



2020 Sustainability Report

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01 About The Report

This first ever Sustainable Report published by Aktif Bank details the Bank's activities from 2018 onwards.

Aktif Bank is the largest privately-owned investment bank in Turkey. The Bank reaches its customers and offers its solutions via both physical and digital channels. The Bank, together with its subsidiaries, business partners and over 1,000 employees, provides products and services across more than 10 lines of business, meeting their daily needs in various areas including loans, insurance, transportation, security systems, payment systems and entertainment.

In line with its sustainability approach, Aktif Bank strives to disseminate its corporate values and core principles of sustainability across the entirety of its operations.

The Global Reporting Initiative (GRI) report has been prepared based on GRI core option, and includes SASB (the Sustainability Accounting Standards Board) finance industry materiality criteria. The report presents the usage of six different capital types and the value created in line with an integrated thinking and reporting approach.

As this year marks the very first edition of the sustainability report, the report does not offer an exhaustive account of all the standards. The Bank has started working on the infrastructure. The report's introduction provides a brief overview of the company and its main philosophy.

In line with the sustainability approach, the report features social, environmental and economic aspects, and the governance aspects necessary to establish a climate conducive to those, are presented in different sections.

During the preparation of the Sustainability Report, Aktif Bank Senior Management and the Sustainability Project Team convened regularly to share information about the process and findings, as well as opinions and feedback.

The report covers the activities of Aktif Bank in Turkey. The Bank's sustainability efforts in 2020 are described in detail. We hope you enjoy reading it.

02 Message From The Chairman

2020 was a year marked by the global pandemic. In a time of all-encompassing transformation, the importance of achieving sustainability and leaving a more livable world to future generations was made even more apparent. Our Group, acting on the principle of sustainability in every field of business, continued to create lasting value in 2020 in every region in which we operate. Meanwhile Aktif Bank, as Turkey's most comprehensive fintech ecosystem, consolidated its strong position with a business model focusing on value-creation and efficiency.

As the largest privately-held investment bank in Turkey as well, Aktif Bank aims to facilitate access to financial services for the entire society and build upon its scope of inclusion. Accordingly, the Bank has embraced an innovative business model focused on developing new products and services, offering access to financial instruments for a wider audience in order to help them realize their potential.

The Bank focuses on supporting sustainable energy investments and global development through project financing activities and partnerships, especially in solar and wind power and biomass. By minimizing the risk of default, the Bank makes a significant contribution to the country's economy.

Furthermore, Aktif Bank also endeavors to support social and cultural events and activities in the light of the principles of public benefit and respect for the environment. In line with its mission of creating lasting

value for Turkey, Aktif Bank undertakes social responsibility efforts by developing environment, education and culture & arts projects.

In this first ever sustainability report, prepared by an inter-departmental team, Aktif Bank takes a meticulous look at the needs, expectations and improvement areas that are of material importance for its stakeholders. In doing so, the Bank identifies priority and material topics, which are used to create a development roadmap that involves a broad range of aspects, from sustainable management to effective risk management, digital transformation to innovation and geographical diversity.

I believe this valuable work of sustainability will serve as a great asset to both our country's economy and to our Group's synergy. I would like to thank all Aktif Bank employees for their efforts in this endeavor.

Sincerely,

Ahmet Çalık



03 Message From The CEO

Dear Stakeholders,

In recent years, a variety of new ideas and opinions have been emerging, but there is one thing everyone agrees upon: Sustainability... And the COVID-19 pandemic we faced in 2020 demonstrated how essential sustainability is for individuals and organizations alike. The concept of sustainability refers to a broad philosophy with economic, social and environmental aspects, and is poised to play a major role in ensuring that the resources we have at hand today will be available for future generations as well. Fully aware that we cannot help but act with a forward-looking focus, we must fulfill our own responsibilities in this regard.

Since its founding, Aktif Bank has always acted in line with the principle of sustainability. Our goal is to create lasting value for our country, economy and society with our entrepreneurial approach and innovative solutions in all of our areas of activity.

Our business model is based on a holistic approach and a focus on creating value. This approach involves six key capitals: human, financial, intellectual, relationship, manufactured and natural, which we aim to use effectively to boost the value we generate. We embrace a customer-focused approach to service, and leverage service network, which is continuously expanded with new products, to enhance financial inclusion. While doing so, we never compromise on service quality. We secure financing for sustainable projects, consolidating our position as an investor.

The four key pillars of our sustainability strategy are digital banking, financial inclusion, renewable energy financing and geographical diversity. Our ways of doing business help us steer our efforts in a manner to enhance

our business results and reach stakeholders more effectively.

We are happy to see our efforts towards sustainability enriched with the publication of Aktif Bank's first sustainability report. To prepare this report, we formed a project team, named the Sustainability Ambassadors, consisting of representatives from various departments of our Bank. Sustainability Ambassadors provided a holistic assessment of our operations, and served as guides offering us insights about the needs, expectations and areas of improvement with respect to internal and external stakeholders, with whom they worked in close cooperation.

Aktif Bank undertakes a variety of social responsibility efforts in the topics of environment, sports, education and culture & arts, and we assessed our stakeholders' needs and expectations, as well as the areas of improvement in this context. We have also developed a roadmap in light of our mission of creating lasting value for our country and society. Our top priorities include sustainable profitability, effective risk management, digital transformation, innovation, environmental sustainability and renewable energy investments.

I would like to thank all of our colleagues who have contributed to this endeavor, which I hope will be the first iteration of what will be a long-running series.

Sincerely,

Ayşegül Adaca Oğan



04 About Aktif Bank

Aktif Bank, Turkey's largest privately-owned investment bank, continues to serve as a the largest fintech ecosystem of Turkey thanks to innovative business models and technology investments that redefine investment banking.

Aktif Bank both collaborates and competes with domestic and global fintech companies with products offered via physical and digital channels. Customer focus is ingrained in the DNA of the Bank, which, together with its subsidiaries, business partners and

over 1,000 employees, provides 360-degree services to more than 10 million customers across more than 10 lines of business, meeting their daily needs in various areas including loans, insurance, transportation, security systems, payment systems and entertainment.

With 12 branches across Turkey, Aktif Bank focuses on corporate banking, investment banking and private banking services that require predominantly face-to-face communications.

Aktif Bank maintained its innovation-oriented efforts at pace in 2020 as it continued to diversify its digital offering with a view to excellence in customer experience. Since its inception, Aktif Bank has invested in technology to make life easier for customers, with the Bank's multifunction digital bank "**N Kolay**" continuously being expanded to include new products and services.

The N Kolay mobile app was downloaded by 150,000 new customers in 2020, thanks to its products such as N Kolay Bond, which offers the convenience of digital transactions during the pandemic, as well as the FX platform with its bill payment and foreign exchange features. N Kolay will continue to expand its scope in 2021 in line with customer expectations, as befits a next-generation, branchless digital bank that makes life easier and meets its users' expectations anytime, anywhere.

+180
International Award

To date, Aktif Bank's alternative digital channels and platforms reached 330,000 retail loan transactions, 516,000 prepaid and bank cards, around 2 million overseas UPT money transfers, approximately 70 million bill payments and 4 million public transport trips.

Aktif Bank was also the naming sponsor of the 2020 Istanbul Marathon with its N Kolay brand. The combination of dynamism and the egalitarian and lean service model combined with the spirit of Istanbul Marathon, one of the leading events of its kind around the globe has created a harmonious collaboration.

Meanwhile, Aktif Bank continues to offer convenient access to sporting and cultural events alike with its other brand in digital, the Passo mobile application. The Bank is committed to continuously developing and refining the Passo app, diversifying its offering at stadiums with features such as 24/7 money transfer with QR code, shopping, on-demand loan, game and entertainment payments. Passo mobile reached 5.8 million downloads, while Passolig, the key to security and confort at stadiums, exceeded 5.5 million cards.

In 2020, Aktif Bank accurately analyzed customer needs and added indiBindi mobile app to its portfolio of solutions it offers to customers. This user-friendly app allows contactless QR-code payments in public minibuses which traditionally only accept cash indiBindi aims to digitize minibus transportation, and also allows users to reserve minibus seats.

Meanwhile, Aktif Bank continued to break the molds of traditional investment banking by issuing a YEDAŞ lease certificate in 2020. Designed to

generate funds for electricity distribution companies to use in their investments, the lease certificate was an important step in terms of sustainability by enabling companies to supply electricity to more people and with a better infrastructure.

Active in various sectors as befits its name thanks to its innovative and entrepreneurial vision, the Bank began to join forces with Japanese tech firms by partnering with SECOM in security technologies in 2019, followed by two partnership agreements with Mitsubishi in 2020. Aktif Bank partnered with Japanese tech giants Hitachi and Mitsubishi to develop technology solutions on cyber security and biometric authentication, and subsequently, introduced in Turkey the VeinID Five technology, which scans vein patterns on the user's hand to sign in to a PC or a mobile device. In 2020, Aktif Bank also developed end-to-end solutions to the construction industry with Workindo, an industry specific career platform developed in partnership with Mitsubishi and Çalık Enerji that brings together all industry stakeholders.

In 2020, the Bank moved to a new head office location to create a more comfortable and convenient workplace for its team.

Aktif Bank's achievements were not limited to business outputs. In 2020, the Bank won 10 new accolades, bringing the total number of international awards to over 180.

Who We Are

We are the largest fintech ecosystem of Turkey.

Our Goal

To ensure that financial products and services are easily accessible for everyone.

In all its operations and investments, the Bank endeavors to support social and cultural activities, giving due consideration to social benefit and protection of the environment, alongside its own public image, interests and profitability.

It strives for the progress of the banking industry and works to maintain the public trust in banking.

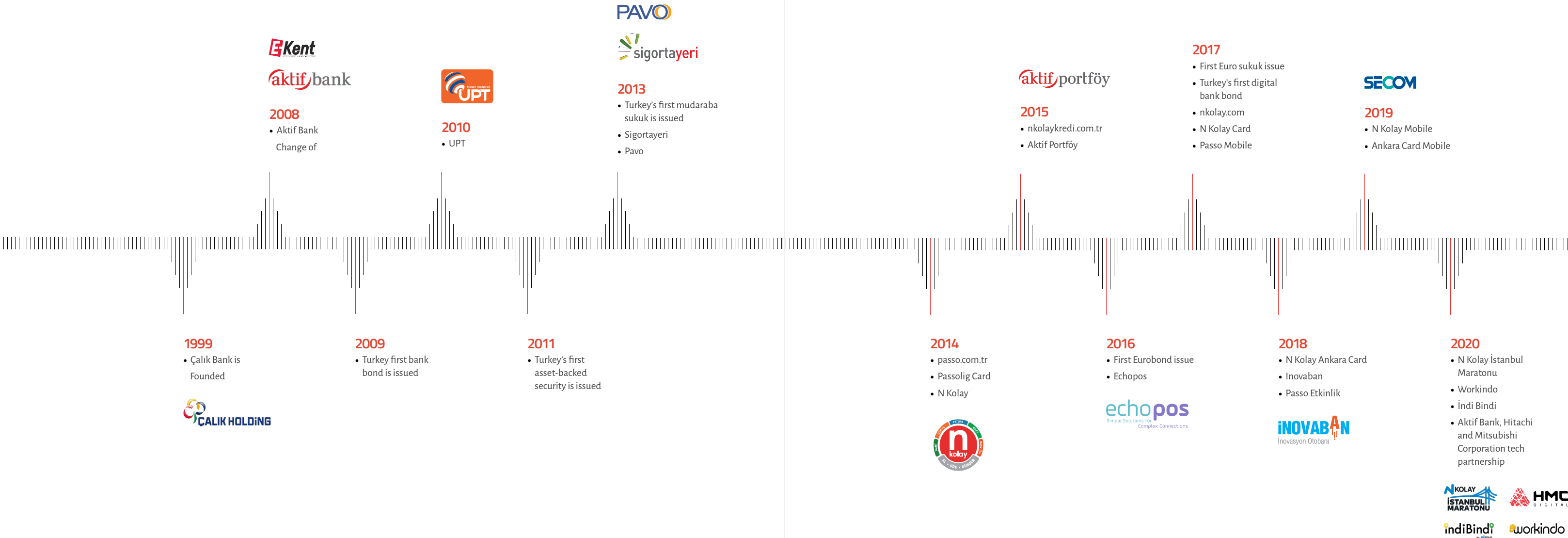
The Bank's main shareholding and capital structure as of December 31, 2020 is as follows:

Shareholding Ratios %

Çalık Holding A.Ş.	99,43
Çalık Denim Tekstil San. ve Tic. A.Ş.	0,3
Ahmet Çalık	0,13
Başak Yönetim Sistemleri A.Ş.	0,07
İrmak Yönetim Sistemleri A.Ş.	0,07
Total	100



04 Milestones



05 Turkish Banking Sector

As of 2020, there are 53 banks active in Turkey, with 34 conventional banks, 13 investment banks and 6 participation banks.

Total asset size of the banks is TRY 4.5 trillion. Asset size of Turkish banking industry grew 15% compared to 2018. Asset size to GDP ratio of the industry is 1.04%.

Total loan book of the industry is 16% higher than it was in 2018. Foreign currency loans dropped while total loan volume increased. Volatility in exchange rates was the primary factor behind this drop in foreign currency loans. Due to the economic downturn, non-performing loan ratios climbed from 3.88% in 2018 to 5.37%.

Banks have open positions in their balance sheets, and have a surplus in their foreign exchange positions when off-balance sheets transactions are taken into account.

The sector has an average capital adequacy ratio of 18,40%, up from 17,30% in year-end 2018. Average capital adequacy ratio for investment banks is 25.35%.

Digital transformation remains a key priority for banks. This transformation was initially launched with investments into online banking before spreading to mobile applications, and is now a key focus of the competition. Banks have also begun to engage in block chain.

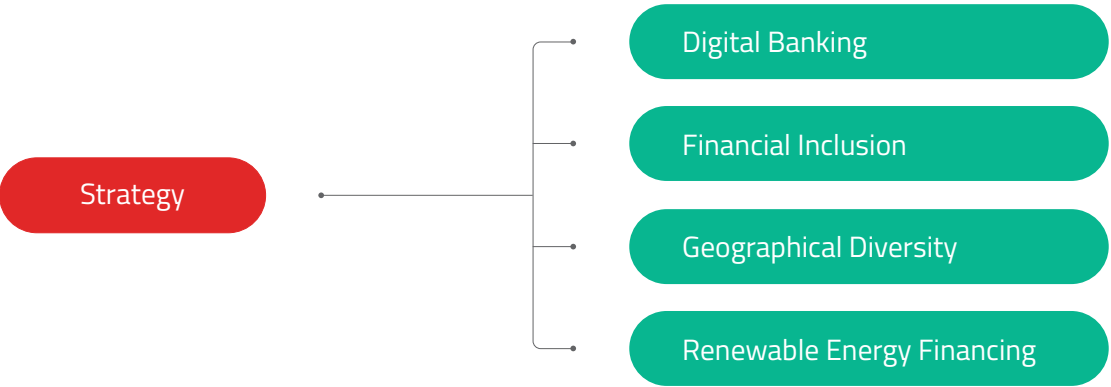
06 Strategy and Business Approach

As an investment bank, Aktif Bank is not authorized to collect deposits.

The primary financing sources of the organization are:

- Its own capital,
- Borrowing via bonds and bills,
- Borrowing from international banks,
- Borrowing from domestic banks,
- Profits added to equity capital.

Aktif Bank creates value by utilizing its resources with a focus on digital banking and project finance, guided by a strategy that prioritizes financial inclusion and geographical diversity. Aktif Bank’s philosophy of creating medium- and long-term value is reflected in its strategy of focusing on project finance and financial inclusion.



The Bank’s areas of activity and primary operations in these are areas explained below.

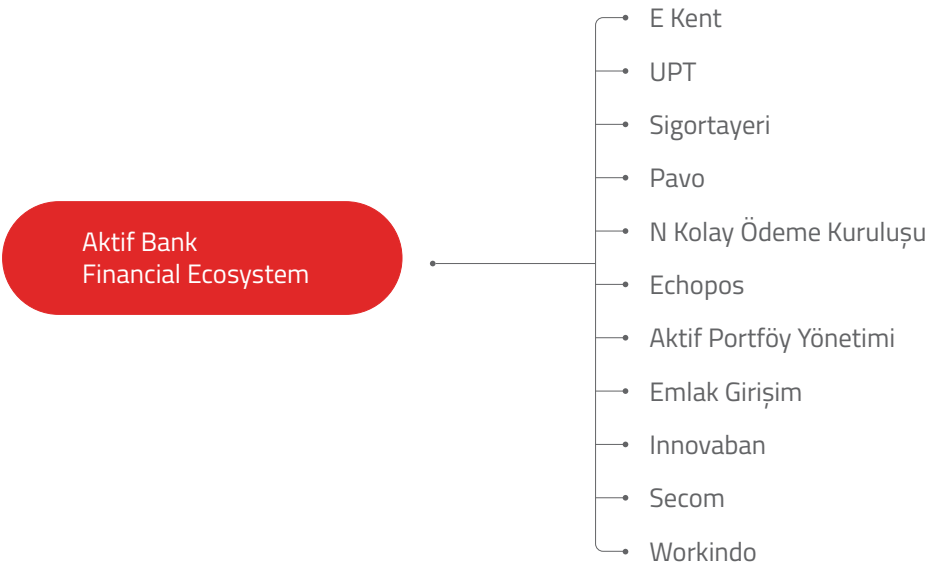
Areas Of Activity	How We Make A Difference
Corporate Banking	<ul style="list-style-type: none">• The Bank provides financing for foreign trade.• Aktif Bank supports Turkish exporters operating in challenging regions such as Sub-Saharan Africa, Middle East and Central Asia, developing solutions to help them secure their collections,• The Bank offers funding alternatives upon request, assuming associated risks and discounting receivables when appropriate,• The Bank also offers end-to-end financing solutions for the food industry,

Areas Of Activity	How We Make A Difference
Corporate Banking	<ul style="list-style-type: none">• Finances renewable energy projects,• Finances sports clubs,• Extends corporate loans,• Finances projects,• Engages in factoring transactions,• Engages in financial leasing transactions,
Treasury and Private Banking	<ul style="list-style-type: none">• Offers products tailored to customer needs and requests,• Issues bills and bonds in line with customer expectations,
Capital Markets	<ul style="list-style-type: none">• Issues securities for domestic and international markets,• Mediates security issuances of other organizations,
International Banking	<ul style="list-style-type: none">• Aktif Bank has business partnership with over 1,000 correspondent banks in 143 countries.• Develops products geared towards foreign trade finance,• Develops products geared at capital markets,
Retail Digital Banking and Payment Systems	<ul style="list-style-type: none">• N Kolay Mobil application:• With a broad investment limit ranging from TRY 200 to TRY 500,000, N Kolay allows retail customers from all income brackets to invest in bonds entirely through digital channels,<ol style="list-style-type: none">1. Transfer money without any surcharges,2. Trade foreign currency,3. Pay bills,4. Take loans.• Passo Mobile application is used for sport games, cultural and entertainment events, as well as money transfers and shopping,• N Kolay Pay application enables QR code payments in businesses, stores and digital platforms,• Public Transport Cards is a single-card solution for fare payments and shopping,• PTT channel offers loans for pensioners,• Dealerships provide consumer financing.






07 Subsidiaries






Subsidiary	Field Of Activity
	<p>Providing smart urban solutions and integration services, E-Kent carries out 1 billion smart transport transactions annually. E-Kent brings technological transformation to the cities it serves while developing value-added business models for public administrations. E-Kent offers smart public transport solutions and manages transportation operations for nearly 8 million citizens in various provinces, including Turkey's capital, Ankara. Since the day of its inception, E-Kent has carried out 15 million smart transport card transactions and 375 million transport ticket operations in total.</p> <p>E-Kent has also successfully carried out the world's biggest stadium infrastructure transformation project, which involves entrance control and surveillance systems, integrated ticketing, stadium box office services and infrastructure for 60 stadiums in 31 provinces in Turkey.</p> <p>Since April 2014, over 20 million football fans accessed stadiums using the e-ticket project of E-Kent, which sold around 10 million match-day tickets for over 4,000 games and more than 1 million seasonal tickets, generating revenues of over TRY 2 billion for sports clubs. As part of its strategy to expand to international markets, E-Kent continued to market its software and hardware solutions overseas, and its products and services are making a name for themselves in international organizations, such as the 2022 Qatar World Cup.</p> <p>E-Kent entered the entertainment and event organization industry in March 2019, and already achieved around 50% market share, thanks to its partnerships with leading event organizers as well as its existing expertise and experience.</p>



Subsidiary	Field Of Activity
	<p>UPT, Turkey's first licensed payment institution, offers money transfer services in multiple currencies to cards and accounts both in Turkey and abroad. UPT reaches customers via nearly 8,000 points including UPT branches and post offices as well as dealers and distributors, delivering its services through the most expansive distribution network in the industry.</p> <p>In 2020, UPT carried out 1.9 million transactions in 170 countries, achieving a transaction volume of more than TRY 7 billion. UPT increased the number of foreign partner banks and payment service providers to 107 to expand the range and reach of its services, and at the same time, began offering its services to domestic payment service providers through new contracts.</p> <p>In 2020, the UPT brand and system expanded its service region to six countries, showing once again its determination to become a global player. UPT transactions between countries other than Turkey climbed 249% in 2020. In total, 40 overseas banks or payment providers from 55 countries utilized the UPT infrastructure to carry out money transfers to 60 countries. UPT places customer needs and experience at the core of its service offering, and the company has made significant progress in software development for mobile and webbased solutions to carry its services to the digital. The mobile money transfer app UPTION was launched in 2020. For 2021, UPT aims to offer high-quality services and experience to customers on digital channels as well.</p>
	<p>Turkey's innovative Insurance broker Sigortayeri, maintained its trend of profitability in 2020 to record an above 100 percent growth over the previous year, cementing its position as “Turkey's largest domestic broker” providing insurance brokerage services to retail and corporate clients.</p> <p>In addition to its existing distribution channels, Sigortayeri expanded upon its partnership deals with leading players in the retail industry for its digital services, enhancing the integration of its insurance capability into customerbased “ecosystems”.</p> <p>In line with its robust retail insurance distribution network and guided by its principle of facilitating access to financial services, Sigortayeri continued to serve its customers during the global pandemic by digitizing the services it offered to business partners in a physical environment, complementing its range of customizable, comparative products that cater to the needs of end consumers.</p> <p>Offering corporate Insurance solutions via its Asron Sigorta brand, Sigortayeri took part in the insurance placement of major projects in Turkey and 15 other countries in the region. Asron Sigorta boasts considerable experience in major Insurance coverage in construction, healthcare, energy, textile, automotive and financial services industries, as well as trade receivables insurance, bail bonds, engineering, professional liability, cyber risk and project finance insurance products that replace or supplement banking solutions.</p>



Subsidiary	Field Of Activity
	<p>In 2020, PAVO expanded its range of next-gen payment systems services to offer modern solutions leveraging its experience and expertise. PAVO offers its services to customers through over 250,000 cash register POS devices across Turkey, and diversifies its operations with software integration, operator organization, special integration, Android device solutions and Interbank Card Center's Techpos app.</p>
	<p>Boasting Turkey's largest and widest network in its respective industry, N Kolay Payment offers its services through over 570 N Kolay Stores and around 3,500 N Kolay Kiosks.</p> <p>With new partnership deals signed in 2019 with Turkey's leading retailers and telecommunication companies, N Kolay Payment increased its physical service points to over 12,000. Acting as an agent in all provinces of Turkey in a variety of payment services including utility bill collections and domestic and international money transfers, N Kolay provides fast, convenient, and reliable payment transactions to over 360,000 card users.</p> <p>N Kolay's application to the Central Bank of the Republic of Turkey for offering POS services to SMEs was approved on December 17, 2020. N Kolay continues its operations to provide easy and convenient POS services in a time when digitization has become much more prevalent and important. N Kolay Payment allows customers to transfer money and pay utility bills via approximately 8,000 retail service points across 81 provinces on a 24/7 basis without having to wait for business hours or requiring a bank account.</p> <p>N Kolay achieved remarkable success in a short amount of time thanks to its fast and convenient online processes and guaranteed transactions. N Kolay is the largest collection and payment channel in Turkey with 7 million transactions per month. The N Kolay Kiosk project brought Aktif Bank first place in the competition organized by European Financial Management Association (EFMA).</p>
	<p>Echo Information Management Systems commenced operations in August 2020 with the EchoPOS brand, and by the end of 2020, the company has completed over 10,000 software and hardware installations in 81 provinces of Turkey, becoming a “Next-Gen Solution Partner” with end-to-end payment systems and integration solutions for front and back offices of enterprises. Having partnered with Turkey's leading retailers, EchoPos provides a robust, error-free infrastructure for over 2 million daily transactions on average.</p>
	<p>Aktif Asset Management was established in 2016 as an Aktif Bank subsidiary engaged in asset management under the CMB regulations. Aktif Asset Management leverages its extensive know-how and industry expertise to offer alternative revenue streams to investors via investment funds it creates and manages for various risk/ yield expectations. In addition to investment funds, Aktif Asset Management offers the high yield of real economy to investors via investment capital and real estate funds, while its pension funds offer long-term solutions to customers in the pension system. With approximately 60,000 domestic and international corporate and individual investors, Aktif Asset Management manages total assets worth TRY 2 billion, which is continuously grown and diversified with accurate prediction of emerging needs.</p>

Subsidiary

Field Of Activity



Emlak Invest was founded to seize business opportunities in the real estate and construction industries, participate in investment projects, primarily those in the energy industry, and become a major player in international trade. In line with the growth trend in the real estate industry, the company aims to be a leader with direct partnerships, profit-loss sharing investments, and urban renewal projects. The company has investments and operations in a variety of industries including energy and international trade. One of the most important investments by Emlak Invest is the Istanbul International Finance Center (IIFC), one of the largest regional planning projects of Turkey with a construction site sprawling over 3 million square meters, set to be one of the top financial hubs across the globe. Emlak Invest also completed a significant investment as a profit and loss partner to the Metropol Istanbul project in the Ataşehir district. In addition, in 2017, the company became one of the leading players in the industry by investing in a 61 MWp solar power plant project.



Inovaban Innovation and Financial Consulting provides “Growth Strategies and Process Management” services for companies that aim for a competitive advantage through R&D and innovation. It is the only firm in its field to offer its customers integrated solutions that focus on fully utilizing R&D incentives and support programs, financial and legal risk management, and consultancy on intellectual and industrial property rights. Its primary customers include Technology Development Zones, R&D and Design centers, Incubation Centers, Technology Transfer Offices, Investment Funds, Investor Networks and companies operating within these. In 2020, Inovaban engaged and formed business relationships with several manufacturing and software companies of all scales categorized by TurkStat as enterprises engaged in the manufacture of high and medium-high technology products. Inovaban also established relations with private banks, investment funds and investment networks that understand the importance of an R&D ecosystem, and signed protocols for business development.



In 2019, Secom Aktif Yatırım A.Ş., a joint venture between Turkey’s largest privately-held investment bank Aktif Bank and the Japanese SECOM, a security and technology company that serves 3.4 million subscribers in 19 countries with over 60,000 employees, acquired all shares of Kent Güvenlik Through this partnership, SECOM now offers electronic security services across Turkey with a continuously growing customer base. Offering product sale and installation services in 81 provinces of Turkey, SECOM is taking firm steps forward with home, office and corporate electronic security services.



Workindo was established in 2020 to offer solutions to the construction industry’s problems of finding contractors, bidding for projects and accessing labor. EGAŞ has invested in Workindo, which is currently active in 5 countries. Workindo adds lasting value to the life of clients in all regions in which it operates, thanks to its entrepreneurship, smart strategies, the importance it attaches to inclusivity and diversity, innovative and sustainable business models, and investments in technology and human resources.



Overseas Subsidiaries

KIC (Kazakhstan Ijara Company Joint Stock Company)

Founded in 2013 and having started operations in early 2014, KIC is the first Financial Leasing company in Kazakhstan to comply with Islamic rules and regulations. Offering leasing services to predominantly small and medium-sized enterprises (SMEs), KIC continues operations with a vision to become one of the biggest private leasing companies in Kazakhstan within five years.

ELC (Euroasia Leasing Company)

Founded in Tatarstan in 2012, “ELC” is the first “Islamic Financial Leasing” company to operate in Russia. Offering leasing services to small and medium-sized enterprises (SMEs) in particular, ELC is a leading Islamic financial leasing company in Russia.

EMIC (Euro - Mediterranean Investment Company Ltd.)

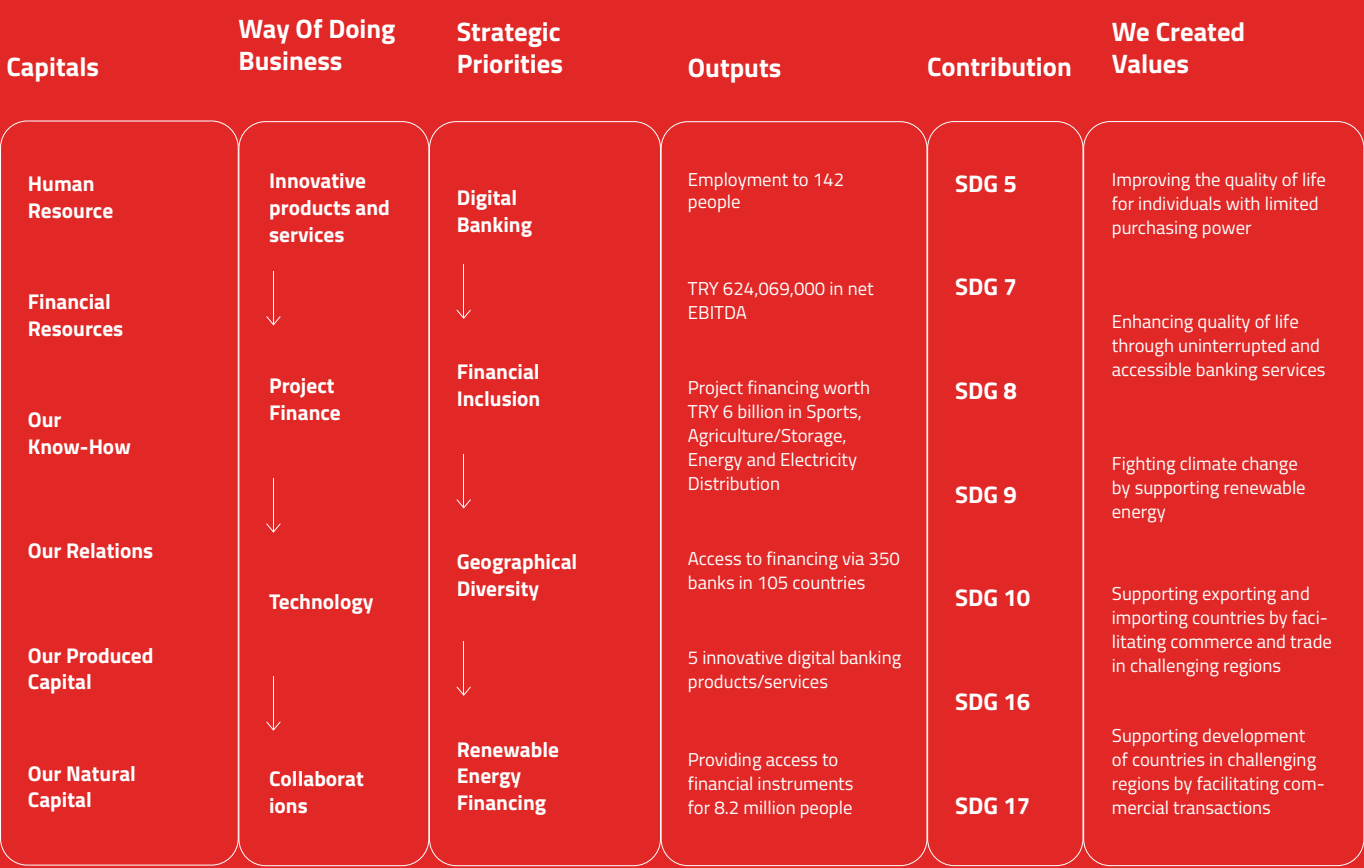
Founded in Nicosia in 2015, EMIC is the first and only Islamic Investment Company of Cyprus and the biggest international investment company in the Turkish Republic of Northern Cyprus (TRNC).

Aktif Bank’s Memberships

- Visa,
- MasterCard,
- Interbank Card Center (BKM),
- The Banks Association of Turkey (TBB)
- Call Centers Association,
- Interactive



08 Business Model



Providing innovative products and services via the fintech ecosystem to facilitate access to financial instruments for a wider audience in order to help them realize their potential, and supporting renewable energy investments and global development through project finance and partnerships.

Aktif Bank has built its business model around integrated thinking and a focus on creating value. The Bank aims to effectively use the six key capitals that this integrated thinking approach involves (human, financial, intellectual, relationship, manufactured and natural) to boost the value it generates.

Aktif Bank's way of doing business involves **developing new products and services** to expand the scope of financial inclusion. **Project finance** facilitates borrowing with an investor perspective and a focus on sustainability, while also minimizing the risk of default. **Technology** is Aktif Bank's core focus for consolidating its position in the fintech ecosystem. The Bank places the expansion of its subsidiaries network at the core of its way of doing business in order to help progress its goals of all scales.

The four main pillars of Aktif Bank's strategy are digital banking, financial inclusion, renewable energy financing and geographical diversity. Aktif Bank endeavors to enhance output quality and stakeholder reach in these areas to increase the value it generates.

In 2020 Aktif Bank created TRY 624,069,000 in EBITDA, up from TRY 432,513,000 in 2019.

In project finance, one of its main strategies, Aktif Bank provided project financing worth TRY 6 billion to approximately 450 companies in the fields

of Sports, Agriculture/Storage, Energy and Electricity Distribution in 2020.

Aktif Bank provided access to financing to 8.2 million via 350 banks in 105 countries.

The Bank continued to develop innovative products and services in line with its inclusive financing strategy, introducing 5 new products/services during the year.

Aktif Bank also aims to increase its contributions to the Sustainable Development Goals with its business model. For this purpose, the Bank identifies and focuses on SDGs to which it can make a meaningful contribution with its field of activity and way of doing business. (SDG 5, SDG 7, SDG 8, SDG 9, SDG 10, SDG 16, SDG 17)

Aktif Bank's business model is geared towards the goal of "Providing innovative products and services via the fintech ecosystem to facilitate access to financial instruments for a wider audience in order to help them realize their potential, and supporting renewable energy investments and global development through project finance and partnerships"

TRY **6** Billion
Project Financing

8,2 Million
Funded Customer

09 Financial Highlights

In Nominal Values (TRY Thousand)	2019	2018
Balances with Banks & Money Market Placements	3.199.657	492.186
Securities Held for Trading (Net)	-	-
Financial Assets at Fair Value Through Profit or Loss	304.761	282.947
Financial Assets Available for Sale (Net)	-	-
Financial Assets at Fair Value Through Other Comprehensive Income	3.484.852	1.924.577
Loans & Factoring Receivables (Net)	7.914.460	7.213.603
Shareholders' Equity	1.956.471	1.508.186
Total Assets	17.856.078	13.516.742
Guarantees and Indemnities	1.485.218	1.229.805
Net Interest Income	538.389	446.873
Net Fee and Commission Income	59.452	88.152
Profit Before Taxes	404.453	320.696
Provision for Taxes on Income	-62.779	-58.026
Net Profit	341.683	262.670

In Nominal Values (TRY Thousand)	2017	2016	2015
Balances with Banks & Money Market Placements	143.868	557.512	208.714
Securities Held for Trading (Net)	51.956	13.158	9.271
Financial Assets at Fair Value Through Profit or Loss	-	-	-
Financial Assets Available for Sale (Net)	1.239.310	1.072.563	774.909
Financial Assets at Fair Value Through Other Comprehensive Income	-	-	-
Loans & Factoring Receivables (Net)	6.908.591	5.887.644	4.724.865
Shareholders' Equity	1.234.626	1.052.939	940.984
Total Assets	11.105.683	9.538.248	7.560.462
Guarantees and Indemnities	1.305.532	928.423	631.362
Net Interest Income	575.077	360.388	304.928
Net Fee and Commission Income	165.322	96.882	59.307
Profit Before Taxes	233.985	144.860	102.406
Provision for Taxes on Income	-56.038	-33.728	-21.544
Net Profit	177.947	111.132	80.864



10 Materiality

How Were Material Topics Determined?

This year, Aktif Bank published its first sustainability report. A project team (called the Sustainability Ambassadors) was assembled for this endeavor. The team consisted of bank employees from various departments with the knowledge and experience necessary to provide a holistic assessment of the bank's efforts, showcase the interactions between different departments, and assess the impact of bank activities on both internal and external stakeholders.

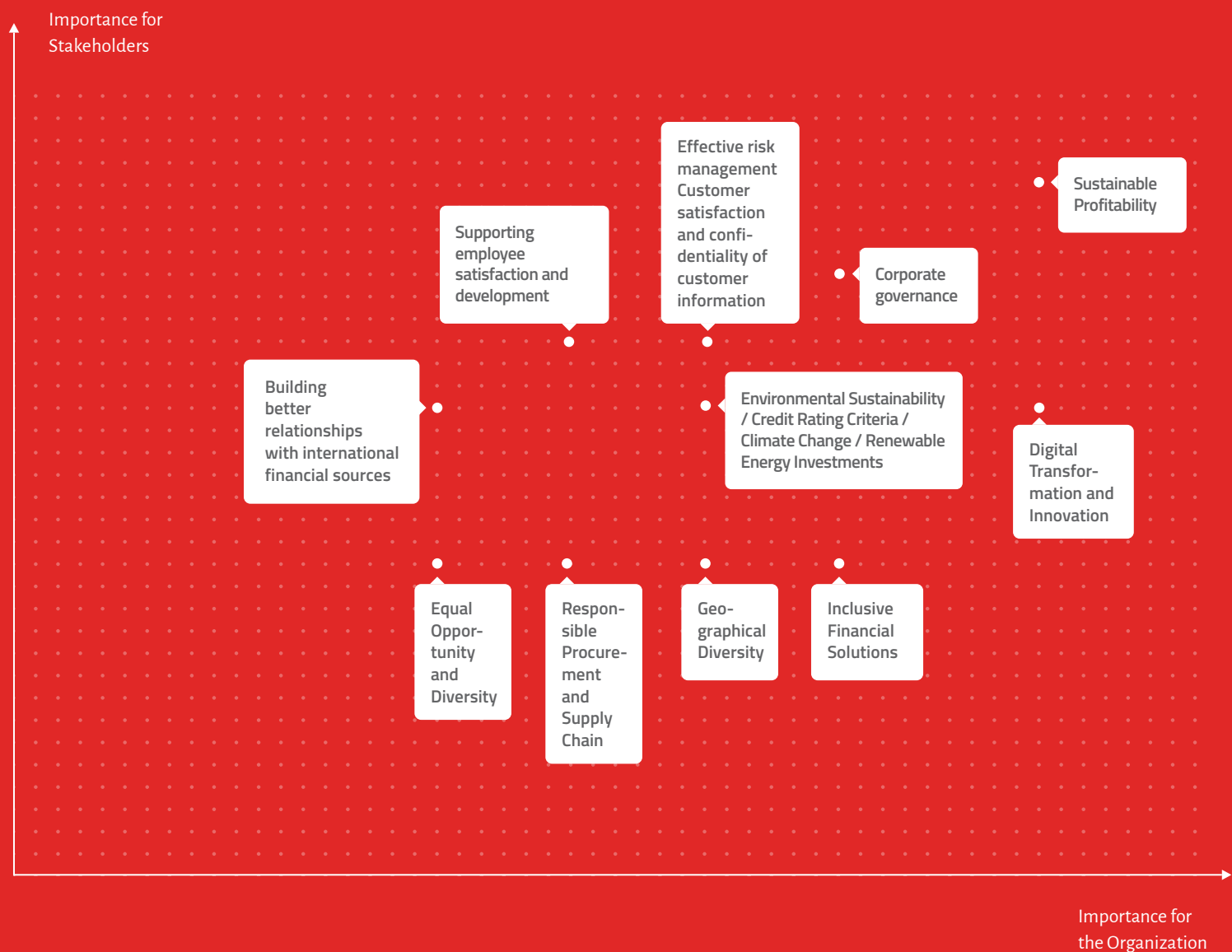
The team members worked in close contact with internal and external stakeholders, and as such, benefited from an in-depth insight on their needs, expectations, and areas of improvement.

The process of determining the material topics was done by the project team. Although external stakeholders were not directly involved in the creation of the report, their opinions are still represented in here, as

the team members worked closely with external stakeholders and had an in-depth understanding of their needs. The definition of stakeholder as well as communication methods, requirements and frequencies are specified in the report, which also provides a road-map and planning for future improvements.

The material topics identified by the project team were initially submitted to the senior management for approval, and were finalized following the evaluation of the senior management.

Upon the approval of the senior management, the final version of the materiality matrix was presented to the Board of Directors for final approval.



Material Topics	Why Is It a Material Topic?	How Is It Managed?
Sustainable Profitability	Sustainable profitability is crucial for the continuity of a business. A business that is not profitable cannot continue its activities. A business that cannot continue its activities cannot create value for its stakeholders.	Aktif Bank employs a growth strategy that aims to keep costs at a sustainable level. The Bank prioritizes digital channels in its investments. It develops applications and improves processes with a view to increasing quality of life for customers. Instead of expanding its branch network, the Bank increases its service reach and profitability by leveraging its subsidiaries and dealerships and continuously monitoring the quality of service provided from those channels.
Digital Transformation and Innovation	Digital channels are becoming increasingly prevalent in the banking industry. Banks that fall behind the curve in this context are certain to face a competitive disadvantage. On the other hand, investing in digital channels and developing innovative products will both enhance their competitive edge and drive their growth by keeping their costs in check. It will also improve their reach to younger audiences.	Aktif Bank invests in digital channels and develops innovative products, both in-house and via its subsidiaries. This has enabled the Bank to reach a retail customer base of over 10 million. Increasing product diversity and new products geared towards different market segments have had a positive impact on both market share and profitability.
Corporate Governance	Good governance increases decision quality of organizations. Disseminating corporate strategy across all levels of the organization from the Board of Directors downwards and taking informed decisions based on corporate values is only possible with effective corporate governance.	Aktif Bank directors have the knowledge, experience and competencies required from their position. The Board of Directors convenes regularly and plays an active role in assessing the Bank's exposure and devising its credit approach, policies and strategies. It also plays a pioneering role in propagating the corporate culture across the organization.
Inclusive Financial Solutions	Delivering financial products to disadvantaged groups within a society help drive economic growth and development while increasing the quality of life for such groups in the long term. Traditionally, banks do not have a high appetite to provide services to disadvantaged groups. Actively offering products to this market at a manageable risk level would make a positive impact on the growth and profitability of a bank.	Aktif Bank is engaged in the financing of disadvantaged groups via its dealers and its PTT channel. Particularly commodity based financing via dealers and the financial solutions geared towards pensioners offered through the PTT channel allow for delivering inclusive financial solutions to the said group while also better managing exposure through diversification.

Material Topics	Why Is It a Material Topic?	How Is It Managed?
Effective Risk Management	Risk management in banking is vital for the sustainability of organizations. As banks predominantly manage assets of others, they have to manage liquidity, interest, maturity, foreign currency, systemic, etc. risks effectively.	Aktif Bank embraces an effective risk management approach. For more information about the approach, please visit the Risk Management section under Corporate Governance.
Customer Satisfaction and Confidentiality of Customer Information	<p>Ensuring that customers are satisfied with the product and services offered, and their quality, is vital for the survival and sustainable profitability of a business.</p> <p>Meanwhile, it is essential that customer data is kept confidential, and used and processed in line with the Personal Data Protection Law in order to maintain the organization's reliability and reputation in the eyes of stakeholders.</p>	<p>Aktif Bank's customer satisfaction policy guides the Bank to keep in close contact with customers to gain insights about their needs, expectations and demands, which is translated into products tailored to their needs.</p> <p>Customer data security is one of the Bank's highest priorities. Aktif Bank assigns great importance to the security of its information systems. The Bank holds the ISO 27001 Information Security certification, and is audited on an annual basis. In addition,</p> <p>It ensures compliance with the provisions of the Personal Data Protection Law.</p>
Environmental Sustainability/ Credit Assessment Criteria	Protection of the environment is important for continuity of life. It is essential for the Bank to plan projects that will be finances as part of project and investment financing activities in a manner that will avoid any harm to the environment. By backing this approach with suitable credit assessment processes, the Bank can ensure that the projects financed meet the required standards.	Aktif Bank has adapted its credit assessment processes accordingly.

Material Topics	Why Is It a Material Topic?	How Is It Managed?
Climate Change/ Renewable Energy Investments	<p>Climate change is one of the most pressing issues the world faces today. As such, it is essential to provide financing for projects that have the potential to contribute to the fight against climate change.</p> <p>The energy industry has one of the most profound impacts on climate change. Moving from fossil-based fuels to renewable energy sources would make it possible to attain the goal of zero emissions.</p>	Aktif Bank attaches great importance to the fight against climate change. It provides funding to renewable energy generation projects, as guided by its policies.
Geographical Diversity	The Bank's presence and contacts in a diverse geography would allow the organization to seize new business opportunities and develop novel products. This also contributes to business continuity by spreading the country risk.	Through its network of correspondent banks in Africa, Middle East, Balkans and Asia, particularly in China, Aktif Bank facilitates financing and business processes of Turkish exporters while also increasing its own business volume and profitability by acting as an intermediary in transactions between these regions and Turkey.
Supporting Employee Satisfaction and Development	Employees are the most valuable assets of an organization. Happy and competent employees support creativity and innovation while also contributing to the effective and productive working environment. This allows employees to adapt to changing conditions to increase their performance in their tasks.	<p>Aktif Bank regularly assesses employee satisfaction.</p> <p>The Bank offers development opportunities using internal and external resources.</p> <p>Meanwhile, there is an orientation program to speed up onboarding of new recruits.</p>

Material Topics	Why Is It a Material Topic?	How Is It Managed?
Responsible Procurement and Supply Chain	Organizations play an important role in promoting the development of their business partners. In time, responsible procurement practices can transform the practices of partners on the supply-chain, making these compatible with the requirements of a sustainable future.	Aktif Bank works to ensure the compliance of its procurement policy with a view to managing its procurement operations in accordance with the criteria of sustainability.
Building Better Relationships With International Financial Sources	As an investment bank, Aktif Bank is not authorized to collect deposits. As a result, its main sources of financing are its capital, the securities it issues, and borrowings from domestic and international banks. Obtaining funds from outside Turkey is important from both a cost and maturity risk management perspective. A wide network of correspondent banks is particularly important as it provides both transaction variety and access to diverse markets. Overseas business partners also contribute to security issuances.	Aktif Bank benefits from an expansive network of correspondent banks and business partners. It is also actively working to further expand this network.
Equal Opportunity and Diversity	Equal opportunity and diversity enables an organization to reach the entirety of the talent pool and attract people of with the required competencies. This enables all members of the society to develop their skills and take their part in the talent pool. It also contributes to economic development.	Aktif Bank attaches great importance to equal opportunity and diversity. The Bank's philosophy and practices in this context is explained in detail in the Talent and Development section under Diversity and Equal Opportunity.



11 We Create Value For / Stakeholders

Aktif Bank’s strategies are developed with the aim of creating value for all stakeholders. The Bank works in close contact and cooperation with stakeholders to reach this goal. This section details Aktif Bank’s relationships with stakeholders, and explains how these relationships are managed.

Stakeholders	Communication Purpose	Communication Method	Communication Frequency
Shareholders	To share important news and developments.	Board Meetings, General Assembly Meetings and Reports.	As necessary and in accordance with meeting frequency.
Holding Departments	To ensure coordination and share project-based information.	Meetings, phone and digital channels.	Several times each month.
Employees	To communicate Talent and Development processes and as part of internal communication activities and announcements.	One-on-one discussions, meetings, phone, digital channels, internal communication platform.	Daily.

Stakeholders	Communication Purpose	Communication Method	Communication Frequency
Potential Recruits	To attract new talent in line with organizational needs.	Job placements, social media, invites, interviews.	As necessary.
Private Banking Customers	To offer tailored banking products and to increase profitability and customer satisfaction through cross-selling or upselling.	Branches, Asset Managers, Branch Manager visits, calls, SMS, email, notifications.	Monthly, weekly or monthly based on maturity dates, interest rate increases, new product-campaign launches.
Digital Banking Customers	To acquire and retain customers, increase product penetration and profitability through engagement, promotion, recovery and cross sales, and to carry out loyalty programs.	Calls, SMS, email, notifications, IVN, digital advertisements.	Monthly, weekly or monthly based on maturity dates, interest rate increases, new product-campaign launches. Limited to 2 marketing communications per customer per week from the same channel.
Dealers and PTT	Involves both the employees and customers of distribution channels (PTT/dealers). As distribution channel employees handle most of the one-on-one sales activities, they represent the primary target of frequent communication activities. These include product information, customer complaint handling and remediation of issues specific to the distribution channel. Communication activities also involve offering solutions to customer problems. Aktif Bank is the only bank to carry out loan transactions with PTT.	One-on-one communications with field sales and dealership personnel, PTT personnel, and when necessary, customers. Head office also contacts customers via SMS, email, phone and notifications.	Weekly for PTT/dealership employees. 1-2 bulk messages to customers as necessary.

Stakeholders	Communication Purpose	Communication Method	Communication Frequency
Corporate Banking Customers	To notify loan and interest maturities, collect information/requests in accordance with business needs, conduct project-based meetings with firms, promote bank products, offer detailed information about export financing (via international banking network) and foreign trade transactions, commodity finance, SPP investment project financing.	Coordinated communication activities with Branch Manager, Branch Corporate Asset Manager, Corporate Finance, Corporate Marketing and International Banking teams based on representation level, need and point of contact.	Extensive daily, weekly or monthly communications based on requirements.
Card Customers	To increase Passo Card, Passolig Card, Ankara Card and N Kolay Card usage and enhance customer profitability and engagement through cross sales.	Acquisition calls, SMS, email, notifications, IVN, digital ads.	Varies depending on the customer needs. Limited to 2 marketing communications per customer per week from the same channel.
Subsidiaries	To maintain regular communications with all subsidiary personnel.	All HR processes of subsidiaries are managed centrally by the Aktif Bank Talent and Development team manages. Subsidiary Board of Directors convene monthly, and Aktif Bank CEO attends these meetings as the Chairman. Relevant Aktif Bank EVPs also attend the monthly executive board meetings. The Bank also maintains close contact with subsidiaries in projects. Many of the subsidiary operations are managed centrally by Aktif Bank. This includes their communications activities, which are also managed centrally by the Customer Experience and Communications group.	Regularly with all subsidiaries.

Stakeholders	Communication Purpose	Communication Method	Communication Frequency
NGOs	Collaboration for employee oriented activities as part of Talent and Development efforts .	Event-based.	As necessary based on project requirements.
Public Agencies	To collect statistical information as part of new product releases, communiques and law changes.	Regular or as necessary, based on reporting activities, as part of visits or workshops.	Extensive daily, weekly or monthly communications based on requirements.
Regulatory Authorities	To inquire about opinions, comments, compliance procedures with new laws, reporting.	Regular statutory reporting activities, visits, bank audits and through various licensing processes.	Extensive daily, weekly or monthly communications based on requirements.
International Financial Institutions	To conduct Aktif Bank's foreign trade, treasury and overseas money transfer operations with correspondent banks, or for securing external financing.	Phone, email, visits, international meetings, digital channels.	Extensive daily or monthly communications based on requirements.
Press	To organize campaigns, press releases, launches, advertisements, sponsorships, or disclose bank partnerships.	Via Customer Experience and Communications Group.	As necessary or as part of periodic activities.
Advertising Agencies	To communicate and coordinate campaigns, bank partnerships, press releases, launches, advertisements, sponsorships with Aktif Bank's primary communications agency, digital agencies, PR agency, performance agencies and media procurement agencies	Using the methods jointly identified by business units and the Customer Experience and Communications Group based on needs.	Extensive daily or monthly communications based on requirements.

Stakeholders	Communication Purpose	Communication Method	Communication Frequency
Suppliers	To communicate with regular and on-demand suppliers.	Via the Support Services department for regular suppliers.	Daily.
Training and Consultancy Providers	To meet the Bank's training needs.	One-on-one discussions, meetings, phone, digital channels.	As necessary.
Tech Enterprises	To find business partners in upcoming projects.	One-on-one discussions, meetings, phone, digital channels.	As necessary.



12 Governance

Working Principles Of The Board Of Directors

The Banking Law and relevant legislations, the Turkish Commercial Code, Aktif Bank’s Articles of Association and Regulation on Board of Directors regulate the powers and responsibilities of the Bank’s Board of Directors, which operates to ensure the Bank’s progress towards its strategic goals in line with its mission, vision, and values.

All administrative operations, documentation, archiving, and secretarial activities of the Board are conducted by the Board of Directors Private Office. The Board of Directors Private Office operates under the supervision and control of the Chairman/Deputy Chairman and serves all Board Members.

Aktif Bank pledges to exercise utmost diligence in the implementation of the Corporate Governance Principles. The Bank’s Board of Directors and Senior Management carry out their duties and responsibilities guided by the principles of transparency, inclusion and equality while prioritizing the Bank’s profitability and the interests of shareholders and other stakeholders.

Meetings are held whenever necessitated by the Bank’s operations and in any case at least 12 times per year.

Members Of The Board Of Directors



Ahmet Çalık
Chairman

Born in Malatya in 1958, Ahmet Çalık began his own personal enterprise in textile in 1981 as a member of a family that has been engaged in the textile industry since 1930. Ahmet Çalık is one of the leading players in Turkey and abroad with sustainable investments in seven sectors, namely energy, construction, mining, textile, telecom, finance and digital, which he brought under the same roof in 1997 with the foundation of Çalık Holding.

Ahmet Çalık’s visionary philosophy drives him to invest in projects that benefit people and the society at large, and his activities across the globe and long-term collaborations with international enterprises have earned him a well-deserved reputation for integrity and reliability. Ahmet Çalık was awarded numerous

honors in Turkey and abroad, including Japanese Order of the Rising Sun with Gold Rays and Neck Ribbon, Turkmenistan Order of the State, Magtymguly International Prize and Gaýrat Medal, US Ellis Island Medal of Honor, and Republic of Turkey State Medal of Distinguished Service Medal, Ministry of the Exterior Distinguished Service Medal and the Grand National Assembly Distinguished Service Award. Ahmet Çalık was granted the title Honorary Consul of the Republic of Kazakhstan in Bursa, and holds honorary PhDs from Matsumoto Dental University and Kindai University in Japan, University of Tirana in Albania and Malatya Turgut Özal University. Ahmet Çalık is currently serving as the Chairman of Çalık Holding and its group companies.



Mehmet Usta
Deputy Chairman
of th Credit Committee

Born in 1950, Mehmet Usta graduated from the Economics and Finance Department of Eskişehir Academy of Economics and Commercial Sciences. He has a background of more than 40 years in banking. He served as inspector and manager in Anadolu Bank between 1979 and 1987 and held senior management positions in Emlak Bank, both in Turkey and abroad in the Netherlands and France, between 1987 and 1994. From May 1994 to March 2007, he served at Banque du Bosphore, Paris as the General Manager and Board Member, and in April 2008, he joined Aktif Bank as the Deputy Chairman. In December 2008, he assumed the position of Deputy Chairman at Çalık Holding

company Banka Kombetare Tregtare Albania before becoming Chairman in July 2009. He has also been the Founding Chairman of Banka Kombetare Tregtare Kosovo since May 2018. Since May 2012, he has been a Board Member of the Brussels-based WSBI (World Savings and Retail Banking Institute), and from March 2015 onwards, he has held the title of Chairman at Aktif Bank subsidiaries UPT Ödeme Hizmetleri A.Ş., Sigortayeri Sigorta, and Reasürans Brokerlik A.Ş.



Veysel Şahin

Board Member

Born in 1959, Veysel Şahin has a degree in Public Administration from Ankara Academy of Economic and Commercial Sciences. He received his master's degree in Business Administration from Bahçeşehir University. He has 36 years of experience in banking, and is a certified public accountant and independent auditor. He started his career in banking as a deputy inspector in 1985. He served as an inspector, department and branch manager, overseas representative and Chairman of the Inspection Board at Anadolu Bank, Emlak

Bank, Ziraat Bank International AG and Ziraat Bank. He was a member of the Audit Committee of Axa Insurance and a Board Member of TKI Bank Kazakhstan. In 2009 Şahin joined Aktif Bank as a Board Member and since then he has served as the Audit Committee Chairman and Corporate Governance Committee Member. He is also the Chairman of the Board of Aktif Bank subsidiary N Kolay Payment Institution and a member of the Audit Committee at GAP İnşaat.



Kemaleddin Koyuncu

Board Member

Born in 1970, Kemaleddin Koyuncu studied Business Administration at Middle East Technical University and received an MBA from the University of Illinois at Urbana-Champaign. Koyuncu has a professional background of 29 years. He began his career in banking in 1992 as a deputy inspector at Türkiye İş Bankası A.Ş. Between 1996 and 2001, he served as a Treasury Specialist at the Republic of Turkey Prime Ministry Undersecretariat of Treasury. From 2001 to 2015, he worked

as a Banking Specialist, Deputy Head of Department, Senior Chief Specialist of Banking, Department Head and Deputy Department Head at the Banking Regulation and Supervision Agency (BRSA). Between 2003 and 2004, he sat on the Board of Toprak Sigorta/Ege Sigorta. He joined Aktif Bank in 2015 as Executive Vice President. Since September 2017, he has served as a member of the Board and the Audit Committee of Aktif Bank.



Tarık Başara

Board Member

Born in 1961, Tarık Başara graduated from Istanbul University Faculty of Business Administration. Başara has over 30 years of experience in banking, which he began at Türkiye İş Bankası as inspector in 1986. From 1993 to 2003, he worked at İşbank GmbH where he was responsible for managing organization, accounting and information technologies departments, and took part in several restructuring and IT projects. Başara

returned to Turkey in 2005 to rejoin Türkiye İş Bankası where he served as unit head at the Subsidiaries Department between 2005 and 2007, led various branches from 2007 to 2012, and worked as Department Head of Banking Core Operations from 2012 to 2017 before his retirement from the company. Since April 2019, Başara has been a member of the Board of Directors and the Audit Committee at Aktif Bank.



Dr. Serdar Sümer

Board Member

Born in 1973, Serdar Sümer holds a degree in Business Administration from Ankara University Faculty of Political Sciences. He completed his master's in Business Administration at the College of William and Mary in Virginia, USA, and in April 2011, received a PhD in banking at the Marmara University Institute of Banking and Insurance. Sümer is a certified Financial Risk Manager (FRM) and Certified Public Accountant. He started his career in 1996 as a Sworn-in Bank Auditor. From 2008 to 2014, he served as the Executive Vice President of Subsidiaries Management and Capital Markets at Aktif Bank. Having developed various innovative solutions to address customers' financial needs to increase the effectiveness of products and channels in capital markets; in 2013 Sümer led the issue of the first lease certificate for project financing in Turkey. He oversaw the launch of Turkey's first bank bond and ABS products and the coordination of the Bank's subsidiaries and affiliates within the most effective

management structure. After working as an executive at an industry-leading investment company, Sümer returned to Aktif Bank in 2015 to assume the role of CEO, and served as the Bank's CEO and Board Member until 2020. As of 2021, Sümer continues to serve on the Aktif Bank Board of Directors. Sümer is also a Board Member at N Kolay Ödeme Kuruluşu A.Ş., one of the leading payment institutions in Turkey; international money transfer service provider UPT Ödeme Sistemleri A.Ş.; smart city and ticket solutions provider E-Kent Geçiş Sistemleri ve Biletleme Teknolojileri A.Ş.; payment systems providers PAVO Teknik Servis Elektrik Elektronik San. Tic. A.Ş. and Echo Bilgi Yönetim Sistemleri A.Ş.; and Insurance provider comparison platform Sigortayeri Sigorta ve Reasürans Brokerliği A.Ş.



Ayşegül Adaca Oğan

CEO and Board Member

Born in 1974, Ayşegül Adaca Oğan has a bachelor's degree in Civil Engineering from Boğaziçi University, and a master's degree from Stanford University. With 22 years of experience in banking, Oğan joined Aktif Bank in

2015. As of 2021, Oğan is the CEO and a Board Member at Aktif Bank.

Board Committees

The Bank has established mandatory internal bodies pursuant to the Banking Law No. 5411 and the relevant legislation. These include the Credit Committee, the Audit Committee, the Corporate Governance Committee and the Remuneration Committee.

Audit Committee

In order to assist with its audit and supervision duties, the Board of Directors has appointed two of its members, who meet the criteria stipulated by the Banking Regulation and Supervision Institution (BRSA), to form the Audit Committee. These directors are tasked to jointly supervise the administration, management and execution of the departments within the scope of internal systems under the title of internal systems officers.

On behalf of the Board of Directors, the Audit Committee supervises the efficiency and adequacy of the Bank's internal systems and the functioning of these systems as well as accounting and reporting systems in line with the Banking Law, other relevant legal provisions and internal bank regulations, and ensured the integrity of the information produced.

It conducts preliminary assessments to assist the Board of Directors in the selection of independent audit companies as well as rating, appraisal and support service providers. It regularly monitors the activities of firms selected by the Board of Directors and subsequently signed contract with, and ensures the consolidated delivery and coordination of internal audit activities covering all departments/units/branches.

It submits an audit report to the Board of Directors at least once every six months.

Audit Committee Members: Kemaleddin Koyuncu, Chairman; Tarık Başara, Member.

Credit Committee

The Credit Committee is composed of the CEO and two members elected among those Board Members who meet the qualifications required of the CEO, with the exception of years of experience. The committee exercises the authority to open credit lines as delegated by the Board of Directors.

Credit Committee Members: Mehmet Usta, Chairman; Serdar Sümer, Member; Ayşegül Adaca Oğan, Member.

Corporate Governance Committee

The Corporate Governance Committee is responsible for monitoring the Bank's compliance with corporate governance principles (mission and vision, corporate values and code of conduct, articles of association, internal policies, interbank regulations, etc.), improving compliance with corporate governance principles and presenting relevant suggestions to the Board of Directors.

The Corporate Governance Committee meets once a year, or more frequently when necessary, with all members attending. Other participants may also be invited to meetings by the Committee Chairman. The Bank's Corporate Governance Principles Compliance Report is prepared and published on the corporate website on an annual basis.

Corporate Governance Committee Members: Mehmet Usta, Chairman; Serdar Sümer, Member; Veysel Şahin, Member.

Remuneration Committee

The Remuneration Committee is responsible for evaluating the remuneration policy and practices established by the Head Office within the context of risk management. The Committee reports its suggestions to the Board of Directors on an annual basis.

The Remuneration Committee holds ordinary meetings once a year and extraordinary meetings when necessary, with all members attending.

Remuneration Committee Members: Mehmet Usta, Chairman; Serdar Sümer, Member.

Board and Committee Members’ Attendance to Meetings

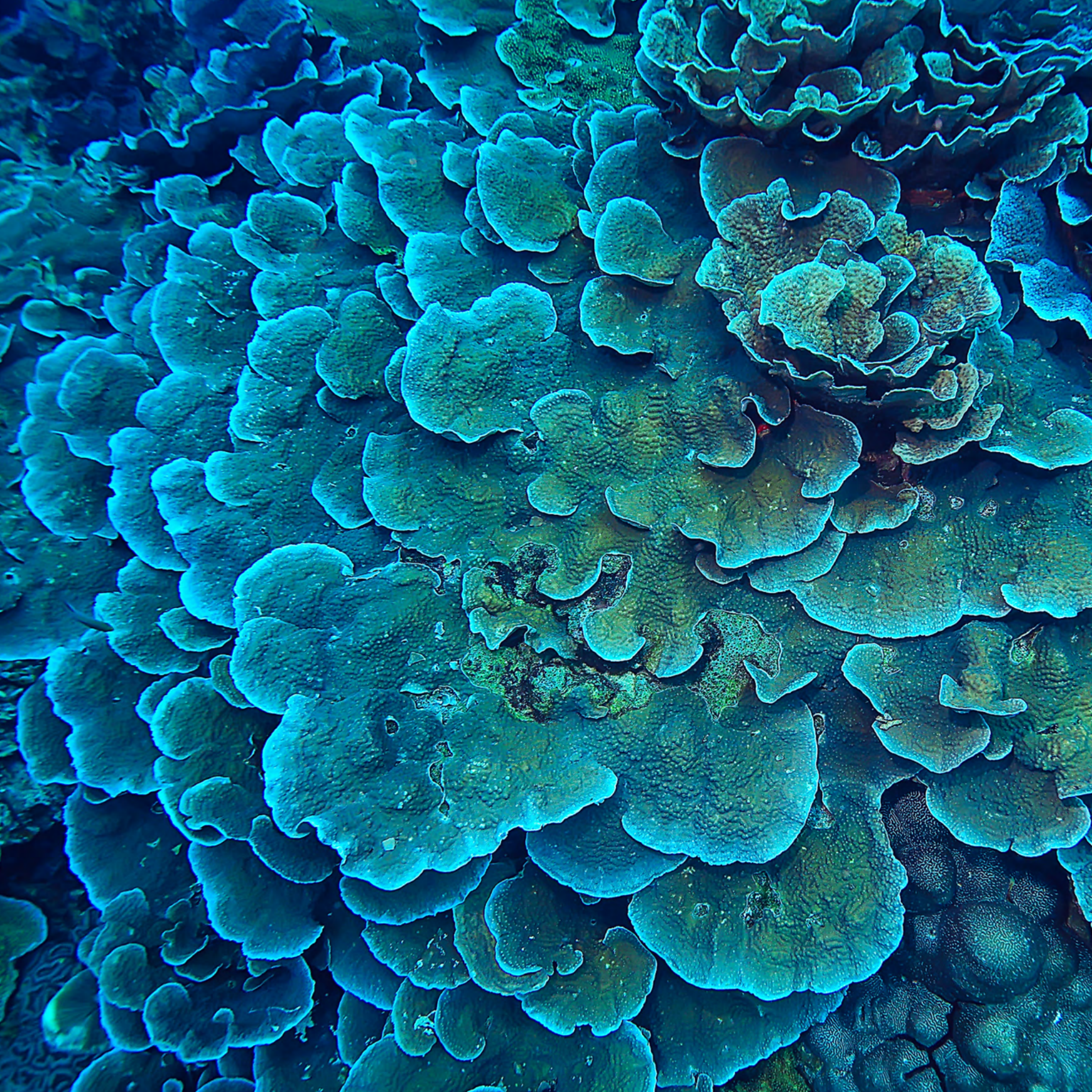
2020	2019	2018
<ul style="list-style-type: none">In 2020, the Board of Directors convened 12 times with the necessary majority and quorum.The Audit Committee convened 4 times in 2020; 4 of those meetings were attended by the independent auditors.The Credit Committee convened 19 times in 2020.The Corporate Governance Committee convened twice in 2020.The Remuneration Committee convened once in 2020.	<ul style="list-style-type: none">In 2019, the Board of Directors convened 12 times with the necessary majority and quorum.The Audit Committee convened 5 times in 2019; 4 of those meetings were attended by the independent auditors.The Credit Committee convened 12 times in 2019.The Corporate Governance Committee convened twice in 2019.The Remuneration Committee convened twice in 2019.	<ul style="list-style-type: none">In 2018, the Board of Directors convened 12 times with the necessary majority and quorum.The Audit Committee convened 7 times in 2018; 4 of those meetings were attended by the independent auditors.The Credit Committee convened 12 times in 2018.The Corporate Governance Committee convened twice in 2018.The Remuneration Committee convened twice in 2018.

Nomination Of Board Members

Members of the Aktif Bank Board of Directors are elected pursuant to Article 32 of the Bank’s Articles of Association and the provisions of the Banking Law. As per the Banking Law, in the absence of the CEO, the Deputy CEO is automatically made a member of the Board of Directors.

The composition, powers, responsibilities, rights, working principles and procedures of the Board of Directors are established by the Bank’s “Regulation on the Board of Directors.”

The criteria that members of the Board of Directors must meet are set forth by the Banking Law, and Aktif Bank ensures full compliance with said legislation when electing members. The Articles of Association dictates that the Board Members be elected in accordance with the relevant provisions of the Turkish Commercial Code and relevant banking legislation, and that as per Article 23 of the Banking Law, one more than half of the Board Members meet the required criteria for CEO as stipulated in the Law (as a minimum, bank CEOs must hold a bachelor’s degree in either law, economics, finance, banking, business administration, public administration or related fields and have at least 10 years of professional experience in banking or business administration; those with a bachelor’s degree in engineering must also hold a master’s degree in one of these fields).



13 Ethical Values

Ethical Values

Aktif Bank has adopted the Principles of Ethics of the Banks Association of Turkey.

Principles of Banking Ethics of the Banks Association of Turkey.

I. Introduction

Ethics can be defined as a system of criteria and measures examining the values, norms and rules underlying the individual and social relations on such moral grounds as right and wrong or good and bad. Professional ethics regulates the relationships of members of the relevant profession with each other and with society, and defines organizational ethics and in-house behavioral culture by imposing certain rules for resolution of problems originating from inside or outside the organization.

Performing the investment and saving functions by playing the role of a unifier and mediator in the society between parties offering and demanding funds, banks, as a part of marketplace, mainly and naturally

target the profitability and productivity principles, which requires them to operate in strict compliance with certain professional and organizational ethics principles.

Departing from the objectives of growth of banking system, enhancement of banking service quality, best use of resources, creation of a fair and honest competitive environment among banks, and prevention of unfair competition, banks are required and expected to regulate their relations with each other and other organizations, and with their customers, shareholders and employees in accordance with these ethical principles.

II. General Provisions

Purpose and Scope

Article 1 – The basic purpose of these Principles of Banking Ethics that apply to all business relations and transactions of banks with each other, their customers, shareholders and employees and with other organizations is to maintain and improve the reputation of the banking profession in the public eye, and to protect the stability, consistency and confidence in banking sector.

For the purposes of these Principles, the word “bank” refers to any and all Association-member banks.

Legal Grounds

Article 2 – These Principles of Ethics are based on the provisions of second paragraph of Article 75 and sub-paragraphs (c) and (e) of Article 80 of the Banking Law No. 5411.

General Principles

Article 3 – For the purposes of protecting the rights and interests of depositors, maintaining confidence and stability in fiscal markets and ensuring effective operation of deposit and credit systems, and preventing transactions and practices that might cause material damages and losses in economy, as well as protecting public interest and social utility and preserving the environment, banks are required to act in accordance with the general principles specified below.

Banks

a) Integrity

In the course of their operations, banks adhere to the principle of integrity in their relations with customers, employees, shareholders, group companies and other banks, organizations and entities.

b) Neutrality

Based on the principle of “respect towards people is the foundation of success,” banks avoid discriminating against employees and customers, and refrain from bias.

In the provision of services to their customers, banks avoid any and all discrimination based on ethnicity, religious beliefs, financial and social status or gender.

c) Reliability

In all services and transactions, banks provide clear, understandable and accurate information to their customers in line with the principle of mutual trust, and offer customer services in a complete and timely manner.

d) Transparency

Banks provide clear, understandable and accurate information to their customers about their rights and obligations, and benefits and risks regarding the products and services offered.

e)Public Interest and Respect for the Environment

Alongside their own profitability, in all of their activities banks endeavor to serve public benefit and respect the environment by supporting and sponsor social and cultural events and activities.

f) Fight against Laundering of Proceeds of Crime

Within the framework of international norms and national legislation, banks participate in the fight against laundering of proceeds of crime, corruption and other unlawful acts, and cooperate with other banks, relevant organizations and public authorities as necessary. Banks take necessary action within their organization, and organize training programs for their personnel.

g) Insider Trading

Banks take all necessary measures to prevent the abuse of insider information.

III. Relations of Banks with Public Entities and Organizations

Relations with public entities and organizations

Article 4 – In their relations with public entities and organizations, banks act in line with the principles of integrity, accountability and transparency, and endeavor to disclose all information, documents and records as may be requested for audit and control purposes pursuant to the applicable laws in an accurate, complete and timely manner.

IV. Interbank Relations

Banks / Exchange of Information

Article 5 – Banks endeavor to exchange information with other banks in an accurate and systematic manner to the extent permitted by applicable laws.

Personnel Movements

Article 6 – Banks refrain from any action and practices that may lead to an unfair competitive advantage in employment-related matters.

Save for the freedoms of contract and movement in employment pursuant to the Labor Act and relevant legislation, banks strive to ensure that their employment practices do not disrupt the services provided by other banks.

Banks act in an objective and truthful manner when responding to inquiries made by other banks about their previous employees.

Competition

Article 7 – Banks accept competition as a legitimate contest among entities operating in the banking sector that assures freedom of choice in economic matters. And to this end, in their activities and operations conducted within free market economy, beside safeguarding their own interests, banks avoid statements and behaviors that might give an unfair competitive advantage in order to;

- a) ensure sustainability of general trust in the banking industry,
- b) endeavor for the development of the banking industry,
- c) serve the common interest.

This principle is not only applicable to banks as legal entities, but also to the statements and behavior of bank personnel. While providing services to their customers, banks cannot offer or provide any benefits to an employee of another bank.

Advertisements and Promotions

Article 8 – Both in their statements and disclosures pertaining to their financial situation, and in their advertisements and announcements for publicity, promotion and marketing of their banking products and services, banks comply with the laws and regulations and rules of ethics, and behave in a truthful and realistic manner, avoiding any action that might harm the integrity of the banking profession.

In their advertisements, statements and promotions, banks avoid using any expressions, terms or phrases that besmirch the reputation of other banks or their products and services.

Bank - Customer Relations

Banks / Informing Customers

Article 9 – Banks give accurate, consistent, complete and timely information in compliance with the limitations stipulated by laws at each stage and in all aspects of their service relations, with regard to all kinds of products and services offered to their customers.

Customer Confidentiality

Article 10 – Banks keep in strict confidence all customer information and documents, and avoid disclosing such information and documents with third parties, with the exception of duly authorized officials.

Service Quality

Article 11 – Banks regard service quality as the prerequisite for meeting customer needs and expectations with high-quality services. Endeavor to utilize technological infrastructure and qualified human resources, the two core elements of this concept, in accordance with the goal of continuous improvement of service quality.

Provide services of the same quality and same level to all of their customers. However, the act of determining a target market and tailoring organizational structure and product range according to the target audience, or employing different strategies for customers from separate risk groups cannot be interpreted or construed as discrimination towards or a categorization of customers.

Customer Complaints

Article 12 – Banks establish a system capable of responding to all kinds of customer inquiries with regard to services, and inform their customers about the system.

Banks investigate the causes of customer complaints and take necessary action to prevent a repeat of justified complaints. Banks inform employees to correct improper practices that cause grievances.

Security

Article 13 – Banks understand that the term “security” does not only cover the precautions and measures aiming at protection of the bank’s service locations and premises against all kinds of threats, but also extends to the prevention of all kinds of breaches that might cause harm to the services offered to customers.

Banks take all technical and legal measures to ensure

the security of transactions and information in all service environments in light of changes in services and delivery channels that follow advances in technology and electronic banking systems. Banks keep their customers informed about any actions taken and the actions that must be taken by their customers.

VI. Bank - Employee Relations

General Qualification of Employees

Article 14 – Banks ensure that their employees have the knowledge, expertise and sense of responsibility required from their position. Banks do not recruit any personnel who do meet the statutory requirements specified in the Banking Law No. 5411 and other relevant legislation.

Recruitment and Career Development

Article 15 – Banks endeavor to offer equal opportunities to employees without any discrimination, neither in recruitment nor in career development. Acting on the principle of best management of human resources, banks provide opportunities, such as training, courses, seminars, for their employees to achieve the level of knowledge required for today’s world and the banking profession.

In professional development and promotion of their employees, banks take into account their commitment to the Principles of Banking Ethics as well as their knowledge, skills and personal achievements.

Principles of Representation and Work Environment

Article 16 – Banks issue and enforce internal regulations that require employees to keep a professional public appearance that as befits a representative of the bank and the banking profession at large.

Banks take necessary measures to ensure employee motivation and improve service conditions across all service units, and endeavor to create a safer and healthier working environment.

Working Hours

Article 17 – Banks endeavor to employ a sufficient number of employees in line with the workload, organize their personnel with a view to achieving maximum efficiency during business hours, avoid overtime, and ensure that employees are able to use their annual paid leaves regularly.

Employee Behavior Towards Customers

Article 18 – Banks issue internal policies to prevent employees from entering into non-ethical relations with customers, such as indebtedness, personal guarantee and opening of joint accounts, accepting any gifts from existing or potential customers, or abusing their position to derive personal benefit from their work or their customers.

Employee Rights

Article 19 – Banks ensure to recognize and provide for in a complete and timely manner all rights of their employees arising out of applicable legislation.

VII. Professional Rules and Code of Ethics Applicable to Bank Employees

Professional rules and code of ethics applicable to bank employees
Article 20 – Bank employees are obligated to:

- a) comply with applicable laws in the course of their duties,
- b) duly inform customers about the benefits and risks of products and services offered to them,
- c) provide impartial and fair service to customers paying for the same service,
- d) avoid disclosing any information about their bank or customers, which they have acquired due to their position and duties, to any person other than the duly authorized public officials,

- e) avoid any work or behavior that might tarnish the reputation of their bank,
 - f) refrain from any activity that might be classified as a commercial or artisan business,
 - g) avoid any behavior contrary to the principles of fairness, integrity, honesty, reliability and social responsibility,
 - h) communicate and collaborate with their colleagues in a respectful manner in the course of their duties,
 - i) avoid inefficient use or misuse of the bank’s assets and resources,
 - j) avoid abusing their position to derive personal benefit from their work or their customers,
 - k) immediately reject and report to their superiors and public officials any offers of bribe,
 - l) direct potential customers to their own bank first and foremost,
 - m) avoid entering into non-ethical relations with customers, such as indebtedness, personal guarantee and opening of joint accounts,
 - n) refuse any non-customary gifts from existing or potential customers,
 - o) act in line with the principle of accountability in the performance of their duties,
 - p) avoid assuming any duty or position in another private or public entity without the prior consent of their bank, except for memberships in associations, foundations, cooperatives and similar organizations.
- Improving the principles of banking ethics
- Article 21 – Banks may submit their opinions and suggestions for improving or amending the banking ethics principles at any time by applying to the Banking Association Board of Directors.

VIII. Application Procedures and Principles
Application Right and Deadline

Article 22 – Banks, bank employees and bank customers are entitled to file an application. However, an application cannot be filed on the ground of violation of the Association's Principles of Ethics through acts and behaviors regulated and sanctioned by the Banking Law and other pertinent laws, including disputes pending in or already resolved by juridical authorities and courts.

Applications not filed within one year following the date of occurrence of the underlying event are forfeited.

Application Procedure

Article 23 – Applications are filed in writing to the Association. Applications must clearly contain all details, information and documents regarding the alleged violation of ethical principles. The allegation must be supported with details by specifying the individual claimed to be responsible for the violation, as well as its time and location.

Application Processing and Investigation

Article 24 – The Association shall check the applications to confirm their validity and content, in terms of information and documentation. Applications deemed to be lacking in terms of validity or content will not be processed. The applicant shall be notified of the status of their application.

Applications found valid shall be escalated to the Association's Ethics Commission.

Composition and working procedures and principles of the Ethics Commission are determined by the Association's Board of Directors.

Ethics Committee Investigation Results

Article 25 – The Ethics Commission may escalate applications to the Board of Directors to make the final decision regarding whether the case represents an actual violation. In case no violation of the Principles of Ethics is identified, the parties are notified of the result in writing.

IX. Other Provisions
Violations and Sanctions

Article 26 – With respect to cases escalated by the Ethics Commission to the Association's Board of Directors, the Board of Directors has the final authority on determining whether the case represents an actual violation. In case the Board of Directors identifies a violation, the bank and/or bank personnel found to have violated the Principles of Ethics shall be reported to the Banking Regulation and Supervision Authority of Turkey.

Enforcement

Article 27 – These Principles shall be enforced by the Board of Directors of the Association.

Ethics Hotline

Based on the Regulation on Internal Systems and Internal Capital Adequacy Assessment Process of Banks issued by the Banking Regulation and Supervision Agency as per the Banking Law No. 5411 and published in the Official Gazette of July 11, 2014, Aktif Bank has established an ethics hotline procedure and associated systems to prevent any damage to the Bank's reputation, employees, customers and shareholders and to strengthen corporate governance.

To fulfill this obligation, the Audit Committee has established the necessary procedures and systems with this procedure to enable that all Aktif Bank employees can report, either via mail or digital channels, any act or transaction, infractions or misconduct that represent a:

- Violation of applicable laws and regulations in effect,
- Breach of accounting and bookkeeping regulations, procedures and principles in effect,
- Conflict with the internal audit environment and the Bank's procedures and guidelines

In this context, all Aktif Bank personnel are entitled to directly report any of the above to the Audit Committee and the Inspection Board to serve the Bank's interests as an act of goodwill.

The Inspection Board is responsible for the establishment of a reporting channel, monitoring its operation, ensuring the confidentiality of reports and reporters and following up on any action taken by the Bank's executive units and senior management.

The Bank's senior management is likewise responsible to protect the reporting employee from reprisals and to keep their identity confidential. All Aktif Bank employees are responsible for reporting any violation or breach specified above, or any act of misconduct, infraction or non-compliance verbally via phone, or in writing via mail or electronic message. All reports will be kept strictly confidential It is the Inspection Board's responsibility to maintain the confidentiality of reports.

Aktif Bank stakeholders may also report suspected breaches via the Call Center at **0850 724 30 50**, **iletisim@aktifbank.com.tr** email address, and the "Ethics Hotline" section of **aktifbank.com.tr**. Reports will be escalated to the Aktif Bank Inspection Board, which will launch an investigation based on the nature of the breach.

In addition, the Inspection Board has set up whistleblowing lines accessible to all personnel to receive reports of ethics breaches by Aktif Bank personnel. Employees who wish to submit a report may do so by contacting the phone number and email address, which are accessible only by the Inspection Board.

Anti-Bribery and Corruption

1. Purpose and Scope

The purpose of Aktif Yatırım Bankası A.Ş. Anti-Bribery and Corruption Policy (“Policy”) is to ensure compliance of Bank employees, Bank representatives and Bank contractors and business partners with applicable legal regulations against bribery and corruption, codes of ethics and professional conduct, and other international standards. Aktif Bank takes a zero-tolerance approach to bribery and corruption, and views this Anti-Bribery and Corruption Policy as an essential component of all Bank policies and rules.

2. Responsibility

The Policy shall be implemented and revised as necessary through the assignments made by the Board of Directors. Aktif Bank employees are required to comply with the policies established by senior management, and fulfill relevant tasks assigned to them by the legislation and the Bank’s internal regulations. Managers of all departments of Aktif Bank are responsible for taking necessary measures to assess potential risks and ensure compliance of their employees, external service providers and business partners with the principles of this Policy.

The Bank’s Inspection Board carries out independent audits to ensure compliance of Bank activities with relevant regulations and policies, and reports audit results to relevant departments to inform necessary revisions to the Policy as necessary.

3. Definitions

As used in this Policy, the following terms have the following meanings; Bank: Aktif Yatırım Bankası A.Ş.

Corruption: Abuse or misuse of entrusted power and authority to gain direct or indirect benefit in an unlawful manner.

Bribe: Any inducement offered to an individual to encourage, discourage, facilitate, impede or otherwise affect a given task in violation of their responsibilities for personal benefit.

Legislation: Any and all laws and regulations applicable to banking activities.

4. Procedure

4.1. Primary Risk Areas

4.1.1. Gifts

A gift is an item given without any payment, to express gratitude or as professional courtesy.

All kinds of gifts given to third parties by Aktif Bank are offered as an act of goodwill, and gifts that are offered to an individual rather than an organization, are non-symbolic or have significant monetary value are not accepted or given under any circumstances to prevent any situation that represents or may be interpreted as a conflict of interest.

4.1.2. Political Donations

No personal payments, gifts or donations may be made to a public official or political candidate that has/or may have any power or influence over one of the above:

- Continuation of Bank activities,
- Procurement and/or rendering of any service to the Bank’s benefit,
- Any Bank decision.

4.1.3. Hosting Policy

The Bank may offer to host (as part of a social event, accommodation, dinner party, etc.) third parties to establish or develop commercial relations with them. These third parties may include the customers, advisors, legal counsel, auditors or other companies that have ongoing business relations with the Bank. Such hosting offers must be made publicly, in goodwill and without any without any special conditions. Limits, decision mechanisms and the actions to take when said limits are exceeded are governed by the Aktif Bank’s Bank Expense Management Procedure.

4.1.4. External Service Providers and Business Partners

It is imperative that external service providers and business partners comply with the directives of the Policy and other relevant regulations. Aktif Bank shall terminate any business relationships with individuals and organizations found to act in violation of Bank policies.

The Bank avoids working with companies with a record of bribery or corruption, and prioritizes compatibility with the Bank’s policies and code of ethics in the selection of external service providers and business partners. All departments involved in the process of external service procurement are subject to Aktif Bank’s internal audit principles, which assesses compliance with the provisions of the Policy.

4.1.5. Facilitation Payments

Individuals and organizations that fall within the scope of this Policy

may not offer “facilitation payments” to guarantee or expedite a routine procedure or process with government agencies (such as obtaining a license, permit, or documentation).

4.2. Accurate Bookkeeping

In the context of the Bank’s legal obligations with regard to accounting and bookkeeping, it is essential to ensure that all accounting and bookkeeping involving third-party (customer, supplier, etc.) accounts, invoices and documents are recorded and kept in a complete and accurate manner, records of transactions are not falsified and facts not altered. Clerical and accounting errors without ill intent in bookkeeping and/or customer/ company payments do not fall within the scope of this procedure.

4.3. Reporting of Violations and Non-compliant Behavior

Bank employees and representatives are expected to report any individuals or organizations that act in violation of the principles of this Policy, or any non-compliant situations and behavior directly to the Inspection Board or the Internal Systems Managing Director via mail or email. Such reports are kept strictly confidential to protect the reporting personnel from any retaliation committed against them (such as disciplinary action, termination, threats, mobbing, etc.). All reports from internal and external sources are recorded and investigated, and the progress and results of these investigations reported to the senior management on a regular basis. The Bank has established a Reporting Line Procedure in an effort to strengthen corporate management and prevent any situation that might tarnish the reputation of the Bank, its employees, customers and shareholders.

4.4. Sanction

Any violation of the Anti-Bribery and Corruption Policy shall be investigated by the Inspection Board in line with the disciplinary procedure, and the results of the investigation shall be submitted to the Disciplinary Committee. The Disciplinary Board decides on and enforces the appropriate sanction. Internal cases of corruption are tracked and investigated by the Inspection Board. In cases that involve Bank personnel, the Board suggests the appropriate sanction in accordance with the disciplinary procedure, which is reviewed and enforced by the Bank's Disciplinary Committee. In addition, if the situation compels, the Legal Consultancy department shall file a criminal complaint to the attorney general.

Corruption cases involving card usage for years 2018, 2019 and 2020 are given below. As can be seen from the figures below, Aktif Bank is continuously improving its ability to prevent corruption.

Year	Amount
2020	7,946.50
2019	26,448.76
2018	81,178.30

Aktif Bank utilizes “DLP (Data Leakage Prevention)” and “Data Classification” systems to prevent misconduct and identify potential risks.

Personal Data Protection

Aktif Bank acts in full compliance with the legislation in processing, transferring and storing personal data to offer the most suitable services to its customers.

Aktif Yatırım is committed to take any technical and administrative measure necessary to ensure that your personal data is processed in accordance with the law, prevent unauthorized access, and store your data securely.

Customer satisfaction is one of the main goals of Aktif Bank, and as such, the Bank acts in line with the principles of transparency and accountability in all data processing procedures.

Information Note For The Law On Protection Of Personal Data

As per the Law No. 6698 on Protection of Personal Data (“Law”), which entered into force upon being published in the Official Gazette No. 29677 of April 7, 2016, Aktif Bank A.Ş. acts as a data controller.

Purpose and legal basis of personal data processing: Recording the identity, address and other information required to identify the source of the transaction as mandated by the Banking Law and other applicable legislation; preparing and keeping for a statutory timeframe the supporting records and documentation of your transactions with Aktif Bank; ensuring compliance with national and international legislation; fulfilling obligations with respect to data and documentation keeping, reporting, risk monitoring, information exchange and disclosure as prescribed by the Banking Regulation and Supervision Agency (BRSA), CMB (Capital Markets Board), CBRT (the Central Bank of the Republic of Turkey), MASAK (Financial Crimes Investigation Board), TBB (Banks' Association of Turkey), Revenue Administration, Undersecretary of

Treasury and other duly authorized public agencies; planning, statistics, customer satisfaction and service quality improvement activities; anti-fraud and security activities; investigations concerning account limits, record and credibility with respect to Aktif Bank products and services that you have requested; managing legal processes; fulfilling Aktif Bank's obligations with respect to the transactions; offering banking and financial services.

In addition to the purposes listed above; your personal data may be processed for the purpose of contacting you about tailored products and services; products and services you have received/wish to receive; and for promotional activities, product/service offerings, marketing activities and campaigns to the extent that you have granted your consent for such purpose, and also for developing new tailored services and products for you, new product development activities and market surveys by Aktif Bank and our subsidiaries, target customer group activities, and within the data processing conditions and purposes specified in Articles 5 and 6 of the Law.

Under Article 5 of the Law, Aktif Bank may process your personal data without your explicit consent if: processing of data is expressly provided for in the law, processing of data is directly related to the establishment or performance of a contract, processing of data is necessary to ensure compliance with a legal obligation of Aktif Bank as data controller, personal data has been made public by the data subject, processing of data is mandatory for the establishment, exercise, or protection of a right, processing of data is necessary based on legitimate interest of Aktif Bank without detriment to the fundamental rights and liberties of the data subject, and under the exceptional circumstances specified in Article 73/4 of the Banking Law.

Your personal data may be transferred to the following parties for the above purposes: i) Persons or organizations to whom/which information exchange is permitted/required by the Banking Law and the other applicable legislation;

ii) Financial institutions including but not limited to those listed under Article 73/4 of the Banking Law No. 5411;

iii) Public agencies and organizations such as BRSA, CMB, CBRT, MASAK, TBB, Revenue Administration, Undersecretary of Treasury and Social Security Institution;

iv) Agencies such as the Interbank Card Center (BKM), Credit Bureau (KKB) and FINDEKS;

Aktif Bank's principal shareholder, direct and indirect subsidiaries, subsidiaries and affiliates of Aktif Bank's principal shareholder;

vi) Program partners, domestic/international banks, support service providers and independent audit firms that Aktif Bank receives services from or partners with to conduct banking operations to the extent permitted by the legislation.

Your personal data may be collected either verbally, in writing or electronically through various channels such as the Head Office, Branches, kiosks, ATMs, online banking, digital applications, Aktif Bank's direct and indirect subsidiaries and as well as organizations, external service providers as per the Regulation on Procurement of Support Services by Banks, and call centers. In addition, personal data you have shared/will share with the subsidiaries of Aktif Bank may be used by Aktif Bank for the purposes and

to meet the statutory requirements specified above.

Under Article 11 of the Law, with respect to their personal data, customers are entitled to apply to Aktif Bank to

- a) inquire about whether their personal data has been processed,
- b) if their personal data has been processed, request information on the processing,
- c) learn the purpose of processing of the personal data and whether their data is used in accordance with the specified purpose,
- ç) request information on domestic and foreign third parties with whom their data has been shared,
- d) request correction in case the personal data processed is inaccurate or incomplete,
- e) request deletion or destruction of personal data under the conditions stipulated in applicable legislation,
- f) request that the actions taken within the framework of paragraphs (d) and (e) be notified to the third parties to whom the personal data is transferred,
- g) object to any result that is to their detriment as a result of an exclusively automated analysis of their personal data, and
- ğ) claim compensation for the damages they might have suffered in the event their personal data is processed in an unlawful manner.

In case the request necessitates an additional cost, the Aktif Bank may charge a fee based on the tariff specified in Article 13 of the Law titled "Application to the data controller".



14 Risk Management

The Audit Board is the highest body responsible for risk management at Aktif Bank. The Inspection Board, Internal Control, Regulatory Compliance and Risk Management departments all report to the Audit Board.

2020 Activities:

Department	Activities
Inspection Board	<ul style="list-style-type: none">5 branch audits,16 head office department and process audits,1 process audits across support service providers,6 information technologies audits,8 subsidiary/affiliate audits,15 investigations and reports.
Internal Control	<ul style="list-style-type: none">Inspected 662 banking service control points and published four control reports.Within the scope of Management Statement, 627 first-level controls on the Bank's information systems and banking processes were tested.

Department	Activities
Regulations and Compliance	<ul style="list-style-type: none">The Bank has been provided with advisory to ensure compliance of current and planned activities and new service, product, project, advertising, promotion and campaign launches with the Banking Law and other relevant legislation, internal policies and rules, and banking practices.Within the scope of the prevention of laundering proceeds of crime and the financing of terrorism, the necessary Bank policies and procedures have been established and revised as necessary. To fulfill the requirements of the relevant legislation, customer transaction monitoring, correspondent bank check, suspicious activity identification and reporting has been carried out.Classroom and online training sessions have been organized to spread awareness among Bank personnel about the prevention of laundering proceeds of crime and the financing of terrorism.
Risk Management	<ul style="list-style-type: none">The Bank has continued to identify its risk exposure, assess these through stress tests and scenario analyses, and maintain such exposures within the limits determined by the Board of Directors. Exposure is reported to the Assets-Liabilities Committee and the Board of Directors on a regular basis.Loan loss provision calculation model was reviewed and revised.

Preliminary work involving Aktif Bank’s risk exposure and risk management models is developed by the Risk Management department, and the limits specified are submitted to the Board of Directors for approval and implementation. The risk appetite structure of the Bank has been developed by the Risk Management Department and approved by the Board of Directors.

Operations are being carried out to manage the Bank’s credit, market and liquidity and operational risks.

Risk	Management Approach
Credit Risk	<ul style="list-style-type: none">For the credit analysis, allocation and disbursement processes, a dynamic credit portfolio management approach has been adopted, taking early warning signals into consideration. Policies, processes, responsibilities and limits for an effective credit risk management have been established and documented.The Bank has developed a borrower evaluation model that can be used to measure risk exposure for corporate customers. There is also a separate model for individual loans.The Department monitors the creditworthiness of corporate and retail loan portfolios and the increases in risk and concentration levels to check compliance with the limits set by the Board of Directors. Results are reported to the Audit Committee and the Board of Directors.Stress tests and scenario analyses are applied to the portfolios in order to measure the resilience of the Bank's capital against the risks, to which the Bank may be exposed due to credit risk.
Market and Liquidity Risk	<ul style="list-style-type: none">Taking into consideration the Bank's risk capacity, the Board of Directors has determined the acceptable risk levels and set risk limits accordingly.The Bank has identified financial emergency indicators and established rapid decision-making mechanisms to predict risks.Liquidity risk, interest risk, exchange rate risk, and structural interest rate risk assessment, measurement and monitoring is carried out using nationally and internationally accepted risk models and parametersRisks are monitored using various scenario analyses and stress tests and the results are shared with the senior management, Assets-Liabilities Committee, Audit Committee and the Board of Directors.
Operational Risk	<ul style="list-style-type: none">Basel-compliant risk categories have been defined.The Bank has conducted Business Impact Analyses and Risk Self-Evaluations and drawn up risk inventories in order to determine and quantify points of exposure in banking processes and products.Within the framework of Business Continuity planning, necessary infrastructure was put in place to enable the Bank to continue its activities in case of disasters such as earthquake, fire or flood.

Business Continuity

Aktif Bank employs a set of Business Continuity Procedures and Plans to ensure the uninterrupted operation of critical processes and resolve any disruptions within a predicted timeframe. The Bank renewed its ISO 22301 : 2012 certification in 2020.

Business Continuity Plan is reviewed at least once a year in meetings convened by the Emergency Management Committee Chairman. The Bank's critical business and IT functions undergo ODM testing every year in line with specific emergency scenarios to test the organization's preparedness against a potential emergency situation.



15 Social

Talent and Development

The talent and development policy aims to boost the productivity and satisfaction of its employees while ensuring that Aktif Bank achieves its goals and strategies. The Bank offers employees training programs and career path plans that target self-development. Employee performance evaluation and remuneration systems are structured to achieve these goals. The Bank aims to create a workplace environment that promotes the energy and creativity of employees and enables them to show their skills. Aktif Bank embraces the principle of ensuring employee motivation and loyalty through efficient and people-oriented talent and development practices.

With the understanding that the talent and development is the most valuable asset of the Bank, Aktif Bank monitors the best local and global practices in order to enrich this asset and to continuously improve its talent and development practices, while developing practices to promote creativity among and recognize value added created by Aktif Bank employees to foster a culture of high performance.

Aktif Bank aims to offer a working environment where employees can develop themselves without discrimination. The Bank provides equal career

opportunities and has established incentive systems that promote success. In line with this understanding, Aktif Bank is able to attract highly competent and experienced employees as well as high-potential new graduates through the right recruitment tools. The Talent and Development Procedure and Discipline Procedure establish Aktif Bank's working conditions, recruitment standards, personnel affairs, performance evaluations, career planning, provisions about rewards and punishments, and training opportunities, which are shared with all the employees. The Bank has taken necessary measures to ensure a safe working environment and conditions for its employees and develops systems based on their needs.

Decisions and developments concerning employees are communicated through announcements and procedures. The Bank takes the necessary measures to prevent all forms of discrimination of employees on the basis of race, ethnicity, language, religion and gender; to ensure that human rights are respected and its employees are protected against all kinds of physical, mental and emotional abuse within the company. In 2020, six hours of human rights training was provided to our employees.

Employee Profile

Number of Employees by Region	2018	2019	2020
Head Office	659	706	749
Subcontractor	143	170	189

Labor Turnover Rates	2018	2019	2020
Head Office	%26	%20	%13

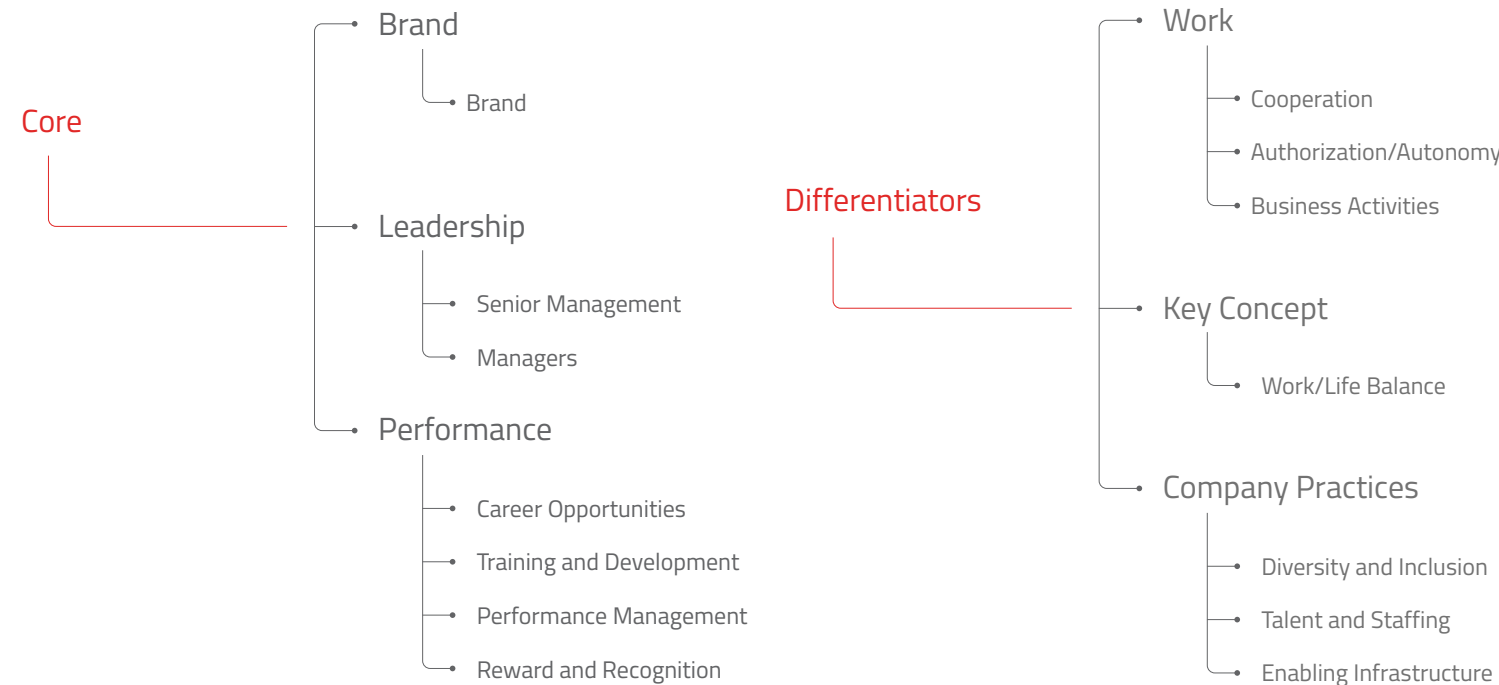
Number of Newly Hired Employees	2018	2019	2020
White-Collar	171	174	130
Male	95	103	71
Female	76	71	59

By Age	2018	2019	2020
<30	81	88	58
30-50	90	86	71
>50	0	0	1

Employee Engagement

With the understanding that the human resource is the most valuable asset of the Bank, Aktif Bank performs measurements through surveys and interviews in order to continuously improve the development, satisfaction and engagement of its employees.

Engagement Model

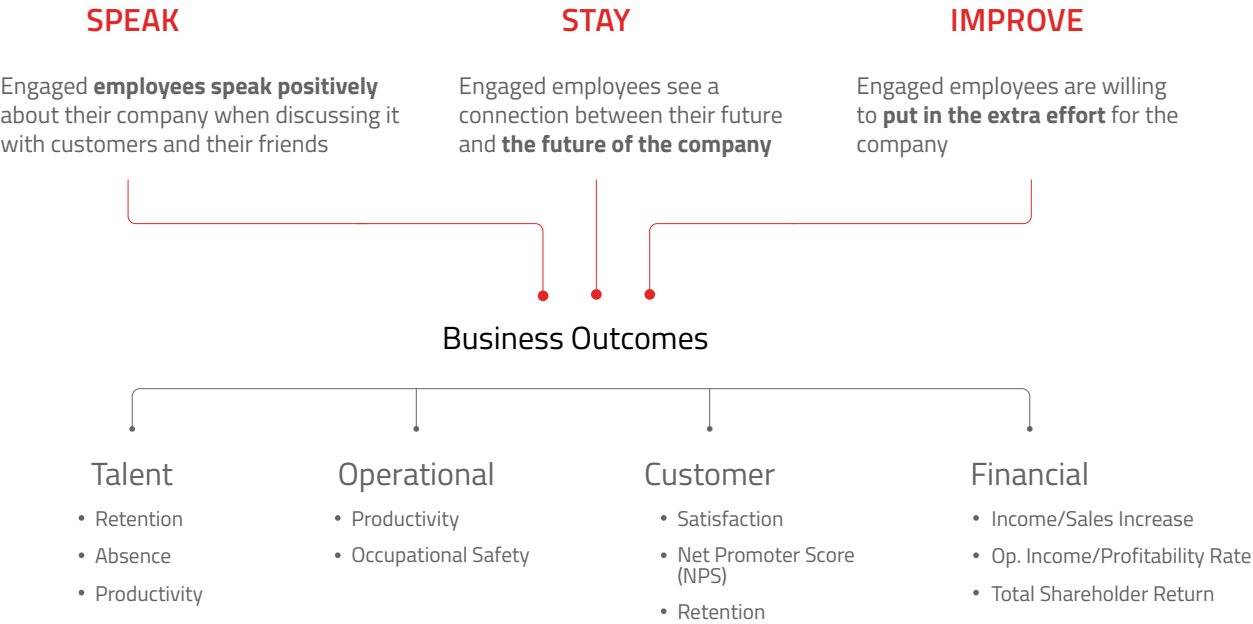


Bolstering employee engagement plays a crucial role in delivering better business results, as well as improving employee satisfaction. The Bank adopts the 'Engagement Model' where company practices, key concepts and job descriptions are considered as the main qualities, while leadership, performance and brand aspects are considered as distinctive qualities.

Aktif Bank conducts an employee engagement survey every two years to identify its status and areas of development based on industry benchmarking.

The survey, which was canceled in 2020 due to COVID 19, is planned to be conducted in 2021, taking into account the new ways of working.

The Bank benchmarks the survey results of 2016 and 2018 against the industry and devises improvement roadmaps.



Aktif Bank achieved a ‘mid level of engagement’ in the survey. According to these results, the Bank determined what to maintain and what to improve.

Aktif Bank and Its Subsidiaries	%60
Aon Bankacılık - 2017**	%53
White Collar Turkey (WC) - 2017	%52
Great Place to Work Turkey - 2017	%74

For Sustainable
Business Results

- High-Level Engagement **%60**
- Senior Management **%65**
- Performance Culture **%54**
- Employer Brand **%68**

Main Areas to
Focus on:

- Maintain
 - Brand
 - Business Activities
 - Senior Management
 - Believing in the Future Success of the Company
 - Understanding the Business - Organizational Goal Connection
- Improve
 - Career Opportunities
 - Infrastructure
 - Talent and Staffing
 - Performance Management
 - Training and Development

Recruitment

Appropriate candidates are scouted for open positions at Aktif Bank from internal or external talent resources. Candidates go through a stepwise evaluation process that includes tests, Talent and Development, and department-specific interviews to test their talents and skills.

Our Recruitment Policy

As part of recruitment, Aktif Bank mainly aims to employ people who are;

- Open to learning, change and self-development,
 - Well-educated,
 - Innovative and creative
 - Able to represent the institution with high-level communication skills,
 - Collaborative,
 - Aware of business ethics and their social responsibilities, as well as being eco-conscious,
- to be able to form a dynamic staff with such qualities that can provide the fastest and highest quality service to its internal and external customers.

Recruiting Inexperienced Employees

Candidates who are fresh university graduates or have no experience in banking are evaluated based on the needs of Aktif Bank Branch or Head Office departments. Firstly, candidates for these departments have to take general aptitude and foreign language tests. Candidates are then interviewed and placed in appropriate departments in line with the Bank’s needs and their qualifications. The key qualifications expected from inexperienced candidates are listed below.

Recruiting Experienced Employees

Experienced employees are recruited based on Aktif Bank’s needs and after meetings with professionals who are experts in their fields.

Year	Number of Recruitments
2020	130
2019	169
2018	171

Occupational Health and Safety

Aktif Bank has an Occupational Health and Safety Committee. Committee members:

- a) Employer or employer’s representative,
- b) Occupational safety expert,
- c) Workplace physician,
- d) One person in charge of human resources, personnel, social affairs or administrative and fiscal affairs,
- e) Civil defense expert, if available,
- f) Foreman, master or craftsman, if available,
- g) The employee representative is the lead representative in case there is more than one employee representative in the workplace.

The committee meets every three months. The process of identifying hazards and risks is carried out in compliance with the law no. 6331 on occupational health and safety and the relevant occupational health and safety risk assessment regulation.

A periodical physical examination is required every five years at Aktif Bank, which is categorized as a low hazard workplace. These examinations were performed by the workplace physician in 2019. Aktif Bank has the necessary tools and equipment to ensure that occupational health and safety personnel can work effectively. The Bank closely monitors the effectiveness of cooperation and coordination between those who are in charge of occupational health and safety services within the organization. The workplace physician, occupational safety expert and other health personnel are provided with the necessary conditions to fulfill their duties.

The occupational safety expert, workplace physician

and all departments at Aktif Bank have clear job descriptions. Our Talent and Development, Construction Real Estate and Support Services teams are responsible for OHS activities. In addition, our employees on the OHS committee share this responsibility.

Eye disorders due to long screen time, wrist and joint disorders due to mouse and keyboard use, and hearing disorders of the call center employees may be cited as the risk factors concerning employees. In order to minimize these risks, protective equipment is provided when necessary. To this end, all employees had an eye examination in 2019.

OHS Management Process

- The OHS management process consists of five stages.
- 1-Devising an OHS policy
 - 2-Planning
 - 3-Implementation and operation
 - 4-Control and regulatory activities
 - 5-Management and review

- The management system approach is based on eight fundamental principles:
- 1. Being Customer/Environment/Employee-centric
 - 2. Leadership
 - 3. Employee participation
 - 4. Process-based management
 - 5. Systems approach (PDCA cycle)
 - 6. Continuous learning, innovation and improvement
 - 7. Fact-based decision making
 - 8. Cooperation with the parties involved

PDCA Cycle

PLAN: It includes the steps of determining the purpose in terms of Occupational Health and Safety (what we want to achieve, where, when), analyzing the current situation, determining targets, data analysis, determining security risks, determining risk assessment methods, devising detailed implementation plans, preparing implementation instructions for the organization.

DO: It includes the steps of assessing risks, deciding whether the risks are acceptable, selecting and implementing control measures, ensuring that the relevant persons in each department receive information and training and that they participate, monitoring the action plan and establishing a monitoring mechanism for implementation, and monitoring the results of implementation.

CHECK: It includes the steps of following up whether the targets have been achieved, reviewing the internal instructions and directives based on developments, identifying deviations and investigating their reasons, and informing the relevant persons.

ACT: It includes the steps of keeping the control system functional, standardizing measures, providing the necessary training and guidance.

Emergency Management

Emergency Teams consist employees who have received First Aid, Search and Rescue and Fire Safety training, and these lists are reviewed every three months. For emergency teams, since the workplace is categorized as “low hazard”, one employee who has the appropriate skills and is specially trained for search, rescue and evacuation, and firefighting, is assigned to every 50 employees as support staff.

One person is assigned to every 20 people as a first aider.

Occupational health and safety trainings are provided to employees in the head office and all branch locations to raise awareness among employees.

Year	Training Hours
2020	2045 (including COVID-19 trainings)
2019	590
2018	1892

Covid-19

Believing that its employees are its most valuable asset, Aktif Bank furthers its efforts to provide them with a healthy and safe working environment. With many measures taken during the Covid-19 outbreak in 2020, the Bank continued to care for and value employee health. These measures are listed as follows:

- At the start of the pandemic, the Bank distributed hand sanitizers to employees.
- Masks, which were first distributed on a daily basis, are now distributed as monthly packages at the beginning of each month.
- Complimentary masks were also distributed for employees’ children in November.
- Hand sanitizer dispensers have been installed and Covid-19 warnings have been posted at the entrances and in all common areas of the Additional Service Buildings of the Head Office and Branches.
- Retractable belt barriers for social distancing have been placed in necessary areas.
- On all the floors, the doors opening to the stairs have been fixed to remain open, and the office entrance doors have been equipped with sensors.
- A HVAC system to provide fresh air circulation in the working areas was commissioned and the office air quality was constantly monitored.
- Thermal cameras were placed at the entrance, and thermometers were installed in branches and additional service buildings.

- The number of people allowed in an elevator car has been limited to three.
- All offices are sanitized by teams of professionals every two weeks at 5:00 am on Mondays. The implementation frequency of this hygiene measure, which is recommended to be monthly, is every two weeks at Aktif Bank. Moreover, if someone working on any floor tested positive for Covid-19, that floor, the elevator and entrances were immediately sanitized with a disinfection device. The infirmary has also been disinfected with this device every night.
- The cleaning staff sanitizes the door handles, sinks and common areas on all floors during the day.
- Our workplace physician continued to work in our Head Office building during the pandemic.
- Informative images of Covid-19 measures were displayed on the computer login screens of all our employees.
- Separate bins have been placed on the floors for disposing masks.
- The capacity of the gymnasium has been limited, with one training equipment to be available for use and the ones next to it to be unavailable. Warning signs have been prepared for the gymnasium. A dedicated cleaning staff has been assigned. All training equipment are sanitized immediately after each use. For contact tracing in the event that anyone entering the facility tests positive for Covid-19, everyone is required to check in. Employees are allowed inside after temperature checks.

- Signs indicating the seating plan are placed on all tables on the cafe floor. In order to prevent contact with the products, warning signs and disposable gloves have been placed in the relevant areas.
- In order for the tables to be sanitized in a hygienic manner by the night shift team, the “clean table” practice was announced in advance.
- With the start of the pandemic, the Bank switched its working model to working from home (WFH).
- Training on the Modes of Transmission of Covid-19 and Preventive Measures and Remote Working/WFH Training were assigned to all employees via the online training platform.
- During the WFH period, the systems of all the Bank employees continued to run smoothly, and the Information Technologies Group actively supported them.
- During the WFH period, the Talent and Development organized online activities and social activities for children. Individual and group training sessions and seminars continued online.
- Customers were allowed inside after HES code checks in our branches in the provinces where it was mandatory. HES code posters were prepared and placed in front of the branches.

Work Accidents

Year	Personnel Who Had a Work Accident	Lost Work Days Due to Work Accidents
2020	3	5
2019	2	11

Employee Development

The training system, designed in accordance with the goals and strategies and with Aktif Bank's talent and development policies, aims to support the career and personal development of employees, and to drive motivation and ensure job satisfaction.

In line with these policies, improving the professional knowledge, skills and personal competencies of its employees is one of Aktif Bank's top priorities. Driven by the understanding that the continuity of training is a key means of achieving the best results, Aktif Bank considers it among its main responsibilities to create development opportunities that will improve the knowledge, skills and business results of their employees and to ensure that the training and development programs are delivered to them in the most effective and efficient way possible both today and in the future.

Newly recruited employees are included in the Orientation program on the first day of their employment. Moreover, their professional and personal development is supported by their participation in training programs to ensure technical knowledge, professional and personal skill development in line with their career paths.

Aktif Bank launched a talent management program as of the end of 2019. The employees were provided with a universally applicable inventory that is designed for the use of HR professionals and that measures behavioral indicators. This inventory helped to identify the strengths and areas of development of the employees according to the behavioral indicators within Aktif Bank's competency set. At the end of 2019, an inventory was sent to 850 employees who had worked for Aktif Bank and its Subsidiaries for at least one appraisal cycle.

Separate briefings were held for the managers and employees before the inventories were sent. 605 employees completed the inventory. The resulting talent matrix, which was the deliverable of this inventory, guides the talent management development program design process to include both talents and the entire bank.

Year	Training Hours Per Employee
2020	22
2019	37
2018	54

Performance and Career Management

Promotion processes at Aktif Bank serve as an important assessment tool for career development. Each year, two Assistant Specialists and one employee from all other levels are promoted. Employees are evaluated for their career development on an annual basis.

Organization-wide performance appraisals happen once a year. In addition to this appraisal process, the performance of sales teams in sales functions is evaluated on a monthly/quarterly basis.

Diversity and Equal Opportunity

Aktif Bank strongly believes in diversity and the importance of equal opportunity in business. According to the Employee Engagement survey conducted biannually, the Diversity and Inclusion score, which had been recorded at 70% in 2016, increased to 80% in 2018, reaching the same level as those of Turkey's top employers.

- Aktif Bank's diversity approach applies to both the senior management team and the employees.
- There are no permanent minimum wage employees at Aktif Bank.
 - The salaries of employees working at the same level are close to each other without gender bias across the organization.

In the context of human rights, Aktif Bank places a great deal of emphasis on diversity and work-life balance. The Employee Engagement survey also offers a statistical account of areas such as diversity and work-life balance. According to the Employee Engagement survey, the Work-Life Balance score climbed from 75% in 2016 to 83% in 2018.

In 2020, Human Rights training was one of the agenda items of Aktif Bank. In the initial stage, this training was provided to the sales and marketing teams at the Corporate Branches, who served as point of contact for the purchasing team and customers. The training aims to raise awareness within the Purchasing operation on being conscious about selecting suppliers and within the corporate banking operation about selecting customers, with particular attention to the criterion of respecting human rights. The scope of the Human Rights trainings will expand to include various other teams.

Training Of Security Personnel

Outsourced and permanent security personnel are required to have received Human Rights training and answered the relevant exam questions correctly in order to obtain a security guard ID.

Moreover, complementary trainings on Human Rights, which outsourced security personnel can benefit from, are also available on online training platforms of the relevant companies. (Human touch, ways of approaching the elderly and children, when to use force, etc.) These topics are also covered in renewal trainings.

Human rights training is also organized for our permanent security personnel.

Women employed at Aktif Bank are given maternity leave for a total of 16 weeks, eight (8) weeks before giving birth and eight (8) weeks after giving birth. In case of multiple pregnancy, two (2) weeks are

added to the eight (8) week maternity leave before giving birth. Employees, who can certify that their health status is suitable for work up to three weeks before giving birth with a report from official health institutions, can work until the 37th week of their pregnancy if they wish. In this case, the work days before giving birth are added to the duration of the maternity leave after giving birth.

Maternity leave is a fully paid leave.

After the employee's maternity leave, she has the right to unpaid leave of up to six months, as stipulated in the Labor Law. After maternity leave, female employees are allowed to return to work in accordance with the legislation.

Aktif Bank covers maternity expenses and provides various benefits through the health insurance offered to its employees.

Equality and Equal Opportunities			
	2018	2019	2020
a.Board of Directors			
i. Gender			
Male	6	6	6
Female	0	0	1
ii. Age			
<30	0	0	0
30-50	2	1	1
50+	4	5	6

	Retail Banking			Commercial Banking			Investment Banking		
	2018	2019	2020	2018	2019	2020	2018	2019	2020
Board of Directors									
i. Gender									
Male	1	0	0	1	1	1	1	1	1
Female	1	1	1	0	0	0	0	0	0
ii. Age									
<30	0	0	0	0	0	0	0	0	0
30-50	2	1	1	1	0	0	0	0	0
50+	0	0	0	0	1	1	1	1	1
Mid-Level Management									
i. Gender									
Male	3	3	3	2	3	3	2	2	2
Female	1	3	2	3	2	2	4	6	5
ii. Age									
<30	0	0	0	0	0	0	0	0	0
30-50	4	6	5	5	5	4	5	7	7
50+	0	0	0	0	0	1	1	1	0
Non-Managerial White Collar									
i. Gender									
Male	47	51	55	9	15	19	10	10	9
Female	11	12	12	3	3	3	26	33	45
ii. Age									
<30	17	17	14	1	2	2	3	6	9
30-50	40	46	53	11	16	20	33	36	44
50+	1	0	0	0	0	0	0	1	1

Aktif Bank has field sales and branch operations outside of Istanbul. Local employees - residing in the respective cities - are assigned to these teams. No employee is appointed from Istanbul to work at other provincial branches. The entire branch staff, including Branch Managers and other managers, are employed from the local community.

Remuneration

The criteria for the remuneration policy of our Bank are as follows:

- The value the job provides to the bank,
- Managerial responsibility,
- Professional knowledge/skills,
- The scope of the job,
- The complexity of work-related problems,
- The market value of the tasks involved.



16 Community Development

Aktif Bank Volunteers

Aktif Kalpler (lit. Active Hearts) is a group of Aktif Bank volunteers. Aktif Kalpler aims to provide the necessary conditions for successful education by eliminating the shortcomings of the disadvantaged schools in Anatolia. As part of the project, six schools were renovated to be better suited for a quality education.

We Support Cultural Developments

Aktif Bank has signed a sponsorship deal with the Istanbul Foundation for Culture and Arts (IKSV) for a period of four years. For years, IKSV has been organizing various festivals, bringing famous artists and bands from around the world to Turkey. Attracting art enthusiasts from far and near, these events contribute to the cultural development of the society.

Aktif Bank aims to support projects that stand out in the field of arts in the coming years as well.

N Kolay İstanbul Marathon

Aktif Bank was the naming sponsor of the 2020 Istanbul Marathon with its N Kolay brand. The combination of dynamism and the egalitarian and lean service model combined with the spirit of Istanbul Marathon, one of the leading events of its kind around the globe has created a harmonious collaboration. Promoting sports at all levels, Aktif Bank, which has expanded its long-standing support to sports to also include running with the N Kolay Istanbul Marathon, has made yet another addition to its contribution to sports.

We Help Eliminate Obstacles

In cooperation with Parıltı Association, Aktif Bank supports efforts to ensure the participation of the visually impaired in social life. It is important to facilitate the social engagement of these individuals by eliminating obstacles.

17 Economic

Customers

Ethical and Effective Marketing Communication

Aktif Bank designs its business model with a particular focus on efficiency and profitability, in line with its sustainable growth strategy. Accordingly, the Bank leverages its business partnerships to offer its products and services at a more affordable cost than the sector. This approach enables the Bank to have an efficient distribution network.

Aktif Bank has also designed its retail banking strategy around digital channels as part of its completely digital-oriented business model. Aktif Bank stands out in the competition as the only bank to address customer needs in the areas of generating resources, lending and access to card payment systems with 100 percent digital processes through its N Kolay brand.

The N Kolay Bond product has enabled customers to carry out all their transactions, from opening an account to making investments, through digital channels, eliminating the need to go to a branch, and the unlimited flexibility it offers to investors has effectively helped the Bank to steer the dynamics of the industry. In 2019, the “N Kolay” mobile application was launched, further facilitating the process for using the N Kolay Bond product.

With the development of analytical capabilities within the digital banking team, the N Kolay application has enabled the Bank to place “analytical and data-oriented thinking” at the center of organization. Customer segmentation, profitability analysis and efficiency-oriented product training activities have been accelerated through improvements. The Bank has started to effectively leverage the results of the data analysis and mining in customer communication as well. Machine learning technologies have been embedded to the business processes, and the team has been expanded with the addition of new teammates to the young and dynamic staff. In doing so, Aktif Bank has improved its product range and further bolstered its communications by better understanding its customers and their needs.

Moving forward, Aktif Bank will further its efforts to deliver its customers the most suitable solutions for their needs with personalized products and offers by boosting its competencies in areas such as big data and artificial intelligence to fully leverage the opportunities digitalization has in store for the industry.

The Bank has accelerated channel development with a view to reaching customers through appropriate communication methods. Alternative Sales Channels and the Communication Center have delivered an above industry performance (benchmarked against the industrial performance indicators) in their service to the customers of the Bank and its subsidiaries with a particular focus on customer satisfaction. The service quality approach that generates value for and delivers solutions and offers alternatives to customers with whom the bank interacts 12 million times a year has yielded a “very good” rating in satisfaction surveys.

Aktif Bank carries out its promotional and marketing activities, which the banking industry strictly regulates, in compliance with the legislation and by respecting customers. In this regard, all the employees of the Bank are well-aware of their responsibilities and ensure that, with the “customer satisfaction first” approach, the Bank’s operations fully comply with the laws.

Attaching a great deal of importance to the confidentiality of customer information, Aktif Bank has adopted high ethical standards in all its communication activities for product promotion, sales and marketing, including advertisements, brands, subsidiaries and sponsorships. By adopting an open disclosure policy in its product and service promotion activities, the Bank carries out all customer relations management processes by adhering to a transparent disclosure policy to ensure that customers do not lose their rights.

Financial Inclusion

Aktif Bank also evaluates the loan requests of customers who have recently entered the financial markets and who have “weak credibility and no credit history”. The Bank evaluates such requests on a per-product basis by using various evaluation criteria and models.

The N Kolay platform offers customers the opportunity to carry out their transactions through digital channels free of charge.

Corporate Loan Evaluation Approach

Aktif Bank does not open an account for or carry out the transactions of companies with ties to any kind of narcotic drugs and companies linked to the manufacturing and trade of explosives, weapons, etc.

Aktif Bank also does not work with companies that engage in production and activities involving harmful or exploitative forms of forced labor/harmful child labor.

Aktif Bank does not allocate any credit limits for activities related to the cross-border transport of waste materials, which are prohibited according to international law, as well as for speculative sectors and transactions.

Aktif Bank does not allocate any credit limits for games of chance, gambling, weapons and ammunition, chemical weapons (excluding defense industry projects), smuggling, non-environmentally friendly organizations and sectors.

In addition to these, current news about and judicial records of the companies applying for loans and their partners are taken into consideration during the loan evaluation process. No loan is provided to any company if there is a case filed against it due to bribery, corruption, violation of human rights, terrorism financing or if there are substantiated negative news about the company in the media.

Aktif Bank strategically supports renewable energy investments. The Bank supports Solar Energy, Wind Energy and Biomass Energy projects that have low carbon emissions compared to fossil fuels, renew themselves and cause less harm to the environment. As of 24.12.2020, Aktif Bank considers the level of corporate governance of companies as a positive quality during the cash loan analysis stage.

Organizations with a corporate governance structure and financial data transparency receive higher ratings in Aktif Bank's rating system. Aktif Bank also provides financial support to research and development companies that receive incentives from TUBITAK TEYDEB (the Directorate of Technology and Innovation Grant Programs).

Customers Satisfaction Policy

Driven by its vision “to provide easy access to financial services that meet the needs of all segments of society through innovative and beneficial solutions, and to become the widest reaching financial services organization in Turkey and the region,” Aktif Bank is committed to delivering the best and highest quality service to its customers through all its channels.

Aktif Bank is aware that real success can only be achieved with the satisfaction and loyalty of internal and external customers. The Bank strives to invest for employees who know what they do best, to continuously increase its efficiency by making effective use of available technologies, and to make customers happy with a solution-oriented professional approach.

Adhering to the principle of Customer Satisfaction, Aktif Bank evaluates customer requests and complaints in accordance with regulations (BRSA, the Banks Association of Turkey-TBB) and the applicable law, in line with the principle of confidentiality, in a fair and impartial manner, thoroughly reviews complaints and suggestions, and makes permanent and continuous improvements in its systems and processes.

Complaints Management

Submitting Complaints

Complaints submitted by customers to Aktif Bank through the Bank's communication channels are evaluated and concluded by the Complaints Management Department in accordance with legislation and regulatory processes.

Recording and Tracking Complaints

All requests and complaints submitted are linked to the sender's TR ID number and recorded in the complaint management system. Recorded requests and complaints are evaluated as soon as possible.

For applications and complaints that cannot be resolved as soon as they are submitted, customers are informed that they will be concluded following a detailed analysis.

Evaluating Complaints

Requests or complaints that can be concluded at the time of submission are finalized upon providing the necessary information to the customers. Matters requiring investigation are meticulously evaluated and concluded by the relevant teams at Aktif Bank.

Concluding Complaints and Informing Customers

Requests that can be concluded at the time of submission are concluded after informing the submitter. Aktif Bank aims to conclude the requests and complaints as they are submitted.

Requests or complaints are concluded following detailed analyses by the relevant teams at Aktif Bank. Customers are informed about the concluded complaints.

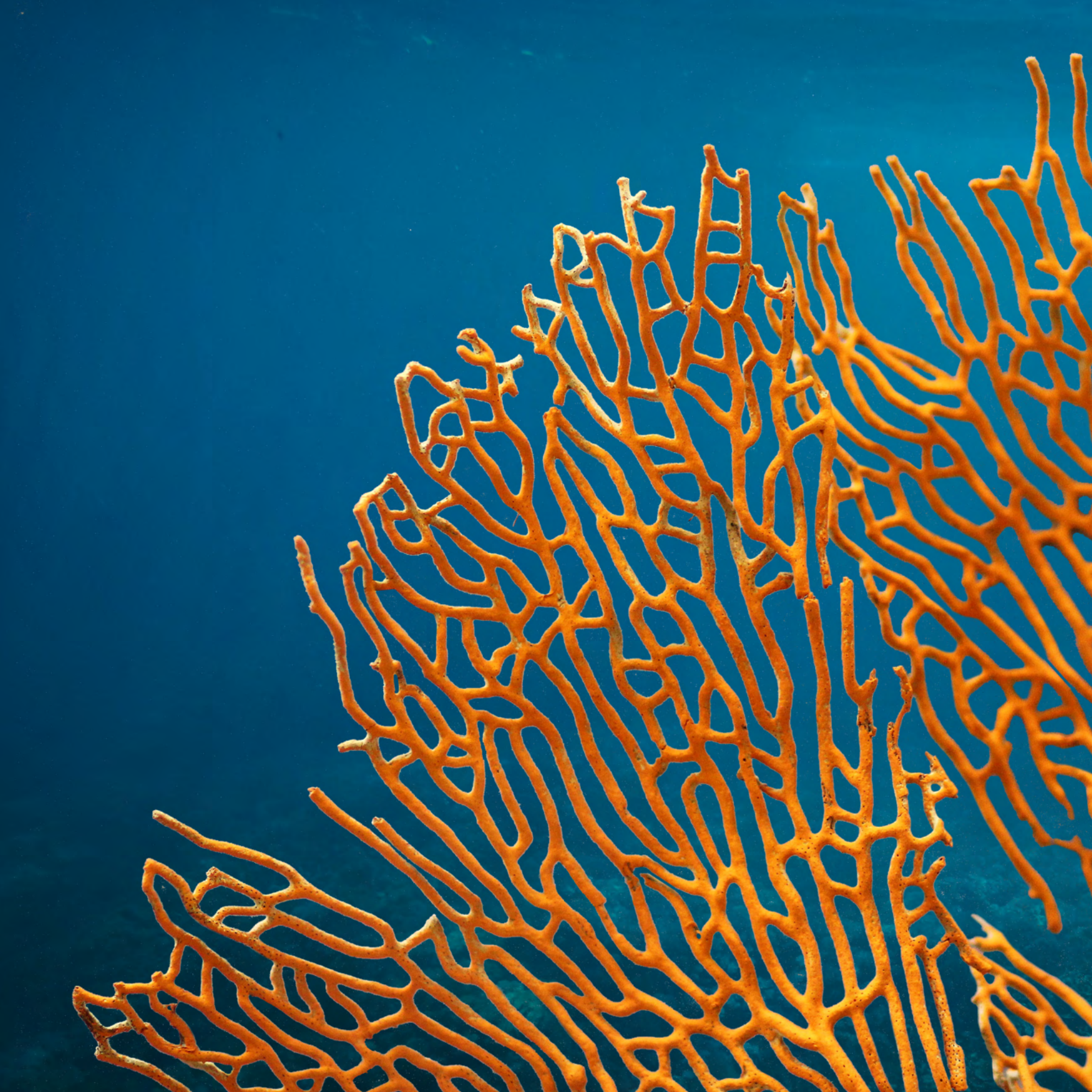
Continuous Improvement

Aktif Bank improves its systems and processes by taking corrective, preventive and remedial action to prevent the recurrence of complaints.

18 Suppliers

In addition to Aktif Bank’s principles and policies, the suppliers are encouraged to comply with the UN Global Compact. Aktif Bank expects the suppliers it works with to act in line with its principles and values for the sustainability of its activities. The Bank champions the continuous development of its suppliers by exchanging information. Aktif Bank provides the companies in its supplier portfolio with information about Aktif Bank’s Code of Ethics and Sustainability Policies. The Bank expects commitment from all suppliers regarding compliance with code of ethics and sustainability policies.

Aktif Bank takes measures for changes and disruptions that may occur in the Supply Chain, and devises alternative plans accordingly. Aktif Bank acts proactively to facilitate transitions without reducing the service quality and without interrupting its services.



19 Environment

Waste Management Approach

Aktif Bank Head Office has in place mechanisms that allow for on-site waste sorting on the floors. There are ongoing efforts to designate an area for waste collection inside the building with the goal of ultimately working with a waste management company for disposal once the necessary infrastructure is ready. When this system is launched, storage, weight (kg) and disposal information will be monitored on a waste type basis. The Bank plans to apply for a Zero Waste certificate afterwards.

All of the medical waste in the infirmary and the used masks and gloves disposed in the designated collection containers placed on the floors are sent to the municipality as medical waste.

Battery waste boxes are placed on the floors and when they are full, they are sent to waste management companies. Batteries and old phones are sent to recycling companies.

For printers, a 5-year contract was signed with Canon Eurasia as of March 2020. The company disposes of the toner/cartridge wastes of the printers. When a new toner arrives after the Bank places an order for a new toner when the old one is empty or is about to run out, Canon Eurasia takes the old/empty toner cartridge and waste toner cartridges.

Employees have no contact with the waste and chemical products kept inside the building or in the additional buildings.

As of January 2020, Aktif Bank moved to a New Head Office building equipped with smart building technology.

The lighting and mechanical automation system for energy saving has been activated at nearly 100% capacity. Electricity data comes in the form of a utility bill after monthly remote meter reading. Kw/hour information is provided in the table below:

Month	Consumption	Unit
January	51.162,00	kWH
February	97.236,00	kWH
March	107.714,00	kWH
April	88.504,92	kWH
May	83.578,64	kWH
June	114.810,48	kWH
July	131.780,34	kWH
August	130.761,90	kWH
September	125.065,26	kWH
October	108.873,72	kWH
November	100.995,30	kWH
December	109.966,68	kWH
Total	1.250.449,24	kWH

Natural gas and water meters are monitored daily. Water Consumption in 2020: 6,158 m3 daily average consumption 20m3

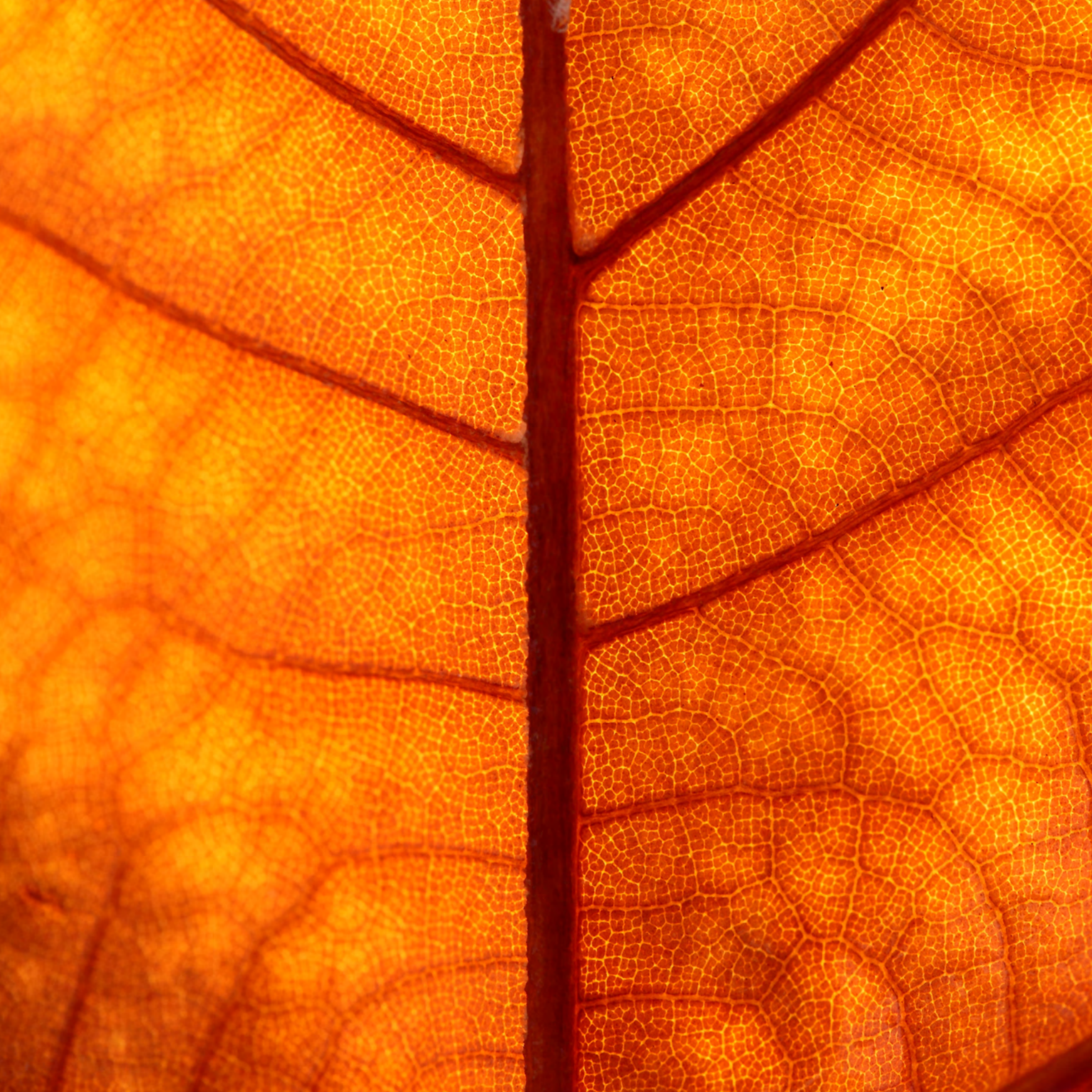
Natural Gas Consumption in 2020 was 21,153 m3 with a daily average of 158 m3.

Aktif Bank has also taken supportive measures for water saving in line with the smart building concept. In this context, flush tanks and sink faucets were supplied in accordance with the smart building concept (touchless sink faucets / water level- and pressure-adjustable flush tanks).

There are ongoing efforts to reduce the water flow rates and optimize them throughout the building, especially in the showers in the gymnasium.

State-of-the-art purification devices with water tanks have been deployed in the kitchen and common areas, thus reducing the cost of drinking water and eliminating the hygiene risks of using water cooler bottles.

With these measures, Aktif Bank is able to save 10-15% from the average per capita urban workplace water consumption (130 L), which is determined based on the information provided by relevant organizations. The factory data of the products used also indicate statistical information to back this claim.



20 Environmental and Social Risk Management Approach In Loan Processes

Aktif Bank performs environmental and social impact assessments and risk analyses for project and investment finance loans of more than TRY 100 million.

As per its policy, Aktif Bank does not provide funding to the below-listed projects and/or investments.

- I. Projects related to products that are illegal to be produced as per International Treaties and the national legislation,
- II. Projects related to manufacture of weapons, weapons of mass destruction and mines,
- III. Projects involving human rights violations and child labor,
- IV. Illegal manufacture and trade of asbestos,
- V. Projects related to ozone-depleting products,
- VI. Projects related to the manufacture and trade of Polychlorinated Biphenyls,
- VII. Projects that harm rainforests and the ecosystem,
- VIII. Production or trading of radioactive products,
- IX. Gambling related projects.

When an organization applies for project or investment finance, the first step is to make general and sector-specific evaluations about the project in question, and request information about the project, investment location and plans from the applicant. After the analysis of the submitted information and the assessment by the credit evaluation team, the projects are classified as low-, medium- or high-risk.

For low-risk projects, the risks and potential impact pertaining to matters that arise after the analysis are communicated to the borrowing company. The borrowing company is requested to devise an Environmental and Social Action Plan detailing how it will manage the risks in question and reduce and control the resulting impact. The action plan in question may be prepared by the applicant or by independent experts. Following the preparation of the action plan and its submission to Aktif Bank, the loan approval process will be initiated after the action plan is approved to be sufficient to manage risks.

For medium- and high-risk projects, the risks and potential impact pertaining to matters that arise after the Bank's analysis are communicated to the borrowing company. The borrowing company is requested to devise an Environmental and Social Action Plan detailing how it will manage the risks in question and reduce and control the resulting impact. The applicant is required to have independent experts prepare the said action plan. Following the preparation of the action plan and its submission to Aktif Bank, the loan approval process will be initiated after the action plan is approved to be sufficient to manage risks.

Monitoring the Project and the Customer's Obligations

As part of the loan approval process, the relevant departments at Aktif Bank attend on-site visits to see and evaluate the risks determined with the action plan and management activities.

While evaluating the project risks, the following potential issues related to the project are evaluated.

- Biodiversity,
- Effects on water resources,
- Climate change and carbon emissions
- Air pollution,
- Wastes,
- Community health and safety
- Worker health and safety
- Preservation of historical and cultural assets,
- Effects on endangered species,
- Human rights
- If communities need to be resettled, how this process will be managed and how the resulting effects will be compensated,
- Obligations in agreements entered into with public and non-governmental organizations for the management of the project.

During the visit, the Bank performs due diligence and identifies the additional steps for the approval of the loan, if any. The matters covered in the action plan are also specified in the customer obligations section of the loan agreement. Thus, if these obligations are not fulfilled during the loan facility and repayment process, or if the detected cases of non-compliance are not corrected within the specified time frame, the loan is recalled or loan facility is withdrawn.

Projects are evaluated for various aspects while deciding on project finance and in the monitoring process. The initial evaluation is for analyzing the project and its impacts. As part of this evaluation, the measures and their performance in managing risks and impacts are evaluated.

The second evaluation is for analyzing the capabilities and approaches of the costumer carrying out the project. Accordingly, the organization's past approaches, current corporate values and policies, and the efficiency of its resource structure in performing the target actions are analyzed and evaluated.

Once the project loan is approved, the relevant departments perform regular audits and inspections during both the project implementation phase and the loan repayment process after the project is commissioned. In doing so, the Bank is able to proactively identify risks before they emerge and take precautions. This procedure enables Aktif Bank to manage potential risks that may arise during the repayment process.

Environmental Social Action Plan

The action plan is where the customer declares – with respect to managing the social and environmental risks of the project:

- I. What kinds of activity [land procurement, working conditions, environmental impacts (biodiversity, climate change, water use, waste), social impacts, preservation of historical and cultural assets, the approach of the main project owner, if the project is carried out on behalf of another organization, etc.], arrangement and investment will be involved,
- II. The project pipeline,
- III. The financing method,
- IV. Whether the customer will solely manage the processes or by working with independent consultants.

This action plan is prepared by the organization or by independent external consultants according to the risk group of the project.

The Bank carries out its evaluations and audits within the framework of this plan during the operational process, during which investment and loan payments continue. The Bank has the right to request improvements from the customer based on cases of non-compliance or changes in conditions. If the necessary conditions are not met, the loan facility may be withdrawn or the loan may be recalled.

21 GRI (Global Reporting Initiative)

GRI STANDARD		TITLE	PAGE NUMBER
GRI 101 FOUNDATION 2016			
GRI 102 GENERAL DISCLOSURES 2016			
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102 -13	Membership of associations		

GRI STANDARD		TITLE	PAGE NUMBER
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102 -29	Identifying and managing eco- nomic, environmental, and social impacts	Materiality	33 - 38

GRI STANDARD		TITLE	PAGE NUMBER
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102 -33	Communicating critical concerns to the highest governance body	Materiality	33
102 -34	Nature and total number of criti- cal concerns	About The Report Materiality Governance	5 33 46 - 53
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102 -40	List of stakeholder groups	We Create Value For / Stakeholders	40 - 44
102 -41	Collective bargaining agreements		
102 -42	Identifying and selecting stakeholders	We Create Value For / Stakeholders	40 - 44
102 -43	Approach to stakeholder engagement	We Create Value For / Stakeholders	40 - 44
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