



**TSKB**

**Net Negative,  
Inclusive  
Development  
Towards 2053**

**INTEGRATED ANNUAL  
REPORT 2023**

# Table of Contents

## 9 TSKB AT A GLANCE

- 10 About the Report
- 11 Corporate Profile
- 12 Value Creation Model
- 14 Key Indicators
- 15 Message from the Chairperson
- 17 Message from the CEO
- 19 Interview: TSKB Sustainability Leader

## 21 STRATEGY, PERFORMANCE AND INSIGHTS

- 22 Strategic Plan
- 23 External Factors
- 34 Governance Model
  - 34 Board Structure
  - 34 Corporate Governance
  - 36 Sustainability Governance
  - 40 Declarations and Principles Signed by TSKB
  - 42 Sustainability Journey Milestones
- 44 Stakeholder Engagement and Materiality Analysis
  - 44 TSKB Sustainability Priorities
  - 47 Stakeholder Engagement
  - 49 Impact, Risk and Opportunity Analysis

## 52 Capitals

- 52 Financial Capital
- 72 Human Capital
- 83 Natural Capital
- 98 Intellectual and Manufactured Capital
- 111 Social Capital

## 120 CORPORATE GOVERNANCE AND RISK MANAGEMENT

- 121 Board of Directors
- 125 Senior Management
- 128 Director
- 129 Corporate Governance Compliance Report
- 133 Dividend Distribution Proposal
- 134 Summary Report of the Board of Directors
- 135 Other Major Updates on Corporate Operations
- 136 Risk Management Policies
- 138 Audit Committee
- 139 Audit Committee Report

## 142 COMPLIANCE OPINIONS

- 143 Independent Auditor's Report on the Annual Report of the Board of Directors
- 144 Integrated Annual Report Limited Assurance Report
- 147 UNEP FI Reporting Index Limited Assurance Report
- 149 Reporting Guidance
- 158 ISO 14001 Audit Certificate
- 159 ISO 14064 Audit Certificate
- 159 ISO 27001 Audit Certificate
- 159 ISO 45001 Audit Certificate

## 160 APPENDICES

- 161 UNEP-FI Index
- 184 GRI Content Index
- 188 UNGC Index
- 189 WEPs Index
- 190 WEF Stakeholder Capitalism Index
- 192 SASB Index
- 193 General Assembly Agenda
- 194 Declaration of Independence
- 195 Statement of Responsibility

## 196 FINANCIAL STATEMENTS

- 196 Unconsolidated Statements and Independent Audit Report
- 207 Consolidated Statements and Independent Audit Report



You can scan the QR code on your device to access the PDF copy of the TSKB 2023 Integrated Annual Report.

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

# Net Negative, Inclusive Development Towards 2053

**During the period in which the TSKB Integrated Annual Report 2023, which we call 'Net Negative, Inclusive Development Towards 2053', was prepared, developments in artificial intelligence technologies began to influence the whole world.** Artificial intelligence, whose scope and capabilities have been enriched by rapidly evolving technology, continues to change our world and the way we perceive it, with increasing impact on the banking sector and all other sectors.

While historical developments are taking place in artificial intelligence, we broke new ground in the TSKB Integrated Annual Report 2023, using artificial intelligence's ability to generate visuals based on relevant prompts. All the visuals used in the report were generated with the help of artificial intelligence using prompts based on keywords related to our areas of activity.




## We continue our unwavering support for Türkiye's inclusive and green transformation

We were established in 1950 by a special law of the Turkish Grand National Assembly to develop Turkish industry. As Türkiye's first development and investment bank, we have been contributing to the growth of Türkiye's productive capacity and its inclusive and green transformation for 74 years. We provide corporate banking, investment banking and advisory services to our clients through our in-depth expertise and the synergies we have developed with our domestic and international stakeholders.







## We are financing the transformation of the private sector with the thematic funds of the international financial institutions.

As a development and investment bank that does not collect deposits, we focus on corporate banking and do not offer retail banking services. We conduct our banking operations with a sustainable development perspective and science-based targets. We bring together thematic funds from international development finance institutions and financial institutions with private sector investors in Türkiye. In addition to that, we also raise funding resources for Türkiye's sustainable and inclusive development investments through the debt instruments we issue in foreign capital markets. In 2023, the total amount of funding we have obtained reached USD 1.1 billion. With these funding sources, we will focus on financing investments in renewable energy, circular economy, energy efficiency and green transformation in the coming period.



## We enhance our commitments as a signatory of the Net-Zero Banking Alliance

We are contributing to the transition to a low-carbon economy by leading the way in our industry. Since 2006, in line with our responsible communication policy, we have been calculating our carbon footprint and offsetting the carbon footprint of our printed materials with carbon credits from our eco-friendly investments.

By joining the Net-Zero Banking Alliance established by UNEP FI, we committed to aligning our lending and investment portfolio with net-zero emissions targets by 2050. In 2023, we received approval for our emissions targets from the Science Based Targets Initiative. As TSKB, we have committed to reduce our Scope 1 GHG emissions by 63% between 2021 and 2035, and to source 100% renewable energy for our Scope 2 emissions each year until 2035.





## We differentiate ourselves with our wide loan impact

We provide structured long-term financing support to sustainable investment projects by offering a wide range of loan and project finance options. Within the scope of APEX banking, we expand our sphere of influence by providing loans to SMEs and exporters through leasing and factoring companies, commercial banks and participation banks.

Our goal is to support all sectors that create sustainable added value for the development of the Turkish economy. We contribute to the green transformation processes of our business partners by establishing long-term collaborations. We make a difference in the Turkish banking sector with our impact-oriented development approach, sectoral expertise and multidimensional insight.

We measure environmental and social risks of all our investment and working capital loans. 90% of our loan portfolio consists of investments linked to the United Nations Sustainable Development Goals.





## We leverage our experience and expertise to enrich our advisory and investment banking products and services.

As a bank, we have been familiar with sustainability issues before most Turkish institutions as a result of our long-lasting relationship with international development finance institutions and our role in various global platforms. Since the early 2000s, we have been closely following the emerging sustainability approaches and integrating them into our banking model.

As the pioneer of several firsts and best practices in Türkiye and around the world, we leverage our experience and expertise to enrich our advisory and investment banking products and services.

We are striving to add new dimensions to our business model with the Türkiye Green Fund, which we plan to establish in 2024. With the USD 155 million we secured from the World Bank in 2023, we aim to launch this fund and provide capital investments to green companies or those undergoing green transformation in Türkiye.





# TSKB AT A GLANCE

- 10** About the Report
- 11** Corporate Profile
- 12** Value Creation Model
- 14** Key Indicators
- 15** Message from the Chairperson
- 17** Message from the CEO
- 19** Interview:  
TSKB Sustainability Leader



# About the Report

GRI-2-2 - GRI-2-3 - GRI-2-5 - GRI-2-6

## Capital Classification Approach

With this report, we classify, analyse and transparently disclose to our stakeholders the current results and impacts of our multi-faceted economic, social and environmental value creation model, our risk and opportunity management, our strategy and targets for the future on a capital basis, using the integrated thinking principles recommended by the Value Reporting Foundation (VRF).

## Compliance and Content Qualifications

Our multidimensional contribution to inclusive and sustainable development is discussed extensively in various sections of the report, covering its financial, social and environmental aspects. The Report also includes the United Nations Principles for Responsible Banking Report, of which our Bank is a founding signatory.

This Report has been prepared by Türkiye Sınai Kalkınma Bankası A.Ş. (TSKB) in accordance with the GRI Standards for the period from 1 January 2023 to 31 December 2023. The content structure of the Report is based on the International Integrated Reporting Framework and Integrated Thinking Principles recommended by the VRF and the principles for determining content described in the GRI Standards, in particular the principle of materiality. In this context, the scope of disclosures set out in the GRI Standards has also been followed in the preparation of the performance information.

Furthermore, the content of the report is based on the Communication on Progress principles of the United Nations Global Compact (UNGC), to which we became a signatory in 2010, and the requirements of the Women's Empowerment Principles (WEPs). In addition, reporting tools such as the Sustainability Accounting Standards Board (SASB), the Stakeholder Capitalism Metrics developed by the International Business Council of the World Economic Forum (WEF) and the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) have been taken into account.

TSKB 2023 Integrated Annual Report complies with the minimum requirements of the Banking Regulation and Supervision Agency (BRSA) and the Capital Markets Law (CMB) regarding annual reporting.

The TSKB 2023 Integrated Annual Report has been prepared in accordance with the Turkish Sustainability Reporting Standards published by the Public Oversight Authority (POA), which came into effect in 2024. Gap analyses are conducted in accordance with TSRS S1 and TSRS S2 standards and preparations are underway within the Bank for the next mandatory reporting period.

## Nature, Period and Scope of the Report

The Bank's financial, environmental, social and governance performance for 2023 is presented in the Report, which includes the Board of Directors' Activity Report covering the period between 1 January - 31 December 2023. Our Bank does not operate abroad and the report covers the activities carried out in Türkiye.

## Publication Format of the Report

One of our primary objectives is to make the Integrated Annual Report accessible to all stakeholders. In this context, the report was produced with an ecosystem-friendly approach and shared on electronic media. The report is available on the Public Disclosure Platform (KAP) and [www.tskb.com.tr](http://www.tskb.com.tr). You can access our smart assistant supported online report developed by our Bank [here](#).

## Audit

Our Integrated Annual Report 2023 and the independent audit reports included in the report have been audited by Güney Bağımsız Denetim ve SMMM A.Ş. (EY). In addition, a limited assurance review of the non-financial information was performed by PwC Bağımsız Denetim ve SMMM A.Ş. (PwC Türkiye). In addition, TÜV SÜD has been contracted to provide audit services in accordance with ISO 14001 for the sustainability management system and ISO 14064-1 for the calculation and verification of greenhouse gas emissions from operational activities.

## Senior Management Statement

The financial and non-financial information, targets and key performance indicators in the Integrated Annual Report are closely monitored by senior management in line with the Bank's strategy. The Statement of Responsibility can be found at [page 191](#).

 Data audited by PwC Türkiye

 Data audited by TÜV SÜD



## Corporate Profile

GRI-2-1 - GRI-2-7 - GRI-2-8

### TSKB in Figures



**TL 176.9 billion**  
Total assets



**TL 21.4 billion**  
Total shareholders' equity

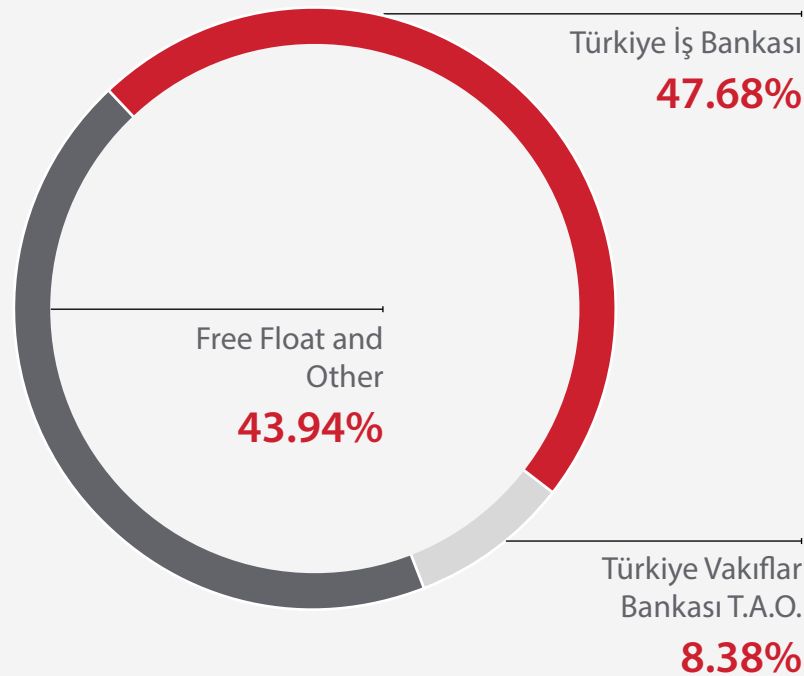


**779**  
Total number of employees including subsidiaries

### TSKB's Shareholding Structure

TSKB shares, which are publicly traded Borsa İstanbul (BIST) Stars Market under the ticker name "**TSKB**", have a free float ratio of 40.69% in actual circulation. As of the end of 2023, the Bank's registered capital is TL 7,500,000,000 and paid-in capital is TL 2,800,000,000.

The shares held by the Chairperson and members of the Board of Directors, members of the Audit Committee, CEO and Executive Vice Presidents are insignificant.



### TSKB's Subsidiaries

Yatırım  
Finansman  
Menkul  
Değerler A.Ş.

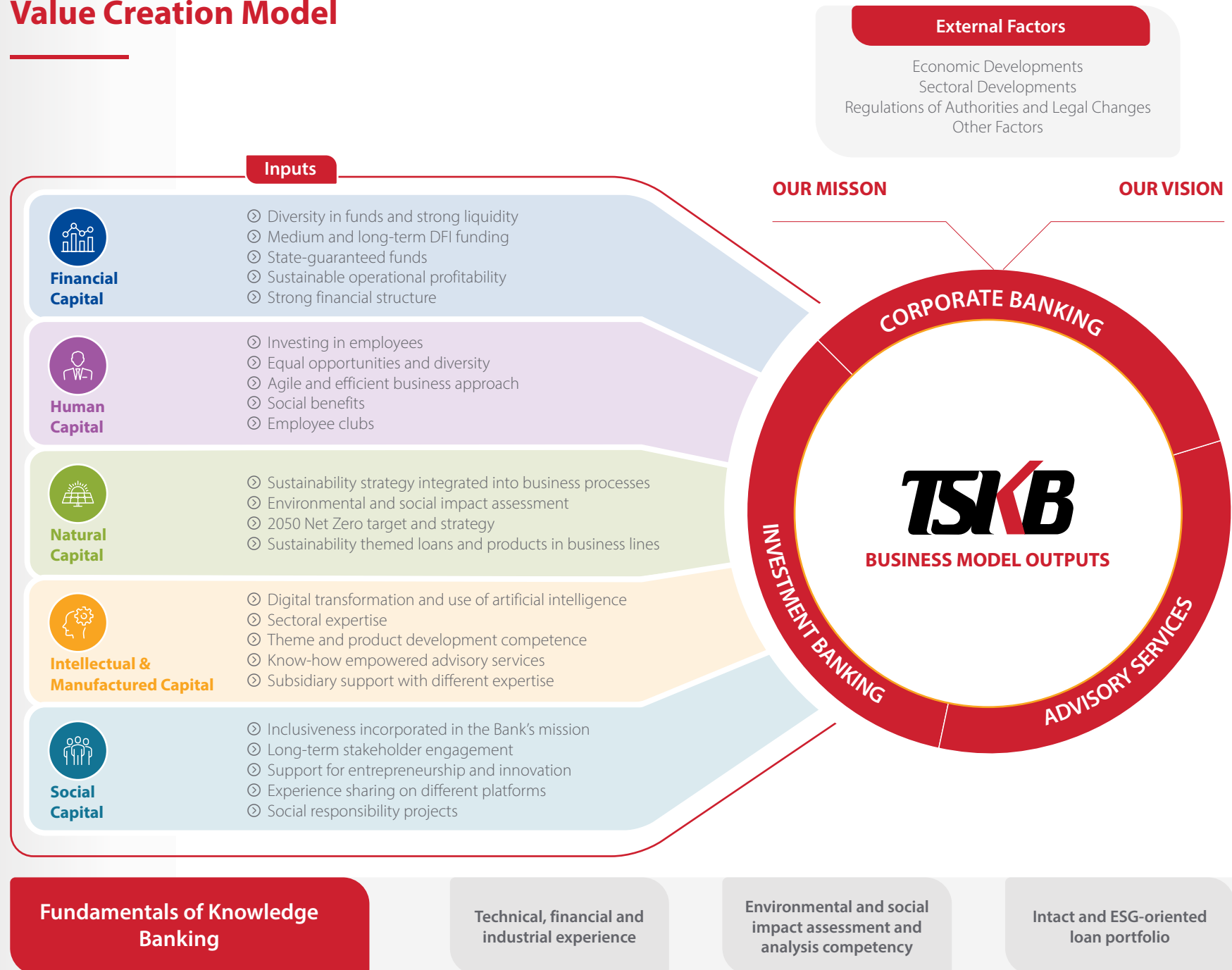
TSKB  
Gayrimenkul  
Değerleme  
A.Ş.

TSKB  
Gayrimenkul  
Yatırım  
Ortaklığı A.Ş.

TSKB  
Sürdürülebilirlik  
Danışmanlığı A.Ş.  
(Escarus)



# Value Creation Model



## Value Creation Model

GRI-2-6

### Value Created and Impact

- ① Loan portfolio of which 80% is composed of investment loans
- ① 7% net interest margin
- ① 45% return on equity excluding free provisions
- ① 26.2% capital adequacy ratio

90%

Ratio of SDG-linked loans in the total portfolio ✓

- ① Ratio of female employees in management 52% ✓
- ① Ratio of female members in the Board of Directors %18 ✓
- ① Gender pay gap 0.02 ✓
- ① Average annual training hours per employee 61.2 ✓

53%

Female employee ratio ✓

- ① Best ESG risk rating in Türkiye
- ① 13.1 million tonnes of CO<sub>2</sub> emission reduction contribution through renewable energy projects that we are involved in financing ✓
- ① 100% green electricity use and carbon neutral bank ✓
- ① Ratio of loan portfolio included in Scope 3 calculation and verification processes 15% ✓

62%

Ratio of environment and climate focused SDG-linked loans in the total portfolio ✓

- ① TSKB Advisory Services Net Promoter Score 9.6/10
- ① Number of TSKB Economic Research Reports 463 ✓
- ① Books in TSKB Library ~15,000
- ① Türkiye Green Fund

23

Number of projects included in the RPA process

- ① Ongoing support for women's employment
- ① Support for 90 students with the Women Stars of Tomorrow project
- ① Raising awareness on equal opportunities with Equal Steps
- ① TSKB Sustainable Communication Policy

100

Scholarship support for 100 female students in the 100th anniversary of our Republic

Strategic and agile  
management  
approach

Qualified human  
resources and  
expertise

Efficient and effective  
use of resources

Effective risk  
management

Power to create shared  
value together with  
subsidiaries

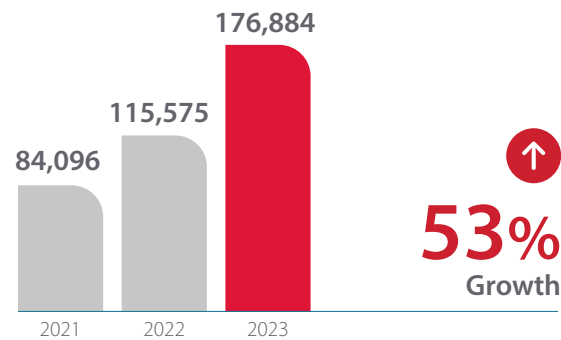


## Key Indicators

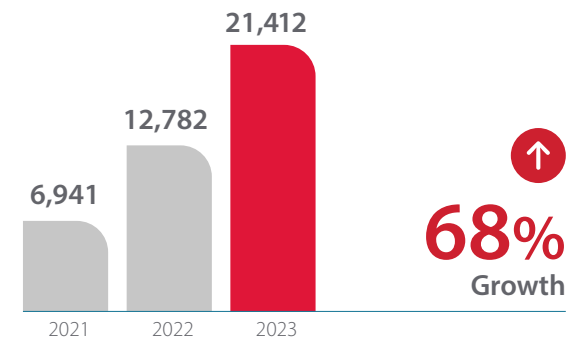
We successfully completed 2023, the year in which we celebrated the 100th anniversary of our Republic, in line with our targets.

Financial Indicators	2019	2020	2021	2022	2023
Total Asset (TL million)	41,500	51,466	84,096	115,575	176,884
Total Loans (TL million)	31,415	39,120	63,905	80,274	130,137
Shareholders' Equity (TL million)	5,167	6,104	6,941	12,782	21,412
Net Profit (TL million)	776	733	1,089	4,055	7,041
Return on Equity (%)	16.6	13	16.7	41.1	41.2
Return on Assets (%)	2.0	1.6	1.6	4.1	4.8
Capital Adequacy Ratio (%)	17.8	19.4	20.8	22.4	26.2

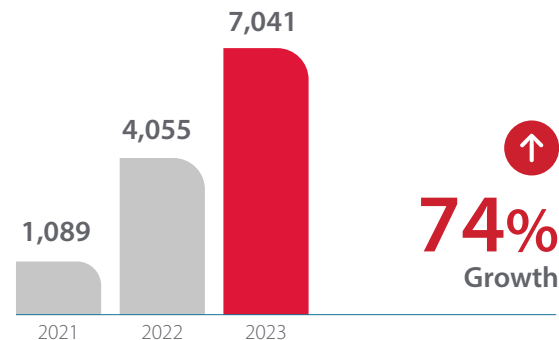
Total Assets (TL million)



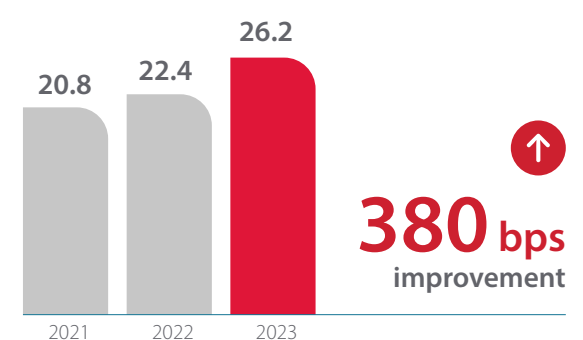
Shareholders' equity (TL million)



Net Profit (TL million)



Capital Adequacy Ratio (%)



**5%**

FX-adjusted loan growth

## Message from the Chairperson



// Throughout our 74 years of deep-rooted history, our main mission has been to contribute to the multi-dimensional economic, social, environmental and cultural development of our country.

### Dear Stakeholders,

We have come through another year of significant economic, environmental and social developments. While the economy was at the top of the agenda in 2023, uncertainties caused by geopolitical developments and monetary tightening by central banks limited global activity. As a result of the global economic slowdown, inflation fell down in many countries. As a continuation of all these developments, the International Monetary Fund (IMF) forecasts that global growth, estimated at 3.1% in 2023, will maintain the same rate in 2024, hovering around 3.1%. In the coming period, monetary policies of developed economies, oil supply, geopolitical and ecological crisis-related factors will be closely monitored in terms of inflation.

In the same period, the Turkish economy grew by 5.1% in the first nine months of the year, mainly supported by private sector spending, public spending and investment. While steps have been taken to normalise economic policy after the general elections, we have started to see a gradual improvement in macro-financial risks and we expect this to continue.

The determination of the CBRT and the economic administration to fight inflation is also crucial for the outlook in 2024. We expect the tight stance on this issue to be maintained until a significant improvement in inflation is achieved, and we anticipate that growth may slow to 3% due to the weakening of the global economy and domestic demand. Although inflation will remain high in the first half of the year, we expect it to fall to around 40% in the second half. On the other hand, we expect the current account deficit to improve on an annual basis as the economy rebalances.

While 2023 has seen significant economic and geopolitical developments on a global scale, the earthquake disaster we experienced at the very beginning of the year has shaken us all to the core. As TSKB, we have positioned our focus and themes around disaster management to quickly heal the wounds of the earthquake and contribute to a lasting recovery. In addition to the relief and donations we are providing in this context, we have further increased our efforts to bring the necessary medium and long-term financial resources to our country to heal the wounds and build a stronger future.

Throughout our 74-year history, our main mission has been to contribute to the multidimensional economic, social, environmental and cultural development of our country. From the day we were founded, we have championed and pioneered the importance of sustainable development and green transformation. As a development and investment bank with a sustainability mission, we act with the awareness that systematic steps and effective cooperation are needed to create an infrastructure, urbanisation, production and economic order that is resilient to natural disasters.

As TSKB, we have raised a total of USD 1.1 billion from international capital markets, financial institutions and international development finance institutions, including our sustainability linked syndicated loan and the 4th Sustainable Bond Issue in 2023. In the coming period, we will make these resources available to our stakeholders for renewable energy, energy efficiency, climate technologies, circular economy and gender equality, as well as for the reconstruction of earthquake-affected regions.



## Message from the Chairperson



With the dream of a stronger and more prosperous Türkiye, we will continue to play an active and effective role in the transformation of our country with our stakeholders through our projects that transform the future with the support of the value-added collaborations we have established with our stakeholders.

The year 2023 was of particular importance as it was also the 100th anniversary of our Republic. During this period, we took important steps to expand our sphere of influence with the aim of promoting the development of our country, ensuring that any new investment is made in accordance with the principles of sustainability and accelerating the green transformation. In this context, we opened our Ankara Office, which we call our second development base. With TSKB Ankara Office, we have created a structure that will ensure full business continuity in all areas of corporate banking, investment banking and advisory services. In this way, we aim to facilitate access to sustainable finance and expertise for investors who are shaping the future of Türkiye, and to more effectively support a development model that is resilient to ecosystem crises and natural disasters.

We continue to multiply our impact with long-term special projects in many areas, from education to culture and the arts. In 2023, we redesigned our social investment projects, which contribute to sustainable recovery and meet the needs of our citizens in earthquake zones. We have implemented a special project to prevent the disruption of education in our earthquake-affected provinces and to touch our children with the healing and developing power of books. As part of our "11 Libraries in 11 Provinces" project, we opened our first 100th Anniversary Library at Mehmet

Akif Ersoy Primary School in Gölbaşı, Adıyaman. Our aim is to contribute to the education of children by opening a total of 11 libraries in all earthquake-affected provinces by 2025.

With the support we receive from the value-added collaborations we have established with our stakeholders with the dream of a stronger and more prosperous Türkiye, we will continue to play an active and effective role in the transformation of our country with our stakeholders through our projects that will change the future.

On behalf of myself and our Board of Directors, I would like to thank all our stakeholders, especially our skilled and knowledgeable employees, and I wish 2024 to be a year in which concrete steps are taken towards a more peaceful and liveable world.

Best Regards,

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

## Message from the CEO



### Dear Stakeholders,

The past year has been a period in which we have witnessed many important geopolitical, economic and environmental developments on a global and local scale. In the case of Türkiye, while we celebrated the 100<sup>th</sup> anniversary of our Republic, we also experienced the earthquake disaster that shook us all to the core at the very beginning of the year. At this difficult time, we at TSKB did our best to ensure a sustainable recovery from the very first day. First of all, we provided material and financial support to meet the urgent needs of our citizens affected by the earthquake. From day one, we have continued to do our utmost to ensure that the region's recovery goes beyond short-term reconstruction and into the long-term. To this end, we are providing funding for the rapid rehabilitation, development and reconstruction of our earthquake-affected provinces through agreements with international financial institutions.

To this end, we have signed USD 100 million financing agreement with the Islamic Development Bank. Through this agreement, we will support private sector investments in 17 provinces officially declared by AFAD as affected by the earthquake, which will increase the region's productive capacity and productivity, create new employment opportunities and contribute to sustainable economic recovery. We have also signed a new USD 200 million financing agreement with the Japan Bank for International Cooperation (JBIC) to help earthquake-affected businesses finance their green transformation investments. We will channel this loan, which is guaranteed by the Ministry of Treasury and Finance of the Republic of Türkiye, towards investments in line with the UN Sustainable Development Goals (SDGs). We will continue to do our part, in collaboration with relevant stakeholders, to rebuild the earthquake-affected regions.

2023 was a period of intense regulatory agenda for the banking sector and its impact on commercial banks. Total FX-adjusted loan growth in the sector was 34.2%, while the contraction in foreign currency loans continued. The banking sector's non-performing loan ratio stood at 1.5% at the end of the year, maintaining its healthy asset quality. Revenues from inflation-indexed securities, trading income

and strong growth in fee and commission income were among the items that supported net profits in 2023, while the declining cost of credit risk due to strong provisioning ratios also had a positive impact on profitability.

As a result, the sector achieved a return on equity of 35% in 2023. The sector's capital adequacy ratio was recorded at 15.7%, including temporary measures of the BRSA. As the economy normalises and interest rates rise, we expect banks' return on equity to decline slightly year-on-year, but asset quality to remain strong.

In line with our mission as a development and investment bank, we felt the impact of the regulations only to a limited extent, thanks to our predominantly foreign currency denominated investment loans. During the period, we outperformed the sector with foreign currency loan growth of 5%, in line with our targets. While expanding our net interest margin, our cumulative net profit at the end of 2023 surpassed TL 7 billion, with a 74% year on year increase. This resulted in a strong return on equity of 41.2%.

During the year, we maintained a risk-based and prudent lending policy and continued to elevate coverage ratios and free provision reserves set aside for contingencies. With a stage 2 loan coverage ratio of 30% and a stage 3 loan coverage ratio of 78%, we continued to be among the banks with the highest provision coverage ratios in our sector. We also increased our free provision stock to TL 1.75 billion. With our strong earnings and capital generation capabilities, we achieved a capital adequacy ratio of 18.6%, well above the regulatory limits under the Basel III criteria. We expect our intact asset quality and solid provision reserves to support our profitability in the coming period. With its long-term and diversified funding structure of 11 year maturity on average, TSKB continued to differentiate itself from the sector in 2023. In addition to the approximately USD 600 million of funding we signed with international development finance institutions during the year, we supported our Bank's strong liquidity structure with the sustainability-linked syndicated loan of USD 123 million, which we renewed by 113% in July, and the 4<sup>th</sup> Sustainable Bond Issue of USD 300 million with a maturity of 5 years in September.



Our cumulative net profit at the end of 2023 surpassed

**TL 7 billion, with  
74% yoy increase.**



## Message from the CEO



We continue to enrich our business model by adding new dimensions. We, we aim to multiply our impact by providing private capital investments to companies in the green transformation process in Türkiye with the "Türkiye Green Fund" we will establish in the first half of 2024.

During the year, we extended USD 1.3 billion in loans to our clients, mainly in climate and environmental projects and in areas of inclusiveness. At the same time, we continue to add new dimensions to our business model. In December, we will transfer USD 155 million from the World Bank, guaranteed by the Ministry of Treasury and Finance of the Republic of Türkiye, to the Türkiye Green Fund, which we will establish in the first half of 2024. With this fund, we aim to multiply our impact by providing private capital investments to companies in the green transformation process in Türkiye.

Founded in 1950, our bank has been contributing to the development of our country for 74 years. We believe that quality development is only possible when economic, environmental, social and cultural development progress together. Accordingly, we opened our TSKB Ankara office, which aims to become the new centre of regional development in Anatolia and accelerate sustainable development.

In 2023, we sought to further expand our positive social and environmental impact through our long-term social responsibility projects. Due to the earthquake disaster, which has left a deep impact on all of us, we made the provinces directly affected by the earthquake the focus of our corporate social responsibility projects. During this period, we started to open school libraries in 11 provinces affected by the earthquake to contribute to the education and development of students. Through the Education to Production Scholarship Fund, which we run in cooperation with the Education Foundation of Türkiye, we provided scholarships to 100 female students to mark the 100th anniversary of our Republic, with a focus on the earthquake region. We continued to support the overseas education of our talented young female musicians by funding the Female Stars of Tomorrow Education Support Fund of the Istanbul Foundation for Culture and Arts. With 21 new talents joining us this year, the number of young female musicians we have supported reached 90. At the same time, we launched a special composition project to bequeath to future generations on the 100th anniversary of our Republic. The world premiere of our special composition "A Piece to Joy", composed in collaboration with young musician Cem Esen, took place on 11 June at the Süreyya Opera House during the Women Stars of Tomorrow concert at the Istanbul Music Festival.

In previous years, we organised 150,000 seed drops with Ecodrones to raise awareness of the combat against the ecosystem crisis and to support biodiversity conservation. During the period under review, we continued this practice and launched 100,000 seeds to commemorate the 100th anniversary of our Republic.

Despite challenging regional and global conditions, we achieved successful financial, environmental and social results in 2023. In the coming period, we will continue to support the themes of transition to a low-carbon economy, inclusiveness and reconstruction of earthquake-affected regions with our financing products, investment banking and advisory services, within the framework of our commitment to the Net-Zero Banking Union and our medium- and long-term emissions targets approved by the Science-Based Targets Initiative. In this context, we aim to achieve high single-digit loan growth on foreign currency adjusted basis and above-inflation growth in fee and commission income by 2024. Our strong liquidity and capital buffers support our growth plans.

I would like to thank all my team members and you, our valued stakeholders, whose dedicated work and support have made possible our pioneering role in development since our foundation and the success we achieved in the period under review, and who are the Bank's most valuable assets. As we approach the 75th anniversary of our founding, we will continue to move our country forward with our activities that make a difference and create value, and pass on the spirit of our Republic's development to future generations with increasing enthusiasm.

Sincerely yours,

**MURAT BİLGİÇ**  
Board Member and CEO

## Interview: TSKB Sustainability Leader



### What do you think about the ecosystem crisis? As a development bank, how would you assess the issue in terms of both operations and governance dimensions?

The cost of inaction on climate investment is growing by the day. According to the Global Climate Finance Outlook 2023 report, the needed amount of climate finance between 2025 and 2050 are estimated to be USD 266 trillion. By contrast, the additional economic costs of a scenario in which global warming exceeds the target are estimated to be around USD 1.3 trillion. This amount does not include potential losses of capital, nature and biodiversity, or the social impacts that would result. This not only makes action imperative, but also underscores the importance of clearly articulated green transformation plans with a strong governance structure to manage these dimensions.

We are a development bank founded in 1950 in collaboration with the World Bank and the Central Bank, and our business model has since led us to work closely with many development finance institutions. This situation led us to adopt the responsible banking approach of integrating sustainability practices into the business model much earlier than other banks. Our governance structure has also been designed to reflect these issues in our daily activities and decision-making mechanisms. By the end of 2023, at least 20% of the bank's employees will be actively involved in sustainability management committees and working groups. Of course, all these working groups and SMCs operate under the oversight of our Board's Sustainability Committee.

The ecological crisis is at the forefront of our strategic focus. Circular economy, energy efficiency, technologies supporting green transformation, especially renewable energy, and inclusiveness are among our medium-term credit themes. In this context, we have successfully achieved our 2023 target of USD 450 million in financing related to the SDGs focused on the environment and climate. On the other hand, we have achieved 42% of our sustainable financing target of USD 8 billion for 2021-2030 by the end of 2023. While revising this target from USD 8 billion to USD 10 billion, we have created a new climate-focused target of USD 4 billion for 2030. In the period ahead, we will focus on renewable energy, the circular economy, energy efficiency, and financing investments that enable the green transformation.

Our close monitoring and knowledge of the ecosystem crisis will provide leverage to develop new products and services in our investment banking, advisory and lending businesses, and to deliver the most appropriate solutions for our clients. In doing so, we aim to support the green transformation of the private sector, as well as our own transformation, and to multiply the positive impact we have on nature.

### You were one of the banks that actively participated in COP28. Could you elaborate on its main outcomes and its importance for TSKB?

At COP 28, we saw a renewed emphasis on the serious need for increased financial resources for climate risk management and related mitigation and adaptation investments around the world. In this context, we saw at COP 28 the reflection of the architectural change in development finance and the broadening of the focus of development finance that we have been observing for some time. We understand that the World Bank and its actors are moving towards a more focused and comprehensive model to increase the overall volume of funding; and that by increasing the role of capital market investors in development finance as well as in project finance, the aim is to close the climate finance gap faster with the private capital leverage created. From this perspective, we expect that both the financing axis of our cooperation with development finance institutions and investment banking, one of our most important business lines, will become more critical in the coming period. As stated in the Intergovernmental Panel on Climate Change (IPCC) AR6 Synthesis Report in 2023, we have reached a critical point in climate change and we need to act quickly. The financing gap can only be closed by pursuing new technologies and by targeting and accelerating the mobilisation of private capital. Measuring the impact of investments will also be very important in this direction.

From a development banking perspective, we note that another outcome of COP 28 is the broadening of the focus on climate risks to include concepts such as nature, biodiversity, pollution and planetary boundaries. In this context, we expect the impact dimension to come to the fore in the coming period. In this context, we will focus our efforts on increasing our restorative and nature-positive impact.



## Interview: TSKB Sustainability Leader



In line with our NZBA commitment and SBTi targets, we are committed to ending coal financing by the end of 2035. In this context, within the scope of our updated climate change mitigation and adaptation policy, we will not finance additional capacity expansion investments in coal-fired thermal power plants and coal mining for electricity generation.

### How do you evaluate your ESG performance regarding international ESG rating agencies and indices? Do these studies affect your reporting approaches?

We are proud of proving our strong ESG performance on both domestic and international platforms.

In the 2023 update of our ESG risk rating by Sustainalytics, one of the world's most respected rating agencies, we ranked first in Türkiye, among the top 9 development banks in the world and among the top 10 global banks.

In the annual assessment conducted by SAHA Rating in October, our Bank's Corporate Governance Rating Score increased from 9.59 to 9.66 out of 10. As a result, we maintained our position among the institutions with the highest corporate governance rating, as well as in the BIST Corporate Governance Index. We also continue to be a constituent of the BIST Sustainability Index. In this context, we also raised our ESG rating, which is regularly updated by Refinitiv, to level A in 2023.

We see the assessments in the context of indices and ratings as an opportunity for development, and we endeavour to reflect them in our reporting approaches to the best of our ability. In addition to these results, we are closely monitoring international and local regulations that have recently come into force.

We continue to be evaluated at leadership level in regard to our CDP (carbon disclosure project) reporting. Again on climate change, I am happy to announce that we will soon publish our 2023 Climate Report, following our TCFD-compliant Climate Risk Report published in 2021, which was a first in the industry.

### Following your signatory in the NZBA, you further strengthened your commitment to net zero with the Science Based Targets approval you received last year. Can you tell us about your transformation regarding your long-term strategy and future targets?

After becoming a signatory of the Net-Zero Banking Association, the approval of our emissions targets by the Science Based Targets Initiative was an important and reinforcing step: as TSKB, we have committed to reduce our

Scope 1 greenhouse gas emissions by 63 per cent from the base year 2021 to 2035, while at the same time committing to procure 100 percent renewable energy for our Scope 2 emissions every year until 2035. TSKB, which has been calculating and auditing Scope 3 emissions for carbon-intensive sectors since 2021, aims to reduce emissions from its loan and investment portfolio, which represents 53% of its total assets as of 2021, which is also the base year chosen in this area. This target covers 70% of the Bank's total loan and investment portfolio. At the same time, by 2035, we aim to reduce electricity generation emissions by 85.6% for project finance loans and by 85.7% for corporate loans. The target for the commercial real estate sector loans emissions is 71%.

In line with our NZBA commitment and SBTi targets, we are committed to ending coal financing by the end of 2035. As part of our updated Climate Change Mitigation and Adaptation Policy, we will not finance additional capacity expansion investments in coal-fired thermal power stations and coal mining for electricity generation.

We have been sharing the results of the sustainability and climate change capacity developed across the Bank since the 2010s. In this context, it was decided to centralise ESG practices to closely monitor the portfolio and investments in light of changes in methodologies and modelling, and a Climate Change and Sustainability Management department was created in 2024 to further develop all our capabilities, integrating all our bank functions.

**MERAL MURATHAN**  
Executive Vice President and  
Sustainability Leader



## STRATEGY, PERFORMANCE AND INSIGHTS

- 22 Strategic Plan
- 23 External Factors
- 34 Governance Model
- 44 Stakeholder Engagement and  
Materiality Analysis
- 52 Capitals
  - 52 Financial Capital
  - 72 Human Capital
  - 83 Natural Capital
  - 98 Intellectual and Manufactured Capital
  - 111 Social Capital



# Strategic Plan

GRI-2-22 - GRI-2-25

## MISSION

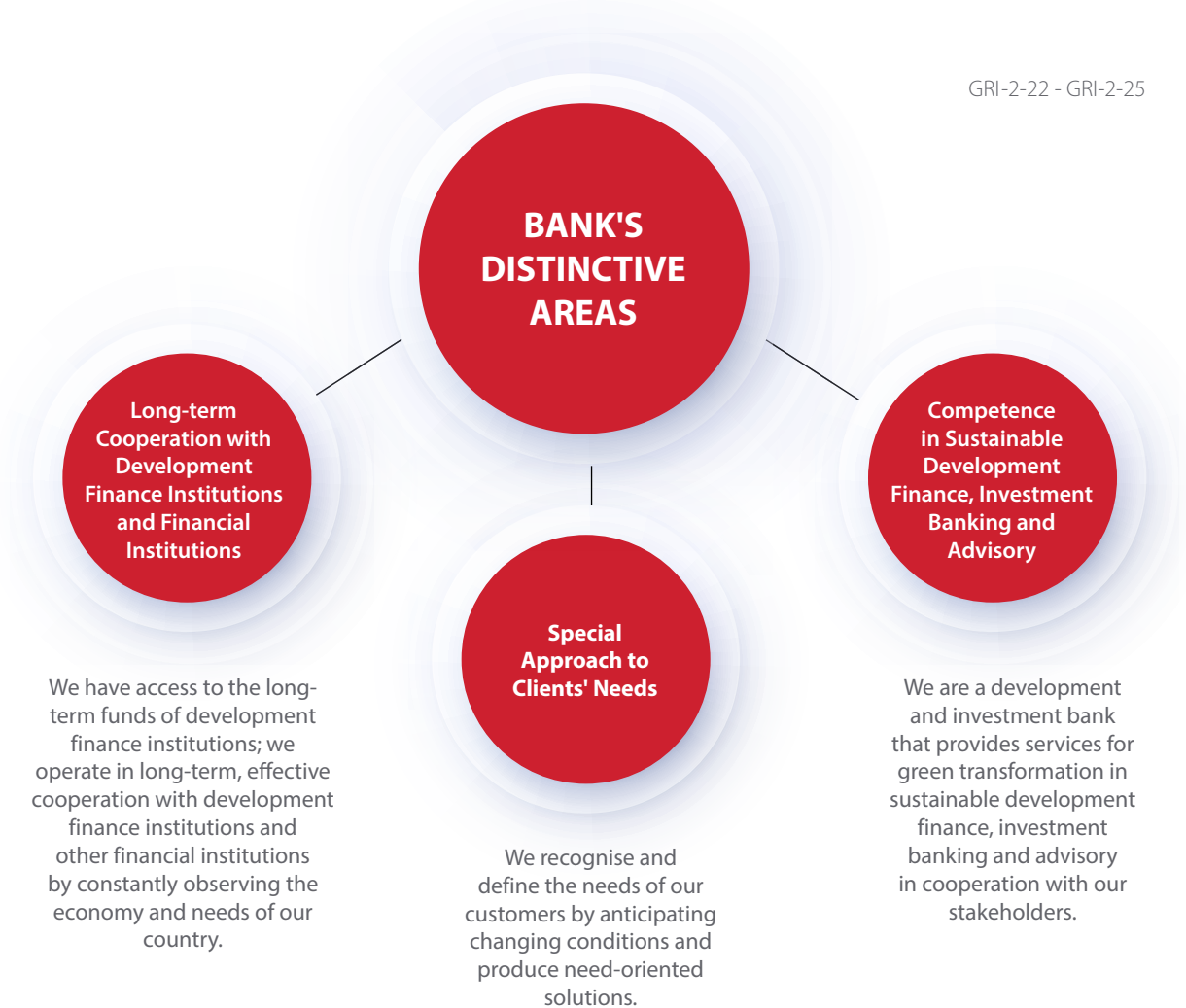
We create value for the inclusive and sustainable development of our country through our high calibre human capital our know-how, our visionary approach, and our financing and advisory solutions, backed by our well-established international partnerships.

## VISION

We aim to be a business partner that provides quality services for the sustainable and inclusive development of Türkiye that pioneers international best practices in our country, and that is trusted, consulted and preferred by our stakeholders for these reasons.

## OUR CORPORATE VALUE

Strengthen our competitiveness by building relationships with our stakeholders based on trust and respect.



## ABOUT THE FUTURE

We regularly assess external impacts and stakeholder expectations, and analyse the risks and opportunities arising from our sustainability priorities in line with the principle of double materiality. In this way, we keep our business strategies up to date and set

ourselves short, medium and long-term targets, and we will continue to work towards our financial and non-financial strategic targets as rigorously as we have in the past.

# External Factors

GRI-2-22

Developments in external factors and the resulting changes in stakeholder expectations have a significant impact on our business strategies and the production of the positive social, economic and environmental impacts we generate. We therefore closely monitor developments at a global level. In line with our responsibility as a key player in sustainable development, we focus our business strategies on leading the green transformation in our country.

In this context, we have continued our efforts to increase the positive impact we generate in our businesses by following developments during the period.

## GLOBAL ECONOMIC DEVELOPMENTS IN 2023

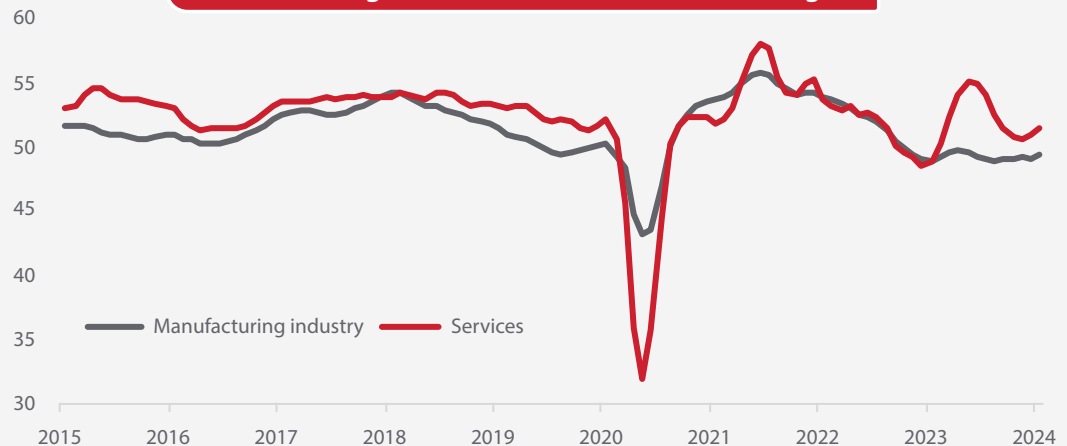
### Global economic slowdown continues

Although the global economy remained more resilient than expected in 2023, it continued to slow. Uncertainties caused by high geopolitical tensions and monetary tightening by central banks limited global activity. Supply-side factors specific to pandemic and cost pressures from the energy crisis in 2022 were left behind which helped inflation to decline in many countries. While the rigidity of expectations limits the improvement in core inflation, the data flow supports expectations regarding the pace of inflation recovery in the short term amid weaker demand conditions. However, it is judged that it may take some time for inflation rates to fall to levels in line with the targets over the medium term, while the sensitivity of global interest rates and risk appetite to the data flow is expected to remain high.

### Growth concerns weigh on commodity prices, while production cuts limit crude oil decline

On average in 2023, global industrial production grew by 0.9% in real terms on an annual basis, while the volume of world trade contracted by 1.9%. Energy prices remain volatile due to geopolitical uncertainties and supply disruptions in oil-exporting countries. In addition to the slowdown in major economies, the slower-than-expected recovery of the Chinese economy is exerting downward pressure on commodity prices in general. The average Brent crude oil price was USD 82.2 per barrel in 2023, which dropped down from USD 99 per barrel in 2022. Despite the slowdown in global demand, supply constraints, ongoing geopolitical uncertainties and factors stemming from the ecosystem crisis may lead to volatility in commodity prices in the period ahead.

### Manufacturing and Services PMI (3-Month Averages)



Source: Reuters, TSKB Economic Research



## External Factors

GRI-2-22

### Interest rate hikes are coming to an end

Although inflation fell in many economies during the year, bond yields were volatile as central banks raised policy rates. In the US, headline consumer inflation fell from 6.5% at the end of 2022 to 3.3% in December. In the eurozone, annual inflation fell from 9.2% at the end of 2022 to 2.9% in December. Core inflation in the US, which was 5.7% at the end of 2022, fell to 3.9% in December, while the euro area saw a similar improvement, falling from 5.2% to 3.4%. The US Federal Reserve (FED) raised its policy rate from 4.25%-4.50% at the end of 2022 to 5.25%-5.50% during the year. The European Central Bank (ECB) raised its deposit rate from 2% to 4% over the same period. The Fed and the ECB left their key policy rates unchanged at their meetings following July and September. In this environment, the US 10-year bond yield, which stood at 3.87% at the end of 2022, continued its upward trend throughout 2023 and exceeded 5% in October. Over the same period, the yield on 10-year German government bonds rose from 2.57% to over 3%. Thereafter, bond yields generally declined as inflation data came in below expectations and expectations of early central bank rate cuts increased. The US 10-year bond yield closed 2023 at 3.86%, while the German 10-year bond yield closed 2023 at 2.03%.

In addition to weakening global demand, the search for safe havens exacerbated by geopolitical uncertainties, suppressed long-term bond yields. However, ongoing central bank balance sheet unwinding and uncertainty about the timing of interest rate cuts are keeping global financial conditions tight, supporting expectations that bond yields may follow a volatile path at elevated levels.

### Risks to growth forecasts tilted to the downside

The International Monetary Fund (IMF) predicts that global growth, estimated at 3.1% in 2023, will hover around 3.1% in 2024. While noting that the global economy remains generally resilient in 2023, it points to divergence across countries. Global consumer inflation, which stood at 6.8% in 2023, is projected to be 5.8% next year, 0.9 percentage point higher than previously expected, while central bank policy rate pricing varies according to the flow of data and messages from central banks.

A faster-than-expected decline in inflation and a recovery in domestic demand are cited as upside risks to the outlook. On the other hand, slower-than-expected growth in China, volatility in commodity prices, geopolitical uncertainties, inflation that may remain resilient, repricing in financial markets, increased debt stress and ongoing social unrest are cited as downside risks to the outlook.

### Inflation in the US and Euro Area



## External Factors

GRI-2-22

### DEVELOPMENTS IN THE TURKISH ECONOMY IN 2023

#### *Growth was supported by domestic demand led by private sector consumption*

While the slowdown in domestic demand was limited as supportive policies remained in place for much of the year, external demand lost momentum. While steps have been taken to normalise economic policy following the general elections, the improvement in macro-financial risks is expected to take time. According to seasonally and calendar-adjusted figures, gross domestic product (GDP) contracted by 0.3 % in the first quarter, while it grew by 3.3 % in the second quarter and 0.3 % in the third quarter. Calendar adjusted annual GDP growth was 3.7% in the first quarter, 4.9% in the second quarter and 5.1% in the third quarter. Private consumption expenditure was the main contributor to growth throughout the year. Public spending and investment supported growth, while net external demand and changes in inventories limited growth. As a result, GDP grew by 4.7% in the first three quarters of 2023 compared to the same period in 2022. Annualised GDP, which stood at USD 905.8 billion at the end of 2022, rose to USD 1 trillion 75.7 billion in the third quarter of 2023.

#### *Budget expenditure grows faster than revenues*

Although total revenues recovered with tax increases in the second half of the year, their rate of change remained below that of expenditures throughout the year. Expenditure accelerated after the 6 February earthquake, while large increases in interest expenditure were observed. Especially in December, the budget balance deteriorated due to large capital transfers for the reconstruction of the earthquake zone. In 2023, revenues increased by 86.1%, while expenditures rose by 123.8%. As a result, the budget deficit, which was TRY 142.7 billion in 2022, increased to TRY 1 trillion 375

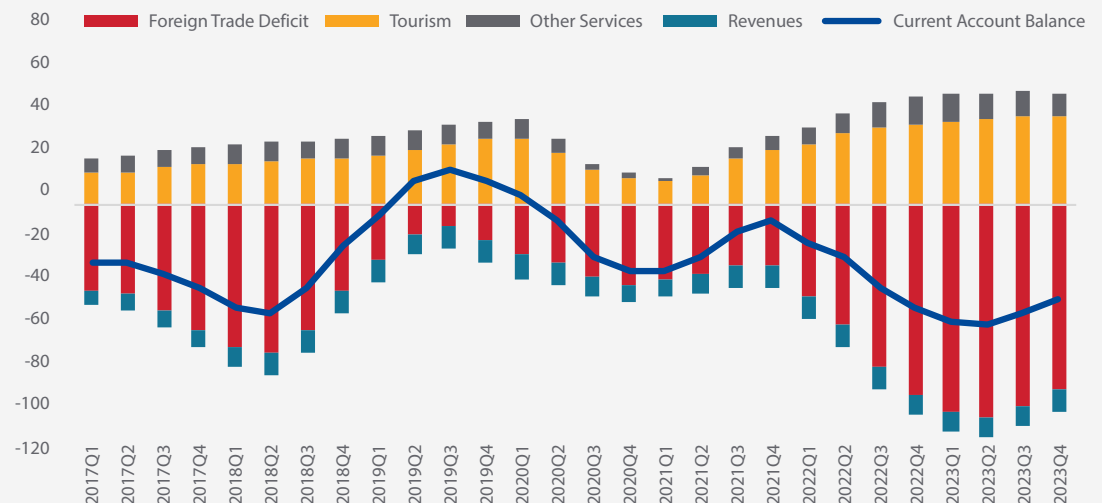
billion in 2023. The primary balance, which showed a surplus of 168.2 billion TRY last year, turned into a deficit of 700.4 billion TRY in 2023. Thus, the budget deficit-to-GDP ratio is estimated to have remained around 5% in 2023, below the government's Medium Term Programme (MTP) projection of over 6%, while the evolution of domestic demand is likely to be important for the budget performance in 2024.

#### *Current account deficit, which continued to expand in the first half, lost momentum in the second half*

While the fragility of external markets and the limited recovery in tourism continued, domestic demand and international commodity prices were the main determinants of the external balance. In the January-

December period, the overall current account deficit narrowed by USD 3.9 billion year-on-year to USD 45.2 billion. Meanwhile, the core current account surplus decreased by USD 17.2 bn to USD 33.2 bn. Capital flows followed opposite trends in the first and second halves of the year, while foreign exchange reserves fluctuated despite external borrowing. Foreign direct investment inflows remained at USD 4.7 billion, while portfolio investment inflows totalled USD 8.3 billion. In this environment, in which enterprises increased their long-term external debt, net errors and omissions outflows led to a decline in official reserves of around USD 2 billion. While the narrowing of the current account deficit may continue in the period ahead, public and private sector borrowing and portfolio investment are expected to determine the path of reserves.

### Components of Current Account Balance (12-Month Totals, Billion \$)



Source: CBRT, TSKB Economic Research

## External Factors

GRI-2-22



Having slightly reduced monetary policy rates after the earthquake, the Central Bank of the Republic of Türkiye started tightening monetary policy in June and took simplification steps within the macroprudential framework.

### *Inflation, which declined in the first half of 2023, started to rise in the second half*

Annual inflation in the general consumer price index (CPI), which stood at 64.3% at the end of 2022, fell to 38.2% in June. However, the May-June exchange rate increases, tax adjustments and the minimum wage hike pushed inflation up again, reaching 64.8% in December. Annual inflation in the domestic producer price index (D-PPI), on the other hand, fell from 97.7% at the end of 2022 to 40.4% in June. Thereafter, it fluctuated and reached 44.2% in December. While inflation is expected to continue to rise in the early months of 2024 due to the base effect and accumulated costs, the decline in commodity prices and weakening domestic demand

contributes to the downside risks to the short-term forecast. However, due to the rigidity of expectations, inflation is expected to reach 40% at the end of 2024, with a limited improvement.

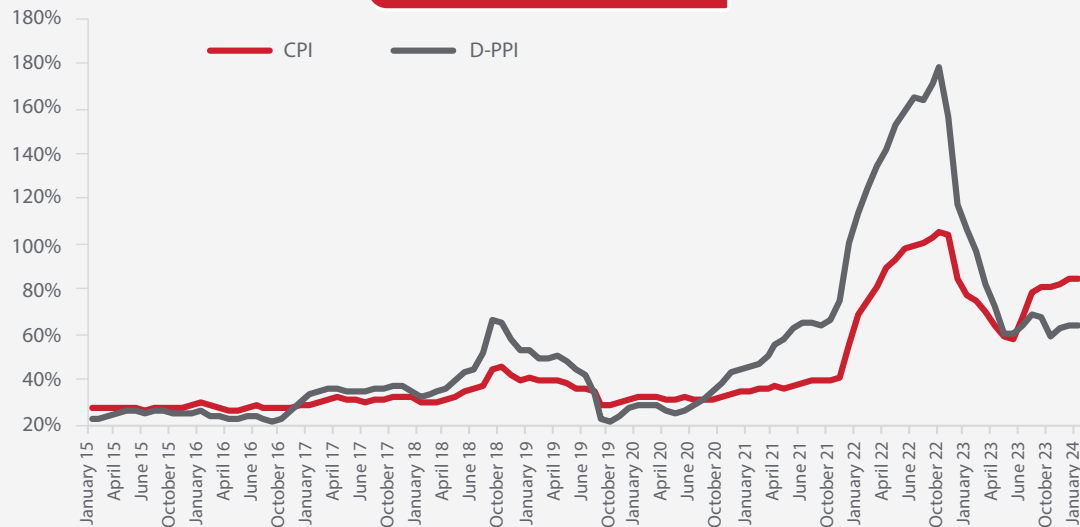
### *CBRT raised monetary policy rates, simplified macroprudential regulations*

The Central Bank of the Republic of Türkiye (CBRT), which slightly reduced monetary policy rates after the earthquake, started tightening monetary policy in June and took steps to simplify the macroprudential framework. After lowering the one-week repo rate from 9% at the end of 2022 to 8.5% in February, the CBRT kept interest rates unchanged until the June meeting. After raising the monetary policy rate to 15% in June, the CBRT raised the weekly repo rate to 42.5% in December. The CBRT initiated the gradual exit process from FX Protected Deposits (FXPD) with regulations encouraging a return to TL deposits. CBRT strengthened the transmission mechanism by quantitative tightening through increases in reserve requirements. It increased the functionality of the market mechanism by making significant changes in the securities maintenance practice conditional on commercial loan interest rates and types, and simplified the macroprudential framework.

### *Growth is expected to continue in 2024, albeit at a slower pace*

The determination of the CBRT and the economic management in general to fight inflation is seen as critical to the outlook for 2024. In this context, the tight stance is expected to be maintained until a significant improvement in inflation is achieved. While growth is expected to slow to 3 % due to the slowdown in the global economy and domestic demand, inflation is expected to decline to 40 % in the second half of the year, although it will remain high in the first half. The current account deficit is expected to narrow as the economy rebalances.

Annual Inflation Rates



Source: TurkStat, TSKB Economic Research



## External Factors

GRI-2-22

### SECTORAL DEVELOPMENTS IN 2023

#### *A year dominated by the tendency towards Turkish Lira in the sector*

2023 was a period of significant developments in the banking sector with the simplification steps. In order to permanently increase the weight of the Turkish Lira (TL), lending, securities management and the expectation of a return to TL deposits in the axis of macroprudential policies for balance sheet assets and liabilities were among the issues that shaped the banking sector. As a result of the decisions taken, the CBRT redirected its Currency-protected Deposit (CPD) accounts to TL deposits, which led to a significant decline in CPD amounts. From June, limited growth in loans was observed as a result of rising interest rates, while high growth in retail loans, especially retail credit cards, was observed as a result of high inflation.

According to BRSA data as of 29 December 2023, the sector's FX-adjusted loan growth was 34.2%. While FX-denominated corporate loans declined by 4.7% year-on-year, TL-denominated loans grew by 45.2%. Loans adjusted for currency and inflation declined by 8%. On a bank group basis, loan growth in state-owned banks was 56.7%, higher than in private banks due to the increase in TL-denominated corporate loans and the impact of Credit Guarantee Fund (CGF) loans. Total retail loans and retail credit cards grew by 74.4% and 1.5 times respectively as of 29 December.

#### *The sector maintained its healthy asset quality in 2023*

The loan-to-deposit ratio declined from 84.8% in 2022 to 77.8% in December 2023. In 2023, there was a trend towards TL deposits due to the decisions taken on the transition to TL deposits and the increase in

interest rates, and an increase of 84.9% was recorded compared to the end of 2022. In 2023, the formation of non-performing loans increased at a limited level, and due to the high increase in loans, the ratio of non-performing loans has been decreasing since the beginning of the year with the contribution of performing loans. In addition to the contribution of performing loans, the decline in non-performing loans is also due to the exchange rate effect of foreign currency loans and portfolio sales and write-offs. The sector's non-performing loan (NPL) ratio stood at 1.6% as at 29 December. On a nominal basis, the highest NPLs were in retail credit cards at 110%, followed by general purpose loans at 33%. NPLs in total retail loans stood at 51%.

The profit of the banking sector in 2023 was realised as TL 604 billion, an increase of 40% compared to the same period of the previous year. Returns on inflation-indexed securities had a positive impact on this increase. Including the commercial profit/loss, the year-to-date net interest margin was 5.6% for the sector as a whole and 7.3% for private banks. On this basis, the banking sector's return on equity stood at 35.1% in the first nine months.

The banking sector maintained its strong capital structure over the period. The capital adequacy ratio of the sector was 15.7% in December 2023, taking into account the regulatory changes of the BRSA.

It can be seen that with the new economic management, we are gradually coming to the end of the fixed-rate securities practice, the CPD practice, which was initially very attractive, has now started to be liquidated, and its main objective is both to ensure the appreciation of the TL by establishing growth in the country through commercial loans in the banking sector within the framework of simplification steps, and to prevent inflationary pressures by slowing down the excessive growth in retail loans.

In 2024, we expect simplification steps to continue, inflation-indexed securities to support profitability, especially in the first half of 2024, and the sector's net interest margin to increase in the second half of the year, albeit at a relatively lower level in the first half. In 2024, we expect the sector's loan growth to be in line with inflation. The fact that the measures to be implemented as part of the return to TL strategy will continue to be used to increase the TL weight on both the asset and liability sides of the banking system indicates that banks' profitability will be at a similar level in 2024 as in 2023. On the other hand, as a result of the increase in deposit interest rates and the stimulation of returns from CPD with the effect of the decisions taken, it is expected that savers will direct their preferences towards TL deposits, while TL deposits will continue to increase their share in total deposits.

**In 2023, the profit of the banking sector was realised as 604 billion TL and an increase of 40% was observed compared to the same period of the previous year.**

## External Factors

GRI-2-22



The Medium Term Programme and the 12<sup>th</sup> Development Plan, which include the policy to make development and investment banking more active in financing investment projects by focusing on strategic products and priority sectors, were approved and published in the Official Gazette.

### Regulations and Legal Amendments by the Authorities

The year 2023 was marked by numerous regulations in the banking sector. Regulations were introduced to simplify the existing macroprudential framework in practice with regard to the procedures and principles regarding the securities to be held by banks at the CBRT, in order to improve the functioning of market mechanisms and strengthen macro-financial stability. The regulation on the reserve ratio for assets subject to reserve requirements, which is currently applied at 0%, was abolished with the amendment of the regulation in November 2023.

In order to strengthen financial stability and ensure the effective functioning of the credit system by using resources more efficiently, the BRSA updated the regulation on the conditions for cash loans in TL, published in 2022. In 2023, with the amendment made within the framework of the BRSA decision published in March 2023, the upper limit for the share of the net general position in foreign currency in shareholders' equity was increased from 5% to 10%.

The obligation to report to the BRSA from 2023 under the Regulation on the Exchange of Confidential Information, which aims to determine the scope, form, procedures and principles for the exchange and transfer of banking secrets and customer secrets, has been implemented.

The Medium Term Programme (2024-2026) and the 12th Development Plan (2024-2028), which include the policy to make development and investment banking more active in financing investment projects by focusing on strategic products and priority sectors, were approved and published in the Official Gazette.

The Regulation on Banks' Credit Transactions and the Regulation on Determination of Risk Groups and Credit Limits, the drafts of which were made available to the public by the BRSA, were published in the Official Gazette in December and will enter into force in January 2024. The Regulation on Banks' Credit Transactions and the Regulation on Determination of Risk Groups and Credit Limits regulate the procedures and principles for determining risk groups and calculating credit limits on a consolidated and unconsolidated basis.

In the area of tax regulation, the amendment to the Corporate Income Tax Act stipulated that the corporate income tax rate for banks will be 30%, starting with the tax returns to be filed from October 2023.

In addition, with the decree issued in March 2023, it was decided to apply an additional tax to certain exempt and deductible income of corporate taxpayers by disclosing them in the corporate tax return for the year 2022.

In accordance with the BRSA decision published in December 2023 on the application of the inflation adjustment, it was decided that the financial statements of banks as at 31.12.2023 will not be subject to the inflation adjustment required under TAS 29.

### ***Laundering of Proceeds of Crime, Combating the Financing of Terrorism and Sanctions***

In May 2023, legal entities were also included in the scope of the Regulation on Methods of Remote Identification and Establishment of Contractual Relations in the Electronic Environment. Accordingly, a provision on remote identification of legal entities registered in the Commercial Register was added to the Law on Prevention of Laundering of Proceeds from Crime and Financing of Terrorism and general principles on remote identification of natural persons and legal entities registered in the Commercial Register were regulated.

## External Factors

GRI-2-22



For the first time in the history of the United Nations Conference of the Parties on Climate Change, the decision to move away from fossil fuels was among the official outcomes.

### Other Developments During the Period

#### Combating Climate Change

Climate change, the impacts of which we are feeling more and more every year, remained one of the top issues on the global and local agenda in 2023. An intense year in terms of natural and climatic events, 2023 was a candidate to be the hottest year ever recorded.

The Intergovernmental Panel on Climate Change (IPCC), in its AR6 Synthesis Report published in 2023, underlined the criticality of climate change and reiterated the need for urgent and comprehensive action. While modelling studies show that greenhouse gas emissions will need to be reduced significantly before 2025 to limit global warming to 1.5°C, a rapid transition away from fossil fuels has been identified as the most critical step. Calling for serious investment in mitigation and adaptation, the report also underlined the urgency of scaling up climate finance, noting that climate change exacerbates growing inequality and accelerates the need for a just transition.

Climate change continued to be a high-profile issue, not only because of the increasing frequency and severity of its impacts, but also because of the European Union's (EU) plans for its green transition. Carbon Border Adjustment Mechanism (CBAM), which comes into force on 1 October 2023, has increased the pressure for climate action in countries outside the EU. As the mechanism creates cost and competitive disadvantages for companies in carbon-intensive sectors when exporting to the EU, the financial sector's compliance with the CBAM is of great importance. Designing credit and investment policies for carbon-intensive industries, integrating climate risks into portfolios and incentivising ambitious green investments will make a significant contribution to Türkiye's process of reducing carbon emissions and transitioning to sustainable energy sources.

2023 marked a turning point in the fight against climate change with the publication of the International Sustainability Standards Board's (ISSB) S1 and S2 standards to standardise sustainability-linked financial reporting. S2, one of the standards published in June, requires companies to clearly report on how they manage climate-related risks and opportunities and the impact of these factors on their financial performance. This development, which will contribute to financial reporting in the global fight against climate change, will enable investors to better assess the impact of climate change on companies and support sustainable investment decisions. On the other hand, the Task Force on Climate-related Financial Disclosures (TCFD), which is fully compliant with ISSB standards, announced that it had completed its mission with the 2023 Status Report published in October, leaving the task of monitoring climate-related disclosures to the S2 standard. There have also been significant developments in reporting practices in our country. Türkiye moved quickly to authorise the Public Oversight, Accounting and Auditing Standards Authority (KGK) to publish sustainability reporting standards and to establish an assurance audit structure. As a result of this work, KGK prepared the Turkish Sustainability Reporting Standards (TSRS), which were published in the Official Gazette on 29 December 2023 and came into force on 1 January 2024. This practice, which makes sustainability reporting mandatory for companies within its scope, aims to enable companies to transparently disclose their sustainability performance. This transparency, in turn, is expected to protect and enhance access to green finance and the competitive advantage of companies in the market, especially those in business partnerships with EU companies.



## External Factors

GRI-2-22

The 28<sup>th</sup> United Nations Conference of the Parties (COP) on climate change in Dubai began with a decision to set up a Loss and Damage Fund to compensate disadvantaged countries for the severe damage they suffer as a result of climate change, and ended with the first international agreement to tackle fossil fuels, the main cause of climate change. For the first time in the history of the COP, the decision to phase out fossil fuels was one of the official conclusions.

Türkiye's National Energy Plan, prepared by the Ministry of Energy and Natural Resources and covering the years 2020-2035, was a noteworthy document in the context of the discussions on climate change in 2023. While the plan foresees an increase in the share of renewable energy in primary energy consumption from 16.7% in 2020 to 23.7% in 2035, it does not indicate a decisive shift away from coal or natural gas. For a more effective fight against climate change, a transition plan that gradually reduces dependence on fossil fuels while strengthening renewable energy sources is crucial. In this context, Türkiye's first domestic electric vehicle, Türkiye's Automobile Initiative Group (TOGG), launched in 2023, was a stepping stone towards reducing carbon emissions in the transport sector. This move demonstrates Türkiye's continued alignment with global trends towards the development of green technologies and renewable energy sources in the fight against climate change.

The 12<sup>th</sup> Development Plan (2024-2028), published on 1 November 2023, focused on Türkiye's strategies to combat climate change, green and digital transformation, energy efficiency, environmental protection, sustainable development and disaster management. Through the plan, Türkiye aims to increase resilience to climate change risks and support green policies by integrating economic and social development with environmental sustainability. Policies and measures to promote green transformation in various sectors have also been included in the plan.

### Sustainable Finance

As in previous years, 2023 was a year in which the climate crisis increased the need for sustainable finance by the day. The decision taken at COP28 to triple renewable energy resources and double energy efficiency, as well as the adoption of the Loss and Damage Fund, signal that the demand for sustainable finance will increase in the coming years in order to finance the investments needed to achieve this goal. In 2023, the amount of green, social, sustainability and sustainability-linked (GSSS) bonds issued reached USD 939 billion. Although this represents an increase of 3% compared to the same period last year, this amount reached USD 1.1 trillion in 2021.

Green bond issuance broke a record in 2023, reaching USD 575 billion, a step up from 2022 and surpassing 2021's USD 573 billion. Social bond issuance averaged USD 135 billion, on par with the previous year. This was slightly below the pandemic-related record of USD 220 billion in 2021. On the other hand, sustainability bond issuance fell by 1.6% year-on-year to USD 161 billion.

The Net-Zero Banking Alliance (NZBA), launched by the United Nations Environment Programme Finance Initiative (UNEP FI) in 2021, continued to grow in 2023, increasing its membership to 140. This more than tripled in two and a half years the number of members of the Alliance, which shares the goal of aligning their lending and investment portfolios with net-zero emissions by 2050, in line with the 1.5°C goal of the Paris Agreement.

As part of the development of sustainable financing in Türkiye, the Ministry of Treasury and Finance of the Republic of Türkiye, through Bank of America, ING, J.P. Morgan and Standard Chartered, issued the first USD 2.5 billion Green Bond in the international capital markets on 5 April 2023. The funds raised through the Green Bond issuance will be used to finance/re-finance green projects that meet the eligibility criteria.

The Global Compact Türkiye's Declaration of Sustainable Finance, which was prepared in 2017 by Türkiye's leading banks, including TSKB, to improve and disseminate existing practices in the financial sector within the framework of sustainability principles, has been updated. By committing to consider environmental and social impacts in the financing of loans above USD 10 million, the banks have added innovative sustainable finance principles to the declaration of Sustainable Finance, thereby broadening the scope and impact of the Declaration.

The Draft Communiqué on Green Asset Ratio, which has been developed to establish procedures and principles for the calculation and reporting of the Green Asset Ratio and other key performance indicators to measure the contribution of banks' financing to activities related to environmental sustainability, was opened for public comment by the BRSA in the last quarter of 2008. The Communiqué is expected to enter into force in the first quarter of 2024, following the conclusion of the opinion gathering process.

## External Factors

GRI-2-22



The World Economic Forum's 2023 Gender Inequality Report assessed gender inequalities in economic participation, education, health and political empowerment in 146 countries.

### *Gender Equality*

The 6 February earthquake in Türkiye highlighted the impact on gender inequality. According to data released after the crisis, difficulties in accessing food and hygiene supplies stood out among the factors that negatively affected women. This situation showed once again how gender inequality can be exacerbated in times of crisis.

The World Economic Forum's 2023 Gender Inequality Report assessed gender inequality in economic participation, education, health and political empowerment in 146 countries. According to the report, the overall gender inequality score increased from 68.1% in 2022 to 68.4% in 2023, and it found that if inequality is eliminated at the current rate, the gender gap will not be closed until 2154. On the other hand, the report states that the global female employment rate is 41.9% and 32.2% in managerial positions, while the female unemployment rate is 4.5%, 0.2 percentage points higher than that of men.

### *Disaster Resilience and Durability*

Natural disasters and the catastrophes they cause have become an inevitable reality. Earthquakes, floods, fires and other natural events are seriously affecting the lives of people around the world. It is therefore vital for societies to be resilient to disasters and to have resilient infrastructures.

International practices are being developed to manage disaster risks on a global scale and to implement the relevant steps within standards. The Sendai Framework for Disaster Risk Reduction, endorsed by the UN General

Assembly, aims to "significantly reduce disaster risk and the loss of life, livelihoods, health and economic, physical, social, cultural and environmental assets of individuals, businesses, communities and countries due to disasters". On the other hand, the UN Sustainable Development Goals (SDGs) also refer to the Sendai Framework and state the need to develop goals that support disaster risk reduction. In this context, SDG 1 aims to reduce vulnerability to disasters, build capacity and reduce poverty that can result from disasters. SDG 9 highlights the need to build resilient infrastructure, while SDG 11 aims to increase urban resilience.

While international cooperation and efforts on disaster risk reduction and risk financing have recently increased, new financing mechanisms have also emerged. Initiatives such as the Disaster Risk Financing and Insurance Programme (DRFIP), developed in partnership between the World Bank's Finance, Competitiveness & Innovation Global Practice (FCI) programme and the Global Facility for Disaster Reduction and Recovery (GFDRR), emphasise the importance of managing the planning process for emergencies that may occur before disasters, taking into account risk management mechanisms.

As we have seen in the aftermath of one of the biggest and most painful disasters in the history of Türkiye, the earthquake of 6 February 2023, the measures taken before disasters occur are the most important stage of disaster management in terms of preventing loss of life and property. Adopting a risk-oriented and integrated approach to disaster management also makes it possible to set the right roadmap for the future.

## External Factors

GRI-2-22



In line with our growth perspective and SDG focus, we aim to provide loans to our customers in areas such as transition to a low carbon economy, inclusiveness and reconstruction of earthquake zones with the resources we have provided in 2023 and will provide in the coming period.

### Considerations Regarding TSKB's Activities for the Period

#### *We continue our uninterrupted support for Türkiye's green transformation*

TSKB was established in 1950 by a special law passed by the Turkish Grand National Assembly with the aim of developing Turkish industry. As Türkiye's first development and investment bank, we have been contributing to the growth of Türkiye's productive capacity for 74 years. With our deep expertise, we serve our clients in corporate banking, investment banking and advisory services.

In line with our modern development banking approach, we focus our activities on preventing the ecological crisis and developing financial products and services that support the green transformation required for sustainable development.

We provide financing for private sector transformation through thematic funds from international financial institutions.

As a development and investment bank that does not take deposits, we do not offer retail banking services. In corporate banking, we work with science-based targets from a sustainable development perspective and match ESG funds from international development finance institutions and financial institutions with private sector investors in Türkiye. We create additional resources for Türkiye's sustainable and inclusive development investments through the debt instruments we issue in foreign capital markets.

In 2023, we signed 5 funding agreements with development finance institutions for approximately USD 600 million. Thus, including our 4<sup>th</sup> Sustainable Bond issue and syndicated loan, the total funding we secured reached USD 1.1 billion.

In line with our growth outlook and focus on the SDGs, we aim to use the funds we obtained in 2023 and those we will provide in the coming period to lend to our clients in areas such as the transition to a low-carbon economy, inclusiveness and the reconstruction of earthquake zones.

#### *We differentiate ourselves with our wide loan impact area*

We provide structured long-term financing for sustainable investment projects through a wide range of lending options, particularly corporate loans and project finance. Through APEX Banking, we extend our reach by providing loans to SMEs and exporters through financial leasing and factoring companies, commercial banks and investment banks. We target all sectors that create sustainable value for the development of the Turkish economy. We support the green transformation processes of our business partners through long-term cooperation. We stand out in the Turkish banking sector with our impact-oriented development approach, sector expertise and multidimensional insight. 2023 In the year under review, we financed investments in women's employment, projects in developing regions and capacity-building investments in various sectors, as well as supported working capital needs on the inclusiveness axis, particularly investments related to climate and the environment. Under this priority, we disbursed a total of USD 1.5 billion in cash loans during the year.



## External Factors

GRI-2-22



On the way to becoming Net Zero, our emission reduction targets, which we calculated in line with the Science Based Targets initiative guidelines, were approved by SBTi in 2023.

### ***As a signatory of the Net-Zero Banking Alliance, we received approval from SBTi for our emission targets***

At the same time as taking decisive steps on the climate risk roadmap, we added a new step to our global commitments as a signatory to the Net-Zero Banking Alliance established by the United Nations Environment Programme Finance Initiative (UNEP FI). As we move towards net-zero, our emissions reduction targets, calculated according to the Science Based Targets Initiatives (SBTi) guidelines, have been approved by the SBTi for 2023. In this context, we will align our loan and investment portfolio with net zero emission targets by 2050, in line with the 1.5°C goal of the Paris Climate Agreement. By following the principles of transparency and accountability and science-based guidelines in our sustainable banking journey, we have also set our interim monitoring targets for 2030 in line with the Net-Zero Banking framework. We continue to report annually through the Carbon Disclosure Project (CDP).



All relevant targets can be found in the Natural Capital section.

According to the results announced in February 2024, we strengthened our position at the Leadership level, while maintaining our A- rating in 2023.

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

In the early 2000s, we integrated globally accepted sustainability approaches into our banking model. We were the first bank in Türkiye to obtain ISO 14001 and ISO 14064 certificates and the first bank to achieve zero

direct emissions. From 2021, we will include the impact of carbon-intensive sectors in our portfolio, i.e. our financed emissions, in the calculation and verification processes in a transparent manner. By the end of 2023, we will have extended our calculation to 15% of our loan portfolio.

After issuing Türkiye's first Green/Sustainable Bond in 2016, we continue to introduce sustainability-linked instruments to the Turkish capital markets. On the other hand, through our advisory activities, we identify the medium- and long-term investment needs of companies within the framework of sustainability principles and help them define their goals and roadmaps.

We combine advisory and investment banking with a sustainability approach. As the first investment bank in Türkiye, we continue our efforts to make a qualified contribution to the development of the capital markets. We support companies on their growth path with services such as IPOs, debt underwriting and M&A advisory. We are diversifying our investment banking products in line with the growing interest in sustainability-oriented investments and funds around the world, and expanding our sphere of influence with our sustainability, SDG and low-carbon-themed issues in the Turkish capital markets.

With all our capital elements, we are making a tangible contribution to the UN Sustainable Development Goals. As part of our target to provide a total of USD 8 billion in SDG-linked financing between 2021 and 2030, we provided USD 3.4 billion in financing by the end of 2023, with a realisation rate of over 40%. Thus, while 90% of our loan portfolio consists of SDG-linked investments, the share of loans contributing to climate and environment-related SDGs in the portfolio is 62% at the end of 2023.

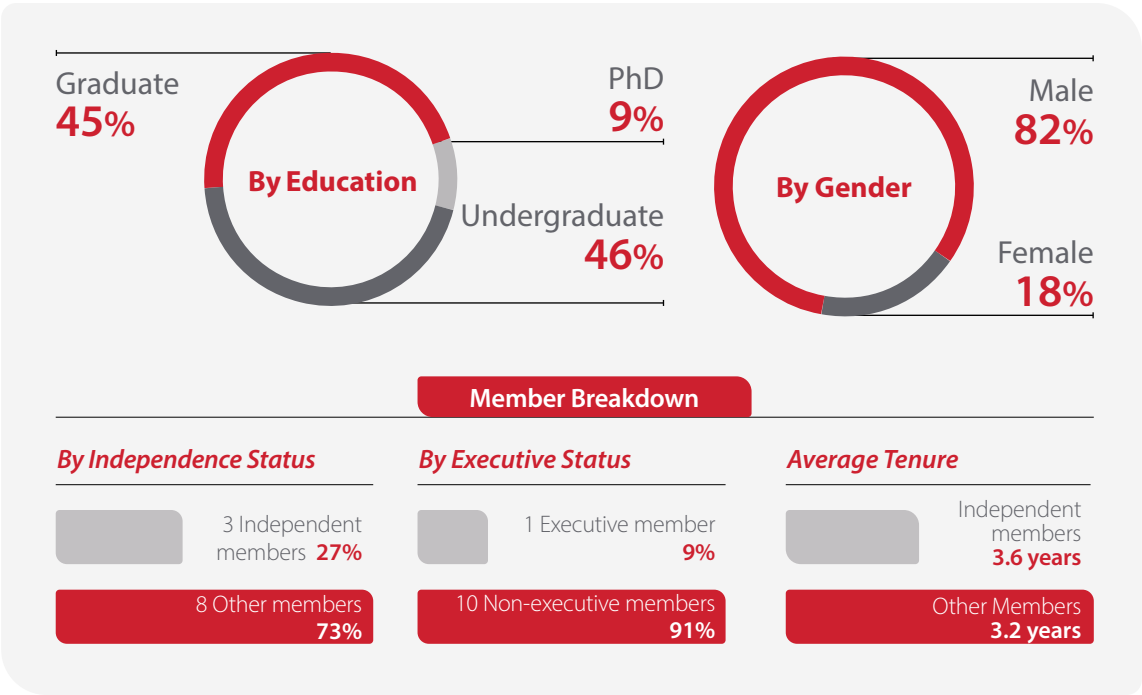
# Governance Model

## Board Structure

TSKB's Board of Directors, the highest level governance body of the Bank, consists of 11 members, 3 of whom are independent members, elected by the General Assembly for a maximum term of 3 years in line with the provisions of the Articles of Association.

As of the end of 2023, there were two female members on TSKB's Board of Directors. In line with the Board of Directors Diversity Policy, our target is to increase the number of female members on the Board to a minimum of three within three years, corresponding to at least 27% of the total number of members.

Our Board of Directors is composed of professionals recognised for their professional knowledge, experience and reputation, and includes members with experience in economics, banking, finance, sustainable development, development finance, corporate sustainability, energy and industry. The Board Chair and CEO roles are carried out by different individuals and our CEO is also a Board member.



GRI-2-9 - GRI-2-10 - GRI-2-11 - GRI-2-12 - GRI-2-13 - GRI-2-14 - GRI-2-17

## Corporate Governance

We regard an effective corporate governance structure and compliance management as a fundamental building block in the conduct of our banking business. In all our activities, we act in accordance with the transparency, accountability and risk management approaches required by corporate governance.

Our approach to corporate governance is based on internationally recognised banking practices and the Corporate Governance Principles published by the CMB. In this context, TSKB complies with all mandatory principles of the Corporate Governance Principles and works to increase the level of compliance with voluntary principles.

Corporate Governance Committee, Audit Committee, Credit Review Committee, Remuneration Committee and Risk Committee have been established to contribute to the effectiveness of the Board's oversight activities. In order to facilitate informed decision-making in the formulation of the Bank's strategies, the Board of Directors may, without the approval of the Bank's management, seek the opinion of independent consultants in the areas of expertise it deems necessary.

### Corporate Governance Committee

The Corporate Governance Committee determines whether or not the Corporate Governance Principles are applied in our Bank and, if not, the reasons for not applying them, as well as the conflicts of interest that arise when these Principles are not fully complied with. It makes recommendations to the Board of Directors to improve corporate governance practices and oversees the work of the Investor Relations department.

In the reporting period, we increased our Corporate Governance Principles Compliance Rating Score from 9.59 to 9.66 out of 10.

# Governance Model

## Corporate Governance

The committee, consisting of at least two non-executive Board Members and the Investor Relations Manager, meets at least 4 times a year. The non-executive members of the Board of Directors who are members of this committee are also members of the Nomination Committee.

### Audit Committee

The Audit Committee was established to assist the Board of Directors in fulfilling its audit and oversight activities. The said committee consists of at least two non-executive Board Members and meets at least 4 times a year.

### Remuneration Committee

The Remuneration Committee determines the principles, criteria and practices to be used in the remuneration of the Board Members and managers with administrative responsibilities by taking into account the long-term goals of our Bank and supervises them. It consists of at least two non-executive members of the Board of Directors and convenes at least once a year.

### Risk Committee

The Risk Committee was established to evaluate the risks that our Bank is exposed to, to establish risk management policies, to determine and monitor risk management practices and risk limits, and to ensure coordination between executive units and internal systems. The Committee convenes at least four times a year and reports the results of its activities to the Board of Directors through the Audit Committee.

### Credit Revision Committee

The Credit Revision Committee carries out its activities with the participation of the CEO, 3 Board Members, 2 Executive Vice Presidents and the managers of the relevant departments. The Committee convenes at least once a year to discuss the evaluation of the loan portfolio and revision of limits.

### Legal Compliance and Business Ethics

Compliance with all laws and regulations, taking precautions against corruption in our commercial relations with stakeholders and conducting all activities in the light of ethical rules are the basic components of our corporate governance approach. Business ethics and compliance with laws are of vital importance for TSKB as we operate in a sector such as banking, which is comprehensively regulated by international and national legislation, in addition to the principles of work and business ethics that have been established over a long history.

Our Bank has a Legal Affairs Department reporting to the Executive Vice President and a Corporate Compliance Department structured under the Audit Committee. The Corporate Compliance department is responsible for the coordination of Know Your Customer (KYC) issues, monitoring regulations that may affect the Bank and analysing them with the relevant departments. Legal Affairs, on the other hand, carries out all legal affairs of the Bank and acts as the Secretary General of the Board of Directors.

At TSKB, we organise our relations with both internal and external stakeholders in line with the ethical rules we have developed and policies focused on zero tolerance against corruption. We carry out all our activities by prioritising the code of conduct, which is based on improving service quality and has the principles of integrity and honesty at its core. In this respect, our business ethics implementation systematic is shaped by the TBB Banking Code of Ethics, TSKB Anti-

Bribery and Anti-Corruption Policy and UN Global Compact principles, which are binding for our employees operating at all levels and positions, starting with our Board members. We also have Sustainable Procurements Management Policy that is binding for our suppliers and business partners. A complaint mechanism and online channels have been established through which all internal and external stakeholders can easily communicate their reservations when they suspect a violation of business ethics principles.

Legal compliance and business ethics issues are evaluated within the scope of the corporate risk management system and improvement efforts are implemented. The identified improvement areas are transformed into corporate targets and assigned to the relevant managers. Target achievements in these areas are also evaluated within the scope of performance evaluation and remuneration systems.

During the reporting period, there were no incidents of non-compliance with regulations determining the conditions for the provision of products and services, environmental legislation, international sanctions and trade restrictions, breach of confidentiality through loss or disclosure of customer information to third parties, corruption and discrimination, no in-kind or financial penal sanctions were imposed against our Bank or its employees for violations in these matters, and no complaints were submitted to our Bank in this direction.



# GOVERNANCE MODEL

## Sustainability Governance

### Sustainability Approach Integrated with the Corporate Governance Model

As a development banking institution, sustainability is not only the basic philosophy that shapes our way of doing business and our engagement with our stakeholders, but also the main focus of our products and services. For this reason, the understanding of sustainability is integrated into our entire value creation model and its importance is increasing day by day.

The basic framework of our sustainability management system is the Sustainability Policy, which we first published in 2012 and have updated over time in line with developments and stakeholder expectations. We elaborate our management principles for related issues with ten different policies developed in different environmental, social and governance focus areas. Among these complementary policies, the Environmental and Social Impact Management Policy also includes the List of Non-Financed Activities in line with responsible banking principles.

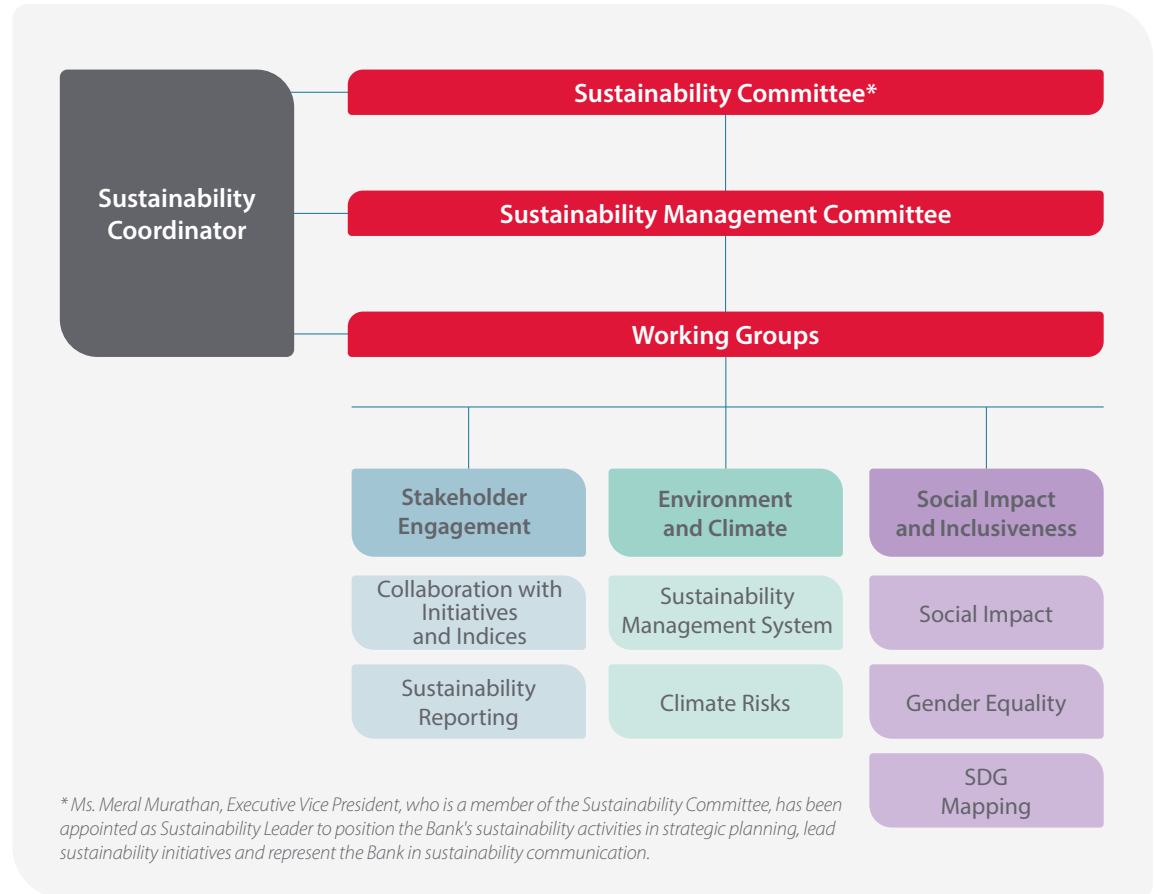


[You can access the relevant policies here.](#)

In our Bank, sustainability management is carried out with a multi-layered division of responsibilities, from the Board of Directors down to the business units. Decisions taken by the relevant bodies at the strategic level are translated into projects and practices at the operational level to generate performance.



The sharing of responsibility for sustainability management and the operational structure, working principles and other detailed information on the relevant bodies can be found here.



As of 2024, we established the Climate Change and Sustainability Management Department in order to increase the effectiveness of centralised management and in-depth analysis of climate change and sustainability issues while ensuring the continuity of inclusive capacity development throughout our Bank.

# GOVERNANCE MODEL

## Sustainability Governance



Sustainability-linked targets constitute 15% of TSKB's 2023 scorecard.

### Sustainability Committee

TSKB Sustainability Committee is the highest level governance body responsible for the realisation of the strategies and targets we set in line with our sustainability targets. Established in 2014, the Sustainability Committee carries out its activities with the participation of 4 Board Members, CEO and 2 Executive Vice Presidents, one of whom is the Sustainability Leader, as of the reporting period.

The Committee convened 3 times in 2023 in order to ensure the coordination of the work plans and activities carried out within the scope of our strategy, vision and sustainability targets, and to closely monitor the activities of the Sustainability Management Committee and working groups.

Meral Murathan, one of the Executive Vice Presidents on the Committee, has been appointed as Sustainability Leader to position sustainability activities within the Bank in strategic planning, to steer sustainability initiatives and to be responsible for representing the Bank in sustainability communication.

### Sustainability Management Committee

Sustainability Management Committee, which has been established to ensure that our sustainability activities are spread throughout the Bank and integrated into our differentiated business processes in parallel with our vision, strategy, goals and business plans in the area of sustainability, meets regularly throughout the year. The annual objectives of the Sustainability Management Committee are set in a clear and measurable way, and the objectives are reflected in the performance reports of our employees working in the Committee and its working groups. The level of achievement of these targets is taken into account in the performance appraisal process of the employees concerned. In 2023, departments that have included sustainability targets in their performance scorecards will be generalised across the Bank.

### Sustainability Integration into the Bank Scorecard

15% of TSKB's 2023 targets are sustainability-linked.

The coordination of the sustainability governance structure is carried out by the Sustainability Coordinator.

At the Sustainability Management Committee meetings, the activities of Working Groups, global and local developments, planned projects, targets and realisations are discussed.

#### 2023 Committee Agendas

##### Legal Arrangements

- Draft Climate Law of the Ministry of Environment, Urbanisation and Climate Change
- National Taxonomy studies
- BRSA Draft Guidelines on Effective Management of Climate-Related Financial Risks by Banks
- BRSA Draft Communiqué on Green Asset Ratio
- Turkey Sustainability Reporting Standards

##### Developments Specific to our Bank

- Science-based emission reduction targets
- 2050 Net Zero road plan
- Long-term sustainable finance targets
- Coal Phase-out

In 2023, we closely followed the developments in the field of sustainability in the world and in our country, conducted R&D activities, and assessed risks and opportunities.

# GOVERNANCE MODEL

## Sustainability Governance

We shared experiences at stakeholder events with representatives from the public and private sectors, and contributed to the regulatory activities and action plans of regulatory authorities.

### Working Groups

We form working groups operating under the Sustainability Management Committee in order to effectively improve our performance by conducting studies on our sustainability priorities spread across different areas of expertise. In this context, during the reporting period, we carried out our sustainability activities through a total of 7 working groups categorised under 3 main titles: Stakeholder Engagement Climate and Environment, Social Impact and Inclusiveness.

The chairs of the working groups are selected from various department managers and team leaders and the groups are managed dynamically in a matrix structure. Other employees also contribute to various projects developed during the year.

As of the end of 2023, 25 colleagues from various departments volunteered to participate in sustainability committees and working groups. The total number of our volunteer participants represents approximately 20% of the banking employees. Sustainability Committee targets are assigned to each employee within this organization and are also considered in the employee's departmental report card, along with the annual performance evaluation.

### Stakeholder Engagement

#### *Collaborations with Initiatives and Indices Working Group*

The working group, which was established to determine the resource needs for the work we will carry out with international and supranational financial institutions and initiatives with which we cooperate in the fields of sustainability, and to follow developments in national and international sustainability rating companies, continued its work.

In 2023, while maintaining our position in the BIST Sustainability Index, our rating was determined as A by Refinitiv, an external consultant that evaluates the ESG performance of the companies in the index. In 2023, we carried out gap analysis and action plan studies in accordance with the updated methodology and our rating was maintained at the same level as the previous period.

**In 2023, we carried out gap analysis and action plan studies in accordance with the updated Refinitiv methodology and maintained our rating at the same level as the previous period.**

### *Sustainability Reporting Working Group*

By following domestic and international best practices and standards, we presented our corporate sustainability performance and our direction for the future to all our stakeholders through sustainability reports, especially the Integrated Annual Report and the CDP Climate Change Programme report. During the year, we monitored our short, medium and long-term targets and key performance indicators that we set on a capital basis.

We examined the Sustainability Reporting Standards established by the International Sustainability Standards Board (ISSB) and brought into legislation by the Public Oversight Authority in our country, which will enter into force at the end of 2024. Also, we conducted gap analyses. We won two awards from the ARC Awards with our 2022 Integrated Annual Report, which is Türkiye's first Energy Efficient Annual Report. We won the best report awards in the Online Report-Interactive and Specialised Annual Report-Specialised AR categories in the world's largest international reporting competition, which attracted more than 1,500 participants from 34 countries.

In the CDP Climate Change Programme, which we publish on an annual basis, we responded to the topics added in 2023 and carried out improvement works. According to the results announced in February, we maintained our A - rating in 2023 and strengthened our position at the Leadership level.



# GOVERNANCE MODEL

## Sustainability Governance



Within the Climate Risks Working Group, impact analysis studies were carried out for the sectors subject to the Carbon Border Adjustment Mechanism (CBAM), which entered into force in October.

### Environment and Climate

#### *Sustainability Management System Working Group*

As part of the working group set up to monitor and evaluate our Bank's internal environmental impact and occupational health and safety (OHS) performance, we continued to provide training to our Bank and related subcontractors to raise awareness of OHS and sustainability.

We successfully passed the ISO 14001, ISO 14064 and ISO 45001 audits in 2023.

As a signatory to the Science Based Targets Initiative (SBTi), we set our Scope 1-2-3 emission reduction targets according to the SBTi calculation methodology. We have publicly announced our emissions reduction targets, which have also been verified by SBTi, following Board approval.

In 2023, we completed the digitisation project to integrate ESG data used in the Sustainability Management System, index studies and sustainability reporting into the Information Technology infrastructure.

#### *Climate Risks Working Group*

Climate change presents both financial risks and opportunities for the banking sector. With this in mind, the working group set up in 2020 will continue to carry out studies to measure the financial risks to the Bank arising from climate change, carry out scenario-based analyses to measure the impact of risk factors in the medium and long term, manage them and integrate them into the Bank's risk model.

The Climate Risk Evaluation Tool (CRET), which was finalised within the working group and piloted in 2022, was implemented in the credit assessment process in 2023 with two different temperature scenarios.

Impact analyses were conducted for the sectors subject to the Carbon Border Adjustment Mechanism (CBAM), which entered into force in October 2023.

### Social Impact and Inclusiveness

#### *Social Impact Management Working Group*

The Working Group continued to develop our approach to social impact assessment in the Bank's direct and lending operations, prepare training programmes, follow national and international best practices and build capacity.

In 2023, models for assessing the Bank's direct and indirect social impacts were developed and will be commissioned in 2024.

#### *Gender Equality Working Group*

In 2019, we joined the Executive Committee of the International Development Finance Club (IDFC). In 2021 and 2022, we continued to chair the Gender Equality Working Group within the Club. In 2023, we continued to conduct in-depth gender equality studies to raise awareness in the real sector. In the coming period, we aim to complete the integration of a similar structure into the lending process by analysing the results of the survey we conducted in this context.

#### *SDG Mapping of Loans Working Group*

As part of the working group set up in 2021 to measure and report on the contribution of our bank's investment and corporate lending to the SDGs, we follow developments on the SDGs globally and nationally and participate in training. We participated in information sharing workshops on our SDG mapping model with IDFC member banks and the consultancy firm Natixis. In 2023, we conducted external assurance studies for the verification of our SDG Mapping model. We analysed Türkiye's SDG performance, and studied the SDGs that will stand out in the coming period and their integration with our Bank's objectives. We started to update the Bank's infrastructure for the technical criteria of the TBB Sustainability Working Group, Green Asset Ratio Guide..

# GOVERNANCE MODEL

## Declarations and Principles Signed by TSKB

One of the responsibilities of our working groups is to carry out activities in line with the many declarations and working principles to which we are a signatory.

- International Development Finance Club (IDFC) Climate Declaration
- European Long-Term Investors (ELTI) - COP21 Declaration on Transition to a Low Carbon Economy
- Women's Empowerment Principles (WEPs)
- EBRD UNEP FI Energy Efficiency Joint Declaration
- The Global Compact Türkiye's Declaration of Sustainable Finance
- UNEP FI Responsible Banking Principles (Founding Signatory)
- UNEP FI Net-Zero Banking Alliance
- Chapter Zero Türkiye
- IDFC Gender Equality and Justice Declaration
- Social Investment Coalition - Social Investment Declaration
- Business Plastics Initiative

### IDFC Finance in Common

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

### International Development Finance Club (IDFC)

In 2023, we continued our work on gender equality, climate change, biodiversity, adaptation to the SDGs and related issues within the International Development Finance Club (IDFC), of which we have been an active member since 2011 and joined the Executive Committee in 2019. The main activities that stood out during the year are as follows:

- As part of the business plan of the IDFC Gender Equality Working Group, of which our Bank is a co-coordinator, we focused on the **Gender Equality Finance Mapping** study, one of the action plans recommended in the **IDFC Collective Roadmap** report prepared and published by the Frankfurt School of Finance and Management (FSFM) in 2022. In this context, we continued to work with the FSFM and prepared the first pilot collective report for the IDFC, in which our Bank participated, and presented it at the Finance in Common Summit in 2023. You can find the details [here](#).
- In 2020, we participated in the meetings organised under the Joint Declaration on Gender Equality, of which we were a signatory at the first **Finance in Common Summit**.
- We focused on and actively participated in the development points recommended to IDFC members in the status report and roadmap published as part of the SDG Alignment studies conducted and finalised in previous years with the consultancy Natixis on **SDG Alignment**.

We also actively participate in NGO round table activities and support the projects developed. In this context, we participated in the important for our country in 2023, which was established to address climate and environmental issues, which we see as strategic Environment and Climate Change Working Group under TÜSIAD and Environment Round Table.

On 20 November 2019, the Business Plastics Initiative Platform was established by Global Compact Türkiye, BCSD Türkiye and TÜSIAD to carry out its activities on a voluntary basis. As TSKB, we published our plastic reduction targets as a signatory of the Business Plastics Initiative commitments in 2021. In 2023, we published the Plastics Commitments Progress Report, which included our achievements.

During the year, we contributed to the ongoing development of the National Taxonomy, coordinated by the Department of Environment, Urbanisation and Climate Change, by participating in the Technical Expert Group.

### United Nations Climate Change Conference (COP 28)

We attended the United Nations Climate Change Conference (COP 28) in Dubai with our CEO, Murat Bilgiç, and Executive Vice President for Sustainability, Meral Murathan, as well as managers from various disciplines, technical experts and representatives from our subsidiary Escarus. TSKB managers participated as speakers in eight different events with representatives from Türkiye and other countries.

# GOVERNANCE MODEL

## Declarations and Principles Signed by TSKB

### TBA Sustainability Working Group

Ms. Nazlıca, Sustainability Coordinator of TSKB, is the Chairperson of the Sustainability Working Group of the Banking Association of Turkey (TBA).

In the "Green Consensus Action Plan" published in the Official Gazette on 16.07.2021, the BRSA was assigned the responsibility and coordination of the action "3.2.5. Define a roadmap for the development of sustainable banking" under the "Green Financing" heading numbered 3.

Within this framework, the "Strategic Plan for Sustainable Banking" was adopted by BRSA Decision No. 9999 of 24.12.2021, in order to define the roadmap for supporting the financing of activities aimed at reducing greenhouse gas emissions, managing financial risks related to climate change and developing sustainable banking activities within the framework of the Paris Climate Agreement and the European Union Green Deal. In 2023, the TBB Sustainability Working Group continued to work on the "Actions" for which TBB was identified as the "Responsible/Coordinating Institution" and the "Actions" for which TBB was identified as the "Cooperating Institution".

During the year, work was carried out on the preparation of a guide on "Preparation of Heat Map Methodologies and Creation of Green Asset Ratio". A Sustainability Sub-Working Group was formed on this topic, and the said Working Group completed the sector-based Green Asset Technical Criteria studies, which took approximately 2 years and involved monthly meetings with BRSA officials. In the guideline, green credit definition criteria were established for 8 major sectors and 7 sectors under the manufacturing sector, based on the European Union taxonomy. The Green Asset Ratio Communiqué prepared by the BRSA in light of this guidance is expected to come into force in the first half of 2024.

A new sub-working group was established within the TBB Sustainability Working Group to develop heat map methodologies that banks can use for high emitting sectors and is continuing its work.

## In-house Sustainability Trainings and Workshops

We organise in-house sustainability trainings in order to spread the understanding of sustainability throughout our Bank and to equip our employees with technical knowledge. Through workshops organised by our volunteer coaches with the participation of university students, we contribute to the development of young professionals' knowledge and skills in sustainability practices by conducting sustainability case analyses.

### Sustainability Development Journey

In 2023, 28% of our employees completed the Sustainability Development Journey training.

In 2024, we aim for at least 50% of our employees to complete the training.

We established a social group within the scope of the platform.

We organised a seed ball shooting event.

### Engineering Trainings

With the participation of 101 employees, we organised Science Based Targets Training.

We organised Environmental and Social Impact Assessment training with the participation of 43 employees.

### External Expert Trainings

33 employees received training on Carbon Footprint Calculation.

52 employees completed the Carbon Markets Green Deal Training.

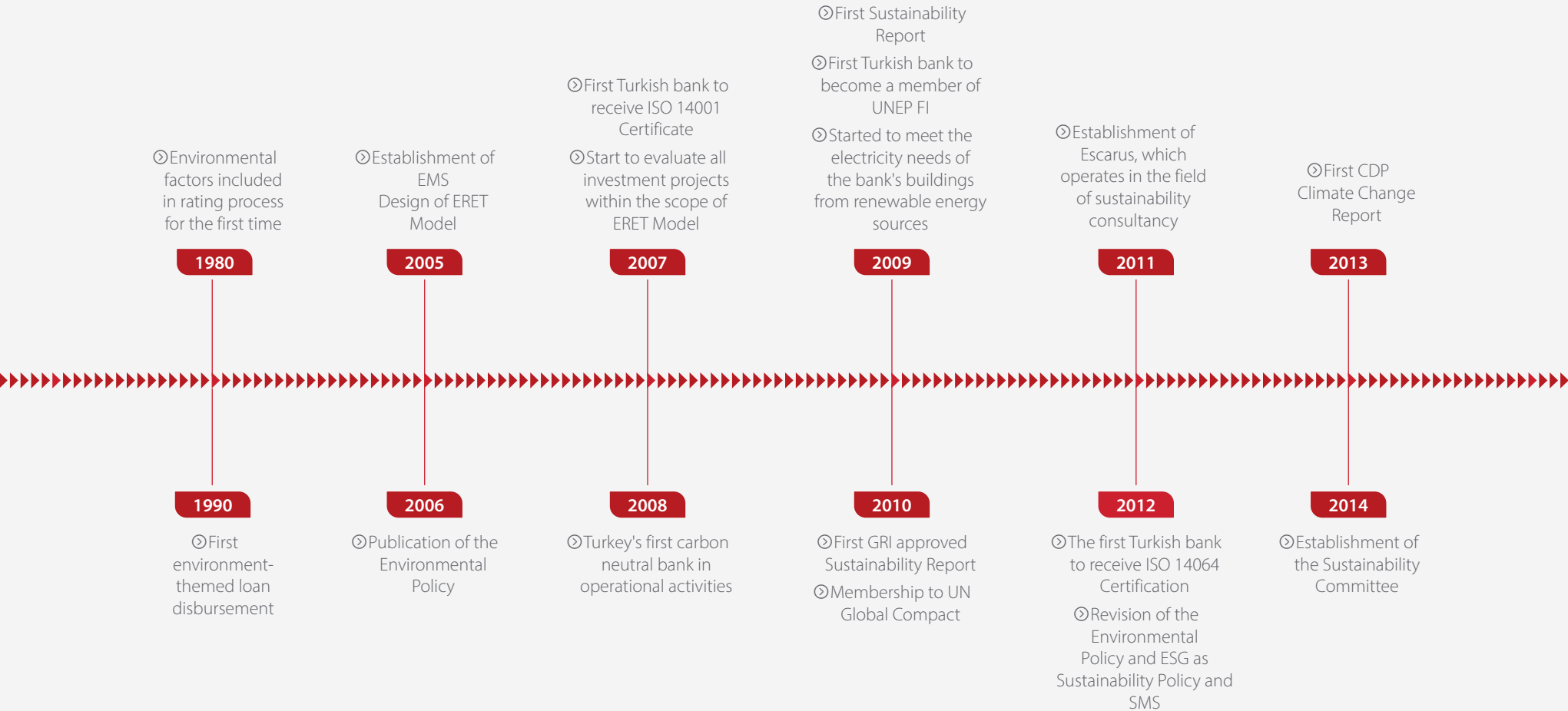
### Sustainability Workshop

Our volunteer coaches met with 19 students from different universities and conducted case studies.



## GOVERNANCE MODEL

### Sustainability Journey Milestones



# GOVERNANCE MODEL

## Sustainability Journey Milestones



# STAKEHOLDER ENGAGEMENT AND MATERIALITY ANALYSIS

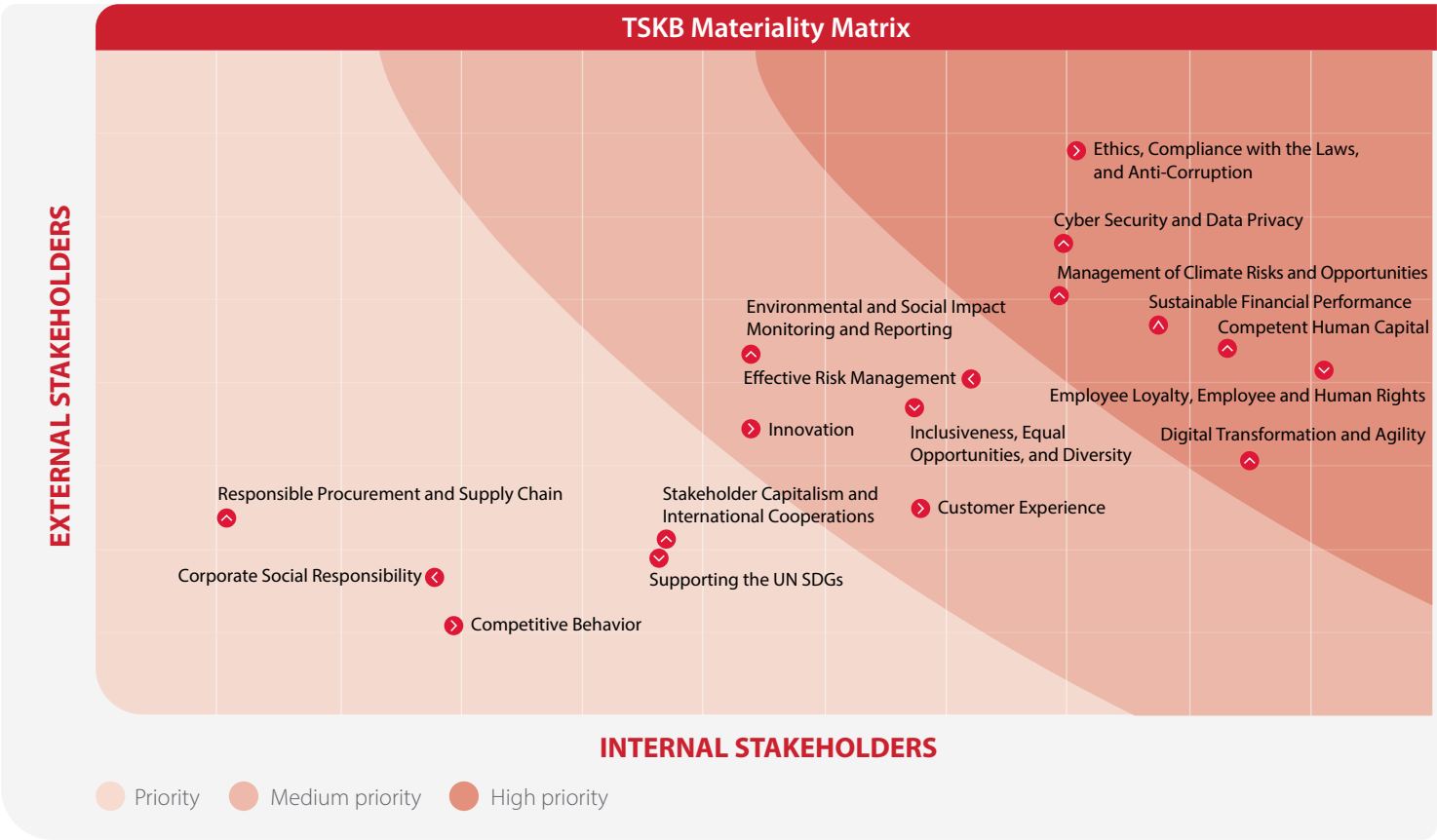
GRI-3-1 - GRI-3-2

## TSKB Sustainability Priorities

We define the sustainability priorities that form the basis of our integrated value creation model through an inclusive approach that takes into account the expectations and demands of our stakeholders in line with international standards. We review our strategic sustainability priorities through regular analysis and aim to fully meet stakeholder expectations through our activities, products and services, as well as our corporate working standards.

### Materiality Analysis

We define our sustainability priorities, which are also the main content of our integrated value creation model and non-financial reporting studies, through analyses conducted with our internal and external stakeholders in accordance with international standards. In the last reporting period, we set our sustainability priorities on the basis of screening studies conducted with the participation of 115 internal and 59 external stakeholders through online surveys. The externally verified methodology of the materiality analysis can be found on page 27 of the [TSKB 2022 Integrated Annual Report](#). In 2023, we re-evaluated our materiality portfolio, taking into account the views of our stakeholders. As a result of the evaluation, we did not make any changes to the materiality matrix approved by the Sustainability Committee at Board level. The following sections of the report describe in detail the issues identified as high priority as a result of the analysis.



# STAKEHOLDER ENGAGEMENT AND MATERIALITY ANALYSIS

## TSKB Sustainability Priorities



Within the framework of our ethical principles, our Code of Conduct, which focuses on "truthfulness" and "honesty" and is designed to govern our relations with internal and external stakeholders, improve the quality of our services and protect our assets and resources, is at the centre of our future focus.

### HIGH PRIORITY ISSUES FOR INTERNAL AND EXTERNAL STAKEHOLDERS

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

As TSKB, our approach to corporate governance is to comply with all laws and regulations in the conduct of our business, to prevent corruption in our dealings with stakeholders and to conduct our business in accordance with ethical rules. Within the framework of our Code of Ethics, our Code of Conduct, which has "truthfulness" and "honesty" at its core, is at the centre of our future focus and is designed to regulate our relations with internal and external stakeholders, to improve the quality of service and to protect assets and resources. The survey results also highlighted the importance of full compliance with corporate governance principles, a critical area in sustainable banking. The responses indicate that stakeholders believe that TSKB is resilient to current and future risks as a result of its policies and practices based on fair, transparent, accountable and responsible banking

principles, and that the soundness of its financial structure will continue to be important to stakeholders in the future.

**Audit Mechanism:** Relevant issues are managed by our Corporate Compliance department and are continuously monitored by the Bank's Internal Audit Board and Internal Control Audit.

#### Cyber Security and Data Privacy

The privacy policies we have developed and our high level of cyber security practices demonstrate that we consider the importance of the confidentiality of corporate and personal financial information to be a fundamental responsibility. Our Bank aims to implement the most effective security solutions by constantly monitoring new and advanced security systems.

**Audit Mechanism:** Relevant issues are managed by our Information Security and Quality Department, and are continuously monitored by the Bank's Audit Committee and Internal Control Audit. It is also subject to an ISO 27001 audit.





# STAKEHOLDER ENGAGEMENT AND MATERIALITY ANALYSIS

## TSKB Sustainability Priorities



We act with a longer-term, impact-oriented, value and sustainability perspective in every dimension and process.

### Sustainable Financial Performance

The sustainability of our financial performance is critical to maintaining our deep-rooted relationships with our stakeholders, especially our shareholders and fund providers, and to operating successfully for the development of our country in line with our long-term business model. We therefore operate with a longer-term, impact-oriented, value and sustainability perspective in every dimension and process.

**Audit Mechanism:** Relevant issues are managed in a multidimensional manner, primarily by our Financial Control, Budget and Planning and Financial Institutions and Investor Relations departments, and are continuously under the supervision of our Bank's Internal Audit Board and Internal Control. The Bank is also subject to periodic independent audits.

### Competent Human Capital

Recognising that human resources are the cornerstone of our successful and sustainable performance, our main priorities include increasing employee satisfaction and ensuring the development of employees through investment in human resources and in-house training. In this period of rapid change and transformation, we aim to continue our work with a highly motivated, talented and qualified workforce.

**Audit Mechanism:** Relevant issues are managed by our Human Resources Department and are constantly under the scope of the Bank's Internal Audit Board and Internal Control.

### Employee Loyalty, Employee and Human Rights

We have adopted a human resources policy based on diversity and equal opportunity and adopted the principle of equality in all practices within this scope.

In order to carry out human resources processes on an egalitarian basis for all our stakeholders, we aim for full compliance with the Equal Opportunity Model. We regularly measure the satisfaction and loyalty levels of our internal stakeholders through surveys and provide a platform where they can convey their thoughts and suggestions. We take additional steps deemed necessary in line with our improvement targets that we set by focusing on this feedback. We are committed to implementing a model where all stakeholders, including our own employees and suppliers, are evaluated at the same level in the coming period by showing sensitivity to compliance with international human rights standards.

**Audit Mechanism:** Relevant issues are managed by our Human Resources department and are subject to periodic evaluations within the scope of various ESG indices and ratings. In addition, our Bank is under the supervision of the Board of Internal Auditors and Internal Control.

### Digital Transformation and Agility





Putting digitalisation at the heart of our business model, we continue our efforts to increase end-to-end digital solutions, improve user experiences, and automate the processes determined within the scope of Robotic Process Automation (RPA). In addition, in order to benefit from the gains of agile management, we continue to work for the dissemination and internalisation of this model in our Bank and to define trainings for employees.

**Audit Mechanism:** Relevant issues are managed by our Information Security and Quality department and are continuously within the scope of the Bank's Board of Internal Auditors and Internal Control audit. It is also subject to ISO 27001 audit.

# STAKEHOLDER ENGAGEMENT AND MATERIALITY ANALYSIS





## Stakeholder Engagement

In line with our integrated perspective and governance approach, we set our business priorities and strategies in the light of stakeholder expectations and take steps to improve our sustainability practices and performance. We do this by building constructive and ongoing relationships with our stakeholders, using different methods depending on the audience. In the approach of the methodology that we have externally verified, the stakeholders that are important for our Bank have been separated with a weighting approach and are ranked accordingly in the table below.

Stakeholder Group	Communication Methods (Frequency)	Expectations and Suggestions	TSKB's Response	Related Material Topic
 FINANCIAL INSTITUTIONS	Briefing and Assessment meetings (throughout the year, as needed)	TSKB is a proven institution in the field of ESG with its strong governance system and capital-based targets	We develop ESG-focused, innovative products together with financial institutions.	Environmental and Social Impact Monitoring and Reporting Stakeholder Capitalism and International Collaborations
 DEVELOPMENT FINANCING INSTITUTIONS	Information and Evaluation meetings (throughout the year, as needed)	Calculation and reporting of financed emissions	Our Scope 3 emission calculation studies, which we started at the end of 2021, have been expanded to represent 15% of the loan portfolio.	Environmental and Social Impact Monitoring and Reporting Management of Climate Risks and Opportunities
 INVESTORS	Investor Meetings (Every quarter) Investor Relations Department e-mail & Telephone (as needed)	Transparent reporting in accordance with international standards, giving importance to simplicity, enriching reports with numerical targets and data	We report both our financial and non-financial performance in accordance with internationally recognised standards and by supporting them with audited data.	Environmental and Social Impact Monitoring and Reporting Stakeholder Capitalism and International Collaborations
 EMPLOYEES	Open Door HR Practice (Continuous if needed) Employee Satisfaction Survey (Annual) Performance Evaluation Meetings (At least twice a year)	Out-of-town working practice for one week a month, To make it applicable within the borders of Istanbul	The request submitted through HR Representatives was evaluated positively in 2023 and put into practice.	Employee Loyalty, Employee and Human Rights Competent Human Capital

# STAKEHOLDER ENGAGEMENT AND MATERIALITY ANALYSIS

## Stakeholder Engagement

Stakeholder Group	Communication Methods (Frequency)	Expectations and Suggestions	TSKB's Response	Related Material Topic
 <b>BOARD OF DIRECTORS &amp; EXECUTIVE MANAGEMENT</b>	Board of Directors meeting (Monthly) Committee Meetings (Monthly) Executive Meetings (Monthly)	Ensuring capital adequacy in a stable manner by exceeding the economic cost of capital through sustainable profitability and healthy asset quality, maintaining a competitive business model	In line with changing macroeconomic conditions and regulations, we announce targets to achieve sustainable financial performance with an effective risk management approach and operate in line with these targets.	Sustainable Financial Performance Competitive Behaviour
 <b>CUSTOMERS</b>	Bank representatives (in case of need) NPS Survey (at the end of the project)	More companies benefit from consultancy services that create value through TSKB's expert staff	In 2023, the consultancy services we provided to sectors such as iron-steel, metal-machinery, especially the energy sector, and holding companies with different lines of business stood out.	Competent Human Capital Customer Experience
 <b>SUPPLIERS AND SUBCONTRACTORS</b>	Contact Form (In Case of Need) Grievance Mechanism (In Case of Need)	High sensitivity in the field of sustainability	We observe compliance with ESG criteria in each component of our value creation model. We care that all our stakeholders with whom we cooperate have the same approach	Stakeholder Capitalism and International Collaborations Environmental and Social Impact Monitoring and Reporting
 <b>NGOs</b>	Representatives of Associations and Working Groups (Monthly)	Increasing collaborations	All our employees, including senior management, actively participate in association board memberships and working groups.	Corporate Social Responsibility Inclusiveness, Equal Opportunity and Diversity
Stakeholder expectations and complaints received through our communication channels are regularly reported to the Bank's Board of Directors through two main channels, depending on the issue. These main channels are the reports of the Audit Committee, which meets approximately 50 times a year, and the reports of the Sustainability Committee, which meets at least four times a year.				

# STAKEHOLDER ENGAGEMENT AND MATERIALITY ANALYSIS

## Impact, Risk and Opportunity Analysis

As TSKB, we revisited the outputs of our Stakeholder Engagement and Materiality Analysis, which we conducted last year, taking into account the impact, risk and opportunity dimensions that form the basis of the Double Materiality approach. In this assessment journey, we focused on identifying the Environmental, Social and Governance (ESG) impact of our activities related to our material issues, as well as the risks and opportunities that may arise on our financial and operational processes by involving the Bank's Sustainability Working Group in the process. By adopting a long-term impact approach, we tried to highlight potential processes that may occur in the medium and long term beyond short-term impacts.

Within the scope of the study, we sought the opinions of the Sustainability Working Group to determine TSKB's ability to create impact, potential positive and negative ESG impacts of material topics, ESG risks and opportunities on our operations (financial and operational). The impacts, risks and opportunities that stand out as a result of the study are shared in the table.

TSKB's Material Issues	Impacts on TSKB's Environmental, Social and Governance Activities		Risks and Opportunities on TSKB's Financial and Operational Activities	
	Positive Impacts	Negative Impacts	Risks	Opportunities
Ethics, Compliance with Laws and Anti-Corruption	<ul style="list-style-type: none"> <li>&gt; To improve service quality by organising relations with internal and external stakeholders based on ethical principles.</li> <li>&gt; To adhere to fair, transparent, accountable and responsible banking practices that underpin TSKB's operational and strategic decisions.</li> <li>&gt; Maintain a strong corporate governance structure that complies with international standards and mitigates risks associated with non-compliance.</li> </ul>	<ul style="list-style-type: none"> <li>&gt; Increase in operating expenses as a result of investment in internal systems and personnel training and capacity development.</li> <li>&gt; Strict audits may occasionally reduce operational efficiency.</li> </ul>	<ul style="list-style-type: none"> <li>&gt; Risk of being subject to legal and regulatory sanctions that may affect financial stability.</li> <li>&gt; Possible financial losses/financial risk</li> </ul>	<ul style="list-style-type: none"> <li>&gt; Opportunity to continue to set an example in the banking sector by maintaining high ethical standards and fighting corruption.</li> <li>&gt; Opportunity to enhance TSKB's reputation and stakeholder loyalty through transparent and ethical practices.</li> <li>&gt; Opportunity to attract more informed investors interested in ethical and sustainable banking practices.</li> </ul>
Cyber Security and Data Privacy	<ul style="list-style-type: none"> <li>&gt; Ensure data privacy through strong cyber security and data privacy regulations.</li> <li>&gt; Demonstrate commitment to protecting TSKB's and its customers' assets against cyber threats through the continuous implementation of high-level security solutions.</li> <li>&gt; To reinforce stakeholders' confidence in the security of their information through TSKB's continuous monitoring and updating of security measures.</li> </ul>	<ul style="list-style-type: none"> <li>&gt; Increasing impact of infrastructure and personnel investments on operating expenses</li> <li>&gt; Increasing impact of routine controls and practices on operating expenses</li> <li>&gt; Prolonged list of documents and approvals requested from customers</li> </ul>	<ul style="list-style-type: none"> <li>&gt; Risk of regulatory fines and sanctions affecting TSKB's financial health and stability as a result of inadequate protection of data confidentiality.</li> <li>&gt; Risk of unavoidable security vulnerabilities leading to financial losses for TSKB and its customers.</li> <li>&gt; Risk of loss of reputation</li> </ul>	<ul style="list-style-type: none"> <li>&gt; Opportunities arising from the trust that may arise in the market due to TSKB's protection of its customers' sensitive information.</li> <li>&gt; Opportunity to differentiate itself in the market as a leader in data protection by excelling in cyber security.</li> <li>&gt; Opportunity to reduce/eliminate costs arising from breaches by giving importance to cyber security and data privacy.</li> </ul>
Management of Climate Risks and Opportunities	<ul style="list-style-type: none"> <li>&gt; To promote sustainable development by aligning with climate change initiatives and targets.</li> <li>&gt; To maintain its leadership position on climate change and continue to lead the way.</li> <li>&gt; Contributing to the conservation of natural resources by reducing the environmental impact of TSKB's own operations and the projects it finances.</li> </ul>	<ul style="list-style-type: none"> <li>&gt; Resource consumption resulting from TSKB's own operations.</li> <li>&gt; Impact of investment in capacity development and stakeholder interaction on operational expenses</li> <li>&gt; Direct and indirect negative social and environmental impacts of TSKB's operational activities.</li> </ul>	<ul style="list-style-type: none"> <li>&gt; Risk of not being able to respond to climate risks arising from investments and the loan portfolio.</li> <li>&gt; Risk of failing to seize opportunities in areas such as green financing and sustainable investments and weakening TSKB's position in the market.</li> <li>&gt; Risk of regulatory penalties as a result of failure to comply with climate-related regulations.</li> </ul>	<ul style="list-style-type: none"> <li>&gt; Opportunity to innovate in financial products and services that focus on climate resilience and low carbon solutions.</li> <li>&gt; Opportunity to increase agreements with international financial institutions.</li> <li>&gt; Opportunity to build better relationships with regulators and green finance markets by complying with climate-related laws and regulations.</li> </ul>
Sustainable Financial Performance	<ul style="list-style-type: none"> <li>&gt; Develop sustainability-themed loan products and services that meet the growing demand for environmentally and socially responsible finance.</li> <li>&gt; Maintain TSKB's leading position in sustainable finance by differentiating it in a competitive market.</li> <li>&gt; To help TSKB overcome economic downturns and manage challenging market conditions more effectively.</li> </ul>	<ul style="list-style-type: none"> <li>&gt; To aim for a longer-term and balanced financial performance in line with its development mission rather than maximising profits in the short term.</li> <li>&gt; To set aside additional free provisions for potential risks with a prudent approach.</li> <li>&gt; The impact of a multidimensional risk assessment approach on operational expenses.</li> </ul>	<ul style="list-style-type: none"> <li>&gt; The risk of a change in the financial situation if sustainable financing does not provide the expected return or if market conditions change unfavourably.</li> <li>&gt; Financial risks associated with sustainable investments, including the volatility of markets focussed on the SDGs.</li> <li>&gt; Risks associated with the need to continuously adapt to evolving sustainability standards and regulatory requirements, which may impact operational and financial performance.</li> </ul>	<ul style="list-style-type: none"> <li>&gt; Opportunity to have diverse resources and strong liquidity that contribute to operational flexibility and financial sustainability.</li> <li>&gt; Opportunity to tap into a growing pool of sustainable financing sources, including green bonds and ESG-focused investors.</li> <li>&gt; Opportunity to co-invest with other banks, non-profit organisations and government agencies that prioritise sustainability.</li> </ul>



# STAKEHOLDER ENGAGEMENT AND MATERIALITY ANALYSIS

## Impact, Risk and Opportunity Analysis

TSKB's Material Issues	Impacts on TSKB's Environmental, Social and Governance Activities		Risks and Opportunities on TSKB's Financial and Operational Activities	
	Positive Impacts	Negative Impacts	Risks	Opportunities
Competent Human Capital	<ul style="list-style-type: none"> <li>&gt; Increase innovation and productivity through skilled workforce development.</li> <li>&gt; Foster a learning culture that can adapt to new market demands and technologies.</li> <li>&gt; Attract top talent seeking growth opportunities and professional development.</li> <li>&gt;</li> </ul>	<ul style="list-style-type: none"> <li>&gt; Increase operating expenses by investing in human capital</li> <li>&gt; Deviate from the bank's culture and vision if competent human capital is not provided</li> <li>&gt; Difficulties in ensuring satisfaction of high quality staff.</li> </ul>	<ul style="list-style-type: none"> <li>&gt; Risks associated with achieving a balance between automation and human labour.</li> <li>&gt; Risks associated with legal compliance related to labour laws and training requirements.</li> <li>&gt; Cybersecurity risks as more human capital processes and data come online.</li> </ul>	<ul style="list-style-type: none"> <li>&gt; Opportunity to utilise human capital analytics to predict and meet future staffing needs.</li> <li>&gt; Opportunity to leverage competent human capital to expand into new markets or product lines.</li> <li>&gt; Opportunity to partner with educational institutions to develop the talent pipeline.</li> </ul>
Employee Engagement, Employee and Human Rights	<ul style="list-style-type: none"> <li>&gt; Promote a work environment and culture that enhances employee motivation and creativity.</li> <li>&gt; Increase employee satisfaction and loyalty through fair human resources practices.</li> <li>&gt; Promote a participative work environment where feedback is valued and acted upon.</li> </ul>	<ul style="list-style-type: none"> <li>&gt; Increase in operating expenses due to investments in employee well-being</li> <li>&gt; New initiatives such as hybrid working life make team management more difficult</li> <li>&gt; Difficulties in managing differentiated expectations in line with changing trends and a rejuvenated workforce.</li> </ul>	<ul style="list-style-type: none"> <li>&gt; Potential risk of internal conflict due to misunderstanding or non-compliance with human rights policies.</li> <li>&gt; Financial risks associated with compliance with new or evolving labour legislation.</li> <li>&gt; Operational risks associated with effectively managing a remote or hybrid workforce.</li> </ul>	<ul style="list-style-type: none"> <li>&gt; Opportunity to attract and retain talent by positioning the bank as a responsible employer.</li> <li>&gt; Opportunity to leverage a committed workforce to increase customer satisfaction and business innovation</li> <li>&gt; Opportunity to leverage employee feedback mechanisms to improve processes and services.</li> <li>&gt; Opportunity to leverage employee feedback mechanisms to improve processes and services.</li> </ul>
Digital Transformation and Agility	<ul style="list-style-type: none"> <li>&gt; Drive process automation and increase operational efficiency through reduced manual workload.</li> <li>&gt; Improving customer experience by leveraging digital channels for service delivery.</li> <li>&gt; Improved decision making and strategic planning capabilities through data analytics.</li> </ul>	<ul style="list-style-type: none"> <li>&gt; Paying high start-up costs to implement digital transformation initiatives.</li> <li>&gt; Potential job losses or changes due to automation of processes.</li> <li>&gt; Investments to continuously improve employee skills to keep pace with technological developments create a burden on operating expenses.</li> </ul>	<ul style="list-style-type: none"> <li>&gt; Risks of maintaining regulatory compliance in a rapidly evolving digital environment.</li> <li>&gt; Risk of technological obsolescence requiring frequent updates and investment.</li> <li>&gt; Risk of difficulties in integrating new digital solutions with existing legacy systems.</li> </ul>	<ul style="list-style-type: none"> <li>&gt; Opportunity to develop partnerships with fintech companies to co-create innovative solutions.</li> <li>&gt; Opportunity to leverage artificial intelligence to gain insights into customer behaviour and preferences.</li> <li>&gt; Opportunity to increase agility in response to market changes through adaptive digital infrastructure.</li> </ul>
Environmental and Social Impact Monitoring and Reporting	<ul style="list-style-type: none"> <li>&gt; Contribute to national and global environmental goals such as reducing carbon emissions and supporting biodiversity.</li> <li>&gt; Mitigate risks and capitalise on long-term sustainable growth opportunities by implementing strong ESG frameworks.</li> <li>&gt; Leading market trends by setting standards in environmental and social reporting and impact monitoring.</li> </ul>	<ul style="list-style-type: none"> <li>&gt; Possible environmental and social impacts in case action plans are not implemented in investment loans</li> <li>&gt; Environmental impacts arising from the Bank's activities and internal consumption.</li> </ul>	<ul style="list-style-type: none"> <li>&gt; Risk of loss of financial return by limiting investments in certain sectors.</li> <li>&gt; Risk of financial penalties and reputational damage in case of non-compliance with environmental and social regulations.</li> <li>&gt; Risk of facing transition risks in the process of adjusting the portfolio to be more environmentally and socially responsible.</li> </ul>	<ul style="list-style-type: none"> <li>&gt; Opportunity to develop new green financial products and advisory services that address a growing market for sustainable investments.</li> <li>&gt; Opportunity to collaborate with businesses and organisations with strong environmental and social commitments and create new business streams.</li> <li>&gt; Opportunity to use advanced analytics and technology to more effectively monitor and report on environmental and social impacts.</li> </ul>
Effective Risk Management	<ul style="list-style-type: none"> <li>&gt; Demonstrate greater resilience to financial market volatility.</li> <li>&gt; Experience reduced operational losses and inefficiencies as a result of effective risk management.</li> <li>&gt; Sustain stronger long-term financial performance.</li> </ul>	<ul style="list-style-type: none"> <li>&gt; Over-reliance on risk management protocols, inhibiting potential innovation.</li> <li>&gt; Difficulty integrating ESG risks into traditional risk models.</li> <li>&gt; Difficulty continually updating risk management strategies to adapt to evolving ESG standards.</li> </ul>	<ul style="list-style-type: none"> <li>&gt; Risk of financial loss due to unforeseen ESG-related risks.</li> <li>&gt; Risk of increased scrutiny and regulation by authorities focused on ESG compliance.</li> <li>&gt; Risk of reputational damage due to poor risk management practices.</li> </ul>	<ul style="list-style-type: none"> <li>&gt; Opportunities for cost savings through early identification and mitigation of risks.</li> <li>&gt; Opportunity to gain competitive advantage through proactive risk management.</li> <li>&gt; Opportunities for improved business continuity planning.</li> </ul>
Innovation	<ul style="list-style-type: none"> <li>&gt; Drive sustainable growth through new products and services.</li> <li>&gt; Increase operational efficiency and reduce costs.</li> <li>&gt; Increase customer satisfaction by meeting changing needs.</li> </ul>	<ul style="list-style-type: none"> <li>&gt; Combat the threat of obsolescence of existing products and technologies.</li> <li>&gt; Increase short-term costs during R&amp;D and implementation phases.</li> <li>&gt; Face intellectual property risks and challenges in protecting innovations.</li> </ul>	<ul style="list-style-type: none"> <li>&gt; Risk of high costs and uncertainty associated with R&amp;D investments.</li> <li>&gt; Risk of failure in innovation initiatives leading to financial losses.</li> <li>&gt; Risk of dependence on external technology providers.</li> </ul>	<ul style="list-style-type: none"> <li>&gt; Opportunity to access new markets and customer segments through innovative offerings.</li> <li>&gt; Opportunity for higher profitability and market share.</li> <li>&gt; Opportunity to leverage technology to improve risk management and decision making.</li> </ul>

# STAKEHOLDER ENGAGEMENT AND MATERIALITY ANALYSIS

## Impact, Risk and Opportunity Analysis

TSKB's Material Issues	Impacts on TSKB's Environmental, Social and Governance Activities		Risks and Opportunities on TSKB's Financial and Operational Activities	
	Positive Impacts	Negative Impacts	Risks	Opportunities
Inclusiveness Equal Opportunity and Diversity	<ul style="list-style-type: none"> <li>&gt; Foster innovation and creativity through diverse perspectives.</li> <li>&gt; Enable better decision making and problem solving.</li> <li>&gt; Increasing competitiveness in the market by understanding different customer needs.</li> <li>&gt; Strengthening company reputation and brand value.</li> </ul>	<ul style="list-style-type: none"> <li>&gt; Increased risk of conflict or misunderstanding due to different perspectives.</li> <li>&gt; Difficulty in maintaining a harmonious corporate culture.</li> <li>&gt; Resistance to change from existing employees.</li> </ul>	<ul style="list-style-type: none"> <li>&gt; Risk of losing talented employees to competitors with better diversity and inclusiveness practices.</li> <li>&gt; Operational risks if the workforce is not managed effectively in a diverse environment.</li> <li>&gt; Reputational risks if the company is perceived as non-inclusive or discriminatory.</li> </ul>	<ul style="list-style-type: none"> <li>&gt; Opportunity for increased investor interest in a market where ESG factors are becoming increasingly important.</li> <li>&gt; International incentive opportunities for diverse and inclusive initiatives.</li> <li>&gt; Opportunity for increased operational efficiency through diverse problem-solving approaches.</li> </ul>
Customer Experience	<ul style="list-style-type: none"> <li>&gt; Increase customer loyalty and satisfaction.</li> <li>&gt; Enhance brand reputation and trust.</li> <li>&gt; Better understanding customer needs that drive innovative solutions.</li> </ul>	<ul style="list-style-type: none"> <li>&gt; Experiencing data security issues due to increased digital customer interactions.</li> <li>&gt; Difficulty in consistently meeting different customer expectations.</li> <li>&gt; Increased operating expenses in line with rapidly changing customer preferences.</li> </ul>	<ul style="list-style-type: none"> <li>&gt; Risk of financial loss due to failure to meet customer expectations.</li> <li>&gt; Risk of losing market share to competitors with better customer experience.</li> <li>&gt; Operational risks in scaling customer service to meet demand.</li> </ul>	<ul style="list-style-type: none"> <li>&gt; Opportunity to expand into new markets by understanding and meeting different customer needs.</li> <li>&gt; Opportunity to leverage customer data to drive product and service innovation.</li> <li>&gt; Opportunity to use feedback to continuously improve products and services.</li> </ul>
Stakeholder Capitalism and International Collaborations	<ul style="list-style-type: none"> <li>&gt; Gain access to diverse markets and customer bases.</li> <li>&gt; Capitalise on the benefits of increased knowledge sharing through collaborations.</li> <li>&gt; Strengthen brand reputation on a global scale.</li> </ul>	<ul style="list-style-type: none"> <li>&gt; Difficulty managing different stakeholder expectations.</li> <li>&gt; Difficulty in maintaining consistent quality and standards across borders.</li> </ul>	<ul style="list-style-type: none"> <li>&gt; Risk of exposure to global market fluctuations.</li> <li>&gt; Risks associated with geopolitical tensions and trade disputes.</li> <li>&gt; Risk of conflict in joint ventures or partnerships.</li> </ul>	<ul style="list-style-type: none"> <li>&gt; Opportunity to access new sources of financing and financial markets.</li> <li>&gt; Opportunities to diversify business activities and revenue streams.</li> <li>&gt; Opportunity for enhanced risk management through international perspectives.</li> </ul>
Supporting the UN SDGs	<ul style="list-style-type: none"> <li>&gt; Align business strategies with global sustainability goals.</li> <li>&gt; Creating opportunities for innovative products and services.</li> <li>&gt; Attract environmentally and socially conscious investors.</li> </ul>	<ul style="list-style-type: none"> <li>&gt; Difficulty in measuring and reporting impact on the SDGs.</li> <li>&gt; Potential conflicts between short-term financial goals and long-term SDG commitments.</li> <li>&gt; Increased operating costs of investing in capacity building for additional oversight needs brought about by increased stakeholder attention</li> </ul>	<ul style="list-style-type: none"> <li>&gt; Potential resource allocation challenges in prioritising SDG-related initiatives.</li> <li>&gt; Risk of misalignment between SDG efforts and core business objectives.</li> </ul>	<ul style="list-style-type: none"> <li>&gt; Opportunity to access new sustainability-focused markets.</li> <li>&gt; Opportunity for competitive advantage through sustainability leadership.</li> <li>&gt; Opportunity to strengthen long-term resilience by addressing environmental and social risks.</li> </ul>
Responsible Procurement and Supply Chain	<ul style="list-style-type: none"> <li>&gt; Promote sustainability and reduce environmental impact.</li> <li>&gt; Foster innovation in supply chain management.</li> <li>&gt; Strengthen the long-term viability and resilience of the supply chain.</li> </ul>	<ul style="list-style-type: none"> <li>&gt; Challenges and cost of working with a more limited list of suppliers that meet the criteria</li> <li>&gt; Employee cost of endeavouring and working to improve supplier performance</li> </ul>	<ul style="list-style-type: none"> <li>&gt; Risk of cost increases associated with ethical sourcing and sustainable materials.</li> <li>&gt; Risks of disruption or interruption in the supply chain.</li> <li>&gt; Risks of compliance with evolving environmental and social standards.</li> </ul>	<ul style="list-style-type: none"> <li>&gt; Opportunity for long-term cost savings through efficient and sustainable supply chain practices.</li> <li>&gt; Opportunity to reduce dependence on unsustainable or unethical sources.</li> <li>&gt; Opportunity to adapt to global trends and expectations in the field of sustainability.</li> </ul>
Corporate Social Responsibility	<ul style="list-style-type: none"> <li>&gt; Strengthening stakeholder relations.</li> <li>&gt; Contributing to the welfare of society.</li> <li>&gt; Increasing brand visibility and reputation.</li> </ul>	<ul style="list-style-type: none"> <li>&gt; Inadequate measurement and monitoring of the final impact of social responsibility projects</li> <li>&gt; Increase in operational expenses in line with efforts to increase positive impact and further investment.</li> </ul>	<ul style="list-style-type: none"> <li>&gt; Risk of green laundering that may occur as a result of incomplete strategy design or misunderstanding.</li> <li>&gt; Risk of not being able to provide sufficient support within the scope of the project in line with the size of the Bank.</li> <li>&gt; Risk of a social responsibility strategy that is incompatible with the Bank's needs and current trends.</li> </ul>	<ul style="list-style-type: none"> <li>&gt; Opportunity to improve customer portfolio as a preferred institution.</li> <li>&gt; Opportunity to compete in socially conscious markets.</li> <li>&gt; Opportunity to produce new products and services in a way that integrates social responsibility projects.</li> </ul>
Competitive Behaviour	<ul style="list-style-type: none"> <li>&gt; Developing in the light of competitive studies with top tier institutions.</li> <li>&gt; Promoting fair pricing and improved service quality.</li> <li>&gt; Contributing to economic growth and consumer benefits.</li> </ul>	<ul style="list-style-type: none"> <li>&gt; Exposure to criminal sanctions</li> <li>&gt; Competitive behaviour suppressing profitability</li> </ul>	<ul style="list-style-type: none"> <li>&gt; Risk of market loss.</li> <li>&gt; Risk of being exposed to litigation processes if behaviour contrary to fair competition conditions is detected.</li> <li>&gt; Risk of inefficient use of available resources</li> </ul>	<ul style="list-style-type: none"> <li>&gt; Opportunity to expand the customer portfolio.</li> <li>&gt; Opportunity to create new business areas within the financial mechanism.</li> <li>&gt; Higher volume of activity generates more revenue.</li> </ul>

# CAPITALS



## Financial Capital



With our strong tradition, know-how and expertise in development banking, we generate financial resources to respond to the ecosystem crisis and enable an inclusive development. By managing our balance sheet effectively, we increase the success of our operations and achieve sustainable financial performance in line with our expectations.

### Related Priority Issues

- Sustainable Financial Performance
- Ethical Compliance and Anti-Corruption
- Climate Risk and Opportunity Management
- Cyber Security and Data Privacy
- Digital Transformation and Agility



## CAPITALS

## Financial Capital

## 2023'S KEY INDICATORS\*

7%  
Net Interest Margin

186%  
Fee and Commission Increase

41.2%  
Return on Equity

18.6%  
Capital Adequacy Ratio

9.4%  
Cost/Income Ratio

3%  
Non-Performing Loans Ratio

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

## 2023 Performance and 2024 Expectations

Financial Expectations (Solo)	2023 Year-End Expectations (%)	2023 Year-End Results (%)	2024 Year-End Expectations (%)
<b>Growth</b>			
FX Adjusted Loan Growth	~5	5	High Single Digit
<b>Profitability</b>			
Net Interest Margin	>5	7	~6
Fee and Commission Increase	~100	186	> Average Inflation
Return on Equity	~35	41.2	~40
<b>Efficiency</b>			
OPEX Increase	~90	135	> Average Inflation
Cost/Income Ratio	<13	9.4	-
<b>Capital Structure*</b>			
Capital Adequacy Ratio	~17.0	18.6	~18.0
Tier I Ratio	~16.0	17.4	~17.0
<b>Asset Quality</b>			
NPL Ratio	~2.5	3	>3
Net Cost of Risk (Including currency impact)	<100 bps**	274	<100 bps (excluding currency impact)

\* Excluding BRSA temporary regulations

\*\* Net Cost of Risk excluding the currency impact: 113 bps



## CAPITALS

### Financial Capital



In line with our mission to create value for the inclusive and sustainable development of our country with our strong financial performance, we continue to provide financing to projects that create positive environmental and social impact.



**5%**

FX-adjusted loan growth



**74%**

yoy surge of Net Profit

**Türkiye Green Fund**  
provides private capital support to green or in greening companies

## 2023's HIGHLIGHTS

### Limited regulatory impact due to development business model

As a development bank with a focus on investment lending in line with its mission, the impact of the intensive regulatory agenda implemented during the year was limited for our Bank. Our Bank ranked 12th in the sector in terms of asset size and maintained its 2nd place among development and investment banks. As TSKB, our total assets reached TL 176.9 billion, an increase of 53% over the previous year, and our total loans reached TL 130.1 billion, with an annual surge of 62.1%.

### Sustainable and Distinctive Profitability Performance

Our Bank's net profit reached TL 7 billion in 2023, marking a surge of 74% over the previous year. This resulted in a return on equity of 45%, excluding the additional free provisions set aside during the year. The Bank's core net interest margin was elevated by 110 basis points per annum as a result of strong returns on the securities portfolio and a solid credit spread driven by the Bank's strategic asset management.

### Intact Asset Quality and the Superior Provision Coverage among Sector

Having commenced the year with strong provision coverage the Bank maintained its healthy asset quality in line with expectations. Maintaining its prudent approach, the Bank's profitability supported its coverage ratios and free provision stock throughout the year. While continuing to be among the banks with the strongest provision coverages, with 30.2% and 78% stage 2 and 3 loan coverage ratios, respectively, it further elevated its total free provision stock to TL 1.75 billion, with an additional TL 850 million of free provisioning. On the other hand, our non-performing

loans ratio of 3% and our net profit for the period, which surged by 74% yoy, supported the strong performance of our capital adequacy. Excluding the BRSA temporary measures, our capital adequacy ratio was 18.6%.

### Strong Contribution of Investment Banking and Advisory Services to Core Banking Revenues

We have come out of a year of intense activity in both advisory and investment banking. Our core banking revenues, supported by a strong contribution from fees and commissions, which we expect to continue to grow, rose by 64%. Our investment banking and advisory revenues, which account for more than 40% of total gross fees and commissions, more than doubled compared to last year.

### Strong Positioning in Turkey and Among Global Banks with ESG Risk Rating

Reflecting our strong ESG performance, our Sustainability ESG risk rating, which we improve every year, is 6.9 and our risk category is set at negligible risk. At the time of publication, our bank ranked first among Turkish banks, 9th among international development banks and in the top 10 among global banks. In addition, we maintained our leading position among Turkish banks with our Refinitiv ESG rating of 86 out of 100.

### A New Development in Our Bank's Value Generation Chain: Türkiye Green Fund

In December 2023, we signed a loan agreement with the IBRD for a USD 155 million Green Finance Project under the guarantee of the Ministry of Treasury and Finance of the Republic of Türkiye. Through the Türkiye Green Fund, which will be established within the framework of this funding agreement, we aim to provide private capital investments to companies in the process of greening and green transformation in Turkey.

## CAPITALS

## Financial Capital



We have completed 42% of our target of USD 8 billion of SDG-linked loan disbursement by 2030 with USD 3.4 billion of loans disbursed since 2021. Taking this performance into account, we revised our 2030 target from USD 8 billion to USD 10 billion.



90%

Share of SDG-linked loans in our total loan portfolio



62%

Share of loans contributing to climate and environment-related SDGs in our loan portfolio

### Strong Liquidity Supported by DFI Agreements and Our Fourth Sustainable Bond Issue

During the year, we signed funding agreements with OeEB, KfW, IBRD, IsDB and JBIC amounting to approximately USD 600 million under different themes. In July, we secured a syndicated loan of USD 123 million, which we renewed by 113%, again linked to sustainability criteria. In addition to these funds, we issued our fourth sustainability bond of USD 300 million in September. Thus, our ESG ratio in the funding base reached 85%, while our liquidity coverage ratio in foreign currency was approximately 700%.

### With our SDG-Focused Lending Activities Growing Positive Impact

In line with our mission and commitment to support the SDGs, we continued to finance projects that create positive environmental and social impact in 2023. The support provided by our Bank to the economy through cash and non-cash loans disbursed during the year amounted to approximately USD 1.5 billion, while total loans grew by 5% on an exchange rate-adjusted basis. SDG 1, SDG 7, SDG 8, SDG 9, SDG 10, SDG 12, SDG 13 and SDG 17 continued to stand out among the SDGs supported through lending activities, with SDG-related loans accounting for 90% of total loans. The share of loans contributing to climate and environment-related SDGs was 62 per cent. We completed 42% of our target of USD 8 billion of SDG-related loans disbursed by 2030 with USD 3.4 billion of loans disbursed since 2021. Considering this performance, we revised our 2030 target from USD 8 billion to USD 10 billion.

### Market Share of 31% in Medium and Long-Term Loans

In line with our vision of being the leading bank in Turkey's sustainable development, within the scope of medium and long-term financing we provide to our clients, we allocated approximately USD 1.5 billion in cash and non-cash credit limits to our corporate clients and signed over USD 1.4 billion of new loan agreements during the year. 16% of our loan portfolio consisted of loans with a maturity of less than 1 year and 53% of loans with a maturity of 5 years or more as of the end of 2023. The average loan maturity is approximately 5 years. In our Bank, which has a 31% market share among development and investment banks in medium and long-term loans, the share of investment loans in the total loan portfolio reached 79.7% as of the end of 2023, while the share of working capital loans was 10%. The share of other loans, including APEX, was 10.3%.

### Growth Focused on Investment Loans

In the Corporate Banking and Project Finance business, we lent USD 1.3 billion. Of this amount, USD 953 million was provided to our corporate clients as long-term investment and medium-term working capital loans. This represents 74% of total assets at the end of 2023. As part of our project finance activities, we lent approximately USD 312 million for projects financed in cooperation with other financial institutions.

In 2023, we financed capacity-building investments in various sectors and supported working capital needs, in particular climate and environmental investments, women's employment projects and the development of regions along the inclusiveness axis.

As in the previous year, in 2024, in line with our growth outlook, we will finance our clients' investments in support of the transition to a low-carbon economy, inclusiveness and earthquake reconstruction.

## CAPITALS

## Financial Capital



33%

Proportion of renewable energy projects in our total portfolio



8,862 MW

The total installed capacity of

421

renewable energy projects that we have financed



4.8 billion USD

Cumulative investment amount allocated to renewable energy projects

## TSKB and Renewable Energy

The effective and correct use of renewable energy resources is of great importance in the fight against climate change and in Turkey's transition to a low-carbon economy. Renewable energy resources are key to reducing Turkey's dependence on foreign energy. Energy generation accounts for the largest share of the Bank's loan portfolio at 36%. Renewable energy projects account for 92% of our energy generation portfolio. The share of renewable energy projects in our total portfolio is 33%.

## 8,862 MW of Installed Capacity in Renewable Energy

As TSKB, we have been financing various renewable energy projects in Turkey, including hydro, solar, wind, biomass/biogas and geothermal power plants, with our medium and long-term funds since 2002. In recent years, we have continued our support in this area by providing significant financing to our manufacturing clients' rooftop and land-based SPP investments for their own consumption. The total installed capacity of the 421 renewable energy projects we have financed is 8,862 MW, representing 15% of Turkey's total installed renewable energy capacity.

Looking at our bank's loan portfolio, the energy sector has maintained its weight at the end of 2023. In the coming period, TSKB will continue to support renewable energy projects that contribute to the use of domestic energy resources in the economy.

As part of the Climate Change Mitigation and Adaptation Policy published in 2021, our Bank has committed not to finance new coal-fired thermal power plants and coal mining investments for electricity generation. In January 2024, the policy was updated

to announce that the Bank will not finance additional capacity expansion investments in coal-fired thermal power plants and coal mining for electricity generation. In line with our net zero targets with SBTi and NZBA, we are committed to exit from coal financing by the end of 2035.

We have improved and updated the analysis of physical and transition risks in the Heat Map, which we first prepared in 2021 in line with the UNEP FI methodology, with the results of the Climate Risks Assessment Tool (IRDA), also developed by our Bank and integrated into the lending processes. You can find all the details in our 2023 Climate Report.

## 98% of the Renewable Energy Projects We Financed are in operation

By the end of 2023, 98% of the renewable energy projects we financed were in operation in terms of units and 95% in terms of installed capacity. The total installed capacity of operational projects reached 8,443 MW. The total investment value of the renewable energy projects we financed between 2003 and 2023 was USD 12.8 billion, and the amount of loans committed by the Bank for these projects was USD 5.5 billion.

## Prosumer Investments in Rooftop SPP and Land SPP

Due to the increase in energy prices and the SDCC, prosumer investments in rooftop SPP and land-based SPP have recently come to the fore in manufacturing companies. As TSKB, we continued to provide financing for important projects in financing rooftop SPP and land SPP investments in 2023. We provided financing for 21 rooftop SPP investments with a total installed capacity of 81 MW and 14 land-based SPP investments with a total installed capacity of 201 MW.

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



\*The number of projects we have financed so far



## CAPITALS

### Financial Capital

#### Multifaceted Support to SMEs

As TSKB, we have been at the service of the real sector since the first day of our establishment. We develop various financing models and work closely with international resources to support SMEs, the lifeblood of the Turkish economy. We provide financing for SME investments in many areas, ranging from investments in technology upgrading to capacity expansion, energy efficiency and environmental projects. We also strive to meet the working capital needs of SMEs in line with the criteria of the funds received from international financial institutions.

As part of the joint loan financing with the EBRD that has been in place since 2016, the programme initiated with the aim of facilitating and improving financing opportunities for SMEs has been expanded with a risk-sharing agreement signed in 2019 for a total amount of €100 million. In 2023, we intend to continue our cooperation with the EBRD in the framework of co-financing loans, and in 2024 we intend to increase and diversify these projects and monitor the support provided to SMEs.

As part of the reuse of the IncA2F loan signed with the IBRD in 2018, we continue to support women's labour force participation and SMEs in developing regions through direct financing and APEX funds.

To date, we have worked with 30 intermediary institutions in our wholesale banking activities and have achieved a productive performance with these collaborations.

SMEs account for 23% of our total loan portfolio. In 2024, we will continue to lend to financial institutions using the APEX funding model under IBRD IncA2F.

#### Contribution to Employment Growth

Through APEX loans, we have disbursed a total of USD 98 million to 299 SMEs over the past three years. As a result, 197 new jobs have been created over the same period. By 2024, we want to create a system where SMEs can access credit in an agile way and, in particular, transformational SMEs can more easily access funding from international development organisations.

#### Circular Economy and Inclusiveness Focus

In December 2022, we added the circular economy to our financing themes with the EUR 80 million financing agreement we signed with the French Development Agency (AFD - Agence Française de Développement). With this funding from AFD, we provide financing for the investments of companies operating in Turkey that serve the circular economy.

In 2018, as part of the reuse of the \$400 million loan we received from the World Bank in 2023, we continued to support companies operating in developing regions, in addition to women's employment in 2023.

We enable companies to conduct equal opportunities self-assessments and develop action plans to improve their current practices. In this context, we support the implementation of action plans such as implementing equal opportunities for employees from recruitment onwards, reviewing human resources, ethics and disciplinary policies, improving or creating breastfeeding rooms in companies, reducing or eliminating the gender pay gap and supporting gender equality training. With the action plans we have put into practice, we have improved the working conditions of companies by 35% by the end of 2023.

#### Our Circular Economy Road Plan

##### Circular Economy Financing and Awareness

In addition to financing Circular Economy investments, we aim to improve company practices through the Circular Economy self-assessment survey we have developed.

##### Creating a Focused Strategy

We aim to integrate Circular Economy into our Bank's sustainable finance strategy by taking into account the best practices of international DFIs.

##### Capacity Building

We aim to organise training and capacity building activities on circular economy for our bank's staff and clients. In one of the training sessions for our bank's employees, we plan to address the link between circular economy and gender equality.

CAPITALS

Financial Capital

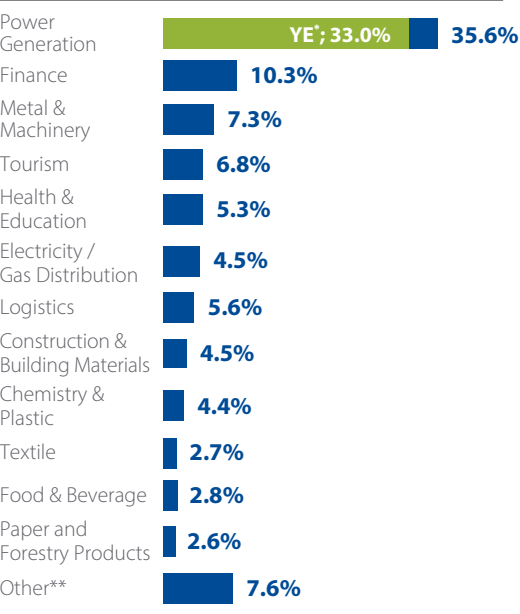
USD 7.8 billion financing to the real sector in 5 years

Throughout the year, our Bank focused on meeting the cash and non-cash financing needs of our customers in the renewable energy, iron and steel machinery, chemicals, plastics, packaging and textiles sectors. We continue to make a qualified contribution to the sustainable growth of the Turkish economy. Over the past 5 years, our Bank has provided a total of USD 7.8 billion in direct financing to the real sector.

Non-Cash Loans

As TSKB, we intermediate foreign trade transactions with various products. In 2023, the total amount of non-cash loans we extended to our customers was USD 576 million. In 2024, we aim to increase the number and variety of non-cash loan transactions facilitated and to increase commission income by 75%.

Loans Breakdown by Sector as of 2023YE



\*Renewable Energy Credits  
\*\*Non-Residential Real Estate, Automotive, Telecom/Technology and other loans

STRONG SUPPORT TO TURKEY'S GREEN TRANSFORMATION

In 2023, in addition to renewable energy, we continued to provide financing in line with the SDGs for projects by companies that support women's employment, target energy and resource efficiency, and have export-oriented production activities that reduce the current account deficit. In addition, we provided financing support to our manufacturing clients for rooftop SPP, land-based SPP and BES investments within the industry for their domestic consumption. In line with our growth perspective and SDG focus, we aim to provide financing to our customers in areas such as transition to a low-carbon economy, inclusiveness and reconstruction of earthquake zones with the resources we have provided in 2023 and will provide in the coming period.

We are closely following developments in the European Green Deal and the circular economy and are supporting our customers with both advisory and financing products. We expect the number of scrap recycling projects to increase in the aluminium, wood and forest products, cement, plastics, paper and iron and steel sectors. We are taking steps to shape our themes by anticipating the potential of the circular economy over the next three years. We will continue to work on this axis with all our stakeholders, including the public sector.

SDG Mapping of Loans

The SDG Mapping Model is a study that aims to methodologically measure the impact we have on sustainable development through our lending, by examining the relationship between the financing provided by our Bank in specific themes and the 17 SDGs defined by the UN. The results of the model, which was developed entirely by our Bank and has been in use since 2020, are externally audited every year.

Our Bank has set itself long-term goals through the model. Results are monitored by senior management on a quarterly basis. The model is updated in the light of best practice, changes in our loan portfolio and new issues.

At the end of 2023, 15 of the 17 SDGs, mainly SDG 8, SDG 7, SDG 13, SDG 9 and SDG 1, have a relevant impact through the Bank's loan portfolio.

## CAPITALS

### Financial Capital



In 2023, we established the Loan Portfolio Management and Analytics Department in order to effectively manage the risks that our Bank may be exposed to within the scope of its lending activities, to monitor the portfolio holistically and to take necessary actions.



# 6.3%

#### Total provision ratio

We are among the banks with the highest provision ratio in the sector.



# 1.75 billion TL

Total free provision stock

#### LOAN ALLOCATION, LOAN PORTFOLIO MANAGEMENT and MONITORING ACTIVITIES

The selection of companies and projects to be financed by the Bank is carried out from a comprehensive and prudent perspective of the allocation and monitoring functions, thus contributing to the sustainability of the high quality of the loan portfolio. In our Bank, projects undergo a rigorous evaluation process based on impartial, comprehensive and in-depth analyses carried out by financial analysts and sector experts.

The majority of loans for investment and working capital financing of companies are foreign currency loans, and it is vital for our clients to generate income and funds in foreign currency. A large part of the Bank's loan portfolio consists of project loans, which will continue to be of strategic importance. In these projects, the existence of guaranteed prices in foreign currency and additional incentives for local elements create a natural hedge mechanism and increase the efficiency and solvency of the projects to a high level. For projects outside this scope, we benefit from the electricity price modelling we have developed. In addition, the majority of companies in the portfolio outside the energy sector are exporters or companies that can manage currency risk thanks to their ability to generate revenues in foreign currency. In our bank, monitoring functions are carried out under two headings: holistic monitoring activities carried out on a portfolio basis and individual monitoring activities carried out on a credit customer basis. In 2023, we established the Loan Portfolio Management and Analysis Department in order to effectively manage the risks to which our Bank is and may be exposed in its lending activities, to monitor the portfolio holistically and to take the necessary measures.

In addition, the Loan Portfolio Management Committee was established in 2023 in order to routinely evaluate our Bank's credit portfolio as a whole in terms of credit risk, to review the loan quality of the portfolio, in particular changes in classes and provisioning ratios. This committee evaluates the results and anomalies identified through sector and portfolio-based analysis.

To provide input and insight to all credit activities, we conduct private sector reporting, currency risk measurement, debt service coverage and related collateral monitoring, rating scenarios and stress analysis, including climate risks.

In 2023, our Bank maintained its prudent approach and further strengthened its provisioning ratios, with a Stage 2 loan ratio of 10.1% and a Stage 3 loan ratio of 3%. Our Bank, which is among the banks with the highest coverage ratios in the sector, maintained the provision coverage ratio for Stage 1 loans at 1% in 2023, while for Stage 2 and 3 it was 30% and 78% respectively. 90% of the loans in Stage 3 consist of loans to companies that continue their operations. The total free provision stock reached TL 1.75 billion with the additional TL 850 million of free provisions we set aside during the year.

At the end of 2023, the restructuring ratio for Stage 3 loans was 60%, while this ratio was 55% for Stage 2 and Stage 3 loans combined.

We expect to end 2024, in which we do not expect significant changes in asset quality, with an NPL ratio below 3% and a net CoR of 100 basis points.

## CAPITALS

### Financial Capital



In 2023, the funds we provided from development finance institutions and financial institutions reached USD 1.1 billion.

#### CLOSE COOPERATION WITH DEVELOPMENT FINANCING INSTITUTIONS

DFI funds represent 68% of the funding structure of our Bank, which is one of the most recognised Turkish banks in the international financial markets. 80% of these funds are provided under the guarantee of the Treasury and Finance Ministry of the Republic of Turkey. As TSKB; we are in close cooperation with; International Bank for Reconstruction and Development (IBRD), European Investment Bank (EIB), German Development Bank (KfW), Asian Infrastructure Investment Bank (AIIB), Islamic Development Bank (IsDB), International Islamic Trade Finance Corporation (ITFC), French Development Agency (AFD), China Development Bank (CDB), We work closely with development finance institutions such as the Council of Europe Development Bank (CEB), Japan Bank for International Cooperation (JBIC), International Finance Corporation (IFC), European Bank for Reconstruction and Development (EBRD) and Austrian Development Bank (OeEB).

##### *KfW Climate Finance Loan*

Under the Memorandum of Understanding signed in 2022 between KfW and the Ministry of Treasury and Finance of the Republic of Turkey and development partners, including the Republic of Turkey and KfW, we signed a EUR 100 million Climate Finance Loan Agreement on 6 April 2023 to finance investments in renewable energy, energy efficiency, energy storage and electric vehicle technology in Turkey through the subordination of external debt. This loan, together with EUR 10 million in grant support from the International Climate Initiative (ICI), aims to have a positive impact on innovative investment projects and contribute to the Bank's capacity building activities.

##### *OeEB Loan*

On 4 May 2023, we signed a EUR 25 million loan agreement with OeEB to finance investments in renewable energy and energy efficiency. This is the second loan from OeEB, following a similar loan in 2014.

#### *IBRD Turkey Green Fund*

In December 2023, we signed a loan agreement with the IBRD for a \$155 million green finance project guaranteed by the Treasury and Finance Ministry of the Republic of Turkey. We aim to create an ecosystem that will contribute to the green transformation of our country and the investment needs in this field through the Turkey Green Fund, which is planned to be established in 2024 within the framework of the IBRD fund we have provided, and make a significant contribution to our country's goals in line with Türkiye's Nationally Determined Contribution (NDC). We aim for the total size of the Turkey Green Fund, which will be the first venture capital investment fund focused on green and inclusive transformation in our country and the world, to reach \$405 million.

#### *IsDB Earthquake Themed Financing*

Following the restricted Mudaraba agreements we signed with the IsDB in 2012 and 2013, we signed a new financing agreement on 19 December 2023 for USD 100 million to finance the investments of companies affected by the earthquakes in the eastern and southeastern regions of our country in February. With this loan, we aim to contribute to the sustainable economic recovery of the region by supporting investments by private sector companies in 17 provinces officially declared by AFAD as affected by the earthquake.

#### *JBIC GREEN 3 Loan*

As a continuation of the JBIC GREEN loans signed between JBIC and TSKB in 2015 and 2022, on 22 December 2023 we signed a JBIC GREEN 3 loan agreement for USD 200 million to finance investments in renewable energy, energy efficiency, water and waste management, and advanced technology-based energy efficiency by companies affected by the earthquakes in the eastern and southeastern regions of our country in February 2023.



## CAPITALS

## Financial Capital

Long Term Funds Provided by the Bank in 2019-2023			
	Loan	Amount	Maturity (Years)
2019	CDB - Energy, Production Industry, Infrastructure, Health, Education and SME Loan	USD 200 million	8
	AFD - Women's Employment Loan	EUR 85 million	10
2020	Eurobond	USD 400 million	5
	AIIB - COVID-19 Loan	USD 200 million	4
2021	Sustainable Eurobond	USD 350 million	5
	IBRD - Geothermal Development Project - Additional Financing Loan	USD 150 million	28
2022	JBIC GREEN 2	USD 220 million	12
	IFC Women Employment	USD 100 million	3
	EBRD GEFF	EUR 53,5 million	3
	AIIB - Sustainable Energy and Infrastructure Loan	USD 200 million	15
	AFD - Circular Economy Loan	EUR 80 million	12
2023	KfW - Climate Finance Loan	EUR 100 million	15
	OeEB - Renewable Energy, Energy Efficiency Loan	EUR 25 million	12
	IBRD Turkey Green Fund	USD 155 million	28
	JBIC Earthquake Loan	USD 200 million	12
	IsDB Earthquake Loan	USD 100 million	10
	Sustainable Eurobond	USD 300 million	5

## CAPITALS

## Financial Capital

TSKB APEX Loans Key Indicators				
Programme Name	Year	Agreement Amount	Number of Companies Receiving Loans (by the end of 2023)	Current Status of the Programme
<b>SME (Women's Employment and Prioritised Regions)</b>				
Access to Inclusive Finance Project Loan (IncA2F)	2018	USD 200 million	453	Completed
<b>SME and Export Support</b>				
Access to Innovative Finance Project Loan Second Disbursement (IA2F)	2018	USD 250 million	49	In Progress
Access to Innovative Finance Project Loan (IA2F)	2014	USD 250 million	231	Completed
<b>Export Support</b>				
EFIL IV Additional 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>SME</b>				
<b>SME TSKB SOURCE *</b>	2017	EUR 150 million	340	Completed
ECKB V APEX	2016	EUR 100 million	960	Completed
ECKB IV APEX	2013	EUR 100 million	416	Completed
ECB III APEX	2010	EUR 100 million**	223	Completed
EIB APEX	2005	EUR 150 million	343	Completed
KfW APEX	2004	EUR 7.7 million	54	Completed
* Re-utilisation of repaid loans ** EUR 90.9 million of the agreement amount was utilised as APEX.				

## CAPITALS

## Financial Capital



Following our USD 300 million worth of 4th sustainable bond issuance, we realised our first private placement transaction of USD 14.5 million in November.

### STRONG RELATIONS WITH INTERNATIONAL FINANCIAL INSTITUTIONS

In line with our strategy of diversification and sustainable product development, we maintained close contact with domestic and international financial institutions. We also maintained intensive and effective communication with credit and sustainability rating agencies. Throughout the year, we maintained effective relationships and communication with international banks to support our clients' foreign trade and correspondent banking needs. In light of macro and geopolitical developments, we continued to maintain regular contact to maintain the Bank's existing limits, strengthen our relationships and establish limits with new banks.

#### *Fourth Sustainable Bond and Debut Private Placement Issue*

Following the issuance of green/sustainable bonds in 2016, sustainable subordinated bonds in 2017 and sustainable bonds in 2021, we successfully completed our fourth sustainable bond issuance in September. We completed our 5-year USD 300 million sustainable bond issue with approximately 3 times investor demand. We will continue to use the proceeds from this issue to invest in the environmental and social development of our country under our Sustainable Financing Framework, which is an important sign of investor confidence in our country and our Bank. In addition, in November we completed our first private placement of USD 14.5 million. At the end of the year, the share of Eurobond issues in our Bank's funding base (excluding the shareholders' equity) was 22% and the size of Eurobond issues was USD 1.1 billion.

### *Syndicated Loan Linked to Sustainability Criteria*

In July, we rolled over our syndicated loan facility with international financial institutions by 113%. Our syndicated loan, with a maturity of 367 days and linked to sustainability criteria, consisted of two different tranches of USD 17.5 million and EUR 94 million, with the participation of a total of nine banks, two of which were new participants. This year, in line with the Bank's long-term strategy, we linked our syndicated loan to three different sustainability criteria, and by the end of the year we had successfully met all the targets set for 2023.

### *Bilateral loan agreements*

As TSKB, we attach importance to enriching our existing bilateral relationships with domestic and foreign financial institutions and establishing new ones. In 2023, we signed bilateral financing agreements based on foreign trade financing with five different financial institutions, including agreements guaranteed by the EBRD and OeKB.

In the period ahead, we will continue to develop innovative products with international financial institutions, which are among our long-term stakeholders, and diversify the Bank's resources. In addition, in line with our prudent approach, our 2024 growth plans and our strategic liquidity and capital management, we will closely monitor the market for additional capital and/or subordinated bond issues that will further support our strong capital position.

## CAPITALS

## Financial Capital



We take the growth and development of businesses to the next level through our work in corporate finance. We offer our clients IPO advisory, debt issuance intermediation, particularly sukuk and bonds, mergers and acquisitions, asset purchases and sales, and privatisation advisory services.



## INVESTMENT BANKING ACTIVITIES

We maximise the growth and development of businesses through our corporate finance activities. We offer our clients IPO preparation and execution, debt issuance intermediation, particularly sukuk and bonds, mergers and acquisitions, asset sales and purchases, and privatisation advisory services.

2023 was a productive year for IPOs. With around 50 public offerings, a public offering volume of approximately TL 90 billion was achieved. The outflow of foreign investors from the stock market continued in 2023, with the share of foreign investors in Borsa Istanbul remaining at 30% or below. With the increase in risk appetite of domestic investors and the effect of 7.5 million additional individual investors starting to make stock transactions from the beginning of 2020, an active period in terms of public offerings occurred. The interest of domestic investors has been a major driving force for Borsa Istanbul, playing a leading role in both the increase of the index and the revival of the IPO market in the recent period.

In 2023, we have successfully closed the IPOs of Reeder Technology and Borlease Otomotiv. The TL 2 billion Reeder Technology IPO broke the investor record by receiving the highest demand of the year. The TL 1.3 billion Borlease Otomotiv IPO, on the other hand, was an IPO that broke the record for the number of individual investors after we improved it. In 2024, we aim to carry out IPOs of significant size within the framework of the continued appetite for public offerings.

Also during the period, we undersigned 2 issues of debt instruments of real sector companies and intermediated a total of TL 1.5 billion in financing. In 2024, we will continue to be one of the most important players in the debt instrument market with both bond and lease certificate issuances, as well as attracting new players to the capital markets.

During the period, we successfully completed the 100% sale of Vega Rüzgar Enerjisi Elektrik Üretim A.Ş. to Enerjisa Enerji Üretim A.Ş., for which we acted as the exclusive sell-side financial advisor. Vega Enerji, which owns an 18.9 MW wind farm in the Çeşme region of İzmir, is one of Turkey's best-performing wind farms in terms of operational expertise, growth potential and the Gold Standard certificate it was awarded in 2023.

## PROACTIVE TREASURY MANAGEMENT

As a major player in the money and capital markets, we successfully managed our balance sheet in the volatile market environment given the significant shift in economic policy. On the other hand, we enabled companies to protect themselves against financial risks through the treasury products we offer to our customers. By managing liquidity and market risk effectively, we prevented volatility from affecting our balance sheet and made a significant contribution to the Bank's profitability. In 2024, we will continue our proactive balance sheet management with a focus on asset-liability optimisation by closely monitoring market developments and correctly assessing risks and opportunities.

## CAPITALS

## Financial Capital



Within the framework of its status as a **Broadly Authorised Intermediary** Institution, Yatırım Finansman offers domestic and international individual and institutional investors reliable and fast access to capital markets through its branch network, online and mobile applications.

## ADVISORY SERVICES

We manage our know-how and experience in the economic, financial and engineering fields in an effective and high-quality manner on the advisory axis. With the aim of transforming our experience into economic benefits and diversifying our revenues, we provide services under a single roof with three departments: Advisory Services Sales, Economic Research, and Financial and Technical Advisory Services. Through our advisory services, we aim to be a long-term business and solutions partner to our clients, within the framework of our strategic objectives, and to make an impact on sustainable development beyond our lending activities.



You can find details about our advisory services at [Intellectual and Manufactured Capital](#).

## YATIRIM FINANSMAN

Yatırım Finansman Menkul Değerler A.Ş. (Yatırım Finansman), Turkey's first capital market institution, was established on 15 October 1976 with the participation of 13 major banks under the leadership of Türkiye İş Bankası and TSKB which holds a 95.8% stake.

## Applications Adding Value to Investment

Yatırım Finansman provides reliable and fast access to the capital markets to domestic and foreign individual and institutional investors through its branch network, online and mobile applications as part of its status as a **Broadly Authorised Brokerage Company**.

With the YFTRADE, YFTRADEMOBILE, YFTRADEINT trading platforms developed by Yatırım Finansman and the YF FACE-TO-FACE online account opening application launched, investors can add value to their savings regardless of time and space by conducting reliable, intermediary-free transactions in domestic and/or foreign markets using portable or desktop computers and new generation smart devices.

Yatırım Finansman, with which our Bank participates in various investment banking projects, will continue to offer various financial products and instruments suitable for its customers within the framework of asset management, especially in the stock and futures markets, and add value to their investments with its strategy of **further expanding its customer base** in 2024.



## CAPITALS

## Financial Capital



Yatırım Finansman sponsored the Republic Rally organised by TOSFED as part of its activities related to the 100th anniversary of the Republic.

## Hybrid Growth Model with Digitalisation

Following the launch of the **Distant Contracts** service, which was launched in the capital markets last year, with the YF FACE TO FACE application in 2023, Yatırım Finansman also took the first steps to expand its customer base within the framework of the **Customer Centric Transformation** project, which was theoretically launched in 2022. The project, which is expected to be launched in 2024, aims to increase the number of customers by investing in online channels with a strategy that will make a difference in the sector. In addition to its investments in digital technologies, Yatırım Finansman plans to continue its investments in terms of branches in the coming period, creating a hybrid growth model with digitalisation.

## Collaborations Creating Awareness for Financial Literacy

Yatırım Finansman will continue its cooperation with YUKADEMY in 2023 in order to increase the financial literacy of investors in the capital markets and to raise the awareness of investors. In this context, as in previous years, YUKADEMY continued to create value for its investors with a total of 6 online seminars of 8 hours each, the main sponsorship of 5 different Finance Camp events, 10 city seminars and video content that will contribute to financial literacy under the leadership of Prof. Dr. Yusuf Kaderli on social media. In addition, Assoc. Prof. Dr. Hakkı Öztürk and **Investor's Guide to Finance** training series and 4 online seminars of 8 hours each were held on YouTube during the year in 2023. Similarly, 3 online seminars of 8 hours each were organised with Kıvanç Özbilgiç **Algorithmic Transactions from A to Z**.

## Turkey's First Brokerage House Leading the Sector

Yatırım Finansman achieved its goals of providing a satisfactory return to both investors and stakeholders in 2023, within the framework of the principle of **responsible profitability**. Yatırım Finansman is one of the most preferred leading brokerage houses in the sector with 11 service points across Turkey, shareholders' equity of TL 624.9 million and client assets of over TL 55.1 billion in 2023.

## A Year Making a Difference in Communication

In 2023, a year that began with one of the worst disasters to strike our country, Yatırım Finansman began its communication activities by focusing on the earthquake and its effects. To this end, the Company collaborated with TOSFED (Turkish Automobile Sports Federation) after the earthquake disaster and met with more than 5,000 children in 11 cities in the earthquake region with a simulation truck. In addition, Yatırım Finansman signed a sponsorship agreement with Hatayspor, taking a distinctive step among the increasing number of sports sponsorships in capital markets.

In order to add value to the arts as well as as sports, Yatırım Finansman signed a sponsorship agreement with İKSV for the Theatre Festival. With this agreement, the Company became the co-sponsor of the play Café Müller, which will be performed in Turkey for the first time.

As part of its activities related to the 100th anniversary of the Republic, the Company sponsored the Republic Rally organised by TOSFED.

## CAPITALS

## Financial Capital



To date, TSKB Real Estate Valuation has carried out valuation studies in 24 different countries abroad.

## TSKB REIT

TSKB Gayrimenkul Yatırım Ortaklığı A.Ş. (TSKB REIT), established in 2006 and in which we hold an 88.74% stake, is a real estate investment company that aims to create and develop a strong real estate portfolio. As a capital market institution, TSKB REIT can invest in real estate, real estate projects, real estate-related rights and capital market instruments. In addition, it may establish ordinary partnerships for the realisation of certain projects and engage in other activities permitted by the relevant communiqué of the CMB.

**Consistent, Transparent, Quality,  
Customer Focused Set of Values**

TSKB REIT's core values are consistency, transparency, quality, social responsibility, customer focus and teamwork. TSKB REIT's investment strategy focuses on growth through project development, sustainability and risk management. Established with an initial capital of TL 10 million, the company's capital has been increased to TL 650 million, with the increase being realised in 2021. As of 31 December 2023, TSKB REIT's assets reached approximately TL 3.4 billion and the lettable area under its management reached approximately 65,000 m<sup>2</sup>.

As of the end of 2023, TSKB REIT's real estate portfolio includes Pendorya Shopping Mall with a gross leasable area of approximately 80,648 m<sup>2</sup> and a leasable area of 30,573 m<sup>2</sup> located on the E-5 Highway in Pendik, Istanbul, which was inaugurated on 17 December 2009, two office buildings with a closed area area of 17,827 m<sup>2</sup> in Fındıklı, Tahir Han in Karaköy, Istanbul, Divan Adana Hotel in Adana city centre, which was opened in September 2015, and half shares of their independent areas.

**Efforts to Increase Rental Income and Diversify the Portfolio**

TSKB REIT's investment strategies include increasing existing rental income and diversifying the portfolio.

Accordingly, the Company will continue its efforts to increase the occupancy rate and rental income of Pendorya Shopping Mall in 2024. Similarly, the Company aims to increase the profitability of Divan Adana Hotel by utilising its competitive advantage in the region where it is located.

**TSKB REIT and Capital Markets**

TSKB REIT, which is subject to capital markets legislation, aims to establish real estate investments in the capital markets as a liquid and sound investment alternative. TSKB REIT's shares, which have been publicly traded since April 2010, are currently traded on the Main Market of Borsa Istanbul.

**TSKB GAYRİMENKUL DEĞERLEME**

TSKB Gayrimenkul Değerleme A.Ş., which was established in November 2002, was included in the list of "Real Estate Valuation Institutions" by the Capital Markets Board in February 2003 and became one of the first institutions to obtain a CMB licence in its field.

TSKB Gayrimenkul Değerleme A.Ş., which has an extensive service network with its branches located in all geographical regions, aims to provide a strategic, innovation-oriented and sustainable response to the structural changes in the real estate sector and changing user preferences with its experienced and professional staff, which is getting stronger day by day.

The company, which focuses on developing its know-how and skills, collaborating with leading international organisations and keeping abreast of innovations in its field, has to date carried out valuation studies in 24 different countries abroad.



More detailed information can be found at [Intellectual and Manufactured Capital](#)

## CAPITALS

## Financial Capital



With its experienced staff, Escarus aims to integrate globally recognised international environmental and sustainability approaches into the Turkish business community and to strengthen sustainable development, one of our Bank's main missions, in the field of consultancy.

## ESCARUS

Our subsidiary Escarus (TSKB Sürdürülebilirlik Danışmanlığı A.Ş.), which started operations in April 2011, aims to integrate globally accepted international environmental and sustainable approaches into the Turkish business world with its experienced and expert staff and to strengthen sustainable development, one of the Bank's main missions, in the field of consultancy.

It carries out its activities under three main headings: "Strategic Sustainability", "Operational Sustainability", "Research, Reporting and Training", Escarus designs and implements high value-added consultancy solutions in many areas such as sustainability management systems and strategies, sustainable finance, resource and energy efficiency, climate risk management, carbon-water management, all types of non-financial reporting such as sustainability reports and gender equality, especially in critical sectors such as energy, finance, construction and manufacturing.

Escarus also carries out research and consultancy on specific topics such as the European Green Deal, Emissions Trading System, Carbon Markets, Borsa Istanbul Sustainability Index. Specific to sectors with high transformation potential, it offers services in areas such as solutions in compliance with national and international legislation and regulations, clean production roadmaps and rating preparation. In addition to its advisory role, it has a proven track record in various sectors with its "guiding" approach in the post-project implementation phase.



More detailed information can be found at [Intellectual and Manufactured Capital](#)

## İş Finansal / İş Girişim ve İş Faktoring

Company	Industry	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>

## CAPITALS

## Financial Capital



In 2023, our Bank's shares were traded with an average volume of 84 million lots and closed the year with a market capitalisation of TL 18.3 billion (USD 624 million).

## OUR BANK'S MARKET CAPITALIZATION REACHED TRY 18.3 BILLION

TSKB, one of the pioneering institutions in the formation of capital markets in Turkey, went public in 1986. Our share, which was traded on the BIST 50 Stars Market in 2023 under the ticker "TSKB", continued to maintain its place in the BIST Corporate Governance and BIST Sustainability indices during the reporting period. In 2023, our Bank's shares were traded with an average volume of 84 million shares and closed the year with a market capitalisation of TL 18.3 billion (USD 624 million). After outperforming the banking index and the BIST-100 throughout the year, the share underperformed the banking index in the last 1.5 months of the year.

During the period under review, we continued to hold conference calls to inform investors and analysts following the publication of each quarter's results. In line with the principles of transparency and accountability, we met with 70 domestic and international investors, almost half of whom were ESG and impact investors, and responded to their oral and written requests for information.

As part of our investor relations activities, we will continue to expand our outreach to domestic and international investor communities, including ESG and impact investors.

	2021	2022	2023
TSKB Share Closing Price (TL)	1.44	4.37	6.55
Change (%)	17.5	203.5	49.9
BIST Bank Index	1,558	5,028	8,717
Change (%) **	2.4	215.1	71.7
BIST 100 Index	1,858	5,509	7,470
Change (%) **	25.8	196.6	36.4
Relative Return to BIST Bank Index (%)	-19.5	-3.7	-12.7

Source: Finnet

\* Retrospective closing prices are adjusted for cash dividends and bonus issue capital increase after the related dates.

\*\* Change compared to the beginning of the year

## CAPITALS

### Financial Capital

#### ASSESSMENT OF FINANCIAL STATUS, PROFITABILITY AND SOLVENCY, AND FINANCIAL PROJECTIONS 2023

In a year with different monetary policies before and after the elections, the Bank quickly adapted to the changes and demonstrated effective balance sheet management. The Bank's assets increased by 53.0% in TL terms to TL 176.9 billion in 2023.

21.5% of the Bank's assets are denominated in Turkish Lira (TL) and 78.5% in foreign currency (FX). The ratio of interest-earning assets to total assets is 93.5%.

In the year under review, we granted a total of USD 1.3 billion in long and short-term cash loans within the scope of our Corporate Banking, Project Finance and APEX Banking activities. 92.8% of the loans are denominated in FX, in line with the Bank's funding structure. The loan book which surged by 62.1% to TL 130.1 billion, grew by 5.0% on a currency-adjusted basis. The share of gross loans in total assets was 73.6% at the end of 2023.



45%

Return on equity  
excluding free provisions



7%

Net Interest Margin

Nearly 80% of the Bank's loans are investment loans, 10% are working capital loans and the rest are APEX and other loans. The breakdown of foreign currency loans, including FX-indexed loans, shows that 51% of loans are denominated in USD, 40.4% in EUR and 8.6% in TL. The share of SDG-related loans in the total loan portfolio is 90%, while the share of loans contributing to climate and environment-related SDGs is 62%.

Energy generation projects stood out with a share of 23% of loans disbursed in 2023. Energy generation was followed by the metal and machinery sector with 14%, and the chemicals and plastics sector with 10%. Looking at the sectoral breakdown of the loan portfolio at the end of the year, 36% of the loans went to the energy generation sector and 10% to the financial sector. These sectors were followed by electricity and gas distribution, metals and machinery, tourism, logistics, health care, construction and chemicals and plastics with shares ranging between 4-7%.

The share of non-performing loans in total loans, which was 2.9% at the end of 2022, was 3.0% at the end of 2023. The share of 2nd stage loans in the total portfolio is 10.1%. At the end of 2023, the provisioning ratio is 30.2% for Stage 2 loans and 78.0% for Stage 3 loans. Net CoR excluding the currency impact was 113 basis points.

The total size of the securities portfolio, which represents the second largest share of assets after loans at 15.9%, reached TL 28.1 billion with a growth of 20.2% compared to the previous year. At the end of the year, 44% of the securities portfolio was denominated in TL. Within this portion, securities at fair value through other comprehensive income accounted for 32.9%, while securities at amortised cost accounted for 67.1%. Comparing the beginning and the end of the year, the proportion of inflation-linked securities in the TL portfolio increased from 69% to 72%. The average maturity of the TL portfolio, which is almost entirely funded by free equity, is 3.4 years.

In line with the composition of assets, 85.7% of the liabilities part of our balance sheet consists of foreign currency liabilities. Almost all of these liabilities consist of foreign currency denominated medium and long-term

funds raised abroad. 54.1% of the funds in the balance sheet were obtained with the guarantee of the Treasury and Finance Ministry of the Republic of Turkey.

The interest rate and liquidity position of our Bank is managed in such a way as to meet the legal minimum ratios determined by effective asset and liability management, taking into account the fact that the interest rate structure of borrowings and placements in the asset and liability balance of our Bank is variable and the maturity structure of borrowings is longer than that of placements, which distinguishes it from the banking sector.

When analysing our Bank's income statement, net interest income increased by 49.1% to approximately TL 9.6 billion in 2023. While 2023 was a year in which the core NIM expanded with the significant pick up in core banking income, the Bank's net interest margin was recorded at 7% at the end of the year.

As an important actor in the capital markets and improving its product range of advisory activities year by year, the Bank's fee and commission income increased by 186% in 2023 due to the increase in investment banking revenues.

On the other hand, total personnel and other operating expenses increased by 135.2% to TL 1,188.7 million. In parallel, the cost/income ratio increased from 6.6% to 9.4%.

The total amount of aid, especially earthquake donations, and expenses related to social responsibility projects during the year amounted to TL 71.9 million. In 2023, our profit before provisions and taxes increased by 59.1% to TL 11.5 billion and our net profit for the period increased by 73.6% to TL 7.0 billion. In 2023, we achieved a return on equity of 41.2%.

Our shareholders' equity increased by 67.5% year-on-year to TL 21.4 billion and its share of total liabilities was 12.1%.

The capital adequacy ratio was 26.2% at the end of the year. Excluding the BRSA's temporary measures, the ratios are 18.6%, 17.4% and 13.6%, respectively. These ratios are well above the legal limits and support the Bank's growth strategy.



## CAPITALS



### Human Capital



We believe that human capital can realise its potential and make a greater contribution to our performance when it is provided with equal opportunities in a fair and inclusive environment. To this end, we strive for diversity and inclusiveness in our human capital as an extension of the multi-faceted development approach we take in our banking activities.

#### Related Priority Issues

- Talented Human Capital
- Employee Engagement, Employee and Human Rights
- Ethical Compliance and Anti-Corruption
- Digital Transformation and Agility



## CAPITALS

## Human Capital

GRI-2-7

## KEY INDICATORS FOR 2023

53%✓

Ratio of female employees in the entire Bank

52%✓

Ratio of female employees in management

0.02✓

Gender pay gap\*

61.2✓

Average annual training hours per employee

100%✓

Return rate from maternity leave

52%✓

Hybrid working ratio

## Future Period Targets


Maintaining the ratio of female employees at a level of at least **50%**

Keeping the gender pay gap **below 0.5**

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

Keeping the average annual training hours per employee **at least 45 hours**

To keep the completion rate of the Sustainability Development Journey at least **50%**

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

To provide our employees with user-friendly mobile and support applications to ensure employee well-being and work-life harmonisation under the motto "**It's Worth It!**"

Implementing at least 1 new awareness-raising activity within the framework of **inclusiveness activities** (supporting disadvantaged groups - employment of disabled people, youth employment, organising trainings on inclusiveness for employees, etc.)

\*Calculated over the median value, the wage difference calculated over the average is 0.06.✓

CAPITALS

Human Capital

53%✓

Keeping the ratio of female employees at least 50%

0.02✓

Keeping the gender pay gap below 0.5\*

61.2 hours✓

Keeping the average annual training hours per employee at least 45 hours

2023 Targets

To offer user-friendly mobile and support applications to our employees in order to ensure employee well-being and work-life balance under the motto "It's Worth It!"

Keeping the usage rate of our mobile application Reflex, where we support instant feedback, appreciation and interaction, at 50% and above

Organising a data science programme with a mixed group of business unit representatives and producing projects as part of the digitisation skills development, culminating in a hackathon day.

To organise inspiration sessions, trend chats, Needs&Leads session where we will come together with entrepreneurs and gender equality workshop with the participation of our employees at least once with TSKB Technology and Entrepreneurship Platform.

2023 Realisations

In January and February we launched the Avita Employee Support Package and Meditopia applications under the motto "It's Worth It!"

47%✓

We maintain our target and aim to increase participation with incentive mechanisms in the coming period.

The Data Science Programme, which we conducted in cooperation with Sabanci University-Edu, was held with the participation of employees from 16 different departments. The programme, which started in January, concluded with the Hackathon day held in June with the participation of senior management. In this context, 4 different project proposals were presented to increase digitalisation and efficiency.

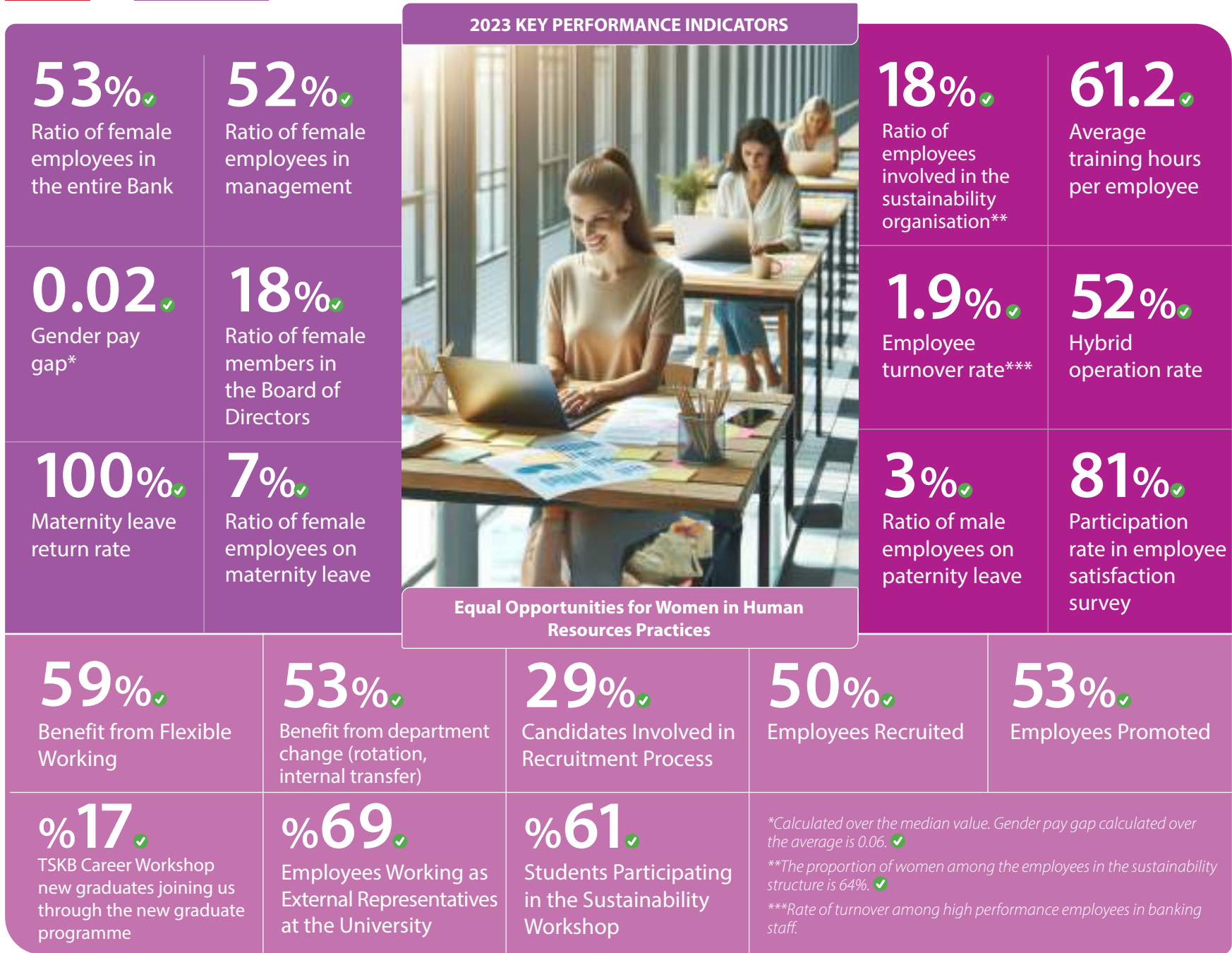
As part of the TSKB Technology and Entrepreneurship Platform, we held 2 inspiration sessions, 1 reverse mentoring programme, 2 trend talks, 2 start-up meetings and 2 Needs&Leads meetings. In addition, we conducted the Gender Equality Training, which was attended by 1 representative from each department.

\* According to the calculation made with median values

CAPITALS

Human Capital

GRI-2-7



## CAPITALS

## Human Capital



At TSKB, we continue to invest in human resources and employee development with an approach that takes into account the requirements of sustainability and our corporate strategy.

### In Human Resources 3 Awards to TSKB

At the Excellence Awards 2023 organised by the Brandon Hall Group, our Bank received three awards in total, two Gold and one Silver in the categories of "The Institution with the Most Progress in Coaching and Mentoring Practices", "The Institution with the Most Progress in Talent Acquisition Process" and "The Institution Implementing the Best Programmes Focused on Employee Wellbeing".

## HUMAN RESOURCES AND DEVELOPMENT IN 2023

### Our Human Resources Principles

As TSKB, we accept the principles of the Universal Declaration of Human Rights, the International Labour Organisation (ILO) Declaration on Fundamental Principles and Rights at Work, the UN Sustainable Development Goals and the UN Convention against Corruption, and we conduct all our activities in accordance with these principles within the framework of Turkish labour legislation.

We are sensitive to international human rights standards. We ensure that all stakeholders, including our own employees and suppliers, comply with international standards. To this end, we act in accordance with the TSKB List of Prohibited Sectors and Activities.



[For TSKB Human Rights Policy please click here.](#)

### Diversity and Inclusiveness

We do not discriminate in our employment practices on the basis of gender, religion, national or social origin, race, marital status, age, political opinion, mental or physical disability, social class, HIV/AIDS status, philosophical belief, trade union membership, sexual orientation or any other visible or invisible ground. We will not discriminate against any employee and will provide a working environment based on the principles of diversity and inclusiveness.

We apply the same training and development opportunities, remuneration, working hours, job security, performance appraisal and promotion, maternity protection, occupational health and safety to all our employees and do not discriminate in any way. No complaints of discrimination were received by the Bank during the reporting period..

### Remuneration Management

Remuneration management throughout the Bank is based on the principle of equal pay for equal work, as set out in the Remuneration Policy. In this context, gender is not a variable used in compensation decisions and employees performing similar work are rewarded at similar levels. However, employee demographics and seniority can have a differentiating effect on the overall level of median pay for men and women. For this reason, we continually monitor the balance of pay between men and women based on position and gender. In this context, at the end of 2023, the median gender pay gap will be 0.02.

We implement a compensation policy that is competitive and responsive to market dynamics. When setting pay levels, we take into account market data that goes beyond company dynamics. We are supported in this by independent consultants who are experts in their field and who benefit from regular salary market surveys. In this way, we implement a remuneration policy that attracts employees with the skills and qualifications required by the organisation and retains existing employees, including managers.

In addition to the principle of gender equality, we pay annual bonuses to our employees, taking into account compliance with risk management structures, ethical values and balance.



## CAPITALS

### Human Capital



With the Internal Transfer practice, we support the horizontal career movements of our colleagues within the scope of job diversity, technical knowledge, skills and competence development.

#### Working Model and Locations

In line with changing working conditions, we will continue with hybrid working, 2 days a week in the office and 3 days remotely. In 2023, our average hybrid working rate was 57%. On 15 August 2023, we inaugurated TSKB Ankara Office as the Bank's second campus and development base, taking into account business continuity. We expect the number of our employees, which was 48 at the end of 2023 including the employees of subsidiaries, to increase to 60 by the end of 2024.

#### Renewed Career Architecture

In 2023, we focused on organisational benchmarking, job evaluation, sub-job families, the creation of a new title structure and career management as part of HR consulting. As part of the separation of managerial and technical roles in career management, we have designed that our employees who will progress along the technical/specialist path without managerial responsibilities will progress according to horizontal career criteria, while our employees with team management and development responsibilities will progress according to vertical career movements.

With the aim of providing employees with a more systematic and effective approach to career management and defining and developing the critical skills for each position by defining career levels, the first phase was to ensure that the names of employee titles were synchronised with the market. In this context, we created 46 different sub-job families and 88 new title names, and changed employee titles to be associated with their sub-job families. In the second phase of the project, we started to update the Bank's technical knowledge and skills and to identify role-based critical experiences using the Global Skills Library.

2024 In order to increase our competitiveness, produce higher quality work, deepen technical expertise, and retain our skilled employees, we aim to establish a **Horizontal Career Path** salary model that rewards technical knowledge and expertise in managerial and higher positions. With the Horizontal Career Movement, we will offer our employees the opportunity to progress in their personal rights as their technical knowledge skills deepen, while remaining in the same title, and to achieve the title of **Technical Leader** at the highest level. In addition, we plan to implement the twice-yearly promotion system used for our employees' vertical career moves, and we will also work towards the launch of the employee career portal, which will contain all the data obtained in the field of career management, and further digitalisation of HR practices.

#### Succession Planning Studies

To ensure the continuity of the Bank's management, we carry out backup studies for the critical positions we have identified. We have updated our **Critical Position Succession Planning Studies** which we use to prepare for the future, in line with changing needs in 2023. We analysed the results of the development plans presented in 2023, identified potential workforce needs for 2024 and made the necessary preparations.

Through the Internal Transfer practice, we support horizontal career movements of our colleagues within the framework of job diversity, technical knowledge, skills and competences. In 2023, 11 colleagues had the opportunity to change departments through the internal transfer practice and 5 colleagues had the opportunity to gain new experience in different departments through the rotation practice.

## CAPITALS

### Human Capital

#### Reward and Recognition Mechanisms

We are implementing new reward models to increase competitiveness, the quality of human capital and employee loyalty by incorporating into our Bank's practices the reward and recognition mechanisms that have changed and diversified in the world.

In 2023, our employees who achieved exceptional results in categories such as;

- Profit Adders
- Business Transformers
- Creative Innovators
- Collaborators
- Digitalisers
- Adding Value to the Environment and Society

were recognised. In addition, 235 employees were recognised with experience gifts within the scope of motivational rewards.

#### Continuous Learning and Development

At TSKB we aim to develop human resources through tailored learning programmes. In line with this goal, we carry out various learning and development activities to strengthen our employees' technical and professional knowledge, as well as their personal skills and well-being.

To enhance our employees' leadership skills and prepare them for the future, we offer different programmes for each level. For example, we provide one-on-one coaching for department managers and learning programmes to improve their leadership skills.

In 2023;

- We published on our digital training platform, **Partner for the Future (GOO)**, the **Sustainability Development Programme** that we created with the support of our subsidiary Escarus to increase our employees' knowledge and awareness of our sustainability activities. In collaboration with Ecording, we included the Seed Shot step in the training process to support the environmental and social dimension. 15,000 aerial seed shots were planned as part of the learning programme.

- We provided an average of 61.2 hours of training per employee. In the same year, the average number of hours of training provided to fixed-term employees was 17.
- We organised one-on-one coaching, national and international development training to support the development of our colleagues selected as part of our efforts to secure critical positions. We also ensured their participation in technical and professional learning programmes.

As part of the **Basic Level Data Science Programme**, which we implemented to contribute to our Bank's digitalisation strategy, we held classroom training sessions on various topics, such as;

- Agility in Innovation and Digital Transformation
- Behavioural Economics
- Banking of the Future
- Big Data in Banking

with the participation of employees from different business families. In the programme, which included 9 different topics, we offered the **Artificial Intelligence in Banking** module as e-learning. In the hackathon at the end of the programme, our participants developed business ideas with a focus on digitalisation.

In 2024, we will continue to invest in the multifaceted development of our human resources with an approach that takes into account the requirements of our corporate strategy.



## CAPITALS

### Human Capital

#### Employee Satisfaction

We are committed to maintaining the Bank's transparent communication and feedback channels and to becoming more interactive. With this in mind, we measure the satisfaction and loyalty of our colleagues through the annual **Employee Satisfaction Survey** and provide a routine platform for our employees to share their thoughts and suggestions. At the same time, we take action in line with our improvement targets.

334 employees took part in our Employee Satisfaction Survey, with a participation rate of 81%. We also conducted a 360-degree assessment survey, which provides an opportunity to create a stronger feedback culture and contribute to our individual development.

#### *Main Outputs of the Employee Engagement Survey*

##### *The topics with the highest scores*

- Satisfaction with First Level Managers
- Satisfaction with Senior Management
- Collaboration between Teams
- Job Satisfaction
- Diversity and Inclusiveness

##### *Our Strengths*

- Social and Environmental Sensitivity
- Workplace Safety
- Emphasis on Employee Health and Well-being
- Alignment of Company Values with Personal Values
- Training and Development Opportunities

##### *Questions where we achieved the highest results compared to other sectors, especially banking*

- The mission of the organisation shows me a meaningful direction.
- The organisation is interested in the health and well-being of its employees.
- The organisation has sufficient opportunities to work on tasks/projects that will provide me with new skills.
- Senior Management is accessible to employees.

A balanced distribution was observed between male and female employees in the loyalty score.

#### Employee Communication Mechanisms

In 2023, we continued the **CEO Young Advisors** programme, where young colleagues can come together and share knowledge and experience. 23 young advisors met with TSKB's CEO on a regular basis to discuss current issues.

We continued to organise **Let the Experts Talk** meetings where employees share their hobbies with their colleagues in order to increase communication between employees. We held our last Let the Experts Talk meeting with the theme of tasting workshops.

We meet with **HR Representatives** at the end of each quarter under a theme. While the first theme was determined as Employee Wellbeing Studies in the World, the second theme was determined as Evaluation of Developing Technology by Employees.



## CAPITALS

### Human Capital

#### Employee Wellbeing

Under the motto "It's Worth It!", we are implementing various practices that focus on the well-being of our employees. To support employees' work-life balance, we run meditation practices, a 24/7 employee support service, psychological counselling with an expert clinical psychologist and holistic health studies with a physiotherapist.

#### Within the scope of our 2023 activities;

Our company physiotherapist continued to provide special sessions for employees once a week for 6 months.

We expanded the scope of our ongoing work with our expert clinical psychologist. While individual counselling sessions for expectant mothers, new mothers and parents in special circumstances continued in our programme entitled "**Pregnancy, Return to Work and Parental Role**", we included fathers in the 0-1 age group in individual counselling sessions and parents of adolescents in closed group experience sessions.

As part of our thematic counselling programmes, we provided psychological support to our employees with the Post-Earthquake Support Programme.

We updated our Human Resources Regulation and added new leave frameworks such as **Companion Leave and Compassionate Leave** as part of the revision. In line with the needs of TSKB employees, we increased the existing leaves, **Spouse Maternity Leave** and **Marriage Leave**, from 5 working days to 7 working days. In 2024, we plan to diversify our existing activities and introduce new practices, especially in the area of physical and mental health.

During the Healthy Living Week, we organised 9 different activities including yoga, meditation, breast cancer awareness, healthy snacks and experiential workshops.

#### USER-FRIENDLY and DIGITALISED HR APPLICATIONS

As TSKB, we completed the HR Digital Platform Prizmatik for all functions in 2022, which we commissioned as part of the digitalisation efforts we started in 2020 to ensure end-to-end monitoring of HR processes, provide HR applications with a user-friendly identity, identify needs and increase transparency.

In 2023, we gave the platform a more digital look and feel. We facilitated access to internal HR applications by enabling e-signed document and payroll requests. In addition, we made training and development management accessible to employees and made improvements to the evaluation screens of the performance management system.

As part of our Reflex mobile application, which we launched to spread and transform the Bank's culture of immediate and effective feedback and recognition mechanisms, we brought together all useful information on HR applications under one roof on the Reflex platform to facilitate new employees' adaptation to the Bank and increase awareness of the applications.

#### 2023 REFLEX PLATFORM STATISTICS

**108** employees gave feedback through the application.

**270** employees sent gestures (appreciation/thank you) to each other

**676** times.

We received the opinions of our employees with

**44** different questionnaires.

(12 Motivation, 6 Development, 4 Healthy Life, 6 Worklife, 6 Feedback, 4 Team Effectiveness, 6 Environment of Trust)

- We rewarded the employees who gave/received the most feedback with trainings.
- We rewarded the departments that participated the most in Pulse Surveys with experience workshops.
- We reported the results to senior management at the end of each quarter.

## CAPITALS

## Human Capital



In line with our sustainability mission, we organised the 11st Sustainability Workshop in 2023 to increase students' sustainability literacy.

## STRONG EMPLOYER BRAND

As part of our strong employer branding activities in 2023, we participated in 38 different events at 13 different universities. In seminars and lectures, the content of which was tailored to the needs of the students, we explained to the students how the academic knowledge they had acquired at school could be applied in business, as well as providing technical explanations. While continuing to work with target universities, we promoted our target group of employees at events organised by various university clubs.

To reach the target group of new graduates, our Human Resources Manager and Project Finance Manager were guests on the podcast channel İş'te Bi Gün? Head of Application Development Manager participated in the podcast channel where IT students are our target audience.



Through TSKB Career's Instagram and LinkedIn social media accounts, we started to share with our target audience the activities that take place within the organisation and the events that our employees participate in outside the organisation.

In line with our sustainability mission, we organised the 11th Sustainability Workshop in 2023 to increase sustainability literacy among students. 18 students from 11 different universities and 7 different departments attended the workshop, which was held at our Bank.



## Job Opportunities Provided to Students After Internship

As TSKB, we carry our interaction with young talent from their university years into the future. We use the **TSKB Effective Career** brand communication for long-term internship recruitment. In 2023, 31 interns worked part-time in our bank for 6 months. As part of the programme, we facilitated the interns' adjustment processes with our assigned buddies, while enabling them to participate in **Certified Intern Academy** trainings through our training platform. During the period under review, 7 interns started working in our Bank as full-time Assistant Specialists.



## CAPITALS

## Human Capital

## A Structure Growing with New Employees

As part of the Bank's recruitment activities, a total of 75 new colleagues joined us in 2023, including 29 new graduates and 46 experienced hires for the needs of various departments. We have implemented orientation and mentoring system processes to ensure that our new employees adapt to the institution as quickly as possible.

As part of the 10th TSKB Career Workshop programme, which we organised to attract new graduates to our Bank, 12 Assistant Specialists started work. Throughout the year, we planned training sessions for new graduates that would contribute to their professional and personal

development. In order to accelerate the adaptation and orientation processes of the MTs who started work with TSKB Career Workshop, we launched the Human Resources Buddy application.

## TSKB TECHNOLOGY AND ENTREPRENEURSHIP PLATFORM

TSKB Technology and Entrepreneurship Platform, which was established in 2018 in cooperation with the Turkish Entrepreneurship Foundation (GirVak) in order to keep pace with the rapid changes in the world and to develop new ways of doing business and innovative perspectives;

- Two entrepreneurs were hosted in the series of inspiring speeches;

- Two **Sustainable Development Meetings** and two **Trend Talks** were organised where we listened to Girvak members;
- We designed a 6-month mutual learning journey with a focus on understanding Generation Z, where we will bring together young people with fellows/ alumni and TSKB employees selected by GirVak;
- Two **Needs&Leads** meetings were organised where TSKB professionals responded to the needs of entrepreneurs.

In 2024, we plan to organise online inspiration sessions where we will meet with entrepreneurs, trend chats where we will meet with GirVak members, and meetings focused on sustainable development.



# CAPITALS



## Natural Capital



We believe that the ecosystem crisis is a major barrier to sustainable development that threatens the quality of human life and the economy today. For this reason, we adopt a nature-positive approach in both our financial operations and our daily work. We provide financial leverage for sustainable development through our pioneering role in environmental and climate-friendly projects.

### Related Priority Issues

- Sustainable Financial Performance
- Management of Climate Risks and Opportunities



## CAPITALS

## Natural Capital

## KEY INDICATORS IN 2023

13.1 ✓

Contribution to CO<sub>2</sub> emission reductions from financed renewable energy projects by the end of 2023 (million tonnes CO<sub>2</sub>/year)

456 ✓

Number of renewable energy projects financed by the end of 2023

159

Number of energy and resource efficiency projects financed to by the end of 2023

15% ✓

Proportion of loan portfolio included in Scope 3 calculation and verification processes

6.9

Sustainalytics ESG Risk Rating (Negligible Risk Category)

90% ✓

Share of SDG-linked loans in total loans

62% ✓

Share of loans contributing to climate and environment-focused SDGs in total loans

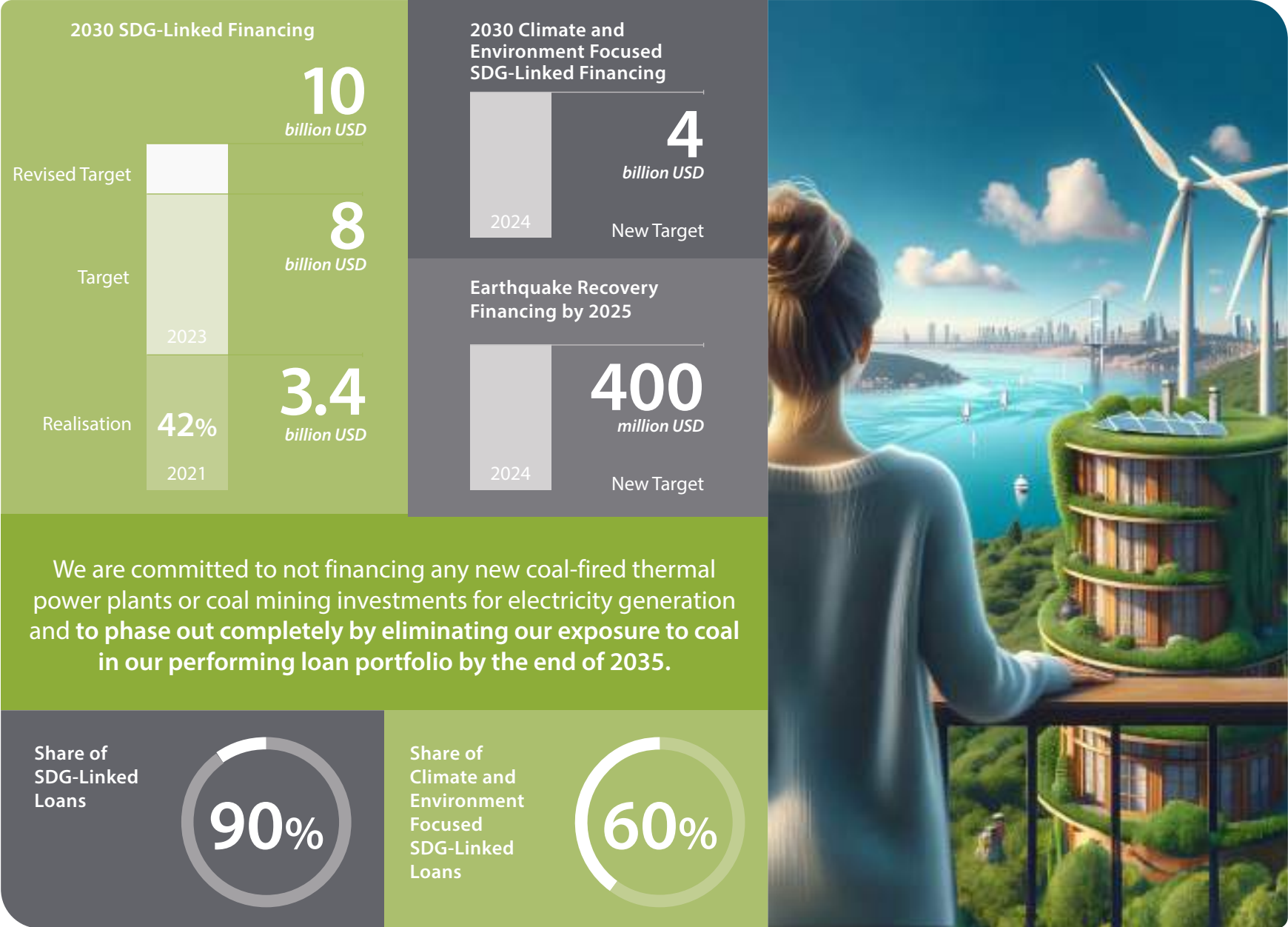




CAPITALS

Natural Capital

Future Period Targets



## CAPITALS

## Natural Capital



## Future Period Targets



To maintain the pioneering reporting approach by following best practices and internationally recognised standards and **to publish an integrated annual report in compliance with TSRS in 2025**



While continuing to work on the development of methodologies and criteria to effectively monitor the GHG emissions of companies operating in carbon-intensive sectors in our portfolio, **we will increase the share of loans with measured emissions in the loan portfolio.**



**Carry out infrastructure work to define the technical screening criteria in the loan application** in accordance with the BRSA Green Asset Ratio Communiqué, which is expected to come into force in the coming period.



To provide capacity development by conducting gap analyses within the scope of the **Carbon Border Adjustment Mechanism**



In the light of local and global regulations, particularly the Draft Guidelines on Effective Management of Climate-Related Financial Risks by Banks, to **continue to work on the governance, measurement and financialisation of climate risks, as well as stress tests and scenario analyses related to these risks**



**Acting in line with the principles of the Zero Waste Directive** of the Ministry of the Environment, Urbanisation and Climate Change and raising awareness within the Bank



Capacity building for 16 clients within the scope of Circular Economy financing by implementing the **Circularity Self-Assessment Tool**



Carrying out studies on **TSKB Circular Economy Strategic Plan**



In line with our 2050 Net Zero target, to create financing for real sector companies with a focus on **transition to a low carbon economy**



## CAPITALS

## Natural Capital

USD **1.2** billion ✓  
of disbursement, 42% of the target was realised.

SDG-linked financing of USD 8 billion or more between 2021 and 2030

**90%** ✓

Keeping the share of SDG-linked loans in the total portfolio at 90%

**62%** ✓

Keeping the share of loans contributing to climate and environment-focused SDGs in the total loan portfolio at 60%

USD **464** million ✓

To provide financing of USD 450 million for climate risk mitigation and adaptation and circular economy, including energy efficiency projects supported by advanced technology

Short, Medium and Long Term Targets	2023 Realisations
Establishing a focussed strategy within the scope of Circular Economy financing and providing capacity development for customers	In order to provide financing to companies aiming to develop circular economy practices, the <b>Circularity Self-Assessment Tool</b> has started to be applied to clients, and awareness and capacity building activities are ongoing. The assessment tool was applied to a total of 12 companies in 2023. ✓
Capacity building by carrying out gap analyses on the consultancy side in the context of the Border Carbon Regulation Mechanism to be implemented by the European Union in the coming period.	TSKB Advisory Services monitors the <b>Border Carbon Regulation Mechanism regulations</b> and the increasing awareness of our stakeholders on the issue. Capacity development requirements will be evaluated within the scope of the needs of our stakeholders in the future.
Not financing new coal-fired thermal power plants and coal mining investments for electricity generation within the scope of combating climate change	In this context, such financing <b>has not been provided.</b> ✓
In line with our 2050 net zero target, to create financing for real sector companies with a focus on transition to a low carbon economy	In 2023, a number of resources <b>focused on green transformation</b> were obtained, including PFI agreements, sustainability-related syndications and the issuance of sustainable bonds. Details are available on <a href="#">Financial Capital</a> section.
To continue working with the Science Based Targets Initiative (SBTi) and to set our targets for a just transition to a carbon-free economy by the end of 2024 within the framework of our signature and commitments to the United Nations Net-Zero Banking Alliance	Our SBTi approved targets were published in July 2023 and interim targets were set under the NZBA from January 2024. The targets can be found on <a href="#">page 92</a> .
To reduce Scope 1 emissions by 58.8% by 2035, to keep Scope 2 emissions at zero level by continuing to use renewable energy and to continue Scope 3 emission calculation studies on greenhouse gas emission measurements of companies operating in carbon-intensive sectors in our portfolio	In 2023, we achieved a <b>23% reduction in our Scope 1 emissions</b> compared to the 2021 baseline. Our <b>Scope 2 emissions were kept at zero</b> and our <b>Scope 3 emissions</b> calculation studies were expanded to <b>cover 15% of the portfolio</b> .
Within the scope of evaluating the credit portfolio in terms of climate risks, to continue the integration of credit evaluation, credit allocation and monitoring processes and the financialisation of climate risks	<b>The integration of climate risks into decision-making processes</b> in credit assessment, allocation and monitoring activities has been completed with the IRDA scoring application that the Bank has put into operation. Efforts to financialise climate risks will continue in the light of current regulations.
To continue reporting in line with the advices and requirements of updated international standards such as UNEP FI, CDP and TCFD while developing a climate risk management approach	<b>Climate Report, CDP Report and UNEP FI reporting</b> are carried out in compliance with international standards and recommendations.
Acting in accordance with the principles of Zero Waste Directive of the Ministry of Environment, Urbanisation and Climate Change and raising awareness within the Bank.	With the practices we started in 2022, we comply with the <b>Zero Waste Regulation</b> .

## CAPITALS

## Natural Capital

# 16.2 million

CO<sub>2</sub> emission reduction contribution achieved through sustainability investments (tonnes CO<sub>2</sub>e/year) \*

\*Renewable energy, energy efficiency and resource efficiency projects

\*\* Includes rooftop and land SPP projects for domestic consumption.

\*\*\* Carbon offsetting of the part of the emissions verified by the accredited organisation, excluding the financed emissions, in the following process

### 2023 KEY PERFORMANCE INDICATORS



#### Renewable Energy\*\*

456✓

Renewable energy project (number)

9,144✓

Total installed capacity financed (MW)

15%✓

TSKB's share in Türkiye's renewable energy capacity

4.9

Loan disbursement amount (USD billion)

13.1 billionn✓

CO<sub>2</sub> emission reduction contribution (tonnes CO<sub>2</sub>/year)



#### New and Ongoing Renewable Energy Projects

72

Number of projects

1,954

Installed capacity (MW)

3.8 billion

Electricity generation (MWh)

2.3 billion

CO<sub>2</sub> emission reduction contribution (tonnes CO<sub>2</sub>e/year)



#### Energy & Resource Efficiency

14.67 million

Raw material savings (tonnes/year)

3.23 million

Water savings (m<sup>3</sup>/year)

55,530

Waste savings (tonnes/year)

6.48 million

Energy savings (Gigacal/year)

3.2 million

CO<sub>2</sub> emission reduction contribution (tonnes CO<sub>2</sub>e/year)



#### Internal Impacts of the Bank

100% green energy✓

Electric energy utilisation

1,131✓

Offsetting the annual carbon footprint (tonnes CO<sub>2</sub>e) \*\*\*

2,365✓

Head Office paper consumption (kg)

11,495✓

Recycled plastic and paper waste (kg)

784,596✓

Head Office electricity consumption (kWh)



#### Internal Impacts of the Bank

53,051✓

Head Office natural gas consumption (m<sup>3</sup>)

5,332✓

Head Office water consumption (m<sup>3</sup>)

11.7✓

Water density (m<sup>3</sup>/employee)

47.3✓

Electricity intensity (kWh/m<sup>2</sup>)

3.2✓

Natural gas intensity (m<sup>3</sup>/m<sup>2</sup>)

## CAPITALS

### Natural Capital



Once the lending process begins, we monitor the management of the relevant environmental and social impacts of the project through our own engineers and social specialists or independent environmental and social consultants.

#### MANAGEMENT OF ENVIRONMENTAL AND SOCIAL IMPACTS OF LENDING ACTIVITIES

In line with our responsible banking principles, we attach importance to determining the potential risks and impacts that arise in the assessment of the environmental and social impacts of our projects with an objective approach.

In this process, which requires a comprehensive assessment, we address the environmental and social impacts in co-operation with investors prior to lending. In the light of the findings we obtain as a result of the project assessment, we determine the issues that need to be managed and the actions to be taken and share them with investors. We start lending when we complete all these processes and finalise the project risk management plan. We publicly report the annual evaluation results of the ERET Model we use on our Bank's website.

With the start of the credit process, we follow up the relevant project plans through our engineers and social expert or independent environmental and social consultants. We meticulously monitor the implementation of these plans during both construction and operation periods and manage the environmental and social risks of the projects we finance.

#### ERET Model

We generate value in line with the principle of creating responsible income by applying the Environmental and Social Risk Assessment Model ERET, which was designed in 2005 with the aim of eliminating the difference in competence and experience between experts in the process of environmental and social risk categorisation of a project, following a consistent and standardised

methodology, and ensuring risk management to cover defined risks, to all investment projects we finance.

The ERET Model, which is based on the standards of organisations such as the IFC and the World Bank and is in line with the criteria in the Equator Principles applied by banks operating in developed economies, not only contributes to the project evaluation process, but also enables our Bank to create a deep intellectual capital and know-how. On the other hand, it also helps raise awareness in the organisations we provide financing to.

In the ERET Model, waste, emission, noise potential environmental impacts as well as the impacts of the project on all stakeholders, including the local community. We also address potential social impacts such as land acquisition processes, stakeholder engagement activities, grievance mechanisms and local employment, as well as physical and economic displacement. The gender-sensitivity of the plans we prepare and the actions we take is also one of the issues we are sensitive to.

The environmental and social rating methodology of the ERET Model is constantly reviewed by our teams. According to changing conditions, the weights of high-risk issues in the calculation process are increased, and the issues that pose risk are made more prominent.

#### Investment Projects Evaluated within the Scope of ERET

The current project risk assessment model, consisting of 35 questions under 5 headings, is based on the current and prospective perspective of the environmental and social impacts, as well as the legal and financial liabilities, that may arise from the investment project being considered for financing by our Bank.

CAPITALS

Natural Capital



In 2023, environmental and social risk assessments were carried out for a total of **103** investment and **9** working capital loans.

According to the environmental and social risk score we receive as a result of the assessment, we structure how we can mitigate the impacts and how we will monitor them in a plan developed in collaboration with the investor. The enviromental and social risk scores of the owners/investors of the investment projects we assessed in 2023 are listed below.

The high-risk projects we assessed in 2023 were new paper mill and property development investments. For these investments, we conducted environmental and social assessment studies and developed environmental and social action plans to manage the risks effectively. In this context, we monitor the environmental and social impacts of companies for a minimum of six months, with the support of independent consultants who are experts in the field. In the case of projects with medium sensitive risks, our focus has been on investments in the chemical industry and ports, renewable energy facilities including solar and wind, and investments in electricity storage. For these investments, we prepare environmental and social management plans for project risks and closely monitor their implementation. During the site visits we carried out this year for renewable energy projects, we engaged directly with local people, who are the main project stakeholders, and listened to their views on the project's impact.

Customers with Investment Projects Customers with Investment Projects

In accordance with TSKB's risk management approach, we also measure the environmental and social risks customers/investors with the ERET Model. The assessment within the ERET Model, which is defined as customer risk, consists of 12 questions under 5 headings. The 2023 assessment results are presented below.

ERET for Working Capital Loans

In 2021, TSKB expanded the scope of our environmental and social risk management approach to include working capital loans. In this regard, we played a pioneering role in the sector and created the ERET for Working Loans, a tool for measuring working loan risk. In 2023, the environmental and social risk scores of our customers that we evaluated within the scope of business loans are as follows:

The medium-sensitive risk businesses we evaluated in 2023 operate in the fields of chemistry, pharmaceutical industry, food, hotel management and energy. Similar to investment loans, we continue to monitor risks and mitigations by preparing Environmental and Social Action Plans for working capital loans.



## CAPITALS

## Natural Capital



As part of the Sustainable Management System (SMS), we annually calculate the emissions avoided by the projects we finance. We monitor our performance against the SBTi guidelines and the roadmap we have developed, and make our lending decisions accordingly.

## CARBON FOOTPRINT MANAGEMENT

Climate change and biodiversity loss are among the greatest global threats to the future of humanity. We now know much more about the need for a rapid transition to a low-carbon and circular economy in order to achieve sustainable growth and development.

**Our strategy in the transition to a low carbon economy;**

- Actively participate in international initiatives,
- Manage our financing in a way to support the transition to a low carbon economy,
- Support the creation of our customers' roadmaps for combating climate change through our consultancy activities,
- Measuring and reporting our greenhouse gas emissions arising from our operational and lending activities and having the calculations verified by independent institutions,
- Setting science-based targets for reducing greenhouse gas emissions, implementing the strategy and road map we have created in line with these targets and setting up projects.

As TSKB, we have been measuring our carbon footprint since 2006 and have been using renewable energy to meet our electricity needs since 2009. We are committed to continue to meet our electricity needs from 100% International Renewable Energy Certificate (I-REC) sources. In addition, from 2012 we will operate in accordance with the ISO 14064-1 Greenhouse Gas Calculation and Verification Standard. In 2021, we completed our training on compliance with the revised standard published in 2018 and updated our greenhouse gas inventory in accordance with the requirements of the new standard.

We also calculate the emissions avoided by the projects we finance each year as part of the Sustainable Management System (SMS). We monitor our performance against the SBTi guidelines and the roadmap we have developed, and make our lending decisions accordingly. In addition, for many years we have been calculating Türkiye's current network emission factor according to scientific and internationally recognised methods and measuring the contribution of the projects we finance to the transition to a low-carbon economy.

In 2021, we reviewed our portfolio with a high proportion of renewable energy and sustainable investments. We calculated our indirect emissions to cover our emissions from clients we finance in carbon-intensive sectors such as thermal power plants, iron and steel, cement and aluminium, which accounted for 3% of our portfolio at the end of 2023. At the end of 2022, the projects included in the calculation of financed emissions represented 8.4% of our total portfolio, while the calculation studies were expanded to 15% of our portfolio in 2023.

In 2022, as a signatory of the Net-Zero Banking Alliance (NZBA), we committed to aligning our lending and investment portfolio with net-zero emissions targets by 2050. At the same time, we developed our science-based emissions reduction targets and roadmap to achieve them, and began the process of gaining approval from the internationally recognised Science-Based Targets Initiative (SBTi). In July 2023, we received SBTi endorsement of our science-based targets, which represented 53% of total assets and covered 70% of the total loan and investment portfolio as of 2021, which was chosen as the base year. Accordingly, we have committed to reduce direct emissions (Scope 1) by 63% by 2035 and to maintain Scope 2 greenhouse gas emissions at zero by sourcing 100% of our campus electricity needs from I-REC certified renewable energy sources.



## CAPITALS

### Natural Capital

Target Code	Scope/ Asset Class	Base Year Portfolio Ratio*	Target	Timeframe	Target Scenario	Target Scope	Method	Intermediate Follow-up Target
ABS1	Scope 1 / Operational Activities	-	Reduce Scope 1 GHG emissions by 63% from the base year 2021 to 2035	2021 2035	SBTi 1.50°C Scenario	100%	Absolute Reduction Approach	
RE1	Scope 2 / Operational Activities	-	To provide 100% of electricity from renewable energy sources until 2030	2021 2030	SBTi 1.50°C Scenario	100%	Renewable Energy	
INT1	Scope 3 / Electricity Generation Project Finance	27%	Reduce GHG emissions from the electricity generation project finance portfolio by 85.6% per kWh by 2035 compared to the base year 2021	2021 2035	SBTi 1.50°C Scenario	100%	Sectoral Decarbonization Approach	Reduce by 73.6% until 2030
INT2	Scope 3 / Commercial Real Estate Corporate Loans	1.9%	To reduce GHG emissions from the commercial real estate sector in the corporate loan portfolio by 73.6% by 2035.	2021 2035	IEA ETP B2DS	68%	Sectoral Decarbonization Approach	Reduce by 53% until 2030
INT3	Scope 3 / Electricity Generation Corporate Loans	3%	Reducing greenhouse gas emissions from the electricity generation sector in the corporate loan portfolio by 85.7% per kWh compared to the base year 2021 until 2035	2021 2035	SBTi 1.50°C Scenario	100%	Sectoral Decarbonization Approach	Reduce by 73.7% until 2030
PR1	Scope 3 / Long-term Corporate Loans	30%	Bringing the Scope 1+2 portfolio temperature score of the other long-term corporate loans portfolio from 3.2°C in base year 2021 to 2.74°C by 2027, and the Scope 1+2+3 portfolio temperature score from 3.2°C to 2.82°C	2021 2027	SBTi Well Below 2.0°C Scenario	67%	Temperature Rating	
PR2	Scope 3 / Corporate bonds	0.31%	Bringing the Scope 1+2 portfolio temperature score of the corporate bond portfolio from 2.57°C in base year 2021 to 2.31°C by 2027, and the Scope 1+2+3 portfolio temperature score from 2.86°C to 2.59°C	2021 2027	SBTi Well Below 2.0°C Scenario	67%	Temperature Rating	

\*2021 refers to the ratio in the year-end balance sheet.

CAPITALS

Natural Capital

REDUCING ENVIRONMENTAL IMPACT OF BANK OPERATIONS

We carry out our environmental impacts arising from our operational activities within the framework of the Sustainable Management System (SMS), with reference to the ISO 14001 Environmental Management System Standard. We aim to ensure the continuity of the ISO 14001 Certificate we have held since 2007.

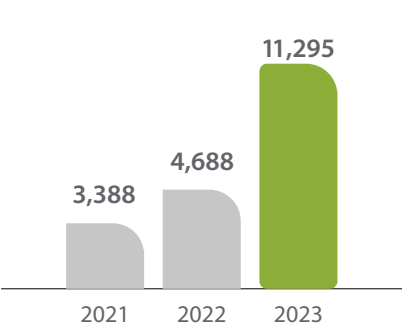
In the studies we carry out within the scope of the EMS, we periodically monitor our consumption of resources such as electricity, water and natural gas, and implement studies for reduction targets. We sensitively evaluate the variations in natural gas and electricity consumption due to climate change. We calculate CO2 emissions from our operations according to ISO 14064-1:2018 Greenhouse Gas Calculation and Verification Standard and take actions to reduce emissions.

With the waste management plan we implement according to the integrated waste management hierarchy, we aim to maximise the use of recycling and to ensure that wastes are disposed of in an environmentally friendly manner and brought into the economy. We aim to reduce the amount of waste per capita with the awareness activities we provide.

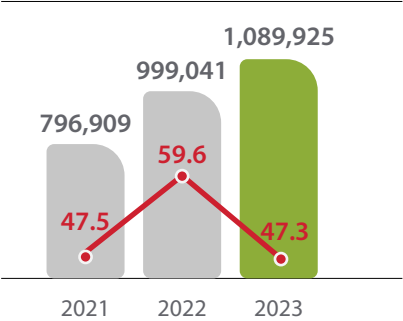
Within the scope of our sustainable office practices, which are part of our waste management, in addition to the battery, paper, metal, glass, plastic, mask waste bins that we use effectively on the way to zero waste, we also separate natural wastes with biodegradable waste bins located in common areas. Instead of disposable cardboard cups, we use porcelain and glass cups. In cooperation with Wastespresso, we upcycle coffee pulp from our Head Office buildings using the micro waste method. In this way, we minimise carbon and methane emissions from our coffee waste and support the production of alternatives to plastic products that do not dissolve in nature for a long time.

We provide SMS trainings to all our new colleagues and ensure that the concept of sustainability is internalised.

Amount of Recycled Plastic and Paper (kg)

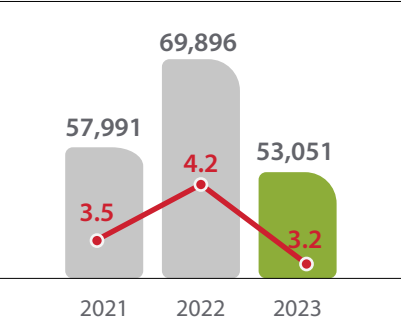


Electricity Consumption (kWh)



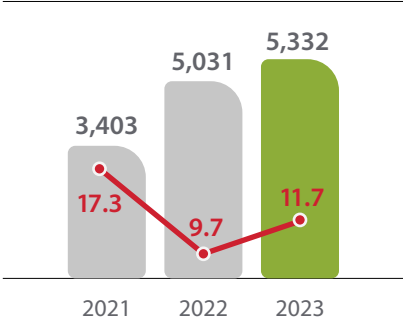
■ Total Electricity Consumption (kWh)<sup>1</sup>  
●● Electricity Density (kWh/m²)

Natural Gas Consumption (m³)



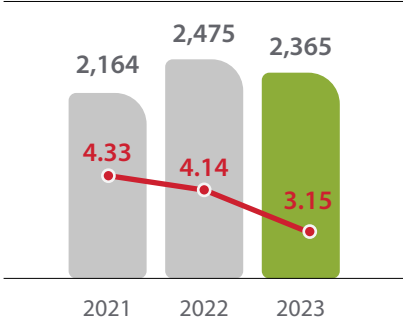
■ Total Natural Gas Consumption (m³)<sup>1</sup>  
●● Natural Gas Density (m³/m²)

Water Consumption (m³)



■ Total Water Consumption (m³)<sup>2</sup>  
●● Water Density (m³/employee)

Paper Consumption (kg)



■ Total Paper Consumption (kg)<sup>3</sup>  
●● Paper Consumption per Employee (kg/employee)

<sup>1</sup> The increase in the amount of recycling is due to the destruction of expired documents in the archive.  
<sup>2</sup> The decrease in electricity consumption is due to the relocation of the system room, which has high consumption, outside the bank.  
<sup>3</sup> The decrease in natural gas consumption is due to the fact that the winter was milder than previous years due to climate change.  
<sup>4</sup> The increase in water consumption is due to the increase in the rate of bank visits in 2022 compared to the previous year.  
<sup>5</sup> The decrease in paper consumption is a result of the bank's digitalisation efforts.

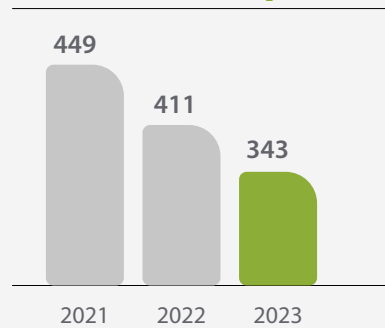
CAPITALS

Natural Capital

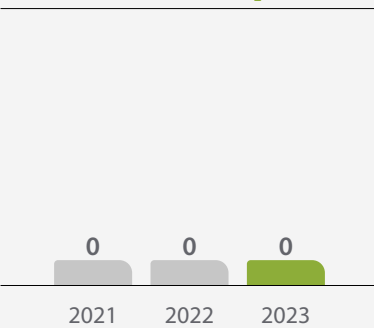
In 2023, Scope 3 emissions including emissions of financed customers are 2,090,138 tCO<sub>2</sub>e and Scope 3 emissions excluding emissions of financed customers are 788 tCO<sub>2</sub>e. Thus, in 2023, total emissions including the emissions of financed customers were 2,090,481 tCO<sub>2</sub>e, and total emissions excluding the emissions of financed customers were 1,131 tCO<sub>2</sub>e. Due to the use of I-REC certified renewable energy in our Head Office buildings, our Scope 2 emissions are zero.

Greenhouse Gas Emissions (tCO<sub>2</sub>e)

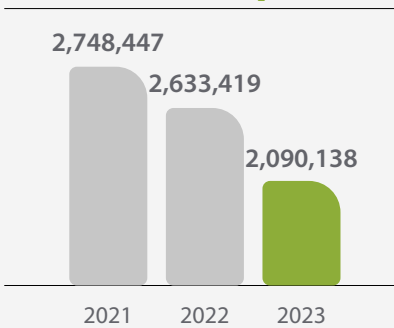
Scope 1 Emissions (tCO<sub>2</sub>e)



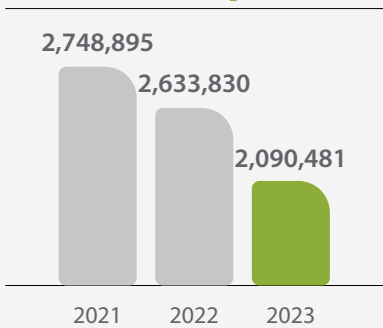
Scope 2 Emissions (tCO<sub>2</sub>e)



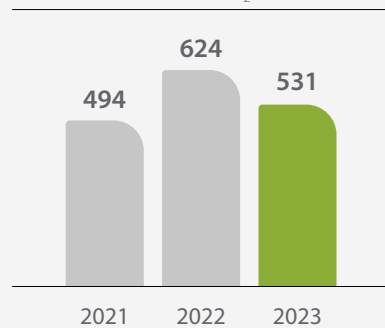
Scope 3 Emissions (tCO<sub>2</sub>e)



Total Emissions (tCO<sub>2</sub>e)



Location Based  
Scope 2 Emissions (tCO<sub>2</sub>e)



TSKB has kept its Scope 2 emissions to zero since 2009 with the green energy it has purchased. However, in order to manage the electricity it consumes, TSKB monitors Scope 2 emissions at both market and site level and shares the results with its stakeholders. In 2022, our electricity consumption increased compared to previous years due to the full use of the air conditioning system, which was partially used during the cooling and heating period due to the pandemic. In 2023, we moved the high-consumption systems room outside the Bank and switched to a more efficient system, reducing our electricity consumption.

**\* Direct Emissions (Scope 1):** Greenhouse gas emissions that an organisation owns and can directly control. Examples of direct emissions include natural gas consumption, greenhouse gas emissions from 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 organisation's operations and activities but are not owned or controlled by the organisation. Purchased electricity, personnel transport services, emissions from financing, service purchases, emissions from the production of products used can be given as examples of indirect emissions.



## CAPITALS

## Natural Capital

### Climate Change and TSKB Sustainable Banking Strategy

We consider our actions to combat and adapt to climate change as part of our sustainability strategy. We believe that the formula for quality development is directly related to sustainable banking, and our sustainable banking strategy is based on three main pillars.

The strategy we have adopted includes the management of climate change issues and the assessment of related risks and opportunities. Our Bank implements its sustainability vision and strategy through a well-designed and effective sustainability cycle, and implements it in its daily service processes.

### Risks and Opportunities

Climate change is considered to be one of the major global problems with environmental, social and economic dimensions that threaten the future of humanity. Scientific studies indicate that climate change will have different impacts on different regions and water basins in Türkiye. In parallel with the world in general, it is estimated that average temperatures in Türkiye will increase, water resources will decrease significantly, especially in the spring and summer seasons due to rainfall irregularities, the problem of access to food will increase due to agricultural yield losses, sea level will rise, drought and desertification will increase, and the frequency and impact of extreme weather events such as floods, inundations and prolonged forest fires will increase. All these trends indicate that biodiversity will also be adversely affected.

While extreme climate events and long-term climate change represent physical risks with the potential to disrupt or adversely affect economic activities, the transition to a low-carbon economy creates transition risks. In the context of transition risks, changes in climate

policies, production technologies and consumer preferences can create new investment needs, increase operating costs and adversely affect asset values. In these circumstances, financial institutions may also be exposed to transition risks to the extent of their positions in companies that do not adapt their business models to the green economy. On the other hand, climate change presents both opportunities and risks. Investment projects in agriculture, energy production, industry, transport, waste management and urbanisation are expected to be realised, especially in terms of adaptation and emission reduction. Rapid decarbonisation in these sectors and decisive implementation of the transition to a circular economy are essential to manage risks and impacts in the most effective and cost-efficient way. As TSKB, we will continue to support this transformation in Türkiye through our advisory and financing businesses.

In addition to combating climate change, the necessary adaptation measures to the current physical impacts of climate change need to be well analysed, planned and managed. In this way, potential negative impacts on production activities and supply chains, as well as losses in asset value, can be avoided.

As TSKB, we have published our Climate Change Mitigation and Adaptation Policy 2021. In the Climate Risk Report, we explained the risks and opportunities arising from climate change and emphasised that we will continue to support Türkiye's transition to a low-carbon economy without slowing down. At the beginning of 2024, we updated our relevant policy and presented our coal phase-out plan by the end of 2035. In this context, we declare that we will not finance new coal-fired power plants or capacity expansions, or investments in coal mining for power generation, in order to combat climate change. We have committed to exit from financing coal activities by the end of 2035, excluding non-performing loans. In 2020, through our Climate Risk Working Group, established as part

of the Bank's sustainability structure and comprising representatives from various departments, we have developed the capacity to measure project and portfolio risks in terms of both physical and transition risks, in line with TCFD recommendations, to conduct scenario analyses and to integrate them into decision-making mechanisms through transparent reporting.

We share this capability, which we use to formulate our science-based targets, in a holistic and in-depth manner in our CDP reports.

**As TSKB, we published our Climate Change Mitigation and Adaptation Policy in 2021. With our updated Policy, we put forward our coal phase-out plan until the end of 2035.**

You can access our report, which has been prepared in line with the recommendations of the TCFD and the standards finalised by the International Sustainability Standards Board (ISSB) in 2023 by the Public Oversight Authority (KGK), taking into account the Turkish Sustainability Reporting Standards (TSRS) S2 Climate-related Disclosures.



TSKB Climate Report 2023

## CAPITALS

### Natural Capital



As a supporter of climate-related external financing efforts in Türkiye, we are updating our strategy and deepening our objectives in this direction with our relevant departments and various thematic working groups that we have established to healthier perceive the needs of the real sector in combating climate change and financing adaptation, and to maximise our contribution to the private sector as a development and investment bank.

#### CLIMATE CHANGE POLICIES FOLLOWED BY Türkiye and TSKB

##### Türkiye's Position in the Fight Against Global Climate Change

Ahead of the 26th Conference of the Parties (COP26) to the United Nations Framework Convention on Climate Change, Türkiye adopted the Paris Climate Agreement in parliament and officially put it into force. It also announced its target to achieve net zero emissions by 2053.

Türkiye announced its updated Nationally Determined Contribution (NDC) at the 27th Conference of the Parties (COP27) in Sharm El Sheikh in 2022. Türkiye's incremental mitigation target for 2030, which was announced as 21% in 2015, has been increased to 41% in the new NDC. According to the new NDC announced at COP27, Türkiye's GHG emissions are projected to peak in 2038 and to decline thereafter in line with the net-zero emissions target in 2053. The current NDC requires significant transformations in all climate-relevant sectors, from energy to industry, transport, buildings, waste and sinks.

In line with the 2053 net zero emissions target, the preparation of Türkiye's long-term climate change strategy and action plan continued intensively in 2022-2023 with the participation of stakeholders from all relevant sectors.

On the agenda for 2023 was the introduction of legislation for the Turkish banking system. In September 2023, the Banking Regulation and Supervision Agency (BRSA) submitted the "Draft Guidelines on Effective Management of Climate-Related Financial Risks by Banks" and the "Draft Communiqué on Green Asset Ratio" for stakeholder comments.

In November 2014, EPIAŞ published the draft text of the "Regulation on the Operation of Carbon Markets" and the "Procedures and Principles for the Establishment and Operation of Carbon Markets for the Distribution and Trading of Allocations under the ETS" and submitted them for comments. In Türkiye, where stakeholder meetings have also started as part of the preparation of the national taxonomy guide, the issues of access to green financial instruments and harmonisation with EU legislation are high on the country's agenda.

The Climate Law is expected to come into force in 2023 and the ETS in 2024. As a key stakeholder in the green transformation of the industry, TSKB supports and contributes to the legislative and policy development activities carried out by all its business units and subsidiaries.

In this context, Escarus participated in two important projects of the Ministry of Industry and Technology and the Ministry of Energy and Natural Resources in 2023. Details can be found in the Intellectual & Manufactured Capital section. In response to the possibility of climate risks becoming financial risks, we assess the risks defined in the Bank's risk catalogue in a holistic and proactive manner as part of our risk management activities.

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

In order to better understand the needs of the real sector in terms of harmonisation of financing, and to better understand the contribution we can make to the private sector as a development and investment bank, we are updating our strategy and deepening our objectives in this direction with our relevant departments and the various thematic working groups we have set up to take it to the highest level.



CAPITALS

Natural Capital

Climate Change and TSKB Risk Management

We assess the risks that climate change poses to our bank in terms of direct and indirect impacts. We have shared with our stakeholders the TSKB Climate Report 2023, which outlines our governance, strategy, risks and opportunities in this area, as well as our roadmap to our 2050 net zero emissions target, which we are implementing within the framework of science-based targets.





TSKB at COP28

We closely follow the Conferences of the Parties, which bring together representatives of countries, public and private sector stakeholders and a wide range of non-governmental organisations. As with previous Conferences of the Parties, we were very active at COP28 through our subsidiary Escarus. We participated in 8 events in the pavilions of Türkiye, AIIB, IDFC and Joint

MDB, sharing our experiences, approaches and practices in the field of climate change and finance with the relevant parties. We closely followed the developments on the Paris Agreement targets, the shortfall in climate finance to date, the new NDC targets of countries and our country, and climate risks and opportunities, and continued to integrate the changing risks and opportunities into our targets.

SUSTAINABILITY INDEXES

In order to closely monitor our sustainability performance and share it transparently with our stakeholders, TSKB is included in the BIST Sustainability Index, which consists of companies with high corporate sustainability performance and whose shares are traded on the Borsa Istanbul, as well as various global sustainability indices. Our performance in 2023 according to the indices is as follows:

 <div> <div>ESG Risk Rating</div> <div>0-40+</div> <div>6.9</div> <div>Negligible Risk Category First in Türkiye, 9<sup>th</sup> among Global Development Banks, 10<sup>th</sup> in the International Banking Sector</div> </div>	 <div> <div>Climate Change Score</div> <div>A/D-</div> <div>A-</div> <div>Leadership</div> </div>	 <div> <div>ESG Rating</div> <div>1-5</div> <div>2</div> <div>Neutral-Low</div> </div>	 <div> <div>ESG Rating</div> <div>1-5</div> <div>3</div> <div>Neutral-Low</div> </div>	 <div> <div>ESG Entity Rating</div> <div>1-5 (0-100)</div> <div>3 (61-/100)</div> <div>Above Global Average</div> </div>	 <div> <div>ESG Score</div> <div>A+/D-</div> <div>A</div> </div>
--	--	---	--	---	---

## CAPITALS



### Intellectual and Manufactured Capital



We increase the durability of our operations through the use of digital technologies. We contribute to the development of industry knowledge in our areas of expertise and use our expertise to provide innovative, customer-focused services.

#### Related Priority Issues

- Competent Human Capital
- Employee Engagement, Employee and Human Rights
- Ethical Compliance and Anti-Corruption
- Digital Transformation and Agility



## CAPITALS

### Intellectual and Manufactured Capital

#### KEY INDICATORS FOR 2023

9.6/10

TSKB Advisory Services Net Promoter Score

463<sup>✓</sup>

TSKB Economic Research Reports and Blog Posts

15,000

Number of books in the TSKB Library

23

Number of projects included in the RPA process

2

Intermediation in public offerings



## CAPITALS

## Intellectual and Manufactured Capital

## 2023 Goals

As the Bank and its subsidiaries, in line with our mission, to continue to contribute to all relevant ministries, regulatory bodies and institutions with impact-oriented studies within the scope of medium and long-term development goals

Within the framework of Advisory Services, supporting all kinds of investment strategies of our clients with financial, technical and economic aspects, primarily energy investments for domestic consumption within the scope of sustainability and green transformation investments within the scope of green consensus, with a development banking perspective

Within the scope of Advisory Services; to contribute to our clients' access to sustainable financing through feasibility, financial and technical reports

Keeping the Net Promoter Score (NPS) of Consultancy Services at 9/10 and above

To continue issuing sustainable/green labelled debt instruments in the coming period within the scope of Investment Banking

To realise the transformation of the digital IT system infrastructure with the latest technologies to increase synergy and efficiency in all lines of activity

Putting digitalisation at the centre of the business model, increasing end-to-end digital solutions, improving user experiences, automating the processes identified within the scope of Robotic Process Automation (RPA) and saving approximately 4 FTE with 72 RPA processes waiting in the pool

To save 200 person/day in activities with artificial intelligence document reading processes

To publish a new issue in Turkish and English every quarter in order to draw attention to climate change with our Climate Report and to raise awareness with current developments

To make 18 publications/presentations in the media and within the Bank and within the scope of consultancy to raise awareness on climate, development and macroeconomics

With our sustainability consultancy subsidiary Escarus; to increase the number of projects we carry out by 6%, the number of institutions contacted to submit proposals by 10%, and the number of proposals submitted with a budget by 5%

With our Real Estate Appraisal subsidiary; ranking in the top 10 in the sector, number of 200 new customers and achieving a contract conversion rate of 60%

## 2023 Realisations

In line with our mission, we contributed to impact-oriented studies throughout the year. All details can be found in the **Sustainability Governance** section of our report.

Following the current regulations, **carbon-reducing investments** of our stakeholders **energy production facility investments for domestic consumption** come to the fore. In this context, TSKB Consultancy Services continues to support our stakeholders with our **feasibility** studies at the project development stage and with our valuation services at the plant acquisition stage.

To facilitate companies' access to finance when becoming more difficult, **TSKB Advisory Services** prepares financial and technical feasibilities of investments in the highest quality and qualified manner and facilitates our stakeholders' access to finance.

Consultancy Services **Net Promoter Score: 9.6/10**

In 2023, public offerings were more preferred by companies. Our Bank intermediated 2 public offerings, 2 debt instruments and 1 M&A transaction. On the other hand **The establishment process of the Türkiye Green Fund was carried out with the IBRD.**

The use of e-signature within the Bank was made widespread in response to the increasing need for remote working.

A total of 23 processes were completed, saving 3.41 FTE.

The necessary infrastructure work has been completed to save 200 person/day.

In 2023, 4 Turkish and English Climate Reports were published every quarter. As of 2024, the name of the report was changed to Ecosystem Report.

43 publications/presentations on climate, sustainability and macroeconomics were made for internal and external stakeholders throughout the year.

Escarus recorded a 42% increase in the number of projects, a 15% increase in the number of institutions contacted and a 48% increase in the number of proposals.

With the performance in 2023, we ranked 5th in the sector on a revenue basis, while the number of new customers was 208 and the contract conversion rate was 57%.

## CAPITALS

## Intellectual and Manufactured Capital

## Future Period Targets



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



Supporting all kinds of investment strategies of our customers, primarily energy investments for domestic consumption within the scope of sustainability and green transformation investments within the scope of green consensus with financial, technical and economic aspects with a development banking perspective



Contributing to our customers' access to sustainable financing through feasibility, financial and technical reports



To realise the transformation of synergistic and productivity-enhancing digital IT system infrastructure in all business lines with the latest technologies



Establishing the Türkiye Green Fund and investing in green and green technology-oriented companies that will contribute to Türkiye's net zero target



Within the scope of Investment Banking to continue to intermediate sustainable / green labelled transactions in the coming period



Maintaining a Net Promoter Score (NPS) of 9 and above for Consultancy Services



To draw attention to the ecosystem crisis with a perspective that includes biodiversity, pollution and nature as well as climate, and to publish a new report in Turkish and English every quarter in order to support intellectual capital with current developments



Putting digitalisation at the heart of its business model, increasing end-to-end digital solutions, improving user experiences, automating the processes identified within the scope of Robotic Process Automation (RPA) and implementing 20 RPAs



To publish 2 reports in the category of TSKB Development Perspective as reference reports focusing on macroeconomics and development



Making 40 awareness-raising presentations to 15 different companies on the axis of ecosystem, development and macroeconomics within the scope of consultancy services



With Escarus, our sustainability consultancy subsidiary; to increase the number of projects we carry out by 6%, the number of institutions contacted to submit proposals by 10%, and the number of proposals submitted with a budget by 5%



With our Real Estate Appraisal subsidiary; ranking in the top 10 in the sector, number of 200 new customers and achieving a 60% conversion rate of incoming requests into contracts



## CAPITALS

### Intellectual and Manufactured Capital



At TSKB, we establish structures to secure all our Information Technology (IT) assets, including our employees, processes and technology, in order to ensure business continuity in a secure manner and to focus on our business objectives.

#### INFORMATION SECURITY

At TSKB, we establish structures to secure all our information technology (IT) assets, including our employees, processes and technology, in order to ensure business continuity in a secure manner and to focus on our business objectives. We aim to implement the most effective security solutions by constantly monitoring new and advanced security systems.

We set our information security policies and standards in accordance with national and international legislation, standards and best practice in line with our strategy.

In 2021, we obtained ISO 27001 certification to have the adequacy of our information security management system assessed and certified by a competent body. We reviewed the relevant activities as part of the periodic ISO 27001 audits and ensured their effective implementation in 2023. No non-conformities were found in the audits carried out following the agreements and revisions.

With regard to the detection of security risks, we carry out regular vulnerability scans by our information security teams, annual penetration tests by independent audit firms, cyber drills, desk exercises and information systems process audits under the BRSA legislation.

In addition to technical security measures, the human factor also plays an important role. We provide training to our employees, run awareness campaigns and conduct simulated phishing attacks to spread information security policies and standards and a culture of security throughout our organisation and to ensure that security responsibility is shared by all our employees.

In addition to our employees, we also expect compliance and awareness from our suppliers. We conduct risk assessments of our suppliers, regularly monitor their performance, include information security clauses in contracts and require our suppliers who have access to our network to complete information security awareness training.

#### Within the scope of our work in the field of information security in 2023;

- We conducted real attack drills in order to be prepared for cyber incidents and to test the adequacy of the security monitoring service we receive.
- We conducted a desk-based exercise to measure and improve the functionality of the cyber incident response process and the awareness of the issue by all relevant teams.
- We improved the scope and technical infrastructure of internal penetration tests and vulnerability scanning activities carried out to detect and correct security vulnerabilities before they are exploited.
- As a result of the audits carried out by the consulting firm to determine the compliance of SWIFT infrastructure and related processes with the SWIFT Customer Security Programme, the compliance of our infrastructure and systems with the expected standards was verified.
- We conducted surveys to measure the satisfaction levels of employees with the services provided by the Information Technologies Units and monitored the results.

In 2024, we aim to strengthen the security infrastructure and further increase the automation and efficiency levels of control/monitoring processes. In addition to the procurement of new products for the development of the security infrastructure, we aim to further improve the overall maturity level through tightening and optimisation works in the existing infrastructure, and to increase the effectiveness and efficiency in these processes by strengthening the automation infrastructure in periodic control processes.

## CAPITALS

## Intellectual and Manufactured Capital



In the coming period, we will continue our digital transformation by capitalising on opportunities in the technology dimension and working in areas such as robotic technologies, data analytics, automation and digitalisation.

## DIGITALISATION AND INNOVATION

As TSKB, we work with a value creation-oriented approach in the field of digitalisation and innovation. In this direction, in 2023;

- We made improvements for the use of **VERIDIS**, the digital solution we created within the scope of the Sustainable Management System (SYS), in different sectors.
- We carried out studies to transform the knowledge and experience of our subsidiary Escarus on sustainability into a product for the real sectors.
- In line with our paperless banking activities; we saved paper through digitalisation studies on electronic signature, Registered Electronic Mail (REM) and automatic document submissions.
- We carried out revision studies in TSKB Online Branch with the aim of renewing technology and providing the best experience to our customers.
- We carried out studies to increase the maturity of digitalisation in the processes of core banking activities and to offer solutions that provide a lean experience and integrated access.
- We accelerated our work on Open Banking due to the obligations imposed by legal regulations and the impact of digital transformation.
- We followed studies in the fields of data analytics and artificial intelligence and carried out studies to meet the goals and needs of business units. In order to make effective use of data analytics, we continued our efforts for the democratisation of data and training activities throughout the institution. We will continue to plan technical trainings within the framework of the Data Analytics Programme, which is carried out for the effective use of data.
- With the aim of increasing the level of automation of processes through business process management, RPA (robotic process automation), OCR and machine learning technologies, we automated 20 processes identified within the scope of RPA, enabling additional employment gains and directing our employees to areas where they can create higher value. We also worked on digital processing of documents using artificial intelligence and machine learning methods.
- Within the scope of the modernisation of main banking applications with new generation web technologies, we renewed the Application Centre, which is used to access all applications and reports, and made it simple, user-friendly and quickly accessible. We completed the transformation efforts by adding new features to the Report Centre application.
- We carried out performance improvement works in the public offering application and realised two large public offering transactions, which reached a record level in terms of the number of requests collected during the year, very quickly and efficiently with the new arrangement.
- We continued the necessary infrastructure and R&D works for the transfer of applications to container technology and moved some pilot applications to these platforms. We will continue to work on the transfer of applications to container platforms and to upgrade the converted applications to current versions.

In the coming period, we will continue our digital transformation by taking advantage of opportunities in the field of technology, and by working in areas such as robotic technologies, data analytics, automation and digitalisation. In addition, we will continue to make applications ready for open banking and cloud systems by using service-based application development methods, to develop applications using new web technologies and to continue application modernisation efforts.

## CAPITALS

## Intellectual and Manufactured Capital

### New Generation Working Model Agility

In 2019, our way of working with agile methodologies, which started in IT, continued with Organisational Agility in 2023. In parallel with our Bank's strategic objectives, work was carried out in 6 critical areas and cross-functional pilot teams were set up, bringing together employees from different areas to create innovative solutions with agile business processes.

By planning employees' role-based development journeys, communicating the philosophy of agility and providing technical training in line with skills needs, we aim to ensure that agile values and mindsets continue to spread throughout the organisation.

### Business Continuity Management

As part of our Business Continuity Management, we have ensured that plans for many crisis scenarios are updated, that the state of readiness is monitored through simulations and that new measures are taken as necessary, with a philosophy of continuous improvement. We have conducted exercises involving employees and business continuity teams for many crisis scenarios, especially earthquakes. We opened our development base in Ankara to minimise the impact of possible regional disasters and ensure geographical redundancy. We carried out regulatory compliance studies, digital training platform training, awareness-raising studies, crisis management simulations and emergency tests. To ensure the continuity of information systems, which is part of business continuity management, and the continuation of critical business processes, we carried out activities to ensure that the production environment operated from the emergency centre. Our strong infrastructure enabled us to provide uninterrupted service.

### TSKB ADVISORY SERVICES

As TSKB, we create value with our clients in the areas of financial planning and strategy, feasibility, structuring, valuation, financial advisory and sectoral analysis within financial advisory. Our technical consulting services include technical due diligence, feasibility, industrial transformation, energy/resource efficiency and project-based incentive reporting, while our economic research services include macroeconomics, export strategy and sustainable development analysis.

Some of our services, which we provide with a consultancy bank approach, are offered through synergistic cooperation with our subsidiaries TSKB Real Estate Appraisal and Escarus. We guide domestic and foreign investors with our visionary real estate advisory services. In the field of sustainability, we participate in the process of integrating globally accepted approaches into the Turkish business world with structured and specialised solutions.

In 2023, our advisory services to sectors such as the energy sector, iron and steel, metal machinery and holding companies with various business lines stood out. Our net fee and commission income, including income from advisory services, almost tripled over the same period. With our strength in providing multi-dimensional services, we will continue to develop our advisory services and offer our experience and expertise to our growing number of clients in the period ahead. We will continue to diversify our support for sustainable and strong development in the period ahead.

## CAPITALS

### Intellectual and Manufactured Capital

#### TSKB ECONOMIC RESEARCH

TSKB Economic Research, which is an umbrella brand for the Bank's core areas of activity, carries out its activities under three headings: "Macroeconomics and Markets", "Development" and "Energy and Resources".

Our TSKB Economic Research publications support the Bank's funding, lending, marketing, treasury, advisory and representation activities, while also serving as a valuable tool for sharing information with our external stakeholders. By supporting the organisational change of external stakeholders, it helps them to increase their competitiveness, thereby affecting their profitability and reputation.

In this context, during 2023 we released 461 publications and periodicals such as;

- TSKB Agenda, where assessments of the daily flow of macroeconomic and development news are shared,
- TSKB Weekly Agenda, which includes economic and non-economic developments of the previous week and a brief analysis of the new week,
- Macro Opinion, which contains analyses and assessments of macroeconomic data,
- Highlights from the Economic Calendar for the coming month, analyses of important events in the Turkish and global economies, and studies from the Development Economics Agenda,
- Regarding Ecosystem (formerly known as Regarding Climate), a quarterly programme that takes the pulse of the ecosystem crisis agenda,,
- Energy Bulletin, which discusses developments in the energy sector on a monthly basis in Turkish and English,
- TSKB Outlook, which presents reference reports focusing on macroeconomics and development,
- In 2023, we added the topics of development, trade, macroeconomics and the climate crisis to our products.
- As a matter of fact, which we included among our products in 2023, covering issues on the axis of development, trade, macroeconomics and the climate crisis.

During the period;

- **"The Colour of Competition is Green:** The New Green Order and Complexity Atlas" and a study containing our assessments on the effects of the green transformation process on international competitiveness.
- **"Environmental Product Trade:** An Introduction to a Turkish Story to Support Green Transformation", we drew attention to Türkiye's foreign trade capacity in products that support green transformation.
- **Drawing attention to the unequal impacts of the climate crisis, we published "Purple Leverage:** Climate Finance to Empower Women" and "Employment of People with Disabilities" reports, which drew attention to the unequal impacts of the climate crisis, we discussed supporting vulnerable groups for fair and inclusive development from the perspective of development banking.
- "What About Opportunities?", which analyses the green transformation process based on foreign trade data, and "Green Transformation and Procurement from Friendly Countries", which underlines the supply of critical minerals that will be needed in the green transformation process and the restructuring of supply chains, to our internal and external stakeholders.
- **In the aftermath of the earthquake disaster, we published the report "Thinking Post-Earthquake Period:** What to Build, What to Save, What to Protect", we shared our roadmap proposal for the reconstruction process while pointing out the limitations and inadequacies of the traditional conceptual framework of sustainability.
- **With our macro-development lens, we evaluated the pre and post COP period with the report "Traces of Structural Fracture from Marrakech to Dubai:** What Happened Beyond the Official Negotiations at COP 28?" to our internal and external stakeholders.

#### ENERGY WORKING GROUP

With the TSKB Energy Working Group (TSKB EWG), which we established in 2018, we aim to transfer the experience we have developed in the disciplines of economic research, engineering and finance in the energy sector to our internal and external stakeholders.

With our team of 18 people, we keep our finger on the pulse of the energy sector with the Energy Outlook Report, which we publish annually in Turkish and English. We also analyse and report on specific issues in the energy sector.

In December 2023, we published the "Energy Outlook 2023" report, in which we provided our stakeholders with a holistic view of developments in the Turkish energy sector.

**"The Energy Outlook 2023"** report, published in December, provided our stakeholders with a holistic view of developments in Türkiye's energy sector.

## CAPITALS

### Intellectual and Manufactured Capital



In addition to the economic and financial agenda, the TSKB blog also features articles on international trends such as climate change, water efficiency, food safety, digital transformation, Industry 4.0, low-carbon economy, green transformation and social development.



In 2023, we shared 12 new blog posts with different content on TSKB Blog.

#### TSKB BLOG

Shaped by our 74 years of in-depth knowledge and experience, the TSKB Blog presents the macroeconomic and development agenda, as well as our knowledge and experience in the sustainability and inclusiveness axis, from the perspective of our bank's experts to a wide range of stakeholders, especially the business community and future leaders.

In addition to the economic and financial agenda, the TSKB Blog also includes articles on international trends such as climate change, water efficiency, food safety, digital transformation, Industry 4.0, low-carbon economy, green transformation and social development. In this way, we keep our finger on the pulse of the development agenda, while shedding light on the transformation of different sectors of industry.

We also share TSKB blog content on our corporate social media accounts to ensure it reaches more people. In 2023, we published 12 new blog posts with different content on the TSKB blog.

#### TSKB LIBRARY

The TSKB Library, which started operations in 1971, provides national and international literature to the Bank's employees, students, academics and researchers. A comprehensive specialist library with around 15,000 books, more than 100 periodicals and electronic databases, the TSKB Library has many special collections ranging from women's studies to sustainability, from Istanbul books to finance. The library also has collections on literature, politics, history, personal and professional development. In line with our focus areas, we continue to enrich our existing collections and work on new collections.

#### TSKB Collection

- Specialised Collection (Economy, Finance, Banking)
- Sustainability Collection
- Women's Studies Collection
- Literature, History, Politics Collection
- Law Collection
- Istanbul Collection
- Professional and Personal Development Collection
- Children'ss Library

#### Collaborations with Public Institutions

Polymakers,

- We contribute to sustainable development,
- We create financing diversity,
- We act as a bridge between the private sector and the public sector,
- We contribute to market development/legislation studies thanks to our strategic cooperation with public institutions and regulatory authorities.

We are members of national and international associations and initiatives working in areas related to our strategy, activities and objectives. As a bank, we develop close relationships and collaborate with many organisations through these memberships. We also lead working groups and similar activities in some of the organisations we are members of, sharing our experience and raising awareness through our work. These activities also help us to improve our capabilities and strengthen our intellectual and physical capital.

Participation in national and international initiatives contributes not only to the brand value of our bank, but also to the development of sustainability in our country. These memberships, which provide an opportunity to communicate and build relationships with stakeholders from different regions and cultures, contribute to the promotion of our country on different platforms, especially in cases where Türkiye is participating for the first time.



## CAPITALS

## Intellectual and Manufactured Capital

## ASSOCIATIONS WE ARE A MEMBER OF, WORKING GROUPS WE TAKE PART IN AND DECLARATIONS WE HAVE SIGNED

**Institute of International Finance (IIF)****Working Groups:**

- Sustainable Finance

**International Development Finance Club (IDFC)****Board Membership Working Groups:**

- Gender Equality (Co-Chairmanship)
- Biodiversity Working Group
- SDG Mapping Working Group
- Refugee Working Group
- Climate Facility
- Foreign Economic Relations Board (DEIK)

**Integrated Reporting Association Türkiye****Board Membership Working Groups:**

- Climate Change, Environment and Sustainability (Co-Chair)
- Sustainable Finance
- Improving the Investment Climate
- Board of Directors

**Impact Investment Advisory Board (EYDK)****Advisory Board Membership Working Groups:**

- Communication
- Impact Partnerships
- Sustainable Development and Policies
- Capacity Building

**Investor Relations Association of Türkiye (TÜYİD)****Working Groups:**

- Green Financing
- Sustainability

**Business World Sustainable Development Association (SKD Türkiye)****Board Membership Working Groups:**

- Sustainable Finance and Risk Management
- New Technology in Sustainability
- Women Employment and Equal Opportunity
- Sustainable Industry and Circular Economy
- Transition to Low Carbon Economy and Efficiency
- Sustainable Agriculture and Access to Food
- Sustainability Reporting
- Circular Economy
- Energy
- Sustainable Finance

**Corporate Governance Association of Türkiye (TKYD)****Board Membership Working Groups:**

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

**UN Global Compact Türkiye****Working Groups:**

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

**Turkish Industry and Business Association (TÜSİAD)****Working Groups:**

- Chapter Zero Türkiye
- Gender Equality
- Circular Economy and Waste Management
- Education
- Food, Beverage and Agriculture
- Tax
- Carbon Pricing
- Environment and Climate Change
- New Generation Industry
- Banking
- Energy
- Employment and Social Security
- Capital Markets
- Global Relations and EU
- Environmental Legislation
- Climate Change and Paris Agreement
- Tourism
- Health
- SME
- Economic Analysis
- Economy and Finance Round Table
- Industrial Policies Round Table
- Social Policies Round Table
- Development Policies Round Table
- Energy and Environment Round Table

## CAPITALS

### Intellectual and Manufactured Capital



Authorised by the CMB and the BRSA, TSKB Real Estate Appraisal has been providing valuation services since 2002 in a wide range of areas, from land to business centres, factories to shopping centres, hotels to logistics facilities, petrol stations to power stations.

#### TSKB REAL ESTATE APPRAISAL

Authorised by CMB and BRSA, TSKB Real Estate Appraisal has been providing appraisal services since 2002 in a wide range of areas from land to business centres, factories to shopping malls, hotels to logistics facilities, petrol stations to power plants.

TSKB Real Estate Appraisal was the first real estate appraisal company in Türkiye to be awarded the ISO 9001:2008 Quality Certificate and also holds the ISO 9001:2015 Quality Management System Certificate.

TSKB Real Estate Appraisal, which continues its activities with its staff holding various licences such as MRICS, Appraisal Institute, LEED Green Associate, aims to start consulting services in the field of national green building investments with two staff members holding a licence in YES-TR certification developed by the Ministry of Environment, Urbanisation and Climate Change.

#### In 2023;

- In addition to collateral and special purpose valuation reports, he has carried out studies such as valuation of real estates subject to trading, solar power plant and natural gas cycle power plant valuation and resource valuation.
- Provided services in 14 public offering valuations and approximately 60 best and most efficient use analyses and project valuations.
- Closely following the changes in the main trends in real estate investments, continued to provide professional support, valuation and consultancy services to business partners in managing their real estate and machinery investments.
- By continuing its operations in an employee-oriented manner, it has once again won the "Happy Place to Work" award.

TSKB Real Estate Appraisal aims to increase its staff in 2024 and maintain its position among the top 5 companies in the appraisal sector in 2025 by maintaining its growth momentum. It also aims to maintain its title as the most qualified real estate appraisal company in Türkiye.



TSKB Real Estate Appraisal has prepared approximately  
**262,000**  
valuation reports in the last 10 years.

#### Memberships

📄 **RICS:** One of the first member companies from Türkiye

📄 **USGBC:** Since 2016, the only member valuation company from Türkiye

📄 **LİDEBİR:** Membership to industry union founded by Companies listed in the CMB list Membership of sectoral associations established by

#### Equal Opportunity Certificates

TSKB Real Estate Appraisal, which continues its development in the social field with policies supporting gender equality, was awarded two different Equal Opportunity Certificates.

## CAPITALS

### Intellectual and Manufactured Capital



In 2019, Escarus was elected as a member of the Advisory Board and Working Groups of the ICMA Green Bond Principles (GBP/ Green Bond Principles), and this membership was renewed for 2021 and 2022. Escarus is the only Turkish company operating to provide a broader perspective on green, social and sustainable bond markets.

#### ESCARUS (TSKB SUSTAINABILITY CONSULTANCY)

Launched in 2011, Escarus carries out environmental and social assessment and monitoring, energy and resource efficiency, strategic analysis, sectoral and thematic analysis studies for investment projects as well as projects based on strategic sustainability. Taking an active role in the preparation of CDP reports, TCFD reports, sustainability reports and integrated reports, Escarus is proud to have completed many reference projects on topics such as CEPS certification and sustainability training with social responsibility awareness.

In 2019, Escarus was elected as a member of the Advisory Board and working groups of the "ICMA Green Bond Principles" (GBP/Green Bond Principles), and this membership was repeated in 2021 and 2022. Escarus is the only Turkish company operating to provide a broader perspective on green, social and sustainable bond markets.

Escarus, which mainly undertakes projects with private sector companies, diversifies its clients every year and gains project experience in different regions within its perspective of providing services to public institutions and international organisations. In addition to the Turkish market, Escarus continues to strengthen its brand value with global projects in various countries and regions such as Azerbaijan, Cameroon, Qatar, Kenya, Congo, Lebanon, Egypt, Senegal, Africa, Europe and Middle East.

Escarus sees sustainability as a concept that affects the whole of society and the economy in general, far beyond the environment and environmental issues. Based on this approach, the company considers sustainability in a broad universe, framed in line with the SDGs, and shapes its areas of activity accordingly.

#### HIGHLIGHTED PROJECTS IN 2023

**World Bank (WB) and Ministry of Energy and Natural Resources (MENR) - Preparation of Energy Efficiency 2030 Vision, Strategy and 2nd National Energy Efficiency Action Plan (NEEAP) (2024-2030) Project - Phase II**

The project, financed by the World Bank, was realised with a consortium led by Escarus. Within the scope of the project, future projections were made for different scenarios covering various sectors and areas using energy efficiency and investment modelling. Subsequently, an Energy Efficiency Strategy Document was prepared. Throughout the project, the consortium led by Escarus provided technical support to MENR. In addition, workshops and comprehensive assessments carried out in co-operation with stakeholders contributed to the process of setting Türkiye's energy efficiency targets.

**Organisation of Islamic Cooperation Standing Committee for Economic and Commercial Cooperation (COMCEC) - Measurement of Environmental Impacts of Transport Infrastructures in Islamic Cooperation Member (OIC) Countries**

Within the scope of the project titled "Measuring the Environmental Impact of Transport Infrastructures in OIC Countries", analytical technical studies were carried out and detailed reports were prepared after the strategic objectives were determined. OIC member countries were analysed, reference documents were developed and a handbook describing the steps to be taken to measure the environmental impacts of transport infrastructures of the countries was created.

## CAPITALS

### Intellectual and Manufactured Capital



In 2024, Escarus aims to provide sustainability-focused technical, environmental, social and management consulting services to a wider range of segments, to continue its activities with the understanding that sustainability is at the heart of all technical and financial solutions, and to increase the number and impact of projects.

#### Fibabank Climate Risks Project

Within the scope of the project, a multi-step project was implemented to assess Fibabank's climate change-based risks, from basic emission footprint calculation steps to portfolio-specific assessment and continuing with heat map development.

#### European Bank for Reconstruction and Development (EBRD) - Strong and Green SMEs Project

This project, led by Escarus, was designed in collaboration with Bilkent University and MIT and funded by the European Bank for Reconstruction and Development (EBRD). The project organised ECC (European Green Deal) readiness and capacity building trainings to ensure that SMEs are prepared for the possible negative impacts of the Carbon Regulatory Mechanism at the Border (CCRM). An assessment report was prepared for other sectors likely to be affected by the ESDM, including policy and legislative analysis, sectoral overview and categorisation. 400 SMEs were trained on EQM, circular economy and SDCC.

#### Tailor-made Reporting

Escarus has carried out various reporting projects with different institutions and organisations thanks to its competence in providing needs and demand-oriented services:

- **TBB Banking Sector Outlook Report:** A sector outlook report was prepared to show the current state of sustainability practices in the Turkish banking sector.
- **ERTA Climate Reporting Outlook Report:** A report was prepared to understand the general outlook of climate change-based reporting approaches and to prepare a roadmap for the future.

#### Participation Banking Projects

Escarus carried out sustainability management system installation and sustainability report studies with Ziraat Participation Bank, Vakıf Participation Bank and Türkiye Finans.

#### Sustainability Management Systems Studies with Holding and Subsidiaries

In light of the importance of addressing sustainability in an integrated manner, Escarus carried out sustainability management system installation and sustainability report studies with Nürol Holding, TAV Holding and Global Investment Holding.

#### ESCARUS IN 2024

##### Within the framework of 2024 targets, Escarus aims;

- To strengthen its domestic consultancy structure with a global stance that can respond to the needs of public and private sector institutions in Türkiye and abroad, share its know-how and increase service exports, especially for institutions using foreign funds to create maximum value from these funds.
- To deliver sustainability-oriented technical, environmental, social and managerial consultancy services to wider segments, to continue its activities with an understanding that sustainability is at the centre of all technical and financial solutions, to expand the number and impact area of projects.

## CAPITALS



### Social Capital



We carry out activities that provide tangible benefits to achieve an inclusive, long-term and environmentally friendly development model. With this in mind, we support sustainable and quality development through the social development projects we implement in addition to our banking activities.

#### Related Priority Issues

- Employee engagement, employee and human rights





**CAPITALS****Social Capital****KEY INDICATORS FOR  
2023****445**

Number of content  
published on the  
#EqualSteps platform

**320**

Number of female  
students provided  
with scholarships to  
date

**90**

Number of students  
supported by the  
Women Stars of  
Tomorrow project

**100,000**

Seed Shot



## CAPITALS

## Social Capital

## 2023 Targets

## 2023 Realisations

To realise impact-oriented projects structured in harmony with the mission of our Bank for the 100th anniversary of our Republic

Projects we completed in 2023:

- Special Composition for the 100th Anniversary of the Republic
- Opening of 3 Libraries within the scope of Anatolian Libraries
- TEV Education to Production Scholarship Fund - Scholarship for 100 Female Students
- Ecording - 100.000 seed balls
- Development Post with Dünya Newspaper

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

Within the scope of the Brand Perception Analysis, all interviews were completed by contacting 155 external stakeholders and 225 internal stakeholders in qualitative and quantitative groups during the research process. With the brand positioning study conducted based on the research outputs **2024-2025 brand strategy was determined.**

Developing the brand communication strategy by conducting gap analyses in the context of our bank's 75th anniversary

In parallel with the brand strategy created within the scope of the TSKB Brand Perception Analysis research results **Preliminary preparations for the 75th anniversary communication have started.**

Within the scope of the TSKB Sustainability Library, making digital publications in this field available to stakeholders by including them in the collection

For the Sustainability Library **Taylor and Francis SDG database** membership was initiated and made available for use within the Bank.

Developing an assessment tool for social impact measurement in financed projects

As a result of the analyses conducted, we are changing the term social impact **in our target to social performance.** In this context, the relevant question set and modelling have been completed and **pilot studies have been initiated.**

To integrate the gender equality perspective into the Bank's credit evaluation processes in order to raise awareness in the real sector

**We shared the survey study**, which focuses on measuring gender equality practices in order to raise awareness in the real sector, with our Bank's customer portfolio. After analysing the results of the surveys received and to be received from our customers and the current status of our portfolio on gender equality, a similar survey study will be added and integrated into our lending processes with applicable content.

Organizing trainings for the financial sector in line with the results of the gender bias analysis conducted in 2022

Organising trainings for the financial sector in line with the outputs of the gender bias analysis conducted in Gender Bias Training **Gender Bias Training** was held with the participation of representatives of 7 different institutions hosted by our Bank.

CAPITALS

Social Capital

Future Period Targets

To open 11 libraries in 11 earthquake-affected provinces by 2025 as part of the 100th anniversary of the Republic

Adding approximately 500 new resources to the TSKB Library in 2024



Organising **Sustainability Workshop** in line with the goal of increasing the sustainability literacy of students

Implementing the evaluation tool for **social performance measurement** in funded projects and reporting the outputs

In line with the outputs of the gender bias analysis conducted in 2022 **financial sector organise trainings**

By the end of 2025, **integrate a gender equality perspective into the Bank's credit assessment processes to raise awareness** in the real sector, evaluate the results of the analyses and work on impact measurement.

**Organising Development Sessions** at TSKB with the participation of opinion leaders and leading business partners in order to contribute to Türkiye's qualified development vision



Applying a sustainable purchasing survey to at least 60% of suppliers with a high importance in terms of operational risk



## CAPITALS

## Social Capital

### SOCIAL VALUE

We strengthen our Bank's social capital and expand our impact through long-term projects that provide social benefits.

At TSKB, we adopt sustainability and inclusiveness as the main business model for Türkiye's qualified development. On the one hand, we support investments with environmental and social impact. On the other hand, we contribute to the sustainable future of our country through our social responsibility approach, which we define as one of the fundamental elements of our business model.

In parallel with our mission to support Türkiye's sustainable and inclusive development, we implement various awareness-raising, educational, cultural and artistic projects on issues such as climate change, low-carbon economy, women's participation in production and business on the axis of equal opportunities.

With our simultaneous projects in different areas, we are making a tangible contribution to increasing the number of good examples in the business world, touching the lives of more people in a positive way and developing an environmentally friendly production ecosystem.

Our bank's growing social capital, collaborations and experiences reach more and more stakeholders every day through our online platforms.



## CAPITALS


## Social Capital

### Special Projects for the 100th Anniversary of the Republic

On the 100th anniversary of our Republic, with the motto "Türkiye in our name, Republic in our footsteps", we have continued to create value in many fields, from education to the arts, from earthquake reconstruction to reforestation, by implementing projects that transform the future with the vision of passing on the values of the Republic to new generations.

We see the 100-year history of the Republic as the history of development in Türkiye in its economic, social and cultural dimensions. With our project "Looking at the 100 Years of Our Republic from the Development Window", we tell Türkiye's development story through  **video film** we prepared for digital platforms. We told the story of Türkiye's development through a special newspaper, Kalkınma Postası (Development Post), which we launched in cooperation with Dünya Newspaper, and the Republic advertisements we published in Türkiye's leading newspapers and magazines. Subsequently, we opened our exhibition titled "Looking at 100 Years of Our Republic from the Development Window" to visitors..

As part of our reforestation project with the social enterprise Ecoring, we launched an additional 100,000 seed balls for the 100th anniversary of our Republic, bringing the total to 250,000 tonnes of seed pellets launched by ecoDrones in hard-to-reach areas.

We held the world premiere of  **"A Piece to Joy"**, composed by young musician Cem Esen, which we realised in cooperation with İKSV to commemorate the 100th anniversary of our Republic, at Süreyya Opera. The work, performed by young musicians who were entitled to benefit from the Women Stars of Tomorrow fund, was awarded the "PR Felis: 100th Anniversary Communication Projects" at the Felis Awards and "Communication Studies Specialised for the 100th Anniversary of the Republic" at the Istanbul Marketing Summit.

We opened our first school library at Mehmet Akif Ersoy Primary School in Gölbaşı district of Adıyaman with the aim of opening "100th Year Republic Library" in 11 earthquake-affected provinces by 2025 in order to rebuild the earthquake region. We designed the library in an enriched library format and equipped it with more than 4,000 books, various mind games, technological equipment and educational support tools that will contribute to children's reading skills and mental development.

In line with our goal of accelerating sustainable transformation as the new centre of regional development in Anatolia, we opened our Ankara office, which we call the second development base, on the 100th anniversary of our Republic.





## CAPITALS

## Social Capital



Since 2008, we have zeroed out the carbon footprint of our internal operations by sourcing our electricity from I-REC certified renewable energy companies. We also offset the emissions from the concerts we sponsor at the Istanbul Music Festival.

### SUSTAINABILITY PROJECTS

#### [www.cevreciyiz.com](http://www.cevreciyiz.com)

With [www.cevreciyiz.com](http://www.cevreciyiz.com), our first sustainability project launched in 2007, we offer rich content on various topics such as sustainability business ideas, green innovation, alternative energy sources, circular economy, climate crisis, green transformation, and we spread the impact we produce to large segments of society through our social media channels.

In 2023, as in previous years, we focused on the SDGs, followed the sustainability-related agenda and continued our sharing. We closely followed the commitments of world leaders to the climate crisis and the solutions of countries to reduce emissions, as well as the sustainability-related steps of the business community. In all our work, we followed a perspective parallel to the agenda of the United Nations and its associated organisations and benefited from the light of concrete data.

Throughout 2023, we presented a qualified and responsible broadcast stream, raising awareness by using research on renewable energy, biodiversity, sustainable living, environment and air pollution with more than 250 contents. With the climate lens, statistics and quote concepts we have implemented, we have continued to raise awareness with different content within the framework of the climate crisis through our social media accounts. In the coming period, [cevreciyiz.com](http://cevreciyiz.com) will continue to be a source for the studies of experts, academics and students on the subject.

### Carbon Footprint Management

Since 2008, we have zeroed out the carbon footprint of our internal operations by sourcing our electricity from I-REC certified renewable energy companies. We also offset the emissions from the concerts we sponsor at the Istanbul Music Festival.

We take responsibility for the business world's transition to a low-carbon economy, sharing our support and expertise on every platform with loans, advisory solutions, social responsibility projects and bank spokespeople in the fields of renewable energy, energy and resource efficiency.

In 2023, our senior spokespeople provided extensive media coverage with press releases, special news reports and interviews on sustainability, equal opportunities and green energy issues.

### Education to Production Scholarship Fund

With the TSKB Education to Production Scholarship Fund, which we established in 2017 in partnership with the Turkish Education Foundation (TEV) to increase women's participation in the economy, we support university student girls studying in the 3rd and 4th grades every year.

We support female university students studying in the 3rd and 4th grades every year. In addition to the scholarship fund, our project also includes activities such as mentoring and inspirational meetings for scholarship recipients. On the occasion of the 100th anniversary of our republic, we awarded scholarships to 100 more female students from the earthquake region, bringing the total number of students we have supported with scholarships to 320.

## CAPITALS

## Social Capital

### #EşitAdımlar (#EqualSteps)

With the digital platform we launched in cooperation with BCSD Türkiye (Sustainable Development Association), we offer a comprehensive guide for all companies that want to take steps to support women's employment and develop an equal opportunities approach in the workplace.

#EşitAdımlar, which is a digital library and effectively uses social media channels, includes successful practices from Türkiye and around the world, roadmaps, relevant standards and legislation, and qualified research in the field. The platform has around 25,000 followers on social media.

In 2023, a total of 445 original content articles were shared on the #EşitAdımlar (#EqualSteps) website. The concepts of "Let's Take an Equal Step" and statistics were implemented and shared with the aim of raising awareness in the field of equal opportunities.

### Women Stars of Tomorrow

At TSKB, we believe that enriching cultural and artistic life is one of the activities that add value to society. With this in mind, we have been supporting concerts at the Music Festival organised by the Istanbul Foundation for Culture and Arts (IKSV) since 1990. In addition, we support the careers of talented young female musicians on the international stage in the fields of instrumental performance, vocal performance and conducting through the "Women Stars of Tomorrow" Education Support Fund, which was launched as part of the Music Festival.

Female musicians who have been accepted at undergraduate or postgraduate level at a music school abroad, who are continuing their music education abroad, or who need support to attend events such as masterclasses, orchestra auditions, international competitions that will contribute positively to their career development, or to purchase instruments, can apply to this fund.

A total of 90 students have benefited from the scholarship fund, including 21 students in 2023.

### Experience Sharing

We share our experience and engage with a wide range of stakeholders on the economic, environmental and social impacts of our banking activities.

We receive input and suggestions from all our stakeholders through regular stakeholder dialogue meetings, and we seek to involve all relevant parties in our development journey. We actively use industry organisations to strengthen our stakeholder communications.

We share our Bank's expertise both in Türkiye and internationally through capacity building trainings and presentations at global summits. In 2023, we continued to engage effectively with our stakeholders, sponsoring 7 events:

- Uludağ Economy Summit
- ESIAD Yatırım Summit
- SKD Türkiye -Sustainable Finance Forum
- Istanbul Marketing Summit
- TKYD (Corporate Governance Summit)
- ITU Carbon Summit
- Fast Company Sustainability Leaders

In addition to our sponsorship support to make experience sharing effective, we continue to take part in events as a speaker or participant. In 2023, we took part in 8 conferences as a sponsor and 59 events as a speaker.

### COP28

We attended the 28th United Nations Climate Change Conference (COP28) under the chairmanship of the United Arab Emirates with TSKB General Manager Murat Bilgiç and Executive Vice President and Sustainability Leader Meral Murathan, managers from various disciplines, technical experts and representatives from our subsidiary Escarus.

This year we had the opportunity to share our assessments and best practices with national and international representatives in eight different sessions. In general, the common message of COP28 was the need to accelerate action towards net zero in line with the Paris Agreement and the need for a fair transition plan to be the common agenda of the whole world, especially developed countries. International development finance institutions will continue to play a critical role in mobilising sustainable finance.

As TSKB, we will closely monitor the sectoral decarbonisation strategy in line with the 12th Development Plan as a bank that effectively contributes to our country's net-zero targets by 2053. We will continue to actively support the green transformation of our country through our lending, investment banking and advisory businesses with an integrated and holistic perspective with all our stakeholders.

### Other Events

Throughout the year, we took part in panels organised nationally and internationally with different topics. Some of the prominent panels are as follows:

- 4C 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

## CAPITALS

## Social Capital



With TSKB Responsible Corporate Communications Policy published in 2022, we aim to raise awareness in all areas to differentiate the value-added steps taken towards a sustainable future, breaking new ground in the financial sector.

### TSKB RESPONSIBLE CORPORATE COMMUNICATIONS POLICY

With Responsible Corporate Communications Policy which we published in 2022 as the first in the financial sector, we aim to raise awareness in all sectors to differentiate the value-added steps taken towards a sustainable future. We believe that this guide will be an important resource for companies and communication professionals who want to take firm steps towards sustainability.

By integrating all our communication activities with our sustainability strategies and publishing our policy with the aim of taking the same responsibility in our brand communication, we have written down our experience from a communication perspective in our policy. In our communication activities, We have clearly defined our unchanging values with "What We Do" and "What We Do Not" responsibility.

In this respect, the environment, biodiversity and human harming health, violating human rights, threatening the global peace and cultural heritage investments that cause damage are excluded from our scope of activity We're holding it. We present our SDG-based performance results and targets to our stakeholders on an annual basis in our integrated annual report. We strive to be a spokesperson and advocate for sustainable and inclusive development. We continuously expand our sphere of influence through our national and international signatories, memberships and collaborations. We communicate measurable sustainability steps rather than green painting, we manage the environmental impact of our internal operations in all our activities, we are the first bank in Türkiye to have zero Scope 1 emissions, and we continue to take responsibility for reducing emissions from the activities we finance.





# CORPORATE GOVERNANCE AND RISK MANAGEMENT

- 121** Board of Directors
- 125** Senior Management
- 128** Director
- 129** Corporate Governance Compliance Report
- 133** Dividend Distribution Proposal
- 134** Summary Report of the Board of Directors
- 135** Other Major Updates on Corporate Operations
- 136** Risk Management Policies
- 138** Audit Committee
- 139** Audit Committee Report

## BOARD OF DIRECTORS

- Kurumsal Yönetim Komitesi Üyesi
- Kredi Revizyon Komitesi Üyesi
- Denetim Komitesi Üyesi
- ⓑ İlgili Komite Başkanı
- Sürdürülebilirlik Komitesi Üyesi
- Ücret Komitesi Üyesi
- Risk Komitesi Üyesi



### 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

#### Board Member, Chief Executive Officer

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

Murat Doğan was born in Samsun in 1977 and graduated from Istanbul Technical University with a BSc in Industrial Engineering in 2000. Following his graduation, he joined İşbank as an Assistant Specialist in Subsidiaries Division. In 2022, Mr. Doğan, who was appointed as the Department Manager of the Subsidiaries Department, was elected as a Member of the TSKB Board of Directors on January 7, 2022. At the same time, Mr. Doğan fulfills the roles of Chairman of the Board of Directors at Trakya Yatırım Holding A.Ş., Vice Chairman of the Board of Directors at Maxis Girişim Sermayesi Portföy Yönetimi A.Ş., and Member of the Board of Directors at İş Gayrimenkul Yatırım Ortaklığı A.Ş.



### **BAHATTİN ÖZARSLANTÜRK** Independent Board Member

Born in 1971, Mr. Özarslantürk graduated from Istanbul University, department of Business Administration. He started his professional career in 1994 at Türkiye İş Bankası Zincirlikuyu Branch as assistant loan specialist. Özarslantürk, who continued to work as a Specialist in the Risk Management Department in 2000, became Assistant Manager in the Corporate Loans Department in 2002 and the Regional Manager in the same department in 2006. He serves as Hadımköy Commercial Branch Manager in 2009, Güneşli Corporate Branch Manager in 2011, Commercial Loans Allocation Manager in 2013 and Başkent Corporate Branch Manager in 2017. Finally, he was appointed as Istanbul Corporate Branch Manager on January 30, 2020. Mr. Özarslantürk was elected as a member of TSKB's Board of Directors in 24 August 2020.



### **M. SEFA PAMUKSUZ** Independent Board Member

Mehmet Sefa Pamuksuz graduated from Department of Business Administration at Middle East Technical University and received his master's degree in Finance at Boston College. Having 25 years of experience in Turkish Treasury including General Directorate of Public Capital Institutions and Enterprises and working in various capacities, Mr. Pamuksuz recently acted as the Coordinator of the G20 Infrastructure and Investment Working Group as well as the Chair of the G20/OECD Task Force on Institutional Investors and Long-Term Investments (LTI).

Mr. Pamuksuz has also worked as the Alternate Executive Director of Turkey in the World Bank Group. Having worked in various finance management projects and being an Adviser for IMF FAD, Mr. Pamuksuz provided technical assistance to the governments of Cyprus, Mozambique, Lao PDR, Jamaica, Jordan, the Philippines and Serbia. Holding a CPA certificate, M. Sefa Pamuksuz is currently working as a consultant on Public Financial Management, Long-Term Investments, Corporate Governance and SOEs at PAL A.Ş.. Mr. Pamuksuz has been elected as Member of the TSKB Board of Directors on March 29, 2023.



### **MİTHAT RENDE** **Board Member**

Born in 1953 in Antakya, Mithat Rende graduated from the Faculty of Political Science of the University of Ankara. After graduation he worked in the Ministry of Commerce and then was admitted to the Ministry of Foreign Affairs, where he held posts in Damascus, Rome, Brussels (NATO), Sofia, Vienna (OSCE) and London. Ambassador Rende also served as the Director of the Human Rights Department at the Ministry after completing the post-graduate program in Security and International Relations at the London-Royal College of Defence Studies. In 2005 he was appointed as Deputy Director General of Energy Environment and Water Affairs, served as Chairman of the Trade and Transit Working Group of the Energy Charter Conference in Brussels between 2005 and 2008, and was appointed as Ambassador to Doha (Qatar) in 2007. Ambassador Rende served as Director General of Multilateral Economic Affairs and Turkey's Chief Negotiator for Climate Change between 2010-2013. He was also a member on the Turkish Nuclear Energy Commission during the same period. Ambassador Rende was appointed as the OECD Permanent Representative of Turkey in 2013, and was elected as Chairman of the Executive Committee of the OECD in 2014. He retired in 2016 and since April 4, 2017 has been a member of the TSKB Board of Directors.



### **ABDİ SERDAR ÜSTÜNSALİH** **Board Member**

Abdi Serdar Üstünsalih, born in 1963 in Trabzon, holds a bachelor's degree in Business Administration and Physics, as well as a master's degree in Public Administration and Information Systems. Üstünsalih, who previously held positions as Manager, CEO, and Executive Vice President at Türkiye Vakıflar Bankası T.A.O., has been serving as the CEO and Managing Director of the Board of Directors at VakıfBank since May 27, 2019. On June 25, 2019, Mr. Üstünsalih was elected as a member of the Board of Directors of Türkiye Sınai ve Kalkınma Bankası A.Ş. Additionally, he continues to serve as Deputy Chairman of the Board of Directors of the Banks Association of Türkiye. Mr. Üstünsalih is also involved in various publicly beneficial foundations and associations.



### **GAMZE YALÇIN** **Independent Board Member**

Gamze Yalçın, born in Ankara in 1971, graduated from the Department of Economics at the Faculty of Economics and Administrative Sciences of the Middle East Technical University and completed her master's program in International Banking and Finance at The University of Birmingham in the United Kingdom. In 2017, she attended the Advanced Management Program at Harvard Business School. Starting her career at Türkiye İş Bankası A.Ş. in 1993, Gamze Yalçın has served as an expert and manager in the Bank's Corporate Architecture, Accounting, and Risk Management departments. She was appointed as Deputy General Manager on November 28, 2017. Gamze Yalçın was elected as a Member of the Board of Directors of TSKB on April 18, 2019. Additionally, Mr. Yalçın serves as the Chairman of the Board of Directors of İşbank AG.



## CENGİZ YAVİLIOĞLU

### Board Member

Economist Dr. Cengiz Yavilioğlu graduated from the Department of Public Administration at Istanbul University Faculty of Political Sciences. He completed his master's degree in International Finance at Istanbul University Faculty of Political Sciences, and his doctoral studies in the Department of International Economics at Cumhuriyet University Faculty of Economics and Administrative Sciences. Dr. Yavilioğlu served as a Research Assistant in the Department of Economics at Cumhuriyet University Faculty of Economics and Administrative Sciences, as a Visiting Lecturer at the Police Academy Faculty of Security Sciences, and as Deputy Chairman of the Board of Trustees at Rauf Denktaş University. He worked as the Head of Financing and Fund Management Department at the Privatization Administration Presidency. Additionally, he has served as a Member and/or Chairman of the Board of Directors at 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., TÜPRAŞ ve Türkiye Şeker Fabrikaları A.Ş. He was elected as a Member of Parliament for Erzurum in the 24th Term of the AK Party. He has served as Deputy Head of the AK Party Economic Affairs, a Member of the Grand National Assembly of Turkey Planning and Budget Commission, and a Member of the Commission Investigating Coups and Memorandums. He held the position of Deputy Minister of Finance in the 64th and 65th Governments. He was appointed as Deputy Minister of Treasury and Finance on January 30, 2021. He was elected as a Member of the Board of Directors of TSKB as of March 25, 2021.



## CELAL CANER YILDIZ

### Board Member

Born in Antalya in 1981, C. Caner Yıldız graduated with a degree in Economics from the Faculty of Economics and Administrative Sciences at Hacettepe University in 2003. He started his professional career at İş Bankası as an assistant specialist in Corporate Loans Division. During his 18 years of service at the bank he mainly served in underwriting and project finance departments for the corporate lending business. Mr. Yıldız was promoted as Division Head in the Project Finance Division as of January, 2022. As of April 7, 2022, Mr. Yıldız was elected as a Member of TSKB Board of Directors.

## Senior Management And Directors



### MURAT BİLGİÇ

#### Board Member, Chief Executive Officer

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-BankingFinance 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

Meral Murathan was born in Erzurum in 1977, and graduated from the department of Economics at Boğaziçi University. She started her career in TSKB Treasury Department in 1998. After serving in a variety of roles and positions, she was promoted as Head of Financial Institutions between the years 2012 and 2019. Meral Murathan promoted to Executive Vice President position in 1 April 2019. Currently, Ms. Murathan is in charge of Financial Institutions and Investor Relations, Development Finance Institutions, Treasury and Climate Change, and Sustainability Management Departments. Ms. Murathan also serves as the Sustainability Leader of TSKB.



### ÖZLEM BAĞDATLI

#### Executive Vice President

Born in Çanakkale in 1974, Özlem Bağdatlı graduated from the Faculty of Law at Marmara University in 1995. She started her career in the private sector in 1998. Beginning her career at TSKB as a Specialized Lawyer in 2003, Bağdatlı held various positions at the Department of Legal Affairs between 2003 and 2021. Appointed as Executive Vice President on 1 May 2022, Bağdatlı is currently working as the Executive Vice President responsible for the Departments of Human Resources, Legal Affairs, Pension and Assistance Funds and Corporate Communications. Ms. Bağdatlı also serves as the Rapporteur of the Board of Directors.



### HASAN HEPKAYA

#### Executive Vice President

Hasan Hepkaya was born in Samsun in 1981, and graduated from the department of Business Administration at Hacettepe University. He started his career in Garanti Leasing in 2003. After serving in a variety of roles and positions in Corporate Banking and Project Finance Departments in TSKB between 2005 - 2014, he was promoted as Head of Project Finance and Head of Corporate Banking respectively between 2014-2018. Appointed as Executive Vice President as of 1 April 2019, Mr. Hepkaya is currently in charge of Corporate Banking Marketing, Project Finance, Corporate Banking Sales and Loan Operations Departments.



### 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 TSKB 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.

*\*Mr. Engin Topaloğlu retired from his position as of February 29, 2024.*



### POYRAZ KOĞACIOĞLU

#### Executive Vice President

Koğacioğlu completed his undergraduate education at the Department of Aerospace Engineering at Middle East Technical University (METU) and obtained his master's degree in business administration (MBA) at Koç University. During his MBA education, Koğacioğlu joined the Bocconi University exchange program. Having worked as a research assistant at Koç University between 2002 and 2004, Koğacioğlu continued his career as an Equity Research Analyst at Oyak Investment from 2005 onwards. 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 specialist in the corporate finance team at Ak Investment. In 2010, he assumed office as an assistant manager at the same institution. Koğacioğlu then transferred to the corporate finance team at Garanti Securities as a manager in 2012 and worked there as a director in M&A and IPO from 2015 to February 2019. He was appointed as Executive Vice President at Şeker Real Estate in February 2019. Poyraz Koğacioğlu assumed office as the Executive Director at TSKB Investment Banking in May 2019. At 1 May 2022, Poyraz Koğacioğlu was appointed as Executive Vice President in charge of Corporate Finance Department. He is currently in charge of Capital Markets, M&A, Corporate Finance Departments.



**BİLİNÇ TANAĞARDI****Executive Vice President**

Mr. Tanağardı was born in Konya in 1973 and graduated from the department of Computer Science Engineering at Istanbul University in 1994. He started his career at Degere International and then continued his career as a Software Engineer at Sinai Yatırım Bankası in 1999.

Mr. Tanağardı joined TSKB in 2002 and after serving in a variety of roles and positions in Information Technology departments, He was promoted as Head of System and Network Support Department in 2015. Appointed as Executive Vice President as of 1 May 2022, Mr. Tanağardı is currently in charge of Application Development, Enterprise Architecture and Process Management, System and Network Support and Procurement and Financial Affairs Management Departments.

**S. HÜSEYİN GÜREL****Executive Vice President**

Born in 1983 in Istanbul, Seyit Hüseyin Gürel graduated from the Department of Economics at the Middle East Technical University in 2007. Starting his professional life at Industrial Development Bank of Turkey, Mr.

Gürel held various positions in Financial Analysis Department between 2007 and 2015. Mr. Gürel was positioned in Corporate Banking Department in 2015. Mr. Gürel was promoted as the Department Head of Corporate Banking Marketing in 2019 and appointed as Department Head of Advisory Services and Marketing in 2020. As of 1 September 2023, Hüseyin Gürel has been appointed as Executive Vice President in charge of Advisory Services Sales, Financial and Technical Advisory Department, Loan Allocation, Credit Restructure and Resolution, Engineering Departments.

## Directors



### **TOLGA SERT** Director

Mr. Tolga Sert was born in Malatya in 1973. He graduated from METU's Petroleum Engineering department in 1995. He continued his education by having a Master's degree from Yeditepe University's Business Administration department in 2003. Beginning his career as an Assistant Expert at Garanti Bank in 1995, Mr. Sert then served as a Credit and Risk Officer at Total. On December 16, 1998, he started to work as an assistant investment advisor at the Treasury department of the Industrial Development Bank of Turkey (TSKB). He assumed duties at Risk Management, Financial Control, Bahrain Branch, Investor Relations and Budget and Planning departments. He was later appointed as Financial Control Manager in 2016. Appointed as a Director as of 1 May 2022, Mr. Tolga Sert is currently in charge of Credit Portfolio Management and Analytics, Financial Analysis, Budget and Planning and Financial Control Departments.



### **DR. BURCU ÜNÜVAR** Director / Chief Economist

Burcu Ünüvar started her career at investment banking in 2004 and worked as the Senior Economist at Is Investment until 2013. Following her investment banking career, she joined Bilkent University as a full time academic at the Department of Economics.

In April 2017 she joined TSKB as the Chief Economist and the Head of Economic Research Department. As of August 2023, she was promoted to the Director position while also continuing her research as the Chief Economist, coordinating macroeconomic content regarding markets and development themes, with a focus on ecosystem crisis.

Ms Ünüvar holds a Bachelor Degree in Business Administration, MSc Degree in Applied Economics and Finance from Denmark and USA, and a PhD in Economics. On a related front, she continues her research as a non-teaching academic focusing on monetary policy, central bank communication and green central banking.



### **MELİS SÖKMEN** Director

Mrs. Sökmen graduated from Marmara University's Faculty of Communication in 2002 and later pursued her master's degree at İstanbul University's Faculty of Communication. Having started her career in the media sector in 2002 and after gaining experience in marketing, Mrs. Sökmen joined TSKB in 2008 in the Corporate Communications Department. Over time, she transitioned to Talent Management through an internal transfer and officially took on the role of TSKB Human Resources Manager starting from March 1, 2018. On January 31, 2024, Mrs. Sökmen was appointed as Director, in charge of the Human Resources Department and the Corporate Communications Department.



### **BURÇ BOZTUNÇ** Director

Mr. Boztunç graduated from Boğaziçi University in 2004 with a degree in Economics and later completed his master's degree in Finance at İstanbul University. Mr. Boztunç embarked on his professional journey in 2005 as an Assistant Specialist in TSKB's Treasury Department. Over the years, he has taken on leadership roles in several units within the Treasury Department. Since 2017, Mr. Boztunç has been serving as the Treasury Manager. On January 31, 2024, he was appointed as the Director overseeing the Treasury Department. Mr. Boztunç is currently in charge of Treasury and Capital Markets Operations and Treasury Departments.

# Corporate Governance Compliance Report

## PART I – STATEMENT OF COMPLIANCE WITH CORPORATE GOVERNANCE PRINCIPLES

Türkiye Sınai Kalkınma Bankası A.Ş. (hereinafter “TSKB” or the “Bank”) is subject to the Corporate Governance Principles, which are stipulated for banks by the Capital Markets Board (CMB) and banking regulations. According to the Bank’s Articles of Association Article 55, transactions and Board of Directors resolutions that do not comply with the mandatory Corporate Governance Principles are deemed to be contrary to the Articles of Association. The Bank 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.

Corporate Governance Compliance Report and Corporate Governance Information Form are available on the Public Disclosure Platform can also be accessed via this link: (<https://www.kap.org.tr/tr/sirket-bilgileri/ozet/2427-turkiye-sinai-kalkinma-bankasi-a-s>).

A leading institution in corporate governance, the Bank attained a corporate governance rating in 2023 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, 2023, TSKB’s Corporate Governance Rating score has further increased, reaching 9.66 over 10 (2023: 9.59). The rating of four main sections (Shareholders, Public Disclosure and Transparency, Stakeholders, and Board of Directors) were announced as 9.51, 9.87, 9.89 and 9.51 over 10, respectively.

## TSKB’s Corporate Governance Rating

Main Sections	Weight	Score
Shareholders	0,25	9,51
Public Disclosure and Transparency	0,25	9,87
Stakeholders	0,15	9,89
Board of Directors	0,35	9,51
<b>Total</b>		<b>9,66</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.

The Bank’s Corporate Governance Principles and Compliance Report is available on the Public Disclosure Platform can also be accessed via this link: (<https://www.kap.org.tr/tr/sirket-bilgileri/ozet/2427-turkiye-sinai-kalkinma-bankasi-a-s>).

## PART II – SHAREHOLDERS

GRI-2-21

### 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. The Investor Relations Department continued to proactively conduct investor relations activities in 2023, informing the Corporate Governance Committee and the Board of Directors twice a year on the 'Activities and Strategic Plan of Investor Relations'.

Please find below the contact details of the employees who take part in Investor Relations:

Name Surname	Title	Phone No.	Electronic Mail Address
<b>Meral Murathan</b>	Executive Vice President*	0 212 334 51 24	murathanm@tskb.com.tr
<b>Gizem Pamukçuoğlu</b>	Head of Financial Institutions and Investor Relations	0 212 334 52 58	erarslang@tskb.com.tr
<b>Özen Çaylı</b>	Senior Investor Relations Manager**	0 212 334 52 49	halilogluo@tskb.com.tr
<b>Korhan Aklar</b>	Lead 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, Treasury and Climate Change and Sustainability 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 Meeting took place at the Headquarters Building on March 28, 2023. In the Ordinary General Assembly Meeting of 2022, out of the total 280,000,000,000 (votes) shares corresponding to the Bank's capital of 2,800,000,000 TL, 190,648,992,379 shares corresponding to the total capital of 1,906,489,923.789 TL were represented at the meeting (27,500,245.3 shares corresponding to a share capital of TL 275,002.453 were represented in person, 169,917,445,733.6 shares corresponding to share capital of TL 1,699,174,457.336 were represented by proxy and 20,704,046,400 shares corresponding to share capital of TL 207,040,464 were represented by their entrusted representatives).The participation rate was 68%.

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 2022 was adopted by the majority of the shareholders' votes. Additionally, information has been provided to shareholders regarding efforts related to the management of climate risks.
- Review and approval of the Bank's balance sheet and profit & loss statement for 2022 was adopted by the majority of the shareholders' votes.
- The election of Celal Caner Yıldız, Ece Börü, and Mehmet Sefa Pamuksuz, to replace Mahmut Magemizoğlu, Ozan Uyar, and Hüseyin Yalçın, who resigned from the Bank's Board of Directors, was approved by the majority of votes.
- The appointment of Mr. Mehmet Sefa Pamuksuz as an independent member was submitted to the approval by a majority vote.
- 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. Information regarding the annual bonus payments made to employees in 2022 and those projected for 2023 has been presented to the General Assembly.
- 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 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 2023 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.
- 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 (PDP) on March 28, 2023.

### 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. (Via Link: <https://www.tskb.com.tr/en/investor-relations/corporate-governance>)

At the General Assembly Meeting dated 28.03.2023; in accordance with the Bank's Dividend Policy; considering the national and global economic conditions, the longterm 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 4,055,033,894.78TL in 2022, 202,751,694.74TL will be reserved as a general legal reserve, 145,288,162.00TL 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 3,706,994,038.04 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 (via link: <https://www.tskb.com.tr/en/investor-relations/corporate-governance>). 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 AntiBribery 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

GRI-2-10 - GRI-2-18 - GRI-2-19 - GRI-2-20 - GRI-2-21

### 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 in 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 32 meetings between January 1 and December 31, 2023. 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.

	2021	2022	2023
<b>Number of Meetings</b>	39	39	32
<b>Participation Rate</b>	94%	93%	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 the years 2019 and 2023, a current state assessment is performed by the Board of Directors on a yearly basis. As of December 31, 2023, there are 2 female members on the Board of Directors. In 2023, the bank updated its Board of Directors Women Member Policy to 'Diversity Policy on the Board of Directors' in light of current global-local trends and best practices. As part of this update, it aims to have a female membership rate of at least 27% within the next 3 years, with a minimum of 3 female members.

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 (via link: <https://www.tskb.com.tr/en/investor-relations/corporate-governance>). 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 68,612,000.

The total amount of travel, accommodation and other payments made to the Board Members and Senior Executives is TL 3,581,797.

## Dividend Distribution Proposal

- A. According to article 47 of our Articles of Association, General Assembly shall be offered to reserve 2023 Net Profit of TL 7,041,476,615.58 as follows:
1. According to paragraph (a) of Article 47 of our Articles of Association, 20% of the paid-in capital amounting to TL 13,500,253.69 be reserved as general legal reserves,
  2. TL 997,000,000.00 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 6,030,976,361.89 be allocated as extraordinary reserves,
- B. According to the Article 5-(1)/e of the Corporate Tax Law, the profit from the sale of subsidiaries totaling TL 14,283,606.70 in the year 2022 shall be retained in a special account within the equity,
- C. The Balance Sheet and Profit-Loss Statement approved by our Board as of December 31, 2023, are to be presented to the Shareholders' General Assembly,

We hereby kindly request to authorize the Board of Directors related to all issues stipulated above.

### Information Note on Dividend Distribution Proposal:

In accordance with the Bank's Dividend Policy;

- Considering the national and global economic conditions,
- The long term growth targets of the Bank, the sustainability of its strong capital structure,

It will be submitted to the approval of the General Assembly, as shown in the attached 2023 Profit Distribution Proposal that of the net profit of 7.041.476.615,58 TL, 13.500.253,69 TL will be reserved as general legal reserve, 997.000.000,00 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 6.030.976.361,89 TL will be set aside as extraordinary reserves under shareholders' equity.

## Summary Report of the Board of Directors

Esteemed Shareholders,

Welcome to the TSKB's 74rd 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 2023.

In the year 2023, as we proudly celebrated the 100th anniversary of our Republic, we observed Turkey's economy entering a phase of normalization, with simplification measures being initiated in the banking sector. The Turkish economy recorded a growth of 5.1% in the first nine months. During the same period, the banking sector continued to provide strong support to the Turkish economy. By the end of 2023, the sector's total assets reached TL 23.5 trillion, showing a 64% surge in Turkish lira terms, while total shareholders' equity rose by 53% to TL 2.1 trillion. The sector's loans amounted to TL 11.7 trillion, marking a 54% increase. Maintaining its intact asset quality, the sector's net profit for the period saw a yearly lift of 40%, reaching TL 603.6 billion.

TSKB maintained a robust and resilient balance sheet and capital structure. As of December 31, 2023, the Bank elevated, on a year-on-year basis:

- Its total asset by 53% to TL 176.9 billion,
- Its loan portfolio by 62% to TL 130.1 billion,
- Its shareholders' equity by 68% to TL 21.4 billion.

In 2023, TSKB secured a total of 1.1 billion US dollars in funding from international capital markets, financial institutions, and international development finance institutions, including a syndicated loan linked to sustainability criteria and its 4th Sustainable Bond Issue. Our Bank, which expanded its net banking income by 59% on an annual basis, surpassed TL 7 billion TL in net profit for the year 2023. As of the year-end, the capital adequacy ratio, calculated excluding the temporary measures of the Banking Regulation and Supervision Agency (BRSA), stood significantly above legal requirements at 18.6%.

On this occasion, we extend our gratitude to our partners, employees, and all stakeholders for their contributions to achieving these results, and we once again greet with respect our shareholders who honor our General Assembly.

We express our aspiration for 2024 to be a year marked by the implementation of concrete and remedial measures towards fostering a more peaceful and sustainable world. In this regard, we pledge to persist in conducting our operations in collaboration with our stakeholders and in accordance with our established objectives.

**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 nonconsolidated 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 included in the fifth section of the audit report report, in footnote VII. According to that: "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 2023 fall into the scope of the Regulation on Outsourcing of Support Services by Banks, promulgated on November 5, 2011;

- Server Hosting for Emergency Services provided by Superonline İletişim Hizmetleri A.Ş.
- Risk-free Treasury Valuation System Service provided by Risk Aktif Danışmanlık Eğitim Yazılım Sanayi ve Ticaret Ltd. Şti.
- SWIFT FMHS (Fully Managed Hosting Service) Service provided by Fineksus Bilişim Çözümleri Ticaret A.Ş.
- Internal Rating Model and Assets-Liabilities Management Infrastructure and Maintenance Service provided by Prometeia SPA
- EFT Software Maintenance Service provided by BIS Çözüm Bilgisayar ve Entegrasyon Hizmetleri ve Tic. A.Ş.
- Building and Employee Security Service provided by Tepe Savunma ve Güvenlik Sistemleri San. A.Ş.
- 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

In the year 2023, there have been no amendment to the Articles of Association.

# 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, Risk 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 Models are 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 assetliability 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.



## 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. Risks related to operations and processes, external risks, information technology and cybersecurity risks, human resources risks, and supplier management risks are monitored within the scope of operational risk.

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. Incident records and risk indicators of operational nature are regularly monitored and reported by the Risk Management Department.

## 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. In addition, climate risks have been defined regarding their potential to create adverse consequences for human or ecological systems due to climate change.

## 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 risk management and corporate compliance) 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 48 meetings held by the Audit Committee in 2023.

### Vice President: A. Gerçek Nasuhoğlu

Term of Office	Professional Experience	Previous Units	Educational Background
1.5 years	27 years	İş Bankası: Internal Audit, Budget and Planning, Strategy and Corporate Performance Management, Teşvikiye Branch	Master's Degree in Türkiye

### Coordinator: Internal Control, Corporate Compliance and Risk Management: Simay Kimyacı

Term of Office	Professional Experience	Previous Units	Educational Background
1 month	25 years	Treasury, Internal Control	Bachelor's Degree in Türkiye

### Head of Internal Control: Aslıhan Toraman

Term of Office	Professional Experience	Previous Units	Educational Background
1 month	20.5 years	Treasury, Capital Market Operations	Master's Degree in Türkiye

### Head of Corporate Compliance: Aslı Yasemin Zortuk

Term of Office	Professional Experience	Previous Units	Educational Background
2.5 years	18.5 years	Financial Control, Enterprise Architecture, Process Management	Bachelor's Degree in Türkiye

### Head of Risk Management: Gül Bahar Yalçın

Term of Office	Professional Experience	Previous Units	Educational Background
1.5 years	15 years	Economic Research	Master'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 2023

The Audit Committee held 48 meetings in 2023. 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" in "Corporate Governance and Risk Management – Board of Directors" section of the Annual Report.

Internal systems-related activities (internal audit, internal control, corporate compliance and risk management) in the Bank are carried out by the Board of Internal Auditors, Internal Control Department, Corporate Compliance Department and Risk Management Department. Relevant departments' duties and responsibilities are specified in regulations approved by the Board of Directors. All four 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, Corporate Compliance 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 2023, the Inspection Board conducted a total of 23 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 2023, no material problems were identified that could adversely affect the Bank's operations and prevent it from fulfilling its obligations. It has been determined that the Bank's internal control and risk management systems work well, the activities are generally low-risk, the financial and legal reports are correct, and the laws and regulations are complied with.

In conclusion, the internal audit system has been effective and successful in preventing, detecting and eliminating risks thanks to its risk-oriented approach, qualified human resources, experienced and prudent management.

Internal auditors attended various training sessions aimed at enhancing their professional knowledge, skills, and abilities in 2023. Additionally, two members obtained the Certificate in Cybersecurity (CC) provided by ISC2 during the year.

## 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.

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 provide stakeholders, regulatory authorities, Bank employees, and the Board of Directors with confidence in the competence and adequacy of the internal control system on a solid foundation.

In 2023, additional controls were established within the scope of the changing regulations. Internal audit activities were conducted to assess compliance with the ISO 14001 Environmental Management System Standard and ISO 14064 Greenhouse Gas Calculation and Verification Standard, as part of the Bank's certifications concerning the assessment and management of environmental impacts, as in previous years.

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 2023, one of our employees has obtained the CISA (Certified Information Systems Auditor) certification, five of our employees have obtained the ISO 14001:2015 Environmental Management System Internal Auditor and ISO 14064 Greenhouse Gas Emissions Calculation Internal Auditor certifications, three of our employees have obtained the ISO 27701 Personal Data Management System Lead Auditor certification, and three of our employees have obtained the ISO 22301:2019 Business Continuity Management System Lead Auditor certification.

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 feasible solutions contribute to the continuous improvement of our internal control system, in line with evolving technological innovations and robotic process automation (RPA).

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.

## Corporate Compliance

As of the decision dated 22.02.2023 by the Board of Directors, the Corporate Compliance Department continues its duties under the Audit Committee, which was established to assist the Board of Directors in the performance of its oversight and supervisory activities.

The Corporate Compliance Department ensures the compliance of the Bank's activities, transactions, and products and services offered to its customers with national and international regulations and other internal regulations by evaluating compliance and taking necessary measures. In this context, it performs daily, weekly, and monthly regulatory reporting at relevant levels within the Bank.

Activities related to ensuring coordination and support within the Bank for the establishment of processes, policies, and procedures, as well as practices in compliance with regulations; coordination and communication on regulatory issues between legal authorities, associated institutions, and departments of the Bank are conducted by the Corporate Compliance Department.

The Corporate Compliance Department identifies and evaluates compliance risks that the Bank may encounter, informs the Board of Directors with Compliance Reports prepared quarterly for the implementation of necessary measures at the Bank and monitoring compliance efforts.

As of 2023, monitoring and control activities within the scope of the MASAK regulations for ensuring compliance with the legislation related to the prevention of money laundering, financing of terrorism, and proliferation of weapons of mass destruction have commenced under the supervision of the Compliance Officer by the Corporate Compliance Department. With the conducted control activities, the complete execution

of necessary controls, alerts, and other mechanisms in business processes is ensured. Recommendations, standards, decisions, and lists published by national legislation and international organizations regarding sanction regulations are followed, announcements and notifications are made within the Bank to increase awareness, and sanction lists are regularly monitored within the Banking system.

Corporate Compliance personnel have participated in various trainings throughout the year, taking into account changes in current legal and regulatory frameworks to enhance their professional knowledge, skills, and abilities and have been encouraged to obtain national and international professional certifications. In this context, in 2023, 3 of our employees have received ISO 14001:2015 Environmental Management System Internal Auditor, and 2 of our employees have received ISO 14064 Greenhouse Gas Emissions Calculation Internal Auditor certifications.

In 2023, in line with the aim of continuously improving the compliance culture within the Bank as in previous years, support has been provided to the education department for determining necessary training content and conducting trainings related to compliance, accuracy, and ethics. Participation has been ensured in projects and working groups, committees, and committees related to critical processes falling within the scope of duties.

## 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 2023, 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 2023, 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 internal regulatory updates and the integration of climate-related risks into risk management systems have continued to be carried out.

As of June 2023, the evaluation of the risks faced by the Bank on both a consolidated and non-consolidated basis, the formulation of risk management policies to be presented to the Board of Directors for approval, the determination and presentation to the Board of Directors of risk management practices and risk limits, and the monitoring of these, as well as the coordination between the Bank's executive units and internal systems, have led to the establishment of a Risk Committee. The Committee, which reports the operational results to the Board of Directors through the Audit Committee, has convened twice during the year.

The Audit Committee continued to report its opinions to the Board of Directors regarding the results of its activities in 2023, 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, corporate compliance 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 2023 which comprise internal audit, internal control, corporate compliance 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

- 143** Independent Auditor's Report on the Annual Report of the Board of Directors
- 144** Integrated Annual Report Limited Assurance Report
- 147** UNEP FI Reporting Index Limited Assurance Report
- 149** Reporting Guidance
- 158** ISO 14001 Audit Certificate
- 159** ISO 14064 Audit Certificate
- 159** ISO 27001 Audit Certificate
- 159** ISO 45001 Audit Certificate

# Independent Auditor's Report on the Annual Report of the Board of Directors



**EY**  
Building a better  
working world

Güney Bağımsız Denetim ve SMMM A.Ş.  
Maslak Mah. Eski Büyükdere Cad.  
Orjin Maslak İş Merkezi No: 27  
Daire: 57 34485 Sarıyer  
İstanbul - Türkiye

Tel: +90 212 315 3000  
Fax: +90 212 230 8291  
ey.com  
Ticaret Sicil No : 479920  
Mersis No: 0-4350-3032-6000017

(Convenience Translation of the Auditor's Audit Report Originally Issued in Turkish)

**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, 2023 – December 31, 2023.

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, 2023 and December 31, 2023 dated February 5, 2024 the unconsolidated and consolidated financial statements as at include a free provision amounting to thousand TL 1.750.000 of which thousand TL 900.000 was provided in prior years and thousand TL 850.000 was provided in 2023 by the Bank and the 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", "Other Provisions" for the year ended 31 December 2023 are overstated by thousand TL 1.750.000, "Prior Years' Profit/Loss" and "Current Year Profit/Loss" for the twelve-month period ending on December 31, 2023 are understated by thousand TL 900.000 and thousand TL 850.000 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 5, 2024 on the full set consolidated and unconsolidated financial statements of the Group and the Bank respectively for the period of January 1, 2023-December 31, 2023.

**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



**EY**  
Building a better  
working world

Tel: +90 212 315 3000  
Fax: +90 212 230 8291  
ey.com  
Ticaret Sicil No : 479920  
Mersis No: 0-4350-3032-6000017

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 Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik Anonim Şirketi  
A member firm of Ernst & Young Global Limited



Fatma Ebru Yücel SMMM  
Partner

March 6, 2024  
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 2023 Integrated Annual Report (“2023 Integrated Annual Report”) for the year ended 31 December 2023 and listed below.

### Selected Information

The scope of the Selected Information for the year ended 31 December 2023, which is subject to our limited assurance work, set out in the pages 13, 57, 73, 74, 75, 84, 87, 88, 99 and 100 of the 2023 Integrated Annual Report with the sign “” is summarized below:

### Social Indicators

- 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 Female Employees in the Sustainability Structure (%)
- Average Training Hours Per Employee (hours)
- Employee Turnover Rate (Among High Performance Employees) (%)
- Hybrid Working Ratio (%)
- Ratio of Female Employees on Maternity Leave (%)
- Maternity Leave Return Rate (%)
- Ratio of Male Employees on Paternity Leave (%)
- Participation Rate in Employee Engagement Survey (%)
- Ratio Of Female Employees Benefit from Flexible Working (%)
- Ratio ff Female Employees Benefit From Department Change (Rotation or Internal Transfer) (%)
- Ratio of Employees Recruited (%)
- Ratio of 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 Working as External Representatives at the University (%)
- Ratio of Female Employees Participating in the Sustainability Workshop (%)
- Usage Rate of the Mobile Application Reflex, Where TSKB Supports Instant Feedback, Appreciation, and Interaction (%)
- TSKB Sustainability Management Structure (#)
- Number of Companies to Which the Assessment Tool Was Applied Within the Scope of Circular Economy (#)
- TSKB Economic Research Reports and Blog Posts (#)
- Number of Climate Review Report Published in 2023 (#)

### Environmental Indicators

- Contribution to CO2 Emission Reductions from Financed Renewable Energy Projects By the End Of 2023 (Million tonnes CO2/year)
- Head Office Electricity Consumption (kWh)
- Electricity Density (kWh/m2)
- Head Office Natural Gas Consumption (m3)
- Natural Gas Density (m3/m2)
- Head Office Water Consumption (m3)
- Water Density (m3 /employee)
- Head Office Paper Consumption (kg)
- Amount of Recycled Plastic and Paper (kg)

### Economic Indicators

- Financing New Coal-Fired Thermal Power Plants and Coal Mining Investments for Electricity Generation Within the Scope of Combating Climate Change (#)
- Number Of Renewable Energy Projects Financed by The End Of 2023, Categorized by Their Sources (#)
- Total Installed Capacity Based on The Source by The End Of 2023 (MW)
- Number of Reached Households by Total Financed Installed Capacity (#)
- TSKB's Share in the Turkish Renewable Energy Capacity with Financed Projects by the End of 2023 (%)
- Financing for Climate Risk Mitigation and Adaptation and Circular Economy, Energy Efficiency Projects Supported by Advanced Technology (#)
- Amount of SDG-Linked Loans Financing Between The Year 2021 And 2030 (#)
- The Share of SDG-Linked Loans in the Loan Portfolio (%)
- The Share Of Climate and Environment Focused SDG-Linked Loans in the Loan Portfolio (%)

Our assurance was with respect to the Selected Information marked with “” in the in the 2023 Integrated Annual Report, and we have not performed any procedures with respect to earlier periods or any information other than Selected Information marked with “” in the 2023 Integrated Annual Report and, any other elements included in the 2023 Integrated Annual Report and, therefore, do not express any conclusion thereon.

# Integrated Annual Report Limited Assurance Report



## Criteria

The criteria used by the Bank to prepare the Selected Information is set out in section TSKB 2023 Integrated Annual Report – Reporting Principles (the “Reporting Principles”) on pages 148, 149, 150, 151, 152 and 153 of the 2023 Integrated Annual Report.

## The Bank’s Responsibility

The Bank is responsible for the content of the 2023 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 megawatt-hour (MWh) 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 did not include examination of the derivation of those factors and other third-party information.

## Our Independence and Quality Management

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 Management 1 and accordingly maintains a comprehensive system of quality management 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 limited assurance, 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 (Revised), *Assurance Engagements other than Audits or Reviews of Historical Financial Information*, and, in respect of greenhouse gas emissions, International Standard on Assurance Engagements 3410, *Assurance Engagements on Greenhouse Gas Statements*, issued by the International Auditing and Assurance Standards Board.

A limited assurance engagement is substantially less in scope than a reasonable assurance engagement under ISAE 3000 (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.



# Integrated Annual Report Limited Assurance Report



## 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 2023, 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 Bank's performance and activities related to the Selected Information. We permit the disclosure of this report within the 2023 Integrated Annual Report for the year ended 31 December 2023, 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  
Independent Auditor

Istanbul, 1 April 2024



# UNEP-FI Limited Assurance Opinion



## 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 2023 Integrated Annual Report (“2023 Integrated Annual Report”) for the year ended 31 December 2023 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 2023, which is subject to our limited assurance work, set out in the pages 160, 161, 162, 163, 165, 167, 171, 174, 176, 177, 178. and 179 of the 2023 Integrated Annual Report with the sign “” is summarised below:

- 1.1 Business Model
- 1.2 Strategy Alignment
- 2.1 Impact Analysis
- 2.2 Target Setting
- 2.3 Target implementation and monitoring
- 3.2 Business opportunities
- 4.1 Stakeholder identification and consultation
- 5.1 Governance Structure for Implementation of the Principles
- 5.2 Promoting a culture of responsible banking

Our assurance was with respect to the Selected Information marked with “” in the 2023 Integrated Annual Report, and we have not performed any procedures with respect to earlier periods or any information other than Selected Information marked with “” in the 2023 Integrated Annual Report and, any other elements included in the 2023 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 the TSKB 2022 Integrated Annual Report- Reporting Principles (the “Reporting Principles”) on pages 154, 155 and 156 of the 2023 Integrated Annual Report.



## The Bank's Responsibility

The Bank is responsible for the content of the 2023 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 Management

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 Management 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.

# UNEP-FI Limited Assurance Opinion



## Our Responsibility

Our responsibility is to form a limited assurance, 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 2023, 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 2023 Integrated Annual Report for the year ended 31 December 2023, 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  
Independent Auditor

Istanbul, 1 April 2024

## Appendix - 1: TSKB 2023 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 2023 Integrated Annual Report (the "2023 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, 2023, 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 expresses the ratio of the number of female employees in the Banking Staff, defined as employees with hierarchy code 1000 and above, which is monitored by the Bank's Human Resources data platform, 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 Female Employees in the Sustainability Structure (%)	In the reporting period, the number of groups specified in the Bank's signed announcement document (Tamim) refers to the ratio of the number of female employees to the total number of employees in the Sustainability Committee/Management Committee and Sustainability Working Groups.
Human	Average Training Hours Per Employee (hours)	In the reporting period, it refers to the ratio of total training hours 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	Employee Turnover Rate (Among High Performance Employees) (%)	In the reporting period, the ratio of the number of employees whose performance grade in 2023 is 2.75 and above on average in the last 4 years on a scale of 1-4 points and who are defined as high performers, to the total number of high performers of the Bank's employees who left their jobs by declaring to the Bank's Social Security Institution with the Declaration of Resignation of Employment within the reporting year.

## Reporting Principles

Capital	Indicator	Scope
Human	Hybrid Working Ratio (%)	Raporlama döneminde, Banka'nın Ocak 2023 – Aralık 2023 dönemleri arasında Kartlı Geçiş Sistemi (KGS) ile takip edilen, Banka'ya giriş yapan çalışan sayısının önce çalışma gününe sonra da çalışan sayısına bölümüyle ulaşılan oranın 1'den çıkarılması ile elde edilen oranı ifade eder. Banka'ya giriş yapan çalışan sayısı, çalışma günü ve çalışan sayısı ay bazında hesaplanmakta olup izinli olan çalışanlar aylık bazda yapılan bu hesaplama dahil edilmemektedir. Gün içerisinde KGS sistemi ile Banka'ya birden fazla giriş yapan aynı sicil numarasına sahip kişilerin girişleri bir kere sayılmaktadır.
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	Maternity Leave Return Rate (%)	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 Benefit from Flexible Working (%)	In the reporting period, it refers the ratio of the requests of female employees who entered flexible working at the Bank between January-December 2023, monitored by the Flexible Working Report, to the flexible working request entries of all employees.
Human	Ratio of Female Employees Benefit From Department Change (Rotation or Internal Transfer) (%)	In the reporting period, it refers to the ratio of the number of female employees who were included in the rotation process, which is defined as internal transfer or temporary assignment in a different department, which is monitored through the Bank's Human Resources data platform and notified to all employees through announcements within the Bank, to the total number of employees who changed departments.
Human	Ratio of Employees Recruited (%)	In the reporting period, it refers 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 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 announcements within the Bank.
Human	Ratio of Female Employees Joining TSKB through TSKB Academy New Graduate Program (%)	In the reporting year, it refers the ratio of the number of female employees who successfully completed the TSKB Academy MT programme and started to work as MTs at the Bank, who are 4th year students in Business Administration, Economics, Engineering faculties or postgraduate students in Economics or Finance or recent graduates, to the total number of TSKB Academy New Graduate Program participants.
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 in the recruitment process for open positions, which is monitored through the Bank's Human Resources data platform, to the total number of interviewed candidates.
Human	Ratio of Female Employees Working as External Representatives at the University (%)	In the reporting period, the ratio of the number of female employees working in university collaborations to the total number of people working in university collaborations, as disclosed on the Bank's official website.
Human	Ratio of Female Employees Participating in the Sustainability Workshop (%)	In the reporting period, the ratio of the number of female participants in the case study on sustainability conducted for university students to the total number of participants.

## Reporting Principles

Capital	Indicator	Scope
Human	Usage Rate of the Mobile Application Reflex, Where TSKB Supports Instant Feedback, Appreciation, and Interaction (%)	In the reporting period, it refers to the rate of in-bank usage of the mobile application, which is in the use of the Bank's departments, with which they interact through online communication platforms, and through which data related to the reporting period can be monitored as of the reporting period.
Human	TSKB Sustainability Management Structure (#)	In the reporting period, the number of groups stated in the Bank's signed announcement document (Tamim) refers to the number of employees whose committee members are in the Sustainability Committee/Subcommittee and Sustainability Working Groups.
Human	Number of Companies to Which the Assessment Tool Was Applied Within the Scope of Circular Economy (#)	In the reporting period, it refers to the number of companies monitored by the Bank's Corporate Banking Marketing Department, evaluated by using the evaluation tool within the scope of the "Circular Economy" credit theme within the credits provided by the Bank, and the number of companies for which action and development points were suggested as a result of participation in the evaluation questionnaire.
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/tr/yatirim-bankaciligi/ekonomik-arastirmalar">https://www.tskb.com.tr/tr/yatirim-bankaciligi/ekonomik-arastirmalar</a> and <a href="https://www.tskb.com.tr/blog">https://www.tskb.com.tr/blog</a> .
Intellectual	Number of Climate Review Report Published in 2023 (#)	In the reporting period, it refers to the number of reports prepared in English and Turkish by the Bank's TSKB Economic Research Unit on the "Climate Change" reports published on the website <a href="https://www.tskb.com.tr/tr/yatirim-bankaciligi/ekonomik-arastirmalar">https://www.tskb.com.tr/tr/yatirim-bankaciligi/ekonomik-arastirmalar</a>
Natural	Contribution to CO <sub>2</sub> Emission Reductions from Financed Renewable Energy Projects By the End Of 2023 (Million tonnes 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 covering Biomass Power Plants, Geothermal Power Plants, Solar Power Plants, Hydroelectric Power Plants and Wind Power Plants, which are monitored through the Bank's credit screens and financed by contracts and Board of Directors' resolutions to date.
Natural	Head Office Electricity Consumption (kWh)	In the reporting period, it refers to the amount of electricity consumed during the reporting period, which is monitored through the Digital Sustainability Management System application used by the Head Office, which can be mapped with the invoices received from the service provider institutions and financial reporting systems over (12 months).
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 monitored through the Digital Sustainability Management System application used by the Bank and can be mapped with financial reporting systems over the invoices (12 months) received from service provider institutions. Front and Rear Building, Education and Culture Facilities locations are included in the consumption amount.
Natural	Head Office Natural Gas Consumption (m <sup>3</sup> )	In the reporting period, it refers to the amount of natural gas consumed by the Head Office in the operations requiring heating, kitchen and other natural gas, which can be mapped with financial reporting systems through the invoices (12 months) received from service provider institutions and monitored through the Digital Sustainability Management System application used.
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 to the total m <sup>2</sup> , which is monitored through the Digital Sustainability Management System application used by the Bank, used in heating, kitchen and other operations requiring natural gas in the Front and Back Building, which can be mapped with financial reporting systems through invoices (12 months) received from service provider institutions. The consumption amount includes the locations of the Front and Rear Buildings, Education and Culture Facilities.
Natural	Head Office Water Consumption (m <sup>3</sup> )	In the reporting period, it refers to the amount of municipal water consumed, which is monitored through the Digital Sustainability Management System application used by the Head Office, and which can be mapped with financial reporting systems over the invoices (12 months) received from service provider institutions.



## Reporting Principles

Capital	Indicator	Scope
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 come to the Bank in hybrid working order. Front and Back Building, Education and Culture Facilities locations are included in the consumption amount.
Natural	Head Office 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.
Financial	Financing New Coal-Fired Thermal Power Plants and Coal Mining Investments for Electricity Generation Within the Scope of Combating Climate Change (#)	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 by the Bank's credit screens.
Financial	Number Of Renewable Energy Projects Financed by The End Of 2023, Categorized by Their Sources (#)	In the reporting period, the number of renewable energy projects that are monitored through the Bank's credit screens and financed by contracts and Board of Directors' resolutions, including Biomass Power Plants, Geothermal Power Plants, Solar Power Plants, Roof/Land Solar Power Plants, Hydroelectric Power Plants and Wind Power Plants, according to their source.
Financial	Total Installed Capacity Based on The Source by The End Of 2023 (MW)	In the reporting period, it refers to the total installed power amount 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 credit screens and financed by contracts and Board of Directors' decisions.
Financial	Number of Reached Households by Total Financed Installed Capacity (#)	In the reporting period, the amount of electricity generation (KWh) 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 credit screens and allocated in 2023 with the contracts and Board of Directors' decisions, is the ratio of the electricity generation amount (KWh) to the number of electricity per household/residence (kWh/residence) calculated based on TURKSTAT data.
Financial	TSKB's Share in the Turkish Renewable Energy Capacity with Financed Projects by the End of 2023 (%)	In the reporting period, the ratio of the total installed capacity 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 credit screens and financed by contracts and decisions of the Board of Directors, to the total installed capacity of renewable energy projects in Turkey monitored through the Turkish Electricity Transmission Company (TEİAŞ) system.
Financial	Financing for Climate Risk Mitigation and Adaptation and Circular Economy, Energy Efficiency Projects Supported by Advanced Technology (#)	In the reporting period 01.01.2023 - 31.12.2023, it represents the total amount of United Nations Sustainable Development Goals linked loans. Financial sector loans, loans related to non-renewable power plants, working capital and acquisition loans of companies whose field of activity is fuel distribution and coal trade are not defined as SDG loans.
Financial	Amount of SDG-Linked Loans Financing Between The Year 2021 And 2030 (#)	In the reporting period 01.01.2023 - 31.12.2023, it represents the total amount of United Nations Sustainable Development Goals linked loans. Financial sector loans, loans related to non-renewable power plants, working capital and acquisition loans of companies whose field of activity is fuel distribution and coal trade are not defined as SDG loans.
Financial	The Share of SDG-Linked Loans in the Loan Portfolio (%)	In the reporting period, it refers to the percentage of United Nations Sustainable Development Goals linked loans in the Bank's total loan portfolio as of 31.12.2023. Financial sector loans, loans related to non-renewable power plants, working capital and acquisition loans of companies whose field of activity is fuel distribution and coal trade are not defined as SDG loans.
Financial	The Share Of Climate and Environment Focused SDG-Linked Loans in the Loan Portfolio (%)	In the reporting period, it refers to the percentage of United Nations Sustainable Development Goals-linked, Climate and Environment Theme-focused loans in the Bank's total loan portfolio as of 31.12.2023. Financial sector loans, loans related to non-renewable power plants, working capital and acquisition loans of companies whose field of activity is fuel distribution and coal trade are not defined as SDG loans.

# Reporting Principles

## Data Preparation

### 1.Environmental Indicators

#### Head Office Electricity Consumption (kWh)

Formula:

*((Electricity Consumption in the First 6 Months \* Total Number of Employees Excluding Subsidiaries \* Total Area of TSKB Head Office Excluding Subsidiaries) / ((Total Area of Head Office Including Subsidiaries - Total Area of Investment Finance)) \* (Total Number of Employees Including Subsidiaries - Total Area of Investment Finance)) + ((Electricity Consumption in the Last 6 Months \* Total Number of Employees Excluding Subsidiaries \* Total Area of TSKB Head Office Excluding Subsidiaries) / ((Total Area of Head Office Including Subsidiaries - Total Area of Investment Finance)) \* (Total Number of Employees Including Affiliates - Total Area of Investment Finance))*

#### Head Office Natural Gas Consumption (m3)

Formula:

*((Natural Gas Consumption in the First 6 Months \* Total Number of Employees Excluding Subsidiaries \* Total Area of TSKB Head Office Excluding Subsidiaries) / ((Total Area of Head Office Including Subsidiaries \* Total Number of Employees Including Subsidiaries)) + ((Natural Gas Consumption in the Last 6 Months \* Total Number of Employees Excluding Subsidiaries \* Total Area of TSKB Head Office Excluding Subsidiaries) / ((Total Area of Head Office Including Subsidiaries \* Total Number of Employees Including Subsidiaries))*

#### Head Office Water Consumption (m3)

Formula:

*(Water Consumption of the first 6 Months / (Total Number of Employees Excluding Subsidiaries \* Total Number of Employees Including Subsidiaries) + (Water Consumption of the Last 6 Months / (Total Number of Employees Excluding Subsidiaries \* Total Number of Employees Including Subsidiaries))*

#### Electricity Density (kWh/m2)

Formula:

*Head Office Natural Gas Consumption / Front and Rear Building, Education and Culture Facilities m² Area*

#### Natural Gas Density (kWh/m2)

Formula:

*Head Office Natural Gas Consumption / Front and Rear Building, Education and Culture Facilities m² Area*

#### Water Density (m³/employee)

Formula:

*Head Office Water Consumption / Total Number of Employees Actually Attending the Bank in Hybrid Working Pattern*

#### TSKB's Share in the Turkish Renewable Energy Capacity with Financed Projects by the End of 2023 (%)

Formula:

*TSKB Installed Capacity of Renewable Energy Capacity (MW) / Installed Capacity of Energy Capacity in Türkiye (MW)*

#### Contribution to CO<sub>2</sub> Emission Reductions From Financed Renewable Energy Projects by the End Of 2023 (tons CO<sub>2</sub>/year)CO<sub>2</sub>

The amount of CO2 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 (tco2e) \* 0.001*

Emission Reduction Factor:

	Tons CO <sub>2</sub> e/MWh
WPP and SPP	0.665
BPP:	3.580
Other Projects:	0.524

#### Number of Reached Households by Total Installed Capacity (#)

Formula:

*Number of Households: Electricity Generation Amount (kWh) / Electricity per Household / Residential (kWh/ Household)*

#### Electricity Generation Amount (Kwh):

*Installed Power (MW) \* 1000 \* 8760 \* Capacity Utilisation Rate*

*Coefficient of Conversion: 1 MW = 1000 Kwh*

*Total Working Hours per Year = 8760*

*Capacity Utilisation Rate: 2023 EPIAŞ Electricity Generation (Kwh) / (2023 TEİAŞ Installed Capacity (Kwh) \* 8760)*

#### Electricity per Household / Residential (kWh/Household EMRA Residential Electricity (MWh) / Number of Households/Residentials (#)

*EMRA Residential Electricity (MWh): Residential electricity consumption (2022)*

<https://www.epdk.gov.tr/Detay/Icerik/3-0-24-3/elektrikyllik-sektor-raporu>

*Number of Households/Residential: Population of Türkiye (#) / Number of People per Household (#)*

*Number of People per Household: Number of persons per household (2022)*

<https://data.tuik.gov.tr/Bulten/Index?p=Istatistiklerle-Aile-2022-49683>

*Population of Türkiye (2022) :*

<https://data.tuik.gov.tr/Bulten/Index?p=49685>

## 2. Social Indicators

### Social Indicators

#### Ratio of Females Employees in the Bank (%)

Formula:

#### Number of Female Employees / Total Number of Employees

#### Ratio of Female Employees in Management (%)

Formula:

#### Number of Female Employees in Management / Total Number of Managers

*Gender Pay Gap (Average) (%)*

Formula:

*(1- (Average Gross Salary of Female Employees) / Average Gross Salary of Male Employees)*

#### Gender Pay Gap (Median) (%)

Formula:

*(1- (Gross Salaries of Female Employees) / Gross Salaries of Male Employees)*

# Reporting Principles

**Ratio of Employees in the Sustainability Structure (%)**  
Employees in the Sustainability Structure / Total Number of Employees

**Ratio of Female Employees in the Sustainability Structure (%)**  
Female Employees in the Sustainability Structure / Total Number of Employees in the Sustainability Structure

**Average Training Hours Per Employee (hours)**  
Total Completed Training Hours / Total Number of Employees

**Employee Turnover Rate (Among High Performance Employees) (%)**  
Number of High-Performance Employees Quitting / Employees defined as High-Performance

**Average Remote/Hybrid Operation Rate (%)**  
Formula:  
[(Number of Daily Entries (Duplicate entries are counted as 1) / Working Day) / (Total Number of Employees)] - 1

**Ratio of Female Employees on Maternity Leave (%)**  
Formula:  
Number of Female Employees on Maternity Leave / Total Number of Employees

**Maternity Leave Return Rate (%)**  
Formula:  
Number of Female Employees Going on Maternity Leave / Number of Employees Returning from Maternity Leave

**Ratio Of Male Employees On Paternity Leave (%)**  
Number of Male Employees on Paternity Leave / Total Number of Employees

**Ratio of female employees benefit from Department Change (rotation or internal transfer)**  
Formula:  
Number of Female Employees Who Changed Departments / Total Number of Employees Who Changed Departments

**Ratio Of Employees Recruited (%)**  
Formula:  
Number of Female Employees Recruited/ Total Number of Female Employees Recruited

**Ratio of Employees Promoted (%)**  
Formula:

Number of Promoted Female Employees / Total Number of Promoted Employees

**Ratio of Female Employees Joining TSKB through TSKB Academy New Graduate Program (%)**  
Formula  
Number of Female Employees Recruited through New Graduate Programme / Total Number of Employees Recruited through New Graduate Programme

**Ratio of Female Candidates Involved in Recruitment Process (%)**  
Formula:  
Number of Female Candidates Who Entered the Recruitment Interview for Vacant Positions / Total Number of Candidates Who Entered the Recruitment Interview for Vacant Positions

**Ratio of Female Employees Working as External Representatives at the University (%)**  
Formula:  
Number of Female Employees in University Collaborations / Total Number of Employees in University Collaborations

**Participation Rate in Employee Satisfaction Survey (%)**  
Formula:  
Number of Employees Participating in Employee Satisfaction Survey / Number of Employees Sent Employee Satisfaction Surveys

**Ratio of Female Employees Participating in the Sustainability Workshop (%)**  
Ratio of Female Employees Participating in the Sustainability Workshop / Employees Participating in Sustainability Workshops

**The Share of SDG-Linked Loans in the Loan Portfolio (%)**  
TSKB's banking system application list includes a "data analysis" section where loans are tracked together with their credit themes, SDG linkages, risk amounts and source of disbursement details.  
SDG links are entered into the system according to the purpose of the project and the main activities of the company. The subject and purpose of the loan are specified in the loan agreements and loan approval forms between the Bank and the counterparty.  
Financial sector loans, loans related to non-renewable

energy power plants, working capital and acquisition loans of companies whose field of activity is fuel distribution and coal trade are not defined as SDG loans.

Sustainable themed loans are listed under the following 2 main headings:

1) APEX loans, by definition; loans granted only to SMEs (small and medium-sized enterprises) and exporters through other financial institutions such as leasing companies, commercial banks and participation banks.

2) The themed loans are as follows;

- Energy production
- Renewable energy
- Energy and resource efficiency
- Adaptation to environment and climate change
- Sustainable tourism
- Underdeveloped regions
- Electricity and gas distribution (only infrastructure loans are included in this scope)
- Health and Education
- Small and medium-sized enterprises
- Women employment
- Employment support
- Occupational health and safety
- Export support
- Agriculture industries
- Innovation and R&D

Formula  
Total amount of SDG-linked risk / Total amount of risk

**The share of climate and environment focused SDG-linked loans in the loan portfolio**  
Risk amount of loans contributing to climate and environment-focused SDGs / Total risk amount

**Restatements**  
The measurement and reporting of verified data inevitably involve 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.

## Annex-2: UNEP FI Principles for Responsible Banking Report – Reporting Principles

### Reporting and Self-Assessment Requirements

#### Principle 1: Alignment

##### 1.1. Business Model

Describe (high-level) your bank's business model, including the main customer segments served, types of products and services provided, the main sectors and types of activities across the main geographies in which your bank operates or provides products and services. Please also quantify the information by disclosing e.g. the distribution of your bank's portfolio (%) in terms of geographies, segments (i.e. by balance sheet and/or off-balance sheet) or by disclosing the number of customers and clients served.

##### 1.2 Strategy Alignment

Does your corporate strategy identify and reflect sustainability as strategic priority/ies for your bank?

☐ Evet

☐ Hayır

Please describe how your bank has aligned and/or is planning to align its strategy to be consistent with the Sustainable Development Goals (SDGs), the Paris Climate Agreement, and relevant national and regional frameworks.

**Does your bank also reference any of the following frameworks or sustainability regulatory reporting requirements in its strategic priorities or policies to implement these?**

☐ UN Guiding Principles on Business and Human Rights

☐ International Labour Organization fundamental conventions

☐ UN Global Compact

☐ UN Declaration on the Rights of Indigenous Peoples

☐ Any applicable regulatory reporting requirements on environmental risk assessments, e.g. on climate risk - please specify which ones: Türkiye Sustainability Reporting Standards S1 & S2

☐ Any applicable regulatory reporting requirements on social risk assessments, e.g. on modern slavery - please specify which ones: Türkiye Sustainability Reporting Standards S1 & S2

☐ None of the above

#### Principle 2: Impact and Target Setting

##### 2.1 Impact Analysis (Key Step 1)

Show that your bank has performed an impact analysis of its portfolio/s to identify its most significant impact areas and determine priority areas for target-setting. The impact analysis shall be updated regularly and fulfil the following requirements/elements (a-d):

**a) Scope:** What is the scope of your bank's impact analysis? Please describe which parts of the bank's core business areas, products/services across the main geographies that the bank operates in (as described under 1.1) have been considered in the impact analysis. Please also describe which areas have not yet been included, and why.

**c) Context:** What are the main challenges and priorities related to sustainable development in the main countries/regions in which your bank and/or your clients operate? Please describe how these have been considered, including what stakeholders you have engaged to help inform this element of the impact analysis.

This step aims to put your bank's portfolio impacts into the context of society's needs.

### Preparation Principles

The support provided by the Bank to the economy through cash and non-cash loans disbursed during the year amounted to approximately USD 1.5 billion. Energy generation accounts for the largest share of the Bank's loan portfolio at 36%. Renewable energy projects account for 92% of the Bank's energy generation portfolio. The share of renewable energy projects in Bank's total portfolio is 33%. Thus, while 90% of Bank's loan portfolio consists of SDG-linked investments, the share of loans contributing to climate and environment-related SDGs in the portfolio is 62% at the end of 2023.

In 2022, TSKB joined the UNEP FI Net-Zero Banking Alliance, committing to achieve net-zero emissions by 2050.

Source :

<https://www.unepfi.org/net-zero-banking/members/>

TSKB has been pursuing its science-based targets, and its emission reduction goals, formulated in accordance with SBTi guidelines, received approval from SBTi in July 2023.

Source :

[https://sciencebasedtargets.org/resources/files/Target-language-and-summary\\_TSKB.pdf](https://sciencebasedtargets.org/resources/files/Target-language-and-summary_TSKB.pdf)

On the implementation side, Bank uses Corporate Banking (Corporate Banking and Project Finance) activities, one of their three main activities and whose share in their total assets as of the end of 2023 was 67.4%.

Source:

<https://www.tskb.com.tr/uploads/file/tskb-31-12-2023-konsolide-f-nal.pdf>, page 40

Considering the prior strategic areas for Türkiye's sustainable development, along with the impact analysis results, Bank determined the positive and negative impact areas that they should focus on within the scope of the impact analysis study as follows:

➤ iClimate Stability

➤ Health Economies

➤ Circular Economy

# Reporting Principles

## Reporting and Self-Assessment Requirements

### 2.2 Target Setting (Key Step 2)

Show that your bank has set and published a minimum of two targets which address at least two different areas of most significant impact that you identified in your impact analysis.

The targets have to be Specific, Measurable (qualitative or quantitative), Achievable, Relevant and Time-bound (SMART). Please disclose the following elements of target setting (a-d), for each target separately:

**a) Alignment:** Which international, regional or national policy frameworks to align your bank’s portfolio with have you identified as relevant? Show that the selected indicators and targets are linked to and drive alignment with and greater contribution to appropriate Sustainable Development Goals, the goals of the Paris Agreement, and other relevant international, national or regional frameworks.

You can build upon the context items under 2.1.

**d) Action plan:** Which actions including milestones have you defined to meet the set targets? Please describe. Please also show that your bank has analysed and acknowledged significant (potential) indirect impacts of the set targets within the impact area or on other impact areas and that it has set out relevant actions to avoid, mitigate, or compensate potential negative impacts.

### 2.3 Target implementation and monitoring (Key Step 2)

For each target separately:

Show that your bank has implemented the actions it had previously defined to meet the set target.

Report on your bank’s progress since the last report towards achieving each of the set targets and the impact your progress resulted in, using the indicators and KPIs to monitor progress you have defined under 2.2.

Or, in case of changes to implementation plans (relevant for 2nd and subsequent reports only): describe the potential changes (changes to priority impact areas, changes to indicators, acceleration/review of targets, introduction of new milestones or revisions of action plans) and explain why those changes have become necessary.

## Principle 3: Clients and Customers

### 3.2. Business opportunities

Describe what strategic business opportunities in relation to the increase of positive and the reduction of negative impacts your bank has identified and/or how you have worked on these in the reporting period. Provide information on existing products and services, information on sustainable products developed in terms of value (USD or local currency) and/or as a % of your portfolio, and which SDGs or impact areas you are striving to make a positive impact on (e.g. green mortgages – climate, social bonds – financial inclusion, etc.).

## Preparation Principles

As we move towards net-zero, our emissions reduction targets, calculated according to the Science Based Targets Initiatives (SBTi) guidelines, have been approved by the SBTi for 2023.

Source:

[https://sciencebasedtargets.org/resources/files/Target-language-and-summary\\_TSKB.pdf](https://sciencebasedtargets.org/resources/files/Target-language-and-summary_TSKB.pdf)

Bank has also set their interim monitoring targets for 2030 in line with the Net-Zero Banking framework

Source:

<https://www.tskb.com.tr/uploads/file/tskb-iklim-raporu2023.pdf> , page 43

Realization (2023)

The ratio of SDG-linked loans in the total portfolio was kept at 90% or above.

With USD 1.2 billion disbursement in 2023 42% of the target was realized.

The share of loans contributing to climate and environment-focused SDGs in the total loan portfolio was kept at 62%.

A financing of USD 464 million was provided on the theme of climate risk reduction and adaptation and circular economy, including advanced technology-supported energy efficiency projects.

SDG-linked loans account for 90% of total loans.

The share of loans contributing to climate and environment-focused SDGs was 62 per cent.



# Reporting Principles

## Reporting and Self-Assessment Requirements

### Principle 4: Stakeholders

#### 4.1 Stakeholder identification and consultation

Does your bank have a process to identify and regularly consult, engage, collaborate and partner with stakeholders (or stakeholder groups) you have identified as relevant in relation to the impact analysis and target setting process?

☐ Yes ☐ In progress ☐ No

Please describe which stakeholders (or groups/types of stakeholders) you have identified, consulted, engaged, collaborated or partnered with for the purpose of implementing the Principles and improving your bank's impacts.

This should include a high-level overview of how your bank has identified relevant stakeholders, what issues were addressed/results achieved and how they fed into the action planning process.

### Principle 5: Governance & Culture

#### 5.1 Governance Structure for Implementation of the Principles

Does your bank have a governance system in place that incorporates the PRB?

☐ Yes ☐ In progress ☐ No

Please describe the relevant governance structures, policies and procedures your bank has in place/is planning to put in place to manage significant positive and negative (potential) impacts and support the effective implementation of the principles. This includes information about

- which committee has responsibility over the sustainability strategy as well as targets approval and monitoring (including information about the highest level of governance the PRB is subjected to),
- details about the chair of the committee and the process and frequency for the board having oversight of PRB implementation (including remedial action in the event of targets or milestones not being achieved or unexpected negative impacts being detected), as well as
- remuneration practices linked to sustainability targets.

#### 5.2 Promoting a culture of responsible banking:

Describe the initiatives and measures of your bank to foster a culture of responsible banking among its employees (e.g., capacity building, e-learning, sustainability trainings for client-facing roles, inclusion in remuneration structures and performance management and leadership communication, amongst others).

## Preparation Principles

'What About Opportunities?', which analyses the green transformation process based on foreign trade data, and "Green Transformation and Procurement from Friendly Countries", which underlines the supply of critical minerals that will be needed in the green transformation process and the restructuring of supply chains, to Bank's internal and external stakeholders.

Source: <https://www.tskb.com.tr/arastirma-raporlari/ekonomik-arastirmalar/nitekim>

With Bank's macro-development lens, they evaluated the pre and post COP period with the report "Traces of Structural Fracture from Marrakech to Dubai: What Happened Beyond the Official Negotiations at COP 28?" to our internal and external stakeholders. Source: <https://www.tskb.com.tr/hakimizda/bizi-taniyin/haberler/tskb-kalkinma-bankaciligi-perspektifiyle-cop28in-onemli-sonuclarini-paylasti>

In December 2023, we published the "Energy Outlook 2023" report, in which Bank provided their stakeholders with a holistic view of developments in the Turkish energy sector.

Source: <https://www.tskb.com.tr/hakimizda/bizi-taniyin/haberler/tskb-enerji-gorunumu-2023-raporunu-yayinladi>

As a result of the CDP Climate Change Reporting Bank conducted in 2023, Bank maintained their position at the Leadership Level with our A- grade.

Source: <https://www.cdp.net/en/responses?queries%5Bname%5D=TSKB>

Established in 2014, the Sustainability Committee carries out its activities with the participation of 4 Board Members, CEO and 2 Executive Vice Presidents, one of whom is the Sustainability Leader, as of the reporting period.

During the reporting period, Bank carried out our sustainability activities through 7 working groups categorized under 3 main titles: Stakeholder Engagement, Climate and Environment, Social Impact and Inclusiveness.

As of the end of 2023, colleagues from 25 different departments voluntarily became members of sustainability committees and working groups. The total number of our volunteer participants constitutes 18% of Banking employees

This initiative aims to uphold its ESG commitments while fostering employee awareness. SMS training courses, integrated into these programs, are tailored for each employee and factored into their performance evaluations.

As part of these initiatives, an average of 61.2 hours of training was delivered per person in 2023.



bioRxiv preprint doi: <https://doi.org/10.1101/2021.04.14.438211>; this version posted April 14, 2021. The copyright holder for this preprint (which was not certified by peer review) is the author/funder, who has granted bioRxiv a license to display the preprint in perpetuity. It is made available under aCC-BY-NC-ND 4.0 International license.



# APPENDICES

- 161** UNEP-FI Index
- 184** GRI Content Index
- 188** UNGC Index
- 189** WEPs Index
- 190** WEF Stakeholder Capitalism Index
- 192** SASB Index
- 193** General Assembly Agenda
- 194** Declaration of Independence
- 195** Statement of Responsibility

# UNEP-FI REPORT

## 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.



### 1.1 Business Model

Describe (high-level) your bank's business model, including the main customer segments served, types of products and services provided, the main sectors and types of activities across the main geographies in which your bank operates or provides products and services. Please also quantify the information by disclosing e.g. the distribution of your bank's portfolio (%) in terms of geographies, segments (i.e. by balance sheet and/or off-balance sheet) or by disclosing the number of customers and clients served.

Response	Links and references
<p>In line with our mission and commitment to support the SDGs, we continued to finance projects that create positive environmental and social impact in 2023. The support provided by our Bank to the economy through cash and non-cash loans disbursed during the year amounted to approximately USD 1.5 billion✔, while total loans grew by 5% on an exchange rate-adjusted basis.</p> <p>The average loan maturity is approximately 5 years. In our Bank, which has a 31% market share among development and investment banks in medium and long-term loans, the share of investment loans in the total loan portfolio reached 79.7% as of the end of 2023, while the share of working capital loans was 10%. The share of other loans, including APEX, was 10.3%.</p> <p>In 2023, we financed capacity-building investments in various sectors and supported working capital needs, in particular climate and environmental investments, women's employment projects and the development of regions along the inclusiveness axis.</p> <p>Energy generation accounts for the largest share of the Bank's loan portfolio at 36%. Renewable energy projects account for 92% of our energy generation portfolio. The share of renewable energy projects in our total portfolio is 33%.✔</p> <p>As part of the Climate Change Mitigation and Adaptation Policy published in 2021, our Bank has committed not to finance new coal-fired thermal power plants and coal mining investments for electricity generation. In January 2024, the policy was updated to announce that the Bank will not finance additional capacity expansion investments in coal-fired thermal power plants and coal mining for electricity generation. In line with our net zero targets with SBTi and NZBA, we are committed to exit from coal financing by the end of 2035.</p>	<p>Integrated Annual Report Page: 54-56, 84, 86, 94</p>



<div> <div>Strategy alignment</div> <div> <p>Does your corporate strategy identify and reflect sustainability as strategic priority/ies for your bank?</p> <div> <input checked="" type="checkbox"/> Yes <input type="checkbox"/> Hayır </div> <p>Please describe how your bank has aligned and/or is planning to align its strategy to be consistent with the Sustainable Development Goals (SDGs), the Paris Climate Agreement, and relevant national and regional frameworks.</p> <p>Does your bank also reference any of the following frameworks or sustainability regulatory reporting requirements in its strategic priorities or policies to implement these?</p> <div> <input type="checkbox"/> UN Guiding Principles on Business and Human Rights <input checked="" type="checkbox"/> International Labour Organization fundamental conventions <input checked="" type="checkbox"/> UN Global Compact <input type="checkbox"/> UN Declaration on the Rights of Indigenous Peoples <input checked="" type="checkbox"/> Any applicable regulatory reporting requirements on environmental risk assessments, e.g. on climate risk <input type="checkbox"/> Any applicable regulatory reporting requirements on social risk assessments, e.g. on modern slavery <input type="checkbox"/> None of the above </div> </div> </div>	
Response	Links and references
<p>As TSKB, we structure our activities by taking into account compliance with the SDGs, the Paris Climate Agreement and national/regional frameworks, and we base our sustainable banking strategy on 3 main pillars:</p> <ul style="list-style-type: none"> <li>➤ Supporting Turkey's sustainable development model</li> <li>➤ Taking an active role in the fight against climate change and adaptation areas</li> <li>➤ Contributing to Turkey's transition to an industry based on a low-carbon economy</li> </ul> <p>In this context, our activities for 2023 are as follows:</p> <p>As part of our target to provide a total of USD 8 billion in SDG--linked financing between 2021 and 2030, we provided USD 3.4 billion in financing by the end of 2023, with a realisation rate of over 40%. Thus, while 90% of our loan portfolio consists of SDG-linked investments, the share of loans contributing to climate and environment-related SDGs in the portfolio is 62% at the end of 2023. ✔</p>	<div> <div>Integrated Annual Report</div> <div>Page: 32, 54, 60, 63, 83-85</div> <div>Climate Report</div> <div>Page: 51</div> </div>

Response	Links and references
<p>During the year, we signed funding agreements with OeEB, KfW, IBRD, IsDB and JBIC amounting to approximately USD 600 million under different themes. In July, we secured a syndicated loan of USD 123 million, which we renewed by 113%, again linked to sustainability criteria. In addition to these funds, we issued our fourth sustainability bond of USD 300 million in September.</p> <p>We signed a new financing agreement on 19 December 2023 for USD 100 million to finance the investments of companies affected by the earthquakes in the eastern and southeastern regions of our country in February. With this loan, we aim to contribute to the sustainable economic recovery of the region by supporting investments by private sector companies in 17 provinces officially declared by AFAD as affected by the earthquake. Also, on 22 December 2023 we signed a JBIC GREEN 3 loan agreement for USD 200 million to finance investments in renewable energy, energy efficiency, water and waste management, and advanced technology-based energy efficiency by companies affected by the earthquakes.</p> <p>In 2022, TSKB joined the UNEP FI Net-Zero Banking Alliance , committing to achieve net-zero emissions by 2050. TSKB has been pursuing its science-based targets, and its emission reduction goals, formulated in accordance with SBTi guidelines, received approval from SBTi in July 2023. </p> <p>In 2021, we published the <a href="#">TSKB Climate Risks Report</a>, the first of its kind in the Turkish banking sector.</p> <p>Climate Report is a study that summarizes TSKB's journey to combat and adapt to climate change and explains its adaptation within the scope of TCFD recommendations through 4 dimensions (Governance, Strategy, Risk Management, Criteria and Targets). Information regarding the strategies, metrics and targets is reviewed periodically. TSKB continues to share its commitments, targets and performance indicators in this report regularly and transparently.</p> <p>We have improved and updated the analysis of physical and transition risks in the Heat Map, which we first prepared in 2021 in line with the UNEP FI methodology, with the results of the Climate Risks Assessment Tool (IRDA), also developed by our Bank and integrated into the lending processes. You can find all the details in our 2023 Climate Report.</p>	<p>Integrated Annual Report Page: 32, 38-40, 53-56, 60, 83-87, 90, 91 94, 116</p> <p>Climate Report Page: 9</p>

Principle 2: Impact and Target Setting



We will continuously increase our positive impacts while reducing the negative impacts on, and managing the risks to, people and environment resulting from our activities, products and services. To this end, we will set and publish targets where we can have the most significant impacts.

2.1. Impact Analysis (Key Step 1)

Show that your bank has performed an impact analysis of its portfolio's to identify its most significant impact areas and determine priority areas for target setting. The impact analysis shall be updated regularly<sup>1</sup> and fulfil the following requirements/elements 'a' and<sup>2</sup>:

**a. Scope:** What is the scope of your bank's impact analysis? Please describe which parts of the bank's core business areas, products/services across the main geographies that the bank operates in (as described under 1.1) have been considered in the impact analysis. Please also describe which areas have not yet been included, and why.

Response	Links and references
<p>As of the YE-23, the impact analysis study was carried out with the Portfolio Impact Analysis Tool for Banks developed by UNEP-FI, as in previous years. For this, the third version of the tool, which was updated by UNEP-FI in 2022 and transitioned to a "modular" format, was used.</p> <p>On the implementation side, we use Corporate Banking (Corporate Banking and Project Finance) activities, one of our three main activities and whose share in our total assets as of the end of 2023 was 67.4%. 🟢 Our bank does not have any activities abroad and the analysis covers the activities carried out in Türkiye.</p> <p>Although "Advisory Services" and "Investment Banking" activities are not included in the impact analysis, these activities are brought together with the sustainability approach. In this context, they may be evaluated for impact analysis in the future.</p>	<p>Integrated Annual Report Page: 51-56</p>
<p><b>b. Portfolio composition:</b> Has your bank considered the composition of its portfolio (in %) in the analysis? Please provide proportional composition of your portfolio globally and per geographical scope</p> <p>i) by sectors &amp; industries<sup>3</sup> for business, corporate and investment banking portfolios (i.e. sector exposure or industry breakdown in %), and/or</p> <p>ii) by products &amp; services and by types of customers for consumer and retail banking portfolios.</p> <p>If your bank has taken another approach to determine the bank's scale of exposure, please elaborate, to show how you have considered where the bank's core business/major activities lie in terms of industries or sectors.</p>	

<sup>1</sup> That means that where the initial impact analysis has been carried out in a previous period, the information should be updated accordingly, the scope expanded as well as the quality of the impact analysis improved over time.  
<sup>2</sup> Further guidance can be found in the [Interactive Guidance on impact analysis and target setting](#).  
<sup>3</sup> Key sectors' relative to different impact areas, i.e. those sectors whose positive and negative impacts are particularly strong, are particularly relevant here.

Response	Links and references
<p>As mentioned above, Corporate Banking activities constitute 67.4% of total assets and 40.5% of total revenues.</p> <p>In this context, the main areas financed within the scope of the impact analysis we implemented as of the end of 2023 are as follows on a sectoral basis (via NACE codes):</p> <p>Electricity generation (%35,6) (Renewable energy: %33), other financial services (%10,3), manufacture of basics metals (%7,3), accomodation activities (%7), transportation and storage (5,6%), electricity and gas distribution (%4,5), human health and social service activities (%5,3), chemical and chemical products manufacturing (%4,4) manufacture of food products (%2,8), manufacture of textile products (%2,7) ve Manufacture of paper and paper products (%2,6).</p>	<p>Integrated Annual Report Page: 58</p>
<p><b>c. Context:</b> What are the main challenges and priorities related to sustainable development in the main countries/regions in which your bank and/or your clients operate?<sup>4</sup> Please describe how these have been considered, including what stakeholders you have engaged to help inform this element of the impact analysis.</p> <p><i>This step aims to put your bank's portfolio impacts into the context of society's needs.</i></p>	
Response	Links and references
<p>The 12th Development Plan (2024-2028), published on 1 November 2023, focused on Türkiye's strategies to combat climate change, green and digital transformation, energy efficiency, environmental protection, sustainable development and disaster management. Through the plan, Türkiye aims to increase resilience to climate change risks and support green policies by integrating economic and social development with environmental sustainability. Policies and measures to promote green transformation in various sectors have also been included in the plan.</p> <p>In line with our growth perspective and SDG focus, we aim to provide loans to our customers in areas such as transition to a low carbon economy, inclusiveness and reconstruction of earthquake zones with the resources we have provided in 2023 and will provide in the coming period.</p> <p>We provide structured long-term financing for sustainable investment projects through a wide range of lending options, particularly corporate loans and project finance. In 2023, we financed investments in women's employment, projects in developing regions and capacity-building investments in various sectors, as well as supported working capital needs on the inclusiveness axis, particularly investments related to climate and the environment.</p> <p>Within the scope of the circular economy, we provide financing for the investments of companies operating in Türkiye that serve the circular economy, within the scope of the loan agreement we signed with AFD.</p>	<p>Integrated Annual Report Page: 22-32</p>

<sup>4</sup> Global priorities might alternatively be considered for banks with highly diversified and international portfolios.

Based on these first 3 elements of an impact analysis, what positive and negative impact areas has your bank identified? Which (at least two) significant impact areas did you prioritize to pursue your target setting strategy (see 2.2) <sup>5</sup> ? Please disclose.	
Response	Links and references
<p>Considering the prior strategic areas for Türkiye's sustainable development, along with the impact analysis results, we determined the positive and negative impact areas that we should focus on within the scope of the impact analysis study as follows:</p> <ul style="list-style-type: none"> <li>&gt; Climate Stability ✓</li> <li>&gt; Health Economies ✓</li> <li>&gt; Circular Economy ✓</li> </ul> <p>Climate Stability and Healthy Economies were selected within the scope of areas with positive impact, while Circular Economy was selected within the scope of areas with negative impact.</p>	
<p><b>d.</b> For these (min. two prioritized impact areas): <b>Performance measurement:</b> Has your bank identified which sectors &amp; industries as well as types of customers financed or invested in are causing the strongest actual positive or negative impacts? Please describe how you assessed the performance of these, using appropriate indicators related to significant impact areas that apply to your bank's context.</p> <p>In determining priority areas for target-setting among its areas of most significant impact, you should consider the bank's current performance levels, i.e. qualitative and/or quantitative indicators and/or proxies of the social, economic and environmental impacts resulting from the bank's activities and provision of products and services. If you have identified climate and/or financial health&amp;inclusion as your most significant impact areas, please also refer to the applicable indicators in the Annex.</p> <p>If your bank has taken another approach to assess the intensity of impact resulting from the bank's activities and provision of products and services, please describe this.</p> <p><i>The outcome of this step will then also provide the baseline (incl. indicators) you can use for setting targets in two areas of most significant impact.</i></p>	
Response	Links and references
<p><b>Climate Stability</b> impact area is among the Bank's primary focus areas, and the Bank has a high positive impact. Effective use of renewable energy resources is of great importance in the fight against climate change and Turkey's transition to a low-carbon economy.</p> <p>Primary contributing sector to the <b>Healthy Economies</b> impact area is the manufacturing industry, which supports employment and ensures productivity and diversity in the economy. Many of these sectors are compatible with the sectoral breakdown of the loan portfolio of our bank, which was established to develop the Turkish industry. A large portion of the Bank's loan portfolio consists of investment loans that contribute to employment, and the financial support provided by the Bank also ensures the protection of existing employment. This area of influence is supported mainly through the Bank's direct lending activities, and the impact created is also increased with thematic loans given to the finance sector to meet the long-term financing needs of SMEs within the scope of APEX activities.</p>	<p>Integrated Annual Report Page: 95, 96, 108, 109</p>

<sup>5</sup> To prioritize the areas of most significant impact, a qualitative overlay to the quantitative analysis as described in a), b) and c) will be important, e.g. through stakeholder engagement and further geographic contextualisation.



<p><b>Circular Economy</b> impact area has been associated with negative impacts within the scope of the Portfolio Impact Analysis Tool. The main reason is that the energy and manufacturing sectors, in which the Bank is very active, are negatively associated with resource/water efficiency and waste management. On the other hand, TSKB has been supporting efforts to increase resource efficiency in Turkey's private sector by offering medium and long-term funding opportunities since 2013. In addition, our Bank has added the circular economy to its loan themes and aims to increase its financing in this field and raise the awareness levels of companies within the scope of the circular economy road plan.</p>	<p>Integrated Annual Report Page: 57</p>
--	--

Self-assessment summary:

Which of the following components of impact analysis has your bank completed, in order to identify the areas in which your bank has its most significant (potential) positive and negative impacts?<sup>6</sup>

Scope

☒ Yes
☐ In progress
☐ No

Portfolio Composition:

☒ Yes
☐ In progress
☐ No

Context

☒ Yes
☐ In progress
☐ No

Performance measurement

☒ Yes
☐ In progress
☐ No

Which most significant impact areas have you identified for your bank, as a result of the impact analysis?

Climate change mitigation, climate change adaptation, resource efficiency & circular economy, biodiversity, financial health & inclusion, human rights, gender equality, decent employment, water, pollution, other: please specify

How recent is the data used for and disclosed in the impact analysis?

☒ Up to 6 months prior to publication
☐ Up to 12 months prior to publication
☐ Up to 18 months prior to publication
☐ Longer than 18 months prior to publication

Open text field to describe potential challenges, aspects not covered by the above etc.: (optional)

<sup>6</sup> You can respond "Yes" to a question if you have completed one of the described steps, e.g. the initial impact analysis has been carried out, a pilot has been conducted.

2.2. Target Setting (Key Step 2)

Show that your bank has set and published a minimum of two targets which address at least two different areas of most significant impact that you identified in your impact analysis.

The targets<sup>7</sup> have to be Specific, Measurable (qualitative or quantitative), Achievable, Relevant and Time-bound (SMART). Please disclose the following elements of target setting (a-d), for each target separately:

**a. Alignment:** which international, regional or national policy frameworks to align your bank’s portfolio with<sup>8</sup> have you identified as relevant? Show that the selected indicators and targets are linked to and drive alignment with and greater contribution to appropriate Sustainable Development Goals, the goals of the Paris Agreement, and other relevant international, national or regional frameworks.

*You can build upon the context items under 2.1.*

Response	Links and references
<p>Depending on the results of the Portfolio Impact Analysis Tool, targets have been determined in the "Climate Stability", "Healthy Economies" and "Circular Economy" domains in relation to the determined impact areas.</p> <p>The relevant targets are compatible with the outputs of the updated Materiality Analysis, taking into account the Double Materiality concept included in the 2022 Integrated Annual Report. Among the outputs of the analysis, which constitutes an important input for the strategy;</p> <ul style="list-style-type: none"><li>➤ Management of Climate Risks and Opportunities</li><li>➤ Environmental and Social Impact Measurement and Reporting</li><li>➤ Supporting the UN SDGs</li></ul> <p>In 2023, the positive/negative effects of the relevant material issues were determined and the risk and opportunity analysis was completed in this context. These targets aim to ensure compliance with Turkey's Long-Term Climate Change Strategy and Action Plan preparatory work, in line with the Sustainable Development Goals, the Paris Climate Agreement, the European Green Deal, as well as the national development plan and the 2053 net zero emission target.</p> <p>As we move towards net-zero, our emissions reduction targets, calculated according to the Science Based Targets Initiatives (SBTi) guidelines, have been approved by the SBTi for 2023. In this context, we will align our loan and investment portfolio with net zero emission targets by 2050, in line with the 1.5°C goal of the Paris Climate Agreement. By following the principles of transparency and accountability and science-based guidelines in our sustainable Banking journey, we have also set our interim monitoring targets for 2030 in line with the Net-Zero Banking framework. ✓</p>	<p>Integrated Annual Report Page: 94-96</p>

<sup>7</sup> Operational targets (relating to for example water consumption in office buildings, gender equality on the bank's management board or business-trip related greenhouse gas emissions) are not in scope of the PRB.

<sup>8</sup> Your bank should consider the main challenges and priorities in terms of sustainable development in your main country/ies of operation for the purpose of setting targets. These can be found in National Development Plans and strategies, international goals such as the SDGs or the Paris Climate Agreement, and regional frameworks. Aligning means there should be a clear link between the bank's targets and these frameworks and priorities, therefore showing how the target supports and drives contributions to the national and global goals.

<b>b. Baseline:</b> Have you determined a baseline for selected indicators and assessed the current level of alignment? Please disclose the indicators used as well as the year of the baseline.			
Response			Links and references
Impact Area	Indicator Code	Response	Integrated Annual Report Page: 83-87, 90, 91, 94-96  Climate Report Page: 43, 51, 52
Climate Change Mitigation	A.3.1	To provide climate financing of USD 4 billion by 2030	
	A.4.1	We have committed to reduce direct emissions (Scope 1) by 63% by 2035 and to maintain Scope 2 greenhouse gas emissions at zero by sourcing 100% of our buildings electricity needs from I-REC certified renewable energy sources.	
	A.1.2	We will align our loan and investment portfolio with net zero emission targets by 2050, in line with the 1.5°C goal of the Paris Climate Agreement. By following the principles of transparency and accountability and science-based guidelines in our sustainable banking journey, we have also set our interim monitoring targets for 2030 in line with the Net-Zero Banking framework.	
We also make a concrete contribution to the UN SDGs within the scope of combating climate change. Within the framework of our target of providing a total of USD 8 billion in SDG-linked financing between 2021 and 2030, we have provided financing of USD 3.4 billion by the end of 2023, an achievement of over 40%. With this momentum, we increased our target to USD 10 billion.			
While we contribute to the financing of Circular Economy investments within the scope of the circular economy, we also aim to improve company practices through the Circular Economy self-assessment survey we developed.			

c. SMART targets (incl. key performance indicators ((KPIs) <sup>9</sup> ): Please disclose the targets for your first and your second area of most significant impact, if already in place (as well as further impact areas, if in place). Which KPIs are you using to monitor progress towards reaching the target? Please disclose.		
Response		Links and references
Impact Area	Target and KPI	<div>Integrated Annual Report Page: 83-87, 90, 91, 94-96</div> <div>Climate Report Page: 43, 51, 52</div>
Healty Economies & Climate Stability	To maintain the ratio of SDG-linked loans in the total portfolio at 90% and above	
Healty Economies & Climate Stability	To provide SDG-linked financing of USD 10 billion by 2030	
Climate Stability	To keep the share of loans contributing to climate and environment-focused SDGs in the total loan portfolio at 60%	
Climate Stability	To provide climate financing of USD 4 billion by 2030	
Healty Economies	To provide earthquake recovery financing of USD 400 million by 2025	
Circular Economy	Capacity building for 16 clients within the scope of Circular Economy financing by implementing the Circularity Self-Assessment Tool	
These targets given in the table are also supported by our other targets and commitments under 6 capitals, especially natural capital and social capital, in the 2023 Integrated Annual Report. <div><div>&gt;</div> We are committed to not financing any new coal-fired thermal power plants or coal mining investments for electricity generation and to phase out completely by eliminating our exposure to coal in our performing loan portfolio by the end of 2035.</div> <div><div>&gt;</div> Carrying out studies on TSKB Circular Economy Strategic Plan</div>		

<sup>9</sup> Key Performance Indicators are chosen indicators by the bank for the purpose of monitoring progress towards targets

<p><b>d. Action plan:</b> which actions including milestones have you defined to meet the set targets? Please describe.</p> <p>Please also show that your bank has analysed and acknowledged significant (potential) indirect impacts of the set targets within the impact area or on other impact areas and that it has set out relevant actions to avoid, mitigate, or compensate potential negative impacts.</p>	
<b>Response</b>	<b>Links and references</b>
<p>We published the second edition of Climate Report in 2023.</p> <p>We shared our Circular Economy Roadmap in our 2023 Integrated Annual Report</p> <p>We revised our SDG-linked financing target, which is among our sustainability targets that are followed at the Board level and reviewed regularly, from USD 8 billion to USD 10 billion.</p>	<p>Integrated Annual Report Page: 57, 84</p> <p>Climate Report</p>

Self-assessment summary

Which of the following components of target setting in line with the PRB requirements has your bank completed or is currently in a process of assessing for your...

	... first area of most significant impact: <b>Climate Stability</b>	second area of most significant Impact: <b>Healty Economies</b>	... third area of impact: <b>Circular Economy</b>
Alignment	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> In progress <input type="checkbox"/> No	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> In progress <input type="checkbox"/> No	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> In progress <input type="checkbox"/> No
Baseline	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> In progress <input type="checkbox"/> No	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> In progress <input type="checkbox"/> No	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> In progress <input type="checkbox"/> No
SMART targets	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> In progress <input type="checkbox"/> No	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> In progress <input type="checkbox"/> No	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> In progress <input type="checkbox"/> No
Action plan	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> In progress <input type="checkbox"/> No	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> In progress <input type="checkbox"/> No	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> In progress <input type="checkbox"/> No



2.3. Target implementation and monitoring (Key Step 2)

For each target separately:

Show that your bank has implemented the actions it had previously defined to meet the set target.

Report on your bank’s progress since the last report towards achieving each of the set targets and the impact your progress resulted in, using the indicators and KPIs to monitor progress you have defined under 2.2.

Or, in case of changes to implementation plans (relevant for 2nd and subsequent reports only): describe the potential changes (changes to priority impact areas, changes to indicators, acceleration/review of targets, introduction of new milestones or revisions of action plans) and explain why those changes have become necessary.

Response		Links and references
Target	Realization (2023)	<div>Integrated Annual Report</div> <div>Page: 87</div> <div>Climate Report</div> <div>Page: 50</div>
To keep the share of SDG-linked loans in the total portfolio at 90%	90% ✓	
To provide USD 8 billion of SDG-linked financing between 2021 and 2030	With USD 1.2 billion disbursement in 2023 ✓ 42% of the target was realized.	
To keep the share of climate and environment focused SDG-linked loans at 60%	62% ✓	
To provide financing of USD 450 million for climate risk mitigation and adaptation and circular economy, including energy efficiency projects supported by advanced technology	USD 464 million ✓	
Realization for new targets set and published in 2023 reporting will be given in the 2024 year-end reporting.		

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.

3.1. Client engagement

Does your bank have a policy or engagement process with clients and customers<sup>10</sup> in place to encourage sustainable practices?

☒ Yes    ☐ In progress    ☐ No

Does your bank have a policy for sectors in which you have identified the highest (potential) negative impacts?

☒ Yes    ☐ In progress    ☐ No

Describe how your bank has worked with and/or is planning to work with its clients and customers to encourage sustainable practices and enable sustainable economic activities<sup>11</sup>). It should include information on relevant policies, actions planned/implemented to support clients’ transition, selected indicators on client engagement and, where possible, the impacts achieved.

This should be based on and in line with the impact analysis, target-setting and action plans put in place by the bank (see P2.)

Response	Links and references
<p>We are closely following developments in the European Green Deal and the circular economy and are supporting our customers with both advisory and financing products. We expect the number of scrap recycling projects to increase in the aluminium, wood and forest products, cement, plastics, paper and iron and steel sectors. We are taking steps to shape our themes by anticipating the potential of the circular economy over the next three years. We will continue to work on this axis with all our stakeholders, including the public sector.</p> <p>With our strength in providing multidimensional services, we will continue to develop our advisory services and offer our experience and expertise to our growing number of clients in the period ahead. We will continue to diversify our support for sustainable and strong development in the period ahead.</p> <p>We aim to organise training and capacity building activities on circular economy for our bank's staff and clients. In one of the training sessions for our bank's employees, we plan to address the link between circular economy and gender equality.</p> <p>In order to facilitate companies' access to finance at a time when access to finance is becoming more difficult, TSKB Advisory Services prepares financial and technical feasibilities of investments in the highest quality and qualified manner and facilitates our stakeholders' access to finance.</p>	<p>Integrated Annual Report Page: 30, 43-50, 55-58</p> <p><a href="#">List Of Activities That Are Not To Be Financed</a></p> <p>Climate Report Page: 32-35</p>

<sup>10</sup> A client engagement process is a process of supporting clients towards transitioning their business models in line with sustainability goals by strategically accompanying them through a variety of customer relationship channels.

<sup>11</sup> Sustainable economic activities promote the transition to a low-carbon, more resource-efficient and sustainable economy.

Response	Links and references
<p>We take stakeholder priorities and expectations into account in the process of determining our focus areas; We conduct large-scale Stakeholder Analysis studies regularly, by contacting all stakeholder groups, including customers, to align our strategy and priority issues with the views of our stakeholders and to share transparent information about stakeholder priorities in our reporting. For the 2023 Stakeholder Analysis, see page 40 of the Integrated Annual Report.</p> <p>Social Impact Management Working Group continued to develop our approach to social impact assessment in the Bank's direct and lending operations, prepare training programmes, follow national and international best practices and build capacity. In 2023, models for assessing the Bank's direct and indirect social impacts were developed and will be used in 2024.</p> <p>We have improved and updated the analysis of physical and transition risks in the Heat Map, which we first prepared in 2021 in line with the UNEP FI methodology, with the results of the Climate Risks Assessment Tool (CRET), also developed by our Bank and integrated into the lending processes. You can find all the details in our 2023 Climate Report.</p> <p>The Bank collects climate change and greenhouse gas emission information from its customers operating in high-emission sectors at least annually, cooperates with customers to take better positions against climate-related risks, and encourages climate-related disclosure practices.</p>	
<h3>3.2. Business opportunities</h3> <p>Describe what strategic business opportunities in relation to the increase of positive and the reduction of negative impacts your bank has identified and/or how you have worked on these in the reporting period. Provide information on existing products and services, information on sustainable products developed in terms of value (USD or local currency) and/or as a % of your portfolio, and which SDGs or impact areas you are striving to make a positive impact on (e.g. green mortgages – climate, social bonds – financial inclusion, etc.).</p>	
Response	Links and references
<p>The long-term projects that we implement that provide social benefits strengthen our bank's social capital and expand our impact. At TSKB, we adopt sustainability and inclusiveness as the main business model for Turkey's skilled development.</p> <p>On the one hand, we support investments with environmental and social impact. On the other hand, we contribute to the sustainable future of our country through our social responsibility approach, which we define as one of the fundamental elements of our business model.</p> <p>In parallel with our mission to support Turkey's sustainable and inclusive development, we implement various awareness-raising, educational, cultural and artistic projects on issues such as climate change, low-carbon economy, women's participation in production and business on the axis of equal opportunities.</p>	<p><b>Integrated Annual Report</b> Page: 53, 54, 60, 110-118</p>

<sup>6</sup> Customer engagement is the process of strategically accompanying customers through various customer relationship channels to support them in transforming their business models in line with sustainability goals.

Response	Links and references
<p>During the year, we signed funding agreements with OeEB, KfW, IBRD, IsDB and JBIC amounting to approximately USD 600 million under different themes. In July, we secured a syndicated loan of USD 123 million, which we renewed by 113%, again linked to sustainability criteria. In addition to these funds, we issued our fourth sustainability bond of USD 300 million in September. Thus, our ESG ratio in the funding base reached 85%, while our liquidity coverage ratio in foreign currency was approximately 700%.</p> <p>In line with our mission and commitment to support the SDGs, we continued to finance projects that create positive environmental and social impact in 2023. The support provided by our Bank to the economy through cash and non-cash loans disbursed during the year amounted to approximately USD 1.5 billion, while total loans grew by 5% on an exchange rate-adjusted basis. SDG 1, SDG 7, SDG 8, SDG 9, SDG 10, SDG 12, SDG 13 and SDG 17 continued to stand out among the SDGs supported through lending activities, with SDG-related loans accounting for 90% of total loans. The share of loans contributing to climate and environment-related SDGs was 62 per cent. We completed 42% of our target of USD 8 billion of SDG-related loans disbursed by 2030 with USD 3.4 billion of loans disbursed since 2021.</p> <p>In December 2023, we signed a loan agreement with the IBRD for a \$155 million green finance Project guaranteed by the Treasury and Finance Ministry of the Republic of Turkey. We aim to create an ecosystem that will contribute to the green transformation of our country and the investment needs in this field through the Turkey Green Fund, which is planned to be established in 2024 within the framework of the IBRD fund we have provided, and make a significant contribution to our country's goals in line with Türkiye's Nationally Determined Contribution (NDC).</p>	

Principle 4: Stakeholders



We will proactively and responsibly consult, engage and partner with relevant stakeholders to achieve society's goals.

4.1. Stakeholder identification and consultation

Does your bank have a process to identify and regularly consult, engage, collaborate and partner with stakeholders (or stakeholder groups<sup>12</sup>) you have identified as relevant in relation to the impact analysis and target setting process?

☒ Yes    ☐ In progress    ☐ No

Please describe which stakeholders (or groups/types of stakeholders) you have identified, consulted, engaged, collaborated or partnered with for the purpose of implementing the Principles and improving your bank's impacts. This should include a high-level overview of how your bank has identified relevant stakeholders, what issues were addressed/ results achieved and how they fed into the action planning process.

Response	Links and references
<p>We are a development and investment bank that provides services for green transformation in sustainable development finance, investment banking and advisory in cooperation with our stakeholders.</p> <p>We regularly assess external impacts and stakeholder expectations, and analyse the risks and opportunities arising from our sustainability priorities in line with the principle of double materiality. In this way, we keep our business strategies up to date and set ourselves short, medium and long-term targets, and we will continue to work towards our financial and non-financial strategic targets as rigorously as we have in the past.</p> <p>At TSKB, we organise our relations with both internal and external stakeholders in line with the ethical rules we have developed and policies focused on zero tolerance against corruption.</p> <p>The core framework of our sustainability management system is the Sustainability Policy, which we first published in 2012 and have updated over time in line with developments and stakeholder expectations.</p> <p>By following domestic and international best practices and standards, we presented our corporate sustainability performance and our direction for the future to all our stakeholders through sustainability reports, especially the Integrated Annual Report and the CDP Climate Change Programme report.</p>	<p>Integrated Annual Report Page: 21, 33-40</p>

<sup>12</sup> Such as regulators, investors, governments, suppliers, customers and clients, academia, civil society institutions, communities, representatives of indigenous population and non-profit organizations



Response	Links and references
<p>In this context, to comply with the Responsible Banking Principles and improve their effects, we took the following actions in 2023 and continued to develop cooperation with our relevant stakeholders.</p> <ul style="list-style-type: none"> <li>➤ In 2023, the funding we provided from development finance institutions and financial institutions reached USD 1.1 billion.</li> <li>➤ TSKB Advisory Services monitors the Border Carbon Regulation Mechanism regulations and the increasing awareness of our stakeholders on the issue. Capacity development requirements will be evaluated within the scope of the needs of our stakeholders in the future.</li> <li>➤ "What About Opportunities?", which analyses the green transformation process based on foreign trade data, and "Green Transformation and Procurement from Friendly Countries", which underlines the supply of critical minerals that will be needed in the green transformation process and the restructuring of supply chains, to our internal and external stakeholders. ✓</li> <li>➤ With our macro-development lens, we evaluated the pre and post COP period with the report "Traces of Structural Fracture from Marrakech to Dubai: What Happened Beyond the Official Negotiations at COP 28?" to our internal and external stakeholders. ✓</li> <li>➤ In December 2023, we published the "Energy Outlook 2023" report, in which we provided our stakeholders with a holistic view of developments in the Turkish energy sector. ✓</li> <li>➤ Within the scope of the Brand Perception Analysis, all interviews were completed by contacting 155 external stakeholders and 225 internal stakeholders in qualitative and quantitative groups during the research process. With the brand positioning study conducted based on the research outputs 2024-2025 brand strategy was determined.</li> <li>➤ We receive input and suggestions from all our stakeholders through regular stakeholder dialogue meetings, and we seek to involve all relevant parties in our development journey. We actively use industry organisations to strengthen our stakeholder communications.</li> <li>➤ We continue to be traded in the BIST Sustainability Index. In this context, we increased our ESG rating, which is regularly updated by Refinitiv, to A level in 2023.</li> <li>➤ With our ESG risk rating updated by Sustainalytics, in 2023, we ranked first in Turkey, among the top 9 development banks in the world, and the top 10 banks among global banks. As a result of the CDP Climate Change Reporting we conducted in 2023, we maintained our position at the Leadership Level with our A- grade. ✓</li> </ul>	<p>Integrated Annual Report Page: 33-40, 53, 60, 83, 86, 104, 112, 117</p>

Principle 5: Governance & Culture



We will implement our commitment to these Principles through effective governance and a culture of responsible banking

5.1. Governance Structure for Implementation of the Principles

Does your bank have a governance system in place that incorporates the PRB?

☒ Yes    ☐ In progress    ☐ No

Please describe the relevant governance structures, policies and procedures your bank has in place/is planning to put in place to manage significant positive and negative (potential) impacts and support the effective implementation of the Principles. This includes information about

- > which committee has responsibility over the sustainability strategy as well as targets approval and monitoring (including information about the highest level of governance the PRB is subjected to),
- > details about the chair of the committee and the process and frequency for the board having oversight of PRB implementation (including remedial action in the event of targets or milestones not being achieved or unexpected negative impacts being detected), as well as
- > remuneration practices linked to sustainability targets.

Response	Links and references
<p>TSKB Sustainability Committee is the highest level governance body responsible for the realisation of the strategies and targets we set in line with our sustainability targets.</p> <p>Established in 2014, the Sustainability Committee carries out its activities with the participation of 4 Board Members, CEO and 2 Executive Vice Presidents, one of whom is the Sustainability Leader, as of the reporting period. ✓</p> <p>The Committee convened 3 times in 2023 in order to ensure the coordination of the work plans and activities carried out within the scope of our strategy, vision and sustainability targets, and to closely monitor the activities of the Sustainability Management Committee and working groups.</p> <p>Meral Murathan, one of the Executive Vice Presidents on the Committee, has been appointed as Sustainability Leader to position sustainability activities within the Bank in strategic planning, to steer sustainability initiatives and to be responsible for representing the Bank in sustainability communication.</p>	<p>Integrated Annual Report Page: 35-42</p> <p>Climate Report Page: 11, 35</p>

Response	Links and references
<p>Sustainability Management Committee, which has been established to ensure that our sustainability activities are spread throughout the Bank and integrated into our differentiated business processes in parallel with our vision, strategy, goals and business plans in the area of sustainability, meets regularly throughout the year.</p> <p>The annual objectives of the Sustainability Management Committee are set in a clear and measurable way, and the objectives are reflected in the performance reports of our employees working in the Committee and its working groups. The level of achievement of these targets is taken into account in the performance appraisal process of the employees concerned.</p> <p>In 2023, departments that have included sustainability targets in their performance scorecards will be generalised across the Bank.</p> <p>During the reporting period, we carried out our sustainability activities through a total of 7 working groups categorised under 3 main titles: Stakeholder Engagement, Climate and Environment, Social Impact and Inclusiveness. ✔</p> <p>As of the end of 2023, colleagues from 25 different departments voluntarily became members of sustainability committees and working groups. The total number of our volunteer participants constitutes 18% of Banking employees. ✔</p> <p>Sustainability Committee targets are assigned to each employee within this organisation and are also taken into account in the employee's department report card along with the annual performance evaluation.</p> <p>As of 2024, we established the Climate Change and Sustainability Management Department in order to increase the effectiveness of centralised management and in-depth analysis of climate change and sustainability issues while ensuring the continuity of inclusive capacity development throughout our Bank.</p> <p>The basic framework of our sustainability management system is the Sustainability Policy, which we first published in 2012 and have updated over time in line with developments and stakeholder expectations. We elaborate our management principles for related issues with ten different policies developed in different environmental, social and governance focus areas. Among these complementary policies, the Environmental and Social Impact Management Policy also includes the List of Non-Financed Activities in line with responsible banking principles.</p>	

5.2. Promoting a culture of responsible banking:

Describe the initiatives and measures of your bank to foster a culture of responsible banking among its employees (e.g., capacity building, e-learning, sustainability trainings for client-facing roles, inclusion in remuneration structures and performance management and leadership communication, amongst others).

Response

We launched on our digital training platform, Partner for the Future (GOO), the Sustainability Development Programme that we created with the support of our subsidiary Escarus to increase our employees' knowledge and awareness of our sustainability activities. In collaboration with Ecoding, we included the Seed Shot step in the training process to support the environmental and social dimension. 15,000 aerial seed shots were planned as part of the training programme.

This initiative aims to uphold its ESG commitments while fostering employee awareness. SMS trainings, integrated into these programs, are tailored for each employee and factored into their performance evaluations. As part of these initiatives, an average of 61.2 hours of training was delivered per person in 2023. ✓

We organised one-on-one coaching, national and international development training to support the development of our colleagues selected as part of our efforts to secure critical positions. We also ensured their participation in technical and professional training programmes.

We are implementing new reward models to increase competitiveness, the quality of human capital and employee loyalty by incorporating into our Bank's practices the reward and recognition mechanisms that have changed and diversified in the world. In 2023, our employees who achieved exceptional results in categories such as; Profit Adders, Business Transformers, Creative Innovators, Collaborators, Digitalisers, Adding Value to the Environment and Society were recognised. In addition, 235 employees were recognised with experience gifts within the scope of motivational rewards.

Links and references

Integrated Annual Report  
Page: 12, 13, 72-74, 77

5.3. Policies and due diligence processes

Does your bank have policies in place that address environmental and social risks within your portfolio?<sup>13</sup> Please describe.

Please describe what due diligence processes your bank has installed to identify and manage environmental and social risks associated with your portfolio. This can include aspects such as identification of significant/salient risks, environmental and social risks mitigation and definition of action plans, monitoring and reporting on risks and any existing grievance mechanism, as well as the governance structures you have in place to oversee these risks.

<sup>13</sup> Applicable examples of types of policies are: exclusion policies for certain sectors/activities; zero-deforestation policies; zero-tolerance policies; gender-related policies; social due diligence policies; stakeholder engagement policies; whistle-blower policies etc., or any applicable national guidelines related to social risks.

Response	Links and references
<p>In line with our responsible banking principles, we attach importance to determining the potential risks and impacts that arise in the assessment of the environmental and social impacts of our projects with an objective approach. We publicly report the annual evaluation results of the ERET Model we use on our <a href="#">Bank's website</a>. In 2023, environmental and social risk assessments were carried out for a total of 103 investment and 9 working capital loans. Once the lending process begins, we monitor the management of the relevant environmental and social impacts of the Project through our own engineers and social experts or independent environmental and social consultants.</p> <p>Climate change presents both financial risks and opportunities for the banking sector. With this in mind, the working group set up in 2020 will continue to carry out studies to measure the financial risks to the Bank arising from climate change, carry out scenario-based analyses to measure the impact of risk factors in the medium and long term, manage them and integrate them into the Bank's risk model. The Climate Risk Evaluation Tool (CRET), which was finalised within the working group and piloted in 2022, was implemented in the credit assessment process in 2023 with two different temperature scenarios.</p> <p>Impact analyses were conducted for the sectors subject to the Carbon Border Adjustment Mechanism (CBAM), which entered into force in October 2023.</p> <p>We continued reporting in line with the advice and requirements of updated international standards such as UNEP FI, CDP and TCFD while developing a climate risk management approach.</p>	<p>Integrated Annual Report Page: 39, 88-90</p>

### Self-assessment summary

Does the CEO or other C-suite officers have regular oversight over the implementation of the Principles through the bank's governance system?

☒ Yes ☐ No

Does the governance system entail structures to oversee PRB implementation (e.g. incl. impact analysis and target setting, actions to achieve these targets and processes of remedial action in the event targets/milestones are not achieved or unexpected neg. impacts are detected)?

☒ Yes ☐ No

Does your bank have measures in place to promote a culture of sustainability among employees (as described in 5.2)?

☒ Yes ☐ In progress ☐ Hayır



Principle 6: Transparency & 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.

<div>6.1. Assurance</div> <div>Has this publicly disclosed information on your PRB commitments been assured by an independent assurer?</div> <div> <input checked="" type="checkbox"/> Yes <input type="checkbox"/> Partially <input type="checkbox"/> No </div> <div>If applicable, please include the link or description of the assurance statement.</div>	
<div>UNEP-FI Report Limited Assurance Report</div>	<div>Integrated Annual Report</div> <div>Page: 146</div>
<div>6.2. Reporting on other frameworks</div> <div>Does your bank disclose sustainability information in any of the listed below standards and frameworks? GRI</div> <div> <input checked="" type="checkbox"/> GRI <input checked="" type="checkbox"/> SASB <input checked="" type="checkbox"/> CDP <input type="checkbox"/> IFRS Sustainability Disclosure Standards (to be published) <input checked="" type="checkbox"/> TCFD <input type="checkbox"/> Other: .... </div>	
<div> <div>&gt; UN Global Compact (UNGC)</div> <div>&gt; Women’s Empowerment Principles</div> <div>&gt; WEF Stakeholder Capitalism Metrics</div> </div>	<div>Integrated Annual Report</div> <div>Page: 9, 48, 183-186</div>

6.3. Outlook

What are the next steps your bank will undertake in next 12 month-reporting period (particularly on impact analysis<sup>14</sup>, target setting<sup>15</sup> and governance structure for implementing the PRB)? Please describe briefly.

Implementation and reporting of Responsible Banking Principles will proceed in 2024 under the coordination of the Climate Change and Sustainability Management department, which has been implemented to further develop the sustainability capacity integrated into the Bank's functions.

The targets determined for the impact areas analyzed within the scope of the Principles will be followed up under the supervision of this department, with the support and synergy of the relevant units.

Bank's decisions, policies, targets, collaborations and memberships support the alignment with UNEP-FI Responsible Banking Principles.

In case set targets are not achieved or unexpected negative effects are detected; In light of the findings obtained by making a comprehensive evaluation, it will provide the necessary information to the members of the Sustainability Committee and the Sustainability Management Committee and will carry out studies to determine issues that need to be managed and the restorative action plans.

6.4. Challenges

Here is a short section to find out about challenges your bank is possibly facing regarding the implementation of the Principles for Responsible Banking. Your feedback will be helpful to contextualise the collective progress of PRB signatory banks.

What challenges have you prioritized to address when implementing the Principles for Responsible Banking? Please choose what you consider the top three challenges your bank has prioritized to address in the last 12 months (optional question).

If desired, you can elaborate on challenges and how you are tackling these:

☐ Embedding PRB oversight into governance
 ☐ Gaining or maintaining momentum in the bank
 ☐ Getting started: where to start and what to focus on in the beginning
 ☒ Conducting an impact analysis
 ☐ Assessing negative environmental and social impacts
 ☒ Choosing the right performance measurement methodology/ies
 ☐ Setting targets
 ☐ Other: ...

☐ Customer engagement
 ☐ Stakeholder engagement
 ☒ Data availability
 ☐ Data quality
 ☐ Access to resources
 ☐ Reporting
 ☐ Assurance
 ☐ Prioritizing actions internally

If desired, you can elaborate on challenges and how you are tackling these:

<sup>14</sup> For example outlining plans for increasing the scope by including areas that have not yet been covered, or planned steps in terms of portfolio composition, context and performance measurement

<sup>15</sup> For example outlining plans for baseline measurement, developing targets for (more) impact areas, setting interim targets, developing action plans etc.

# GRI Content Index



Statement of Use

This Report has been prepared by Türkiye Sınai Kalkınma Bankası A.Ş. in accordance with GRI Standards for the period January 1, 2023 to December 31, 2023.

GRI 1 Used

GRI 1: Foundation 2021

Applicable GRI Sector Standard

N/A

GRI STANDARD	EXPLANATIONS	DEPARTMENT	OMISSION		
			Requirement(s) omitted	Reason	Explanation
GRI 2: General Explanations 2021	2-1 Organizational details	Corporate Profil (p.11); Contact (p.354)			
	2-2 Entities included in the organization's sustainability reporting	About the Report (p.10)			
	2-3 Reporting period, frequency and contact point	About the Report (p.10); Contact (p.354)			
	2-4 Restatements of information	None.			
	2-5 External assurance	About the Report (p.10); Compliance Opinions (p.175)			
	2-6 Activities, value chain and other business relations	About the Report (p.10); Value Creation Model (p.12-13)			
	2-7 Employees	Corporate Profil (p.11); Human Capital (p.73, 75)			
	2-8 Workers who are not employees	Corporate Profil (p.11)			
	2-9 Governance structure and composition	Governance Model (p.34-35) Board of Directors (p.121-124) Senior Management (p.125-127)			
	2-10 Nomination and selection of the highest governance body	Governance Model (p.34-35), Corporate Governance Compliance Report (p.132)			
	2-11 Chair of the highest governance body	Governance Model (p.34-35), Board of Directors (p.121-124)			
	2-12 Role of the highest governance body in overseeing the management of impacts	Governance Model (p.34-39)			
	2-13 Delegation of responsibility for managing impacts	Governance Model (p.34-39)			
	2-14 Role of the highest governance body in sustainability reporting	Governance Model (p.34-39)			
	2-15 Conflicts of interest	Corporate Governance Compliance Report (p.129)			
	2-16 Communication of critical issues	Stakeholder Engagement (p.47-51)			
	2-17 Collective knowledge of the highest governance body	Governance Model (p.34), Board of Directors (p.121-124)			
	2-18 Evaluation of the performance of the highest governance body	Governance Model (p.37), Corporate Governance Compliance Report (p.132)			
	2-19 Remuneration policies	Governance Model (p.37), Corporate Governance Compliance Report (p.132)			
	2-20 Process to determine remuneration	Human Capital (p.76), Corporate Governance Compliance Report (p.132)			
	2-21 Annual total compensation ratio	Corporate Governance Compliance Report (p.129-132)		Competition Justifications	TSKB currently discloses the total amount of benefits provided to key management including Board Members in the notes to the financial statementp. These executives are the highest paid employees in the company. The ratio subject to the indicator is not disclosed for confidentiality reasons.
	2-22 Statement on sustainable development strategy	Strategic Plan (p.22), External Factors (p.23-33)			
	2-23 Policy commitments	Governance Model (p.36) Declarations and Principles to which TSKB is a Signatory (p.40-41) <a href="http://www.tskb.com.tr/hizmetler/surdurulebilir-bankacilik/politikamiz/surdurulebilirlik-politikamiz">www.tskb.com.tr/hizmetler/surdurulebilir-bankacilik/politikamiz/surdurulebilirlik-politikamiz</a>			
	2-24 Integrating policy commitments	Governance Model (p.36-41)			

For the Content Index – Essentials Service, GRI Services reviewed that the GRI content index is clearly presented, in a manner consistent with the Standards, and that the references for all disclosures are included correctly and aligned with the appropriate sections in the body of the report.

# GRI Content Index

GRI STANDARD	EXPLANATIONS	DEPARTMENT	OMISSION		
			Requirement(s) omitted	Reason	Explanation
GRI 2: General Explanations 2021	2-25 Processes to remediate negative impacts	Strategy, Performance and Insights (p.22-119) Governance Model (p.39-40)			
	2-26 Mechanisms for seeking advice and raising concerns	Stakeholder Engagement (p.47-51)			
	2-27 Compliance with laws and regulations	Governance Model (p.35)			
	2-28 Corporate memberships	Intellectual and Manufactured Capital (p.106)			
	2-29 Stakeholder engagement approach	Stakeholder Engagement (p.47-51)			
	2-30 Collective bargaining agreements	TSKB 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 2023, there is no Collective Bargaining Agreement at TSKB.			
<b>Material Topics</b>					
GRI 3: Material Topics 2021	3-1 Process to determine material topics	Governance Model (p.41-43)			
	3-2 Material topics list	Governance Model (p.41-43)			
<b>Sustainable Financial Performance</b>					
GRI 3: Material Topics 2021	3-3 Management of material topics	Value Creation Model (p.12-13), Key Indicators (p.14), Message from the Chairperson (p.15-16), Message from the CEO (p.17-18), Stakeholder Engagement and Materiality Analysis (p.44-51), Financial Capital (p.52-70), Human Capital (p.72-82), Natural Capital (p.83-97), Social Capital (p.111-119)			
GRI 201: Economic Performance 2016	201-1 Direct economic value generated and distributed	Value Creation Model (p.12-13), Key Indicators (p.14), Financial Capital (p.52-70)			
	201-3 Defined benefit plan obligations and other retirement plans	Unconsolidated Financial Statements and Independent Audit Report (p.196-282) Consolidated Financial Statements and Independent Audit Report (p.283-374)			
	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 (p.72-82)			
	202-2 Proportion of senior management hired from local community	All members of TSKB Senior Management are Turkish citizens. Board of Directors (p.121-124), Senior Management (p.125-127), Directors (p.128)			
GRI 203: Indirect Economic Impacts 2016	203-1 Infrastructure investments and services supported	Financial Capital (p.52-70), Natural Capital (p.83-97)			
	203-2 Significant indirect economic impacts	Value Creation Model (p.12-13), Financial Capital (p.52-70), Intellectual and Manufactured Capital (p.98-110)			
<b>Ethics, Compliance and Anti-Corruption</b>					
GRI 3: Material Topics 2021	3-3 Management of material topics	Stakeholder Engagement and Materiality Analysis (p.44-51) Corporate Governance Compliance Report (p.129-133) <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> 2023 Results: <a href="https://www.tskb.com.tr/uploads/file/2023-sonuclari.pdf">https://www.tskb.com.tr/uploads/file/2023-sonuclari.pdf</a>			
<b>Competitive Behavior</b>					
GRI 3: Material Topics 2021	3-3 Management of material topics	Stakeholder Engagement and Materiality Analysis (p.44-51) Corporate Governance Compliance Report (p.129-133)			
GRI 206: Anti-Competitive Behavior 2016	206-1 Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	Corporate Governance Compliance Report (p.129-133) Other Major Updates on Corporate Operations (p.134)			
<b>Management of Climate Risks and Opportunities</b>					
GRI 3: Material Topics 2021	3-3 Management of material topics	Stakeholder Engagement and Materiality Analysis (p.44-51), Natural Capital (p.83-97)			

## GRI Content Index

			OMISSION		
GRI STANDARD	EXPLANATIONS	DEPARTMENT	Requirement(s) omitted	Reason	Explanation
GRI 201: Economic Performance 2016	201-2 Financial implications and other risks and opportunities due to climate change	Natural Capital (p.83-97)			
GRI 302: Energy 2016	302-1 Energy consumption within the organization	Natural Capital (p.83-97)			
	302-3 Energy intensity	Natural Capital (p.83-97)			
	302-4 Reduction of energy consumption	Natural Capital (p.83-97)			
GRI 303: Water and Effluents 2018	303-5 Water consumption	Natural Capital (p.83-97)			
GRI 305: Emissions 2016	305-1 Direct (Scope 1) GHG emissions	Natural Capital (p.83-97)			
	305-2 Energy indirect (Scope 2) GHG emissions	Natural Capital (p.83-97)			
	305-3 Other indirect (Scope 3) GHG emissions	Natural Capital (p.83-97)			
	305-5 Reduction of GHG emissions	Natural Capital (p.83-97)			
GRI 306: Waste 2020	306-2 Management of significant waste-related impacts	Natural Capital (p.83-97)			
Responsible Sourcing and Supply Chain					
GRI 3: Material Topics 2021	3-3 Management of material topics	Stakeholder Engagement and Materiality Analysis (p.44-51), Natural Capital (p.83-97). 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 (p.83-97) 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>			
Competent Human Capital					
GRI 3: Material Topics 2021	3-3 Management of material topics	Stakeholder Engagement and Materiality Analysis (p.44-51), Human Capital (p.72-82)			
GRI 401: Employment 2016	401-1 İşe yeni alınan çalışanlar ve çalışan devri	Human Capital (p.72-82)			
	401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	Human Capital (p.72-82) All employees at TSKB are full-time employees.			
	401-3 Maternity leave	Human Capital (p.72-82)			
Employee Engagement, Employee and Human Rights					
GRI 3: Material Topics 2021	3-3 Management of material topics	Stakeholder Engagement and Materiality Analysis (p.44-51), Human Capital (p.72-82) <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>			
GRI 403: Occupational Health and Safety 2018	403-1 Occupational health and safety management system	Human Capital (p.72-82) TSKB ensures full compliance with its ISO 45001 Occupational Health and Safety Management System standards. <a href="http://www.tskb.com.tr/hizmetler/surdurulebilir-bankacilik/politikamiz/tskb-is-sagligi-ve-guvenligi-politikasi">http://www.tskb.com.tr/hizmetler/surdurulebilir-bankacilik/politikamiz/tskb-is-sagligi-ve-guvenligi-politikasi</a>			
	403-2 Hazard identification, risk assessment, and incident investigation	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 (p.72-82)			
	404-2 Programs for upgrading employee skills and transition assistance programs	Human Capital (p.72-82)			



# GRI Content Index

			OMISSION		
GRI STANDARD	EXPLANATIONS	DEPARTMENT	Requirement(s) omitted	Reason	Explanation
Inclusiveness, Equal Opportunities, and Diversity					
GRI 3: Material Topics 2021	3-3 Management of material topics	Stakeholder Engagement and Materiality Analysis (p.44-51), Human Capital (p.72-82) <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>			
GRI 405: Diversity and Equal Opportunity 2016	405-1 Diversity of governance bodies and employees	Human Capital (p.72-82), Board of Directors (p.121-124) Senior Management (p.125-127)			
	405-2 Ratio of basic salary and remuneration of women to men	Human Capital (p.72-82) At TSKB, there is no gender-based discrimination for employee wages. As of the end of 2023, the gender wage gap is 0.02.			
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 407: Freedom of Association and Collective Bargaining 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’de hiçbir surette çocuk işçi istihdam edilmemektedir. TSKB tedarikçilerinden, ilgili kanun ve yönetmeliklerde belirtilen yaş hükümlerine uymalarını beklemektedir.			
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>			
Cyber Security and Data Privacy					
GRI 3: Material Topics 2021	3-3 Management of material topics	Stakeholder Engagement and Materiality Analysis (p.44-51)Intellectual and Manufactured Capital (p.98-110) <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.			
Digital Transformation and Agility					
GRI 3: Material Topics 2021	3-3 Management of material topics	Stakeholder Engagement and Materiality Analysis (p.44-51) Intellectual and Manufactured Capital (p.98-110)			
Environmental and Social Impact Monitoring and Reporting					
GRI 3: Material Topics 2021	3-3 Management of material topics	Stakeholder Engagement and Materiality Analysis (p.44-51)Intellectual and Manufactured Capital (p.98-110), Natural Capital (p.83-97)			
Effective Risk Management					
GRI 3: Material Topics 2021	3-3 Management of material topics	Stakeholder Engagement and Materiality Analysis (p.44-51), Risk Management Policies (p.135-136)			
Innovation					
GRI 3: Material Topics 2021	3-3 Management of material topics	Stakeholder Engagement and Materiality Analysis (p.44-51) Intellectual and Manufactured Capital (p.98-110)			
Customer Experience					
GRI 3: Öncelikli Konular 2021	3-3 Management of material topics	Stakeholder Engagement and Materiality Analysis (p.44-51)Intellectual and Manufactured Capital (p.98-110) <a href="https://www.tskb.com.tr/yatirimci-iliskileri/kurumsal-yonetim">https://www.tskb.com.tr/yatirimci-iliskileri/kurumsal-yonetim</a>			
Stakeholder Capitalism and International Cooperation					
GRI 3: Material Topics 2021	3-3 Management of material topics	Stakeholder Engagement and Materiality Analysis (p.44-51, Governance Model (p.34-42), WEF Stakeholder Capitalism Index (p.167-168)			
Supporting the UN SDGs					
GRI 3: Material Topics 2021	3-3 Management of material topics	Stakeholder Engagement and Materiality Analysis (p.44-51)			
Corporate Social Responsibility					
GRI 3: Material Topics 2021	3-3 Management of material topics	Stakeholder Engagement and Materiality Analysis (p.44-51), Social Capital (p.111-119)			

## UNGC Index

Principle 1	Strategy, Performance and Expectations/Human Capital/ TSKB Human Rights Policy <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>
Principle 2	Strategy, Performance and Expectations/Human Capital/Human Resources Policy <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>
Principle 3	Strategy, Performance and Expectations/Human Capital/Human Resources Policy <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>
Principle 4	Strategy, Performance and Expectations/Human Capital/Human Resources Policy <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>
Principle 5	Strategy, Performance and Expectations/Human Capital/Human Resources Policy <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>
Principle 6	Strategy, Performance and Expectations/Human Capital/Human Resources Policy <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>
Principle 7	Strategy, Performance and Expectations/Strategic Plan Strategy, Performance and Expectations/Natural Capital/ERET Model Strategy, Performance and Expectations/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>
Principle 8	Strategy, Performance and Expectations/Governance Structure/Declarations to which TSKB is a Signatory Strategy, Performance and Expectations/Intellectual and Manufactured Capital/Memberships and Working Groups Strategy, Performance and Expectations/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>
Principle 9	Strategy, Performance and Expectations/Financial Capital/TSKB and Climate Change Strategy, Performance and Expectations/Human Capital/ /TSKB Technology and Entrepreneurship Platform Strategy, Performance and Expectations/Natural Capital Strategy, Performance and Expectations/Social Capital <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>
Principle 10	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

Principle 1	<p>Strategy, Performance and Expectations/Governance Structure/Sustainability/Gender Equality Working Group</p> <p><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></p> <p><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> <p>Strategy, Performance and Expectations/Social Capital/2023 Key Performance Indicators</p> <p>Strategy, Performance and Expectations/Social Capital/Empowerment-through Education Scholarship Fund</p> <p>Strategy, Performance and Expectations/Social Capital/Equal Steps</p> <p>Strategy, Performance and Expectations/Social Capital/Women Stars of Tomorrow</p>
Principle 2	<p>Strategy, Performance and Expectations/Human Capital/2023 Key Performance Indicators</p> <p>Strategy, Performance and Expectations/Human Capital/Human Resources Principles</p> <p><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></p> <p><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>
Principle 3	<p>Strategy, Performance and Expectations/Human Capital</p> <p>Strategy, Performance and Expectations/Human Capital/Human Resources Principles</p> <p><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></p> <p><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>
Principle 4	<p>Strategy, Performance and Expectations/Human Capital/2023 Key Performance Indicators</p> <p>Strategy, Performance and Expectations/Human Capital/Human Resources Principles</p> <p>Strategy, Performance and Expectations/Social Capital</p> <p><a href="https://www.tskb.com.tr/en/about-us/human-resources">https://www.tskb.com.tr/en/about-us/human-resources</a></p> <p><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></p> <p><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></p> <p><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>
Principle 5	<p>Strategy, Performance and Expectations/Financial Capital/Focus on Inclusiveness</p> <p>Strategy, Performance and Expectations/Social Capital/Social Value</p> <p><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>
Principle 6	<p>Strategy, Performance and Expectations/Governance Structure/Declarations to which TSKB is a Signatory</p> <p>Strategy, Performance and Expectations/Intellectual and Manufactured Capital/Initiatives Led and Working Groups Participated by TSKB</p> <p>Strategy, Performance and Expectations/Social Capital/Sustainability Projects</p> <p><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></p> <p><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></p> <p><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></p> <p><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></p> <p><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>
Principle 7	<p>Strategy, Performance and Expectations/Human Capital/2023 Key Performance Indicators</p> <p>Annexes/GRI Index</p> <p>Annexes/UNGC Index</p> <p>Annexes/WEPs Index</p> <p>Annexes/WEF Stakeholder Capitalism Index</p> <p>Annexes/SASB Index</p> <p><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></p> <p><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></p> <p><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></p> <p><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	Governance Structure
		Remuneration	Governance Structure, Human Capital, Corporate Governance Compliance Report
		Progress against strategic milestones	Strategy, Performance and Expectations
	Stakeholder Engagement	Material Issues Impacting Stakeholders	Governance Structure, TSKB Sustainability Priorities
	Ethical Behavior	Anti-corruption	Business Ethics and Legislative Harmonisation, 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	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	Natural Capital
		Paris-aligned GHG emissions targets	Natural Capital
		Impact of Greenhouse Gas Emissions	Natural Capital
	Nature Loss	Land Use and Ecological Sensitivity	Financial Capital, 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

Themes	Core Metrics and Disclosures	Category of Related Disclosures
People	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 Safety	Human Capital
	Well-being	Human Capital
	Monetized Impacts of Work-related Incidents on Organization	Human Capital
	Training Provided	Human Capital
	Number of Unfilled 'Skilled' Positions	Human Capital
	Monetized Impacts of Training	Human Capital
Prosperity	Absolute Number and Rate of Employment	Human Capital
	Economic Contribution	Financial Capital, 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
	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
	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.



# 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
Finansal 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  Business Ethics and Legislative Harmonisation, 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 Change and TSKB Sustainable Banking Strategy

\*Topics that are not directly related to our Development Banking Activities are not included in the table.

# General Assembly

---

## TÜRKİYE SİNAİ KALKINMA BANKASI A.Ş.

### Ordinary General Assembly Meeting Agenda Dated 28.03.2024

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 2023
3. Review, discussion and approval of the balance sheet and profit and loss statement of the Bank for the year of 2023
4. Release of the Members of the Board of Directors
5. Adoption of a resolution regarding the determination and allotment of the 2023 profit to be distributed
6. Appointment of Board of Directors Members and Independent Member of the Board of Directors
7. Determination of allowance for the Members of the Board of Directors
8. Election of Independent Audit Firm,
9. Approval of the appointment of the members of the Advisory Committee pursuant to the Communiqué on the Compliance Standards to Interest-Free Banking
10. Presentation of the information regarding the donations made within the year 2023 and determination of the upper limit for donations to be made within the year 2024
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.
13. Presenting information regarding the management of our Bank's climate risks

# 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 28, 2024,

- 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
- j) control and in more than a total of five publicly traded companies;
- k) 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,

**MEHMET SEFA PAMUKSUZ**  
**Board Member**

# Statement Of Responsibility

**TURKİYE SINAI KALKINMA BANKASI A.Ş.**  
**STATEMENT OF RESPONSIBILITY FOR THE INTEGRATED ANNUAL REPORT 2023**

**March 6, 2024**

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 01.01.2023 - 31.12.2023

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 SINAI KALKINMA BANKASI A.Ş.**

Audit Committee Chairperson  
**GAMZE YALÇIN**

Audit Committee Member  
**BAHATTİN ÖZARSLANTÜRK**

Director Responsible for  
Financial Reporting  
**TOLGA SERT**

Executive Vice President  
Responsible for Investor  
Relations  
**MERAL MURATHAN**



*You can scan the QR Code  
to reach the footnotes.*

## **Türkiye Sınai Kalkınma Bankası A.Ş.**

### **INDEPENDENT AUDITOR'S AUDIT REPORT, UNCONSOLIDATED FINANCIAL STATEMENTS AND NOTES FOR THE YEAR ENDED DECEMBER 31, 2023**

**(Convenience Translation of the Auditor's Audit Report Originally Issued in Turkish)**





Güney Bağımsız Denetim ve SMMM A.Ş.  
Maslak Mah. Eski Büyükdere Cad.  
Orjin Maslak İş Merkezi No: 27  
Daire: 57 34485 Sarıyer  
İstanbul - Türkiye

Tel: +90 212 315 3000  
Fax: +90 212 230 8291  
ey.com  
Ticaret Sicil No : 479920  
Mersis No: 0-4350-3032-6000017

## 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, 2023 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 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, 2023 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, 2023 include a free provision amounting to thousand TL 1.750.000 of which thousand TL 900.000 which was provided in prior years and thousand TL 850.000 was provided in 2023 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", "Other Provisions" for the year ended 31 December 2023 are overstated by thousand TL 1.750.000, "Prior Years' Profit/Loss" and "Current Year Profit/Loss" for the twelve-month period ending on December 31, 2023 are understated by thousand TL 900.000 and thousand TL 850.000 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 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>	
<p>As presented in Section 3 disclosure VIII the Bank calculates expected credit losses of financial assets in accordance with TFRS 9 "Financial Instruments". We considered the TFRS 9 impairment of financial assets as a key audit matter since:</p> <ul style="list-style-type: none"> <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>	<p>In addition to our current audit procedures, our audit procedures are:</p> <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>Pension Fund Obligations</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, 2023 has been calculated by an independent actuary in accordance with the actuarial assumptions in the Law and as per actuarial report dated January 15, 2024, there is no need for technical or actual deficit to book provision as of December 31, 2023.</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>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 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, 2023 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 Başınmaz Denetim ve Serbest Muhasebeci Mali Müşavirlik Anonim Şirketi  
A member firm of Ernst & Young Global Limited



Fatma Ebru Yücel, SMMM  
Partner

February 5, 2024  
İstanbul, Türkiye



**THE UNCONSOLIDATED FINANCIAL REPORT OF  
TÜRKİYE SİNAİ KALKINMA BANKASI A.Ş.  
FOR THE YEAR ENDED 31 DECEMBER 2023**

Address: Mecidiyeköy Cad. No:81 Fındıklı (İstanbul)  
Telephone: (212) 334 52 58  
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 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 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 communications and the Bank's records, and have been independently audited and presented as attached.

5 February 2024

  
**Adnan BALI**  
Chairman of Board of Directors

  
**Murat BELGİ**  
Member of Board of Directors and General Manager

  
**Ergin TOPALOĞLU**  
Executive Vice President In Charge of Financial Reporting

  
**Dilek PEKCAN MIŞE**  
Head of Financial Control Department

  
**İsmail YALÇIN**  
Chairman of Audit Committee

  
**Bahadır ÖZARSLANER**  
Member of Audit Committee

Contact information of the personnel in charge for addressing questions about this financial report:

Name-Surname / Title : Güneş Fındıklıoğlu / Head of Financial Institutions and Investor Relations  
Telephone Number : (212) 334 52 58

**Türkiye Sınai Kalkınma Bankası A.Ş.**  
Mecidiyeköy Cad. 81 Fındıklı: 34427 İstanbul Tel: (212) 334 50 00 Faks: (212) 334 52 34 Ticaret Sicil No: 42527  
[www.tskb.com.tr](http://www.tskb.com.tr)

## TÜRKİYE SİNAİ KALKINMA BANKASI A.Ş.

### UNCONSOLIDATED BALANCE SHEET (STATEMENT OF FINANCIAL POSITION)

AS OF 31 DECEMBER 2023

(Amounts are expressed in thousands of Turkish Lira (TL) unless otherwise stated.)

ASSETS	Section 5 Note I	Audited Current Period 31 December 2023			Audited Prior Period 31 December 2022		
		TL	FC	Total	TL	FC	Total
<b>I. FINANCIAL ASSETS (NET)</b>		<b>12,079,389</b>	<b>15,072,800</b>	<b>27,152,189</b>	<b>10,461,460</b>	<b>12,874,948</b>	<b>23,336,408</b>
1.1 Cash and Cash Equivalents		7,426,572	7,698,495	15,125,067	5,757,326	4,129,714	9,887,040
1.1.1 Cash and Balances with Central Bank	(1)	8,682	2,934,142	2,942,824	18,958	2,778,981	2,797,939
1.1.2 Banks	(3)	819	4,765,002	4,765,821	20,454	1,351,308	1,371,762
1.1.3 Money Market Placements		7,417,408	-	7,417,408	5,718,471	-	5,718,471
1.1.4 Expected Credit Losses (-)		337	649	986	557	575	1,132
1.2 Financial Assets at Fair Value Through Profit or Loss	(2)	279,883	-	279,883	-	-	-
1.2.1 Government Debt Securities		-	-	-	-	-	-
1.2.2 Equity Instruments		-	-	-	-	-	-
1.2.3 Other Financial Assets		279,883	-	279,883	-	-	-
1.3 Financial Assets at Fair Value Through Other Comprehensive Income	(4)	3,898,112	5,914,430	9,812,542	3,743,504	7,310,268	11,053,772
1.3.1 Government Debt Securities		3,669,367	5,161,094	8,830,461	2,846,542	6,903,245	9,749,787
1.3.2 Equity Instruments		114,017	753,336	867,353	71,360	407,023	478,383
1.3.3 Other Financial Assets		114,728	-	114,728	825,602	-	825,602
1.4 Derivative Financial Assets	(2)	474,822	1,459,875	1,934,697	960,630	1,434,966	2,395,596
1.4.1 Derivative Financial Assets at Fair Value Through Profit or Loss		474,822	1,459,875	1,934,697	960,630	1,434,966	2,395,596
1.4.2 Derivative Financial Assets at Fair Value Through Other Comprehensive Income		-	-	-	-	-	-
<b>II. FINANCIAL ASSETS MEASURED AT AMORTIZED COST (NET)</b>		<b>17,126,421</b>	<b>123,677,102</b>	<b>140,803,523</b>	<b>12,946,934</b>	<b>74,654,449</b>	<b>87,601,383</b>
2.1 Loans	(5)	12,619,452	117,065,644	129,685,096	9,008,274	70,885,506	79,893,780
2.2 Lease Receivables	(10)	34,052	418,318	452,370	34,615	345,616	380,231
2.3 Factoring Receivables		-	-	-	-	-	-
2.4 Other Financial Assets Measured at Amortized Cost	(6)	8,392,539	10,501,573	18,894,112	6,195,613	6,630,368	12,825,981
2.4.1 Government Debt Securities		8,392,539	10,501,573	18,894,112	6,195,613	6,630,368	12,825,981
2.4.2 Other Financial Assets		-	-	-	-	-	-
2.5 Expected Credit Losses (-)		3,919,622	4,308,433	8,228,055	2,291,568	3,207,041	5,498,609
<b>III. PROPERTY AND EQUIPMENT HELD FOR SALE PURPOSE AND RELATED TO DISCONTINUED OPERATIONS (NET)</b>	(16)	-	-	-	-	-	-
3.1 Held for Sale Purpose		-	-	-	-	-	-
3.2 Related to Discontinued Operations		-	-	-	-	-	-
<b>IV. EQUITY INVESTMENTS</b>		<b>6,502,318</b>	-	<b>6,502,318</b>	<b>3,483,384</b>	-	<b>3,483,384</b>
4.1 Investments in Associates (Net)	(7)	2,825,834	-	2,825,834	1,493,750	-	1,493,750
4.1.1 Accounted Under Equity Method		2,825,834	-	2,825,834	1,493,750	-	1,493,750
4.1.2 Unconsolidated Associates		-	-	-	-	-	-
4.2 Subsidiaries (Net)	(8)	3,676,484	-	3,676,484	1,989,634	-	1,989,634
4.2.1 Unconsolidated Financial Subsidiaries		3,575,468	-	3,575,468	1,937,664	-	1,937,664
4.2.2 Unconsolidated Non-Financial Subsidiaries		101,016	-	101,016	51,970	-	51,970
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>450,137</b>	-	<b>450,137</b>	<b>196,705</b>	-	<b>196,705</b>
<b>VI. INTANGIBLE ASSETS (Net)</b>	(13)	<b>5,295</b>	-	<b>5,295</b>	<b>2,876</b>	-	<b>2,876</b>
6.1 Goodwill		-	-	-	-	-	-
6.2 Other		5,295	-	5,295	2,876	-	2,876
<b>VII. INVESTMENT PROPERTY (Net)</b>	(14)	-	-	-	-	-	-
<b>VIII. CURRENT TAX ASSET</b>		-	-	-	-	-	-
<b>IX. DEFERRED TAX ASSET</b>	(15)	<b>1,446,999</b>	-	<b>1,446,999</b>	<b>710,021</b>	-	<b>710,021</b>
<b>X. OTHER ASSETS (Net)</b>	(17)	<b>383,877</b>	<b>139,699</b>	<b>523,576</b>	<b>145,950</b>	<b>98,645</b>	<b>244,595</b>
<b>TOTAL ASSETS</b>		<b>37,994,436</b>	<b>138,889,601</b>	<b>176,884,037</b>	<b>27,947,330</b>	<b>87,628,042</b>	<b>115,575,372</b>

LIABILITIES AND EQUITY	Section 5 Note II	Audited Current Period 31 December 2023			Audited Prior Period 31 December 2022		
		TL	FC	Total	TL	FC	Total
<b>I. DEPOSITS</b>	(1)	-	-	-	-	-	-
<b>FUNDS BORROWED</b>	(3)	<b>175,418</b>	<b>106,675,692</b>	<b>106,851,110</b>	-	<b>70,814,085</b>	<b>70,814,085</b>
<b>III. MONEY MARKET BALANCES</b>		<b>256,137</b>	<b>2,224,922</b>	<b>2,481,059</b>	<b>186,307</b>	<b>1,256,559</b>	<b>1,442,866</b>
<b>IV. MARKETABLE SECURITIES ISSUED (Net)</b>	(3)	-	<b>32,227,091</b>	<b>32,227,091</b>	-	<b>21,047,752</b>	<b>21,047,752</b>
4.1 Bills		-	-	-	-	-	-
4.2 Assets Backed Securities		-	-	-	-	-	-
4.3 Bonds		-	32,227,091	32,227,091	-	21,047,752	21,047,752
<b>V. BORROWER FUNDS</b>		<b>132,820</b>	<b>1,349,660</b>	<b>1,482,480</b>	<b>27,907</b>	<b>709,826</b>	<b>737,733</b>
5.1 Borrower Funds		132,820	1,349,660	1,482,480	27,907	709,826	737,733
5.2 Other		-	-	-	-	-	-
<b>VI. FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS</b>		-	-	-	-	-	-
<b>VII. DERIVATIVE FINANCIAL LIABILITIES</b>	(2)	<b>32,887</b>	<b>1,115,271</b>	<b>1,148,158</b>	<b>169,996</b>	<b>962,347</b>	<b>1,132,343</b>
7.1 Derivative Financial Liabilities at Fair Value Through Profit or Loss		32,887	1,115,271	1,148,158	169,996	962,347	1,132,343
7.2 Derivative Financial Liabilities at Fair Value Through Other Comprehensive Income		-	-	-	-	-	-
<b>VIII. FACTORING LIABILITIES</b>		-	-	-	-	-	-
<b>IX. LEASE LIABILITIES</b>	(5)	<b>127,296</b>	-	<b>127,296</b>	<b>2,245</b>	-	<b>2,245</b>
<b>X. PROVISIONS</b>	(7)	<b>1,872,459</b>	<b>180,126</b>	<b>2,052,585</b>	<b>993,190</b>	<b>49,640</b>	<b>1,042,830</b>
10.1 Restructuring Provisions		-	-	-	-	-	-
10.2 Reverse for Employee Benefits		35,123	-	35,123	31,051	-	31,051
10.3 Insurance Technical Provisions (Net)		-	-	-	-	-	-
10.4 Other Provisions		1,837,336	180,126	2,017,462	962,139	49,640	1,011,779
<b>XI. CURRENT TAX LIABILITY</b>	(8)	<b>894,735</b>	-	<b>894,735</b>	<b>551,910</b>	-	<b>551,910</b>
<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)	-	<b>6,043,090</b>	<b>6,043,090</b>	-	<b>3,829,127</b>	<b>3,829,127</b>
14.1 Loans		-	6,043,090	6,043,090	-	3,829,127	3,829,127
14.2 Other Debt Instruments		-	-	-	-	-	-
<b>XV. OTHER LIABILITIES</b>	(4)	<b>424,650</b>	<b>1,740,113</b>	<b>2,164,763</b>	<b>321,498</b>	<b>1,870,976</b>	<b>2,192,474</b>
<b>XVI. SHAREHOLDERS' EQUITY</b>		<b>21,357,317</b>	<b>54,353</b>	<b>21,411,670</b>	<b>13,048,337</b>	<b>(266,330)</b>	<b>12,782,007</b>
16.1 Paid-in capital	(11)	2,800,000	-	2,800,000	2,800,000	-	2,800,000
16.2 Capital Reserves		14,658	-	14,658	374	-	374
16.2.1 Share Premium		-	-	-	-	-	-
16.2.2 Share Cancellation Profits		-	-	-	-	-	-
16.2.3 Other Capital Reserves		14,658	-	14,658	374	-	374
16.3 Accumulated Other Comprehensive Income or Loss Not Reclassified Through Profit or Loss	(11)	3,101,549	183,946	3,285,495	849,348	95,052	944,400
16.4 Accumulated Other Comprehensive Income or Loss Reclassified Through Profit or Loss		387,134	(129,593)	257,541	1,371,832	(361,382)	1,010,450
16.5 Profit Reserves		8,012,499	-	8,012,499	3,971,749	-	3,971,749
16.5.1 Legal Reserves	(11)	631,996	-	631,996	429,245	-	429,245
16.5.2 Status Reserves		75,641	-	75,641	75,641	-	75,641
16.5.3 Extraordinary Reserves	(11)	7,301,942	-	7,301,942	3,463,943	-	3,463,943
16.5.4 Other Profit Reserves		2,920	-	2,920	2,920	-	2,920
16.6 Profit Or Loss		7,041,477	-	7,041,477	4,055,034	-	4,055,034
16.6.1 Prior Years' Profit/Loss		-	-	-	-	-	-
16.6.2 Current Year Profit/Loss		7,041,477	-	7,041,477	4,055,034	-	4,055,034

The accompanying notes are an integral part of these unconsolidated financial statements.

The accompanying notes are an integral part of these unconsolidated financial statements.



## TÜRKİYE SİNAİ KALKINMA BANKASI A.Ş.

### UNCONSOLIDATED STATEMENT OF OFF BALANCE SHEET AS OF 31 DECEMBER 2023

(Amounts are expressed in thousands of Turkish Lira (TL) unless otherwise stated.)

		Audited Current Period 31 December 2023			Audited Prior Period 31 December 2022			
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>								
I. GUARANTEES AND COLLATERALS	(1)	18,195,989	140,351,536	158,547,525	15,389,185	106,612,848	122,002,833	7,386,611
1.1 Letters of Guarantee		2,578,877	9,714,248	12,222,845	1,488,296	5,817,315	7,305,611	3,735,546
1.1.1 Guarantees Subject to State Tender Law		-	-	-	-	-	-	-
1.1.2 Guarantees Given for Foreign Trade Operations		-	-	-	-	-	-	-
1.1.3 Other Letters of Guarantee		2,378,874	5,722,479	8,101,353	1,166,776	2,568,770	3,735,546	-
1.2 Bank Acceptances		-	-	-	-	39,643	39,643	-
1.2.1 Import Letter of Acceptance		-	-	-	-	39,643	39,643	-
1.2.2 Other Bank Acceptance		-	-	-	-	-	-	-
1.3 Letters of Credit		129,703	3,991,789	4,121,492	321,520	3,208,902	3,530,422	-
1.3.1 Documentary Letters of Credit		129,703	3,991,789	4,121,492	321,520	3,208,902	3,530,422	-
1.3.2 Other Letters of Credit		-	-	-	-	-	-	-
1.4 Prefinancing Given as Guarantee		-	-	-	-	-	-	-
1.5 Endorsements		-	-	-	-	-	-	-
1.5.1 Endorsements to the Central Bank of Turkey		-	-	-	-	-	-	-
1.5.2 Other Endorsements		-	-	-	-	-	-	-
1.6 Securities Issue Purchase Guarantees		-	-	-	-	-	-	-
1.7 Factoring Guarantees		-	-	-	-	-	-	-
1.8 Other Guarantees		-	-	-	-	-	-	-
1.9 Other Collaterals		-	-	-	-	-	-	-
II. COMMITMENTS	(1)	1,975,991	6,563,880	8,539,871	1,847,452	9,504,856	11,352,308	-
2.1 Irrevocable Commitments		1,469,708	428,175	1,897,883	1,036,616	270,614	1,307,230	-
2.1.1 Forward Asset Purchase and Sale Commitments		118,180	223,859	342,039	53,598	110,188	163,786	-
2.1.2 Forward Deposit Purchase and Sales Commitments		-	-	-	-	-	-	-
2.1.3 Share Capital Commitments to Associates and Subsidiaries		-	168,814	168,814	-	138,750	138,750	-
2.1.4 Loan Granting Commitments		-	-	-	-	-	-	-
2.1.5 Securities Underwriting Commitments		-	-	-	-	-	-	-
2.1.6 Commitments for Reserve Deposit Requirements		-	-	-	-	-	-	-
2.1.7 Payment Commitment for Checks		-	-	-	-	-	-	-
2.1.8 Tax and Fund Liabilities from Export Commitments		-	-	-	-	-	-	-
2.1.9 Commitments for Credit Card Expenditure Limits		-	-	-	-	-	-	-
2.1.10 Commitments for Promotions Related with Credit Cards and Banking Activities		-	-	-	-	-	-	-
2.1.11 Receivables from Short Sale Commitments		-	-	-	-	-	-	-
2.1.12 Payables for Short Sale Commitments		-	-	-	-	-	-	-
2.1.13 Other Irrevocable Commitments		1,351,528	35,502	1,387,030	983,018	21,676	1,004,694	-
2.2 Revocable Commitments		506,283	6,135,705	6,641,988	810,836	9,234,242	10,045,078	-
2.2.1 Revocable Loan Granting Commitments		506,283	6,135,705	6,641,988	810,836	9,234,242	10,045,078	-
2.2.2 Other Revocable Commitments		-	-	-	-	-	-	-
III. DERIVATIVE FINANCIAL INSTRUMENTS	(2)	13,711,421	124,073,388	137,784,809	12,053,437	91,290,677	103,344,114	-
3.1 Derivative Financial Instruments for Hedging Purposes		-	38,788,055	38,788,055	-	26,497,037	26,497,037	-
3.1.1 Fair Value Hedge		-	38,788,055	38,788,055	-	26,497,037	26,497,037	-
3.1.2 Cash Flow Hedge		-	-	-	-	-	-	-
3.1.3 Hedge of Net Investment in Foreign Operations		-	-	-	-	-	-	-
3.2 Held for Trading Transactions		13,711,421	85,285,333	98,996,754	12,053,437	64,793,640	76,847,077	-
3.2.1 Forward Foreign Currency Buy/Sell Transactions		506,702	601,942	1,108,644	690,671	873,913	1,564,584	-
3.2.1.1 Forward Foreign Currency Transactions-Buy		506,702	64,395	571,097	690,671	163,686	854,357	-
3.2.1.2 Forward Foreign Currency Transactions-Sell		-	537,547	537,547	-	710,227	710,227	-
3.2.2 Swap Transactions Related to Foreign Currency and Interest Rate		13,204,719	84,683,391	97,888,110	11,362,766	63,919,727	75,282,493	-
3.2.2.1 Foreign Currency Swap-Buy		4,944	19,862,066	19,867,010	77,756	17,764,305	17,842,061	-
3.2.2.2 Foreign Currency Swap-Sell		13,148,219	6,935,939	20,084,158	11,128,122	5,963,930	17,092,052	-
3.2.2.3 Interest Rate Swap-Buy		25,778	28,942,693	28,968,471	78,444	20,095,746	20,174,190	-
3.2.2.4 Interest Rate Swap-Sell		25,778	28,942,693	28,968,471	78,444	20,095,746	20,174,190	-
3.2.3 Foreign Currency, Interest Rate, and Securities Options		-	-	-	-	-	-	-
3.2.3.1 Foreign Currency Options-Buy		-	-	-	-	-	-	-
3.2.3.2 Foreign Currency Options-Sell		-	-	-	-	-	-	-
3.2.3.3 Interest Rate Options-Buy		-	-	-	-	-	-	-
3.2.3.4 Interest Rate Options-Sell		-	-	-	-	-	-	-
3.2.3.5 Securities Options-Buy		-	-	-	-	-	-	-
3.2.3.6 Securities Options-Sell		-	-	-	-	-	-	-
3.2.4 Foreign Currency Futures		-	-	-	-	-	-	-
3.2.4.1 Foreign Currency Futures-Buy		-	-	-	-	-	-	-
3.2.4.2 Foreign Currency Futures-Sell		-	-	-	-	-	-	-
3.2.5 Interest Rate Futures		-	-	-	-	-	-	-
3.2.5.1 Interest Rate Futures-Buy		-	-	-	-	-	-	-
3.2.5.2 Interest Rate Futures-Sell		-	-	-	-	-	-	-
3.2.6 Other		-	-	-	-	-	-	-
B. CUSTODY AND PLEDGES SECURITIES (IV-V-VI)		366,597,529	2,352,099,418	2,718,696,947	153,748,488	1,202,596,098	1,356,344,586	-
IV. ITEMS HELD IN CUSTODY		72,489	3,925,397	3,997,886	122,779	2,498,840	2,621,619	-
4.1 Customers' Securities Held		-	-	-	-	-	-	-
4.2 Investment Securities Held in Custody		10,059	3,925,397	3,935,456	72,203	2,498,840	2,571,043	-
4.3 Checks Received for Collection		-	-	-	-	-	-	-
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		62,430	-	62,430	50,576	-	50,576	-
V. PLEDGES ITEMS		352,798,861	1,922,576,859	2,275,364,910	146,273,178	958,585,809	1,104,858,987	-
5.1 Marketable Securities		456,249	-	456,249	456,247	-	456,247	-
5.2 Guarantee Notes		175,899	3,108,491	3,284,390	131,668	2,557,299	2,688,967	-
5.3 Commodity		-	-	-	-	-	-	-
5.4 Warranty		-	-	-	-	-	-	-
5.5 Real Estate		104,370,588	619,660,191	724,030,779	55,452,686	256,863,629	312,316,315	-
5.6 Other Pledged Items		247,786,115	1,299,807,177	1,547,593,492	90,232,577	690,164,881	789,397,458	-
V. Pledged Items-Depository		157,361,489	425,597,962	439,334,151	7,382,531	241,511,449	248,963,980	-
VI. ACCEPTED BILL OF EXCHANGE AND COLLATERALS		-	-	-	-	-	-	-
TOTAL OFF BALANCE SHEET ITEMS (A-B)		384,793,518	2,492,450,954	2,877,344,472	169,137,673	1,309,208,946	1,478,346,619	-

## TÜRKİYE SİNAİ KALKINMA BANKASI A.Ş.

### UNCONSOLIDATED STATEMENT OF PROFIT OR LOSS FOR THE YEAR ENDED DECEMBER 31, 2023

(Amounts are expressed in thousands of Turkish Lira (TL) unless otherwise stated.)

		Audited Current Period January 1, 2023 – December 31, 2023		Audited Prior Period January 1, 2022 – December 31, 2022	
STATEMENT OF PROFIT OR LOSS					
		Note			
I. INTEREST INCOME	(1)	17,982.813	10,103.050		
1.1 Interest on Loans		11,266.505	5,260.562		
1.2 Interest Received from Reserve Deposits		82	309		
1.3 Interest Received from Banks		27.357	7.700		
1.4 Interest Received from Money Market Placements		1,645.877	662.263		
1.5 Interest Received from Marketable Securities Portfolio		4,989.919	4,135.959		
1.5.1 Fair Value through Profit or Loss		-	3		
1.5.2 Fair Value through other Comprehensive Income		992.559	1,044.953		
1.5.3 Measured at Amortized Cost		3,997.360	3,091.003		
1.6 Finance Lease Interest Income		32.455	20.024		
1.7 Other Interest Income		20.618	16.233		
II. INTEREST EXPENSES (-)	(2)	7,748.413	3,367.729		
2.1 Interest on Deposits		-	-		
2.2 Interest on Funds Borrowed		5,922.080	1,993.634		
2.3 Interest on Money Market Borrowings		152.013	58.240		
2.4 Interest on Securities Issued		1,568.068	1,294.319		
2.5 Leasing Interest Expense		32.275	2.994		
2.6 Other Interest Expense		73.977	18.542		
III. NET INTEREST INCOME (I - II)		10,234.400	6,735.321		
IV. NET FEES AND COMMISSIONS INCOME / EXPENSES		453.211	158.468		
4.1 Fees and Commissions Received		480.757	173.594		
4.1.1 Non-cash Loans		179.070	56.349		
4.1.2 Other		301.687	117.245		
4.2 Fees and Commissions Paid (-)		27.546	15.126		
4.2.1 Non-cash Loans		6.883	3.967		
4.2.2 Other		20.663	11.159		
V. DIVIDEND INCOME	(3)	12.990	9.186		
VI. NET TRADING INCOME	(4)	1,698.299	800.919		
6.1 Securities Trading Gains / (Losses)		23.212	15.009		
6.2 Derivative Financial Instruments Gains / Losses		1,877.972	2,520.521		
6.3 Foreign Exchange Gains / Losses (Net)		(202.885)	(1,734.411)		
VII. OTHER OPERATING INCOME	(5)	236.014	92.887		
VIII. GROSS OPERATING INCOME (III-IV+V+VI-VII)		12,634.914	7,796.781		
IX. EXPECTED CREDIT LOSSES (-)	(6)	3,198.885	2,564.869		
X. OTHER PROVISION EXPENSES (-)	(6)	870.000	574.403		
XI. PERSONNEL EXPENSES (-)		726.368	335.128		
XII. OTHER OPERATING EXPENSES (-)	(7)	433.308	169.744		
XIII. NET OPERATING INCOME/(LOSS) (VIII-IX-X-XI-XII)		7,406.353	4,152.637		
XIV. AMOUNT IN EXCESS RECORDED AS GAIN AFTER MERGER		-	-		
XV. PROFIT / (LOSS) ON EQUITY METHOD		1,885.870	988.668		
XVI. GAIN / (LOSS) ON NET MONETARY POSITION		-	-		
XVII. PROFIT/(LOSS) FROM CONTINUED OPERATIONS BEFORE TAXES (XIII+...+XVI)		9,292.223	5,141.305		
XVIII. TAX PROVISION FOR CONTINUED OPERATIONS (±)	(8)	2,250.746	1,086.271		
18.1 Provision for Current Income Taxes		2,938.543	1,512.327		
18.2 Deferred Tax Income Effect (+)		976.265	614.407		
18.3 Deferred Tax Expense Effect (-)		1,664.062	1,040.463		
XIX. NET PROFIT/(LOSS) FROM CONTINUED OPERATIONS (XVI+XVII)	(9)	7,041.477	4,055.034		
XX. INCOME ON DISCONTINUED OPERATIONS		-	-		
20.1 Income on Assets Held for Sale		-	-		
20.2 Income on Sale of Associates, Subsidiaries and Jointly Controlled Entities (Joint Venture)		-	-		
20.3 Income on Other Discontinued Operations		-	-		
XXI. LOSS FROM DISCONTINUED OPERATIONS (-)		-	-		
21.1 Loss from Assets Held for Sale		-	-		
21.2 Loss on Sale of Associates, Subsidiaries and Jointly Controlled Entities (Joint Venture)		-	-		
21.3 Loss from Other Discontinued Operations		-	-		
XXII. PROFIT / (LOSS) ON DISCONTINUED OPERATIONS BEFORE TAXES (XX-XXI)		-	-		
XXIII. TAX PROVISION FOR DISCONTINUED OPERATIONS (±)		-	-		
23.1 Provision for Current Income Taxes		-	-		
23.2 Deferred Tax Expense Effect (+)		-	-		
23.3 Deferred Tax Income Effect (-)		-	-		
XXIV. NET PROFIT/(LOSS FROM DISCONTINUED OPERATIONS (XXII+XXIII)		-	-		
XXV. NET PROFIT/(LOSS (XIX+XXIV)	(10)	7,041.477	4,055.034		
Earning / (loss) per share		2.515	1.448		

The accompanying notes are an integral part of these unconsolidated financial statements.

The accompanying notes are an integral part of these unconsolidated financial statements.

## TÜRKİYE SİNAİ KALKINMA BANKASI A.Ş.

### UNCONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED DECEMBER 31, 2023

(Amounts are expressed in thousands of Turkish Lira (TL) unless otherwise stated.)

	Audited Current Period 1 January 2023 – 31 December 2023	Audited Prior Period 1 January 2022 – 31 December 2022
<b>PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME</b>		
<b>I. CURRENT PERIOD INCOME / LOSS</b>	<b>7.041.477</b>	<b>4.055.034</b>
<b>II. OTHER COMPREHENSIVE INCOME</b>	<b>1.588.186</b>	<b>1.786.335</b>
<b>2.1 Not Reclassified Through Profit or Loss</b>	<b>2.341.095</b>	<b>738.832</b>
2.1.1 Property and Equipment Revaluation Increase / Decrease	131.784	99.338
2.1.2 Intangible Assets Revaluation Increase / Decrease	-	-
2.1.3 Defined Benefit Pension Plan Remeasurement Gain / Loss	4.985	5.919
2.1.4 Other Comprehensive Income Items Not Reclassified Through Profit or Loss	2.231.986	648.676
2.1.5 Tax Related Other Comprehensive Income Items Not Reclassified Through Profit or Loss	(27.660)	(15.101)
<b>2.2 Reclassified Through Profit or Loss</b>	<b>(752.909)</b>	<b>1.047.503</b>
2.2.1 Foreign Currency Translation Differences	212.135	68.974
2.2.2 Valuation and / or Reclassification Income / Expense of the Financial Assets at Fair Value Through Other Comprehensive Income	(646.351)	819.867
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	(395.534)	253.717
2.2.6 Tax Related Other Comprehensive Income Items Reclassified Through Profit or Loss	76.841	(95.055)
<b>III. TOTAL COMPREHENSIVE INCOME (I+II)</b>	<b>8.629.663</b>	<b>5.841.369</b>

The accompanying notes are an integral part of these unconsolidated financial statements.

## TÜRKİYE SİNAİ KALKINMA BANKASI A.Ş.

### UNCONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY FOR THE YEAR ENDED DECEMBER 31, 2023

(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								
			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 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		-	-	-	-	-	-	-	-	-	-	1.089.008	(1.089.008)	-	-	-	-
11.1	Dividends Distributed		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
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 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.

## TÜRKİYE SİNAİ KALKINMA BANKASI A.Ş.

### UNCONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY FOR THE YEAR ENDED DECEMBER 31, 2023

(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									
						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	
CHANGES IN SHAREHOLDERS' EQUITY						Note	Paid-in Capital	Share Premiums	Share Cancellati on Profits	Other Capital Reserves								
Current Period – 31 December 2023																		
I.	Prior Period End Balance		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
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	144,930	247	799,223	173,399	441,517	395,534	3,971,749	4,055,034	-	12,782,007	-	12,782,007
IV.	Total Comprehensive Income		-	-	-	-	105,636	3,473	2,231,986	212,135	(569,510)	(395,534)	-	-	7,041,477	8,629,663	-	8,629,663
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		-	-	-	14,284	-	-	-	-	-	-	4,040,750	(4,055,034)	-	-	-	-
11.1	Dividends Distributed		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
11.2	Transfers to Reserves		-	-	-	-	-	-	-	-	-	-	3,895,462	(3,895,462)	-	-	-	-
11.3	Other		-	-	-	14,284	-	-	-	-	-	-	145,288	(159,572)	-	-	-	-
Period-End Balance (III+IV+.....+X+XI)			2,800,000	-	-	14,658	250,566	3,720	3,031,209	385,534	(127,993)	-	8,012,499	-	7,041,477	21,411,670	-	21,411,670

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.

## TÜRKİYE SİNAİ KALKINMA BANKASI A.Ş.

### UNCONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED DECEMBER 31, 2023

(Amounts are expressed in thousands of Turkish Lira (TL) unless otherwise stated.)

	Note	Audited Current Period 31 December 2023	Audited Prior Period 31 December 2022
<b>A. CASH FLOWS FROM BANKING OPERATIONS</b>			
<b>1.1 Operating Profit Before Changes in Operating Assets and Liabilities</b>		<b>5,922.819</b>	<b>7,065.777</b>
1.1.1 Interest Received		13,649.860	7,965.732
1.1.2 Interest Paid		(6,569.869)	(2,931.262)
1.1.3 Dividends Received		12.990	15.268
1.1.4 Fees and Commissions Received		480.757	173.594
1.1.5 Other Income		131.642	581.087
1.1.6 Collections from Previously Written off Loans		286.757	116.908
1.1.7 Payments to Personnel and Service Suppliers		(716.723)	(310.273)
1.1.8 Taxes Paid		(2,150.806)	(997.237)
1.1.9 Others		798.211	2,451.960
<b>1.2 Changes in Operating Assets and Liabilities</b>		<b>(7,308.971)</b>	<b>2,298.297</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		(2,959.228)	4,992.190
1.2.4 Net (Increase) (Decrease) in Other Assets		(510.733)	(635.589)
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		(5,027.148)	(4,061.304)
1.2.9 Net (Increase) (Decrease) in Mattered Payable		-	-
1.2.10 Net (Increase) (Decrease) in Other Liabilities		1,188.138	2,003.000
<b>I. Net Cash Provided by / (used in) Banking Operations</b>		<b>(1,386.152)</b>	<b>9,364.074</b>
<b>B. CASH FLOWS FROM INVESTING ACTIVITIES</b>			
<b>II. Net Cash Provided by / (used in) Investing Activities</b>		<b>3,690.632</b>	<b>(4,156.487)</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		-	-
2.3 Purchases of Property and Equipment		(21.570)	(16.592)
2.4 Disposals of Property and Equipment		1.707	276
2.5 Purchase of Financial Assets at Fair Value through Other Comprehensive Income		(2,141.285)	(3,121.352)
2.6 Sale of Financial Assets at Fair Value through Other Comprehensive Income		5,998.935	5,068.517
2.7 Purchase of Financial Assets Measured at Amortized Cost		(475.734)	(6,636.025)
2.8 Sale of Financial Assets Measured at Amortized Cost		334.204	550.421
2.9 Others		(5.625)	(1.732)
<b>C. CASH FLOWS FROM FINANCING ACTIVITIES</b>			
<b>III. Net Cash Provided by / (used in) Financing Activities</b>		<b>1,839.253</b>	<b>(1,548.885)</b>
3.1 Cash Obtained From Funds Borrowed and Securities Issued		8,435.218	2,916.300
3.2 Cash Used for Repayment of Funds Borrowed and Securities Issued		(6,513.172)	(4,422.450)
3.3 Capital Increase		-	-
3.4 Dividends Paid		-	-
3.5 Payments for Leases		(82.793)	(42.735)
3.6 Other		-	-
<b>IV. Effect of Change in Foreign Exchange Rate on Cash and Cash Equivalents</b>		<b>903.891</b>	<b>179.026</b>
<b>V. Net Increase / (Decrease) in Cash and Cash Equivalents</b>		<b>5,047.624</b>	<b>3,837.728</b>
<b>VI. Cash and Cash Equivalents at Beginning of the Period</b>		<b>7,056.949</b>	<b>3,219.221</b>
<b>VII. Cash and Cash Equivalents at End of the Period</b>		<b>12,104.573</b>	<b>7,056.949</b>

## TÜRKİYE SİNAİ KALKINMA BANKASI A.Ş.

### UNCONSOLIDATED STATEMENT OF PROFIT DISTRIBUTION FOR THE YEAR ENDED DECEMBER 31, 2023

(Amounts are expressed in thousands of Turkish Lira (TL) unless otherwise stated.)

		Audited Current Period December 31, 2023 (1)	Audited Prior Period December 31, 2022 (4)
<b>I. DISTRIBUTION OF CURRENT YEAR INCOME</b>			
1.1 CURRENT YEAR INCOME		9,292.223	5,141.305
1.2 TAXES AND DUTIES PAYABLE		2,250.746	1,086.271
1.2.1 Corporate Tax (Income tax)		2,938.543	1,512.327
1.2.2 Income withholding tax		-	-
1.2.3 Other taxes and duties (3)		(687.797)	(426.056)
<b>A. NET INCOME FOR THE YEAR (1.1-1.2)</b>		<b>7,041.477</b>	<b>4,055.034</b>
1.3 PRIOR YEARS LOSSES (-)		-	-
1.4 LEGAL RESERVES (-)		-	202.752
1.5 OTHER STATUTORY RESERVES (-)		-	-
<b>B. NET PROFIT AVAILABLE FOR DISTRIBUTION [(A-(1.3+1.4+1.5)]</b>		<b>7,041.477</b>	<b>3,852.282</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		-	3,706.994
1.13 SPECIAL FUNDS		-	145.288
<b>II. DISTRIBUTION OF RESERVES</b>		<b>-</b>	<b>-</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>		<b>-</b>	<b>-</b>
3.1 TO OWNERS OF ORDINARY SHARES		2.51	1.45
3.2 TO OWNERS OF ORDINARY SHARES (%)		251.48	144.82
3.3 TO OWNERS OF PRIVILEGED SHARES		-	-
3.4 TO OWNERS OF PRIVILEGED SHARES (%)		-	-
<b>IV. DIVIDEND PER SHARE</b>		<b>-</b>	<b>-</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 2023 yet, only profit available for distribution for the year 2023 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 28, 2023, after the publication of the independently audited financial statements dated December 31, 2022 and rearranged in this direction.

The accompanying notes are an integral part of these unconsolidated financial statements.

The accompanying notes are an integral part of these unconsolidated financial statements.



*You can scan the QR Code  
to reach the footnotes.*

## **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, 2023**

(Convenience Translation of the Auditor's Audit Report Originally Issued in Turkish)





Güney Bağımsız Denetim ve SMMM A.Ş.  
Maslak Mah. Eski Büyükdere Cad.  
Orjin Maslak İş Merkezi No: 27  
Daire: 57 34485 Sarıyer  
İstanbul - Türkiye

Tel: +90 212 315 3000  
Fax: +90 212 230 8291  
ey.com  
Ticaret Sicil No : 479920  
Mersis No: 0-4350-3032-6000017

## 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, 2023 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, 2023 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, 2023 include a free provision amounting to thousand TL 1.750.000 of which thousand TL 900.000 was provided in prior years and thousand TL 850.000 was provided in 2023 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", "Other Provisions" for the year ended 31 December 2023 are overstated by thousand TL 1.750.000, "Prior Years' Profit/Loss" and "Current Year Profit/Loss" for the twelve-month period ending on December 31, 2023 are understated by thousand TL 900.000 and thousand TL 850.000 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, 2023 has been calculated by an independent actuary in accordance with the actuarial assumptions in the Law and as per actuarial report dated January 15, 2024, there is no need for technical or actual deficit to book provision as of December 31, 2023.</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 BRSA Independent Audit Regulation and ISAs, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. (The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.)
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Bank's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Bank's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Bank to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with government with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.



#### 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, 2023 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 Başmaz Denetim ve Serbest Muhasebeci Mali Müşavirlik Anonim Şirketi  
A member firm of Ernst & Young Global Limited



Fatma Ebru Yücel, SMMM  
Partner

February 5, 2024  
İstanbul, Türkiye



THE CONSOLIDATED FINANCIAL REPORT OF  
TÜRKİYE İŞİTİ KALKINMA BANKASI A.Ş.  
FOR THE YEAR ENDED 31 DECEMBER 2023

Address: Mecidiyeköy Mahallesi Cad. No:81 Fındıklı (İstanbul)  
Telephone: (212) 334 52 77  
Fax: (212) 334 52 34  
Web-site: www.tskb.com.tr  
Email: iletisim@tskb.com.tr

The consolidated financial report for the year and includes the following sections in accordance with "Communication 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**

Yatırım Finansman Menkul Değerler A.Ş.  
TSKB Gayrimenkul Yatırım Ortaklığı A.Ş.  
Yatırım Varlık Kiralama A.Ş.

**Associates**

İş Finansal Kiralama A.Ş.  
İş Girişim Sermayesi Yatırım Ortaklığı 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 Communication on Bank's Accounting Practice and Monitoring Documents, Turkish Accounting Standards, Turkish Financial Reporting Standards, related communications and the Bank's records, and have been independently audited and presented as attached.

5 February 2024

Adnan BALLI	Murat BİLİR	Egin TOPALOĞLU	Dilek PERCİN MİŞE
Chairman of Board of Directors	Member of Board of Directors and General Manager	Executive Vice President In Charge of Financial Reporting	Head of Financial Control Department
Gökçe VALÇIN	Bahadır ÖZARSLANTIRK		
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 : Dilek Perçin Mişe / Head of Financial Control Department  
Telephone Number : (0212) 334 52 77

Türkiye İŞİTİ KALKINMA Bankası A.Ş.  
Mecidiyeköy Mahallesi Cad. 81 Fındıklı 34427 İstanbul Tel: (212) 334 50 50 Faks: (212) 334 52 34 Ticaret Sicil No: 42527  
www.tskb.com.tr

## TÜRKİYE SİNAİ KALKINMA BANKASI A.Ş. AND ITS SUBSIDIARIES

### CONSOLIDATED BALANCE SHEET (STATEMENT OF FINANCIAL POSITION)

#### AS OF 31 DECEMBER 2023

(Amounts are expressed in thousands of Turkish Lira (TL) unless otherwise stated.)

ASSETS	Section 5 Note I	Audited Current Period 31 December 2023			Audited Prior Period 31 December 2022		
		TL	FC	Total	TL	FC	Total
<b>I. FINANCIAL ASSETS (NET)</b>		<b>12,366,734</b>	<b>15,366,459</b>	<b>27,733,193</b>	<b>11,118,327</b>	<b>13,011,354</b>	<b>24,129,681</b>
<b>I.1 Cash and Cash Equivalents</b>		<b>7,630,646</b>	<b>7,992,154</b>	<b>15,622,800</b>	<b>6,203,077</b>	<b>4,266,110</b>	<b>10,469,187</b>
I.1.1 Cash and Balances with Central Bank	(1)	8,683	2,934,142	2,942,825	18,960	2,778,981	2,797,941
I.1.2 Banks	(3)	198,512	5,062,745	5,261,257	464,264	1,492,816	1,957,080
I.1.3 Money Market Placements		7,424,388	-	7,424,388	5,721,043	-	5,721,043
I.1.4 Expected Credit Losses (-)		937	4,733	5,670	1,190	5,687	6,877
<b>I.2 Financial Assets at Fair Value Through Profit or Loss</b>	(2)	<b>409,358</b>	-	<b>409,358</b>	<b>175,599</b>	-	<b>175,599</b>
I.2.1 Government Debt Securities		-	-	-	-	-	-
I.2.2 Equity Instruments		7,440	-	7,440	98,313	-	98,313
I.2.3 Other Financial Assets		401,918	-	401,918	77,286	-	77,286
<b>I.3 Financial Assets at Fair Value Through Other Comprehensive Income</b>	(4)	<b>3,851,908</b>	<b>5,914,430</b>	<b>9,766,338</b>	<b>3,779,021</b>	<b>7,310,268</b>	<b>11,089,289</b>
I.3.1 Government Debt Securities		3,669,367	5,161,094	8,830,461	2,846,542	6,903,245	9,749,787
I.3.2 Equity Instruments		163,648	753,336	916,984	112,705	407,023	519,728
I.3.3 Other Financial Assets		18,893	-	18,893	819,774	-	819,774
<b>I.4 Derivative Financial Assets</b>	(2)	<b>474,822</b>	<b>1,459,875</b>	<b>1,934,697</b>	<b>960,630</b>	<b>1,434,976</b>	<b>2,395,606</b>
I.4.1 Derivative Financial Assets at Fair Value Through Profit or Loss		474,822	1,459,875	1,934,697	960,630	1,434,976	2,395,606
I.4.2 Derivative Financial Assets at Fair Value Through Other Comprehensive Income		-	-	-	-	-	-
<b>II. FINANCIAL ASSETS MEASURED AT AMORTIZED COST (NET)</b>		<b>18,616,230</b>	<b>123,677,102</b>	<b>142,293,332</b>	<b>13,961,970</b>	<b>74,654,449</b>	<b>88,616,419</b>
<b>2.1 Loans</b>	(5)	<b>14,151,168</b>	<b>117,065,644</b>	<b>131,216,812</b>	<b>10,044,689</b>	<b>70,885,506</b>	<b>80,930,195</b>
2.2 Lease Receivables	(10)	34,052	418,318	452,370	34,615	345,616	380,231
<b>2.3 Factoring Receivables</b>		-	-	-	-	-	-
<b>2.4 Other Financial Assets Measured at Amortized Cost</b>	(6)	<b>8,392,539</b>	<b>10,501,573</b>	<b>18,894,112</b>	<b>6,195,613</b>	<b>6,630,368</b>	<b>12,825,981</b>
2.4.1 Government Debt Securities		8,392,539	10,501,573	18,894,112	6,195,613	6,630,368	12,825,981
2.4.2 Other Financial Assets		-	-	-	-	-	-
<b>2.5 Expected Credit Losses (-)</b>		<b>3,961,529</b>	<b>4,308,433</b>	<b>8,269,962</b>	<b>2,312,947</b>	<b>3,207,041</b>	<b>5,519,988</b>
<b>III. PROPERTY AND EQUIPMENT HELD FOR SALE PURPOSE AND RELATED TO DISCONTINUED OPERATIONS (NET)</b>	(16)	-	-	-	-	-	-
3.1 Held for Sale Purpose		-	-	-	-	-	-
3.2 Related to Discontinued Operations		-	-	-	-	-	-
<b>IV. EQUITY INVESTMENTS</b>		<b>2,939,908</b>	-	<b>2,939,908</b>	<b>1,551,348</b>	-	<b>1,551,348</b>
<b>4.1 Investments in Associates (Net)</b>	(7)	<b>2,825,834</b>	-	<b>2,825,834</b>	<b>1,493,750</b>	-	<b>1,493,750</b>
4.1.1 Accounted Under Equity Method		2,825,834	-	2,825,834	1,493,750	-	1,493,750
4.1.2 Unconsolidated Associates		-	-	-	-	-	-
<b>4.2 Subsidiaries (Net)</b>	(8)	<b>101,016</b>	-	<b>101,016</b>	<b>51,970</b>	-	<b>51,970</b>
4.2.1 Unconsolidated Financial Subsidiaries		-	-	-	-	-	-
4.2.2 Unconsolidated Non-Financial Subsidiaries		101,016	-	101,016	51,970	-	51,970
<b>4.3 Entities under Common Control (Joint Venture) (Net)</b>		<b>13,058</b>	-	<b>13,058</b>	<b>5,628</b>	-	<b>5,628</b>
4.3.1 Joint Ventures Valued Based on Equity Method		13,058	-	13,058	5,628	-	5,628
4.3.2 Unconsolidated Joint Ventures		-	-	-	-	-	-
<b>V. TANGIBLE ASSETS (Net)</b>	(12)	<b>2,237,255</b>	-	<b>2,237,255</b>	<b>1,214,227</b>	-	<b>1,214,227</b>
<b>VI. INTANGIBLE ASSETS (Net)</b>	(13)	<b>8,118</b>	-	<b>8,118</b>	<b>4,278</b>	-	<b>4,278</b>
6.1 Goodwill		1,005	-	1,005	1,005	-	1,005
6.2 Other		7,113	-	7,113	3,273	-	3,273
<b>VII. INVESTMENT PROPERTY (Net)</b>	(14)	<b>1,430,350</b>	-	<b>1,430,350</b>	<b>764,910</b>	-	<b>764,910</b>
<b>VIII. CURRENT TAX ASSET</b>		<b>691</b>	-	<b>691</b>	<b>177</b>	-	<b>177</b>
<b>IX. DEFERRED TAX ASSET</b>	(15)	<b>1,480,605</b>	-	<b>1,480,605</b>	<b>724,131</b>	-	<b>724,131</b>
<b>X. OTHER ASSETS (Net)</b>	(17)	<b>2,640,202</b>	<b>150,198</b>	<b>2,790,400</b>	<b>516,911</b>	<b>99,578</b>	<b>616,489</b>
<b>TOTAL ASSETS</b>		<b>41,720,093</b>	<b>139,193,759</b>	<b>180,913,852</b>	<b>29,856,279</b>	<b>87,765,381</b>	<b>117,621,660</b>

LIABILITIES AND EQUITY	Section 5 Note II	Audited Current Period 31 December 2023			Audited Prior Period 31 December 2022		
		TL	FC	Total	TL	FC	Total
<b>I. DEPOSITS</b>	(1)	-	-	-	-	-	-
<b>II. FUNDS BORROWED</b>	(3)	<b>175,418</b>	<b>106,675,692</b>	<b>106,851,110</b>	-	<b>70,814,085</b>	<b>70,814,085</b>
<b>III. MONEY MARKET BALANCES</b>		<b>1,502,958</b>	<b>2,224,922</b>	<b>3,727,880</b>	<b>1,215,564</b>	<b>1,256,559</b>	<b>2,472,123</b>
<b>IV. MARKETABLE SECURITIES ISSUED (Net)</b>	(3)	<b>1,921,359</b>	<b>32,227,091</b>	<b>34,148,450</b>	<b>505,705</b>	<b>21,047,752</b>	<b>21,553,457</b>
4.1 Bills		397,337	-	397,337	333,220	-	333,220
4.2 Assets Backed Securities		1,524,022	-	1,524,022	172,485	-	172,485
4.3 Bonds		-	32,227,091	32,227,091	-	21,047,752	21,047,752
<b>V. BORROWER FUNDS</b>		<b>132,820</b>	<b>1,349,660</b>	<b>1,482,480</b>	<b>27,907</b>	<b>709,826</b>	<b>737,733</b>
5.1 Borrower Funds		132,820	1,349,660	1,482,480	27,907	709,826	737,733
5.2 Other		-	-	-	-	-	-
<b>VI. FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS</b>		-	-	-	-	-	-
<b>VII. DERIVATIVE FINANCIAL LIABILITIES</b>	(2)	<b>32,887</b>	<b>1,115,271</b>	<b>1,148,158</b>	<b>169,996</b>	<b>962,357</b>	<b>1,132,353</b>
7.1 Derivative Financial Liabilities at Fair Value Through Profit or Loss		32,887	1,115,271	1,148,158	169,996	962,357	1,132,353
7.2 Derivative Financial Liabilities at Fair Value Through Other Comprehensive Income		-	-	-	-	-	-
<b>VIII. FACTORING LIABILITIES</b>		-	-	-	-	-	-
<b>IX. LEASE LIABILITIES</b>	(5)	<b>39,250</b>	-	<b>39,250</b>	<b>5,563</b>	-	<b>5,563</b>
<b>X. PROVISIONS</b>	(7)	<b>1,900,887</b>	<b>180,126</b>	<b>2,081,013</b>	<b>1,021,789</b>	<b>49,640</b>	<b>1,071,429</b>
10.1 Restructuring Provisions		-	-	-	-	-	-
10.2 Reverse for Employee Benefits		51,889	-	51,889	48,190	-	48,190
10.3 Insurance Technical Provisions (Net)		-	-	-	-	-	-
10.4 Other Provisions		1,848,998	180,126	2,029,124	973,599	49,640	1,023,239
<b>XI. CURRENT TAX LIABILITY</b>	(8)	<b>971,818</b>	-	<b>971,818</b>	<b>580,310</b>	-	<b>580,310</b>
<b>XII. DEFERRED TAX LIABILITY</b>	(8)	-	-	-	-	-	-
<b>XIII. LIABILITIES FOR PROPERTY AND EQUIPMENT HELD FOR SALE AND RELATED TO DISCONTINUED OPERATIONS (Net)</b>		-	-	-	-	-	-
13.1 Held for Sale Purpose		-	-	-	-	-	-
13.2 Related to Discontinued Operations		-	-	-	-	-	-
<b>XIV. SUBORDINATED DEBT INSTRUMENTS</b>	(10)	-	<b>6,043,090</b>	<b>6,043,090</b>	-	<b>3,829,127</b>	<b>3,829,127</b>
14.1 Loans		-	6,043,090	6,043,090	-	3,829,127	3,829,127
14.2 Other Debt Instruments		-	-	-	-	-	-
<b>XV. OTHER LIABILITIES</b>		<b>608,848</b>	<b>1,986,703</b>	<b>2,595,551</b>	<b>428,570</b>	<b>2,004,454</b>	<b>2,433,024</b>
<b>XVI. SHAREHOLDERS' EQUITY</b>		<b>21,770,699</b>	<b>54,353</b>	<b>21,825,052</b>	<b>13,258,786</b>	<b>(266,330)</b>	<b>12,992,456</b>
16.1 Paid-in capital	(11)	2,800,000	-	2,800,000	2,800,000	-	2,800,000
16.2 Capital Reserves		15,665	-	15,665	1,381	-	1,381
16.2.1 Share Premium		1,007	-	1,007	1,007	-	1,007
16.2.2 Share Cancellation Profits		-	-	-	-	-	-
16.2.3 Other Capital Reserves		14,658	-	14,658	374	-	374
16.3 Accumulated Other Comprehensive Income or Loss Not Reclassified Through Profit or Loss	(11)	3,564,791	183,946	3,748,737	1,218,443	95,052	1,313,495
16.4 Accumulated Other Comprehensive Income or Loss Reclassified Through Profit or Loss		387,135	(129,593)	257,542	1,371,833	(361,382)	1,010,451
16.5 Profit Reserves		7,745,308	-	7,745,308	3,702,923	-	3,702,923
16.5.1 Legal Reserves	(11)	644,594	-	644,594	440,207	-	440,207
16.5.2 Status Reserves		75,641	-	75,641	75,641	-	75,641
16.5.3 Extraordinary Reserves	(11)	7,022,154	-	7,022,154	3,184,155	-	3,184,155
16.5.4 Other Profit Reserves		2,919	-	2,919	2,920	-	2,920
16.6 Profit Or Loss		6,854,098	-	6,854,098	3,945,723	-	3,945,723
16.6.1 Prior Years' Profit/Loss		(110,946)	-	(110,946)	(34,689)	-	(34,689)
16.6.2 Current Year Profit/Loss		6,965,044	-	6,965,044	3,980,412	-	3,980,412
16.7 Non-Controlling Interests		403,702	-	403,702	218,483	-	218,483
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>29,056,944</b>	<b>151,856,908</b>	<b>180,913,85</b>	<b>17,214,190</b>	<b>100,407,470</b>	<b>117,621,660</b>

The accompanying notes are an integral part of these consolidated financial statements.

The accompanying notes are an integral part of these consolidated financial statements.

TÜRKİYE SİNAİ KALKINMA BANKASI A.Ş. AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENT OF OFF-BALANCE SHEET

AS OF DECEMBER 31, 2023

(Amounts are expressed in thousands of Turkish Lira (TL) unless otherwise stated.)

	Section 5 Note III	Audited Current Period 31 December 2023			Audited Prior Period 31 December 2022		
		TL	FC	Total	TL	FC	Total
OFF-BALANCE SHEET							
A. OFF-BALANCE SHEET COMMITMENTS AND CONTINGENCIES							
(I-II-III)							
I. GUARANTEES AND COLLATERALS	(1)	22.139.270	140.351.536	162.490.806	19.508.376	106.630.286	126.138.662
1.1 Letters of Guarantee		2.508.575	9.714.268	12.222.843	1.488.294	5.817.315	7.305.609
1.1.1 Guarantees Subject to State Tender Law		2.378.872	5.722.479	8.101.351	1.166.774	2.568.770	3.735.544
1.1.2 Guarantees Given for Foreign Trade Operations		-	-	-	-	-	-
1.1.3 Other Letters of Guarantee		2.378.872	5.722.479	8.101.351	1.166.774	2.568.770	3.735.544
1.2 Bank Acceptances		-	-	-	-	39.643	39.643
1.2.1 Import Letter of Acceptance		-	-	-	-	39.643	39.643
1.2.2 Other Bank Acceptance		-	-	-	-	-	-
1.3 Letters of Credit		129.703	3.991.789	4.121.492	321.520	3.208.902	3.530.422
1.3.1 Documentary Letters of Credit		129.703	3.991.789	4.121.492	321.520	3.208.902	3.530.422
1.3.2 Other Letters of Credit		-	-	-	-	-	-
1.4 Prefinancing Given as Guarantee		-	-	-	-	-	-
1.5 Endorsements		-	-	-	-	-	-
1.5.1 Endorsements to the Central Bank of Turkey		-	-	-	-	-	-
1.5.2 Other Endorsements		-	-	-	-	-	-
1.6 Securities Issue Purchase Guarantees		-	-	-	-	-	-
1.7 Factoring Guarantees		-	-	-	-	-	-
1.8 Other Guarantees		-	-	-	-	-	-
1.9 Other Collaterals		-	-	-	-	-	-
II. COMMITMENTS	(1)	5.919.274	6.563.880	12.483.154	5.868.743	9.504.856	15.373.599
2.1 Irrevocable Commitments		5.412.991	428.175	5.841.166	5.057.907	270.614	5.328.521
2.1.1 Forward Asset Purchase and Sale Commitments		118.180	223.859	342.039	53.598	110.188	163.786
2.1.2 Forward Deposit Purchase and Sales Commitments		-	-	-	-	-	-
2.1.3 Share Capital Commitments to Associates and Subsidiaries		-	168.814	168.814	-	138.750	138.750
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		5.294.811	35.502	5.330.313	5.004.309	21.676	5.025.985
2.2 Revocable Commitments		506.283	6.135.705	6.641.988	810.836	9.234.242	10.045.078
2.2.1 Revocable Loan Granting Commitments		506.283	6.135.705	6.641.988	810.836	9.234.242	10.045.078
2.2.2 Other Revocable Commitments		-	-	-	-	-	-
III. DERIVATIVE FINANCIAL INSTRUMENTS	(2)	13.711.421	124.073.388	137.784.809	12.151.339	91.308.115	103.459.454
3.1 Derivative Financial Instruments for Hedging Purposes		-	38.788.055	38.788.055	-	26.497.037	26.497.037
3.1.1 Fair Value Hedge		-	38.788.055	38.788.055	-	26.497.037	26.497.037
3.1.2 Cash Flow Hedge		-	-	-	-	-	-
3.1.3 Hedge of Net Investment in Foreign Operations		-	-	-	-	-	-
3.2 Held for Trading Transactions		13.711.421	85.285.333	98.996.754	12.151.339	64.811.078	76.962.417
3.2.1 Forward Foreign Currency Buy/Sell Transactions		506.702	601.942	1.108.644	690.671	873.913	1.564.584
3.2.1.1 Forward Foreign Currency Transactions-Buy		506.702	64.395	571.097	690.671	163.686	854.357
3.2.1.2 Forward Foreign Currency Transactions-Sell		-	537.547	537.547	-	710.227	710.227
3.2.2 Swap Transactions Related to Foreign Currency and Interest Rate		13.204.719	84.683.391	97.888.110	11.362.766	63.919.727	75.282.493
3.2.2.1 Foreign Currency Swap-Buy		4.944	19.862.066	19.867.010	77.756	17.764.305	17.842.061
3.2.2.2 Foreign Currency Swap-Sell		13.148.219	6.935.939	20.084.158	11.128.122	5.963.930	17.092.052
3.2.2.3 Interest Rate Swap-Buy		25.778	28.942.693	28.968.471	78.444	20.095.746	20.174.190
3.2.2.4 Interest Rate Swap-Sell		25.778	28.942.693	28.968.471	78.444	20.095.746	20.174.190
3.2.3 Foreign Currency, Interest Rate, and Securities Options		-	-	-	-	17.438	17.438
3.2.3.1 Foreign Currency Options-Buy		-	-	-	-	8.719	8.719
3.2.3.2 Foreign Currency Options-Sell		-	-	-	-	8.719	8.719
3.2.3.3 Interest Rate Options-Buy		-	-	-	-	-	-
3.2.3.4 Interest Rate Options-Sell		-	-	-	-	-	-
3.2.3.5 Securities Options-Buy		-	-	-	-	-	-
3.2.3.6 Securities Options-Sell		-	-	-	-	-	-
3.2.4 Foreign Currency Futures		-	-	-	-	-	-
3.2.4.1 Foreign Currency Futures-Buy		-	-	-	-	-	-
3.2.4.2 Foreign Currency Futures-Sell		-	-	-	-	-	-
3.2.5 Interest Rate Futures		-	-	-	-	-	-
3.2.5.1 Interest Rate Futures-Buy		-	-	-	-	-	-
3.2.5.2 Interest Rate Futures-Sell		-	-	-	-	-	-
3.2.6 Other		-	-	-	97.902	-	97.902
B. CUSTODY AND PLEDGES SECURITIES (IV+V+VI)		370.262.312	2.352.142.524	2.722.404.836	156.833.831	1.202.625.176	1.359.459.007
IV. ITEMS HELD IN CUSTODY		3.731.818	3.967.284	7.699.102	3.204.952	2.527.015	5.731.967
4.1 Customers' Securities Held		-	-	-	-	-	-
4.2 Investment Securities Held in Custody		3.669.388	3.967.284	7.636.672	3.154.376	2.527.015	5.681.391
4.3 Checks Received for Collection		-	-	-	-	-	-
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		62.430	-	62.430	50.576	-	50.576
V. PLEDGES ITEMS		352.794.305	1.922.577.278	2.275.371.583	146.276.348	958.586.712	1.104.863.060
5.1 Marketable Securities		456.249	-	456.249	456.247	-	456.247
5.2 Guarantee Notes		176.420	3.109.710	3.286.130	132.137	2.558.202	2.690.339
5.3 Commodity		-	-	-	-	-	-
5.4 Warranty		-	-	-	-	-	-
5.5 Real Estate		104.370.588	619.660.191	724.030.779	55.452.686	256.863.629	312.316.315
5.6 Other Pledged Items		247.791.048	1.299.807.377	1.547.598.425	90.235.278	699.164.881	789.400.159
5.7 Pledged Items-Depository		-	-	-	-	-	-
VI. ACCEPTED BILL OF EXCHANGE AND COLLATERALS		13.736.189	425.597.962	439.334.151	7.352.531	241.511.449	248.863.980
TOTAL OFF BALANCE SHEET ITEMS (A+B)		392.401.582	2.492.494.060	2.884.895.642	176.342.207	1.309.255.462	1.485.597.669

The accompanying notes are an integral part of these consolidated financial statements.

TÜRKİYE SİNAİ KALKINMA BANKASI A.Ş. AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

FOR THE YEAR ENDED DECEMBER 31, 2023

(Amounts are expressed in thousands of Turkish Lira (TL) unless otherwise stated.)

		Audited Current Period January 1, 2023 – December 31, 2023	Audited Prior Period January 1 2022 – December 31, 2022	
STATEMENT OF PROFIT OR LOSS		Note		
I.	INTEREST INCOME	(1)	18,772,862	10,374,234
1.1	Interest on Loans		11,878,615	5,479,961
1.2	Interest Received from Reserve Deposits		82	309
1.3	Interest Received from Banks		166,348	43,217
1.4	Interest Received from Money Market Placements		1,645,886	662,270
1.5	Interest Received from Marketable Securities Portfolio		4,991,850	4,139,197
1.5.1	Fair Value Through Profit or Loss		1,931	3,241
1.5.2	Fair Value Through other Comprehensive Income		992,559	1,044,953
1.5.3	Measured at Amortized Cost		3,997,360	3,091,003
1.6	Finance Lease Income		32,455	20,024
1.7	Other Interest Income		57,626	29,256
II.	INTEREST EXPENSES (-)	(2)	8,064,017	3,503,653
2.1	Interest on Deposits		-	-
2.2	Interest on Funds Borrowed		5,930,407	1,994,175
2.3	Interest on Money Market Borrowings		396,744	135,139
2.4	Interest on Securities Issued		1,656,777	1,353,995
2.5	Leasing Interest Expense		6,063	1,802
2.6	Other Interest Expense		74,026	18,542
III.	NET INTEREST INCOME (I - II)		10,708,845	6,870,581
IV.	NET FEES AND COMMISSIONS INCOME / EXPENSES		686,569	341,520
4.1	Fees and Commissions Received		756,646	378,823
4.1.1	Non-cash Loans		179,070	56,349
4.1.2	Other		577,576	322,474
4.2	Fees and Commissions Paid (-)		70,077	37,303
4.2.1	Non-cash Loans		23,764	9,269
4.2.2	Other		46,313	28,034
V.	DIVIDEND INCOME	(3)	31,949	19,754
VI.	NET TRADING INCOME	(4)	1,731,490	835,825
6.1	Securities Trading Gains / (Losses)		39,651	75,208
6.2	Derivative Financial Instruments Gains / Losses		1,894,932	2,495,967
6.3	Foreign Exchange Gains / Losses (Net)		(203,093)	(1,734,450)
VII.	OTHER OPERATING INCOME	(5)	1,081,664	662,958
VIII.	GROSS OPERATING INCOME (III+IV+V+VI+VII)		14,240,517	8,730,638
IX.	EXPECTED CREDIT LOSSES (-)	(6)	3,219,196	2,582,020
X.	OTHER PROVISION EXPENSES (-)	(6)	870,000	574,403
XI.	PERSONNEL EXPENSES	(7)	914,621	436,065
XII.	OTHER OPERATING EXPENSES (-)	(7)	744,030	398,871
XIII.	NET OPERATING INCOME/(LOSS) (VIII-IX-X-XI-XII)		8,492,670	4,739,279
XIV.	AMOUNT IN EXCESS RECORDED AS GAIN AFTER MERGER		-	-
XV.	PROFIT / (LOSS) ON EQUITY METHOD		996,857	486,962
XVI.	GAIN / (LOSS) ON NET MONETARY POSITION		-	-
XVII.	PROFIT/(LOSS) FROM CONTINUED OPERATIONS BEFORE TAXES (XIII+....+XVI)		9,489,527	5,226,241
XVIII.	TAX PROVISION FOR CONTINUED OPERATIONS (+)	(8)	2,339,601	1,120,502
18.1	Provision for Current Income Taxes		3,045,111	1,558,007
18.2	Deferred Tax Income Effect (+)		958,614	602,980
18.3	Deferred Tax Expense Effect (-)		1,664,124	1,040,485
XIX.	NET PROFIT/(LOSS) FROM CONTINUED OPERATIONS (XVII+XVIII)	(10)	7,149,926	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 (+)		-	-
23.1	Provision for Current Income Taxes		-	-
23.2	Deferred Tax Expense Effect (+)		-	-
23.3	Deferred Tax Income Effect (-)		-	-
XXIV.	NET PROFIT/LOSS FROM DISCONTINUED OPERATIONS (XXII+XXIII)		-	-
XXV.	NET PROFIT/LOSS (XIX+XXIV)	(11)	7,149,926	4,105,739
25.1	Group's Profit / Loss		6,965,044	3,980,412
25.2	Minority Shares (-)		184,882	125,327
	Earning / (loss) per share		2.488	1.422

The accompanying notes are an integral part of these consolidated financial statements.



**TÜRKİYE SİNAİ KALKINMA BANKASI A.Ş. AND ITS SUBSIDIARIES**  
**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE**  
**INCOME FOR THE YEAR ENDED DECEMBER 31, 2023**

(Amounts are expressed in thousands of Turkish Lira (TL) unless otherwise stated.)

	Audited Current Period 1 January 2023 – 31 December 2023	Audited Prior Period 1 January 2022 – 31 December 2022
<b>PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME</b>		
<b>I. CURRENT PERIOD INCOME / LOSS</b>	<b>7.149.926</b>	<b>4.105.739</b>
<b>II. OTHER COMPREHENSIVE INCOME</b>	<b>1.682.333</b>	<b>1.861.253</b>
<b>2.1 Not Reclassified Through Profit or Loss</b>	<b>2.435.242</b>	<b>813.751</b>
2.1.1 Property and Equipment Revaluation Increase / Decrease	956.784	721.212
2.1.2 Intangible Assets Revaluation Increase / Decrease	-	-
2.1.3 Defined Benefit Pension Plan Remeasurement Gain / Loss	3.035	4.451
2.1.4 Other Comprehensive Income Items Not Reclassified Through Profit or Loss	1.501.300	102.994
2.1.5 Tax Related Other Comprehensive Income Items Not Reclassified Through Profit or Loss	(25.877)	(14.906)
<b>2.2 Reclassified Through Profit or Loss</b>	<b>(752.909)</b>	<b>1.047.502</b>
2.2.1 Foreign Currency Translation Differences	212.135	68.974
2.2.2 Valuation and / or Reclassification Income / Expense of the Financial Assets at Fair Value Through Other Comprehensive Income	(646.352)	819.863
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	(395.533)	253.716
2.2.6 Tax Related Other Comprehensive Income Items Reclassified Through Profit or Loss	76.841	(95.051)
<b>III. TOTAL COMPREHENSIVE INCOME (I+II)</b>	<b>8.832.259</b>	<b>5.966.992</b>

The accompanying notes are an integral part of these consolidated financial statements.

## TÜRKİYE SİNAİ KALKINMA BANKASI A.Ş. AND ITS SUBSIDIARIES

### CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

#### FOR THE YEAR ENDED DECEMBER 31, 2023

(Amounts are expressed in thousands of Turkish Lira (TL) unless otherwise stated.)

CHANGES IN SHAREHOLDERS' EQUITY	Note	Paid-in Capital	Share Premiums	Share Cancellation Profits	Other Capital Reserves	Accumulated Other Comprehensive Income or Expenses Not Reclassified Through Profit or Loss			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						
<b>I. Prior Period – December 31, 2022</b>																	
<b>II. Prior Period End Balance</b>		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
<b>III. Corrections and Accounting Policy Changes Made According to TAS 8</b>		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.1 Effects of Errors		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.2 Effects of the Changes in Accounting Policies		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>IV. Adjusted Beginning Balance (I+II)</b>		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
<b>V. Total Comprehensive Income</b>		-	-	-	-	707.311	3.672	102.768	68.974	724.812	253.716	-	3.980.412	-	5.841.665	125.327	5.966.992
<b>VI. Capital Increase by Cash</b>		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>VII. Capital Increase by Internal Sources</b>		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>VIII. Effect of Inflation on Paid-in Capital</b>		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>IX. Convertible Bonds to Share</b>		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>X. Subordinated Debt Instruments</b>		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>XI. Increase/Decrease by Other Changes</b>		-	(5)	-	-	-	-	-	-	-	-	(33)	150	-	112	4.045	4.157
<b>XII. Profit Distribution</b>		-	-	-	-	-	-	-	-	-	-	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)	-	-	-	-
<b>Period-End Balance (III+IV+.....+X+XI)</b>		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.

## TÜRKİYE SİNAİ KALKINMA BANKASI A.Ş. AND ITS SUBSIDIARIES

### CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

#### FOR THE PERIOD ENDED DECEMBER 31. 2023

(Amounts are expressed in thousands of Turkish Lira (TL) unless otherwise stated.)

CHANGES IN SHAREHOLDERS' EQUITY	Note	Paid-in Capital	Share Premiums	Share Cancellation Profits	Other Capital Reserves	Accumulated Other Comprehensive Income or Expenses Not Reclassified Through Profit or Loss			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, 2023		2,800.000	1,007	-	374	1,140.841	(963)	173.617	173.399	441.519	395.533	3,702.923	3,945.723	-	12,773.973	218.483	12,992.456
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	1,007	-	374	1,140.841	(963)	173.617	173.399	441.519	395.533	3,702.923	3,945.723	-	12,773.973	218.483	12,992.456
IV. Total Comprehensive Income		-	-	-	-	930.636	2,233	1,502.373	212.135	(569.511)	(395.533)	-	-	6,965.044	8,647.377	184.882	8,832.259
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		-	-	-	-	-	-	-	-	-	-	-	-	-	-	337	337
XI. Profit Distribution		-	-	-	14,284	-	-	-	-	-	-	4,042.385	(4,056.669)	-	-	-	-
11.1 Dividends Distributed		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
11.2 Transfers to Reserves		-	-	-	-	-	-	-	-	-	-	3,897.097	(3,897.097)	-	-	-	-
11.3 Other		-	-	-	14,284	-	-	-	-	-	-	145.288	(159.572)	-	-	-	-
Period-End Balance(III+IV+.....+X+XI)		2,800.000	1,007	-	14,658	2,071.477	1,270	1,675.990	385.534	(127.992)	-	7,745.308	(110.946)	6,965.044	21,421.350	403.702	21,825.052

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.

## TÜRKİYE SİNAİ KALKINMA BANKASI A.Ş. AND ITS SUBSIDIARIES

### CONSOLIDATED STATEMENT OF CASH FLOWS

#### FOR THE YEAR ENDED DECEMBER 31, 2023

(Amounts are expressed in thousands of Turkish Lira (TL) unless otherwise stated.)

	Audited Current Period 31 December 2023	Reviewed Prior Period 31 December 2022
<b>A. CASH FLOWS FROM BANKING OPERATIONS</b>		
<b>I.1 Operating Profit Before Changes in Operating Assets and Liabilities</b>	<b>6,400,909</b>	<b>8,571,547</b>
I.1.1 Interest Received	14,430,454	9,541,329
I.1.2 Interest Paid	(6,918,889)	(3,062,692)
I.1.3 Dividends Received	31,949	19,754
I.1.4 Fees and Commissions Received	756,646	378,823
I.1.5 Other Income	254,003	662,337
I.1.6 Collections from Previously Written off Loans	286,856	117,470
I.1.7 Payments to Personnel and Service Suppliers	(1,086,652)	(491,270)
I.1.8 Taxes Paid	(2,230,021)	(1,025,493)
I.1.9 Others	876,563	2,431,289
<b>I.2 Changes in Operating Assets and Liabilities</b>	<b>(7,996,481)</b>	<b>699,609</b>
I.2.1 Net (Increase) (Decrease) in Financial Assets at Fair Value through Profit or Loss	42,469	(1,415,779)
I.2.2 Net (Increase) (Decrease) in Due from Banks	-	-
I.2.3 Net (Increase) (Decrease) in Loans	(3,435,217)	4,528,036
I.2.4 Net (Increase) (Decrease) in Other Assets	(1,018,740)	(550,635)
I.2.5 Net (Increase) (Decrease) in Bank Deposits	-	-
I.2.6 Net (Increase) (Decrease) in Other Deposits	-	-
I.2.7 Net (Increase) (Decrease) in Financial Liabilities at Fair Value through Profit or Loss	-	-
I.2.8 Net (Increase) (Decrease) in Funds Borrowed	(5,028,209)	(4,098,574)
I.2.9 Net (Increase) (Decrease) in Maturity Payable	-	-
I.2.10 Net (Increase) (Decrease) in Other Liabilities	1,443,216	2,236,561
<b>I. Net Cash Provided by / (used in) Banking Operations</b>	<b>(1,595,572)</b>	<b>9,271,156</b>
<b>B. CASH FLOWS FROM INVESTING ACTIVITIES</b>		
<b>II. Net Cash Provided by / (used in) Investing Activities</b>	<b>3,662,492</b>	<b>(4,160,936)</b>
II.1 Cash Paid for Purchase of Entities under Common Control, Associates and Subsidiaries	-	-
II.2 Cash Obtained from Sale of Entities under Common Control, Associates and Subsidiaries	-	721
II.3 Purchases of Property and Equipment	(55,399)	(22,349)
II.4 Disposals of Property and Equipment	1,714	276
II.5 Purchase of Financial Assets at Fair Value through Other Comprehensive Income	(2,133,580)	(3,118,513)
II.6 Sale of Financial Assets at Fair Value through Other Comprehensive Income	5,998,935	5,066,279
II.7 Purchase of Financial Assets Measured at Amortized Cost	(475,734)	(6,636,025)
II.8 Sale of Financial Assets Measured at Amortized Cost	334,204	550,421
II.9 Others	(7,648)	(1,746)
<b>C. CASH FLOWS FROM FINANCING ACTIVITIES</b>		
<b>III. Net Cash Provided by / (used in) Financing Activities</b>	<b>1,846,178</b>	<b>(1,308,803)</b>
III.1 Cash Obtained From Funds Borrowed and Securities Issued	9,505,148	4,275,476
III.2 Cash Used for Repayment of Funds Borrowed and Securities Issued	(7,610,532)	(5,559,206)
III.3 Capital Increase	-	-
III.4 Dividends Paid	-	(268)
III.5 Payments for Financial Leases	(48,438)	(24,805)
III.6 Other	-	-
<b>IV. Effect of Change in Foreign Exchange Rate on Cash and Cash Equivalents</b>	<b>903,643</b>	<b>178,759</b>
<b>V. Net Increase in Cash and Cash Equivalents</b>	<b>4,816,741</b>	<b>3,980,176</b>
<b>VI. Cash and Cash Equivalents at Beginning of the Period</b>	<b>7,641,294</b>	<b>3,661,118</b>
<b>VII. Cash and Cash Equivalents at End of the Period</b>	<b>12,458,035</b>	<b>7,641,294</b>

## TÜRKİYE SİNAİ KALKINMA BANKASI A.Ş. AND ITS SUBSIDIARIES

### CONSOLIDATED STATEMENT OF PROFIT DISTRIBUTION

#### FOR THE YEAR ENDED DECEMBER 31, 2023

(Amounts are expressed in thousands of Turkish Lira (TL) unless otherwise stated.)

	Audited Current Period December 31, 2023 (1)	Audited Prior Period December 31, 2022 (4)
<b>I. DISTRIBUTION OF CURRENT YEAR INCOME</b>		
I.1 CURRENT YEAR INCOME	9,292,223	5,141,305
I.2 TAXES AND DUTIES PAYABLE	2,250,746	1,086,271
I.2.1 Corporate Tax (Income tax)	2,938,543	1,512,327
I.2.2 Income withholding tax	-	-
I.2.3 Other taxes and duties (3)	(687,797)	(426,056)
<b>A. NET INCOME FOR THE YEAR (I.1-I.2)</b>	<b>7,041,477</b>	<b>4,055,034</b>
I.3 PRIOR YEARS LOSSES (-)	-	-
I.4 LEGAL RESERVES (-)	-	202,752
I.5 OTHER STATUTORY RESERVES (-)	-	-
<b>B. NET PROFIT AVAILABLE FOR DISTRIBUTION [(A-(I.3+I.4+I.5))]</b>	<b>7,041,477</b>	<b>3,852,282</b>
I.6 FIRST DIVIDEND TO SHAREHOLDERS (-)	-	-
I.6.1 To owners of ordinary shares	-	-
I.6.2 To owners of preferred shares	-	-
I.6.3 To owners of preferred shares (pre-emptive rights)	-	-
I.6.4 To profit sharing bonds	-	-
I.6.5 To holders of profit and loss sharing certificates	-	-
I.7 DIVIDENDS TO PERSONNEL (-)	-	-
I.8 DIVIDENDS TO BOARD OF DIRECTORS (-)	-	-
I.9 SECOND DIVIDEND TO SHAREHOLDERS (-)	-	-
I.9.1 To owners of ordinary shares	-	-
I.9.2 To owners of preferred shares	-	-
I.9.3 To owners of preferred shares (pre-emptive rights)	-	-
I.9.4 To profit sharing bonds	-	-
I.9.5 To holders of profit and loss sharing certificates	-	-
I.10 STATUTORY RESERVES (-)	-	-
I.11 GENERAL RESERVES	-	-
I.12 OTHER RESERVES	-	3,706,994
I.13 SPECIAL FUNDS	-	-
<b>II. DISTRIBUTION OF RESERVES</b>		
II.1 APPROPRIATED RESERVES	-	-
II.2 DIVIDENDS TO SHAREHOLDERS (-)	-	-
II.2.1 To owners of ordinary shares	-	-
II.2.2 To owners of preferred shares	-	-
II.2.3 To owners of preferred shares (pre-emptive rights)	-	-
II.2.4 To profit sharing bonds	-	-
II.2.5 To holders of profit and loss sharing certificates	-	-
II.3 DIVIDENDS TO PERSONNEL (-)	-	-
II.4 DIVIDENDS TO BOARD OF DIRECTORS (-)	-	-
<b>III. EARNINGS PER SHARE (2)</b>		
III.1 TO OWNERS OF ORDINARY SHARES	-	-
III.2 TO OWNERS OF ORDINARY SHARES (%)	2.51	1.45
III.3 TO OWNERS OF PRIVILEGED SHARES	251.48	144.82
III.4 TO OWNERS OF PRIVILEGED SHARES (%)	-	-
<b>IV. DIVIDEND PER SHARE</b>		
IV.1 TO OWNERS OF ORDINARY SHARES	-	-
IV.2 TO OWNERS OF ORDINARY SHARES (%)	-	-
IV.3 TO OWNERS OF PRIVILEGED SHARES	-	-
IV.4 TO OWNERS OF PRIVILEGED SHARES (%)	-	-

(1) Since the dividend distribution proposal for 2023 to be submitted to the approval of the General Assembly has not yet been prepared by the Board of Directors, only the distributable profit amount is specified in the dividend distribution table for 2023.

(2) In the Income Statement and Profit Distribution Statement, one share is nominal for 1 penny and profit per share is calculated for 1 penny nominal share.

(3) Amounts for the current period and the previous period are deferred tax income.

(4) The dividend distribution statement for the previous period was finalized by the Ordinary General Assembly resolution dated March 29, 2022, after the date of publication of the independently audited financial statements dated December 31, 2022, and was revised accordingly.

The accompanying notes are an integral part of these consolidated financial statements.

The accompanying notes are an integral part of these consolidated financial statements.

## Contact Details

### Head Office

Meclisi Mebusan Cad. No: 81 Fındıklı 34427 İstanbul-TÜRKİYE

**Phone:** (212) 334 50 50

**Fax:** (212) 334 52 34

### Ankara Branch

Aziziye Mahallesi, Piyade Sok., B Blok, No: 3/7, Çankaya, Ankara-TÜRKİYE

**Phone:** (312) 441 75 22

**Fax:** (312) 441 75 66

### Climate Change and Sustainability Management

#### Financial Institutions and Investor Relations

**Tel:** +90 (212) 334 52 58

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

BIST Code: TSKB

SWIFT Code: TSKBTRIS

EFT Code: 0014

Trade Register No.: 42527

[ir@tskb.com.tr](mailto:ir@tskb.com.tr)

[surdurulebilirlik@tskb.com.tr](mailto:surdurulebilirlik@tskb.com.tr)

### Reporting Consultant and Design



[kiymetiharbiye.com](http://kiymetiharbiye.com)

***TSKB***