



ÇALIK HOLDİNG
ANNUAL REPORT 2019



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MORE TO COME...

We work in different geographic areas with diversified capabilities to design a better future for people. As we execute our business operations in 20 countries across Central Asia, the Balkans and the MENA region, we create employment opportunities for more than 23 thousand persons.

Moving steadily forward with the values we have embraced from our past to the present, we are growing stronger each day with our ever-expanding experience and know-how.

We will design the future with our innovative approach, an ability to adapt to change and our forward-looking strategies. We will continue to record outstanding achievements, as we have from the beginning.





A QUICK GLANCE AT ÇALIK GROUP

Carrying out activities in a wide geography, Çalık Group continued to perform successful projects to achieve a better world with important developments it has realized in 2019.



ENERGY

Çalık Group realizes investments and undertakes EPC projects in wide geography including Middle East, Central Asia, Africa and the Balkans for a better and sustainable future with its subsidiary engaged in the energy sector, Çalık Enerji since its foundation in 1998.

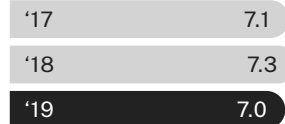
NET SALES

4.2
TL Billion

EQUITY

3.6
TL Billion

ENERGY TOTAL ASSETS (TL BILLION)



See page 32 for detailed information



CONSTRUCTION

Çalık Group's subsidiary engaged in the construction sector Gap İnşaat was listed for the fourth time since 2016 in the Top 250 list of the American-based ENR Magazine, which ranks the world's largest contracting companies.

NET SALES

1.24
TL Billion

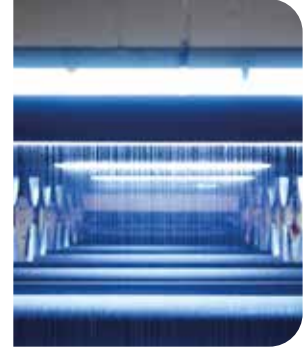
EQUITY

2.0
TL Billion

CONSTRUCTION TOTAL ASSETS (TL BILLION)



See page 62 for detailed information



TEXTILE

Producing 44 million meters of fabric in 2019, Çalık Denim brought all sustainable business processes together by creating the "Passion for Denim, Passion for Life" sustainability strategy, and determined its sustainability targets for 2025.

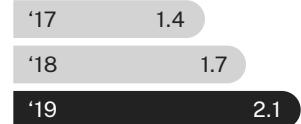
NET SALES

1.1
TL Billion

EQUITY

307
TL Billion

TEXTILE TOTAL ASSETS (TL BILLION)



See page 72 for detailed information



MINING

Alacer Gold, partner of Lidya Madencilik transferred its 50% share in Balıkesir Polimetal Project in July. Therefore Lidya Madencilik started to control 100% shares of a project for the first time.

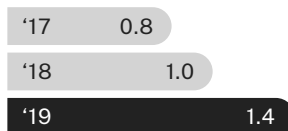
CAPITAL

332
TL Billion

EQUITY

0.9
TL Billion

MINING TOTAL ASSETS (TL BILLION)



See page 86 for detailed information



TELECOMMUNICATIONS

Holding its leading position in the Albanian market, ALBtelecom always distinguishes itself from its competitors, thanks to its robust infrastructure, data quality and continuous investments. After having now obtained the 4G license, the company aims for leadership in this market as well.

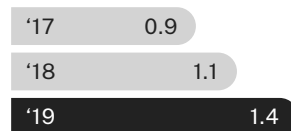
NET SALES

406
TL Million

EQUITY

0.3
TL Billion

TELECOMMUNICATIONS TOTAL ASSETS (TL BILLION)



See page 96 for detailed information



FINANCE

Mediating approximately USD 400 million foreign trade transactions to 70 different countries in different geographies, mainly in Sub-Saharan Africa, Middle East and CIS countries, Aktif Bank provides foreign trade solutions to Turkish exporters in these geographies.

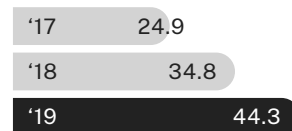
NET SALES

3.6
TL Billion

EQUITY

5.2
TL Billion

FINANCE TOTAL ASSETS (TL BILLION)



See page 104 for detailed information



DIGITAL

Çalık Digital continued its cooperation for "Digital Transformation in Industry" with the Istanbul Chamber of Industry initiated in 2018 with the signature of the Phase 2 agreement in 2019. Within the scope of this cooperation, around 30 companies affiliated to the Chamber of Industry were provided with consultancy services in the fields of Industry 4.0 and digital transformation.

CAPITAL

16
TL Million

EQUITY

11
TL Million

See page 128 for detailed information

Our Vision, Mission, Values

OUR VISION

To grow four-fold on four continents by our 44th anniversary in 2025, adding value to every life we touch in all areas that we operate in, with reliable teams enlivened by our entrepreneurial spirit focused on innovation.

OUR MISSION

To contribute to an increasing prosperity through the generation of solutions that provide value to human life in all the regions that we operate in with our skills and drive.

OUR VALUES

Fairness: At work and in our principles, we are a family that is motivated by what is right and fair.

People-Oriented: We devote all our energy to improving people's lives. Our priority is always the development and happiness not only of our employees and customers but of all the people touched by the value we generate.

Reputation: Our good reputation comes before anything else.

Work from the Heart: Irrespective of the conditions, we put our hearts into our organization, as well as our goals and the projects we undertake through which we add value to humanity.

Innovation: We continuously develop and improve our solutions and business models, identifying those that will differentiate us.

Agility: We have the flexibility and speed to meet every challenge.

Sustainability: We value long-term, continuous success and respect the environment.



Message from the Chairman

We achieved significant progress in the past year of 2019 owing to our ability to adapt to an ever-changing environment, coupled with our long-standing corporate values and our goal of sustainable success.

Esteemed Stakeholders,

2019 was marked by a global economic slowdown and uncertainties, as well as developments in trade wars, volatility in financial markets, interest rate cuts and the novel Coronavirus (Covid-19) outbreak in Wuhan, China in December. During the previous year, U.S. bond yields had reached their peaks of the last seven years, consequently restricting the capital flow directed towards developing countries significantly. Furthermore, Brexit continued to act as a source of increasing pressure on the Eurozone, which was already suffering from stagnation.

During 2019, the risks surrounding the market triggered the vulnerabilities in developing countries to the greatest extent. In the first part of the year, while the global risk followed a lower course in such economies, they were observed to suffer from strong capital outflows and a loss of growth momentum. The second half of 2019 was, on the other hand, shaped by the positions of central banks. The launch of interest rate cuts and bond purchase programmes resulted in a renewed interest in the financial assets of developing countries.

Early forecasts for 2020 expected the global economy to record a moderate recovery compared to 2019. However, the projected global economic recovery did not

materialize due to the Covid-19 outbreak that started on the last days of 2019 and spread rapidly across the globe. While there are ongoing discussions as to the impact of the pandemic on the world economy, the importance of the joint steps to be implemented by countries in the forthcoming period is critical.

Despite the economic uncertainty in 2019 caused by both strained relations with the U.S. and the elections, Turkey's economy started to bounce back in the second half of the year owing to the timely and to-the-point implementation of actions and macro-economic measures. The Central Bank of the Republic of Turkey cut its policy rate from 24% at the beginning of the year to 12% in the end, whereas the decreases in imports and increases in exports throughout the year alleviated the negative impact on the economy, thereby paving the way for Turkey to conclude the year 2019 with growth.

As Çalık Group, we aim for sustainable growth.

We achieved significant progress in the past year of 2019 owing to our ability to adapt to an ever-changing environment, coupled with our long-standing corporate values and our goal of sustainable success. While this period was marked by volatility in global and national economies and increasingly heavier competition, we continued to move forward with great confidence, achieving

sustainable growth in our business areas, which we prioritized in line with our strength in offering innovative solutions and our goal of creating world brands.

In 2020, we will experience a new era in the shadow of the Covid-19 pandemic, where continued uncertainties will be the norm and globalism will be leaving the stage in favour of protectionism. As Çalık Group, we are determined to create value for our country and our stakeholders by staying one jump ahead in every one of our business areas in 2020, as was the case in 2019, through our proactive management approach that lends us the capacity to adapt to changes and to manage risks. Accordingly, we will continue to invest in digital transformation with a view to achieving our long-term strategic objectives and leading the way through adapting ourselves to the changing conditions.

I would like to inform all our stakeholders that we are well prepared for this process with our solid financial foundations, as well as our dynamic approach to risk management and diversified lines of business. We have implemented and will continue to implement the measures necessary to protect our human resources, which represent our most valued assets, with our pandemic action plan. At the same time, as a reflection of the value of agility upheld by our Group, we will remain open to new business areas and protect our entrepreneurial spirit.



As Çalık Group, we believe that social transformation based on the technological change experienced around the world can lead to the formation of a new smart society. Embracing a “society-oriented” perspective, we aim to pioneer in the society and the business world with our activities and to support the most efficient course for such transformation. We renew ourselves in harmony with global developments to ensure sustainable success with the Çalık brand.

From the beginning, we, as Çalık Group, have remained committed to undertaking efforts that benefit humanity and to acting with due sensitivity towards the environment at the same time. As part of our efforts for sustainability, Group companies Çalık Enerji and Çalık Denim became signatories to the UN Global Compact in 2019. And in 2020, we will formulate our strategy for sustainability to build the future and continue with our efforts in this area at the same level of depth through the roadmaps we will establish the forthcoming period.

I would like to express my gratitude to all our stakeholders, especially our colleagues, for their valuable contributions to the successful results which Çalık Group achieved in 2019. Guided by the light of our values, we will continue working and producing for our country, the geographies touched by our operations, and the entire humanity.

Kind regards,

Ahmet Çalık
Chairman

Board of Directors



AHMET ÇALIK

Chairman

Ahmet Çalık is a member of a prominent family operating in the textile industry since 1930s. Ahmet Çalık launched his first business initiative in this sector in 1981. He laid the foundations of Çalık Holding, one of the leading companies in Turkey and the nearby geography. Çalık Holding operates in the energy, construction, mining, textile, telecommunications, finance and digital sectors.

Ahmet Çalık made the first large private sector industrial investment in Eastern Anatolia in the second half of the 1980s by founding Çalık Denim in Malatya. The Company is among the largest premium denim fabric producers in the world today.

Following the Turkic Republics gained their independence in the 1990s, Mr. Çalık commenced establishing business operations in these countries and became one of the first foreign businessperson to invest in Turkmenistan by setting up textile factories in the country.

With the purpose of generating added value and enriching the geographies in which the Group companies operates, Mr. Çalık, founded Çalık Holding in 1997 to unite all of them together under a single banner. Today, the Holding conducts business operations with more than 23 thousand employees across 20 countries, in seven main areas. Çalık Holding is the first Turkish company to become a member of the Japanese Business Federation Keidanren.

Focusing on projects that benefit society through his visionary investments, Ahmet Çalık is known for his integrity, reliability, strong financial assets; and long-term collaborations with international companies throughout his activities in diverse regions of the world.

Fields of Operation

- Energy
- Construction
- Mining
- Textile
- Telecommunications
- Finance
- Digital

Significant Investments

- Ortadoğu Tekstil, 1981
- Gap Güneydoğu Tekstil (known as Çalık Denim), 1987
- Gap Pazarlama, 1994
- Gap İnşaat, 1996
- Çalık Holding, 1997
- Çalık Enerji, 1998
- Aktif Bank, 1999
- TTK, Turkmenistan Textile Investment, 2000
- E-Kent, 2002
- Bursagaz, 2004
- BKT, 2006
- Kayserigaz, 2007
- ALBtelecom, 2007
- Lidya Madencilik, 2010
- Yeşilirmak Elektrik Dağıtım (YEDAŞ), 2010
- Çalık Gayrimenkul, 2010
- Kosova Elektrik Dağıtım (KEDS), 2012
- Aras Elektrik Dağıtım (Aras EDAŞ), 2013
- Çalık Petrol, 2017
- Çalık Digital, 2017
- BKT Kosovo, 2018

Awards and Honors

- Order of State of Turkmenistan, 1997
- Mahdum Guli Award, 1997
- Entrepreneur of the Year Award, Para Magazine, 1997
- Best Industrial Enterprise of the Year, GESIAD, 1997
- İpek Yolu Foundation Service Award, 1998
- Turkmenistan “Gayrat” Medal, 1999
- Order of Merit of the Turkish Republic, 1999
- Turkmenistan Golden Century Medal, 2001
- Order of Merit of the Ministry of Foreign Affairs of the Turkish Republic, 2002
- National Productivity Center Businessman of the Year Award, 2004
- Faculty of Business Administration, Istanbul University, Dünya Newspaper National Business Manager of the Year, 2005
- Order of Merit of Turkish Grand National Assembly, 2006
- Dünya Newspaper National Business Manager of the Year, 2006
- Turgut Özal Economy Award, 2008
- Turkey in Europe-Franco Nobili, 2010
- Turkish Red Crescent, Gold Medal Certificate, 2012
- Matsumoto Dental University, Japan, Honorary Ph.D. Title, 2014
- USA Ellis Island Medal of Honor, 2014
- Albania Tiran University, Honorary Ph.D. Title, 2014
- Turkmenistan “Garaşsyz, Baky, Bitarap Turkmenistan” Medal Certificate, 2015
- Japan Kindai University, Honorary Ph.D. Title, 2016
- Order of State of Japan (Order of the Rising Sun, Gold Rays with Neck Ribbon) – 2019

Social Responsibility Projects

- Malatya Educational Foundation
- Mahmut Çalık Education Complex
- Malatya Hasan Çalık Hospital
- Ankara Oncology Hospital
- Significant social aid projects in Van, Pakistan and Somali
- “İftarımızı Anadolu’da Açıyoruz” Activity
- “El Ele Elden Eve” Aid Campaign
- Restoration of Atatürk Köşkü, Yalova
- “İlk İşim Girişim” Competition
- Renovations at the Geomatics Department, Faculty of Civil Engineering at Istanbul Technical University.
- Renovation of the Precious Metals Laboratory at İTÜ Mining Faculty
- Boğaziçi University Faculty of Engineering - Hydraulic Laboratory renovation

Missions at the State Level

- Bursa Honorary Consulate of Republic of Kazakhstan, 2012

Personal

- 1958, Malatya
- Married with four children

Board of Directors



MEHMET ERTUĞRUL GÜRLER

Deputy Chairman

Mehmet Ertuğrul Gürler was born in 1958 and graduated from Marmara University, Department of Business Administration. In his professional career spanning 37 years, Mr. Gürler served as Deputy Refinery Manager at BP Overseas Refining Company Ltd. from 1983 to 1987. From 1987 to 1994, he worked at different posts at Dow Türkiye A.Ş. and acted as the Financial Affairs Manager and Board of Directors Member. Gürler assumed the position of Assistant General Manager at Total Oil Türkiye A.Ş. between 1994 and 1998 and joined Çalık Holding A.Ş. in 1998 as the General Manager. Mehmet Ertuğrul Gürler still acts as the Deputy Chairman of the Board of Directors at Çalık Holding, Banka Kombetare Tregtare, ALBtelecom, Çalık Denim, Başak Yönetim Sistemleri, Cetel Telekom, Çalık Finansal Hizmetler, Çalık Hava Taşımacılık, Irmak Yönetim Sistemleri, Kentsel Dönüşüm İnşaat, Malatya Boya and Aras Elektrik Dağıtım. Acting as a Board Member at Aktif Bank, Gap İnşaat, Gap Pazarlama, Çalık Emlak ve Gayrimenkul, Çalık İnşaat and Doğu Akdeniz Petro Kimya, he is the Chairman of the Board at YEDAŞ.



AHMET YILDIRIM

Board Member, President of the Financial Affairs and Strategic Planning Group (CSO) and Chief Financial Officer (CFO) by Proxy

Graduating from Istanbul University, English Department of Economics in 1991 and completing the Harvard Business School General Management Program in 2012, Ahmet Yıldırım acts as the President of the Financial Affairs And Strategic Planning Group and Holding Board Member, responsible for finance, strategic planning, merger and purchasing, tax planning and investors relations since September 2014. Mr. Yıldırım has 24 years of experience in corporate banking, investment and treasury banking. Before joining Çalık Holding in 2014, he has served as CEO and Board Member at Yapı Kredi Bank Germany for five years. Ahmet Yıldırım also serves as the Chief Financial Officer (CFO) by proxy.



HAKKI AKİL

Board Member and Chief Advisor to the Chairman

Hakkı Akil was born in 1953 in Kargı. He graduated from Galatasaray High School in 1972 and the University of Bordeaux, Department of Economics in 1977. Between 1987 and 1989, he studied at École Nationale d'Administration in Paris and presented his graduate thesis on the "Iran-Iraq War and Global Oil Supply." He acted as a Deputy Undersecretary and G-20 Chaperon of the Prime Minister as a diplomat at the Republic of Turkey, Ministry of Foreign Affairs between 2009 and 2011. Mr. Akil also served as Ambassador in Ashgabat, Abu Dhabi, Rome and Paris, respectively. Since 2016, Mr. Akil has been serving as the Chief Advisor to the Chairman at Çalık Holding. He was assigned as a Board Member as of 2019. He is married with one daughter.



MEHMET GÖÇMEN

Board Member

After graduating from Galatasaray High School and Middle East Technical University Industrial Engineering Department, Mehmet Göçmen completed his master's degree in the Department of Industrial Engineering at Syracuse University in 1983 and held various positions in Çelik Halat ve Tel Sanayi A.Ş. between 1983 and 1995 and in Lafarge Turkey between 1996 and 2003. Working as a General Manager in Akçansa Çimento Sanayi ve Ticaret A.Ş. between 2003 and 2008, Mehmet Göçmen was assigned as the Group Director of Human Resources at Sabancı Holding in 2008 and continued his duty as the Group Director of Sabancı Holding Çimento between 2009 and 2014. After being assigned as the Energy Group Director in 2014, Mr. Göçmen served as the CEO and Board Member of Sabancı Holding between 2017 and 2019. Mehmet Göçmen works as a Board Member at Çalık Holding as of 2020.

Çalık Group

Energy

ÇALIK ENERJİ



YEDAŞ



YEPAŞ



KEDS*



ARAS EDAŞ**



ARAS EPSAŞ**



Construction

GAP İNŞAAT



Textile

ÇALIK DENİM



GAP PAZARLAMA



Mining

LİDYA MADENCİLİK



Finance

AKTİF BANK



BKT



Telecommunications

ALBTELECOM



Digital

ÇALIK DIGITAL



* Partnership with Limak Holding A.Ş.
** Partnership with Kiler Holding A.Ş.



About Çalık Holding

Designing its supply chain end-to-end based on the best examples on a global scale, Çalık Holding aims to establish a competitive, measurable, transparent value chain in compliance with international standards that continuously produces added value, renews and develops itself and invests in the digital future.

DATE OF
ESTABLISHMENT

1981

TOTAL NUMBER OF
EMPLOYEES*

23

thousand+

**As of 12.31.2019, the total number of employees, excluding subcontractors, is 18,134.*



Maintaining its steady growth performance since it was established in 1981, Çalık Holding continues to take pioneering steps in the sectors of operation with a total of more than 23 thousand employees as of the end of 2019.

Designing its supply chain end-to-end based on the best examples on a global scale, Çalık Holding aims to establish a competitive, measurable, transparent value chain in compliance with international standards that continuously produces added value, renews and develops itself and invests in the digital future.

Establishing a Project Management Office under the Operation Group Directorate in 2019, Çalık Holding supports its Group Companies in effective management and the implementation of all projects.

Attaching great importance to its human resource, especially the younger generations' adaptation to the corporate culture, Çalık Holding has been holding

its new graduate program for two terms; aiming to guide young employees within the Group in line with the corporate culture and to make them permanent in the institution.

Carrying its Information Technologies and Human Resources processes to mobile applications in line with its digitalization goals, Çalık Holding ensures that its employees can access these applications anywhere at any time and activating in-house digital capabilities.

Throughout its operations across the world, Çalık Holding is known for its integrity, reliability, robust financial structure and long-term collaborations with international companies. It develops innovative business models and moves forward in its lines of business with sustainable growth. Dedicated to creating lasting value in every geography it operates, Çalık Holding realizes pioneering projects for society and business world through its corporate processes, services and products developed with Industry 4.0, Society 5.0 and sustainability approaches it has embraced.



BUSINESS AREAS

Activities in a total of seven sectors including energy, construction, textile, mining, telecommunications, finance and digital...

GOALS

- To rank among the leading players in all the industries in which it operates, with strong and reliable brands,
- To achieve sustainable growth through innovative investments...

COMPETITIVE ADVANTAGES

- Deep expertise and know-how
- Reliability associated with the “Çalık” brand in all its businesses
- Dynamic and innovative management
- Top priority given to employee satisfaction
- Consistent growth with prudent investment decisions
- Strong, long-lasting partnerships in international markets
- Strategies aimed at delivering customer satisfaction beyond expectations
- Rejuvenating ourselves and achieving breakthroughs
- Continuous investment in digital transformation

Çalık Holding is widely recognized globally thanks to its strong reputation, credibility and long-standing partnerships with international companies as part of its operations in different regions of the world. The Holding develops innovative business models and achieves sustainable growth in its core areas of activity.

Milestones

As a member of the Çalık Family, which pursues activities in the textile sector since 1930s, Ahmet Çalık carried out his first business activities in the textile industry in the 1980s.



1930
A success story dating back to the 1930s...



80S
First steps in the textile industry...



90S
Investments expanding abroad...

1930

- As a member of the Çalık Family, which pursues activities in the textile sector since 1930s, Ahmet Çalık carried out his first business activities in the textile industry in the 1980s.

1981

- Making his first investments in 1981, Ahmet Çalık continued his breakthroughs in the textile sector during 1980s.

1987

- Ahmet Çalık established Çalık Denim, which today is among the world's biggest denim manufacturers in 1987.

1994

- Gap Pazarlama is founded to expand the Group's market share in the international textile trade.

1995

- The Group started its operations in Ashgabat, Turkmenistan to establish its first denim factory in Central Asia and become one of the first foreign companies investing in Turkmenistan.

1996

- Gap İnşaat was initially set up to construct the Group's textile factories and was restructured with a broader focus on business development.

1997

- Çalık Holding established and all Group subsidiaries were reorganized under a single banner.

1998

- Çalık Enerji is established.

1999

- The Holding entered into the financial services industry.

2004

- Bursagaz, the natural gas distribution company of the city of Bursa, was acquired by Çalık Enerji through a privatization tender.

2006

- Çalık Holding acquired a 60% stake in Banka Kombetare Tregtare (BKT), one of Albania's two biggest banks.

2007

- Çalık Holding issued a five-year Eurobond worth USD 200 million.
- Çalık Holding acquired ALBtelecom, Albania's largest fixed-line operator and Internet service provider, by winning the privatization tender.
- Çalık Enerji acquired Kayserigaz, a natural gas distribution company operating in Kayseri.

2008

- In line with its growth strategy and restructuring initiative, Çalık Enerji sold off majority shares in Bursagaz and Kayserigaz to the Germany-based international energy company EWE.
- Çalık Holding completed the legal processes for the takeover of the media group ATV-Sabah Commercial and Economic Entity with a bid of USD 1.1 billion at the tender held by the Turkish Savings Deposit Insurance Fund. Çalık Holding sold a 25% stake in the ATV-Sabah Media Group to the Qatar Investment Authority.
- The Group's financial services subsidiary was restructured and renamed Aktif Bank.

2009



Çalık Enerji won the tender for Yeşilirmak Electricity Distribution company.

- Eagle Mobile entered into the Albanian GSM market as the newest operator and commenced operations in March after completing launch preparations in a record time of six months.

2009

- Çalık Holding entered into the mining sector via a joint venture with the Canada-based Anatolia Minerals, a Toronto Stock Exchange-listed concern.
- Çalık Holding became the sole owner of Banka Kombetare Tregtare (BKT) by purchasing the remaining 40% stake from the EBRD and IFC.
- Çalık Enerji won the privatization tender for Yeşilirmak Electricity Distribution, which distributes electricity to the Turkish provinces of Samsun, Amasya, Çorum, Ordu and Sinop.

2010

- The Holding's mining sector subsidiary was restructured and named Lidya Madencilik.
- The handover procedure of Yeşilirmak Electric Distribution Company (YEDAŞ) was completed and the company was incorporated in Çalık Enerji.

2011



Çalık Cotton was established.

2011

- Çalık Cotton was established.

2012

- Lidya Madencilik increased its stake in Anagold from 5% to 20%.
- A geological survey commenced in June in the Polimetal Madencilik's sites.
- Çalık Holding completed the repayment of the five-year Eurobonds, worth USD 200 million, which it had issued in 2007.

2013

- Çalık Cotton became the first Turkish company to acquired AQSIQ Certification required to export cotton to China.
- Çalık Holding, in partnership with Kiler Holding, acquired Aras Electricity Distribution, which distributes electricity to seven provinces in Eastern Anatolia.
- E-Kent became the Central System Integrator by winning the e-ticket tender of the Turkish Football Federation (TFF).
- Çalık Holding exited from ATV-Sabah Commercial and Economic Entity (Turkuvaz Medya).
- Lidya Madencilik raised its stake in Polimetal Madencilik, a joint venture with Alacer Gold, from 50% to 80%

2014



Al Khairat project was selected as the best project in the world in the industrial platform.

2014

- In mid-2014, BKT reached its target of becoming the largest bank in Albania by year-end 2015.
- Çalık Denim opened an office in Bangladesh and appointed a company representative to Los Angeles to boost its market shares in the Far East and America.
- Çalık Cotton added China, Egypt, and Bangladesh to its cotton export destinations in 2014.
- Çalık Enerji's 1.250 MW Al Khairat Power Plant project was awarded the "World's Best Project" in the industry category by Engineering News Record.
- Çalık Enerji expanded into the African market with the 550 MW Al Khoums Power Plant project in Libya.
- Gap İnşaat held the groundbreaking ceremony for the Turkmenbashi International Seaport turnkey project, which will become a key logistics hub in the Caspian region, widely considered the new "Silk Road."
- Foundations were laid for the Garaboğaz Fertilizer Factory, to be built by a consortium between Gap İnşaat and Japanese Mitsubishi Corporation for USD 1.3 billion.

Milestones

In 2015, the signing ceremony of the Mari Combined Cycle Power Plant, Turkmenistan's largest combined cycle power plant with a capacity of 1,574 MW was held and the construction works of the plant were commenced.



2015 Mitsubishi Corporation and Çalık Holding reached a partnership agreement.



2015 BKT added its 90th branch to its service network.



2016 Çalık Enerji's renewable energy capacity rose to 103 MW.

2015

- Çalık Enerji completed and delivered the Gardabani Natural Gas Combined Cycle Power Plant. The company also carried out the operation of the facility, thereby venturing into the area of power plant operation.
- After more than 20 years of close collaboration in constructing industrial facilities dating back to the early 1990s, Mitsubishi Corporation and Çalık Holding entered into a full partnership agreement. Mitsubishi Corporation acquired a 4.48% stake in Çalık Enerji.
- Çalık Enerji issued a corporate bond with a two-year maturity and a nominal value of TL 150 million.
- Following the signing ceremony, Çalık Enerji began construction on the 1.574 MW Combined Cycle Power Plant in the city of Mary, Turkmenistan. When completed, Mary Power Plant will be the largest power plant in the country.
- The consortium consisting of Çalık Enerji, TPAO and Bayat Enerji signed an agreement with the Afghan Ministry of Mines and Petroleum for oil and gas exploration in the Totimaidan Block in northern Afghanistan.

- Gap İnşaat completed the Turkmenistan Science and Education Center project, which will serve as a model for future teaching hospitals with its state-of-the-art technology simulation techniques and robotic surgery practices. Additionally, the company signed an agreement for the construction of the Endocrinology and Surgery Center.
- Çalık Denim developed a new technology to manufacture denim fabric with easy stretch, high recovery and low shrinkage performance and began offering it to international markets.
- Celebrating the 90th year of its establishment, BKT included its 90th branch to its service network.

2016

- Çalık Enerji commissioned its AST Project (Provision of Continuous Electricity to the City of Ashgabat); the project was granted four awards and certificates. The company completed the 254 MW Watan Public Power Plant project in Turkmenistan in July, six months before the contract delivery date.
- Çalık Enerji began production at the South Çalıktepe-1 oil field in the southeastern Anatolia region.

- The 40 MW Demircili and the 32 MW Sarpıncık Wind Power Plants in Izmir started their operations in September and October, respectively. As a result, Çalık Enerji's renewable energy installed capacity rose to 103 MW.
- Gap İnşaat completed the construction of and opened the Morphology, Neurology, Dangerous Infections Center and the Public Health Center in Turkmenistan.
- The physical separation of YEDAŞ and YEPAS, both of which have been engaging in electricity distribution and retail sales in the same service areas, was completed in 2016.
- In 2016, Çalık Denim invested USD 14.4 million in new capacity and USD 10.7 million in operations.
- In addition to its current lines of business, Gap Pazarlama ventured into the petrochemical industry and began its operations in 2016.
- Aktif Bank launched initiatives in 2016, including Eurobond issuance, financing of Vodafone Arena Stadium, Shopping Loan, and securitization issuance. Aktif Bank also established two subsidiaries: Mükafat Asset Management and EchoPOS.

2017



Gap İnşaat was listed among the top 100 contracting companies in the world.

2017

- In cooperation with Çalık Enerji and Mitsubishi Corporation,
- The construction agreement for the 18 MW Tedzani-4 Hydroelectric Power Plant, which will be the first HEPP in Sub-Saharan Africa and jointly built by Çalık Enerji and Mitsubishi Corporation, was signed in Lilongwe, Malawi's capital.
- A solar panel purchase agreement was signed between Çalık Enerji and HT-SAAE.
- Construction of Al-Khums Simple Cycle Power Plant in Libya was completed during the year.
- Aden Fast-Track Mobile Power Plant, the first mobile power plant contract in the Middle East and the first project in Yemen, commenced operations in 2017.
- Çalık Enerji, a joint venture between Çalık Holding and Mitsubishi Corporation, increased the size of its bond issue from TL 100 million to TL 150 million after receiving strong demand from investors.
- In 2017, Gap İnşaat opened the Endocrinology Hospital, which serves as an Endocrinology and Surgery Center housed in two buildings in Ashgabat, Turkmenistan.

2017



Digital transformation processes started at Çalık Denim.

- GAP İnşaat Company climbed to 92nd place on the "Top 250 International Contractors" list, compiled by ENR based on year-end 2016 data, and ranked among the world's 100 largest contractors
- Çalık Denim celebrated its 30th anniversary with the "Denim Loves Art" exhibition, featuring the works of 30 young international designers. The exhibition was held in Istanbul, Amsterdam and Los Angeles.
- Digital transformation was initiated at Çalık Denim.
- YEDAŞ launched the Smart Meter Circuitry and Low Voltage Grid Monitoring System during the year.
- Aktif Bank entered into a 50/50 partnership with Halk Enerji and established Aktif Halk Enerji Yatırımları A.Ş. and Halk Enerji İnşaat A.Ş. to invest in licensed and unlicensed solar power plant projects.
- Çalık Dijital was established in partnership with GE to focus on digital transformation efforts at the Group companies while also developing sustainable projects in cybersecurity and artificial intelligence.

2017



Çalık Digital was established.

2018

Energy

- Completed in 2018 as the largest combined cycle power plant in the world, Mary-3 Combined Cycle Power Plant was opened in Turkmenistan.
- As the first-ever electric plant project commissioned in Sub-Saharan Africa, construction works for Tedzani-4 Hydroelectric Power Plant have started.
- The EPC section of "Port Rehabilitation Project" in which Çalık Enerji and Gap İnşaat participated together in Iraq's Basra region was won in cooperation with Mitsubishi Corporation. The most important energy project of Asia, the TAP 500 Project was carried out and the funding, engineering, construction and maintenance-repair of the project was undertaken.
- Çalık Enerji was ranked 104th among the "Top 250 Contractors" list compiled by ENR.

Milestones

In 2018, the opening ceremony was held for the Turkmenbashi International Seaport Project, which is the largest port of the Caspian Sea and the most important logistics center on the historical Silk Road.



2018
Sulfide Gold Plant was commenced with an investment of USD 700 million.

Construction

- In 2018, the opening ceremony was held for the Turkmenbashi International Seaport Project, which is the largest port of the Caspian Sea and the most important logistics center on the historical Silk Road. Turkmenbashi Seaport Project was awarded the “Best Global Airport/Seaport Project” by ENR.
- Garaboğaz Fertilizer Factory was opened in Turkmenistan as the largest manufacturer of ammonia and urea.

Mining

- Partnered by Lidya Madencilik, the Sulfide Gold Plant in Erzincan was put into operation with an investment of USD 700 million.



2018
Çalık Denim published its first Sustainability Report.

Textile

- Çalık Denim published its first Sustainability Report.
- Çalık Alexandra plant in Egypt was re-commissioned in 2018.

Finance

- Awarded the “Best Domestic Bank” of Albania by EMEA Finance for the eight-time and the Best Bank in Albania” for the ninth time by the Banker magazine, BKT separated its Kosovo operations from Tirana due to its market share in assets exceeding 10% and turned it into a separate bank in early 2018.



2019
Çalık Enerji became a signatory of the Global Compact, which recommends universal principles.

2019

Energy

- Çalık Enerji started Tedzani Hydroelectric Power Plant Capacity Increase Project (Tetzani-4) in Malawi. Following the construction of all water structures and the power plant building of the project funded by the Japan International Cooperation Agency (JICA), Çalık Enerji assumed the procurement and assembly of hydromechanical, electrical and electromechanical equipment on a turnkey (EPC) basis.
- In order to create a common development culture in the business world, Çalık Enerji became a signatory of the Global Compact, which recommends universal principles.
- Çalık Enerji commissioned the Turbine Fleet Maintenance Project to maintain the stable and reliable production of the power plants it constructs.
- With its digital transformation vision and e-government integration, YEPAS became the first electric retail company to execute its processes from that platform.



Çalık Denim established the “Passion for Denim, Passion for Life” sustainability strategy.

- As a result of the Customer Satisfaction Survey in Electricity Payment Centers in 2019 commissioned by the Ministry of Energy and Natural Resources, YEPAŞ became the supply company that creates the most satisfaction with a satisfaction ratio of 78%.
- In order to allow consumers to make their new connection applications faster and easier, YEDAŞ launched the EDAŞ Online Connection Application System.
- “EDAŞ Online” project of YEDAŞ was awarded the ‘Best Technologic Investment Award’ in the field of “Sustainable Electricity Distribution” in the competition organized by International Business Magazine, where world-famous companies have participated.
- Aras EPSAŞ became the first company in the industry to get customers and senior executives together with the Arimer communication line.
- KEDS invested more than EUR 22 million in various network projects including 18 Master Plan projects, 118 LV-MV improvement projects (Smart Grid) and six 20 kV Conversion projects.



“N Kolay Öde,” a payment system platform, was launched.

Construction

- Gap İnşaat ranked in the Top 250 list of ENR Magazine, where the largest contracting companies of the world are listed.
- Initiating activities in the Gulf Region with Qatar following activities in Central Asia, Gap İnşaat consolidated its presence in Central Asia with the Mari Fertilizer Factory in Turkmenistan.

Mining

- Lidya Madencilik commissioned Çöpler Sulfide Facility at full capacity.
- As the largest gold producer in Europe with Çöpler Gold Mine in Erzincan, Lidya Madencilik realized 35% of the total production in the country with 391 ounces of gold production in 2019.

Textile

- Çalık Denim brought all sustainable business processes together by creating the “Passion for Denim, Passion for Life” sustainability strategy. Also, it established a Sustainability Committee to implement its sustainability strategy.



ALBtelecom introduced BiP and LifeBox in Albania.

- Production with Sanforization, Rope Opening and Rope Winding machines designed and developed by Çalık Denim engineers was initiated.
- In order to create a common development culture in the business world, Çalık Denim became a signatory of the Global Compact, which recommends universal principles.

Finance

- An important investment was made in the security sector with the partnership of Secom, the market leader in Japan. Established under the name Secom Aktif Güvenlik Çözümleri, the company initiated activities by acquiring Kent Güvenlik, one of the well-established companies in the sector.
- BKT was awarded the Best Bank of Albania for the tenth time by the Banker while receiving the same award by Euromoney for the seventh time. Receiving the “Best Domestic Bank in Albania” award by EMEA Finance Magazine for the ninth consecutive year, BKT was selected as “The Best Bank of Albania” in the “Best Banks in the World” awards by Global Finance Magazine.

Telecommunications

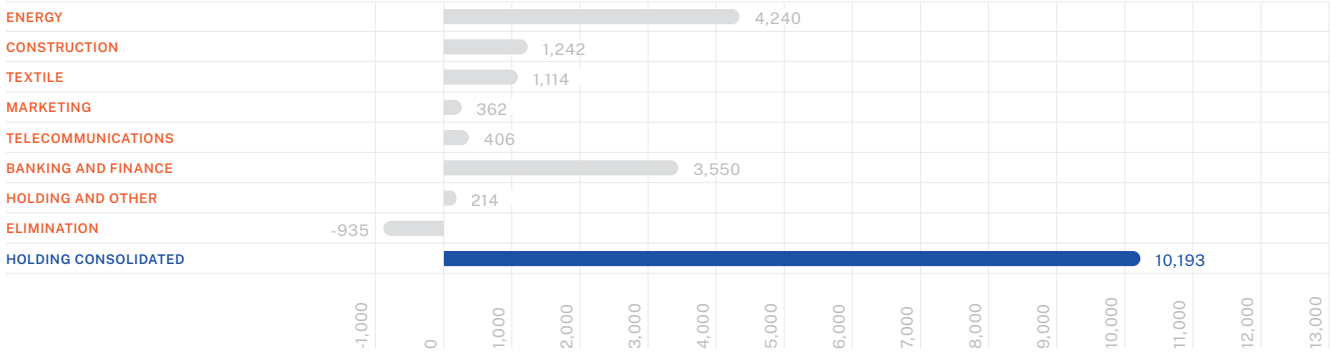
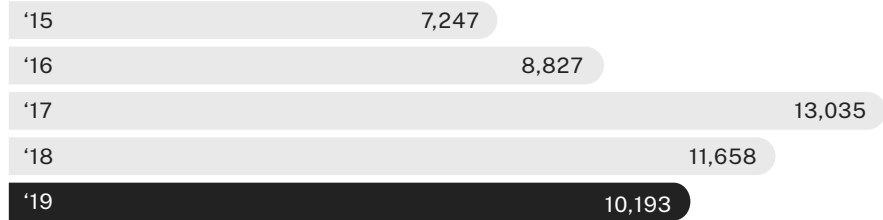
- ALBtelecom renewed its mobile license with EUR 11 million for 15 years.

Key Financial Indicators

Leaving a successful 2019 behind, Çalık Holding recorded an annual net sales of TL 10.2 billion as of the end of the year.

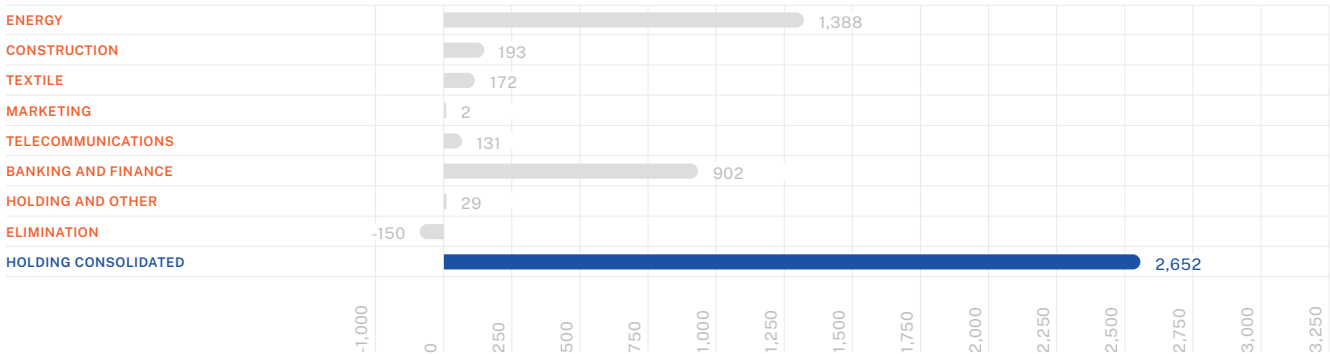
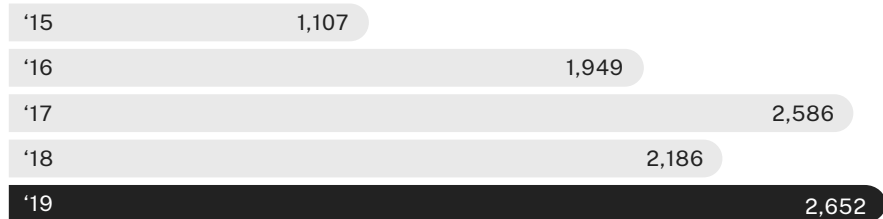
NET SALES

10.2
(TL billion)



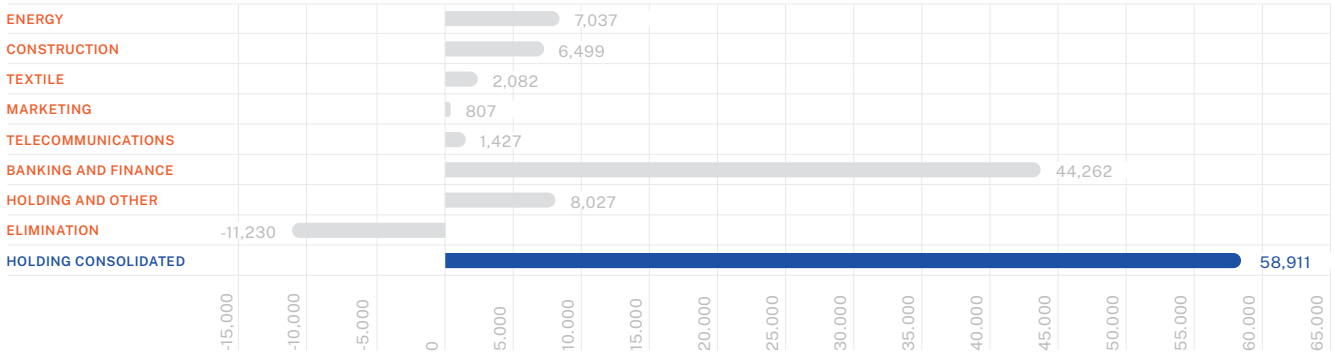
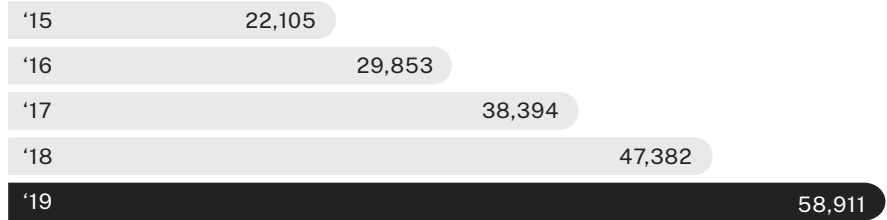
EBITDA

2.7
(TL billion)



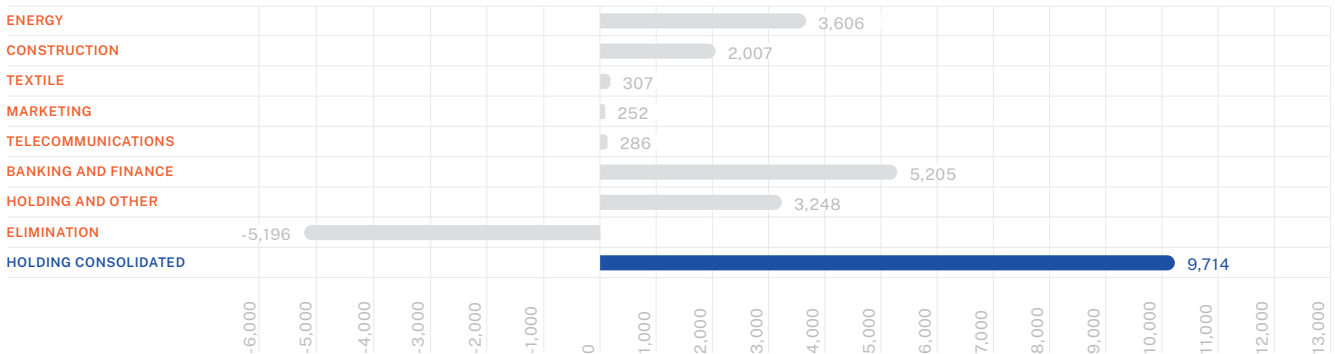
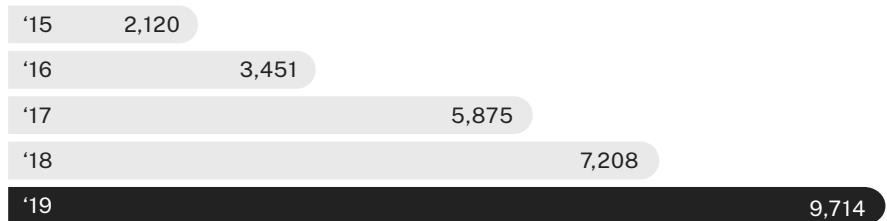
TOTAL ASSETS

58.9
(TL billion)



TOTAL EQUITY

9.7
(TL billion)



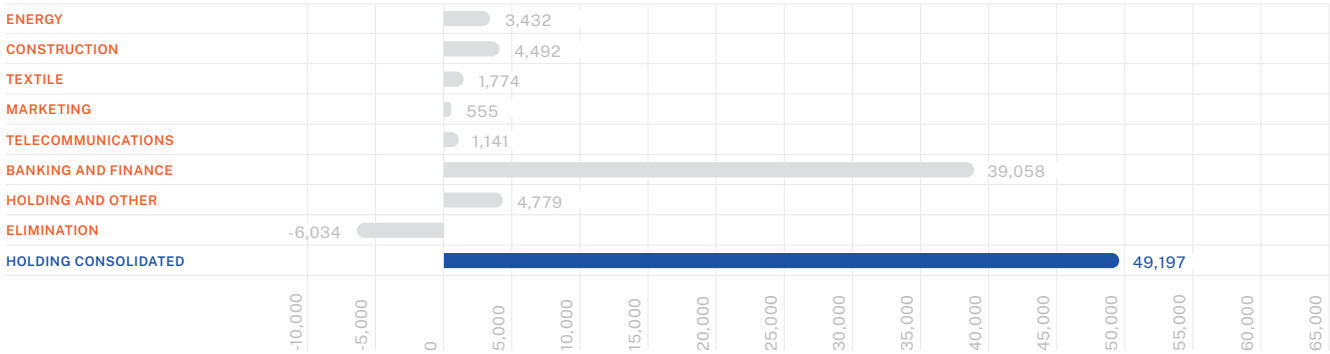
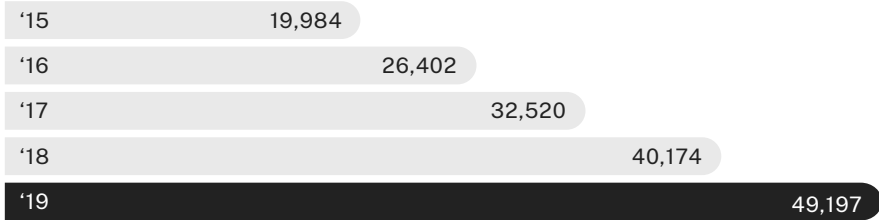
Key Financial Indicators

As of the end of 2019, Çalık Holding’s total assets rose to TL 58.9 billion and the company had a total of TL 9.7 billion total equity in the same period.

TOTAL LIABILITIES

49,2

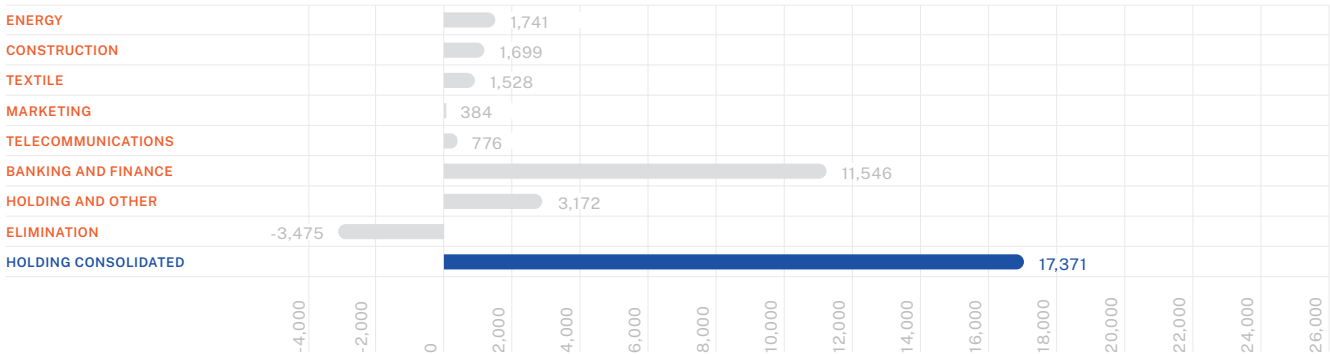
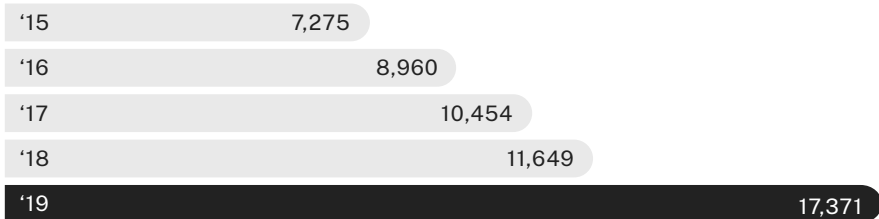
(TL billion)

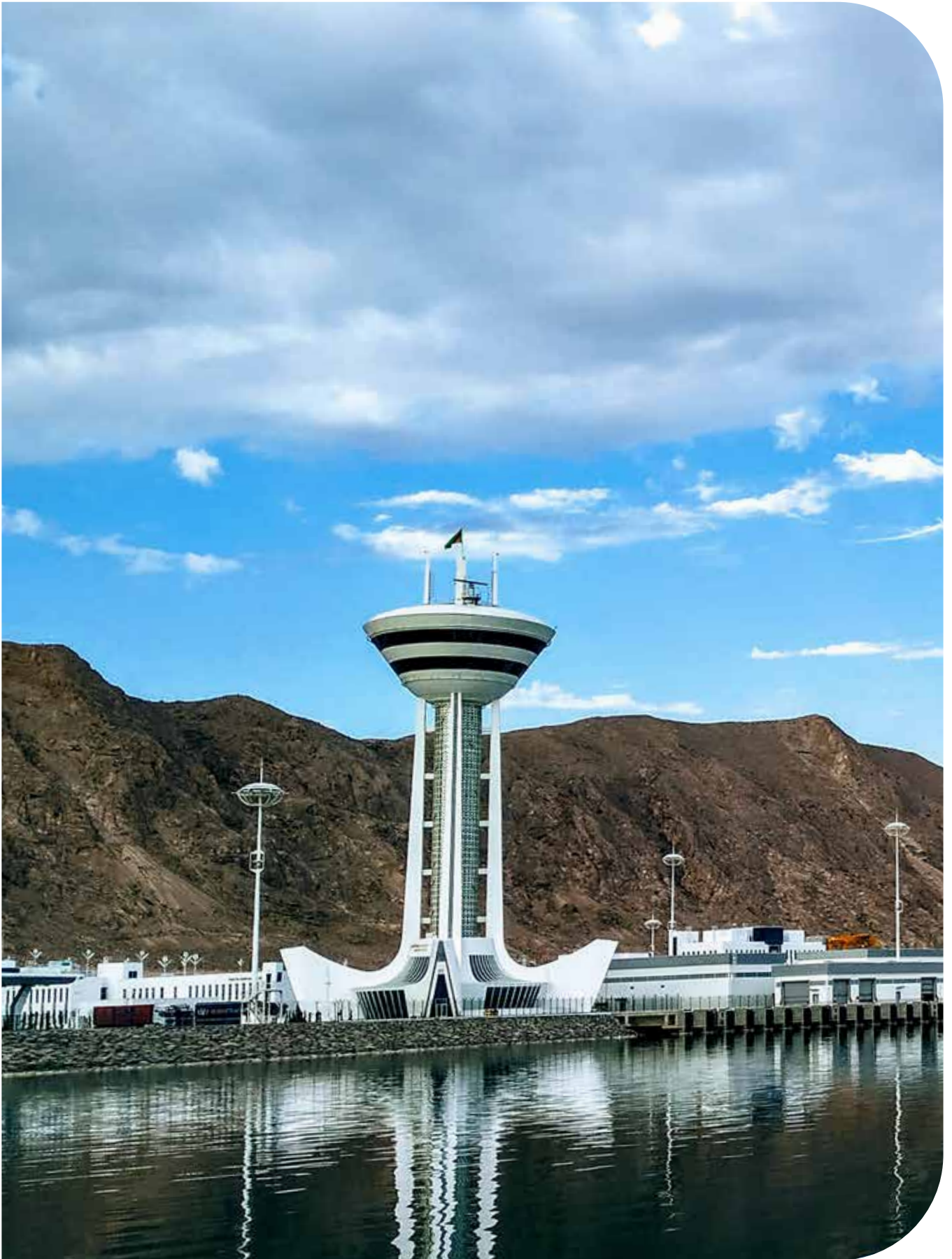


FINANCIAL DEBT

17,3

(TL billion)





Operation Map

With a vision to create significant added value and enrich countries in which the Group companies operate, Çalık Holding was established in 1997 to bring all of them together under a single banner. Today, the Holding conducts business operations with more than 23 thousand employees across 20 countries, in seven main areas.

Çalık Holding operates in a wide range of industries – energy, construction, textiles, mining, telecommunications, finance and digital sectors.

Çalık Holding is widely recognized globally thanks to its strong reputation, credibility and long-standing partnerships with international companies as part of its operations in different regions of the world. The Holding develops innovative business models and achieves sustainable growth in its core areas of activity.





ENERGY SECTOR

We represent Turkey with our achievements in the national and international arena.

In order to increase our global competitive capacity and to provide our stakeholders with the highest quality service in an efficient and timely manner, we are integrating the current project management practices in the world with our projects. Aiming for sustainable success, we take innovative steps towards new continents while prioritizing Çalık values. With our projects that add value to people and nature, we maintain our development with the responsibility of being a global energy company.

Ahmet Emin Macit

Çalık Enerji - Planning and Cost Control Engineer

NET SALES

4.2

TL Billion



An Overview of the Energy Sector in 2019

Renewable energy demand rises rapidly due to economy, environmental concerns and the need for energy security, while the demand for fossil-based power plants shrinks every passing day. The decrease in the installation costs of solar and wind power plants makes renewable energy investments more feasible.

Highlights

- To make it possible for energy consumers to become energy investors at the same time, “Regulation on Unlicensed Electricity Production in Electricity Market” was published in 2019, in which the support for the use of renewable energy continued. This paved the way for the active installation of roof type applications.

WORLD ENERGY OVERVIEW

As the energy sector experienced a rapid transition with the development of technology, this transition leads to opportunities, while bringing new experiences. The global population growth, urbanization, and economic growth result in increased demand for energy. According to projections, a significant part of this growth takes place in developing countries. More than 40% of the need for global energy came from Europe and North Africa, while 20% from the developing countries in Asia until 2000. And the projections by 2040 reveal that this picture has entirely reversed. Energy consumption in non-OECD countries, China and India in particular, outpaces the total energy consumption in OECD countries, and this gap is envisaged to widen in the upcoming years.

It is foreseen that the share of wind and solar in global electricity generation, which is 7% today, will increase to 12% in 2024.^(*)

Renewable energy demand rises rapidly due to economy, environmental concerns and the need for energy security, while the demand for fossil-based power plants shrinks every passing day. Lower assembly costs for solar and wind plants also open the way for renewable energy. Solar and wind energy have become the most affordable technologies in many countries. China and the USA stand for almost 50% of the growth in renewable energy generation. It is predicted that in the next five years, around 1,200 GW

renewable energy capacity, which is equal to the installed power in the USA, will be included in the global electricity capacity and that 60% of this capacity will be composed of solar energy alone.

In Europe, where the regulations helped minimize the number of gas and coal-based plants, the future is planned on renewable energy. Although China, one of the biggest countries in the world, still has gas power plants in its plans, solar and wind-based plants are higher in number than coal and gas-based plants.

Still a promising market for gas power plants, the Middle East has also witnessed an impressive rise in renewable energies. The Middle East energy sector witnessed important developments in terms of prices, investment, generation speed, and infrastructure. Middle East countries are anticipated to maintain their financial and logistic support to the renewable energy sector in the upcoming years, to expand the share of renewables in electricity generation.

In Africa, where the current energy demand cannot be fully met, there is no reliable and sustainable energy supply for the entire population. Insufficient grids have forced countries to seek unconventional solutions and concentrate on mini-grids, a small-scale solution. Mini-grids help countries get faster, more economic and easier results. Despite such solutions, large investments are needed in Africa to ensure everybody's access to electricity. It is expected

^(*) IEA Renewable Energy Report, 2019

that the renewable energy facility installation costs will decrease further and the policies regarding the distributed energy system will change significantly in the next five years.

However, the sector still faces challenges such as fluctuating oil prices, rising security issues, and cyber threats that may hamper the development of the sector. Low oil prices continue to have an impact both on oil-related projects and the investment plans of the countries that rely on oil. Banks have reduced their loans for the coal sector by 44% since 2015. Large investors have drifted away from fossil fuel investments and leaned towards renewable sources.

ENERGY SECTOR IN TURKEY

Growth in population and income, industrialization and rising urbanization have all triggered the energy demand strongly in Turkey, where the installed capacity rose by some 3% year-on-year to 91,267 MW as of the end of 2019. The share of natural gas combined plants shrank, while investments in solar and wind power plants maintain their momentum. As of the end of the year; the share of hydroelectricity within installed power was 31%, while the share of natural gas decreased to 28%, and the share of coal was 22% as in the last two years. The share of wind stood at 8% as in the previous year and the share of solar within total installed power was 6.5%. This change in the breakdown of resources was highly thanks to the recent policies and steps Turkey started to implement to reduce reliance on foreign energy resources and increase the share of local and renewable resources.

In 2019, electricity production in Turkey fell from 304.8 TWh at the end of 2018 to 304.3 TWh. Electric consumption in our country shown a similar decrease and fell from 304.8 TWh at the end of 2018 to 303.7 TWh at the end of 2019. The share of domestic and renewable energy-driven plants in production exceeded 60%.



In order to overcome the handicap caused by its limited oil and natural gas reserves, Turkey exerts efforts to leverage its closeness to the region where the majority of such reserves are located. In the meanwhile, it has become a central player in regional trade thanks to its strong economy and the relations established in energy diplomacy. After the opening of the Silk Road section in 2018, the fact that Europe connections of Trans Anatolian Natural Gas Pipeline (TANAP) were opened in 2019 was been an important step towards Turkey's goal of becoming an energy trade center.

To make it possible for energy consumers to become energy investors at the same time, "Regulation on Unlicensed Electricity Production in Electricity Market" was published in 2019, in which the support for the use of renewable energy continued. This paved the way for the active installation of roof type applications. Unlicensed energy level was increased from 1 MW to 5 MW.

The Silk Road section of the Trans Anatolian Natural Gas Pipeline (TANAP) was opened in 2018. The additional European connection introduced in 2019 proved to be an important step towards Turkey's goal of becoming an energy trade center.

Çalık Enerji

A prominent global energy company thanks to its successful projects, Çalık Enerji operates across a wide geographic region encompassing the Middle East, Central Asia, Africa and the Balkans. The Company is committed to creating a better and sustainable future and providing people with energy originating from nature.



TOTAL ASSETS

TL **7.04** BILLION

Çalık Enerji's total assets rose to TL 7.04 billion in 2019.

NET SALES

TL **4.24** BILLION

Çalık Enerji generated TL 4.24 billion net sales in 2019.

TOTAL EQUITY

TL **3.60** BILLION

As of the end of 2019, Çalık Enerji recorded total equity of TL 3.6 billion.

A prominent global energy company thanks to its successful projects, Çalık Enerji operates across a wide geographic region encompassing the Middle East, Central Asia, Africa and the Balkans. The Company is committed to creating a better and sustainable future and providing people with energy originating from nature. Continuing its activities in every area of the international energy sector with its expert and experienced staff and its creative and innovative solutions produced by using developing new technologies, Çalık Enerji is currently present in Turkey, Turkmenistan, Iraq, Georgia, Libya, Russia, Dubai, Afghanistan, Yemen, Malawi and Kosovo markets.

Having a strong presence in energy and energy infrastructure projects in fast-growing markets including Africa and the Middle East, Çalık Enerji has also further expanded its operations, venturing into the transport, communication and distribution, desalination and hybrid energy sectors. Çalık Enerji partnered with Mitsubishi Corporation to work in transportation in new regions and re-entered the Iraqi market. Accordingly, the Company joined the Basra Seaport Project, its first transport project.

Prioritizing making use of the energy production and distribution opportunities established in the sub-Saharan region, Çalık Enerji simultaneously conducts the tender and bidding processes in countries such as Senegal, Mozambique, Nigeria and Tunisia, which play key roles in the geography.

Hybrid distributed energy, an emerging trend in the energy industry, is a new operational area for Çalık Enerji, which is undertaking projects in this burgeoning field.

During the same period, the Company commissioned the largest combined cycle power plant (1,574 MW) within the Commonwealth of Independent States (CIS) in Mary Turkmenistan.

In light of its many achievements and deep experience, Çalık Enerji continues its renewable energy and oil-gas operations in Turkey. To date, the Company has completed the following projects: Adacami Hydroelectric Power Plant (30 MW) commissioned in 2013 in Güneysu, Rize; Demircili and Sarpıncık Wind Power Plants (72 MW) commissioned in 2016 in İzmir; Çorum (9.25 MW), Amasya (5 MW), Erzincan (5 MW), Erzurum (5 MW), Polatlı (1 MW) Solar Power Plant Projects commissioned in 2016 and 2017.

As a result of its effective human resources management policy, Çalık Enerji boasts a strong executive team and highly competent employees, who enable the company to successfully achieve all of its goals and targets.

Continuing its determined progress, Çalık Enerji leads and performs successful projects. Adopting a win-win approach to investments and services, the company always aims to contribute to the regions where it makes its investments.

Thanks to its highly efficient procurement and logistics organization, Çalık Enerji also delivers high levels of supplier satisfaction. Strong, long-term relationships with suppliers help bolster the company's competitive position, especially in the regions it operates. Additionally, Çalık Enerji places great importance on improving its relations with local authorities in the countries where it invests and aims to become a key player in these local markets.

EBITDA MARGIN

32%

EBITDA

1.37
TL Billion

Having a strong presence in energy and energy infrastructure projects in fast-growing markets including Africa and the Middle East, Çalık Enerji has also further expanded its operations, venturing into the transport, communication and distribution, desalination and hybrid energy sectors.

Çalık Enerji

IQB Solutions was established to provide technology, software and consultancy services on a national and international scale. IQB Solutions aims to provide high-quality, reliable, quick and scalable solutions that use up-to-date technologies to its customers.

2019 Highlights

- The implementation of the TAP 500 Project, in which Çalık Holding is the only investor and operator, with a total value of USD 1.6 billion was commenced. TAP 500 is expected to be finalized in three years following the start of construction.

IQB Solutions

IQB Solutions (Akılcı Bilişim Çözümleri ve Danışmanlık A.Ş.) was established as a Çalık Elektrik Dağıtım A.Ş. affiliate in May 2017 to provide technology, software and consultancy services on a national and international scale. IQB Solutions aims to provide high-quality, reliable, quick and scalable solutions that use up-to-date technologies to its customers. Working on Big Data Analytics, IoT Technologies and digitalization solutions, the company's product portfolio as of the end of 2019 is as follows:

- IQPower Suite - Analytical Reporting Platform
- Utilon - Digital Customer Service Center Solution
- IQBig - Big Data Platform
- IqoT - IoT Platform
- IQN - Energy Sales and Trade Management Solution
- EDVARS - Electricity Distribution Data Warehouse and Reporting Product.

Firsts and Major Achievements in the Sector

- The "230 MW Gardabani Combined Cycle Power Plant," the first combined cycle power plant and the largest investment project to date in Georgia, which is also Çalık Enerji's first turnkey natural gas combined cycle power plant project
- The "Adacami HEPP instment," which features the longest tunnel (12 km) among hydroelectric power plants with regulators
- Construction of the "1,250 MW Al-Khairat Simple Cycle Power Plant" and "750 MW Nainawa Simple Cycle Power Plant" in Iraq in 2013 - the biggest power plants in the country

- Construction of the 450 MW LM6000 gas turbines in Turkmenistan's Ahal-Mary-Lebap provinces, the advanced technology used for the first time in the country
- Completed by Çalık Enerji, the "AST Project (Provision of Continuous Electricity to the City of Ashgabat)" is the first-of-its-kind project in the world with the largest budget; the entire electrical energy infrastructure of a city was replaced and revamped under a single contract.
- The "1,574 MW Mary-3 Combined Cycle Power Plant," the largest power plant constructed after Turkmenistan's independence; the facility was commissioned in 2018.
- Construction of the "550 MW Al-Khums Fast Track Simple Cycle Power Plant," the first project that Çalık Enerji completed in Libya
- The "60 MW Aden Fast-Track Mobile Power Plant" is Çalık Enerji's third project in the Middle East, the first mobile power plant contract and the Company's first project in Yemen
- "Demircili and Sarpıncık Wind Power Plants," which consist of 29 turbines with an aggregate installed capacity of 72 MW, are the first WPPs built by Çalık Enerji.
- Çalık Enerji ranks among the world's top ten companies in constructing fossil fuel power plants.
- The "Turkmenistan-Afghanistan -Pakistan (TAP 500) Transmission Line Project," which is one of the most important investment projects ever undertaken by a Turkish company in Asia

- “Basra Seaport” is Çalık Enerji’s first project in the transport sector in the Middle East and North Africa (MENA) region
- Çalık Enerji’s first renewable EPC project, Tedzani-4 Hydroelectric Power Plant Project has an installed capacity of 19.5 MW, the first power plant to be commissioned in partnership with Çalık Enerji and Mitsubishi Corporation in Sub-Saharan Africa.
- “Turkmenistan Fleet Maintenance and Service Center Projects,” as well as being the largest maintenance project to be executed by Çalık Enerji, it is the first project to be funded and executed by the Company in Turkmenistan.

Ongoing Projects in 2019

Turkmenistan-Afghanistan-Pakistan Transmission Line Project (TAP 500)

Considered the most important high voltage transmission line project in Asia, the TAP500 project will proceed in parallel with the Turkmenistan-Afghanistan-Pakistan-India (TAPI) Natural Gas Pipeline project. The initial agreement for TAP500 was signed in Kabul, Afghanistan, with the participation of representatives from relevant countries. The USD 1.6 billion project, which will be managed by Çalık Holding, is one of the most important investment projects undertaken by a Turkish company in Asia. Turkmenistan, currently exporting electricity to Afghanistan and Iran, will be able to sell electricity to countries in Southeast Asia once the TAP Project is finalized. TAP Project is expected to be finalized in three years following the start of construction.

Mary-3 Project

Turkmenistan’s largest combined cycle power plant, the Mary-3 project commenced operations after construction was completed and an opening ceremony was held. The facility has a capacity of 1,574 MW with central generation systems consisting of four gas turbines, four boilers and two steam turbines from GE. Mary-3 is the largest combined cycle power



plant featuring advanced technologies constructed in a single stage after the independence of Turkmenistan. Çalık Enerji continues to operate the facility.

Basra Seaport Project

Çalık Enerji agreed to renovate and rehabilitate Basra Seaport, Iraq’s most important sea gateway. The project will be implemented in partnership with Mitsubishi Corporation. Basra Seaport project will expand the oil products dock at Khor Al-Zubair Port, where the existing industrial port facilities surrounding Basra will be located. The project will also deploy a new seaport for the vessels and service boats operating at Umm Qasr Port.

Gardabani Combined Cycle Power Plant

Construction of the 230 MW combined cycle power plant was completed in Gardabani, Georgia; operating activities for this project are ongoing.

Demircili Wind Power Plant Capacity Increase

Following the completion of the permits regarding the 3.6 MW mechanical capacity increase of the 40 MW Demircili Wind Power Plant located in the Urla district of İzmir province, the construction works will commence.

TOTAL EQUITY

3.60

TL Billion

Valued USD 1.6 billion, the Turkmenistan-Afghanistan-Pakistan Transmission Line Project (TAP 500) to be managed by Çalık Holding, is one of the most important investment projects undertaken by a Turkish company in Asia.

Çalık Enerji

The Mary-3 Project, the largest combined cycle power plant of the country with a capacity of 1.574 MW started production after its construction works initiated in 2019.

2019 Highlights

- Çalık Enerji's first renewable EPC project, Tedzani-4 Hydroelectric Power Plant Project has an installed capacity of 19.5 MW. Tedzani-4 is the first power plant to be commissioned in partnership with Çalık Enerji and Mitsubishi Corporation in Sub-Saharan Africa. The construction of the project began on June 11, 2018, and it is expected to be finished in September 2021.



Tedzani-4 Hydroelectric Power Plant Project

Çalık Enerji's first renewable EPC project, Tedzani-4 Hydroelectric Power Plant Project has an installed capacity of 19.5 MW and is the first power plant to be commissioned in partnership with Çalık Enerji and Mitsubishi Corporation in Sub-Saharan Africa. The construction of the project began on June 11, 2018, and it is expected to be finished in September 2021. Çalık Enerji undertook turnkey construction of the project, including construction work and the design, procurement, transport, production and assembly of turbines, generators and peripheral systems, 66 kV switchyard, energy transmission line and hydromechanical equipment. As of the end of 2019, a 71% completion rate was achieved in the project.

Çalık Denim Roof Type Solar Power Plant Project

Project development, engineering, invitation letter and main equipment procurement processes for the installation of a Roof Type Solar Power Plant with a capacity of 957kWp/820We in the first stage on the roofs of Çalık Denim's production facilities in Malatya was completed by December 2019. Çalık Enerji aims to complete the commissioning works by the first quarter of 2020 as the Project's EPC main contractor.

Awards in 2019

Çalık Enerji's affiliate IQB Solutions was awarded as the most successful digital transformation in production in 2019 with its IQPower product at the Microsoft Business Partners Summit.

Quality Standards and Certifications

- ISO 9001:2015
- ISO 14001:2015
- OHSAS 18001
- ASME A, S, U Stamplere

Financial Summary (TL Million)	2017	2018	2019
Total Assets	7,062	7,278	7,037
Net Sales	4,807	5,361	4,240
Total Equity	2,621	3,473	3,605
EBITDA	1,470	1,442	1,374
EBITDA Margin (%)	31	27	32



Yeşilirmak Elektrik Dağıtım A.Ş. (YEDAŞ)

As a Çalık Holding subsidiary, powerful electricity distribution company YEDAŞ meets the electrical energy needs of more than 3 million people residing in Samsun, Amasya, Çorum, Ordu and Sinop in a consistent, high-quality and uninterrupted way within the framework of “superior customer/stakeholder satisfaction.”



TOTAL INVESTMENT

TL **140** MILLION

YEDAŞ renewed and consolidated its distribution network and technological infrastructure by investing approximately TL 1.4 billion between 2011 and 2019.

ELECTRICITY DISTRIBUTED

5.2 BILLION kWh

YEDAŞ realizes approximately 5.2 billion kWh of electricity distribution.

TOTAL NUMBER OF USERS

3 MILLION +

YEDAŞ operates in the provinces and districts of Samsun, Ordu, Çorum, Amasya and Sinop, where it distributes electricity to 2.1 million customers and over 3 million subscribers.

AREA OF SERVICE

39,367 km²

YEDAŞ continues to serve in a 39,367 km² field in Samsun, Ordu, Çorum, Amasya and Sinop as of year-end 2019.

About YEDAŞ

As a Çalık Holding subsidiary, powerful electricity distribution company YEDAŞ meets the electrical energy needs of more than 3 million people residing in Samsun, Amasya, Çorum, Ordu and Sinop in a consistent, high-quality and uninterrupted way within the framework of “superior customer/ stakeholder satisfaction.”

Having established a strong family structure with its customers, top management, employees and all stakeholders, YEDAŞ follows technology closely with its innovative approach and applies it in all business processes. Using all its facilities, effort and energy with the excitement of having the goal to become the best in its sector, the Company is taking firm steps towards its goal of becoming the leading brand of the electricity distribution industry in Europe.

YEDAŞ aims to provide reliable, consistent service; achieve customer satisfaction; create value through social contributions; and become a pioneer in its operating region. Occupational health and safety, use of technology and innovative solutions are among the priorities of YEDAŞ.

In line with its strategic priorities and objectives, YEDAŞ continues to invest in digitalization. The company aims to provide high-quality and uninterrupted electric service by establishing remote monitoring and control systems such as SCADA, AGIS (Low Voltage Grid Monitoring System), and Mobile Workforce Management System. YEDAŞ constantly improves its supply continuity and service quality by analyzing and correlating existing data and data collected in the field as part of its “Big Data” project.

Consolidating its distribution network and technologic infrastructure with approximately TL 1,397 million between 2011 and 2019, YEDAŞ provides services on an area of 39,367 km² within Samsun, Ordu, Çorum, Amasya and Sinop provinces as of the end of 2019.

YEDAŞ distributes 5.2 billion kWh electric to more than 3 million users in the area it provides services with a team of 580 people. The company makes a difference in the sector as one of the few companies that have its software team.

2019 Highlights

As a leading company in the electric distribution sector, YEDAŞ started the first battery energy storage facility works in Turkey on “Energy Storage Systems,” which is increasingly used day by day throughout the world.

Inspired by the zero-waste project initiated by the Ministry of Environment and Urbanization, YEDAŞ started using glass jugs and cups rather than plastic cups and provided an average of five tons of recycling in three years.

YEDAŞ places great importance on the effective use of new technologies in parallel with the developments in the digital world. Accordingly, the Company established EDAŞ Online, a portal for consumers to submit connection applications on the website, in 2019. The Company also completed SCADA, GIS, and SAP integration of WFM Mobile GIS - the third phase of the Mobile Workforce Management Project launched to help field teams instantly diagnose the grid status on tablets and quickly respond to any issues - and hence carried digitalization to the processes out on the field. As part of the AGIS Project, YEDAŞ is able to remotely monitor over 12 thousand transformers and 120 thousand points on some 40 thousand low voltage feeders in its distribution network.

The use of drones started in 2018 as a first practice to help determine failures on long lines within the field, make detailed field diagnostics, conduct more effective maintenance and investment activities, and effectively scan illegal use across the distribution grid.

The project for the installation of line insulation and bird protection apparatus on electricity distribution lines located on the migration routes

TOTAL ASSETS

2.1
TL Billion

INVESTMENTS BETWEEN 2011-2019

1.4
TL Billion

YEDAŞ places great importance on the effective use of new technologies in parallel with the developments in the digital world. Accordingly, the Company established EDAŞ Online, a portal for consumers to submit connection applications on the website, in 2019.

Yeşilirmak Elektrik Dağıtım A.Ş. (YEDAŞ)

In order to create a safe and healthy working environment, YEDAŞ makes occupational health and safety investments while its awareness-raising practices ensure continuity and the adoption of safety culture as a lifestyle.

NET SALES

1.03
TL Billion

EBITDA

691
TL Million

of approximately 1 million birds with a budget of TL 625 thousand to prevent birds to receive electric shock continued in 2019 as well.

Placing great importance on the adoption of safety rules as a lifestyle by the employees with continuous awareness projects, YEDAŞ ensures that its new employees to remember and apply the rules with “on-the-job talks.” The occupational health and safety teams of each province carry out field inspections and the managers visit the field teams and make evaluations for the development and implementation of security measures. Information messages are being sent to employees regularly within the day regarding the rules. Teams who comply with occupational health and safety rules are rewarded and selected as the “Golden Team of the Month.”

To create a safe and healthy working environment, YEDAŞ makes occupational health and safety investments while its awareness-raising practices ensure continuity and the adoption of safety culture as a lifestyle.

Firsts and Major Achievements in the Sector

- The leading electricity distribution company to use the SAP system in the most effective and comprehensive manner
- The first Turkish electricity distribution company to implement the Digital Network Model-Sustainable Investment Period project
- A company that is managed with GIS-Based SAP (ERP) - IS-U
- The distribution company that established the Low Voltage Network Monitoring System and is able to monitor and manage the low voltage network remotely
- The first company in Turkey to commission a battery energy storage facility
- The company that shortens the failure repair times by instantly monitoring phase interruptions at the low voltage outputs via the AGIS system
- The company that has implemented the EDAŞ online application which carries the new connection processes to the digital environment and ensures fast and easy tracking of transactions

Competitive Advantages

- Having a strong financial structure and high credibility
- Effective organizational structure which is open to new ideas and improvement
- A dynamic human resource with high potential and a strong sense of belonging that has a good knowledge of legislation with its sector experience
- Being the distribution company with the highest advantage in the sector in terms of data pool (SAP, EDAŞ Online, AGIS, OSOS, SCADA, GIS) and having



a technological infrastructure with advanced grid monitoring and control systems (AGIS-SCADA-OSOS)

- Digitalization in customer processes (Digital management of EDAŞ Online connection requests)
- Success in stakeholder relations
- Speed of intervention in natural disasters
- Fast adaptation to the legislative and regulative changes
- Places great importance on technology investments
- The company's SCADA/DMS system, which enables quick intervention in case of failures
- World-class service quality
- High customer satisfaction thanks to its modern systems
- Development of R&D projects supported by EMRA

Investments in 2019

Establishing the model of its current grid, YEDAŞ commenced its master plan and project activities for 2021-2025 and 2026-2030 by determining the expansion zones and demand forecasting as well as load increases as a result of field applications. The realization period for the project commenced in October 2019 is one year. As a result of this activity, by clarifying the investment needs for the 4th Implementation period (2021-2025), a basis for the investment tariff demand will be formed.

Throughout 2019, a total of TL 138 million was spent on investment including TL 110.5 million network investment, TL 1,045 million R&D investment expenses, TL 10.7 million network operating system investment, TL 4.7 million meter investment and TL 11.6 million for the environment, security and other investment areas. Within this scope, 46 transformers, a 19 km energy transmission line, 647 rural/village grids, a 91 km underground grid, a 34 km stand-alone illumination, and 21 distribution centers/breaker measuring cubicles were procured.

Quality Standards and Certifications

- ISO 9001:2015 Quality Management System
- ISO 10002:2006 Customer Satisfaction Management System
- ISO 14001:2015 Environmental Management System



- OHSAS 18001:2007 Occupational Health and Safety Management System
- ISO 18295-1:2017 Customer Contact Center Management System
- ISO 27001:2013 Information Security Management System

Awards in 2019

With the digital developments it has achieved, YEDAŞ was awarded the Best Technologic Investment Award in the field of Sustainable Electricity Distribution in the competition organized in November 2019 by International Business Magazine, where world-famous companies have participated.

With its digital developments, YEDAŞ was awarded the Best Technologic Investment Award for Sustainable Electricity Distribution with its EDAŞ Online Project in the competition held by Business Magazine.

Financial Summary (TL Million)	2017	2018	2019
Total Assets	1,512	2,059	2,112
Net Sales	828	1,032	1,032
Total Equity	770	978	1,096
EBITDA	549	755	691
EBITDA Margin (%)	66	73	67

Yeşilirmak Elektrik Perakende A.Ş. (YEPAŞ)

In the research conducted by the Ministry of Energy and Natural Resources where 21 authorized providers operating in Turkey were assessed, YEPAŞ was selected as the electric company with the highest “Customer Satisfaction” in Bill Payment Transactions.



TOTAL NUMBER OF CUSTOMERS

2,127,048

Yeşilirmak Elektrik Perakende A.Ş. provides services to 2,127,048 customers by the end of 2019.

TOTAL AMOUNT OF ENERGY SOLD

4,394 GWh

As of the end of 2019, YEPAŞ made 4,394 GWh electric energy sales in its area of operation.

YEPAŞ CUSTOMER SERVICES CENTERS

9

YEPAŞ has nine Customer Services Centers in Samsun, Sinop, Ordu, Çorum and Amasya.

YEPAŞ N KOLAY AUTHORIZED TRANSACTION CENTERS

69

YEPAŞ provides services with 69 YEPAŞ N Kolay Authorized Transaction Centers within Samsun, Sinop, Ordu, Çorum and Amasya.

NUMBER OF YEPAŞ N KOLAY KIOSKS

686

YEPAŞ provides services to its customers with 686 N Kolay Kiosks.

Yeşilirmak Elektrik Perakende Satış A.Ş. (YEPAŞ) was established and registered with Samsun Trade Registry Office on November 16, 2012. On December 27, 2012, YEDAŞ obtained a Retail Sales License (numbered EPS/4207-2/2498) as per EMRA (Energy Market Regulatory Authority) Resolution No: 4207-2. The partial separation of retail sales operations within the framework of the Procedures and Principles Regarding the Legal Separation of Distribution and Retail Sales Operations was registered on December 31, 2012. Subsequently, on January 1, 2013, YEDAŞ began its retail sales and service operations in Samsun, Ordu, Çorum, Amasya and Sinop (Yeşilirmak Distribution Region).

YEPAŞ supplies electricity to a broad customer base including industrial facilities and individual households across Turkey. As a last source supplier, the company is authorized to sell electric power to consumers at the rate determined for the service area of Yeşilirmak Elektrik Dağıtım A.Ş. (“YEDAŞ”); to eligible consumers who choose not to take advantage of this right; and to eligible consumers at the retail tariff determined by the Energy Market Regulatory Authority. YEPAŞ sells electric power to eligible consumers in the region at market-based rates under bilateral contracts. Additionally, YEPAŞ, in keeping with its last source supplier status, undertakes marketing, sales, and customer service activities (e.g. subscriptions, billing and collections).

In addition to those services for eligible consumers within the liberalized electricity market, the Company creates solutions for customers, who either do not hold or use their eligible consumer status, as a provider authorized by the Electricity Market Legislation. Continuous improvements are made to issue customers’ electricity bills correctly and timely, provide them with quick access to their bills and enable fast, commission-free collections through alternative channels.

YEPAŞ provides customers with high-quality, reliable, uninterrupted and reasonably-priced electricity, which is essential to daily life. Building customer satisfaction into its business processes, YEPAŞ successfully continued to deliver fast and courteous customer service in 2019. The Company always aims to deliver innovative, customer-focused services. Thanks to its advanced technology infrastructure, the company develops products, services and solutions that meet customers’ needs. As a result of its technology investments, YEPAŞ uses the most advanced IT systems, equipment and infrastructure in the electricity retailing industry. Even though the price may seem the most important factor in the electricity supply, the supplier’s market experience, know-how, and service quality before and after-sales are also very important. To that end, YEPAŞ offers its customers the right products and services to meet their needs after carefully analyzing and understanding the market conditions.

When selling electric power to industrial facilities and businesses that have eligible consumer status, Leading the industry, YEPAŞ develops effective solutions and services by taking market dynamics into account and closely monitoring customers’ needs. Focusing on customer satisfaction as much as it does on pricing, the Company supports customers in their areas of activity.

2019 Highlights

YEPAŞ responded to the developments that hit the sector in 2019 quickly, through taking necessary measures and leveraging this period - which it called a transition period - as an opportunity to prepare the company for the future. YEPAŞ followed its vision to shift from a regional to a national electricity sales company, and hence made improvements in its IT infrastructure, customer services centers and collection channels.

YEPAŞ supplies electricity to a broad customer base including industrial facilities and individual households across Turkey.

YEPAŞ responded to the developments that hit the sector in 2019 quickly, through taking necessary measures and leveraging this period - which it called a transition period - as an opportunity to prepare the company for the future.

Yeşilirmak Elektrik Perakende A.Ş. (YEPAŞ)

In 2019, YEPAŞ managed costs effectively and improved solutions and business models continuously to achieve efficiency. Having succeeded in exporting electricity for the first time in this accounting period, the Company closely monitors the regional electricity markets and business opportunities thanks to its team of experts.

Aiming to develop the Customer Loyalty Program created in 2019 under the name of "YEPAŞ World of Advantages," YEPAŞ provides a lot of advantages to its customers by realizing brand collaborations on a local and national basis.

In 2019, YEPAŞ managed costs effectively and improved solutions and business models continuously to achieve efficiency. Having succeeded in exporting electricity for the first time in this accounting period, the Company closely monitors the regional electricity markets and business opportunities thanks to its team of experts.

YEPAŞ also partnered with the subsidiaries of Çalık Holding to make the most of the synergy in the Group. As part of the project co-run with Aktif Bank N Kolay, all YEPAŞ Transaction Centers within the region were transformed into YEPAŞ N Kolay Authorized Transaction Centers to establish more accessible and efficient service channels. In 2019 YEPAŞ N Kolay Authorized Transaction Centers have thus turned into platforms where electricity subscription transactions, collections, eligible consumer transactions and all other customer services are available alongside conventional N Kolay services. As an outcome of this partnership, 69 YEPAŞ N Kolay Authorized Transaction Centers and some 686 N Kolay Kiosks offer services to customers in the central cities and districts of Samsun, Sinop, Ordu, Çorum and Amasya.

In the meanwhile, YEPAŞ focused on the sales of non-electricity products and services in 2018. In partnership with some of the Group's subsidiaries - N Kolay, Sigortayeri and ÇEDAŞ - YEPAŞ started to provide customers with intermediation for the sales of TCIP insurance, which is mandatory for contract procedures. Important

progress was made in the project which was launched with pilot practices and a significant number of policies were sold.

YEPAŞ also determined that various products and/or services could be successfully sold through the same channel once the amendments to current laws, which are inevitable and should be developed by the sector's regulator EMRA in the light of the changing market conditions, are completed.

Furthermore, aiming to develop the Customer Loyalty Program created in 2019 under the name of "YEPAŞ World of Advantages," YEPAŞ provides a lot of advantages to its customers by realizing brand collaborations on a local and national basis.

Competitive Advantages

- Advanced IT systems and infrastructure
- High customer satisfaction thanks to its modern systems
- Places great importance on technology investments
- World-class service quality
- Leading the service sector by providing effective solutions

Quality Standards and Certifications

- ISO 9001:2015 Quality Management System
- ISO/IEC 27001:2013 Information Security Management System
- ISO 10002:2014 Customer Satisfaction Management System



Kosovo Çalık Limak Energy Sh.A.

Established for the electric distribution work in Kosovo in relation to the tender won in 2012 by Çalık Holding and Limak Holding partnership, Kosovo Çalık Limak Energy Sh.A. operates in the field of electricity distribution and retail with 2,200 employees in Kosovo, the youngest country of Europe.



NUMBER OF SUBSCRIBERS

605 THOUSAND

KEDS increased the number of subscribers from 470 thousand in 2013 to 605 thousand as of the end of 2019.

TOTAL ASSETS

TL **1.36** BILLION
(EUR 204 MILLION)*

KEDS* total assets rose to TL 1.36 billion in 2019.

* EUR/TL FX buying rate for the end of the period is considered as 6.6506 in the calculation.

TOTAL INVESTMENTS

EUR **22.1** MILLION

In 2019, KEDS invested about EUR 22.1 million primarily to upgrade its grid infrastructure and step up modernization efforts.

NET SALES

TL **1.61** BILLION
(EUR 253.8 MILLION)*

Çalık Enerji generated TL 1.61 billion net sales in 2019.

* Average EUR/TL FX buying rate is considered as 6.3481 in the calculation.

Established for the electric distribution work in Kosovo in relation to the tender won in 2012 by Çalık Holding and Limak Holding partnership, Kosovo Çalık Limak Energy Sh.A. operates in the field of electricity distribution and retail with 2,200 employees in Kosovo, the youngest country of Europe. The Company owns Kosovo Electricity Distribution Company J.S.C. (KEDS), the only authorized electricity distributor in Kosovo, and Kosovo Electricity Supply Company J.S.C. (KESCO), the only authorized energy supplier to the public sector. The company meets 100% of Kosovo's net demand for electricity.

The company has made significant advances towards achieving its goals by capitalizing on the experience of Çalık and Limak Groups in the power industry. KEDS regularly adopts innovations under its Ten-Year Distribution System Operator Network Development Plan (2014-2023). The company designed the plan to provide reliable electric service with low prices and is implementing it step-by-step. In addition to reliable working systems and coordinated customer tracking. All these advantages and distinctive features enable the company to steadily expand its subscriber base.

Active in the sector since 2013, KEDS and KESCO has successfully reduced technical and commercial losses; improved its access to energy significantly by restructuring its energy transfer operations; boosted operational efficiency through the use of new technologies and implementation of effective measures; and has taken important steps to provide education and employment opportunities to young people in line with its social responsibility principles.

KEDS aims to provide high-standard electric services to all its subscribers and to eliminate all the infrastructure issues regarding electric energy.

Successfully completing the separate pricing process, which is a legal obligation at the end of 2014, KEDS transferred the electricity supply activity to the public to KESCO, which

was established under Çalık Limak Group in 2015. After the license is transferred to KESCO, around 250 employees moved from KEDS to KESCO.

Developments in 2019

The Company increased the number of subscribers from 470 thousand in 2013 to 605,694 thousand as of the end of 2019. This achievement was thanks to the fact that Kosovo has a young population and that the Company has carried out an ambitious investment drive since privatization. Distributing 5.32 GWh electricity in Kosovo in 2019, KEDS spent around EUR 22.1 million, especially for the renewal of the network infrastructure and modernization activities.

The company upgraded its call center to operate around the clock to respond to customer queries and resolve their issues. KESCO managed to provide electricity to its customers at low prices even when there was no electricity generation in the country. All electricity consumers in Kosovo are customers of KESCO.

KEDS has invested approximately EUR 146 million from May 2013 to the end of 2019 to reduce technical and commercial losses. Restructuring its energy distribution activities, KEDS significantly increased access to energy and service quality throughout the country. While KESCO assumes the responsibility to supply this distributed energy from local sources and through imports, the Company works with more than 40 commercial parties in terms of access to day-ahead/intraday markets and energy trade in over-the-counter markets for customer portfolios within the scope of national tariff and eligible consumer status.

Continued to increase its operational efficiency through the use of new technologies and the implementation of effective measures, the Company has shown performance above its efficiency targets.

Placing importance to digitalization since the day it was established, the Company included 9.61% of all

NUMBER OF EMPLOYEES

2,200

TOTAL EQUITY

1.0
TL Billion

KEDS aims to provide high-standard electric services to all its subscribers and to eliminate all the infrastructure issues regarding electric energy.

Kosovo Çalık Limak Energy Sh.A.

KEDS Academy, a social responsibility initiative aiming to provide young people around the world with access to higher education and employment opportunities, pioneers other organizations in similar social responsibility projects. The sixth generation of the training courses under KEDS Academy have been successfully completed.

INVESTMENTS BETWEEN 2013 AND 2019

146
EUR Million

EBITDA

198
TL Million

customers to the smart grid system as of the end of 2019. It also plans to complete the integration of SCADA systems by the end of 2020. As energy losses, one of the most important issues of the region, were at 31% in 2013, as a result of the investments and successful operations, this ratio was reduced to 20.36% by the end of 2019.

KEDS Academy, a social responsibility initiative aiming to provide young people around the world with access to higher education and employment opportunities, pioneers other organizations in similar social responsibility projects. The 6th generation of the training courses under KEDS Academy have been successfully completed.

Completing medium and long-term investment plans in a way to maximize the total benefit of all its stakeholders in Kosovo, the Company was awarded the "Taxpayer of 2019" by the Kosovo Chamber of Commerce in 2019. Additionally, the Company was entitled to receive the license given by the Ministry of Labor and Social Policies with its occupational health and safety applications.

KEDS' Electricity Distribution and Retail Strategy

In order to reach international standards in SAIDI (System Average Interruption Duration Index) and SAIFI (System Average Interruption Frequency Index) values to provide sufficient and low-cost electricity services to its subscribers with business processes that prioritize high efficiency, and to improve supply security, the company aims to continue its planned maintenance and network renewal investments.

Competitive Advantages

- Sole supplier in the market
- Positioned as a regional player
- Has the manpower, technical knowledge, experience and competency to determine and assume the projects to satisfy the needs,
- Independent decision making.

Investment Projects in 2019

- Distribution line transformation investments in 20 KV level,
- Network support investments,
- Counter investments,
- Smart network investments,
- Building, storage, etc. renewal and renovation investments,
- IT investments,
- Special field operation equipment investment,
- Regional investments.

Financial Summary (TL Million)	2017	2018	2019*
Total Assets	864	1,159	1,358
Net Sales	1,296	1,579	1,610
Total Equity	645	922	1,023
EBITDA	146	270	198
EBITDA Margin (%)	11	17	12

*UR/TL FX buying rate for the end of the period is considered as 6.6506 in while the average EUR/TL FX buying rate was considered as 6.3481 the calculation..



Aras Elektrik Dağıtım A.Ş. (Aras EDAŞ)

Providing distribution services in seven provinces including Ağrı, Ardahan, Bayburt, Erzincan, Iğdır, Kars and its headquarters Erzurum, Aras EDAŞ provides services to 2.2 million citizens.



NUMBER OF PERSONS SERVED

2.2 MILLION

The company provides electric service to 2.2 million residents in Erzurum, Ağrı, Ardahan, Bayburt, Erzincan, Iğdır and Kars-a total of seven provinces.

NUMBER OF SUBSCRIBERS

1,029,869 SUBSCRIBERS

As of the end of 2019, Aras EDAŞ has a total of 1,029,869 subscribers.

NUMBER OF EMPLOYEES INCLUDING SUBCONTRACTORS

2,016 PERSONS

Aras EDAŞ has a total of 2,016 employees-including solution partners.

TOTAL INVESTMENT AMOUNT

TL **1.15** BILLION

Aras EDAŞ spent TL 1.15 billion on investment since July 2013 when it was privatized.

Vision

To maintain steady growth in relation to distribution companies in Europe and to achieve lasting success driven by a customer-focused strategy.

Mission

To maintain a high level of customer satisfaction by offering environmentally friendly, innovative, uninterrupted, high-quality service through effective use of our energy.

Aras EDAŞ's Operating Region

Providing electric distribution services in seven provinces including Ağrı, Ardahan, Bayburt, Erzincan, Iğdır, Kars and its headquarters Erzurum, Aras EDAŞ provides services to 2.2 million persons. The Company has 1,029,869 subscribers as of the end of 2019.

Aras EDAŞ's Investments

Aras EDAŞ spent TL 1.15 billion on investment in seven years since it was privatized. 2019 investment amount is TL 152,870,720.26. It is expected to spend TL 175 million on investment as of the end of 2020. The priorities of the company in its investments are to improve the network, technologic infrastructure, to provide high-quality and uninterrupted energy distribution and to create customer satisfaction.



Demographic Profile of Aras EDAŞ's Operating Region

Aras EDAŞ's operating region covers seven cities in the Eastern Anatolia region; the majority of the rural population in Turkey-about 2.8% of the country's entire population-lives in this region. While 70% of the region's residents live in cities, 30% of the company's customers live in rural areas.

Aras EDAŞ's operating region covers seven cities in the Eastern Anatolia region; the majority of the rural population in Turkey-about 2.8% of the country's entire population-lives in this region.

Turkey Urban-Rural Population Distribution

Province	Province and District Centers	Towns and Villages	Total
Ağrı	305,406	236,849	542,255
Erzincan	130,304	95,728	226,032
Erzurum	762,021	0	762,021
Kars	133,528	156,258	289,786
Bayburt	55,670	34,484	90,154
Ardahan	38,181	60,154	98,335
Iğdır	108,204	84,581	192,785
Aras Region Total	1,533,314	668,054	2,201,368
Turkey Total	73,671,748	6,143,123	79,814,871
Region Ratio (%)	69.7	30.3	100.0
Turkey Ratio (%)	2.1	10.9	2.8

Source: Urban-rural population distribution according to the TUIK 2016 data. (http://www.tuik.gov.tr/PreTablo.do?alt_id=1059)

Aras Elektrik Dağıtım A.Ş. (Aras EDAŞ)

Thanks to SCADA systems, Aras EDAŞ monitors 1,124 centers in the distribution network and approximately 5,000 MV feeders receiving electricity from these centers remotely. Therefore the company becomes aware of failures before customers call and improvements are realized in terms of failure durations and frequencies.

2019 INVESTMENTS

152
TL Million

ALL INVESTMENTS MADE UP TO DATE

1.1
TL Billion

Surface Area Ratio of ARAS' Operating Region to Turkey's Total Surface Area

The total area of the company's operating region corresponds to 11.1% of Turkey's total surface area. Agriculture and livestock breeding are the major sources of income in the region. Aras EDAŞ provides service to some 1,029,869 customers located on a land area of 70,457 km², in one of the country's harshest regions.

Province	Area (km ²)
Ağrı	11,276
Ardahan	5,576
Bayburt	3,652
Erzincan	11,874
Erzurum	25,055
Iğdır	3,582
Kars	9,442
Total	70,457
Turkey Ratio (%)	11.1

Competitive Advantages of Aras EDAŞ

- Geo-strategic significance of its operating region
- Largest company in the eastern Anatolia region
- Location in a region included in the incentive program

Firsts and Major Achievements in the Sector

- The first electricity distribution company in Turkey to have a "Training and Collaboration Protocol" with the universities in the city,
- The first company to receive the ISO 50001 Energy Management System standard,

- As the new communication platform of Aras Elektrik Dağıtım Anonim Şirketi, ARIMER is a platform defined as Aras Communication Center that brings the managers and the customers together on a single platform. With the "Manager Communication Line," any requests or complaints can directly be sent by the customer to the manager via ARIMER.

Goals

- To become a leading, universal brand in the electricity distribution sector,
- To maintain steady growth in relation to distribution companies in Europe and to achieve lasting success driven by a customer-focused strategy,
- To build world-class technology infrastructure,
- To archive the zero-accident goal.

2019 Highlights

Workforce Management System: Aras EDAŞ established a system in which any activity of field teams consisting of 757 employees can be measured and reported in failure repair works performed in seven provinces and 58 districts. With these measurements and reports, the work quality, efficiency and customer satisfaction of employees increase and the time it takes for teams to intervene in failure is also shortened with this system.

SCADA: Thanks to SCADA systems, Aras EDAŞ monitors 1,124 centers in the distribution network and approximately 5,000 MV feeders receiving electricity from these centers remotely. Therefore the company becomes aware of failures before customers call and improvements are realized in terms of failure durations and frequencies.



PLC Counter System: Aras EDAŞ aims to rapidly reduce and eliminate illegal electricity usage in the region with the PLC project, which means communication infrastructure over electricity grids. With the system implemented in Ağrı Doğubayazıt and Patnos districts, there has been an increase in energy efficiency in addition to the significant decrease in the loss and illegal use rates of these districts.

Extension of Cable Test Fleet: Including seven additional vehicles to its cable test vehicle fleet, Aras EDAŞ ensured that the failures occurring in underground cables are detected point-by-point and responded immediately.

Quality and Efficiency Year: Holding a Company Managers Meeting, Aras EDAŞ has chosen 2019 as the “Year of Quality and Productivity.”

New Practices, New Products, New Partnerships

- Cooperation with Erzurum Metropolitan Municipality
- Failure Management Mobile App
- Development of SCADA system
- Commissioning of ARIMER
- Commissioning of the digital archive

Investment Projects in 2020

Aras EDAŞ will continue to undertake upgrading, maintenance, improvement, and expansion efforts in the LV & HV (MV) power distribution systems in its operating region-covering the provinces of Ağrı, Ardahan, Bayburt, Erzincan, Erzurum, Iğdır and Kars-to ensure technical quality and continued power. Furthermore, the Company plans to increase its R&D investments in the coming period.

Awards in 2019

Aras EDAŞ was awarded the R&D Success Award given by EMRA with its Smart Distribution Transformer Project in 2019.

Aras EDAŞ was awarded the R&D Success Award given by EMRA with its Smart Distribution Transformer Project in 2019.

Aras Elektrik Perakende Satış A.Ş. (Aras EPSAŞ)

Carrying out electricity retail sales activities in Erzurum, Erzincan, Ağrı, Ardahan, Kars, Bayburt and Iğdır provinces under its license, Aras EPSAŞ is the main electric supplier of 2.2 million persons.



NUMBER OF SUBSCRIBERS

1,021,589

As of the end of 2019, Aras EPSAŞ has 1,021,589 registered and 817,770 active subscribers.

COLLECTION RATIO

%99.17

Aras EPSAŞ ended 2019 with a collection ratio of 99.17% and stood out with successful figures both financially and operationally.

NUMBER OF INFORMATION UPDATED

256,463

With the Information Update Project that is ongoing, 256,463 data was updated.

NUMBER OF PERSONS IN THE DISTRIBUTION NETWORK

2.2 MILLION

Aras EPSAŞ is the main electricity supplier of 2.2 million persons.

Vision

To create added value in the Turkish economy and the quality of life of society with sustainable and renewable energy.

Mission

To establish a rational and sustainable lifelong partnership with all Aras EPSAŞ customers by adopting an innovative service concept that generated effective customer satisfaction with its service quality, prioritizes the protection of the environment, supports the way of doing business with technological developments.

Our Values

- Value to Human
- High-quality Service
- Customer Focus
- Sensitivity
- Proactive Solution
- Transparency
- Reliability
- Innovation
- Accessibility
- Ethical Competition Approach
- Technological Innovation
- Respect for the Environment

Aras Elektrik Perakende Satış A.Ş. (Aras EPSAŞ) was established in Erzurum on December 13, 2012 and received the Retail Sales License numbered EPS 4207-16/2512 upon the decision of the Energy Market and Regulatory Board. The partial separation of retail sales operations within the framework of the Procedures and Principles Regarding the Legal Separation of Distribution and Retail Sales Operations was registered on December 31, 2012.

Carrying out electricity retail sales activities in Erzurum, Erzincan, Ağrı, Ardahan, Kars, Bayburt and Iğdır provinces under its license, Aras EPSAŞ is the main electric supplier of 2.2 million persons.

Ongoing Projects

With the Information Update Project that is ongoing, 256,463 data was updated.

Number of Information Updated in 2019

Quantity	TR ID				Grand Total
	E-Mail	Number	Telephone	Tax	
Ağrı	17,611	12,987	55,135	3,302	89,035
Ardahan	6,396	1,634	7,192	1,524	16,746
Bayburt	7,595	2,274	6,428	230	16,527
Erzincan	2,712	15,480	11,579	4,584	34,355
Erzurum	7,189	10,766	36,137	4,953	59,045
Iğdır	4,399	10,310	9,495	5,346	29,550
Kars	1,631	2,555	6,290	729	11,205
Total	47,533	56,006	132,256	20,668	256,463

Competitive Advantages of Aras EPSAŞ

- Having “experience, business knowledge and skill” for eight years with employee stability
- Being well equipped with the “training, data support, tools/equipment and other materials” provided by the Company
- Target customer visits and target-oriented approaches
- Continuous market researches and competitive analyses
- Continuous monitoring of developments in the sector (Regulations/Legislations, Economy, Tenders, etc.)
- Efforts for new customers and effective appointment method
- Continuously developed sales strategies and continuous reporting service
- Providing the highest level of satisfaction by providing the best and highest quality service to the customer before and after-sales

Aras EPSAŞ continues its activities with the vision of creating added value in the Turkish economy and the quality of life of the society with sustainable and renewable energy.

Firsts and Major Achievements in the Sector

- ARIMER communication platform, which was first established in the energy sector in 2019 and enables customers to communicate directly with managers
- An ongoing software activity for sending invoices to customers via SMS digitally

2019 Highlights

Customers Directorate: A portion of the bills of approximately 70,000 subscribers with low income are paid through PTT by the Social Solidarity Foundation. Therefore collection risk is decreased.

Aras Elektrik Perakende Satış A.Ş. (Aras EPSAŞ)

As the leading brand of the electric retail sales sector with the motto “Our energy is yours,” the Company prioritizes the continuity of customer satisfaction and service quality within the framework of legal regulations and relevant legislation.

With the tariff unit prices announced in the last quarter of 2019, favorable conditions began to emerge in the energy market in terms of Sales and Marketing. Therefore, customers with “Eligible Consumer” capacity within and outside the Region can now be included in the portfolio.

Energy Trade Directorate: In 2019, Aras EPSAŞ started to supply discounted energy to subscribers with high consumption within the scope of the Last Resort Procurement Tariff (SKTT).

Sales-Marketing Directorate: With the tariff unit prices announced in the last quarter of 2019, favorable conditions began to emerge in the energy market in terms of Sales and Marketing. Therefore, customers with “Eligible Consumer” capacity within and outside the Region can now be included in the portfolio.

Quality Standards and Certifications

- ISO 27001 Information Security Management System
- ISO 10002 Customer Satisfaction and Complaints Handling
- ISO 9001 Quality Management System
- ISO 45001 Occupational Health and Safety Management System
- ISO 14001 Environmental Management System
- ISO 27019 Information Security Management Guidelines for Process Control Systems Specific to the Energy Utility Industry

Goals

- To reach a 99.35% collection target as of the end of 2020,
- To maintain the service quality with the most accurate, different and innovative service policies for the intended profile and target customers,
- By bringing “High consumption customer/profitable customer/payment stability” potential customer groups together accurately, to increase and maintain profitability by minimizing all foreseeable risks, especially the collection risk,

- Leaving an accurate/secure and positive familiarity mark on the customers by increasing pre-sales and after-sales service quality.
- Increasing the Company profitability as a result of successful budget management,
- Increasing the efficiency by making sure that supportive programs such as personnel training etc. become continuous.

Corporate Social Responsibility Projects

- During Down Syndrome Awareness Week we have visited the Rehabilitation Center and spent time with children.
- In order to see the meaning of energy through the eyes of children and to raise awareness, a painting contest named “Energy in our Life” was held and we spent time and gave gifts to children.
- With the motto “We Take Our Energy from Children,” we organized an activity with children on April 23.

Quality Policy

As the leading brand in the electricity retail sales sector with the motto “Our energy is yours” and within the framework of legal regulations and relevant legislation;

- New investments are being made and commissioned to provide our customers with uninterrupted and high-quality electricity.
- It is ensured that retail sales services are provided to customers in a friendly, fair, flawless and timely manner in line with the modern management approach.



- The continuity of customer satisfaction and service quality are prioritized.
- Training is organized to ensure consistency between the individual goals of the employees and the goals of the Company, to develop and maintain a feeling of unity and solidarity at the highest level, and to consolidate the sense of belonging and motivation.
- All employees are supported with occupational training and personal development programs and training are organized to ensure that they continuously improve themselves and increase their productivity.

Plans for 2020 and the Future

- To become a leading, universal brand in the electricity retail sector,
- To maintain steady growth in relation to retail companies in

Europe and achieving lasting success driven by a customer-focused strategy,

- To participate in projects to improve the life quality of the society we live in,
- To continue training programs to ensure that employees are improved continuously by supporting all employees with occupational training and personal development programs,
- Acting solution-oriented and prescient to ensure and increase the continuity of customer satisfaction and service quality,
- Being an exemplary company by complying with the terms of the Quality Management System and to continuously improve its efficiency with the participation of employees.

Aras EPSAŞ's future plans include becoming a universal brand leading the electricity retail sector and making customer-oriented success permanent by maintaining its growth trend among retail companies within Europe.

CONSTRUCTION SECTOR

Our broad project portfolio includes permanent works in infrastructure, superstructure and industrial areas.

With alık values such as the determination to succeed, result-orientation and transparency, we take innovative steps to add new continents to our activities. With our young and dynamic teams and our projects that add value to humans and nature, we will achieve new successes.

Sinem İşler

Gap İnşaat - Human Resources Specialist

NET SALES

1.24

TL Billion

TOTAL EQUITY

2.0

TL Billion



An Overview of the Construction Sector in 2019

Turkish contractors performing projects overseas are aiming to reach the level of USD 20 billion in the annual new project amount and to increase their share to 7%.

The Turkish economy has a traditional growing trend over the construction and real estate market. Additionally, the construction industry also plays a leading role in employment, with more than 200 sub-sectors.

GLOBAL CONSTRUCTION SECTOR

In 2019, which was shadowed by global growth concerns; the monetary authorities in developed countries faced the pressure brought about by the trade wars as well as the recession and therefore adopted looser policies. While these steps fail to change the current atmosphere in the short term, the recession continued to create downward pressure on real estate prices.

After decreasing in the first nine months of the year, the annual residential and non-residential construction expenditures in the USA started to recover in the last quarter. Housing sector data in the USA is showing fluctuations.

In the Eurozone, construction expenditures grew relatively rapidly in the first and second quarters of 2019 and continued its rise in the third and fourth quarters at a lower rate. The Euroconstruct platform foresees a slowdown in the construction industry in 19 countries across Europe in 2020.

TURKEY'S CONSTRUCTION SECTOR

After showing signs of improvement in the second half of 2019, growth expectations for the Turkish construction industry have been revised upwards in line with positive developments. Thanks to the downward movement of interests, an increase in expenditure is expected in 2020 due to the easier access of investors and consumers to loans. The fact that

the Turkish Lira will remain relatively consistent is expected to support economic activities.

The Turkish economy has a traditional growing trend over the construction and real estate market. Additionally, the construction industry also plays a leading role in employment, with more than 200 sub-sectors. The impact of the supply-demand imbalance arising from the funding issues and the low demand continued in the previous year and the construction industry continued shrinking throughout five previous quarters consecutively.

According to the chained volume index issued by the Turkish Contractors Association, in the first two quarters of 2019, GDP contracted by 2.3% and 1.6%, respectively, while the construction industry shrank by 9.2% and 12.4%. In the third quarter, the Turkish economy started growing again on an annual basis with 0.9% and although the construction industry shrank by 7.8%, it was evident that the gap was closing compared to the previous months. Being vulnerable against economic and political risks, the industry shrank by 9.8% while the contraction in the economy was 1%.

In the January-October period, new housing sales contracted by 28.4% compared to the same period of the previous year, as the second-hand house sales increased by 2.1%. In the same period, housing sales to foreigners increased by 18.9% compared to the same period of 2018.

In The Ready-Mixed Concrete Index November 2019 Monthly Report, published by the Turkish Ready Mixed Concrete Association, it was indicated that despite the improvement observed in construction sector activities in recent months, the weak trend in confidence and expectation indices continues. In the December 2019 Industry Report prepared by the umbrella organization of the industry - The Association of Turkish Construction Material Producers (Türkiye IMSAD), it is expected that the construction industry will grow around 1-2% in 2020.

On the other hand, public-funded major infrastructure and transformation projects as well as overseas contracting projects play an important part in the business volume of the industry. As in other developing countries, the public-private partnerships (PPP) model is widely applied in Turkey. According to the Presidency of Strategy and Budget, there are 246 projects in this context in Turkey.

On the other hand, the total cost of projects assumed by Turkish contracting firms from 1972 to 2019 has reached USD 400.4 billion. Therefore, due to the fluctuations in the world economy and the losses arising from political troubles in the region where Turkey is located, the annual level of USD 20 billion could not be reached, but the target of 10 thousand in terms of the total number of projects has been exceeded. The distribution of sectors in which most projects were undertaken abroad up to date includes housing, highways/tunnels/bridges, commercial centers, power plants and airports.

The activities of Turkish contractors, who have undertaken projects abroad with a total cost of USD 7.6 billion as of the end of September 2019, are concentrated primarily in Russia and the Commonwealth of Independent States, then in the Middle East and Africa afterward. It is observed that the industry has increased its market diversity. It is aimed to increase the share of the Turkish contractors, which is around 4.6% as of today, to 7% in the mid-term.

GLOBAL AND DOMESTIC POSITION OF GAP İNŞAAT

Successfully completing over 130 projects in three continents with its extensive experience as well as partnerships that create synergy, Gap İnşaat is one of the most successful representatives of the Turkish contracting industry in the global platform.

The success of Gap İnşaat is recognized with the “World’s Top 250 Contracting Companies” study prepared on an annual basis by ENR, which is considered the most prestigious institution in the engineering, architecture and contracting world. The company, which has shown a steady rise on the list since 2006, was ranked 172nd in 2019.

As a reputable contracting company preferred in infrastructure, superstructure, residential and industrial facility projects, Gap İnşaat constructed and commissioned Turkmenbashi International Seaport, which is the largest port on the Caspian Sea and the most important

Completing over 130 projects in three continents with its extensive experience as well as partnerships that create synergy, Gap İnşaat is one of the most successful representatives of the Turkish contracting sector in the global platform.

An Overview of the Construction Sector in 2019

Able to deliver all kinds of projects at home and abroad without compromising on time and quality thanks to its broad experience and its expert team, Gap İnşaat took important steps to diversify the geography it operates in 2019.

Gap İnşaat has achieved great success by building a total of 27 separate hospital complexes in the field of health. In 2019, Gap İnşaat opened an Endocrinology and Surgery Hospital in Turkmenistan. Burn Treatment Hospital and Cosmetology Center, which is under construction in Turkmenistan, will be completed and delivered in 2020.

logistics center on the historical Silk Road. Furthermore, Garaboğaz Ammonia and Urea Production Facility, the largest facility in Turkmenistan was put into service in the same year. As one of the most important road rehabilitation projects in the world, Baghdad International Airport Road and Landscape Project is one of the most important projects completed by Gap İnşaat. Arçabil Şayolu Highway, one of the most important transportation projects in Turkmenistan which connects the Ashgabat Region to the surrounding locations, Ashgabat Power Plant, Abadan Power Plant, Ahal Power Plant, Balkanabad Power Plant, Petronas Gas and Energy Terminal, Turkmenistan Power Plant and Dashoguz Power Plant are among the other important projects completed by Gap İnşaat. In Turkey, Gap İnşaat completed the Zincirlikuyu Office Project, which is located in one of the most valuable locations in Istanbul, Çöpler Sulphite Gold Facility built for Lidya Madencilik in Erzincan and Taksim360, which is the first urban renewal project developed with a public-private partnership in Turkey.

Able to deliver all kinds of projects at home and abroad without compromising on time and quality thanks to its broad experience and its expert team, Gap İnşaat took important steps to diversify the geography it operates in 2019 and extended to the Gulf Region with Qatar after Central Asia. The Qatar Military Training Facility Project in Doha, the capital of Qatar is ongoing. The project is expected to be completed in 2021.

Undertaking projects that add value in many regions of the world, Gap İnşaat continues the Taksim360 Project, which was developed in harmony with the historical texture of Beyoğlu, one of the most important locations of Istanbul, and consists of office and residential sections. After the completion of the 1st phase that includes the office area, the offices and commercial sections started to be leased, and the new sales office under the office block initiated operations. The rough construction works in blocks 385/386, which are known as the residential block of the Project were completed and will initiate operations in 2020. There are a total of 92 residences and 20 commercial units in the 2nd phase residence block of the Taksim360 Project, which continues in nine separate blocks on a total area of 165 thousand square meters. The sales in the residential block which faces the boulevard are continuing intensively.

Gap İnşaat has achieved great success by building a total of 27 separate hospital complexes in the field of health. Recently completing and delivering the Endocrinology and Surgery Hospital in Turkmenistan, Gap İnşaat can design every stage from design to building construction works, technology and equipment supply, to the training of healthcare professionals at home and abroad.

Gap İnşaat was ranked in the 10th place in the "Overseas Contracting Services Success Awards" given by the Turkish Contractors Association in 2019.



Gap İnşaat

Showing a steady rise since 2006 on the “World’s Top 250 Contracting Companies” list published by ENR, considered the most prestigious institution in the engineering, architecture and contracting world, GAP İnşaat ranked 172nd on the 2019 list.



RANKED 172ND IN THE WORLD’S TOP 250 CONTRACTING COMPANIES LIST

Gap İnşaat ranked 172nd in the “World’s Top 250 Contracting Companies” list published by ENR every year in 2019.

NET SALES

TL **1.24** BILLION

Gap İnşaat recorded TL 1.24 billion worth of net sales in 2019.

TOTAL ASSETS

TL **6.5** BILLION

In 2019, Gap İnşaat’s total assets increased to TL 6.5 billion.

TOTAL EQUITY

TL **2.0** BILLION

In 2019, Gap İnşaat’s equity was TL 2.0 billion.

Gap İnşaat has taken important steps to diversify the geography it operates in 2019 and extended to the Gulf Region with Qatar after Central Asia.

2019 Highlights

Showing a steady rise since 2006 on the “World’s Top 250 Contracting Companies” list published by ENR, considered the most prestigious institution in the engineering, architecture and contracting world, Gap İnşaat ranked 172nd on the 2019 list.

Ranking in the 10th place in the “Overseas Contracting Services Success Awards” given by the Turkish Contractors Association, Gap İnşaat took important steps to diversify the geography it operates in 2019 and extended to the Gulf Region with Qatar after Central Asia.

Ongoing Projects

Burn Treatment Hospital

Its construction began in Ashgabat, capital of Turkmenistan and is planned to be completed by 2020. It has four operation theatres, 20 intensive care units and a capacity of 130 beds. Its total construction area is 26,500 m² and is built on an area of 4.05 hectares. It is designed in accordance with SNT criteria as well as international standards.

Aesthetics Hospital and Parking Area

The construction of the International Cosmetology Center, with a covered area of 9,650 m² and with a design in the shape of a hand mirror, was started in 2018 in Ashgabat, capital of Turkmenistan and will become operational in 2020. In the clinic where modern devices will be placed by being equipped with technological applications, the rooms where aesthetics operations will be made, mini surgical rooms, SPA center,

beauty salons as well as theoretical and practical training areas are available. A parking area of 240 vehicles was also planned in the same location.

Qatar Military Training Facility Project

Started in Qatar’s capital Doha in 2019, the Qatar Military Training Facility Project is the most prestigious project carried out by Gap İnşaat in the Gulf Region. The Project, which is expected to become one of the simulation and training centers in the world with its high technology equipment is planned to be completed in 2021.

Taksim360 Residential ve Office Project

As the first urban renewal project conducted by public-private partnerships in Turkey, the Taksim360 project is designed as a modern residential area befitting Istanbul’s singular texture and meeting the needs of urbanites. With nine blocks and 917 units, Taksim360 Project consists of residential, office, commercial sections, shopping and concept streets serving social life. The project with a total construction area of 165 thousand square meters attracts attention with its façade facing the boulevard with a length of 22 meters. In Taksim360, one of the largest restoration projects in Turkey, traditional and modern life is presented with a distinct architectural interpretation. In Taksim360 Project, which will bring the past to the present with its concept streets, the streets closed to traffic for a total of 1.4 km will be the new attraction area in the most central part of the city. After the completion of the 1st phase, the office area, the offices and commercial sections started to be leased in

Within the scope of the Taksim360 Project, the new sales office under the office block initiated operations.

Gap İnşaat

After the completion of the 1st phase, the office area, the offices and commercial sections started to be leased in Taksim360 - awarded as “Europe’s Best Urban Renewal Project” by the European Property Awards.

Taksim360 is the largest urban renewal project developed with public-private partnerships in Turkey.



Taksim360 - awarded as “Europe’s Best Urban Renewal Project” by the European Property Awards. As the 2nd phase of construction, which will be completed in 2020 is continuing at full speed, the construction works for the 3rd phase housing block have been commenced.

Firsts and Major Achievements in the Sector

- Turkmenistan Science and Education Center, featuring the most advanced simulation center in the world
- Zincirlikuyu Office Project, which has a Leed v3 certification

- Garaboğaz Fertilizer Factory, the largest fertilizer factory in Turkmenistan
- “ENR Best Global Projects” awarded Turkmenbashi International Seaport Project, the largest seaport on the Caspian Sea
- The entire construction works of Sulfide facilities of Anagold-Alacer in the İliç district of Erzincan and the Gediktepe Gold Mine Project in Balıkesir
- Taksim360, the largest urban renewal project developed with public-private partnerships in Turkey.



Quality Standards and Certifications

- ISO 9001:2015 Quality Management System Standard
- ISO 14001:2015 Environmental Management System Standard
- ISO 45001:2018 Occupational Health and Safety Management System Standard

Awards in 2019

Gap İnşaat was ranked in the 10th place in the “Overseas Contracting Services Success Awards” given by the Turkish Contractors Association.

Competitive Advantages

- Work experience in wide geography
- Reliability associated with the “Çalık” brand
- International partnerships that create synergy
- Robust financial structure
- Organic growth model
- Experienced team and innovative solutions

Gap İnşaat was ranked in the 10th place in the “Overseas Contracting Services Success Awards” given by the Turkish Contractors Association.

Financial Summary (TL Million)	2017	2018	2019
Total Assets	7,624	6,518	6,499
Net Sales	5,133	2,200	1,242
Total Equity	1,907	1,587	2,007
EBITDA	365	-592	193
EBITDA Margin (%)	7	-29	16

TEXTILE SECTOR

We continue to be the reliable business partner of global brands with the product quality that we have improved with innovation.

In line with our new sustainability strategy “Passion for Denim Passion for Life,” our sustainability journey started with employees. In order to meet our 2025 Sustainability Targets, we have formed a Sustainability Committee within the Company. While leading the sustainability transformation of the sector with new technologies such as Denethic and D-Clear we have developed in line with our strategy, we are making international collaborations with our Transformation Lab in terms of sustainability.

Yeşim Başaran

Çalık Denim - Foreign Trade and Logistics Junior Associate

NET SALES

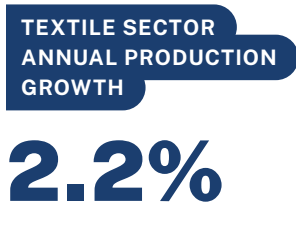
1.1

TL Billion



An Overview of the Textile Sector in 2019

In the textile sector with a net contribution value to the economy ratio around 60%, the production increase has continued in 2019 and it was observed that exports in EUR increased by 4.3%.



Highlights

- In 2019, the average production growth of 2.2% was recorded while this ratio was 6.9% in the ready-wear sector.
- In this period where sustainability and digitalization efforts have become prominent in the sector, Çalık Denim became a signatory of the United Nations (UN) Global Compact.
- Turkey ranks among the top in premium denim fabric exports.

As production increase in the textile sector accelerated especially in the final quarter of 2019, the production growth was around 10% in the ready-made clothing sector, showing a consistent outlook in the second half of the year. While an average production growth of 2.2% was recorded during the year, this ratio was 6.9% in the ready-wear sector.

In 2019, it is seen that the exports of the textile industry decreased by 1.2% in USD basis, while the ready-wear exports increased by 1.4%. However, since the exports of these two sectors are mainly to Eurozone countries, the developments in the EUR/USD parity has an impact on foreign trade figures. Although export was increased in terms of quantity, there was a percent decrease in the amount basis compared to the previous year due to the parity effect. Taking into account that Euro depreciated against the US Dollar since May last year, it is seen that parity effect-adjusted exports in Euro rose 4.3% in the textile sector and 7% in the ready-wear sector.

In terms of capacity utilization rates, the textile sector recorded a utilization rate of 80% while this rate was near 85% for the ready-wear sector.

Similar to many other fields, sustainability and digitalization were the priority subjects of 2019 for the textile sector. Adopting the motto “Passion for Denim, Passion for Life” sustainability purpose in all its activities, Çalık Denim takes pioneering steps in the sector in this context and is focused on producing leading innovative products, creating a positive impact with its stakeholders and decreasing its impact on the environment. With the mobile application launched in May, Çalık Denim comes to the fore in its sector with the importance it places on digitalization. Thanks to this application introduced after a long target population analysis, design, procurement and technologic R&D processes; customers can reach every detail about the products while keeping a close track of business processes.

Taking into consideration that domestic cotton is the most suitable cotton especially for denim production, cotton production is also becoming increasingly important for Turkey, which ranks first in premium denim exports.

Focusing on R&D studies and innovative approaches in line with its sustainability strategy, Çalık Denim aims to contribute to the increase of value-added and domestic cotton production by planning to use 100% domestic cotton in the coming period and support the cotton producer with its new system.

Taking into consideration that domestic cotton is the most suitable cotton especially for denim production, cotton production is also becoming increasingly important for Turkey, which ranks first in premium denim exports.



In the textile sector with a net contribution value to the economy ratio around 60%, this figure is expected to reach around 80% in the event the entire cotton need is covered with domestic production. In this context, incentive packages and measures to protect the farmers also possess great importance.

The course of the EU economies, which is traditionally the largest market for textile and ready-wear sectors,

will be as important as always in the coming period. On the other hand, the fact that production is hindered due to the Covid-19 outbreak in China, the leading manufacturer in these sectors caused importing countries to prefer Turkish manufacturers. Even though production returned to normal shortly, it is expected that the orders given in advance will contribute to the Turkish manufacturers.

In the textile sector with a net contribution value to the economy ratio around 60%, this figure is expected to reach around 80% in the event the entire cotton need is covered with domestic production.

Çalık Denim

Founded in Malatya in 1987 as the first industrial investment of Çalık Holding, Çalık Denim was established with an investment of USD 111 million. Today it manufactures in a covered area of 398,368 m² with an annual capacity of 52 million meters and employs 2,580 people.



NET SALES

TL **1,114** MILLION

In 2019, Çalık Denim increased its net sales by 21% to TL 1,114 million.

TOTAL INVESTMENTS

TL **190.8** MILLION

Çalık Denim spent TL 190.8 million on investment in 2019, including TL 168.3 million fixed asset investments and TL 22.5 million in R&D investments.

PRODUCTION AMOUNT

44 MILLION METERS

Çalık Denim produced over 44 million meters of high-quality fabric in 2019.

EXPORT

40+

Çalık Denim exports to more than 40 countries including the USA, England, the Netherlands, France, Scandinavia, the Far East, Portugal, Italy, Tunisia, Morocco and Spain.

Continuing to increase its market share and brand awareness globally with its efficient production and marketing strategies, Çalık Denim transformed into an integrated facility as of 2003 and continues to develop its product range, which also includes gabardine/velvet products.

Founded in Malatya in 1987 as the first industrial investment of Çalık Holding, Çalık Denim manufactures in a covered area of 398,368 m² with an annual capacity of 52 million meters and employs 2,580 people.

Initiating denim fabric production in 1996, Çalık Denim continued to grow with steady steps and commenced its ring spinning business in 1997. Continuing to increase its market share and brand awareness globally with its efficient production and marketing strategies, Çalık Denim transformed into an integrated facility as of 2003 and continues to develop its product range, which also includes gabardine/velvet products.

Prioritizing R&D studies and working to adopt new technologies to the textile sector since it was incorporated, Çalık Denim opened its seventh R&D center in the textile industry in 2011 with the certificate granted by the Ministry of Science, Industry and Technology. Çalık Denim continues to consolidate its deep-rooted know-how in the industry with R&D efforts and new technologies and is known for its R&D center, which has become a science center in the industry.

Producing fabrics that add vision to the Turkish and global textile industry, Çalık Denim successfully carries out its operations in its production facility and R&D center in Malatya and the Sales and Marketing Center in Istanbul. Leading fashion brands such as H&M, Top Shop, Gerry Weber, Mavi Jeans, Tommy Hilfiger, Frame, Brax, Zara, Replay, Acne, Ann Taylor, Calvin Klein, Diesel, River Island, Kaporal 5, Mac

Mode, GAP, Good American, Mother, True Religion, AG Jeans, J Crew, Guess, G Star, Pepe Jeans, Scotch & Soda, Supreme, Edwin, Lucky Brand, M&S, Massimo Dutti, Jack & Jones, Hugo Boss and Banana Republic are among the names that prefer the products of Çalık Denim.

As one of the first companies that come to mind when it comes to denim fabric, Çalık Denim exports to more than 40 countries including the USA, England, Netherlands, France, Germany, Spain, Scandinavia, Far East, Portugal, Italy, Tunisia and Morocco. Obtaining its fabric revenue through direct export and realizing indirect export by making the majority of its sales to foreign brands, the 85% of Çalık Denim's sales are made to foreign brands through direct and indirect export.

Çalık Denim brand adds value to the economy with products that make a difference in the denim and gabardine fabric range. Çalık Denim is included in the Turquality Support Program and sets an example with GOTS, OCS, GRS, RCS, OEKO-TEX, Nordic Swan Ecolabel and EU ecolabel certificates, which are indicators of the priority the company gives to the environment in its activities. The Company also supports a nature-friendly approach in the textile industry with sustainable and organic denim fibers it has included in its product portfolio.

Producing fabrics that add vision to the Turkish and global textile industry, Çalık Denim successfully carries out its operations in its production facility and R&D center in Malatya and the Sales and Marketing Center in Istanbul.

Çalık Denim

Çalık Denim mobile application was created to bring global trends together with Çalık Denim fabrics to become a solution partner for its customers. It was introduced at Denim Premiere Vision Fair held in Milano on May 28-29.

TOTAL ASSETS
2.08
TL Billion

Organizing monthly meetings with the Sustainability Committee regarding current and planned activities, Çalık Denim conducts innovation studies on sustainability and monitors its product-based and corporate carbon footprint.

2019 Highlights

Prioritizing innovation studies to increase productivity in production, Çalık Denim implemented type based LCA project for project groups in 2019 to integrate sustainability efforts into its production activities. The hot spots in production are determined through the LCA study, the online tracking system is activated and the consumption is monitored instantly through that system, the most sustainable types are determined and categorized with the real-time energy monitoring made from the energy consumption screen. Organizing monthly meetings with the Sustainability Committee regarding current and planned activities, Çalık Denim conducts innovation studies on sustainability and monitors its product-based and corporate carbon footprint.

Producing 44 million meters of fabric in 2019, Çalık Denim is one of the world's leading premium denim producers and is among the top three denim fabric manufacturers in Turkey.

Çalık Denim is one of the two denim suppliers of H&M, which is of the most important fashion brands in the world, and was selected as Gold Supplier by H&M. Also, the Company is the only denim company among 20 strategic partners chosen by the Ann Taylor brand in all product groups in the US market. Additionally, the Company is one of the two denim companies that possess the Nordic Swan certificate, a very important certificate for Northern European countries.

Against the rapid increase in demand for products containing BCI (Better Cotton), Çalık Denim has once again fulfilled its mission of being a sustainable denim fabric manufacturer in the supply chain by meeting BCI demands reaching 100%.

Provides know-how service to its partner brands in addition to fabric production, Çalık Denim participated in the most important fairs of the industry in many regions of the world, from the USA to the Far East.

Çalık Denim mobile application was created to bring global trends together with Çalık Denim fabrics to become a solution partner for its customers. It was introduced at Denim Premiere Vision Fair held in Milano on May 28-29. The newly developed app attracted great attention at the Çalık Denim booth. Having the opportunity to introduce the app in Munich Fabric Start on September 3-4, Çalık Denim made sure that customers experience the application with the iPad Kiosk set up at the booth, in the fair in which German market customers as well as the participants from Europe were hosted.

Çalık Denim; Introduced two main collections in 2019 The first being AW 20/21 Eudemonia and the other being SS 21 Gravity. Designed with the fabrics produced with the technologies developed by the Company's R&D facilities, these collections attracted great interest due to the fact they are sustainable and decrease water consumption during the production stage.

With its SS 2021 collection, Çalık Denim also launched the Denethic product with which rinse appearance fabrics are obtained. This technology is an actual innovation with its extraordinary environmentally-friendly structure. Denethic fabrics allow considerable water savings in production processes while allowing less water and time to be spent during the garment phase.

With Çalık Denim's D-Clear technology, which is a reflection of its sustainability approach, significant water saving is obtained during dyeing and finishing stages. The video which highlights the ecological features of D-Clear technology which significantly decreases the consumption of chemicals was shown in the sustainability-oriented Smart Creation trend area of the London Fair, held in December 2019 by the Denim Premiere Vision fair management.

The Energy Consumption Monitoring System installation of Çalık Denim has been completed in the 2019 activity period. The electric infrastructure, lighting and machine installations of the new warp lines were also completed.

In 2019, Çalık Denim prepared a special catalog that includes all production practices regarding the sustainability approach. The catalog named Green Print Book that represents the "ecological footprint," consists of three main sections: raw materials, processes and certificates. In addition to raw materials that support sustainability such as organic cotton, recycled polyester, information about environmental technologies such as Better Dye, Oxygene and D-Clear developed by Çalık Denim is also included in the catalog. As the main resource that reflects the activities of Çalık Denim in bringing the sustainability approach to production and which is one of the rare studies prepared with this content, the Green Print Book has received quite positive feedback from customers.



After completing the internal instructor training with Çalık Denim Academy to manage resources correctly; the company commenced its internal training in 2019. As of the end of 2019, Çalık Denim Academy HR mail notifications and "Çalık Denim Academy Library" were commenced both in Istanbul and Malatya locations.

Ever-Evolving Talks by Çalık Denim

The second edition of Ever Evolving Talks by Çalık Denim event was held in Theater Amsterdam on October 22, 2019. The event hosted valuable speakers and attracted great participation internationally. Besides the trends that will shape the future of the industry, concepts such as the Blockchain system, consumption patterns of Z generation and climate change were discussed in the event.

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Çalık Denim

Çalık Denim’s “Passion for Denim, Passion for Life” Sustainability Strategy was launched to customers in the region in collaboration with Habit Magazine, one of Scandinavia’s leading magazines.

TOTAL EQUITY

307
TL Million

Aiming to design original denim collections with innovative approaches, Çalık Denim collaborates with the leading brands and designers as well as local artisans and attaches great importance to this matter.

Millennium and Z generation expert Matt Britton, one of the main speakers revealed the future of the consumer in his speech addressing the consumption habits and trends of the generation that has been born since 2000, which is called Generation Z. Provenance Founder and CEO Jessi Baker meanwhile explained what needs to be done for a transparent supply chain through blockchain technology. The event featured the former NFL player and NASA astronaut Leland Devon Melvin and Co-Founder of The Bear Scouts and WGSN Denim & Sustainability Director Dio Kurazawa and they made a discussion on “The View of the Future - Overcoming Climate Change.”

In the session titled “How can Business life and goodness get together with BCorp?,” Mud Jeans Founder and CEO Bert Van Son and B LAB Europe Director Nathan Gilbert met the audience while Fashion Revolution Special Event Curator Tamsin Blanchard, Founder and Creative Director of Bethany Williams brand Bethany Williams, Co-founder of Ahluwalia Studio Creative Director Priya Ahluwalia and Founder of Wright Le Chapelain, Wright Imogen exchanged opinions in the session named ‘Future belongs to Women, Chatting with Responsible Creative Women’ session.

Denim Days

Aiming to design original denim collections with innovative approaches, Çalık Denim collaborates with the leading brands and designers as well as local artisans and attaches great importance to this matter. In this

context, the most recent collaboration was made with One Square Meter, a domestic ready-wear brand that adopts sustainable and responsible fashion principles. The brand produced its new collection designs with Çalık Denim fabrics in their workshop in Gömeç/Balıkesir. Achieving a new success story in the fashion world, the brand exhibited the first denim collection it has designed with great devotion in its workshops, under Denim Days in Amsterdam, one of the world’s leading denim festivals last October and received great admiration from the festival’s visitors.

Passion for Denim Passion for Life

Çalık Denim’s “Passion for Denim, Passion for Life” Sustainability Strategy was launched to customers in the region in collaboration with Habit Magazine, one of Scandinavia’s leading magazines. In the event held in Stockholm on October 10 and important brands of the market such as H&M and Tiger of Sweden were hosted, the Denethic concept, which will bring a new breath of air to the industry in the theme of sustainability, which is expected to be the future of denim, was also introduced in the event.

Collaborations in 2019

Parsons School

Established in 2017 in cooperation with Çalık Denim, the denim department of Parsons, one of the most established fashion schools in the world, produced its new graduates this year. 12 designers who completed their education this year have exhibited their collections with Çalık Denim fabrics. The top three designers selected by



the jury selection among the students presenting their final projects received training at the Çalık Denim factory in Summer 2019 and had the opportunity to exhibit their collections at the Munich Fabric Start Fair. Designers also had the opportunity to experience the garment processes in Baykanlar's factory during their internship in the Çalık Denim factory.

Art Comes First

Çalık Denim has made a collaboration with Art Comes First, an English fashion brand which was established as a brand consultant and later become one of the most interesting and creative brands in men wear in the last 10 years. In addition to the importance it gives to sustainability, Art Comes First's innovative collection approaches created by addressing cultural issues such as art and music coincided with the DNA of Çalık Denim, ensuring that the collaboration formed on even stronger foundations. The first collection of the collaboration, Rebel in a Blue Jeans was introduced on November 3-4, 2018 in ComplexCon, the festival concept fair hosting world-leading brands of the USA. The collection was introduced in Milano, Paris and Copenhagen afterward within 2019. Çalık Denim's collaboration with the brand continues with a new collection preparation.

One Square Meter

Çalık Denim made a collaboration with One Square Meter, a domestic ready-wear brand that gives a new meaning to the "Slow Fashion" movement and adopts sustainable and responsible fashion principles. One Square Meter produced its new collection designs with Çalık Denim fabrics in their workshop in Gömeç/Balıkesir.

Willy Chavarria

Çalık Denim made a collaboration with Willy Chavarria, a New York-based men's clothing design brand that prioritizes sustainability since its foundation with a cinematic approach in its designs and presentations.

Investments in 2019

- Weaving looms and modernization investments for the Weaving Facility
- Indigo Rope Dyeing machine and Çalık Denim-designed Rope Winding and Rope Opening investments for the Warp Dyeing Facility
- Çalık Denim-designed Sanfor machine investment at the Dye Finishing Facility and machine modernization investments
- Quality control and quality cutting machines investments for the quality control department

Çalık Denim has made a collaboration with Art Comes First, an English fashion brand which was established as a brand consultant and later become one of the most interesting and creative brands in men wear in the last 10 years.

Çalık Denim

With its Elastech technology, Çalık Denim came up with solutions to many problems such as loosening in high elastic stretch fabrics and high fabric shrinkage rate during washing.

EBITDA

172

TL Million

- Two new boiler investments to better provide service to businesses
- Ring Yarn, Draw-Frame and Mixing line machines and modernization investments for the Yarn Facility
- The investments made within the scope of Industry 4.0 investments for monitoring the electricity, steam, air and water consumption of all facilities and machines
- Investments made inside the facility within the scope of energy-saving, information systems and modernization
- Investments made for new research and development activities within the R&D Center

Firsts and Major Achievements in the Sector

- The first-ever breathable coated-fabric (Retina) was developed and commercialized.
- Inspired by responsible production philosophy against problems such as the depletion of natural resources and the increasing environmental pollution, Çalık Denim made a revolution in its sector with the Oxygene concept. This concept provided 95% less water, 50% fewer chemicals, 79% less energy use during washing processes, and minimized environmental pollution arising from production. Thanks to this concept which also saves time, the environmental impacts from denim production activities were resolved and sustainable production was achieved. Allowing customers to make sustainable production with this concept, Çalık Denim has created awareness in the sector.

- With its Elastech technology, Çalık Denim came up with solutions to many problems such as loosening in high elastic stretch fabrics and high fabric shrinkage rate during washing. As a first in its sector, Elastech technology attracted the attention of designers, ready-wear companies, brands and end-users.
- Fly Jean, one of the latest innovations introduced by Çalık Denim, is a unique product with its extraordinary lightness, softness and elasticity, and an excellent fit for the “athleisure” style.
- With the Smart Stretch product group, Çalık Denim gathered comfort and body shaping features in one fabric. Providing comfort where the body needs thanks to its high elasticity and providing shaping thanks to its high recovery feature, the Smart Stretch concept has achieved a first in the sector.
- Çalık Denim added an innovative approach to bright and vibrant satin fabrics that became more popular in 2017 and brought this colorful trend together with denim. With the Red Carpet concept it has developed, it made a difference in the sector and interpreted this rising trend together with the art of denim using its creativity and innovative approach.
- Çalık Denim transitioned to the Automatic Sample Warehouse System Application and the Automatic Shipping Warehouse System.

Inspired by responsible production philosophy against problems such as the depletion of natural resources and the increasing environmental pollution, Çalık Denim made a revolution in its sector with the Oxygene concept.

- Certified by the Ministry of Science, Industry and Technology, Çalık Denim R&D Center is the first and only R&D Center of the Eastern Anatolia Region.
- Prepared to meet global trends with Çalık Denim fabrics on the way to become a solution partner of its customers, Çalık Denim mobile app is the first and only in the sector.

Quality Standards and Certifications

- ISO 9001 Quality Management System Certificate
- ISO 14001 Environmental Management System Certificate
- OHSAS 18001 Occupational Health and Safety Management System Certificate
- ISO 50001 Energy Management System Certificate
- ISO 27001 Information Security Management System Certificate
- BCI Membership
- Oeko-Tex Standard 100
- GOTS
- OCS
- GRS
- RCS
- Cotton USA
- Nordic Swan Ecolabel
- EU Ecolabel

Competitive Advantages

- Extensive industry experience
- Global sales and service network
- Innovation power and widespread recognition in the market
- Product quality and strong brand image
- Increased brand awareness and brand equity as well as easier access to premium brands as a result of investing in brand identity
- Sustainable manufacturing
- Steady investments in manufacturing capabilities



Financial Summary (TL Million)	2017	2018	2019
Total Assets	1,387	1,673	2,082
Net Sales	611	924	1,114
Total Equity	552	383	307
EBITDA	151	257	172
EBITDA Margin (%)	25	28	15

Gap Pazarlama

Having a strong supply network and a broad product range with its strong supply network in Turkic Republics, Central and East Asia and Africa, Gap Pazarlama supplies its products to the world's leading retailers and brands.



HOME TEXTILE

1.8 MILLION METERS

In 2019, in the field of home textiles, Gap Pazarlama reached a raw fabric sales of 1.8 million meters.

READY-WEAR

2.8 MILLION

Gap Pazarlama reached a sales quantity of 2.8 million in 2019 in the ready-wear product group.

YARN

7.4 MILLION KG

Gap Pazarlama sold 7.4 million kg of yarn in 2019.

DENIM FABRIC

5.9 MILLION METERS

Gap Pazarlama sold 5.9 million kg of denim fabric in 2019.

Having a strong supply network and a broad product range with its strong supply network in Turkic Republics, Central and East Asia and Africa, Gap Pazarlama supplies its products to the world’s leading retailers and brands. Gap Pazarlama procures a wide range of products from various countries and offers them for sale to the world’s leading retailers and companies. Gap Pazarlama works with many prominent brands in its customer portfolio, including Bershka, Zara, Pull&Bear, Tesco, River Island, La Redoute, Mango, Puma and U.S. Polo in the ready-wear sector and Jc Penney, Costco, BB&B, Bonton, Lidl in the home textile sector.

Developments in 2019

Gap Pazarlama was granted an “Authorized Economic Operator Certificate” in 2019. Additionally, the company has included a new fabric type named “Light Carbon” to its collection as a result of its P&D efforts.

Reaching the producers in the Far East and Africa regions, especially with Asian countries in 2019, Gap Pazarlama made contacts in countries such as Tajikistan, India, Pakistan, Afghanistan, Egypt, Nigeria and Congo, and also carried out various studies on the Far East market.

Gap Pazarlama exports to the USA and Russia. Producing polyester group fabrics for use in ready-to-wear clothing in China, the Company produces the products coming from China as fabric in the factory in Egypt and exports these products to Turkey, America and Europe.

Making more than one brand application in 2019, Gap Pazarlama continues its brand and catalog studies in relation to fabric types and makes researches on new types of fabrics and products with P&D activities.

Firsts and Major Achievements in the Sector

- Leading and the biggest supplier of textiles
- The textile company with warehouse installation license in Istanbul
- Top importer with the largest market share in cotton yarn
- First company to publish an Integrated Annual Report within Çalık Group and in Turkey’s textile industry

Competitive Advantages

- Integrated production system
- The fact that Gap Pazarlama is an established player in the market and its history in the market
- Opportunity to offer new products to existing customers
- The successful performance and reliability it has demonstrated since 1994

Quality Standards and Certifications

- ISO 9001
- ISO 14001
- ISO 18001
- WRAP
- Sedex
- 6 Sigma
- AEOC (Authorized Economic Operator Certification)
- Oeko Tex 100
- BCI

Reaching the producers in the Far East and Africa regions, especially with Asian countries in 2019, Gap Pazarlama made contacts in countries such as Tajikistan, India, Pakistan, Afghanistan, Egypt, Nigeria and Congo.

Financial Summary (TL Million)	2017	2018	2019
Total Assets	495	585	807
Net Sales	332	261	362
Total Equity	132	243	252
EBITDA	30	-1	2
EBITDA Margin (%)	9	-0.5	0.5

MINING SECTOR

We are working to bring the most valuable mining portfolio of Turkey to the national economy.

We continue our activities with a sustainable mining approach that cares about the environment and social sensitivities. We are taking firm steps towards becoming the most valuable mining company in Eurasia.

F. Canberk Işıklı
Mining Engineer

TOTAL ASSETS

1.4

TL Billion



An Overview of the Mining Sector in 2019

2019 has been a year in which company mergers in the mining industry continued. Randgold and Barrick Gold merger in 2018 was followed by Newmont and Goldcorp merger in 2019, two giants in the gold mining sector.

TURKISH GOLD
PRODUCTION IN 2019

38
Tons

Highlights

- The accident occurred as a result of the collapse of the structure holding the waste dam of the iron mine in Brazil caused a severe environmental disaster and shifted balances in the sector.
- In the sector where acquisitions and mergers continue, the merger of Newmont and Goldcorp, two giants in the gold mining sector in 2019 was one of the most important events.
- The sustainability awareness in developed and developing countries caused both the public and the relevant government bodies to follow mining operations more closely while various restrictive applications caused the processes to be taken under control.
- For the evaluation of natural resources in the best way in compliance with the interests of the country and determining the national strategies and policies, the Natural Resources Department was established.
- The total gold production in Turkey increased by 40% in 2019 to 38 tons. This figure is the highest of all-time in the history of the Republic.

The waste dam accident in Brazil was one of the most important events in the mining sector in 2019. 230 people died in the accident that occurred due to the collapse of the structure holding the waste dam of the iron mine. The accident that caused a severe environmental disaster and changed the balance in the industry caused problems in iron supply; as a

result of this problem, iron prices rose above USD 100/t for the first time in five years. The accident had a long-term effect on the mining industry and caused amendments in regulations in many countries.

2019 has been a year in which company mergers in the mining industry continued. Randgold and Barrick Gold merger in 2018 was followed by Newmont and Goldcorp merger in 2019, two giants in the gold mining sector. As acquisition or merger transactions stand out in the sector due to the decrease in reserves and the increase in exploration costs, the M&A transactions are expected to take place not only in large companies but also in medium-sized companies.

China stands as the largest producer and largest buyer in terms of many commodities and continues to be the driving force especially in the metal and mining industry. However, the slowdown in demand from China and the use of industrial raw materials such as steel and aluminum have seriously affected the sector. Beginning in 2018 between the USA and China and which went on in 2019, the trade war caused serious uncertainties in the commodities sector and caused fluctuations in terms of price. On the other hand; the anti-government demonstrations in October in Chile, the world leader in terms of copper production, had a reversing effect on the copper price. The copper price went down later on but shown fluctuations all over the year.

China stands as the largest producer and largest buyer in terms of many commodities and continues to be the driving force especially in the metal and mining industry.

Researches held by several companies on commodities revealed that the risk on base metals has increased more over the years than on precious metals. The most important reason for this risk is the slowdown of the Chinese economy and the decisions taken regarding import-export policy. Although the conflict against the USA and China started slowing down in mid-2019, the tension increased again in November and December after Donald Trump signed the Hong Kong Sanctions Bill and the Uyghur Human Rights Policy Act. Importing an important part of copper from the USA, China preferred more to invest in its infrastructure facilities due to the political tension. On the other hand, Fitch decreased the 2020 GDP expectation of China from 6.1% to 5.9% after it was forced to decrease its commodity demand. The economic slowdown that is expected to occur in addition to the trade war between the USA and China impacts electric appliance, automotive and machine manufacturing sectors and also decreases the demand for base metals used in these sectors. A majority of base metals except for nickel, which is used in electric vehicle batteries have decreased as of the end of 2019. In 2020, a supply surplus is expected in commodities such as copper and lead and it is thought that the pre-formed excess demand will be closed in commodities such as zinc and aluminum. While it is expected that base metal prices will fall, it is foreseen that the incentive programs in the infrastructure and construction sectors, which are expected to be implemented by China in 2020, will rejuvenate the iron and steel industry.

Uncertainty in metal prices, geopolitical risks and the increasing state shares due to geopolitical risks and resource

nationalism impacted the project investments in the mining sector negatively. The uncertainty in commodity prices has restricted the investments of companies as well and major companies such as BHP, Vale, Glencore and Rio Tinto decreased their investments. It is expected that this situation to continue in 2020.

Although the mining companies that want to decrease their operational costs and to improve their applications in terms of employee health and occupational safety try to adapt to the digitalization solutions each year; the mining sector seems to be one of the sectors that least apply technology to their operations. As one of the few mining companies that strive to use technology, Rio Tinto uses self-driving trucks in site operations. Additionally, in Australia, where labor costs are very high, unmanned work machines are being used underground and therefore mining activities can be carried out autonomously through the control center without having to send personnel underground. The mining companies that follow technological developments and that can be digitalized both decrease their recruitment costs and consolidate their production efficiencies. Since the companies that can control their operations remotely can decrease their number of employees and minimize the risks in the operation site, they obtain positive results in terms of occupational health and safety.

Similar to the previous years, the fluctuations in commodity prices, economic uncertainties, political risks and interruptions in project financing were the most important parameters that caused a slowdown in the sector in 2019. Another parameter that shows its effect in the sector is resource nationalism. Due to resource

nationalism especially in Africa, the countries demand more from the mining resources and therefore royalties and additional taxes arise.

The sustainability awareness in developed and developing countries caused both the public and the relevant government bodies to follow mining operations more closely while various restrictive applications caused the processes to be taken under control. The mining companies that are experiencing difficulties in terms of funding aim to carry out their mining operations within the scope of sustainability to meet the demands of company shareholders as well as to find new shareholders and to have a positive attitude toward the people in the region. Sustainability impacts mostly the coal industry and causes a decrease in production and usage rates. Most mining company replaces coal with renewable energy in the operation stages. The best example of this change is that BHP, one of the major companies in the sector, started using solar panels instead of coal in two of the largest copper mines in Chile for energy production. As the mining companies with a high production capacity that are listed on the stock exchange which follow the relevant innovations extend their investor portfolios, they determined profit margin as their priority. It is estimated that medium and small-scale companies will not be able to compete in the sector.

As developments regarding electric vehicles and battery technologies have become more popular, it is expected that 120 million electric vehicles will be registered by 2030. However, it is uncertain whether raw material supply will be sufficient for the production of batteries for electric vehicles. The prominent

An Overview of the Mining Sector in 2019

38 tons of gold production carried out in 2019 was the highest of all-time in the history of the Republic. 13 tons of this production was made by Anagold, a Lidya partnership.

GOLD VALUE INCREASE
IN 2019

18%

UMREK and MAPEG organizations continue to carry out the necessary actions for the Turkish mining sector to continue its production and operations at international standards by complying with the regulations in the sector.

commodities that can both store renewable energy in batteries and be used in the manufacture of electric vehicles are cobalt, lithium, graphite, nickel, copper, and vanadium. Lithium and vanadium batteries possess different features compared to each other and compete in the sector. On the other hand; while graphite is used as an anode in lithium batteries, nickel increases the energy density of the battery and increases its storage capacity. When the Chinese government announced that the subsidies for electric vehicles with 400 km or more driving range will be cut in half as of July, Chinese manufacturers increased the prices of their vehicles, this caused a decrease in the sales and production figures of the commodities used in the sector. However, it is anticipated that low lithium and cobalt prices will rejuvenate the sector after the slowdown in the field of electric vehicle batteries.

UMREK and MAPEG organizations continue to carry out the necessary actions for the Turkish mining sector to continue its production and operations at international standards by complying with the regulations in the sector. In addition to these organizations, the Natural Resources Department was established to evaluate the natural resources in accordance with the interests of the country and to determine the national strategy and policies. The total gold production of Turkey, which was 27.1 tons in 2018, was 38 tons in 2019 with a 40% increase. This production

amount is the highest ever in the history of the Republic and the 13 tons of the total gold production of 38 tons were provided by the Çalık Holding partner Anagold.

Gold continued to be the safest investment tool for investors in 2019 as well and achieved its most profitable year since 2010 by gaining 18% value. The price of copper, which is one of the most affected commodities due to the commercial war, rose 3.36% in 2019 compared to the previous year with a fluctuating performance throughout the year. As a result of the new policies applied by China to put exhaust emissions under control, the highest price increase in 2019 occurred for palladium, with an increase of 54% compared to the previous year.



Lidya Madencilik

Lidya Madencilik aims to become the most valuable mining company of Eurasia by continuing its activities in Turkey and the region at competitive and high standards. It continues the same strategy for Africa, its target market.



SHARE OF LİDYA AFFILIATE ANAGOLD MADENCİLİK IN TURKISH GOLD PRODUCTION

35%

While Çöpler Gold Mine accounts for 35% of the gold production of Turkey, it has also become Europe's largest gold mine.

OWNERSHIP RATIO IN BALIKESİR POLİMETAL PROJECT

100%

After acquiring Alacer's 50% share in Balıkesir Polimetal Project, Lidya Madencilik controlled 100% shares of a mining project for the first time.

ANAGOLD MADENCİLİK GOLD PRODUCTION

2 MILLION OUNCES

Anagold Madencilik has produced a total of 2 million ounces of gold so far as of the end of 2019.

INVESTMENTS

USD **1** BILLION

The amount of investment made in Anagold Madencilik in the last 10 years reached USD 1 billion.

Firsts and Major Achievements in the Sector

Lidya Madencilik realized the first major international cooperation in the Turkish mining industry with Alacer Gold in 2010. Having eight employees within its structure and 83 employees under its subsidiaries, which it operates, Lidya Madencilik aims to be the most valuable mining company in Eurasia by continuing its activities in Turkey and the region with competitive and high standards, while continuing its project evaluation studies in the African continent.

The first strategic partnership in the Turkish mining sector between Lidya Madencilik and Alacer Gold has been continuing successfully for 10 years.

Continuing its production activities under the operation of the company's partner Anagold Maden; Çöpler Gold Mine initiated commercial production by commissioning its Sulfide Expansion Plant, whose investment was completed last year and a total of 13 tons of gold was produced in both mineral processing plants. While Çöpler Gold Mine accounts for 35% of the gold production of Turkey with these production figures, it has also become Europe's largest gold mine. A total of 60 tons of gold has been produced in the facility since 2011 and a significant social and economic contribution has been made to the region.

Lidya Madencilik is an investor in Kartaltepe Madencilik and Tunçpınar Madencilik companies in which they, along with Alacer Gold hold a 50%-50% share, while it is the operator of Polimetal Madencilik. Lidya Madencilik holds 70% of the shares of another one of its partners, Sandstorm Gold and its affiliate Artmin Madencilik and is the operator of both companies.

Kartaltepe Madencilik commenced production in Çakmaktepe this year and generated cash with mineral sales after a long exploration period. Exploration efforts in potential prospective areas in the region are continuing.

While Polimetal Madencilik continued its investments to produce from the oxidized mineral in 2019, Lidya Madencilik's partner Alacer Gold transferred its 50% shares in the project to Lidya in July. With this transfer, Lidya Madencilik started to control 100% shares of a project for the first time. The Environmental Impact Assessment (EIA) revision of the project was approved and the road construction, electricity transmission line and social campus construction works have been completed within the scope of infrastructure investment activities; the investments will continue in the upcoming period.

Another major project, Hod Mine Project's feasibility studies have commenced and continued throughout the year. Within the scope of activities that continue in a coordinated way with the local public; EIA, land acquisition and other important infrastructure works are ongoing.

With a forward-looking management style and a high-performing workforce, Lidya Madencilik maintains a sustainable mining approach with its sensitivity to occupational health and safety, environmental and social issues.

2019 Highlights

In Çöpler Gold Mine, which is operated by Anagold;

- Çöpler Sulphite Plant, based on a technology used for the first time in Turkey, started commercial production and successfully completed its first year of production.
- About 400 thousand ounces (13 tons) of gold was produced in 2019, and 35% of our country's gold production was provided. A total of 2 million ounces (60 tons) of production was made from the beginning of the project.
- New mineralization areas have been discovered during the exploration works inside and around the Çöpler Mine. Ardiç Region stands out as a serious potential for the years to come.

Having eight employees within its structure and 83 employees under its subsidiaries, which it operates, Lidya Madencilik continues its activities in Turkey and the region with competitive and high standards.

With a forward-looking management style and a high-performing workforce, Lidya Madencilik maintains a sustainable mining approach with its sensitivity to occupational health and safety, environmental and social issues.

Lidya Madencilik

Generating a turnover of USD 470 million in 2019 by producing 391 thousand ounces of gold, Anagold Madencilik carried out production activities by processing both oxidized mineral at the Çöpler Gold Mine and sulfide mineral at the new POX facility, whose investment was finalized in the previous year.

At the Hot Mine Project which is operated by Artmin Madencilik; 13 thousand meters of drilling was completed throughout the year, and the drilling work completed since the beginning of the project reached 80 thousand meters.

In the Balıkesir Polimetal Project operated by Polimetal Madencilik;

- 50% share of Alacer, partner of Lidya Madencilik, was acquired and became the first-ever 100% owned mine project in the Company portfolio.
- Preparations for investment have commenced regarding the processing of oxide mineral. Expropriation was completed and the preparations for the construction have been initiated.

In the Hod Mine Project which is operated by Artmin Madencilik;

- 13 thousand meters of drilling was completed throughout the year, and the drilling work completed since the beginning of the project reached 80 thousand meters.
- In the Project in which detailed feasibility studies are ongoing, EIA process and land acquisition works are continuing as well.

In the projects operated by Kartaltepe Madencilik;

- Mineral production has been completed in the Çakmaktepe Project under the responsibility of the company in which Lidya Madencilik has a 50% share and the minerals extracted from this project were processed in the Çöpler Facility and turned into gold.
- The affiliate provided income to its partners by generating cash flow for the first time.

In international field works;

- Project and site exploration works continued in countries determined in line with the Company strategy in Central Asia and Africa.
- In the target regions of the Balkans, Africa and Central Asia, field evaluation and development activities will be accelerated.

Financial and Operational Results

Reaching a turnover of USD 470 million in 2019 by producing 391 thousand ounces of gold, Anagold Madencilik carried out production activities by processing both oxidized mineral at the Çöpler Gold Mine and sulfide mineral at the new POX facility, whose investment was finalized in the previous year.

Certifications

- OHS&E Policy Commitment Certificate-Artmin
- OHS&E Policy Commitment Certificate-Polimetal

Competitive Advantages

- Operated by Lidya Madencilik, Polimetal Madencilik has an effective and highly skilled team.
- Implementing fast and effective cost controls at world-class standards
- Ability to execute strong, long-term partnerships with multinational mining companies
- Experience gained at Çöpler Gold Mine
- Synergy created by the Çalık Group brand and its subsidiaries



TELECOMMUNICATIONS SECTOR

We offer telecommunication services that stand out with its innovations in a European country.

As ALBtelecom, we continue to carry innovative services to Albania. We stand behind our promise to increase the communication quality in Albania and to provide the most innovative digital solutions that will improve life. ALBtelecom contributes to the development of our country as well as everyone who pursues a career opportunity here.

Urjada Bele

ALBtelecom-Sales Representative

NET SALES

406

TL Million



An Overview of the Telecommunications Sector in 2019

Working on the 5G Roadmap that covers the 2019-2025 period, the installation of fiber infrastructure in Albania constitutes an important process for all EU countries and all operators in the development studies for future 5G networks.

Related to the 5G frequencies in Albania, it is expected that the tender process for the 700 MHz band will begin in terms of 5G compliance of audiovisual operators.

Highlights

- Western Balkans have agreed on Regional Roaming Agreement that foresees roaming charging like at home region across the Western Balkans in 2021.
- The Digitalization of Visual-Audio Publications, which has been completed in 80% of Albania is planned to be completed in March 2020 in a way to cover the remaining cities.
- Willing to follow global trends, the operators in Western Balkan countries have started the first tests for the 5G network.
- Norwegian telecommunications operator Telenor sold their mobile operations in Bulgaria, Montenegro, Serbia and Hungary, as well as the technology service provider Telenor Common Operation.
- Deutsche Telecom left the Albanian market in the mobile sector after selling of Telecom Albania to Bulgarian investors.
- A frequency with 800 MHz band in Albania was given to Telekom Albania and Vodafone while ALBtelecom extended its GSM license for 15 years for EUR 11 million.

After the performance of the telecommunications sector entered a downward trend in 2019, operators are concerned to increase their income.

General Data Protection Regulation (GDPR), which is applicable legal data protection and privacy arrangement throughout the European Union and the European Economic Area (EEA), addresses the transfer of personal data outside of the EU and EEA region. Although the deadline for the implementation of this regulation in the EU is determined as of May 2018, other non-EU countries should comply with this GDPR arrangement. In this context, Albania hosted an international event in October 2019 regarding a new draft arrangement.

Working on the 5G Roadmap that covers the 2019-2025 period, the installation of fiber infrastructure in Albania constitutes an important process for all EU countries and all operators in the development studies for future 5G networks. The 700 MHz band will be released by audio-visual operators (TV-radio) and made available for 5G use.

The European Electronic Communications Code (EECC) approved in December 2018 must be implemented until December 2020 by the EU countries. Non-EU countries can also apply this law in the relevant telecommunications legislative fields.



ALBtelecom

Having previously existed as a government entity tracing its history back to 1912, ALBtelecom was restructured in 1992 as Albania's state telecommunications company and it joined Çalık Holding in 2007. Today, ALBtelecom is Albania's largest fixed-line operator, providing a range of fixed and mobile electronic communication, Internet access, IPTV and other technologies.



NUMBER OF MOBILE SUBSCRIBERS

422
THOUSAND SUBSCRIBERS

ALBtelecom had 422 thousand mobile subscribers in 2019.

FIXED INTERNET MARKET SHARE

33%

Maintaining leadership in fixed voice and fixed internet, and stability in the mobile market, ALBtelecom increased its market share to 72%, 33% and 17%, respectively.

TOTAL ASSETS

TL **1.4** BILLION

In 2019 ALBtelecom's total assets were TL 1.4 billion.

NET SALES

TL **406** MILLION

In 2019, ALBtelecom's net sales were TL 406 million.

Thanks to efforts to boost its brand image and service quality, ALBtelecom has a market share of 72%, 33% and 17%, maintaining leadership in the fixed voice and fixed internet market and maintaining stability in the mobile market, respectively.

Firsts and Major Achievements in the Sector

- The only telecommunications company in Albania that can provide all types of fixed and mobile services through an integrated structure
- Albania’s largest fixed-line operator
- Operator that has gained the most customers via “Mobile Number Portability”
- Service provider with the highest number of IPTV customers in the Albanian market
- The only operator in the Albanian market that offers users the option to select their desired broadband service and TV content
- The only operator that can reach all parts of the country via its extensive sales and distribution network
- The only service provider that can offer all-in-one service through its sales and distribution network
- The company that allows its customers to benefit from three services through a single cable for the first time by providing IPTV services for the first time in Albania
- The first operator that gets fixed services and mobile services together under the “SuperFamilja” (Super Family) loyalty program

Goals

- Growing the revenues from broadband internet services by increasing the net number of customers
- Increasing the mobile income level and profitability with increasing margins
- Providing a unique customer experience with a special dynamic approach towards Albania

Having previously existed as a government entity tracing its history back to 1912, ALBtelecom was restructured in 1992 as Albania’s state telecommunications company and it joined Çalık Holding in 2007. Today, ALBtelecom is Albania’s largest fixed-line operator, providing a range of fixed and mobile electronic communication, Internet access, IPTV and other technologies. ALBtelecom merged with its GSM subsidiary Eagle Mobile in 2012, when the company celebrated its 100th anniversary, thus bolstering its market standing in the region.

Closely monitoring customers’ needs, ALBtelecom continues its capital investments to deliver top-quality communication services. To this end, the company launched “4 in 1” (fixed voice, internet, mobile and TV) bundles and the “One Stop One Shop” concept.

ALBtelecom maintains its leading position in Albania’s telecommunications sector by skillfully adapting to new developments in the global industry. In 2013, the company revamped its entire mobile network infrastructure and launched 3G services. In March 2015, ALBtelecom obtained the 4G/LTE license and began offering 4G services to its customers, further improving its service quality. Thanks to its robust infrastructure, data quality and continuous investments, ALBtelecom always distinguishes itself from its competitors. After having now obtained the 4G license, the company aims for leadership in this market as well.

Closely monitoring customers’ needs, ALBtelecom continues its capital investments to deliver top-quality communication services.

Maintaining its leading role in the Albanian sector by skillfully incorporating global changes, ALBtelecom renewed its entire mobile network infrastructure in 2013.

ALBtelecom

With improvements it has made in fixed and mobile service quality and its experienced personnel, ALBtelecom aims to continue its steady growth.

EBITDA
131
TL Million

Aiming to maintain its position as the leader of digitalization in Albania, ALBtelecom launched a digitalization campaign following the shutdown of the terrestrial analog audio-visual signal in Tirane, Durres and Vlore on October 1, 2019.

Thanks to its infrastructure investments, the company became able to deliver infrastructure services to other players in the market.

As a result of its efforts to boost its brand image and service quality, ALBtelecom has a market share of 72%, 33% and 17%, maintaining leadership in the fixed voice and fixed internet market and maintaining stability in the mobile market, respectively. With improvements it has made in fixed and mobile service quality and its experienced personnel, ALBtelecom aims to continue its steady growth.

2019 Highlights

In terms of Mobile Services;

- ALBtelecom updated its credit deposit and usage policy for mobile customers in March to encourage its customers to be more active and use mobile services more frequently.
- ALBtelecom updated its internet package portfolio to provide more attractive packages to its customer base in line with the increasing demand for data units in May 2019.
- The new "Circulation Agreement" that significantly decreases the circulation tariffs between six countries in Western Balkans became effective on July 1.
- In September, ALBtelecom updated its postpaid tariff plans and provided its subscribers with more SMS, minutes and data.
- ALBtelecom introduced its "Student Offer" in December, aiming promotional mobile packages for all mobile customers with student cards.

In terms of Fixed Services;

- ALBtelecom launched the "Bring your Friend" campaign in March. Within the scope of the campaign, when both new and current customers bring new fixed service subscribers to ALBtelecom, they enjoy discounts and gifts in mobile and fixed services.
- Also in March, Super Mix Fiber Portfolio was introduced to allow all ALBtelecom customers to enjoy high bandwidth and an uninterrupted service experience.
- In May, ALBtelecom launched its TV package that includes 25 national and international channels for the first time.
- Aiming to maintain its position as the leader of digitalization in Albania, ALBtelecom launched a digitalization campaign following the shutdown of the terrestrial analog audio-visual signal in Tirane, Durres and Vlore on October 1, 2019.

Investment Projects

- Thanks to the GPON (Gigabit Passive Optical Network) investment, the internet service continues even if the power is out.
- Free Wi-Fi service has started to be offered in the largest square of Albania, Sheshi Skerderbej as well as in the Tirana Lake Region.

New Products and New Collaborations

- Just before the summer season begins, ALBtelecom introduced its first prepaid short-term fixed fiber products offered to summer houses and seasonal establishments that



- require short-term commitments.
- Within the scope of the collaboration between ALBtelecom and Neptun, the largest household appliances and electronics retail chain in Albania, all customers who buy a TV from any Neptun store enjoy a free subscription to the ALBtelecom IPTV package for four months.
- In order to meet the increasing demand for data, ALBtelecom introduced two new internet packages. The usage volumes within these packages can only be consumed during weekends or at night
- After intensive negotiations, ALBtelecom managed to include Klan HD and Klan Plus HD, among the most popular Albanian TV channels to its TV package.

Quality Standards and Certifications

- ISO 14001:2015
- OHSAS 18001:2007 (Occupational Health and Safety Management)
- ISO 27001:2013
- ISO 9001:2015
- ISO 50001:2011
- ISO/IEC 20000-1:2011

Competitive Advantages

- The only operator that provides end-to-end mobile and fixed services (IPTV, fixed internet, fixed telephone, mobile communications, cloud services and leased line)

- A nationwide, exclusive sales and distribution network that provides “all-in-one service”
- Operator with the most Wi-Fi access points
- Fiber optic infrastructure reaching 90% of all municipal regions across the country
- International internet connections with backups
- Powerful infrastructure and high-quality data
- Improved trust with ISO 27001 and ISO 9001 certifications
- The only operator that offers both mobile and fixed services
- The operator that offers quality service at the most affordable price.

After intensive negotiations, ALBtelecom managed to include Klan HD and Klan Plus HD, among the most popular Albanian TV channels to its TV package.

Number of Subscribers (Thousand)	2017	2018	2019
Number of PSTN Subscribers	172	177	177
Number of Broadband Subscribers	120	129	134
Number of Mobile Subscribers	459	431	422

Financial Summary (TL Million)	2017	2018	2019
Total Assets	889	1,135	1,427
Net Sales	243	364	406
Total Equity	201	283	286
EBITDA	53	93	131
EBITDA Margin (%)	22	26	32

FINANCE SECTOR

By prioritizing social improvements, we have executed our operations with customer orientation, communication and mutual respect.

We have worked throughout the year in the banking sector by creating a model with the principles and values we have built on Sustainable Development Goals. By prioritizing social improvements as a team, we have executed our operation processes with customer orientation, communication and mutual respect. With this awareness, we have created a collective value. With our working model shaped around this value, we will be taking important steps in achieving our goals for the future in 2020.

Özge Dursun

Aktif Bank - Foreign Trade Operations Junior Associate

NET SALES

3.6

TL Billion

TOTAL EQUITY

5.2

TL Billion



An Overview of the Finance Sector in 2019

While the easing in the monetary policy stance by the global central banks in the second half of the year supported the markets, it paved the way to CBRT cut its policy rate by 1200 basis points.

2019 TERM DEPOSIT
INCREASE RATE

25.7 %

Despite the regression in the global risk appetite, it has been a very positive year for the USA S&P 500 index. As the index finished the year with a return of more than 28%, it also compensated for the 6% decline it experienced in 2018.

Highlights

As in the previous year, the main agenda of 2019 was global trade and Brexit. At this point, the arising risks changed the monetary policy stances of central banks during the year. The interest path applied by the Federal Reserve (FED) was the change that most closely concerned pricing in global markets. FED's interest rate hike projection at the beginning of the year was replaced by rate cuts in the second half and the upper band policy interest rate was decreased to 1.75 from 2.50. As the dollar index remained stable throughout the year, Morgan Stanley Emerging Markets Currency Index completed the year with a return of over 3%. Emerging market central banks also cut policy rates significantly in the second half of the year. Also in this period, it was observed that central banks expanded their balance sheets and the liquidity in the markets increased. Another important development of the year was experienced in the bond market. The change in risk perception caused the total investment in negative-yielding bonds to rise to USD 17 trillion. This decline in the risk appetite was confirmed on the ounce gold side as well, which had a return of over 18% during the year. Despite the regression in the global risk appetite, it has been a very positive year for the USA S&P 500 index. As the index finished the year with a return of more than 28%, it also compensated for the 6% decline it experienced in 2018. Changes in FED interest policy expectations played a very important role in this increase.

The developments in the finance field in the previous year supported the interest cut of 1200 basis points from 24% to 12%. Consumer price data, which is closely monitored for the CBRT interest rate direction was at the level of 20.3% in 2018 and completed 2019 at 11.84%. This direction in inflation was in line with the expectations of both policymakers and the market. As the decline in the inflation trend continued to provide a supporting area for the monetary policy, the position of global central banks positively affected the domestic finance ecosystem. At this point, the funding requirement of the system decreased during the year, while the financial market's ability to access liquidity increased.

In 2019, a 10.84% increase was recorded in loans while deposits increased by 25.70%. Consumer loans increased by 15.53% while the performance of commercial loans was especially weak. NPL ratio increased to 5.60% at the end of the year, starting at 4.02%. The decrease in domestic demand during the year also had an impact on financial data. Despite this, the legal equity of the sector increased by 21.68% in 2019. Legal equity also increased in USD, while loans in USD contracted in 2019. The increase in economic activity and domestic demand in the final quarter of the year show that the data has entered an upward trend again.

aktifbank



Aktif Bank

Aktif Bank is creating a consolidated brand value with its high production volume and a large customer base.



RETURN ON ASSET

2.18*%

Recording an average return on asset ratio of 2.13% on a net profit basis in 2018, this ratio was increased to 2.18% in 2019.

AVERAGE RETURN ON EQUITY

19.72*%

Aktif Bank increased its return on equity to 19.72% by the end of 2019 from 19.2% in the previous year.

NET PROFIT

30.08*%

Achieving a net profit of TL 341.7 million at the end of 2019, Aktif Bank increased its profitability by 30.08% compared to the end of 2018.

EXPENSE/INCOME RATIO

37.69*%

As of the end of 2019, Aktif Bank's expense/income ratio improved by 6% compared to the previous year.

CAPITAL ADEQUACY RATIO

14.85*%

By increasing its capital adequacy ratio from 12.9% to 14.85% as of the end of 2019, Aktif Bank managed to consolidate its already strong capital structure.

**According to BRSA solo data at the end of 2019.*

Firsts and Major Achievements in the Sector

- Consultancy and intermediary to the first asset-backed security issuance in Turkey
- First bank bond of Turkey
- First digital bank bond of Turkey
- First interest-free participation certificate in Turkey
- First issuance of lease certificates for project financing in Turkey
- First issuance of a credit-linked note in Turkey
- First gold-based sukuk issuance in Turkey
- First building mortgage-based Euro sukuk issuance
- UPT: First domestic money transfer service in Turkey
- Over 5 million cards for Passolig, which is the first and only valid card for stadium entry
- The first interest-free liquid fund establishment in Turkey

Goals

- To improve business models to exceed the standards in Turkey and creating new lines of business in the sector by adapting global technology trends to its projects
- To develop innovative R&D projects through individual and collective collaborations
- To maintain its leadership position in sports finance and introducing innovative financial products to support the development of sports in Turkey through venture capital and risk capital
- To invest in portfolios that generate a steady flow of income through direct partnerships in commercial real estate and/or revenue/profit sharing models
- To offer the Bank's debt instruments to the public
- To create real estate funds to be offered to qualified investors in the field of alternative investments
- To reach Turkish customers who do not have a bank account with pre-paid cards and mobile applications
- To continue to support Turkish football and focusing on making more contributions to the football economy with Passolig
- To make Passo mobile Turkey's most comprehensive entertainment application

- To be one of the leading banks in the digital banking sector with N Kolay Kredi and N Kolay Bono products, which eliminates the obligation to go to the branch by allowing customers to carry out all their transactions on 100% digital platforms
- To become a brand that is preferred in mobile payments by developing innovative payment methods such as QR
- To increase the size of the portfolios managed in alternative funds with strategic asset allocation funds established by Mükafat Portföy Yönetimi, that can meet the investment needs with a broad risk, return and maturity structures, to issue funds in new asset classes and establish digitalization processes in all products and services
- To increase the export volume for Africa
- To continue activities to increase investments in the security technologies sector by establishing a partnership with SECOM, a leading integrated security provider possessing the advanced technology of the world and Japan
- To reach even more customers with the unique business model established through affiliates in areas such as fast money transfer, entertainment tickets and bill payment with new generation applications integrated with technology

Quality Standards and Certifications

- Card Payment Industry Data Safety Standard, PCI-DSS Certificate
- ISO 27001 Information Security Management System Certificate
- R&D Center License

A Strong Structure with Digital Business Models

Leaving behind a successful year with its business model built through digital banking and innovative channels, Aktif Bank made a difference in 2019 with its customer-oriented innovative works.

Responding to the rapidly developing technology with a proactive approach, the Bank focused on mobile applications in 2019 with the Retail Digital Banking and Payment Systems Group.

Business Areas

Financial services in Turkey and its close geography

Active Geography

Turkey, Kazakhstan, Russia, TRNC

Leaving behind a successful year with its business model built through digital banking and innovative channels, Aktif Bank made a difference in 2019 with its customer-oriented innovative works.

Aktif Bank

Focused on the digital world, Aktif Bank received approximately 1 million loan applications with a total amount of TL 10 billion via nkolaykredi.com.tr. The website is visited by 2 million people for 3 million times in one year.

THE DIGITAL PLATFORM THAT COVERS THE PRODUCTS AND SERVICES OF AKTİF BANK ECOSYSTEM

In 2019, “N Kolay Öde” was launched in Turkey. With N Kolay Öde, businesses, stores and online vendors have gained an easy and fast shopping experience with QR code.



With N Kolay mobile application, introduced in February, it was made possible for the retail customers from all income groups to make investments by purchasing bonds from TL 200 up to TL 500 thousand from completely digital channels. Also, it was ensured that transactions are carried out with no wire transfer/EFT costs. Again in February, “Hiç Bono Sordun Mu?” campaign in which the advantages of the mobile application and the features of the N Kolay Bono product are introduced were advertised to large audiences through 360-degree communication, mainly on TV, outdoor, radio, printed media and digital media. Growing since the day it was launched, the N Kolay Bono customer portfolio grown by 60% compared to the previous year with the added value provided by the advertisement campaign. Around 200 thousand customers have embraced N Kolay application since the day it was introduced an included it in their mobile apps. Communication investments made for the brand continued with a communication planning in digital media channels spread over the year. With the studies made in the final days of 2019, new features such as the FX platform that offers bill payment and instant foreign exchange trading were included.

Focused on the digital world, Aktif Bank received approximately 1 million loan applications with a total amount of TL 10 billion via nkolaykredi.com.tr. The website is visited by 2 million people for 3 million times in one year. In the area of consumer loans, the N Kolay Kredi product achieved a growth of 42% despite the sector's

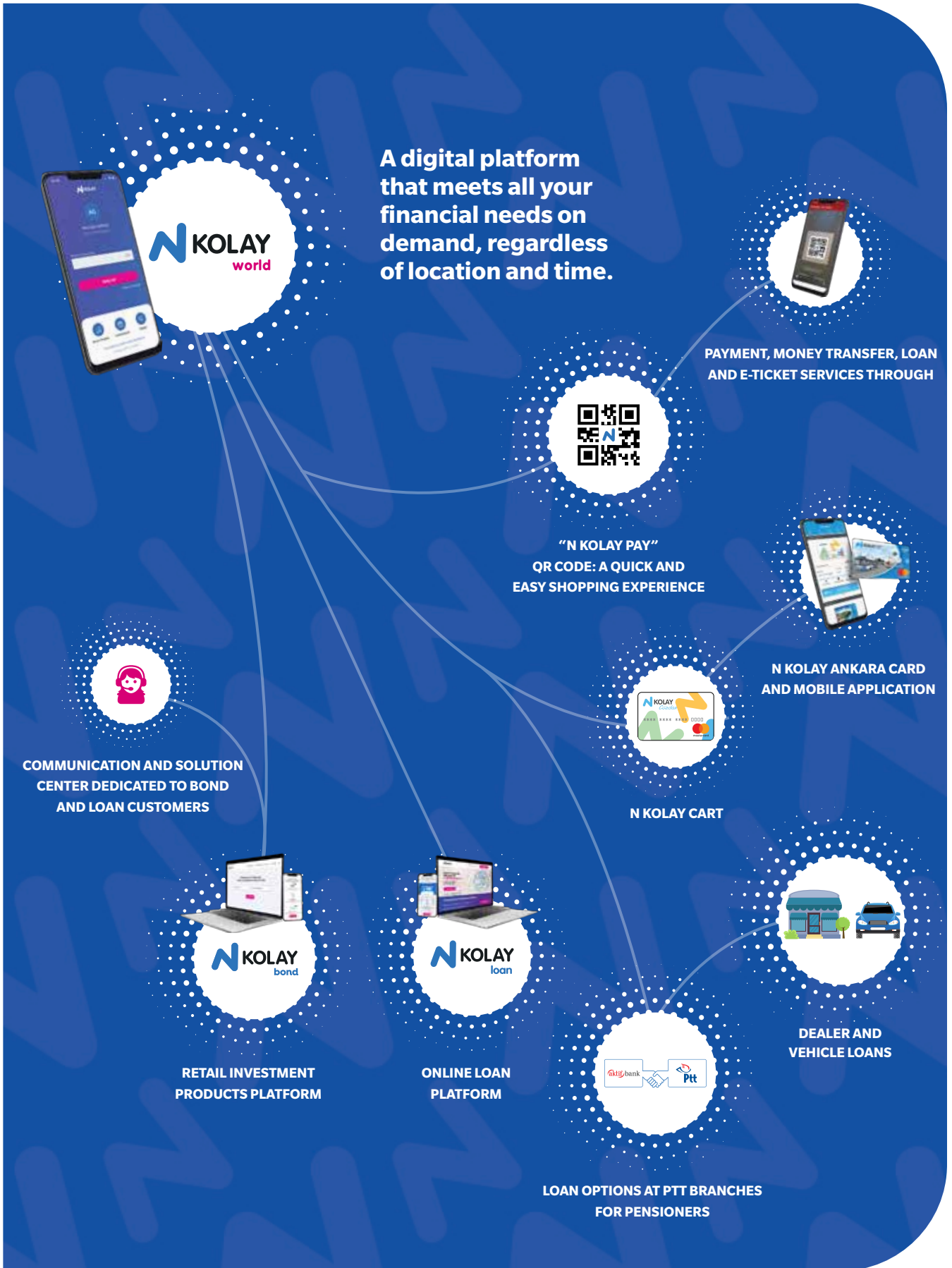
growth of 23% thanks to its fast and secure digital sales strategy. Providing different interest rates in accordance with the risk profile of the customer, the Bank diversified its product portfolio by launching Kolay Paketler, a consumer loan product with 0% interest for 15 days.

Also in 2019, “N Kolay Öde” was launched in Turkey. With N Kolay Öde, businesses, stores and online vendors have gained an easy and fast shopping experience with QR code. N Kolay Öde service attracted great interest and received the Bronze award in the “Innovation of the Year” category at the Stevie International Business Awards.

Also, with the new features included in Passo mobile application, features such as 24/7 free money transfer with QR as well as shopping and instant credit with Kolay Paketler started to be offered. In this context, the commercial with the theme “Passo's facilities exceed stadiums” was highly appreciated.

Channeling the experience of Passo in football to entertainment and event platform, Passo has become a holistic and unique platform serving not only football fans but also everyone following cultural and artistic events with 5 million downloads.

Providing services in the vital transportation sector for many years, Aktif Bank continued to develop the AnkaraKart mobile application, which is a unique product in the sector and reached 500 thousand downloads. As a result of these works carried out in the mobile area, 68% of the customer onboarding is carried out via mobile channels.



Aktif Bank

Continuing to provide the corporate banking services needed by sports clubs in 2019 within the scope of the investments it has made for football, Aktif Bank-funded more than TL 3 billion in total to 17 different football clubs since 2014.

CORPORATE LOANS

5.0
TL Billion

CONSUMER LOANS

2.5
TL Billion

In 2019, it offered foreign trade solutions to Turkish exporters by mediating foreign trade transactions in difficult geographies, especially in Sub-Saharan Africa, the Middle East and CIS countries where they had difficulty finding.

Combining shopping with transportation, N Kolay AnkaraKart reached around 260 thousand in sales.

PTT channel is also one of the areas in which the Bank continues its assertive growth. Realizing a growth of over 40% in 2019 on an annual basis, it has managed to reach TL 1.7 billion in liquid balance. In terms of PTT loans, in which we are the market leader, a higher benefit was obtained from the potential of the channel thanks to the different expansions and applications introduced throughout the year.

Reaching TL 210 million in liquid vehicle loan balance, Aktif Bank left behind many deposit banks in the sector in this area. As the transition to the risk-based pricing model caused an increase in customer portfolio diversity, the sales alternatives available to the dealers were consolidated as well. N Kolay Taksit product, which includes leading retail brands and offered in more than 2 thousand contracted dealers, provides advantages to customers during shopping with attractive interest rates and campaigns.

Leader Player of Challenging Geographies

Within the framework of the importance Aktif Bank gives to foreign trade, Corporate Banking Group carries out activities to offer exclusive products to foreign trade customers. The Bank develops strategies that create a competitive edge with the collaboration made with its affiliates and it contributes to the increase in productivity and profitability by making the most effective use of existing channels and opportunities.

Developing projects concerning the needs of sectors with the innovative approach of the Bank, Corporate Banking offers advantageous banking packages that serve to increase the volume of the Bank's affiliates.

In 2019, it offered foreign trade solutions to Turkish exporters by mediating foreign trade transactions in difficult geographies, especially in Sub-Saharan Africa, the Middle East and CIS countries where they had difficulty finding. In addition to the timely and complete collection of export prices from the regions in question, the risks of the companies were undertaken and they were provided with the funding they requested before the maturity date, which enabled them to export safely and efficiently. Being able to provide high added value banking solutions to customers that make business in difficult geographies will be the main objective of the Corporate Banking strategy in the upcoming period.

With tailor-made end-to-end funding methods according to the need towards food and agriculture sectors in 2019, a total of TL 100 million working capital loan was allocated to companies that are engaged in the food business with commodity pledge method as well as farmers to satisfy their pre-planting needs in suitable conditions.

Investments and funding in renewable energy resources continued with the same appetite in 2019. A total of USD 200 million cash and the non-cash loan was provided to 38 projects with a total size of 240 MW (solar, wind and hydroelectric). All these loans possess great importance since they are investment loans from scratch.

Within the scope of its investments in football, the Bank continued to provide the corporate banking services of sports clubs in 2019. Making more than TL 3 billion funding to 17 different football clubs since 2014, Aktif Bank continued to be one of the leading funders in the sector with TL 275 million loan utilizations in 2019, excluding the syndications loans it participated in.

The Bank with Always High Returns to Investments with Innovative and Flexible Products

Other than its conventional products, the Bank continued to expand its coverage area with Islamic finance products.

In 2019, in which monetary and capital markets were more effectively used to manage the liquidity conditions developing in parallel with the sector; Treasury both increased its transaction volume and became more integrated into the derivatives market.

Also in 2019, the product range was expanded with issuances of TL bonds indexed to foreign exchange returns, bills indexed to TLREF yields as well as CPI indexed bills. Meeting customer needs by offering fast and flexible solutions, the Group has also gone beyond expectations in terms of customer acquisition.

The Private Banking team continued to expand the individual customer base as well as to increase the size of assets managed. It cemented its position in private banking, especially due to its ability to respond flexibly and fast to qualified product demands of professional customers. In 2019, when the customer profitability was also very important, a contribution beyond expectations was made to the commercial profits.

A Pioneering Bank in Capital Markets

Aktif Bank, a pioneering banking institution in Turkey’s capital markets, achieved many firsts in the industry in 2019. For the first time in Turkey, a Gold-Based Lease Certificate of TL 100 million was issued in which a Bank is a fund user. It mediated to two asset-



backed security issuances amounting to TL 125 million on behalf of the largest GMS operator of Turkey and completed the sixth issuance made on behalf of the same operator successfully. Public offerings N Kolay Bono, one of the 100% digital products of Aktif Bank continued increasingly. Aktif Bank’s successes in the field of interest-free banking continued on the international platform in 2019 and a sukuk issuance based on real estate yields of USD 40 million were completed in Ireland and sukuks that were issued were started to be traded on the Irish Stock Exchange.

More than 1,000 Correspondence Relations in 143 Countries

In order to mediate foreign trade transactions and carry out their treasury transactions of its customers, Aktif Bank continued its efforts for the allocation of new cash and non-cash loan limits in 2019 as well.

Having 1,012 correspondents in 143 countries, Aktif Bank reached TL 3.5 billion in loans received from its correspondent banks. The Bank demonstrated a successful growth trend with its foreign trade transaction volume.

Having 1,012 correspondents in 143 countries, Aktif Bank reached TL 3.5 billion in loans received from its correspondent banks. The Bank demonstrated a successful growth trend with its foreign trade transaction volume.

Aktif Bank

Investing in technology to make life easier for its customers since the day it was established, Aktif Bank expanded its digital platform “N Kolay” world with new products and services, meeting all their financial needs whenever they need it, regardless of place and time.

Aiming to increase the quality and standards of Turkish football as well as to ensure digital integration and standardization between sports clubs and fan groups, Passolig exceeded 5 million in terms of the number of cards.



In parallel with the Bank’s strategies and requirements, the Bank aims to diversify and expand its borrowing methods in the fields of Foreign Trade Finance and Capital Market.

2019 Highlights

New Generation Digital Platform: N Kolay World

Continuing its innovative works without slowing down in 2019, Aktif Bank continued to diversify its digital world to achieve excellence in customer experience. Investing in technology to make life easier for its customers since the day it was established, Aktif Bank expanded its digital platform “N Kolay” world with new products and services, meeting all their financial needs whenever they need it, regardless of place and time.

New features such as the FX platform, which offers invoice payments and foreign exchange trading, were added to the N Kolay mobile application, which was launched together with the digital investment product N Kolay Bono, which primarily addresses individual customers from all income groups.

The Bank launched “N Kolay Öde,” a payment system platform that was implemented for the first time in Turkey and which responds quickly and easily. Workplaces, stores, online vendors have met a brand new shopping, payment and money transfer experience using a QR code.



Passo World

Aktif Bank diversified the advantages provided in stadiums by Passo mobile application with 24/7 money transfer with QR code, shopping and instant loan, etc. features. In Passolig, the security and comfort key of the stadiums, the number of cards exceeded 5 million. Furthermore, being the only official ticket sales platform of football teams, PASSO channeled its experience in the world of football to entertainment and events platform as well. Zorlu PSM started selling tickets for its 2020 events through PASSO as of October 2019.

Sponsor of Turkish Football

Aiming to increase the quality and standards of Turkish football and to ensure digital integration and standardization between sports clubs and fan groups, Passolig exceeded 5 million cards and Passo mobile application reached a total download of 5.1 million.

African Expansion in Foreign Trade

Standing beside its customers not only in Turkey but also in all geographies where it operates, Aktif Bank became competent in different geographies with its unique approach in foreign trade and went beyond banking in 2019. Aktif Bank achieved an important success by increasing its foreign trade volume in the African continent to USD 450 million in 2019 from USD 300 million in 2018. Carrying out activities especially to develop the trade between Turkey and Africa, the Bank provides its services towards exporters through 1,000 banks within 143 countries.



In Partnership with Aktif Bank, the World Giant SECOM is in Turkey

Active in different sectors with its innovative and entrepreneurial vision, the bank entered the security technologies sector in 2019. With the collaboration made with SECOM, one of the world's leading integrated security providers with advanced Japanese technology, it has invested in the security technologies area. The subsidiary named Secom Aktif Yatırım A.Ş. provides end-to-end special security technologies to corporate companies as well as individuals with turnkey project model.

Competitive Advantages

- Possessing the highest financial technology in the country since the day it was founded and producing fast, flexible and cost-effective results with its unique business manner, thanks to its investments and business models built on innovative channels
- Focusing on developing innovative and technological customer-oriented products that make their lives easier
- Implementing operationally efficient, profitable and formality-free alternative business models
- Designing everything from loans to investment products to customers, from tickets for buses to purchasing event tickets on integrated applications through its digital platform "N Kolay" world
- Delivering a 100% digital customer experience in consumer loans and bond products
- Providing tickets to sports events as well as entertainment and events with its unique Passo application while offering money transfer, payment and instant loan opportunities

- Providing 1 billion smart transportation transactions per annum with the transportation solutions infrastructure it offers through its services in the fields of smart city solutions production and integration with its subsidiary E-Kent
- Turkey's biggest financial institution in terms of extensive collaborations with all football clubs playing in the Super League and TFF's First League
- Extending credit to consumers at the moment of the purchase at Turkey's leading retail stores, thereby creating added value for these brands
- Digitizing the lending process at dealers, thereby offering a simple, preferable product to business partners and customers
- Contacting its customers at approximately 8,000 service points at PTT and UPT Transaction Points in Turkey and approximately 400,000 service points abroad through the Bank's affiliate UPT
- Providing service to 20% of 20 million Turkish residents who do not have a bank account through the service points of N Kolay, a subsidiary of Aktif Bank

Awards in 2019

- **An award in the "Best Mobile Payment" category from Payment Systems Magazine (PSM)**, the leading magazine of retail and payment systems with the "N Kolay QR ile Öde" project it has developed
- **2019 Insurtech Achievement Award** by Payment Systems Magazine for the "Daskmatik" project to Sigortayeri, a subsidiary of Aktif Bank

Possessing the highest financial technology in the country since the day it was founded, Aktif Bank produces fast, flexible and cost-effective results with its unique business manner, thanks to its investments and business models built on innovative channels.

Aktif Bank

With “N Kolay QR ile Öde” project it has developed, Aktif Bank received an award in “Best Mobile Payment” category from Payment Systems Magazine (PSM), the leading magazine of retail and payment systems.

At the 13th Stevie Awards, which is one of the most prestigious award organizations in the world, Aktif Bank was awarded the Bronze Award in the “Best Customer Feedback” category.

- **Gold Award in “Best Payment Systems Infrastructure” category** by Payment Systems Magazine with “WSBI Fair Value Remittance Platform” product to UPT, the first money transfer brand of Turkey
- Ranking among the top 100 reports in the World Ranking in the Annual Reports Awards given within the scope of **League of American Communications Professionals Vision Awards (LACP), 10 awards including Gold, Bronze and Honor awards** to Aktif Bank with the printed and digital versions of its 2018 Annual Report
- **Aktif Bank received a total of two awards including the Bronze Award in the “Interactive Annual Report” category and the Honor Award in the “Graphics and Graphic Design” category at the ARC Awards competition**, which is regarded as the Oscar of annual reports, organized by the US-based Mercomm company with the 2018 Annual Report
- Within the scope of the IDC Turkey Cloud Awards 2019 program organized by the Turkish office of International Data Corporation (IDC), one of the most important organizations of the information technology sector **Aktif Bank received an award in the “Infrastructure as a Service (IaaS)/Platform as a Service (PaaS)” category with its Bitmatrix platform**
- At the Stevie Awards, one of the most prestigious award organizations in the world and held for the 13th time in 2019, **Aktif Bank received a Bronze Award in the “Best Customer Feedback” category with the customer satisfaction surveys it developed in the interactive voice response system (IVR)**

Financial Summary

TL Million	2013	2014	2015	2016	2017	2018	2019
Total Assets	5,109	6,252	7,557	9,483	11,071	13,883	18,409
Change %	45.2	22.4	20.9	25.5	16.7	25.4	32.6
Loans-Corporate Loans	2,049	2,725	3,377	3,847	4,507	5,001	5,021
Change %	18.9	33.0	23.9	13.9	17.2	11.0	0.4
Loans-Consumer Loans	1,528	1,258	1,261	1,673	2,032	1,902	2,547
Change %	138.4	-17.7	0.2	32.7	21.5	-6.4	33.9
NPL Ratio	2.46	3.01	1.99	1.85	2.86	3.82	4.05
Change %	261.8	22.4	-33.9	-5.5	52.1	33.7	6.0
Operational Income	613	619	783	932	1,270	1,509	1,993
Change %	56.8	1.0	26.5	19.0	36.3	18.8	32.1
Net Profit	125	34	26	98	234	382	411
Change %	30.5	-72.6	-23.5	276.9	138.6	63.4	7.6



Aktif Bank's Unique and Innovative Subsidiaries

As the first licensed payment institution of Turkey, UPT Ödeme Hizmetleri reached 1.8 million transactions in 140 different countries and a transaction volume of over TL 5 billion in 2019.



Beyond serving as a developer and integrator of smart city technologies, E-Kent provides transportation solutions and performs one billion smart transportation transactions annually. E-Kent enables technological transformation in the cities where it operates and develops value-added business models for local administrations. E-Kent offers smart public transportation solutions to approximately 8 million residents in Ankara and other cities where it operates and carries out transportation operations. Since its establishment, E-Kent has performed the operations of 15 million smart transportation cards and 375 million transportation tickets.

The stadium infrastructure project that included the infrastructure systems transformation of 57 stadiums in 31 cities, passage control and visualization systems, integrated ticketing, and stadium ticket office services infrastructure was conducted by E-Kent in six months. Carrying out the entrance operations of 21 million fans to the stadiums as part of the e-ticket project since April 2014, E-Kent sold around 10 million match tickets for more than 4 thousand matches more than 1 million season tickets and transferred more than TL 2 billion of revenue from these sales to the clubs.



TUPT Ödeme Hizmetleri A.Ş., Turkey's first licensed payment institution, enables customers to transfer funds in multiple currencies to the recipient's name, or bank account or cards domestically and internationally. It provides services to its customers with the widest distribution network of the sector, reaching 8 thousand points with its representatives and dealers, especially UPT branches and PTT points.

UPT carried out 1.8 million transactions in 140 different countries and reached a transaction volume of over TL 5 billion in 2019. By increasing the number of contracted bank and payment institutions to 66, the Company has expanded its service network and the range of its services and started to provide services to the domestic payment institutions with the agreements it executed.

Increasing the number of countries it serves with UPT brand and system to six in 2019, it has shown its determination to serve on a global scale. In order to open up to the European market within the framework of this strategy, the registration works for "UPT Lithuania" UAB company in Lithuania has been completed and the application process for "Electronic Money Institution" license is currently ongoing.

As one of the leading institutions of the sector, we have completed the system improvements in 2019 to provide services to legal person customers. In this framework, products that provide speed, reliability and cost advantage have been developed for SME and Microenterprise customers.

Placing customer needs and experience at the heart of the service it provides, UPT pretty much completed the software works of mobile and web-based applications to move its services to digital platforms. It aims to offer its customers high-quality services and customer experience on digital channels in 2020.



Sigortayeri Sigorta ve Reasürans Brokerliği A.Ş., the Innovative insurance broker of Turkey continued its profitability in 2019 and recorded a growth of 50% compared to the previous year by cementing its position as the "Largest domestic broker of Turkey."

In addition to its web and mobile distribution channels, Sigortayeri has collaborated with leading companies in the retail sector with the services it provides via kiosks and integrated into customer-based "ecosystems" in the field of insurance.

Obtaining a competitive edge with its strong distribution channel infrastructure in the field of retail insurance, Sigortayeri received the PSM Awards 2019 Insurtech success award with its “Daskmatik” project developed in line with the easy access approach to financial services.

Providing corporate insurance solutions under the Asron Sigorta brand, Sigortayeri has been involved in the insurance placements of important projects in Turkey and 15 countries located in the nearby geography. Asron Sigorta provides a wide range of services including insurance coverage, consulting and risk analysis to construction, healthcare, energy, textile, automotive and financial services industries.

Creating a special insurance facility in the field of renewable energy, that is suitable for project financing for the installation and operation of solar and wind energy facilities, Asron Sigorta maintained its leader position in SPP insurance in 2019.



PAVO Teknik Servis Elektrik Elektronik San. Tic. A.Ş. offers payment systems and solutions, especially cash registers certified by the Ministry of Finance, to domestic and international clients. PAVO aims to maximize customer satisfaction with its strong R&D infrastructure, solutions-oriented sales & marketing strategy, high-quality production, operations and services.

Pursuing activities with its deep experience in the cash register systems sector, PAVO provides services to its customers with more than 200 thousand cash register POS devices, over 200 thousand value-added applications and software integration across Turkey.



As the largest payment institution with the most extensive network, N Kolay provides service via more than 570 N Kolay Transaction Centers and 3,500 N Kolay Kiosks across Turkey. At the same time, N Kolay Payment Institution increased the number of physical points to more than 11 thousand within the scope of its collaboration with the most important retailers and telecommunications companies of Turkey in 2019. N Kolay offers its customers a variety of convenient and safe payment services, mainly including bill payments, and domestic and international money transfers.

With the opportunity to make money transfers and pay electric, natural gas, water bills via retail points, customers can make money transfers at more than 7 thousand locations in 81 provinces, without any limitation of time and most importantly, without the need for a bank account.

Aktif Bank’s N Kolay Kiosk project won first prize in a competition organized by the European Financial Management Association (EFMA). Thanks to its fast online processes including transaction-guarantee, N Kolay achieved huge success in a very short time. It is the largest collection and payment channel in Turkey with approximately 7 million transactions per month.

Aktif Bank's Unique and Innovative Subsidiaries

Providing portfolio management services to domestic and foreign investors and managing a portfolio size exceeding TL 1.2 billion, Mükafat Portföy increased the portfolio size of securities mutual funds, including Turkey's first interest-free liquid fund.



Established in August 2016, Echo Bilgi Yönetim Sistemleri A.Ş. aims to become a "Next-Generation Solution Partner" for the retail industry with the EchoPos brand. EchoPos provides end-to-end payment systems and integration solutions for companies' front and back-office applications.

Working with the leading retail chains of Turkey, EchoPos can provide infrastructures for more than 1.5 million transactions per day without any errors.



Mükafat Portföy Yönetimi A.Ş. was established in 2016 under the partnership of Islamic Corporation for the Development of the Private Sector (ICD), an affiliate of Islamic Development Bank, and Aktif Bank within the framework of CMB arrangements. Providing portfolio management services to domestic and foreign corporate and individual investors with a portfolio size of more than TL 1.2 billion, Mükafat Portföy increases the portfolio size of securities mutual funds, including the first interest-free liquid fund of Turkey, and adds new funds such as free currency and TL funds to its products. On the other hand, Mükafat Portföy continues to grow by expanding its alternative

product range with venture capital investment funds and real estate investment funds. Along with these, Mükafat Portföy monitors the global fintech applications and developments and continues its infrastructure operations to adapt these developments to its services and products.



Emlak Girişim A.Ş. was established to seize business opportunities in the real estate and construction industry; to participate in investment projects, particularly in the energy industry; and to become a leading player in international trade. In parallel with the emerging trends in the field of real estate, Emlak Girişim plans to take a leading role in direct partnerships, profit-loss sharing models and urban transformation projects. The Company has several investments and operations in several sectors such as energy and international trade.

Emlak Girişim's largest investment is the Istanbul International Financial Center (IFC), which is expected to become one of the world's major financial hubs. Covering 3 million square meters of construction area, IFC is the biggest real estate development project in Turkey. Additionally, Emlak Girişim is a profit-loss partner in the Metropol Project in Ataşehir, and the Company has successfully completed this major investment. In 2017, Emlak Girişim

also invested in SPP projects with a total capacity of 61 MWp to become one of the major players in the industry.



Inovaban İnovasyon ve Finansal Danışmanlık A.Ş. provides "Growth Strategies and Process Management" service for companies that want to gain a competitive advantage with R&D and innovation. It is the only company that provides integrated solutions in relation to benefiting from R&D support and incentives, risk management in financial and legal fields as well as intellectual and industrial property rights consultancy. Its primary customers include technology development areas, R&D and design centers, incubation centers, technology transfer offices, investment funds, investor networks and similar companies.

In 2019, Inovaban made physical contact with almost one thousand companies of all sizes, which are classified as making productions in high and medium-high technology by TUIK and developed works with many of them. By continuously making contacts with private banks, with mutual funds and investment networks that value the R&D ecosystem, relations were developed with the structures in the ecosystem and business development activities were developed through such channels with signed protocols.

In 2019, 100% shares of Kent Güvenlik was acquired by Secom Aktif Yatırım A.Ş., in partnership with Aktif Bank, Turkey’s largest private-equity investment bank, and SECOM, the Japanese security and technology company serving with more than 60 thousand employees in approximately 19 countries around the world.

Inovaban also carried out activities to increase the value-added production in Turkey and to accelerate the commercialization and globalization journeys efficiently by providing companies with an advantage in international competition. In this direction, it has participated in more than 25 training events, fairs and conferences as an instructor or panelist.



In 2019, 100% shares of Kent Güvenlik was acquired by Secom Aktif Yatırım A.Ş., in partnership with Aktif Bank, Turkey’s largest private-equity investment bank, and SECOM, the Japanese security and technology company serving with more than 60 thousand employees in approximately 19 countries around the world. With this partnership structure, security services are provided everywhere as a technological security services provider located in Turkey. The services offered by Secom to its 3.3 million customers throughout the world is not only limited to security systems but also include health, fire protection services, insurance, geographic information, IT and real estate.

Affiliates Established Overseas

KIC “KAZAKHSTAN IJARA COMPANY” (JOINT STOCK COMPANY)

Established in 2013, KIC began operations in early 2014. KIC is the first “Financial Leasing” company in Kazakhstan that operates in accordance with Islamic finance principles. KIC provides leasing services mainly to small and medium-sized enterprises (SMEs) and aims to become one of the largest leasing companies in Kazakhstan over the next five years.

ELC (EUROASIA LEASING COMPANY)

Founded in 2012 in Tatarstan, ELC is the first Islamic “Financial Leasing” company to become operational in Russia. Ranking among the leading Islamic financial leasing companies in Russia, ELC provides leasing services mainly to small and medium-sized enterprises (SMEs).

EMIC (EURO - MEDITERRANEAN INVESTMENT COMPANY LTD.)

Established in 2015 in Nicosia, EMIC is the first and only “Islamic investment company” on the island of Cyprus; it is also the largest international investment firm in the Turkish Republic of Northern Cyprus (TRNC).

Banka Kombetare Tregtare (BKT)

As the “most reliable and reputable bank of Albania” with its 94-year history and steady growth, BKT is the first bank to be privatized besides being the first commercial bank of the country.



MARKET SHARE

27.1%

Enjoying a market share of 27.1%, BKT ranks first among all Turkish banks that operate overseas.

TOTAL EQUITY

TL 2.9 BILLION

In 2019, BKT's equity rose to TL 2.9 billion.

Having achieved many “firsts” and “mosts” in its sector in Albania, BKT is the leading bank in the sector in the field of credit cards as the bank that developed the country’s first credit card with installments and the first card that earns bonuses.

Firsts and Major Achievements in the Sector

- The first commercial bank and the first privatized bank in Albania
- The first and only Albanian bank to expand into overseas markets by opening 25 branches in Kosovo
- BKT launched the first installment credit card and the first rewards credit card (loyalty program) in Albania; it is also the leading bank in credit cards in the country
- The first bank-university Partnership project (Fastip) that provides guaranteed employment in collaboration with the German Agency for International Cooperation (GIZ) and the Ministry of Education
- The first and only Albanian bank to become a member of the World Saving Bank Institution (WSBI)
- The first bank to introduce the bill payment system, e-government & bank partnership, virtual POS and 3D-Secure system, and the first contactless bank cards in Albania
- First murabaha transaction in Albania
- The bank made it possible for Albania to become a member of ICC (International Chamber of Commerce)
- The bank that ensures all insurance companies to communicate their agencies online and allowed the establishment of a switch infrastructure with the E-Insurance product (Almost all insurance transactions in the country

- Are made through the BKT infrastructure.)
- BKT CEO Seyhan Pencablğil was selected the CEO of the Year by EMEA Finance in 2012 and by Finance Central Europe in 2019
- Initiation of activities of ICARA; Albania’s first Islamic financial leasing company, of which BKT is a co-founder
- In 2015, BKT was named the best bank in southeastern Europe in terms of social responsibility initiatives (EMEA Finance)
- Earning a silver award in the banking category and an honor award in the environmental-friendly category in the Annual Report Competition (Mercomm) attended in 2015 for the first time and earning a special award by BACEE for Central and Eastern Europe
- Introduction by BKT the first multi-functional mobile application that uses Beacon integration and automated push notifications, the first mobile business application, and the first WhatsApp application in the country
- The leading and most profitable Turkish bank abroad among Turkish banks operating abroad with an active market share of 27%
- The bank with the largest total assets and deposit market shares in the country
- Most profitable institution and the largest taxpayer of the country for the last three years
- Albania’s oldest, largest and best bank as well as the most valuable Albanian brand

Having the largest active and deposit market shares in Albania, BKT is the most profitable institution and the largest taxpayer of the country for the last three years.

Banka Kombetare Tregtare (BKT)

BKT's most distinctive feature is that unlike large international banks that adopt local strategies, it was established in Albania but expanded into overseas markets.



Making digitalization one of its main and strategic goals, BKT transformed its Information Technologies Unit as Fintech and prioritized it by allocating a larger share in terms of staff and investment.

Competitive Advantages

- BKT's most distinctive feature is that unlike large international banks that adopt local strategies, it was established in Albania but expanded into overseas markets.
- The perception of being “the most reliable and respected bank in the country” with its 94-year history and steady growth provides an advantage to the Bank in terms of attracting deposits. Having a widespread and long-term deposit composition, BKT has a deposit market share of 26%.
- BKT is ranked as the second bank in Albania in terms of branch and ATM network. BKT has the widest network in terms of cash-in ATMs.
- Differentiating itself from international banks with its stable organizational structure; BKT has the advantage of implementing a long-term strategy that is similar to local banks.
- Thanks to its robust capital structure, BKT is least affected by regulatory pressure. BKT has nearly a 50% market share in mortgage loans (in local currency), credit cards and POS networks.
- Reaching a funding size of USD 87 million, BKT differs from the sector in terms of funding major private projects such as Build-Operate-Transfer projects.
- BKT is an innovation pioneer in Albania's banking sector.
- By maintaining its classic customer base, it is taking strong steps in terms of digital banking.

2019 Highlights

Making digitalization one of its main and strategic goals, BKT transformed its Information Technologies Unit as Fintech and prioritized it by allocating a larger share in terms of staff and investment. Renewing its ATM network substantially, BKT replaced all its ATMs with cash-in ATMs and became the leader in Albania in this category. In this regard, BKT decreased the cash transactions carried out in branches and encouraged its customers to use digital banking.

In 2019, the most extensive staff rotation in BKT's history was made while 52% of the Branch Manager, 22% of the Unit Managers and 28% of the Group Presidents were rotated.

Making USD 35 million dividend payment to Çalik Holding in 2019, BKT has been selected as the primary agency for potential compensation payments by the Albanian Savings Deposit Insurance Fund.

Introducing its international investment platform within the scope of the collaboration made with Saxo Bank, BKT makes arrangements within the framework of the relevant local legislation for the public launch of the platform, which it has put into service under certain limits.

Financial and Operational Results (Consolidated)

As of the end of 2019, BKT's assets increased USD 352 million and reached USD 4.29 billion, registering a real increase of USD 402 million (10,2%). The total deposits of the Bank rose by USD 327 million to USD 3.4 billion, a 10.4% increase compared with the end of 2018.

In the General Assembly of BKT held on March 20, 2019, it was decided to pay a dividend of USD 35 million from the legal profit obtained Albania for 2018 and the relevant payment was made at the end of April.

While BKT's 2019 annual net profit reached USD 56.5 million according to IFRS; its total equity increased by USD 50.8 million as of the end of 2019, reaching USD 485 million, with an annual return on equity of 19.7%. USD 35 million of dividend payment is included in this figure. On a solo basis (BKT Albania), BKT's total assets market share increased by 8 bps to 27.1% while its deposit share increased by 28 bps to 25.9% as of the end of December 2019. BKT maintains its position as the leader of the sector in the past several years.

63% of BKT's total loan portfolio consists of corporate loans and its total customer loan portfolio reached USD 1.2 billion with real growth of 0.7% as of the end of 2019. The percentage of non-performing loans to the total loan balance (NPL 90) in the entire Albanian banking sector was 8.37% as of the end of 2019 while BKT has shown a much better performance with 3.22%.

As of the end of 2019, BKT operated a total of 93 branches, 67 in Albania and 26 in Kosovo, in addition to 140 ATMs and 8,161 POS terminals in these two countries. The Bank employed 1,311 personnel at end-2019. In December 2019, BKT Kosovo signed a loan agreement with EFSE (South East European Region) and GGF (Green for Growth Fund) for EUR 20 million (EUR 10 million each) with an interest rate of 2.35% and 2.25% and a five-year maturity to be used for agricultural, SME and energy efficiency loans.

New Investment Projects

By renewing its old ATM network with the new NCR 80 series ATM devices, BKT is the bank with the most extensive cash-in ATM network in Albania. In addition to the renewal of ATMs, Cx Banking Project is also carried out with NCR to change its



software and the project is expected to be completed within 2020. When the project is complete, ATMs will be able to circulate cash, give changes, provide services to those who are not Bank customers, make transactions with QR and provide a tablet experience on a touch screen with its unique design.

Commencing a project for the upgrade of the Core Banking system Oracle, BKT will complete the first phase of the updating of the process with the payment module OBP, which is one of the main parts of the process. Many changes in terms of compliance with the legislation are planned within the first phase.

As of the end of 2019, BKT operated a total of 93 branches, 67 in Albania and 26 in Kosovo, in addition to 140 ATMs and 8,161 POS terminals in these two countries. The Bank employed 1,311 personnel at end-2019.

Banka Kombetare Tregtare (BKT)

With the newly developed “change your home” mortgage loan product, BKT allows its customers to sell their old house at its value and provides a solution that includes funding of up to 100% of the new house.

TOTAL ASSETS
25.5
 TL Billion

Technically completing the BKT Smart Invest solution project prepared with SaxoBank with a white label business model, BKT offered this solution project to customers in Kosovo and Albania. Providing the opportunity to make their investments anywhere in the world to a selective number of wealthy customers of the Bank within the scope of the project, BKT achieved a first once again in Albania and Kosovo.

Implementing the customer acquisition process (account opening and card request) with Pega BPM, which is used to create new or digitize existing processes BKT digitized its complaint management process. After testing its card application infrastructure, the Bank continues to work on loan processes. Completing credit decision trees and scoring work for credit cards simultaneously with FICO, BKT continues to develop processes for loans. In Kosovo, the Bank started to extend digital loans by completely digitalizing the consumer loan process via Pega.

Renewing its designs for both BKT Smart and internet banking to improve user experience in digital channels, BKT has completed the previous work done for individual customers for commercial customers as well. By breaking another first in Albania, the Bank added new services such as tax payment to its transaction set by scanning barcodes from mobile.

Renewing the Call Center infrastructure to provide 360 degrees digital service to its customers, BKT has opened financial transactions to this channel for the first time in Albania. Continuing to work on Facebook, Viber, webchat/chatbot services in addition to the WhatsApp service currently used; BKT launched the digital archive project, which is a part of its digitalization processes, and started to improve document management by integrating with processes. The bank will renew its document management from top to bottom with the completion of the physical archive.

New Practices, New Products, New Partnerships

With the agreement executed with Rural Credit Guarantee Fund, BKT funds the farmers in Albania with a 50% guarantee.

By signing an agreement with the National Regional Planning Agency (MZHUT), the Bank has made an agreement on social housing finance with favorable and fixed interest opportunities.

With the newly developed “change your home” mortgage loan product, BKT allows its customers to sell their old house at its value and provides a solution that includes funding of up to 100% of the new house.

Collaborating with New York University owned by the Maarif Foundation for the establishment of a Banking

With the agreement executed with Rural Credit Guarantee Fund, BKT funds the farmers in Albania with a 50% guarantee.

Department, BKT has agreed on a program in which scholarships and employment guarantees are granted to successful students.

In order to ensure the business continuity of the Fintech Group formed with the restructuring of the Information Technologies Department and to manage the intensive employee turnover in the information technologies sector, BKT formed the Fintech Academy. Providing banking education and part-time working opportunities to senior or master students of the best universities in addition to the engineering education provided by universities; the Bank aims to provide on-the-job experience to students and to create a sustainable resource for employment in this regard.

Preparing and providing product packages for the needs of different customer groups, BKT designed these packages for the customers to enjoy these products without the need for additional documents or procedures.

Quality Standards and Certifications

- In July 2019, Austrian company TÜV AUSTRIA granted BKT Albania a Quality Management System ISO 9001:2015 quality certificate for banking services.

Awards in 2019

- Award for the “Best Domestic Bank in Albania” presented by the prestigious British trade magazine EMEA Finance for the ninth consecutive year in 2019 April.
- In April 2019, BKT was awarded the “Best Bank in Albania of 2019” award by the American magazine Global Finance.
- For the seventh time in a row, BKT was awarded the “Best Bank of Albania” by Euromoney Magazine.
- JCR Eurasia affirmed BKT’s long term national credit rating as AAA (Alb)/Stable and its long term international foreign and local currency rating as BBB-.

- JCR Eurasia Rating confirmed BKT’s score of compliance with Albania’s Corporate Governance Code as 89.69 with a “Positive” outlook. According to JCR Eurasia Rating’s methodology and notational representation, the level of overall convergence of BKT with the principles of corporate governance corresponds to the AAA (Alb)/ Distinctive category and its degree to the level of a/Excellent.
- In November 2019, The Banker Magazine awarded BKT as the “Best Bank of the Year in Albania” award for the seventh time in a row after 2013 and for the 10th time in total.

Preparing and providing product packages for the needs of different customer groups, BKT designed these packages for the customers to enjoy these products without the need for additional documents or procedures.

Financial Summary (TL Million)	2017	2018	2019^(*)
Total Assets	13,800	20,819	25,499
Net Sales	577	833	949
Total Equity	1,476	2,297	2,884
EBITDA	312	456	493
EBITDA Margin (%)	54	55	52
Market Share in Total Assets (%)	27.9	29.4	27.1
Market Share in Deposits (%)	27.3	28.6	25.9
Market Share in Loans (%)	21.6	22.2	16.5

() After BKT Kosovo became an affiliate, its market share values are independently reported as BKT Albania as of 2019.*



DIGITAL SECTOR

As the youngest member of the holding, we are playing an effective role in designing a smart future.

As alık Digital, we continued to add value to our customers and our business partners to achieve sustainable success. While prioritizing long term success in our digital transformation projects, we aimed to make more economic, environmentally-friendly and efficient processes possible with our innovative solutions.

Emir Selimođlu

alık Digital - Sales Junior Associate





An Overview of the Digital Sector in 2019

In this period when the business models, ways of doing business and the competencies necessary to achieve success are constantly changing with digital technologies; artificial intelligence and automation systems are accompanying this transformation and all active sectors are affected by this transformation.

EXPENDITURES OF
TURKISH INFORMATION
TECHNOLOGIES IN 2019

17
USD Billion

2019 has been a year in which the information sector and digital transformation became more important, awareness was increased and the best practices were highlighted.

In this period when the business models, ways of doing business and the competencies necessary to achieve success are constantly changing with digital technologies; artificial intelligence and automation systems are accompanying this transformation and all active sectors are affected by this transformation. In order to ensure sustainable growth, getting hold of this rapid transformation wave is becoming more and more important day by day.

2019 has been a year in which the information sector and digital transformation became more important, awareness was increased and the best practices were highlighted.

According to the “Digital Turkey” report published by the Ministry of Science, Industry and Technology in 2018, digitalization has the potential to create efficiency and value at every stage of the value chain. Artificial intelligence, autonomous robots, big data and advanced analytics, cloud computing, augmented and virtual reality, Internet of Things, additive manufacturing, next-generation smart sensor technologies and cybersecurity are regarded as the advanced technologies which allow efficiency, quality and similar factors to reach higher levels.

In Turkey, important steps have been taken regarding the digitalization of processes, especially in the manufacturing sector. With the studies and events held in Organized Industrial Zones (OIZ), Technology Development Areas (TDA) and University Technoparks; significant

progress has been achieved in relation to the awareness for Industry 4.0 applications. The digital transformation awareness of SMEs was increased and investment grants and incentives were provided to enterprises for digital transformation in the manufacturing sector.

The development of digital technologies also enables the emergence of new occupations and job descriptions. In the field of automation, artificial intelligence and digital technologies, an increase of 3.1 million jobs is projected by 2030 in Turkey. It is thought that in the years to come; digital service designers, sustainable energy experts, cybersecurity experts and healthcare technicians supported with artificial intelligence will be included to the business life.

According to the “Technologies of the Future 2020” report published by the Technology Development Foundation of Turkey in December 2019, artificial intelligence, data-focused technologies and the internet of things are among the leading technologies. In the specified report, the importance of benefiting from these technologies in the rapidly changing and developing information age is highlighted.

2019 stands out as a year in which important investments were made in the field of information technologies in Turkey. According to the report of Information Technologies and Communication Institution, it is indicated that the information technology expenditure is around USD 17 billion in 2019.



Telecommunications, finance, public, production and retail come to the fore as the sectors that spend most on information technologies.

Turkey executes the “Digital Turkey” perspective, which prioritizes digitalization and user-oriented service delivery. The number of documents is reduced and services that facilitate the processes are provided with the services rendered in the electronic environment. Initiated

in 2008; the e-Government system reached 45 million users as of 2019 and can provide around 6 thousand services electronically. Furthermore, with the Digital Transformation Office of the Presidency of the Republic of Turkey established in the second half of 2018, which accelerated its activities as of 2019; studies regarding digital transformation (e-Government), cybersecurity, national technologies, big data and artificial intelligence have been gathered under the same structure.

Turkey executes the “Digital Turkey” perspective, which prioritizes digitalization and user-oriented service delivery.

In this era when the digital transformation became more popular and started to be used in the industry, Çalık Digital develops innovative and competitive products and services to resolve the problems regarding digital transformation.

Starting operations in early 2018, Çalık Digital increases efficiency in business processes with the internet of things, data science, digital twin, cybersecurity, sector-specific software, data center and infrastructure solutions it offers in the industrial field and therefore increases the product and service quality provided to the final user.

In this era when the digital transformation became more popular and started to be used in the industry, Çalık Digital develops innovative and competitive products and services to resolve the problems regarding digital transformation. Carrying out activities with the vision of creating unique value in the digital development and transformation of health, energy, production and public areas, Çalık Digital aims to be a reliable digital transformation business partner for the private sector and public institutions in Turkey and the neighboring geographies.

As the importance of data becomes clearer with Industry 4.0; the production strength of businesses as well as the added value they obtain from it are insufficient by themselves. With digital transformation, the data obtained has become processable and actionable. Data-oriented business models have been established to adapt to constantly changing and developing digital trends. Çalık Digital provides end-to-end integration by accompanying the digital processes of institutions with data-oriented solutions and consultancy services.

Industry 4.0 and artificial intelligence applications provide critical data to institutions and businesses and the big data obtained is transferred to digital environments. Every data transferred to the digital environment raises cybersecurity risks. Getting more and more complex every day, Cyber-attacks create serious security risks and can even affect government levels. With the solutions and services rendered in the cyber security area, Çalık Digital is positioned as one of the leading solution partners.

2019 Highlights

2019 has been a year in which Çalık Digital continued to be a digital transformation business partner in different geographies. Çalık Digital continues to offer value-added services including Industry 4.0 applications, sector-specific solutions, data and cloud solutions as well as system and network integration solutions.

The industrialist history of Çalık Holding as well as the deep experience it has gained by operating in different industries for many years and undertaking important and major projects provides Çalık Digital a competitive edge in industrial digital transformation projects. With this broad industry experience as well as the competence of its team in digital transformation projects, Çalık Digital analyzes the needs of its customers accurately and provides competitive solutions. Aiming to provide efficiency in many areas in line with the demands of the customers with an approach of fast returns in a short time, Çalık Digital continues to be a global business partner with its strong business partner ecosystem.

The industrialist history of Çalık Holding as well as the deep experience it has gained by operating in different industries for many years and undertaking important and major projects provides Çalık Digital a competitive edge in industrial digital transformation projects.

Çalık Dijital ve Bilişim Hizmetleri A.Ş.

Developing strategic e-health projects for the private sector and public institutions in the field of health, Çalık Digital aims to become one of the leading solution partners in this field.

Çalık Digital increases the operational efficiency of institutions with the digital transformation consultancy services it provides and contributes to the transition processes to more sustainable business models.

By providing digital transformation consultancy services in the service portfolio to production companies in different sectors, Çalık Digital carries out important studies in line with its goal of becoming a “digital transformation business partner” for the production sector. Accordingly, a strategic cooperation agreement was signed with the Istanbul Chamber of Industry (ISO) in December 2018. Within the scope of the Agreement, “Digital Transformation Maturity Analysis and Roadmap” consultancy services have started to be provided to 50 ISO member companies in the production sector as of 2019. With these consultancy services provided to the industrial companies, important contributions are made to increase the operational productivity of institutions and for their transition processes to more sustainable business models.

Developing strategic e-health projects for the private sector and public institutions in the field of health, Çalık Digital aims to become one of the leading solution partners in this field. With its expert and experienced team that has been involved in many strategic e-health transformation projects in Turkey as well as different geographies in addition to its global business partner ecosystem, Çalık Digital provides e-health solutions for hospitals, pharmacies and other institutions operating in the public and private sectors with its software, hardware and consultancy portfolio. After the implementation of these solutions, citizens receive a higher quality health service as the health service operations of the states become more efficient and effective.

The changing industry and increasing need for resource force the stakeholders in the energy industry to be digitalized. Offering digital solutions to increase the safety, productivity, accessibility and sustainability of energy production and distribution companies, Çalık Digital will continue its activities in Turkey and neighboring geographies in 2020 as well.

Çalık Digital participated in various fairs and seminars in 2019 in line with the countries and sectors it has targeted. Participating in seminars in surrounding geographies, Çalık Digital organized workshops with its business partners and customers and carried out feasibility studies.

Competitive Advantages

- Deep experience of Çalık Group
- Reliability associated with the “Çalık” brand
- Expertise and experience of Çalık Digital team in digital transformation projects
- Globally strong business partner ecosystem of Çalık Digital



CORPORATE MANAGEMENT

Companies affiliated to Çalık Group operate to add new ones to their sustainable successes with innovative practices. Moreover, Çalık Holding supports many projects to fulfill its responsibilities towards society and nature.





Corporate Management

Çalık Holding plans and conducts all its business processes in line with the principles of fairness, transparency, accountability and responsibility. It strives to create the highest possible value for its employees, customers, stakeholders and society as a whole in all company operations.

Acting with a common corporate culture in all sectors and geographies where they operate, Çalık Holding companies' synergy and the commitment of its employees to corporate goals enable the Group to achieve a determined, strong and reliable position in every sector it operates.

Çalık Holding plans and conducts all its business processes in line with the principles of fairness, transparency, accountability and responsibility. It strives to create the highest possible value for its employees, customers, stakeholders and society as a whole in all company operations.

Aiming sustainable growth in the business areas it focuses on by developing innovative business models, Çalık Holding acts with the commitment of creating permanent value in every geography where it conducts business. Çalık Holding implements pioneering projects for the society and business world, with the business processes, services and products it designs with adopted Industry 4.0, Society 5.0 and sustainability approaches.

Çalık Denim and Çalık Enerji have taken an important step in line with the understanding of adding value to human life in all geographies where Çalık Holding operates by becoming a signatory of the Global Compact, which recommends universal principles in order to create a common development culture in the business world.

Moving Forward Into the Future with Corporate Values

Since its establishment, Çalık Holding has maintained its dynamism and set a good example for the business world with its courage and determination, especially in exploring new business opportunities and implementing innovation in its existing businesses. A dynamic organization coupled with a top-quality workforce and highly qualified managers together create an exceptional competitive advantage for the Group.

The "Çalık" brand, which is built on Çalık Holding's entrepreneurial spirit and extensive know-how, is differentiated in domestic and international markets with the corporate values it represents. Each Group company embraces the brand values wholeheartedly; in turn, they reflect these values in their products and services while aiming for superior quality and productivity. The Group companies build their respective organizational structure upon the dynamic nature of the "Çalık" brand while they seek out and implement new investment opportunities and business practices.

Çalık Holding's Corporate Values

Implementing an effective human resources strategy, Çalık Holding hires result-oriented individuals who embrace the group's values, apply them to all business processes, continuously improve themselves, and propose new ideas.

The corporate values embraced and implemented by each member of the Çalık Holding Family include:

- Fairness,
- People-Oriented,
- Reputation,
- Work from the Heart,
- Innovation,
- Agility,
- Sustainability.

In all its past activities, Çalık Holding has always given top priority to the corporate values that form the basis of the powerful and trusted "Çalık" brand and will continue to do so in the future.

Çalık Holding companies successfully demonstrate the values embedded in the "Çalık" brand, on both national and international platforms. Being aware of their important role in representing Turkey, the Group's companies always strive to improve the country's strength and reputation.

Internal Audit

Çalık Holding Audit Group is responsible for conducting audits and where necessary, consultancy activities at Çalık Holding and Group companies on financial, operational, information and technical systems in accordance with the annual audit plan.

In order to carry out its activities in line with the principle of independence, Çalık Holding Audit Group functions directly under the Chairman of the Board of Directors in the organizational structure.

The Audit Group carries out all its activities in line with the International Internal Audit Standards (IIAS) as well as Çalık Holding policies and procedures, and periodically informs the Board of Directors and the Audit Committees about the outcomes of its studies.

Audit Group audits the Internal Control System of Çalık Holding and affiliates in line with the COSO standards and evaluates their effectiveness.

Adopting a risk-based audit approach, the Audit Group prepares the annual audit plan following the risk assessment model and in compliance with international standards. The annual audit plan is implemented after obtaining approval from the Chairman of the Board of Directors.

The Audit Group also contributes to efforts to establish and develop an Internal Control system to improve corporate governance practices across Çalık Holding and Group companies. By establishing an effective Internal Control system, the Group aims to ensure the accuracy and reliability of financial and operational data; compliance with laws, rules, regulations, Company procedures and contracts; protection of

Company assets; and to enhance the effectiveness and efficiency of the Group's operations.

The Audit Group reports its findings as a result of the audit works and the proposed action plans by reaching an accord with the audited companies. The Audit Group then presents its progress report on the implementation of the action plan and findings that do not yet warrant action to the Chairman.

In addition to the annual audit plan, inspection and investigation activities are performed on matters requested or deemed necessary by the Chairman of the Board of Directors or the Audit Committee. In the event of a risk, inspection/ investigation activities regarding misconduct and similar inaccurate actions are also carried out by the Audit Group.

The Audit Committees, which play a major role in corporate governance, aim to establish an effective internal control system across Çalık Holding and Group companies; oversee corporate governance practices; and help the Boards of Directors perform their duties and responsibilities related to auditing and supervision in an effective manner.

Additionally, the Audit Group initiated follow-up activities to ensure that management teams effectively implement the necessary improvement measures taken against any issues detected during the audits, and to monitor their progress. Audit reports and improvement efforts are overseen by relevant committees.

In 2017, Çalık Holding launched another important initiative, the "Ethics Line," to support and facilitate the implementation of the Group's Code of Ethics. The Group's employees and

stakeholders are now able to report any misconduct or violations that they observe, and these reports are recorded and stored. All employees have the right and the responsibility to report any actions or transactions that violate the Group's Code of Ethics to the Notification Officer via the Ethics Line. In 2019 the Ethics Line continued its activities effectively.

Furthermore, motivated by the principle of sourcing the qualified personnel requirements of the Group from within the Group, the Internal Audit Group embraces the notion of offering human resources developed within the scope of the Internal Audit to the benefit of the subsidiaries and thus primes the Internal Audit group personnel as all-rounders. To this end, the Group organizes internal and external training programs on a regular basis to improve employees' knowledge and experience.

Corporate Social Responsibility Activities

In 2019, Çalık Holding and Group companies continued their social responsibility activities in six different areas including education, innovation and entrepreneurship, social solidarity, environment, arts and sports.

NUMBER OF STUDENTS
REACHED WITH KEDS
ACADEMY

500+

Placing the principle of providing added value to the society in all countries where it conducts business, on the heart of its social responsibility approach, Çalık Holding and Group companies continued their social responsibility activities in six different areas including education, innovation and entrepreneurship, social solidarity, environment, arts and sports in 2019.

Education

Çalık Enerji has made classroom arrangements for the use of kindergarten students in the Tedzani Region of Malawi, where it undertakes the Tedzani-4 Hydroelectric Power Plant project.

Providing information on the electric distribution sector to students, YEDAŞ got together with Engineering Faculty students in “Omühendis Career Days” held by 19 Mayıs University. Also, YEDAŞ visited primary school students within the scope of “Energy Saving Week” to raise awareness of energy saving.

YEPAŞ supported the pre-school education students of Arakonak Elementary School located in Bulanık/ Muş and completed the repair works for the Alaçam Kızılan Elementary School in Samsun.

With the KEDS Academy project organized, managed and funded by KEDS with the support of the Public University of Pristina, Ministry of Education, Science and Technology and Istanbul Boğaziçi University to provide qualified employees to the energy sector, 50 students had the chance to participate in academic

programs as in the previous years. Within the scope of the program, the students received theoretical education from KEDS experts and Boğaziçi University professors and had the chance to have an internship period with the Company.

Within the scope of the “lessons on electricity efficiency” project, more than 500 elementary school students nationwide received insight on electricity efficiency with the lectures held in the Headquarters with the collaboration of KEDS Academy students and KEDS employees.

Besides, KEDS made a book donation to Termokiss Cultural Center and Venture UP Entrepreneurship Center.

With the mission of conducting social responsibility projects with the principle of social benefit, Aras EDAŞ provided stationery aid to four schools and 106 primary school students in Erzurum.

Closely following the agenda regarding industry developments, Gap Pazarlama got together with university students in “Career 19” career days held by Yeditepe University and made a presentation titled “Expectations of the textile sector from students.” The students participating in the event were allowed to have an internship period at Gap Pazarlama and the application of one student was accepted. Gap Pazarlama sent denim “school bags” to students in 25 schools located in Anatolia as a 25th-anniversary event.

Lidya Madencilik provided education scholarship to university students living in villages located in the Hod Mine Project area in Artvin as well as the students from Hacıömer Village inside the Balıkesir Polimetal Project area.

Çalık Holding and Group companies have placed the principle of providing added value to the society at the heart of their social responsibility approach.



ALBtelecom supported the “Young Programmers Space” competition on an online accessible platform where program writing is available in different programming languages.

Within the scope of the partnership with the Faculty of Integrated Studies with Practice (FASTIP) at Aleksandër Moisiu University, Durrës ongoing for 12 years, BKT employed 14 students way before their graduation between July-September in 2019.

BKT supported the Global Money Week event, in which students of all ages throughout Albania participated in many educational competitions regarding finance and money management.

BKT supported the Work & Study Fair organized by the Chamber of Commerce and Industry in partnership with the Municipality of Tirana and Sport & Education Ministry in the context of encouraging employment. BKT supports programs that are focused on the decrease in unemployment in the country to develop these programs.

Hosted by the University of New York Tirana (UNYT), BKT presented its newest projects to university students within the scope of its collaborations

with the university while UNYT granted scholarships to 10 of its most successful students and provided paid internships to 20 students.

BKT supported Luigj Gurakuqi University to organize a workshop on “Challenges of Regional Development” to consolidate the relations between the business world and the local public institutions.

In support of institutions that provide services to the community, and especially in the field of education, Banka Kombëtare Tregtare funded the two institutions to improve their working environments. Thanks to the uninterrupted cooperation with the Directorate of SUOGJ Koço Gliozheni, BKT donated computers to the employees of the institution. Banka Kombëtare Tregtare financially supported the Faculty by updating the student’s environment to improve the studying process.

BKT donated furniture to be sent to different public schools and it aimed to improve KEO’s social services donating two computers, two laptops and three printers for Kamza Education Office (KEO).

BKT offered employment opportunities for different positions in the banking sector as well as internships for students.

BKT supported the Global Money Week event, in which students of all ages throughout Albania participated in many educational competitions regarding finance and money management.

Corporate Social Responsibility Activities

In collaboration with Yıldız Technical University, one of the highest-ranked universities in Turkey, Çalık Holding organized an innovation competition titled “My First Job Entrepreneurship” for the fifth time in 2019.

Within the direction of its mission “creating digital transformation awareness;” Çalık Digital organized seminars in more than five Organized Industrial Zones together with the Istanbul Chamber of Industry.

Innovation and Entrepreneurship

In collaboration with Yıldız Technical University, one of the highest-ranked universities in Turkey, Çalık Holding organized an innovation competition titled “My First Job Entrepreneurship” for the fifth time in 2019. The purpose of the competition is to spread a culture of innovation among university students and encourage the development of new products and ideas.

Searching for innovative ideas to reward the theories and visions of talented young people with entrepreneurial skills and innovative spirit, ALBtelecom has launched the “SuperGeneration” Project.

ALBtelecom supported the “Friendly Wi-Fi” initiative in collaboration with the Municipality of Tirana and UNICEF. ALBtelecom offered Wi-Fi coverage at Tirana’s largest park for usage during walks by the artificial lake. Following this project, ALBtelecom implemented the second “Friendly Wi-Fi” project in Skanderbeg square.

For the second year in a row, ALBtelecom supported the organization of the Blockchain Society Meeting.

Within the direction of its mission “creating digital transformation awareness;” Çalık Digital organized seminars in more than five Organized Industrial Zones together with the Istanbul Chamber of Industry. During these seminars attended by many companies from the industry, the participants were informed about what is digital transformation, at what level we are as a country in digital transformation and what kind of a road map should be followed.



Social Solidarity

At the “İftarımızı Anadolu’da Açıyoruz” event, which was initiated by Çalık Holding in 2012, iftar meals were served to more than 60,000 people in Erzincan during the month of Ramadan in 2019.

Within the scope of the 150th-anniversary events of the Turkish Red Crescent, Çalık Holding supported the Hilâl-i Ahmer Collection, which was created to consolidate the trust and the sense of ownership in the society.

By determining that the most basic and immediate need of the local public living in Tedzani Region of Malawi, where it undertakes the Tedzani-4 Hydroelectric Power Plant project, Çalık Enerji has implemented the “Water Well Project” funded by itself.

In order to raise awareness on the importance of blood donation, YEDAŞ and Gap Pazarlama supported the “Blood Donation to Red Crescent Campaign” organized in their Headquarters.

YEPAŞ supported the “100 Young People in the 100th Year” Project organized with the collaboration of the Governorship of Samsun Coordination Center and the Presidency. Within the scope of the project, the high school students determined by the governorships of Ankara and Ardahan were transported to Samsun on May 19 and the Samsun City Tourism map was designed especially for the 100th anniversary of May 19.

KEDS participated in the blood donation event with the collaboration of the Kosovo National Blood Transfusion Center and the employees voluntarily donated blood to encourage donation.

In collaboration with NGO Down Syndrome Kosovo and NGO TOKA volunteers, KEDS employees came together with children with Down syndrome and painted one of the transformer stations in Pristina in various colors.



Besides, KEDS donated a total of 30 tablets to children in The Ideas Partnership, SOS Villages and the Oncology and Pediatrics Institution, prepared gifts to the students of two schools in Kosovo and continued their society and donation oriented activities by delivering these gifts to their owners before the New Year’s Eve.

Lidya Madencilik continued the project for the improvement and asphalt works of the 4.5 km road between Aşağımaden and Yukarımaden Villages in Artvin while supporting the construction-repair works of structures such as mosques and schools and assisted the villages within the Hod Mine Project in the maintenance and repair of the drinking and irrigation water lines of the villages.

By determining that the most basic and immediate need of the local public living in Tedzani Region of Malawi, where it undertakes the Tedzani-4 Hydroelectric Power Plant project, Çalık Enerji has implemented the “Water Well Project” funded by itself.

Corporate Social Responsibility Activities

Within the scope of the “Breath to the Future” campaign of the Ministry of Agriculture and Forestry; YEDAŞ fully supported the “planting the most saplings in 1 hour” record which is registered by Guinness.

In collaboration with NGO Down Syndrome Kosovo and NGO TOKA volunteers, KEDS employees came together with children with Down syndrome and painted one of the transformer stations in Pristina in various colors.

Completing the construction of the main access road of the Hacıöner Village Aşı Deresi Neighborhood in Balıkesir, Lidya Madencilik planted walnut saplings on the land determined by Bozbük Village Cooperative and before delivering it to the village cooperative.

ALBtelecom organized a blood donation campaign in collaboration with the Albanian Red Cross to help children with thalassemia.

Aiming to improve the quality of the public service, BKT donated a “queue system technology” to the Fier District Police Department, provided computer aid to the employees of the General Directorate of State Archives and sponsored various material purchases of the Land Forces and the Bunavi Military School. BKT has shown its support to the health sector by contributing to the reconstruction of campuses and the purchase of hospital equipment.

With the help of doctors and staff of the Albanian Red Cross, Banka Kombëtare Tregtare contributes and is always close to the health problems faced by different people whose lives depend on donated blood.

Down Syndrome Albania Foundation representatives attended the sale of postcards designed with paintings of children diagnosed with down syndrome at BKT’s Headquarters. Postcard incomes go to support the Therapeutic Services for Children with Disabilities near the center of Pro Pak children.

Children of the Development Center “Pëllumbat,” celebrated again the year-end holidays together with the staff of BKT and received presents within the scope of the event.

Environment

Within the scope of the “Breath to the Future” campaign of the Ministry of Agriculture and Forestry; YEDAŞ fully supported the “planting the most saplings in 1 hour” record which is registered by Guinness.





Inspired from the zero waste project initiated by the Ministry of Environment and Urbanization, YEDAŞ started using glass jugs and cups rather than plastic cups in 2019 and eliminated its impact on the environment by providing an average of 1.5 tons of recycling per year.

YEDAŞ employees raised “awareness” by visiting Samsun Metropolitan Municipality Animal Shelter on October 4th Animal Protection Day.

KEDS organized the plantation of 60 seedlings and 800 flowers donated for the gardens of three elementary schools in Ferizaj, Gjilan and Pristina within the scope of the Earth Day Event with the participation of more than 100 KEDS volunteers as well as many students and school members.

Aras EDAŞ continues its activities to protect the wildlife with the insulations made to energy transmission lines. Building nests for storks in the Karakoyunlu district of Iğdır, the

Company selected Ardahan, Kars and Bayburt as pilot regions for this project with the motto “Don’t Let Migrant Birds Die.”

In Ardahan province within Aras EDAŞ area, where harsh winter conditions prevail, teams have conducted a feeding event for wild animals that experience difficulty in finding feed.

Sports

Believing that participating in different sports activities improves lives and that sports contribute greatly to the health and happiness of each individual, BKT participated in the Tirana Marathon with its employees.

Gap Pazarlama participated in the 41st Istanbul Marathon with its Running Team.

YEDAŞ sponsors the Amasya Table Tennis Team.

In Ardahan province within Aras EDAŞ area, where harsh winter conditions prevail, teams have conducted a feeding event for wild animals that experience difficulty in finding feed.

Occupational Safety, Environment and Quality Policy

Çalık Holding ensures that effective policies and practices relating to quality, environmental protection, occupational health and safety are implemented across all companies under its umbrella, and obtains the required certifications for these systems.

Valuing all its employees as a member of Çalık Holding Family, the Group makes arrangements to minimize risks on occupational health and safety.

Making investments by following modern practices in quality, environment, occupational health and safety, Çalık Holding prioritizes quality, human and environment.

The Group companies show respect for people and the natural environment in all their operations. They strive to conserve natural resources, reduce waste, and prevent soil, air and water pollution.

Valuing all its employees as a member of Çalık Holding Family, the Group makes arrangements to minimize risks on occupational health and safety. Active participation of employees is ensured regarding occupational health and safety practices, which is updated on a regular basis.

Çalık Holding ensures that effective policies and practices relating to quality, environmental protection, occupational health and safety are implemented across all companies under its umbrella, and obtains the required certifications for these systems.

Quality Certifications of Group companies:

ÇALIK ENERJİ

- ISO 9001:2015
- ISO 14001:2015
- OHSAS 18001
- ASME A, S, U Stampları

YEDAŞ

- ISO 9001:2015 Quality Management System
- ISO 10002:2006 Customer Satisfaction Management System
- ISO 14001:2015 Environmental Management System
- OHSAS 18001:2007 Occupational Health and Safety Management System
- ISO 18295-1:2017 Customer Contact Center Management System
- ISO 27001:2013 Information Security Management System

YEPAŞ

- ISO 9001:2015 Quality Management System
- ISO/IEC 27001:2013 Information Security Management System
- ISO 10002:2014 Customer Satisfaction Management System

ARAS EPSAŞ

- ISO 27001 Information Security Management System
- ISO 10002 Customer Satisfaction and Complaints Handling
- ISO 9001 Quality Management System
- ISO 45001 Occupational Health and Safety Management System
- ISO 14001 Environmental Management System
- ISO 27019 Information Security Management Guidelines for Process Control Systems Specific to the Energy Utility Industry

GAP İNŞAAT

- ISO 9001:2015 Quality Management System Standard
- ISO 14001:2015 Environmental Management System Standard
- ISO 45001:2018 Occupational Health and Safety Management System Standard



ÇALIK DENİM

- ISO 9001 Quality Management System Certificate
- ISO 14001 Environmental Management System Certificate
- OHSAS 18001 Occupational Health and Safety Management System Certificate
- ISO 50001 Energy Management System Certificate
- ISO 27001 Information Security Management System Certificate
- BCI Membership
- Oeko-Tex Standard 100
- GOTS
- OCS
- GRS
- RCS
- Cotton the USA
- Nordic Swan Ecolabel
- EU Ecolabel
- AEOC (Authorized Economic Operator Certification)
- BCorp Certification ^(*)

^(*) In the application stage

GAP PAZARLAMA

- ISO 9001
- ISO 14001
- ISO 18001
- WRAP
- Sedex
- 6 Sigma
- AEOC (Authorized Economic Operator Certification)
- Oeko Tex 100
- BCI

LİDYA MADENCİLİK

- OHS&E Policy Commitment Certificate-ARTMİN
- OHS&E Policy Commitment Certificate-POLİMETAL

ALBTELECOM

- ISO 14001:2015
- OHSAS 18001:2007 (Occupational Health and Safety Management)
- ISO 27001:2013
- ISO 9001:2015
- ISO 50001:2011
- ISO/IEC 20000-1:2011

AKTİF BANK

- Card Payment Industry Data Safety Standard, PCI-DSS Certificate
- ISO 27001 Information Security Management System Certificate
- R&D Center License

BKT

- In July 2019, Austrian company TÜV AUSTRIA granted BKT Albania a Quality Management System ISO 9001:2015 quality certificate for banking services.

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Human Resources

Placing great importance on human resources, which play a central role in achieving corporate success, Çalık Holding strives to attain an employee profile that is innovative, solutions-focused and that can make use of high added value and advanced technologies effectively.

As of the end of 2019, 23,041 persons are employed in Çalık Holding including 5,649 white collars, 12,485 blue-collar and 4,907 subcontractor employees.

The main purpose of the Human Resources Policy of Çalık Holding is to achieve maximum success and to ensure sustainability in the sectors in which it operates by investing in a human resource that is loyal to the Company, that prioritizes corporate and ethical values and improves its personal and occupational competencies.

As of the end of 2019, 23,041 persons are employed in the Group including 5,649 white collars, 12,485 blue-collar and 4,907 subcontractor employees.

Placing great importance on human resources, which play a central role in achieving corporate success, Çalık Holding strives to attain an employee profile that is innovative, solutions-focused and that can make use of high added value and advanced technologies effectively. To this end, Holding strives to continuously support the professional development of Group personnel while working to increase their motivation and job satisfaction.

According to the approach of the executive management and the Human Resources policy, it is essential that the talent is trained within the Group and career management must be handled in this direction. In this regard, “New Graduate Programs” designed under the Holding and the Group companies are organized at certain periods in line with the needs. In the New Graduate Program implemented within the Holding and the Group companies in 2019; new graduates started their duties by completing their rotation programs.

Organizational activities that cement a sense of unity among employees, foster corporate loyalty, build team spirit, and promote the exchange of thoughts and feelings are proactively supported by Çalık Holding Executive Management. Besides, to ensure that the corporate culture is embraced by the Company employees and that their loyalty to the Company is consolidated, the activities under the Holding and the Group companies are administered by the Human Resources Department.

The Human Resources Department also devises the Human Resources Policy- which is implemented by all Group companies as well as all related human resources procedures and processes.

Updated in 2016, the Group values guide the Group in the Human Resources processes and targets as in all activities and communication models.

As a result of the employer brand researches and studies, the employer brand was created as “Smiling Faces of Çalık” as a strong reflection of the corporate culture.

After the brand is decided to become an employee brand, activities are carried out to strengthen the brand perception of internal and external stakeholders in relation to the Human Resources process and internal communication activities.

In parallel with the Group’s constantly growing and expanding organizational structure, modern human resources management processes and technologies are put in place, and organization-related modifications are made to meet evolving corporate needs efficiently and effectively. Furthermore, systems are set up to blend individuals’ careers with corporate targets. Çalık Holding strives to recruit and develop those highly skilled employees who will move the Group forward into the future.

In this regard, the digital transformation preparation work for the Human Resources Processes executed within the Holding and Group companies was completed in 2018. Within the scope of the roadmap and the schedule determined for 2019, the performance evaluation process, back-up process and the self-service system, in which the employees satisfy their needs related to Human Resources processes were developed and digitalized. In 2020, activities are ongoing for the digitalization of other processes.

Remuneration and Fringe Benefits Management Applications

Çalık Holding takes into consideration the key parameters of market wage rate and performance criteria when determining its compensation strategy. The Group’s compensation policy is shaped according to the scope and scale of the business, competitive conditions in the market, and budget criteria. While a remuneration system in which the contribution of individuals in achieving corporate goals is prioritized in line with the person’s responsibility level, there are fringe benefits made available and categorized according to title levels. The remuneration and fringe benefit activities to Group companies are kept up-to-date with their wage structures, market position and regular industrial researches.



Strategic Performance Management System

The Strategic Performance Management System is a mechanism that aligns individual goals and performance with the Company’s goals and strategies to bring the vision and mission to life.

A target-based performance management system is being applied in the Holding and the Group companies. The purpose is to maximize performance by evaluating employee performance against the company’s goals and strategies in an objective manner and accordance with common principles. A strategic performance management system forms a basis for remuneration, rewarding and career management processes.

The purpose is to maximize performance by evaluating employee performance against the company’s goals and strategies in an objective manner and accordance with common principles.

Human Resources

In 2019, the Human Resources Department has carried out programs in accordance with the Company’s strategies that aim to increase employee performance and internal communication and to support corporate training policies.

“Internal Instructors” were determined within the Holding and Group companies in 2018 and the program was designed and implemented. As of 2019, the structure is further consolidated and the program continued.

Training Management

Training needs are determined according to employees’ performance evaluation results and career management data. The Human Resources Department plans and executes training programs to improve employees’ corporate skills and professional competencies.

The Holding’s Human Resources Department also assumes the coordination and management roles in designing and implementing shared programs.

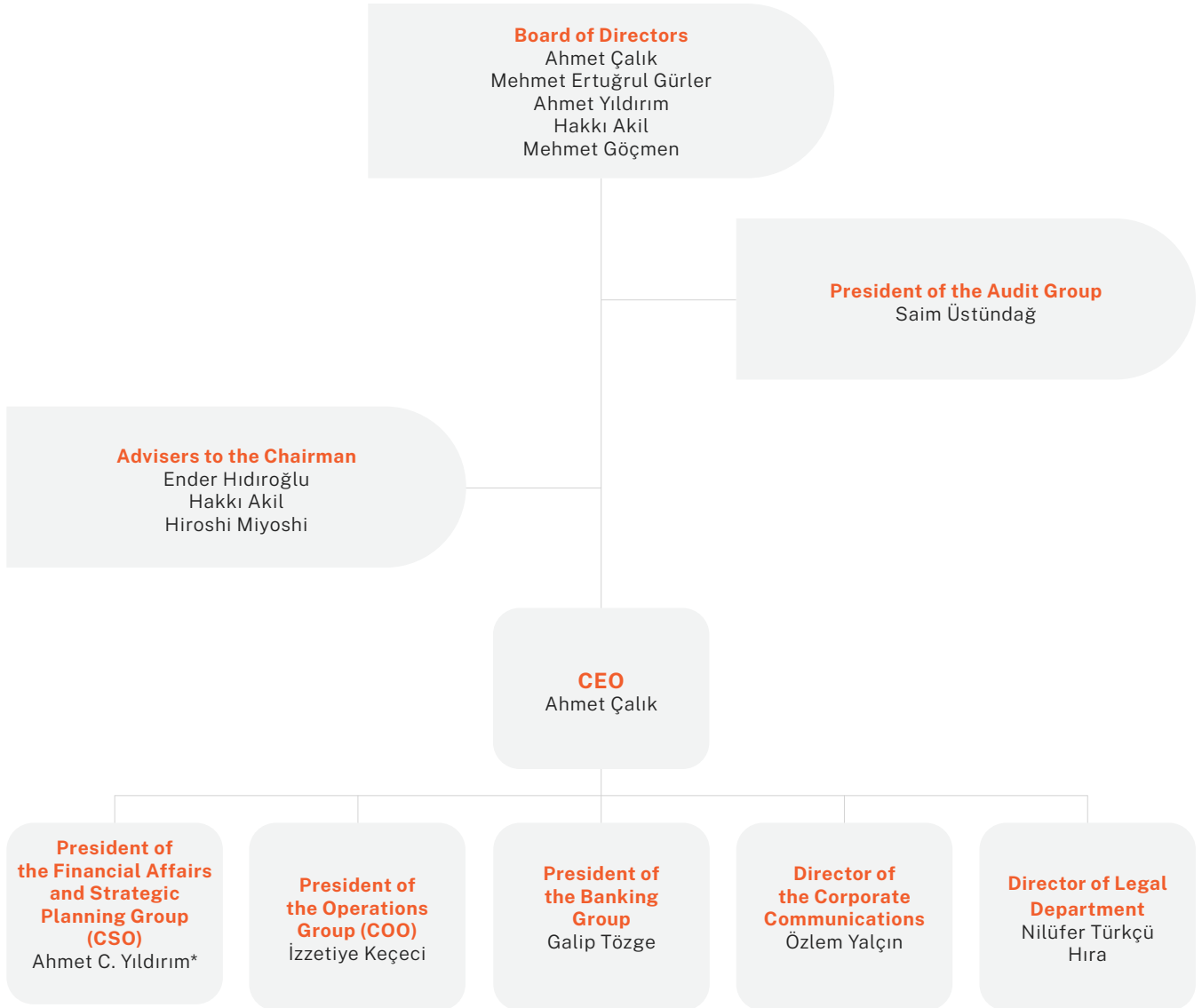
Training activities reflect long-term and deliberative steps in line with the career management strategies of the Group employees. Employees who advance their professional knowledge, skills, and improve their competencies are promoted to positions of higher responsibility.

In 2019, the Human Resources Department organized innovative corporate training programs in line with Company strategies, to boost employee performance, contribute to the advancement of the corporate culture and improve in-house communications.

Furthermore, with the importance given to sharing of experience and expertise within the Group, “Internal Instructors” were determined within the Holding and Group companies in 2018, the program was designed and implemented and as of 2019, the structure is further consolidated and the program continued.

Industry	White Collar	Blue Collar	White Collar+Blue Collar	Subcontractor	Total
Holding	141	-	141	85	226
Textile	410	9,998	10,408	86	10,494
Construction	262	61	323	1,626	1,949
Mining	56	35	91	89	180
Energy	1,489	2,325	3,814	1,843	5,657
Telecommunications	758	56	814	578	1,392
Finance	2,533	10	2,543	600	3,143
Total	5,649	12,485	18,134	4,907	23,041

Organization Structure



*Ahmet Yıldırım also serves as the Chief Financial Officer (CFO) by proxy.

Executive Management



AHMET YILDIRIM

Board Member, President of the Financial Affairs and Strategic Planning Group (CSO) and Chief Financial Officer (CFO) by Proxy

Graduating from Istanbul University, English Department of Economics in 1991 and completing the Harvard Business School General Management Program in 2012, Ahmet Yıldırım acts as the President of the Financial Affairs And Strategic Planning Group and Holding Board Member, responsible for finance, strategic planning, merger and purchasing, tax planning and investors relations since September 2014. Mr. Yıldırım has 24 years of experience in corporate banking, investment and treasury banking. Before joining Çalık Holding in 2014, he has served as CEO and Board Member at Yapı Kredi Bank Germany for five years. Ahmet Yıldırım also serves as the Chief Financial Officer (CFO) by proxy.



SAİM ÜSTÜNDAĞ

President of the Audit Group

Saim Üstündağ graduated from Middle East Technical University's Department of Economics in 1994, started his professional career at Arthur Andersen Turkey and then went on to join the Capital Markets Board in 1995 to serve in various posts. Completing his master's degree at the University of Illinois in the US, Mr. Üstündağ was entitled to Certified Public Accountant (CPA) certificate in the US. He was the General Secretary of Turkey Accounting Standards Board (Ministry of Finance) between 2005 and 2007 and Audit Department Partner at Deloitte Turkey between 2007 and 2014. Üstündağ holds various capital markets licenses including the SMMM (Independent Public Accountant) license, Corporate Governance Rating Specialist License and the Advanced Level License from the Capital Markets Board of Turkey. Since 2015, Saim Üstündağ has served as President of the Audit Group at Çalık Holding.



İZZETİYE KEÇECİ

President of the Operations Group (COO)

İzzetiye Keçeci was born in 1975 and graduated from International Relations at Istanbul University's Faculty of Economics in 1997. She began her professional career as a Customer Relations Representative at Gap Tekstil, a Çalık Holding company. Subsequently, she held various Human Resources positions at Group companies. İzzetiye Keçeci served as Human Resources Director at Çalık Holding between January 2009 and 2016. Since 2017, she is the President of Operations Group (COO) in charge of Human Resources, Organization, Process Development and Project Management Departments. Completing the Harvard Business School Executive Education Program and Boğaziçi University Human Resources Programs, İzzetiye Keçeci is also a Board Member at the Group company Gap İnşaat.



ENDER HİDİROĞLU

Adviser to the Chairman

Ender Hıdıroğlu graduated from Middle East Technical University's Department of Mechanical Engineering and held various positions at a range of companies, including GATEKS, UPISAS, SANKO, SASA, YURTAS, Paktaş and ISKO. After joining Çalık Holding in 1993, Mr. Hıdıroğlu worked at Gap Pazarlama as CEO for three years. He continued his professional career as CEO, Project Manager and Board Member at Gap İnşaat for 10 years. He acted as a senior executive and Member of the Board of Directors at Group companies of Çalık Holding. Hıdıroğlu is currently the Advisor to the Chairman of Çalık Holding.

Executive Management



GALİP TÖZGE

President of the Banking Group

Galip Tözge was born in 1967. He graduated from Marmara University's Department of Economics (English) and received an MBA from the University of Missouri (USA). He obtained his Master's Degree in Law from Bilgi University at the beginning of 2018 and commenced his banking career in 1993 at Citibank, and joined Akbank T.A.Ş. in 2002. He worked at Akbank and associated companies for 12 years serving in various senior management posts. Galip Tözge acted as the Assistant General Manager of Akbank and also Board Member of Ak Portföy Yönetimi A.Ş. and Ak Yatırım Menkul Değerler A.Ş. In 2015, he was appointed CEO at Aktif Bank and currently serves as President of the Banking Group at Çalık Holding and still acts as the President of Banking Group at Çalık Holding.



HIROSHI MIYOSHI

Adviser to the Chairman

Hiroshi Miyoshi was born in 1956 in Japan. After graduating from Waseda University, Political and Economic Department, he joined Mitsubishi Corporation in 1980. He served for Mitsubishi Corporation for 37 years and experienced various posts for project development and board members of subsidiary companies of Mitsubishi Corporation. He created a business model for developing business partnerships between Turkish and Japanese companies in the 1990s, he carried out some of the crucial infrastructure projects in the region. While he was serving as SVP, Chief Executive for Turkey, Central Asia and Caucasus of Mitsubishi Corporation, he served as the Chairman of the Japanese Society in Istanbul in 2013. Since 2017, Hiroshi Miyoshi has been serving as a senior adviser to the Chairman in Çalık Holding.



ÖZLEM YALÇIN

Director of the Corporate Communications

Özlem Yalçın graduated from Istanbul Technical University with an MSc in Engineering and started her professional career in 1992 at Wendy's as Regional Director. Ms. Yalçın worked at Gate Gourmet (USAŞ) as Sales and Marketing Manager from 1995 to 2000; at DDB Advertising Agency as Retail Group Director between 2000 and 2003; at Doruk Group as Marketing Manager from 2003 until 2005; at UNO as Marketing Manager between 2005 and 2007; and at Akbank as Vice President-Public Relations from 2007 to 2014. In 2014, she was appointed President for Sustainability and Corporate Communications at OMV Petrol Ofisi. As of 2015, Özlem Yalçın serves as Director of the Corporate Communications at Çalık Holding.



NİLÜFER TÜRKÇÜ HIRA

Director of Legal Department

Nilüfer Türkçü Hıra, graduated from İzmir Bornova Anadolu High School and West Point High School in the State of Virginia in the US and entered Law School at Istanbul University and graduated from the same university first with a Bachelor's, then with a Master's degree. She started her career in 2002 at Birsal Law Firm and worked at Paksoy Ortak Law Firm between 2014 and 2016. Nilüfer Türkçü Hıra provided consultancy services to various local and foreign banks, financial institutions and export loan institutions in their financing works. She joined Çalık Holding as a legal advisor at Lidya Madencilik in 2016 and has extensive experience in mergers and transfers, foreign investments, corporate and commercial transactions and agreements in various sectors including banking, insurance, energy, mining and media. Since 2017, Nilüfer Türkçü Hıra is the Chief Legal Counsel of Çalık Holding and she was appointed as the Legal Director of Çalık Holding in 2018. Nilüfer Türkçü Hıra is married with one child.

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