activities product range year-by-year, increased by 124% in 2022 thanks to the increase in its investment banking revenues.

On the other hand, the total personnel and other operating expenses increased by 91.6% to TL 504.8 million. The cost / income ratio, on the other hand, decreased from 8.4% to 6.6% due to the effect of the increase in interest income of CPI-indexed securities as a result of inflation that exceeded expectations.

The total amount of donations and aid made during the year amounted to TL 836 thousand. The total expenditures we made within the framework of social responsibility projects amounted to TL 825 thousand. Profit before provisions and taxes for 2022 increased by 149.1% to TL 7.1 billion, and net profit for the period increased by 272.4% to TL 4.1 billion. We achieved a 41.1% return on equity in 2022.

Our shareholders' equity increased year-on-year by 54.3% to TL 12.7 billion, while its share in total liabilities occurred by 11.1% due to the rise in exchange rates. The capital adequacy ratio was 22.4% on a bank-only basis and 22.4% on a consolidated basis as of the end of 2022, and Tier 1 ratio was 21.3% and 21.3% on a consolidated basis (The rates were 17.9%, 17.9%, 16.7%, and 16.8%, respectively, excluding the BRSA temporary measures). The free capital of our Bank was TL 10.8 billion and its ratio to total assets was 9.4% as of the end of 2022. All of the free capital is utilized in liquid assets.

TSKB Loan Classification by 2022 Year-End	Share in portfolio	Coverage ratio
Stage 1	84.8%	1.0%
Stage 2	12.3%	26.9%
Stage 3	2.9%	92.0%
<b>Total</b>	<b>100.0%</b>	<b>6.8%</b>

## Capitals



### Human Capital

#### Risks

- Operational risk
- Generation gap between employees
- Compliance to the renewing technological developments
- Occupational health and safety
- Changing business norms

#### Opportunities

- Young and dynamic demographics
- Agile working culture
- Efficient work with artificial intelligence
- Hybrid and flexible work approach
- Welfare and business continuity

#### Associated Material Issues

- Competent Human Capital
- Employee Loyalty and Employee/Human Rights
- Ethics, Compliance with the Laws, and Anti-Corruption
- Digital Transformation and Agility

#### 2022 Key Indicators

**52%**

Ratio of female employees in the Bank ✓

**49%**

Ratio of female employees in the management ✓

**0.008**

Gender pay gap ✓

**51.3**

Average annual training hours per employee ✓

**100%**

Ratio of return from maternity leave ✓

**57%**

Hybrid working rate ✓

## 2023 Targets



### H1

To keep the **ratio of female employees** in the Bank at least 50%



### H2

To keep the **gender pay gap** below 0.5%



### H3

To keep the level of **annual average training hours per employee** at least 45 hours



### H4

To offer user-friendly mobile and support applications to our employees in order to **ensure employee well-being and business-private life harmonization** under the motto of “It is Worth Us!”



### H5

To keep the **usage ratio of Reflex**, our mobile application where we support instant feedback, appreciation, and interaction, at 50% and above



### H6

Organizing a **Data Science Program** with a mixed group of business unit representatives and producing projects within the scope of digitalization competence development with a Hackathon event at the end of the program



### H7

To organize inspiration sessions, trend chats, Needs & Leads sessions where we will get together with entrepreneurs and gender equality workshops with the participation of our employees at least once with the **TSKB Technology and Entrepreneurship Platform**

*\* Based on the calculation made with median values*

## Capitals

## Human Capital

## 2022 Key Performance Indicators

## Human resources and equal opportunity indicators

Ratio of female employees in the Bank	52% ✓
Ratio of female employees in the management	49% ✓
Ratio of female members in the Board of Directors	18% ✓
Gender pay gap*	0.008 ✓
Ratio of employees in the sustainability structure	18% ✓
Average annual training hours per employee	51.3 ✓
Employee turnover ratio**	7.9% ✓
Hybrid working rate	57% ✓
Ratio of female employees on maternity leave	0.08% ✓
Ratio of return from maternity leave	100% ✓
Ratio of male employees on paternity leave	3% ✓
Ratio of participation in the employee engagement survey	85% ✓

## Equal opportunities pursued in all HR practices

## Women's Ratio

Flexible working	63% ✓
Department change (rotation, internal transfer)	55% ✓
New recruits	44% ✓
Promoted employees	50% ✓
Employees joining our Bank following the TSKB Academy new graduate program	31% ✓
Candidates involved in the recruitment process	44% ✓
Representation at the universities	65% ✓
Sustainability Workshop	73% ✓

\*The ratio difference is given according to the female/male median value. If it is calculated based on the average, the ratio is 0.06%. ✓

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





## Capitals

## Human Capital

## AS TSKB, WE CONTINUE OUR INVESTMENTS IN HUMAN RESOURCES AND IN THE EMPLOYEES' DEVELOPMENT BASED ON A SUSTAINABLE APPROACH IN COMPLIANCE WITH THE REQUIREMENTS OF OUR CORPORATE STRATEGY.



379

Total number of employees ✓

### HUMAN RESOURCES AND EMPLOYEE DEVELOPMENT IN 2022

As TSKB, we continue our investments in human resources and in our employees' development based on a sustainable approach in compliance with the requirements of our corporate strategy.

The remote working model, which became common following the pandemic in 2021, was adopted afterwards as a hybrid model in 2022.

Hybrid Working Model was fully adopted as of May 16<sup>th</sup>, 2022 given the changing working conditions. With this model, employees may work at the office for 3 days and remotely for 2 days (and at the office for 2 days as of November 1, 2022). Our average rate of remote work in 2022 was 57%.

In order to improve communication among employees during the pandemic, we organized 12 online meetings named "Let the Experts Talk" to talk about our hobbies. In addition to the online meetings we organized two physical meetings named "Open-Air Cinema" and "Tango 101."

### Digitalization of HR applications continued in 2022

Our digitalization efforts started right at the beginning of 2020 in order to gain HR practices with a user-friendly quality and to increase the accountability and transparency of the system. In 2022, we made available the TSKB Career Portal to applicants so that they could create CVs, follow vacancies, and make applications.

We launched the Reflex mobile application as part of the interactive and user-friendly digital efforts which support instant feedback and appreciation in order to enhance and foster feedback culture throughout the Bank. Reflex enables receiving situational feedback from employees through "Pulse Surveys" (under headings such as Motivation, Working Environment, and Feedback) and to collect insights for the necessary actions. We believe and expect that diversified pulse surveys and their results which we are sharing with employees will contribute to the prosperity of a transparent communication environment. Newly joined employees can follow the processes on mobile screens with the help of a "Buddy" assigned to them thanks to Reflex.

The digital human resources platform enabled employees to access training programmes and enhance development management. We further improved the performance management system evaluation screens. We have brought the TSKB Applicant Career Portal to use in January 2022.

In 2022, we revised and updated our Human Resources Regulation and added new vacation types.

With respect to our 2022 training activities, we gave priority to the development of competencies and management skills, under the motto of "Become a Partner to the Future".

We also updated the “Critical Position Succession Plan,” in 2022 in line with the changing needs. Accordingly, we analyzed the outputs of the development plans to re-identify the needs of potential employees in 2023.

With the Internal Transfer Project, we support horizontal career movements among our employees to improve their technical knowledge, skills and competencies. In 2022, 25 colleagues accessed the opportunity to change their departments. Also, 6 colleagues gained new experiences thanks to the temporary rotation option.

#### Agile working model training courses at full speed

In line with the more efficient human resources target, we implemented an agile working methodology in pilot projects with the support of in-house coaches.

In order to spread the agile culture, we communicated our organizational agile transformation strategy and targets to the senior management and HR representatives. Moreover, we organized various training programs for the business units which work on agile projects.

Since September 2021, we set up permanent agile teams within the IT department in order to benefit more from the agile method. We identified Agile Representatives to support business units and to manage agile teams’ work and total demand. Agile coaches continue to train groups and project teams. In 2022, we received consultancy services from industry-leading consultants and we aim that the agile transformation will continue to accelerate following this process. In 2023, we will continue to expand the agile mindset throughout our organization and train our employees for further deepening in agility.

#### TSKB Technology and Entrepreneurship Platform

We established TSKB Technology and Entrepreneurship Platform 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 2022, we hosted three entrepreneurs and held two sustainable development meetings, and two Trend Conversations, where GirVak fellows were hosted, as part of the inspiring speeches series. Moreover, we organized the Needs&Leads meeting in which TSKB professionals discussed the needs of entrepreneurs. In 2023, we will continue the online inspirational sessions to meet with entrepreneurs, trend conversations to meet with GirVak fellows, and sustainable development meetings.

#### Strong employer branding with universities

In 2022, 26 TSKB employees took part in various courses and programs at 13 universities as part of our strong employer branding activities.

The content of the seminars and courses were determined in line with the needs of undergraduate and graduate students. Such contents concentrate mostly on finance, development economics, and sustainability. In addition to a technical lecture, TSKB employees also talked about how the academic knowledge acquired at university was reflected in business life. While the cooperation with targeted universities continued, we organized presentations to the target audience at the events of university clubs.

We organized the headquarter trip to 30 students from 13 different universities as part of TSKB Discovery Day. In 2022, we also participated in the podcast “How Do They Spend a Day?”.

We held the 10<sup>th</sup> Sustainability Workshop in cooperation with our subsidiary Escarus and in collaboration with YTU, YTU CFGS, and SDG Student Hub in order to improve the sustainability literacy of students. 24 students from 9 different departments of Yıldız Technical University attended the online workshop.

## Capitals

## Human Capital

**IN LINE WITH OUR STRATEGIES AND LONG-TERM OBJECTIVES, OUR EMPLOYEES ARE PAID AN ANNUAL BONUS IN COMPLIANCE WITH RISK MANAGEMENT STRUCTURES AND BY TAKING INTO ACCOUNT ETHICAL VALUES AND INTERNAL BALANCES.**



91

Number of new recruits in 2022 ✓

#### Job opportunities for the students after the internship

We start interacting with young talents in their university years, maintaining this relationship in the future as well. For long-term intern recruitments, we started to use “TSKB Effective Career” brand communication. In 2022, 37 interns worked at the Bank on a part-time basis for at least 6 months.

Following their internship period and their graduation, which is like a real job experience, interns can have the opportunity of securing a junior associate title. In 2022, 3 interns started to work at the Bank as full-time junior associates.

#### Growing with new employees

As part of TSKB’s recruitment activities in 2022, a total of 91 new employees, including 32 new graduates and 59 experienced employees, joined the TSKB family in line with the different departments’ needs.

We recruited a total of 16 Junior Associates with the first TSKB Academy, which was implemented to recruit recent graduates to our Bank. For 2023, we planned a various training courses that will contribute to the technical and personal improvement of our new employees.

In 2022, we started the CEO Young Consultants Program, where young employees come together with the CEO to share information and experience. 24 young consultants will meet TSKB CEO about current issues periodically.

#### Gender equality principle in remuneration

In line with our strategies and long-term objectives, our 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, we take gender equality into account in remuneration management. As of the end of 2022, the audited gender pay gap ratio is 0.087%.

Since we closely follow changing and diversifying wage and rewarding methods in Türkiye and across the world, we implemented new rewarding models to increase human resource quality and employee engagement. In 2022, we started to reward distinctive, innovative, and effective projects. Accordingly, we awarded several employees who have shown extraordinary success depending on the extent of their distinguished performances and business results in the relevant projects. The reward program constitutes 6 different categories; Increasing the Profits, Transforming the Business, Creative Innovators, Developing Cooperations, Digitalizing, and Adding Value to the Environment and Society.

#### Feedback Survey for more interaction

We aim to improve interactions by creating a transparent channel within our bank. Accordingly, on an annual basis we conduct the Interdepartmental Feedback Survey to allow employees to give feedback as a team, and the 360 Degree Evaluation Survey was launched in 2022 to enable the creation of a stronger culture of feedback and contribution to personal development.

### Employee Engagement Survey with 85% participation rate

We believe that the key to the business development is the opinions and feedback culture within the organization. Therefore, we conduct employee satisfaction surveys annually. 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 improvement targets. In order to carry out practices on an equality principle in Human Resources processes, we took actions in full compliance with the equal opportunity model and conducted essential reporting activities in 2022. With a participation rate of 85% in 2022, 292 employees responded to the employee satisfaction survey. We saw that our efforts to improve employee engagement were reflected in the survey's results.

### Key results of the Employee Engagement Survey

- The highest score in employee engagement was recorded in the “First Level Manager Satisfaction” and “Inter-Team Collaboration” aspects. The relevant aspects were followed by “Job Satisfaction” and “Diversity and Inclusion.”
- “Job Satisfaction” aspect has been continuing to maintain the satisfaction rate for the last 5 years.
- “Social and Environmental Awareness”, “Workplace Safety”, “Interaction with Colleagues”, and “Training and Development Opportunities” were among our strengths.
- A balanced distribution was observed in the “Engagement” score of female and male employees.

- The following questions were among the ones that yielded the highest result compared to other sectors, especially Banking: “My company is sensitive to the society and environment.”, “I can communicate with my colleagues and receive the support I need.”, “This company strongly supports the training and development of its employees.”, and “We have a working environment where individual differences and divergent ideas are accepted.”

### Ongoing improvements in the Digital HR Platform

We completed multiple projects focused on productivity and improvement with the Digital HR Platform. These efforts include the simplification of HR processes to increase their effectiveness and visibility, the establishment of modern and contemporary infrastructure, the management of processes in an integrated manner, and the creation of feedback and open communication culture. Throughout 2022, we continued to develop the platform.

In 2023, we will initiate studies on organizational benchmark, job evaluation, and career management with the consultants. The main purpose of the project is to ensure that employees have more systematic and effective practices in career management and to define critical skills for each position by determining the career levels of employees.

**At TSKB, we aim to develop human resources with customized training programs. Accordingly, we carried out various training and development activities to improve not only the technical and professional knowledge but also the personal skills and well-being of our employees.**

## Capitals

## Human Capital

## IN ORDER TO PREPARE OUR EMPLOYEES FOR THE FUTURE AND IMPROVE THEIR MANAGERIAL SKILLS WE OFFERED DIFFERENTIATED PROGRAMS AT EVERY LEVEL.



# 51.3

Average training hours per person in 2022 ✓

### TRAINING PROGRAMS AT TSKB

At TSKB, we aim to develop human resources with customized training programs. Accordingly, we carried out various training and development activities to improve not only the technical and professional knowledge but also the personal skills of our employees. In 2022, we provided approximately 51.3 hours of training per person on average while the average training hour per contract employee was 17.

We also provided various theme-based training programs, including technical and vocational training courses as well as mandatory training courses to our employees. We put in place orientation and mentoring processes to ensure that our new employees can adapt quickly to the organization.

The Training Catalogue is one of the most important tools for our continuous improvement target. We presented the Holistic Health Meetings Catalog in 2022. We organized online seminars titled Healthy Diet, Stress Management, Breathing Techniques, and Digital Minimalism on a monthly basis.

In 2022, we included Childbirth-Preparation, Return-to-Work, and Parental Roles programs with the respect of balance in professional and private life. As part of the program, we conducted one-to-one consultancy and closed group experience sessions by age groups were conducted under specialist clinical psychologist guidance.

In order to prepare our employees for the future, and improve managerial skills we offered different programs at every level. Accordingly, we gave one-on-one coaching, and domestic and international training programs to the department managers to improve their leadership skills.

We designed the Sustainability Development Program with the contributions of our subsidiary Escarus and relevant departments to increase the level of knowledge and awareness of our employees on sustainability, one of our most important fields of activity.

We created the agenda of the online seminar series in which we focus on digitalization developments across the world and the sector. Furthermore, we launched the Digital Development Catalogue which constitutes development instruments such as videos, podcasts, articles, and discussion areas, through the learning platform “Become a Partner to the Future.”

In addition, we carried out the core level data science program to contribute to our digitalization strategy. During the program, our employees from different departments had intraclass training programs with following modules: Agility in Innovation and Digital Transformation, Behavioral Economy, Banking of the Future and Big Data in Banking. The module named Artificial Intelligence in Banking. At the end of the program, we organized a hackathon to foster digitalization-based business ideas.

We revised our competency set in line with the new world skills and our strategy. We included new titles such as Digital Awareness, Emotional Intelligence, Coaching, and Delegation in the competency set. Accordingly, we added e-training, which were specifically designed for our bank, about the competency set to the Become a Partner to the Future platform.

As part of the organizational development activities in 2022, selected employees under the critical position succession plan participated in one-on-one coaching, domestic and international development training courses, as well as technical and vocational training programs. In 2023 we will continue to prepare development programs in line with the upcoming period's needs.

We will continue investing on the multi-disciplinary development of human resources taking the requirements of our corporate strategy into account.

#### Human Resources Principles

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

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 strive to 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.

#### SUSTAINABLE OFFICE PRACTICES

##### Biodegradable Waste Boxes

For more comprehensive sorting to manage wastes by minimizing them, we also placed biodegradable waste boxes for biological wastes which include vegetal and animal wastes in addition to boxes for batteries, papers, metals, glasses, plastics, and masks.

##### No More Paper Cups

We diligently manage the environmental impacts of our operational activities and aim to minimize wastes caused by our internal operations. In this context, we ended the use of non-recyclable paper cups at café corners and started to use porcelain and glass cups.

#### Wastespresso Collaborations

Over 2.5 billion cups of coffee are consumed every day around the world and only 1.2% of this consumption is recycled. We manage and upcycle the micro waste of coffee sediments collected at our Head Office buildings in collaboration with Wastespresso. Thus, we minimize carbon emissions caused by coffee wastes and support alternative inventions to plastics that remain non-biodegradable in nature for a long time.

#### Postal Bags to Boxes, Children to Schools

The project, which we started to support sustainable development, also fosters the principle of equal opportunity. With this project schools are established for children with limited access to education via the budget obtained. We support this significant project by throwing all postal bags into the box at the Correspondence Unit.

## Capitals



### Natural Capital

#### Risks

- Climate risks
- Biodiversity loss
- Water scarcity
- Plastic pollution
- Natural disasters
- Greenwashing

#### Opportunities

- Financing fair transition to low-carbon economy
- Consulting services supporting green transformation
- Alternative financing products including Investment Banking
- Formation of new resource themes

#### Associated Material Issues

- Sustainable Financial Performance
- Management of Climate Risks and Opportunities

#### 2022 Key Indicators

**13.2 million**

CO<sub>2</sub> emission reduction contribution provided by sustainability investments ✓

**386 projects**

Renewable energy projects financed to date ✓

**156**

The number of energy and resource efficiency projects in our portfolio

**8.4%**

The ratio of the loan portfolio included in the Scope 3 calculation and verification processes ✓

**7.9**

Sustainalytics ESG Risk Rating (Negligible Risk Category)

**A (89/100)**

Refinitiv Score



## Short, Medium, and Long-Term Targets



### N1

To provide SDG-linked financing of a **minimum USD 8 billion** between 2021 and 2030



### N2

To maintain the ratio of SDG-linked loans in the total portfolio **at 90% and above**



### N3

To keep the share of loans contributing to climate and environment-focused SDGs in the total loan portfolio **at 60%**.



### N4

To provide **USD 450 million** in financing with the themes of reducing and adapting to climate risks, as well as circular economy, including energy efficiency projects supported by advanced technology



### N5

To create a focused strategy within the scope of **Circular Economy financing** and provide capacity development for customers



### N6

To provide capacity development by conducting gap analyses on the advisory side within the scope of the **Carbon Border Adjustment Mechanism**, which will be put into effect by the European Union in the coming period



### N7

To **avoid financing** the greenfield coal-fired thermal power plants and **coal mining investments** for electricity generation purposes as part of its combat against the climate change



### N8

To provide financing focused on the **transition to a low-carbon economy** to real sector companies in line with our 2050 Net Zero target



### D9

To continue working with the Science-Based Targets Initiative (SBT-i) and determine our sectoral targets for the fair transition to a carbon free economy by the end of 2024 within the scope of our signatory status and commitments to the United Nations Net Zero Banking Alliance (NZBA).



### N10

To **reduce the Scope 1 emissions by 58.8% by 2035, keep the Scope 2 emissions at zero level** by continuing to use renewable energy, and **continue the Scope 3 emission calculations** as regards the measurements of greenhouse gas emissions of the companies operating in carbon-intensive sectors in our portfolio



### N11

To continue the efforts for the **integration of credit risks to credit evaluation**, allocation, and monitoring processes and for the **financialization of climate risks** within the scope of the evaluation of the loan portfolio in terms of climate risks



### N12

To continue reporting by taking into account the **recommendations and requirements of updated international standards such as UNEP-FI, CDP, and TCFD** while developing a climate risk management approach



### N13

To act in compliance with the zero waste principle in line with the **Zero Waste Regulation** of the Ministry of Environment, Urbanisation and Climate Change and create awareness within the bank

## Capitals

## Natural Capital

## 2022 Key Performance Indicators

CO <sub>2</sub> emission reduction contribution provided by sustainability investments (tons CO <sub>2</sub> e/year)*	16.39 million
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## Renewable Energy\*\*

Number of renewable energy projects	404 ✓
Total installed capacity financed (MW)	8,446 ✓
TSKB's share in Türkiye's renewable energy installed capacity	15% ✓
Loan disbursement amount (USD billion)	4.6
Contribution to reduction of CO <sub>2</sub> emissions (tons CO <sub>2</sub> /year)	13.21 million ✓

## Ongoing and New Renewable Energy Projects

Number of projects	44
Installed capacity (MW)	1,972
Electricity generation volume (MWh)	4.61 million
CO <sub>2</sub> emission reduction contribution (tons CO <sub>2</sub> e/year)	3.27 million

## Energy &amp; Resource Efficiency

Raw material savings (tons/year)	14.67 million
Water savings (m <sup>3</sup> /year)	3.23 million
Waste savings (tons/year)	55,530
Energy savings (Gigacal/year)	6.23 million
CO <sub>2</sub> emission reduction contribution (tons CO <sub>2</sub> e/year)	3.18 million

## Internal Impacts of the Bank

Use of electrical energy	100% green ✓
Annual carbon footprint removal (tons CO <sub>2</sub> e)***	927
Paper consumption in the Head Office (kg)	2,475 ✓
Recycled glass, plastic and paper waste (kg)	4,688 ✓
Electricity consumption in the Head Office (kWh)	999,041 ✓
Natural Gas consumption in the Head Office (m <sup>3</sup> )	69,896 ✓
Water consumption in the Head Office (m <sup>3</sup> )	5,031 ✓
Water density (m <sup>3</sup> /employee)	9.71 ✓
Electricity density (kWh/m <sup>2</sup> )	59.6 ✓
Natural gas density (m <sup>3</sup> /m <sup>2</sup> )	4.2 ✓

\* Renewable Energy, Energy Efficiency and Resource Efficiency projects

\*\* It also includes Rooftop and Land SPP projects for domestic consumption.

\*\*\* Carbon take-off transaction data for BSI verified emissions excluding future financed emissions

# 2.2 USD billion

SDG-linked financing of USD 2.2 billion has been extended since 2021, including USD 1.1 billion in 2022. Thus, approximately 30% of the relevant target was achieved in 2 years. ✓

# 91%

In 2022, the ratio of SDG-linked loans in the total portfolio was 91%. ✓

# 60 %

In 2022, the ratio of loans contributing to climate and environment focused SDGs in the total portfolio was 60%. ✓

## Short, Medium, and Long-Term Targets

## Realizations in 2022

We aim to extend loans of at least USD 150 million to renewable energy-themed projects by the end of 2022.	In 2022, <b>USD 188 million</b> in new renewable energy-themed loans was disbursed. ✓
In the upcoming period, we aim to provide direct and indirect support to companies in the transition to the EU Green Deal.	We continue to support our customers in parallel with the developments within the scope of the <b>EU Green Deal</b> with all our business lines.
As part of the Bank's combat against climate change, we declare that we will not finance greenfield coal-fired thermal power plants and coal mining investments for electricity generation purposes.	<b>No financing has been provided</b> for the greenfield coal-fired thermal power plant and coal mining investments for electricity generation purposes.
In line with our 5-year roadmap (2021-2025), the evaluation of the loan portfolio in terms of climate risks, which was launched in 2020, will be finalized and climate risks will be integrated into the loan evaluation and monitoring procedures.	With <b>the Climate Risk Evaluation Tool (CRET)</b> , the pilot applications of which started in 2021 and which were put into operation in 2022, we have integrated climate risks into the credit processes.
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.	Continued our activities in compliance with <b>the Climate-Related recommendations of UNEP-FI and TCFD</b> .
We undertake to manage all internal impacts, greenhouse gas emissions and external environmental and social impacts originating from financed companies and projects in compliance with ISO 14001 and ISO 14064-1 Standards in 2022.	In 2022, all environmental and social impacts of the Bank were managed in compliance with <b>ISO 14001 and ISO 14064-1:2018</b> standards. The certificates are available in the Compliance Opinions section. ✓
We undertake to reduce our Scope 1 (direct) emissions by 42% by 2030 and by 63% by 2035.	In the approval process, which we initiated with the Science-Based Targets Initiative in 2022, the base year of our target has evolved from 2020 to 2021. In this case, <b>the revised target was to reduce our Scope-1 (direct) emissions by 58.8% by 2030 compared to the base year 2021. Scope 1 (direct) emissions decreased by 8.46% compared to last year.</b> ✓
We will continue to work on measuring the greenhouse gas emissions of companies operating in carbon-intensive sectors in our portfolio.	As of the end of 2022; the projects included in the calculation for financed emissions <b>account for 8.4% of our total portfolio.</b> ✓
We undertake to calculate our carbon footprint periodically in 2022 and to carry out effective carbon management by neutralizing our carbon footprint (financed companies and projects excluded).	Greenhouse gas emissions from the operational activities of our Bank were calculated according to <b>ISO 14064-1:2018</b> standard and verified by BSI in 2022 as well. The resulting emissions (the emissions from financed projects excluded) have been zeroed through <b>carbon credits</b> obtained from voluntary markets. ✓
In 2022, we will apply the Environmental and Social Risk Assessment Model to investment loans and business loans.	In 2022, <b>we applied ERET, an environmental and social risk measurement model, to a total of 22 working capital loans.</b>
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.	In line with our responsible banking approach, we deal with <b>biodiversity as a separate issue under the environmental and social risk assessment</b> in the projects we finance, and expect our investors to take appropriate actions in risky situations.

## Capitals

### Natural Capital

# IN ALL INVESTMENT PROJECTS FINANCED BY THE ERET MODEL, WE ADOPT A SUSTAINABILITY APPROACH THAT MEETS THE ENVIRONMENTAL, SOCIAL, AND OCCUPATIONAL HEALTH AND SAFETY STANDARDS OF DEVELOPMENT FINANCE INSTITUTIONS.

## ERET Model

ERET - the Environmental and Social Risk Evaluation Tool – which was designed in 2005, has been applied to all investment projects financed by TSKB. ERET was developed to close the competency and experience gap between experts in the environmental and social risk categorization of projects, follow a consistent and standardized methodology, and carry out risk management in a way to cover specific risks.

The ERET Model not only contributes to the project evaluation but also enables the Bank 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 us. 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 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 the engineers and social experts of TSKB or independent environmental and social consultants. We meticulously monitor the implementation of these plans and manage the environmental and social risks of the projects we finance.

In the ERET Model, we address the potential environmental impacts of projects such as waste, emissions, and noise, as well as the potential social impacts on all stakeholders, including local communities, and on land acquisition processes, stakeholder participation activities, and complaint mechanism, and its potential social impacts, such as physical and economic displacement, in addition to local employment. Gender sensitivity of the plans and actions we have prepared with our social expert, whom we added to our team in 2022, along with our customers within the scope of our environmental and social risk management approach is also one of the topics we pay attention to the most.

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

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.

### 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 2022 are given below:

	Project
High risk A	2
Moderate-sensitive risk B+	11
Moderate risk B-	28
Low risk C	4

In 2022, we considered geothermal and airport management investments as high-risk projects. Environmental and social risk assessment was carried out for these investments and Environmental and Social Action Plans were established for effective risk management. The investments that stand out as medium-sensitive risky investments consist of aluminum ceramic, and paper industry, hotel and shipyard investments, biomass energy, solar energy, and wind energy projects. Environmental and Social Action Plans have been drawn up for these investments and their implementation is followed up.

### Customers with Investment Projects Considered within the Scope of ERET

As a requirement of the risk management approach adopted by TSKB, environmental and social risks originating from the existing activities of customers/investors financed are also measured with ERET Model.

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

	Project Owner
High risk A	2
Moderate-sensitive risk B+	17
Moderate risk B-	23
Low risk C	3

### Working Capital Loans ERET

We undertake to monitor the environmental and social impacts and performances of our customers to which we have extended working capital loans since 2021.

We have expanded the scope of our 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 our customers we evaluated within the scope of the working capital loan in 2022 are as follows.

	Client
High risk A	0
Moderate-sensitive risk B+	6
Moderate risk B-	10
Low risk C	6

The moderate-sensitive risky enterprises that we evaluated in 2022 are operating in the fields of aluminum, chemical, pharmaceutical industry, food, hotel management, and energy. Similar to investment loans, Environmental and Social Action Plans have been prepared for working capital loans and risks are being monitored.

**In 2022, environmental and social risk assessments were carried out within the scope of a total of 45 investment loans and 22 working capital loans.**

## Capitals

## Natural Capital

## IN ADDITION TO MONITORING THE ENVIRONMENTAL IMPACT OF OUR OPERATIONAL ACTIVITIES, WE MONITOR THE EMISSIONS PREVENTED BY THE PROJECTS WE FINANCE EVERY YEAR AS PART OF THE SMS.

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

We meticulously manage environmental impacts arising from our operational activities. Using SMS, we monitor the consumption of electricity, water, natural gas, etc. and take actions 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, dispose of waste in an eco-friendly manner and ensure their recovery for the economy. Our target is to reduce the amount of waste per person through our Bank's awareness-raising activities. We provide SMS training to all new TSKB employees to ensure that the concept of sustainability is internalized. In line with the Waste Management Plans implemented by our Bank so far, we take part in the projects initiated by our country in this area by obtaining our Zero Waste Certificate.

We carry out all of our operations as per ISO 14001 Environmental Management System Standard. We aim to continue to hold the ISO 14001 Certificate that we have been holding since 2007.

### Carbon Footprint Management

Climate change and the loss of biodiversity are among the leading global threats to the future of humanity. We know much better now that we need a rapid transition towards a low-carbon economy and a circular economy in order to achieve sustainable growth and development.

As TSKB, we adopt globally emerging trends in a proactive approach. Accordingly, we started measuring our carbon footprint in 2006. Since the second half of 2009, we have eliminated the demand for electricity arising from our operations with renewable energy sources. We are committed to continuing to meet our electricity needs from energy sources with 100% I-REC, as we have done in the past. We have been carrying out our activities in accordance with the ISO 14064-1 Greenhouse Gas Accounting and Verification Standard since 2012. In 2021, we completed our training for compliance with the revised standard published in 2018 and updated our greenhouse gas inventory in accordance with the requirements of the new standard. In this context, we thus calculated the impact of carbon-intensive industries in our portfolio, in other words, our financed emissions, in an end-to-end transparent manner for the first time in 2021 and took the first steps of the work that will guide our activities to set reduction targets and create a roadmap from now on.



# 58.8%

Commitment to reduce direct emissions (Scope 1) by 2035

We monitor the emission prevented by the projects we finance every year as part of the SMS. Accordingly, Türkiye's up-to-date 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 financed by TSKB.

In 2021, we determined Scope 1 and Scope 2 emission reduction targets 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 (Scope 1) by 63% until 2035 and to continue to provide 100% of our premises' electricity needs from renewable energy sources, which hold the International Renewable Energy Certificate (I-REC) and, thus, continue our 0 (zero) Scope 2 greenhouse gas emission practice.

With the start of the SBT-i target declaration process, we have revised our target to include the operational impacts of our subsidiaries. In this context, we have changed our new target to 58.8% by 2035 based on 2021.

Accordingly, as part of the carbon footprint offsetting activities carried out since 2008, we continue to zero all our direct greenhouse emissions, along with the indirect emissions, excluding the emissions from projects that we started to calculate in 2021. After announcing our commitments regarding the direct and indirect energy

consumption emissions in 2021, we reviewed our portfolio, which has a high rate of renewable energy and sustainable investments. Indirect emissions were calculated to include emissions from customers financed in carbon-intensive industries, including thermal power plants, iron & steel industry, and cement industry, which make up less than 10% of the 2022 year-end portfolio. As of the end of 2022; the projects included in the calculation for financed emissions account for 8.4% of our total portfolio.

In 2022, we expanded our work in this area as a signatory to the Net-Zero Banking Alliance (NZBA) established by UNEP-FI. With this signature, our Bank commits to align the loan and investment portfolio with the zero-emission targets by 2050.

Our strategy in transition to a low carbon economy;

- Following and actively participating in international initiatives
- Measuring and reporting greenhouse gas emissions arising from operations and lending activities, and having the calculations verified by independent institutions,
- Setting strong targets for the reduction of greenhouse gas emissions, determining a strategy and a roadmap in line with these targets, and designing projects,
- Managing our financing to support the transition to a low-carbon economy.

**As of the end of 2022; the projects included in the calculation for financed emissions account for 8.4% of our total portfolio.**

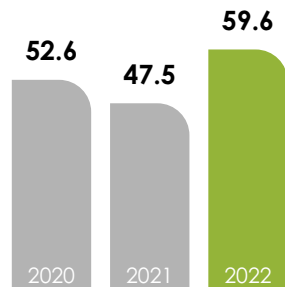
## Capitals

### Natural Capital

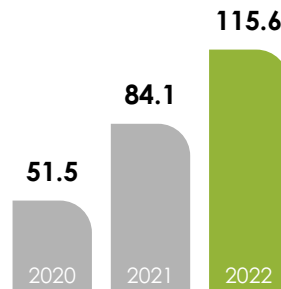
#### INTERNAL IMPACTS - KEY INDICATORS

We meticulously manage environmental impacts arising from our operational activities. As per the SMS-related activities, we periodically monitor the consumption of electricity, water, natural gas, etc. and take actions in compliance with the reduction targets. We calculate CO<sub>2</sub> emissions arising from our internal activities in accordance with the ISO 14064-1:2018 Greenhouse Gas Accounting and Verification Standard and take action to reduce emissions. With the waste management plan implemented according to the integrated waste management hierarchy, the waste collected separately at the source is sent to the recycling facilities. In this way, we aim to increase the rate of waste returned to the economy every year.

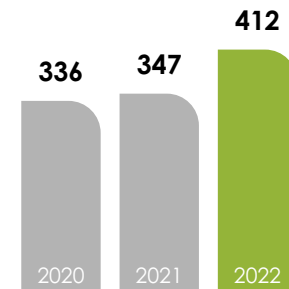
#### Electricity Consumption (kWh/m<sup>2</sup>) ✓



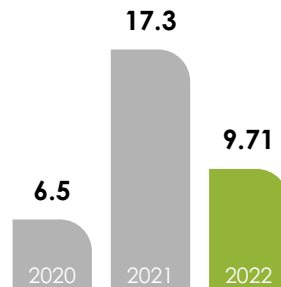
#### Asset Size (TL Billion)



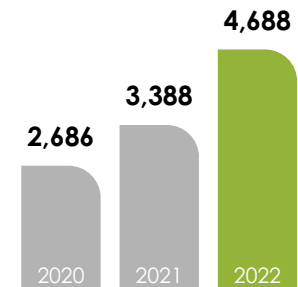
#### Number of Employees\* ✓



#### Water Consumption\*\* (m<sup>3</sup>/Employee) ✓



#### Amount of Recycled Plastic and Paper (Kg) ✓



\* With the transition to the gradual return to the bank scheme in 2022, approximately 63% of the average number of bank employees (including those working remotely and in the bank) came to the bank.

The air conditioning systems, which were partially utilized in cooling and heating periods due to the pandemic, were used at full capacity in 2022, therefore our electricity and natural gas consumption rose compared to the previous years.

Similarly, our water consumption went up owing to the rise in the total employee number and the Bank attendance, compared to the last year. However, consumption per employee declined as a result of the rising total employee number.

A slight increase in our paper consumption was observed due to the rising Bank attendance.



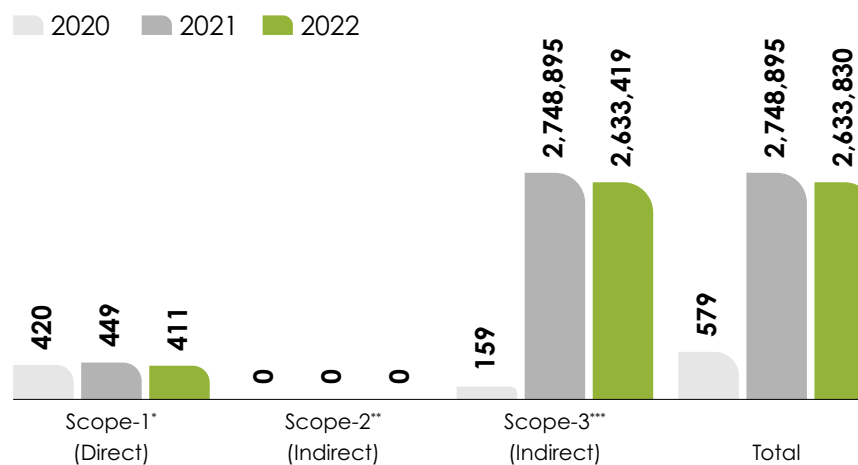
As part of the transition to the ISO 14064-1:2018 standard in 2022, greenhouse gas emissions originating from the financing were included in the inventory. In this context, the financing provided for coal and natural gas-fired thermal power plants and iron-steel, cement, and aluminum production facilities of our customers, which are in carbon-intensive sectors that make up 8.4% of the portfolio, were taken into consideration.

**Scope-3 emissions** including the emissions of the financed projects in 2022 are 2,633,419 tCO<sub>2</sub>e, and the Scope-3 emissions excluding the emissions of the financed projects are 516 tCO<sub>2</sub>e.

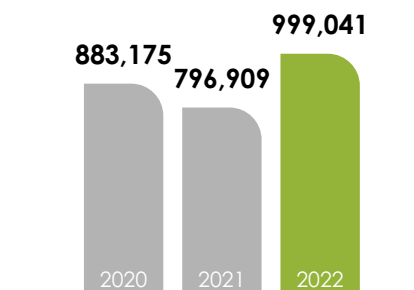
**The total emissions** including the emissions of the financed projects in 2022 are 2,633,830 tCO<sub>2</sub>e, and the total emissions excluding the emissions of the financed projects are 927 tCO<sub>2</sub>e.

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

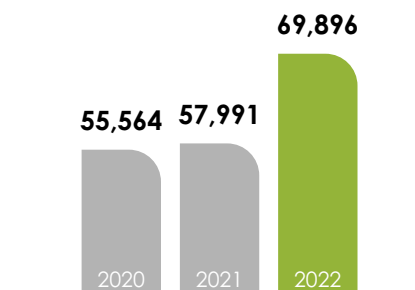
### Greenhouse Gas Emissions (tCO<sub>2</sub>) ✓



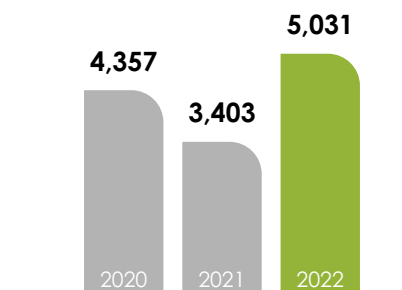
### Electricity Consumption (kWh) ✓



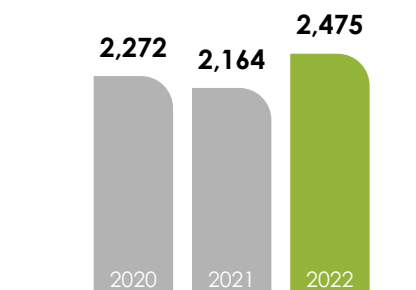
### Natural Gas Consumption (m<sup>3</sup>) ✓



### Water Consumption (m<sup>3</sup>) ✓



### 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, and 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.

## Capitals

### Natural Capital

#### TSKB AND CLIMATE CHANGE

##### 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 high-quality development is directly related to sustainable banking and build 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 a 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.

##### 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 be severely reduced - especially in the spring and summer seasons - due to precipitation irregularities, 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 moving towards a low-carbon economy presents transition risks. Within the framework of transition risks, changes in climate policies, production

technologies, and consumer preferences may create new investment needs, increase operating costs, and negatively affect asset values. Under these conditions, financial institutions will also be exposed to transition risks to the extent of their positions in enterprises that do not design their business models in accordance with the green economy.

On the other hand, climate change brings opportunities besides risks. It is expected that investment projects in agriculture, energy production, industry, transportation, waste management and urbanism will be implemented, especially in the field of adaptation and emission reduction. Taking decarbonization steps in these sectors quickly and implementing the transition process to a circular economy decisively are of great importance in terms of managing risks and impacts in the most effective and cost-effective way. We will continue to support this transformation in Türkiye with our advisory and financing business lines.

In addition to combat, the necessary adaptation measures against the current physical effects brought about by climate change also need to be well analyzed, planned, and managed. Thanks to this, potential problems in production activities and supply chains and losses in asset values will be prevented.

We position the fight against climate change and adaptation among our strategic focuses. Accordingly, we issued the *Climate Change Mitigation and Adaptation Policy* in 2021. In the Climate Risk Report, we declared the risks and opportunities arising from climate change and underlined that we 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.

We are aware of the risks and opportunities arising from climate change. The Climate Risks Working Group, established in 2020 within the scope of our Bank's sustainability structuring and consisting of representatives from different departments of the Bank, built a capacity, both within the framework of physical and transition risks and in line with TCFD recommendations, to measure project and portfolio risks, conduct scenario analyses, and integrate them into



decision-making mechanisms by reporting transparently. We completely share this capacity we developed, in our CDP reports in a holistic and detailed manner. Our integrated studies will continue with the said scenario analyses and stress tests to set our science-based targets for the greenhouse gas emissions arising from our financed projects.

##### TSKB Climate Risk Report

As one of the leading institutions supporting the Task Force on Climate-Related Financial Disclosures (TCFD), TSKB led the way for the Turkish banking industry with its *"TSKB Climate Risks Report"* published in 2021.

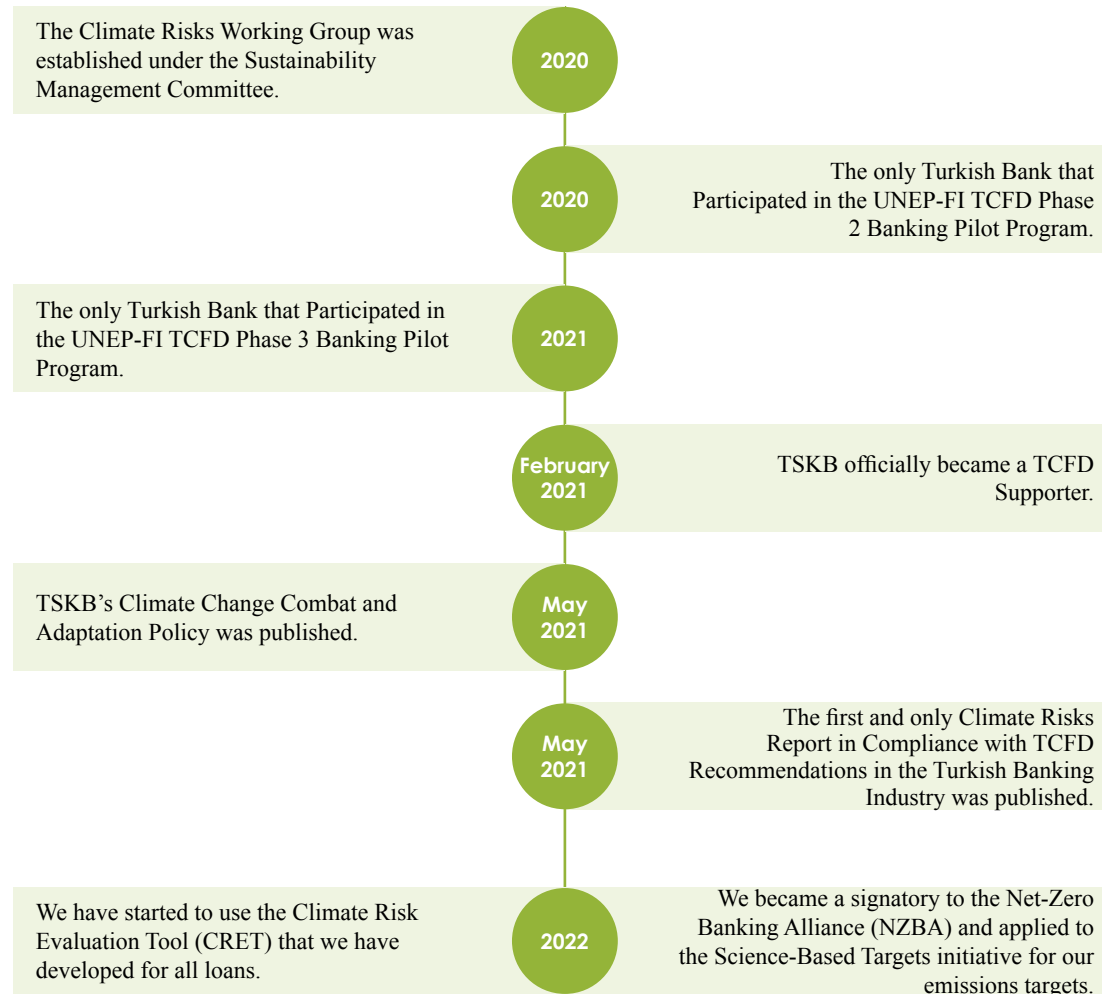
The Climate Risks Report summarizes TSKB's journey of combating and adapting to climate change and explains its compliance with TCFD recommendations in 4 dimensions (Governance, Strategy, Risk Management, and Criteria and Goals).

The information on the strategy, criteria and targets in the report is reviewed periodically.

TSKB will continue to share its commitments, targets, and performance indicators in this report regularly and transparently.

Progress against the target as of the end of 2022 is reported in the Integrated Annual Report. Relevant realizations are available on page 89.

### Milestones in Efforts Related to Climate Risk



### Climate Risk Evaluation Tool (CRET)

With the CRET, the pilot applications of which started in 2021 and were put into operation in 2022, we have included climate risks in the credit assessment, allocation, and monitoring processes. In this context, we evaluate credit projects within the framework of physical and transition risks by considering climate-related risks in detail. At the next stage, we aim to integrate the risk score model outputs that we have prepared to use in the credit evaluation and allocation processes into our internal rating model.

### Our practices regarding climate risk have been awarded an A- 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.

Our Bank shares the risks and opportunities of climate change and the strategies it implements on a voluntary basis every year within the scope of the CDP Climate Change Program. In 2022, we carried our CDP rating to the next level and raised it to the Leadership (A-) level. Thus, we have confirmed that we are on the way to achieving our high goals in the field of sustainable development.

*Please click [here](#) to access our 2022 CDP Report.*

## Capitals

## Natural Capital

## IN 2022, WE BECAME A SIGNATORY OF THE NET-ZERO BANKING ALLIANCE ESTABLISHED BY THE UNITED NATIONS ENVIRONMENT PROGRAMME FINANCE INITIATIVE.

### CLIMATE CHANGE POLICIES FOLLOWED BY TÜRKİYE and TSKB

#### 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 26<sup>th</sup> Conference of the Parties (COP 26) to the United Nations Framework Convention on Climate Change. Türkiye also announced its target of achieving net-zero emissions by 2053. Türkiye announced the updated Nationally Determined Contributions (NDCs) at the 27<sup>th</sup> Conference of the Parties (COP 27) held in Sharm El Sheikh in 2022. Türkiye's target for reduction from the increase announced as 21 percent for 2030 in 2015 has been increased to 41 percent within the framework of the new NDCs. According to the new NDCs announced at COP 27, it is planned that Türkiye's greenhouse gas emissions will reach their peak in 2038 and be reduced in line with the 2053 net-zero emission target after that date. The current NDCs require significant transformations in all areas related to the climate, from energy to industry, from transportation to buildings, and from the waste sector to waste areas.

At the Climate Council held in February 2022, representatives of our Bank contributed to the country's targets in this area with the views they expressed. As an output of all these activities, it is aimed to prepare a strong policy document to support the necessary transformation in the industries. In line with the 2053 net-zero emission target, Türkiye's Long-Term Climate Change Strategy (LCCS) and Action Plan preparatory work continued intensively in 2022 with the participation of stakeholders from all relevant industries. Besides, in 2022, the

details of the draft of the Climate Law and the Emission Trading System (ETS) became clearer. The Climate Law is expected to enter into force in 2023 and the ETS in 2024. Being an important stakeholder in the green transformation of the industry with its all business lines and subsidiaries, TSKB stands behind the legislation and strategy development activities performed and contributes to them. As part of this, in 2023 Escarus (TSKB Sustainability Consultancy) took part in two substantial projects of the T.R. Ministry of Industry and Technology and the T.R. Ministry of Energy and Natural Resources.

#### TSKB's Agenda in Line with Türkiye's Policies

As a supporter of the efforts to provide climate finance to Türkiye, TSKB keeps its strategy up-to-date with its relevant departments and various thematic working groups to better understand the needs of the real sector in terms of combating climate change and financing of compliance and maximize its contribution to the private sector as a development and investment bank. The Bank also canalizes its goals in this direction.

The issue of combating climate change and compliance is an important agenda item of the TSKB Sustainability Committee as well. As one of the biggest indicators of this, we became a signatory of the Net-Zero Banking Alliance (NZBA) established by the United Nations Environment Programme Finance Initiative (UNEP-FI) in the last quarter of 2022. Having committed to aligning its loan and investment portfolio with its zero-emission targets by 2050 within the scope of this signatory status, TSKB will maintain its support to its business partners and customers in all dimensions of the fair green transformation.

### Climate Change and TSKB Risk Management

We evaluate the risks posed by climate risks on our Bank from the perspective of direct and indirect effects. Direct risks focus on the effects of climate change on the Bank's operations and activities, while indirect risks focus on the effects of climate change on the Bank's products and services, loan portfolio, and financials.

In response to the possibility that climate risks will turn into financial risks, the risks defined in the Bank's risk catalog are evaluated holistically and proactively within the scope of risk management activities. (See TCFD-Climate Risk Report P. 25)

We classify, monitor, and manage both the physical and transitional risks of climate change under various types of financial risks.



# A

Refinitiv ESG score



# 7.9

Sustainalytics ESG Risk score

Taking into account our field of operation and the trading volume of our products, we anticipate that the main impact of climate change may arise from credit risks. In this context, we incorporate environmental risks, including climate change, which arise and are likely to arise from lending activities, into our Bank's risk appetite and management processes. In addition, we have concentration limits approved by the Board of Directors in order to monitor the current climate risk sensitivity.

We aim to deepen and use different techniques such as heat maps, stress tests, and scenario analyses in order to measure the risks that may occur within the scope of climate risks in the future.

### TSKB at COP 27

We closely follow 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 very actively in COP 27, as we 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. We have closely followed the developments on the Paris Agreement targets, the inadequacy of climate finance so far, the new NDC targets of countries and our country, and climate risks and opportunities, and continued to integrate changing risks and opportunities into our targets.

### SUSTAINABILITY INDEX

#### Borsa Istanbul Sustainability Index

Our Bank, which continues to be listed in the BIST Sustainability Index composed of companies with high corporate sustainability performances and whose shares are traded on Borsa Istanbul, was also included in the BIST Sustainability 25 Index created by Borsa Istanbul in 2022.

#### Refinitiv ESG Score

As a result of the improvements in the index evaluation process, we have raised our grade to A. Thus, we were ranked among the prominent institutions with our ESG performance and transparent reporting.

#### Sustainalytics ESG Risk Score

In line with our sustainability policies and practices, we completed the update of our Bank's ESG Risk rating for 2022 from Sustainalytics in November. Our ESG Risk Rating, published as of November 2022, was determined as 7.9 and our risk category was determined as "negligible risk." As of the date of publication, our Bank, which was ranked first among Turkish Banks, was ranked 12<sup>th</sup> among international development banks, 15<sup>th</sup> in the banking industry, and 60<sup>th</sup> among about 15,000 institutions evaluated by Sustainalytics.

Our Bank, which is the only Turkish institution listed in the list of Sustainalytics Top 50, has also been included in the list of best institutions in its sector and region.



## Capitals



### Intellectual and Manufactured Capital

#### Risks

- Data privacy
- Cyber security
- Adaptation to renewed technological developments

#### Opportunities

- Synergy with subsidiaries
- Use of robotic automation processes
- Software solutions
- Effective management of functional profitability
- Investment Banking solutions
- Consulting solutions

#### Associated Material Issues

- Digital Transformation and Agility
- Cyber Security and Data Privacy

#### 2022 Key Indicators

**9.52/10**

TSKB Advisory Services  
Net Promoter Score

**466**

Number of TSKB Economic  
Research reports ✓

**14,000**

Number of books in TSKB  
Library

**28**

The number of projects included  
in the RPA process

**80 TL million**

Advisory to a lease certificate within  
the scope of the SDG

**535 TL million**

Of green transition-oriented IPOs

## 2023 Targets



### I1

In line with our mission as the Bank and its subsidiaries, **to continue contributing to impact-oriented studies** within the scope of medium- and long-term development goals with all relevant ministries and regulatory institutions and organizations



### I2

Within the framework of Advisory Services, to support all kinds of investment strategies of our customers with financial, technical, and economic aspects, primarily energy investments for domestic consumption **within the scope of sustainability and green transition investments** within the scope of Green Deal, from the perspective of development banking



### I3

Within the scope of Advisory Services; to contribute to our customers' **access to sustainable finance** with feasibility, financial, and technical reports



### I4

To keep the **Net Promoter Score (NPS)** of Advisory Services 9/10 and above



### I5

Under Investment Banking, to continue the issuance of **sustainable/green-labeled** debt instruments in the upcoming period



### I6

To carry out the transformation of **IT system infrastructure** enhancing synergy and efficiency in all activity branches with the latest technologies



### I7

By placing digitalization at the center of the business model, to increase end-to-end digital solutions, improve user experiences, ensure the automation of the processes determined within the scope of Robotic Process Automation (RPA), and **provide approximately 4 FTE earnings with 72 RPA processes** waiting in the pool within this scope



### I8

**To gain 200 people/day** in activities with artificial intelligence document reading operations



### I9

To publish Climate Review reports quarterly in Turkish and English for the purpose of drawing attention to climate change and raising awareness level with current developments.



### I10

To make 18 publications/presentations on climate, development and macroeconomics within the scope of the media, within the bank and advisory to raise awareness.



### I11

To increase the number of projects we carry out by 6%, the number of institutions contacted for bidding by 10%, and the number of proposals submitted with the budget by 5% with our subsidiary **Escarus**, which provides sustainability advisory services



### I12

To be in the top 10 with our Real Estate Appraisal subsidiary in the industry, acquire 200 new customers, and have a conversion rate of incoming requests to contracts at 60%



## Capitals

### Intellectual and Manufactured Capital

#### 2022 Targets

#### Realizations in 2022

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

Within the scope of directing the investment strategy decisions and supporting the decision-making processes of our customers; our services for **sector reports, feasibility studies, valuation studies, technical and financial advisory** have been offered.

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

This target has been achieved and ever-increasing **support has been given to our customers in the processes of benefiting from public support and incentive mechanisms.**

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

**The average satisfaction score** of our customers whose advisory services were completed in 2022 and whose satisfaction survey was carried out in respect of the service provided, **was 9.52.**

Under Investment Banking, we aim to continue the issuance of sustainable/green-labeled debt instruments in the upcoming period.

We acted as **an intermediary for the issuance of lease certificate** of 80 million TL of our customer Zorlu Enerji **within the scope of the SDG.**

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

We **intermediated the green transition-oriented IPO** of our customer Smart Güneş Enerjisi Teknolojileri amounting to TL 535 million.


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).

In 2022, **we included 28 processes in RPA studies and achieved a gain of 9.48 FTE.**

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

We continued the development of applications, the studies on application modernization and digitalization in accordance with the sustainable information technologies strategy plan of our Bank by using new technologies.

Under the Green Swan Platform, we aim to publish a new Climate Review report every quarter in 2022 to draw attention to climate change and raise awareness of current developments.

We published Climate Review report quarterly , 4 in Turkish and 4 in English, in 2022 on the themes of in water, forest and soil, heat waves, and air pollution. 

Escarus aims to increase the number of ongoing projects to 70, the number of companies contacted to submit proposals 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.

Escarus carried out **94 projects** and increased the number of companies contacted to **214**, the number of proposals submitted with its budget to **162**, and conducted business in each of its products under **19** categories in 2022.

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%.

**Real Estate Appraisal** ranked **25<sup>th</sup>** in the sector in 2022 based on the number of reports and **15<sup>th</sup>** based on turnover. In 2022, **240** new customers were acquired and the rate of incoming requests to contracts was **59%.**



**WE, AS TSKB, ESTABLISH STRUCTURES THAT WILL SECURE ALL IT ASSETS, INCLUDING EMPLOYEES, PROCESSES AND TECHNOLOGIES IN ORDER TO ENSURE BUSINESS CONTINUITY SECURELY AND FOCUS ON BUSINESS GOALS.**

**INFORMATION SECURITY AND DIGITALIZATION**

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

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

In 2021, we obtained the ISO 27001 certificate for the purpose of evaluating and documenting the adequacy of the Information Security management system by an expert institution. In 2022, we reviewed the corrective actions related to nonconformities written as part of ISO 27001 audits conducted periodically and ensured that they were implemented effectively. No new nonconformity was detected during the audits subsequent to the regulations and revisions.

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

In 2022, we performed real attack drills as part of the security tests in order to be prepared in response to cyber incidents and to test the adequacy of the security monitoring service. We continue to work on the improvement points identified as a result of cyber drills.

In addition, we updated the scope of the vulnerability scanning, which was performed to detect and fix security vulnerabilities of the system before any ill-usage, and made improvements in the technical infrastructure.

Audit studies were conducted by the consulting company in order to determine the compliance of SWIFT infrastructure and the relevant processes to SWIFT Customer Security Program (CSP), and our infrastructure and systems were verified for the relevant standards.

We conducted survey studies, and followed up the results in order to measure the satisfaction levels of employees regarding the services provided by the Information Technologies Units.

We aim to focus on fortifying our existing processes in 2023. 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 trainings. We aim to review the scenarios used in the security tests and expand their scope. With the planned security solutions, we aim to further reinforce the existing processes and technical infrastructure.

## Capitals

### Intellectual and Manufactured Capital

**WITHIN THE SCOPE OF ROBOTIC PROCESS AUTOMATION, WE CONTINUED THE AUTOMATION OF MANUAL OPERATIONAL WORKS BY HANDLING A TOTAL OF 28 ADDITIONAL PROCESSES IN 2022. WE INCREASED THE EFFICIENCY OF OUR EMPLOYEES BY GENERATING GAIN OF AROUND 9.5 FTE WITH THE WORK PERFORMED.**

The human factor plays a significant role as technical measures in ensuring security. The information security policy and standards we set aim to spread the security culture across the institution so that the security responsibility is shared with all employees. Accordingly, we provide training to stakeholders, carry out awareness campaigns, and perform phishing attack simulations to raise awareness on information security.

In this context, in addition to our employees, we expect compliance and awareness from our suppliers. We conduct risk assessments of our suppliers, regularly monitor their performance, include information security clauses in agreements, and mandate our suppliers who have access to the Bank's network to complete information security awareness training.

**Our Bank works simultaneously on numerous strategic, information technologies and process digitalization projects.**

In 2022, within the framework of goals set in the Bank's strategic plan, we carried out projects in areas such as lending, decision support systems, marketing, theme and product development and prioritized studies on digitalization.

In order to further benefit from acquisitions of agile management, we created permanent agile teams at IT in 2021. We received consultancy for these function-based agile teams and provided coaching for the teams in 2022. We ensured that business unit agile representatives and IT agile teams worked through a holistic and agile project management.

Within the scope of Robotic Process Automation (RPA), we continued the automation of manual operational works by handling a total of 28 additional processes in 2022. We increased the efficiency of our employees by generating a gain of around 9.5 FTE with the work performed. By putting digitalization at the center of the business model in 2023, it will be ensured that end-to-end digital solutions are increased, user experiences are improved, and processes' determined as part of the RPA are automatized.

In 2022, we analyzed opportunities by following the studies in the areas of data, advanced analytics, and artificial intelligence, and determined the actions to be taken to meet the goals and needs of business units. We made investments in our employees and the technology in order to further benefit from data analytics effectively. We initiated studies to train employees about data analytics and to democratize data throughout the Bank. Using artificial intelligence and machine learning methods, we conducted invoice and document reading studies to save time for the various departments.

In this period, we carried out activities on Electronic Signature and Automatic Document Sending with the principle of paperless banking.

In line with our mission of being a pioneer in sustainability, we developed a new platform where processes, procedures and responsibilities can be more easily managed to achieve the targets for the collection of environmental, social and financial data in scope of our Sustainable Management System (SMS). We have developed software solutions by attaching great importance to digitalization studies for monitoring the effects of business processes on the environment and society, calculating greenhouse gas emissions, conducting Scope 1,2 and 3 emission analyzes, strategy development, reporting, auditing and certification studies. TSKB and Escarus will continue their efforts to transform their knowledge and experience on sustainability into a product for the real sectors.

With regard to loan activities, we started works to offer a digital solution that meets the needs of users and provides a simple experience and integrated access. We continue our efforts to simplify loan applications and processes and to ensure faster and more effective execution of application, allocation, contract, disbursement, monitoring and collection processes within a systematic program.

We continued modernization works in the main banking applications. We made developments in the “Early Warning System” which contributes to the activation of the credit process while adding new functions and features to the application “Follow-up System of the Inspection Board” where end-to-end finding follow-up can be made. We made frontend and infrastructure changes in the business flow application by using new generation web technologies in line with IT strategy, and revised certain business flow forms. We aim to complete transformation process of business flow forms in 2023.

In this period, we carried out the necessary infrastructure and R&D studies to move applications into container technology, and also moved certain pilot applications into these platforms. We reached the last phase of transforming all the IT infrastructure with the latest technologies and moving the main data center into a more professional data center in 2022. We completely renewed server, data storage, back-up and firewall infrastructures. An infrastructure was prepared for virtual desktop solutions to ensure that users with special authorization work more securely. We plan to complete the efforts of making the infrastructure more popular by the end of the year.

As part of business continuity, we performed studies focusing on compliance with legislation and awareness.

We will continue investments in business model and digital infrastructure in 2023. We aim to make a pilot study on organizational agility for business units to benefit from the advantages of agile method alongside ensuring simplification and digitalization in the determined business processes.

We will continue digital transformation with the studies to be carried out in areas such as robotic technologies, data analytics, automation, and digitalization through using technological opportunities. We will carry out strategic projects, digitalization, and innovation studies in line with our Bank’s strategy. We will continue the digitalization studies with the paperless banking principle.

As part of the Data Analytics Program, we will continue studies in the areas of single data source, effective use of data in data-based and agile decision-making processes, and training employees on data analytics throughout the organization. Data warehouse modernization studies initiated as a part of the data analytics project in 2022 will be continued by adding the credit model as well in 2023.

In 2023, we will continue to work on the development of the credit application, which is user-friendly, has simpler processes and displays, is visually powerful, and where all kinds of loan data can be accessed and managed more easily.

Digitalization will be put at the center of the business model, and the processes identified under RPA will be automatized to increase end-to-end digital solutions and improve user experiences. Besides, studies initiated in the areas of AI and machine learning will be continued increasingly.

We will continue making applications ready for open banking and cloud systems by using service-based application development methods, developing applications in line with our Bank’s sustainable information technologies strategy plan by using new web technologies, and application modernization works in 2023.

We will evaluate Low-Code developing platforms for the modernization of applications not included in main banking which does not require too much coding. We will continue the efforts to move application into container platforms.

## Capitals

### Intellectual and Manufactured Capital

**OUR ECONOMIC RESEARCH PUBLICATIONS NOT ONLY PROVIDE SUPPORT TO OUR FUNDING, LENDING, ADVISORY, TREASURY, MARKETING AND PROMOTIONAL ACTIVITIES, BUT ALSO ACT AS A CRITICAL TOOL IN SHARING INFORMATION WITH ALL NON-BANK STAKEHOLDERS.**



# 466

Number of Economic Research reports in 2022 

#### TSKB Advisory Services

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 2022, revenue of advisory services increased compared to the previous year. With strength of our 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. We will continue to diversify our support for sustainable and strong development in the following period.

#### 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.

TSKB's Economic Research publications not only provide support to the 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.

The TSKB Economic Research produced 466 publications in 2022.

Periodicals published by TSKB Economic Research include the following:

- **TSKB Daily Bulletin**, which includes evaluations shared on 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
<b>TSKB Daily Bulletin</b> ✓	252
Daily evaluations in macroeconomics and development	
<b>Macro View</b> ✓	90
Analysis and evaluation reports on macroeconomic data within the calendar	
<b>TSKB Blog</b> ✓	21
Short articles with analyses and comments on the development agenda and macroeconomic developments	
<b>Energy Bulletin (Turkish and English)</b> ✓	24
Developments in the energy industry on a monthly basis	
<b>TSKB Theme Look (Turkish and English)</b> ✓	8
Analyses focused on structural issues, where development and macroeconomic perspectives intersect	
<b>New Month</b> ✓	12
Highlights in the next month's economic calendar, analyses of important events from Türkiye and the world economy, studies from the development economics agenda	
<b>Climate Review (Turkish and English)</b> ✓	8
A study providing an up-to-date summary of the climate change agenda	
<b>TSKB Weekly Bulletin</b> ✓	51
Reports that include economic and non-economic developments of the previous week with a brief review of the new week	
<b>Total</b>	<b>466</b>

TSKB Theme Look publication category includes studies that serve as reference reports 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.

In this respect, we published a study named *“Deepening Gender Inequality in a Transforming World”* in which we addressed the risks posed to women by the pandemic, digitalization, and climate crisis from a gender equality perspective. Moreover, we elaborated on our study named *“Children Are Ours”* from the perspective of childcare services and preschool education gender.

As TSKB Economic Research, we shared our COP27 observations considering the point that climate crisis reached in 2022, its position in the global policy agenda, and the developments in the area of climate diplomacy. Within this scope, we evaluated the developments in COP27 by including the development perspective in the publication named *“We Went, We Saw, We Wrote: Our Cop27 Impressions.”*

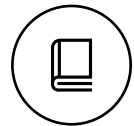
In these publications, we continued to attach special importance to the discussions on the climate crisis and the European Green Deal in 2022, as we did in 2021. We offered insights into the latest developments in the European Green Deal with the study named *“Deal? The Latest Developments in the European Green Deal and Green Transformation.”*

TSKB Economic Research addressed the economic and social impacts of air pollution as a global problem in its report named *“Don't take my breath away”* which was shared with international development finance institutions and national policy-makers.

## Capitals

### Intellectual and Manufactured Capital

**WITHIN THE SCOPE OF CIRCULAR ECONOMY AND SUSTAINABILITY, SECTORAL AND TECHNOLOGICAL ADVANCEMENTS AND INVESTMENTS WERE FOLLOWED CLOSELY, AND INTERNAL AND EXTERNAL REPORTS WERE ISSUED REGULARLY.**



# 14,000

Number of books in  
TSKB Library

#### 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. Published in 2020 for the first time, “Climate Review” covered the themes of water, forest and soil, heatwaves, and air pollution in 2022. It will continue to be published each quarter in 2023, available both in Turkish and English. [Please click](#) to access Climate Reports.

#### 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 2023, available both in Turkish and English. [Please click](#) to access Energy Bulletins.

#### NEW THEME WORKING GROUP

In 2022, we maintained transparent and efficient communication through content that aligns with our fundamental principles and is consistent with our mission.

The Funds Management Committee and sub-working groups 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 theme development activities, the New Theme Working Group, which was established as a sub-unit of the Funds Management Committee, as well as the affiliated sub-working groups on European Green Deal, Circular Economy and Adaptation to Climate Change continued their works in 2022 with the contribution of the Bank’s different disciplines and in consideration of general strategic priorities of resources and our country’s development needs. Created with the efforts of theme groups and communicated with external stakeholders, the reports were updated with developments in 2022, and theme update reports were prepared.

Contributions were made to resource procurement by selecting new themes if required in parallel with current global developments, adopting a structure based on developments in the field through coordinated works, and maintaining the guiding information flow directly to resources. Within the scope of circular economy and sustainability, sectoral and technological advancements and investments were followed closely, and internal and external reports were issued regularly.

#### ENERGY WORKING GROUP

Established in 2018, TSKB Energy Working Group (TSKB EWG), with its 18-person team, aims to transfer TSKB’s know-how in economic research, engineering and finance disciplines, acquired in the energy industry over the years, to both other relevant departments within the 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. With the report we published in December under the title “Energy Outlook 2022,” we inform the stakeholders on the developments in Turkish energy sector with a holistic perspective. Moreover, special themes in the energy sector are reviewed and reported by TSKB EWG. In 2023, TSKB EWG will continue to communicate its experience with other relevant departments within the Bank as well as with external stakeholders.

### TSKB BLOG

Based on our 72 years of know-how and experience, the TSKB Blog communicates economic and industry based developments through the eyes of the Bank's specialists, and shares new articles and current topics to its followers.

We share our know-how and experience in different areas 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, low carbon economy, green transformation, and social development. 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 available 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. In 2022, blog articles on 38 different topics were posted on the TSKB Blog.

### 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 offers national and international literature to researchers, especially university students and academicians.

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

#### TSKB Collection

- Specialty 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

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 our strategic collaborations with policy makers, public institutions and regulatory authorities under our mission, we:

- contribute to sustainable development,
- create diversity of funds,
- serve as a bridge between the private and public sectors,
- contribute to the development of the market and legislative work.

The works we carry out as part of our memberships in national and international associations and initiatives support our capacity building and awareness-raising activities, and make positive contribution to our brand value and brand recognition.

### OUR BANK'S CONTRIBUTION TO THE "BANKING SECTOR GOOD PRACTICES GUIDE ON THE PROTECTION OF PERSONAL DATA"

A working group, to which our bank directly contributes, has been established in order to present the procedures and principles to be followed and the obligations to be fulfilled as per the Personal Data Protection Law during the processing of personal data at the TBB with examples of good practices specific to the banking sector and to ensure unity in practice. As a result of these studies, "Banking Sector Good Practices Guide on the Protection of Personal Data" was prepared and published by the Personal Data Protection Authority in August. We will continue to support and contribute to efforts to improve banking service quality in every area where personal data comes into contact with the banking sector.

### MEMBERSHIPS AND WORKING GROUPS

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

TSKB's participation in national and international initiatives contributes not only to the brand value of our Bank but also to the developments in the field of sustainability in our country. 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.

TSKB assumes working group leadership and similar duties in some of the organizations which it is a member of.



## Capitals

### Intellectual and Manufactured Capital

#### INITIATIVES LED AND WORKING GROUPS PARTICIPATED BY TSKB

##### Institute of International Finance (IIF)

- Working Groups
- Sustainable Finance

##### International Development Finance Club (IDFC) Board Member

- Working Groups
- Gender Equality (Co-chair)
  - Biodiversity Working Group
  - SDG Mapping Working Group
  - Refugees Working Group

##### Foreign Economic Relations Board (DEIK) Energy Business Council

##### Integrated Reporting Association Türkiye

- Board Member
- Working Groups
- Climate Change, Environment and Sustainability (Co-chair)
  - Sustainable Finance
  - Improvement of Investment Environment

##### Impact Investment Advisory Board (EYDK)

- Advisory Board Membership
- Working Groups
- Corporate Communications
  - Impact Partnerships
  - Sustainable Development and Policies
  - Capacity Building

##### Business Council for Sustainable Development Türkiye (BCSD Türkiye)

- Board Member
- Working Groups
- Sustainable Finance and Risk Management
  - Women's Employment and Equal Opportunity
  - Sustainable Industry and Circular Economy
  - Transition to Low Carbon Economy and Efficiency
  - Sustainable Agriculture and Access to Food

##### 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 (TÜSİAD)

- Working Groups
- Economics and Finance Roundtable
  - Industry Policies Roundtable
  - Social Policies Roundtable
  - Development Policies Roundtable
  - Energy and Environment Roundtable

##### Turkish Investor Relations Society (TÜYİD)

- Working Groups
- Green Financing
  - Sustainability

##### UN Global Compact Türkiye

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

#### NATIONAL AND INTERNATIONAL STATEMENTS WE HAVE SIGNED

Institution	Statement Signed	Signature Date
UNEP-FI	Net-Zero Banking Alliance (NZBA)	2022
CEB - AFD	Social Investment Coalition – Social Investment Statement	2021
Global Compact TR - BCSD Türkiye- TÜSİAD	Business Plastics Initiative	2021
IDFC - WDFI	Gender Equality, Biodiversity, Climate Change Statements	2020
IDFC	Gender Equality and Gender Equity Declaration	2019
UNEP-FI	Founding signatory of the UNEP-FI Principles of Responsible Banking	2019
KAGİDER	Equal Opportunities Model (FEM) Certificate	2018
Global Compact	UN Global Compact Türkiye - Declaration of Sustainable Finance	2017
WEPs	Women's Empowerment Principles	2015
UN Global Compact	United Nations Global Compact	2010
GRI	Sustainability Reporting Standards	2010
CDP	Carbon Disclosure Project	2007



## TSKB REAL ESTATE APPRAISAL

### Long-standing experience with wide service network

With appraisal specialists under the leadership of responsible surveyors authorized by the CMB, TSKB Real Estate Appraisal 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 has issued approximately 270,000 appraisal reports in the last 10 years. TSKB Real Estate Appraisal celebrates its 20<sup>th</sup> anniversary this year, and continues to add new experiences to its extensive range of services.

In addition to appraisal reports for guarantee and special purposes, the Company completed around 40 best and most efficient usage analyses and project appraisal cases in 2022, together with high-quality works such as appraisal of real estates to be purchased and sold, 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 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 consultancy services, the Company prides on its staff having the highest number of international licenses in Türkiye. Moreover, TSKB Real Estate Appraisal is the first appraisal company in Türkiye to become entitled to receive ISO 9001:2008 Quality Certificate. The company also holds ISO 9001:2015 Quality Management System Certificate.

### Targeting to position itself in the top five league of the sector

In 2022, TSKB Real Estate Appraisal continued to provide its business partners with professional support to manage their real estate and machinery investments, and offer appraisal and consultancy services by closely following changes in real estate investment trends in the last two years.

Achieving real growth in 2022, TSKB Real Estate Appraisal continued to carry out all operations with a focus on its employees, and received “Happy Place to Work” in addition to its current awards.

The company aims to expand its staff and maintain its growth in 2023 in order to be among the top 5 companies in the appraisal industry by 2025.

### Key Memberships

- **Equal Opportunity Certificates:** Maintaining its development in the social sphere with its policies supporting the gender equality, TSKB Real Estate Appraisal was awarded two different Equal Opportunity Certificates.
- **RICS:** TSKB Real Estate Appraisal is one of first companies in Türkiye to hold RICS membership.
- **USGBC:** TSKB Real Estate Appraisal has been the only appraisal company from Türkiye to be a member of the USGBC since 2016.
- **LİDEBİR:** Membership to LİDEBİR, a sectoral association established by companies in the CMB list.

**In addition to being authorized by the CMB and BRSA, TSKB Real Estate Appraisal 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.**

## Capitals

### Intellectual and Manufactured Capital

## ESCARUS CONSIDERS SUSTAINABILITY AS A CONCEPT WHICH AFFECTS SOCIETY AND THE ECONOMY AS A WHOLE, GOING FAR BEYOND THE ENVIRONMENT AND CLOSELY RELATED ISSUES.

### ESCARUS (TSKB SUSTAINABILITY CONSULTANCY A.Ş.)

#### Brand value strengthened by global projects

Escarus serves a wide geographical region including international markets as well as Türkiye. Having executed around projects in various countries including Africa, Eurasia and Middle East (Azerbaijan, Cameroon, Qatar, Kenya, Congo, Lebanon, Egypt, Senegal) and completed around 250 projects for over 150 customers, Escarus has been taking firm steps forward in line with its aim to become a consultancy company that gets beyond the boundaries with its services.

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

#### Coordination of numerous projects in different disciplines

Elected as a member of the “ICMA Green Bond Principles (GBP)” Advisory Board and Working Groups in 2019, ESCARUS was re-elected for the Board in 2021 and 2022 as well. It is the only Turkish company which aims to provide a broader perspective on green, social and sustainable bond markets.

Escarus runs several projects in various disciplines. In addition to the strategic sustainability-based projects, it also carries out technical evaluation for export loans, environmental and social assessment and monitoring, strategic analysis, industry-based and thematic analysis

works. Having played an active role in the preparation of CDP reports, TCFD reports, sustainability reports and integrated reports, Escarus takes pride in having successfully completed numerous reference projects including Gender Equality Program Certification (CEPS) and sustainability-focused training with a sense of social responsibility.

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 SDGs, and shapes its fields of activity accordingly.

### OUTSTANDING PROJECTS IN 2022

#### AFD and VakıfBank - Environmental and Social Risk Management System and Gender Equality Program Certification (CEPS)

As part of the project, Escarus set up an Environmental and Social Risk Management System for use in VakıfBank lending processes. Based on the assessments conducted, system set-up was completed for determining, evaluating, managing, monitoring and reviewing environmental and social risks and impacts in projects for which VakıfBank extends loans. Training sessions and capacity building studies were held at the end of the project to ensure successful implementation of the system. Moreover, VakıfBank was given a CEPS certificate following activities for the assessment and development of corporate gender equality practices.

### **World Bank and VakıfBank - Environmental and Social Assessment Processes for Pandemic Support Loan**

For the Pandemic Support Loans extended by the World Bank to VakıfBank, an environmental and social assessment methodology was developed with the consultancy of Escarus, and environmental and social technical assessments were conducted for the loan applications received.

### **EBRD and Republic of Türkiye Ministry of Industry and Technology - Low Carbon Road Map for Turkish Steel Industry**

In order to reduce the carbon emissions of Turkish steel industry, a political-legal gap analysis and road map study were conducted in the project, in which Escarus took part as a partner. The models and scenarios developed in the project aimed to define the legal status and political environment for the steel industry in Türkiye.

### **World Bank and Republic of Türkiye Ministry of Energy and Natural Resources - Support Project for the Preparation Works of Energy Efficiency 2030 Vision, Strategy and the 2<sup>nd</sup> National Energy Efficiency Action Plan (NEEAP)**

Preparation works of the new NEEAP, expected to be announced at the end of 2023, were carried out by Escarus with the World Bank's support. As part of the project, data and information were collected through workshops in different provinces of Türkiye, and stakeholders' opinions were compiled and reported. Approximately 980 people participated in 9 workshops that were held in 6 different cities in 2022.

### **Banks Association of Türkiye - Sustainability Consultancy Project**

As part of the project, a current state analysis was conducted and an action plan was created to develop the sustainability approach of Banks Association of Türkiye. A sustainability report to inform the stakeholders on corporate sustainability practices and a sectoral outlook report showing the current status of sustainability practices in the Turkish banking sector are being prepared within the scope of the ongoing project.

### **IC Holding - Sustainability Management System and Sustainability Report**

As part of the project, prioritized sustainability focus areas of IC Holding were identified, and a governance structure was set up for following, improving and reporting sustainability at the Holding and its affiliated companies. Moreover, studies for a sustainability report covering IC Holding's previous activities and future objectives were carried out with the consultancy of Escarus.

### **Escarus in 2023**

Pursuant to its targets for 2023, 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 2023, Escarus plans to deliver sustainability-oriented technical, environmental, social and managerial consultancy 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, and its sphere of influence.

## **ESCARUS 2023 TARGETS**

- Increasing the cooperation developed with public institutions, international organizations 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



## Social Capital

### Risks

- Gender and opportunity inequality
- Increasing inequality in welfare
- Changing stakeholder expectations

### Opportunities

- Stakeholder capitalism
- Supporting developing regions
- Employment of vulnerable groups
- Awareness studies

### Associated Material Issues

- Employee Loyalty, Employee and Human Rights

### 2022 Key Indicators

# 195

The number of contents published on the #EqualSteps platform

# 335 SMEs and additional employment for 370 people in the last 3 years

APEX Loans

# 180

Number of female students provided with scholarships to date

# 27.9%

Improvement in company capacities within the scope of gender equality and women's empowerment ✓

# 53

The number of students supported by the Women Stars of Tomorrow project

# 85

The number of companies to which the Gender Equality assessment tool has been applied ✓

## 2023 Targets

**S1**

To implement impact-oriented projects structured in accordance with the mission of our Bank, as a tribute to the 100<sup>th</sup> Anniversary of the Republic.

**S2**

To complete the **brand perception analysis** we have created for all stakeholders with the aim of increasing the awareness and impact we have created in our communication activities

**S3**

To create a **brand communication strategy** by conducting gap analyses within the scope of the 75<sup>th</sup> anniversary of our Bank

**S4**

To include digital publications, within the scope of the TSKB Sustainability Library, in the collection and make them available to stakeholders

**S5**

To develop an **evaluation tool for measuring social impact** in financed projects

**S6**

To integrate a **gender equality perspective** into the Bank's loan evaluation processes in order to raise awareness in the real sector.

**S7**

To organize training for the financial sector **in line with the gender bias analysis outputs** made in 2022

## Capitals

### Social Capital

#### 2022 Targets

In compliance with the “Coalition for Social Investment Declaration” that we signed last year, we aim to raise awareness by strengthening cooperation on Social Investment.

We are planning to increase social investment-oriented activities with the employment of a Social Expert.

We aim to integrate a gender equality perspective into the Bank's loan evaluation processes in order to raise awareness in the real sector.

We aim to conduct a gender bias analysis in the financial industry and to hold relevant training.

We aim to follow up customized gender equality action plans on the basis of IDFC member organizations.

We aim to implement evaluation tools and provide various support mechanisms to at least 75 companies within the scope of our gender equality and women's empowerment loans.

As a result of the action plans set for gender equality and women's empowerment, we aim to achieve 20% improvement in the average score of companies in the next 3 years (2021- 2023).

We aim to hold an awareness seminar on inclusion and equal opportunities for university students.

We aim to establish and publish a Sustainable Communication Policy.

We aim to sponsor an international publication on sustainable banking.

We aim to sponsor a local award program in the field of sustainability.

#### Realizations in 2022

In addition to our environmental focus, our **socially-oriented investments** continued to strengthen during the year with both lending activities and social responsibility projects.

**A Social Expert** joined our team in 2022.

In 2022, **we have added special surveys, which focus on measuring gender equality practices**, to the activities we carry out to increase awareness in the real sector. The survey was shared with our Bank's customer portfolio.

**Gender Bias Analysis survey has been completed.** The training will be organized in line with the survey outputs in 2023 as well.

Within **the scope of the IDFC Gender Equality** study, our Bank was analyzed from a gender equality perspective by the Frankfurt School of Finance and Management along with other participating members. As a result of this analysis, **an increase in intra-bank capacity was achieved with the proposed action plans.**

**We applied the evaluation tool to 85 companies** in total. ✓

As a result of the action plans, **a 27.9% improvement was recorded** in the capacities of the related companies. ✓

**Within the scope of the Turkish Education Foundation's 'Empowerment-through-Education Scholarship Fund'**, we organized the 'Inspiring Meetings' on February 10, 2022, with the participation of social gastronomy chef Ebru Baybara Demir as a guest speaker. About 500 TEV scholars participated in the event.

**The TSKB Responsible Communication Policy** has been published by the decision of the Board of Directors on July 28, 2022.

The book 'Financing Our Common Future' written by Regis Maradon was published in Türkiye with a Turkish translation under the sponsorship of AFD.

We became the sponsor of **the "Sustainability Leaders 50" research list** prepared annually by **Fast Company Magazine** based on the sustainability efforts of companies.

## SOCIAL VALUE

### Long term responsibility projects strengthen our Bank's social capital.

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 our 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 its 15<sup>th</sup> 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.

We spread the impact created by www.cevreciyiz.com to large segments of society through our posts on social media.

As in previous years, we focused on the SDGs in 2022, 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 actions, we benefited from studies and concrete data by following a perspective parallel to the agenda of the United Nations and its affiliated institutions.

Throughout 2022, we presented high-quality and responsible posts with more than 180 contents, benefiting from studies on renewable energy, biodiversity, sustainable living, environment, and air pollution. With the "Climate Lens" and statistics concepts created for our social media accounts, we continued to raise awareness with different contents on the climate crisis. In the upcoming period, we will continue with cevreciyiz.com to be a resource for the studies of experts, academicians and students with our 15-year verified content library.

### 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, we offset 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 loans on renewable energy, energy and resource efficiency, advisory solutions, social responsibility projects and our spokespersons..

In 2022, we published 57 interviews and sustainability-themed bulletins by senior spokespersons, focusing on sustainability, equal opportunities and green energy.

### "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 3<sup>rd</sup> and 4<sup>th</sup> 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 2022, we provided support to 30 female students. Thus, we offered scholarships to a total of 180 female students to date.

### #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 2022, a total of 195 articles were posted on #EşitAdımlar website. The website has a total of 23,000 followers on social media. "Let's Take Equal Steps" and statistics concepts were created, and posts were shared with the objective of raising awareness on equal opportunity.



## Capitals

### Social Capital

**WOMEN'S PARTICIPATION IN THE ECONOMY OFFERS TREMENDOUS POTENTIAL TO INCREASE TÜRKİYE'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.**



# 180

Total number of female students who benefited from the scholarship to date

#### Women Stars of Tomorrow

Our support for culture and arts goes back many years. Our Bank has 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 "Tomorrow's Women Stars" education support fund, which was launched under the Istanbul Music Festival. 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 can submit application for the fund.

The 2022 concert was held at Süreyya Opera Building on June 23. Young female musicians were accompanied by guest artist Gülsin Onay at the concert 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

We became the first bank in the finance sector to implement afforestation by aerial seeding, in cooperation with the social enterprise Ecoding, in order to restore the forests lost by the fires. Within the scope of this project, which is indexed to our investment loans, we planted a total of 86,000 seeds on hard-to-reach lands by means of ecdrones in 2022. We consider this step, which we aim to plant 150,000 seeds in total, important in terms of our support to social entrepreneurs who produce solutions in the field of sustainability as well as contributing to the forestation of Türkiye.

#### Patara Excavations

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 İşkan Işık from the Department of Classical Archeology, Faculty of Letters at Akdeniz University.

#### Experience sharing

Through our banking activities, we share our experience with large audiences under our economic, environmental and social impact, and establish mutual interaction.

We receive inputs and suggestions from all stakeholder groups through periodic Stakeholder Dialogue meetings, and strive to include all relevant parties in our development journey.

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 2022 and sponsored 8 events:

- AFD - Women's Empowerment in Green Transition
- 14<sup>th</sup> International Corporate Governance Summit
- Forum Istanbul
- ESIAD Investment Summit
- EYODER – EIF Congress
- EBRD Trade Finance Forum
- BCSD Türkiye - Sustainable Finance Forum
- Istanbul Marketing Summit

In addition to 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 8 conferences and as a speaker in 38 events in 2022.

### COP27

We took part as a speaker in the panel “Gender Equality and Climate Change: PDBs and Green Climate Fund” organized by AFD at International Development Finance Club pavilion on November 14.

We participated in COP27 with a large committee, and took part as host, speaker and moderator in 7 panels in total at the International Development Finance Club, IDFC and Republic of Türkiye pavilions. In this summit, where significant agendas for Türkiye and the whole world were discussed, we set several goals to add a different dimension to our sustainability-oriented works. We will continue to make tangible contributions to our country's “Net Zero” target with not only our advisory muscle but also medium and long-term resources from development finance institutions that support the sustainability transition in this process, where a multidimensional approach is required, and the finance sector has key importance for the success of the fight against climate change. We will continue our national and international collaborations based on COP27 outputs in the upcoming period, and follow global trends and good practices in sustainable development to introduce innovative ones to Türkiye.

### Other Events

We took part in various international panels throughout the year. Some of the featured panels are as follows:

- I4C workshop “The Contribution of National Development Banks (NDBs) to Low-Carbon Climate Resilient Development”
- ESG and Sustainable Investment Forum in Türkiye
- SDG Investment Forum Asia- Global Compact.
- Green Solar Network Solar Energy & Storage

### 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 we published 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 of Responsible Banking, and continues to report annual developments in scope of the principles periodically. SDG-linked loan disbursement target of USD 8 billion by 2030, and keeping SDG-linked loans in its loan portfolio at 90% or more are among the targets of the Bank towards increasing positive impacts and decreasing negative impacts.

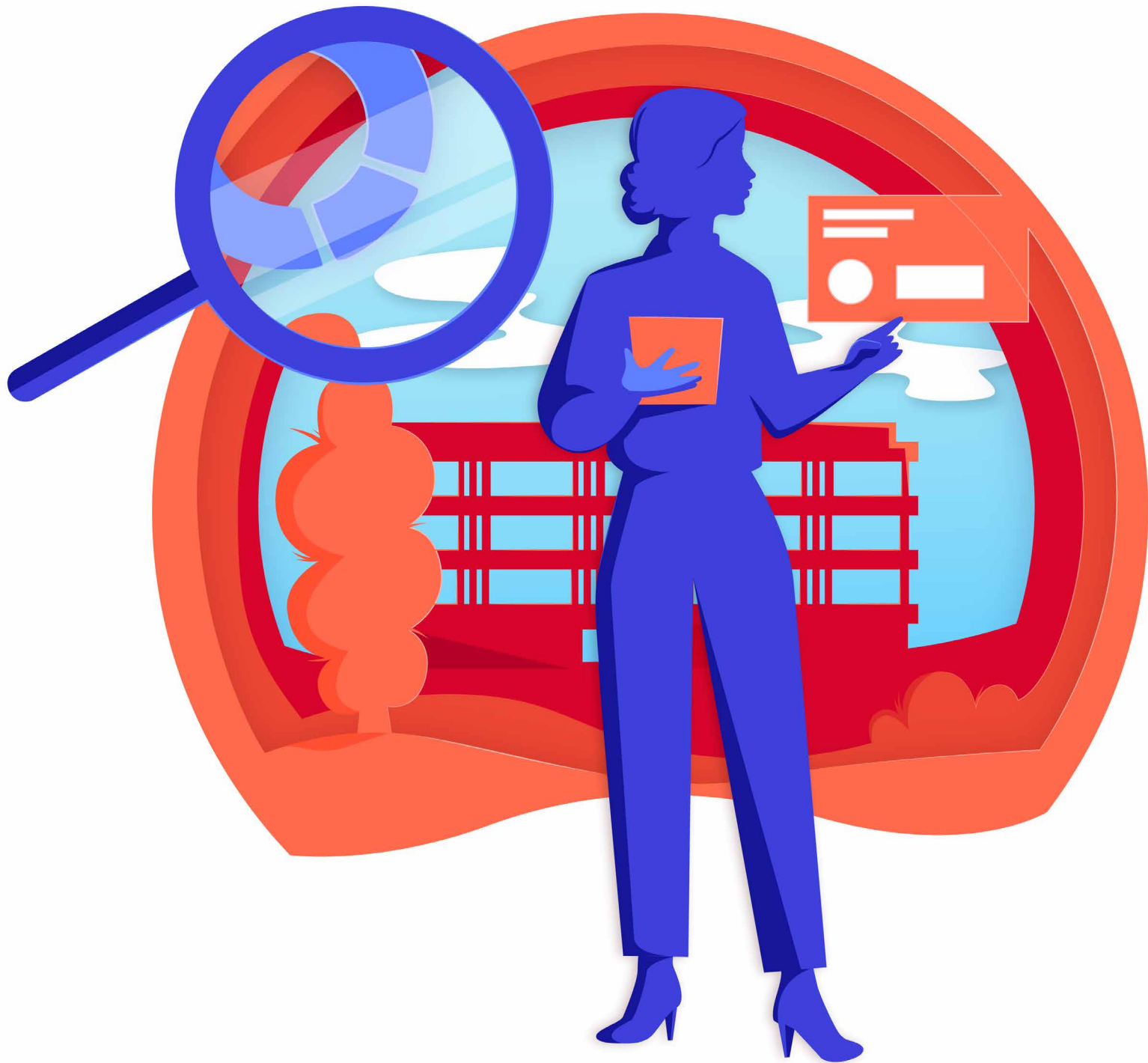
In 2021, we published the “Climate Risk Report” by taking into account the recommendations of the TCFD, and broke new ground in the Turkish banking industry.

In 2022 our Bank took its place among the “Early Adopter” institutions by switching 1 year in advance to the Communication on Progress (CoP) reporting revised by the UN Global Compact.

### TSKB Responsible Sustainability Communication Policy

In 2022, we published TSKB Responsible Sustainability Communication Policy for the first time in finance sector. With this policy published by our Bank as a guide, we aim to raise awareness for the differentiation of value-added steps taken for a sustainable future in all sectors. We put down our experience from the communication perspective in black and white with our policy by carrying out all communication works in integration with sustainability policies and publishing our policy with the objective of taking the same responsibilities in our brand communication. We clearly defined our unchanging values in communication studies, and what we have done and not done with a responsibility approach.

Starting from this point of view, we ensure that investments harming the environment, biodiversity and human health, violating human rights, threatening the global peace environment, and damaging the cultural heritage are left out of the scope of our activities. We present SDG-based performance results and objectives to our stakeholders with our Integrated Annual Reports. We try to act as spokespeople and advocate for sustainable and social inclusive development. We continuously expand our area of influence with our signatory statuses, memberships and cooperations at national and international level. We carry measurable sustainability steps into communication instead of greenwashing, manage environmental impacts arising from in-bank operations in all activities, and move forward with the responsibility of becoming the first bank in Türkiye to zero Scope 1 emissions and reducing the emissions from the activities we finance. We believe that this guide will be an instructive source for companies and communication professionals who wish to take firm steps towards sustainability.



# CORPORATE GOVERNANCE AND RISK MANAGEMENT

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## Board of Directors



Member of Corporate Governance Committee



Member of Sustainability Committee



Member of Credit Revision Committee



Member of Remuneration Committee



Member of Audit Committee



Chairperson of the relevant committee



### ADNAN BALI Chairperson of the Board of Directors

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 Inspectors in 1986. He served as Assistant Manager in 1994 and Group Manager in 1997 at the Fund Management Department. He was appointed as Head of Fund Management in 1998. Mr. Bali became the Manager of the 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 of 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. Besides, Mr. Bali serves as the Chairperson of the Board of Directors at TİBAŞ Members Supplemental Social Security and Solidarity Fund Foundation and Softtech Ventures Teknoloji A.Ş.



### ECE BÖRÜ Vice Chairperson

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. Serving as the Executive Vice President from 2013 to 2020, Ms. Börü worked as TSKB's CEO and a Board Member between August 2020 and April 2022. She was elected as the Vice Chairperson of the Board on April 7, 2022. Besides, Ms. Börü holds office as the Chairperson of the Board of Directors at TSKB Members Supplementary Social Security and Aid Fund Foundation and TSKB Clerks and Employees Aid and Retirement Foundation.



### MURAT BİLGİÇ TSKB General Manager and Board Member

Born in Ankara in 1968, Murat Bilgiç graduated from the Department of International Relations of the Faculty of Economics and Administrative Sciences of Middle East Technical University in 1990 and then received a master's degree in Money-Banking-Finance from the University of Birmingham. Having completed the Management Program at Manchester Business School and Advanced Management Program at Harvard Business School, Murat Bilgiç started his career as Assistant Inspector at the Board of Inspectors of İşbank in 1990. Bilgiç was appointed Vice Manager in the Corporate Loans Allocation Department in 1999, Regional Manager in the same department in 2002, Head of the Department in 2008, and was appointed as Executive Vice President of İşbank on March 25, 2016. Mr. Bilgiç has been serving as TSKB's CEO and Board Member since April 7, 2022. Besides, Mr. Bilgiç serves as the Chairperson of the Board of Directors at Yatırım Finansman Menkul Değerler A.Ş.



**MURAT DOĞAN**  
**Board Member**

Mr. Doğan was born in Samsun in 1977. After graduating from İstanbul Technical University with a BSc in Industrial Engineering in 2000, he joined İş Bankası A.Ş. as an Assistant Specialist in the Subsidiaries Department. He currently holds the position of Head of the Department. Mr. Doğan was appointed as TSKB's Board Member on January 7, 2022. He also holds office as the Chairperson of the Board of Directors at İş Yenilenebilir Enerji Proje Yönetimi Danışmanlık A.Ş., Batı Karadeniz Elektrik Dağıtım ve Ticaret A.Ş., and Casaba Yönetim İşletim İm. İth. İhr. Paz. Tem. Güv. Ulaş. Tic. ve San. A.Ş.; as the Vice-Chairperson at Maxis Girişim Sermayesi Portföy Yönetimi A.Ş., Kasaba Gayrimenkul İnşaat Taahhüt ve Ticaret A.Ş., and Enaş Enerji Yatırımları A.Ş.; and as a Board Member at İş Gayrimenkul Yat. Ort. A.Ş., Trakya Yatırım Holding A.Ş., İş Enerji Yatırımları A.Ş., and Türkiye İş Bankası Banking and Commercial Law Research Institute.



**BAHATTİN ÖZARSLANTÜRK**  
**Independent Board Member\***

Born in Samsun in 1971, Mr. Özarslantürk graduated from the Department of Business of Business Administration (English) at İstanbul University). He started his professional career in 1994 as an Assistant Loan Specialist at Türkiye İş Bankası Zincirlikuyu Branch. Mr. Özarslantürk, who worked as a Specialist in the Risk Management Department in 2000, was appointed as Assistant Manager in the Corporate Loans Allocation Department in 2002 and Regional Manager in the same department in 2006. He served as Hadımköy Commercial/İstanbul Branch Manager in 2009, Güneşli Corporate/İstanbul Branch Manager in 2011, Commercial Loans Allocation Manager in 2013, and Başkent Corporate/Ankara Branch Manager in 2017. Mr. Özarslantürk served as a Board Member at İş Leasing between July 2008 and October 2009 and between March 2015 and June 2017, at İş Factoring between May 2011 and March 2013, at A&T Bank between March 2013 and May 2015, and at A&T Leasing between March 2013 and March 2015. Mr. Özarslantürk, who is a financial analyst, was appointed as İstanbul Corporate Branch Manager on January 30, 2020. He was elected as a TSKB Board Member on August 24, 2020.



**MİTHAT RENDE**  
**Independent Board Member**

Before retirement, Mr. Rende served as the OECD Ambassador and Permanent Representative and Chairperson of the Executive Committee of OECD. He formerly served as Ambassador to Doha (Qatar), Director General for Multilateral Economic Affairs Department of the Ministry of Foreign Affairs, Türkiye's Chief Climate Negotiator, Head of the Trade and Transit Working Group of the Energy Charter in Brussels, Deputy Permanent Representative at the UN International Maritime Organization (IMO), Member of the Nuclear Energy Commission, and the Mavi Marmara Case UN Panel Türkiye Contact Point. During his career as a government official for over forty years, Ambassador Rende also worked in the Embassies of Damascus, Rome, Sofia, London, and Brussels (NATO), and in Vienna (OSCE) Permanent Council. Retired ambassador Mr. Rende has been TSKB's Independent Board Member since April 2, 2017.

## Board of Directors



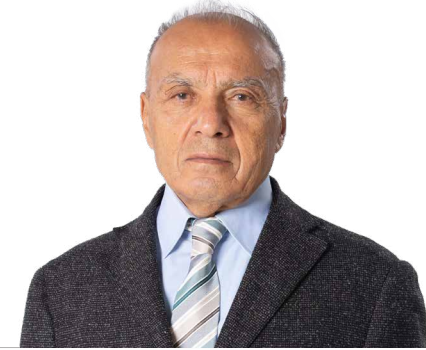
### **ABDİ SERDAR ÜSTÜNSALİH** **Board Member**

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 served as the Head of IT, Retail Banking, Banking Operations, and Core Banking Application Development departments. Mr. Üstünsalih was appointed as the Vice President in July 2018 at VakıfBank. He has been working as the CEO and Executive Board Member of VakıfBank since May 27, 2019. In addition, Mr. Üstünsalih is the Vice Chairperson of the Board of the Banks Association of Türkiye. He has been serving as a Board Member of TSKB since June 25, 2019.



### **GAMZE YALÇIN** **Independent Board Member\***

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 the UK. She attended the Advanced Management Program at Harvard Business School in 2017. Ms. Yalçın started her professional career at Türkiye İş Bankası A.Ş. in 1993. She served as an associate and manager in the corporate architecture, accounting, and risk management departments of the Bank. She was promoted to Vice President position on November 28, 2017. Gamze Yalçın was elected as a Board Member of TSKB on April 18, 2019. Besides, Ms. Yalçın currently serves as the Chairperson of the Board of Directors at İşbank AG.



### **HÜSEYİN YALÇIN** **Board Member**

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 Vice President and Advisor to the CEO at Türkiye Kalkınma Bankası A.Ş. from 1990 to 2000. Following the transfer of banks to the Savings Deposit Insurance Fund, he served as Senior Vice President at Yurtbank, as 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 Board Member at Türkiye İş Bankası A.Ş. in 2011 and worked for 6 years in the same position. Hüseyin Yalçın was elected as a Board Member at Milli Reasürans T.A.Ş. from 2017 to 2018. Mr. Yalçın has been a TSKB Board Member since April 6, 2018.

\* Members of the Audit Committee are 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.





#### CENGİZ YAVİLİOĞLU Board Member

Economist Dr. Cengiz Yavilioğlu was born in Erzurum in 1970. He graduated from the Department of Public Administration, Faculty of Political Sciences at İstanbul University. He completed his postgraduate studies at the Department of International Finance, Faculty of Political Sciences at İstanbul University, and his doctorate at the Department of International Economics, Faculty of Economics and Administrative Sciences at Cumhuriyet University. He worked as the Head of the Finance and Fund Management Department at the Prime Ministry Privatization Administration. Mr. Yavilioğlu also served as Board Member and/or Chairperson at Türk Telekomünikasyon A.Ş., Karadeniz Bakır İşletmeleri A.Ş., Türkiye Denizcilik İşletmeleri A.Ş., TEDAŞ Meram Elektrik Dağıtım A.Ş., TEDAŞ Çamlıbel Dağıtım A.Ş., Ankara Doğal Elektrik Üretim ve Ticaret A.Ş., Türkiye Şeker Fabrikaları A.Ş. and TÜPRAŞ. He was elected as the Justice and Development Party's (AKP) Erzurum Deputy for the 24<sup>th</sup> Term. He worked as AKP Deputy Chairperson of Economic Affairs, a Member of the Planning and Budget Committee of the Grand National Assembly of Türkiye, and a Member of the Coups and Memorandums Investigation Commission. He also held office as the Deputy Minister of Finance in the 64<sup>th</sup> and 65<sup>th</sup> Governments. He was appointed as the Deputy Minister of Treasury and Finance on January 30, 2021. 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 Vice Chairperson of the Board of Trustees at Rauf Denktaş University. He wrote articles on foreign capital investments, privatization practices, and development economics, and books titled "Efficiency and Performance Analysis of Some Privatized Companies in Türkiye" and "Privatization Practices in the World and Türkiye" published in 2010. Mr. Yavilioğlu was appointed as a TSKB Board Member on March 25, 2021.



#### CELAL CANER YILDIZ Board Member

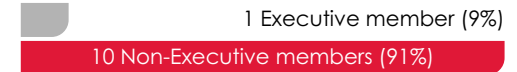
Born in Antalya in 1981, Caner Yıldız graduated from the Department of Economics in English, Faculty of Economics and Administrative Sciences at Hacettepe University. Yıldız started working as an Assistant Loan Specialist at the Corporate Loans Allocation Department of Türkiye İş Bankası in 2004. Yıldız was appointed as Assistant Manager in the same Department in 2014, Department Manager in 2018, Department Manager in the Project Finance Department in 2020, and Department Manager in January 2022. He is currently working as Project Finance Department Manager at İşbank. He was elected as a Board Member of TSKB on April 7, 2022.

### Distribution of Members

#### Based on Independence Status



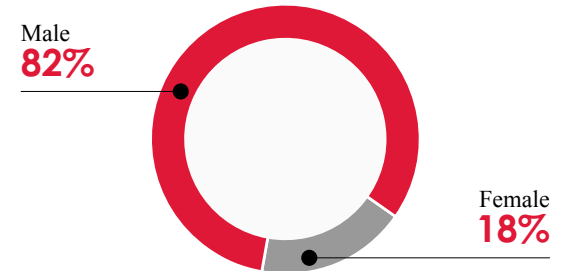
#### Based on Executive Status



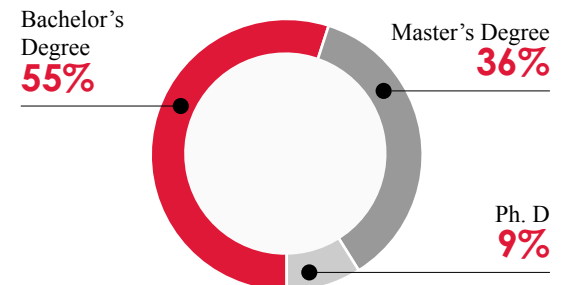
#### Average Tenure



### Gender Distribution



### Educational Distribution



\* The average year of experience of our board members is 32 years.

## Senior Management



### MURAT BİLGİÇ

#### TSKB General Manager and Board Member

Born in Ankara in 1968, Murat Bilgiç graduated from the Department of International Relations of the Faculty of Economics and Administrative Sciences of Middle East Technical University in 1990 and then received a master's degree in Money-Banking-Finance from the University of Birmingham. Having completed the Management Program at Manchester Business School and Advanced Management Program at Harvard Business School, Murat Bilgiç started his career as Assistant Inspector at the Board of Inspectors of İşbank in 1990. Bilgiç was appointed Vice Manager in the Corporate Loans Allocation Department in 1999, Regional Manager in the same department in 2002, Head of the Department in 2008, and was appointed as Executive Vice President of İşbank on March 25, 2016. Mr. Bilgiç has been serving as TSKB's CEO and Board Member since April 7, 2022. Besides, Mr. Bilgiç serves as the Chairperson of the Board of Directors at Yatırım Finansman Menkul Değerler A.Ş.



### MERAL MURATHAN

#### Executive Vice President

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. Ms. Murathan, who was appointed as Executive Vice President on April 1, 2019, is currently in charge of Financial Institutions and Investor Relations, Development Finance Institutions, Loan Monitoring, and Engineering and Technical Advisory Departments.



### ÖZLEM BAĞDATLI

#### Executive Vice President

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 the 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 Executive Vice President on May 1, 2022, Ms. Bağdatlı is currently serving as the Executive Vice President responsible for Legal Affairs, Human Resources, Retirement, and Supplementary Foundations Directorates, and also serves as the Rapporteur of the Board of Directors.





**HASAN HEPKAYA**  
**Executive Vice President**

Born in Samsun in 1981, Hasan Hepkaya graduated from the Department of Business Administration at Hacettepe University. He started his career at Garanti Leasing in 2003. He served in a variety of roles and positions in the Corporate Banking and Project Finance Departments at TSKB from 2005 to 2014. He was promoted to 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 the Business Development & Advisory Services Departments.



**HAKAN AYGEN**  
**Executive Vice President**

Born in Konya in 1965, Hakan Aygen graduated from the Department of Management Engineering at Istanbul Technical University in 1989. He started his career in the real sector in 1989. He joined TSKB in 1995 as an Assistant Specialist in the Financial Analysis Department. He completed his master's degree in Management and Organization at Marmara University in 1996. Mr. Aygen was appointed as Corporate Finance Manager in 2006 and Corporate Finance Group Manager in 2011. He received his Accounting Finance doctorate from Marmara University in 2013. Appointed as the Executive Vice President on November 28, 2013, Mr. Aygen is currently in charge of Corporate Finance, Loans Allocation, Loan Analysis, and Specialized Loans Departments.



**AZİZ FERİT ERASLAN**  
**Executive Vice President**

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 on the 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 the Accounting Department, which would later be renamed the 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 Vice President responsible for the Board of Inspectors, Risk Management and Internal Control Departments at TSKB. On September 1, 2020, he was appointed as Executive Vice President responsible for Financial Control, Budget Planning and Corporate Compliance Departments.

## Senior Management



### ENGİN TOPALOĞLU Executive Vice President

Engin Topaloğlu was born in Pazar/Rize in 1971. He has undergraduate and graduate degrees in Industrial Engineering from Bilkent University, and doctorate degrees in Finance and Banking from 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.



### POYRAZ KOĞACIOĞLU Executive Vice President

Koğacioğlu completed his undergraduate education in the Department of Aerospace Engineering at Middle East Technical University and completed his master's degree in the department of business administration at Koç University. Koğacioğlu participated in the student exchange program of Bocconi University during his education there. Koğacioğlu, who worked as a research assistant at Koç University between 2002-2004, continued his career as an Equity Research Analyst at Oyak Investment in 2005. Koğacioğlu 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, Koğacioğlu worked as a senior associate in the corporate finance team of Ak Yatırım, and in 2010 he became the assistant manager of the institution. Koğacioğlu 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 the Assistant General Manager in February 2019 at Şeker Real Estate, Poyraz Koğacioğlu continues as the Executive Vice President responsible for Corporate Finance Department since May 1, 2022.



### BİLİNÇ TANAĞARDI Executive Vice President

Mr. Tanağardı, who was born in Konya in 1973, graduated from the Department of Computer Science Engineering at Istanbul University in 1994 and started his career at Degere International. After Sinai 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 to Head of the System Support and Operations Department in 2015. Appointed as Executive Vice President on May 1, 2022, Mr. Tanağardı still continues his duty as the director responsible for Application Development, Corporate Architecture and Process Management, and System Support and Operations departments.

## Directors



### **TOLGA SERT**

Born in Malatya in 1973, Mr. Tolga Sert graduated from the Department of Petroleum Engineering at METU in 1995. He continued his education by having a master's degree in Business Administration at Yeditepe University in 2003. Mr. Sert started his career as an Assistant Specialist at Türkiye Garanti Bankası in 1995 and worked as a Credit and Risk officer at Total. On 16.12.1998, he started to work as an assistant investment advisor in the Treasury department of TSKB. He has worked in the Risk Management, Financial Control, Investor Relations, and Budget and Planning departments and at Bahrain Branch. He was appointed as the Financial Control Manager in 2016. Mr. Tolga Sert, who was appointed as a Director on May 1, 2022, is in charge of the Financial Control, Credit Operations and Treasury, and Capital Market Operations departments.



### **S. HÜSEYİN GÜREL**

Seyit Hüseyin Gürel, born in Istanbul in 1983, graduated from the Department of Economics at the Middle East Technical University in 2007. Gürel started his career as an assistant specialist in the Financial Analysis Department of the Industrial Development Bank of Türkiye. He continued his career in the Financial Analysis Department of TSKB between 2007 and 2015 and then transferred to the Corporate Banking Marketing Department in 2015. Between 2017 and 2019, Gürel worked as a Group Manager at TSKB Corporate Banking Marketing Department. In 2019, he was appointed as the Department Head of Corporate Banking Marketing and as the Department Head of Advisory Services and Marketing in 2020. Seyit Hüseyin Gürel, who was appointed as a Director on May 1, 2022, is in charge of the Advisory Services Sales Department and the Financial and Technical Advisory Department.

## 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 is in full compliance 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, work is underway within the scope of full compliance in accordance with the regulations. The principles that have not yet been fully complied with are listed below and in this context, there are no conflicts of interest for the Bank.

- In relation to principle No. 1.5.2, in parallel with the general practices in the Bank’s articles of association, rights have been provided to the minority within the framework of the general provisions in the regulations. No requests have been received from the investors about this issue, and there is no plan to make a change in this regard in the short term.
- In relation to principle numbered 4.6.1, performance assessments are not carried out for the Board of Directors. All studies related to the composition, performance, and effectiveness of the board of directors are carried out under the corporate governance committee.

- In relation to principle no. 4.6.5, the salaries given to the Members of the Board of Directors and Senior Management are disclosed to the public collectively in accordance with global and local practices. Based on the confidentiality of personal information, our Bank closely follows market practices. In this context, it is envisaged that general practice will be followed.

Filed in accordance with Capital Markets Board Resolution no. 2/49 of January 10, 2019, the Bank’s Corporate Governance Compliance Report and Corporate Governance Information Form are available on the Public Disclosure Platform.

A leading institution in corporate governance, the Bank attained a corporate governance rating in 2022 that enabled it to maintain its position among the highest-rated institutions. As a result of the evaluation by Saha Kurumsal Yönetim ve Kredi Derecelendirme Hizmetleri A.Ş. on October 19, 2022, TSKB’s corporate governance rating remained at 9.59 over 10. The rating of four main sections (Shareholders, Public Disclosure and Transparency, Stakeholders, and 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
<b>Total</b>		<b>9.59</b>

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).

- As for principle no. 24 under the heading Environmental Principles, the transition to a net-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

### Investor Relations Department

At TSKB, investor relations activities are carried out in coordination with 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 the 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:

Name Surname	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 Executive Vice President responsible for Financial Institutions and Investor Relations, Development Finance Institutions, Loan Monitoring, and Treasury and Corporate Communications 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).

### General Assembly Meeting

The Bank’s annual Ordinary General Assembly was held on March 29, 2022, at the Headquarters. The Ordinary General Assembly meeting for 2021 was attended by 188,143,947.854 shares corresponding to a total capital of TL 1,881,439,478.541, including the physical participation of 171,510,824,154 shares corresponding to a capital of TL 1,715,108,241,541 and the electronic participation of 16,633,123,700 shares corresponding to a capital of TL 166,331,237 (out of 280,000,000,000 shares, corresponding to the Bank’s total capital of TL 2,800 million). The participation rate was 67%.

The following items were discussed and voted on 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 the 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 2021 was adopted by the majority of the shareholders’ votes.
- Review and approval of the Bank’s balance sheet and profit & loss statement for 2021 was adopted by the majority of the shareholders’ votes.
- The election of Murat Doğan to replace Zeynep Hansu Uçar, who resigned from the Bank’s Board of Directors, was approved by the majority of 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 the majority of the shareholders’ votes.
- The General Assembly was informed about the bonus payments made to the employees in 2021 and anticipated to be made in 2022.
- The determination of the attendance fee to be paid to the Board Members was approved by the majority of the shareholders’ votes.
- Selection of the independent audit firm was adopted by the majority of the shareholders’ votes.
- The amendment of Article 5 of the Bank’s Articles of Association was approved by the majority of 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 2022 was approved by the 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.

## Corporate Governance Compliance Report

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 29, 2022.

### Profit Distribution Policy

The 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.

At the General Assembly Meeting dated 29.03.2022; 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 was decided that as part of the net profit of 1,089,008,091.09 TL in 2021, 54,450,404.55 TL will be reserved as a 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 shareholders' equity.

### 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 using 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 in 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 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.

Stakeholders, including employees, can submit their complaints and suggestions to the Bank through the contact form on the Bank's website. Notifications on transactions that are unlawful or ethically inappropriate are reviewed, depending on the content and nature of the situation reported, by the Board of Inspectors or the Internal Control Department and submitted to the Corporate Governance Committee or the Audit Committee. In this context, the Anti-Bribery and

Anti-Corruption Program and the Anti-Bribery and Anti-Corruption Policy have been published on the Bank's website. In order to ensure compliance with anti-bribery and anti-corruption legal regulations, ethical and professional principles, and universal rules, the Anti-Bribery and Anti-Corruption Policy covering all employees of the Bank and its subsidiaries, including the Board of Directors, intermediaries, proxy operators, suppliers, contractors, third parties, affiliated agencies, and those whom we do business, is being updated in accordance with changes in requirements and operating conditions. In addition, a declaration is received from employees that they accept the consequences of compliance with and breach of the Anti-Bribery and Anti-Corruption Policy articles. The training on the Anti-Bribery and Anti-Corruption Policy is open to employees through the Bank's online training platform and the results of the participation in the training are monitored.

The Anti-Bribery and Corruption Program also includes the Complaint Mechanism, which was created for employee complaint communication and is accessible to employees through the intranet. In addition, within the scope of this program, the results of the relevant year as regards the cases, complaints, training, and communication are included on the Bank's website. Within this framework, employees can contribute to the decisions made with their opinions. In addition, there are also committees formed by employees on many different issues at the Bank. The employees are enabled to participate in the management through these committees.



## BOARD OF DIRECTORS

### Board Members and Working Principles of the Board of Directors

The Board of Directors consists of 11 members, allowing the activities of the Board of Directors to be organized effectively. The election of members is carried out in accordance with the legislation and the Bank's articles of association. The detailed resumes of the Board members and the CEO are given on the Bank's website and on pages 122-125 of the integrated annual report.

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 makes decisions with the majority of participants in the meeting. The Board of Directors held 39 meetings between January 1 and December 31, 2022. In this period, there was no significant update with any related parties that would be subject to the approval of the General Assembly.

The following table shows the number of meetings and participation rates for the past 3 years.

	2020	2021	2022
Number of Meetings	43	39	39
Participation Rate	97%	94%	93%

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 and working principles thereof are available in the Investor Relations section of the Bank's website.

In line with the "Policy for Female Participation in the Board of Directors" established in 2014 and revised in 2019, a current state assessment is performed by the Board of Directors on a yearly basis. As of December 31, 2022, there are 2 female members on the Board of Directors in line with the Bank's target.

The number of shares of the Bank held by the Board Members of our Bank is negligible.

### 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.

Board Members 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. The Bank has no share acquisition program.

Board members 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 30,919,000.

The total amount of travel, accommodation and other payments made to the Board Members and Senior Executives is TL 1,673,165.

## Dividend Distribution Proposal

According to article 47 of our Articles of Association, General Assembly shall be offered to reserve 2022 Net Profit of TL 4,055,033,894.78 as follows:

1. According to paragraph (a) of Article 47 of our Articles of Association, 5% of the net profit amounting to TL 202,751,694.74 be reserved as general legal reserves,
2. TL 145,288,162.00 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,
3. The remaining TL 3,706,994,038.04 be allocated as extraordinary reserves.

We hereby kindly request to authorize the Board of Directors related to all issues stipulated above.

### Board of Directors

#### Information Note on Dividend Distribution Proposal

In accordance with the Bank's Dividend Distribution 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 2022 Dividend Distribution Proposal that of the net profit of TL 4,055,033,894.78, TL 202,751,694.74 will be reserved as a general legal reserve, TL 145,288,162.00 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 TL 3,706,994,038.04 will be set aside as extraordinary reserves under shareholders' equity.



## Summary Report of the Board of Directors

Esteemed Shareholders,

Welcome to the TSKB's 73<sup>rd</sup> 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 2022.

While entering the year 2023, when we reached the 100<sup>th</sup> anniversary of our republic, we are deeply saddened by the earthquake disasters that unfortunately affected our 11 provinces. We wish God's grace upon our citizens who lost their lives, condolences and patience to their relatives and healing to the injured ones.

Despite the various challenges, especially geopolitical developments and the climate crisis, experienced globally in 2022, the Turkish economy exceeded expectations and recorded a growth of 6.2% in the first nine months. During the same period, the banking sector continued its strong support to the Turkish economy. As of the end of 2022, the sector's asset size has reached TL 14.3 trillion, increasing by 56% in TL, and the total shareholders' equity has reached TL 1.4 trillion, increasing by 97%. Loans of the industry increased by 55% to TL 7.6 trillion. Given the prudent stance maintained by the Bank in the context of external developments, provision expenses increased by 93% year-on-year.

TSKB maintained a robust and resilient balance sheet and capital structure. As of December 31, 2022, the Bank increased, on a year-on-year basis:

- Its total asset by 37.4% to TL 115.6 billion,
- Its loan portfolio by 25.6% to TL 80.3 billion,
- Its shareholders' equity by 84.2% to TL 12.8 billion.

The Bank increased its net banking income by 149% on an annual basis, with a net profit of TL 4 billion 55 million for 2022. As of the end of the year, the capital adequacy ratio calculated excluding the temporary measures of the BRSA was 17.9%, well 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.

We would like to mention our promise once again that we will work to proceed on a new development path by mobilizing all of our resources to give an end to our losses in disasters.

**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 about 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 section III/4 of part five of the non-consolidated audit report, and litigation expenses/provisions in section 7.c.3.

### Services Received from the Independent Auditing Company

No service other than audit services is received from the institution from which independent audit services are received.

### Related Party Transactions

Information on the Bank's related party transactions is provided in the footnotes within the Audit Report. The conclusion of the Subsidiaries Report for 2022, 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 a 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 Under 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 2022 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 FMHS (Fully Managed Hosting Service) 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.
7. Main Data Center Service provided by İş Net Elektronik Bilgi Üretim Dağıtım Ticaret ve İletişim Hizmetleri A.Ş.

### Amendments to the Articles of Association During the Year

Article 5 of our Articles of Association titled "Capital" has been amended, and this amendment was registered on 06.04.2022. You can access the details via the PDP announcement link.

<https://www.kap.org.tr/en/Bildirim/1019186>

## 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 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 with 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 the Risk Management Department.

### Credit Risk Management Policy

Credit risk is the possibility that the credit client or a counterparty of an agreement is unable to fulfill the obligations under 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 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 deviating 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 portfolios 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 to which the Bank might be exposed 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 principle is to manage transactions carried out in money and capital markets such that they do not form concentration in terms of the 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). The accuracy of the VaR model is ensured by carrying out backtesting. The question test is based on the comparison of the calculated Risk Exposure Value and the realized losses. In addition; stress tests are applied in order to determine the impacts of events, with a low possibility of realization but substantial losses, on Value at Risk.

## Risk Management Policies

### 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 the 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 a currency basis and at determined maturity intervals taking into account their re-pricing.

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 the market. Liquidity risk related to funding is the risk that 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 the 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 funding sources, markets, instruments and maturities in order to have 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. The 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 with 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.

### Consolidated Risk Management Policy

The Bank pays attention that the fundamental principles and standards related to the risk management systems and processes implemented within TSKB 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 at 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 awareness throughout the Bank.

## Audit Committee

The Audit Committee consists of two members, selected from among the non-executive Board members. Currently, the members of the Audit Committee are Ms. Gamze Yalçın and Mr. Bahattin Özarslantürk.

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 2022.

### Executives within Internal Systems

#### Vice President: Engin Topaloğlu

Term of Office	Professional Experience	Previous Units	Educational Background
1.5 year	26 years	İşbank: Inspection Board, Commercial Loans Allocation, Strategy and Corporate Performance Management, Corporate Architecture, Retail Banking Marketing, Gebze and London Branches	Doctorate Degree in Türkiye

#### Head of Internal Audit Group: A. Gerçek Nasuhoğlu

Term of Office	Professional Experience	Previous Units	Educational Background
8 Months	25 Years	İş Bankası: Inspection Board, Strategy and Corporate Performance Management Department,	Master's Degree in Türkiye

#### Head of Risk Management: Gül Bahar Yalçın

Term of Office	Professional Experience	Previous Units	Educational Background
0.5 Year	14 Years	Economic Research Department	Master'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 OF THE FUNCTIONING OF INTERNAL AUDIT, INTERNAL CONTROL AND RISK MANAGEMENT SYSTEMS AND THEIR ACTIVITIES IN 2022

The Audit Committee held 57 meetings in 2022. 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, internal strategies, policies, principles, 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, reviewing 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 2022, the Inspection Board conducted a total of 24 audits in the Head Office units, subsidiaries, 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 2022, 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.

In 2022, 1 Board member received the SPL Information Systems Independent Audit License and ISO27001:2013 Lead Auditor Certificate, 1 Board member received the SPL Information Systems Independent Audit License and 1 Board member received the ISO27001:2013 Lead Auditor Certificate.

### 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 to 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.

Additional controls were established within the scope of the amended legislation in 2022. 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.

TSKB Internal Control Department monitors compliance with the relevant legislation and the adequacy of the measures taken by including the issues of laundering the proceeds of crime and preventing the financing of terrorism in the control activities. Adopting full compliance with the applicable legislation in Türkiye on the laundering of proceeds of crime and the prevention of financing terrorism, TSKB is working to fully implement the necessary control, warning, and other mechanisms in its business processes.

Internal control personnel participated in various training during the year, taking into account the changes in the legal and regulatory frameworks in force for the development of their professional knowledge, skills, and capabilities, and were encouraged to obtain national and international professional certifications. In this context, in 2022, 5 employees received the SPL Information Systems Independent Audit License, 6 employees received the ISO27001: 2013 Lead Auditor Certificate and one employee received the CIA (Certified Internal Auditor) Certificate.

In 2022, as in previous years, internal audit activities were carried out to evaluate compliance with the ISO 14001 Environmental Management System Standard and ISO 14064 Greenhouse Gas Calculation and Verification Standard, which are within the scope of the certificates held by the Bank in terms of environmental impact assessment and management.

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 by 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 2022, 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 requirements.

In 2022, other than routine activities, efforts were made to develop the systemic infrastructure and automation level related to current reporting, analysis, and compliance with legal obligations, and improve the internal credit rating model. In line with the current conditions and good practice examples, the work on the updates of internal legislation and the integration of climate-related risks into risk management systems have continued to be carried out.

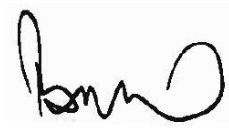
The Audit Committee continued to report its opinions to the Board of Directors regarding the results of its activities in 2022, the necessary measures and practices, and other matters that it deems important for the safe continuation of the Bank's operations. The Audit Committee monitored compliance 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 2022 which comprise internal audit, internal control and risk management, we believe that the activities performed were highly qualified and satisfactory.



**GAMZE YALÇIN**  
Audit Committee  
Chair



**BAHATTİN ÖZARSLANTÜRK**  
Audit Committee  
Member





# COMPLIANCE OPINIONS

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# Independent Auditor's Report on the Annual Report of the Board of Directors



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## INDEPENDENT AUDITOR'S REPORT on the ANNUAL REPORT of the BOARD of DIRECTORS

To the General Assembly of Türkiye Sınai Kalkınma Bankası A.Ş.

### 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, 2022 – December 31, 2022.

In our opinion, except for the matter described in the Basis for Qualified Opinion section of our reports, 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 Reports on the complete set of audited unconsolidated and consolidated financial statements of the Bank and the Group for the period between January 1, 2022 and December 31, 2022 dated February 1, 2023 the unconsolidated and consolidated financial statements as at include a free provision amounting to Thousands TL 900.000 that Thousands TL 440.000 which were provided within prior years, of which Thousands TL 460.000 was provided at 2022 respectively by the Bank and Group management, for the possible effects of the negative circumstances which may arise in the economy or market conditions. Since the above mentioned provisions do not meet the accounting requirements of TAS 37 "Provisions, Contingent Liabilities and Contingent Assets", the "Other Provisions" for the period ended 31 December 2022 are overstated by Thousands TL 900.000, "retained earnings" and "net income" of December 31, 2022 are understated by Thousands TL 440.000 and Thousands TL 460.000, respectively.

We conducted our audit in accordance with "Regulation on independent audit of the Banks" published in the Official Gazette no.29314 dated April 2, 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 Turkey (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 1, 2023 on the full set consolidated and unconsolidated financial statements of the Group and the Bank respectively for the period of January 1, 2022-December 31, 2022.

### 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 communiqué 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

### c) 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 communiqué 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 Communiqué on 'Principles and procedures set out by the regulations on preparation and issuance of the annual reports of Banks' published in official gazette no.26333 dated November 1, 2006 , 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 1 November 2006 and other regulations on accounting records of Banks published by Banking Regulation and Supervision Agency (BRSA) and Turkish Financial Reporting Standards ("TFRS") for those matters not regulated by the aforementioned 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 Bağcıoğlu Denetim ve Serbest Muhasebeci Mali Müşavirlik Anonim Şirketi  
Member firm of Ernst & Young Global Limited



March 3, 2023  
İstanbul, Türkiye

# Integrated Annual Report Limited Assurance Report



## Limited Assurance Report

to the Board of Directors 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" or "TSKB") to perform a limited assurance engagement in respect of the Selected Sustainability Information (the "Selected Information") stated in the TSKB 2022 Integrated Annual Report (the "2022 Integrated Annual Report") for the year ended 31 December 2022 and listed below.

### Selected Information

The scope of the Selected Information for the year ended 31 December 2022, which is subject to our limited assurance work, set out in the pages 15, 16, 27, 28, 29, 50, 51, 59, 76, 78, 86, 88, 89, 94, 95, 100, 102, 106, 107, 114 and 116 of the 2022 Integrated Annual Report with the sign is summarised below:

- Ratio of Female Employees in the Bank (%)
- Ratio of Female Employees in the Management (%)
- Ratio of Female Members in the Board of Directors (%)
- Gender Pay Gap (Average)
- Gender Pay Gap (Median)
- Ratio of Employees in the Sustainability Structure
- Average Annual Training Hours per Employee (hours)
- High Performance Employee Turnover Rate (%)
- Hybrid Working Rate (%)
- Ratio of Female Employees on Maternity Leave (%)
- Ratio of return from Maternity Leave (%)
- Ratio of Male Employees on Paternity Leave (%)
- Participation Rate in Employee Engagement Survey (%)
- Ratio of Female Employees Benefiting from Flexible Working Practices (%)
- Ratio of Female Employees Who Changed Department (Rotation, Internal Transfer) (%)
- Ratio of Female Employee Recruits (%)
- Ratio of Female Employees Promoted (%)
- Ratio of Female Employees Joining TSKB through TSKB Academy New Graduate Program (%)
- Ratio of Female Candidates Involved in Recruitment Process (%)
- Ratio of Female Employees Represented the Bank at the Universities (%)
- Ratio of Female Employees Participating in the Sustainability Workshop (%)
- TSKB Economic Research Reports and Blog Posts
- TSKB Sustainability Management Structure



- Number of Companies to which the Assessment Tool was Applied and Various Support Mechanisms were Provided within the Scope of Gender Equality and Women's Empowerment
- Rate of Improvement in Company Capacities Within the Scope of Gender Equality and Women's Empowerment (%)
- 2022 Number of Renewable Energy Projects Supported to Date by the End of the Year (#)
- 2022 Total Installed Capacity Supported to Date by the End of the Year (MW)
- As of the End of 2022, TSKB's Share in Turkey's Renewable Energy Capacity with the Projects Supported to Date (%)
- By the End of 2022, CO<sub>2</sub> Emission Reduction Contribution Provided by Renewable Energy Projects Supported (tons CO<sub>2</sub>/year)
- Electricity Consumption (kWh)
- Electricity Density (kWh/m<sup>2</sup>)
- Natural Gas Consumption (m<sup>3</sup>)
- Natural Gas Density (m<sup>3</sup>/m<sup>2</sup>)
- Water Consumption (m<sup>3</sup>)
- Water Density (m<sup>3</sup>/employee)
- Paper Consumption (kg)
- Amount of Recycled Plastic and Paper (kg)
- Scope-1 Emissions (tonCO<sub>2</sub>e)
- Scope-2 Emissions (tonCO<sub>2</sub>e)
- Funding of New Coal-Fired Thermal Power Plants and Coal Mining Investments for Electricity Generation
- Mapping Analysis of Loan Portfolio with Sustainable Development Goals
- Renewable Energy Loan Disbursement Amount (USD)
- TSKB Materiality Matrix

Our assurance was with respect to the year ended 31 December 2022 information only and we have not performed any procedures with respect to earlier periods or any information other than Selected Information marked with in the 2022 Integrated Annual Report and, any other elements included in the 2022 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 section TSKB 2022 Integrated Annual Report – Reporting Principles (the "Reporting Principles") on pages 150-160 of the 2022 Integrated Annual Report.



# Integrated Annual Report Limited Assurance Report



## The Bank's Responsibility

The Bank is responsible for the content of the 2022 Integrated Annual Report and the preparation of the Selected Information in accordance with the Reporting 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.

## Inherent 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 Reporting Principles.

In particular, the conversion of different energy measures to Gigajoule (GJ) and energy used 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 Principles. Our assurance work has not included examination of the derivation of those factors and other third-party information.

## Our 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 behavior.

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 Principles. We conducted our limited assurance engagement in accordance with International Standard on Assurance Engagements 3000- "Assurance Engagements other than Audits or Reviews of Historical Financial Information" ("ISAE 3000" Revised) and International Standard on Assurance Engagements 3410- "Assurance Engagements on Greenhouse Gas Statements" ("ISAE 3410").

A limited assurance engagement is substantially less in scope than a reasonable assurance engagement under ISAE 3000 (Revised) 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 judgment 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:

- made inquiries of the persons responsible for the Selected Information;
- understood the process for collecting and reporting the Selected Information. This included analysing the key processes and controls for managing and reporting the Selected Information;
- evaluated the source data used to prepare the Selected Information and re-performed selected examples of calculation;
- performed limited substantive testing on a selective basis of the preparation and collation of the Selected Information prepared by the Bank and
- undertook 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 2022, is not properly prepared, in all material respects, in accordance with the Reporting Principles.

**Restriction of use**

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 2022 Annual Report for the year ended 31 December 2022, to enable the Board of Directors to demonstrate they have discharged their governance responsibilities by commissioning a limited 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 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.

A handwritten signature in blue ink, appearing to read "T. Gül", written over a light blue horizontal line.

Talar Gül, SMMM  
Partner

İstanbul, ;3 March 2023

# UNEP-FI Reporting Index Limited Assurance Report



## Limited Assurance Report to the Board of Directors 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" or "TSKB") to perform a limited assurance engagement in respect of the Selected Sustainability Information (the "Selected Information") stated in the TSKB 2022 Integrated Annual Report (the "2022 Integrated Annual Report") for the year ended 31 December 2022 and listed below.

### Selected Information

#### Selected Information in the scope of United Nations Principles for Responsible Banking Reporting Index - Comprehensive Summary of Bank's Response

The scope of the Selected Information for the year ended 31 December 2022, which is subject to our limited assurance work, set out in the pages 166, 167, 168, 169, 170, 171 and 172 of the 2022 Integrated Annual Report with the sign 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 assurance was with respect to the year ended 31 December 2022 information only and we have not performed any procedures with respect to earlier periods or any information other than Selected Information marked with in the 2022 Integrated Annual Report and, any other elements included in the 2022 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 section TSKB 2022 Integrated Annual Report – Reporting Principles (the "Reporting Principles") on pages 157, 158, 159 and 160 of the 2022 Integrated Annual Report.

### The Bank's Responsibility

The Bank is responsible for the content of the 2022 Integrated Annual Report and the preparation of the Selected Information in accordance with the Reporting 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.

### Inherent 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 Reporting Principles.

### Our 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 behavior.

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 Principles. We conducted our limited assurance engagement in accordance with International Standard on Assurance Engagements 3000- "Assurance Engagements other than Audits or Reviews of Historical Financial Information" ("ISAE 3000" Revised).

A limited assurance engagement is substantially less in scope than a reasonable assurance engagement under ISAE 3000 (Revised). 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 judgment 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:

- made inquiries of the persons responsible for the Selected Information;
- understood the process for collecting and reporting the Selected Information. This included analysing the key processes and controls for managing and reporting the Selected Information;
- evaluated the source data used to prepare the Selected Information and re-performed selected examples of calculation;
- performed limited substantive testing on a selective basis of the preparation and collation of the Selected Information prepared by the Bank and;
- undertook 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 2022, is not properly prepared, in all material respects, in accordance with the Reporting Principles.



### Restriction of use

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 2022 Integrated Annual Report for the year ended 31 December 2022, to enable the Board of Directors to demonstrate they have discharged their governance responsibilities by commissioning a limited 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 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

Istanbul, 3 March 2023

## Reporting Guidance

### Appendix-1: TSKB 2022 Integrated Annual Report – Reporting Principles

These reporting principles (the “Reporting Principles”) provides information on the methodologies for the preparation, calculation and reporting of data for the limited assurance indicators of Türkiye Sınai Kalkınma Bankası A.Ş. (the “Bank” or “TSKB”) included in the TSKB 2022 Integrated Annual Report (the “2022 Integrated Report”).

These indicators include financial, environmental and social indicators under 6 capital elements. It is the responsibility of the Bank’s management to ensure that appropriate procedures are in place to prepare these indicators, in all material respects, in accordance with the Principles.

The information contained in these principles covers the financial year ending December 31, 2022 and the relevant operations in Türkiye for which TSKB is responsible, as detailed in the “Key Definitions and Scope of Reporting” section.

### General Reporting Principles

The following principles have been considered in the preparation of this guidance document:

- In the preparation of information - to emphasize to users of information the basic principles of relevance and reliability of information,
- In reporting information - emphasizing the principles of comparability/consistency of information with other data, including previous year, and the principles of understandability/transparency providing clarity to users.

### Key Definitions and Scope of Reporting

For the purpose of this report, the Bank makes the following definitions:

Capital	Indicator	Scope
Human	Ratio of Female Employees in the Bank (%)	In the reporting period, it refers to the ratio of the number of female employees in the Banking Staff, which is defined as employees with a hierarchy code of 1000 and above, to the total number of employees.
Human	Ratio of Female Employees in the Management (%)	In the reporting period, it refers to the ratio of the number of female employees in the Bank's managerial staff, which is defined as employees with a hierarchy code of 6000 and above, including Manager and above positions, tracked through the Bank's Human Resources data platform, to the total number of managers.
Human	Ratio of Female Members in the Board of Directors (%)	In the reporting period, it refers to the ratio of female members of the Board of Directors among the members of the Board of Directors published on the Bank's official website and in the Annual Reports.
Human	Gender Pay Gap (Average)	In the reporting period, it refers to the ratio between the arithmetic averages of the gross salaries of the Bank's female and male employees, which are monitored through the Human Resources data platform and reported to the Social Security Institution.
Human	Gender Pay Gap (Median)	In the reporting period, it refers to the ratio of the median of the gross salaries of the Bank's female and male employees, which are monitored by the Human Resources data platform and reported to the Social Security Institution, when sorted from smallest to largest, which means taking the number that separates the series from the middle.
Human	Ratio of Employees in the Sustainability Structure	In the reporting period, it refers to the ratio of the number of employees in the Sustainability Committee/ Subcommittee and Sustainability Working Groups, whose committee members are announced and monitored, to the total number of employees.
Human	Average Annual Training Hours per Employee (hours)	In the reporting period, it refers to the ratio to the average number of employees of the Banking staff in the relevant year, which is monitored through the Bank's Training Portal. Banking staff does not include administrative staff employees.
Human	High Performance Employee Turnover Rate (%)	In the reporting period, it refers to the ratio of the Bank's employees whose performance grade in 2022 is 2.75 and above on average on a 1-4 point scale in the last 4 years and who are defined as high performance, to the number of people who left their jobs by declaring to the Bank's Social Security Institution with the Declaration of Termination of Employment within the reporting year.

Capital	Indicator	Scope
Human	Hybrid Working Rate (%)	In the reporting period, it refers to the ratio obtained by subtracting the ratio obtained by dividing the number of employees who entered the Bank between March 2021 and December 2021, which is monitored by Card Access System (KGS), first by working days and then by the number of employees, from 1. The number of employees entering the Bank, working days and number of employees are calculated on a monthly basis and employees on leave are not included in this monthly calculation. The entries of people with the same registration number who enter the Bank more than once during the day through the KGS system are counted once.
Human	Ratio of Female Employees on Maternity Leave (%)	In the reporting period, it refers to the ratio of the number of female employees who took maternity leave within the periods specified in the regulation within the scope of the Regulation on Part-Time Work to be Performed After Maternity Leave or Unpaid Leave, which is monitored by the Human Resources data platform, to the total number of employees.
Human	Ratio of return from Maternity Leave (%)	In the reporting period, it refers to the ratio of the number of people who went on maternity leave within the periods specified in the regulation within the scope of the Regulation on Part-Time Work After Maternity Leave or Unpaid Leave, which is monitored by the Bank's Human Resources data platform, to the number of employees returning from maternity leave.
Human	Ratio of Male Employees on Paternity Leave (%)	In the reporting period, it refers to the ratio of the number of employees who took paternity leave to the total number of employees within the periods specified in the regulation within the scope of the Regulation on Part-Time Work to be Performed After Maternity Leave or Unpaid Leave, which is monitored by the Bank's Human Resources data platform.
Human	Participation Rate in Employee Engagement Survey (%)	In the reporting period, it refers to the ratio of the number of employees who responded to the Bank's employee satisfaction survey conducted by AON Hewitt Kincentric (IDE Consulting) to the total number of employees for whom the survey was shared.
Human	Ratio of Female Employees Benefiting from Flexible Working Practices (%)	In the reporting period, it refers to the ratio of the number of female employee requests for flexible working in the Bank, which are monitored by the Bank's Flexible Working Report between January-December 2022, to the number of flexible working request entries of all employees.
Human	Ratio of Female Employees Who Changed Department (Rotation, Internal Transfer) (%)	In the reporting period, it refers to the ratio of the number of female employees included in the rotation process, which is characterized as internal transfer or temporary assignment in a different department, which characterizes the transfers between departments, which is monitored by the Bank's Human Resources data platform and notified to all employees with the Tamims, which are announcements within the Bank, to the total number of employees who change departments.
Human	Ratio of Female Employee Recruits (%)	In the reporting period, it refers to the ratio of the number of women recruited in the Banking staff, which is monitored by the Bank's Human Resources data platform, recruited by the Bank and declared to the Social Security Institution with the Declaration of Employment within the reporting year, to the total number of people recruited.
Human	Ratio of Female Employees Promoted (%)	In the reporting period, it refers to the ratio of the number of promoted female employees to the total number of promoted employees, which is monitored through the Bank's Human Resources data platform and notified to all employees through the announcement Tamims within the Bank.
Human	Ratio of Female Employees Joining TSKB through TSKB Academy New Graduate Program (%)	In the reporting period, it refers to the ratio of the number of female employees who successfully completed the TSKB Academy MT program and started to work as MTs at the Bank among the 4th year students of Business Administration, Economics, Engineering faculties or postgraduate students or recent graduates in the fields of Economics or Finance, to the total number of people participating in the TSKB Academy New Graduate Program.
Human	Ratio of Female Candidates Involved in Recruitment Process (%)	In the reporting period, it refers to the ratio of the number of female candidates interviewed during the recruitment process for open positions monitored by the Bank's Human Resources data platform to the total number of interviewed candidates.

## Reporting Guidance

Capital	Indicator	Scope
Human	Ratio of Female Employees Represented the Bank at the Universities (%)	In the reporting period, it refers to the ratio of the number of female employees working in university collaborations, which is shared on the Bank's official website, to the total number of people working in university collaborations.
Human	Ratio of Female Employees Participating in the Sustainability Workshop (%)	In the reporting period, it refers to the ratio of the number of female participants in the case study on sustainability conducted for university students to the total number of participants.
Human	Ratio of Female Employees Participating in the Sustainability Workshop (%)	In the reporting period, it refers to the number of participants who participated in the Sustainability Workshop organized by the Bank in cooperation with Yıldız Technical University and tracked through participation forms.
Intellectual	TSKB Economic Research Reports and Blog Posts	In the reporting period, it refers to the number of reports prepared by the Bank's TSKB Economic Research Department in Turkish and English under the titles of TSKB Agenda, TSKB Weekly Agenda, Macro Opinion, Energy Bulletin, Climate News, TSKB Outlook, New Month, and blog posts published on the website <a href="https://www.tskb.com.tr/hizmetler/danismanlik-hizmetleri/ekonomik-arastirmalar">https://www.tskb.com.tr/hizmetler/danismanlik-hizmetleri/ekonomik-arastirmalar</a> and <a href="https://www.tskb.com.tr/blog">https://www.tskb.com.tr/blog</a> .
Human	TSKB Sustainability Management Structure	In the reporting period, it refers to the number of the Bank's signed Tamimler and the number of groups, committee members announced and monitored, and the number of employees in the Sustainability Committee/Subcommittee and Sustainability Working Groups.
Social	Number of Companies to which the Assessment Tool was Applied and Various Support Mechanisms were Provided within the Scope of Gender Equality and Women's Empowerment	In the reporting period, it refers to the number of companies monitored by the Bank's Marketing Department, which were subjected to evaluation using the evaluation tool of the loans under the theme of "Gender Equality and Women's Empowerment Themed Loans" among the loans provided by the Bank, and for which action and development points were suggested as a result of participation in the evaluation survey.
Social	Rate of Improvement in Company Capacities Within the Scope of Gender Equality and Women's Empowerment (%)	In the reporting period, it refers to the improvement rate of the company's score in line with the action plans prepared for the companies that were below 60 points in the evaluation tool with the Development Finance Institution, with which the Bank cooperates, followed by the Bank's Marketing Department.
Financial	2022 Number of Renewable Energy Projects Supported to Date by the End of the Year (#)	In the reporting period, it refers to the number of renewable energy projects, including Biomass Power Plants, Geothermal Power Plants, Solar Power Plants, Hydroelectric Power Plants and Wind Power Plants, which are monitored through the Bank's loans screens and financed by contracts and Board of Directors' resolutions.
Financial	2022 Total Installed Capacity Supported to Date by the End of the Year (MW)	In the reporting period, it refers to the total installed capacity of renewable energy projects covering Biomass Power Plants, Geothermal Power Plants, Geothermal Power Plants, Solar Power Plants, Hydroelectric Power Plants and Wind Power Plants, which are monitored through the Bank's loans screens and financed by contracts and Board of Directors' resolutions.
Financial	As of the End of 2022, TSKB's Share in Türkiye's Renewable Energy Capacity with the Projects Supported to Date (%)	In the reporting period, it refers to the ratio of the total installed capacity of renewable energy projects covering Biomass Power Plants, Geothermal Power Plants, Geothermal Power Plants, Solar Power Plants, Hydroelectric Power Plants and Wind Power Plants, which are monitored through the Bank's loans screens and financed by contracts and Board of Directors' decisions, to the total installed capacity of renewable energy projects in Türkiye monitored through the Turkish Electricity Transmission Company (TEİAŞ) system.
Natural	By the End of 2022, CO <sub>2</sub> Emission Reduction Contribution Provided by Renewable Energy Projects Supported (tons CO <sub>2</sub> /year)	In the reporting period, it refers to the amount of CO <sub>2</sub> emission reduction prevented by renewable energy projects including Biomass Power Plants, Geothermal Power Plants, Solar Power Plants, Hydroelectric Power Plants and Wind Power Plants, which are monitored through the Bank's loans screens and financed by contracts and Board of Directors' resolutions to date.
Natural	Electricity Consumption (kWh)	In the reporting period, it refers to the amount of electricity consumed, which is tracked from the invoices received by the Bank from service providers (12 months) and can be mapped with financial reporting systems.
Natural	Electricity Density (kWh/m <sup>2</sup> )	In the reporting period, it refers to the ratio of the amount of electricity consumed to the total m <sup>2</sup> , which is tracked from the invoices received by the Bank from service providers (12 months) and can be mapped with financial reporting systems. The consumption amount includes the locations of the Front and Back Buildings and Education and Culture Facilities.

Capital	Indicator	Scope
Natural	Natural Gas Consumption (m <sup>3</sup> )	In the reporting period, it refers to the amount of natural gas consumed in the Bank's operations requiring heating, kitchen and other natural gas in the Front and Back Buildings, which is monitored from the invoices received from service providers (12 months) and can be mapped with financial reporting systems.
Natural	Natural Gas Density (m <sup>3</sup> /m <sup>2</sup> )	In the reporting period, it refers to the ratio of the amount of natural gas consumed in the Bank's operations requiring heating, kitchen and other natural gas in the Front and Back Building, which can be tracked from the invoices received from service providers (12 months) and mapped with financial reporting systems, to the total m <sup>2</sup> . Front and Back Building, Education and Culture Facilities locations are included in the consumption amount.
Natural	Water Consumption (m <sup>3</sup> )	In the reporting period, it refers to the amount of municipal water consumed, which is monitored from the invoices received by the Bank from service provider institutions (12 months) and can be mapped with financial reporting systems.
Natural	Water Density (m <sup>3</sup> /employee)	In the reporting period, it refers to the ratio of the amount of municipal water consumption, which is monitored from the invoices received by the Bank from service providers (12 months) and can be mapped with financial reporting systems, to the total number of employees who actually come to the Bank in hybrid working order. The consumption amount includes the locations of the Front and Back Buildings and Education and Culture Facilities.
Natural	Paper Consumption (kg)	In the reporting period, it refers to the total amount of paper/cardboard consumption purchased and used by the Bank.
Natural	Amount of Recycled Plastic and Paper (kg)	In the reporting period, it refers to the total amount of plastic and paper/cardboard waste sent to Beyoğlu Municipality for recycling and tracked with signed waste reports.
Natural	Scope-1 Emissions (tonCO <sub>2</sub> e)	In the reporting period, it refers to the amount of direct greenhouse gas emissions generated by the Bank's natural gas consumption tracked from invoices, diesel and gasoline consumption of company vehicles whose consumption amount is tracked from a third-party company, cooling gases and fire extinguishing gases tracked from the service forms of the maintenance company. Diesel and gasoline consumption of leasing vehicles that the Bank does not own are not included in the emission calculation.
Natural	Scope-2 Emissions (tonCO <sub>2</sub> e)	In the reporting period, it refers to the amount of greenhouse gas emissions arising from electricity consumption used in lighting, heating and other operations requiring electricity at the Head Office, which is monitored from the invoices of the Bank's service provider companies.
Natural	Funding of New Coal-Fired Thermal Power Plants and Coal Mining Investments for Electricity Generation	In the reporting period, it refers to the presence of Coal Fired Thermal Power Plant and Coal Mining for Electricity Generation within the total investment financing projects monitored through the Bank's credit screens.

## Reporting Guidance

Capital	Indicator	Scope
		<p>In the reporting period, it refers to the ratio of the Bank's loan portfolio linked to sustainable development goals to the total loan portfolio.</p> <p>In the Bank's TSKB loan application list, loan themes, SDG links, risk amounts and disbursement sources are tracked in detail.</p> <p>SDG links are entered into the system according to the purpose of the project in addition to the main activities of the company. The subject and purpose of the loan are specified in loan agreements and loan approval forms between the Bank and the counterparty. Loans, loans related to non-renewable energy plants, working capital and acquisition loans of companies whose main activities are fuel distribution and coal trading are not defined as SDG loans.</p> <p>Sustainable themed loans are listed under 2 main headings:</p> <p>1) APEX loans, which by definition are loans granted only to SMEs (Small and Medium Enterprises) and exporters through other financial institutions such as leasing companies, commercial banks and participation banks."</p>
Natural	Mapping Analysis of Loan Portfolio with Sustainable Development Goals	<p>2) Themed loans are listed below;</p> <ul style="list-style-type: none"> <li>- Energy production</li> <li>- Renewable energy</li> <li>- Energy and resource efficiency</li> <li>- Environment and adaptation to climate change</li> <li>- Sustainable tourism</li> <li>- Underdeveloped regions</li> <li>- Electricity and gas distribution (only infrastructure loans are included in this scope)</li> <li>- Health and Education</li> <li>- Small and medium-sized enterprises</li> <li>- Women employment</li> <li>- Employment support</li> <li>- Occupational health and safety</li> <li>- Export support</li> <li>- Agriculture industries</li> <li>- Innovation and R&amp;D</li> </ul>
Natural	Renewable Energy Loan Disbursement Amount (USD)	<p>In the reporting period, it refers to the amount of loans utilized in renewable energy projects including Biomass Power Plants, Geothermal Power Plants, Solar Power Plants, Hydroelectric Power Plants and Wind Power Plants allocated in 2022 with contracts and Board of Directors' decisions, which are monitored through the Bank's loan screens.</p> <p>In the Bank's TSKB loan application list, the loan subject, disbursement amounts and disbursement dates of the loans are followed in detail.</p>

## Preparation of the Data

### 1. Environmental Indicators

#### Electric Density (kWh/m<sup>2</sup>)

Formula:

*Total Electricity Consumption / Front and Rear Building, Education and Culture Facilities m<sup>2</sup> Area*

#### Natural Gas Density (kWh/m<sup>2</sup>)

Formula:

*Total Natural Gas Consumption / Front and Rear Building, Education and Culture Facilities m<sup>2</sup> Area*

#### Water Density (m<sup>3</sup> /employee)

Formula:

*Total Water Consumption / Total Number of Employees Who Actually Come to the Bank in Hybrid Working Order*

#### TSKB's Share in Türkiye's Renewable Energy Capacity by the End of 2022 (%)

Formula:

*TSKB Installed Capacity of Renewable Energy Capacity (MW) / Installed Capacity of Energy Capacity in Türkiye (MW)*

#### Contribution to CO<sub>2</sub> Emission Reduction by the End of 2022 (tons CO<sub>2</sub>/year)

The amount of CO<sub>2</sub> emission reduction avoided by renewable energy projects including Biomass Power Plants, Geothermal Power Plants, Solar Power Plants, Hydroelectric Power Plants and Wind Power Plants is calculated.

Formula:

*Electricity Generation Amount (kWh) \* Emission Reduction Factor (tco<sub>2</sub>e) \* 0.001*

Emission Reduction Factor:

	tonsCO <sub>2</sub> e/MWh
WPP and SPP:	0.681
BPP:	3.580
Other Projects:	0.540

#### Scope-1 Emissions

Scope 1 emissions consist of Natural Gas, Diesel, Gasoline, Refrigerant Gas and Fire Extinguishing Gas emissions.

Scope 1 Emissions are classified as follows;

- Stationary Combustion:
  - Natural Gas
  - Diesel (Generator)
- Mobile Combustion:
  - Diesel
  - Gasoline
- Fugitive Gas Emissions - Refrigerant Gas:
  - R22
  - R404A
  - R407C
  - R410A
  - R-134A
  - R-600a
- Fugitive Gas Emissions - Fire Extinguishing Gas:
  - HFC227ea
  - Novec1230

Scope 1 calculations are calculated in accordance with the control principles within the scope of the Greenhouse Gas Protocol ("Greenhouse Gas Protocol: Corporate Accounting and Reporting Standard") and TS EN ISO 14064-1:2018 Greenhouse Gases-Part 1: Guidelines and Specifications for the Calculation and Reporting of Greenhouse Gas Emissions and Removals at the Entity Level" standard.

CO<sub>2</sub> equivalent factors consisting of CO<sub>2</sub>, CH<sub>4</sub>, N<sub>2</sub>O CO<sub>2</sub> equivalent emission factors were used in the calculations. Global Warming Potential (GWP) coefficients are taken from the Intergovernmental Panel on Climate Change (IPCC) 5th Assessment Report and the Greenhouse Gas Protocol (GHG Protocol), the resulting ton CO<sub>2</sub>-e value is calculated by multiplying the resulting ton CO<sub>2</sub>-e value by the coefficients from these guidelines.

Fugitive gas emissions are calculated according to the "2006 IPCC Guidelines for National Greenhouse Gas Inventories Chapter 7 for refrigerators, chillers, air conditioners and Cold Storages" and by taking into account the percentage of the Bank's charge, life and emission factors table inventory.

#### Scope-2 Emissions

Scope 2 emissions represent the amount of indirect greenhouse gas emissions resulting from the Bank's electricity consumption. Electricity is used for lighting, heating and other operations requiring electricity at the Bank's Head Office.

Scope 2 calculations are calculated in accordance with the control principles of the Greenhouse Gas Protocol ("Greenhouse Gas Protocol: Corporate Accounting and Reporting Standard") and TS EN ISO 14064-1:2018 Greenhouse Gases-Part 1: Guidelines and Specifications for the Establishment-Level Calculation and Reporting of Greenhouse Gas Emissions and Removals" standard.



## Reporting Guidance

### 2. Social Indicators

#### Ratio of Females in Total Employees (%)

Formula:

$\text{Number of Female Employees} / \text{Total Number of Employees}$

#### Ratio of Female Employees in Management (%)

Formula:

$\text{Number of Female Employees in Management} / \text{Total Number of Managers}$

#### Female and Male Salary Gap Ratio (Average) (%)

Formula:

$\text{Average Gross Salary of Female Employees} - \text{Average Gross Salary of Male Employees}$

#### Female and Male Salary Gap Ratio (Median) (%)

Formula:

$((\text{Gross Salaries of Female Employees} + 1) / 2) - ((\text{Gross Salaries of Male Employees} + 1) / 2)$

#### Average Remote/Hybrid Operation Rate (%)

Formula:

$[(\text{Number of Daily Entries (Duplicate entries are counted as 1)} / \text{Working Day}) / (\text{Total Number of Employees})] \cdot 100$

#### Ratio of Female Employees on Maternity Leave (%)

Formula:

$\text{Number of Female Employees on Maternity Leave} / \text{Total Number of Employees}$

#### Maternity Leave Return Rate (%)

Formula:

$\text{Number of Female Employees Going on Maternity Leave} / \text{Number of Employees Returning from Maternity Leave}$

#### Ratio of Female Employees Promoted (%)

Formula:

$\text{Number of Promoted Female Employees} / \text{Total Number of Promoted Employees}$

#### Ratio of Female Employees Who Changed Department (Rotation, Internal Transfer) (%)

Formula:

$\text{Number of Female Employees Who Changed Departments} / \text{Total Number of Employees Who Changed Departments}$

#### Ratio of Female Employee Hires (%)

Formula:

$\text{Number of Female Hires} / \text{Total Number of Hires}$

#### Ratio of Female Employees After TSKB Academy New Graduate Program (%)

Formula:

$\text{Number of Female Employees Hired After New Graduate Program} / \text{Total Number of Employees Hired After New Graduate Program}$

#### Ratio of Female Candidates Included in Recruitment Process (%)

Formula:

$\text{Number of Female Candidates Interviewed for Open positions} / \text{Total Number of Candidates Interviewed for Open Positions}$

#### Ratio of Female Employees Working as External Representatives at the University (%)

Formula:

$\text{Number of Female Employees in University Collaborations} / \text{Total Number of Employees in University Collaborations}$

#### Participation Rate in Employee Satisfaction Survey (%)

Formula:

$\text{Number of Employees Participating in Employee Satisfaction Survey} / \text{Number of Employees Sent Employee Satisfaction Surveys}$

## UNEP-FI Responsible Banking Principles – Reporting Index

### Reporting and Self-Assessment Requirements

#### 2.1 Impact Analysis:

Demonstrate that the Bank has identified the positive and negative areas where it has the most impact through an impact analysis that meets the following elements:

- 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.

### Reporting Index

#### UNEP-FI Portfolio Impact Analysis Tool for Banks

Within the scope of Principle 2, the impact analysis study was conducted as of the end of 2022 with the Portfolio Impact Analysis Tool for Banks developed by UNEP-FI, as in previous years. For this, the third version of the tool was used, updated by UNEP-FI in 2022 and transitioned to a “modular” format. The version used is monitored with the Assessment document. The Bank's loan portfolio (corporate loans & project finance) under Corporate Banking activities in Türkiye as of December 31, 2022 is included in the analysis. Although the Bank has investment banking and advisory services, they are not included in the Impact Assessment Tool assessment.  
(Source: <https://www.unepfi.org/impact/unep-fi-impact-analysis-tools/portfolio-tool/>)

On the implementation side, tool for the Bank's Corporate Banking (Corporate Banking and Project Finance) activities was run, which is one of Bank's three main activities and has a share of 69.5% in total assets as of end-2022. In this context, within the scope of the Bank's impact analysis, the main sectors the Bank provides financing to are Electricity Generation (39%) (Renewable Energy: 35%), other financial service activities (10.4%), manufacture of basic metals (6.7%), electricity and gas distribution (5.2%), transportation and storage (4.4%), human health and social service activities (4.1%), accommodation activities (5.6%), real estate activities (2.9%), manufacture of textile products (2.2%), chemical and chemical products manufacturing (2.2%) and manufacture of food products (2.6%).

Focused sectors were analyzed, and Türkiye's priority strategic areas were taken into consideration. In this context, Climate Stability and Healthy Economies were identified as impact areas within the scope of impact analysis.

## Reporting Guidance

### Reporting and Self-Assessment Requirements

#### 2.2 Target 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.

#### 2.3 Plans for Target Implementation and Monitoring:

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.

#### 2.4 Progress on Implementing Targets:

Demonstrate, for each objective individually, the current practices that the Bank is implementing to achieve the target.

Alternatively, show why the planned activities cannot be implemented / to be changed need and the Bank's plan how to achieve the set targets adaptation of the targets.

Disclose how the Bank adapts each of the in the last 12 months to reach someone ((up to 18 months at first reporting after becoming a signatory) and the progress it has made (Applicable) Report on the impact caused (Applicable when banks have quantitative disclosures must add).

### Reporting Index

Based on the results of the Portfolio Impact Analysis Tool, targets were set in the impact areas of “Healthy Economies” and “Climate Stability” in line with the identified impact areas.

All of the targets announced under the UNEP-FI Responsible Banking Principles (4 targets - except other targets and commitments set by TSKB for capital items for the future period and included in the 2022 Integrated Annual Report) have specific timeframes.

The targets set by TSKB for capital items for the coming period, as described in the UNEP-FI Principles for Responsible Banking, are approved by the Executive Committee and the Sustainability Committee each year and included in the Statement of Responsibility attached to the Integrated Annual Report.

The implementation of the UNEP-FI Principles for Responsible Banking is monitored by the collaborations with Cooperation with Initiatives and Indexes Working Group among the working groups under the Sustainability Management Committee, and the Bank's Sustainability Reporting Working Group works for the annual reporting. The results of the impact analysis and the targets set are monitored by the relevant teams under the coordination of the Sustainability Reporting Working Group, and the realizations of the key performance indicators set for measuring and monitoring the targets are calculated by the SDG Mapping Working Group.

The 4 targets announced under the UNEP-FI Principles for Responsible Banking are as follows:

- TSKB aims to provide SDG-linked financing of minimum USD 8 billion by 2030. As an intermediate goal,
- TSKB aims to provide SDG-linked financing of USD 3.5 billion and more by the end of 2025.
- TSKB aims to keep the ratio of SDG-linked loans in the total portfolio at 90% above from 2021 to 2025.
- TSKB aims to keep the share of loans linked to climate and environment-focused SDGs at 60% of the total loan portfolio.

The realizations of the targets for 2022 are as follows:

- SDG-linked financing of USD 2.2 billion has been extended since 2021, including USD 1.1 billion in 2022.
- In 2022, the ratio of SDG-linked loans in the total portfolio was 91%.
- The ratio of loans linked to climate and environment focused SDGs was 60%.

### Reporting and Self-Assessment Requirements

#### 5.3 Governance Structure for 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.

#### 6.1 Principles of Responsible Banking Progress in Implementation

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.

### Reporting Index

The monitoring of the targets set for the impact areas analyzed within the scope of the Principles is also under the responsibility of these working groups and coordination is ensured internally and externally. Compliance with the UNEP-FI Principles for Responsible Banking is supported by the Bank's decisions, policies, targets, collaborations and memberships. As one of the leading institutions supporting the Task Force on Climate-Related Financial Disclosures (TCFD), In 2022, we also joined the Net-Zero Banking Alliance (NZBA) initiative.

The Bank's activities related to national and international initiatives and best practices within the scope of sustainable banking can be found in the references below:

- It is among the "Early Adopter" institutions in the Communication on Progress (CoP) reporting revised by the UN Global Compact. <https://unglobalcompact.org/participation/report/cop/early-adopters>
- CDP (Carbon Disclosure Project) raised its rating to "A-" in Climate Change Program reporting. <https://www.cdp.net/en/responses?queries%5Bname%5D=TSKB>
- Sustainalytics ESG Risk Rating is 7.9 and the risk category is "negligible risk". As of the publication date, the Bank ranked first among Turkish banks, 12th among international development banks, 15th in the global banking sector and 60th among the 15,000 institutions evaluated by Sustainalytics. <https://www.sustainalytics.com/corporate-solutions/esg-solutions/top-rated-companies>

### TSKB Materiality Matrix - Preparation Principles

Within the scope of the 2022 Integrated Annual Report, TSKB conducted a Stakeholder Engagement and Materiality Analysis Study in collaboration with Escarus. This study consists of 3 steps, including stakeholder communication and engagement, respectively.

1. Topic Universe: Identification of priority ESG topics to be included in the analysis.
2. Identification of Stakeholders: Identification of stakeholder groups to be included in the prioritization analysis.
3. Materiality Analysis: Analyzing the responses from stakeholder groups and creating the matrix.

### Topic Universe

Representatives from the Bank's Corporate Compliance, Legal, Human Resources and Risk Management departments provided their opinions on the objectives and strategies. In addition, a workshop was held with the Sustainability Management Committee to finalize the topics to be included in the Materiality Analysis.

## Reporting Guidance

In the process of identifying the topics, the Bank has taken references from sustainability frameworks such as GRI Standards, CDP, TCFD, SASB, United Nations Sustainable Development Goals, World Economic Forum (WEF) Global Risks Report and United Nations Principles for Responsible Investment within the scope of sector analysis on global trends and the financial sector.

As a result of the studies described above, TSKB's topic universe consisted of the following topics.

- Combating Climate Change
- Corporate Governance Practices
- Information Technology
- Protection of the Environment and Natural Resources
- Occupational Health and Safety, Employee Rights and Satisfaction
- Supply Chain and Responsible Value Chain Approach
- Customer Satisfaction
- Stakeholder Relations and Contribution to Society
- Financial Sustainability
- Product / Services

Topics covered in the Materiality Matrix from the identified topic universe headings:

- Ethics, Compliance with the Laws and Anti-Corruption
- Cyber Security and Data Privacy
- Management of Climate Risks and Opportunities
- Sustainable Financial Performance
- Competent Human Capital
- Employee Loyalty, Employee and Human Rights
- Digital Transformation and Agility
- Environmental and Social Impact Monitoring and Reporting
- Effective Risk Management
- Inclusiveness, Equal Opportunities and Diversity
- Customer Experience
- Stakeholder Capitalism and International Cooperation
- Supporting the UN SDGs
- Responsible Procurement and Supply Chain
- Corporate Social Responsibility
- Competitive Behavior

### Stakeholder Survey

The Bank created a stakeholder survey by matching the topics created as a result of the topic universe study with questions. The stakeholder survey was designed to include assessments in three dimensions: (1) The general importance of the relevant topic for the stakeholder, (2) The adequacy of TSKB's current work on the topic from the stakeholder's perspective, (3) How important the topic will be for TSKB in the future.

Stakeholder surveys were sent to identified internal stakeholder and external stakeholder groups. Stakeholders were asked to prioritize the topic by giving each question a score between 1 and 10.

#### Internal Stakeholder Group

- Senior Management
- Sustainability Management Committee Members
- Board of Directors
- All Employees
- Shareholders
- Subsidiaries

#### External Stakeholder Group

- Development Finance Institutions
- Public Institutions / Auditors
- Customers
- Financial Institutions
- NGOs
- Academic Stakeholders
- Intermediary Institutions
- Suppliers

Stakeholder surveys were sent to internal and external stakeholder groups and 174 stakeholders (115 internal stakeholders and 59 external stakeholders) responded.

### Stakeholder Weighting

The Bank determined the degree of importance of the opinions of internal and external stakeholders through a survey conducted among the members of the Sustainability Management Committee and determined a coefficient for each internal and external stakeholder group. This coefficient was multiplied by the numerical values of the responses received from internal and external stakeholders to form an input to the matrix.

#### Matrix Creation

The numerical values of the responses received from internal and external stakeholders were multiplied by the coefficient created as a result of the stakeholder prioritization study. The arithmetic averages of the responses of internal stakeholders and external stakeholders were taken. The resulting numbers were placed in the matrix in terms of prioritized issues. The X-axis of the matrix represents the numerical values of the responses of Internal Stakeholders and the Y-axis represents the responses of External Stakeholders.

*X Axis:*

*Topic Specific,*

*Numerical Value of Internal Stakeholder Group Responses = Internal Stakeholder Group Response (1-10) x Stakeholder Weighting Coefficient Determined for Internal Stakeholder Group*  
*Numerical Value of Internal Stakeholder Group Responses / Total Number of Internal Stakeholder Opinions*

*Y Axis:*

*Topic Specific,*

*Numerical Value of External Stakeholder Group Responses = External Stakeholder Group Response (1-10) x Stakeholder Weighting Coefficient Determined for Internal Stakeholder Group*  
*Numerical Value of External Stakeholder Group Responses / Total Number of External Stakeholder Comments*

### Restatements

The measurement and reporting of verified data inevitably involves a degree of estimation. Where there is a change of more than 5% in the data at the partnership level, a re-statement of opinion 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.Ş.  
Beyoğlu/ İstanbul  
Meclisi Mebusan Cad. 81 Findikli  
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

Latest Revision Date: 2021-02-15

Effective Date: 2021-04-27

Expiry Date: 2024-04-26

Page: 1 of 1



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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 Certificate



## Verification Opinion

**GHGEV 588323 – 15.02.2023**

**Responsible Party:** TSKB Türkiye Sınai Kalkınma Bankası A.Ş.  
Meclisi Mebusan Cad. 81  
Fındıklı 34427 İstanbul

**Type of GHG Statement:**  
Organisational

**Identification of GHG Statement:**  
TSKB Türkiye Sınai Kalkınma Bankası A.Ş. GHG Report 2022

**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

- Direct GHG emissions and removals
- Indirect greenhouse gas emissions from imported energy;
- Indirect GHG emissions from transportation
- Indirect GHG emissions from products used by the organisation
- Indirect GHG emissions associated with the use of products from the organisation
- Greenhouse gas emissions from other sources

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**Criteria for developing the organisational carbon footprint:**  
ISO14064-1:2018  
TSKB Türkiye Sınai Kalkınma Bankası A.Ş. GHG Management System Documentation

**Level of Assurance:**  
Reasonable

**Materiality level:**  
%7

**Period:**  
01.01.2022-31.12.2022

### GHG Emissions:

DIRECT GHG EMISSIONS		
1- Direct GHG emissions and removals;	411	tCO <sub>2</sub> e
INDIRECT GHG EMISSIONS		
2 - Indirect GHG emissions from imported energy;	0	tCO <sub>2</sub> e
3 - Indirect GHG emissions from transportation;	195.3	tCO <sub>2</sub> e
4 - Indirect GHG emissions from products used by organization;	320.3	tCO <sub>2</sub> e
5 - Indirect GHG emissions associated with the use of products from the organization;	2,632,902.8	tCO <sub>2</sub> e
6 - Indirect GHG emissions from other sources	0	tCO <sub>2</sub> e
<b>TOTAL (Location based)</b>	<b>2,633,830</b>	<b>tCO<sub>2</sub>e</b>

Anthropogenic GHG emissions	2,633,830	tCO <sub>2</sub> e
Anthropogenic biogenic GHG emissions	0	tCO <sub>2</sub> e
Non-anthropogenic biogenic GHG emissions	0	tCO <sub>2</sub> e

### Verification Opinion: Verified as Satisfactory

Based on the process and procedures conducted, there is no evidence that the GHG report 2022 produced by TSKB Türkiye Sınai Kalkınma Bankası A.Ş.

- is not a fair representation of GHG data and information;
- has not been prepared in accordance with ISO14064-1:2018

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### 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 TSKB Türkiye Sınai Kalkınma Bankası A.Ş. in the document GHG report 2022. This document is the responsibility of TSKB Türkiye Sınai Kalkınma Bankası A.Ş. 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:**

Theuns Kotze, Managing Director Assurance – IMETA

**Issue Date:** 16.02.2023

**NOTE:** BSI Eurasia Belgeleendirme Hizm. Ltd. Sti. is independent to and has no financial interest in TSKB Türkiye Sınai Kalkınma Bankası A.Ş. This verification Opinion has been prepared for TSKB Türkiye Sınai Kalkınma Bankası A.Ş. 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 Belgeleendirme Hizm. Ltd. Sti. has assumed that all information provided to it by TSKB Türkiye Sınai Kalkınma Bankası A.Ş. is true, accurate and complete. BSI Eurasia Belgeleendirme Hizm. Ltd. Sti. accepts no liability to any third party who places reliance on this Statement.

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## ISO 27001 Audit Certificate



### Certificate of Registration

INFORMATION SECURITY MANAGEMENT SYSTEM - ISO/IEC 27001:2013

This is to certify that:

Türkiye Sınai Kalkınma Bankası A.Ş.  
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*

Andrew Launn, EMEA Systems Certification Director

Original Registration Date: 2021-06-15

Latest Revision Date: 2021-06-15

Effective Date: 2021-06-15

Expiry Date: 2024-06-14

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BSI Assurance UK Limited, registered in England under number 7805321 at 389 Chiswick High Road, London W4 4AL, UK.

## ISO 45001 Audit Certificate

### Sertifika CERTIFICATE

## TÜRKİYE SINAİ KALKINMA BANKASI

ÖMER AVNI MAHALLESİ MECLİSİ MEBUSAN CADDESİ NO: 81 FINDIKLI  
BEYOĞLU/İSTANBUL/TÜRKİYE

# ISO 45001:2018

**Kapsam/Scope**

**YATIRIM BANKACILIĞI HİZMETLERİ**  
**INVESTMENT BANKING SERVICES**  
**EA 32**

Bu sertifika ile yukarıda adı geçen kuruluşun İş Sağlığı ve Güvenliği Yönetim Sistemi gerekliliklerini karşıladığı tasdik olunur.

This is to certify that the above mentioned company meets the requirement of Occupational Health & Safety Management System:

Sertifika No / Certification Number	: 03.21.9397.0317.T
İlk Kayıt Tarihi / Date of Initial Reg.	: 13.07.2021
Basım Tarihi / Date of Certificate	: 28.07.2022
Geçerlilik Tarihi / Date of Expiry	: 12.07.2023
Belgelendirme Periyodu / Certification Period	: 3 yıl / 3 years
Revizyon / Revision	: 001

First Quality Certification  
Sistem Sertifikası / On-System Certificate

*Bayram*

**FQC UYGUNLUK DEĞERLENDİRME ANONİM ŞİRKETİ**

Bahçekapı Mahallesi Sanayi Bulvarı Şağmaz Business Plaza Blok No: 18/24 Etilmesut/ANKARA  
www.fqc.com.tr belgelendirme@fqc.com.tr +90 216 755 71 72

Bu sertifika, müşteri FQC'nin kuralları ve sözleşme şartlarına uyduğu sürece geçerlidir. Sertifika geçerlilik durumu FQC internet sitesinden kontrol edilebilir.  
This certificate shall remain valid if the client meets the FQC's requirements and terms of the contract. The validity of the certificate can be checked on the FQC's website.

TÜRKAK BGS NO: YS-F101-1198 AB-0160-YS



# ANNEXES

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## 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

##### 1.1 Bank's Business Model

#### High-level Summary of Bank's Response

In 2022, we continued to offer products and services to our customers in **Corporate Banking, Investment Banking and Advisory Services.**

In 2022, we extended a total of USD 1.4 billion loans in cash under Corporate Banking, Project Finance and APEX Banking activities. As of the end of the year, the share of investment loans in the total loan portfolio reached 72%, while the share of working capital loans was 22%. The share of APEX loans was 6%.

With the new loans extended in 2022, 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 the capacity increase in various industries, especially investments in electricity distribution and renewable energy activities. We also focused on the working capital needs of our customers.

As of the end of 2022, electricity generation has the largest share in TSKB's loan portfolio, with 39%. Renewable energy projects account for 91% of the electricity generation portfolio. ✓ The share of renewable energy projects in our total portfolio is 35%. ✓ The total installed capacity of 388 projects that we are involved in financing since 2002 is 8,312 MW, which represents 15% of Türkiye's total installed capacity in renewable energy. ✓ As part of the Bank's combat against climate change, we declare that we will not finance greenfield coal-fired thermal power plants and coal mining investments for electricity generation purposes. ✓

The Bank's financial key performance indicators and ratios are presented in the 2022 Integrated Annual Report on page 53.

As TSKB, we structure our operations in line with the Sustainable Development Goals (SDGs), the Paris Climate Agreement and national/regional frameworks and base our sustainable banking strategy on three main 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 a low carbon economy.

Within this context, the developments we closely monitored in 2022 and our internal and external activities are as follows: In 2022, we have obtained more than USD 750 million in funding through development finance institutions and financial institutions. The climate finance theme was mainly prominent in the said funds. In 2022, when we ended with the focus on sustainable banking, 80% of our funding structure and 91% of our loan portfolio were sustainability-linked. ✓

Climate change has also been a topic on the agenda of the financial sector and regulatory agencies. The "Sustainable Banking Strategic Plan" was published by the BRSA 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.

- Türkiye announced the updated Nationally Determined Contributions (NDCs) at the 27th Conference of the Parties (COP 27) held in Sharm El Sheikh in 2022. Türkiye's target for reduction from the increase announced as 21 percent for 2030 in 2015 has been increased to 41 percent within the framework of the new NDCs. According to the new NDCs announced at COP 27, it is planned that Türkiye's greenhouse gas emissions will reach their peak in 2038 and be reduced in line with the 2053 net-zero emission target after that date. The current NDCs require significant transformations in all areas related to the climate, from energy to industry, from transportation to buildings, and from the waste sector to waste areas.

- In line with the 2053 net-zero emission target, Türkiye's Long-Term Climate Change Strategy (LCCS) and Action Plan preparatory work continued intensively in 2022 with the participation of stakeholders from all relevant industries. At the Climate Council held in February 2022, representatives of our Bank contributed to the country's targets in this area with the views they expressed. As an output of all these activities, it is aimed to prepare a strong policy document to support the necessary transformation in the industries.

- In 2022, the details of the draft of the Climate Law and the Emission Trading System (ETS) became clearer. The Climate Law is expected to enter into force in 2023 and the ETS in 2024. As TSKB, we stand behind the legislation and strategy development activities performed in the green transformation of the industry and contribute to them.

- The issue of combating climate change and compliance is an important agenda item of the TSKB Sustainability Committee as well. As one of the biggest indicators of this, we became a signatory of the Net-Zero Banking Alliance (NZBA) ✓ established by the United Nations Environment Programme Finance Initiative (UNEP-FI) in the last quarter of 2022. We are committed to align our loan and investment portfolio with our zero-emission targets by 2050 within the scope of this signatory status.

- We have completed our application to the Science Based Targets Initiative for our Scope 1-2-3 emissions; our verification process is ongoing. ✓

- We participated very actively in COP 27, as we 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 (such as MDB, IDFC, and Republic of Türkiye Pavilions).

- We followed the developments related to SDGs on a global and national scale and participate in trainings. We participated in information sharing workshops about our SDG Mapping Model with IDFC member banks and consultant organization Natisis. We carried out external assurance studies in 2022 for the audit of our SDG Mapping Model. SDGs 1, 7, 8, 9, 12, 13 and 17 were prominent among the SDGs supported through lending activities, while the share of SDG-linked loans reached 91% of total loans. ✓

#### References

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Financial Capital

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Governance Structure |  
Sustainability

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**Principle 2: Impact & 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

**2.1 Impact Analysis**

As TSKB, in line with the principles of responsible banking, we attach importance to the management of environmental impacts arising from our operational activities and the assessment of the environmental and social impacts of the projects we finance, and we continue to develop our impact analysis approach in order to evaluate the positive and negative impacts of our activities.

- In this context, developments and activities for 2022 are as follows: Implementing many first and pioneering practices in the Turkish financial sector towards Türkiye's transition to a low carbon economy, our bank has been measuring and managing its carbon footprint since 2006. In 2022, we successfully completed ISO 14001, ISO 14064, and ISO 45001 audits.

- With our banking approach prioritizing climate risks and opportunities, as a signatory of the Net-Zero Banking Alliance established by the United Nations Environment Program Finance Initiative, we have added a new one to our commitments in the global arena. With this signature, our Bank commits to align the loan and investment portfolio with the zero-emission targets by 2050. In the upcoming period, we will determine our roadmap and targets in line with our zero emission commitment until 2050 and transparently share our performance with our stakeholders.

- We are also effectively using the Climate Risks Evaluation Tool (CRET) model that we have prepared in order to include climate risks in the decision-making mechanism in our committee process. The mentioned model has been developed as a rating tool to measure the level of physical and transition risks in the financed projects. With this model, we aim to detect climate-related risks at an early stage and reduce the negative financial effects of these risks. The development of this model is also considered an important step for the process of integrating climate change-related risks into our loan evaluation, allocation, and monitoring processes by the end of 2023, which is one of the goals described in the TCFD report of our Bank. Gender sensitivity of the plans and actions we have prepared with our social expert, whom we added to our team in 2022, along with our customers within the scope of our environmental and social risk management approach is also one of the topics we pay attention to the most. In the upcoming period, we will continue our work in this field and continue to increase the awareness levels of our customers and contribute to their development with action plans

- As part of the fight against climate change, we monitor the sensitivities of the sectors in our portfolio to climate risks with the **Portfolio Heat Map** we have prepared by using the TCFD recommendations. Our application validation process to the Science Based Targets Initiative for our Scope 1- 2-3 emissions continues. The base year of our Scope 1 target in the approval process has been changed from 2020 to 2021. With the new revised target, based on 2021, we aim to reduce the Scope 1 emissions by 58.8% by 2035, keep the Scope 2 emissions at zero level by continuing to use renewable energy, and continue the Scope 3 emission calculations as regards the measurements of greenhouse gas emissions of the companies operating in carbon-intensive sectors in our portfolio.

**UNEP-FI Portfolio Impact Analysis Tool for Banks**

Within the scope of Principle 2, we conducted our impact analysis study as of the end of 2022 with the Portfolio Impact Analysis Tool for Banks developed by UNEP-FI, as in previous years.

For this, we used the third version of the tool, updated by UNEP-FI in 2022 and transitioned to a "modular" format. One of the improvements in this version is that the impact areas and matches of the tool have been updated as part of the revised Impact Radar ("Impact Radar", July 2022) (Source: <https://www.unepfi.org/impact/unep-fi-impact-analysis-tools/portfolio-tool/>)

On the implementation side, we ran the tool for our Corporate Banking (Corporate Banking and Project Finance) activities, which is one of our three main activities and has a share of 69.5% in our total assets as of end-2022. In this context, within the scope of our impact analysis, the main sectors we provide financing to are Electricity Generation (39%) (Renewable Energy: 35%), other financial service activities (10.4%), manufacture of basic metals (6.7%), electricity and gas distribution (5.2%), transportation and storage (4.4%), human health and social service activities (4.1%), accommodation activities (5.6%), real estate activities (2.9%), manufacture of textile products (2.2%), chemical and chemical products manufacturing (2.2%) and manufacture of food products (2.6%).

Based on these sectors that we predominantly finance and taking into account the priority strategic areas for Türkiye's sustainable development, we have identified the impact areas that we need to focus on within the scope of our impact analysis as follows:

- Climate Stability
- Healthy Economies

As mentioned above, since the impact areas within the Portfolio Impact Analysis Tool have been updated with the revised Impact Radar, the impact areas "Climate", "Economic Transformation" and "Resource Efficiency/Security" identified within the scope of the previous year's impact analysis are taken into consideration as follows











- Climate → Climate Stability
- Economical Transformation → Healthy Economies
- Resource Efficiency/Security → Climate Stability

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## UNEP-FI Responsible Banking Principles Reporting Index

2.2 Target Setting	<p>The targets whose realizations are ongoing within the scope of 2021 UNEP-FI Responsible Banking Principles and impact areas that were determined within the scope of the current impact analysis are as follows:</p> <table><tr><th>Impact Areas</th><th>Target</th></tr><tr><td>Healthy Economies &amp; Climate Stability</td><td>TSKB aims to provide SDG-linked financing of minimum USD 8 billion by 2030. As an intermediate goal, TSKB aims to provide SDG-linked financing of USD 3.5 billion and more by the end of 2025.</td></tr><tr><td>Healthy Economies &amp; Climate Stability</td><td>TSKB aims to keep the ratio of SDG-linked loans in the total portfolio at 90% and above from 2021 to 2025.</td></tr><tr><td>Climate Stability</td><td>Keeping the share of loans linked to climate and environment-related SDGs at 60% of the total loan portfolio</td></tr><tr><td>İklim Dengesi</td><td>İleri teknoloji destekli enerji verimliliği projeleri dahil olmak üzere iklim risklerinin azaltımı ve uyumu ile döngüsel ekonomi temalı 450 milyon ABD Doları tutarında finansman sağlamak</td></tr></table> <p>These targets in the table are further supported by our other targets and commitments under the 6 capitals, particularly natural capital and social capital, in the 2022 Integrated Annual Report. (Pages 86 and 87 of the Integrated Annual Report) The most prominent among these targets are as follows:</p> <p>- To continue working with the Science-Based Targets Initiative (SBT-i) and determine our sectoral targets for the transition to a carbon free economy (fair) by the end of 2024 within the framework of our signatory status in and commitments to the United Nations Net Zero Banking Alliance (NZBA)</p> <p>- To avoid financing greenfield coal-fired thermal power plants and coal mining investments for electricity generation purposes as part of its combat against the climate change</p>	Impact Areas	Target	Healthy Economies & Climate Stability	TSKB aims to provide SDG-linked financing of minimum USD 8 billion by 2030. As an intermediate goal, TSKB aims to provide SDG-linked financing of USD 3.5 billion and more by the end of 2025.	Healthy Economies & Climate Stability	TSKB aims to keep the ratio of SDG-linked loans in the total portfolio at 90% and above from 2021 to 2025.	Climate Stability	Keeping the share of loans linked to climate and environment-related SDGs at 60% of the total loan portfolio	İklim Dengesi	İleri teknoloji destekli enerji verimliliği projeleri dahil olmak üzere iklim risklerinin azaltımı ve uyumu ile döngüsel ekonomi temalı 450 milyon ABD Doları tutarında finansman sağlamak	Integrated Annual Report 2022 Natural Capital
Impact Areas	Target											
Healthy Economies & Climate Stability	TSKB aims to provide SDG-linked financing of minimum USD 8 billion by 2030. As an intermediate goal, TSKB aims to provide SDG-linked financing of USD 3.5 billion and more by the end of 2025.											
Healthy Economies & Climate Stability	TSKB aims to keep the ratio of SDG-linked loans in the total portfolio at 90% and above from 2021 to 2025.											
Climate Stability	Keeping the share of loans linked to climate and environment-related SDGs at 60% of the total loan portfolio											
İklim Dengesi	İleri teknoloji destekli enerji verimliliği projeleri dahil olmak üzere iklim risklerinin azaltımı ve uyumu ile döngüsel ekonomi temalı 450 milyon ABD Doları tutarında finansman sağlamak											
2.3 Plans for Target Implementation and Monitoring	<p>As detailed in article 5.3 of this report, the implementation of the UNEP-FI Principles for Responsible Banking is monitored by the collaborations with International Initiatives and Indexes Working Group among the working groups under the Sustainability Management Committee, and the Bank’s <b>Sustainability Reporting Working Group</b>  works for the annual reporting. The results of the impact analysis and the targets set are monitored by the relevant teams under the coordination of the Sustainability Reporting Working Group, and the realizations of the key performance indicators set for measuring and monitoring the targets are calculated by the SDG Mapping Working Group.</p>	Integrated Annual Report 2022  Governance Structure   Sustainability										
2.4 Progress on Implementing Targets	<p>The share of the loans targets that were set and monitored in 2021 Reporting and the loans within the scope of 2022 Reporting that contribute to the climate and environment linked SDGs in our loan portfolio is as follows:</p> <table><tr><th>Target</th><th>Realization</th></tr><tr><td>TSKB aims to provide SDG-linked financing of minimum USD 8 billion by 2030. As an intermediate goal, TSKB aims to provide SDG-linked financing of USD 3.5 billion and more by the end of 2025.</td><td><b>SDG-linked financing of USD 2.2 billion has been extended since 2021, including USD 1.1 billion in 2022. Progress is in line with the target.</b> </td></tr><tr><td>TSKB aims to keep the ratio of SDG-linked loans in the total portfolio at 90% and above from 2021 to 2025.</td><td><b>In 2022, the ratio of SDG-linked loans in the total portfolio was 91%.</b> </td></tr><tr><td>TSKB aims to keep the share of loans linked to climate and environment-focused SDGs at 60% of the total loan portfolio.</td><td><b>The ratio of loans contributing to climate and environment focused SDGs in was 60%.</b> </td></tr></table> <p>Realization of the new target added with the 2022 report will be provided in the 2023 year-end report.</p>	Target	Realization	TSKB aims to provide SDG-linked financing of minimum USD 8 billion by 2030. As an intermediate goal, TSKB aims to provide SDG-linked financing of USD 3.5 billion and more by the end of 2025.	<b>SDG-linked financing of USD 2.2 billion has been extended since 2021, including USD 1.1 billion in 2022. Progress is in line with the target.</b> 	TSKB aims to keep the ratio of SDG-linked loans in the total portfolio at 90% and above from 2021 to 2025.	<b>In 2022, the ratio of SDG-linked loans in the total portfolio was 91%.</b> 	TSKB aims to keep the share of loans linked to climate and environment-focused SDGs at 60% of the total loan portfolio.	<b>The ratio of loans contributing to climate and environment focused SDGs in was 60%.</b> 	Integrated Annual Report 2022  Natural Capital		
Target	Realization											
TSKB aims to provide SDG-linked financing of minimum USD 8 billion by 2030. As an intermediate goal, TSKB aims to provide SDG-linked financing of USD 3.5 billion and more by the end of 2025.	<b>SDG-linked financing of USD 2.2 billion has been extended since 2021, including USD 1.1 billion in 2022. Progress is in line with the target.</b> 											
TSKB aims to keep the ratio of SDG-linked loans in the total portfolio at 90% and above from 2021 to 2025.	<b>In 2022, the ratio of SDG-linked loans in the total portfolio was 91%.</b> 											
TSKB aims to keep the share of loans linked to climate and environment-focused SDGs at 60% of the total loan portfolio.	<b>The ratio of loans contributing to climate and environment focused SDGs in was 60%.</b> 											

**Principle 3: Clients and Customers**

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

<p>3.1 The policies and practices the bank has in place and/ or is planning to put in place to promote responsible relationships with its customers</p>	<p>We encourage our customers to adopt sustainable and responsible practices. By anticipating changing conditions, our Bank recognizes and defines the needs of its customers and produces need-oriented solutions.</p> <p>Reflecting an integrated perspective on its strategy and all business processes, our bank adopts an inclusive approach that takes into account the priorities and expectations of its stakeholders when determining material issues. Accordingly, within the scope of the activity cycle, we regularly carry out analyses in order to harmonize our strategic and material issues with the opinions of all our stakeholder groups and provide information about our approach to these issues in reporting processes.</p> <p>We support our customers in all matters they need, with appropriate and diverse financing resources, and high-quality investment banking and advisory services, and help our customers transition to more sustainable practices and business models. We diversify and develop innovative products, initiatives and information sharing channels for environmental and social development for our customers, within the scope of our sustainable and responsible banking approach.</p> <p>In parallel with our 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.</p>	<p>Integrated Annual Report 2022</p> <p>Stakeholder Participation and Materiality Analysis</p>
<p>3.2 How the 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>In 2022, we continued our activities in corporate banking, investment banking and advisory services by implementing the following innovative tools and ESG products, conducting theme studies and executing innovative projects.</p> <ul style="list-style-type: none"> <li>- In 2022, we published TSKB Responsible Sustainability Communication Policy for the first time in finance sector. ✅ With this policy published by our Bank as a guide, we aim to raise awareness for the segregation of value added steps taken for a sustainable future in all sectors.</li> <li>- Within Innovative ESG Products - Investment Banking Working Group established in 2021 to develop sustainable labeled products on behalf of our customers and work to implement similar applications in our Bank and our subsidiary Yatırım Finansman by following the examples of good practices in the world, we have followed sustainable and green labeled products and developments in the world and Turkish capital markets, participated as speakers in organizations related to this issue, and cared for stakeholder cooperation.</li> <li>- We continued to follow the developments in the EU Green Deal and support our customers in parallel with the developments within the scope of the EU Green Deal with all our business lines.</li> <li>- We became the first bank in the finance sector to implement afforestation by aerial seeding, in cooperation with the social enterprise Ecording, in order to restore the forests lost by the fires. Within the scope of this project, which is indexed to our investment loans, we planted a total of 86,000 seeds on hard-to-reach lands by means of ecodrones in 2022.</li> <li>- In line with our vision of supporting inclusive development, we continued to take responsibility for increasing women's employment and promoting equal opportunities in business life in Türkiye. In addition to our lending activities, we continued our impact in corporate environment in 2022 with social responsibility projects such as "Equal Steps", "Empowerment Through Education Scholarship Fund", and "Women Stars of Tomorrow".</li> <li>- Within the scope of the World Bank Inclusive Access to Finance Project, Gender Bias Analysis survey applications have been completed.</li> <li>- In 2022, we have added special surveys, which focus on measuring gender equality practices, to the activities we carry out to increase awareness in the real sector. The survey was shared with our Bank's customer portfolio. In addition to our environmental focus, our socially-oriented investments continued to strengthen during the year with both lending activities and social responsibility projects</li> </ul>	<p>Integrated Annual Report 2022</p> <p>Social Capital</p> <p>Governance Structure   Sustainability</p> <p>Social Capital</p>



## UNEP-FI Responsible Banking Principles Reporting Index

### Principle 4: Stakeholders

We will proactively and responsibly consult, engage and partner with relevant stakeholders to achieve society's goals

4.1 Which stakeholders (or groups/ types of stakeholders) the bank has consulted, engaged, collaborated or partnered with for the purpose of implementing these Principles and improving the bank's impacts

Our Bank is a private development and investment bank which provides services for green transformation in cooperation with all stakeholders in both sustainable development financing, as well as in investment banking and advisory.

As elaborated on pages 38-39 and 109-110 of the 2022 Integrated Annual Report, TSKB supports numerous national and international initiatives (IDFC, UNEP-FI, TCFD, UNGC, IIF, ELTI, LTIC, I4CE, ADFIMI, etc.) and declarations, and participates in or chairs the working groups.

In this context, we took the following actions in 2022 within the scope of compliance with the Responsible Banking Principles and in order to improve their impact, and continued to develop collaborations with our relevant stakeholders.

- In 2022, we provided nearly USD 650 million in funding from five different development finance institutions. 🟢 A major part of this funding was climate finance-themed. While inclusiveness takes its place in our mainstream themes, we have added the circular economy, which we think will become even more widespread in the medium and long term, into our financing themes.
- New Theme Working Group, which was established as a sub-unit of the Funds Management Committee, as well as the affiliated sub-working groups on European Green Deal, Circular Economy and Adaptation to Climate Change continued their works in 2022. Created with the efforts of theme groups and communicated with external stakeholders, the reports were updated with developments in 2022, and theme update reports were prepared. In addition, the *Sustainable Food Systems Theme Study Report* was published in 2022 🟢
- As **TSKB Economic Research**, in our publications, we continued to attach special importance to the discussions on the climate crisis and the European Green Deal in 2022, as we did in 2021. We offered insights into the latest developments in the European Green Deal with the study named "Deal? The Latest Developments in the European Green Deal and Green Transformation." 🟢
- For the report titled "*Energy Outlook 2022*" prepared by **TSKB Energy Working Group** and published in December, 🟢 it was deemed appropriate to publish a report with a more compact content and outlining the developments in Türkiye in 2022, when developments that could be characterized as a crisis in the energy sector were experienced and economic turmoil affected the whole world.
- *The Business World Plastics Initiative-The Plastics Commitments Progress Report*, which includes our performance for 2022, was published last year. 🟢
- We continued our efforts on gender equality, climate change, biodiversity, compliance with SDGs, and similar issues in 2022 within the International Development Finance Club (IDFC), of which TSKB has been an active member since 2011 and became a member of the Management Committee in 2019. The main highlights during the year are as follows:
  - We focused on the action plans proposed in the "*IDFC Collective Roadmap*" report, 🟢 which was started to be prepared in 2021 and published in 2022 by the Frankfurt School of Finance and Management within the business plan of the IDFC Gender Equality Working Group, of which our bank is the chief coordinator.
  - We contributed to the "*SDG Alignment*" study, which was conducted with Natixis advisory firm in the IDFC on compliance with SDGs and published in December 2022.) 🟢
- In 2022, we continued to serve as the Chair of the TBB Sustainability Working Group, which was established in 2020. Within this framework, presentations to share experiences on Sustainability issues were delivered by Banks every month, and BRSA officials also participated in these meetings as guests. Some of the presentations presented in the meetings can be accessed from [here](#).
- During the year, studies were carried out to prepare a Guide on the "Preparation of Heat Map Methodologies and Creation of a Green Asset Ratio." The Sustainability Sub-Working Group has been established specifically on this topic and the said working group convenes monthly with the BRSA officials. At each meeting, the green asset technical criteria studies on a sectoral basis have been presented for discussion by one or more banks. It is expected that the guide study will be completed in February 2023.
- In 2022, a round table meeting titled "Türkiye Transition Finance Workshop" was organized in cooperation with the Institute of International Finance (IIF) and hosted by TBB. At the meeting, the environmental transformation process in Türkiye was discussed and five banks, including our Bank, made presentations on the planning and implementation of the transition to Net Zero and exchanged views with the World Bank, IIF, MC Kinsey, and GFANZ officials

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Intellectual & Manufactured Capital

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**Principle 5: Governance and Culture**

We will implement our commitment to these Principles through effective governance and a culture of responsible banking.

<p>5.1 The relevant governance structures, policies and procedures the 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>All sustainability efforts across the Bank are managed by the Sustainability Committee, which was established in 2014 and consists of 4 Board Members, CEO and 2 Executive Vice Presidents as of the end of 2022. ✓</p> <p>Sustainability Committee convened 3 times in 2022 to ensure the coordination of business plans and activities created within the scope of our strategy, vision, and goals in sustainability, closely monitor the activities of the sustainability management committee and working groups.</p> <p>Our sustainability activities are carried out by 11 Working Groups affiliated to the Sustainability Management Committee. In this context, we categorize our activities under four main headings: Strategy, Corporate Governance, Environment and Climate, and Social Impact and Inclusion. ✓</p> <p>In 2022, we updated TSKB's Sustainability Policy and seven supporting policy documents in the light of global sustainability standards, sustainability indices and other developments of priority. In addition to the auxiliary policies, we published the TSKB Responsible Communication Policy in 2022. ✓ With this policy, which is a first in our country, we have determined the principles that take into account the understanding of sustainability and responsible banking in our brand communication activities.</p> <p>As of the end of 2022, 69 people from TSKB's 23 departments took part in Committees and Working Groups. This represents 18% 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.</p> <p>In addition, we have been included in the newly established BIST25 Sustainability Index by maintaining our place in the BIST Sustainability Index in 2022. A new methodology was applied by the external consultant Refinitiv company, which started to evaluate the ESG performance of the companies included in the index in 2022. In accordance with this methodology, we conducted gap analysis and action plan studies and increased our rating to A. ✓</p> <p>Our Sustainability ESG Risk Rating, which was updated in November, 2022, was determined as 7.9, and our risk category was determined as "negligible risk" As of the date of publication, our Bank, which was ranked first among Turkish Banks, was ranked 12th among international development banks, 15th in the global banking industry, and 60th among about 15 thousand institutions evaluated by Sustainability. ✓</p> <p>Our Bank, which is the only Turkish institution listed in the list of Sustainability Top 50, has also been included in the list of best institutions in its sector and region. ✓</p>	<p>Integrated Annual Report 2022</p> <p>Governance Structure   Sustainability</p> <p><i>TSKB Responsible Corporate Communications Policy</i></p> <p>Natural Capital</p>
<p>5.2 The initiatives and measures the bank has implemented or is planning to implement to foster a culture of responsible banking among its employees</p>	<p>We continued to provide trainings to our Bank and related subcontractors in order to increase OHS and sustainability awareness within the Working Group established to monitor and evaluate the internal environmental impacts and occupational health and safety performances of our Bank.</p> <p>Within this framework, we designed the Sustainability Development Program with the contributions of our subsidiary Escarus and relevant departments order to increase the level of knowledge and awareness of our employees on sustainability, one of our most important fields of activity.</p> <p>We carried out various training and development activities to improve not only the technical and professional knowledge but also the personal skills of our employees. In 2022, we provided approximately 51.3 hours of training per person on average. ✓</p>	<p>Integrated Annual Report 2022</p> <p>Governance Structure   Sustainability</p> <p>Human Capital</p>
<p>5.3 Governance Structure for Implementation of the Principles</p>	<p>The implementation and reporting of the UNEP-FI Principles for Responsible Banking is coordinated by the Reporting Working Group with the support of other relevant working groups.</p> <p>The monitoring of the targets set for the impact areas analyzed within the scope of the Principles is also under the responsibility of these working groups and coordination is ensured internally and externally. Compliance with the UNEP-FI Principles for Responsible Banking is supported by the Bank's decisions, policies, targets, collaborations and memberships. As one of the leading institutions supporting the Task Force on Climate-Related Financial Disclosures (TCFD), In 2022, we also joined the Net-Zero Banking Alliance (NZBA) initiative. ✓</p> <p>In the event that the set targets are not achieved or unexpected negative impacts are identified, the Reporting Working Group, in synergy with the relevant working groups, will make a comprehensive assessment and inform the members of the Sustainability Committee and the Sustainability Management Committee in the light of the findings obtained, and will carry out studies to determine the issues to be managed implement the remedial action plans to be taken.</p>	<p>Integrated Annual Report 2022</p> <p>Natural Capital</p>

## UNEP-FI Responsible Banking Principles Reporting Index

### 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

#### 6.1 Progress in the Application of Responsible Banking Principles

In 2022, when there were many important developments in reporting, our Bank continued to provide capacity development with the close follow-up and active feedback participation of the Sustainability Reporting Working Group. In the rapidly changing and developing reporting environment, we aim to closely follow the innovations in the upcoming period, reflect them in our reporting activities, and continue to inspire in the field of transparency, which is the impact force of our sector.

- Our Bank took its place among the "Early Adopter" institutions by switching 1 year in advance to the Communication on Progress (CoP) reporting revised by the UN Global Compact. ✓

- Last year, we increased our rating to "A-", the "leadership" level, in the CDP (Carbon Disclosure Project) Climate Change Program reporting, where the biodiversity, water, and forests topics had also been included. ✓

As a result of the improvements we made during the year and the strong ESG performance, our Sustainalytics ESG Risk Rating was determined as 7.9, and our risk category was determined as "negligible risk." As of the date of publication, our Bank, which was ranked first among Turkish Banks, was ranked 12th among international development banks, 15th in the global banking industry, and 60th among about 15 thousand institutions evaluated by Sustainalytics. ✓

The Climate Risks Working Group built a capacity and carried out several studies, both within the framework of physical and transition risks and in line with TCFD recommendations, to measure project and portfolio risks, conduct scenario analyses, and integrate them into decision-making mechanisms by reporting transparently

- The Climate Risks Working Group built a capacity and carried out several studies, both within the framework of physical and transition risks and in line with TCFD recommendations, to measure project and portfolio risks, conduct scenario analyses, and integrate them into decision-making mechanisms by reporting transparently

- With our climate friendly banking, as a signatory of the Net-Zero Banking Alliance established by the United Nations Environment Program Finance Initiative, we have added a new one to our commitments in the global arena. In line with the 1.5°C target of the Paris Climate Agreement, we will align our loan and investment portfolio with net-zero emission targets by 2050. We will continue to guide our sector by following the principles of transparency and accountability, and science-based guidelines in our sustainable banking journey and setting our targets before 2030 in accordance with the Net-Zero Banking framework.

- In 2020, we published the third UNEP-FI Principles for Responsible Banking Report, ✓ which we first published in 2021, and we published the progress we have made towards the implementation of the goals we set as a result of the impact analysis study we conducted in 2021.

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*CDP Report 2022*

*Climate Risk Report*

## GRI Index

CONTENT INDEX  
ESSENTIALS SERVICE

2023

Content Index - Basic Service, the GRI Services team reviewed that the GRI Content Index was presented in a clear and consistent manner in line with the standards and references to disclosures 2-1 to 2-5, 3-1 and 3-2 were consistent with the relevant sections of the report. The service was performed on the Turkish version of the Report.

<b>GRI Content Index</b>		
<b>Statement of Use</b>		
TSKB reported the period between January 1 - December 31, 2022, in line with the GRI Content Index - Basic Standards.		
<b>GRI 1</b>		
GRI 1: Foundation 2021		
<b>GRI STANDARD</b>	<b>EXPLANATIONS</b>	<b>DEPARTMENT</b>
<b>GENEL AÇIKLAMALAR</b>		
	<b>Organization and Reporting Applications</b>	
	2-1 Organizational details	Türkiye Sınai Kalkınma Bankası A.Ş. (TSKB) Head Office Meclisi Mebusan Cad. No: 81 Fındıklı 34427 İstanbul  About the Report, page 10-11 Corporate Profile, page 12-13
	2-2 Entities included in the organization's sustainability reporting	Corporate Profile, page 12-13 Financial Capital, page 54-75 Intellectual and Produced Capital, page 100-113 Consolidated Statements and Independent Audit Report, page 279-371
	2-3 Reporting period, frequency and contact point	Annual  Contact: ir@tskb.com.tr surdurulebilirlik@tskb.com.tr <a href="https://www.tskb.com.tr/hakimizda/iletisim/iletisim-formu">https://www.tskb.com.tr/hakimizda/iletisim/iletisim-formu</a>
	2-4 Restatements of information	None.
	2-5 External assurance	About the Report, page 10-11 Compliance Opinions, page 144-163
	<b>Activities and Employees</b>	
	2-6 Activities, value chain and other business relations	Corporate Profile, page 12-13 Value Created, page 14-15
	2-7 Employees	Human Capital, page 76-85
	2-8 Workers who are not employees	Human Capital, page 76-85
	<b>Governance</b>	
	2-9 Governance structure and composition	Governance Structure, page 34-42 Board of Directors, page 122-125 Senior Management, page 126-128
	2-10 Nomination and selection of the highest governance body	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.  Governance Structure, page 34-42 Board of Directors, page 122-125 Senior Management, page 126-128 Corporate Governance Compliance Report, page 130-133 Bank's Articles of Association: <a href="https://www.tskb.com.tr/i/content/161_1_TSKB_Esas_Sozlesme_2019.pdf">https://www.tskb.com.tr/i/content/161_1_TSKB_Esas_Sozlesme_2019.pdf</a>
	2-11 Chair of the highest governance body	The Chairman of the Board of Directors has no executive duties.
	2-12 Role of the highest governance body in overseeing the management of impacts	Governance Structure, page 34-42 Board of Directors, page 122-125 Senior Management, page 126-128
	2-13 Delegation of responsibility for managing impacts	Governance Structure, page 34-42 Board of Directors, page 122-125 Senior Management, page 126-128
	2-14 Role of the highest governance body in sustainability reporting	Governance Structure, page 34-42

GRI 102: General Explanations  
2021

## GRI Index

GRI STANDARD	EXPLANATIONS	DEPARTMENT
GRI 102: General Explanations 2021	2-15 Conflicts of interest	Corporate Governance Compliance Report, page 130-133 <a href="https://www.tskb.com.tr/uploads/file/093fbe3122048a816bc3d9dad5dfd76-1631012659837.pdf">https://www.tskb.com.tr/uploads/file/093fbe3122048a816bc3d9dad5dfd76-1631012659837.pdf</a>
	2-16 Communication of critical issues	Stakeholder Participation and Materiality Analysis, page 27-33 Governance Structure, page 34-42 External Factors, page 43-53
	2-17 Collective knowledge of the highest governance body	Governance Structure, page 34-42 Board of Directors, page 122-125 Senior Management, page 126-128
	2-18 Evaluation of the performance of the highest governance body	Governance Structure, page 34-42
	2-19 Remuneration policies	Human Capital, page 76-85 Corporate Governance Compliance Report, page 130-133 Remuneration Policy: <a href="https://www.tskb.com.tr/uploads/file/83c848037befb1a2d64ffef29e9f9e3-1631013502069.pdf">https://www.tskb.com.tr/uploads/file/83c848037befb1a2d64ffef29e9f9e3-1631013502069.pdf</a>
	2-20 Process to determine remuneration	Human Capital, page 76-85 Corporate Governance Compliance Report, page 130-133 Remuneration Policy: <a href="https://www.tskb.com.tr/uploads/file/83c848037befb1a2d64ffef29e9f9e3-1631013502069.pdf">https://www.tskb.com.tr/uploads/file/83c848037befb1a2d64ffef29e9f9e3-1631013502069.pdf</a> Unconsolidated Statements and Independent Audit Report, page 147
	2-21 Annual total compensation ratio	Corporate Governance Compliance Report, page 130-133 Unconsolidated Statements and Independent Audit Report, page 147 Consolidated Statements and Independent Audit Report, page 279-371
	<b>Strategy, Policies and Practices</b>	
	2-22 Statement on sustainable development strategy	Message from the Chairperson, page 18-19 Message from the CEO, page 20-23 Strategic Plan, page 26 <a href="https://www.tskb.com.tr/hizmetler/surdurulebilir-bankacilik/politikamiz/surdurulebilirlik-politikamiz">https://www.tskb.com.tr/hizmetler/surdurulebilir-bankacilik/politikamiz/surdurulebilirlik-politikamiz</a>
	2-23 Policy commitments	<a href="https://www.tskb.com.tr/yatirimci-iliskileri/kurumsal-yonetim">https://www.tskb.com.tr/yatirimci-iliskileri/kurumsal-yonetim</a>
	2-24 Integrating policy commitments	Strategy, Performance and Expectations, page 26-119 Corporate Governance and Risk Management, page 122-141
	2-25 Processes to remediate negative impacts	Strategy, Performance and Expectations, page 26-119 Corporate Governance and Risk Management, page 122-141 UNEP-FI Principles for Responsible Banking Reporting Index, page 166-172
	2-26 Mechanisms for seeking advice and raising concerns	Strategy, Performance and Expectations, page 26-119 Corporate Governance and Risk Management, page 122-141
	2-27 Compliance with laws and regulations	TSKB considers complying with all laws and regulations while carrying out its activities, preventing corruption in commercial relations with stakeholders, and maintaining its activities in the light of ethical rules as a corporate governance approach. During the reporting period, no illegal development occurred.  Audit Committee Report, page 140-141 Sustainability, page 34-41 Intellectual and Produced Capital, page 100-113 Social Capital, page 114-119
	2-28 Corporate Memberships	
	<b>Stakeholder Engagement</b>	
	2-29 Stakeholder engagement approach	Stakeholder Participation and Materiality Analysis, page 27-33 Accepts the principles of international conventions to which our country is a party and accepted, such as the Universal Declaration of Human Rights, the International Labor Organization (ILO) Basic Principles and Rights at Work, the UN Sustainable Development Goals and the United Nations Convention against Corruption, and all activities are based on human rights, in accordance with basic principles such as labor rights and social justice. As of the end of 2022, there is no Collective Bargaining Agreement at TSKB.
	2-30 Collective bargaining agreements	

GRI STANDARD MATERIAL TOPICS	EXPLANATIONS	DEPARTMENT
GRI 3: Materiality Topics 2021	3-1 Process to determine material topics	Stakeholder Participation and Materiality Analysis, page 27-33
	3-2 Material topics list	Stakeholder Participation and Materiality Analysis, page 27-33
<b>GRI 200: ECONOMIC STANDARD SERIES</b>		
	<b>Sustainable Financial Performance</b>	
GRI 3: Materiality Topics 2021	3-3 Management of materiality topics	Value Created, page 14-15 Key Financial and Non-Financial Indicators, page 16-17 Message from the Chairperson, page 18-19 Message from the CEO, page 20-23 Stakeholder Participation and Materiality Analysis, page 27-33 Financial Capital, page 54-75 Human Capital, page 76-85 Social Capital, page 114-119
GRI 201: Economic Performance 2016	201-1 Direct economic value generated and distributed	Value Created, page 14-15 Key Financial and Non-Financial Indicators, page 16-17 Financial Capital, page 54-75
	202-1 Ratios of standard entry level wage by gender compared to local minimum wage	Natural Capital, page 86-99 TCFD Statement Table, page 183
	201-3 Defined benefit plan obligations and other retirement plans	Unconsolidated Statements and Independent Audit Report, page 191-277 Consolidated Statements and Independent Audit Report, page 279-371 Explanation on employee rights obligations (page 24)
	201-4 Financial aid from the government	No financial aids have been received from the government during the reporting period.
GRI 202: Market Presence 2016	202-1 Ratios of standard entry-level wage to local minimum wage by gender	At TSKB, the standard starting level wages of all employees are above the local minimum wage. Human Capital, page 76-85
	202-2 Proportion of senior management hired from local community	All members of TSKB Senior Management are Turkish citizens. Board of Directors, page 122-125 Senior Management, page 126-128 Directors, page 129
	203-1 Infrastructure investments and services supported	Financial Capital, page 54-75 Natural Capital, page 86-99
GRI 203: Indirect Economic Impacts 2016	203-2 Significant indirect economic impacts	Value Created, page 14-15 Financial Capital, page 54-75
<b>Ethics, Compliance and Anti-Corruption</b>		
GRI 3: Materiality Topics 2021	3-3 Management of materiality topics	Stakeholder Participation and Materiality Analysis, page 27-33 Corporate Governance Compliance Report, page 130-133  <a href="http://www.tskb.com.tr/i/assets/document/pdf/rusvet-ve-yolsuzlukla-mucadele-politikasi.pdf">http://www.tskb.com.tr/i/assets/document/pdf/rusvet-ve-yolsuzlukla-mucadele-politikasi.pdf</a>
GRI 205: Anti-Corruption 2016	205-1 Operations assessed for risks related to corruption	Combating Bribery and Corruption Policy of TSKB: <a href="https://www.tskb.com.tr/uploads/file/a78862e98f57e2b2a57bf71b7e525a76-1635871211074.pdf">https://www.tskb.com.tr/uploads/file/a78862e98f57e2b2a57bf71b7e525a76-1635871211074.pdf</a>  2022 Results: <a href="https://www.tskb.com.tr/uploads/file/2022-sonuclari.pdf">https://www.tskb.com.tr/uploads/file/2022-sonuclari.pdf</a>

## GRI Index

GRI STANDARD	EXPLANATIONS	DEPARTMENT
	<b>Competitive Behavior</b>	
GRI 3: Materiality Topics 2021	3-3 Management of materiality topics	Stakeholder Participation and Materiality Analysis, page 27-33 Corporate Governance Compliance Report, page 130-133
GRI 206: Anti-Competitive Behavior 2016	206-1 Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	Corporate Governance Compliance Report, page 130-133 Other Major Updates on Corporate Operations, page 136
	<b>Management of Climate Risks and Opportunities</b>	
GRI 3: Materiality Topics 2021	3-3 Management of materiality topics	Stakeholder Participation and Materiality Analysis, page 27-33 Natural Capital, page 86-99
GRI 302: Energy 2016	302-1 Energy consumption within the organization	Natural Capital, page 86-99
	302-3 Energy density	Natural Capital, page 86-99
	302-4 Reducing energy consumption	Natural Capital, page 86-99
GRI 303: Water and Wastewater 2018	303-5 Water consumption	Natural Capital, page 86-99
GRI 305: Emissions 2016	305-1 Direct greenhouse gas (GHG) emissions (Scope 1)	Natural Capital, page 86-99
	305-2 Indirect greenhouse gas (GHG) emissions (Scope 2)	Natural Capital, page 86-99
	305-3 Other indirect greenhouse gas (GHG) emissions (Scope 3)	Natural Capital, page 86-99
	305-5 Reduction of greenhouse gas (GHG) emissions	Natural Capital, page 86-99
GRI 306: Waste 2020	306-2 Management of waste-related impacts	Natural Capital, page 86-99
	<b>Responsible Sourcing and Supply Chain</b>	
GRI 3: Materiality Topics 2021	3-3 Management of materiality topics	Stakeholder Participation and Materiality Analysis, page 27-33 Natural Capital, page 86-99  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.  <a href="http://www.tskb.com.tr/hizmetler/surdurulebilir-bankacilik/politikamiz/tskb-surdurulebilir-tedarik-yonetimi-politikasi">http://www.tskb.com.tr/hizmetler/surdurulebilir-bankacilik/politikamiz/tskb-surdurulebilir-tedarik-yonetimi-politikasi</a>
GRI 308: Supplier Assessment in Line with Environmental Criteria 2016	308-1 New suppliers monitored according to environmental criteria	Natural Capital, page 86-99  Although suppliers are expected to observe their environmental impacts, environmental audits are not applied for our suppliers that do not have a high environmental impact.  <a href="http://www.tskb.com.tr/hizmetler/surdurulebilir-bankacilik/politikamiz/tskb-surdurulebilir-tedarik-yonetimi-politikasi">http://www.tskb.com.tr/hizmetler/surdurulebilir-bankacilik/politikamiz/tskb-surdurulebilir-tedarik-yonetimi-politikasi</a>



GRI STANDARD	EXPLANATIONS	DEPARTMENT
	<b>Competent Human Capital</b>	
GRI 3: Materiality Topics 2021	3-3 Management of materiality topics	Stakeholder Participation and Materiality Analysis, page 27-33 Human Capital, page 76-85
	401-1 New hires and employee turnover	Human Capital, page 76-85
GRI 401: Employment 2016	401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	Human Capital, page 76-85
	401-3 Maternity Leave	All employees at TSKB are full-time employees. Human Capital, page 76-85
	<b>Employee Engagement, Employee and Human Rights</b>	
GRI 3: Materiality Topics 2021	3-3 Management of materiality topics	Stakeholder Participation and Materiality Analysis, page 27-33 Human Capital, page 76-85
		<a href="https://www.tskb.com.tr/hizmetler/surdurulebilir-bankacilik/politikamiz/tskb-is-sagligi-ve-guvenligi-politikasi">https://www.tskb.com.tr/hizmetler/surdurulebilir-bankacilik/politikamiz/tskb-is-sagligi-ve-guvenligi-politikasi</a> Human Capital, page 76-85
GRI 403: Occupational Health and Safety 2018	4003-1 Occupational health and safety management system	TSKB ensures full compliance with its ISO 45001 Occupational Health and Safety Management System standards.
	403-2 Hazard identification, risk assessment, and incident investigation	<a href="https://www.tskb.com.tr/hizmetler/surdurulebilir-bankacilik/politikamiz/tskb-is-sagligi-ve-guvenligi-politikasi">https://www.tskb.com.tr/hizmetler/surdurulebilir-bankacilik/politikamiz/tskb-is-sagligi-ve-guvenligi-politikasi</a> There were no injuries, accidents, occupational diseases and work-related deaths during the reporting period.
	403-3 Occupational health services	Due to the nature of TSKB's activities, there is no risk of work accident or occupational disease.
GRI 404: Training and Education 2016	404-1 Average annual training hours per employee	Human Capital, page 76-85
	404-2 Programs for upgrading employee skills and transition assistance programs	Human Capital, page 76-85
	<b>Equal Opportunity and Diversity</b>	
GRI 3: Materiality Topics 2021	3-3 Management of materiality topics	Stakeholder Participation and Materiality Analysis, page 27-33 Human Capital, page 76-85
		<a href="https://www.tskb.com.tr/hizmetler/surdurulebilir-bankacilik/politikamiz/tskb-insan-haklari-politikasi">https://www.tskb.com.tr/hizmetler/surdurulebilir-bankacilik/politikamiz/tskb-insan-haklari-politikasi</a> Human Capital, page 76-85
GRI 405: Equal Opportunity and Diversity 2016	405-1 Diversity of governance bodies and employees	Board of Directors, page 122-125 Senior Management, page 126-128
	405-2 Ratio of basic salary and remuneration of women to men	Human Capital, page 76-85
		At TSKB, there is no gender-based discrimination for employee wages. As of the end of 2022, the gender wage gap is 0.008.
GRI 406: Non-Discrimination 2016	406-1 Incidents of discrimination and corrective actions taken	There were no cases of discrimination during the reporting period.
GRI 303: WATER AND GRI 407: Collective Bargaining and Union Right 2016	407-1 Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	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.
GRI 408: Child Labor 2016	408-1 Operations and suppliers at significant risk for incidents of child labor	TSKB never employs child labor. TSKB expects its suppliers to comply with the age provisions specified in the relevant laws and regulations.
GRI 409: Forced/Compulsory Labor 2016	409-1 Operations and suppliers at significant risk for incidents of forced or compulsory labor	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. <a href="http://www.tskb.com.tr/hizmetler/surdurulebilir-bankacilik/politikamiz/tskb-surdurulebilir-tedarik-yonetimi-politikasi">http://www.tskb.com.tr/hizmetler/surdurulebilir-bankacilik/politikamiz/tskb-surdurulebilir-tedarik-yonetimi-politikasi</a>

## GRI Index

GRI STANDARD	EXPLANATIONS	DEPARTMENT
	<b>Cyber Security and Data Privacy</b>	
GRI 3: Materiality Topics 2021	3-3 Management of materiality topics	Stakeholder Participation and Materiality Analysis, page 27-33 Intellectual and Produced Capital, page 100-113 <a href="https://www.tskb.com.tr/yatirimci-iliskileri/kurumsal-yonetim">https://www.tskb.com.tr/yatirimci-iliskileri/kurumsal-yonetim</a>
GRI 418: Customer Privacy 2016	418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	There are no complaints about breach of customer privacy and loss of customer data.
	<b>Digital Transformation and Agility</b>	
GRI 3: Materiality Topics 2021	3-3 Management of materiality topics	Stakeholder Participation and Materiality Analysis, page 27-33 Intellectual and Produced Capital, page 100-113
	<b>Environmental and Social Impact Monitoring and Reporting</b>	
GRI 3: Materiality Topics 2021	3-3 Management of materiality topics	Stakeholder Participation and Materiality Analysis, page 27-33 Financial Capital, page 54-75 Natural Capital, page 86-99
	<b>Effective Risk Management</b>	
GRI 3: Materiality Topics 2021	3-3 Management of materiality topics	Stakeholder Participation and Materiality Analysis, page 27-33 Risk Management Policies, page 137-138
	<b>Innovation</b>	
GRI 3: Materiality Topics 2021	3-3 Management of materiality topics	Stakeholder Participation and Materiality Analysis, page 27-33 Intellectual and Produced Capital, page 100-113
	<b>Customer Experience</b>	
GRI 3: Materiality Topics 2021	3-3 Management of materiality topics	Stakeholder Participation and Materiality Analysis, page 27-33 Intellectual and Produced Capital, page 100-113 <a href="https://www.tskb.com.tr/yatirimci-iliskileri/kurumsal-yonetim">https://www.tskb.com.tr/yatirimci-iliskileri/kurumsal-yonetim</a>
	<b>Stakeholder Capitalism and International Cooperation</b>	
GRI 3: Materiality Topics 2021	3-3 Management of materiality topics	Stakeholder Participation and Materiality Analysis, page 27-33 Sustainability, page 34-41 WEF Stakeholder Capitalism Index, page 181-182
	<b>Supporting the UN SDGs</b>	
GRI 3: Materiality Topics 2021	3-3 Management of materiality topics	Stakeholder Participation and Materiality Analysis, page 27-33
	<b>Corporate Social Responsibility</b>	
GRI 3: Materiality Topics 2021	3-3 Management of materiality topics	Stakeholder Participation and Materiality Analysis, page 27-33 Social Capital, page 114-119

## UNGC Index

<b>Principle 1</b>	Human Capital/Human Resources Principles <a href="https://www.tskb.com.tr/en/services/sustainable-banking/our-policy/tskb-human-rights-policy">https://www.tskb.com.tr/en/services/sustainable-banking/our-policy/tskb-human-rights-policy</a>
<b>Principle 2</b>	Human Capital/Human Resources Principles <a href="https://www.tskb.com.tr/en/services/sustainable-banking/our-policy/tskb-human-rights-policy">https://www.tskb.com.tr/en/services/sustainable-banking/our-policy/tskb-human-rights-policy</a> <a href="https://www.tskb.com.tr/en/services/sustainable-banking/our-policy/tskb-occupational-health-and-safety-policy">https://www.tskb.com.tr/en/services/sustainable-banking/our-policy/tskb-occupational-health-and-safety-policy</a>
<b>Principle 3</b>	Human Capital/Human Resources Principles <a href="https://www.tskb.com.tr/en/services/sustainable-banking/our-policy/tskb-human-rights-policy">https://www.tskb.com.tr/en/services/sustainable-banking/our-policy/tskb-human-rights-policy</a>
<b>Principle 4</b>	Human Capital/Human Resources Principles <a href="https://www.tskb.com.tr/en/services/sustainable-banking/our-policy/list-of-activities-not-funded-by-tskb">https://www.tskb.com.tr/en/services/sustainable-banking/our-policy/list-of-activities-not-funded-by-tskb</a> <a href="https://www.tskb.com.tr/en/services/sustainable-banking/our-policy/tskb-human-rights-policy">https://www.tskb.com.tr/en/services/sustainable-banking/our-policy/tskb-human-rights-policy</a>
<b>Principle 5</b>	Human Capital/Human Resources Principles <a href="https://www.tskb.com.tr/en/services/sustainable-banking/our-policy/list-of-activities-not-funded-by-tskb">https://www.tskb.com.tr/en/services/sustainable-banking/our-policy/list-of-activities-not-funded-by-tskb</a> <a href="https://www.tskb.com.tr/en/services/sustainable-banking/our-policy/tskb-human-rights-policy">https://www.tskb.com.tr/en/services/sustainable-banking/our-policy/tskb-human-rights-policy</a>
<b>Principle 6</b>	Human Capital/Human Resources Principles <a href="https://www.tskb.com.tr/en/services/sustainable-banking/our-policy/tskb-equal-opportunities-and-inclusion-policy">https://www.tskb.com.tr/en/services/sustainable-banking/our-policy/tskb-equal-opportunities-and-inclusion-policy</a>
<b>Principle 7</b>	Strategic Plan Natural Capital/ERET Model Natural Capital/TSKB and Climate Change <a href="https://www.tskb.com.tr/i/assets/document/pdf/TCFD-eng-2021-05-24.pdf">https://www.tskb.com.tr/i/assets/document/pdf/TCFD-eng-2021-05-24.pdf</a> <a href="https://www.tskb.com.tr/en/services/sustainable-banking/our-policy/tskb-environmental-and-social-impact-management-policy">https://www.tskb.com.tr/en/services/sustainable-banking/our-policy/tskb-environmental-and-social-impact-management-policy</a>
<b>Principle 8</b>	Governance Structure/Sustainability /Declarations to which TSKB is a Signatory Intellectual and Manufactured Capital/Memberships and Working Groups Social Capital/Sustainability Projects <a href="https://www.tskb.com.tr/en/services/sustainable-banking/our-policy/tskb-environmental-and-social-impact-management-policy">https://www.tskb.com.tr/en/services/sustainable-banking/our-policy/tskb-environmental-and-social-impact-management-policy</a>
<b>Principle 9</b>	Financial Capital/Renewable Energy Industry and TSKB Human Capital/TSKB Technology and Entrepreneurship Platform Natural Capital/ERET Model Social Capital/Social Impact with Innovative Solutions <a href="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-ENVIRONMENTAL-AND-SOCIAL-IMPACT-POLICY.pdf</a>
<b>Principle 10</b>	Corporate Governance and Risk Management/Audit Committee Report <a href="https://www.tskb.com.tr/en/investor-relations/corporate-governance">https://www.tskb.com.tr/en/investor-relations/corporate-governance</a> <a href="https://www.tskb.com.tr/en/services/sustainable-banking/our-policy/tskb-anti-bribery-and-anti-corruption-policy">https://www.tskb.com.tr/en/services/sustainable-banking/our-policy/tskb-anti-bribery-and-anti-corruption-policy</a>

## WEPs Index

<b>Principle 1</b>	<p>Governance Structure/Sustainability/Gender Equality Working Group  <a href="https://www.tskb.com.tr/en/services/sustainable-banking/our-policy/tskb-equal-opportunities-and-inclusion-policy">https://www.tskb.com.tr/en/services/sustainable-banking/our-policy/tskb-equal-opportunities-and-inclusion-policy</a>  <a href="https://www.tskb.com.tr/en/services/sustainable-banking/our-policy/tskb-gender-equality-policy">https://www.tskb.com.tr/en/services/sustainable-banking/our-policy/tskb-gender-equality-policy</a>            Social Capital/2022 Key Performance Indicators            Social Capital/Empowerment-through Education Scholarship Fund            Social Capital/EşitAdımlar (EqualSteps)            Social Capital/Women Stars of Tomorrow</p>
<b>Principle 2</b>	<p>Human Capital/2022 Key Performance Indicators            Human Capital/Human Resources Principles  <a href="https://www.tskb.com.tr/en/services/sustainable-banking/our-policy/tskb-equal-opportunities-and-inclusion-policy">https://www.tskb.com.tr/en/services/sustainable-banking/our-policy/tskb-equal-opportunities-and-inclusion-policy</a>  <a href="https://www.tskb.com.tr/en/services/sustainable-banking/our-policy/tskb-gender-equality-policy">https://www.tskb.com.tr/en/services/sustainable-banking/our-policy/tskb-gender-equality-policy</a></p>
<b>Principle 3</b>	<p>Human Capital            Human Capital/Human Resources Principles  <a href="https://www.tskb.com.tr/en/services/sustainable-banking/our-policy/tskb-occupational-health-and-safety-policy">https://www.tskb.com.tr/en/services/sustainable-banking/our-policy/tskb-occupational-health-and-safety-policy</a>  <a href="https://www.tskb.com.tr/en/services/sustainable-banking/our-policy/tskb-gender-equality-policy">https://www.tskb.com.tr/en/services/sustainable-banking/our-policy/tskb-gender-equality-policy</a></p>
<b>Principle 4</b>	<p>Human Capital/2022 Key Performance Indicators            Human Capital/Human Resources Principles            Social Capital  <a href="https://www.tskb.com.tr/en/about-us/human-resources">https://www.tskb.com.tr/en/about-us/human-resources</a>  <a href="https://www.tskb.com.tr/en/services/sustainable-banking/our-policy/tskb-human-rights-policy">https://www.tskb.com.tr/en/services/sustainable-banking/our-policy/tskb-human-rights-policy</a>  <a href="https://www.tskb.com.tr/en/services/sustainable-banking/our-policy/tskb-equal-opportunities-and-inclusion-policy">https://www.tskb.com.tr/en/services/sustainable-banking/our-policy/tskb-equal-opportunities-and-inclusion-policy</a>  <a href="https://www.tskb.com.tr/en/services/sustainable-banking/our-policy/tskb-gender-equality-policy">https://www.tskb.com.tr/en/services/sustainable-banking/our-policy/tskb-gender-equality-policy</a></p>
<b>Principle 5</b>	<p>Financial Capital/Focus on Inclusiveness            Social Capital/Social Value  <a href="https://www.tskb.com.tr/en/services/sustainable-banking/our-policy/tskb-sustainable-procurements-management-policy">https://www.tskb.com.tr/en/services/sustainable-banking/our-policy/tskb-sustainable-procurements-management-policy</a></p>
<b>Principle 6</b>	<p>Governance Structure/Sustainability/Declarations to which TSKB is a Signatory            Intellectual and Manufactured Capital/Initiatives Led and Working Groups Participated by TSKB            Social Capital/Sustainability Projects  <a href="https://www.tskb.com.tr/en/services/sustainable-banking/initiatives-we-are-a-member-of/our-signatories">https://www.tskb.com.tr/en/services/sustainable-banking/initiatives-we-are-a-member-of/our-signatories</a>  <a href="https://www.tskb.com.tr/en/services/sustainable-banking/initiatives-we-are-a-member-of">https://www.tskb.com.tr/en/services/sustainable-banking/initiatives-we-are-a-member-of</a>  <a href="https://www.tskb.com.tr/en/services/sustainable-banking/our-sustainability-journey">https://www.tskb.com.tr/en/services/sustainable-banking/our-sustainability-journey</a>  <a href="https://www.tskb.com.tr/en/services/sustainable-banking/the-impact-we-create/social-responsibility">https://www.tskb.com.tr/en/services/sustainable-banking/the-impact-we-create/social-responsibility</a>  <a href="https://www.tskb.com.tr/en/services/sustainable-banking/our-policy/tskb-responsible-corporate-communications-policy">https://www.tskb.com.tr/en/services/sustainable-banking/our-policy/tskb-responsible-corporate-communications-policy</a></p>
<b>Principle 7</b>	<p>Human Capital/2022 Key Performance Indicators  <a href="https://www.kap.org.tr/en/sirket-bilgileri/ozet/2427-turkiye-sinai-kalkinma-bankasi-a-s">https://www.kap.org.tr/en/sirket-bilgileri/ozet/2427-turkiye-sinai-kalkinma-bankasi-a-s</a>            Annexes/GRI Index            Annexes/UNGC Index            Annexes/WEPs Index            Annexes/WEF Stakeholder Capitalism Index            Annexes/SASB Index  <a href="https://www.tskb.com.tr/en/about-us/human-resources/performance-management">https://www.tskb.com.tr/en/about-us/human-resources/performance-management</a>  <a href="https://www.tskb.com.tr/en/about-us/human-resources/careers">https://www.tskb.com.tr/en/about-us/human-resources/careers</a>  <a href="https://www.tskb.com.tr/en/about-us/human-resources/learning-and-development/about">https://www.tskb.com.tr/en/about-us/human-resources/learning-and-development/about</a>  <a href="https://www.tskb.com.tr/en/about-us/human-resources">https://www.tskb.com.tr/en/about-us/human-resources</a></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
		Purposed-led Management	Governance Structure
	Quality of Governing Body	Governance Body Composition	Corporate Profile & Governance Structure
		Remuneration	Corporate Governance Compliance Report
		Progress against strategic milestones	Strategy, Performance and Expectations
	Stakeholder Engagement	Material Issues Impacting Stakeholders	Stakeholders and Materiality Analysis
	Ethical Behavior	Anti-corruption	Human Capital, Corporate Governance Compliance Report
		Protected Ethics Advice and Reporting Mechanisms	Human Capital, Corporate Governance Compliance Report
		Alignment of strategy and policies to lobbying	Corporate Profile, Governance Structure
		Monetary Losses from Unethical Behavior	Audit Committee Report
Planet	Risk and Opportunity Oversight	Integrating Risk and Opportunity into Business Process	Risk Management Policies
		Economic, Environmental and Social Topics in Capital Allocation Framework	Strategy, Performance and Expectations
	Air Pollution	Air Pollution	Natural Capital
		Impact of Air Pollution	Natural Capital
	Climate Change	Greenhouse Gas (GHG) Emissions	Natural Capital
		TCFD Implementation	TCFD Table of Disclosures
		Paris-aligned GHG emissions targets	Natural Capital
		Impact of Greenhouse Gas Emissions	Natural Capital
	Nature Loss	Land Use and Ecological Sensitivity	Natural Capital
		Impact of Land Use and Conversion	Natural Capital
	Freshwater Availability	Water Consumption and Withdrawal in Water-stressed Areas	Natural Capital
		Impact of Freshwater Consumption and Withdrawal	Natural Capital
	Resource Availability	Resource Circularity	Natural Capital
	Solid Waste	Single-Use Plastics	Natural Capital
		Impact of Solid Waste Disposal	Natural Capital
	Water Pollution	Nutrients	Natural Capital
		Impact of Water Pollution	Natural Capital

## WEF Stakeholder Capitalism Index

	Themes	Core Metrics and Disclosures	Category of Related Disclosures
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.
		Discrimination and Harassment	Human Capital
		Freedom of Association and Collective Bargaining at Risk	Human Capital
		Human rights review, grievance impact and modern slavery	Human Capital
		Pay Gap	Human Capital
		Living Wage	Human Capital
	Health and Well-being	Health and Safety	Human Capital
		Well-being	Human Capital
		Monetized Impacts of Work-related Incidents on Organization	Human Capital
Prosperity	Skills for the Future	Training Provided	Human Capital
		Number of Unfilled 'Skilled' Positions	Human Capital
		Monetized Impacts of Training	Human Capital
	Employment and Wealth Generation	Absolute Number and Rate of Employment	Human Capital
		Economic Contribution	Human Capital
		Significant Indirect Economic Impacts	Financial Capital, Human Capital, Financial Statements and Footnotes
		Infrastructure Investments and Services Supported	Financial Capital, 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
		Vitality Index	Intellectual and Manufactured Capital, Social Capital
		Social Value Generated	Intellectual and Manufactured Capital, Social Capital
	Community and Social Vitality	Total Tax Paid	Financial Statements and Footnotes
		Additional Tax Remitted	Financial Statements and Footnotes
		Total Social Investment	Social Capital, Financial Statements and Footnotes
		Total and additional tax breakdown by country for significant locations	TSKB has no operations abroad.

## TCFD Table of Disclosures

TCFD Recommendations	Integrated Annual Report		Climate Risk Report
Governance	a	Governance Structure   Sustainability   Sustainability Committee	2.1. Board Oversight
	b	Governance Structure  Sustainability   Sustainability Committee & Sustainability Management Committee & Working Groups	2.2. Sustainability Management
Strategy	a	Natural Capital   TSKB and Climate Change & Risks and Opportunities	3.2. Climate-Related Risks and Opportunities
	b	Stakeholders and Materiality Analysis   Management of Climate Risks and Opportunities, Natural Capital   TSKB and Climate Change	3.3. Scenario Analysis
Risk Management	a	Natural Capital   TSKB and Climate Change	4.1. Climate-Related Risks
	b	Governance Structure  Sustainability   Climate Risk Working Group, Natural Capital   Carbon Footprint Management & TSKB and Climate Change	4.2. Sectoral Analysis and Management of Risks
Metrics and Targets	a	Natural Capital   2022 Key Performance Indicators & Short-Medium-Long Term Targets and 2022 Realizations	
	b	Natural Capital   Internal Impacts – Key Indicators	5.1. Metrics and Targets of Direct Impacts
	c	Natural Capital   2022 Key Performance Indicators & Short-Medium-Long Term Targets and 2022 Realizations & Short-Medium-Long Term Targets	5.2. Metrics and Targets of Indirect Impacts



## SASB Index

Topics*	Code	Category of Related Disclosures
Data Security	FN-CB-230a.1	Annexes   GRI Index 418-1
	FN-CB-230a.2	Intellectual and Manufactured Capital   Information Security and Digitalization
Financial Inclusion & Capacity Building	FN-CB-240a.1	Financial Capital   Versatile support to SMEs
Incorporation of Environmental, Social, and Governance Factors in Credit Analysis	FN-CB-410a.1	Financial Capital
	FN-CB-410a.2	Financial Capital, Natural Capital
Business Ethics	FN-CB-510a.1	Corporate Governance and Risk Management   Other Major Updates on Corporate Operations, Audit Committee Report
	FN-CB-510a.2	Corporate Governance and Risk Management   Corporate Governance Compliance Report
Systemic Risk Management	FN-CB-550a.2	Corporate Governance and Risk Management   Audit Committee Report, Natural Capital   Climate Risks

*\*Topics that are not directly related to our Development Banking Activities are not included in the table.*

## General Assembly Agenda

### TÜRKİYE SİNAİ KALKINMA BANKASI A.Ş.

#### ORDINARY GENERAL ASSEMBLY MEETING AGENDA DATED 28.03.2023

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 2022,
3. Review, discussion and approval of the balance sheet and profit and loss statement of the Bank for the year of 2022,
4. Approval of the appointment of the members of the Board of Directors substituting the members leaving their post until the General Assembly,
5. Approval of the appointment of the Independent Member of the Board of Directors,
6. Release of the Members of the Board of Directors,
7. Adoption of a resolution regarding the determination and allotment of the profit to be distributed, determination of the dividend allotment date,
8. Determination of allowance for the Members of the Board of Directors,
9. Election of Independent Audit Firm,
10. Presentation of the information regarding the donations made and determination of the upper limit for donations to be made within the year 2023,
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 Communiqué on Determination and Implementation of Corporate Governance Principles of the Capital Markets Board.

## Declaration of Independence

To the Board of Türkiye Sınai Kalkınma Bankası A.Ş.;

On the ground that I am a candidate for the independent membership of the Bank on the General Assembly Meeting on March 25, 2021,

- a) There is no employment relationship in executive positions to assume material roles and responsibilities for the past five years between the Company, Subsidiaries where the Company holds control or significant power over management, or Partners that hold significant power in the Company and the legal entities where such Partners hold control over management, and me, my wife, and up to second-degree relatives by kinship and marriage; that no capital or voting rights or privileged shares more than 5% were held collectively or individually or no material trade relations were established;
- b) In the last five years; I haven't been a shareholder (5% and above), an executive, or a member of the board of directors to assume important duties and responsibilities in the companies which the Bank buys or sells services or products to a great extent within the framework of the agreements made, particularly the Bank's audit (including tax audit, statutory audit, internal audit), its rating and consultancy, in the periods when the service or product is purchased or sold;
- 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) I am considered a resident in Türkiye according to Income Tax Law, dated 31/12/1960 and numbered 193,
- f) I have strong ethical standards, professional reputation and experience to make a positive contribution to the operations of the Bank, to keep my impartiality in conflicts of interest to arise between the Bank and shareholders, and to make decisions freely by taking into account the rights of stakeholders;
- g) I will devote time for the works of the Bank to the extent that I can follow the functioning of the Bank's operations and fully satisfy the requirements of the duties I assumed;
- h) I have not acted as an Independent Board Member for more than six years within the last ten years in the Board of Directors of the Bank;
- i) I am not an independent member in the Bank or in more than three companies where the shareholders with management control over the Bank hold management control and in more than a total of five publicly traded companies;
- j) I am not registered and announced on behalf of the legal person elected as a member of the Board of Directors; and therefore, I will serve as an Independent Member.

Respectfully,



**MİTHAT RENDE**  
Board Member

## Statement of Responsibility

MARCH 3, 2023

**TÜRKİYE SİNAİ KALKINMA BANKASI A.Ş.**  
**STATEMENT OF RESPONSIBILITY FOR THE INTEGRATED ANNUAL REPORT 2022**

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 01.01.2022 - 31.12.2022 comprising financial and non-financial information, key performance indicators and targets; Corporate Governance Compliance Report, Corporate Governance Information Forms and disclosures made pursuant to Sustainability Principles Compliance Framework 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, Corporate Governance Information Form and Sustainability Principles Compliance Framework do not include any deficiency or any untrue statement.

Sincerely,

**TÜRKİYE SİNAİ KALKINMA BANKASI A.Ş.**

Audit Committee Chairperson  
GAMZE YALÇIN

Audit Committee Member  
BAHATTİN ÖZARSLANTÜRK

Executive Vice President  
Responsible for Financial  
Reporting  
ENGİN TOPALOĞLU

Executive Vice President  
Responsible for Investor  
Relations  
MERAL MURATHAN

Head of Financial Institutions  
and Investor Relations  
(Proxy)  
CAN ÜLKÜ



# FINANCIAL STATEMENTS AND NOTES

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## Türkiye Sınai Kalkınma Bankası A.Ş.

### INDEPENDENT AUDITOR'S AUDIT REPORT, UNCONSOLIDATED FINANCIAL STATEMENTS AND NOTES FOR THE YEAR ENDED DECEMBER 31, 2022

(CONVENIENCE TRANSLATION OF THE AUDITOR'S AUDIT REPORT  
ORIGINALLY ISSUED IN TURKISH)



You can scan the QR Code  
to reach the footnotes.



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## Convenience Translation of the Auditor's Audit Report Originally Issued in Turkish

### Independent Auditors' Report on Audit of Unconsolidated Financial Statements

#### To the General Assembly of Türkiye Sınai Kalkınma Bankası A.Ş.;

#### Qualified Opinion

We have audited the unconsolidated statement of financial position of Türkiye Sınai Kalkınma Bankası A.Ş. ("the Bank") at December 31, 2022 and the related unconsolidated statement of profit or loss, unconsolidated statement of profit or loss and other comprehensive income, unconsolidated statement of changes in shareholders' equity, unconsolidated statement of cash flows and a summary of significant accounting policies and other explanatory notes to the unconsolidated financial statements.

In our opinion, except for the effects of the matter on the unconsolidated financial statements described in the Basis of for Qualified Opinion paragraph, the accompanying unconsolidated financial statements present fairly, in all material respects, the unconsolidated financial position of the Türkiye Sınai Kalkınma Bankası A.Ş. as at December 31, 2022 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 Turkish Financial Reporting Standards ("TFRS") for those matters not regulated by the aforementioned regulations.

#### Basis of Qualified Opinion

As explained in Note 7 of the Explanations and Disclosures related to the Liabilities, the accompanying unconsolidated financial statements as at December 31, 2022 include a free provision amounting to Thousands TL 900.000 that Thousands TL 440.000 which were provided within prior years, of which Thousands TL 460.000 was provided at 2022 respectively by the Bank management, for the possible effects of the negative circumstances which may arise in the economy or market conditions. Since the above mentioned provisions do not meet the accounting requirements of TAS 37 "Provisions, Contingent Liabilities and Contingent Assets", the "Other Provisions" for the period ended 31 December 2022 are overstated by Thousands TL 900.000, "retained earnings" and "net income" of December 31, 2022 are understated by Thousands TL 440.000 and Thousands TL 460.000, 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 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 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
<b>Related important disclosures about recognition and impact of impairment on financial assets in accordance with TFRS 9</b>	
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:	In addition to our current audit procedures, our audit procedures are:
<ul style="list-style-type: none"> <li>- Amount of on and off-balance sheet items that are subject to expected credit loss calculation is material to the financial statements.</li> <li>- There are complex and comprehensive requirements of TFRS 9</li> <li>- 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.</li> <li>- Policies implemented by the Bank management include compliance risk to the regulations and other practices.</li> <li>- Processes of TFRS 9 are advanced and complex.</li> <li>- Judgements and estimates used in expected credit loss calculation are new, complex and comprehensive.</li> <li>- Disclosure requirements of TFRS 9 are comprehensive and complex.</li> </ul>	<ul style="list-style-type: none"> <li>- Evaluating the appropriateness of accounting policies as to the requirements of TFRS 9, Bank's past experience, local and global practices.</li> <li>- 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.</li> <li>- 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</li> <li>- 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.</li> <li>- 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.</li> <li>- Assessing the completeness and the accuracy of the data used for expected credit loss calculation.</li> <li>- Testing the mathematical accuracy of expected credit loss calculation on sample basis.</li> <li>- Evaluating the judgments and estimates used for the individually assessed financial assets.</li> <li>- Evaluating the accuracy and the necessity of post-model adjustments.</li> <li>- Auditing of TFRS 9 disclosures.</li> </ul>



Key Audit Matter	How the matter is addressed in our audit
<b><i>Pension Fund Obligations</i></b>	
<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, 2022 has been calculated by an independent actuary in accordance with the actuarial assumptions in the Law and as per actuarial report dated January 24, 2023, there is no need for technical or actual deficit to book provision as of December 31, 2022.</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. 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.</p> <p>We further focused on the accuracy and adequacy of the deficit and also disclosures on key assumptions related to pension fund as well as footnotes to significant assumptions.</p>



Key Audit Matter	How the matter is addressed in our audit
<b><i>Derivative Financial Instruments</i></b>	
<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 I.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

The Bank management is responsible for the preparation and fair presentation of the unconsolidated 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 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 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 financial statements.



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 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.



#### Report on Other Legal and Regulatory Requirements

- 1) In accordance with Article 402 paragraph 4 of the Turkish Commercial Code ("TCC") no 6102; 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, 2022 are not in compliance with the TCC and provisions of 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.

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



Fatma Ebru Yücel, SMMM  
Partner

February 1, 2023  
İstanbul, Türkiye



**THE UNCONSOLIDATED FINANCIAL REPORT OF  
TÜRKİYE SİNAİ KALKINMA BANKASI A.Ş.  
FOR THE YEAR ENDED 31 DECEMBER 2022**







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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 communiqués and the Bank's records, and have been independently audited and presented as attached.

01 February 2023

			
Adnan BALI	Murat BİLGİC	Aziz Ferit ERASLAN	Tolga SEĞİT
Chairman of Board of Directors	Member of Board of Directors and General Manager	Executive Vice President In Charge of Financial Reporting	Director In Charge of Financial Reporting
			
Gamze YALÇIN	Bahattin ÖZARSLANTÜRK		
Chairman of Audit Committee	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.**  
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# Türkiye Sınai Kalkınma Bankası A.Ş.

## UNCONSOLIDATED BALANCE SHEET (STATEMENT OF FINANCIAL POSITION) AS OF 31 DECEMBER 2022

(Amounts are expressed in thousands of Turkish Lira (TL) unless otherwise stated.)

ASSETS	Section 5 Note I	Audited Current Period 31 December 2022			Audited Prior Period 31 December 2021		
		TL	FC	Total	TL	FC	Total
<b>I. FINANCIAL ASSETS (NET)</b>		<b>10.461.460</b>	<b>12.874.948</b>	<b>23.336.408</b>	<b>5.919.318</b>	<b>10.948.528</b>	<b>16.867.846</b>
1.1 Cash and Cash Equivalents		5.757.326	4.129.714	9.887.040	1.526.154	3.712.872	5.239.026
1.1.1 Cash and Balances with Central Bank	(1)	18.958	2.778.981	2.797.939	14.708	2.023.420	2.038.128
1.1.2 Banks	(3)	20.454	1.351.308	1.371.762	90.472	1.691.200	1.781.672
1.1.3 Money Market Placements		5.718.471	-	5.718.471	1.421.026	-	1.421.026
1.1.4 Expected Credit Losses (-)		557	575	1.132	52	1.748	1.800
1.2 Financial Assets at Fair Value Through Profit or Loss	(2)	-	-	-	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	-
1.3 Financial Assets at Fair Value Through Other Comprehensive Income	(4)	3.743.504	7.310.268	11.053.772	2.627.715	6.293.117	8.920.832
1.3.1 Government Debt Securities		2.846.542	6.903.245	9.749.787	2.254.125	6.096.386	8.350.511
1.3.2 Equity Instruments		71.360	407.023	478.383	53.776	196.731	250.507
1.3.3 Other Financial Assets		825.602	-	825.602	319.814	-	319.814
1.4 Derivative Financial Assets	(2)	960.630	1.434.966	2.395.596	1.765.449	679.442	2.444.891
1.4.1 Derivative Financial Assets at Fair Value Through Profit or Loss		960.630	1.434.966	2.395.596	1.765.449	679.442	2.444.891
1.4.2 Derivative Financial Assets at Fair Value Through Other Comprehensive Income		-	-	-	-	-	-
<b>II. FINANCIAL ASSETS MEASURED AT AMORTIZED COST (NET)</b>		<b>12.946.934</b>	<b>74.654.449</b>	<b>87.601.383</b>	<b>8.417.021</b>	<b>56.330.165</b>	<b>64.747.186</b>
2.1 Loans	(5)	9.008.274	70.885.506	79.893.780	5.668.235	57.889.759	63.557.994
2.2 Lease Receivables	(10)	34.615	345.616	380.231	10.238	336.329	346.567
2.3 Factoring Receivables		-	-	-	-	-	-
2.4 Other Financial Assets Measured at Amortized Cost	(6)	6.195.613	6.630.368	12.825.981	3.321.632	634.071	3.955.703
2.4.1 Government Debt Securities		6.195.613	6.630.368	12.825.981	3.321.632	634.071	3.955.703
2.4.2 Other Financial Assets		-	-	-	-	-	-
2.5 Expected Credit Losses (-)		2.291.568	3.207.041	5.498.609	583.084	2.529.994	3.113.078
<b>III. PROPERTY AND EQUIPMENT HELD FOR SALE PURPOSE AND RELATED TO DISCONTINUED OPERATIONS (NET)</b>	(16)	-	-	-	64.403	-	64.403
3.1 Held for Sale Purpose		-	-	-	64.403	-	64.403
3.2 Related to Discontinued Operations		-	-	-	-	-	-
<b>IV. EQUITY INVESTMENTS</b>		<b>3.483.384</b>	-	<b>3.483.384</b>	<b>1.695.287</b>	-	<b>1.695.287</b>
4.1 Investments in Associates (Net)	(7)	1.493.750	-	1.493.750	777.551	-	777.551
4.1.1 Accounted Under Equity Method		1.493.750	-	1.493.750	777.551	-	777.551
4.1.2 Unconsolidated Associates		-	-	-	-	-	-
4.2 Subsidiaries (Net)	(8)	1.989.634	-	1.989.634	917.736	-	917.736
4.2.1 Unconsolidated Financial Subsidiaries		1.937.664	-	1.937.664	881.621	-	881.621
4.2.2 Unconsolidated Non-Financial Subsidiaries		51.970	-	51.970	36.115	-	36.115
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		-	-	-	-	-	-
<b>V. TANGIBLE ASSETS (Net)</b>	(12)	<b>196.705</b>	-	<b>196.705</b>	<b>97.031</b>	-	<b>97.031</b>
6.1 Goodwill		-	-	-	-	-	-
6.2 Other		2.876	-	2.876	2.901	-	2.901
<b>VII. INVESTMENT PROPERTY (Net)</b>	(14)	-	-	-	-	-	-
<b>VIII. CURRENT TAX ASSET</b>		<b>710.421</b>	-	<b>710.421</b>	<b>394.121</b>	-	<b>394.121</b>
<b>IX. DEFERRED TAX ASSET</b>	(15)	<b>145.950</b>	<b>98.645</b>	<b>244.595</b>	<b>117.051</b>	<b>110.659</b>	<b>227.710</b>
<b>X. OTHER ASSETS (Net)</b>	(17)	-	-	-	-	-	-
<b>TOTAL ASSETS</b>		<b>27.947.330</b>	<b>87.628.042</b>	<b>115.575.372</b>	<b>16.707.133</b>	<b>67.389.352</b>	<b>84.096.485</b>

The accompanying notes are an integral part of these unconsolidated financial statements.

LIABILITIES AND EQUITY	Section 5 Note II	Audited Current Period 31 December 2022			Audited Prior Period 31 December 2021		
		TL	FC	Total	TL	FC	Total
<b>I. DEPOSITS</b>	(1)	-	-	-	-	-	-
<b>II. FUNDS BORROWED</b>	(3)	-	70.814.085	70.814.085	89.213	54.154.809	54.244.022
<b>III. MONEY MARKET BALANCES</b>		186.307	1.256.559	1.442.866	76.555	698.140	774.695
<b>IV. MARKETABLE SECURITIES ISSUED (Net)</b>	(3)	-	21.047.752	21.047.752	-	14.927.941	14.927.941
4.1 Bills		-	-	-	-	-	-
4.2 Assets Backed Securities		-	-	-	-	-	-
4.3 Bonds		21.047.752	21.047.752	-	14,927.941	14,927.941	-
<b>V. BORROWER FUNDS</b>		27.907	709.826	737.733	11.191	680.513	691.704
5.1 Borrower Funds		27.907	709.826	737.733	11.191	680.513	691.704
5.2 Other		-	-	-	-	-	-
<b>VI. FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS</b>		-	-	-	-	-	-
<b>VII. DERIVATIVE FINANCIAL LIABILITIES</b>	(2)	169.996	962.347	1.132.343	800.764	319.998	1,120.762
7.1 Derivative Financial Liabilities at Fair Value Through Profit or Loss		169.996	962.347	1,132.343	800.764	319.998	1,120.762
7.2 Derivative Financial Liabilities at Fair Value Through Other Comprehensive Income		-	-	-	-	-	-
<b>VIII. FACTORING LIABILITIES</b>		-	-	-	-	-	-
<b>IX. LEASE LIABILITIES</b>	(5)	2.245	-	2.245	18.156	-	18.156
<b>X. PROVISIONS</b>	(7)	993.190	49.640	1,042.830	473.040	58.780	531.820
10.1 Restructuring Provisions		-	-	-	-	-	-
10.2 Reverse for Employee Benefits		31.051	-	31.051	28.506	-	28.506
10.3 Insurance Technical Provisions (Net)		-	-	-	-	-	-
10.4 Other Provisions		962.139	49.640	1,011.779	444.534	58.780	503.314
<b>XI. CURRENT TAX LIABILITY</b>	(8)	551.910	-	551.910	210.793	-	210.793
<b>XII. DEFERRED TAX LIABILITY</b>	(8)	-	-	-	-	-	-
<b>XIII. LIABILITIES FOR PROPERTY AND EQUIPMENT HELD FOR SALE AND RELATED TO DISCONTINUED OPERATIONS (Net)</b>	(9)	-	-	-	-	-	-
13.1 Held for Sale Purpose		-	-	-	-	-	-
13.2 Related to Discontinued Operations		-	-	-	-	-	-
<b>XIV. SUBORDINATED DEBT INSTRUMENTS</b>	(10)	-	3,829.127	3,829.127	-	4,029.204	4,029.204
14.1 Loans		-	3,829.127	3,829.127	-	4,029.204	4,029.204
14.2 Other Debt Instruments		-	-	-	-	-	-
<b>XV. OTHER LIABILITIES</b>	(4)	321.498	1,870.976	2,192.474	157.491	449.259	606.750
<b>XVI. SHAREHOLDERS' EQUITY</b>	(11)	13,948.337	(266.330)	12,782.007	7,157.420	(216.782)	6,940.638
16.1 Paid-in capital		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)	849.348	95.052	944.400	189.066	16.502	205.568
16.4 Accumulated Other Comprehensive Income or Loss Reclassified Through Profit or Loss		1,371.832	(361.382)	1,010.450	196.231	(233.284)	(37.053)
16.5 Profit Reserves		3,971.749	-	3,971.749	2,882.741	-	2,882.741
16.5.1 Legal Reserves	(11)	429.245	-	429.245	374.794	-	374.794
16.5.2 Status Reserves		75.641	-	75.641	75.641	-	75.641
16.5.3 Extraordinary Reserves	(11)	3,463.943	-	3,463.943	2,429.386	-	2,429.386
16.5.4 Other Profit Reserves		2.920	-	2.920	-	-	2.920
16.6 Profit Or Loss		4,055.034	-	4,055.034	1,089.008	-	1,089.008
16.6.1 Prior Years' Profit/Loss		-	-	-	-	-	-
16.6.2 Current Year Profit/Loss		4,055.034	-	4,055.034	1,089.008	-	1,089.008
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>15,301.390</b>	<b>100,273.982</b>	<b>115,575.372</b>	<b>8,994.623</b>	<b>75,101.862</b>	<b>84,096.485</b>

The accompanying notes are an integral part of these unconsolidated financial statements.

# Türkiye Sınai Kalkınma Bankası A.Ş.

## UNCONSOLIDATED STATEMENT OF OFF BALANCE SHEET AS OF 31 DECEMBER 2022

(Amounts are expressed in thousands of Turkish Lira (TL) unless otherwise stated.)

		Audited Current Period 31 December 2022			Audited Prior Period 31 December 2021			
OFF-BALANCE SHEET		Section 5 Note III	TL	FC	Total	TL	FC	Total
<b>A. OFF-BALANCE SHEET COMMITMENTS AND CONTINGENCIES (I-II-III)</b>			<b>15,389,185</b>	<b>106,612,848</b>	<b>122,002,033</b>	<b>9,021,719</b>	<b>98,426,269</b>	<b>107,447,979</b>
<b>I. GUARANTEES AND COLLATERALS</b>		(1)	<b>1,488,296</b>	<b>5,817,315</b>	<b>7,305,611</b>	<b>337,756</b>	<b>7,945,861</b>	<b>8,282,817</b>
1.1	Letters of Guarantee		1,166,776	2,568,770	3,735,546	251,851	2,660,952	2,912,803
1.1.1	Guarantees Subject to State Tender Law		-	-	-	-	-	-
1.1.2	Guarantees Given for Foreign Trade Operations		-	-	-	-	-	-
1.2	Other Letters of Guarantee		1,166,776	2,568,770	3,735,546	251,851	2,660,952	2,912,803
1.2.1	Bank Acceptances		-	39,643	39,643	-	170,742	170,742
1.2.2	Import Letter of Acceptance		-	39,643	39,643	-	170,742	170,742
1.2.3	Other Bank Acceptance		-	-	-	-	-	-
1.3	Letters of Credit		321,520	3,208,902	3,530,422	85,905	5,113,367	5,199,272
1.3.1	Documentary Letters of Credit		321,520	3,208,902	3,530,422	85,905	5,113,367	5,199,272
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 Issued Purchase Guarantees		-	-	-	-	-	-
1.7	Factoring Guarantees		-	-	-	-	-	-
1.8	Other Guarantees		-	-	-	-	-	-
1.9	Other Collaterals		-	-	-	-	-	-
<b>II. COMMITMENTS</b>		(1)	<b>1,847,452</b>	<b>9,504,856</b>	<b>11,352,308</b>	<b>1,252,013</b>	<b>9,400,185</b>	<b>10,652,198</b>
2.1	Irrevocable Commitments		1,036,616	270,614	1,307,230	694,819	795,425	1,490,244
2.1.1	Forward Asset Purchase and Sale Commitments		53,598	110,188	163,786	84,156	294,071	378,227
2.1.2	Forward Deposit Purchase and Sales Commitments		-	-	-	-	-	-
2.1.3	Share Capital Commitments to Associates and Subsidiaries		-	138,750	138,750	-	157,380	157,380
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		-	-	-	-	-	-
2.2	Other Irrevocable Commitments		983,018	21,676	1,004,694	610,663	343,974	954,637
2.2.1	Revocable Commitments		810,836	9,234,242	10,045,078	557,194	8,604,760	9,161,954
2.2.2	Revocable Loan Granting Commitments		810,836	9,234,242	10,045,078	557,194	8,604,760	9,161,954
<b>III. DERIVATIVE FINANCIAL INSTRUMENTS</b>		(2)	<b>12,053,437</b>	<b>91,290,677</b>	<b>103,344,114</b>	<b>7,431,950</b>	<b>81,081,014</b>	<b>88,512,964</b>
3.1	Derivative Financial Instruments for Hedging Purposes		-	26,497,037	26,497,037	-	27,012,103	27,012,103
3.1.1	Fair Value Hedges		-	26,497,037	26,497,037	-	27,012,103	27,012,103
3.1.2	Cash Flow Hedges		-	-	-	-	-	-
3.1.3	Hedge of Net Investment in Foreign Operations		-	-	-	-	-	-
3.2	Held for Trading Transactions		12,053,437	64,793,640	76,847,077	7,431,950	54,068,911	61,500,861
3.2.1	Forward Foreign Currency Buy-Sell Transactions		690,671	873,913	1,564,584	652,330	1,633,747	2,286,077
3.2.1.1	Forward Foreign Currency Transactions-Buy		690,671	163,686	854,357	573,527	490,868	1,064,395
3.2.1.2	Forward Foreign Currency Transactions-Sell		-	710,227	710,227	78,803	1,142,879	1,221,682
3.2.2	Swap Transactions Related to Foreign Currency and Interest Rate		11,362,766	63,919,727	75,282,493	6,773,600	52,429,920	59,203,600
3.2.2.1	Foreign Currency Swap-Buy		77,756	17,764,305	17,842,061	975,456	13,556,545	14,132,001
3.2.2.2	Foreign Currency Swap-Sell		11,128,122	5,963,930	17,092,052	5,930,002	7,035,505	12,971,507
3.2.2.3	Interest Rate Swap-Buy		78,444	20,095,746	20,174,190	131,111	15,918,935	16,050,046
3.2.2.4	Interest Rate Swap-Sell		78,444	20,095,746	20,174,190	131,111	15,918,935	16,050,046
3.2.3	Foreign Currency Options-Buy		-	-	-	5,940	5,244	11,184
3.2.3.1	Foreign Currency Options-Buy		-	-	-	5,940	5,244	11,184
3.2.3.2	Foreign Currency Options-Sell		-	-	-	2,970	2,622	5,592
3.2.3.3	Interest Rate Options-Buy		-	-	-	2,970	2,622	5,592
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>B. CUSTODY AND PLEDGES SECURITIES (IV-V+VI)</b>			<b>153,748,488</b>	<b>1,202,596,098</b>	<b>1,356,344,586</b>	<b>76,385,147</b>	<b>766,845,685</b>	<b>843,230,832</b>
<b>IV. ITEMS HELD IN CUSTODY</b>			<b>122,779</b>	<b>2,498,840</b>	<b>2,621,619</b>	<b>202,108</b>	<b>1,222,034</b>	<b>1,424,142</b>
4.1	Customers' Securities Held		-	-	-	-	-	-
4.2	Investment Securities Held in Custody		72,203	2,498,840	2,571,043	72,731	1,222,034	1,294,765
4.3	Checks Received for Collection		-	-	-	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		50,576	-	50,576	129,129	-	129,129
<b>V. PLEDGES ITEMS</b>			<b>146,273,178</b>	<b>958,585,809</b>	<b>1,104,858,987</b>	<b>68,479,469</b>	<b>599,875,663</b>	<b>668,355,272</b>
5.1	Marketable Securities		456,247	-	456,247	-	-	456,247
5.2	Guarantee Notes		311,668	2,557,299	2,688,967	110,554	2,180,912	2,291,466
5.3	Commodity		-	-	-	-	-	-
5.4	Warranty		-	-	-	-	-	-
5.5	Real Estate		55,452,686	256,863,629	312,316,315	8,875,234	152,961,497	161,836,731
5.6	Other Pledged Items		90,232,577	699,164,881	789,397,458	59,037,574	444,733,254	503,770,828
5.7	Pledged Items-Depositary		-	-	-	-	-	-
<b>VI. ACCEPTED BILL OF EXCHANGE AND COLLATERALS</b>			<b>7,382,531</b>	<b>241,511,440</b>	<b>248,893,980</b>	<b>7,700,430</b>	<b>245,747,908</b>	<b>253,448,338</b>
<b>TOTAL OFF-BALANCE SHEET ITEMS (A+B)</b>			<b>169,137,073</b>	<b>1,309,208,946</b>	<b>1,478,346,619</b>	<b>85,406,866</b>	<b>882,271,945</b>	<b>968,678,811</b>

The accompanying notes are an integral part of these unconsolidated financial statements.

## UNCONSOLIDATED STATEMENT OF PROFIT OR LOSS FOR THE YEAR ENDED DECEMBER 31, 2022

(Amounts are expressed in thousands of Turkish Lira (TL) unless otherwise stated.)

		Audited Current Period January 1, 2022 – December 31, 2022		Audited Prior Period January 1, 2021 – December 31, 2021	
STATEMENT OF PROFIT OR LOSS					
	Note				
I.	INTEREST INCOME	(1)	10,103,050	4,541,358	
1.1	Interest on Loans		5,260,562	3,162,432	
1.2	Interest Received from Reserve Deposits		309	998	
1.3	Interest Received from Banks		7,700	8,372	
1.4	Interest Received from Money Market Placements		602,263	244,166	
1.5	Interest Received from Marketable Securities Portfolio		4,135,959	1,113,008	
1.5.1	Fair Value through Profit or Loss		3	-	
1.5.2	Fair Value through other Comprehensive Income		1,044,953	549,462	
1.5.3	Measured at Amortized Cost		3,091,003	563,546	
1.6	Finance Lease Interest Income		20,024	9,239	
1.7	Other Interest Income		16,233	3,143	
II.	INTEREST EXPENSES (-)	(2)	3,367,729	1,678,023	
2.1	Interest on Deposits		-	-	
2.2	Interest on Funds Borrowed		1,993,634	634,282	
2.3	Interest on Money Market Borrowings		58,240	42,576	
2.4	Interest on Securities Issued		1,294,319	989,918	
2.5	Leasing Interest Expense		2,994	6,159	
2.6	Other Interest Expense		18,542	5,088	
III.	NET INTEREST INCOME (I - II)		6,735,321	2,863,335	
IV.	NET FEES AND COMMISSIONS INCOME / EXPENSES		158,468	70,855	
4.1	Fees and Commissions Received		173,594	79,805	
4.1.1	Non-cash Loans		56,349	30,572	
4.1.2	Other		117,245	49,233	
4.2	Fees and Commissions Paid (-)		15,126	8,950	
4.2.1	Non-cash Loans		3,967	1,795	
4.2.2	Other		11,159	7,155	
V.	DIVIDEND INCOME	(3)	9,186	2,973	
VI.	NET TRADING INCOME	(4)	800,919	508,631	
6.1	Securities Trading Gains / (Losses)		15,009	8,587	
6.2	Derivative Financial Instruments Gains / Losses		2,520,321	1,966,654	
6.3	Foreign Exchange Gains / Losses (Net)		(1,734,411)	(1,466,610)	
VII.	OTHER OPERATING INCOME	(5)	92,887	57,990	
VIII.	GROSS OPERATING INCOME (III+IV+V+VI+VII)		7,796,781	3,503,784	
IX.	EXPECTED CREDIT LOSSES (-)	(6)	2,564,869	1,791,457	
X.	OTHER PROVISION EXPENSES (-)	(6)	574,403	220,000	
XI.	PERSONNEL EXPENSES (-)	(7)	335,128	173,376	
XII.	OTHER OPERATING EXPENSES (-)	(7)	169,744	89,718	
XIII.	NET OPERATING INCOME/(LOSS) (VIII-IX-XI-XII)		4,152,637	1,229,233	
XIV.	AMOUNT IN EXCESS RECORDED AS GAIN AFTER MERGER		-	-	
XV.	PROFIT / (LOSS) ON EQUITY METHOD		988,668	228,830	
XVI.	GAIN / (LOSS) ON NET MONETARY POSITION		-	-	
XVII.	PROFIT/(LOSS) FROM CONTINUED OPERATIONS		-	-	
	BEFORE TAXES (XIII+...+XVI)		5,141,305	1,458,063	
XVIII.	TAX PROVISION FOR CONTINUED OPERATIONS (+)	(8)	1,086,271	369,055	
18.1	Provision for Current Income Taxes		1,512,327	493,307	
18.2	Deferred Tax Income Effect (+)		614,407	471,566	
18.3	Deferred Tax Expense Effect (-)		(1,040,463)	595,818	
XIX.	NET PROFIT/(LOSS) FROM CONTINUED OPERATIONS (XVII+XVIII)	(9)	4,055,034	1,089,008	
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 (XXI+...+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)	4,055,034	1,089,008	
Earning / (loss) per share			1.448	0.389	

The accompanying notes are an integral part of these unconsolidated financial statements.



## Türkiye Sınai Kalkınma Bankası A.Ş.

### UNCONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED DECEMBER 31, 2022

(Amounts are expressed in thousands of Turkish Lira (TL) unless otherwise stated.)

	Audited Current Period 1 January 2022 – 31 December 2022	Audited Prior Period 1 January 2021 – 31 December 2021
<b>PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME</b>		
<b>I. CURRENT PERIOD INCOME / LOSS</b>	<b>4.055.034</b>	<b>1.089.008</b>
<b>II. OTHER COMPREHENSIVE INCOME</b>	<b>1.786.335</b>	<b>(179.643)</b>
<b>2.1 Not Reclassified Through Profit or Loss</b>	<b>738.832</b>	<b>83.084</b>
2.1.1 Property and Equipment Revaluation Increase / Decrease	99.338	10.661
2.1.2 Intangible Assets Revaluation Increase / Decrease	-	-
2.1.3 Defined Benefit Pension Plan Remeasurement Gain / Loss	5.919	(7.670)
2.1.4 Other Comprehensive Income Items Not Reclassified Through Profit or Loss	648.676	79.581
2.1.5 Tax Related Other Comprehensive Income Items Not Reclassified Through Profit or Loss	(15.101)	512
<b>2.2 Reclassified Through Profit or Loss</b>	<b>1.047.503</b>	<b>(262.727)</b>
2.2.1 Foreign Currency Translation Differences	68.974	64.573
2.2.2 Valuation and / or Reclassification Income / Expense of the Financial Assets at Fair Value Through Other Comprehensive Income	819.867	(452.159)
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	253.717	30.923
2.2.6 Tax Related Other Comprehensive Income Items Reclassified Through Profit or Loss	(95.055)	93.936
<b>III. TOTAL COMPREHENSIVE INCOME (I+II)</b>	<b>5.841.369</b>	<b>909.365</b>

The accompanying notes are an integral part of these unconsolidated financial statements.

## Türkiye Sınai Kalkınma Bankası A.Ş.

### UNCONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY FOR THE YEAR ENDED DECEMBER 31, 2022

(Amounts are expressed in thousands of Turkish Lira (TL) unless otherwise stated.)

						Accumulated Other Comprehensive Income or Expenses Not Reclassified Through Profit or Loss				Accumulated Other Comprehensive Income or Expenses Reclassified Through Profit or Loss							
CHANGES IN SHAREHOLDERS' EQUITY	Note	Paid-in Capital	Share Premiums	Share Cancellation Profits	Other Capital Reserves	1	2	3	4	5	6	Profit Reserves	Prior Period Profit or (Loss)	Current Period Profit or (Loss)	Total Equity Except from Minority Interest	Minority Interest	Total Shareholders' Equity
Prior Period – 31 December 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 Made According to TAS 8		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.1 Effects of Errors		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.2 Effects of the Changes in Accounting Policies		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
III. Adjusted Beginning Balance (I+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	(358.223)	30.923	-	-	1.089.008	909.365	-	909.365
V. Capital Increase by Cash		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VI. Capital Increase by Internal Sources		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VII. Effect of Inflation on Paid-in Capital		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VIII. Convertible Bonds to Share		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
IX. Subordinated Debt Instruments		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
X. Increase/Decrease by Other Changes		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XI. Profit Distribution		-	-	-	-	(955)	-	-	-	-	-	660.501	(732.829)	-	(73.283)	-	(73.283)
11.1 Dividends Distributed		-	-	-	-	-	-	-	-	-	-	-	(73.283)	-	(73.283)	-	(73.283)
11.2 Transfers to Reserves		-	-	-	-	(955)	-	-	-	-	-	620.501	(619.546)	-	-	-	-
11.3 Other		-	-	-	-	-	-	-	-	-	-	40.000	(40.000)	-	-	-	-
Period-End Balance (III+IV+.....+X+XI)		2.800.000	-	-	374	59.493	(4.472)	150.547	104.425	(283.295)	141.817	2.882.741	-	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. 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 statements.

# Türkiye Sınai Kalkınma Bankası A.Ş.

## UNCONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY FOR THE YEAR ENDED DECEMBER 31, 2022

(Amounts are expressed in thousands of Turkish Lira (TL) unless otherwise stated.)

						Accumulated Other Comprehensive Income or Expenses Not Reclassified Through Profit or Loss			Accumulated Other Comprehensive Income or Expenses Reclassified Through Profit or Loss									
				Share Cancellati on Profits	Other Capital Reserves							Profit Reserves	Prior Period Profit or (Loss)	Current Period Profit or (Loss)	Total Equity Except from Minority Interest	Minority Interest	Total Shareholders' Equity	
CHANGES IN SHAREHOLDERS' EQUITY		Note	Paid-in Capital	Share Premiums		1	2	3	4	5	6							
Current Period – 31 December 2022																		
I.	Prior Period End Balance		2.800.000	-	-	374	59.493	(4.472)	150.547	104.425	(283.295)	141.817	2.882.741	1.089.008	-	6.940.638	-	6.940.638
II.	Corrections and Accounting Policy Changes Made According to TAS 8		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.1	Effects of Errors		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.2	Effects of the Changes in Accounting Policies		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
III.	Adjusted Beginning Balance (I+II)		2.800.000	-	-	374	59.493	(4.472)	150.547	104.425	(283.295)	141.817	2.882.741	1.089.008	-	6.940.638	-	6.940.638
IV.	Total Comprehensive Income		-	-	-	-	85.437	4.719	648.676	68.974	724.812	253.717	-	-	4.055.034	5.841.369	-	5.841.369
V.	Capital Increase by Cash		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VI.	Capital Increase by Internal Sources		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VII.	Effect of Inflation on Paid-in Capital		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VIII.	Convertible Bonds to Share		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
IX.	Subordinated Debt Instruments		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
X.	Increase/Decrease by Other Changes		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XI.	Profit Distribution		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
11.1	Dividends Distributed		-	-	-	-	-	-	-	-	-	-	1.089.008	(1.089.008)	-	-	-	-
11.2	Transfers to Reserves		-	-	-	-	-	-	-	-	-	-	1.045.883	(1.045.883)	-	-	-	-
11.3	Other		-	-	-	-	-	-	-	-	-	-	43.125	(43.125)	-	-	-	-
Period-End Balance (III+IV+.....+X+XI)			2.800.000	-	-	374	144.930	247	799.223	173.399	441.517	395.534	3.971.749	-	4.055.034	12.782.007	-	12.782.007

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 Transition 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 unconsolidated financial statements.

## Türkiye Sınai Kalkınma Bankası A.Ş.

### UNCONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED DECEMBER 31, 2022

(Amounts are expressed in thousands of Turkish Lira (TL) unless otherwise stated.)

	Note	Audited Current Period 31 December 2022	Audited Prior Period 31 December 2021
<b>A. CASH FLOWS FROM BANKING OPERATIONS</b>			
<b>1.1 Operating Profit Before Changes in Operating Assets and Liabilities</b>		<b>7,065,777</b>	<b>3,384,971</b>
1.1.1 Interest Received		7,965,732	3,439,789
1.1.2 Interest Paid		(2,931,262)	(1,369,352)
1.1.3 Dividends Received		15,268	9,055
1.1.4 Fees and Commissions Received		173,594	79,805
1.1.5 Other Income		581,087	3,679
1.1.6 Collections from Previously Written off Loans		116,908	199,458
1.1.7 Payments to Personnel and Service Suppliers		(310,273)	(170,290)
1.1.8 Taxes Paid		(997,237)	(306,721)
1.1.9 Others		2,451,960	1,499,548
<b>1.2 Changes in Operating Assets and Liabilities</b>		<b>2,298,297</b>	<b>210,118</b>
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		4,992,190	1,062,378
1.2.4 Net (Increase) (Decrease) in Other Assets		(635,589)	(737,255)
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		(4,061,304)	(860,102)
1.2.9 Net (Increase) (Decrease) in Matured Payable		-	-
1.2.10 Net (Increase) (Decrease) in Other Liabilities		2,003,000	745,097
<b>I. Net Cash Provided by / (used in) Banking Operations</b>		<b>9,364,074</b>	<b>3,595,089</b>
<b>B. CASH FLOWS FROM INVESTING ACTIVITIES</b>			
<b>II. Net Cash Provided by / (used in) Investing Activities</b>		<b>(4,156,487)</b>	<b>(2,540,848)</b>
2.1 Cash Paid for Purchase of Entities under Common Control, Associates and Subsidiaries		-	(134,399)
2.2 Cash Obtained from Sale of Entities under Common Control, Associates and Subsidiaries		-	-
2.3 Purchases of Property and Equipment		(16,592)	(8,475)
2.4 Disposals of Property and Equipment		276	936
2.5 Purchase of Financial Assets at Fair Value through Other Comprehensive Income		(3,121,352)	(3,044,446)
2.6 Sale of Financial Assets at Fair Value through Other Comprehensive Income		5,068,517	904,858
2.7 Purchase of Financial Assets Measured at Amortized Cost		(6,636,025)	(419,990)
2.8 Sale of Financial Assets Measured at Amortized Cost		550,421	162,558
2.9 Others		(1,732)	(1,890)
<b>C. CASH FLOWS FROM FINANCING ACTIVITIES</b>			
<b>III. Net Cash Provided by / (used in) Financing Activities</b>		<b>(1,548,885)</b>	<b>(9,922)</b>
3.1 Cash Obtained From Funds Borrowed and Securities Issued		2,916,300	2,558,789
3.2 Cash Used for Repayment of Funds Borrowed and Securities Issued		(4,422,450)	(2,460,308)
3.3 Capital Increase		-	-
3.4 Dividends Paid		-	(73,283)
3.5 Payments for Leases		(42,735)	(35,120)
3.6 Other		-	-
<b>IV. Effect of Change in Foreign Exchange Rate on Cash and Cash Equivalents</b>		<b>179,026</b>	<b>533,518</b>
<b>V. Net Increase / (Decrease) in Cash and Cash Equivalents</b>		<b>3,837,728</b>	<b>1,577,837</b>
<b>VI. Cash and Cash Equivalents at Beginning of the Period</b>		<b>3,219,221</b>	<b>1,641,385</b>
<b>VII. Cash and Cash Equivalents at End of the Period</b>		<b>7,056,949</b>	<b>3,219,222</b>

The accompanying notes are an integral part of these unconsolidated financial statements.

### UNCONSOLIDATED STATEMENT OF PROFIT DISTRIBUTION FOR THE YEAR ENDED DECEMBER 31, 2022

(Amounts are expressed in thousands of Turkish Lira (TL) unless otherwise stated.)

	Audited Current Period December 31, 2022 (1)	Audited Prior Period December 31, 2021 (4)
<b>I. DISTRIBUTION OF CURRENT YEAR INCOME</b>		
1.1 CURRENT YEAR INCOME	5,141,305	1,458,063
1.2 TAXES AND DUTIES PAYABLE	1,086,271	369,055
1.2.1 Corporate Tax (Income tax)	1,512,327	493,307
1.2.2 Income withholding tax	-	-
1.2.3 Other taxes and duties (3)	(426,056)	(124,252)
<b>A. NET INCOME FOR THE YEAR (1.1-1.2)</b>	<b>4,055,034</b>	<b>1,089,008</b>
1.3 PRIOR YEARS LOSSES (-)	-	-
1.4 LEGAL RESERVES (-)	-	54,450
1.5 OTHER STATUTORY RESERVES (-)	-	-
<b>B. NET PROFIT AVAILABLE FOR DISTRIBUTION [(A)-(1.3+1.4+1.5)]</b>	<b>4,055,034</b>	<b>1,034,558</b>
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 (-)	-	-
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	-	-
1.12 OTHER RESERVES	-	991,433
1.13 SPECIAL FUNDS	-	-
<b>II. DISTRIBUTION OF RESERVES</b>		
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 (-)	-	-
<b>III. EARNINGS PER SHARE (2)</b>		
3.1 TO OWNERS OF ORDINARY SHARES	-	-
3.2 TO OWNERS OF ORDINARY SHARES (%)	1.45	0.39
3.3 TO OWNERS OF PRIVILEGED SHARES	144.82	38.89
3.4 TO OWNERS OF PRIVILEGED SHARES (%)	-	-
<b>IV. DIVIDEND PER SHARE</b>		
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 2022 yet, only profit available for distribution for the year 2022 is presented.

(2) A nominal value of 1 kuruş 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 kuruş.

(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 29, 2022, after the publication of the independently audited financial statements dated December 31, 2021 and rearranged in this direction.

The accompanying notes are an integral part of these unconsolidated financial statements.



## Türkiye Sınai Kalkınma Bankası Anonim Şirketi and Its Subsidiaries

### INDEPENDENT AUDITOR'S AUDIT REPORT, CONSOLIDATED FINANCIAL STATEMENTS AND NOTES FOR THE YEAR ENDED DECEMBER 31, 2022

(Convenience Translation of the Auditor's Audit Report Originally Issued in Turkish)



You can scan the QR Code  
to reach the footnotes.



Güney Bağımsız Denetim ve SMMM A.Ş.  
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## Convenience Translation of the Auditor's Audit Report Originally Issued in Turkish

### Independent Auditors' Report on Audit of Consolidated Financial Statements

#### To the General Assembly of Türkiye Sınai Kalkınma Bankası A.Ş.;

#### Qualified Opinion

We have audited the consolidated statement of financial position of Türkiye Sınai Kalkınma Bankası A.Ş. ("the Bank") and its subsidiaries (the Group) as at December 31, 2022 and the related consolidated statement of profit or loss, consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in shareholders' equity, consolidated statement of cash flows and a summary of significant accounting policies and other explanatory notes to the consolidated financial statements.

In our opinion, except for the effects of the matter on the consolidated financial statements described in the Basis of for Qualified Opinion paragraph, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Türkiye Sınai Kalkınma Bankası A.Ş. and its subsidiaries as at December 31, 2022 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 Turkish Financial Reporting Standards ("TFRS") for those matters not regulated by the aforementioned regulations.

#### Basis of Qualified Opinion

As explained in Note 7 of the Explanations and Disclosures related to the Liabilities, the accompanying consolidated financial statements as at December 31, 2022 include a free provision amounting to Thousands TL 900.000 that Thousands TL 440.000 which were provided within prior years, of which Thousands TL 460.000 was provided at 2022 respectively by the Bank management, for the possible effects of the negative circumstances which may arise in the economy or market conditions. Since the above mentioned provisions do not meet the accounting requirements of TAS 37 "Provisions, Contingent Liabilities and Contingent Assets", the "Other Provisions" for the period ended 31 December 2022 are overstated by Thousands TL 900.000, "retained earnings" and "net income" of December 31, 2022 are understated by Thousands TL 440.000 and Thousands TL 460.000, 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
<b>Related important disclosures about recognition and impact of impairment on financial assets in accordance with TFRS 9</b>	
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:	In addition to our current audit procedures, our audit procedures are:
<ul style="list-style-type: none"> <li>- Amount of on and off-balance sheet items that are subject to expected credit loss calculation is material to the financial statements.</li> <li>- There are complex and comprehensive requirements of TFRS 9</li> <li>- 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 Bank uses significant judgment on the assessment of the business model and identification of the complex contractual cash flow characteristics of financial instruments.</li> <li>- Policies implemented by the Bank management include compliance risk to the regulations and other practices.</li> <li>- Processes of TFRS 9 are advanced and complex.</li> <li>- Judgements and estimates used in expected credit loss calculation are new, complex and comprehensive.</li> <li>- Disclosure requirements of TFRS 9 are comprehensive and complex.</li> </ul>	<ul style="list-style-type: none"> <li>- Evaluating the appropriateness of accounting policies as to the requirements of TFRS 9, Group's past experience, local and global practices.</li> <li>- 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.</li> <li>- 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</li> <li>- 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.</li> <li>- 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.</li> <li>- Assessing the completeness and the accuracy of the data used for expected credit loss calculation.</li> <li>- Testing the mathematical accuracy of expected credit loss calculation on sample basis.</li> <li>- Evaluating the judgments and estimates used for the individually assessed financial assets.</li> <li>- Evaluating the accuracy and the necessity of post-model adjustments.</li> <li>- Auditing of TFRS 9 disclosures.</li> </ul>





Key Audit Matter	How the matter is addressed in our audit
<b>Pension Fund Obligations</b>	
<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, 2022 has been calculated by an independent actuary in accordance with the actuarial assumptions in the Law and as per actuarial report dated January 24, 2023, there is no need for technical or actual deficit to book provision as of December 31, 2022.</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.</p> <p>We further focused on the accuracy and adequacy of the deficit and also disclosures on key assumptions related to pension fund as well as footnotes to significant assumptions.</p>



Key Audit Matter	How the matter is addressed in our audit
<b>Derivative Financial Instruments</b>	
<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 I.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 Consolidated Financial Statements

The 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 financial statements.



As part of an audit in accordance with BRSIA 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.



#### Report on Other Legal and Regulatory Requirements

- 1) In accordance with Article 402 paragraph 4 of the Turkish Commercial Code ("TCC") no 6102; 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, 2022 are not in compliance with the TCC and provisions of 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.

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



Fatma Ebru Yücel, SMMM  
Partner

February 1, 2023  
İstanbul, Türkiye



**THE CONSOLIDATED FINANCIAL REPORT OF  
TÜRKİYE SİNAİ KALKINMA BANKASI A.Ş.  
FOR THE YEAR ENDED 31 DECEMBER 2022**

Address: Meclisi Mebusan Cad. No:81 Fındıklı /İstanbul  
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Fax : (212) 334 52 34  
Web-site: [www.tskb.com.tr](http://www.tskb.com.tr)  
E-mail: [ir@tskb.com.tr](mailto:ir@tskb.com.tr)

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.

01 February 2023

			
Adnan BALI	Murat BİLGİCİ	Aziz Ferit ERASLAN	Tolga SERT
Chairman of Board of Directors	Member of Board of Directors and General Manager	Executive Vice President In Charge of Financial Reporting	Director In Charge of Financial Reporting

	
Gamze YALÇIN	Bahattin ÖZARSLANTÜRK
Chairman of Audit Committee	Member of Audit Committee

Contact information of the personnel in charge for addressing questions about this financial report:  
Name-Surname / Title : Tolga Sert / Director In Charge of Financial Reporting  
Telephone Number : (0212) 334 51 97

Türkiye Sınai Kalkınma Bankası A.Ş.  
Industrial Development Bank of Turkey  
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# Türkiye Sınai Kalkınma Bankası A.Ş. and Its Subsidiaries

## CONSOLIDATED BALANCE SHEET (STATEMENT OF FINANCIAL POSITION) AS OF 31 DECEMBER 2022

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

ASSETS	Section 5 Note I	Audited Current Period 31 December 2022			Audited Prior Period 31 December 2021		
		TL	FC	Total	TL	FC	Total
<b>I. FINANCIAL ASSETS (NET)</b>		<b>11,118,327</b>	<b>13,011,354</b>	<b>24,129,681</b>	<b>6,180,962</b>	<b>11,181,611</b>	<b>17,362,573</b>
<b>I.1 Cash and Cash Equivalents</b>		<b>6,203,077</b>	<b>4,266,110</b>	<b>10,469,187</b>	<b>1,726,208</b>	<b>3,945,944</b>	<b>5,672,152</b>
I.1.1 Cash and Balances with Central Bank	(1)	18,960	2,778,981	2,797,941	14,716	2,023,420	2,038,136
I.1.2 Banks	(3)	464,264	1,492,816	1,957,080	282,457	1,925,304	2,207,761
I.1.3 Money Market Placements		5,721,043	-	5,721,043	1,429,167	-	1,429,167
I.1.4 Expected Credit Losses (-)		1,190	5,687	6,877	132	2,780	2,912
<b>I.2 Financial Assets at Fair Value Through Profit or Loss</b>	<b>(2)</b>	<b>175,599</b>	<b>-</b>	<b>175,599</b>	<b>42,759</b>	<b>263,097</b>	<b>305,856</b>
I.2.1 Government Debt Securities		-	-	-	-	-	-
I.2.2 Equity Instruments		98,313	-	98,313	32,276	-	32,276
I.2.3 Other Financial Assets		77,286	-	77,286	10,483	263,097	273,580
<b>I.3 Financial Assets at Fair Value Through Other Comprehensive Income</b>	<b>(4)</b>	<b>3,779,021</b>	<b>7,310,268</b>	<b>11,089,289</b>	<b>2,642,160</b>	<b>6,293,117</b>	<b>8,935,277</b>
I.3.1 Government Debt Securities		2,846,542	6,903,245	9,749,787	2,254,125	6,096,386	8,350,511
I.3.2 Equity Instruments		112,705	407,023	519,728	83,751	196,731	280,482
I.3.3 Other Financial Assets		819,774	-	819,774	304,284	-	304,284
<b>I.4 Derivative Financial Assets</b>	<b>(2)</b>	<b>960,630</b>	<b>1,434,976</b>	<b>2,395,606</b>	<b>1,769,835</b>	<b>679,453</b>	<b>2,449,288</b>
I.4.1 Derivative Financial Assets at Fair Value Through Profit or Loss		960,630	1,434,976	2,395,606	1,769,835	679,453	2,449,288
I.4.2 Derivative Financial Assets at Fair Value Through Other Comprehensive Income		-	-	-	-	-	-
<b>II. FINANCIAL ASSETS MEASURED AT AMORTIZED COST (NET)</b>		<b>13,961,970</b>	<b>74,654,449</b>	<b>88,616,419</b>	<b>8,969,119</b>	<b>56,330,165</b>	<b>65,299,284</b>
<b>II.1 Loans</b>	<b>(5)</b>	<b>10,044,689</b>	<b>70,885,506</b>	<b>80,930,195</b>	<b>6,230,754</b>	<b>57,889,759</b>	<b>64,120,513</b>
II.1.1 Loans	(10)	34,615	345,616	380,231	10,238	336,329	346,567
<b>II.2 Lease Receivables</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>II.3 Factoring Receivables</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>II.4 Other Financial Assets Measured at Amortized Cost</b>	<b>(6)</b>	<b>6,195,613</b>	<b>6,630,368</b>	<b>12,825,981</b>	<b>3,321,632</b>	<b>634,071</b>	<b>3,955,703</b>
II.4.1 Government Debt Securities		6,195,613	6,630,368	12,825,981	3,321,632	634,071	3,955,703
II.4.2 Other Financial Assets		-	-	-	-	-	-
<b>II.5 Expected Credit Losses (-)</b>		<b>2,312,947</b>	<b>3,207,041</b>	<b>5,519,988</b>	<b>593,505</b>	<b>2,529,994</b>	<b>3,123,499</b>
<b>III. PROPERTY AND EQUIPMENT HELD FOR SALE PURPOSE AND RELATED TO DISCONTINUED OPERATIONS (NET)</b>	<b>(16)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>64,403</b>	<b>-</b>	<b>64,403</b>
III.1 Held for Sale Purpose		-	-	-	64,403	-	64,403
III.2 Related to Discontinued Operations		-	-	-	-	-	-
<b>IV. EQUITY INVESTMENTS</b>		<b>1,551,348</b>	<b>-</b>	<b>1,551,348</b>	<b>815,503</b>	<b>-</b>	<b>815,503</b>
<b>IV.1 Investments in Associates (Net)</b>	<b>(7)</b>	<b>1,493,750</b>	<b>-</b>	<b>1,493,750</b>	<b>777,551</b>	<b>-</b>	<b>777,551</b>
IV.1.1 Accounted Under Equity Method		1,493,750	-	1,493,750	777,551	-	777,551
IV.1.2 Unconsolidated Associates		-	-	-	-	-	-
<b>IV.2 Subsidiaries (Net)</b>	<b>(8)</b>	<b>51,970</b>	<b>-</b>	<b>51,970</b>	<b>36,116</b>	<b>-</b>	<b>36,116</b>
IV.2.1 Unconsolidated Financial Subsidiaries		-	-	-	-	-	-
IV.2.2 Unconsolidated Non-Financial Subsidiaries		51,970	-	51,970	36,116	-	36,116
<b>IV.3 Entities under Common Control (Joint Venture) (Net)</b>		<b>5,628</b>	<b>-</b>	<b>5,628</b>	<b>1,836</b>	<b>-</b>	<b>1,836</b>
IV.3.1 Joint Ventures Valued Based on Equity Method		5,628	-	5,628	-	-	-
IV.3.2 Unconsolidated Joint Ventures		-	-	-	1,836	-	1,836
<b>V. TANGIBLE ASSETS (Net)</b>	<b>(12)</b>	<b>1,214,227</b>	<b>-</b>	<b>1,214,227</b>	<b>479,361</b>	<b>-</b>	<b>479,361</b>
<b>VI. INTANGIBLE ASSETS (Net)</b>	<b>(13)</b>	<b>4,278</b>	<b>-</b>	<b>4,278</b>	<b>4,514</b>	<b>-</b>	<b>4,514</b>
VI.1 Goodwill		1,005	-	1,005	1,005	-	1,005
VI.2 Other		3,273	-	3,273	3,509	-	3,509
<b>VII. INVESTMENT PROPERTY (Net)</b>	<b>(14)</b>	<b>764,910</b>	<b>-</b>	<b>764,910</b>	<b>336,177</b>	<b>-</b>	<b>336,177</b>
<b>VIII. CURRENT TAX ASSET</b>		<b>177</b>	<b>-</b>	<b>177</b>	<b>209</b>	<b>-</b>	<b>209</b>
<b>IX. DEFERRED TAX ASSET</b>	<b>(15)</b>	<b>724,131</b>	<b>-</b>	<b>724,131</b>	<b>396,583</b>	<b>-</b>	<b>396,583</b>
<b>X. OTHER ASSETS (Net)</b>	<b>(17)</b>	<b>516,911</b>	<b>99,578</b>	<b>616,489</b>	<b>1,222,133</b>	<b>111,795</b>	<b>1,333,928</b>
<b>TOTAL ASSETS</b>		<b>29,856,279</b>	<b>87,765,381</b>	<b>117,621,660</b>	<b>18,468,964</b>	<b>67,623,571</b>	<b>86,092,535</b>

The accompanying notes are an integral part of these consolidated financial statements.

LIABILITIES AND EQUITY	Section 5 Note II	Audited Current Period 31 December 2022			Audited Prior Period 31 December 2021		
		TL	FC	Total	TL	FC	Total
<b>I. DEPOSITS</b>	<b>(1)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>II. FUNDS BORROWED</b>	<b>(3)</b>	<b>-</b>	<b>70,814,085</b>	<b>70,814,085</b>	<b>119,231</b>	<b>54,154,809</b>	<b>54,274,040</b>
<b>III. MONEY MARKET BALANCES</b>		<b>1,215,564</b>	<b>1,256,559</b>	<b>2,472,123</b>	<b>713,079</b>	<b>698,140</b>	<b>1,411,219</b>
<b>IV. MARKETABLE SECURITIES ISSUED (Net)</b>	<b>(3)</b>	<b>505,705</b>	<b>21,047,752</b>	<b>21,553,457</b>	<b>879,492</b>	<b>14,927,941</b>	<b>15,807,433</b>
IV.1 Bills		333,220	-	333,220	93,237	-	93,237
IV.2 Assets Backed Securities		172,485	-	172,485	786,255	-	786,255
IV.3 Bonds		-	21,047,752	21,047,752	-	14,927,941	14,927,941
<b>V. BORROWER FUNDS</b>		<b>27,907</b>	<b>709,826</b>	<b>737,733</b>	<b>11,191</b>	<b>680,513</b>	<b>691,704</b>
V.1 Borrower Funds		27,907	709,826	737,733	11,191	680,513	691,704
V.2 Other		-	-	-	-	-	-
<b>VI. FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>VII. DERIVATIVE FINANCIAL LIABILITIES</b>	<b>(2)</b>	<b>169,996</b>	<b>962,357</b>	<b>1,132,353</b>	<b>801,270</b>	<b>320,009</b>	<b>1,121,279</b>
VII.1 Derivative Financial Liabilities at Fair Value Through Profit or Loss		169,996	962,357	1,132,353	801,270	320,009	1,121,279
VII.2 Derivative Financial Liabilities at Fair Value Through Other Comprehensive Income		-	-	-	-	-	-
<b>VIII. FACTORING LIABILITIES</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>IX. LEASE LIABILITIES</b>	<b>(5)</b>	<b>5,563</b>	<b>-</b>	<b>5,563</b>	<b>4,678</b>	<b>-</b>	<b>4,678</b>
<b>X. PROVISIONS</b>	<b>(7)</b>	<b>1,021,789</b>	<b>49,640</b>	<b>1,071,429</b>	<b>488,689</b>	<b>58,780</b>	<b>547,469</b>
X.1 Restructuring Provisions		-	-	-	-	-	-
X.2 Reverse for Employee Benefits		48,190	-	48,190	33,367	-	33,367
X.3 Insurance Technical Provisions (Net)		-	-	-	-	-	-
X.4 Other Provisions		973,599	49,640	1,023,239	455,322	58,780	514,102
<b>XI. CURRENT TAX LIABILITY</b>	<b>(8)</b>	<b>580,310</b>	<b>-</b>	<b>580,310</b>	<b>225,072</b>	<b>-</b>	<b>225,072</b>
<b>XII. DEFERRED TAX LIABILITY</b>	<b>(8)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>XIII. LIABILITIES FOR PROPERTY AND EQUIPMENT HELD FOR SALE AND RELATED TO DISCONTINUED OPERATIONS (Net)</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
XIII.1 Held for Sale Purpose		-	-	-	-	-	-
XIII.2 Related to Discontinued Operations		-	-	-	-	-	-
<b>XIV. SUBORDINATED DEBT INSTRUMENTS</b>	<b>(10)</b>	<b>-</b>	<b>3,829,127</b>	<b>3,829,127</b>	<b>-</b>	<b>4,029,204</b>	<b>4,029,204</b>
XIV.1 Loans		-	3,829,127	3,829,127	-	4,029,204	4,029,204
XIV.2 Other Debt Instruments		-	-	-	-	-	-
<b>XV. OTHER LIABILITIES</b>		<b>428,570</b>	<b>2,004,454</b>	<b>2,433,024</b>	<b>409,935</b>	<b>548,736</b>	<b>958,671</b>
<b>XVI. SHAREHOLDERS' EQUITY</b>		<b>13,258,786</b>	<b>(266,330)</b>	<b>12,992,456</b>	<b>7,238,548</b>	<b>(216,782)</b>	<b>7,021,766</b>
XVI.1 Paid-in capital	(11)	2,800,000	-	2,800,000	2,800,000	-	2,800,000
XVI.2 Capital Reserves		1,381	-	1,381	1,386	-	1,386
XVI.2.1 Share Premium		1,007	-	1,007	1,012	-	1,012
XVI.2.2 Share Cancellation Profits		-	-	-	-	-	-
XVI.2.3 Other Capital Reserves		374	-	374	374	-	374
XVI.3 Accumulated Other Comprehensive Income or Loss Not Reclassified Through Profit or Loss	(11)	1,218,443	95,052	1,313,495	483,242	16,502	499,744
XVI.4 Accumulated Other Comprehensive Income or Loss Reclassified Through Profit or Loss		1,371,833	(361,382)	1,010,451	196,233	(233,284)	(37,051)
XVI.5 Profit Reserves		3,702,923	-	3,702,923	2,609,620	-	2,609,620
XVI.5.1 Legal Reserves	(11)	440,207	-	440,207	381,427	-	381,427
XVI.5.2 Status Reserves		75,641	-	75,641	75,641	-	75,641
XVI.5.3 Extraordinary Reserves	(11)	3,184,155	-	3,184,155	2,149,632	-	2,149,632
XVI.5.4 Other Profit Reserves		2,920	-	2,920	2,920	-	2,920
XVI.6 Profit Or Loss		3,945,723	-	3,945,723	1,058,956	-	1,058,956
XVI.6.1 Prior Years' Profit/Loss		(34,689)	-	(34,689)	(22,153)	-	(22,153)
XVI.6.2 Current Year Profit/Loss		3,980,412	-	3,980,412	1,081,109	-	1,081,109
XVI.7 Non-Controlling Interests		218,483	-	218,483	89,111	-	89,111
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>17,214,190</b>	<b>100,407,470</b>	<b>117,621,660</b>	<b>10,891,185</b>	<b>75,201,350</b>	<b>86,092,535</b>

The accompanying notes are an integral part of these consolidated financial statements.

# Türkiye Sınai Kalkınma Bankası A.Ş. and Its Subsidiaries

## CONSOLIDATED STATEMENT OF OFF-BALANCE SHEET AS OF DECEMBER 31, 2022

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

		Audited Current Period 31 December 2022			Audited Prior Period 31 December 2021			
		Section 5 Note III	TL	FC	Total	TL	FC	Total
OFF-BALANCE SHEET								
A. OFF-BALANCE SHEET COMMITMENTS AND CONTINGENCIES (I-IV-III)								
I.	GUARANTEES AND COLLATERALS	(1)	19,508,376	106,630,286	126,138,662	10,087,461	98,584,719	108,672,180
1.1	Letters of Guarantee		1,488,294	5,817,315	7,305,609	337,754	7,945,061	8,282,815
1.1.1	Guarantees Subject to State Tender Law		1,166,774	2,568,770	3,735,544	251,849	2,660,952	2,912,801
1.1.2	Guarantees Given for Foreign Trade Operations		-	-	-	-	-	-
1.1.3	Other Letters of Guarantee		1,166,774	2,568,770	3,735,544	251,849	2,660,952	2,912,801
1.2	Bank Acceptances		-	39,643	39,643	-	170,742	170,742
1.2.1	Import Letter of Acceptance		-	39,643	39,643	-	170,742	170,742
1.2.2	Other Bank Acceptance		-	-	-	-	-	-
1.3	Letters of Credit		321,520	3,208,902	3,530,422	85,905	5,113,367	5,199,272
1.3.1	Documentary Letters of Credit		321,520	3,208,902	3,530,422	85,905	5,113,367	5,199,272
1.3.2	Other Letters of Credit		-	-	-	-	-	-
1.4	Preinancing 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)	5,868,743	9,504,856	15,373,599	2,124,218	9,400,185	11,524,403
2.1	Irrevocable Commitments		5,057,907	270,614	5,328,521	1,567,024	795,425	2,362,449
2.1.1	Forward Asset Purchase and Sale Commitments		53,598	110,188	163,786	84,156	294,071	378,227
2.1.2	Forward Deposit Purchase and Sales Commitments		-	-	-	-	-	-
2.1.3	Share Capital Commitments to Associates and Subsidiaries		-	138,750	138,750	-	157,380	157,380
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		5,004,309	21,676	5,025,985	1,482,868	343,974	1,826,842
2.2	Revocable Commitments		810,836	9,234,242	10,045,078	557,194	8,604,760	9,161,954
2.2.1	Revocable Loan Granting Commitments		810,836	9,234,242	10,045,078	557,194	8,604,760	9,161,954
2.2.2	Other Revocable Commitments		-	-	-	-	-	-
III.	DERIVATIVE FINANCIAL INSTRUMENTS	(2)	12,151,339	91,308,115	103,459,454	7,625,489	81,239,473	88,864,962
3.1	Derivative Financial Instruments for Hedging Purposes		-	26,497,037	26,497,037	-	27,012,103	27,012,103
3.1.1	Fair Value Hedge		-	26,497,037	26,497,037	-	27,012,103	27,012,103
3.1.2	Cash Flow Hedge		-	-	-	-	-	-
3.1.3	Hedge of Net Investment in Foreign Operations		-	-	-	-	-	-
3.2	Held for Trading Transactions		12,151,339	64,811,078	76,962,417	7,625,489	54,227,370	61,852,859
3.2.1	Forward Foreign Currency Buy-Sell Transactions		690,671	873,913	1,564,584	652,330	1,633,747	2,286,077
3.2.1.1	Forward Foreign Currency Transactions-Buy		690,671	163,686	854,357	573,527	490,868	1,064,395
3.2.1.2	Forward Foreign Currency Transactions-Sell		-	710,227	710,227	78,803	1,142,879	1,221,682
3.2.2	Swap Transactions Related to Foreign Currency and Interest Rate		11,362,766	63,919,727	75,282,493	6,913,070	52,582,061	59,475,131
3.2.2.1	Foreign Currency Swap-Buy		77,756	17,764,305	17,842,061	718,846	13,556,545	14,271,391
3.2.2.2	Foreign Currency Swap-Sell		11,128,122	5,963,930	17,092,052	5,936,002	7,167,646	13,103,648
3.2.2.3	Interest Rate Swap-Buy		78,444	20,095,746	20,174,190	131,111	15,918,935	16,050,046
3.2.2.4	Interest Rate Swap-Sell		-	-	-	-	-	-
3.2.3	Foreign Currency Interest Rate, and Securities Options		-	17,438	17,438	8,540	16,170	24,710
3.2.3.1	Foreign Currency Options-Buy		-	8,719	8,719	4,270	8,085	12,355
3.2.3.2	Foreign Currency Options-Sell		-	8,719	8,719	4,270	8,085	12,355
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		97,902	-	97,902	35,335	-	35,335
B.	CUSTODY AND PLEDGES SECURITIES (IV+V+VI)		156,833,831	1,202,625,176	1,359,459,007	78,243,073	766,899,683	845,102,756
IV.	ITEMS HELD IN CUSTODY		3,204,952	2,527,015	5,731,967	2,087,418	1,235,367	3,322,785
4.1	Customers' Securities Held		-	-	-	-	-	-
4.2	Investment Securities Held in Custody		3,154,376	2,527,015	5,681,391	1,928,041	1,235,367	3,163,408
4.3	Checks Received for Collection		-	-	-	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		50,576	-	50,576	129,129	-	129,129
V.	PLEDGES ITEMS		146,276,348	958,586,712	1,104,863,060	68,402,225	599,876,328	668,258,553
5.1	Marketable Securities		450,247	-	450,247	450,247	-	450,247
5.2	Guarantee Notes		132,137	2,558,202	2,690,339	111,006	2,811,577	2,922,583
5.3	Commodity		-	-	-	-	-	-
5.4	Warranty		-	-	-	-	-	-
5.5	Real Estate		55,452,686	256,863,629	312,316,315	8,875,479	152,961,497	161,836,976
5.6	Other Pledged Items		90,235,278	699,164,881	789,400,159	59,039,493	444,733,254	503,772,747
5.7	Pledged Items-Depository		-	-	-	-	-	-
VI.	ACCEPTED BILL OF EXCHANGE AND COLLATERALS		7,382,531	241,511,449	248,893,980	7,703,430	165,747,988	173,451,418
TOTAL OFF-BALANCE SHEET ITEMS (A+B)			176,342,207	1,309,255,462	1,485,597,669	88,338,534	865,444,402	953,774,706

The accompanying notes are an integral part of these consolidated financial statements.

## CONSOLIDATED STATEMENT OF PROFIT OR LOSS FOR THE YEAR ENDED DECEMBER 31, 2022

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

		Audited Current Period January 1, 2022 – December 31, 2022	Audited Prior Period January 1, 2021 – December 31, 2021
STATEMENT OF PROFIT OR LOSS		Note	
I.	INTEREST INCOME	(1)	10,374,234
1.1	Interest on Loans		5,479,961
1.2	Interest Received from Reserve Deposits		309
1.3	Interest Received from Banks		43,217
1.4	Interest Received from Money Market Placements		662,270
1.5	Interest Received from Marketable Securities Portfolio		4,139,197
1.5.1	Fair Value Through Profit or Loss		3,241
1.5.2	Fair Value Through other Comprehensive Income		1,044,953
1.5.3	Measured at Amortized Cost		3,091,003
1.6	Finance Lease Income		20,024
1.7	Other Interest Income		29,256
II.	INTEREST EXPENSES (-)	(2)	3,503,653
2.1	Interest on Deposits		-
2.2	Interest on Funds Borrowed		1,994,175
2.3	Interest on Money Market Borrowings		135,139
2.4	Interest on Securities Issued		1,353,995
2.5	Leasing Interest Expense		1,802
2.6	Other Interest Expense		18,542
III.	NET INTEREST INCOME (I - II)		6,870,581
IV.	NET FEES AND COMMISSIONS INCOME / EXPENSES		341,520
4.1	Fees and Commissions Received		378,823
4.1.1	Non-cash Loans		56,349
4.1.2	Other		322,474
4.2	Fees and Commissions Paid (-)		37,303
4.2.1	Non-cash Loans		9,269
4.2.2	Other		28,034
V.	DIVIDEND INCOME	(3)	19,754
VI.	NET TRADING INCOME	(4)	835,825
6.1	Securities Trading Gains / (Losses)		75,208
6.2	Derivative Financial Instruments Gains / Losses		2,495,067
6.3	Foreign Exchange Gains / Losses (Net)		(1,734,450)
VII.	OTHER OPERATING INCOME	(5)	662,958
VIII.	GROSS OPERATING INCOME (III+IV+V+VI+VII)		8,730,638
IX.	EXPECTED CREDIT LOSSES (-)	(6)	2,582,020
X.	OTHER PROVISION EXPENSES (-)	(6)	574,403
XI.	PERSONNEL EXPENSES (-)		436,065
XII.	OTHER OPERATING EXPENSES (-)	(7)	398,871
XIII.	NET OPERATING INCOME/(LOSS) (VIII-IX-X-XI-XII)		4,739,279
XIV.	AMOUNT IN EXCESS RECORDED AS GAIN AFTER MERGER		-
XV.	PROFIT / (LOSS) ON EQUITY METHOD		-
XVI.	GAIN / (LOSS) ON NET MONETARY POSITION		-
XVII.	PROFIT/(LOSS) FROM CONTINUED OPERATIONS BEFORE TAXES (XIII+...+XVI)		5,226,241
XVIII.	TAX PROVISION FOR CONTINUED OPERATIONS (a)	(8)	1,120,502
18.1	Provision for Current Income Taxes		1,558,007
18.2	Deferred Tax Income Effect (+)		602,980
18.3	Deferred Tax Expense Effect (-)		1,040,485
XIX.	NET PROFIT/(LOSS) FROM CONTINUED OPERATIONS (XVII+XVIII)	(10)	4,105,739
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 (a)		-
22.1	Provision for Current Income Taxes		-
22.2	Deferred Tax Expense Effect (+)		-
22.3	Deferred Tax Income Effect (-)		-
XXIV.	NET PROFIT/LOSS FROM DISCONTINUED OPERATIONS (XXII+XXIII)		-
XXV.	NET PROFIT/LOSS (XIX+XXIV)	(11)	4,105,739
25.1	Group's Profit / Loss		3,980,412
25.2	Minority Shares (-)		125,327
	Earning / (loss) per share		1,422

The accompanying notes are an integral part of these consolidated financial statements.

## Türkiye Sınai Kalkınma Bankası A.Ş. and Its Subsidiaries

### CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED DECEMBER 31, 2022

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

	Audited Current Period 1 January 2022 – 31 December 2022	Audited Prior Period 1 January 2021– 31 December 2021
<b>PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME</b>		
<b>I. CURRENT PERIOD INCOME / LOSS</b>	<b>4.105.739</b>	<b>1.097.309</b>
<b>II. OTHER COMPREHENSIVE INCOME</b>	<b>1.861.253</b>	<b>(151.905)</b>
<b>2.1 Not Reclassified Through Profit or Loss</b>	<b>813.751</b>	<b>110.907</b>
2.1.1 Property and Equipment Revaluation Increase / Decrease	721.212	93.082
2.1.2 Intangible Assets Revaluation Increase / Decrease	-	-
2.1.3 Defined Benefit Pension Plan Remeasurement Gain / Loss	4.451	(7.561)
2.1.4 Other Comprehensive Income Items Not Reclassified Through Profit or Loss	102.994	24.874
2.1.5 Tax Related Other Comprehensive Income Items Not Reclassified Through Profit or Loss	(14.906)	512
<b>2.2 Reclassified Through Profit or Loss</b>	<b>1.047.502</b>	<b>(262.812)</b>
2.2.1 Foreign Currency Translation Differences	68.974	64.573
2.2.2 Valuation and / or Reclassification Income / Expense of the Financial Assets at Fair Value Through Other Comprehensive Income	819.863	(452.241)
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	253.716	30.922
2.2.6 Tax Related Other Comprehensive Income Items Reclassified Through Profit or Loss	(95.051)	93.934
<b>III. TOTAL COMPREHENSIVE INCOME (I+II)</b>	<b>5.966.992</b>	<b>945.404</b>

The accompanying notes are an integral part of these consolidated financial statements.

## Türkiye Sınai Kalkınma Bankası A.Ş. and Its Subsidiaries

### CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED DECEMBER 31, 2022

(Amounts 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			Accumulated Other Comprehensive Income or Expenses Reclassified Through Profit or Loss			Profit Reserves	Prior Period Profit or (Loss)	Current Period Profit or (Loss)	Total Equity Except from Minority Interest	Minority Interest	Total Shareholders' Equity
						1	2	3	4	5	6						
I. Prior Period – December 31, 2021		2.800.000	776	-	374	342.425	1.392	45.975	39.852	75.014	110.895	1.947.077	712.819	-	6.076.599	54.170	6.130.769
II. Prior Period End Balance																	
Corrections and Accounting Policy Changes Made According to TAS 8		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.1 Effects of Errors		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.2 Effects of the Changes in Accounting Policies		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
III. Adjusted Beginning Balance (I+II)		2.800.000	776	-	374	342.425	1.392	45.975	39.852	75.014	110.895	1.947.077	712.819	-	6.076.599	54.170	6.130.769
IV. Total Comprehensive Income		-	-	-	-	92.060	(6.027)	24.874	64.573	(358.307)	30.922	-	-	1.081.109	929.204	16.200	945.404
V. Capital Increase by Cash		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VI. Capital Increase by Internal Sources		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VII. Effect of Inflation on Paid-in Capital		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VIII. Convertible Bonds to Share		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
IX. Subordinated Debt Instruments		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
X. Increase/Decrease by Other Changes		-	236	-	-	-	-	-	-	-	-	(30)	288	-	494	18.741	19.235
XI. Profit Distribution		-	-	-	-	(955)	-	-	-	-	-	662.573	(735.260)	-	(73.642)	-	(73.642)
11.1 Dividends Distributed		-	-	-	-	-	-	-	-	-	-	-	(73.551)	-	(73.551)	-	(73.551)
11.2 Transfers to Reserves		-	-	-	-	(955)	-	-	-	-	-	622.573	(621.709)	-	(91)	-	(91)
11.3 Other		-	-	-	-	-	-	-	-	-	-	40.000	(40.000)	-	-	-	-
Period-End Balance (III+IV+.....+X+XI)		2.800.000	1.012	-	374	433.530	(4.635)	70.849	104.425	(283.293)	141.817	2.609.620	(22.153)	1.081.109	6.932.655	89.111	7.021.766

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. 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.



# Türkiye Sınai Kalkınma Bankası A.Ş. and Its Subsidiaries

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED DECEMBER 31, 2022

(Amounts 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			Accumulated Other Comprehensive Income or Expenses Reclassified Through Profit or Loss			Profit Reserves	Prior Period Profit or (Loss)	Current Period Profit or (Loss)	Total Equity Except from Minority Interest	Minority Interest	Total Shareholders' Equity
						1	2	3	4	5	6						
I. Current Period – December 31, 2022		2.800.000	1.012	-	374	433.530	(4.635)	70.849	104.425	(283.293)	141.817	2.609.620	1.058.956	-	6.932.655	89.111	7.021.766
II. Prior Period End Balance																	
Corrections and Accounting Policy Changes Made According to TAS 8		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.1 Effects of Errors		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.2 Effects of the Changes in Accounting Policies		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
III. Adjusted Beginning Balance (I-II)		2.800.000	1.012	-	374	433.530	(4.635)	70.849	104.425	(283.293)	141.817	2.609.620	1.058.956	-	6.932.655	89.111	7.021.766
IV. Total Comprehensive Income		-	-	-	-	707.311	3.672	102.768	68.974	724.812	253.716	-	-	3.980.412	5.841.665	125.327	5.966.992
V. Capital Increase by Cash		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VI. Capital Increase by Internal Sources		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VII. Effect of Inflation on Paid-in Capital		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VIII. Convertible Bonds to Share		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
IX. Subordinated Debt Instruments		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
X. Increase/Decrease by Other Changes		-	(5)	-	-	-	-	-	-	-	-	(33)	150	-	112	4.045	4.157
XI. Profit Distribution		-	-	-	-	-	-	-	-	-	-	1.093.336	(1.093.795)	-	(459)	-	(459)
11.1 Dividends Distributed		-	-	-	-	-	-	-	-	-	-	-	(268)	-	(268)	-	(268)
11.2 Transfers to Reserves		-	-	-	-	-	-	-	-	-	-	1.050.211	(1.050.402)	-	(191)	-	(191)
11.3 Other		-	-	-	-	-	-	-	-	-	-	43.125	(43.125)	-	-	-	-
Period-End Balance (III+IV+.....+X+XI)		2.800.000	1.007	-	374	1.140.841	(963)	173.617	173.399	441.519	395.533	3.702.923	(34.689)	3.980.412	12.773.973	218.483	12.992.456

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. 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.

# Türkiye Sınai Kalkınma Bankası A.Ş. and Its Subsidiaries

## CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED DECEMBER 31, 2022

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

	Note	Audited Current Period 31 December 2022	Reviewed Prior Period 31 December 2021
<b>A. CASH FLOWS FROM BANKING OPERATIONS</b>			
<b>1.1 Operating Profit Before Changes in Operating Assets and Liabilities</b>		<b>8,571,547</b>	<b>3,465,828</b>
1.1.1 Interest Received		9,541,329	3,583,179
1.1.2 Interest Paid		(3,062,692)	(1,482,426)
1.1.3 Dividends Received		19,754	8,260
1.1.4 Fees and Commissions Received		378,823	174,599
1.1.5 Other Income		662,337	67,049
1.1.6 Collections from Previously Written off Loans		117,470	199,913
1.1.7 Payments to Personnel and Service Suppliers		(491,270)	(258,021)
1.1.8 Taxes Paid		(1,025,493)	(330,043)
1.1.9 Others		2,431,289	1,503,318
<b>1.2 Changes in Operating Assets and Liabilities</b>		<b>699,609</b>	<b>114,456</b>
1.2.1 Net (Increase) (Decrease) in Financial Assets at Fair Value through Profit or Loss		(1,415,779)	(26,453)
1.2.2 Net (Increase) (Decrease) in Due from Banks		-	-
1.2.3 Net (Increase) (Decrease) in Loans		4,528,036	864,865
1.2.4 Net (Increase) (Decrease) in Other Assets		(550,635)	(983,039)
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		(4,098,574)	(967,728)
1.2.9 Net (Increase) (Decrease) in Matured Payable		-	-
1.2.10 Net (Increase) (Decrease) in Other Liabilities		2,236,561	1,226,811
<b>I. Net Cash Provided by / (used in) Banking Operations</b>		<b>9,271,156</b>	<b>3,580,284</b>
<b>B. CASH FLOWS FROM INVESTING ACTIVITIES</b>			
<b>II. Net Cash Provided by / (used in) Investing Activities</b>		<b>(4,160,936)</b>	<b>(2,375,622)</b>
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		721	15,816
2.3 Purchases of Property and Equipment		(22,349)	(11,184)
2.4 Disposals of Property and Equipment		276	936
2.5 Purchase of Financial Assets at Fair Value through Other Comprehensive Income		(3,118,513)	(3,028,291)
2.6 Sale of Financial Assets at Fair Value through Other Comprehensive Income		5,066,279	906,564
2.7 Purchase of Financial Assets Measured at Amortized Cost		(6,636,025)	(419,990)
2.8 Sale of Financial Assets Measured at Amortized Cost		550,421	162,558
2.9 Others		(1,746)	(2,031)
<b>C. CASH FLOWS FROM FINANCING ACTIVITIES</b>			
<b>III. Net Cash Provided by / (used in) Financing Activities</b>		<b>(1,308,803)</b>	<b>63,651</b>
3.1 Cash Obtained From Funds Borrowed and Securities Issued		4,275,476	3,491,938
3.2 Cash Used for Repayment of Funds Borrowed and Securities Issued		(5,559,206)	(3,351,364)
3.3 Capital Increase		-	15,862
3.4 Dividends Paid		(268)	(73,551)
3.5 Payments for Financial Leases		(24,805)	(19,234)
3.6 Other		-	-
<b>IV. Effect of Change in Foreign Exchange Rate on Cash and Cash Equivalents</b>		<b>178,759</b>	<b>528,181</b>
<b>V. Net Increase in Cash and Cash Equivalents</b>		<b>3,980,176</b>	<b>1,796,494</b>
<b>VI. Cash and Cash Equivalents at Beginning of the Period</b>		<b>3,661,118</b>	<b>1,864,624</b>
<b>VII. Cash and Cash Equivalents at End of the Period</b>		<b>7,641,294</b>	<b>3,661,118</b>

The accompanying notes are an integral part of these consolidated financial statements.

## CONSOLIDATED STATEMENT OF PROFIT DISTRIBUTION FOR THE YEAR ENDED DECEMBER 31, 2022

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

	Audited Current Period December 31, 2022 (1)	Audited Prior Period December 31, 2021 (4)
<b>I. DISTRIBUTION OF CURRENT YEAR INCOME</b>		
1.1 CURRENT YEAR INCOME	5,141,305	1,458,063
1.2 TAXES AND DUTIES PAYABLE	1,086,271	369,055
1.2.1 Corporate Tax (Income tax)	1,512,327	493,307
1.2.2 Income withholding tax	-	-
1.2.3 Other taxes and duties (3)	(426,056)	(124,252)
<b>A. NET INCOME FOR THE YEAR (1.1-1.2)</b>	<b>4,055,034</b>	<b>1,089,008</b>
1.3 PRIOR YEARS LOSSES (-)	-	-
1.4 LEGAL RESERVES (-)	-	54,450
1.5 OTHER STATUTORY RESERVES (-)	-	-
<b>B. NET PROFIT AVAILABLE FOR DISTRIBUTION [(A-(1.3+1.4+1.5)]</b>	<b>4,055,034</b>	<b>1,089,008</b>
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 (-)	-	-
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	-	-
1.12 OTHER RESERVES	-	991,433
1.13 SPECIAL FUNDS	-	-
<b>II. DISTRIBUTION OF RESERVES</b>	-	43,125
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 (-)	-	-
<b>III. EARNINGS PER SHARE (2)</b>		
3.1 TO OWNERS OF ORDINARY SHARES	-	-
3.2 TO OWNERS OF ORDINARY SHARES (%)	145	0.39
3.3 TO OWNERS OF PRIVILEGED SHARES	144.82	38.89
3.4 TO OWNERS OF PRIVILEGED SHARES (%)	-	-
<b>IV. DIVIDEND PER SHARE</b>		
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 2022 yet, only profit available for distribution for the year 2022 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 29, 2022, after the publication of the independently audited financial statements dated December 31, 2021 and rearranged in this direction.

The accompanying notes are an integral part of these consolidated financial statements.



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