2013
2014
2015
2016
2017
2018
2019

SUSTAINABILITY REPORT

HALKBANK

CONTENT

ABOUT THE REPORT 04
LETTER FROM THE CHAIRMAN OF THE BOARD 05
LETTER FROM THE GENERAL MANAGER 07
LETTER FROM THE CHAIRMAN OF THE SUSTAINABILITY COMMITTEE 09
OUR HISTORY 11
ABOUT HALKBANK 13
- Our Main Strategies 16
- Halkbank In 2019 Figures* 17

HALKBANK and CORPORATE GOVERNANCE 19
- Risk Management 21
- Compliance 22
- Prevention Of Corruption and Bribery 22
- Internal Control 23
- Inspection Board 23
- Public Supervision 24
- Code Of Ethics 24

HALKBANK'S APPROACH TO SUSTAINABILITY 25
- Our Sustainability Journey 27
- Sustainability Management Structure 29
- Sustainability Priorities 30
- Communication With Stakeholders 31

HALKBANK FOR ITS CUSTOMERS 33
- Access To Financial Services 36
- Halkbank In Digital Banking 37
- Our Web Portals 38
- Internet Banking / Mobile Banking / Sms Banking 38
- Internet Branch 39
- Mobile Banking 39
- Sms Banking 39
- Customer Satisfaction 40
- Information Technologies 41
- Human Resources and Service Quality 41
- Digitization and Data Security 41

HALKBANK FOR THE NATIONAL ECONOMY 43
SME and Tradesmen Banking 45
Communication Channels For SMEs 45
Products and Services To Tradesmen and SMEs 46
International Funds - Responsible Consumption and Responsible Production 46
HALKBANK FOR EMPLOYEES 47
Being a Preferred Employer 50
Employee Satısfaction 50
Occupational Health and Safety 53
HALKBANK FOR THE ENVIRONMENT 55
Fight Aganist Climate Change 57
Environmental Impacts Of Operations 58
Assesment Of Environmental and Social Impacts Of Projects 60
HALKBANK FOR SOCIETY 61
Corporate Communication Activities 63
Environment 64
Art and Culture 64
Sector - Wise Initiatives 65
Sports 66
Employee Volunteers 66
PERFORMANCE INDICATORS TABLE 67
Economic Performance Indicators 69
Social Performance Indicators 69
Environmental Performance Indicators 72
GRI CONTENT INDEX 75
REPORTING GUIDANCE 85
KMPG INDEPENDENT ASSURANCE STATEMENT 87
CONTACT 89

For the world to be livable, for life to be sustainable...

102-1,102-45,102-46,102-50,102-52,102-54

ABOUT THE REPORT

Türkiye Halkbank A.Ş. (Halkbank) **presents its sixth sustainability report for its stakeholders for the period between the 1st January 2019 and 31st December 2019.**

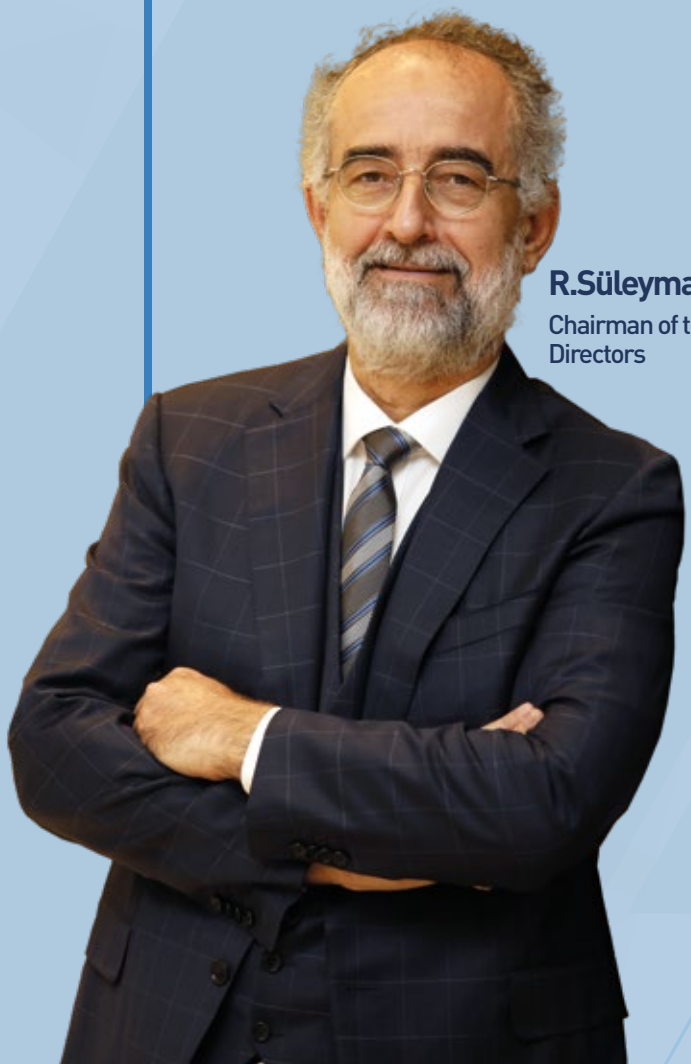
The Halkbank 2019 Sustainability Report aims to provide current information about Halkbank's sustainability efforts to all stakeholders including but not limited to investors, shareholders, customers, employees, business partners and non-governmental organisations "**This report has been prepared in accordance with the GRI Standards: Core option**". Halkbank plans to annually report its sustainability performance and activities.

The 2019 Sustainability Report has been prepared by being guided of the GRI Standards that exist in the following address.

www.globalreporting.org/standards

LETTER FROM

THE CHAIRMAN OF THE BOARD



R.Süleyman ÖZDİL
Chairman of the Board of Directors

"Sensitivity"

ONE OF THE KEY CORPORATE VALUES OF OUR BANK

102-14

Dear Stakeholders

We are pleased to present you our sixth report, in which we evaluate our sustainability performance, within the scope of the activities we carry out with the mission of contributing to the economic and social welfare of our country and providing superior service to our citizens. This year, we completed our report at the end of a detailed preparation process. In the years to come, we aim to develop our report with an approach that will create value in the long run.

The vulnerability that characterized the global finance markets last year remained at a high level, as was the case in the previous year. The financial policies affecting foreign trade have had a direct impact on the developing economies. The financial institutions in our country, and particularly the state-owned banks, which managed to meticulously navigate this delicate process in 2019, functioned as a key force in preserving the equilibrium in their markets thanks to their strong financial infrastructures. In line with the principles underpinning its foundation, our bank continued in its mission to support also tradesmen and SMEs in this process.

"Sensitivity" – one of the key corporate values of our bank – is a crucial principle that nurtures our reputation and guides our decisions as the cornerstone of financial processes, alongside environmental, social and governance processes. Cooperation among the public, financial and private sectors will fill the gap for the required investments in today's global system as it transitions to a "Sustainable Low Carbon Economy", referred to also as a Climate Economy.

Halkbank will continue creating value for our all stakeholders, including SMEs, during the transition to the new global economic system. Our support will support the evolution of investments into feasible practical solutions for the future into more innovative and technology-centered growth projects.

In the reporting year, we focus on topics that our bank and its stakeholders view as priorities, and continue adding value to our country and its people. We will spearhead efforts to develop a sustainable growth model that will add value to the "Mighty Turkey" ideal from here on in, too.

I would like to thank our stakeholders, who have accompanied us on our Journey to Sustainability.

Yours sincerely,

LETTER FROM

THE GENERAL MANAGER

Osman ARSLAN
General Manager
Türkiye Halk Bankası A.Ş.

HALKBANK,
RIGHTFULLY TAKES
PRIDE IN BEING
THE FIRST BANK COMPLETE
THE ADAPTION TO
ZERO WASTE
STANDARDS, IN 2019.

102-14

Dear Stakeholders

As the leading supporter of tradesmen, artisans, and SMEs in Turkey since its foundation, Halkbank closed 2019 having continued to add value to the national economy through our intra-corporation sustainability culture in line with our goal to offer superior services to all of our customers.

At the end of a financially successful year, we take great pleasure in sharing our 2019 Sustainability Report, which we have drawn up based on the principle of sensitivity that guided our efforts to develop environmental, social and governance processes, with you.

Halkbank has remained at the forefront of SME banking this year thanks to the endeavors of its Head Office, as well as its regional offices and branches. While making it easier for its customers to access financing through active fieldwork, our bank continued to grow by maintaining the quality of its balance sheet.

In 2019, Halkbank's market share in SME loans amounted to 18.5 percent. Our bank maintained its successful performance by raising its total assets to TL 457 billion, representing a 20.8 percent increase on the previous year, and its total deposits to TL 298 billion.

In this period, our cash loans rose 19.4 percent to TL 309 billion, while our total loans, including also non-cash loans, rose by 16.7 percent to TL 399 billion.

Our commercial loans, incorporating also SME loans, went up by 20.6 percent to reach TL 258 billion by the end of 2019. Meticulous efforts were made to strengthen the Turkish Lira in that process, and our cash loans in TL increased by 28.6 percent, which was another source of pride for us.

Applying corporate governance principles to its all operations and decision-making mechanisms, our Bank preserved its place in the BIST Sustainability Index, which lists the companies on the Istanbul Stock Exchange with the highest corporate sustainability performances between November 2019 and October 2020.

Numerous special initiatives have been undertaken at the local and international levels in order to accomplish the 17 Sustainable Development Goals and Agenda 2030 of the United Nations. Carrying out its operations in the light of common principles, our Bank has taken a pioneering role in the fight against climate change as one of its goals, and has continued its operations with this awareness.

Waste management approaches have been integrated into all business processes at all of our Bank's service locations as part of the Environment and Energy Management System. In this scope, Halkbank rightfully takes pride in being the first bank to complete the adaption to Zero Waste standards, in 2019. Our Bank has again responded to the Carbon Disclosure Project (CDP) Climate Change and Water Program in this reporting year, as has been the case in previous years.

Having identified balanced growth with focus on efficiency as its primary goal, Halkbank will continue upgrading its technological and operational infrastructure through its human resources and continuous training also in 2020.

In our works that will carry us to the future, we will always stand by all our stakeholders with our high quality of service.

Yours sincerely,

LETTER FROM

CHAIRMAN OF THE SUSTAINABILITY COMMITTEE

Himmet KARADAĞ
Chairman of the
Sustainability Committee

“OUR SUSTAINABILITY CONCEPT EVOLVES AND TAKES SHAPE IN LINE WITH SOCIAL EXPECTATIONS.”

Dear Stakeholders

Today, reporting and studies of institutions and organizations in the field of sustainability within the scope of Environment, Social and Governance (ESG) topics have become an important criterion for investors. In this way, it is aimed to adopt a strong green finance understanding and support the growth of the economy.

Guided by the principle of sensitivity, as one of its corporate values, Halkbank has been taking steps based on its belief that social welfare should be enhanced and that nature needs to be preserved for a sustainable future.

The needs and expectations of our stakeholders are taken into consideration in order to create positive values in coordination with our Sustainability Committee, and in line with our vision of a Mighty Turkey.

We are carrying out our operations consistent with developments falling within the ambit of sustainability in our country and the rest of the world in a manner that is consistent with our Sustainability Strategy and in line with the requirements of a "Low-Carbon Economy". Risk and opportunity assessments of our priorities are made within the structure of sustainability management.

Our sustainability concept evolves positively and takes shape in line with social expectations. In this context, we are constantly improving and developing our financial leadership both within the bank and the country with a view to providing guidance to other establishments.

As a guarantee of sustainability in our business processes, it will be our main goal to realize our field and communication oriented performance with the principle of accountability.

Yours sincerely,

OUR HISTORY

1918 - 1933

The young Republic of Turkey is founded in times of war, economic crisis and poverty.

Halkbank of Turkey was established under Law numbered 2284 dated 1933 on "Halk Bank and Public Trust Funds".

1938 - 1950

Public banking is launched in our country in parallel with global developments.

The Bank provided lending services through the Public Funds to which it provided financing between 1938 and 1950.

1950 - 1992

Halkbank becomes the first bank for tradesmen, artisans and small businesses in the sector.

Halkbank conducted its operations as the first bank of the middle class and their representatives in the national economy, including tradesmen, artisans and small businesses in the sector.

The Turkish banking sector undergoes a total transformation.

Having successfully completed the integration of different banks into the Halkbank organization since 1992, Halkbank acquires a strong position in its segment during the transformation of the Turkish banking sector in the 2000s, which included takeovers, mergers and the entry of foreign investors to the market.

1992 - 2006

Halkbank Today

As a strong and reliable bank in the sector Halkbank, as a mission bank, continues to support tradesmen, artisans and SMEs, as the backbones of our national economy, as well as all entrepreneurs who contribute to production, investments and the creation of jobs, based on its contemporary banking strategy, as it did in the past.

HALKBANK

ABOUT HALKBANK

Founded in 1938 with the objective of giving fresh impetus to sustainable development, Halkbank has been pursuing its main business strategy in order to support tradesmen and artisans while adding value to the national economy.

102-2;102-4;102-5;102-6;102-7 ;102-16

ABOUT HALKBANK

Founded in 1938 with the objective of giving fresh impetus to sustainable development, Halkbank has been pursuing its main business strategy in order to support tradesmen and artisans while adding value to the national economy.

SME Marketing, Corporate and Commercial Marketing, Deposit Management and Marketing, Individual Marketing, Tradesmen Banking, International Banking and Digital Banking are our Bank's primary areas of operation.

By regarding the tradesmen, artisans, farmers, and the owners of small, medium or large enterprises that produce and create value for Turkey, **as its business partners, and supporting them with all kinds of financing in both good and bad days as its raison d'être, Halkbank's share of SME loans rose to 18.5 percent in 2019, with 39.5 percent of its total loans provided to SMEs.**

With a 48.93 percent public ownership, Halkbank is among the most efficient banks in the industry in terms of return on equity. It continues offering an advanced banking experience to its customers through its 1,000 branches in Turkey, its six branches and three representation offices abroad, its 4,051 ATMs, and its telephone, Internet and mobile banking applications, as of the end of 2019.

TÜRKİYE HALK BANK A.Ş. CAPITAL STRUCTURE

NAME OF SHAREHOLDER	AMOUNT OF ISSUED CAPITAL (TL)	SHAREHOLDING PERCENTAGE (%)
Turkey Sovereign Wealth Fund *	638.825.500	51,1060400
Publicly-Held *	611.093.358	48,8874686
Other**	81.142	0,0064914
TOTAL	**1.250.000.000**	**100,0000000**

* TL 549,932, which forms a part of the total shares of the Turkey Sovereign Wealth Fund, can be traded on the Stock Exchange, and 48.93 percent of the Bank's capital, including those shares, is publicly held.

** While TL 78,521 of the shares in the "Other" category are recorded in its own accounts, they belong to shareholders who are not listed on the Stock Exchange, while TL 2,621 belongs to our shareholders whose shares continue to be tracked in DESA (Dematerialized Unknown Shareholder Account) within CRS (Central Securities Depository) due to ongoing legal processes. Subsidiaries and affiliates are listed on page 68 of the 2019 annual report.

OUR VISION

To become the lead SME bank in the region, meeting all the standards of universal banking and making a difference in the provision of individual services.

OUR MISSION

Being aware of its social responsibility and the high professional standards that it has set, to constantly create value added for its customers, shareholders and employees through the ef(cient delivery of all banking services; to contribute to the development of the banking sector and the capital markets; and to secure a respectable place in our region and in the international banking sector.

OUR GOALS

- To become the leading SME bank in the region
- To become the first choice of SMEs and individual customers
- To become a bank that attracts and employs highly qualified staff in the banking sector
- To achieve the fastest service levels at the highest quality in the sector in all business processes, while ensuring customer satisfaction
- To become a bank that achieves balanced growth with sustainable profitability.

BEING CUSTOMER-CENTERED → RELIABILITY → INTEGRITY → CREATIVITY → DYNAMISM → RATIONALITY → TEAM SPIRIT → EFFICIENCY

TRANSPARENCY → SENSITIVITY → SELF-CONFIDENCE → BEING OPEN TO CHANGE → AWARENESS OF SOCIAL RESPONSIBILITY → SHARING KNOWLEDGE AND EXPERIENCE

OUR MAIN STRATEGIES

- To diversify conventional banking operations alongside specially designed product/service options
- To offer privileged products and services to SMEs and individual customers in the medium and upper-middle income category
- To adopt a customer-centered approach through the provision of high-quality services
- To ensure effectiveness in critical processes, especially loans and financial risk management
- To achieve efficiency in all business processes in order to ensure enriched and diversified products, operation and system security, fast and quality transactions, and competitive prices
- To ensure the continuous development and motivation of its employees through career and performance management systems
- To have its corporate identity recognized by local and foreign customers
- To offer high-quality services in the field of international banking through its network of overseas branches

HALKBANK IN 2019 FIGURES*

Number Of Employes:
18.967

Number Of ATM:
4.051

Number Of Digital Banking Customers:
2.313.311

Total Assets:
TL 457,045 Billion

Number Of Credit Cards:
4.413.712

Number Of Active Internet Banking Customers:
641.110

Net Profit:
TL 1.720 Million

Number Of SME Customers:
1.744.433**

Number Of Active Mobile Banking Customers:
1.917.324

Number Of Branches:
1000 (Local)

Ratio Of Total Cash Loans Made To SMEs:
39,5 %

Number Of halkbankkobi.com.tr Members:
201.448

* Figures As Of The End Of 2019.
** Number Of Customers In SME Segment.
*** Turkish decimal separator system is used

Total Number Of Retired Employees Whose Salaries Are Paid Through Halkbank:
1.683.126 People

Total Number Of Employees Whose Salaries Are Paid By Halkbank:
1.205.678 People

Total Amount Of Loans Lent in 2019 Using Funds Secured From International Finance Institutions :
$ 171,5 Million

Amount Of Personal Loans :
TL 45,655 Billion
(14% increase)

Amount Of Consumer Loans :
TL 46,819 Billion
(14% increase)

Personal Finance Loans:
TL 16,85 Billion
(%9 increase)

Amount Of Saving Deposits:
TL 125,624 Billion
(21% increase)

Amount Of Cash Loans Lent To Custımers Identified In The Corporate and Commercial Segment:
TL 131,288 Billion
(16% increase)

Total Amount Of Clean Energy Loans Lent In Using Funds Secured From International Finance Institutions (TL Million)

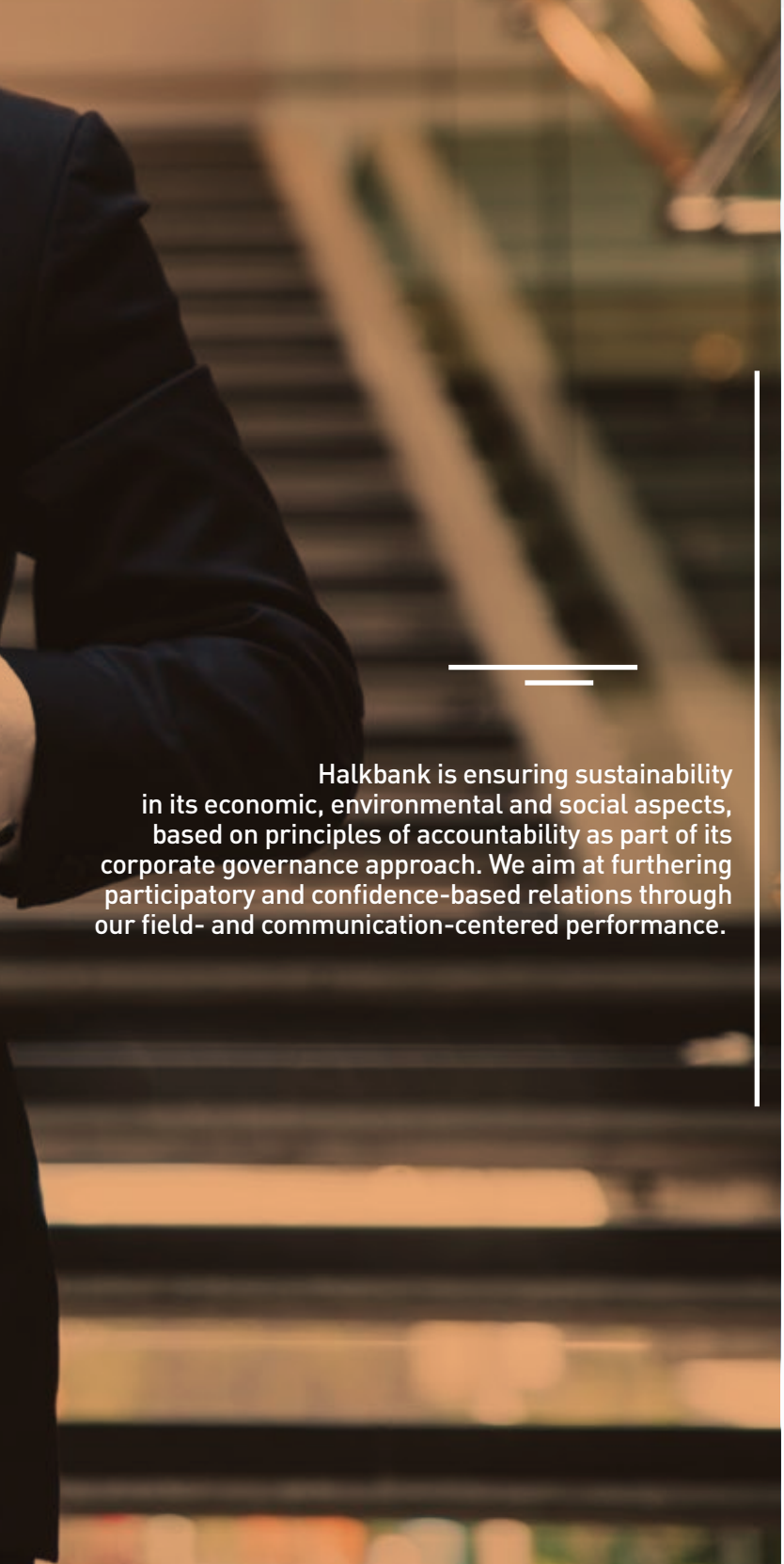
	2016	2017	2019	2020
Energy Efficiency and Renewable Energy	102	384	119	55,5

CO2 Reduction Achieved Through Such Loans*

2016: 68.554 Tons ofCO_2e
2017: 107.507 Tons of CO_2e
2018: 65.436 Tons of CO_2e
2019: 11.291 Tons of CO_2e

* 2015 Taken As The Base Year.

CORPORATE GOVERNANCE



Halkbank is ensuring sustainability in its economic, environmental and social aspects, based on principles of accountability as part of its corporate governance approach. We aim at furthering participatory and confidence-based relations through our field- and communication-centered performance.

HALKBANK *and* CORPORATE GOVERNANCE

102-11,102-18

HALKBANK AND CORPORATE GOVERNANCE

Halkbank is ensuring sustainability in its economic, environmental and social aspects, based on principles of accountability as part of its corporate governance approach. We aim at furthering participatory and confidence-based relations through our field- and communication-centered performance.

CORPORATE GOVERNANCE

Our Bank is aware that Corporate Governance Principles and the operation of a governance structure that follows such principles are indispensable for sustainable growth, represented and managed by the Board of Directors in accordance with the Turkish Commercial Code, banking and capital market legislation, as well as other applicable legislations and the Bank's articles of association.

The Board of Directors delegates its powers to make loans within limits set forth in the provisions of the Banking Law, as well as other powers, to management organs and managers, as defined in the internal directive, and in accordance with the guidelines and procedures laid down by the Banking Regulation and Supervisory Board, and monitors developments pertaining to the powers that it has delegated, ensuring that they are supervised by the units assigned with the responsibility within the Bank's internal processes.

Risks related to economic, environmental and social issues are reviewed by the Board of Directors at least once a year.

The Credit Committee, Audit Committee, Corporate Governing Committee, Asset-Liability Committee, Charges Committee, Operational Risk Committee and Sustainability Committee all report to the Board of Directors.

In the reporting year, our Bank continued its corporate governance activities in accordance with the Organization Chart that was revised previous year.

Detailed information is available in Corporate the Governance – Organization Chart section of the 2019 Annual Report (Page:82)

The individual members of the Board of Directors are elected by the shareholders at the Bank's annual general meeting. In the reporting period, Halkbank's Board of Directors was composed of a total of 9 members, including 8 male and 1 female members, three of whom are independent. The Board of Auditors is made up of two members. The members of the Board of Directors, who may be reelected, are elected for a maximum term of three years at the annual general meeting, depending on the resolution to be passed at the meeting. The participation of the Board of Directors in the 53 board meetings held in 2019 was 99.9 percent.

Corporate policies are among the most important factors supporting management practices. These policies can be found from the "Sustainability" tab of our website.

RISK MANAGEMENT

Halkbank continued offering its customers high-quality products and services in 2019 while supporting the real sector, thanks to its 80-year banking experience, its commitment to risk management and its rapid adaptation to market conditions. To ensure the risks arising from our bank's operations that may affect its operations are managed effectively, an internationally recognized risk management framework has been devised and integrated with business processes in line with the procedures and guidelines stipulated in the Banking Law.

The objective of the risk management framework established by our bank is to allow the Halkbank to carry out its operations in line with its mission, vision, core values, goals, and profitability and efficiency principles, while ensuring that the interests of the depositors and the Bank's shareholders are safeguarded to the maximum extent. As part of this structure, financial as well as environmental and social risks are analyzed, and a multi-dimensional approach is adopted comprising an environmental-social impact analysis, with the necessary actions taken following the assessments.

The Risk Management Department establishes the necessary risk management systems with regard to the credit, market, liquidity and operational risks facing the Bank, monitors the sufficiency and efficiency of those systems, and evaluates, monitors and reports on the risks.

Our Bank's risk management processes include the following:

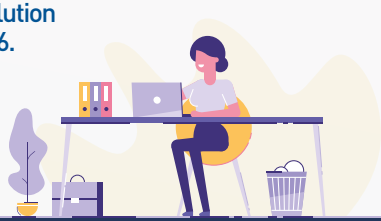
- Works regarding the risk level of the balance sheet are undertaken in the process of budget preparation.
- Forward-looking assumptions are made based on stress tests and scenario analyses evaluating the potential impact of unforeseen market conditions on the core areas of operation; the amount of capital that is required to be set aside for each type of risk is calculated; and the outcome of analyses is shared by the senior management.
- When our bank's customers are assigned scores, assessments are made with regard to the firm's EIA Report, Green Building Certificate, ISO Environmental Management Standard Certificate, Carbon Emission, Occupational Health and Safety, and Sensitivity to Consumer Rights under the sustainability and environment heading, and these are then included in the rating notes.
- As part of the Corporate Risk Management process, area managers identify and assess potential risks in the Bank's operating areas and the necessary controls are established in order to prevent such risks.

COMPLIANCE

The Compliance Department and all units in the Head Office and branches are jointly responsible for ensuring that all processes and transactions of Halkbank are carried out in accordance with the provisions of our Compliance Policy and the Procedures on the prevention of Laundering of the Proceeds of Crime/the Financing of Terrorism. The main functions of the Compliance Department include the development and management of methods to identify, classify, rate and assess LPC/FT risks; preforming monitoring and control activities and maintaining communications with the concerned authorities; reviewing LPC/FT legislation and updating it depending on current requirements; assessing new products and operations in terms of LPC/FT; monitoring international legislation and informing the units concerned; monitoring global legislation and internal processes regarding international sanctions; implementing the annual LPC/FT training plan; and developing the corporate compliance culture.

PREVENTION OF CORRUPTION AND BRIBERY

Corruption at a global scale is one of the major risks encountered by the banking sector. The Anti-Corruption Policy is aimed at establishing guidelines and rules pertaining to the detection and prevention of potential actions that may be deemed to constitute corruption, raising awareness among employees and guiding them through intra-bank regulations and ensuring strict compliance with national and international regulations, and was adopted by virtue of the Board of Directors' resolution numbered 5-50 and dated 23.02.2016. The Policy on the Prevention of Corruption is being implemented by the HumanResources Department on behalf of the Board of Directors.



The Anti-Corruption policy includes detailed explanations of the different risk areas, such as Gifts and Entertainment, Job Offers, Facilitation Payments and Donations.

The Inspection Board carries out inspections in order to ensure that risks are identified in line with our Bank's Anti-Corruption Policy, and that the necessary actions are taken in accordance with the Ethical Guidelines. Corruption risks are controlled based on feedbacks or tips-, and based on the works undertaken by the audit units.

Any employee who becomes aware of a breach in the Policy should inform his immediate supervisor,without any pressure. If there is any doubt of the appropriateness of this method, he can inform the Ethical Practices Team. Furthermore, any such doubts can be communicated to the Corporate Governance Committee. In addition, the Bank's internal and external stakeholders may notify the Ethical Practices Team of any breach of the Anti-Corruption Policy that they become aware of through etik@halkbank.com.tr or the (0216) 503 50 50 ethics hotline. The identity of any employee (whistleblower) who provides information about a breach in the Bank's Anti-corruption policy will be treated as confidential. No employees will be subjected to prosecution, discrimination or unfair treatment as a result of such notifications. The cases of any employee who has breached the Policy will be assessed, and a final decision will be made in accordance with the Internal Audit System.

Halkbank's "**Anti-corruption Policy**" is accessible through the following link:

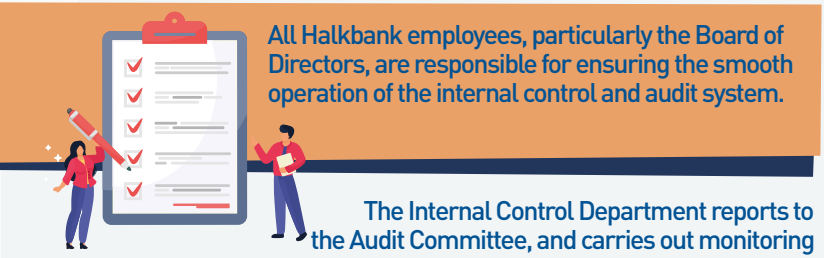
https://www.halkbank.com.tr/images/misc/yatirimciliskileri/kurumsal_yonetim/2016/yolsuzlukla_mucadele.pdf

Anti-corruption policies and procedures are communicated to Halkbank employees through e-training. The participation at each classroom e-training in 2019 is shown below:

- Anti-Corruption Policy: **9,131**
- Important Points to be taken into Consideration in Operational Processes: **1,516**
- Training in Ethics: **268**

INTERNAL CONTROL

The implementation of our Bank's corporate policies is monitored through internal control mechanisms that have been established based on detailed process models.



All Halkbank employees, particularly the Board of Directors, are responsible for ensuring the smooth operation of the internal control and audit system.

The Internal Control Department reports to the Audit Committee, and carries out monitoring and assessments through financial, operational and other control points, and at the same time submits impartial and objective reports to management levels in accordance with the generally recognized professional standards.

The effective internal control infrastructure is aimed at constantly updating the control guidelines and control points in line with the applicable legislation and the Bank's goals. In this context, the laws, regulations, BRSA regulations and current banking legislation are monitored, and any revisions are reflected in the control guidelines and control points.

Controls are performed in branches for the completion of transactions in order to minimize operational risks, and the necessary actions are taken in the control process with a view to eliminating any detected shortcomings as soon as possible. If any risky process is discovered, the appropriate risk units are informed and actions are taken in order to prevent or minimize the risk.

Reports are drafted, analyzed, and communicated via a web-based application (IKSIR-Internal Control Communication Review Reporting), which ensures that reporting processes are handled through the banking infrastructure without the need for hard copies.

In addition to in situ controls, the scope of centralized control is extended. Data received from the central database is assessed, and any potentially risky transactions are reported based on established criteria, and the results can be analyzed centrally or locally.

In addition to works undertaken as part of information system controls, the financial reporting systems have been included within the scope of constant controls.

Requests to conduct investigations into various issues, including customer complaints, missing funds and card cloning, reported by the Bank's senior management, the Inspection Board, the Head Office Units and the Offices of Regional Coordinators, as well as investigations into special issues determined by Internal Controllers, are processed, and their results are reported.

INSPECTION BOARD

The works of the Inspection Board are coordinated by the Chairman, four Deputy Chairmen and one IT team leader, and are carried out by 162 inspectors as of 12.31.2019. The Board employs three different systems and methods that supplement each other, including Local Inspections, Centralized Inspections and Information Technologies Inspections, based on a risk-centered approach under the ISO 9001:2015 Quality Management System Standard. The current risk status related to the findings of inspections and actions taken by the units concerned in order to eliminate those findings are regularly controlled through the Finding Monitoring System.

Based on the risk-centered audit policy,inspections were carried out in 551 branches, 13 offices of regional coordinators, 21 departments, 10 subsidiaries, three overseas branches, 24 foreign exchange operations and cash operation centers, in addition to 16 process inspections, in accordance with the 2019 Audit Plan. A total of 85 application controls were performed in connection with information technologies.

In 2019, the Inspection board also carried out examinations and investigations of transactions that infringed on the regulations that were discovered as a result of centralized or local inspections or tips and complaints.

"**Awareness Notices**" were issued to all Bank units on different dates in order to raise awareness among the Bank's employees and to prevent potential shortcomings, faults and abuses.

PUBLIC SUPERVISION

As a financial institution with capital provided by the state, Halkbank is subject to regular audits by auditors from the Court of Accounts, who conduct audits on behalf of the Grand National Assembly of Turkey, in addition to all audits applicable to institutions with private capital. Interviews are conducted with units, managers, and employees at all levels, where necessary, as part of the audits, and information, documents and business processes were reviewed. Following such audits, the Court of Accounts draws up a report for deliberation by the TBMM Committee on State Economic Enterprises.

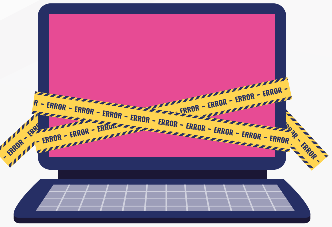
CODE OF ETHICS

Code of Ethics of Türkiye Halk Bankası A.Ş. were adopted by virtue of the Board of Directors' resolution numbered 5-50 and dated 02.23.2016, with the primary characteristic being that they are based on universal humanitarian values. Code of Ethics of Türkiye Halk Bankası A.Ş. are being implemented by the Human Resources Group on behalf of the Board of Directors.

Code of ethics include detailed information encompassing the principle of equality, confidentiality of customer information, conflicts of interest, non-work activities, responsibilities of managers, and the acceptance of gifts and personal benefits.

The Ethical Practices and Discipline Division within the Human Resources Group functions as a unit hat responds to concerns regarding unethical and unlawful acts, and issues pertaining to corporate integrity. Cases involving an employee who has breached the ethical standards will be assessed, and a final decision will be made in accordance with the Internal Audit System.

An employee who becomes aware of a breach of the code of ethics should inform his immediate supervisor. If there is any doubt of the appropriateness of this method, he can inform the Ethical Practices Team. Furthermore, if there are doubts also about the appropriateness of this method, he can inform the Ethical Practices Team. Furthermore, if there are doubts also about the appropriateness of this method, the Corporate Governance Committee can be informed. All employees may inform the Ethical Practices Team of such issues. The identity of employees who have notified any breach of principles, as well as their notifications (whistleblowing), will be treated as confidential. People who provide information internally will not be subjected to prosecution, discrimination or unfair treatment as a result of making such notifications.



The Bank's Code of Ethics document is posted on the Bank's portal and website. The Code of Ethics are notified to the Bank's organization by means of an e-bulletin on a yearly basis, and followed by all full-time and part-time employees, including the senior management. Code of Ethics of Halkbanks are recognized by all of Halkbank's subsidiaries. It is compulsory for the newly hired and promoted employees to attend training regarding the code of ethics, which is open to all employees, as well as other e-training programs related to this issue. Our Bank's code of ethics stipulate that all employees must also comply with the Anti-Corruption Policy. Any breach of the policy in question by an employee will be assessed and a final decision will be made based on the Internal Audit Systems, while major disciplinary actions and/or judicial prosecutions may also be proposed within this assessment process.

In addition, the Bank's internal and external stakeholders may notify the Ethical Practices Team of any breach of the Code of Ethics that they become aware of through **etik@halkbank.com.tr** and the **(0216) 503 50 50** ethics hotline.

Training provided to employees in order to transfer standards and conduct norms to employees within the reporting period:

- Code of Ethics policy: **682 participations; 4,774 man*hours**
- Our bank's Corporate Style Identity: **680 participations; 4,760 man*hours**
- Bank's Internal Written Communication Principles: **1,707 participations; 11,949 man*hours**
- Social Media Principles: **1,833 participations and 12,831 man*hours**
- Universal Declaration of Human Rights: **685 participations and 4,795 man*hours**

You can reach the Code of Ethics at
www.halkbank.com.tr/5809-ilkeler_ve_politikalar

APPROACH TO
SUSTAINABILITY

Our Bank is pursuing its vision "**To Become the Leading SME Bank**" by managing risks and opportunities concerning environmental, social, economic and ethical issues, based on an innovative and solution-oriented approach.

HALKBANK'S APPROACH *to* SUSTAINABILITY

HALKBANK'S APPROACH TO SUSTAINABILITY

Our Bank is pursuing its vision "**To Become the Leading SME Bank**" by managing risks and opportunities concerning environmental, social, economic and ethical issues, based on an innovative and solution-oriented approach.

OUR SUSTAINABILITY JOURNEY

2013

First Sustainability Prioritization Analyses initiated with our stakeholders.

First ATM's running on solar energy enter into operation.

2014 - 2015

A total of 36 renewable energy and energy efficiency project with a combined value of €30 million were financed by funds secured from international finance institutions.

2015

Halkbank Secures a Place in BIST Sustainability Index

Paperless Banking Projects launched.

Tomurcuk, our new data center, becomes the first data center to be awarded an international **LEED Gold Certificate in Turkey.**

"Banking Without Disabilities" project launched for physical and visually impaired customers.

Halkbank, Halkbank assigned a high place on the list of the most reliable banks in the world, based on a survey conducted by The Banker magazine.

2016

Our Bank was one of the companies listed on the Istanbul Stock Exchange, securing a place in the BIST Sustainability Index for November 2017–October 2018), as a result of an evaluation of performance results and sustainability practices in 2016.

We were the first institution in the Turkish Banking Sector to qualify for an ISO 50001:2011 certificate, and to complete integration with the ISO 14001:2015 Environment Management System.

A 68,554-ton reduction in CO2 emissions was achieved using clean energy loans secured from international finance institutions.

We were awarded the Stevie Bronze Award in "The Most Innovative Mobile Banking Application Category."

2017

We were included in the FTSE4 Good Emerging Markets Index established by FTSE, an independent organization of the London Stock Exchange and the Financial Times.

Some 5,500 jobs were created/preserved through the provision of $618 million in loans

We received the Law Carbon Hero Prize.

2018

We received first prize in the "Banking and Other Financial Services" sector, one of the prizes presented to the Top 500 Service Exporters in Turkey.

We received the "Diamond Award" in complaint management.

We realized the dreams of 80 children through "Halkbank Does What Children Want" April 23 Project.

After converting our Internet Branch and Mobile Branch in order to allow our visually impaired customers to utilize our banking channels,we won the Unimpaired Informatics Award and the Informatics Without Disabilities Public Service Award for our Internet Branch and Mobile Application.

We have launched the Anka Technological Transformation Program with a view to upgrading the main banking infrastructure.

2019

Performing waste management as part of the Environment and Energy Management System, all of our Bank's service locations met the Zero Waste Standards when the Zero Waste Regulation entered into effect.

We were the first institution in the Turkish banking sector to receive the International Occupational Health and Safety ISO 45001:2018 certificate.

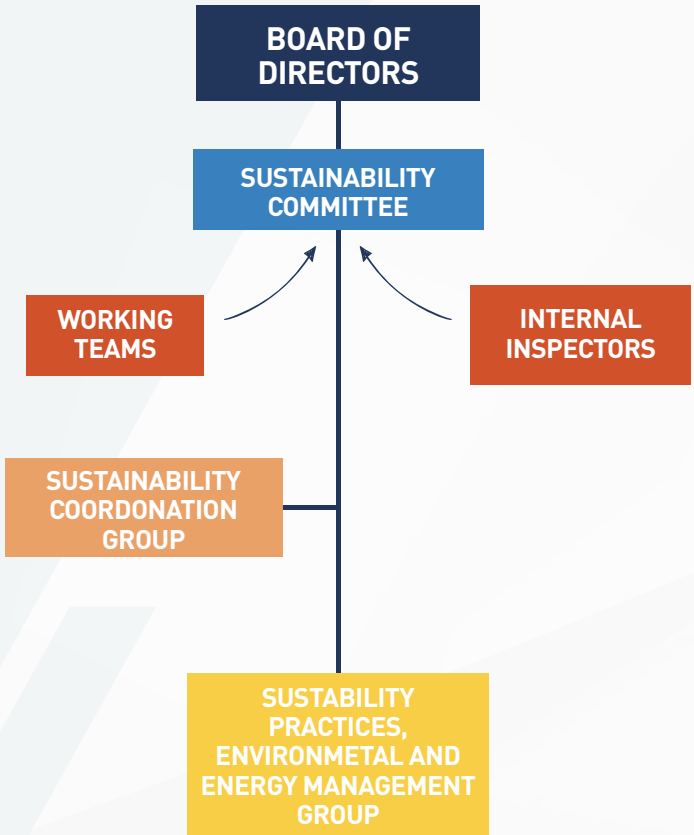
SUSTAINABILITY MANAGEMENT STRUCTURE

Guided by its social responsibility and mission, Halkbank has adopted a sustainability strategy aimed at securing a respectable place in the regional and global banking system by promoting ethical and safe banking standards, minimizing environmental risks, and offering innovative products and services that bolster social welfare. Underpinned by a transparent management concept, the Sustainability Committee coordinates Halkbank's sustainability priorities and related works, and reports to the Board of Directors.

The Sustainability Committee is composed of one independent member of the Board of directors, one member of the Board of Directors, three Deputy General Managers, three Heads of Groups and twelve Heads of Departments. Members of the Board of Directors serve as the chairperson and deputy chairperson. The Committee convenes at least four times a year in order to follow up on and guide Halkbank's progress in the field of sustainability.

The Sustainability Committee elects the head and members of the Sustainability Coordination Group. In 2019, the Head of the International Banking and Financial Institutions served as the Head of the Sustainability Coordination Group, and its members included the head of Branch Operations Department, the head of Human Resources Department, the head of the Corporate Communication Department, the head of Technological Architecture Department and the SME Marketing-2 Department. The manager of the Sustainability Practices, Environment and Energy Management Division, who is a full-time employee, is a permanent member of the group.

Actual environmental impacts, risks and opportunities are discussed at regular and special meetings of the Sustainability Committee, which reports to the Board of Directors, and action plans congruent with the Bank's policy are devised and decisions are made accordingly. In addition, issues and suggestions received from stakeholders that need to be assessed at a macro level and priority issues are placed by the units concerned on the agenda of the meetings of the Sustainability Committee.



Detailed information regarding the members, roles, and powers of the Sustainability Committee can be found at

https://www.halkbank.com.tr/5776-surdurulebilirlik_organizasyonu

In addition to this unit, a directorate entered in to force on a full-time basis to carry out sustainability projects and to submit new ones to the Sustainability Committee.

The Sustainability Practices, Environment and Energy Management Division, which reports to the Sustainability Committee, functions under the Office of the Deputy General Manager for Operational Transactions and Support Services.

Sustainability projects carried out by the Sustainability Practices, Environment and Energy Management Division include:

- The development of products, services and projects focusing on sustainability while adopting "**Best Practices**" within our Bank, and monitoring national and international developments.
- The creation of awareness on sustainability among the employees, and turning this awareness into a corporate culture while ensuring coordination with the other units of the Bank.
- Assessing the economic, environmental and social effects of our organization's activities, to implement sustainability, energy and environment policies, and to draw up the sustainability report
- Monitoring energy consumption points on the Bank's premises, establishing energy monitoring systems and undertaking works aimed at boosting efficiency; calculating and reporting the Bank's carbon footprint. Applying ISO 14001 and 50001 standards and process management.
- Ensuring open and transparent reporting to internal and external stakeholders (CDP, GRI, BIST, public, customers, etc.).
- Planning, organizing and executing works assigned to the Sub-coordination Group under the Sustainability Committee, in collaboration with the Committee's rapporteur.

Halkbank in the BIST Sustainability Index

Our Bank secured a place in the BIST Sustainability Index of companies listed on the Istanbul Stock Exchange with the highest corporate sustainability performance, in the period between November 2019 and October 2020, thus demonstrating once again that it had applied corporate governance principles to its all operations and decision-making mechanisms.

102-44,102-47,102-49

SUSTAINABILITY PRIORITIES

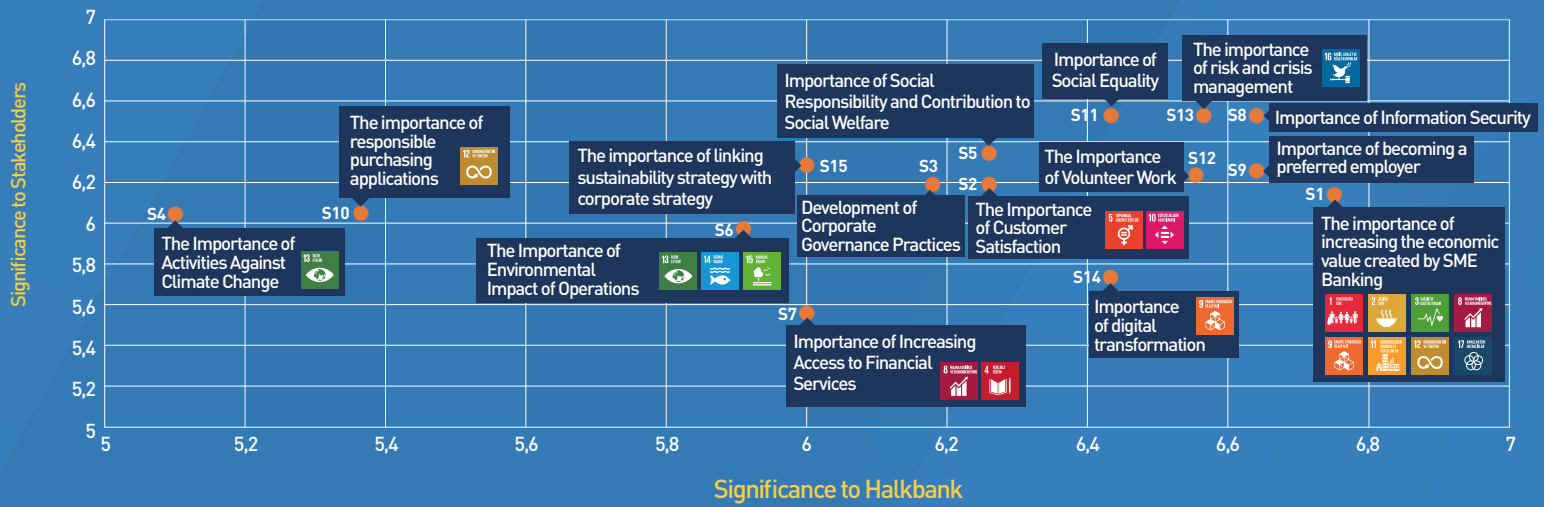
Being aware of the goals and priorities of our country and the economy in the context of sustainability, Halkbank is always engaged in active cooperation with all of its stakeholders. Stakeholders are identified and selected based on opinions adopted at the meetings of the Sustainability Committee, Coordination Group and other working groups, as well as through consultant suggestions.

Sustainability Priorities are revised one year prior to the reporting year under the leadership of the Sustainability Committee. As the main output of the report, priorities were determined based on stakeholder opinion, including customers, employees, media representatives, public agencies, international finance institutions and suppliers.

The priorities of ventures that provided guidance to the financial sector and the business community were analyzed in the reporting year. Our priorities were reviewed in the light of global trends, sector reports, reports issued by global banks, recommendations of GRI and other international professional organizations, and UN Responsible Investment Guidelines, and our sustainability structure was maintained with the outputs of the previous year.

102-12, 103-13

HALKBANK PRIORITIZATION MATRIX



COMMUNICATION WITH STAKEHOLDERS

Regular and effective communication with the stakeholders is the cornerstone of Halkbank's Approach to Sustainability. The objective is to make financial and operational achievements sustainable and to diversify the product portfolio in the light of customer needs and expectations.

Feedback, suggestions, and ideas obtained through various communication mechanisms are actively used for the development of products and services, and the devising of the Bank's long-term strategies.

In this context, Halkbank's main stakeholder groups and the communication mechanisms that it has developed for those groups are as follows:

102-40, 102-42, 102-43

Stakeholder Group	Communication Frequency	Communication Channels
Employees	Continuous	Employee satisfaction survey, Performance Assessment System, Various Meetings, e- bulletins, announcement and internal legislation, Information Technology announcements, Information Security Announcements, Electronic Announcements, bank internal communication platforms
Customers	7 Day, 24 Hours	Halkbank branches, ATMs. call centers, internet banking, mobile banking, various meetings, presentations, e- announcements, social media
Suppliers	Continuous	Purchasing and / or service / maintenance processes
International Financial Institutions	Continuous	Various meetings, visits and correspondence
Media	If Required	Press releases, meetings, interviews
Public Enterprises	If Required	Meetings, visits, negotiations, reports, briefings
Non-Governmental Organizations	If Required	Meetings, visits, negotiations, briefings
Stakeholders and Investors	Continuous	Organizations held for the investors with the concerning institutions, meetings with the investors, teleconference and direct communication via e- mail, concerning pages of the internet site of our Bank, roadshows, analyst days

BAll types of promotion, meetings, presentations and informational activities were also carried out in 2019 in order to preserve the Bank's share and market values, to increase them over the long term and to update the list of investors buying fixed-yield securities.

In the reporting year, we participated in numerous investor conferences and gatherings, including those held in financial centers where national and international corporate investors concentrate their operations, while one-on-one and group meetings were held with investors, analysts and portfolio managers.

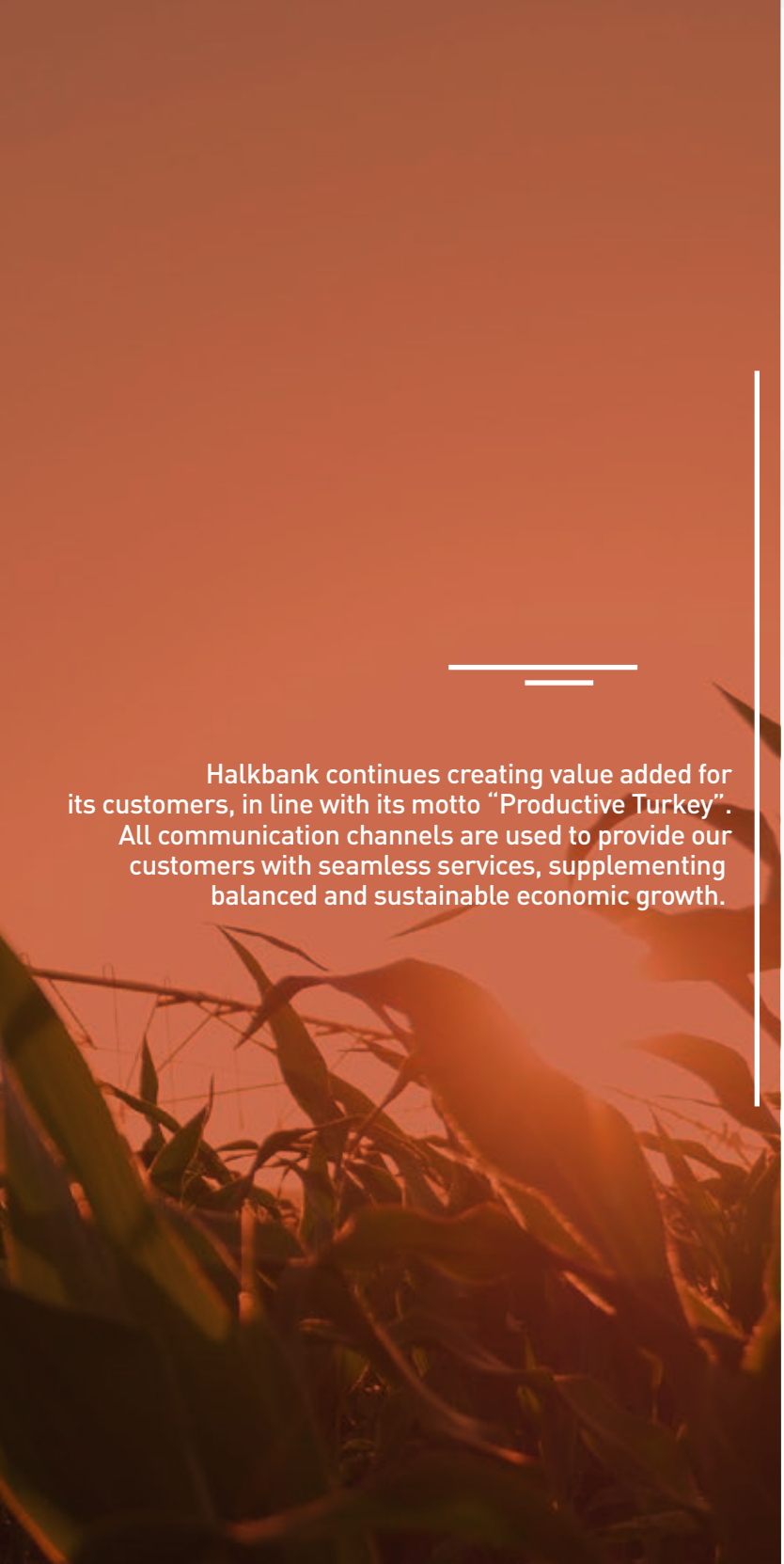
The meetings held with the investors focused on Halkbank's financial and administrative structure, its position in the banking sector and international finance markets, as well as expectations for the coming period. The strategies mapped out by the Board of Directors were also shared.

Informational visual financial structure presentations on the published quarterly results were created and posted on Halkbank's website, and made available to local and foreign investors through concurrent teleconferences.

Halkbank supports NGOs and professional organizations that carry out projects related to its operations.
Halkbank is a member of the following organizations and associations:

- International Chamber of Commerce (ICC) Turkey
- Kalder (Turkey Quality Association)
- DEIK (Foreign Economic Relations Council)
- Association of National Development Finance Institutions in the Member Countries of the Islamic Development (ADFIMI)
- Banking Association of Turkey
- Banking Association of Singapore
- Foreign Banks Association of the United Kingdom
- ITO Membership

CUSTOMERS



HALKBANK *for* ITS CUSTOMERS

Halkbank continues creating value added for its customers, in line with its motto "Productive Turkey". All communication channels are used to provide our customers with seamless services, supplementing balanced and sustainable economic growth.

HALKBANK FOR ITS CUSTOMERS

Halkbank continues creating value added for its customers, in line with its motto "**Productive Turkey**". All communication channels are used to provide our customers with seamless services, supplementing balanced and sustainable economic growth.

Operational business process within Halkbank are performed in order to boost operational efficiency and to achieve higher quality, with the objective of achieving "continuous improvement." The Operations Center has been organized to ensure high-quality, standard and rapid services with low operational risk can be provided to all branches. A total of 20 million transactions were carried out through 37 business lines in the Operations Center in 2019.

In 2019, efforts continued to be made to improve, simplify and centralize operations creating workload within the Bank. Works were undertaken to transfer the flow and documents with institutions and customers with whom information is exchanged to a new generation digital platforms. Accordingly, workload was reduced through the automated performance of approximately 1.6 million transactions that were previously performed by branches and the Operations Center.

Halkbank,
increased its assets by **20.8 percent from**
TL 378.4 billion in **2018** to
TL 457 billion in **2019**,
ranked third in the
the sector in terms of assets.

Adopting a strategy to offer products that meet customer needs, Halkbank continues this approach also in the field of individual banking.

In **2019, 3,269** customers borrowed **IVME** loans to the amount of **TL 8,473 million**, and **1,597 customers borrowed TL 2,476 million** in the form of working capital loans for employment (ISTOD), with commitments to create
21,032 new jobs in ISTOD.

Loans totaling **TL 25,278 million** were extended to **tradesmen in 2019**, representing a **31.9 percent** increase on the figure for 2018, and went up to
TL 41,043 million.

Growth in savings deposits above the sector average is one of the primary goals of Halkbank. The Bank has maintained its strong deposit volume and term structure, attaching importance also to the term structure when creating its broad-based deposit structure.

In 2019, the number of credit cards, POS and credit card acceptors of the Bank rose to 4.4 million, 344,000 and 254,000, respectively.

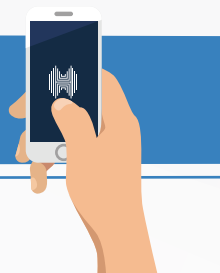
Total Deposits Stand at TL 298 Billion

Halkbank managed to increase the number of customers holding broad-based deposits and their balance in a steady manner throughout the year. Growth in savings deposits above the sector average is one of the primary goals of Halkbank.

The Bank's total deposits rose by 19.6 percent to reach TL 297.7 billion by the end of 2019. The time deposit amount increased by 24.9 percent to reach TL 245.3 billion, with a 82.4 percent share of total deposits.

As part of its social responsibility policy, Halkbank began offering privileged services to customers who received their pensions through the bank.

Halkbank continued offering services of the highest quality to its pensioner customers through the **0850 222 92 62 Halkbank Pensioner Hotline** set up in order to meet their needs.



Individual loans with attractive interest rates and different repayment options, including "Happy Pensioner Consumer Loans" and "Pensioner Mini-loans" targeting pensioners who receive their pensions through Halkbank, or who had undertaken to transfer it to Halkbank, facilitated the access of pensioner customers to funds.

In addition to existing Paraf Tradesmen, Paraf SME and Parafree, Halkbank began offering Pharmacist Support Packages to pharmacists after launching the Paraf SME card bearing the logo of the Turkish Pharmacists' Association in 2019.

ACCESS TO FINANCIAL SERVICES

In line with our commitment to the ideal of a strong economy and a mighty Turkey, the share of alternative distribution channels, particularly ATM, mobile and Internet channels, is being steadily increased in our Bank with a view to offering innovative services. The products that we have developed as a supporter of tradesmen and SMEs has bolstered the options of the real sector to access funds, and have guided us in our endeavors.

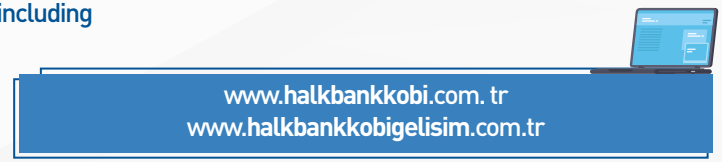
SUPPORT FOR THE REAL SECTOR

Founded to encourage tradesmen and artisans to boost their production, Halkbank continues to provide uninterrupted support to the national economy based on its belief that prosperity and wealth will be achieved only if the players in the field of production become stronger.

In 2019, Halkbank began offering a special loan intended to enable firms to establish virtual stores where they can promote their products and find new customers, under a cooperation protocol concluded with a leading international e-trade platform.

To boost customer satisfaction, our Bank used non-branch channels in 2019 and performed 90 percent of its banking transactions via Alternative Distribution Channels (ADC).

With branches distributed throughout the country and more than 2,700 Customer Representatives specific to SMEs, Halkbank offered services at the premises of its customers and provided SMEs with round-the-clock services through various digital channels, including



the Corporate Internet Branch, Halkbank Mobile, and Tradesmen and SME Dialogue.

BANKING WITHOUT DISABILITIES

Guided by its principle of responsible operations, Halkbank is putting a series of new applications into practice in order to enable its disabled customers to gain easier access to Halkbank products and services by means of the applications that it refers to as Banking Without Disabilities.

Halkbank's ATM's are being designed so that they can offer services also to customers with physical disabilities or visual impairments, as part of its Banking Without Disabilities drive, which was first entered into operation in May 2011. Customers with physical disabilities can use ATMs called Accessible Bank24, which are available also for the use of the customers of other banks, to perform all transactions that can be performed on a standard ATM. Visually impaired customers can perform transactions using a headphone, can darken the screen if they choose to do so, and can enquire the balance of their accounts and withdraw money using software that converts the letters on the active screen into sound.

During the reporting period, the Halkbank Internet Branch and Mobile Branch were redesigned to permit visually impaired customers to make use of them. Our visually impaired customers can easily use our digital channels.

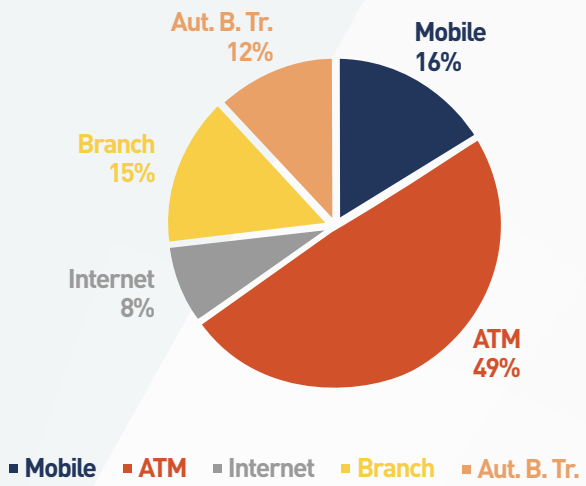
"**Proper Approach to Disability**" e-training is compulsory for our employees, and continued in 2019. In addition to the training programs aimed at informing our disabled customers and employees about proper behavior patterns, training in sign language continued for our employees on a voluntary basis. Training in sign language was provided for 29 employees (203 man*hours), while the Proper Approach to Disability course was attended by 1,430 employees (10,010 man*hours).

Our customer representatives, who can use sign language, offer interpretation services to our customers who have visual and speech impairments through Halkbank Dialogue, allowing them to gain access to the services provided by our branches, and to have their needs and demands met in a swift manner.

The transactions that customers with visual impairment have been diversified (depositing money in accounts, payment of credit card debt, enquiring credit card debt and limit) in the reporting period, as was the case in previous years.

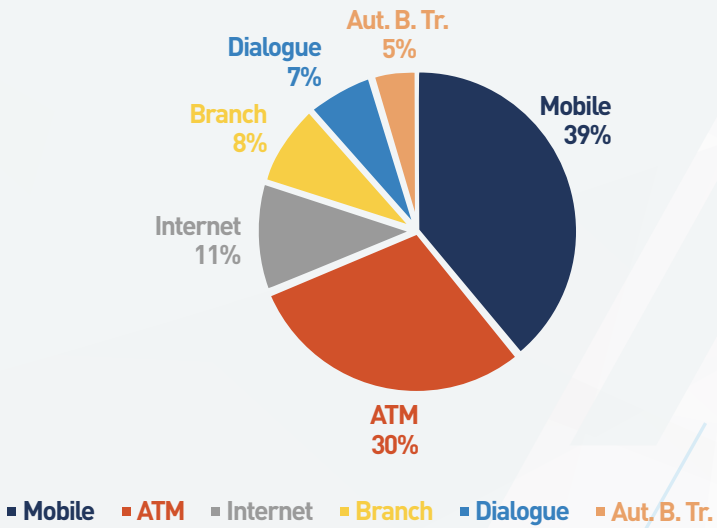
Diversifying the services offered to its disabled customers in line with its social responsibility perspective, Halkbank has drafted individual loan agreements in the Braille alphabet and enhanced its banking applications by posting videos with sign language interpretations and audible information on its website. Our bank's websites contain videos providing sign language interpretations and audible information about individual credit card agreements.

Distribution of Channels for Monetary Transactions



Shortening operational processes through rapid and reliable transactions and accessible technologies, offering better services to our customers and reducing the workload of our branches are indications of our commitment to the provision of high-quality services. More than 90 percent of our banking transactions are performed through Alternative Distribution Channels.

Distribution of Channels for All Transactions



In 2019, total transactions amounted to TL 43.2 billion, including TL 28.4 billion over the counter and TL 14.8 billion in ADC transactions. The number of over-the-counter transactions is expected to increase in 2020 as some public agencies will collect payments through state-owned banks.

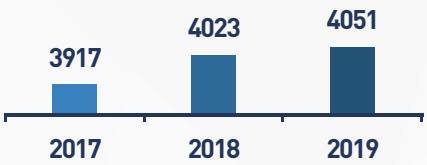
HALKBANK IN DIGITAL BANKING

Digital banking is one of the priorities of Halkbank. Transaction sets in the Internet Branch and Mobile Banking channels were enriched in phases also in 2019, in line with the vision to digitalize banking transactions.

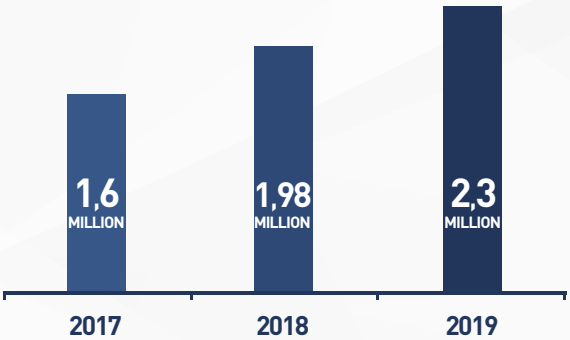
Our products and services are being offered to our customers without restriction in terms of time and space through various channels, including Mobile Banking, Internet Banking and SMS Banking. The constant expansion in the utilization of technology for transactions has brought about a rise in the number of digital solutions for the products and services offered.

In 2019, the number of our ATMs increased to 4,051 while the number of Digital Banking customers increased by 16 percent to 2,313,311.

Number of ATMs by Years



Number of Digital Banking Customers



Works were undertaken to transfer data flow and documents with institutions and customers with whom information is exchanged to new generation digital platforms in 2019 too. Operational risk points in business processes were reviewed, and risk-minimizing procedures were improved through systemic controls. The measurement model was revised as part of the process to measure the level of operational quality in branches.

As part of Paperless Banking, open accounts and individual loans, as well as all agreements and forms, were approved in the digital medium and provided through digital channels, hence making significant savings in paper. The consumption of color toner was cut down through the use of black and white printouts to the maximum extent possible in cases Twhere colored printouts were not needed.

Our Web Portals

Our customers are informed about our products and services through the following portals, particularly **www.halkbank.com.tr** our corporate website. As part of a uniform strategy, various units offer updated information and services to customers through these portals.

INTERNET BANKING / MOBILE BANKING / SMS BANKING

In the reporting year, works carried out in the fields of Internet Banking and Mobile Banking continued at full speed, and the number of active **digital customers rose by 16 percent when compared to the previous year, reaching 2,313,311 by year end.**

The topics and concerns raised by stakeholders, as well as those highlighted in reports and periodic meetings hosted by the Banks Association of Turkey, were analyzed through weekly customer satisfaction and card utilization surveys.

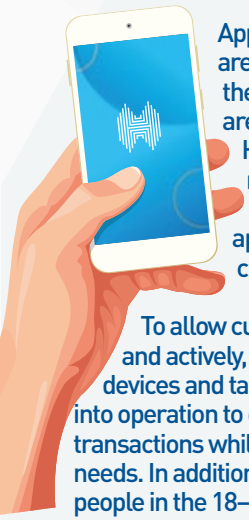
Processing and responding to all applications relating to banking products and services in accordance with the applicable legislation and banking practices constitutes part of the same process.

Internet Branch

More than 400 transaction sets allow our customers to perform banking transactions through the Internet Branch, in order to meet their needs and expectations. When these improvements are made, competing practices in the sector are analyzed, and the suggestions and opinions provided by our customers through "**Reach Us**" and "**It Is Your Turn To Speak**" sections, as well as suggestions sent by our employees via our Bank's Quality Suggestion System (Pi-Perfect Ideas Quality Suggestion System) are assessed.

Our Internet Banking service is accessible via the "**Internet Branch Login**" button on the **www.halkbank.com.tr** and via our other portals.

Mobile Banking



Applications developed for the IOS and Android platforms are installed on smart mobile devices to allow access to the Mobile Branch, where our Mobile Banking services are offered, also in 2019 following the full upgrade of the Halkbank Mobile banking application in the previous reporting year. We continued offering innovative services to our customers through our innovative applications, including withdrawal of and remitting / claiming money through the utilization of a 2d-code.

To allow customers to utilize the Bank's websites more efficiently and actively, they have been rendered compatible with mobile devices and tablets. The Paraf Mobile application has been entered into operation to enable card customers to perform card and banking transactions while taking part in card campaigns designed to meet their needs. In addition, www.parafree. com.tr was launched to permit young people in the 18–25 age bracket to follow special campaigns.

SMS Banking

Halkbank has been developing its technological infrastructure to facilitate branchless banking transactions. SMS banking, one of the branchless banking channels, is one such project.

The intensive utilization of SMS and e-mail channels for the sending of batch messages about campaigns continued in 2019. Preliminary proposals to buy products were intensively collected via SMS and e-mail channels, which contributed to a reduction in the cost of notifications.

MOBILE CASHIER'S DESK

Our mobile cashier's desk vehicles continue to serve our customers, ensuring that customers in all parts of Turkey can access all of our Bank's products and services, under any circumstance. The primary goal in this regard is to offer services to our customers in the regions and cities affected by extraordinary events, such as natural disasters, fires or terrorist attacks, and offering our products and services in residential areas where our Bank has no branch, particularly in tourist destinations. The number of vehicles used to provide mobile cash services remained unchanged in 2019. Our vehicles were actively used in the wake of the Elazığ earthquake, in various events of force majeure and for TOKI payments, and in response to our regional coordinators. They continue to be actively used to reduce the workload of our branches and to enable our customers to access our services.

INDIVIDUAL LOAN DECISION MODULE & REVENUE PROJECTION MODEL

The Individual Loan Decision Module is used to rapidly providing our customers with high-quality services and to accelerate the speed of transactions so that the most comprehensive analysis and decision making capability is provided for the applicant.

The process is completed in a shorter period by transferring documents produced/gathered through the Individual Loan Decision Module (PowerCurve) directly to the system.

In parallel with the improvements made through the utilization of the Individual Loan Decision Module, the Revenue Projection Model uses the customers' Credit Registration Office and demographic information for real-time revenue projections by employing statistical methods, ensuring that decisions on loans and lines of credit are made faster, that the revenues declared but not documented by customers can be verified, that the applications received via ADC can be processed without referring them to a branch for verification of revenue, and that branches can focus mainly on marketing, by reducing their operational workload related to applications.

CUSTOMER SATISFACTION

Our Bank endeavors to come up with customized and rapid solutions by listening to and understanding its customers. Our Bank has established efficient communication processes in order to maintain continuous communication with its customers and to gather their feedback via different channels.

The implementation of innovative processes within the sector continues to achieve the goal of maintaining happy customers through practices conducted through the Happy Customer Center and the Customer Communication Center.

Customer Satisfaction Percentages by Years

Customer problems, opinions, suggestions and complaints are collected by the 24/7 Happy Customer Center via telephone, fax, branches, email, social media, Head Office units, complaint websites, WebChat, CIMER (Communication Center at the President's Office), TBB (Banking Association of Turkey) and the BDDK (Banking Regulation and Supervision Agency), ensuring problems are identified, investigated and resolved in a fast, efficient and timely fashion, thus ensuring customer satisfaction.

Taking a proactive approach, complaints and problems are collected by the head office and analyzed, and corrective/preventive actions designed to resolve potential problems before they occur are implemented.

The average time for the completion of a transaction was set as 36 hours in 2019, while the actual recorded time was 28.17 hours. Our goal is to complete transactions in 24 hours in 2020.

Our Bank received the Public Banking Diamond Customer Satisfaction Accomplishment Award in the 5th A.C.E Awards 2020 (Achievement in Customer Excellence) **organized by Şikayetvar.com – the first and only platform measuring customer satisfaction in Turkey.**

To enhance customer ownership of products, to ensure customer activation, and to identify new customers through rapid application channels are the major application areas of our customer satisfaction processes. Our operations involving mediation in the collection of payments for corporations, as one of our cash management processes, are aimed at ensuring customer satisfaction. The number of corporations with which we have concluded agreements for the collection of payments in a manner ensuring customer satisfaction rose by 6 percent in 2019 when compared with the previous year.

Special works and improvements related to the Direct Debiting System (DBS) continue in order to find new companies and distributors. As a result of these efforts, the number of companies and distributors increased by 34 percent and 43 percent, respectively, in 2019, while the total payments collected rose by 54 percent.

CUSTOMER SUPPORT

Halkbank has become one of the leading actors in the sector thanks to confidence placed in it by the Turkish people, and today it provides services to its customers in all fields of contemporary banking while planning its operations, based on the principle of being there for its customers in any location, and at all times.

Customer Communication Centre

The number of calls received by the Customer Communication Center in 2019 rose by 1 percent on the previous year. Accordingly, the number of communications reached 33 million, while the number of transactions increased by 36 percent to reach approximately 79.5 million in total. Some 8.8 million customers were called using internal and external lines of communication as part of the information, sale, collection and marketing operations relating to the Bank's products and services.

Information Technologies

Efforts to bolster and upgrade the functions of the Customer Communication Center continued in 2019. End-to-end electronic business processes, including e-pledge, e-invoice and e-guarantee letters were entered into operation as part of the e-transformation efforts. Also as part of the goal to digitalize our processes,

ERP projects have been launched in numerous areas, including correspondence and document management, and many work flows outside the core banking area have been transferred to an electronic medium.

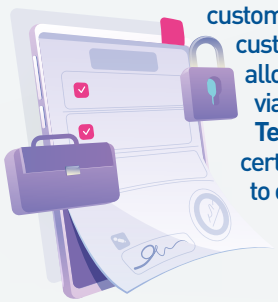
The Mobile Banking application was redesigned with a powerful security infrastructure, and a large number of new business processes were included in the application. Paraf Mobile Wallet application, another mobile product, has been entered into operation.

A workflow that will permit branches to make individual loans without the need for a wet signature and paper was designed and entered into operation. A system for the evaluation and granting of individual loans in a paperless medium has been set up so that the prices of products purchased at businesses forming a part of chain stores.

A Combo/Dual Card system, in which a combined credit card and a prepaid card can be offered was established. Software and hardware investments have been made to make the bank's information systems more powerful in terms of information security, and a new monitoring system has been entered into operation to ensure the efficient use of the system resources.

As part of compliance with accessibility legislation, our Webchat services are continuing and our Disabilities-Free Communication Line is being utilized, making particular use of telephones with a video call capability, and our Customer Communication Center is providing services for our disabled customers.

The workload of our branch staff has been reduced by directing customer calls to Dialogue, ensuring that almost all customer calls are completed successfully, and allowing branch customers to perform transactions via telephone. The "**ISO 20000 Information Technologies Service Management System**" certified in 2018 guarantees constant improvements to our Information Technologies processes.



Human Resources and Service Quality:

The employees of the Customer Communication Center receive continuous training in order to support their specialization. There is a training policy that supports certification in addition to training in Basic Banking and Elocution and Effective Communication Over Telephone, as well as Telephone Sales Techniques. Employee motivation is closely monitored and dynamic programs are utilized to boost their motivation.

Performance calculations are made based on quantitative data pertaining to the staff of the Customer Communication Center, and the ability to preserve our quality goals and standards is assessed in the light of this data.

In 2019, 34 employees were hired to handle incoming and outgoing calls to and from the Customer Communication Center.

There were
646 employees
assigned to the **Customer Communication at the end of 2019.**

DIGITIZATION AND DATA SECURITY

Being aware of the fact that high-quality products and services can be offered to its customers only through an advanced technological infrastructure, Halkbank earmarks significant funds for the upgrading of its technological infrastructure and digitalization efforts. , Our bank, considering information security as a primary goal in all digitalization efforts, also achieves serious operational efficiency at the same time.

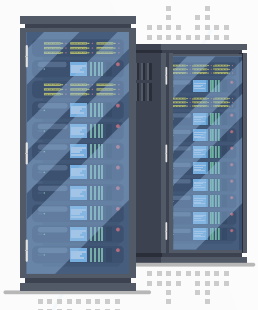
Information security is accorded a high priority in all digitalization projects carried out within Halkbank under the .
ISO 20000 Information Technologies Service Management System".

Formally launched in 2018, the Anka Program is replacing the main banking infrastructure with advanced technologies. All banking screens will be redesigned and replaced with web screens using a process management and user experience approach, depending on our Bank's business needs. The screens will be compatible with all devices (desktop computer, tablet, smart phone). An infrastructure capable of managing business standards in a parametric manner will be installed, and will be converted into a service-centered architecture that can be integrated with external platforms. A customer session system will be established to facilitate customer transactions in addition to task pools that will ensure tasks are requested and monitored through the system as well as management panels, which have been developed according to personnel profile, permitting targets, tasks and basic data to be monitored. The primary gains of the program will be the boosting of the performance of our Bank's employees, the assurance of efficiency in the utilization of resources and cost savings. In addition, more agile software will be developed and infrastructure will be prepared, supporting innovation and digitalization.

As a result of the works undertaken by the end of 2019 under the program, the application architecture was structured; the development of Framework V1.0 for production of software using standard off-the-shelf software components in the library was completed; Individual User Panel, Individual Customer Identification, Task Pool and Cash Withdrawal applications were developed through the Framework components; an Individual Authorized Customer Representative User Panel was installed in all branches; and other screens were put to use in 30 branches for trial purposes.

9 SANAYİ, YENİLİKÇİLİK VE ALTYAPI

Committed to allowing everyone to benefit from the opportunities brought about by digitalization, Halkbank steered its products, services and applications related to the digital transformation in line with the Sustainable Development Goals in 2019.



The Information Security Steering Committee is spearheading efforts to permit the managers of business units to actively participate in the process, and to ensure its acceptance by the whole organization, while also ensuring that information security is commensurate with business needs and strategies. The Information Security Policy approved by the Board of Directors is reviewed by the units concerned on an annual basis, and any updates are posted on our Bank's portal, making them accessible by our employees.

In line with the risk-centered audit policy, inspections were carried out in 551 branches, 13 offices of regional coordinators, 21 departments, 10 subsidiaries, three overseas branches, 24 foreign exchange operations and cash operation centers, along with 16 process inspections, in accordance with the 2019 Audit Plan. Furthermore, 85 application controls were performed related to information technologies.

Our employees receive regular training in information security. There were no verified complaints of violations of customer privacy or loss of customer data in connection with Halkbank operations during the reporting period.

NATIONAL ECONOMY

Our Bank contributes to preservation of economic stability through its operations, guided by the motto "**The Bank of Productive Turkey.**"

HALKBANK *for* THE NATIONAL ECONOMY

HALKBANK FOR THE NATIONAL ECONOMY

Our Bank contributes to preservation of economic stability through its operations, guided by the motto "**The Bank of Productive Turkey.**"

Halkbank maintained its successful performance in 2019 and increased its total assets to TL 457 billion, marking a 20.8 percent increase on the 2018 (gure, while its cash loans rose by 19.4 percent to TL 309 billion.

SME and TRADESMEN BANKING

While spearheading the growth of the Turkish banking sector, Halkbank also lends support to the real sector as part of its mission. The financial and non-financial needs of all tradesmen, farmers and small, medium and large enterprises that produce goods and create jobs are met through the developed products and services.

In 2019, Halkbank, as a pioneer of innovations, continued offering innovative solutions to the strategic sectors, and supporting the creation of new jobs and entrepreneurs intending to start new companies, as well as the efforts of SMEs to transfer their businesses to the digital medium.

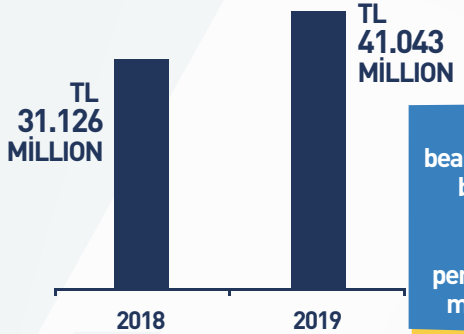
SUPPORT FOR SMEs

As "The Bank of Productive Turkey", Halkbank using its specializations in the field of SME banking to develop products and services that meet the needs of the real sector. Turkish SMEs are increasing production with the support provided by Halkbank, as the leader of SME banking, and are optimistic about the future.

Despite intensive competition in the SME banking sector, Halkbank has managed to increase its market share from 15.9 percent at the end of 2018 to 18.5 percent in 2019. The loans extended by Halkbank to SMEs constituted 39.5 percent of all of the cash loans made by the Bank in 2019.

Maintaining its connections with the field through its nationwide network of branches, Halkbank continued to identify needs at Productive Turkey Gatherings and Shared Wisdom Meetings, where it met with sector representatives and listened to the needs voiced by sectoral representatives, with events held in Eskişehir on January 31, in Gaziantep on February 6, in Istanbul on February 15, in Denizli on February 27 and in Adana on March 13, 2019.

Loans Granted to 567,029 Tradesmen and Artisans



The total value of loans bearing interest subsidized by the Treasury granted to tradesmen and artisans rose by 32 percent to reach TL 41,043 million at the end of 2019

The number of Paraf Tradesmen Cards – a commercial credit card used for the purchase of goods and services through POS devices that offers tradesmen and artisans the opportunity to buy products and services at discounted prices up to s fixed limit from contracted suppliers – **in circulation rose to 185,000 at the end of 2019.**

COMMUNICATION CHANNELS FOR SMEs

A warm **smile adds pleasure to** our journey.

Our Bank provided SMEs with seamless services through its platforms, including **www.halkbankkobi.com.tr** and **www.halkbankkobigelisim.com.tr,** and through such digital channels as the Corporate Internet Branch, Halkbank Tradesmen and SME Dialogue **0850 222 0 401** and **444 0 401**, which can be used by all SMEs free of charge, as well as through 1,000 branches across Turkey with 2,700 Customer Representatives assigned to SMEs, in 2019.

We are continuing uphold our position as the leading SME bank, acting in support of a productive and growing Turkey through our digital training and consultation services in support of SME growth.

In 2019, new videos targeting SMEs are added to Halkbank'S SME Development website – a publicly accessible platform – on a monthly basis.

Special loan options were also offered to entrepreneurs with experience and novel business ideas in different fields in 2019. Our entrepreneur loans have supported a wide range of customers, including young entrepreneurs with university degrees and technological entrepreneurs operating in techno-cities. Some such entrepreneurs have volunteered to attend our offered e-training programs in order to support their personal and professional development, aiming to boost the performance and service quality of their businesses with regard to entrepreneurship, finance, law, quality, efficiency, leadership and international trade.

Our online training programs have been designed with an (online) infrastructure that SMEs can access from anywhere and at any time.

We continue to contribute to the efforts of the real sector to become more active in foreign trade through the Export Mobilization Loan Package, offered under a protocol concluded between our Bank and the Turkish Exporters' Assembly (TIM), thus contributing to the achievement of the national goal to increase export revenues to $500 billion in 2023. In 2019, we continued offering SMEs the opportunity to open virtual stores free of charge.

PRODUCTS AND SERVICES TO TRADESMEN AND SMEs

Halkbank continued to provide services in support of commercial-social solidarity and development by offering direct and indirect support to our 15 million citizens interacting with SMEs. As part of its new cooperative approach to SMEs, our Bank is offering special solutions to SMEs through **halkbankkobi.com.tr.** In 2019, Halkbank continued to inform all SMEs about Credit Guarantee Fund Co., Inc. (CGF) guarantee, from which they can benefit as part of our cooperation.Our Bank is maintaining its support for tradesmen and artisans through its cooperation with CGF through loans with subsidized interest guaranteed by the Small and Medium Enterprises Development Organization of Turkey (KOSGEB), and loans with subsidized interest guaranteed by the Small and Medium Enterprises Development Organization of Turkey (KOSGEB), and loans with subsidized interest guaranteed by the Treasury, while aiming to meet the financial needs of this group in a rapid and efficient manner using state-of-the-art technologies. To reduce our country's dependence on imported energy, and to decrease consumption and costs through energy efficiency, we continued to provide Conversion Loans for Energy Efficiency, Energy Loans for SMEs and Green Energy Loans, and granting Housing Insulation Support Packages.

INTERNATIONAL FUNDS – RESPONSIBLE CONSUMPTION AND RESPONSIBLE PRODUCTION

In 2019, the total value of loans provided through international (nance institutions was approximately $171.5 million, which helped create 312 new jobs and preserve 1,898 jobs.

Our Bank supports businesses, particularly SMEs, in the private sector, that have a significant direct or indirect positive impact on their economic sphere of infiuence. Long-term and sound cooperation is being established with international finance institutions to support the switch to a low-carbon economic model. An awareness raising communication was launched for all of our stakeholders regarding non-(nancial risks in the reporting year.

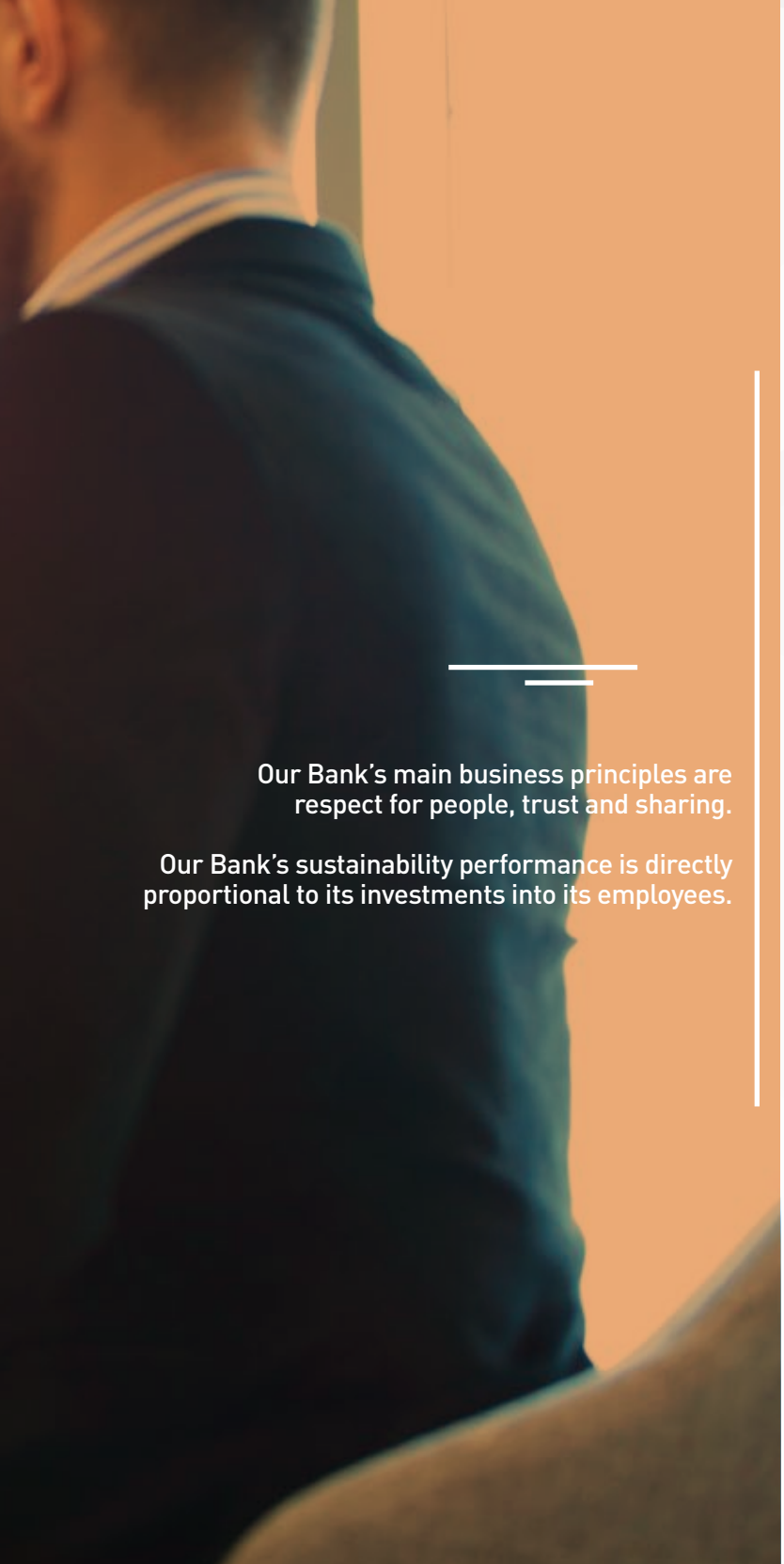
Halkbank is aware of the fact that it wields considerable power in laying the cornerstones of the finance sector's "Sustainable Development Goals." Diversifying responsible investment instruments, assessing non-financial risks, and approaching all cost items based on a transparency and accountability approach within a system in which environmental, social and administrative models are adopted, is steering our Bank's way of doing business toward "Global Sensitivity".

Our Bank is able to finance all investment loans aimed at cutting down on the energy costs of businesses in order to achieve efficiency, and to fund new investments for modernization and capacity expansion through World Bank Energy Efficiency Loans.

There is also a support package aimed at financing renewable energy projects through the French Development Agency (FDA) Renewable Energy Loan, provided jointly by the FDA and Halkbank. A World Bank Energy Efficiency Loan to the tune of TL 3,250,000 was extended to one entrepreneur customer.

A total of 260 firms applied for loans and were subsequently assigned scores in 2019 in the scope of sustainability.
A total of 46 renewable energy projects were evaluated.

EMPLOYEES



HALKBANK *for* EMPLOYEES

Our Bank's main business principles are respect for people, trust and sharing.

Our Bank's sustainability performance is directly proportional to its investments into its employees.

102-41

HALKBANK FOR EMPLOYEES

Our Bank's main business principles are respect for people, trust and sharing.

Our Bank's sustainability performance is directly proportional to its investments into its employees.

The Halkbank management values the contribution of its human resources in attaining its strategic priorities and further integrating sustainability with the Bank. It is a priority in our Bank to boost employee satisfaction by providing contemporary working conditions. The constant improvement of our talented human resources and the provision of training opportunities that help them enhance their performance and knowledge, and to discover their inherent talents, stand out as the main elements constituting the backbone of our human resources strategy. We support our employees' career paths through our performance-based and internal promotion-centered management policy.

Our Human Rights and Human Resources Policy guides the processes related to working conditions in Halkbank. This Policy is being implemented by the Human Resources Group, and is reviewed and revised annually, if necessary. The Halkbank Human Rights Policy has been translated into an e-training format that was made accessible to all Halkbank employees in 2019.

The "Halk Academy" school of banking, was reorganized, and programs focusing on banking, personal development and social responsibility were added to the curriculum in 2019 to enable Halkbank employees to receive best possible training

All issues and suggestions pertaining to Human resources practices and potential Policy violations may be notified by any internal or external stakeholder to the Ethical Practices Team (etik@halkbank.com.tr).

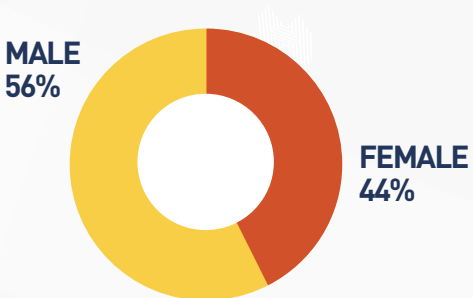
The Halkbank Human Resources Core Principles and Halkbank Human Rights and Human Resources Policy can be accessed at

www.halkbank.com.tr/5809-ilkeler_ve_politikalar

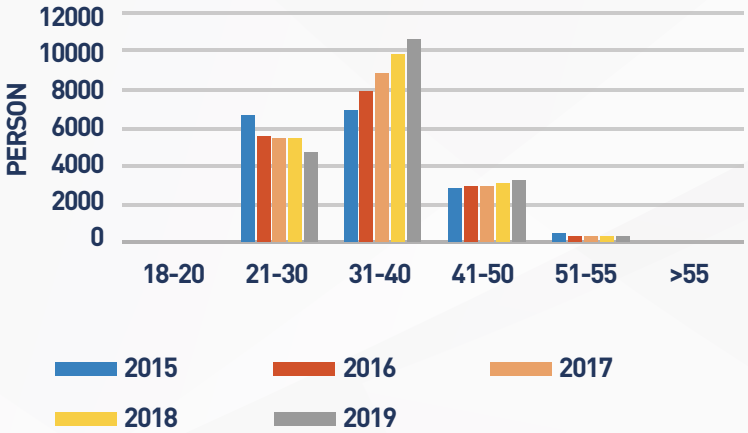
2019 Employee Demographics

- A total of 699 people joined the Halkbank family in 2019, while 511 left. The average length of service of our employees and their average age is 10.7 years and 35.3 years, respectively. Of all our employees, 85.8 percent are university graduates, while 14.2 percent are high school graduates.
- The Halk Academy organized 1,601 sessions and 2,371 days of classroom training for our employees in 2019. Internal instructors organized 50.59 percent of the training programs, with external instructors hosting the remaining 49.41 percent. In the first half of the year, intensive training programs were provided on orientation and fundamental banking to the newly hired employees, while other training activities concentrated on technical banking in line with the Bank's strategies. Personal and professional development training was also a leading area of training.
- The average attendance of the classroom and on-the-job training sessions was 2.88 people/days which, coupled with e-learning through live sessions, amounted to 14.25 people/days on average, meaning that every employee received 17.13 people/days of training in 2019.
- Employee expenses, which account for a significant share of operating expenditures, rose by 19.2 percent on the preceding period to reach TL 2,854 million.

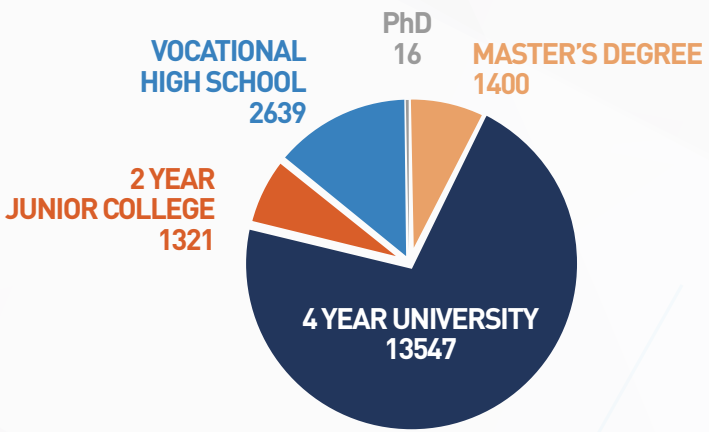
Employees By Gender



Employees and Age Groups



Employees by Educational Background (2019)



BEING A PREFERRED EMPLOYER

The concept of sustainable and responsible banking ensures that Halkbank conducts its operations in a people-centered fashion. Halkbank respects labor rights in line with the United Nations Universal Declaration of Human Rights and the fundamental principles of the International Labor Organization. It carries out its operations taking into account such issues as the prevention of discrimination and forced labor, as well as the eradication of child labor. It respects the right to conclude collective agreements and to be represented by a trade union. Some 81.17 percent of all Halkbank agreements are subject to a collective agreement.

Our Bank acknowledges that every individual is different, based on the principle of diversity.

The Human Rights Policy of Türkiye Halk Bankası A.Ş. is devised and implemented based on the Human Rights and Human Resources Policy, which forms a part of the Human Resources Directive.

www.halkbank.com.tr/yatirimci-iliskileri/images/channels/politikalar/hum_rig_hum_res.pdf

No complaints were received from employees related to discrimination in the reporting year.

EMPLOYEE SATISFACTION

Aware of the fact that continuous and efficient performance at work can only be ensured if the employees are highly motivated and satisfied, Halkbank meticulously monitors employee loyalty.

To become a preferred employee, and to raise employees that take pride in working with us, our Bank regularly collects the opinions and expectations of its employees, and takes care to put related policies into practice.

In the reporting year, the total employee turnover rate and the newly hired turnover rate were 2.70 percent and 1 percent, respectively. The target set for the reduction of employee turnover rate in 2019 when compared to the previous year was 2.5 percent, and the actual rate was 1.08 percent. The target set for 2020 is 2.5 percent.

Career and Personal Development Days

In 2019, our Bank took part in Career and Personal Development Days organized by Middle East Technical University, Mehmet Akif Ersoy University and Yildirim Beyazıt University, as well as at the Southeast (hosted by the University of Dicle), South (hosted by the University of Mediterranean), East Anatolia (hosted by the Technical University of Erzurum), Central Anatolia (hosted by KTO Karatay University) and Silk Road (hosted by the University of Gaziantep) Regional Career Fairs held under the aegis of the Human Resources Office of the Turkish President's Office. The Bank was introduced to potential candidates, and dialogue with university students continued based on the concept of corporate social responsibility.

Working Suggestion System

While efficiently providing its services based on the concept of sustainability and adding value to its stakeholders, our Bank has developed a Quality Suggestions System (Pi-Perfect Ideas Quality Suggestions System) in order to improve its business processes. This system also encourages employees to take part in the management.

The employees communicate their suggestions through the system, and those that meet the assessment criteria are entered into practice. Suggestions sent to the Suggestion System were assessed, and 14 were put into practice in the reporting period.

Pay, Awards, Fringe Benefits

Being aware of the fact that sustainable accomplishment can only be supported by a wage system based on fair, transparent, measurable, and balanced performance goals, Halkbank is meticulously following up on its activities in this regard. The wages of Halkbank employees are fixed by the Board of Directors, taking into account the general economic situation in the country, the wage levels in the banking sector and the Bank's condition. In addition, the wages of employees are determined by a collective agreement signed with the trade union with the highest number of members under the same agreement. The Bank's Wages Committee is made up of two directors who have no executive role. Consulting services are engaged in order to compare the wages of our Bank's employees with those across the banking sector.

In the reporting period, a total of 11,962 white collar employees, including 5,588 female and 6,374 male employees, were subjected to a performance assessments.

The performance and competences that played a key role in enabling our employees to attain their career goals and processes linked to other training programs were determined and shared by our Bank.

The salary policy and practices were reviewed at a meeting held by the Wages Committee at the end of 2019. It was seen that wages were consistent with the Bank's ethical values, internal balance and strategic goals. The wages of employees assigned to internal systems and audit units are fixed based on the overall wage increase determined by the Bank, independent of the units that they audit.

Our Bank manages wage processes in accordance with the following fundamental guidelines:

- To be consistent and fair in rewarding employees;
- To ensure balance in terms of wages and competitiveness within the sector;
- To boost the effectiveness of recognition by bringing the size of work, performance and contribution to work.

Ensuring equal opportunities and diversity is the driving force behind a lasting corporate culture and its contribution to economic growth. Our employees are encouraged to respect differences.

There is no wage-related discrimination on the ground of sex, and there is no difference between part-time and full-time employees in terms of access to the social rights set forth in the applicable legislation.

All performance measurements are carried out through a transparent system, and so employees can regularly follow their individual performance and development.

There is a corporate portal where employees can access related data. In addition, employees are informed about the award system.

HALK PENSION

The Halk Pension, which is underpinned by respect for people, team spirit, efficiency, learning organization and customer centricity, is one of the fringe benefits that Halkbank offers to its employees. The Halkbank Individual Pension plan covers 14,467 Halkbank employees

Training Opportunities

Training programs focusing on professional, technical and personal development are organized in Halkbank to support the professional development of employees, and to keep their knowledge and skills at the maximum level.In the reporting year, the main focus was on professional issues related to banking in line with our Bank's strategies, and training in personal and professional development was a significant part of the annual training plans.

In 2019, the average training hours per employee was 52.43 for female employees and 67.89 for male employees of Halkbank.

In the reporting period, a total of 1,994,041 people*hours of training was provided, including 447,491 people*hours for blue collar employees and 1,546,661 people*hours for white collar employees.

Female employees received 945,958 people*hours of training, compared to 1,048,083 people*hours for male employees.In the same period, a total of 43,617 people*hours of training was provided, including 22,937 people*hours for female employees and 20,680 people*hours for male employees working for contractors. In 2019, "Effective Communication and Persuasion," "Leadership/Team Management," "Make a Difference, Leave Your Imprint," "Close Monitoring, Risk and Arrangement for Bankruptcy," "Business Intelligence and Financial Analysis and Balance Sheet Reading Techniques," "Loan Modules," "Early Warning Signals and Non- performing Loans" and "Developing Leadership, Successful Organization" training continued as part of the Manager Development Programs.

TRAINING IN SUSTAINABILITY

We attach great importance to the development of employees through continuous training while upgrading our Bank's technological and operational infrastructure. Our Bank has set efficiency-centered balanced growth as its primary goal for 2020. Halkbank offers continuous training, diversified career options and contemporary working environments to its employees.

In-service training has continued seamlessly in line with the objective of improving employee skills. The total people/day ratio of the classroom, on-the-job, and distance training programs provided to employees was 17.1 in 2019, with a total of 18,744 people attending the training programs.

Our Bank added sustainability training to its catalogue last year. Employees received classroom and/or distance training in Human Rights, Best Approach to Disability, Personal Finance (Financial Literacy), Occupational Health and Safety, Code of Ethics, Environment Management and First Aid.

A new training program was purchased to meet the updated legislation on OHS in 2019, and 25.6 percent of the employees completed their e-training in the reporting year. The goal is to have completed the e-training of 70 percent of employees by the end of 2020.

The content of the new training programs related to sustainability was developed through an "Play-Learn" game project, for which the content and infrastructure works were initiated in the previous year. The Play-Learn Project, which is intended to reinforce and internalize the knowledge acquired in the field of sustainability through puzzles, mini-tests and mini-games, and which is scheduled to enter into operation in 2019, has yet to be completed, but is envisaged to be completed in mid-2020 as part of the new plans and works.

Our Training Brand: HALK ACADEMY

Halk Academy continues its operations as the Bank's training brand. The Halk Academy organized 1,601 sessions and 2,371 days of classroom training for our employees in 2019. Internal instructors organized 50.59 percent of the training programs, with external instructors hosting the remaining 49.41 percent. In the first half of the year, intensive training programs related to orientation and fundamental banking for newly hired employees, and training activities were concentrated on technical banking, in line with the Bank's strategies. Personal and professional development training was also one of the main training areas.

Detailed information on Halk Academy is accessible via

https://halkakademi.halkbank.com.tr/ablms/Pdefault.aspx

Work - Life Balance

Our bank is carrying out activities aimed at achieving a good work-life balance for employees through training programs. Numerous e-training programs in this regard are updated annually and offered to employees through the learning portal of Halk Academy.

In the reporting year, "**Academy Hour**" lunch-break seminars were launched, consisting of one-hour sessions supporting work-life balance, some of which were broadcast live to all regional offices and branches. Participation in the classroom and on-the-job training programs organized in this context was 2.88 people/days on average for each employee.

In 2019, our Bank made available to its employees an extensive e-learning catalogue supporting classroom training, consisting of interactive training on more than 1,000 topics, including technical banking, new products and services, personal and professional development, and informatics, as well as training videos, articles and documents. In addition to the Halk Academy Training Platform, mobile applications conducive to new generation learning were also entered into operation in the reporting year. The success stories of branch employees are highlighted under the heading "Success Stories", which serve to inspire other employees while raising their motivation levels. The "One Day in Halkbank" project is aimed at sharing job descriptions in branches, combined with employee hobbies. With the 14.25 people/days e-learning provided through live broadcasts, the total training for each employee was 17.13 people/days in 2019.

Occupation Health and Safety

Providing its employees with a healthy, safe and ergonomic office environment is one of the priorities of Halkbank. All service units through which banking operations are carried out fall under the Occupational Health and Safety Management System. OHS Processes are managed in accordance with the statutory and other requirements stipulated in Law no. 6331 on Occupational Health and Safety, and in the ISO 45001 Occupational Health and Safety Management system. All risk assessments, emergency action plan drills, OHS training, statutory audits and board meetings are documented and recorded.

To monitor practices related to occupational health and safety, Halkbank has established a Higher Board for Occupational Health and Safety (OHS) and an OHS Committee, and efforts have been made to establish OHS boards for service units with more than 50 staff members. In 2019, there were a total of 37 OHS committees in Halkbank, with 274 members and 60 employee representatives.

The OHS committees convene once every 2 months. The committees are tasked with assessing the feedback received from the OHS boards in the service buildings and OHS works, and make decisions based on the received feedback. No employee representatives are assigned to the committee, as it is a decision-making organ assessing the opinions of employer representatives.

Field visits were paid to all of our premises in order to identify and assess risks, and to document the related actions that were taken. Routine and non-routine risks are identified through this method.

Risk minimization is reported through corrective actions. Employees are not allowed to start work before undergoing the related training and passing a health check, nor can they enter the field before a risk assessment has been carried out of the task to be performed and the identified risks eliminated.

Periodical training is held to inform employees about OHS risks. Occupational health and safety experts alert the emergency support team in the event of an emergency. Evacuation drills are conducted in all office buildings. In addition, professional organizations provide team training.

In the reporting period, 230,139 people*hours of training, including 2,647 hours of classroom and 227,492 hours of e-learning, was provided in the field of occupational health and safety. For 1,505 contractor employees, 7,415 people*hours of e-learning in addition to 238 people*hours of classroom training were provided to 35 contractor employees.

According to data from the reporting period:

Rate of injuries: 0.113
Ratio of lost days: 0.265
Ratio of Accident Frequency: 0.563
Accident Weight Ratio: 0.0013.

In 2019, 415 employees underwent audiometry testing at the Customer Communication Center. This (gure is planned to be increased to 400 in 2020.

In the reporting period, all 1,000 branches were accredited in accordance with the ISO 45001 Occupational Health and Safety Management Standard, with 200 percent performance. The target for 2020 has been set as 500 branches.

In addition, emergency training is planned to be provided to security, technical and transportation personnel (50 people), excluding the emergency support team, in 2020.

All employees and external stakeholders of our Bank can notify the OHS Board of conditions that they consider unsafe or that pose health risks **(isg@halkbank.com.tr)**.

Detailed information on occupational health and safety management is available at

www.halkbank.com.tr/5793-calisanlarimiza_karsi_sorumluluklarimiz

Efforts related to OHS and health issues are featured in the "**Together**" magazine published by our Bank. Health services are provided in the premises of the Head Office by health units and contracted institutions. The Bank's portal contains information about the contracted health institutions that are available for the use of our employees.

ENVIRONMENT

We are making preparations for our journey toward a sustainable future by taking into account the changing global conditions, as well as environmental, social and governance (ESG) matters.

HALKBANK *for* THE ENVIRONMENT

HALKBANK FOR THE ENVIRONMENT

We are making preparations for our journey toward a sustainable future by taking into account the changing global conditions, as well as environmental, social and governance (ESG) matters.

Our Bank pays attention to environmental, social and governance (ESG) issues (ESG) as part of its Sustainable Finance approach. Our environmental and energy policies are our main tools in this context. In line with our responsible banking for sustainable finance concept, our organization has been further consolidated through the application of the integrated ISO 14001 Environment Management System and ISO 50001 Energy Management System.

Halkbank was the first Turkish bank to apply the ISO 50001:2011 Energy Management System and to integrate it with the ISO 14001:2015 Environment Management System. In 2019, the Integrated Management System was extended to encompass all branches, and was upgraded to a risk-based high level ISO 50001:2018, as the most recent version of the ISO 50001 Energy Management System.

We have made it our mission to make environmental and social sensitivity part of Halkbank's corporate culture. In the reporting period, 59,861 people*hours of e-training and classroom training, including 1,344 people*hours of training in the Environment and Energy Management System, was provided to 97 employees; and 58,517 people*hours (1,110 classroom training, 58,517 e-training) of training in the Integrated Management System and Zero Waste classroom training was provided to 8,442 people (8,201 e-training, 241 classroom training).

Numerous special initiatives were launched at local and international levels in order to accomplish the 17 Sustainable Development Goals and Agenda 2030 adopted by the United Nations, and entered into effect on January 1, 2016. The objective is to build awareness against risks that may affect the sustainability of the global finance system, to ensure transparency among all stakeholders in that regard, and to support financial and corporate actors in the mitigation of those risks by pursuing an efficient and sustainable management strategy. In this context, Halkbank, being aware of the potential consequences of climate change and its fallout, and carrying out its operations in a responsible manner, aims at spearheading the efforts to combat climate change. It intends to realize new projects that take advantage of advanced technologies as part of its efforts to operate a Sustainable Management System. Our Bank has been calculating its carbon footprint and developing reduction strategies since 2013. The environmental effects of the products offered as part of the fight against climate change during the term of a loan are monitored and reported to the creditors concerned, and efforts are made to increase financing for environment friendly investments within the loan portfolio. The execution of the "**Energy and Natural Resources Management System**" project is under way for the real-time centralized monitoring and management of energy and natural resource consumption.

FIGHT AGAINST CLIMATE CHANGE

13 CLIMATE ACTION

Our efforts to establish a financial system that supports a globally sustainable development drive are intensifying with every passing day, as "**Global Climate Change**" threatens not only sustainable life, but also the financial system. Our bank is actively working to minimize the environmental impacts of its operations while diversifying its product portfolio in order to ensure that a business culture supporting environmental factors is adopted, enabling businesses to devise long-term growth plans and to achieve successful results.

Our Bank supported the Carbon Disclosure Project (CDP) Climate Change and Water Program in 2019 in the face of the problems stemming from climate change, and the risk of the gradual depletion of water resources, for the sake of a livable world.

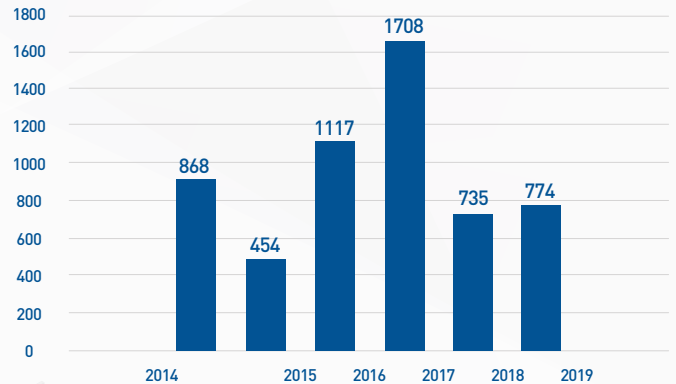
Halkbank is aware of the key role it can assume in attaining the sustainability goals set by the banking sector. Our Bank is offering products designed to support renewable energy and energy efficiency projects, as well as efforts to reduce carbon emission, channeling investments into more sustainable technologies and enterprises. To this end, Halkbank lends support to renewable energy power plants that operate with minimum environmental impacts, and views the financing of renewable energy projects as a significant opportunity to reduce greenhouse gas emissions. Halkbank monitors the environmental impacts of the products it offers during the term of the loan, and reports them to creditors concerned.

In the reporting year, Halkbank intensified its efforts to provide its customers with sufficient financial support and loan products that enable them to make investments, to renovate their facilities and to carry out similar activities. Halkbank offers financing to all renewable energy power plants and supports processes within the bank through the Lending Processes and Firm Analysis Department.

	Renewable Energy Projects Assessment (*)					
	SPP	WPP	HEPP	GPP	BPP	Total
2014	23	4	10	1	2	40
2015	64	4	7	2	2	79
2016	149	5	9	1	2	166
2017	188	6	6	4	7	211
2018	49	4	4	1	3	61
2019	9	6	23	7	1	46

* Projects falling within the scope of loans borrowed from international finance institutions are excluded. The current year-end risk balance of the 46 projects evaluated is TL 896 million as of 12.31.2019. The total reduction in greenhouse gas emissions from renewable energy power plants evaluated by Halkbank had reached 1.4 million tons of CO2 equivalent by the end of 2019.

Renewable Energy Projects Assessed (MW)



In the reporting period, Halkbank lent TL 55.5 million in loans for the financing of renewable energy and energy efficiency projects using funds borrowed from international finance institutions.

ENVIRONMENTAL IMPACTS OF OPERATIONS

Our Bank carries out efficiency projects relating to power, natural gas, paper and water consumption in its buildings, which are the main source of the environmental impact of our operations. The environment regulations and other requirements are followed meticulously in connection with the integration of Management Systems, and the necessary actions are taken in order to ensure full compliance.

Environmental performance, measured through Sustainability Reports and the Carbon Disclosure Project (CDP), which reports on the areas in which environmental impacts occur, is presented to the stakeholders in a transparent and understandable matter in order to obtain feedback. Stakeholder feedback is actively used to improve performance. In 2019, the reporting year, no rule violations were flagged and no fines were imposed attributable to adverse environmental effects.

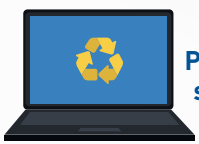
Power and fuel consumption is one of the key factors in environmental impacts resulting from operations. Halkbank closed 2019 with 1,000 branches, having added 12 new branches to the list.

When the variance in absolute emissions in the 2019 reporting period is compared with that of the preceding year:

A 3 percent improvement was observed in Scope 1 absolute emissions and a 5 percent improvement was noted in scope 3 absolute emissions, while our Scope 2 absolute emissions increased by 3 percent. Those reductions amounted to a 1 percent improvement in Total Absolute Emissions.

Awareness raising efforts were also made in the reporting year in respect of all energy management systems within the Bank, with the objective being to reduce the power consumption resulting from the increase in total operations, and to make improvements in Scope 2 emissions stemming from consumption of electricity in the years to come by switching to sustainable carbon management. Our Bankplans to make use of new solar panels for its power supply. **The solar panels on our annex office building, situated in Ataşehir, generated 11,613 KW of electrical energy in 2019.**

The improvements in question resulted from the reduction in total absolute emissions, despite the fact that new branches were opened.



PCs in the bank were turned off in 2019 in order to save energy as part of a practice launched in the preceding years.

As regards to the overall improvements:

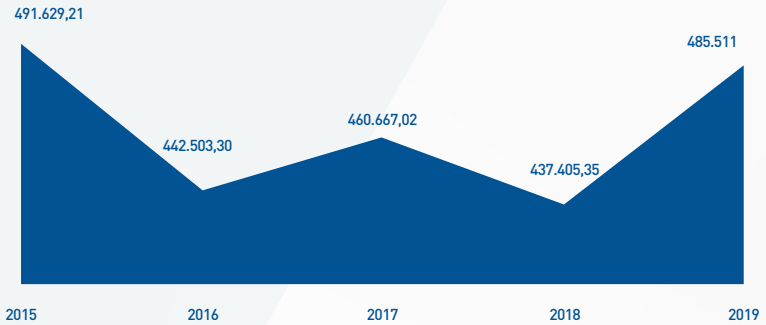
In 2019, the consumption of diesel oil for heating was reduced by 20 percent, while consumption by generators rose by 8 percent. In 2019, there was a 19 percent reduction in the fuel consumed by company vehicles running on gasoline as a result of the decision to assign a lower number of people to meetings held in other cities, with the intention being to improve emission levels and to cut costs.

Using optimum routes reduced diesel oil consumption by 35 percent, although the number of vehicles used to transport our employees had increased in the year prior to the report. Scope 3 improvements continued in that direction, leading to a 5 percent of further improvements when compared to the preceding year.

The Integrated Management System was extended to cover all branches. The quantity of waste to be recycled rose as the waste sorting process was extended to all branches. In 2020, overall improvements will be reflected in our performance in line with efforts to raise awareness on zero waste.

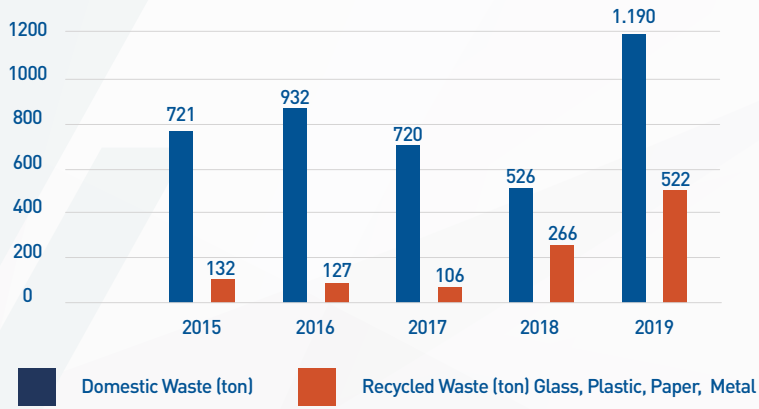
In 2019, computers were donated to different schools as part of our policy to make use of electronic waste, and 4,387 items of electrical equipment were delivered to licensed companies for recycling/disposal.

Total Primary Energy Consumption (Power+Fuels) GJ

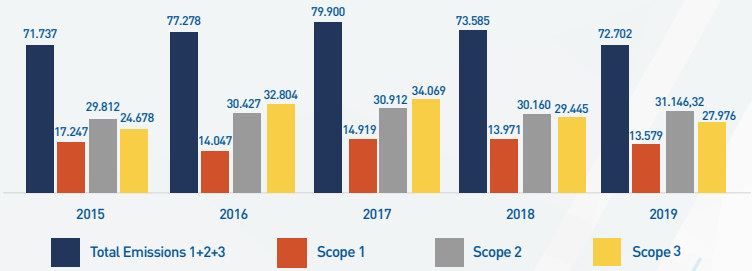


Our corporation's consumption of primary energy rose due to the addition of new branches in the reporting year.

Waste Sorting Performance by Years



Absolute Greenhouse Gas Emissions by Years (tCO2-e)



As part of the goal to reduce our carbon footprint, events related to Executive Meetings were made carbon neutral in line with the requirements of the PAS 2060 standard, as has been the case since 2014.

Waste is another major issue in the environmental impact of banking operations, with the use of paper being an important factor in this regard. Scanning files and storing them in the "**Documentum**" system, which was initiated in 2016, made it possible to swiftly access scanned documents within the bank, while our digitized processes led to an 8 percent saving in paper consumption between 2016 and 2019.

* Turkish decimal separator system is used

Auto Read Project

The main objective of the Auto Read Project is to allow users in our Bank's marketing / financial analysis units who manually enter our customers' financial statements into the Nar system as part of their daily workflow, is to permit the automatic entry of such financial data through the use of an additional software.

The Auto Read project, which has been developed to allow the automatic entry of financial data received from our customers into the system:

- Enabled us to perform a total of 61,849 transactions in 2019, representing a 38 percent increase on the previous year.
- Accordingly, approximately 620,000 pages were saved in 2019.

ASSESSMENT OF ENVIRONMENTAL AND SOCIAL IMPACTS OF PROJECTS

Our Bank is committed to ensuring the environmental and social impacts of investments to be funded are taken into account as a priority within the project assessment process. It aims to conduct all of its all operations in an environmentally friendly manner while minimizing its environmental impact and constantly improving its performance in this regard.

Halkbank ensures that the projects it finances meet the social and environmental standards established by the law and the Bank's policies, and that project owners make social and environmental risk assessments and take the necessary actions, while operating effective internal audit systems. It provides support for the effective management of risks associated with particular projects by monitoring investments prior to and during the terms of its loan, paying field visits and carrying out project financing in a manner that provides added value also in terms of environmental and social aspects.

Our Bank insists that the environmental impact assessment process required for investment projects for which funding is sought be completed. A team from Halkbank assesses the environmental impact of investments from which an investment loan is sought.

Loan and investment projects financed by Halkbank are evaluated by way of a scoring module. Environmental factors are divided into three groups: low, medium and high risk.

Firms seeking loans and projects are scored with a "**Sustainability Assessment**" as part of a Credit Assessment Report (CAR), in line with the Sustainability and Environment Policy, in which it is stipulated "an loan request assessments should be made taking into account environmental and social factors, in addition to economic factors, in accordance with the Bank's lending policies". Not only the investments, but also the operations of firms seeking loans are assessed as issues falling within the scope of sustainability.

The topics included in a Sustainability Assessment are as follows:

- **Environmental Impact Assessment Report**
- **Green Building Certi(cate**
- **ISO Environment Management Certi(cate**
- **Carbon Emission Assessment**
- **Occupational Health and Safety Assessment**
- **Consumer Rights Sensitivity Assessment**

Projects Classified as High Risk

Prohibited projects are defined as high risk in international literature. Such projects can be listed as:

- Commercial transactions involving wildlife and its products, prohibited under the CITES Convention
- The release of genetically modified organisms to nature
- Production, distribution and sale of prohibited insecticides and pesticides
- Trawling fishing
- Radioactive products
- Storage, processing and destruction of hazardous waste,
- Production of equipment and materials containing CFCs, halon and other substances regulated under the Montreal Protocol,
- Production of electrical equipment containing PCBs (polychlorinated biphenyls) weighing in excess of 0.005%,
- Production of products containing asbestos
- Nuclear reactors and their components
- Processed or unprocessed tobacco
- Tobacco processing machinery

SOCIETY

Being aware of the fact that value can be added to life through a balanced society, Halkbank continues carrying out sustainability projects.

HALKBANK *for* SOCIETY

HALKBANK FOR SOCIETY

Being aware of the fact that value can be added to life through a balanced society, Halkbank continues carrying out sustainability projects.

SUPPORT FOR SOCIAL WELFARE

Contributing to Turkey's growth, and growing alongside it for 81 years, Halkbank continues to be the largest supporter of the national economy through the massive projects that it has carried out while making efforts that will contribute to social development as part of its corporate citizenship.

Aiming at creating added value for Turkey by providing producers with financial resources,

Halkbank is capable of meeting all kinds of demands through the provision of diversified loans for investment-production, internal-external trade and individual financing for the sake of the public. With its countrywide network of branches, high quality services and products, and professional approach to SME banking, Halkbank has continued to strengthen its reputable position in the banking sector through major investments over the past couple of years. Our Bank is increasing its contributions to the real sector and social welfare by opting to use 100 percent local suppliers for its procurements.

Halkbank's indirect effects on Turkey as a whole can be listed as follows:

- To boost the productivity of corporations, sectors or the economy as a whole
- To ensure economic development in areas with widespread poverty
- To balance the economic effects of improvements or deteriorations of social or environmental conditions
- To ensure that people in the low-income category can access its products and services
- To contribute to the development of skills and knowledge within a professional community or a geographical region
- To create jobs in the supply or distribution chain
- To promote and enable foreign direct investments
- To determine the economic effects of changes in the place of operations
- To determine the economic effects of the utilization of products and services

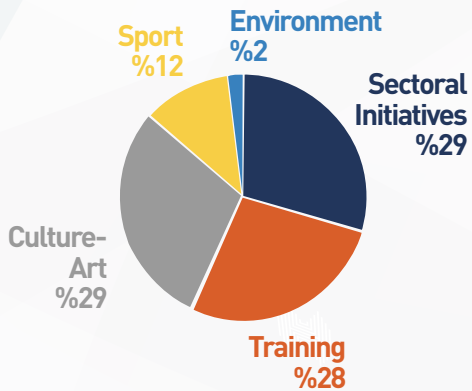
The donations and aid provided by Halkbank in 2019 totaled TL 723,000, while those provided by its consolidated partnerships amounted to TL 1.8 million.

Halkbank aims at maintaining its social responsibility projects through which it can reflect its values into the future, working with civil society institutions and public agencies.

CORPORATE COMMUNICATION ACTIVITIES

Carrying out its banking operations in line with the principle of sustainability, our Bank **continued its communication activities through various promotional campaigns, support and sponsorships in 2019 as well.**

Distribution of Social Responsibility Projects by Areas



ENVIRONMENT

Zero Waste Project

Halkbank takes pride in having met the Zero Waste standards before entering 2020. Having established an Environment and Energy Management System in accordance with ISO standards, and integrated it into its business processes, our Bank has put its detailed Waste Management Procedure into practice. Halkbank is conducting its waste management operations at all service locations under its Environment and Energy Management System.

The waste management policy that was entered into service within Halkbank, pursuant to the Integrated Management System, was updated as part of the process of compliance with the Zero Waste Regulation that entered into operation on 07.12.2019. The zero waste system was applied at all service locations, meeting all requirements of the zero waste system. The system is complemented by training and best practice projects.

10. Energy Efficiency Forum and Fair

Our Bank sponsored the 10th Energy Efficiency Forum and Fair, where a large number of local and international firms operating in the energy efficiency field came together to exhibit their products.

ART AND CULTURE

Popular Stars Concerts and Events

Our Bank organized the 15-day Popular Stars events at the Haliç Convention Center between January 18 and February 1, where 20 concerts and two plays were staged. A competition was organized through social media with prizes of tickets to the shows to increase the visibility of the event.

Loreena McKennith Concert

Our Bank sponsored a Loreena McKennitt concert at the Ankara Congresium.

8. International Clarinet Festival

Acting as the main sponsor, our Bank supported a one-week festival in cooperation with Notist Music for the eighth time in the reporting year, with events hosted in Istanbul and Ankara. The festival allowed young clarinet players to show off their skills while paying tribute to performers who left their mark in the music world. Turkish and foreign artists performed various works.

2. International Folk Music Festival

In the reporting year, ourBank sponsored the second International Folk Music Festival, organized by the Sevgi Film Production Company under the aegis of the Turkish President's Office, during which many local and foreign artists gave concerts.

Ethnosport Culture Festival

Our Bank sponsored the 4th Ethnosport Culture Festival, organized by the World Ethnosport Confederation, in order to increase the visibility of our traditional sports and games, and hence to promote our culture through modern tools.

Paraf Popular Stars

The ten days of concerts organized by Poll Production at the Harbiye Amphitheater were sponsored by our Bank.

Kırşehir Ahi Community Week

As was the case in previous years, our Bank supported and sponsored the 32nd Kırşehir Ahi Community Celebrations, organized by the Directorate-General for Tradesmen, Artisans and Co-operatives under the Turkish Ministry of Trade in Kırşehir, in order to promote the culture of the Ahi community, known for its morality, honesty, fraternity and altruism.

Association for Providing Musical Instruments for All Schools

Musical instruments were purchased for 12 schools through the Art Is Life Association, with one piano and 25 baglamas provided to each of the schools.

Red Crescent Hilal-i Ahmer Collection

Our Bank sponsored the Hilal-i Ahmer Collection, which was organized by the Turkish Red Crescent to mark its 150th anniversary for the display of crescent designs. The exhibition was hosted in various venues throughout the year.

SECTOR-WISE INITIATIVES

Turkishtime-Shared Wisdom Meetings

As a solution partner, our Bank provided support to the Shared Wisdom Meetings held in industrial zones in collaboration with Turkishtime magazine.

Pharmacist Support Package

Our Bank continued offering solutions specific to different sectors and business segments in the form of new products. Among these can be counted the Pharmacist Support Package, which is designed to provide pharmacists who are members of the Turkish Pharmacists Association with loans for the purchase of pharmaceuticals and medical consumables, as well as working capital, and the "**Campaign for Commercial Vehicle Loans Speci(c to Local Production**" in order to finance the purchase of vehicles by individuals and legal entities.

Tradesmen and Productive Turkey Gatherings

Our Bank sponsored a gathering of Turkish Tradesmen at an event held in Ankara in order to obtain first-hand information about problems facing tradesmen and artisans, and to propose solutions while providing tradesmen and artisans, and to propose solutions while providing information on how to access loans and financing. The event was attended by the President and around 10,000 tradesmen.

In addition, meetings entitled "Gatherings of Productive Turkey" were held to disseminate information on the products and services that we offer to tradesmen and SMEs. Meetings were held with some 2,000 customers in Eskişehir, Denizli, Gaziantep and Adana in order to promote our products and services.

Turkey 2023 Summit

Our Bank sponsored the second Turkey 2023 Summit, organized by the Sabah newspaper, bringing together representatives of the leading sectors playing a key role in making our country one of the top 10 economies in the world, in line with the goals set for 2023.

Geographically Marked Products Summit

In 2019, our Bank sponsored the second Geographically Marked Products Summit, entitled "From Anatolia to the World", which was organized to promote our country's geographically market products, and to raise awareness of the economic importance of geographically marked products.

Machinery Summit

Our Bank was the main supporter of the Machinery Summit organized by the Federation of Machinery Manufacturers' Association.

Istanbul Finance Summit

Our Bank sponsored the 10th Istanbul Finance Summit, which brought together world-famous figures from the financial community for a discussion platform. Debates are on a different theme each year, with the objective being to turn Istanbul into a center where financial issues are discussed by decision makers.

New Generation Entrepreneurship Summit

Our Bank sponsored the New Generation Entrepreneurship Summit, organized by Turkuvaz Medya, bringing together traditional entrepreneurs and the new generation of entrepreneurs to discuss how cooperation between the private sector and the public sector can be enhanced, with the intention being to carry the national economy to the next level in terms of innovation, while enabling experts, public authorities, successful entrepreneurs and civil society leaders to share their opinions.

Technofest 2019

Our Bank sponsored Technofest 2019, organized by the Technology Team Foundation of Turkey at Ataturk Airport, where the aim was to enable talented young people the opportunity to take part in technology development processes and to develop and support national and original products.

International Ankara Trademark Gatherings

Our Bank sponsored the 4th International Ankara Trademark Gatherings, involving panel discussions, conferences and events organized by the Ankara Chamber of Commerce, and attended by professionals from the communication sector, representatives of the business community and academia, and students.

Money Talks

Our Bank sponsored the third episode of the program "Money Talks", which is broadcast on A Para, a new economy channel, in which one government minister is interviewed each episode. Turkish Minister of Environment and Urbanism Murat Kurum took part in the episode sponsored by our Bank.

People's Economy Insert

An insert focusing on a topical issue that guides and contributes to the national economy was prepared for the Sabah and Takvim dailies, in collaboration with the Turkuvaz Group, in order to inform the public.

2018 Media Oscars Award Ceremony

Our Bank sponsored the Media Oscars Award Ceremony organized by the Association of Radio and Television Journalists, in which awards were presented to numerous artists and journalists.

SPORTS

7th International Conquest Cup

Our Bank sponsored the 7th International Conquest Cup, organized under the aegis of the President's Office. More than 600 Turkish and foreign athletes from more than 40 countries took part in the event.

World Rafting Championship

Our Bank sponsored the International Rafting Championship, organized on Munzur Creek within the Munzur Valley National Park, attracting a large number of foreign rafters.

EMPLOYEE VOLUNTEERS

Turkish Folk Music Chorus

A Turkish folk music chorus comprising Bank employees gave a concert. The chorus is continuing to give concerts.

Turkish Classical Music Chorus

Composed of Bank employees, the Turkish classical music chorus gave two concerts in 2019.

Together in Halkbank Magazine

"Together in Halkbank," a bimonthly internal communication magazine, is published to strengthen the corporate culture and to increase employee motivation.

PERFORMANCE

PERFORMANCE INDICATOR TABLE

102-8

PERFORMANCE INDICATORS TABLE

Economic Performance Indicators	2014	2015	2016	2017	2018	2019
Net Profit (billion TL)	2,2	2,3	2,6	3,7	2,5	1,7
Total Assets (billion TL)	155	188	231	305	378	457
Liquid Assets (billion TL)	22	26	32	44	40	38
Cash Loans (billion TL)	102	127	158	203	251	309
Securities (billion TL)	27	28	33	49	75	103
Total Deposits (billion TL)	104	122	150	193	249	298
Equity (billion TL)	17	19	21	25	29	32

Social Performance Indicators					
Senior Management - Gender Distribution	2015	2016	2017	2018	2019
Woman	2	3	1	1	2
Man	41	36	50	50	50
Bank Employees	2015	2016	2017	2018	2019
Woman	7.421	7.253	7.625	8.202	8.287
Man	9.683	9.703	10.266	10.579	10.680
Total	17.104	16.956	17.851	18.781	18.967

Board of Directors - Gender Distribution	2015		2016		2017		2018		2019	
Woman	0		0		1		1		1	
Man	9		9		8		8		8	
Education Status of Bank Employees	2015		2016		2017		2018		2019	
	Woman	**Man**	**Woman**	**Man**	**Woman**	**Man**	**Woman**	**Man**	**Woman**	**Man**
Doctorate	5	8	4	5	4	8	5	10	7	9
Postgraduate	516	558	545	608	578	679	602	738	622	778
Bachelor	5.286	6.411	5.298	6.427	5.664	6.859	6.261	7.194	6.355	7.192
Vocational High School	821	545	725	524	744	549	729	543	743	578
High School	792	2.094	680	2.078	634	2.076	604	2047	560	2079
Primary Education	1	67	1	61	1	55	1	47	0	44
Employee Age Ranges	2015		2016		2017		2018		2019	
18-20	11		0		1		2		0	
21-30	6.722		5.628		5.496		5.421		4.713	
31-40	6.901		7.947		8.884		9.812		10.651	
41-50	2.836		2.937		3.048		3.161		3.228	
51-55	531		410		414		379		369	
>55	103		34		8		6		6	

Number of Employees Who Are On Maternity Leave	2015	2016	2017	2018	2019
Ones Who Restart Work	525	449	599	628	587
Ones Sho Don't Start Work Yet	148	123	351	424	387
Total	673	572	950	1052	974

New Employees	2015		2016		2017		2018		2019	
	Woman	Man	Woman	Man	Woman	Man	Woman	Man	Woman	Man
<20 Age	6	4	0	0	1	0	0	2	0	0
21-30 Age	315	242	159	292	584	772	761	585	276	286
31-40 Age	55	100	45	197	74	132	48	85	24	101
41-50 Age	0	11	5	19	8	29	2	7	0	9
>50 Age	0	1	0	0	0	2	0	1	0	3
Total	376	358	209	508	667	935	811	680	300	399

Employee Transfer Rates (%)	2015	2016	2017	2018	2019
New Employee Turnover Ratio	5,52	5,1	4,06	5,56	1,00
Total Employee Turnover Rate	2,1	2,64	0,79	3,06	2,70

Training Data	2015	2016	2017	2018	2019
Total Classroom Training (hours)	28,7	22,9	25,2	35,21	20,45
Total E-Learning (hours)	48,3	38,31	69,4	70,64	98,67
Average Training Duration (Female Employees)	31,9	27,54	54,4	51,92	52,43
Average Training Duration (male Employees)	45,2	33,66	55,1	53,93	67,89

Average Training Duration (hours)	77	61,2	94,57	105,9	119,12
Technical Trainings	40,7	53,06	68,72	95,61	100,44
Personal Development Trainings	36,3	8,14	25,86	10,28	17,55

Environmental Performance Indicators	2015	2016	2017	2018	2019
Annual average number of employees (Bank + Company personnel included)	20.290	20.060	20.578	21.530	21.545
Head Office + Branches (total m²)	645.363	585.987	593.594	641.111	647.616
Electricity Consumption	2015	2016	2017	2018	2019
Total Electricity Consumption (kWh)	64.189.784	65.515.072	68.608.534	64.959.336	66.982.196
Total Electricity Consumption / m2	99,46	111,8	115,58	101,32	103,43
Total Electricity Consumption / Employee	3.163	3.265	3.334	3.017	3.109
Natural Gas Consumption	2015	2016	2017	2018	2019
TOTAL (m3)	3.632.819	2.223.832	2.371.442	2.015.647	2.130.564
Natural Gas Consumption / (m2) G4-EN6	5,63	3,8	4	3,14	3,29
Natural Gas Consumption / Employee	179,04	110,86	115,24	93,62	98,89
Fuel-Oil Consumption	2015	2016	2017	2018	2019
TOTAL (ton)	122	51,75	23,43	50,04	11,66
Fuel-Oil Consumption / (m2)	0,000189	0,00009	0,00004	0,00008	0,000018
Fuel-Oil Consumption / Employee	0,006	0,0026	0,0011	0,0023	0,000541

Coal Consumption (ton)	2015	2016	2017	2018	2019
TOTAL	**220**	**193**	**175,83**	**222**	**194**
Coal Consumption / (m2)	**0,00034**	**0,00033**	**0,00033**	**0,00035**	**0,00030**
Coal Consumption / Employee	**0,0110**	**0,0100**	**0,0090**	**0,0100**	**0,0090**
Diesel Consumption - Heating (liters)	2015	2016	2017	2018	2019
TOTAL (Used in Heating Systems)	**363.931**	**409.923**	**403.656**	**336.239**	**268.087**
Diesel Consumption / (m2)	**0,56**	**0,70**	**0,68**	**0,52**	**0,41**
Diesel Consumption / Employee	**17,94**	**20,44**	**19,62**	**15,62**	**12,44**
Diesel Consumption - Generator (liters)	2015	2016	2017	2018	2019
TOTAL (As Generator Fuel)	**125.501**	**74.816**	**78.357**	**63.370**	**68.586**
Diesel Consumption / (m2)	**0,19**	**0,13**	**0,13**	**0,52**	**0,11**
Diesel Consumption / Employee	**6,19**	**3,73**	**3,81**	**2,94**	**3,18**
Vehicle Fuel Consumption	2015	2016	2017	2018	2019
Diesel Company Vehicles (lt)	**2.633.815**	**2.702.718**	**2.813.238**	**2.919.329**	**2.907.009**
Gsoline Company Vehicles (lt)	**90,682**	**72.479**	**52.500**	**46.462**	**37.759**
Number of Diesel Company Vehicles (piece)	**1.557**	**1.578**	**1.758**	**1.825**	**1.805**
Number of Gasoline Company Vehicles (piece)	**17**	**38**	**27**	**3**	**3**
Diesel fuel consumed with Personnel Services (Liters)	**1.225.199**	**1.294.570**	**1.255.653**	**816.534**	**1.246.828**
Number of Staff Service Average (piece	**641**	**715**	**714**	**763**	**698**
Total Primary Energy Consumption (Electricity + Fuels)GJ	**491.629,21**	**442.503,30**	**460.667,02**	**437.405,35**	**485.511**

Water Consumption	2015	2016	2017	2018	2019
TOTAL (m3)	**448.269**	**260.145**	**244.832**	**247.235**	**225.414**
Water Consumption / m2	**0,69**	**0,44**	**0,41**	**0,39**	**0,35**
Water Consumption / Employee	**22,09**	**12,97**	**11,9**	**11,48**	**10,46**
Paper Consumption	2015	2016	2017	2018	2019
Paper Consumption (Ton)	**1.900,**	**1.749**	**1.691**	**1687**	**1.946**
Total Paper Consumption / m2	**0,0029**	**0,003**	**0,0028**	**0,0026**	**0,0030**
Total Paper Consumption / Employee	**0,090**	**0,090**	**0,080**	**0,080**	**0,090**
Amount of waste	2015	2016	2017	2018	2019
Domestic Waste (kg)	**721.446**	**932.120**	**719.585**	**525.978**	**1.189.680**
Recycling Waste (kg) (Glass, Plastic, Paper, Metal)	**131.781**	**127.015**	**105.627**	**265.832**	**521.919**
tCO2e Emission	2015	2016	2017	2018	2019
tCO2e Emission	**71.737**	**77.278**	**79.900**	**73.585**	**72.702**
Scope 1	**17.247**	**14.047**	**14.919**	**13.971**	**13.579**
Scope 2	**29.812**	**30.427**	**30.912**	**30.169**	**31.147**
Scope 3	**24.678**	**32.804**	**34.069**	**29.445**	**27.976**
Total Emission / m2	**0,11**	**0,13**	**0,13**	**0,12**	**0,11**
Total Emission / Employee	**3,54**	**3,85**	**3,88**	**3,42**	**3,37**

* Turkish decimal separator system is used

102-9,102-10,102-48,102-49,102-51,102-55,102-56

GRI CONTENT INDEX

For the Materiality Disclosures Service, GRI Services reviewed that the GRI content index is clearly presented and the references for Disclosures 102-40 to 102-49 align with appropriate sections in the body of the report.
The service was performed on the English version of the report

GRI Standards	Disclosure & Answers	Page & Direct Answers	Omissions
GRI 101: Foundation 2016			
GRI 102: General Disclosures 2016			
Corporate Profile			
102-1	About The Report	4	...
102-2	About Halkbank	15	...
102-3	Contact: Back Cover	Direct Answer	...
102-4	About Halkbank	15	...
102-5	About Halkbank	15	...
102-6	About Halkbank	15	...
102-7	About Halkbank	15	...
102-8	Social Performance Indicators	69	...
102-9	Human Rights and Human Resources Policy: http://mediaservice.halkbank.com.tr/media/document/Halkbank/Biz/Surdurulebilirlik/ilkelervepolitikalar/humrighumres.pdf	Reference	...
102-10	GRI Content Index: There are no significant changes	Direct Answer	...
102-11	Risk Management	21	...
102-12	Communication with the Stakeholders	31	...
102-13	Communication with the Stakeholders	31	...
Strategy			
102-14	Letter from the Chairman of the Board ; Letter from the General	6-8	...

Ethics and Integrity			
102-16	Vision of Halkbank, Mission of Halkbank, Halkbank's Corporate Values	15	...
Governance			
102-18	Corporate Governance	21	...
Stakeholder Engagement			
102-40	Communication with the Stakeholders	32	...
102-41	Halkbank for Employees	49	...
102-42	Communication with the Stakeholders	32	...
102-43	Communication with the Stakeholders	32	...
102-44	Sustainability Priorities	30	...
Reporting Practices			
102-45	About the report	4	...
102-46	About the report	4	...
102-47	Sustainability Priorities	30	...
102-48	GRI Content Index: No Change	Direct Answer	...
102-49	GRI Content Index: No Change	Direct Answer	...
102-50	About the report	4	...
102-51	GRI Content Index: June, 2019	Direct Answer	...
102-52	About the report	4	...
102-53	Contact Back Cover	Direct Answer	...
102-54	About the report	4	...
102-55	GRI Content Index	75	...
102-56	GRI Content Index: Some of environmental and employee data has been subject to external audit	Direct Answer	...

102-3, 102-53 ;103-55

Material Issues

Standards	Dislcosures	Description & Answers	Page and Direct answers	Omissions
Fight Against Climate Change				
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its boundary	Halkbank for the Environment	55	-
	103-2 The management approach and its components	Sustainability Management Structure	29	-
	103-3 Evaluation of the management approach	Sustainability Management Structure	29	-
GRI 201: Economic Performance 2016	201-2 Financial implications and risks and opportunities due to climate change	Assessment of Environmental and Social Impacts of Projects	60	-
		Fight Against Climate Change	57	-
		Environmental Impacts of Operations	58	-
GRI 302: Energy 2016	302-1 Energy consumption within the organization	Environmental Impacts of Operations	58	-
		Environmental Performance Indicators	72	-
	302-2 Energy consumption outside of the organization	Environmental Performance Indicators	58	-
		Environmental Impacts of Operations	72	-
	302-3 Energy intensity	Environmental Impacts of Operations	58	-
		Environmental Performance Indicators	72	-
	302-4 Reduction of energy consumption	Environmental Impacts of Operations	58	-
	302-5 Reduction in energy requirements of products and services	Assessment of Environmental and Social Impacts of Projects	60	-
		Fight Against Climate Change	57	-

Environmental Impacts of Operations				
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its boundary	Halkbank for the Environment	55	-
	103-2 The management approach and its components	Sustainability Management Structure	29	-
	103-3 Evaluation of the management approach	Sustainability Management Structure	29	-
GRI 303: Water 2016	303-1 Water withdrawal by source	Environmental Performance Indicators	72	-
	303-2 Water sources significantly affected by withdrawal of water	GRI Content Index; Due to Halkbank operations, there are no significant resources affected.	Direct Answer	- -
GRI 305: Emissions 2016	305-1 Direct (Scope 1) GHG emissions	Environmental Impacts of Operations	58	-
		Environmental Performance Indicators	72	-
	305-2 Energy indirect (Scope 2) GHG emissions	Environmental Impacts of Operations	58	-
		Environmental Performance Indicators	72	-
	305-4 GHG emissions intensity	Environmental Impacts of Operations	58	-
		Environmental Performance Indicators	72	-
	305-5 Reduction of GHG emissions	Environmental Impacts of Operations	58	-
GRI 306: Effluents and Waste 2016	306-1 Water discharge by quality and destination	Environmental Performance Indicators	72	-
	306-2 Waste by type and disposal method	Environmental Performance Indicators	72	-
	306-5 Water bodies affected by water discharges and/or runoff	GRI Content Index: As a result of operations, there are no significant water sources affected	Direct Answer	-

Being Preferred Employer				
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its boundary	Halkbank for Employees	47	-
	103-2 The management approach and its components	Sustainability Management Structure	29	-
	103-3 Evaluation of the management approach	Sustainability Management Structure	29	-
GRI 202: Market Presence 2016	202-1 Ratios of standard entry level wage by gender compared to local minimum wage	GRI Content Index: Employees are not discriminated on the basis of gender or occupation. http://www.halkbank.com. tr/images/channels/English/investor_relations/Corporate_Governance/General_Assembly/2017/Human_Rights_and_Human_Resources_Policy.pdf"	Reference	-
GRI 401: Employment 2016	401-1 New employee hires and employee turnove	Social Performance Indicators	69	-
	401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	Halkbank Wage Policy http://www. halkbank.com.tr/images/channels/ English/investor_relations/Corporate_ Governance/General_Assembly/2013/Policies/Policy_on_Renumeration.pdf	Reference	-
GRI 402: Labor/ Management Relations 2016	402-1 Minimum notice periods regarding operational changes	GRI Content Index: Legal notice periods are applied in major operational changes.	Direct Answer	-
GRI 403: Occupational Health and Safety 2016	403-1 Workers representation in formal joint management–worker health and afety committees	GRI Content Index: Legal notice periods are applied in major operational changes.	53	-
	403-2 Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities	Occupational Health and Safety	53	-
	403-3 Workers with high incidence or high risk of diseases related to their occupation	GRI Content Index: There are no employees with a high rate of work accident or occupational disease.	Direct Answer	-
	403-4 Health and safety topics covered in formal agreements with trade unions	GRI Content Index: Halkbank complies with all constitutional requirements related to health and safety in its collective barganing agreements.	Direct Answer	-

GRI 404: Training and Education 2016	404-1 Average hours of training per year per employee	Training Opportunities	52	-
	404-2 Programs for upgrading employee skills and transition assistance programs	Training Opportunities	52	-
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	GRI Content Index: Halkbank's does not have such an activity.	Direct Answer	-
Social Equality				
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its boundary	Halkbank for Employees	47	-
	103-2 The management approach and its components	Sustainability Management Structure	29	-
	103-3 Evaluation of the management approach	Sustainability Management Structure	29	-
GRI 401: Employment 2016	401-3 Parental Leave	Social Performance Indicators	69	-
GRI 405: Diversity and Equal Opportunity 2016	405-1 Diversity of governance and employees	Social Performance Indicators	69	-
	405-2 Ratio of basic salary and remuneration of women to men	GRI Content Index; There is not gender wage discrimination. This is rate 1%	Direct Answer	-
GRI 406: Non-discrimination 2016	406-1 Incidents of discrimination and corrective actions taken	GRI Content Index: There has been not cases of discrimination during the reporting period.	Direct Answer	-

Digitization and Data Security				
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its boundary	Digitization and Data Security	41	-
	103-2 The management approach and its components	Sustainability Management Structure	29	-
	103-3 Evaluation of the management approach	Sustainability Management Structure	29	-
GRI 418: Customer Privacy 2016	418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	Digitization and Data Security	41	-
Customer Satisfaction				
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its boundary	Corporate Governance, Halkbank for Customers, Customer Satisfaction	19	-
	103-2 The management approach and its components	Sustainability Management Structure	29	-
	103-3 Evaluation of the management approach	Sustainability Management Structure	29	-
Increasing Access to Financial Services				
	103-1 Explanation of the material topic and its boundary	Access to Financial Services	36	-
	103-2 The management approach and its components	Sustainability Management Structure	29	-
	103-3 Evaluation of the management approach	Sustainability Management Structure	29	-

Improving Corporate Governance Practices				
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its boundary	Corporate Governance	19	-
	103-2 The management approach and its components	Sustainability Management Structure	29	-
	103-3 Evaluation of the management approach	Sustainability Management Structure	29	-
Increasing the Economical Value Generated by SME Banking				
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its boundary	SME and Tradesmen Banking	45	-
	103-2 The management approach and its components	Sustainability Management Structure	29	-
	103-3 Evaluation of the management approach	Sustainability Management Structure	29	-
Responsible Procurement Practices				
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its boundary	Human Rights and Human Resources Policy: http://www.halkbank.com.tr/images/channels/English/investo_relations/Corporate_Governance/General_Assembly/2017/Human_Rights_and_Human_Resources_Policy.pdf	Reference	-
	103-2 The management approach and its components	Sustainability Management Structure	29	-
	103-3 Evaluation of the management approach	Sustainability Management Structure	29	-

GRI 204: Procurement Practices 2016	204-1 Proportion of spending on local suppliers	GRI Content Index: All purchases were made from local suppliers during the reporting period	Direct Answer	-
GRI 308: Supplier Environmental Assessment 2016	308-1 New suppliers that were screened using environmental criteria	GRI Content Index: There are no suppliers subject to environmental inspection.	Direct Answer	-
GRI 408: Child Labor 2016	408-1 Operations and suppliers at significant risk for incidents of child labor	GRI Content Index: Halkbank does not have an operation that carries the risk of child labor.	Direct Answer	-
GRI 409: Forced or Compulsary Labor 2016	409-1 Operations and suppliers at significant risk for incidents of forced or compulsory labor	GRI Content Index: Halkbank does not have an operation that carries the risk of forced / forced labor.	Direct Answer	-
Contribution to Social Welfare with Social Responsibility				
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its boundary	Halkbank for Society	61	-
	103-2 The management approach and its components	Sustainability Management Structure	29	-
	103-3 Evaluation of the management approach	Sustainability Management Structure	29	-
GRI 203: Indirect Economic Impacts 2016	203-1 Infrastructure investments and services supported	Halkbank Society	61	-
		SME and Tradesmen Banking	45	-
		International Funds	46	-
	203-2 Significant indirect economic impacts	Halkbank for Society	61	-
		SME and Tradesmen Banking	45	-
		International Funds	46	-

GRI 413: Local Communities 2016	413-1 Operations with local community engagement, impact assessments, and development programs	Halkbank for Society	61	-
		SME and Tradesmen Banking	45	-
		International Funds	46	
	413-2 Operations with significant actual and potential negative impacts on local communities	Assessment of Environmental and Social Impacts of Projects	60	-
		Halkbank for Society	61	-
Risk and Crisis Management				
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its boundary	Risk Management	21	-
	103-2 The management approach and its components	Sustainability Management Structure	29	-
	103-3 Evaluation of the management approach	Sustainability Management Structure	29	-
Digital Transformation				
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its boundary	Halkbank for Society	37	-
	103-2 The management approach and its components	Sustainability Management Structure	29	-
	103-3 Evaluation of the management approach	Sustainability Management Structure	29	-
Linking Sustainability Strategy with Corporate Strategy				
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its boundary	Letter from the Chairman of the Board	5	-
	103-2 The management approach and its components	Sustainability Management Structure	29	-
	103-3 Evaluation of the management approach	Sustainability Management Structure	29	-

REPORTING GUIDANCE

Reporting Guide

This section gives an overview guidance for the indicators in the report that are in scope of limited assurance as explained in the table below. The data covered by the assurance scope is for the year ending on December 31, 2019 and for Halkbank's operations in Turkey as stated in the Limited Assurance Report given on the page 87 of this report. Explanations on data preparation guideline used by Halkbank are provided below.

Definitions

Operations: Halkbank operations in Turkey includes its Headquarters and service buildings, branches and ATMs.

GRI Reporting Standards:
Defined indicators are reported according to the relevant GRI guidelines:

- GRI 302-1 Energy consumption within the organization
- GRI 303-1 Water withdrawal by source
- GRI 305-1 - Direct (Scope 1) GHG emissions
- GRI 305-2 - Energy indirect (Scope 2) GHG emissions
- GRI 305-3 - Other indirect (Scope 3) GHG emissions
- GRI 404-1a - Training and Education

The data details can be found in the indicator descriptions in the table below.

Indicator	Indicator Definition
Energy consumption within the organization	This indicator includes non-renewable energy sources and electricity purchased for Halkbank's operations, for heating, generators and vehicle fleet. Values are primarily reported for each type of fuel in cubic meters, liters, tonnes and kWh and then calculated as total energy in GJ using the relevant DEFRA conversion factors.
Water withdrawal by source	This indicator is defined as a total water withdrawal (municipal mains) from Halkbank operations.
Scope 1 - Direct GHG Emissions	This indicator includes Scope 1 emissions from Halkbank's operations for heating, generators, and vehicle fleet, from fossil fuels and refrigerants.
Scope 2 - Energy indirect GHG Emissions	This indicator includes the Scope 2 emissions from purchased electricity for Halkbank's operations.
Scope 3 - Other indirect (Scope 3) GHG Emissions	Scope 3 emissions from water supply & treatment, paper use, employee commuting, Cargo & postage, accommodation, business travel, waste treatment, well to tank (WTT) emissions and T&D loss emissions not covered in Scope 1 and Scope 2. Reporting is based on the six Scope 3 categories for which data were available from the fifteen categories given in the GHG Protocol Technical Guidance for Calculating Scope 3 Emissions.

Weight of total waste collected and recycled •Non-hazardous waste collected • Non-hazardous waste recycled	This indicator includes recyclable (glass, plastic, paper) waste and non-hazardous (domestic waste) waste collected as a result of Halkbank's operations. Since there is no central collection system for domestic waste, the total weekly waste amount was determined as a result of a weekly monitoring study conducted at Halkbank Ataşehir Headquarters Building. The average amount of domestic waste per person is calculated by dividing the total amount of domestic waste monitored by the total number of employees in the building. Annual domestic waste amount is calculated by multiplying the average domestic waste per person (kg) by the total number of Halkbank employees.
Average training hours by gender and employee category	Total training hours include classroom trainings and online trainings within Halkbank. Calculation of the average training hours per employee and per gender is based on the total number of employees trained.
Total training hours on human rights policies and procedures	This indicator is defined as total number of employees who received training on human rights policies and procedures along with total hours of training given.
Total number of employees by gender and age group	This indicator defined as the total number of employees by age group and gender as of the reporting period end. The total number of employees includes employees as permanent staff within Halkbank.
New employee hires by gender and age group	Total number of employees whose employment contract is within the reporting period by gender and age group.

Total rate of employee turnover and new employee turnover	The total employee turnover is calculated by dividing the number of people leaving the job in the reporting year by the average number of employees in the reporting year. The new employee turnover is calculated by dividing the number of employees that started in the reporting year and left the job in the reporting year, by the average number of employees. The average number of employees is defined as the average number of employees at the beginning of the reporting year and the number of employees at the end of the reporting year.
Occupational Health and Safety Indicators: Injury rate Lost days rate Accident frequency rate Accident severity rate	Occupational Health and Safety Indicators in scope are Injury rate, lost days rate, accident frequency rate, accident severity rate **1. Injury rate:** Total number of injuries /Total work hours*200000 **2. Lost days rate:** Total number of lost days /Total work hours *200000 **3. Accident frequency rate:** Total number of accidents /Total work hours*1000000 **4. Accident severity rate:** Total number of lost days /Total work hours *1000 The total working hours of the reporting year is calculated as the average number of annual leave days are subtracted from the total number of working days in the reporting year, multiplied by the total number of employees.

KPMG INDEPENDENT ASSURANCE STATEMENT

Independent Limited Assurance Report

To the Board of Directors of Türkiye Halk Bankası A.Ş.

We were engaged by Türkiye Halk Bankası A.Ş. (hereinafter "Company" or "Halkbank") to provide limited assurance on the "Selected Information" contained as defined in the Reporting Guidance of the Sustainability Report (hereinafter "the Report") for the year ended 31 December 2019.

The scope of our assurance is limited to the Selected Information listed below:

- Energy consumption within the organization as per GRI 302-1(2016)
- Water withdrawal by source as per GRI 303-1 (2016)
- Direct (Scope 1) GHG Emissions as per GRI 305-1 (2016)
- Energy indirect (Scope 2) GHG Emissions as per GRI 305-2 (2016)
- Other indirect (Scope 3) GHG Emissions as per GRI 305-3 (2016)
- Total weight of non-hazardous, recycled and reused waste
- Average training hours by gender and employee category
- Total training hours on human rights policies and procedures as per GRI 412-2 (2016)
- Total number of employees, new hires and employee turnover
- Accident and accident rates by type:
  - Injury rate
  - Lost days rate
  - Accident frequency rate
  - Accident severity rate

Management's responsibilities

Management is responsible for the preparation and presentation of the Report for the Selected Information in accordance with the Halkbank's internally developed criteria as described in the Report, and the information and assertions contained within it; for determining the Halkbank's objectives in respect of sustainable development performance and reporting, including the identification of stakeholders and material issues; and for establishing and maintaining appropriate performance management and internal control systems from which the reported performance information is derived.

Management is responsible for preventing and detecting fraud and for identifying and ensuring that Halkbank complies with laws and regulations applicable to its activities.

Management is also responsible for ensuring that staff involved with the preparation and presentation of the description and the Selected Information are properly trained, information systems are properly updated and that any changes in reporting encompass all significant business units.

Our responsibilities

Our responsibility is to carry out a limited assurance engagement and to express a conclusion based on the work performed. We conducted our engagement in accordance with International Standard on Assurance Engagements (ISAE) 3000 (Revised), Assurance Engagements other than Audits or Reviews of Historical Financial Information, issued by the International Auditing and Assurance Standards Board. That Standard requires that we plan and perform the engagement to obtain limited assurance about whether the Selected Information is free from material misstatement.

We apply International Standard on Quality Control 1 and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

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.

Procedures performed

A limited assurance engagement on a Selected Information consists of making inquiries, primarily of persons responsible for the preparation

of information presented in the Selected Information, and applying analytical and other evidence gathering procedures, as appropriate. These procedures included:

- Interviews with relevant staff at the corporate and business unit level responsible for providing the information in the Selected Information.
- Comparing the information presented in the Selected Information to corresponding information in the relevant underlying sources to determine whether all the relevant information contained in such underlying sources has been included in the Selected Information.
- Reading the information presented in the Selected Information to determine whether it is in line with our overall knowledge of, and experience with, the sustainability performance of Halkbank.

The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement, and consequently the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed.

Inherent limitations

Due to the inherent limitations of any internal control structure it is possible that errors or irregularities in the information presented in the Selected Information may occur and not be detected. Our engagement is not designed to detect all weaknesses in the internal controls over the preparation and presentation of the Selected Information, as the engagement has not been performed continuously throughout the period and the procedures performed were undertaken on a test basis.

Conclusion

Our conclusion has been formed on the basis of, and is subject to, the matters outlined in this report.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusions.

Based on the procedures performed and the evidence obtained, as described above, nothing has come to our attention that causes us to believe that the Selected Information as defined in the Report of Halkbank for the year ended 31 December 2019 is not presented, in all material respects, in accordance with the Halkbank's internally developed reporting criteria as explained in the Report.

In accordance with the terms of our engagement, this independent limited assurance report on the Selected Information has been prepared for Halkbank in connect with reporting to Halkbank and for no other purpose or in any other context.

Restriction of use of our report

Our report should not be regarded as suitable to be used or relied on by any party wishing to acquire rights against us other than Halkbank, for any purpose or in any other context. Any party other than Halkbank who obtains access to our report or a copy thereof and chooses to rely on our report (or any part thereof) will do so at its own risk. To the fullest extent permitted by law, we accept or assume no responsibility and deny any liability to any party other than Halkbank for our work, for this independent limited assurance report, or for the conclusions we have reached.

KPMG Bağımsız Denetim ve
Serbest Muhasebeci Mali Müşavirlik Anonim Şirketi

A member firm of KPMG International Cooperative

Şirin Soysal,
Partner
İstanbul, 21 July 2020

CONTACT

Türkiye Halk Bankası A.Ş.

Barbaros Mah. Şebboy Sok. No:4 34746 Batı Ataşehir / İstanbul

Yaşar BİLGİNTURAN
T: 0090 216 503 7104

Onur KOŞAR
T:0090 216 503 51 85

REPORTING CONSULTANT

SEEM Sustainability Culture

www.seemturkey.com

REPORTING DESIGN

socialthinks think beyond

www.socialthinks.com

"Within the scope of HALKBANK's sustainability approach and
environmental responsibility; this report was produced in 200 pieces by using
Blue Angel certified paper, obtained from 100 % waste paper cellulose in the manufacturing facility,
which holds Quality, Safety and Environmental Management Systems certificate."

HALKBANK