

## **DIVIDEND POLICY OF TÜRKİYE SİNAİ KALKINMA BANKASI A.Ş.**

The principles regarding the profit allocation of the Bank have been specified in Article 47 of the Articles of Association.

The General Assembly, upon the suggestion of the Board of Directors shall resolve the matters regarding distribution of the profit in accordance with various articles of the Turkish Commercial Code, Capital Market Law and other applicable codes. The Dividend Policy dictates that as long as there are no unfavorable developments in global and local economic circumstances, and TSKB's (Türkiye Sınai Kalkınma Bankası A.Ş.) financial position and capital adequacy ratio are at the foreseen levels, 30% of the distributable profit that is calculated as the first profit share will be allocated as cash and/or stock dividends.

Cash dividends shall be paid until the end of two months following the General Assembly decision to distribute dividends. Stock dividends shall be paid following the legal approvals.

The dividends shall be distributed equally to all existing shareholders as of the dividend distribution date regardless of the shares' date of issuance or acquisition.

Pursuant to the Articles of Association, the General Assembly decision to distribute dividends shall not be withdrawn.

- a) According to the article of dividend distribution of the Articles of Association: Out of this net profit; 5% up to 20% of the issued capital may be reserved as legal reserve fund and after the legal upper limit is reached, amounts indicated in a) and b) of paragraph 2 of Article 519 of the Turkish Commercial Code may be added to the legal reserve fund.
- b) First dividends shall be reserved from the remaining amount according to the capital market code.
- c) If the Bank has acquired its own shares, it shall set aside a reserve fund equal to the acquisition values according to Article 520 of the Turkish Commercial Code.
- d) After the reserve funds and the first dividends are set aside as indicated above, out of the remaining net profit;
  - 5% shall be reserved for the founders' shares (limited to 200 thousand Turkish Lira of the paid up capital)
  - Up to 3% and provided not to exceed the equivalent of three salaries, for the employees upon the suggestion of the Board of Directors and approval of the General Assembly.
- e) The General Assembly shall be authorized to decide on whether the amount remaining from the net profit after the reserve funds and payments indicated in paragraphs (a), (b), (c) above shall be completely or partially distributed as dividends or reserved as a reserve fund.
- f) 10% of the total amount to be distributed to people who benefit from shares out of profit in line with c) of the 2nd paragraph of Article 519 of the Turkish Commercial Code shall be added to the legal reserve fund.

The profit share to be distributed to the shareholders shall not be determined unless the legal reserves and other reserves are allocated.

The payment of advances on dividends can be realized in accordance with the procedures and principles of Capital Markets Board and banking regulations.

*(\*) Dividend Policy is to be approved at the General Assembly on 28 March 2019.*