

INTEGRATED REPORT 2020

WE ARE THE PEOPLE
FIRST, THEN A BANK



INTEGRATED REPORT 2020



Website
and links



Reading
time
of the
section



Subject to
limited
assurance

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ABOUT THE REPORT

GRI 102 - 46

For the first time this year, the financial and non-financial performance of Türkiye Halk Bankası Anonim Şirketi (Halkbank) is presented to its stakeholders with the Halkbank Integrated Report 2020 in accordance with the Integrated Reporting Framework (<IR> Framework) of the Value Reporting Foundation (VRF). Furthermore, the sustainability contents were prepared at the Core level specified in the GRI Standards published by the Global Reporting Initiative (GRI) and the Bank plans to keep reporting them annually.

This Integrated Report contains Halkbank's economic, social and environmental performance related to its domestic operations for the period January 01 – December 31, 2020. The Bank's affiliates and overseas operations are outside

the scope of the report. Halkbank has adopted the Sustainable Development Goals prepared by the United Nations and associated its priorities with the value it creates. In this first integrated report Halkbank presents readers its corporate governance approach, understanding of sustainability and areas of activity as broken down to capitals.

The main indicators disclosed in this report were audited by an independent firm and details of the audit are provided in the "Independent Assurance Statement" in the Annexes section of the report.

MESSAGE FROM THE CHAIRMAN

“

Per our mission, we consider it a priority to carry out works that contribute to the progress and development of our country and to create value for all our stakeholders.

”



R. Süleyman ÖZDİL
The Chairman



3 MIN

Dear Stakeholders,

We went through an unprecedented year full of changes. As we enter a new decade this year, digitalization, data security, macroeconomic balances and sustainability were the hottest topics on the agenda and the COVID-19 pandemic was no doubt the most discussed issue. The vaccination efforts in our country reminded us of hope during the tough struggles given throughout the pandemic.

In days of both optimism and uncertainty, the World Bank assessed the 2020 macroeconomic data and revised its global contraction forecast from -5.2% to -4.3%. This revision signals an upward growth for 2021. On the other hand, the IMF World Economic Outlook Report announced a growth expectation of 6% for Turkey in 2021. This was another indicator of the positive impact of the policies implemented in the Turkish economy.

During the pandemic the Central Bank preferred to use quantitative easing to minimize the negative effects on the economy. The government also realized a TRY 562 billion Stability Shield Package that includes direct payments, credit guarantee fund, tax reliefs and tax deferrals. Approximately TRY 45.5 billion aid was provided to employees and households as part of the social protection shield from the first case until the end of the year. As our healthcare workers were struggling at the forefront during these extraordinary times caused by the virus, per our understanding of responsible

banking, we continued to fulfill our duty as a complement of all the economic practices implemented. We utilized digital and alternative distribution channels which are the outputs of our digital transformation journey to provide our products and services uninterruptedly to our customers. In this context, we tried to respond to all requests and expectations from digital and mobile channels dedicated particularly to SMEs. Having set off on our journey as the People's Bank since our foundation, we continued to take firm steps also during the pandemic.

Per our mission, we consider it a priority to carry out works that contribute to the progress and development of our country and to create value for all our stakeholders. We believe that we will overcome these difficult times together, with the support of our qualified employees and our customers' confidence in us. I would like to express my gratitude to all our employees who struggled bravely during these times and to our stakeholders who provided support.

Best regards,

R. Süleyman ÖZDİL

The Chairman

MESSAGE FROM GENERAL MANAGER

“The changes in daily lives and modes of work during the pandemic, when technological developments also accelerated rapidly, once again proved the importance of our investments in digitalization.”



Osman ARSLAN
General Manager



4 MIN

Dear Stakeholders,

In this Halkbank Integrated Report published for the first time this year, we disclose our financial and non-financial performance in the context of the Integrated Reporting Framework (<IR> Framework) of the International Integrated Reporting Council (IIRC). We present information to our stakeholder on the value we create with our business operations with the 6 capitals that we identified.

We endeavored to adapt our Bank to all developments and changes in order to ensure the continuity of our contribution to our stakeholders in 2020. We managed to overcome all this negative atmosphere with our understanding of responsible banking and our agile operational structure that we quickly reviewed. We considered not only today but also the future and in addition to COVID-19, included the topics of Value Creation for the Local Economy, Climate Change, Digitalization and Cyber Security among our focus points.

We never stopped supporting SMEs, tradesmen and artisans who suffered the most from the lockdowns implemented during the pandemic; we maintained our focus on them, and offered solutions specific to various sectors with our SME Support Packages. We provided support to our stakeholders in the real sector affected by the epidemic with our digital products, without having to come to our branches. We observed our growth not only on paper but also in the hearts of our customers. In 2020, we increased the number of our customers with 2.5 million new customers. In this period, we also made a strong leap in the field of commercial cards and reached more than 1 million commercial card customers and became the bank with the second highest number of commercial cards. We achieved another strong growth in new customers and gained 2.5 million new customers in 2020. We are not content with all these achievements and aim to increase the share of SME loans in commercial loans from 52.7% to 60% in 2021.

We are doing our best to fulfill our responsibilities to our country based on the requirements of our sector and our mission. In this context, we exemplarily increased our banking performance despite the difficult times. We ranked up to third place in the sector in the critically important field of asset size that we monitor closely and to second place in the size of loans and deposits. At the same time, while providing cash support of over 322 billion TL to our people, we once again proved that our 850 thousand business and individual customers can trust us by postponing their 40.1 billion TL loan payments.

The changes in daily lives and modes of work during the pandemic, when technological developments also accelerated rapidly, once again proved the importance of our investments in digitalization. We consider our digitalization efforts as a process of cultural change and taking firm steps along our Digital Transformation journey. Despite the negative effects of the COVID-19 pandemic, we continue to increase the value we create by providing the best, fastest and most advanced products and services to our customers.

The “Social Support Service”, which we established to provide health counseling and psycho-social support services to all our employees, especially those who contracted COVID-19 or a family member of our employee who caught it, continues to work effectively. In addition, we carry out social responsibility projects in many areas, from increasing awareness of organ donation to protecting stray animals.

We will continue to give priority to our people, employees and nature, and to always stand by our stakeholders, with our understanding of work embodied by the motto “We are the People first, then a Bank”.

Best regards,
Osman ARSLAN
General Manager

SUSTAINABILITY COMMITTEE CHAIRMAN



We are also closely monitoring developments regarding Value Creation for the Local Economy, Climate Change, Digitalization and Cyber Security, ”



Himmet KARADAĞ
Chairman of the
Sustainability Committee



3 MIN

Dear Stakeholders,

Responding to increasing demand for consumption despite decreasing natural resources has become one of the greatest challenges of our times. While trying to meet the demands without destroying the natural life and endangering the biodiversity, we also had to fight the COVID-19 pandemic in 2020. We continued to stand by our stakeholders in this difficult struggle given by our country and the world against the COVID-19 pandemic.

In this difficult time when we reinforced our understanding of corporate governance, we took another new step and published our first Integrated Report. We prepared our report and both our financial and non-financial performance in compliance with the Integrated Reporting Framework (<IR> Framework) of the International Integrated Reporting Council (IIRC). Furthermore, our sustainability contents were consolidated at the Core level specified in the GRI Standards published by the Global Reporting Initiative (GRI) and we will continue reporting them annually. During the preparation process of our report, we created our understanding of integrated value creation by holding a series of meetings that brought together various relevant internal departments. In Halkbank's Value Creation Model section, you can examine in detail the value we created in the 6 capitals we determined as a result of our business operations.

Parallel with our mission, we continue our efforts to make all our stakeholders sustainable as required by our operations. In doing this, we design not only today but also the future and develop our plans for the short, medium and long

term. In assessing the risks and opportunities during this process, we take into consideration external factors and act in accordance with our understanding of agile management. In addition to particularly the COVID-19 pandemic that impacted 2020, we are also closely monitoring developments regarding Value Creation for the Local Economy, Climate Change, Digitalization and Cyber Security, which we foresee will stand out in the short term.

To identify the 2020 Sustainability Priorities of our Bank, we held a workshop led by the Coordination Group which the representatives from Departments which were in direct contact with critical stakeholders participated in. We subsequently made a survey with the members of the Sustainability Committee representing the perspective of Halkbank's Executive Management. As a result, we observed an increase in the significance of the topics "Value Creation with SME Banking", "Integration of Corporate Strategy and Sustainability Strategy", "Risk and Crisis Management", "Information Security" and "Digital Transformation" in particular. Please refer to Halkbank's Prioritized Sustainability Topics to examine the distribution of our prioritized topics that coincide with our 2020 Focus Topics.

We reflect our target of achieving the Sustainable Development Goals prepared by the United Nations to both our internal and external activities. We will continue our investments with our projects and policies for the development of both our customers and Turkey.

Best regards,

Himmet KARADAĞ

Chairman of the Sustainability Committee

ABOUT HALKBANK

GRI 102-48

Based on an awareness of the need for a balanced social structure under the severe economic conditions of the first years of the Republic in our country, Halkbank was founded in 1938 to transfer resources to tradesmen-artisans and small businesses and start capital accumulation with the aim of supporting small tradesmen and artisans and developing public banking, and established the concept of Public Banking in our country and provided credit services through Public Funds until 1950.

After obtaining authorization to open branches and provide loans in 1950, its deposit and credit volume started to increase with its policy of opening branches throughout the country. As the first bank of the middle-class and tradesmen, artisans and small businesses representing it in the economy, Halkbank changed its structure and extended its services through the other banks it incorporated in the recent years to become one of Turkey's strongest banks creating value for its customers through its 1,013 domestic and overseas branches and its London, Tehran and Singapore offices.

Halkbank's major business operations include SME and Tradesman Banking, Digital Banking and Thematic Banking Products and Services and Responsible together with Sustainable Banking Based on Environmental and Social Criteria and also provides services through Phone, Internet and Mobile Banking channels to adapt to the digitalization of the world and meet changing

customer expectations.

Furthermore, it provides uninterrupted services to visually or physically disabled customers at 340 points with the Banking Without Disabilities service that started with the Accessible Bank24 project in 2011. Based on its cooperation with Visa, it launched Europe's first pre-paid contactless bank card Bank24 Jet which contains various functions.

Halkbank's public offering in 2007 was a historic event for Borsa Istanbul, receiving record-breaking demand as Turkey's largest public offering by that time. 24.98% of Halkbank's shares were offered to the public and with this success, the bank received the "Best Public Offering" award from East Capital. A second public offering was made in 2012 and the Bank's free float ratio increased to 48.9%. The Bank's free float ratio changed to 24.7% with the capital increase in 2020.

Halkbank is able to meet all its customer demand with competitive rates through its loan diversity in the fields of investment-production, domestic-foreign trade and individual financing, which create value for Turkey. As a consequence of all this, the asset size of the Bank increased by 48.8% by the end of 2020 to TRY 680 billion and its assets market share increased to 11.1% and Halkbank's equities reached TRY 42.9 billion.

Halkbank prioritized investments that contribute to the economy of the country and social



32 MIN

development since its foundation and is now making major leaps to continue strengthening its prestigious position in the banking industry with its professional approach in SME Banking. In 2020, Halkbank continued to create value in the real sector by developing solutions to mitigate the effects of the pandemic and ensure that SMEs managed to sustain their business life and maintain their employment levels with the support it provided to SMEs during the COVID-19 pandemic. In this context, it raised the market share of SME

loans from 18.5% to 21.6%, thereby allocated 43% of its total cash loans to SMEs. TRY 15.2 billion of funds were also provided through commercial papers and bond issuances to investors, who are other significant stakeholders of the Bank. The Bank reached TRY 2.2 billion in bond/bill issuances indexed to the Turkish Lira Overnight Reference Rate (TLREF).

TÜRKİYE HALK BANKASI A.Ş. CAPITAL STRUCTURE

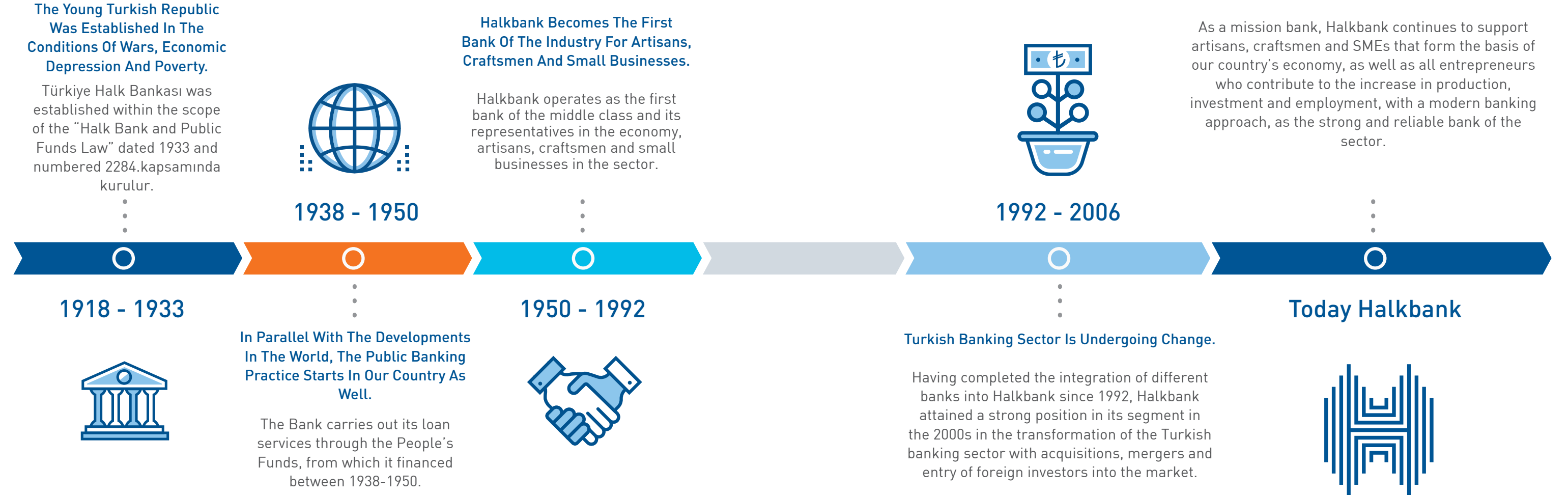
SHAREHOLDER NAME	ISSUED CAPITAL (TRY)	SHARE RATIO (%)
Turkey Wealth Fund *	1,862,601,723.78	75.29386473
Free Float *	611,094,302.00	24.70289334
Other	80,198.00	0.00324193
TOTAL	2,473,776,223.78	100.00000000

* TRY 1,224,326,155.78 of Turkey Wealth Fund's total shares can be publicly traded. Based on these shares, 24.70% of the Bank's capital is free floating.

The Bank's issued capital was raised from TRY 1,250,000,000 TL to TRY 2,473,776,223.78 within the registered capital ceiling during the reporting period. The capital increase ensured a fund inflow of TRY 7,000,000,000 for the Bank. The funds gained with the capital increase were used to

create value for the Turkish economy as resources for loans provided in the context of basic banking activities, particularly the loan support packages intended to support the economy.

Corporate Profile



VISION, MISSION & CORPORATE VALUES

Halkbank's mission, vision and corporate values are determined by the Board of Directors and were updated in 2021.



Vision

Become the leading bank of all sections of the society, particularly tradesmen, artisans and SMEs, by combining the strength of our name that comes from the PEOPLE and our deeply-rooted history with innovative technologies and digital solutions.



Mission

Offer fast, secure and high-quality products and services to all its customers, particularly tradesmen, artisans and SMSs and increase customer satisfaction through customer-oriented digital solutions based on its strength from the people and its employees, qualified human resources and its innovative technologies; become the people's bank that creates high added value for all its stakeholders by supporting the progress and development of our Country with a consciousness for social responsibilities.



Corporate Values

- Create a "Team Spirit" with the value we give to our employees,
- Increase customer satisfaction with our customer-oriented approach,
- Provide fast, secure and high-quality products and services with our rational, creative and dynamic structure,
- Make a difference in digital banking with our enhanced technological solutions,
- Be honest, transparent and reliable based on our strength that comes from our name,
- Share the know-how and experience we gained throughout deep-rooted history,
- Participate in humanitarian and environmental projects based on our consciousness for social responsibilities,
- Carry our Country to the future with our contribution to the Turkish economy.



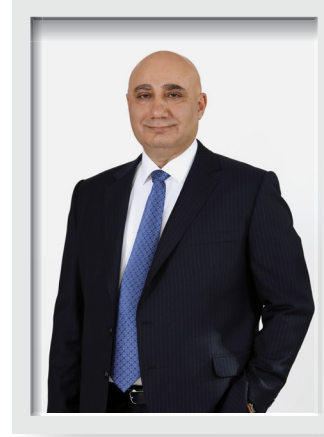
BOARD OF DIRECTORS AND SUPERVISORY BOARD



Recep Süleyman ÖZDİL
Chairman and Independent
Board Member



Himmet KARADAĞ
Vice Chairman and Independent
Board Member



Osman ARSLAN
General Manager and
Board Member



Ebubekir ŞAHİN
Board Member



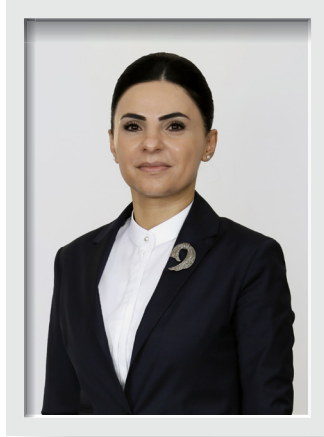
Sezai UÇARMAK
Board Member



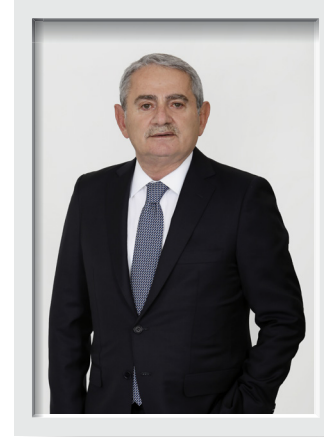
Mevlüt UYSAL
Independent Board Member



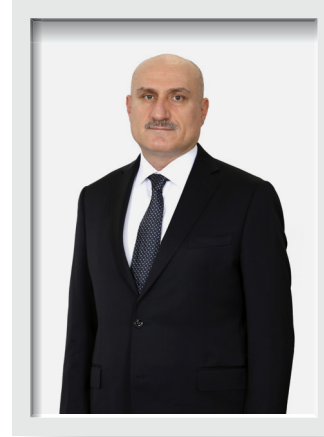
Kerem ALKİN
Board Member



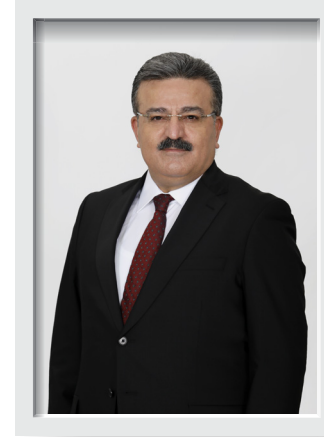
Meltem TAYLAN AYDIN
Board Member



Maksut SERİM
Board Member



Prof. Dr. Yılmaz ÇOLAK
Member of the Supervisory
Board



Faruk ÖZÇELİK
Member of the Supervisory
Board

EXECUTIVE MANAGEMENT



Osman ARSLAN
General Manager



Yalçın MADENCİ
Deputy General Manager



Hasan TUNCAY
Deputy General Manager



Serdar SÜRER
Deputy General Manager



Celal CANDAN
Deputy General Manager



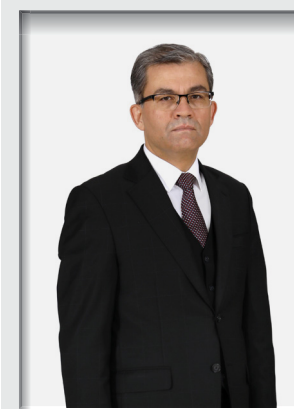
Olcay DOĞAN
Group Manager



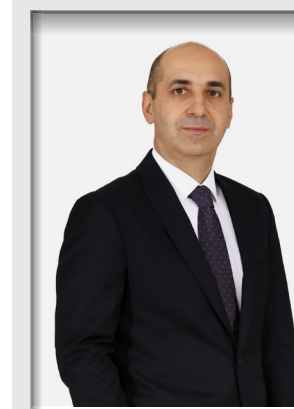
İlhan BÖLÜKBAŞ
Deputy General Manager



Ergin KAYA
Deputy General Manager



Yusuf Duran OCAK
Deputy General Manager



Mehmet Zihni GÜVENER
Group Manager



Olcay ATLIOĞLU
Group Manager

Organization Structure



PARTNERSHIP PORTFOLIO

GRI 102-45

Halkbank creates value for the Turkish economy in various fields through its advanced banking services with a broad shareholding structure consisting of 24 companies in total. Please refer to the Shareholding Portfolio of Halkbank Annual Report 2020 for further information on affiliated shareholders. As part of their mandatory policies, all the companies;

- Create value and enrich the range of products and services offered to their individual and corporate customer in various service areas and create cross and complementary product presentation and sales opportunities.
- Establish good relationships or expands/maintains existing relations with other businesses.
- Reduce service production costs by increasing operational efficiency.
- Ensure that the services required by the customers are provided in a quality manner.

CORPORATE GOVERNANCE AT HALKBANK

Members of the Board of Directors are individually elected by the shareholders for maximum 3 years at the General Assembly of the Bank. As of 2020, the Halkbank Board of Directors has a total of 9 members consisting of 3 independent, 8 male and 1 female members.

Economic, environmental and social risks are reviewed at the board level at least once a year. The attendance ratio to the 50 Board Meetings held during the reporting year by the Board Members was 100%.



Internal Control and Audit Practices

The Internal Control Department administratively reports to the Audit Committee and the Board of Directors through the Internal Systems Group to ensure that the Bank's assets are protected; its activities are conducted effectively, efficiently and in compliance with the laws and other applicable legislation, the Bank's internal policies and codes and banking practices and the reliability, integrity and availability of the accounting and financial reporting system is maintained.

It continues to perform central and onsite control, examination, assessment and monitoring activities and provide simultaneous, impartial and objective reporting to the management through loan, operational, financial and other checkpoints with a proactive and preventive approach in the context of generally accepted professional standards and code of conduct in compliance with the ISO 9001:2015 Quality Management System standards. 9 meetings were held with the Audit Committee in 2020 and information was provided, and 2 activity

reports were submitted to the Board of Directors in six-month periods.

The communication channels, information systems and financial reporting systems are regularly and periodically checked to ensure the confidentiality, integrity and accessibility of the information used on the Bank's systems. In 2018, we started to frequently monitor our activities to be able to conduct instant inspections of the business processes carried out by the Bank units and the interactive and versatile systems interacting with each other; these inspections are monitored by eight departments reporting to three Assistant General Managers.

As part of the control activities, the main banking systems and business processes are analyzed and opinions and suggestions are conveyed to the relevant units for mitigating risks and increasing operational efficiency and effectiveness. 50 risk notification and suggestion letters were issued in 2020 as a result of central and onsite

control activities, 46 of which involved systemic or application problems across the bank and 4 involved incorrect practices in branches. 30 of the mentioned findings were partially or fully resolved, 3 findings were considered as not requiring any further arrangements as a result of cost-benefit analysis, and systemic arrangement or assessment procedures are ongoing for 17 findings.

The reports are prepared, analyzed and dispatched over a web-based application IKSIR (Internal Control Dispatch Examination Reporting), whereby reporting processes were ensured to be performed through the paperless banking infrastructure.

 Please refer to the [Natural Capital](#) section for details on [Paperless Banking practices](#).

"Awareness Notifications" made across the Bank and particularly in the operational processes aim to raise awareness in the personnel to prevent errors and misconducts and create a culture of internal control.

Risk Management and Related Policies

Halkbank continued to provide high-quality services to its customers in 2020 by supporting the real industry based on its 82 years of Banking experience, emphasis on risk management and fast adaptation to changing market conditions. Risk management related to risks arising from the Bank's activities are determined in consideration of nationally and internationally accepted risk management good practices in the context of the procedures and principles set in the Banking Law and other applicable legislation. In this context it is aimed to continue Halkbank's activities in accordance with its mission, vision, core values, goals and profitability and efficiency principles, provide high-quality products and services and protect the interests of depositors and shareholders to the maximum extent. Within this framework, a multi-dimensional approach was adopted that includes environmental-social impact analysis by not merely analyzing financial risks but also environmental and social risks.



Halkbank's risk management system was established in accordance with the articles on Risk Management System in the Regulation on the Internal Systems and Internal Capital Adequacy Assessment Processes of Banks published on the Official Gazette dated 11/07/2014 and numbered 29057. In the "Risk Appetite Framework" document the Bank determined the maximum amount of risk it can take and created risk appetite metrics based on various indicators and set up systems to monitor them regularly. Emergency action plans were developed accordingly.

The Risk Management Department carries out the task of measuring, monitoring and reporting the primary and secondary structural block risks faced by the Bank on a consolidated and non-consolidated basis in compliance with international standards and applicable legislation and coordinates the Internal Capital Adequacy Assessment Process (ISEDES). Prepared in the context of scenarios, the ISEDES report reports the stress test results of various items such as capital adequacy and liquidity to the Banking Regulation and Supervision Agency (BRSA).

Halkbank's risk management approach was designed as a process that covers all operations and the responsibility of its employees. Risks management is performed with a three-stage protection model based on the independent assessments made by units under the Internal Systems Group and the Board of Inspectors.

Credit Risk

As part of the credit risk policies, the credit allocation limits to be made available under the authorization of the Head Office, Regions and Branches were set based on the bank's rating system. Risks from new products and services to be released are determined through scenario analysis and stress test studies and the repayment performances and credibility of the companies in the credit portfolio are closely monitored through early warning systems. In scoring credit customers, both standard methods and the regulations of the Agency are used to evaluate qualitative and quantitative criteria and included in the rating score. The credit risk models are validated by independent agencies or independent teams within the bank and are regularly reported to the Executive Management.

Liquidity Risk

The interest rate risk policy approved by the Board of Directors covers the management of the interest rate risks resulting from on-balance-sheet and off-balance-sheet positions. The approach measures the impact of rate variations on the Bank's economic value and net interest yield and constitutes the basis of the interest rate risk analyses. Risk appetite and warning levels associated with the economic value variations of the positions included in the banking calculations with the legal equities are monitored and reported to the Executive Management.

Interest Rate Risk

The interest rate risk policy approved by the Board of Directors covers the management of the interest rate risks resulting from on-balance-sheet and off-balance-sheet positions. The approach measures the impact of rate variations on the Bank's economic value and net interest yield and constitutes the basis of the interest rate risk analyses. Risk appetite and warning levels associated with the economic value variations of the positions included in the banking calculations with the legal equities are monitored and reported to the Executive Management.

Market Risk

Limits are set according to the market risk policy for transactions that can be conducted in capital markets, including stop-loss limits related to capital markets position losses and foreign exchange position losses in treasury transactions. Potential losses resulting from portfolios held for trading and from foreign exchange positions are calculated using internal methods and the standard method for market risk and the Value at Risk (VaR) estimates made with the internal method are put to retrospective tests to test the success of the model. Halkbank's endurance to negative market conditions is measured through stress tests and scenario analyses and validated regularly as part of ISEDES. Measurements regarding VaR are performed and reported daily in accordance with the related communique of the Agency.

Operational Risk

The operational risk appetite and limits were set in the Policy on Operational Risk Management and are regularly tracked, reported to the executive management and reviewed at least once a year. A loss database was created that includes data from subsidiaries, for the purposes of identifying risk-bearing business processes and activities, analyzing the risk levels, using loss data as input, determining collection information regarding loss-incurring transactions and resources and observing the variation of risks over time. In line with our Bank's corporate structure, size, risk profile and activity structure, in addition to a centralized structure managing operational risk, the Operational Risk Committee also takes part in the said management process. In this context, the Committee examines and assesses operational risks on solo and consolidated basis, takes decisions on issues requiring measures and assesses risk appetite and risk limit excess cases regarding identified operational risks.

Reputation Risk

The Bank developed a policy document to manage reputation risk, determined the sources of reputation risk and set roles and responsibilities for this type of risk. Reputation risk is addressed and managed in a broad context including all the bank employees, processes and practices. Early warning indicators regarding reputation risk management, internal and external stakeholder reports, press news and social media posts are regularly tracked, and the necessary measures are taken.

Concentration Risk

The bank established concentration policies to manage potential risks arising from a specific risk type or sub-risk factors. Reasonable diversification is preferred to increase the resistance and resilience to concentration risk. In addition to concentration analysis based on individual risks, the concentration between risk types is also determined. At this stage, suitable risk-mitigation measures are taken if any risk is detected.

ANTI-BRIBERY & ANTI-CORRUPTION

The Anti-Corruption Policy was established with the decision of the Board of Directors and [transparently shared in the website](#) all the stakeholders to establish principles and codes to detect and prevent potential actions that could be considered under the scope of Anti-Bribery and Anti-Corruption, which is one of the most important risks that can be encountered in the sector, and to raise consciousness and direct employees through internal regulations and ensure maximum compliance to national and international regulations. As specified in the policy, risk detection and works to be done in the context of the Code of Ethics are ensured with audits by the Board of Inspectors.

If the employees encounter anything in violation of the anti-bribery and anti-corruption policy, they are able to escalate it to the Ethical Practices Team or the Corporate Governance Committee without being subject to any pressure. The confidentiality of the employees reporting any violations of the Bank's Anti-Corruption Policy (whistleblowers) and of the reports is preserved. The employees will not be subject to any unfair practices such as adverse consequences or discrimination due to such reports. The situation of employees detected to have violated the policy will be assessed and finalized in the context of

the Internal Audit Systems. Also, the Bank's internal and external stakeholders can report any violations of the Anti-Corruption Policy to the Code of Ethics Team through the e-mail address etik@halkbank.com.tr or the ethics line (0216) 503 50 50. 10 of the corruption reports identified through all the channels in 2020 were considered as cases of corruption. The Board of Investigators sent recommendations to the relevant units on the measures required to be taken to prevent issues, assessments and similar incidents violating the legislation, detected through the investigations conducted in this context. Administrative actions to be taken regarding responsible personnel are decided by the Discipline Committee. As a result of such works, recommendations were made to punish 24 personnel with disciplinary penalties and subsequently 11 personnel were punished.

Furthermore, 3 investigation topics submitted to the Human Resources Department to be discussed in the Discipline Committee, were determined to be corruption cases. These cases were decided at the Discipline Committee and the responsible persons were punished with the necessary disciplinary penalties.

The anti-corruption policy and procedures are assigned to employees as e-trainings. The participation to the e-trainings in 2020 are provided below for each training.



Training on Things to Consider in Operational Transactions:
1,589 employee*hours

Training on Anti-Corruption Policy:
19,747 employee*hours

BOARD OF INSPECTORS

The Board of Inspectors activities are conducted with a risk-based approach using with three methods consisting of onsite audits, central audits and information technology audits and in the context of the ISO 9001:2015 Quality Management Systems. The works conducted in this context aim to detect violations of the legislation and potential irregularities and faults, and to audit the confidentiality and accuracy of the produced information and the effectiveness of the internal controls in these processes. The current risk status related to the findings identified during the audits and the works conducted by the relevant units to eliminate such findings are regularly checked through the Finding Tracking System. In addition to the central auditing activities, 337 Branch, 15 Regional Coordinator, 22 Department, 5 Subsidiary, 4 Process, 7 Cash and Exchange Operation Center and 97 Information Technology audits were conducted in accordance with the 2020 Audit Plan. as a result of the audits conducted by the Board of Investigators, 5 investigation topics that constitute corruption cases were identified and 6 personnel were punished with disciplinary penalties.

CODE OF ETHICS

The Human Resources Group executes the processes related to implementing the Halkbank Code of Ethics - accepted with the approval of the Board of Directors and published in the [website](#) all the stakeholders - and reporting any nonconformities. These processes include code of conduct in many ethical channels such as Principle of Quality, Customer Data Confidentiality, Managers' Responsibilities, Conflicts of Interest, Acceptance of Gifts and Personal Benefits under main topics such as Customer Relations, Competition, Data Security and Confidentiality, Employees' Responsibilities, Gifts and Promotions, the Bank's Responsibilities Towards Its Employees and Anti-Corruption Policy. All employees acknowledge and warrant to act in compliance with the Code of Ethics under their employment contracts. The procedures concerning employees determined to have violated the Code of Ethics are assessed in the context of the Internal Audit Systems. Any failure by employees to report acts of violation of such codes and standards also constitutes a violation in itself and is subject to disciplinary penalties. The Bank employees can report these through the Ethical Reporting and Application screens on the portal and all our other stakeholders can use the e-mail address etik@halkbank.com.tr for reporting. Also, all employees can submit reports to the Ethical Practices Team in this context and ask for their opinion and request approval for activities subject to approval.

Trainings in 2020

- Code of Ethics e-training: 6,209*
- The Universal Declaration of Human Rights: 14,735* ☑
- Our bank's Corporate Style Identity: 6,419*
- The Bank's Internal Written Communication Principles: 8,316*
- Social Media Principles: 66,003*

*given as employee x hour in 2020.

In article 4.7. titled "Conflicts of Interest" of the Code of Ethics, it is stated that while it is permissible for a member of the Bank's board of directors to serve as a board member, manager, or consultant at another company, such service is contingent on the situation's not leading to a conflict of interest and not impeding the member's performance of his duties at the Bank. This scope includes competitor banks and the financing companies, leasing and/or factoring companies competing with the Bank. Also, the salaries of the Board Members, executive management and other personnel are determined in compliance with the Bank's Code of Ethics, internal balances and strategic targets.

COMPLIANCE

The Department of Compliance together with the Head Office Units and the branches are jointly responsible to ensure that financing is performed in accordance with the provisions of our Compliance Policy and Procedures on the prevention of SGA/TF. The main functions of the Department of Compliance in the context of the compliance program include the following: develop and manage methods for identifying, rating, classifying and assessing SGA/TF risks; perform monitoring and control activities and communicate with the relevant authorities; review the SGA/TF legislation and update it in accordance with the current needs; assess new products and activities in terms of SGA/TF; monitor and inform the relevant units on foreign legislation; monitor global legislation and internal processes regarding international sanctions; implement the annual SGA/TF training plan and develop a corporate compliance culture.

PUBLIC AUDITING

As Halkbank is a financial institution with public capital, in addition to the audits for institutions with private capital, it is also frequently audited by the Court of Accounts Auditors conducting audits on behalf of the Grand National Assembly of Turkey (GNAD – TBMM). As part of the audit, interviews are made with all the relevant units, officials and, where necessary, with personnel at any level and information, documents and business processes are examined. As a result of the auditing, the Court of Account prepares a report to be discussed at the GNAT Public Economic Enterprises Commission.

RATING GRADES

International rating agency Fitch and JCR Eurasia Ratings published the rating reports containing Halkbank's rating actions on 19 May and on 26 October 2020 respectively. Fitch Ratings revised its Foreign Currency Long Term Rating and Long Term Foreign Currency Bond Rating from "B+" to "B". JCR Eurasia Rating has evaluated our Bank in the highest investment grade category and affirmed its Long-Term National Rating as "AAA (Trk)" and its Short-Term National Rating as "A-1+ (Trk)". It also revised its Long Term International Foreign and Local Currency Ratings from "BBB-" to "BB+".



Please refer to the website for further details.



FITCH RATINGS

May 19, 2020 Rating

Long-Term Foreign Currency	B
Short-Term Foreign Currency	B
Long-Term Local Currency	BB-
Short-Term Local Currency	B
National Long Term	AA(tur)
Long-Term Foreign Bond Note	B
Support	4
Support Rating Floor	B
Financial Capacity Rating	b

JCR Ratings

October 26, 2020 Rating

Long-Term International Foreign Currency	BB+
Long-Term International Local Currency	BB+
Long-Term National Rating	AAA (Trk)
Short-Term International Foreign Currency	B
Short-Term International Local Currency	B
Short-Term National Rating	A-1+ (Trk)
Support Note	1
Shareholder-Independent Rating	A

COMMITTEES

The Committees that constitute the foundation of the Corporate Governance and realized within the Board of Directors are specialized in their field and continue to operate in accordance with the Corporate Governance Principles. Please refer to the Committees section of the Halkbank Annual Report 2020 for further details on the Bank's Committees.



Audit Committee:

The Audit Committee is, on behalf of the Board of Directors, in charge of overseeing the effectiveness and sufficiency of the internal control, risk management and internal audit systems of the Bank and overseeing the integrity of the information produced, pursuant to the provisions of the "Regulation on the Internal Systems and Internal Capital Adequacy Assessment Processes of Banks", and of establishing the audit and control process which will provide assurance for the sufficiency and accuracy of the Internal Capital Adequacy Assessment Processes (İSEDES). The Audit Committee also carries out the duty of early diagnosis of factors that endanger the existence, development and continuity of the Bank within the scope of "Early Detection and Management of Risk" specified in the Turkish Commercial Code.



Operational Risk Committee:

Identify and examine the operational risks to prevent losses by taking measures through practices, trainings and warnings at every level of the institution.



Credit Committee:

Sets the mandatory practices and credit risk management principles. It addresses the topics of loan restructuring, re-allocation, maturity extension and rate reduction.



Assets and Liabilities Committee (ALCO):

Sets the Bank's policies on fund movements. It evaluates the financial structure, portfolio, budget, loan interests, market developments and developments in other banks.



Please refer to the Committees section of the Halkbank Annual Report 2020 for further details on the Bank's Committees.



Corporate Governance Committee:

Audits the Bank to ensure it operates in compliance with the provisions of the Banking Regulation and Supervision Agency's (BRSA) "Regulation on the Corporate Governance Principles of Banks" and the Capital Market Board's (CMB) "Corporate Governance Principles".



Compensation Committee:

In charge of auditing the compensation practices.



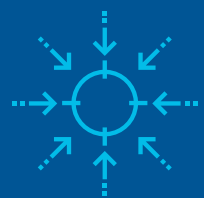
Sustainability Committee:

Sets new strategies for the activities and the mode of governance by assessing economic, environmental and social issues to create long-term value.



Board of Directors:

Governs and represents the Bank in compliance with the Turkish Commercial Code, the Capital Market Legislation in addition to other applicable legislation and the Bank's Articles of Association. The Board Members are elected by the General Assembly. According to the article titled "Conflicts of Interest" in the Bank's Code of Ethics, while it is permissible for a member of the Bank's board of directors to serve as a board member, manager, or consultant at another company, such service is contingent on the situation's not leading to a conflict of interest and not impeding the member's performance of his duties at the Bank.



2020 FOCUS POINTS



13 MIN

The banking sector has an important mission of creating sustainable value for all its stakeholders based on its operations and successfully fulfilling this mission requires it to quickly adapt to any development or change.

Halkbank closely monitors the external effects throughout its business operations to continue meeting the continuously changing stakeholder expectations with an agile management approach. The COVID-19 pandemic that impacted the whole society throughout the year is the top agenda of the Bank and it provided the necessary supports to ensure the continuity of the economy. Furthermore, Halkbank has been closely monitoring the developments in Local Economy, Climate Change, Digitalization and Cyber Security, which we foresee will further stand out in the short term and is already positioning itself for the future.

COVID-19

Despite the global difficulties, Halkbank never gave up on its principle of “We are the People first, then a Bank” and continued to create value through the comprehensive products and services offered to its customers from all sections of the society with a responsible banking approach. Halkbank quickly integrated digital payment and collection systems to meet its changing customer demands and expectations due to the COVID-19 pandemic that impact our country along with the whole world particularly after 2020 Q2. By continuously increasing its support to SMEs and tradesmen to sustain all the sectors negatively affected from the pandemic and to mitigate its effects, Halkbank grew not only on paper but also in the hearts. Furthermore, it was entitled to receive the “COVID-19 Secure Service Certificate” for its Head Office Service Buildings for the measures it took in reference to the directives of the Republic of Turkey Ministry of Health and the World Health Organization in order to minimize the risk of infection from the COVID-19 virus. The Bank minimized the adverse conditions during the pandemic and continued to provide uninterrupted service through its practices in the focus points. The efforts made in this context are outlined in the following table.



2.5 million new customers during the pandemic

Halkbank's COVID-19 Efforts

SME AND TRADESMAN BANKING

The share of SME loans within **commercial loans** reached a very high level of **52.7%**. In addition, it continued to create value for customers with cash loans of more than **322 billion TL**.

In the interest-supported tradesmen loans of the Ministry of Treasury and Finance, 6 more months were added to the 2-month delay in 2020, providing ease of payment to the tradesmen. In addition, **40.1 billion TL loans of 850 thousand enterprises and individual customers were deferred**.

Only in 2020, the amount of loans extended to artisans and **tradesmen was 42.7 billion TL**.

Halkbank accelerated its digitalization process and improved its Digital banking infrastructure by accelerating the digital integration of its services. Halkbank provided enterprises with the opportunity to apply for the Small Business Lifeline Loan on the www.halkbankkobi.com.tr website, get a disbursement without having to visit a branch and execute contract approvals digitally.

Taking service to its customers' door with a countrywide extensive branch network and **over 2,700 Customer Representatives** exclusively serving SMEs, Halkbank offered **24/7 uninterrupted service** to SMEs with www.halkbankkobi.com.tr and www.halkbankkobigelisim.com.tr as well as continuously improving digital channels such as the Corporate Internet Branch, Halkbank Mobile and Tradesmen and SME Dialogue. The Bank continued to leverage its technological infrastructure as a powerful competitive advantage.

Halkbank supported all customers adversely impacted by the pandemic, particularly in the manufacturing, logistics, education, tourism and services industries, with the **KGF sponsored Stay in Business Loan Support-Lifeline Working Capital Loan**. The Bank also launched the KGF sponsored Check Payment Support Loan and the Halkbank Check Limit Loan products to help businesses pay the checks they have drawn.

The Stay in Business Support-Small Business Lifeline Working Capital Loan has become available as part of the Economic Stability Shield Program measures to support the sole proprietorships that are in the small business category, having difficulty accessing the credit facilities that they need and are registered with the Chamber of Commerce, Chamber of Industry, Chambers of Commerce and Industry, Commodity Exchanges, Chambers of Maritime Trade and Trade Associations.

Rolling out the KGF sponsored Tourism Support Package in an effort to support the tourism industry, one of the sectors hit hardest by the pandemic and its supplier network, Halkbank also launched the Domestically Manufactured Commercial Vehicle Loan to support the auto industry.

EMPLOYEES

Digital transformation was accelerated with the pandemic and design efforts were increased to transfer trainings into digital environment. **A total of 1,358 sessions and 1.67 persons/day of mostly online training** was provided in 2020. 58.6% of these trainings were internal trainings and 41.4% were provided by external training firms/instructors.

The **USTAM (My Master) Mentoring Project** was launched to support the development of the newly appointed branch managers with the participation of department heads, regional coordinators and experienced and accomplished branch managers as mentors. Both the mentors and the mentees were administered online training.

45 in-house instructors who were brought up as part of the **"Development Drivers"** Project that was launched in 2018 received the Digital Presentation Techniques training. These instructors began working on transitioning the 2021 training courses to the online platform.

Halk Academy introduced an extensive e-learning catalogue containing various contents under topics such as technical banking, bank applications, new products and services, personal and professional development, IT training and trainings and training videos under **more than 600 titles**, articles and documents to support in-class trainings in 2020.

In an effort to help students learn about the professional life, Halkbank continues to engage in active dialogue with university students with the dual objective of promoting the Bank to potential candidates for recruiting purposes and undertaking corporate social responsibility activities. To this end, the Bank participates in the Career and Personal Development Days events and focuses on developing projects that will shed light on the future of the young people.

A new location was inaugurated in province of Aydin, which increased the Bank's outbound calling capacity. All services and operations during the pandemic were conducted under the remote working model. As part of the digitalization efforts, various passwords and passcodes used in the call center and in other digital channels were combined for a transition to a **Digital Password** that will be valid for all channels.

INDIVIDUAL CUSTOMERS AND THE SOCIETY

Halkbank's charitable contributions and donations including those to its subsidiaries amounted to **TRY 59.7 million** in 2020.

The Bank rolled out the **"Social Life Support Package"** for customers' social life-related needs (furniture, electronics, white goods, home textiles, small appliances, residential paint, ceramics and door and window systems) and the **"Vacation Support Loan Package"** for customers who make vacation purchases from travel and tourism companies.

In an effort to help its customers access financing without having to visit a branch and take advantage of the opportunities available to them, Halkbank implemented additional developments in digital channels, updated credit business flows and increased the active utilization of the digital channels (SMS, Mobile, Web, Internet Branch, Dialogue and IVR).

The Bank unveiled the **"Personal Basic Needs Support Package"** to finance the basic needs, such as healthcare, rent and bills (electric, water, natural gas) of customers who are either impacted or likely to be impacted, directly or indirectly by the pandemic.

The Bank continued offering an array of diversified loan products to its customers including traditional consumer loans such as **"General Purpose Loan for Healthcare Workers"** for the healthcare sector, **"Loan 155"** for police officers, **"Halk Day 2020"** and other general purpose loan products priced according to specific customer segments such as **Payroll 24**, public sector, pensioners and private sector employees.

VALUE-CREATION FOR THE LOCAL ECONOMY



- TRY 140 billion support to a total of 3.1 million customers
- TRY 680 Billion Total Assets - Third bank in asset size in Turkey
- The loan repayments of 850 thousand customers worth TRY 40.1 billion Turkish liras were postponed or restructured.
- A record market share of 21.6% in SME Banking

Halkbank prioritizes developing the scope of all the products and services it provides for the economic development of Turkey and has diversified its financing models during the pandemic. During the global pandemic Halkbank quickly adapted to changing working conditions continued to work with great performance from both our offices and our homes with no interruption. In this context, more than 100 thousand loan payments were made through digital channels. Various export loan supports were also provided to exporting SMEs and companies and communication was continued with international correspondent banks to ensure that the needed funds were provided in the fastest and most suitable manner with a vast network of international correspondent banks.

Please refer to the Financial Capital section for further details on the projects and efforts in this field.

CLIMATE CHANGE

475,964 tons of CO₂e emission was prevented with the renewable energy projects financed in 2020.

Aware of the destructive effects of climate change, Halkbank commenced its efforts in this area by realizing improvement projects in its own operations. Its saving efforts prevented 475,964 tons CO₂eof emission. Although the manner working changed with COVID-19, our innovative vision allowed us to adapt quickly. In this context, as a first in Turkey, calculations were made about the emissions caused by working from home, based on equipment usage, gas consumption for heating and electricity consumption of air-conditioners.

Please refer to the Independent Assurance Statement for details on the assurance statement prepared for the study.

Halkbank actively continues its efforts against climate change not only with its own operations but also for its stakeholders. In this context, aiming to both reduce Turkey's foreign dependency in energy and minimize the emission from its operations by providing financing supports to renewable energy projects, the Bank supported the generation of 780,270,384 kWh of electrical energy using renewable resources in 2020. It this made a contribution equivalent to the electricity need of 53 thousand houses for 1 year. The Bank examines 10 million or higher investment requests based on its sustainability criteria. In this context, TRY 332,9 million renewable energy and energy efficiency loans were provided by the end of 2020.

Please refer to the Financial Capital and Natural Capital section for further details on the projects and efforts in this field.

DIGITALIZATION

3.8 Million Digital Banking Customers TRY 2 Million Worth of Digital Loans



Technological advances that gained pace in the 21st century accelerated even further with the COVID-19 pandemic and resulted in major changes in daily lives and business flows. The Bank kept up with this process of change and made many innovations in its products and services and strengthened its digital banking transaction capacity as a strategic focus. Providing service to customers without having to visit a branch, Halkbank had 3.8 million digital banking customers by 2020 and continued to provide value to its stakeholders with loans worth 2 million TL through these channels. The Bank also contributes with its efforts to the

Sustainable Development Goals set by the United Nations for 2030. The Bank saved paper and supported the struggle against deforestation by transferring its contracts and forms to digital environment with the Digital Transformation journey it set off.

Please refer to the Intellectual Capital section for further details on the efforts made and value created in digitalization.

CYBERSECURITY



Halkbank, holds the ISO 20000 Information Technologies Service Management System certificate.

Aware of the sensitivity regarding "Trust", the key element of the banking sector, Halkbank prioritizes data security in all its digital activities. The Bank's high sensitivity towards customer data confidentiality was proven with the ISO 20000 Information Technologies Service Management System certificate. High resources are being allocated to improve and strengthen the security infrastructure of the mobile banking and internet banking platforms to ensure the continuation of this sensitivity. Achieving growth with the trust of its customers, the Bank continues to provide uninterrupted service to 3.8 million digital banking customers. Every digital transaction is protected with cybersecurity policies and continuously audited to ensure uninterrupted secure service.

Please refer to the Social and Relational Capital section for further details on the efforts and projects in cybersecurity.



HALKBANK'S VALUE-CREATION MODEL



8 MIN

HALKBANK INTEGRATED REPORT 2020

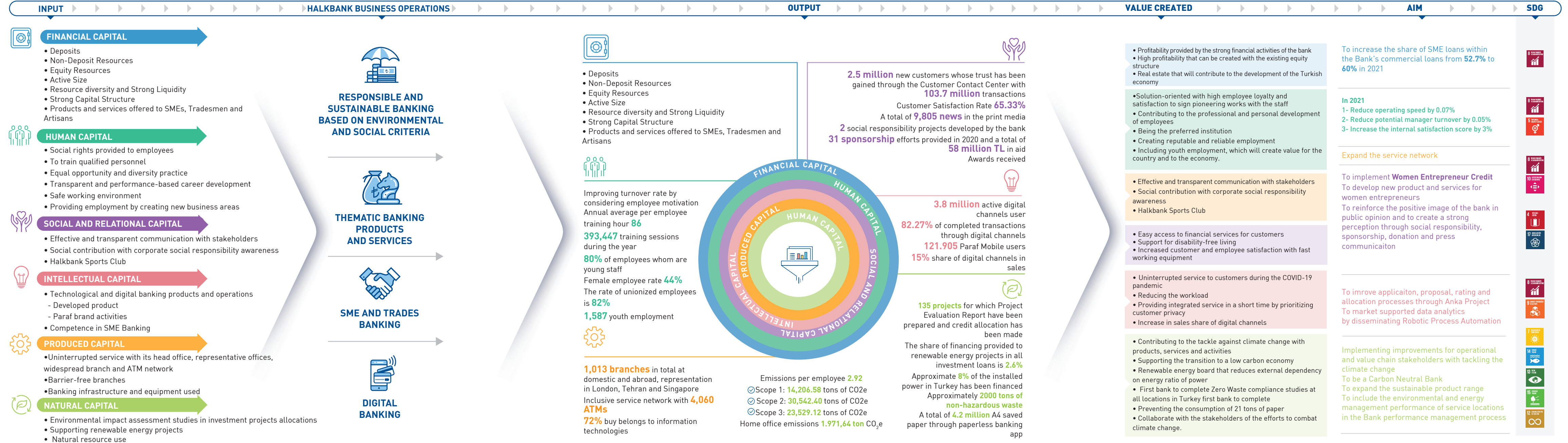
Based on the strength it takes from the PEOPLE and its responsible banking approach since its foundation, Halkbank expanded the value it creates for Tradesmen and Artisans to the whole society over the years.

Providing services to its customers in every field of modern banking through its products and services based on the principle of "We are the People first, then a Bank" Halkbank plans its activities based on the target of standing by its customers at any place and any time. In this context, the Bank continued to work for the welfare of Turkey by realizing pioneering projects in 2020 based on the trust of its customers and with its 20 thousand+ employees. It achieved an exemplary success in the banking sector with its performance in such a difficult year and regards these achievements as a reference for 2021.

In this Integrated Report published for the first time this year, Halkbank examines the business operations conducted under 6 capitals in the context of inputs, outputs and value-creation and presents them to the readers.



HALKBANK VALUE CREATION MODEL



HALKBANK'S SUSTAINABILITY ORGANIZATION STRUCTURE AND APPROACH

Halkbank added social responsibility and environmental consciousness to its “We are the People first, then a Bank” approach to offer innovative products and services to its stakeholders and considers its activities through a holistic perspective. Reporting to the Board of Directors with a focus on transparency, the Sustainability Committee coordinates the arrangements in the banks to maximize and preserve the Bank’s corporate sustainability performance. It is also in charge of tracking and implementing the “Sustainability Policy” approved by the Board of Directors. The economic, environmental and social impacts of Halkbank’s activities are assessed in this context and the risks and opportunities are discussed. Measures and recommendations are shared with the

relevant units regarding sustainability to minimize potential negative impacts resulting from the Bank’s activities. The committee also provides reports and statements to public disclosure platforms where deemed necessary. It also determines the Bank’s energy management procedures and principles and analyzes the consumptions. Furthermore, relevant units bring issues submitted by stakeholders that require consideration at a macro level and other priority issues to the agenda of the Sustainability Committee meetings. The role of Committee chair is undertaken by an Independent Board Member and the role of deputy chair is undertaken by a Board Member. The Committee convenes at least 4 times a year to assess and direct the Bank’s development in sustainability.

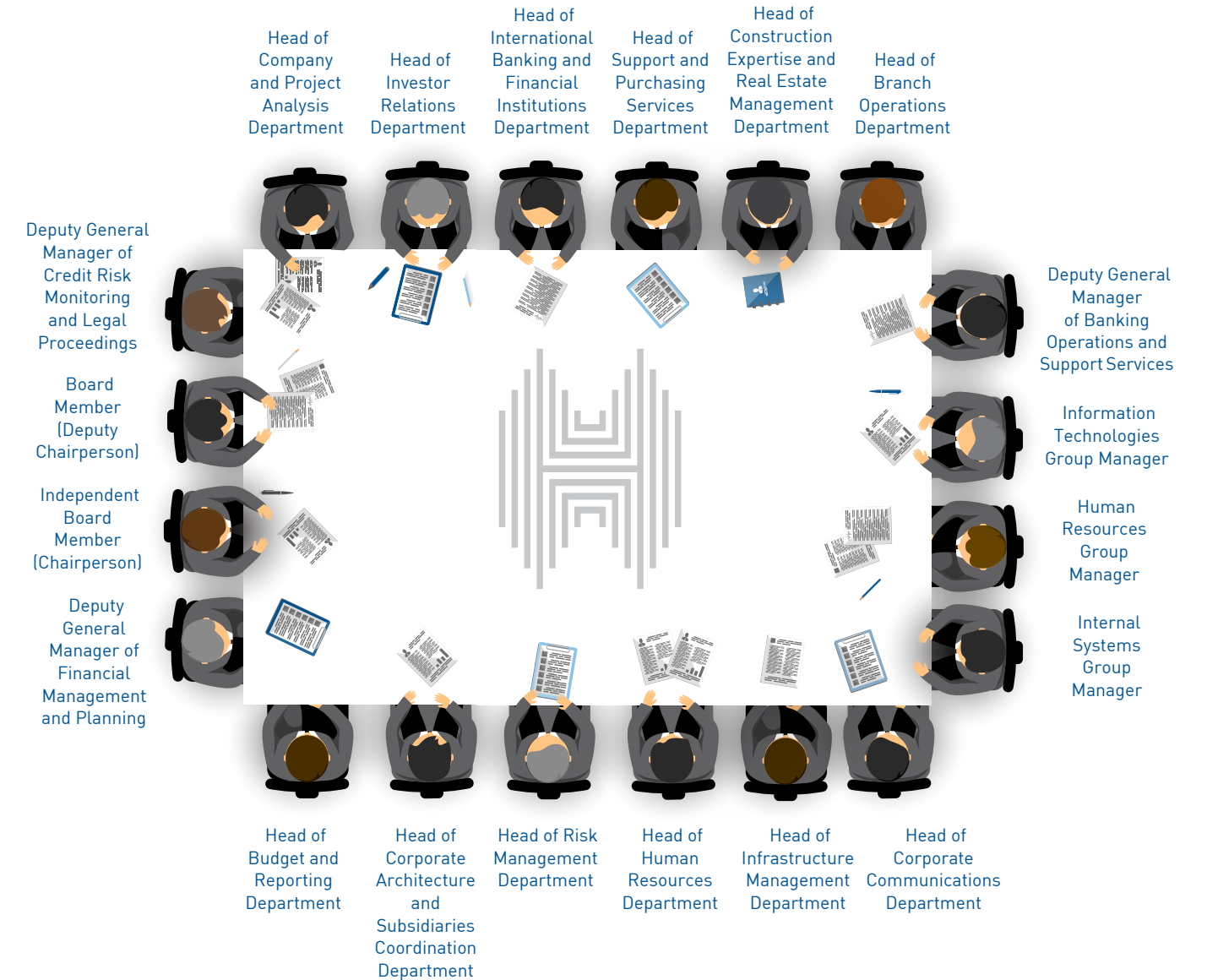
Sustainability Committee Members

The Sustainability Coordination Group and a full-time department directorate have been established to implement the decisions taken in the Sustainability Committee, to follow the decisions taken in the Committee and to report new developments in the field of sustainability to the Committee. The Sustainability Coordination Group has one president and six members. Every year, the Sustainability Committee selects the chairman and members of the Sustainability Coordination Group. In 2020, the Head of the Sustainability Coordination Group is the Head of the Department of International Banking and Financial Institutions, and its members are the Head

of the Branch Operations Department, the Head of the Human Resources Department, the Head of the Corporate Communications Department, the Head of the Technological Architecture Department and the Head of SME Marketing-2 Department.

Sustainability Committee and Coordination Group’s meetings within the scope of sustainability studies in 2020 aimed to create value for all stakeholders and improve the Bank’s sustainability performance. In this context, it was discussed to add the energy and environmental management performance followed by a software called IKLIM prepared with equity resources

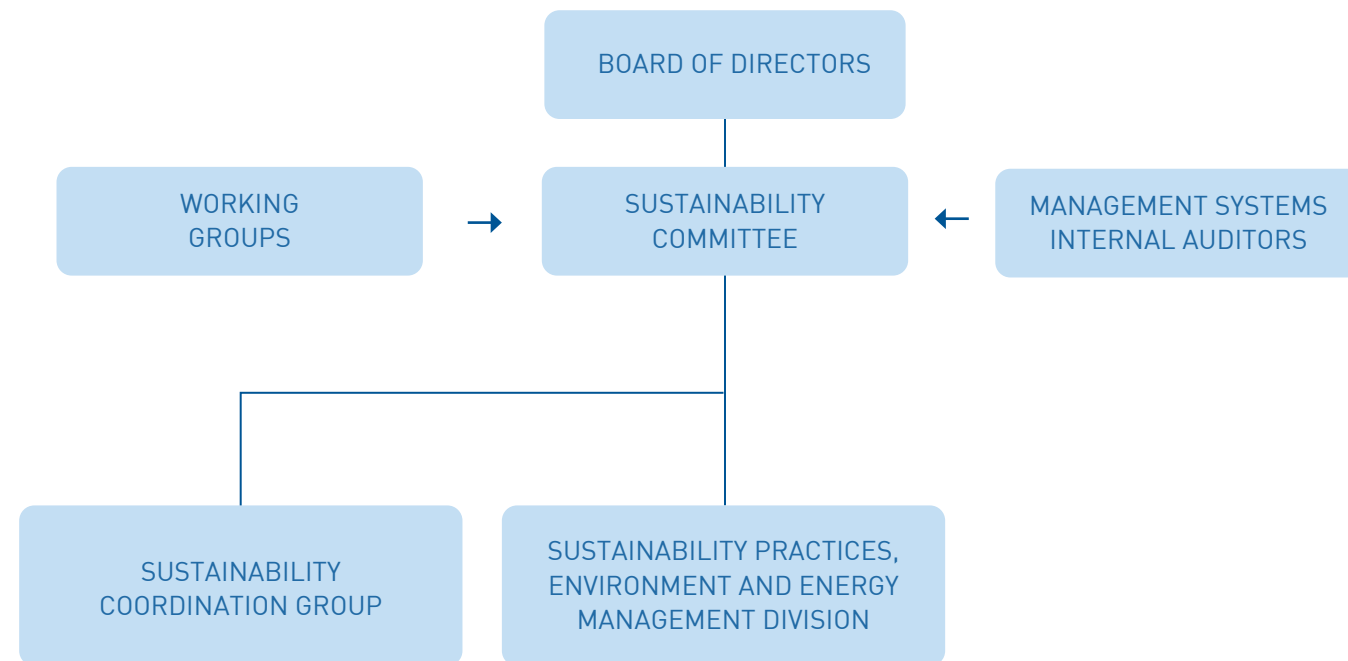
SUSTAINABILITY COMMITTEE MEMBERS



to the performance evaluations of the branches in the coming periods and to implement incentive mechanisms according to the performance of the branches.

It has been decided that the Integrated Management System and Zero Waste applications, which are supervised by on-site control, should be carried out with supervision from the center due to the pandemic. In this context, it was decided to carry out waste management, environmental dimension assessments, environmental accidents and maintenance/control activities through the IM software with centralized audits and to create the infrastructure for visual physical due diligences in addition to these activities in the displaced inspections.

It was deemed appropriate to be a carbon neutral bank for studies on reducing corporate greenhouse gas emissions and to start work to provide carbon neutral products and services. In addition, in order to increase sustainability awareness in both internal and external stakeholders, decisions were taken to implement information and training activities and forwarded to business units. The full-time Head of Sustainability Practices, Environment and Energy Management Division is a full member of the Coordination Group. Functionally reporting to the Sustainability Committee, the Sustainability Practices, Environment and Energy Management Division operates within the Deputy General Manager of Human Resources and Support Services.



The duties of the Sustainability Practices, Environment and Energy Management Division include the following:

- The role of reporter and coordinating the works of the Sub-Coordination Group reporting to the Committee,
- Develop sustainability-themed products, services and projects by informing the Bank of national and international best practices,
- Raise sustainability awareness among employees and carry out works to turn such awareness into a corporate culture,
- Coordinate the preparation of the Integrated Report by assessing the impact of the value created by the Bank's activities on the capitals,
- Create energy monitoring points and realize improvements to increase efficiency,
- Calculate the Bank's carbon footprint and transparent reporting to the stakeholders.



GRI 102-42, GRI 102-44, GRI 102-49

HALKBANK'S MATERIAL ISSUES

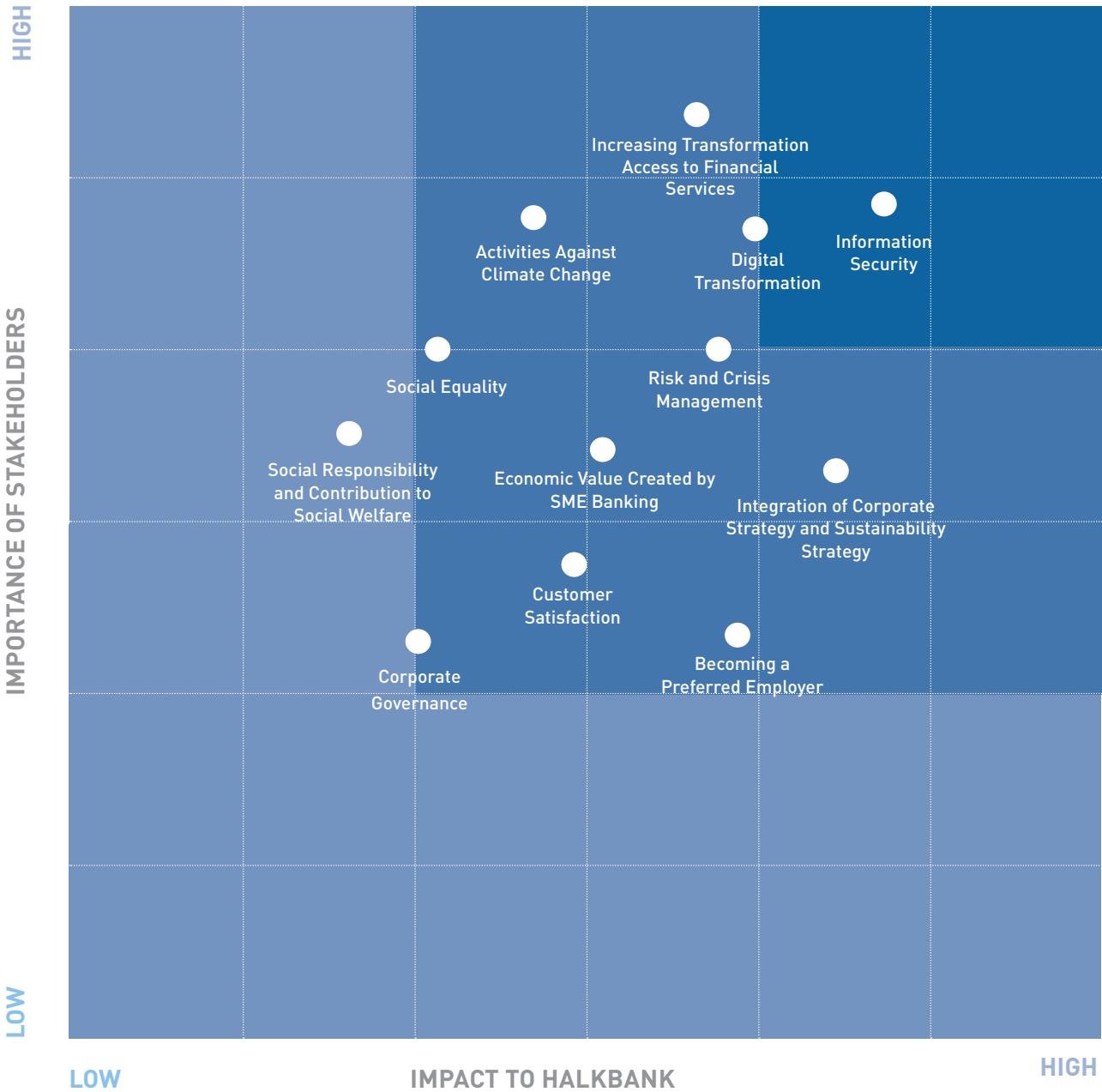
Aware of the goals and priorities of our country and the economy in the context of sustainability since 2013, Halkbank has always been engaged in active cooperation with all of its stakeholders. Key stakeholder groups to provide input to the report are identified and selected based on opinions adopted at the meetings of the Sustainability Committee, Coordination Group and other working groups, as well as through consultant suggestions. The International Financial Institutions selected as the keyholder in the sustainability report published in the previous year was updated as International Financial Institutions and Correspondent Banks this year.

Halkbank's 2020 Material Issues were first discussed in a workshop led by the Coordination Group and participated by officials from the departments in one-to-one contact with the key stakeholder groups. A survey was subsequently made with the members of the Sustainability Committee representing the perspective of the Bank's Executive Management. As a result of all these efforts, we observed an increase - with respect to the 2019 priorities - in the significance of the topics "Value Creation with SME Banking", "Integration of Corporate Strategy and Sustainability Strategy", "Risk and Crisis Management", "Information Security" and "Digital Transformation".

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 and updated as follows in the light of global trends, sector reports, reports issued by global banks, the recommendations of GRI and other international professional organizations, the United Nations Sustainable Development Goals (UN SDG) and the United Nations Responsible Investment Guidelines.



GRI 102-47





20 MIN



- Net profit for the period TRY 2.6 billion
- TRY 680 billion assets with 48.8% increase
- Loan repayments worth TRY 40.1 billion postponed or restructured for 850 thousand customers
- 5.3 million credit cards
- 413 thousand POS devices, 297 thousand member merchants
- 475,964 tons CO₂e of emission prevented through financed renewable energy projects

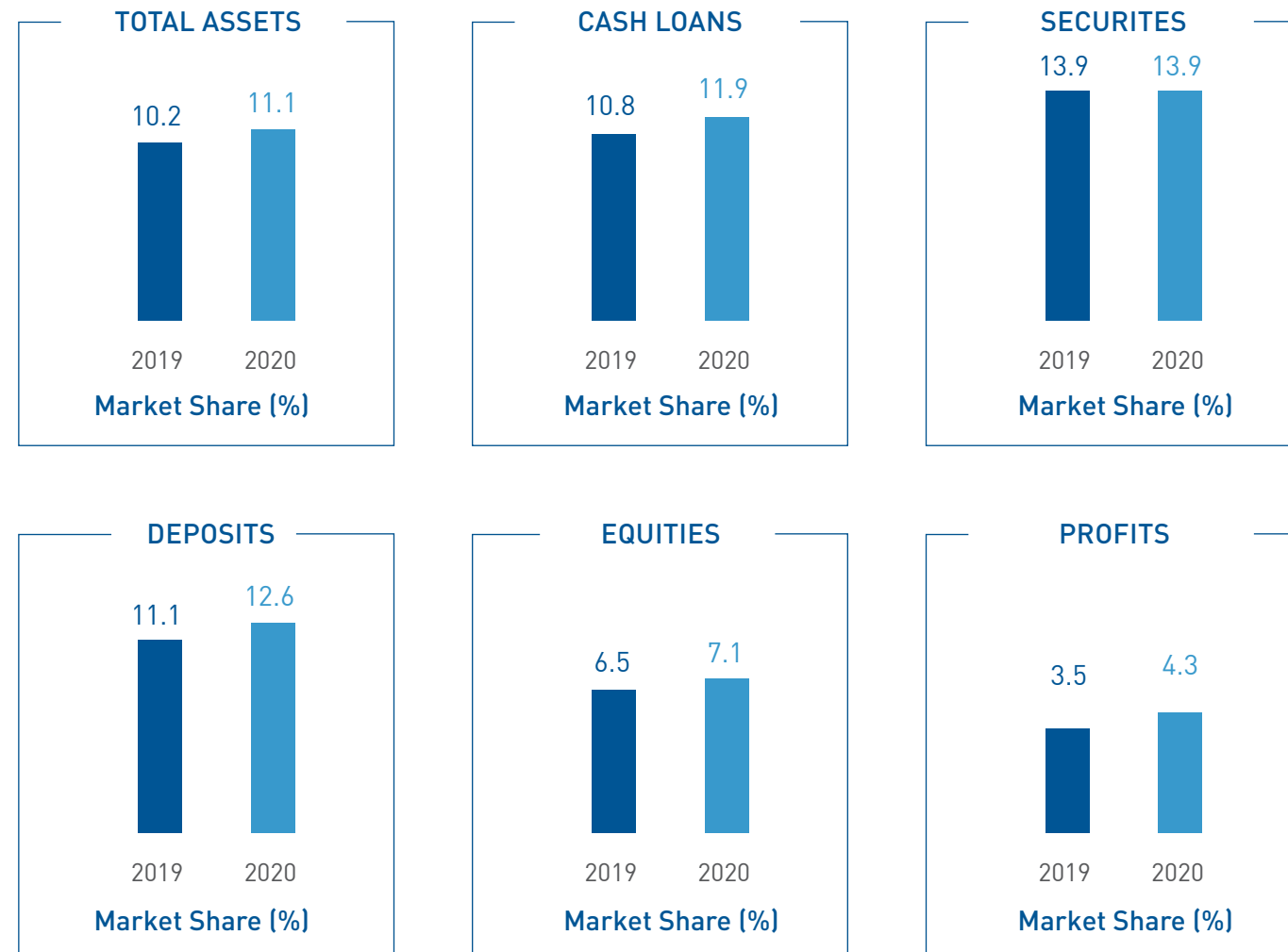
TRY 173.8 billion value was created in corporate and commercial loans in 2020 with an increase of 24.4% with respect to the previous year.

Halkbank has set the improvement of all its products and services for the development of the Turkish economy as a strategic priority in the context of customer expectations and future trends. The Bank quickly adapted to the changing working conditions during the global COVID-19 pandemic and continued to work with great performance to ensure that Turkey overcame the pandemic with superior performance and high motivation through physical and digital channels. Accordingly, analyses concerning the Turkish economy and the closely monitored global finance agenda were added to the roadmap created to meet the expectation in the liquidity target. As a consequence of the correct decisions taken, Halkbank increased its assets to TRY 680 billion in 2020 with the support of its strong balance sheet and competent staff and became Turkey's 3rd largest banks in terms of assets. Leaving behind such a difficult period with growth the Bank aims to maximize the value it creates for the economy of the country in the mid and long terms.



FINANCIAL CAPITAL

HALKBANK'S POSITION IN THE SECTOR



DIRECTLY CREATED AND DISTRIBUTED ECONOMIC VALUE

CREATED AND DISTRIBUTED ECONOMIC VALUE	BİRİM	2018	2019	2020
Created Economic Value (Revenues)	TRY	8,919,785	12,952,423	18,038,959
ECONOMIC VALUE DISTRIBUTED TO SHAREHOLDERS				
Operating expenses	TRY	5,460,430	6,286,268	7,961,060
Benefits to the employees	TRY	2,393,536	2,854,246	3,578,795
Benefits to the state	TRY	9,840	435,511	491,513
Benefits to capital providers	TRY	0	0	0
Benefits to the society	TRY	2,718	723	58,005
TOTAL	TRY	5,472,988	6,722,502	8,019,065
ECONOMIC VALUE HELD				
TOTAL	TRY	3,446,797	6,229,921	10,019,530

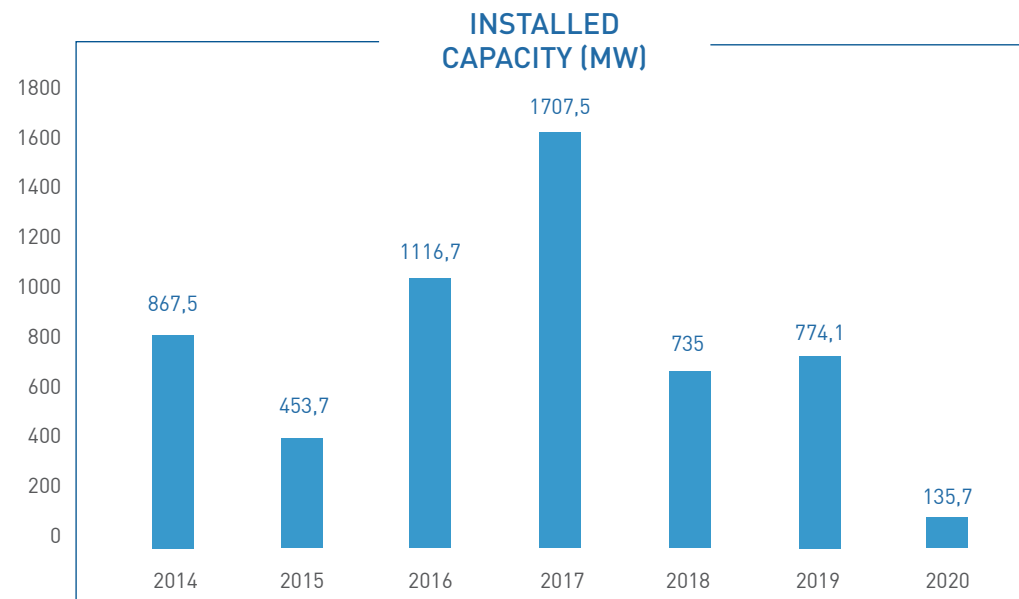
► 5.3 million credit cards
413 thousand POS devices, 297 thousand member merchants

SUSTAINABILITY-THEMED BANKING

Halkbank acts with the awareness of its important contribution to the sustainable development of the Turkish economy through its activities. The Bank provides products to support renewable energy and energy efficiency projects and efforts to reduce carbon emissions in order to direct investments towards more sustainable technologies and businesses. In this context, support is given to renewable power plants

with minimal environmental impacts, and financing of renewable energy projects is seen as an important opportunity to reduce Turkey's greenhouse gas emissions. In addition, it monitors the environmental impacts of these products during the credit period and is reported to the relevant creditors and audited.

The amount of installed capacity of renewable energy power plants evaluated by our bank over the years is shown in the chart below.



475,964 tons of CO₂e emission prevented through renewable energy projects.

Please refer to the Natural Capital section of the report for further details on Halkbank's efforts in the struggle against climate change.

RESPONSIBLE BANKING

The Individual Loan Decision Module is implemented for providing our customers more rapid and high-quality services, minimize operational processes, 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 Alternative Distribution Channels (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.

Please refer to the following for further details on Halkbank's Responsible Banking:

- **Loan repayments worth TRY 40.1 billion postponed or restructured for 850 thousand customers**
- **TRY 140 billion support to a total of 3.1 million customers during the pandemic and normalization period**

SME BANKING

Halkbank is aware of the impact of supporting SMEs - the powerhouse of the Turkish economy - in the development of the country's economy. The Bank worked with great performance based on its sector experience in SME banking to relieve the burden on businesses impacted from the COVID-19 pandemic and to ensure they can sustain their commercial existence.

Despite the competition in SME Banking, we held 21.6% market share in SME loans by the end of 2020 and achieved 17 percent growth with respect to the previous year. Halkbank thus allocated 43% of its total cash loans to SMEs. The Bank also increased the share of SME loans in commercial credits to 52.7% in 2020 and aims to raise it to 60% in 2021.

- **As the sector leader in the SME Banking segment with a market share of 21.6%, Halkbank's number of SME customers increased by 55% in 2020 to 2.7 million.**
- **Total of TRY 29.2 billion support to Tradesmen and Artisans**

Loan Installment Payment Through Digital Channels

Prioritizing the health and safety of its customers and employees during the pandemic, Halkbank provided the opportunity to make loan payments through the internet and mobile branches without having to visit a branch. More than 100 thousand loan repayments were made through digital channels and both the probability of spreading the COVID-19 virus - which infects through contact - was eliminated and operational savings were achieved. In addition to such achievements, paper consumption was also reduced through payments made without visiting a branch. Approximately TRY 1.5 billion worth of loan installments were paid through 150 thousand transactions on the internet and mobile branches by the end of 2020. This was an important step in the Bank's digital transformation journey, which is among its strategic priorities.



Business Continuity Loan Support - Small Business Lifeline Working Capital Loan

The "Business Continuity Loan Support - Small Business Lifeline Working Capital Loan" was offered as part of the Economic Stability Shield Program in the struggle against COVID-19 to support sole proprietorship companies that are small businesses and have difficulty in reaching the loan sources they need. Getting the returns for its investments on developing digital banking infrastructure, the Bank provided the opportunity for companies to submit applications to the Small Business Lifeline Working Capital Loan through halkbankkobi.com.tr, loan allocation with a KGF guarantee without visiting a branch and contract/certificate approval in digital environment during the pandemic. Nearly 70 thousand businesses submitted applications through digital channels to the KGF-guaranteed products with advantages such as 7.5% annual rate, grace period option and up to 36 months of maturity offered by Halkbank to ensure that small businesses can continue their operations and TRY 1.5 billion financing support was provided to around 60 thousand small businesses. In addition to the economic support provided to small businesses under the project, contact was minimized to protect the health of employees and customers. Suitable financing solutions and KGF guarantees were provided to support businesses in sustaining their commercial lives.

RETAIL BANKING



The number of individual customers reached **10.8 million** in 2020.
Individual credits reached **TRY 82.7 billion**

As the COVID-19 pandemic put many people to a difficult test on a global scale in 2020, Halkbank continued its efforts without interruption based on its responsibility of being the People's Bank towards millions of people. Focusing on customer satisfaction, Halkbank offers products and services that match the expectations and needs of various customers with its digital infrastructure and broad service network. Along with Traditional Retail Banking services, Halkbank offers various financial products and services tailored to the needs of customers and the retail loans extended reached TRY 82.7 billion, corresponding to 18.4% of total cash loans.

Halkbank maintains its competitive edge in Retail Banking activities with its innovative and pioneering general purpose loans that meet customer needs. The Bank continues to offer an array of diversified loan products to its customers including traditional consumer loans such as "General Purpose Loan for Healthcare Workers" for healthcare workers who worked selflessly during the pandemic, "Loan 155" for police officers, "Halk Day 2020" and other general purpose loan products priced according to specific customer segments such as Payroll 24, public sector, pensioners and private sector employees.

Halkbank cooperated with businesses pursuant to protocols to support firms engaging in domestic production and the tourism industry which were

financially impacted from the pandemic in 2020 and offered lower cost funding facilities to its customers. To this end, the Bank rolled out the "Social Life Support Package" and the "Vacation Support Loan Package" for customers who make vacation purchases through travel and tourism companies. Furthermore, as part of the protocol signed with the Turkish Pharmacists' Association, the "Pharmacist Support Package" was offered for the financial needs of retail customers who are payrolled employees of pharmacies that are members of the Association.

Halkbank has become one of the most preferred banks in mortgage lending by maximizing customer satisfaction thanks to a broad product range, flexible repayment options customized for each customer and attractive promotional campaigns. The Bank views mortgage loans as the basis of a long-term relationship of trust with customers and offered suitable payment schemes to its customers who wish to become homeowners with the "My Sweet Home Loan," the "My Economical Home Mortgage Loan" and "Advantageous Home Loan" with attractive interest rates. In consideration of the pandemic conditions, in 2020 Halkbank offered attractive interest rates to its customers with the "Advantageous Home Loan" campaign and developed various solutions for construction companies to participate in nearly 500 branded residential development projects in Istanbul and other large metropolitan areas.

In the credit card market, which it entered at the end of 2012, Paraf took its place in the market with the solid foundations it established by offering differentiated products and services to its customers with its advanced and competitive products. Paraf, Parafly and Parafree credit card products in retail banking services, and Paraf Esnaf, Paraf SME, Paraf Business and Paraf SME card products with the Turkish Pharmacists Association logo in commercial banking services, digital and credit card products that combine debit and credit card features under a single card in 2020. The innovative New Paraf product is included in the scope. In addition, the Bank issued deferred artisan and SME credit card products under the incentive package in order to support its tradesmen and SME customers.

Following the launch of Paraf Card in the market, the Bank has worked to boost the number of its POS devices, ensure easy access to special offers at more contact points as part of the customer loyalty program and increase its market share in terms of turnover. As the Bank takes firm steps towards these targets, in addition to campaign tracking and a large number of other features, the Paraf Mobile app was enriched with the NFC payment feature in May 2020 that enables payments with mobile phones.

The Bank's number of active customers reached 3.8 million by the end of 2020.

Halkbank offered the opportunity to apply to the Personal Basic Needs Support Package through the

Halkbank website. Accordingly, Tax Payments with Barcode, Social Security Institution (SGK), Payments with QR Code and IBAN Scanning with Camera are practical functionalities that stand out with respect to its competitors.

The number of ATM machines reached 4,060 as in 2020.

The Bank continued to install its ATMswwithout interruption as part of the improvements to be realized within the TAM Project (Turkish ATM Center) planned to launch in 2021 as the Public Banks Joint ATM Platform. The number of ATM machines reached 4,060 in 2020 as a result of the steps taken in this context. The annual total number of transactions through Halkbank ATM machines increased by 2% with respect to the previous year to TRY 317.4 million and the total transaction volume increased by 20% to TRY 136.9 billion.



Vehicle Support Loan Package

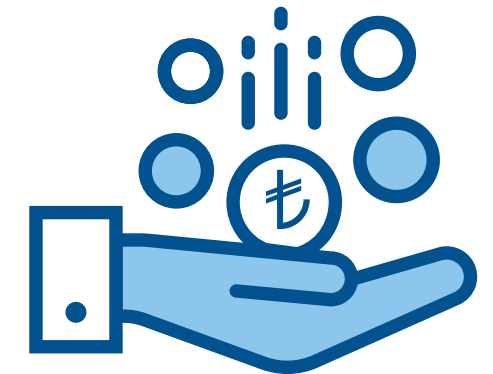
Halkbank offered the "Vehicle Support Loan Package" in an attempt to support domestic auto manufacturers during the pandemic and finance vehicle purchases of individual customers with suitable rates. As part of the project, the Bank supported domestic auto manufacturers and provided suitable financing opportunities to individual customers. Approximately TRY 285 million worth of vehicle loans were provided to 3,391 individual customers.

Vacation Support Loan Package

The Bank aimed to support customers making vacation purchases from travel and tourism companies by offering financing in order to create demand in the Tourism sector where the pandemic had a high impact. TRY 2 million worth of financing was provided to 322 customers in the project.

Advantageous Home Loan

Halkbank offered low-income customers suffering the negative effects of the COVID-19 pandemic a loan up to 180 months with attractive interest rates with the "Advantageous Home Loan" campaign, as well as a special payment plan with a grace period of up to 12 months where accumulated interest from the grace period is spread equally to the remaining term of the loan. As part of the project, the Bank support the purchase of new houses by lending low-rate loans to customers for new houses. Contribution was also made to reducing environmental impact as most were houses with class A efficiency. Approximately TRY 14.6 million worth of mortgage loans were provided to 61,857 individual customers.



INTERNATIONAL BANKING

Halkbank's strong stance both domestically and in its international activities during the global pandemic is based on its digitized infrastructure, competent personnel and 82 years of effective risk management. As a consequence of its customer relations maintained with care and diligence, Halkbank extended its efforts also in the field of international activities based on the motivation of being a trusted bank.

Halkbank continues to develop its financing support infrastructure each day with its correspondent bank network comprised of some 1,200 banks in 115 countries.

As part of its correspondent bank relations efforts, Halkbank continuously monitors country risks and financial indicators and performs all activities and operations meticulously. In this context, the Bank regularly reviews its limits, effectively manages country and correspondent bank risks. The Bank also closely monitors geographical and geopolitical developments together with the global economic environment as part of correspondent banking. Halkbank plans to perform distinct product development practices in the near future. The Bank already started to make investments

to further expand its correspondent bank network and improve future relations and virtually participated in the SIBOS organization held between October 5-8, 2020. Furthermore, the Bank aims to maintain its long-term positive dialogue with international financial institutions such as the World Bank and the French Development Agency and the European Investment Bank.

With the funds obtained from International Finance Institutions, A total number of 15 and amount of USD 11 million loans were allocated, which has been obtained through International Financial Institutions, 26% of was used to finance investment projects.

COMMERCIAL AND CORPORATE BANKING

TRY 173.8 billion was reached in corporate and commercial loans in 2020 with an increase of 24.4% in cash loans with respect to the previous year.

Continuing to grow in the corporate and commercial Banking segment in 2020, Halkbank prioritizes customer satisfaction and offers the right products and suitable services in line with the needs of its customers. Halkbank's major goals include providing the products and services customers need via specialized staff and increasing customer satisfaction. The Bank offers effective, innovative and well-supported services to its corporate and commercial customers with 7 corporate and 36 commercial branches.

Increasing corporate and commercial banking cash loans by 24.4% year-over-year to TRY 173.8 billion while total loans in the segment reached TRY 257.4 billion, Halkbank continued to finance projects that were in the public interest and that fit the Bank's lending policies.

The Bank mediates the collections of public agencies, companies and local governments across Turkey as well as corporate payments such as professional training and social solidarity payments of firms. Halkbank's operations and digital improvements reduce companies' operational risks while transferring real time data to directly involved companies.

82% of tax- and SSI-related payments were made through channels outside branches and the number of contracted institutions cooperated in collection and payment transactions increased by 21%.

Collection systems based on digital platforms to minimize contact for the health and safety of our employees and customers during the COVID-19 pandemic and to quickly respond to customer requests, were also incorporated into the Bank's culture. 36% of collections were made through digital platforms as a result of efforts to minimize physical contact such as cash withdrawal from ATM machines through SMS without having to visit a branch. Also, 82% of tax- and SSI-related payments were made through digital channels outside branches. Customer satisfaction was a focus point in 2020 and the number of contracted institutions cooperated in collection and payment transactions increased by 21% in 2020 with respect to the previous year.

The Bank continues to perform qualified works and improvements in gaining both parent companies and dealers to its Direct Debiting System (DBS). The number of parent companies increased by 18%, dealers by 34% and the collection amount increased by 50% in 2020.



HUMAN CAPITAL



22 MIN

HALKBANK INTEGRATED REPORT 2020



- 82% of employees under collective labor agreement
- 52.4% of new recruits are female
- Pi-Excellent Ideas Quality Suggestion System active employee suggestion follow-up
- 1,835 employees participated in the Universal Declaration of Human Rights training in the Halk Academy
- Active employee development through programs such as the Halk Academy, Gallipoli, USTAM Mentorship, Data Analyst Raising Program and Inspiring Leaders Project

GRI 102 - 41

Halkbank set off on its journey 82 years ago with its employees to make Turkey reach its future objectives and continues along this journey with its hard-working and high-performing employees and endures the difficulties along the way with them. Analyzing the needs and expectations of its employees through the career and performance management systems it provides, the Bank ensures the continuous development and motivation of its employees through effective internal communications and interactions. Halkbank aims to become the preferred employer for potential candidates with a perspective that always takes into consideration employee loyalty and development.

Believing that success is not achieved through coincidences but through continuous performance, the Bank gains competitive edge over its competitors with its qualified labor force. Based on the consideration that the best investment is investment in people, Halkbank supports this ideology with sensitivity on occupational health and safety. Adopting the principle of “We are the People first, then a Bank”, the Bank included protecting the health of all its stakeholders, particularly employees, among its top priorities during the global pandemic in 2020.

HALKBANK AS AN INCLUSIVE EMPLOYER

The Sustainable Development Goals emphasize the need for offering equal social and economic opportunities and means to everyone in order to eliminate inequalities by 2030. The Bank's diverse labor force has a considerable value to contribute to and pioneer Turkey's sustainable development. The People's Bank Halkbank gets its reputation in sustainability and responsible banking from its people-oriented working principles. In addition to providing all opportunities to its employees in the context of equality, inclusiveness and fairness, the Bank also realizes human resources practices focused on people.

In the context of its inclusiveness principles, the Bank prohibits religious, language, race, age, gender and disability discriminations among its employees. No compromise is made if such incidents are encountered.

Halkbank respects employee rights in compliance with the United Nations Universal Declaration of Human Rights and the fundamental principles of the International Labor Organization (ILO). The Bank performs its activities considering issues such as prohibition of discrimination and eliminating child labor. The Bank respects collective labor agreement and unionization rights. 82% of the Bank's employees are under the scope of collective labor agreement.

The broad career opportunities Halkbank offers its employees are based on fairness, equality and development. The Bank contributes to the continuous development of its employees with the career and performance management systems it offers.

Halkbank contributes to the Reduced Inequality and Equality goals among the United Nations Sustainable Development Goals by implementing its compensation policy with no discrimination among its employees.

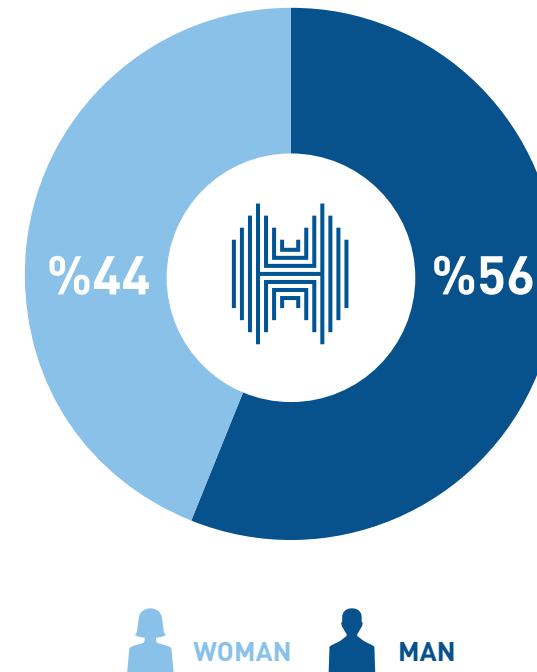


Halkbank makes no discriminations in its compensation policy. The Bank uses a role- and title-based structure emphasizing added value and performance in its human resources structuring. Accordingly, in the implemented compensation system the personnel's gross salary is obtained by adding the salary of the personnel's title and the salary of the personnel's position.

Based on the principle of "Equal pay for equal work", the rate of starting level salary is 31.5% for white-collar personnel and 4.4% for blue-collar personnel.

82% of the employees are unionized

RATIO OF EMPLOYEES BY GENDER



HALKBANK AS AN EMPLOYER

In employee complaints and disputes, the Bank resolves problems by establishing mechanisms for process management as required by employee rights. Furthermore, the outputs obtained from the optimum balance model training provided during the recruitment and promotion processes and the negative issues identified in the subsequent satisfaction survey are taken into consideration to assess the reasons and consequences of items that need to be improved.

APPROACH TO MATERNITY LEAVE

The Bank designs business processes in the context of universal human rights regarding female employment. The Bank takes all the necessary measures to ensure that childbirth does not harm women or have a negative impact on their career. As part of the social rights provided to women after childbirth, 549 female employees went on maternity leave and 605 female employees returned from maternity leave in 2020. Furthermore, 717 male employees went on a leave due to their wife giving birth during the reporting period.

Number of personnel who went on maternity leave in 2020*


Number of personnel who returned from maternity leave in 2020*

FEMALE	549	605
MALE**	717	727

*The number of personnel who went on maternity leave in 2020 includes the total number of personnel who went on a leave in any year and returned from maternity leave in 2020 together with those not yet back from maternity leave.

**Paid casual leave is given to male personnel when their wives give birth.

RECRUITMENT PROCESSES

 The Human Resources Unit carries out the recruitment process transparently and based on the principle of equality among the candidates.

Pursuant to its sustainability principles compliance framework, Halkbank provides equal opportunity to candidates in the recruitment process in accordance with the Corporate Human Rights and Employee Rights Policy in which it commits full compliance with the legislation that regulates human rights and business life in Turkey. The Bank takes into account factors such as the developments in the industry, new trends that

directly or indirectly impact hiring decisions, qualitative changes in human resources and budget factors in determining the recruitment policies carried out by the Human Resources Department. After the plans are developed, the job descriptions are made based on the criteria and matches that are suitable for the position to which personnel will be recruited.

EVALUATION OF SUCCESS PROFILES


In 2020, Halkbank set 2021 targets to make improvements in its recruitment processes to determine success profiles more effectively, reliably and objectively in decisions given regarding the performance of employees nominated for recruitments, promotions and appointments. To determine the success profiles, the Bank Head Office positions were consolidated and surveys were sent to around 1,000 authorized persons, managers and higher-ranking personnel for approximately 200 positions and were requested to rank the success factors specified by the Bank for each position according to importance. Accordingly, Halkbank will determine the models to be used in its recruitment and promotion processes and reflect its transparent measurement evaluation infrastructure to its recruitment processes. Furthermore, the Bank will identify potential candidates

to be appointed to executive management positions using the Talent Pool system and will determine standards regarding the areas and time intervals for their development.



The Bank determined the following 2020 steps as part of the project:

- Talent management control
- Creating the corporate competence framework
- Identifying key positions
- Competence modeling based on job families
- Creating an evaluation filtering model
- Talent pool system installation
- Placing the evaluator team in the Bank and ensuring its development
- Use statistical studies to determine why successful and unsuccessful employees differ

CAREER AT HALKBANK

 Halkbank ensure that employees can quickly send their ideas and suggestions with the Pi-Excellent Ideas Quality Suggestion System to encourage them to take part in the improvement of the bank's products and services.

Halkbank reflects its corporate bank culture and its healthy and effective working environment to each unit of the bank in the most transparent manner. The Bank continues to add value to its stakeholders with the sustainability perspective it included in the Bank's corporate culture and the high priority it gives to the development and loyalty of its employees. Pi-Excellent Ideas High-Quality Suggestion System realized for this purpose plays an active role in improving business processes and providing high-quality services. The suggestions submitted by employees through the system are implemented if they conform to the assessment criteria. 2067 employee suggestions were received through the Pi Quality Suggestion System in 2020 and 135 were considered as applicable.

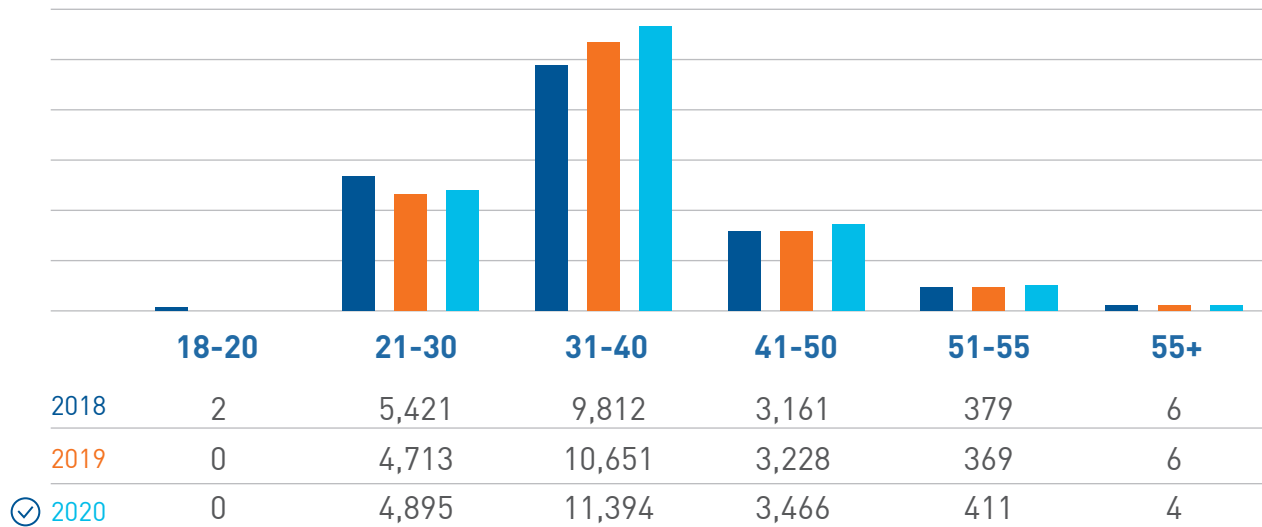
In the reporting year, the total employee turnover rate was 1.70%  and the employee turnover rate among the new recruits was 0.25% . In 2021, the Bank set the priority targets of reducing employee turnover rate by 0.07%, realizing the talent management project,

reducing the potential executive turnover rate by 0.05% and increasing employee satisfaction score and internal satisfaction score by 3% in accordance with the Human Resources Department success criteria.

Halkbank's qualified labor force is the result of the privileged opportunities it offers to its employees based on its desire to become a preferred employer. In order to create a sense of belonging among the Bank's employees and compensate them for the value they deserve, in addition to their compensation the Bank provides premiums, foreign language compensation, foreign exchange compensation, shift compensation and place of duty payments. Employees also have various benefits depending on their place of duty assigned according to needs.

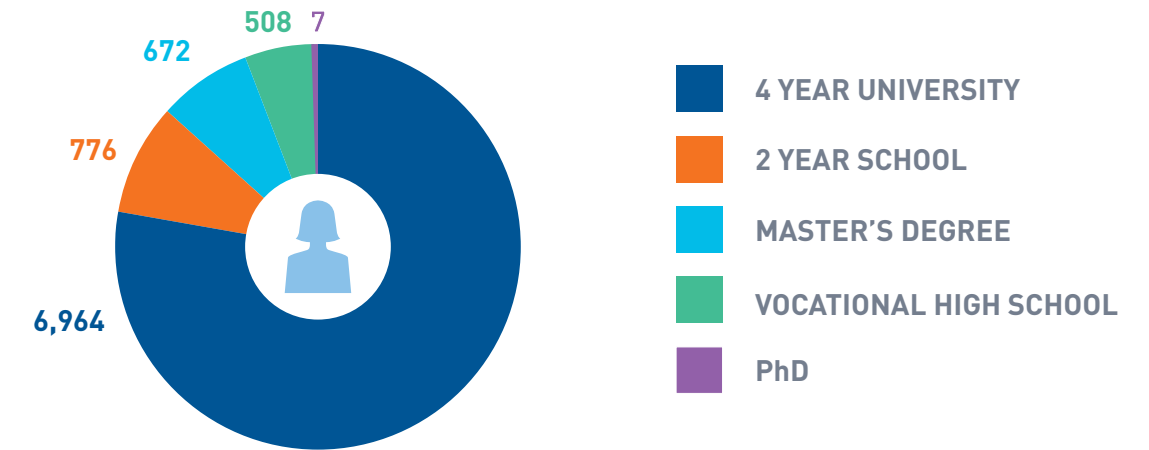
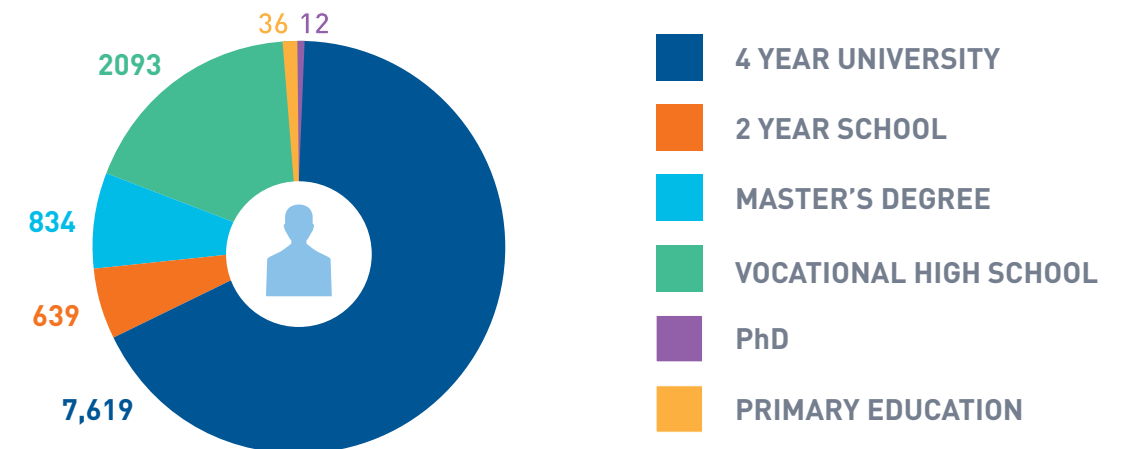
 Please refer to the following for further details on the Bank's compensation and employee policy.

EMPLOYEES AND AGE GROUPS



Halkbank creates joint value by benefiting from the dynamism and innovation of young people and the experience of the other age groups. In this context, people from all age groups and education levels are employed to create a working environment with diverse ideas.

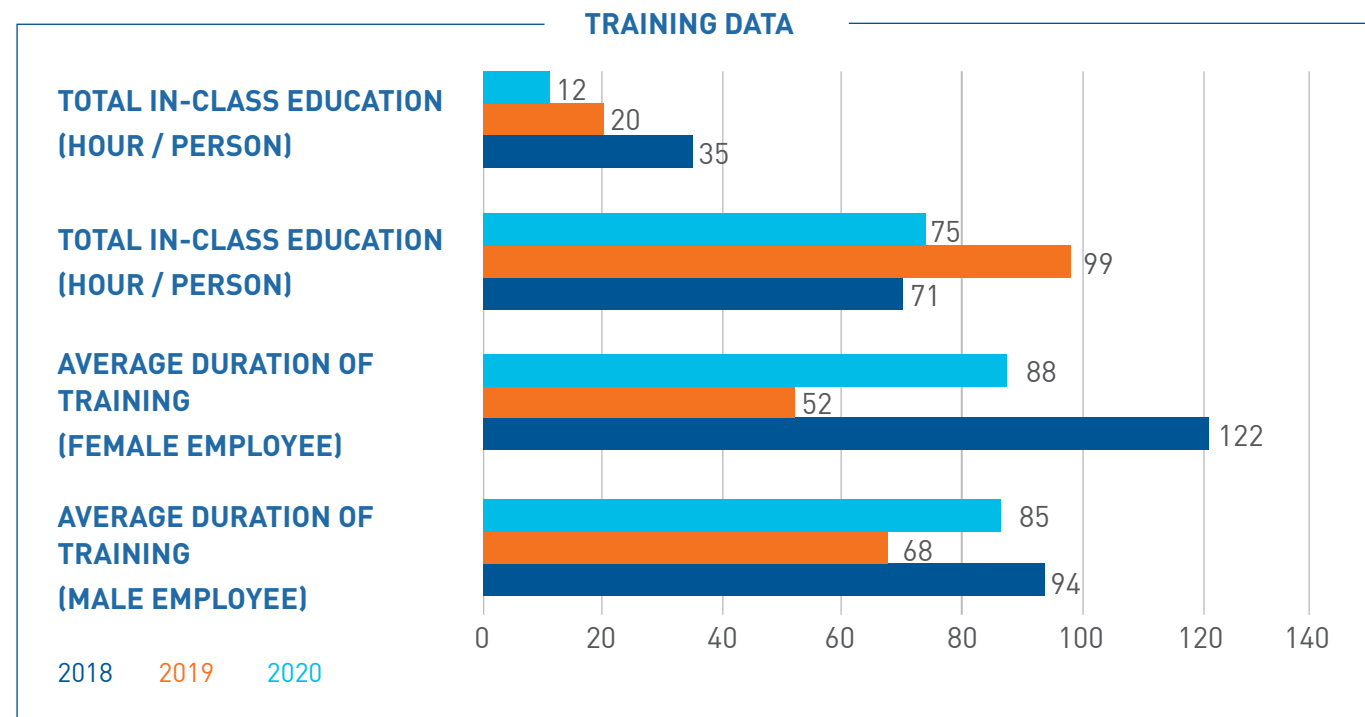
Believing that employee and company development depends on transparent communication and relations, the Bank also believes that the management process should play an active role in this process for continuous employee development. The Bank increases employee performance and motivation through regular performance evaluations and feedbacks to all personnel. 6,068 female white-collar and 6,809 male white-collar employees were encouraged through feedback provided by Halkbank in 2020.

NUMBER OF FEMALE EMPLOYEES
ACCORDING TO EDUCATIONNUMBER OF MALE EMPLOYEES
ACCORDING TO EDUCATION

HALKBANK AS A TRAINER

Halkbank, which considers employee development as a priority among the corporate goals, offers its employees opportunities to increase their knowledge and experience at every opportunity. Even during the pandemic process, Halkbank continued to offer employees opportunities to make themselves better equipped by not compromising the principle of continuous development and quickly integrating training

processes into online platforms. With the introduction of the remote working model in 2020, it has put trainings for female employees on the priority list in order to prevent the possible disadvantages that may be created by the responsibilities they have between home and work in their careers. From this point of view, Halkbank aimed to raise awareness about gender equality by preventing inequalities attributed to women.



HALK ACADEMY

Halkbank offers personal and professional development opportunities to its employees through continuous training, and a modern working environment through a wide range of career opportunities. The Bank organizes training programs focusing on the professional and personal development topics required by the banking profession to support the career development of employees, and to keep their knowledge and skills at maximum. Halk Academy, the Bank's training trademark contributes to the personnel in developing their capabilities.

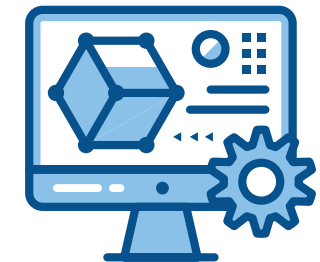
As part of the trainings provided by Halk Academy in 2020;

- 14% of the contents in the Halk Academy e-training catalog consists of personal development trainings. The Bank's personal development trainings included topics such as healthy life, daily exercises, family-children trainings, lifelong learning happiness at work.
- The participation to the Universal Declaration of Human Rights e-training was **14,375** employee*hours and was completed by **1,835 personnel**.
- In 2020, the Code of Ethics e-training was completed by **887 personnel** and a total of **6,209 hours** of training was given on this topic.
- The Anti-Corruption Policy training was completed by **2,821 personnel**. A total of **19,747 hours** of training was given on this topic.

DATA ANALYST TRAINING PROGRAM

Halkbank realized the “**Data Analyst Training Program**” for its employees regarding Data Analysis, which has become an important process of decision-making and strategy determination mechanisms.

In 2020 the Bank aimed to provide significant added value to the Bank and its stakeholders by training bank personnel and discovering individuals with competence in this regard as part of the Data Analyst Training Program that starts with open-source software and algorithms widely used around the world and proceeds all the way up to learning the details of using machines. Upon completion of the project, Halkbank will have made both an important contribution to the corporate culture and provided a significant development opportunity to the participating employees. All Head Office personnel seeking development in the field of data analysis are included in the target audience based on an understanding of equal training and development rights without discrimination.



CONTRIBUTION TO MANAGER DEVELOPMENT



The Inspiring Leaders project is realized to increase manager performance and competencies.

Halkbank believes that managers can add value to the Bank by correctly managing senior-subordinate relations and employee loyalty. In this context, the Inspiring Leaders project enriched with anecdotes from the leadership skills and lives of historical Turkish figures is realized to exemplify and reinforce behaviors that match the Bank's leadership competencies. After taking inspiration from leaders, it is ensured that competency evaluations are made accurately and manager performance is measured effectively to contribute added value to promotion and appointment processes. The Bank's most important gains from this project are considered as correct management of internal communication and positive effects on employee loyalty.

Halkbank aims to contribute to developing the competencies and leadership characteristics of its candidate managers with the Gallipoli Project and the USTAM Mentorship Project.

Believing that the benefits of knowledge increases as it is shared, Halkbank has its managers to be appointed

to now positions participate in the Gallipoli Project to provide the knowledge and skills they will need at the start, benefit from the advantages of social learning through the cooperation, communication network and synergy among the candidates and to have them develop their leadership skills in the manner most suitable to the Bank's future vision and strategies. The Bank describes its Gallipoli initiative as developing leadership, successfully growing organization and unlimited horizons. In this context, the Bank provides a meeting environment to new managers with the Gallipoli Project where they can share opinions with each other about superior-subordinate relations, problem-solving skills and operational and managerial experiences. The Bank realized the USTAM Mentorship Project to inspire branch managers expected to be appointed after the Gallipoli Project by with successful and experienced managers, by teaching them how to resolve potential problems and difficulties while showing the most effective performance in their new departments. As part of the project, after completing the Gallipoli Program, managers expected to be appointed are informed by successful managers on topics such as efficient time management, taking the most suitable action, sharing personal awareness points and sharing their professional experiences.

OCCUPATIONAL HEALTH AND SAFETY

Halkbank provides a healthy and safe working environment to all its employees, customers and visitors. The Bank has a proactive approach for spreading the culture of occupational health and safety for its employees. Accordingly, the Bank prioritized the physical and psychological health of its personnel and included all its operating service unites in the scope of the Occupational Health and Safety Management System.

Halkbank took many quick actions to ensure the health and safety of its employees with the COVID-19 pandemic. The Social Support Service was established to support employees through video conferences at any time needed.

Halkbank created solutions to provide a safe working environment by taking all the necessary measures to protect employee health against the COVID-19 pandemic. Halkbank provided real-time tracking of the case reports and employee health conditions with the COVID-19 app it launched during the pandemic. Aware of the sensitivity of human health, our bank established the Corporate Guideline for Protection from Infections for effective management of the pandemic, reduce health losses and provide the needed social and working conditions. In parallel, Halkbank established the Social Support Service to develop and improve its personnel efficiencies, health, working environments and crisis management processes with a corporate approach. The Bank thereby informs its employees and

their families through videos about potential health and private life problems they may encounter.

Starting the remote working model during the pandemic, the Bank provided remote access to the personnel through the IT Departments as part of working from home and provided laptop computers according to the needs of the employees. The Bank aimed to minimize the health risks of employees who were pregnant, using breastfeeding leave, disabled or in the disadvantaged group specified by the Ministry of Health during the pandemic by having them use administrative leaves. A total of 536,457 days of unpaid leave was given to 3,163 employees who made a request or fulfilled the criteria.

The Small Business Lifeline Working Capital Loan applications were moved to digital environment to minimize infection risk to employees and the digital transformation process of other products and services was also accelerated.

Measures were taken with the Small Business Lifeline Working Capital Loan to minimize infection as small businesses continued their operations and made loan applications during the pandemic. The customers were given the opportunity to allocate their loans without having to visit a branch; thus, their loan allocation requests loans were thus addressed without jeopardizing the health of both the employees and the customers.

Halkbank’s OHS Processes are managed in accordance with requirements stipulated in the Law no. 6331 on Occupational Health and Safety, and in the ISO 45001 Occupational Health and Safety Management System.

Halkbank established the Higher Board for Occupational Health and Safety (OHS) and the OHS Committee to monitor the practices related to occupational health and safety. OHS Boards were established for service units with more than 50 staff members. In 2020, 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 employee representatives of the Bank are entitled to participate in the board meetings, express their opinions and suggestions and participate in the decisions. The employee representatives collect the suggestions and opinions provided by the employees in the board and commission meetings through e-mail and the Pi Excellent Ideas suggestion submission system.

In the agreements made in this regard, decisions taken in the Higher Board for OHS and the Management review meetings are sent to the Union representatives and the union. The Bank guarantees the powers and responsibilities of the employees, managers, board and commission members under the legislation.

All our employees and external stakeholders can report the conditions they consider to be unsafe or bearing health risks to the OHS Board

(isg@halkbank.com.tr). Furthermore, employees are informed through this e-mail, the announcement system or phone during emergencies.

Potential hazards are identified through visits to all Halkbank locations and risk assessment analyses are documented. Routine and non-routine risks are thus identified to provide reports for risk mitigation through improvement activities. The identified risks are controlled in accordance with the control hierarchy and the improvement activities are fully directed through software.

Newly hired employees recruits at Halkbank do not start to work before receiving OHS trainings and going through the required health examinations. In addition to the field visits made by OHS professionals in certain intervals, risk assessment studies are conducted as part of the ISO 45001 OHSMS internal inspections. Bank employees are not accepted into the field before the risk assessment concerning their assigned job description is completed and the identified risks are improved.

Periodic trainings are organized at Halkbank to raise awareness and consciousness in employees about OHS risks. Based on this mission, information is provided to our employees about employee health, risk prevention,

disaster and emergencies in our Bank’s magazine “Together” and the “OHS Bulletin” prepared by the OHS Department and shared with our employees on a monthly basis in digital environment. Halkbank conducts drills at least once a year in all its active service buildings to consolidate the given information and provides training that could be vital in the event of a disaster. Also, information on the COVID-19 pandemic, other health problems and daily tips and special videos are provided in the “OHS and Social Support Community” page on the portal domain created specifically for our employees.

A total of 98,161 employee*hours of training was provided to employees during the reporting period, consisting of 3,304 hours of classroom and 94,857 hours of e-training. 1,344 employee*hours of training opportunity was also provided to contractor employees.

HALKBANK 2020 OCCUPATIONAL HEALTH AND SAFETY INDICATORS:

Injury rate	0.102	✓
Lost workday rate	0.728	✓
Accident frequency rate	0.508	✓
Accident severity rate	0.004	✓

 Please refer to the following for further details on occupational health and safety management.





28 MIN



- 2.5 million new customers in 2020
- More than TRY 322 billion cash credit support during the pandemic
- 65.3% customer satisfaction ratio
- 50% increase in the number of inbound calls following improvement works
- TRY 8 billion loans to Female Tradespeople and Artisans

In 2020 Halkbank achieved successes that suit its leading and pioneering position in the sector with the power its gains from the Turkish people's faith in the Bank. In the light of the "We are the People first, then a Bank" principle, the Bank made all its funds available to meet the needs and expectations of the people with the supports it give to the economy of the country during the pandemic. Growing Turkey and growing with Turkey for 82 years, Halkbank continued to create value in 2020 for all its stakeholders including its customers in particular with its social and relational capital based on its principles of transparency. Even under the conditions of struggling against COVID-19, Halkbank worked day and night to preserve Turkey's both economic and social order and simultaneously conducted activities to increase the welfare of the people with an awareness

of responsibility brought by its Corporate bank culture. Halkbank observes environmental, social and economic impacts jointly in the projects realized in direct or indirect interaction with its banking activities and pioneer's social development with its corporate social responsibility projects. The Bank's priorities include the Bank's indirect effects such as increasing the productivity of the economy, contributing to regions with high poverty, balancing economic impacts caused by social or environmental conditions, contributing to the development of know-how in communities or geographical regions, providing employment for suppliers and identifying the economic impact of the products and services used, together with stakeholder communications.



SOCIAL AND RELATIONAL CAPITAL

HALKBANK'S STAKEHOLDER RELATIONS

GRI 102-40, GRI 102-43

In designing its stakeholder relations based on the principle of being the "People's Bank", Halkbank believes that ideas and suggestions from stakeholders will make major contributions to the development of the Bank. The Bank aims to create products and services that fully meet expectations based on its communications with stakeholders in business development processes. Emphasizing the concept of unity and solidarity in its communications with the stakeholders, the Bank aims to assess its activities with a holistic approach to develop accurate, fast and solution-oriented products that benefit the whole

society. Based on inspiration from this perspective, effective and transparent communication with the stakeholders is the most important factor in ensuring that the bank always achieves success in the business models it develops to create value. With a superior awareness of mission, Halkbank always highly prioritizes customer satisfaction through the value-added services it offers in the banking sector to its customers, who are its focus stakeholder group.

In addition to product and service development based on feedback received through communication channels, the benefit obtained from the communication mechanisms is actively used also in setting the long-term strategies of the bank. In this context, detailed information is provided below on Halkbank's key stakeholder groups and its mechanisms developed for such groups.



 Stakeholder Group	 Communication Frequency	 Communication Channels
Employees	Continuous	Employee Satisfaction Survey, Performance Evaluation system, meetings, e-bulletins, announcements and internal regulations published through e-mails, Information Technology Announcements, Information Security Announcements, Electronic Announcements, Bank internal communication platforms
Customers	24/7	Halkbank branches, ATMs, call centers, internet banking, mobile banking, meetings, presentations, e-announcements, social media, SMS
Suppliers	Continuous	Purchasing and/or service acquisition/maintenance processes
International Financial Institutions and Correspondent Banks	Continuous	Meetings, visits, correspondence
Media	If required	Press releases, meetings, interviews
Public Institutions	If required	Meetings, visits, talks, reports, briefings
Non-Governmental Organizations	If required	Meetings, visits, talks, briefings
Shareholders and Investors	Continuous	Organizations held with the relevant institutions for investors, investor meetings, direct communication through teleconferences and e-mails, relevant page of the Bank website, roadshows, analyst days

EMPLOYEES

Halkbank's human capital consisting of qualified and value-adding employees are among the Bank's most significant values. The Bank's highly qualified, satisfied and productive human resources give it competitive edge against the competitors in its sector. Based on its desire to become a preferred employer, Halkbank emphasizes employee rights to provide an inclusive, respectful, fair and egalitarian working environment that is open for development.



Please refer to the Human Capital section of the report for detailed information on Halkbank's employee relations.

CUSTOMER RELATIONS

The Bank believes that the most effective way of providing the right products and services to the customers is to produce tailored and fast solutions by listening to the customers. Prioritizing the development of solutions addressing the needs of its customers, Halkbank aims to make disadvantaged groups also be able to address their banking needs with the "Banking Without Disabilities" project it realized for its physically and visually disabled customers as part of its responsible banking operations.



Please refer to the Financial Capital and Social Benefit-Focused Financing Approach for further details on the products and services the Bank provides to its stakeholders.

The number of calls received by the Call Center in 2020 increased by 50% with respect to the previous year to 46.3 million

Halkbank continuously makes improvement efforts in its operational processes and focuses on customer satisfaction. In this context, the number of calls received by the Call Center in 2020 increased by 50% with respect to the previous year to 46.3 million. The Halkbank 2020 customer satisfaction rate was 65.33% in the context of the special services provided to persons and needs.

Making a difference with its customer satisfaction-oriented products and services, Halkbank gained the confidence of 2.5 million new customers in 2020. The Bank set goals to achieve transformation and increase efficiency in the services it provides in order to maximize customer-product relation in all its banking transactions.

CUSTOMER COMMUNICATION CENTER GOALS



Providing the product needed by the customer at the right time with the Estimation Algorithm & Smart Call Center and ensuring that the customer is directed to the most suitable source by estimating why the customer called



The voice guidance technology Chatbox, which allows its users to access services via speech, was configured to verify the user's voice through Biometric Authentication in order to increase security while preserving convenience



Initiating the configuration process of Chatbot to ensure that customers can reach the service they need at self-service points without waiting in a queue



Creating the role of Dialog Portfolio Managers to provide direct service to customers inclined to receive service through channels outside branches



Developing the voice response branch system to create flows such that customers can receive service via phone



Improving customer experience and providing video Banking service by developing Dialog Integration through Mobile Apps



Developing the Tradesmen and SME Dialog Services provided through the Corporate Dialog Line



Completing omnichannel integrations to design customer experiences and make the necessary integrations so that customer experience can continue uninterruptedly

The Bank aims to increase the number of services that will add value to its activity by ensuring unity and solidarity during this ongoing period while emphasizing customer satisfaction during the pandemic. Accordingly, the Bank sent satisfaction surveys to its customers to offer better products and services that meet expectations. The surveys sent by the Bank to its customers once a year measure the customers' satisfaction levels, determine the points to be improved and then identify action areas. Customers in the target audience are called using Computer Assisted Telephone

During the Pandemic;

- **78%** of the participants were highly concerned about getting ill.
- **56%** of the participants did not go outside except for vital needs such as market shopping.
- **36%** of the participants started to work from home.

The Bank continues to perform researches on customer expectations in the light of the data provided by participants to carry on making developments that create value for the banking sector and increase customer satisfaction. As part of the expectations from Halkbank and its competitors, 7 out of every 10

Interviewing (CATI) method through Random Digit Dialing (RDD) without a list.

Halkbank continued to create value for both the banking sector and its customers with the products and services it provided under the Banking Behaviors and Attitudes Research it conducted during the pandemic. As a result of the strategic steps it took in this context, the Bank achieved one of the highest increases in the number of customers in the industry. The data obtained during the pandemic in this research is provided in the following table.

During Normalization;

- **50%** consider that normalization started but the period will last for **more than 6 months**.

participants find the measures taken by banks to be sufficient during the pandemic. Furthermore, according to research conducted in the field of savings and deposits, the participants financial behaviors were as follows during this period:

- **85%** of the participants declared that they kept all or some of their cash in their accounts.
- Gold was stated to be the most common investment instrument and **7 out of 10** people stated they do not make any investments.
- The trend for cash savings is increasing and **64%** of the participants stated that they would look to increase savings further in the future.

DATA SECURITY AND CUSTOMER CONFIDENTIALITY

Halkbank is increasing its service quality by providing continuous improvement in its Information Technology processes with the ISO 20000 Information Technology Service Management System certified in 2018 for mitigating technology-based risks.

Ensuring the confidentiality and safety of customer information in domestic and foreign products and services provided by Halkbank is also among the Bank's focus areas. The Bank's sensitivity in this regard covers all the bank employees, partners and shareholders. Basic information security trainings are regularly given to all bank employees to ensure data security and protect customer confidentiality while complying with the legislation. Furthermore, data security and customer confidentiality are taken as basis in all the digitalization efforts of the Bank.


27 complaints concerning customer confidentiality breaches were submitted to the Bank in 2020. In 21 of the complaints no concrete evidence was found that

information was shared with third parties while 6 of the complaints were forwarded to the Board of Inspectors due to suspicion of information leakage. Also, 8 complaints related to sharing of customer information were identified in other units in 2020; these issues were examined by the audit units and forwarded to the Bank's Human Resources Unit. These were assessed based on Bank personnel's actions; either disciplinary punishment or written warnings were issued based on disciplinary provisions and the type of complaint.

SUPPLIER RELATIONS

In 2020, the majority of the suppliers we engaged with were local and a total of TRY 891 million was spent. Halkbank adds a special value to its stakeholder relations by positively discriminating female suppliers. Halkbank prioritizes female entrepreneurs, SMEs, tradesmen and cooperatives in the contracts it signs with and the goods and services it purchases.

Halkbank mostly prefers domestic suppliers in its purchasing activities to support and create value for the real economy and social development while aiming to increase the employment in its supply chain to support the economy and provide new business opportunities. Halkbank does not work with any customer or supplier that operates in a manner that conflicts with Halkbank's Herein Policy, which was adopted by the Bank as a basis for its goods and services purchase policies.

 Please refer to the Human Rights and Human Resources Policy on the website for further details on Halkbank Responsibilities of Customers and Suppliers.

INTERNATIONAL FINANCIAL INSTITUTIONS AND CORRESPONDENT BANKS

Halkbank protects its customers from risk while earning high revenues through high-quality products and services it offers to its customers that constitute its foreign trade volume. In 2020, the Bank also aimed to create value in different markets for the relational capital of its customers by taking new initiatives through the products it designed in accordance with the requests and expectations of its customers. Accordingly, Halkbank became the preferred bank of Turkish exports by continuing to provide value-added services to its customers in imports and exports in 2020. Creating added value for the country and its services not only in Turkey but through its overseas liaison offices, Halkbank's employees who work in the Bank's foreign liaison offices are considered as managers representing the Bank in the respective country. All Halkbank's Executive Management is Turkish, its London representative is a British citizen and its Tehran representatives are Iranian citizens.

MEDIA

The Bank holds meetings to inform the public about its products, services and activities by contacting media representatives when necessary. 9,805 news articles were published about the Bank in the press. With these articles the advertising equivalents of the Bank reached TRY 13.4 million and in the 12-month average, 85% of the articles were positive and 15% were negative news.

PUBLIC INSTITUTIONS

Halkbank aims to realize social responsibility projects that provide social benefits while also continuing to create value by cooperating with public institutions and non-governmental organizations.

NON GOVERNMENTAL ORGANIZATIONS

Halkbank supports NGOs and professional organizations that carry out projects related to its operations.


Halkbank is a member of the following organizations and associations:

- KalDer (Turkey Quality Association)
- DEIK (Foreign Economic Relations Council)
- Services Exporters Association
- Association of National Development Finance Institutions in Member Countries of the Islamic Development Bank (ADFIMI)
- Foreign Banks Association of the United Kingdom
- Banks Association of Turkey
- ITO Membership

INVESTOR RELATIONS

While providing the right products to its investors and stakeholders, the Bank adds value to its relations with the quality of service and effective communication methods it provides. Halkbank has been able to identify the beneficiaries; shareholders, employees, customers, correspondent banks, institutions to which it provides loans, public institutions, suppliers and all segments with ties. Accordingly, the beneficiaries achieve their goals and define the persons or institutions

included in their activities as a group of interests. The Bank acts within the framework of the principles of equality, accuracy, impartiality, consistency and timing in its communications with all shareholders and stakeholders. Despite the pandemic conditions, Halkbank, which adapts effectively and quickly to new business models, continued its investor meetings via teleconference and video conference. Investor meetings were held in 2020 in order to inform fixed income securities investors by increasing the bank's stock price and market value in the long term. One-on-one and group meetings were held with a large number of investors, analysts and portfolio managers in financial centers where domestic and international institutional investors concentrated their activities. In the meetings with investors, Halkbank's financial and administrative structure, its position in the banking sector and international financial markets and the expectations for the future period were discussed and the strategies determined by the Board of Directors were conveyed. As of the quarters, informative visual financial structure presentations on the financial results announced to the public were prepared and published on Halkbank website and presented to domestic and international investors with simultaneous teleconferences.

 Detailed information on the bank's stakeholders, their rights and information is included in the bank policies.

SOCIAL BENEFIT-ORIENTED FINANCING APPROACH



More than TRY 322 billion cash loan support
TRY 40.1 billion repayment deferral
More than TRY 67.5 billion support to tradesmen and artisans

Throughout 82 years of deep-rooted history with full of achievements, the Bank has considered worthy as a "People's Bank" thanks to work intensively for the Turkish people under all circumstances and support the production of Turkey's economy.

Acting with a sense of responsibility towards our country, Halkbank continued its exemplary activities with its superior performance and set an example to its competition during the pandemic. Halkbank's sustainable and value-creating banking model continued in 2020 for both its financials and non-financials. Aiming to actively create value for its stakeholders, the Bank uses its labor force and financial resources to provide social benefits. The Bank designs its social investment and social responsibility projects in compliance with its sustainability principles.

In 2020, Halkbank continued its loan support for the needs in order to develop the country's economy. The Bank continues to provide support loans to ensure that SMEs, tradesmen and artisans can sustain their activities.

In 2020 it provided;

- **More than TRY 322 billion cash loan support,**
- **More than TRY 67.5 billion cash support to tradesmen and artisans,**
- **Loan repayment deferrals worth TRY 40.1 billion to 850 thousand businesses and individual customers,**
- **6-month deferred loan repayment opportunity in Ministry of Treasury and Finance's interest-subsidized tradesmen loans.**

The Bank has contributed to the retail sector with the solutions it has created for the needs of its stakeholders and has provided credit support to its individual customers with which it adds effective value. Halkbank, which acted to minimize the negative financial impacts caused by the pandemic in the retail sector, implemented the Social Life Support Loan project.

Aiming to realize an economic revival on an industry-by-sector basis, the Bank provided loans to customers with more affordable costs and conditions, while providing TRY 51 million in loan financing to 3,054 customers for furniture, white goods, dowry, etc. for individual customers.

PRODUCER WOMEN



In 2020, the Bank lent TRY 8 billion of Ministry of Treasury and Finance's interest-subsidized loans to 180,500 female tradespeople and artisans. The Female Entrepreneur Package will be realized in 2021 in accordance with the "Strong Women for Strong Turkey" approach.

Halkbank aims to create added value to the country's economy and increase the country's welfare by supporting producing and entrepreneur women. Accordingly, the Bank lent TRY 8 billion of Ministry of Treasury and Finance's interest-subsidized loans in 2020 with the aim of facilitating access to financial resources for 180,500 female tradespeople. Aiming to implement a policy for encouraging women who produce, work and contribute to social progress and

development to support each other's growth, the Bank organized an event on March 8 International Women's Day, and shared the stories of women who undertook enterprises that can inspire the society. Aiming Inspired by the "Strong Women for Strong Turkey" approach, Halkbank aims to realize the "Female Entrepreneur Loan" package in 2021 to encourage and incentivize female entrepreneurs starting a new business or who already have an established business.

CORPORATE SOCIAL RESPONSIBILITY EFFORTS



5,855 tree saplings planted as part of the “Tree Planting Project for Newborns of the Personnel”

Halkbank believes that the biggest investment should be made to children for the sustainable world goal by raising new children who are new to the world more consciously and highly aware with the principle of leaving a better world for future generations. In this direction, the Bank implements the Sapling Planting Project for the Newborn Child of The Staff and crowns the birth of newborn children by making an environmental contribution. The Bank plants 5 saplings on behalf of the newborn children of its employees and transmits the certificates to the families. In 2020, a total of 5,855 saplings were brought into the wild on behalf of 1,171 newborn children within the scope of the project.

Halkbank offers “Loyalty Needs and Housing Loans” products with appropriate interest rates in order to meet the needs of the relatives of the martyrs and the Veterans of Disability and Combatants, which it considers a debt of respect and gratitude within the scope of social responsibility. In addition, the Individual Basic Needs Support Loan Package has been organized to provide financing of health, rent, basic livelihood invoices and needs to customers who earn less than TL 5,000 income that is directly or indirectly affected by pandemic conditions. Other support packages and applications offered to individual customers due to the adverse conditions created by COVID-19; Individual Loan 3 Month Installment Deferral Transactions, KMH Interest Deferrals, “TOKI 2020 Discount Campaign”, Advantageous Mortgage Package, Vehicle Support Loan

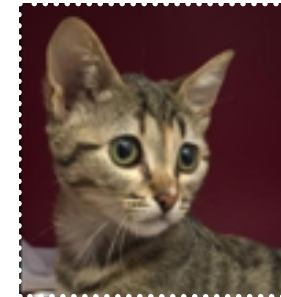
Package, Social Life Support Loan Package, E-Mortgage Project, Real Estate Housing REIT 24 Months Unpaid Period Mortgage Campaign, TOKI 100 Thousand Social Housing Campaign, Affordable Home Mortgage Package, Holiday Support Loan Package, positively responding to the expectations of consumers.

Halkbank provides sponsorship support to create value in the fields of social development and development. Unhindered Transportation Unhindered Tourism Project has contributed to the determination of obstacles and the elimination of obstacles with shortcomings in travel areas for more than 20 million special needs individuals in Turkey. In addition, in support of the food organization organized in Istanbul for children staying in children’s homes, sponsorship was provided to the children who are the future of the country.

The Bank aims to create a livable world for all living things by not only limiting it to people in its social responsibility projects. In this context, the Bank continues its activities with the participation of all personnel who love animals and want to contribute voluntarily through the Street Animal Protection and Survival Society, which it has implemented with the “Do Not Buy, Adopt”. The bank community provides shelter and food support to stray animals throughout Turkey to find homes, meet veterinary/care needs. The portal of the Street Animal Protection and Survival Society advertises for lives seeking a home.



Here are a few of the many messages and images from our animal friends for whom Halkbank helped find a home with the motto **Do Not Buy, Adopt:**



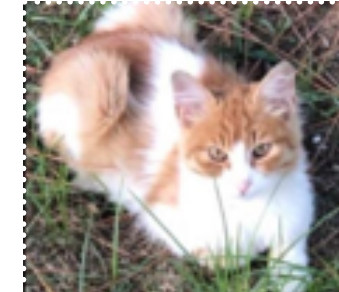
I had met you to find my new home and stayed with your community for a while. I now found my home and am very happy.



This beautiful girl was living on the street. She now has a warm home.



These two kittens were found together. They are still together in their new homes, happy and safe.



We found a new home for this ginger male.

SPORTS, CULTURE AND ART EFFORTS

From science to technology, food to nutrition, life to sports and culture to arts, Halkbank creates value in Turkey's cultural landscape in many areas. As one of the most established institutions in the banking industry, Halkbank is passionate about supporting young people who wish to proceed in a sportive life and sports activities in Turkey. The Bank is proud to support individuals who achieve success in social and cultural areas and create value by representing the country.

Based on its pioneering and leading position in the banking sector, Halkbank has adapted to modern times and uses its digital platforms for its communication efforts. The platform created by the Bank through the Halkbank Blog based on the principle of "First, The People Read" presents awareness-raising and informative contents to the readers. The Bank continues to develop the Halkbank Blog by enriching it with developments from around the world in finance, investments, life, technology, personal development and sustainability so that users can spend efficient and enjoyable time.

Halkbank sets an example to the society and the business world with its efforts to support the young people of our country in sports activities and the extensive support it provides to many amateur sportspeople. The Halkbank Sports Club founded in 1983 represents Turkey in many national and international organizations, particularly in volleyball

and handball. The Halkbank Men's Volleyball Team managed to win championships 8 times in the recent years and highlighted the Bank's support in sports.

OTHER CORPORATE SOCIAL RESPONSIBILITY ACTIVITIES PURSUING SOCIAL VALUE

Halkbank contributes to many fields from education to tourism, art to nature protection with its sponsorship support to add effective value to society in its banking activities carried out within the framework of sustainability principle. Halkbank has provided support to the children who participated to represent Turkey in the "First Robotic Competition" held in the United States in order to contribute to the training of future engineers who play an important role in the country's economy and production.

Kırşehir Akhism Week

The Akhlism Week Celebrations which are held every year throughout the country by the Republic of Turkey Ministry of Commerce are centralized in Kırşehir to promote the Akhism culture and sustain it among tradesmen, artisans and their organizations who will pass it on to the next generations, was sponsored by our Bank and celebrated on September 14-20, 2020.

Next Generation University Project

The Bank sponsors the Next Generation University Project carried out by the Atatürk University to enrich the vision, design and practices developed by next generation university design and practice activities through leading practices in higher education and to increase the university's performance in every participating area.

E-Sports Cup 2020

The Bank sponsored through its credit card brand Parafree the E-Sports Cup 2020 which was coordinated by the Turkish Esports Federation (TESFED) on October 11-November 15.

Tourism Congress

Bank sponsored the Tourism Congress organized by the Ankara Hacı Bayram Veli University.

8th International Fetih Cup

The Bank sponsored the Fetih Cup held under the auspices of the Presidency of the Republic of Turkey, which involves many sports events participated by sportspeople from various countries.

International Presidential Yacht Race

Halkbank sponsored the International Presidential Yacht Race held on October 29 - November 1.

Design Skills Workshop

Halkbank sponsored the music classroom and design skills workshop built by the Kocatepe Mimar Kemal Anatolian High School in the school.

Turkey Cooperatives Fair

The Bank sponsored the Turkey Cooperatives Fair held in Congressium Ankara on September 24-27, 2020 which was coordinated by the Republic of Turkey Ministry of Commerce. The

Next Generation Entrepreneurship Summit

Halkbank sponsored the Next Generation Entrepreneurship Summit held on November 19.

Manzikert 1071 Commemoration Events

The Bank sponsored the Manzikert 1071 Commemoration Events held in Ahlat on August 21-26, 2020.

5th Anatolian Media Awards

Halkbank sponsored the Anatolian Media Awards held by the Association of Anatolian Publishers for the 5th time in 2020 and participated by nearly 500 local and international media employees and journalists.



16 MIN



- 2 million digital loans during the pandemic
- 3.8 million active digital channel users
- 4.2 million A4 paper sheets saved with Paperless Banking practices
- A total of TRY 381,701 savings achieved through 1.7 million ordered transactions performed with the Robotic Process Automation


The changing daily life and way of doing business during the pandemic period, when technological developments are gaining momentum, once again shows the importance of investments in digitalization. It is an important opportunity for the banking sector to make financing support to the economy more qualified by adapting to these technological developments and revising its products and services within the scope of digital transformation. As a partner in this digital transformation, Halkbank has established the Department of Digital Transformation Office in order to coordinate all digitalization efforts from a single point. With the support of the Information Technology Group Presidency and all business units, the journey of in-house digitalization is treated as a process of cultural change. Halkbank, which is ready for the pandemic process with its work despite the negative effects of the COVID-19 pandemic, continues to increase the value it creates by providing the best, fastest and most advanced products and services to its customers.

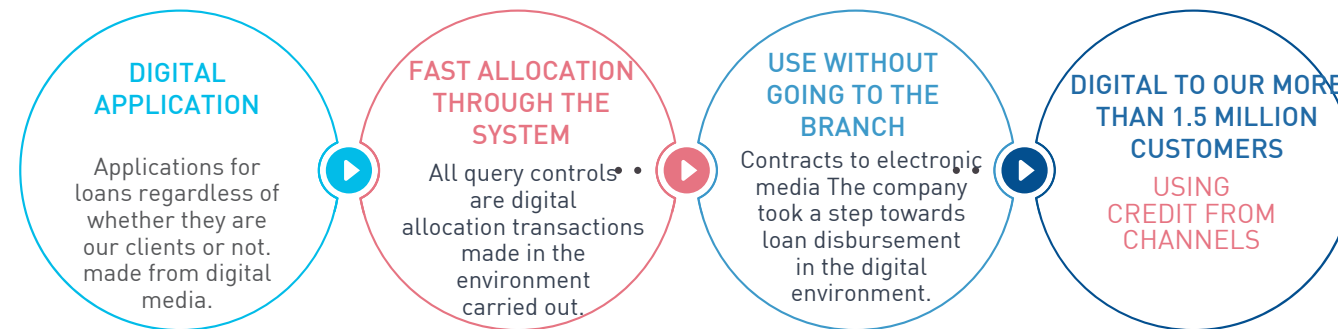


INTELLECTUAL CAPITAL

Utilizing the digital world effectively through channels such as Mobile, Internet and ATM, Halkbank meets the expectations and requests of its customers without any time or location barriers. More than 82% of the Bank's banking services were performed through digital channels in 2020 and the number of active customers increased by 64% with respect to the previous year and reached 3.8 million. Halkbank is carrying out the ANKA Core Banking Transformation Program for its 2021 targets for Information Technologies with a focus on reducing the workload of its employees and increasing their efficiency by digitalizing branch and head office business processes, actively utilizing artificial

intelligence and robotic automation solutions in business processes, strengthening mobile banking, and marketing and strategic reporting processes supported by data analytics.

 The Bank tracks the issues of cybersecurity - one of the threats that emerged with digitalization-, data security and customer confidentiality through top-tier measures and with a continuous-development approach. Please refer to the Social and Relational Capital section for further details on the Bank's actions in this regard.



INTERNET AND MOBILE BANKING

Halkbank continued to provide uninterrupted and fast services during the pandemic with the updated features on its Internet and Mobile Banking channels, two of the most important tools of the Digital Transformation Journey. Halkbank offered a unique digital banking experience to its customers with the infrastructure systems developed to allow customers to perform fast and practical transactions without having to visit a branch and with developments that differentiated it from its sector stakeholders. As a result of its works in this field, Halkbank realized functions such as Tax Payments with Barcode, SGK Payments with QR Code and IBAN Scanning with Camera through on its mobile app. In addition, efforts are under way related to remote customer acquisition via artificial intelligence-supported new technologies, robotic process automation and optical character recognition. The Bank unveiled the Personal Basic Needs Loan through its website to finance basic needs such as healthcare, rent, bills electric, water and natural gas of customers who are either impacted or likely to be impacted, directly or indirectly, by the pandemic. Approximately TRY 8 billion financial support with more than 1.2 million Personal Basic Needs Loans were provided in this context.

In 2020, Halkbank integrated Digital Transformation - which is both a strategic focus and a sustainability priority - into its Customer Satisfaction efforts - which is another priority - for a holistic perspective on its approach to customer relations management. In this context, the Mobile Banking customer session interfaces were renewed to provide an easy and simple experience to customers. Many applications such as e-pledge, e-invoice and e-guarantee letter

were transferred into electronic environment. Realized as a Mobile Banking application, the Paraf Mobile Wallet allowed 121,905 users to quickly make credit card repayments, payments through NFC and participate in campaigns in 2020 with its strong security infrastructure. Customers using Halkbank's mobile banking services can perform their transactions easily and quickly.

With the digital facilities provided by the Bank, Halkbank's mobile banking channel grew by 36% with respect to the previous year and the stakeholders for which value is created was expanded.

The Digital Transformation Journey also aims to reduce social inequalities. In this context, the Halkbank Internet Branch and Mobile Branch was transformed to be more compatible with the visually disabled customers in order to facilitate visually disabled people's access to Halkbank's products and services through digital banking channels and to reduce the inequalities they face. For these efforts Halkbank was given the IT Without Disabilities Public Service Award with its Internet Branch and Mobile Branch at the IT Without Disabilities Awards.

 Please refer to the Manufactured Capital section for further details on these efforts.

DIGITAL BANKING FOR SMES, TRADESMEN AND ARTISANS

As the leader of SME Banking in Turkey, Halkbank started to receive loan applications from SMEs, tradesmen and artisans through digital channels during the pandemic. A next-generation banking service was realized in which loan allocation is performed automatically without requiring a visit to a branch and the certificates required for lending are approved digitally. In this context, Halkbank transferred its services for small businesses, tradesmen and artisans into digital channels and met the loan needs of thousands of Halkbank customers during the pandemic without having them visit a branch.

In this light, Halkbank established the halkbankkobi.com.tr platform dedicated to its SME and Artisan Banking segment users which have a significant share in the Bank's portfolio, promoted its products and services through this platform and allowed its customers to easily apply for their financing needs. Approximately TRY 1.5 billion worth of financing support was provided to 58,570 SME customers in 2020 through the Small Business Lifeline Loan lent through digital channels. Furthermore, more than TRY 18.7 billion worth of Working Capital Loans were provided to 756,245 tradesmen and artisans in the same year with the Tradesmen Support Package provided for the needs of customers through the www.halkbankkobi.com.

In the same approach, arrangements were made such that SME and tradesman customers can also make their loan repayments and payment deferrals through digital channels without having to visit a branch. Increasing

the quality of service it provides to SMEs, Halkbank continues its works to ensure that credit card, cash and non-cash requests up to a certain limit can be made through digital channels and aims to complete these efforts soon.

The Bank accurately analyzes the needs of and offers solutions to SMEs, tradesmen and artisans and provides specific training and advisory supports to them through the "Ask an Expert" section on the www.halkbankkobi.com.tr platform. Halkbank experts quickly reply queries to accurately analyze the need and also guide SMEs, Tradesmen and Artisans in many important issues through monthly articles suitable to the current trends and solutions. On the other hand, 1.6 million calls were received at the 0850 222 0 401 Artisan and SME Dialog line during the year. The questions and requests received through the line are replied in real-time on a 24/7 basis.

The next-generation online training platform created with an understanding of "Turkey Will Develop if SMEs Develop" aims to train all SMEs and have them use the know-how and competencies they achieve to easily overcome difficulties they encounter in business life. Additionally, application receipt for the Tourism Support Package Loan and the Social Life Support Loans, automation of the Tradesmen Loan application received from www.halkbankkobi.com.tr and automated processing of Tradesmen Loan and Paraf Tradesmen Card applications are provided.

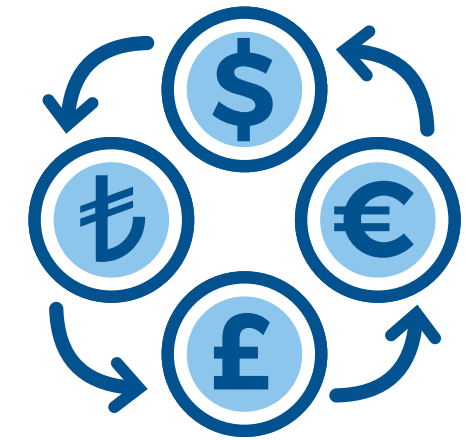
TRANSFORMATION OF CASH MANAGEMENT

Halkbank intermediates the collections and payments arising from company activities to eliminate manual processes in cash flows to provide time savings and operational improvements to its customers. Offering the demand option for collections and payments in corporate transactions is an important criterion for the preference of Halkbank. Aiming to provide fee commission contribution and low-cost services and reduce its counter transactions, the Bank continues to meet customer expectations with an understanding of continuous improvement and innovative services. In this context, 96% of the banks corporate collections were made through digital channels during the reporting period.

The Central Bank of the Republic of Turkey (CBRT) published a communique on March 1, 2020 to ensure unity in the free charging approaches of all the banks regarding the fees charged to commercial customers and financial consumers and to limit the fees in 2020. Works were started after the Communique was published to make all the fee, commission, calculation and collection screens in the internal systems of the Bank comply with the Communique. All the fees were reviewed with the relevant teams, particularly the software teams under the coordination of the Department of Cash Management and the necessary arrangements were made. The Bank also participated in the meetings of the Banks Association of Turkey and development works were organized through interaction with the other banks in the sector and every detail was considered in a very broad range, from loan prepayments to the fee names on receipts and from

foreign trade transactions to payment systems and the works are currently ongoing.

Also intermediating the payment transactions of public institutions, Halkbank allowed customers to receive payments directly into their accounts and from ATMs without having to visit a branch in order to reduce infection risk during the COVID-19 pandemic. In this respect, our Bank mediates the turnover loss payments made to certain sectors by the Ministry of Commerce of the Republic of Turkey, and the Short Working Allowance and unemployment payments made by İŞKUR, via money order and EFT.



BRANCHES IN THE DIGITAL TRANSFORMATION JOURNEY

Increasing its digital lines and technological facilities with the New Branch Concept Project, Halkbank is continuing its efforts to realize a branch concept change where the transformation will be felt with the new service model and aims to simultaneously provide outstanding technology-integrated experience and comfort to customers. In this context, transformations are also planned in work modes and service models in addition to physical branch transformations. Levent, Ümraniye and the Kozyatağı Corporate Branches were chosen as pilot locations and the transitions are currently ongoing. The aim is to finalize the transformation of these 6 branches to complete the pilot projects.

Halkbank carried out Paperless Banking processes by expanding digital transformation in its' branches to reach its sustainability goals. As part of Paperless Banking, all the contracts and forms of credit accounts and individual loans were transferred into digital environment to facilitate their approvals to be obtained through digital channels. Also, to reduce toner usage, printouts are recommended to be taken as black and white unless otherwise necessary. The scope of our paperless banking works was expanded in 2020 due to the COVID-19 pandemic and customers and non-customer individuals were allowed to obtain their agreement and form documents through digital channels.

Artisan Support Package, Individual Support Package and Micro Business Lifeline Loans;

- Banking Transactions Agreement,
 - Express Consent Statement for Processing Personal Data,
 - Information on Protection and Processing of Personal Data,
 - Current Account, Transfer Order, Working Capital Loan Transactions Commitment,
 - Internet and Mobile Corporate Banking Agreement,
 - Internet and Mobile User Application Form,
- were transferred to digital environment and approved electronically. Consumption of 4.2 million A4 sheets was prevented by the year-end through the paperless banking practices. Also, digital images were created for a total of 23 documents related to 12 credit products and plans were made to obtain approval in electronic environment as part of the Digital Loan Project currently being prepared and tested to make loan lending operations faster and more effective. Furthermore, works are continuing with the INBOX project for approving documents of transactions started in a branch through digital channels.

ANKA TECHNOLOGICAL TRANSFORMATION PROGRAM

With the ANKA Transformation Program that was initiated to ensure that the Digital Transformation efforts can progress systematically and sustainably, Halkbank used target-impact analyses to identify in detail the systems and applications requiring updates. In the context of this program;

- Banking screens compatible with all devices used in business flows,
- Management panels customizable to the personnel profile, from which the targets, jobs and key information can be easily tracked,
- Task pools to ensure jobs requests and tracking can be easily performed through the system,

- Establishing the customer session structure to make customer transactions more accessible and understandable in order to increase employer efficiency, ensure effective resource utilization and save costs.

Customer satisfaction is also expected to increase with the ability to develop higher-quality software products and services.

Although the Bank started 2020 with an intense ANKA schedule, it shifted its IT resources to prioritize public projects particularly in the first half of the year due to the pandemic. Works are continuing on the ANKA project despite such difficulties and current ANKA applications have been integrated to all the branches through a 7-stage plan. The transformation schedule regained pace as of Q3 and the following applications were commissioned in this context.

DIGITAL TRANSFORMATION PROCESSES









- Individual MIY Panel
- TRY Cash Withdrawal From the Same Branch
- Agreement Management - Customer Structure
- Retail and Corporate Customer Identification-Update
- Fraud Tracking Module
- Retail Non-Performing Loan Monitoring
- Authorization Management Applications
- Document and Printout Management
- Retail Customer 360
- Accounting Movements Monitoring

ROBOTIC PROCESS AUTOMATION EFFORTS

Continuing its business operations using future technology, Halkbank focused on achieving operational efficiency and improvement through automation efforts based on robotics. Robot-assisted works were initiated to ensure that the financial information of the Bank customers is prepared in accordance with the requests of institutions with which communication and information exchange is made.

As part of integrating new technologies into business processes, Halkbank started to perform mortgage registration and cancellation transactions in digital

environment. Also, releasing transactions for guarantee letters and mortgages received for securing loans, submitted to customs offices, Eximbank and private addresses who are Fideks members are also performed through digital channels. As a result of these efforts, approximately 1.7 million ordered transactions performed by all the branches and operation centers before installation were automated whereby their workload was reduced and the efficiency of the Bank's activities were noticeably increased. TRY 381,701 was saved as a result of these improvements. With the realization of robotic processes, employees were transferred to projects and processes with high added value.

TRADITIONAL BANKING PROCESSES		ROBOTIC AUTOMATION PROCESSES	
	Required Personnel 8.26 FTE		Required Personnel 4.86 FTE
	Required Budget TRY 997,825		Required Budget TRY 587,280
			EFFICIENCY WITH ROBOTIC AUTOMATION EMPLOYEE EFFICIENCY 3.40 FTE BUDGET EFFICIENCY TRY 381,701

Innovations targeted in the future with the robotic automation works are as follows:



It is the transactions that take place in processes such as reconciliation, reporting, central operation and customer contact center, which we consider as a high-volume stack.



MANUFACTURED CAPITAL



- A total of **1,013** domestic and overseas branches, liaison offices in London, Tehran and Singapore
- **4,060** ATM machines
- **IT Without Disabilities Public Service Award** for Banking Without Disabilities practices

MANUFACTURED CAPITAL

Halkbank creates value for the Turkish economy with its manufactured capital consisting of its branches and ATM machines where the service quality is continuously increased. The Bank provides uninterrupted service with its strong infrastructure to both its domestic and foreign customers. Aiming to continuously improve its operational processes and infrastructure to include disadvantaged groups as well, the Bank continued to be a center of solution during the pandemic.

BRANCHES AND ATM MACHINES

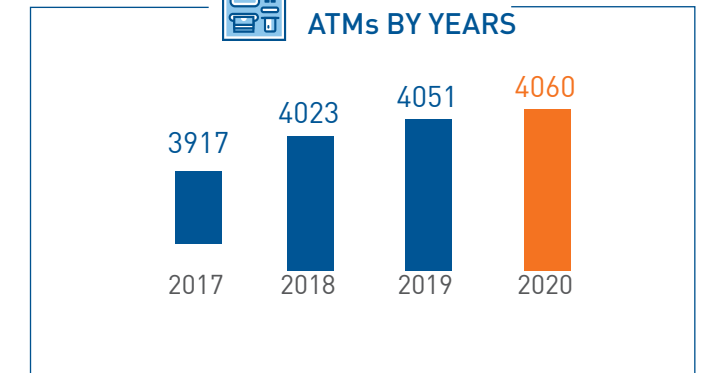
Celebrating its 82nd anniversary with the motto “**Always By Your Side**”, Halkbank continues to meet the needs of its nearly 11 million customers through its extensive service network with a total of 1,013 domestic and overseas branches and liaison offices in London, Tehran and Singapore. The Bank provided superior services to 2.5 million new customers in 2020. Among the best in the banking sector where it operates, the Bank continues to create value for its customers without a pause with the infrastructure transformations it realized and renewed equipment. 72% of the Bank’s

investments this year were Information Technology investments and the Bank continued to be a source of solution with its newly purchased equipment and branches throughout Turkey and its Head Office supplementary service units.

The Bank continued to provide products and services uninterruptedly through both physical and digital channels throughout the COVID-19 pandemic and prioritized hygiene and safety for its employees and customers. In this context, the Bank put hygiene waste bins in all the service units to reduce the virus infection risk.



NUMBER OF ATMs BY YEARS




Halkbank continues to create value for all groups within the society including disadvantaged groups through a series of practices that facilitates access. As part of the Banking Without Disabilities project it realized in May 2011, the Bank designed its Accessible Bank24 ATMs to provide service to physically and visually disabled customers. Accordingly, physically disabled individuals can perform all transactions on an ATM machine while visually disabled individuals can use a headphone, darken the screen, inquire the account balance and withdraw cash using the program that converts the text on the screen to voice. Furthermore, Halkbank made its digital channels compatible with the expectations of its visually disabled customers in accordance with changing customer expectations and received the Public Service Without Disabilities Award at the IT Without Disabilities Awards. Also, the Communication Line Without Disabilities was established to ensure that customers with hearing and speaking disabilities can receive services from the branches and their needs and requests are quickly met. Opportunity was thus provided to customers with hearing and speaking disabilities to receive uninterrupted service. 85 calls were replied through the Communication Line Without Disabilities in 2020.

Halkbank gave the “Best Approach to Disability” and “Sign Language” trainings to its employees to ensure they can provide better service to customers with disabilities. 4,692 trainings were completed in 2020.

The transaction diversity (deposit money into account, credit card debt repayment, credit card debt and limit check) was increased in 2020 for visually disabled customers and the means were provided for them to perform their transactions with headphones at ATM machines. Individual loan contracts were also prepared with the Braille Alphabet, voice information and sign language translation were provided on the website and videos were uploaded to improve the banking applications.

Closely monitoring the future trends and including digitalization among its focus points, Halkbank aims to provide uninterrupted and next-generation banking experience to its customers. In this context, it established the Department of Digital Transformation to coordinate all the works in this regard from a single point. The digital transformation all business units is managed through this unit.

 Please refer to the Intellectual Capital section for further details on Halkbank's Digital Transformation efforts.





NATURAL CAPITAL



17 MIN

HALKBANK INTEGRATED REPORT 2020



- Approximately **0.47 million tons of avoided emissions** were achieved via the renewable energy plants assessed by Halkbank
- A total of **TRY 332.9 million cash investment** loan to renewable energy projects ✓
- **1,673,296 hours of electrical energy savings** by switching off computer screens with the **Ctrl+Alt+Delete** keys
- **Reverse osmosis water treatment systems** in the head office buildings that have high numbers of personnel

Halkbank makes no compromises from its corporate policies to minimize the environmental impact of its banking operations. While designing value-added business models that conform to changing global trends and conditions to meet its sustainable future targets, the Bank designs its corporate strategy by also including environmental, social and governance issues. The Bank continues all its operations in an environmentally conscious manner and aims to minimize its environmental impacts and continuously improve its performance in this area. The Bank oversees the potential impacts of its activities through its environmental social impact assessment and also

effectively manages potential risks. As part of the Integrated Management System practices consisting of the ISO 14001 Environment Management System and the ISO 50001 Energy Management system established by the Bank and integrated into its business processes, all the processes including legal and other requirements are tracked, monitored for being up-to-date and works for legislative compliance are reported to the Sustainability Committee at the Management Review Meetings. Halkbank violated no rules or received no penalties in 2020 for negative environmental impacts.

Halkbank pays special attention to include the


environmental and social impacts of investments to be financed as a priority in the project assessment process. The investments financed by the bank are evaluated and reported through systemic modules. Evaluation criteria including environmental and social impact assessment in particular and other sustainability issues are also integrated into the scoring system in the reports. The Bank aims to minimize the impact caused by both its portfolio and its banking operations as part

of the struggle against climate change. Accordingly, the Bank aims to continue increasing its improvement efforts in the near future as part of the struggle against climate change. The Bank continues to finance projects that contribute to climate change mitigation, emission reduction, waste management and paperless banking practices to minimize operational footprint. None of the banking operations were part of a carbon pricing system.

RESPONSIBLE PRODUCT AND SERVICE APPROACH

In addition to meeting the social and environmental standards required by the law and the Bank's policies, performing social and environmental risk assessment, taking the necessary measures and having effective internal audit systems are criteria prioritized by Halkbank in financed projects. Important values for the Bank include monitoring investments before the loan and during the maturity term, managing project-specific risks more effectively with field visits when necessary and realizing financed projects such that value is added also through their environmental and social impacts.

Halkbank also makes its funds available to investors to finance the increasing energy needs of Turkey in line with its economic growth. While utilizing resources, Halkbank goes beyond providing merely financial support to companies and provides free technical consultancy services to ensure that investments are made efficiently by using the know-how and the experience of its engineers who hold energy manager certificates. In addition to the funds made available through deposits to renewable energy and energy efficiency investments of companies, Halkbank also supports them by obtaining financial funds from international financial institutions.

 Please refer to our website for further details on Halkbank's Sustainable Finance activities.

The renewable energy projects assessed for the reporting period and the two preceding years are as shown in the table.

QUANTITY	SPP	WPP	HEPP	GPP	BPP	Total Number	Total Installed Power (MW)
2018	49	4	4	1	3	61	735
2019	9	6	23	7	1	46	774.1
2020*	9	0	3	1	2	15	135.7
Total	67	10	30	9	6	122	1,644.8

*The total reduction in greenhouse gas emissions from renewable energy power plants evaluated by Halkbank in 2020 reached 0.47 million tons of CO₂ equivalent.

Energy Generation Lending in 2020

Lending Purpose	Amount (TRY)	
HES	148,482,129.62	✓
RES	-	
BES	106,500,000	✓
JES	8,206,380	✓
GES	69,766,000	✓
Total	332,954,509.62	✓

Halkbank continued its efforts to provide sufficient financing support and suitable loan products to ensure its customers can make the necessary investments, renewals and similar activities during the pandemic. Halkbank supports renewable energy power plants by providing finance through technical and financial assessments under the Department of Company and Project Analysis .

A total of **TRY 332.9 Million** ✓ in cash investment loans were used for renewable energy and energy efficiency projects in 2020, and as of 31/12/2020, the cash risk balance of renewable energy projects investment loan was approximately **TRY 8 Billion**.

Projects Assessed Within the Extremely High-Risk Category

Prohibited projects are defined as high risk in international literature.

Such projects can be listed as:

- Commercial transactions concerning wildlife and products prohibited under the CITES convention
- The release of genetically modified organisms to nature
- Production, distribution and sale of prohibited insecticides and agricultural pesticides
- Trawl 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 more than of 0.005%,
- Production of products containing asbestos
- Nuclear reactors and their components
- Processed or unprocessed tobacco
- Tobacco processing machinery

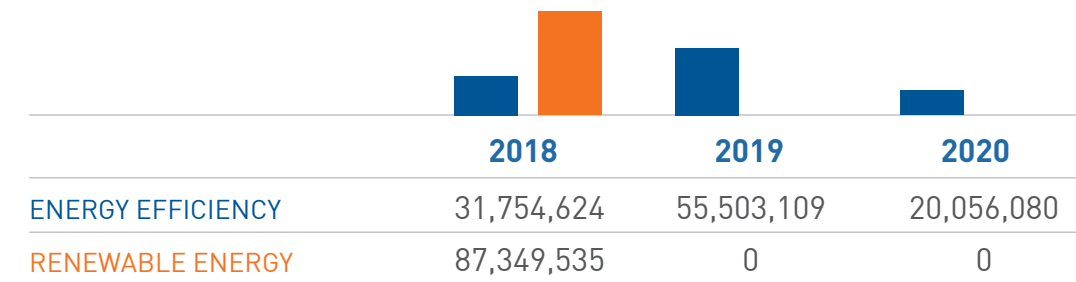
The Bank assesses financed investment projects from environmental and social aspects and carries out impact assessment works in contact with the local people where necessary. The loan and investment projects financed by Halkbank are evaluated through a scoring module. Environmental factors are divided into three groups: low, medium and high risk. Firms and projects 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 that "A 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" and the score affects the rating of the company. Not only the investments but also the operations of firms seeking loans are assessed as issues falling within the scope of sustainability.

The main topics included in a Sustainability Assessment are as follows:

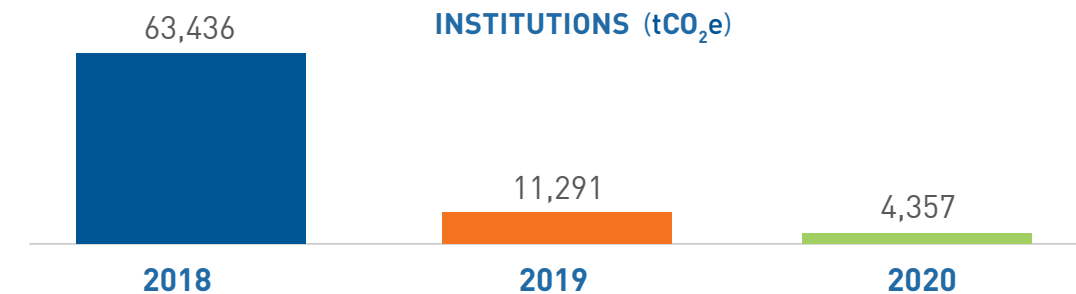
- Environmental Impact Assessment Report
- Green Building Certificate
- ISO Environment Management Certificate
- Carbon Emission Assessment
- Occupational Health and Safety Assessment
- Consumer Rights Sensitivity Assessment

The Bank scored 6,909 firms under the scope of the Sustainability and Environmental Assessment in 2020.

TOTAL AMOUNT OF CLEAN ENERGY LOANS LENT USING FUNDS SECURED FROM INTERNATIONAL FINANCE INSTITUTIONS



EMISSION REDUCTION ACHIEVED THROUGH CLEAN ENERGY LOANS SECURED FROM INTERNATIONAL FINANCE INSTITUTIONS (tCO₂e)



TACKLE CLIMATE CRISIS

Halkbank prepares for its journey toward a sustainable future by taking into account the changing global conditions, as well as environmental, social and governance (ESG) matters. Halkbank established the ISO 14001:2015 Environment Management System and the ISO 50001:2011 Energy Management System and integrated them into its business processes in 2016. Halkbank was also the first Turkish bank to establish the ISO 50001 Energy Management System. In 2019, the Integrated Management System was extended to encompass all the service units and upgraded to a risk-based high-level ISO 50001:2018, as the most recent version of the ISO 50001 Energy Management System. As part of the ISO 50001 Energy Management System, the Bank's internal audits and controls are performed by Integrated Management System Internal Investigators.

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, businesses can devise long-term growth plans to achieve successful results. Our Bank supported the Carbon Disclosure Project (CDP) Climate Change and Water Program in 2020 and transparently shared the steps it took for a habitable world with its stakeholders. The Bank also secured a place in the BIST Sustainability Index of companies listed on Borsa Istanbul with the highest corporate sustainability performance.

RAISING EMPLOYEE AWARENESS

The Bank continued its sustainability training activities in 2020 to ensure its employees adopt its sustainability vision more effectively. In addition to various trainings such as Human Rights, Best Approach to Disability and Financial Literacy, environmental courses such as Environment Management were continued. 86 hours per person training was provided to employees during the year through classroom and remote training.

The Bank aims to raise employee awareness with articles in areas such as environment and energy through the Sustainability pages of its corporate publication the Together Magazine. For this purpose, many articles were published on the Together Magazine on recycling, COVID-19 wastes, climate change and energy efficiency.

EMISSION MANAGEMENT

As part of the fight against climate crisis, Halkbank calculates its Corporate Carbon Footprint every year to measure and monitor the impacts of its activities and minimize such impacts through reduction strategies.

The Bank effectively managed the emission risks in its operations and continued exemplary efforts to its sector competitors during the pandemic.

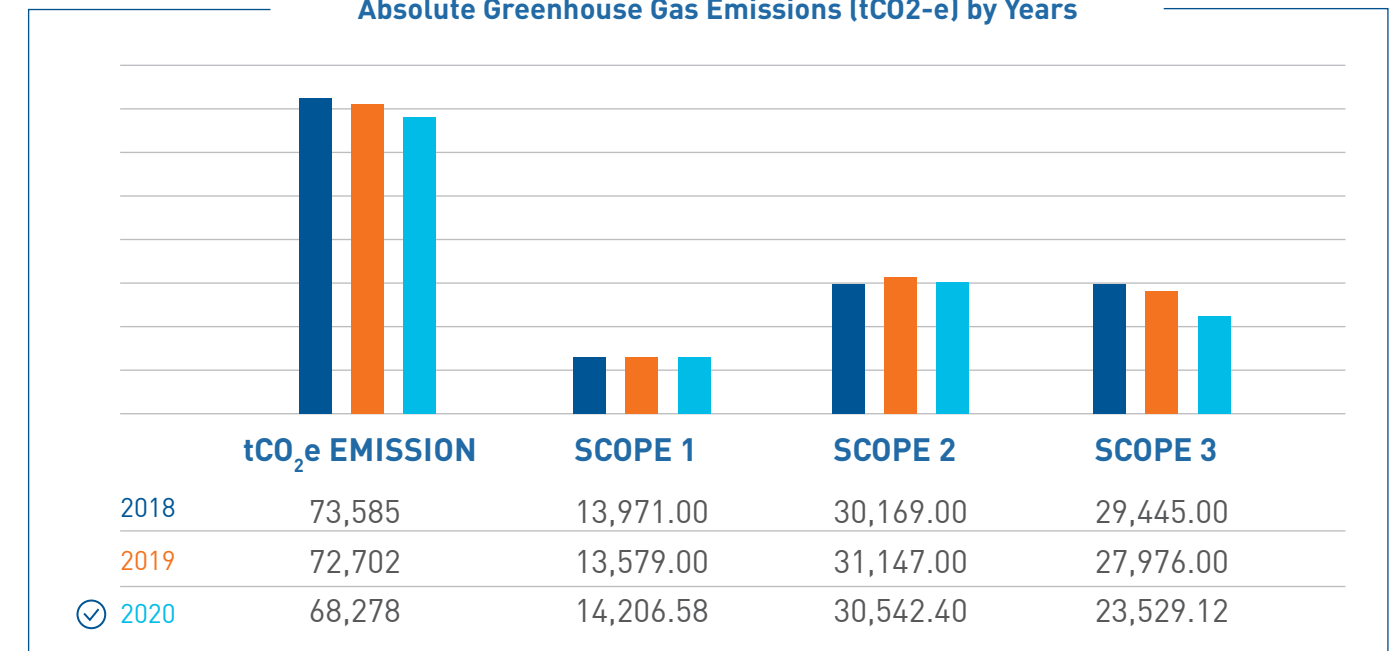
Halkbank adheres to the international legislation and standards in measuring and reporting emissions and makes the calculations in accordance with the ISO 14064 Greenhouse Gas Accounting and Verification Standard to take actions to reduce its emissions.



The indicators under the scope of the limited assurance and their explanation are specified in the Reporting Guideline in the Annexes section.

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. However, the Executive Meeting was held online in 2020 due to the pandemic. Therefore, no carbon credits were accumulated or bought in the reporting year.

Absolute Greenhouse Gas Emissions (tCO₂-e) by Years



ENERGY MANAGEMENT

Halkbank shapes its efficiency efforts made with the motto of "Let's Spare Energy for the Future" in the context of the Sustainability and Energy Policies. The Bank develops innovative solutions to increase efficiency and reduce losses to lower the consumption of energy and natural resources in its activities. Accordingly, the Bank is designing a system in which performance evaluations will be made in accordance with the amount of consumed energy and natural resources by tracking the consumption variables, working climate conditions in the building and all potential effects using energy monitoring systems.

In accordance with the strategies it set pursuant to the Integrated Management System, the Bank complies with the national and international legal requirements

for which it is responsible for regarding the utilization, consumption and efficiency of energy and natural resources. The Bank also performs activities to improve performance by procuring products and services that provide energy efficiency in its procurement processes.

Total energy consumed in the Bank (GJ)	474,827.4 ✓
Directly consumed renewable energy* (kwh)	9,699
Indirectly (purchased) renewable energy (kwh)	130,197.7

* 9,699 kw of electricity was generated in 2020 with the solar panels on the Ataşehir Supplementary Service Building.



CTRL+ALT+DELETE = Saving Project

With the "Ctrl+Alt+Del" project implemented in the second half of 2020, as part of its energy efficiency efforts Halkbank aims to prevent unnecessary electricity consumption at times when the personnel are not using their computer and to raise awareness. During the examination of the electricity consumption of computers as part of the energy efficiency works, it was determined that computer monitors were the highest energy consuming component of the computer. With the savings project started after this study, the monitor goes to sleep after 15 minutes on open idle computers and the screens go to sleep mode with the CTRL+ALT+DELETE keys with a software

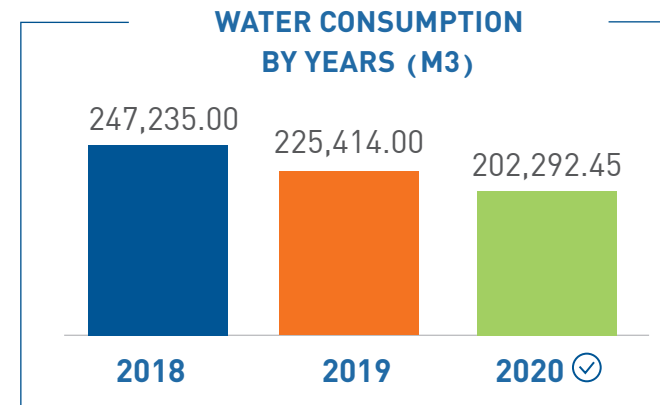
developed as part of the project and energy saving is achieved.

In 2020, computer monitors were turned off for 12,395,453 times with the Ctrl+Alt+Delete keys, which saved 1,673,296 hours of electrical energy consumed by the computer monitors.



WATER MANAGEMENT

Halkbank believes that the quantity of water consumed should be managed effectively by using natural resources efficiently and reducing the environmental impacts resulting from banking activities. All the water consumed by the Bank is acquired locally and discharged into the municipal sewage. The Bank does not have a rainwater collection system. The Bank has reverse osmosis water treatment systems in the head office buildings which have high numbers of personnel. The yearly decrease in Halkbank's water consumption is shown in the following table.

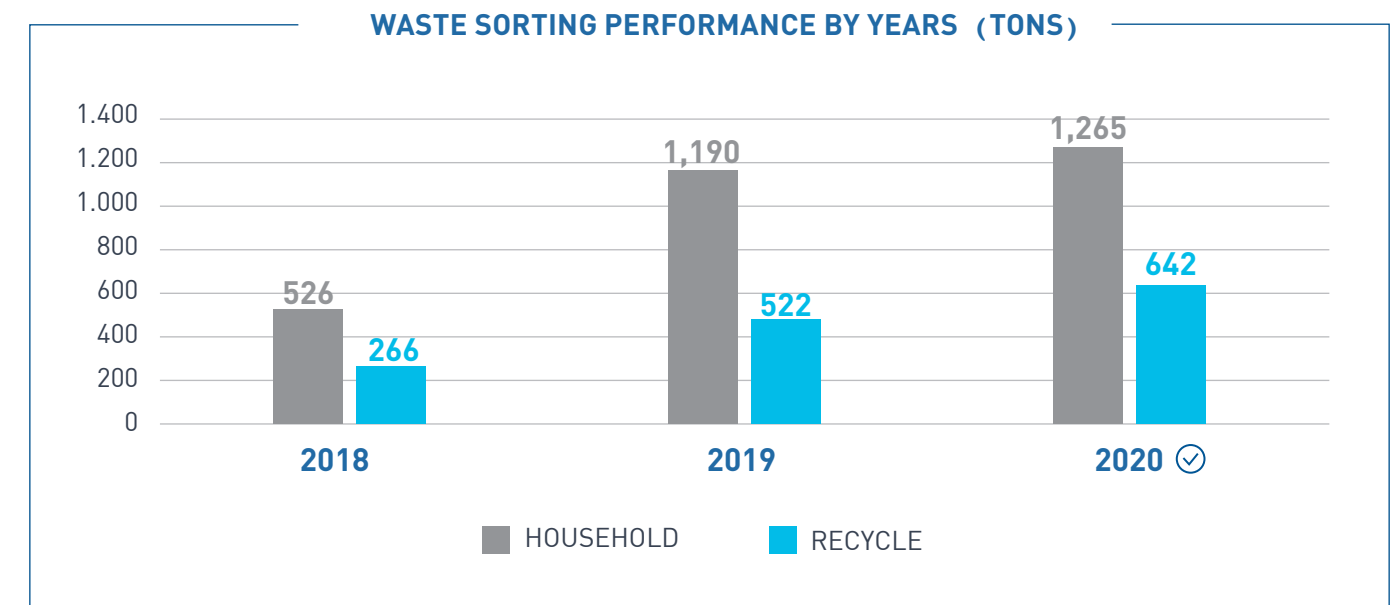


WASTE MANAGEMENT

Halkbank continues its efforts to sort wastes and reduce its per capita waste generation in a manner that suits the culture of responsible banking, by taking waste management into consideration in its efforts to reduce the environmental impacts of the Bank's activities. Compliance was achieved with the Zero Waste

System in all service locations as of 2019. In 2020, around 80% of the service locations became entitled to receive a Zero Waste Certificate and the Bank aims to certify all its service locations in 2021 through ongoing inspections. A total of 14,641 kg of hazardous waste was declared across the bank in 2020.

14,641 kg of waste considered as hazardous under the Basel Convention annexes I, II, III and IV was transferred, imported, exported or rehabilitated in 2020.



PAPER SAVING WITH PAPERLESS BANKING PRACTICES

Once an opportunity for the banking industry as a result of developing technologies and innovations, digitalization has become an important necessity with the pandemic for every sector. Confronting the pandemic in a prepared manner with its long-term plans and works, the Bank accelerated its Paperless Banking practices during this period and performed its document and form approvals in its lending processes through digital platforms. Paper waste was prevented in the following documents with the electronic approval systems realized in the Artisan Support Package, the Individual Support Loans and the Micro Business Lifeline Loan products:

- Banking Transactions Agreement,
- Express Consent Statement for Processing Personal Data,
- Information on Protection and Processing of Personal Data,
- Current Account, Transfer Order, Working Capital Loan Transactions Commitment,
- Internet and Mobile Corporate Banking Agreement Application Form.

In 2020, Halkbank continued to provide loans and overdraft accounts through its Internet, Mobile and Call Center Channels. In addition to individual lending, pilot regions were set in lending transactions through SMS and certain campaign loans were also provided during the pandemic.

Battery Waste Gifts

With the project started in 2016, waste battery machines were placed in Head Office buildings to raise awareness on battery wastes and to encourage employees for waste management. The Bank gives various gifts in exchange for coupons received for each battery deposited in the battery machines and makes sure that the gifts are energy- and eco-friendly with the goal of raising awareness among the employees on sustainability manners.

Launching of the Digital Together Magazine

The Bank's corporate publication, the Together at Halkbank Magazine became digital as of May 2020 with its 81st Issue based on Halkbank's principle of "Make the world habitable, make life sustainable". With the digitalization project the Bank aims to prevent the consumption of tons of paper and destruction of hundreds of trees each year. Halkbank aims to minimize paper consumption and minimize environmental damage with the project and avoid all the disadvantages of traditional publishing.



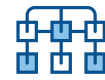


AWARDS



YEAR	NAME OF AWARD	AWARD	Topic/ Category
2017	Achievement in Customer Excellence Awards (A.C.E.)	Diamond Customer Satisfaction Achievement Award	Public Banking
2018	SEC- Service Export Champions	First Prize	Finance, Insurance and Other Financial Services
2018	17th Eco Showcase Stars of the Year Awards	CEO of the year	Stars of the Year
2018	G- Summit Turkey 2018- Call Center	The Most Innovative Bank	The Most Innovative Bank
2018	Prida Communication Awards- Mother's Day Movie	Creative Content Production	Creative Content Production
2018	Social Media Awards: Data Analytics Awards- Social Media Management	Silver	Public Banks
2018	ARC AWARDS- "The World's Best Annual Report"- Halkbank 2018 Annual Report	Gold	Written Text& Photo
2018	ARC AWARDS- "The World's Best Annual Report"- Halkbank 2018 Annual Report	Silver	Interior Design
2018	ARC AWARDS- "The World's Best Annual Report"- Halkbank 2018 Annual Report	Honor	Traditional Annual Report
2018	Achievement in Customer Excellence Awards (A.C.E.)	Diamond Customer Satisfaction Achievement Award	Public Banking

AWARDS



YEAR	NAME OF THE AWARD	TYPE	TOPIC/ CATEGORY
2018	Halkbank Turkey Capital Markets Awards Ceremony	First Prize	Domestic Investor Custody Balance Leader
2019	SEC- Service Export Champions	Second Prize	Finance, Insurance and Other Financial Services
2019	Golden Compass Turkey Public Relations Award- 80th Anniversary Communication	Golden Compass	Corporate Communication
2019	Golden Compass Turkey Public Relations Award- "Common Tradition, Common Future" Marbling Art Film	Golden Compass	Corporate Communication
2019	18th Eco Showcase Stars of the Year Awards	Bank of the year	Stars of the Year
2019	Overseas Contracting Services Award- Employment Oriented Support Package	Plaque	Sectoral Support
2019	Achievement in Customer Excellence Awards (A.C.E.)	Diamond Customer Satisfaction Achievement Award	Public Banking
2019	MaratonTürk 2019 Bests of the year- Halkbank Sports Club- Volleyball Team	Rising value of the year	Rising value of the year
2020	Social Media Awards: Data Analytics Awards- Social Media Management	Bronze	Public Banking
2020	Brand Adding Value to Society- Value Summit	Brand Adding Value to Society	Value Summit and Brands Adding Value to Turkey
2020	33 rd Ahi-Order Celebrations- Ahi-order Service Award	Ahi Service Award	Support to Ahi-Order Culture with Tradesmen and Artisans
2020	Achievement in Customer Excellence Awards (A.C.E.)	Diamond Customer Satisfaction Achievement Award	Public Banking

PERFORMANCE TABLES

Economic Performance Indicators (billion TRY)	2018	2019	2020
Net Profit	2.5	1.7	2.6
Total Assets	378	457	680
Liquid Assets	40	38	66
Cash Loans	251	309	450
Securities	75	103	159
Total Deposits	249	298	457
Equity	29	32	43

SOCIAL PERFORMANCE INDICATORS

Employee demographics (related to Age, Education and Gender)			2018	2019	2020
Executive Management	Gender Distribution	Female	1	2	✓ 4
		Male	50	50	✓ 55
Bank Employees	Gender Distribution	Female	8,202	8,287	✓ 8,937
		Male	10,579	10,680	✓ 11,233
		TOPLAM	18,781	18,967	✓ 20,170
Board of Directors -	Gender Distribution	Female	1	1	✓ 1
		Male	8	8	✓ 8
Education Level of the Bank Employees	PhD	Female	5	7	✓ 7
		Male	10	9	✓ 12
	Postgraduate	Female	602	622	✓ 672
		Male	738	778	✓ 834
	Bachelor	Female	6,261	6,355	✓ 6,974
		Male	7,194	7,192	✓ 7,619
	Vocational High School	Female	729	743	✓ 776
		Male	543	578	✓ 639
	High School	Female	604	560	✓ 508
		Male	2,047	2,079	✓ 2,093
	Primary Education	Female	1	0	✓ 0
		Male	47	44	✓ 36

SOCIAL PERFORMANCE INDICATORS

Employee demographics (related to Age, Education and Gender)			2018	2019	2020
Employee Age Ranges	18-20		2	0	✓ 0
	21-30		5,421	4,713	✓ 4,895
	31-40		9,812	10,651	✓ 11,394
	41-50		3,161	3,228	✓ 3,466
	51-55		379	369	✓ 411
	>55		6	6	✓ 4
Number of employees who went on maternity leave and returned from maternity leave (persons)					
Number of Employees Who Went on Maternity Leave	Number of Employees Who Returned to Work		628	58	✓ 1,332
	Number of Employees Not Returned to Work Yet		424	387	✓ 244
	TOTAL		1,052	974	✓ 1,576
Total number of employees, new recruits and employee turnover (persons)					
Annual Number of Number Employees (including bank+company personnel)			21,530	21,545	✓ 23,047
New Recruits	Age <20	Female	0	0	✓ 0
		Male	2	0	✓ 0
	Age 21-30	Female	761	276	✓ 784
		Male	585	286	✓ 624
	Age 31-40	Female	48	24	✓ 52
		Male	85	101	✓ 127

Employee demographics (related to Age, Education and Gender)			2018	2019	2020
New Recruits	Age 41-50	Female	2	0	✓ 1
		Male	7	9	✓ 8
	Age >50	Female	0	0	✓ 0
		Male	1	3	✓ 1
	TOTAL	Female	811	300	✓ 837
		Male	680	399	✓ 760
Employee Turnover Rates (%)	New Recruits Turnover Rate**		5.56%	1.00%	✓ 0.25%
	Total Employee Turnover Rate		3.06%	2.70%	✓ 1.70%
Average training hours by gender (hours)					
Training Data	Total classroom training (hours/person)		35.21	20.45	✓ 11.57
	Total e-training (hours/person)		70.64	98.67	✓ 74.86
	Average Training Hours (hours)	Female	51.92	52.43	✓ 88.30
		Male	53.93	67.89	✓ 84.92
	Total Average Training Hours (hours)		105.90	119.12	✓ 86.42
	Technical Trainings		95.61	100.44	✓ 78.62
	Personal Development Trainings		10.28	17.55	✓ 7.81
Total training hours on human rights policies and procedures (man*hours)			13,055.00	4.795,00	✓14.735,00

ENVIRONMENTAL PERFORMANCE INDICATORS

INDICATOR		2018	2019	2020
The BANK's energy consumptions from its activities				
Electricity Consumption	kWh	64,959,337.00	66,982,196.00	✓ 65,527,573.86
Gas Consumption	m3	2,015,647.00	2,130,564.00	✓ 2,318,830.86
Fuel-Oil Consumption	tons	50.04	11.66	✓ 27.73
Coal Consumption	tons	222.00	194.00	✓ 155.31
Diesel Fuel Consumption - Heating	liters (Used in the Heating Systems)	336,239.00	268,087.00	✓ 215,818.09
Diesel Fuel Consumption - Generator	liters (Used as Generator Fuel)	63,370.00	68,586.00	✓ 62,416.85
Vehicle Fuel Consumption	Diesel Fuel Consumed in	816,534.00	1,246,828.00	✓ 1,252,602.20
	Personnel Service Buses (Liters)	2,919,329.00	2,907,009.00	✓ 2,630,165.26
	Company Vehicles Diesel Fuel (L)	46,462.00	37,759.00	✓ 38,741.86
Energy Consumption in the Bank	Company Vehicles Gasoline (L)	437,405.00	485,511.00	✓ 474,827.40
Total water withdrawal by source (m³)		TOTAL (GJ)		
Water Consumption	m3	247,235.00	225,414.00	✓ 202,292.45
Paper Consumption	tons	1,687.00	1,946.00	✓ 1,230.97

ENVIRONMENTAL PERFORMANCE INDICATORS

Indicator		2018	2019	2020
The BANK's energy consumptions from its activities				
Amount of Waste	Domestic Waste (kg)	525,978.00	1,189,680.00	✓ 1,265,136.49
	Recycled Waste (kg) (Glass, Plastic, Paper, Metal)	265,832.00	521,919.00	✓ 642,091.78
Quantity of electronic equipment given to licensed companies for recycling/destruction (pieces)		N/A	N/A	✓ 1,933.00
TOTAL tCO2 Emission		73.585,00	72,702.00	✓ 68,278.11
Scope 1 - Direct greenhouse gas (GHG) emissions (tCO2e)*		13.971,00	13,579.00	✓ 14,206.58
Scope 2 - Indirect energy greenhouse gas (GHG) emissions (tCO2e)*		30.169,00	31,147.00	✓ 30,542.40
Scope 3 - Other indirect greenhouse gas (GHG) emissions (tCO2e)*		29.445,00	27,976.00	✓ 23,529.12
Total tCO2 emissions per m²		0.12	0.11	0.11
Total tCO2 emissions per employee		3.42	3.37	2.96

OHS Indicators

Indicator		2018	2019	2020
Occupational accidents and accident rates by type (%)	Injury Rate	0.079	0.113	✓ 0.102
	Lost Workday Rate	1.213	0.265	✓ 0.728
	Accident Frequency Rate	0.39	0.563	✓ 0.508
	Accident Severity Rate	0.006	0.0013	✓ 0.004

SUSTAINABLE FINANCE INDICATORS

Indicator		2018	2019	2020
Amount of Loan Provided for Energy Efficiency and Renewable Energy Projects	Renewable Energy (TRY million)	688,754,033	617,954,319	✓ 332,954,509.62
	HEPP	111,442,788	166,774,879	✓ 148,482,129.62
	WPP	176,041,335	77,494,000	-
	BPP	87,250,497	70,400.000	✓ 106,500,000.00
	GPP	172,639,457	154,053,900	✓ 8,206,380.00
	SPP	141,379,956	149,231,540	✓ 69,766,000.00
	Energy Efficiency			-
	Total	688,754,033	617,954,319	✓ 332,954,509.62

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.

GRI STANDARDS	NOTIFICATIONS	NOTIFICATIONS AND PAGE NUMBERS
GRI 101: Foundation 2016		
GRI 102: General Disclosures 2016		
	Corporate Profile	
	102-1 Name of the organization	4
	102-2 Primary brands, products, and services	11-37
	102-4 Number of countries where the organization operates and countries where the organization has significant activities or countries related to sustainability topics described in the report	
	102-5 Nature of property and legal structure	
	102-6 Markets served	
	102-7 Scale of the organization	
	102-11 External initiatives	
	Strategy	
	102-15 Providing a description of key impacts, risks, and opportunities	4-10
	Ethical Rules and Principles	
	102-16 Values, principles, standards, and norms of conduct	11-37
	102-17 Internal and external mechanisms such as hotlines for getting advice on ethical and legal conduct and corporate integrity	
	Governance	
	102-18 Governance structure of the organization, including committees of the highest governance body	
	Stakeholder Engagement	
	102-40 List of stakeholder groups	82
	102-41 Collective bargaining agreements	67
	102-42 Identification and selection of stakeholders	52
	102-43 Stakeholder engagement approach	82

GRI CONTENT INDEX

	102-44 Key issues and concerns	52
	Reporting	
	102-45 All institutions included in consolidated balance sheets or equivalent documents	23
	102-46 Defining report content and topic boundaries	6
	102-47 List of priority topics	53
	102-48 Information rearranged according to previous reports	11
	102-49 Changes in reporting	52
	102-50 Reporting Period	4 - 10
	102-52 Reporting frequency	
	102-53 Contact information for questions about the report and its content	124 - 153
	102-54 Compatibility option selected according to GRI Standards	8
	102-55 GRI content index	124-153
	102-56 External assurance	
Special Standard Notifications		
GRI 200 Economic Standards Series		
GRI 201: Economic Performance 2016		
GRI 103: Management Approach 2016	103-1 Description and limits of priority topics	54 - 65
	103-2 Management approach and components	
	103-3 Evaluation of management approach	
	201-1 Economic value produced and distributed	
	201-2 Financial implications and other risks and opportunities due to climate change	
GRI 202: Market Presence 2016		
GRI 103: Management Approach 2016	103-1 Description and limits of priority topics	54-65
	103-2 Management approach and components	
	103-3 Evaluation of management approach	
	202-1 Ratios of standard entry level wage by gender compared to local minimum wage	
	202-2 Proportion of senior management hired from the local community	80 - 95

GRI CONTENT INDEX

GRI 203: Indirect Economic Impacts 2016		
GRI 103: Management Approach 2016	103-1 Description and limits of priority topics	54 - 65
	103-2 Management approach and components	
	103-3 Evaluation of management approach	
	203-1 Infrastructure investments and services supported	80 - 95
	203-2 Significant indirect economic impacts	54 - 65
GRI 204: Procurement Practices 2016		
GRI 103: Management Approach 2016	103-1 Description and limits of priority topics	80 - 95
	103-2 Management approach and components	
	103-3 Evaluation of management approach	
	204-1 Proportion of spending on local suppliers	
GRI 205 Anti-corruption 2016		
GRI 103: Management Approach 2016	103-1 Description and limits of priority topics	11 - 37
	103-2 Management approach and components	
	103-3 Evaluation of management approach	
	205-2 Communication and training about anti-corruption policies and procedures	
	205-3 Confirmed incidents of corruption and actions taken	
GRI 300 Environmental Standard Series		
GRI 301: Materials 2016		
GRI 103: Management Approach 2016	103-1 Description and limits of priority topics	110 - 122
	103-2 Management approach and components	
	103-3 Evaluation of management approach	
	301-1 Materials used by weight or volume	
GRI 302: Energy2016		

GRI CONTENT INDEX

GRI 103: Management Approach 2016	103-1 Description and limits of priority topics	110-122
	103-2 Management approach and components	
	103-3 Evaluation of management approach	
	302-1 Energy consumption within the organization	
	302-4 Reduction of energy consumption	
GRI 303: Water and Efjuents 2016		
GRI 103: Management Approach 2016	103-1 Description and limits of priority topics	110-122
	103-2 Management approach and components	
	103-3 Evaluation of management approach	
	303-1 Interactions with water as a shared resource	
	303-3 Water withdrawal	
GRI 305: Emissions 2016		
GRI 103: Management Approach 2016	103-1 Description and limits of priority topics	110-122
	103-2 Management approach and components	
	103-3 Evaluation of management approach	
	305 – 1 Direct (Scope 1) GHG emissions	
	305 – 2 Energy indirect (Scope 2) GHG emissions	
	305 – 6 Emissions of ozone-depleting substances (ODS)	
GRI 306: Waste 2020		
GRI 103: Management Approach 2016	103-1 Description and limits of priority topics	110-122
	103-2 Management approach and components	
	103-3 Evaluation of management approach	
	306-2 Management of significant waste-related impacts	
	306-4 Waste diverted from disposal	
GRI 400 Social Standard Series		
GRI 401: Employment 2016		
GRI 103: Management Approach 2016	103-1 Description and limits of priority topics	66-79
	103-2 Management approach and components	
	103-3 Evaluation of management approach	

GRI CONTENT INDEX

	401-1 New employee hires and employee turnover	66-79
	401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	
	401-3 Parental leave	
GRI 403: Occupational Health and Safety 2016		
GRI 103: Management Approach 2016	103-1 Description and limits of priority topics	66-79
	103-2 Management approach and components	
	103-3 Evaluation of management approach	
	403-1 Occupational health and safety management system	
	403-2 Hazard identification, risk assessment, and incident investigation	
	403-3 Occupational health services	
	403-4 Worker participation, consultation, and communication on occupational health and safety	
GRI 404 – Training and Education 2016		
GRI 103: Management Approach 2016	103-1 Description and limits of priority topics	66-79
	103-2 Management approach and components	
	103-3 Evaluation of management approach	
	404-1 Average hours of training per year per employee	
	404-2 Programs for upgrading employee skills and transition assistance programs	
	404-3 Percentage of employees receiving regular performance and career development reviews	
GRI 410 – Security Practices 2016		
GRI 103: Management Approach 2016	103-1 Description and limits of priority topics	66-79
	103-2 Management approach and components	
	103-3 Evaluation of management approach	
	410-1 Security personnel trained in human rights policies or procedures	

GRI CONTENT INDEX

GRI 412 – Human Rights Assessment 2016		66-79
GRI 103: Management Approach 2016	103-1 Description and limits of priority topics	66-79
	103-2 Management approach and components	
	103-3 Evaluation of management approach	
	412-2 Employee training on human rights policies or procedures	
GRI 413 – Local Communities 2016		
GRI 103: Management Approach 2016	103-1 Description and limits of priority topics	80-95
	103-2 Management approach and components	
	103-3 Evaluation of management approach	
	413-2 Operations with significant actual and potential negative impacts on local communities	
GRI 416 – Customer Health and Safety 2016		
GRI 103: Management Approach 2016	103-1 Description and limits of priority topics	66-79
	103-2 Management approach and components	
	103-3 Evaluation of management approach	
	416-1 Assessment of the health and safety impacts of product and service categories	
GRI 417 – Marketing and Labeling 2016		
GRI 103: Management Approach 2016	103-1 Description and limits of priority topics	80-95
	103-2 Management approach and components	
	103-3 Evaluation of management approach	
	417-1 Requirements for product and service information and labeling	
GRI 418 – Customer Privacy 2016		
GRI 103: Management Approach 2016	103-1 Description and limits of priority topics	80-95
	103-2 Management approach and components	
	103-3 Evaluation of management approach	
	418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	

REPORTING GUIDE

This reporting guide provides information on the data collection and calculation methodologies for the indicators used under independent auditing in Halkbank's (the "Bank") Integrated Report 2020. These indicators consist of social indicators, environmental indicators and sustainable finance indicators. The Bank management is responsible for making sure that suitable procedures are implemented to prepare the aforementioned indicators for the Guide in every material respect.

The information contained in this guide covers the FY 20 financial year that ends on December 31, 2020 (January 01 – December 31, 2020) and, as detailed in the "Basic Definitions and Reporting Scope" section, only the Bank's operations in Turkey and excludes information on the group companies and affiliates unless otherwise specified. Halkbank's operations in Turkey include Head Office and Supplementary Service Buildings, Regional Coordination Offices and ATM machines.

GENERAL REPORTING PRINCIPLES

This guide document was prepared in consideration of the following principles:

- In preparing the information - emphasize the basic principles of the information's suitability and reliability for the users of the information
- In reporting the information - emphasize the principles of comparability / consistency of the data with other data including last year's data and the principles of comprehensibility / transparency that provides clarity to the users

GRI Reporting Standards: The specified indicators were reported in accordance with the relevant GRI guideline:

- GRI 302-1 energy consumption within the organization
- GRI 303-1 Water withdrawal by source
- GRI 305-1 direct (Scope 1) greenhouse gas emissions
- GRI 305-2 indirect (Scope 2) greenhouse gas emissions
- GRI 305-3 other (Scope 3) indirect greenhouse gas emissions
- GRI 404-1a Training and Education

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

BASIC DEFINITIONS AND THE REPORTING SCOPE

Type	Indicator	Scope
Sosyal Göstergeler	Employee Demographics	Refers to the total employee staff of the company during the reporting period and their gender, age, educational distribution as well as the gender distribution of the employees working in the senior management . This indicator covers the Bank employees and subcontractor employees.
	Number of Employees Who Went on Maternity Leave and Returned from Maternity Leave	Refers to the number of all female and male Bank employees who went on maternity leave during the reporting period and the number of female and male employees who returned to work after maternity leave.
	Total Number of Employees, New Recruits and Employee Turnover	Refers to the total number of employees, new recruits and employee turnover in the reporting period. The employee turnover rate refers to the ratio of the number of employees who leave their job by resigning or cancellation of their employment contract to the total number of employees..
	Average Training Hours by Gender	Refers to the total duration of the trainings given on the human rights policies and procedures during the reporting period. This indicator covers the Bank employees and subcontractor employees.
	Total Training Hours on Human Rights Policies and Procedures	Refers to the total duration of the trainings given on the human rights policies and procedures during the reporting period. This indicator covers the Bank employees and subcontractor employees.
	Occupational Health and Safety	Reported as the occupational accidents and accident ratios (%) (injury rate, lost workday rate, accident frequency rate, accident severity rate) depending on the type. This indicator covers the Bank employees and subcontractor employees.
	Energy Consumption	
	Energy Consumption (kWh)	Refers to the total amount of electrical energy purchased during the reporting period and used in the relevant locations for air conditioning, lighting, electrical device operation and other operations requiring electricity.

BASIC DEFINITIONS AND THE REPORTING SCOPE

Type	Indicator	Scope
Environment Indicators	Gas Consumption (m ³)	Refers to the total amount of gas (in volume–m ³) purchased during the reporting period and used in the relevant locations for heating, kitchen and other operations requiring as.
	Coal (tons)	Refers to the total amount of coal (in weight–tons) purchased during the reporting period and used in the relevant locations for heating
	Fuel-Oil (tons)	Refers to the total amount of fuel-oil (in weight–tons) purchased during the reporting period and used in the relevant locations for heating
	Diesel Fuel Consumption (Heating) (L)	Refers to the amount of diesel fuel (in volume–L) purchased during the reporting period and used in the relevant locations for heating
	Diesel Fuel Consumption (Generator) (L)	Refers to the amount of diesel fuel (in volume–L) purchased during the reporting period and used in the relevant locations as generator fuel.
	Vehicle Fuel Consumption (L)	Refers to the amount gasoline purchased during the reporting period and used in the Bank's vehicles and the fuel oil (in volume – L) used in the personnel service buses.
	Energy Consumption in the Bank (Total GJ)	Refers to the total energy consumption (total GJ) by the Bank's locations under audit in their operations during the reporting period.
	Other Environmental Performance Data	
	Water Consumption (m ³)	Refers to the total water consumption (in volume – m ³) by the relevant locations during the reporting period.
	Paper Consumption (tons)	Refers to the total paper consumption (in weight – tons) in the Bank's business processes during the reporting period

Type	Indicator	Scope
Environment Indicators	Amount of Collected and Destroyed waste (kg)	Refers to the total amount of waste at the company operation sites during the reporting period according to type and destruction method. Includes domestic waste and waste sent to recycling (glass, plastic, paper, metal) (in weight - kg).
	Quantity of Electronic Equipment Given to Licensed Companies for Recycling/Destruction (Pieces)	Refers to the quantity (pieces) of electronic equipment given by the bank to licensed companies for recycling/destruction during the reporting period.
	Scope 1, 2 and 3 Emissions	
	Direct GHG Emissions Scope 1 (tCO ₂ e) Energy Indirect GHG	Refers to the greenhouse gas emissions at the relevant locations of the company from gas, fuel-oil, coal, diesel fuel, gasoline consumption refrigerant gas and fire extinguisher usage during the reporting period.
	Emissions Scope 2 (tCO ₂ e)	Refers to the greenhouse gas emissions at the relevant locations of the company from the consumption of the purchased electrical energy during the reporting period
	Other Indirect GH Emissions Scope 3 (tCO ₂ e)	Refers to the greenhouse gas emissions from the Bank employees' commuting, business flights, accommodation, water consumption, paper usage, cargo and posting and destruction of collected waste during the reporting period.
Sustainable Finance Indicators	Financed renewable energy and energy efficiency projects (TRY)	Refers to the amount of loans (million TRY) lent by the bank to renewable energy and energy efficiency projects during the reporting period.

DATA PREPARATION

Social Indicators

Employee Demographics

In the gender distribution indicator for the executive management, the executive management positions include the unit manager, information technologies unit manager, consultant, supervisory board member, deputy general manager and group manager positions.

Employee Turnover Rate

The following formula is used to calculate the employee turnover rate.

Employee Turnover Rate: Total Number of Personnel Who Left Work (Resignation and Cancellation of Labor Contract) / Total Number of Personnel * 100

Occupational Health and Safety (OHS) Data

The following definitions and formula are used to calculate OHS data. The number of employees in the reporting period was taken as 18000 in calculating the total worked hours. The number of female employees was taken as 8000 and the number of male employees as 10000.

1. Injury rate: Total number of accidents /Total work hours*200000

2. Lost workday rate: Total number of lost workdays / Total work hours*200000

3. Accident frequency rate: Total number of accidents / Total work hours*1000000

4. Accident severity rate: Total number of lost workdays/ Total work hours*1000

Environment Indicators

Energy Consumptions

Primary fuel sources consisting of electricity, gas, coal, fuel-oil, diesel fuel and gasoline are reported as the energy consumption data.

Electricity and gas consumption data is obtained from the meters and bills of the service providers. Coal and fuel-oil consumption data is obtained from the bills of the service providers. Consumption data for the fuel oil used for heating, generator and company vehicles is obtained from the bills of the service providers. Gasoline consumption data is obtained from the bills of the service providers for the company vehicles.

The Bank uses the following conversion factors in its energy consumption calculations:

- As electricity is billed in terms of the supply unit kWh, the conversion factor 1 kWh=0.0036 GJ is used for conversion into GJ;
- For consumptions billed in terms of the gas supply unit m³, the conversion factor [1m³ * (0.799) kg/m³ * (44.798) MJ/kg]/1,000 is used for conversion into GJ.
- As coal is billed in terms of the supply unit tons, the conversion factor [1ton * (27.23) GJ/ton] is used for conversion into GJ.
- As fuel-oil is billed in terms of the supply unit tons, the conversion factor [1ton * (40.658) GJ/kg] is used for conversion into GJ.
- As diesel fuel is billed in terms of the supply unit liters, the conversion factor [1L / (1190.45) l/ton * (42.72) GJ/ton] is used for conversion into GJ.

[42.72) GJ/ton] is used for conversion into GJ.

•As gasoline is billed in terms of the supply unit liters, the conversion factor [1L / (1356.89) l/ton * (43.86) GJ/ton] is used for conversion into GJ.

Scope 1, 2 and 3 Emissions

Scope 1, scope 2 and scope 3 emissions were calculated based on the operational control principle in the context of the “Greenhouse Protocol: Corporate Calculation and Reporting Standard” in accordance with ISO 14064-1. In the scope 1 emission calculations, the CO₂ equivalent factors consisting of the CO₂, CH₄, N₂O, HFC’s (refrigerant gas) emissions from fire extinguishers emissions were used. In the scope 2 emission calculations, the emissions from electricity were calculated using the total carbon factor and in the scope 3 emission calculations, the emissions from

the employee service buses, paper consumption, mail posting, water consumption, accommodation, travel, waste and other indirect emissions were calculated using the total carbon factor. The emission factors used are detailed in the following table.

The Global Warming Potential (GWP) coefficients were taken from the 5th Assessment Report of the Intergovernmental Panel on Climate Change (IPCC) and the “DEFRA (Department for Environment, Food and Rural Affairs) 2020 Emission Factors” (<https://www.gov.uk/government/publications/greenhouse-gasreporting-conversion-factors-2020>) published by the government of the United Kingdom and the compound ton CO₂e value was calculated by multiplying with the suitable coefficients. The emissions from the mains electricity were calculated using the CO₂ emission factors published by the National Energy Agency in 2018.

Emission Factors – Scope 1	CO ₂ (kg CO ₂ e)	CH ₄	N ₂ O	Total Carbon Factor (ton CO ₂ e)
Diesel Fuel (kg/L)	2.65242	0.00025	0.03520	2.6879
Gasoline (kg/L)	2.30176	0.00680	0.00611	2.3147
Gas (kg/m ³)	2.01888	0.00271	0.00107	2.0227
Coal (kg/ton)	2,632.00	214.60	36.66	2,883.30
Fuel-Oil (kg/ton)	3,209.38	4.18	7.81	3,221.40
Refrigerant gases - R22				2,088.00
Refrigerant gases – R410A				1,810.00
Refrigerant Gases – R600A	3.00			3.00
Fire Extinguishers - HFC-227 EA	3,220.00			3,220.00
Fire Extinguishers - NOVEC (Pentanone)	1.00			1.00

Emission Factors - Scope 2 (kg/kWh)	kg CO ₂ e/kWh
Turkey Electrical Energy (Mains – IEA Turkey 2018)	0.4661

Emission Factors - Scope 3	Carbon Factor (kgCO ₂ e)
Employee Service Buses (kg/L)	2.6879
Paper Consumption (kg/ton)	919.40
Mail posting (kg/envelope)	0.03
Mail posting (kg/package)	0.80
Water Consumption (kg/m3)	1.0520
Accommodation (kg/accommodation nights)	37.30
Intercity Bus (kg/km)	0.0273
Taxi (kg/km)	0.1455
Public Transport (kg/km)	0.1195
Ship (kg/km)	0.0187
Train (kg/km)	0.0369
Private Vehicle (kg/km)	0.1714
Flight (Domestic Distance) (kg/km)	0.2443
Flight (Overseas Economy Short Distance) (kg/km)	0.1530
Flight (Overseas Economy Long Distance) (kg/km)	0.1462
Flight (Overseas Business Short Distance) (kg/km)	0.2295
Flight (Overseas Business Long Distance) (kg/km)	0.4239
Domestic Waste (kg/ton)	437.3719
Recycled Waste (kg/ton)	21.3167
Waste Paper (kg/ton)	21.3167

Emission Factors - Scope 3	Karbon Faktörü (kgCO ₂ e)
Company Vehicles Indirect Emissions	
Gasoline (kg/L)	0.5973
Diesel (kg/L)	0.6261
Other Fossil Fuels Indirect Emissions	
Diesel Fuel Heating (kg/L)	0.6261
Diesel Fuel Generator (kg/L)	0.6261
Gas (kg/m³)	0.2630
Coal (kg/ton)	431.47
Fuel-Oil (kg/ton)	610.71
Electricity Indirect Emissions	
Transmission and Distribution (kg/kWh)	0.0838
Generation (From Well to Tank) (kg/kWh)	0.0639
Transmission and Distribution (From Well to Tank) (kg/kWh)	0.0090
Personnel Service Buses Indirect Emissions	
Diesel (kg/L)	0.6261
Travel Indirect Emissions	
Bus	0.00649
Taxi	0.03504
Public Transport	0.02872
Ship	0.00362
Train	0.00724
Private Vehicle	0.04418

Emission Factors - Scope 3	Carbon Factor (kgCO2e)
Flight (domestic short distance)	0.02674
Flight (Overseas Economy Short Distance)	0.01675
Flight (Overseas Economy Long Distance) (kg/km)	0.01600
Flight (Overseas Business Short Distance) (kg/km)	0.02513
Flight (Overseas Business Long Distance) (kg/km)	0.04641
Work From Home Indirect Emissions	
Energy (kg/kWh)	0.466
Gas (kg/kWh)	0.204


Opinion Restatement

Measuring and reporting verified data inevitably involves estimation to a certain degree. An opinion restatement can be considered if data on the company level changes by more than 5%.

Limited Assurance Report To the Board of Directors of Türkiye Halk Bankası A.Ş.

We have been engaged by the Board of Directors of Türkiye Halk Bankası A.Ş. (“Halkbank” or the “Bank”) to perform an independent limited assurance engagement in respect of the Selected Sustainability Information (“Selected Information”) stated in Halkbank 2020 Integrated Report (“2020 Integrated Report”) for the year ended 31 December 2020 and listed below.

Selected Information


The scope of the Selected Information for the year ended 31 December 2020, which is subject to our independent limited assurance work, set out in the 32, 42, 46, 71, 72, 73, 75, 79, 111, 113, 114, 117, 118, 120, 121, 128, 129, 130, 131, 132 ve 133 pages of the 2020 Integrated Report with the sign  is summarised below:

- Social Indicators
 - Employee Demographics
 - Number of Employees that Took Parental Leave and Returned to Work After Parental Leave
 - Total Number of Employees, New Hires, and Employee Turnover Rate
 - Average Training Hours by Gender
 - Trainings on Human Rights Politics and Processes
 - Occupational Health and Safety
- Environmental Indicators
 - Energy Consumption
 - Electricity Consumption (kWh)
 - Natural Gas Consumption (m³)
 - Coal Consumption (tonnes)
 - Fuel-Oil Consumption (tonnes)
 - Diesel Consumption (for heating) (l)
 - Diesel Consumption (for generators) (l)
 - Diesel and Gasoline Consumption (for vehicles) (l)
 - Energy Consumption within the Organization (Total GJ)
 - Other Environmental Performance Data
 - Water Consumption (m³)
 - Paper Consumption (tonnes)
 - Amount of Waste Collected and Disposed (kg)
 - Amount of Electronic Equipment Given to Licensed Companies for Recovery/ Disposal (Units)

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- Scope 1, 2 and 3 Emissions
 - Direct (Scope 1) Greenhouse Gas Emissions (tCO₂e)
 - Energy-related Indirect (Scope 2) Greenhouse Gas Emissions (tCO₂e)
 - Other Indirect (Scope 3) Greenhouse Gas Emissions (tCO₂e)
- Sustainable Finance Indicators
 - Funded Renewable Energy and Energy Efficiency Projects by the Bank (TL)

Our assurance was with respect to the year ended 31 December 2020 information only and we have not performed any procedures with respect to earlier periods, any information other than Selected Information marked with  in the 2020 Integrated Report, any other elements included in the 2020 Integrated Report and, therefore, do not express any conclusion thereon.

Criteria

The criteria used by the Bank to prepare the Selected Information is set out in section “Halkbank 2020 Integrated Report – Reporting Guidance” (the “Reporting Guidance”) on pages 140-148 of 2020 Integrated Report.

The Bank’s Responsibility

The Bank is responsible for the content of 2020 Integrated Report and the preparation of the Selected Information in accordance with the Reporting Guidance. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation of Selected Information that is free from material misstatement, whether due to fraud or error.

Inherent Limitations

Non-financial performance information is subject to more inherent limitations than financial information, given the characteristics of the subject matter and the methods used for determining such information. The absence of a significant body of established practice on which to draw to evaluate and measure non-financial information allows for different, but acceptable, measures and measurement techniques and can affect comparability between entities. The precision of different measurement techniques may also vary. Furthermore, the nature and methods used to determine such information, as well as the measurement criteria and the precision thereof, may change over time. It is important to read the Selected Information in the context of the Reporting Guidance.

In particular, for carbon emissions from energy used is based upon, inter alia, information and factors generated internally and/or derived by independent third parties as explained in the Reporting Guidance. Our assurance work has not included examination of the derivation of those factors and other third-party information.



Our Independence and Quality Control

We have complied with the independence and other ethical requirements of the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

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

Our Responsibility

Our responsibility is to form a conclusion, based on limited assurance procedures, on whether anything has come to our attention that causes us to believe that the Selected Information has not been properly prepared in all material respects in accordance with the Reporting Guidance. We conducted our limited assurance engagement in accordance with International Standard on Assurance Engagements 3000 (Revised), *Assurance Engagements other than Audits or Reviews of Historical Financial Information*', and, in respect of greenhouse gas emissions, International Standard on Assurance Engagements 3410, *Assurance Engagements on Greenhouse Gas Statements*, issued by the International Auditing and Assurance Standards Board.

A limited assurance engagement is substantially less in scope than a reasonable assurance engagement under ISAE 3000 and ISAE 3410. Consequently, the nature, timing and extent of procedures for gathering sufficient appropriate evidence are deliberately limited relative to a reasonable assurance engagement.

The procedures we performed were based on our professional judgment and included inquiries, observation of processes performed, inspection of documents, analytical procedures, evaluating the appropriateness of quantification methods and reporting policies, and agreeing or reconciling with underlying records.

Given the circumstances of the engagement, in performing the procedures listed above we:

- Made inquiries of the persons responsible for the Selected Information;
- Understood the process for collecting and reporting the Selected Information. This included analysing the key processes and controls for managing and reporting the Selected Information;
- Evaluated the source data used to prepare the Selected Information and re-performed selected examples of calculation;
- Performed limited substantive testing on a selective basis of the preparation and collation of the Selected Information prepared by the Bank and;
- Undertook analytical procedures over the reported data.



Limited Assurance Conclusion

Based on the procedures we have performed and the evidence we have obtained, nothing has come to our attention that causes us to believe that the Bank's Selected Information for the year ended 31 December 2020, is not properly prepared, in all material respects, in accordance with the Reporting Guidance.

This report, including the conclusion, has been prepared for the Directors of the Bank as a body, to assist the Directors in reporting Türkiye Halk Bankası A.Ş.'s performance and activities related to the Selected Information. We permit the disclosure of this report within the 2020 Integrated Report for the year ended 31 December 2020, to enable the Directors to demonstrate they have discharged their governance responsibilities by commissioning a limited assurance report in connection with the Selected Information. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Directors of Türkiye Halk Bankası A.Ş. as a body and Türkiye Halk Bankası A.Ş. for our work or this report save where terms are expressly agreed and with our prior consent in writing.

PwC Bağımsız Denetim ve
Serbest Muhasebeci Mali Müşavirlik A.Ş.

Mehmet Cenk Uslu, SMMM
Partner

Istanbul, 27 July 2021

Contact



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İndeks İçerik ve İletişim Danışmanlık

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