

Corporate Governance Rating

This report has been prepared by JCR-ER in compliance with the regulations of Capital Markets Board of Türkiye

Publication Date **26/06/2023**

Sector: Banking

TÜRKİYE HALK BANKASI A.Ş.

Ratings

| | | |
|----------------------------------|-------------|-------------------------|
| Overall Score | 9.46 | AAA(Trk)/aa (Positive) |
| Shareholders | 9.44 | AAA(Trk)/aa (Stable) |
| Public Disclosure & Transparency | 9.55 | AAA(Trk)/aaa (Stable) |
| Stakeholders | 9.66 | AAA(Trk)/aaa (Positive) |
| Board of Directors | 9.34 | AAA(Trk)/aa (Stable) |

Bank Profile

| | |
|--------------------|---|
| Trade Name | TÜRKİYE HALK BANKASI A.Ş. |
| Address | Barbaros Mahallesi, Şebboy Sokak No:4/1 34746 Ataşehir / İstanbul |
| Chairman | Mr. Recep Süleyman ÖZDİL |
| General Manager | Mr. Osman ARSLAN |
| Investor Contact | Phone: +90 216 503 70 70 halkbank.ir@halkbank.com.tr |
| Web | www.halkbank.com.tr |
| Investor Relations | Mr. Yusuf Duran OCAK |

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Bank Overview

Türkiye Halk Bankası A.Ş. (Halkbank or the Bank), **{credit ratings assigned by JCR Eurasia Rating on November 29, 2022: LC: AAA(Tr)/(J1+)(Tr) Stable}}** Established in 1938 with the aim of supporting craftsmen, Türkiye Halk Bankası A.S. (hereinafter referred to as "Halkbank" or "the Bank") consistently expanded its operations in line with the growth in the Turkish economy to become one of the country's leading banks offering wide ranging financial services with a prominent position in SME banking. As of FYE2022, the Bank conducts its operations through 1,032 domestic branches and 4,075 ATMs along with a country directorate and 5 branches in the TRNC, a branch in Bahrain and 2 representational offices in London, and Tehran.

The Bank's shares have been listed on the Borsa Istanbul (BIST) index since 2007 with a current free-float rate of 8.51% whilst the Turkish Wealth Fund is the qualified shareholder with a rate of 91.49% in 1Q2023. Turkish Wealth Fund represents the country's sovereign wealth fund and aims to promote the country's long-term economic growth and development through the effective management of state-owned assets.

The Bank's Board of Directors consists of 9 members, including the General Manager and three independent members whilst there are 14 committees operating under the Board which namely including audit, corporate governance, operational risk, credit, asset/liability management, remuneration and sustainability. The total number of employed personnel across the Bank's operations amounted to 20,781 as of FYE2022.

Strengths

- The existence of functional Investor Relations Department that acts as a bridge between the Bank and shareholders,
- Functional and transparent website in Turkish and English, containing comprehensive information for all stakeholders beyond requirement of legislation,
- Publishing an integrated annual report including environmental, social and governance performance alongside financial results,
- The net zero emissions commitment covering its direct operations as well as its loan and investment portfolio,
- Cooperation with the labor union on employee related issues,
- Establishment of numerous committees and policies for the Bank's operations,
- Presence of a comprehensive risk management, internal control system and internal audit activities structured in accordance with international practices, principles and organizational framework.

Constraints

- Absence of any clauses in the articles of association that broaden the exercise of minority rights beyond the current legislation for shareholders holding less than 5% of share capital,
- Lack of disclosure of the per-person remuneration of the top managers and the board members,
- Absence of an incentive system based on performance evaluation for Board Members,
- Share of women members (11%) on the Board not meeting the 25% threshold and there is no policy about this issue,
- The insurance amount against damages to the corporation that may be caused by faults of the board of directors during the performance of their duties is below 25% of the Bank's capital.

1. Rating Methodology and Executive Summary

This report was prepared in light of JCR Eurasia Rating's original methodological procedures in accordance with the Corporate Governance Principles (the code) set by the Capital Markets Board (CMB) and states Halkbank's level of compliance with Corporate Governance Principles as of June 2023.

The Capital Markets Board's Corporate Governance Principles were first made public in 2003. Important revisions and changes were made at the beginning of 2012, in January 3, 2014 and October 2, 2020 as detailed in the Communiqué II-17.1 (accessible on www.spk.gov.tr)

The CMB pursued a significant change regarding the methodology of calculation of compliance rating scores in the beginning of 2014. Based on the recent CMB legislation, the new scoring methodology consists of two stages in which companies are allocated a base and a full score. In the new system, companies are first assigned a base score with a maximum of 85 points determining their compliance with the rules and practices outlined in the Code. In the second stage, an additional 15 points may be awarded depending on the efficient implementation and value creation achieved through practices exceeding those specified in the principles. Practices not stated in the Code but determined by JCR Eurasia Rating as best governance practices are also taken into account in the assignment of additional points. With these changes, CMB put special emphasis on functional compliance along with structural compliance to the Code and scores are put under pressure mathematically as a result of the new calculation in two stages.

The Code consists of four main sections: Shareholders, Public Disclosure and Transparency, Stakeholders and Board of Directors. These main sections' coefficients, which were determined by the CMB, have been recently changed with the latest weight composition as outlined below;

- Shareholders: 25%
- Public Disclosure and Transparency: 25%
- Stakeholders: 15%
- Board of Directors: 35%

These coefficients were 25%, 35%, 15% and 25%, respectively, prior to 2014.

Subject to the preservation of the integrity of CMB regulations and regulations related to the Borsa İstanbul Corporate Governance Index and compliance with the limitations thereof, this report also covers topics such as implementations regarding "Outlook" determinations all of which exist in JCR Eurasia Rating's original methodological structure.

Findings and assessments within the content of the report are based on information and documents disclosed by the Bank to the public through various channels and also submitted to JCR Eurasia Rating in writing and verbal communication, as well as reports and statistics disclosed on Public Disclosure Platform (PDP).

Distinct levels of the 4 main categories regarding compliance with the CMB Corporate Governance Principles are exhibited in the following table. The overall score has been calculated based on weightings determined for these 4 categories in line with CMB regulations.

The general compliance level of Bank with Code as of June 2022, and the corresponding levels within the JCR Eurasia's notation were as follows;

| June 28, 2022 | | | | |
|------------------------------------|-----------------|-----------------------------------|----------------------------|---------------|
| Fields | Numerical Value | Convergence Level | Notch degree | Outlook |
| Shareholders | 94.37 | AAA (Trk) (Distinctive) | (aa) (Superior) | Stable |
| Public Disclosure and Transparency | 95.50 | AAA (Trk) (Distinctive) | (aaa) (Exceptional) | Stable |
| Stakeholders | 96.55 | AAA (Trk) (Distinctive) | (aaa) (Exceptional) | Stable |
| Board of Directors | 93.41 | AAA (Trk) (Distinctive) | (aa) (Superior) | Stable |
| Overall | 94.64 | AAA(Trk) (Distinctive) | (aa) (Superior) | Stable |

JCR Eurasia Rating's notation system may be viewed at:

<https://www.jcrer.com.tr/en/methodology/notations/corporate-governance-rating-notation>

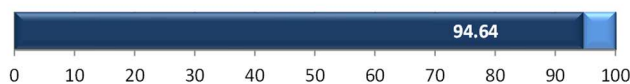
Finally, at the end of previous monitoring period, a comprehensive rating review was performed in June 2023. The Bank's overall compliance rating has not changed during the monitoring period and the previous level of compliance has been maintained.

The Bank's compliance level and their corresponding notes are outlined below:

- Numerical value of **9.46**
- Convergence Level **AAA(Trk)** representing the category of **"Distinctive Compliance"**
- Notch degree **(aa)** representing the category of **"Superior"**
- Outlook (**Positive**)

| June 26, 2023 | | | | |
|------------------------------------|-----------------|-------------------------------|------------------------|-----------------|
| Fields | Numerical Value | Convergence Level | Notch degree | Outlook |
| Shareholders | 94.37 | AAA (Trk) (Distinctive) | (aa) (Superior) | Stable |
| Public Disclosure and Transparency | 95.50 | AAA (Trk) (Distinctive) | (aaa) (Exceptional) | Stable |
| Stakeholders | 96.55 | AAA (Trk) (Distinctive) | (aaa) (Exceptional) | Positive |
| Board of Directors | 93.41 | AAA (Trk) (Distinctive) | (aa) (Superior) | Stable |
| Overall | 94.64 | AAA(Trk) (Distinctive) | (aa) (Superior) | Positive |

Overall Score %



Overall Result

9.46

AAA (Trk) / aa
Positive

Outlook

JCR Eurasia Rating is of the opinion that during the upcoming monitoring period following the publication date of this report the Bank will maintain its level of compliance on an overall basis. In addition, the outlook for the Stakeholders main section has been determined as **"Positive"**, taking into account the positive contribution that will be created by the commitment made at the Net-Zero Banking Union in 2022 to align the loan and investment portfolio with zero emissions by 2050.

2. Bank Overview

The roots of Halkbank date back to 1938 in accordance with the law numbered 2284 and dated 1933 and was established with the aim of providing financial support to small tradesmen and large industrialists under favorable terms. Having conducted its operations through the cooperatives in the period of 1938-1950, the Bank was empowered with the authority to open branches and allocate loans from 1950 onwards and increased its capital from the beginning of 1964 to expand its branch network across the country. Craftsman, small tradesman and SMEs constituted the initial target group of the Bank which gradually widened the scope of its operations.

Türkiye Öğretmenler Bankası (Töbank), Sümerbank and Etibank were transferred to Halkbank in 1992, 1993 and 1998 respectively. In line with the restructuring efforts implemented by the Common Board of the State-owned Banks in 2001, the Bank's organizational structure was changed to adopt modern banking practices as required by international competitive dynamics with the integration of customer-centered marketing activities. 96 branches of Türkiye Emlak Bankası was transferred to Halkbank in 2001 along with Pamukbank in the second half of 2004. The Bank underwent an Initial Public Offering on the Borsa Istanbul (BIST) index in 2007.

As of the report date, the Bank maintained its operations through wide-ranging business fields and country-wide branch network and representational offices based overseas. As of FYE2022, the Bank conducts its operations through 1,032 domestic branches and 4,075 ATMs along with a country directorate and 5 branches in the TRNC, a branch in Bahrain and 2 representational offices in London and Tehran. As of December 2022, the total number of employed personnel across the Bank amounted to 20,781.

The Turkish Wealth Fund (TWF) became the qualified shareholder following the acquisition of shares in March, 2017 with a rate of 51.11% whilst the remaining 48.89% of shares were traded on the Borsa Istanbul (BIST) index as of FYE2019. The paid-in capital was increased to TRY 7.18bn as of 1Q2023 with an increase in the share of Turkish Wealth Fund to 91.49%.

The Turkish Wealth Fund (TWF) was established in August, 2016 and has been operating under the

Presidency of the Republic of Türkiye since July, 2018 and aims to make a contribution to the country's economic stability and development, realize the more effective and efficient management of state-owned assets, attract greater foreign investor interest and enhance the diversity and depth of the country's capital markets and support sectors that are deemed to be strategically important nationally.

On an unconsolidated basis, as of FYE2022, Halkbank had an asset size of TRY 1,392bn (FYE2021: TRY 901bn), cash loans of TRY 843bn (FYE2021: TRY 540bn), total deposits of TRY 1,061bn (FYE2021: TRY 626bn), equity of TRY 90bn (FYE2021: 44bn) along with a net profit figure of TRY 14.75bn (FY2021: TRY 1.51bn). As of FYE2022, the Bank's market shares in the banking sector across the three segments of total assets, cash loans and deposits amounted to 9.7% (FYE2021: 9.8%), 10.7% (FYE2021: 10.5%) and 11.4% (FYE2021: 11.3%) respectively, indicating its systemic importance.

In line with its strategy, the Bank aims to increase specially designed product/service offering in addition to core banking activities and their provision to SMEs and personal banking customers with medium and upper-medium income segments, adopt a customer-centered high quality service provision approach, ensure effectiveness in credit and financial risk management along with efficiency in business processes through rich product portfolio and system/transaction security, enable continuous development and monitoring of employees through career and performance management systems, adoption of the corporate identity by the internal and external customers and provide high quality services in the field of international banking via its overseas branch network.

The Bank, which has a lot of companies operating in the financial services sector, has the following subsidiaries and affiliates: Halk Yatırım Menkul Değerler, Halk Gayrimenkul Yatırım Ortaklığı, Halk Finansal Kiralama, Halk Faktoring, Halk Varlık Kiralama, Halk Banka A.D. Skopje, Halkbank A.D. Skopje, Halkbank A.D. Beograd, Platform Payment Services and Electronic Money and Demir-Halkbank NV. The list and summary information of all subsidiaries in the Bank's portfolio are given in the table attached to this report.

The Board of the Bank consists of 9 members including the Chief Executive Officer (CEO) 1 of whom is a woman

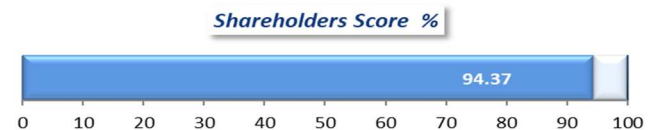
member along with 3 independent members. The Board meetings are held via physical attendance or in an electronic setting and the Board convenes at least once on a monthly basis. There are 14 committees operating under the Board which namely include audit, corporate governance, operational risk, credit, asset&liability, remuneration, sustainability, information systems strategy, information systems steering, information security, information systems continuity, information systems risk management, personal data protection, business continuity and emergency committees.

3. Shareholders

The Bank succeeded in maintaining its level of compliance in this main section in the previous monitoring period.

The Bank's compliance level in this section and their corresponding notes are outlined below;

- Numerical value is **9.44**,
- Convergence Level **AAA(Trk)** representing the category of **"Distinctive Compliance"**,
- Notch degree **(aa)** representing the category of **"Superior"**,
- Outlook **(Stable)**,



| |
|----------------------------|
| Shareholders Result |
| 9.44 |
| AAA (Trk) / aa |
| Stable |

Activities carried out during the monitoring period in the Shareholder field:

- ✓ Investor Relations specialists interacted with 393 analysts and institutional investors and participated in 88 meetings in Türkiye and abroad during the monitoring period.
- ✓ Playing an active role in protecting and exercising the right to obtain and review information and acting as a bridge between the Bank and

shareholders, the Investor Relations Department officials responded to more than two thousand questions and information requests from shareholders and potential investors via telephone and e-mail and made material issues available to shareholders via the website.

- ✓ The Investor Relations Department has prepared earnings call presentations on the Bank's quarterly financial results and has made them available to investors in Turkish and English on the Bank's website and has organized teleconferences with banking analysts.
- ✓ The Bank's general assembly meeting for the fiscal year 2022 has not yet been held.
- ✓ At the meeting of the Board of Directors of the Bank dated 21.03.2023, it was decided to increase the issued capital of the Bank amounting to TRY 4,969,120,730.29 by TRY 30,000,000,000 through a cash capital increase by fully restricting the preemptive rights of all existing shareholders through the private placement method, and on 29.03.2023, all shares were sold to the TurkishWealth Fund through a wholesale transaction in the Borsa Istanbul, and the capital increase was finalized. Throughout the whole process, investors were informed through regular PDP disclosures and all transactions were carried out transparently.
- ✓ Article 6 of the Bank's articles of association regarding capital was amended due to the capital increase.
- ✓ No special audit request was made by shareholders during the monitoring period.
- ✓ There are no privileges in the exercise of voting rights and it is stated in the articles of association that each shareholder will exercise voting rights in proportion to the total nominal value of his/her shares.
- ✓ The Bank's articles of association do not contain a provision on granting minority rights to shareholders holding less than one-twentieth of the share capital. Considering the size of the Bank's capital, the reduction of the one-twentieth minority share ratio determined in the provisions of the legislation will be considered positive in terms of corporate governance practices. On the other hand, the Bank pays attention to facilitate the exercise of minority rights.
- ✓ The Bank has disclosed its Dividend Distribution Policy on its website and no dividend was distributed to shareholders during the monitoring period.

- ✓ The Bank's Board of Directors, CEO and Deputy General Managers are not shareholders of the Bank.
- ✓ There are no restrictions preventing the transfer of shares.

Outlook

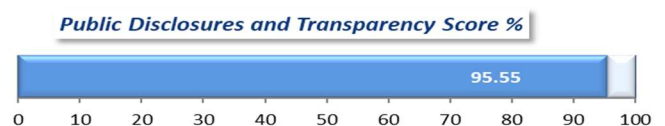
JCR Eurasia Rating is of the opinion that during the upcoming monitoring period following the publication date of this report the Bank will maintain its level of compliance in the Shareholders main section. For this reason, the outlook for this section has been determined as **"Stable"**.

4. Public Disclosure and Transparency

The Bank succeeded in maintaining its level of compliance in this main section in the previous monitoring period.

The Bank's compliance level in this section and their corresponding notes are outlined below;

- Numerical value of **9.55**,
- Convergence Level of **AAA(Trk)** representing the category of **"Distinctive Compliance"**,
- Notch degree (**aaa**) representing the category of **"Exceptional"**,
- Outlook (**Stable**)



| |
|--|
| Public Disclosure and Transparency Result |
| 9.55 |
| AAA (Trk) / aaa Stable |

Activities carried out during the monitoring period in this field:

- ✓ The Bank's website is constantly updated to ensure that investors and the general public have access to detailed information about the Bank. In addition to the information required to be disclosed pursuant to the legislation, the

website also includes earning call presentations and information about developments in many areas ranging from digitalization to sustainability.

- ✓ Information about shareholders who directly or indirectly own more than 5% of the shares is available on the Bank's corporate website.
- ✓ Many principles and policies that are important for stakeholders such as information, sustainability, environment, remuneration, profit distribution, donation and aid policies are disclosed on the website.
- ✓ The Bank's website is also prepared in English with the same content as Turkish for the benefit of international investors and is constantly updated.
- ✓ The Bank's quarterly financial statements were disclosed to the public within the time periods specified in the CMB legislation and published on the Bank's website in Turkish and English.
- ✓ A total of 235 notifications were made on the Public Disclosure Platform during the monitoring period.
- ✓ Corporate Governance Principles Compliance Report and Corporate Governance Information Form were disclosed on PDP.
- ✓ The Bank has prepared a comprehensive integrated report that includes the financial results for 2022, as well as non-financial performance touching many points such as sustainability, digitalization and stakeholder relations, in a highly compliant manner.
- ✓ The Bank continues to be included in the BIST Sustainability Index.
- ✓ The Bank's organizational structure, significant developments in its operations, and changes in senior management and board of directors are disclosed in a timely manner. No warning or penalty was received for incomplete or late disclosure.
- ✓ Remuneration of board members and executives with administrative responsibilities is disclosed collectively in the annual integrated annual report but not on individual basis.
- ✓ Obligations regarding administrative fines and irregularity penalties imposed by regulatory and supervisory institutions and other public institutions due to legislative incompatibilities were fulfilled by taking advantage of the discounts permitted by the legislation, and within this scope, TRY 5.66mn was paid.

- ✓ The Bank's 2022 financial tables were audited by the independent audit firm DRT Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. (a member firm of Deloitte). The same audit firm will continue to carry out independent audit activities in 2023.

Outlook

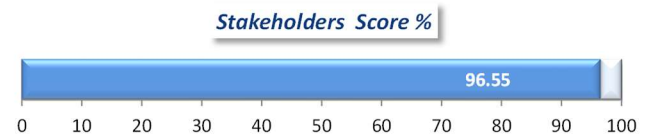
JCR Eurasia Rating is of the opinion that during the upcoming monitoring period following the publication date of this report, the Bank will maintain its level of compliance in the Public Disclosure and Transparency main section. For this reason, the outlook for this section has been determined as **"Stable"**.

5. Stakeholders

The Bank succeeded in maintaining its level of compliance in this main section in the previous monitoring period.

The compliance level of the Bank's practices in the field of stakeholders with the Code has been determined as below:

- Numerical value is **9.66**,
- Convergence Level **AAA(Trk)** representing the category of **"Distinctive Compliance"**,
- Notch degree **(aaa)** representing the category of **"Exceptional"**,
- Outlook (**Positive**)



| Stakeholders Result |
|---------------------|
| 9.66 |
| AAA (Trk) / aaa |
| Positive |

Activities carried out during the monitoring period in the Stakeholders field:

- ✓ The Bank has a policy on stakeholders and it is disclosed on the corporate web site. Stakeholders' rights are protected through agreements.

- ✓ The Bank has established the necessary mechanisms for stakeholders to inform the Corporate Governance Committee or the Audit Committee about the company's transactions that are contrary to the relevant legislation and unethical. In case of any violation of ethical principles, stakeholders can send an e-mail to etik@halkbank.com.tr or call the ethics hotline at 0(216) 503 50 50 50.
- ✓ There are no regulations supporting the participation of employees and stakeholders in management.
- ✓ Within the scope of the Bank's Human Rights and Human Resources Policy, which prevents all forms of discrimination, equal opportunity is provided to candidates in recruitment and promotion processes.
- ✓ Succession for key positions has been determined and efforts to determine succession policies and to create succession pools are ongoing.
- ✓ The Bank's employee turnover rate increased to 3.19% in 2022 (2021: 2.86%). There were 167 lawsuits filed against the Bank by the employees who left their jobs. Considering the number of employees of the Bank, the number of lawsuits filed against the Bank by employees is at a reasonable level.
- ✓ The Bank has been collaborating with Öz Finans-İş union for many years regarding the problems and demands of the employees.
- ✓ The Bank fulfills the requirements of the Occupational Health and Safety Law No. 6331 with the aim of providing a safe working environment for all employees, customers and visitors, protecting human health and minimizing losses that may occur during all operational activities.
- ✓ Continuing its efforts to increase customer satisfaction, the Bank introduced a one-to-one banking service model from the head office during the monitoring period. With this service model, employees can provide services by calling customers added to their portfolio, and can also answer customers' calls every time they call, thus enabling one-to-one relationship management. According to the results of the satisfaction survey conducted by the Bank, 87.37% of customers stated that they were satisfied with the service they received.

- ✓ Measures have been taken to ensure the confidentiality of trade secret information about customers and suppliers. Measures have been taken against cyber-attacks. There were no service interruptions or loss of information.
- ✓ The number of lawsuits conducted during the monitoring period was 638 and the total amount of these lawsuits was TRY 30.2 million.
- ✓ The Bank discloses important policies for stakeholders such as Sustainability, Environment, Social Responsibility and Public Relations Policy, Donation and Aid Policy, Stakeholders Policy, Code of Ethics on its website.
- ✓ The Bank determined its focus areas for 2022 in line with the Sustainable Development Goals (SDGs) adopted by the United Nations as women entrepreneurs, digitalization, creating value for the local economy and supporting the fight against climate change, and provided TRY 22.6 billion in financing support through the Women Entrepreneurs Loan Package.
- ✓ HalkBank joined the Net-Zero Banking Alliance (NZBA), a global cooperation established by the United Nations Environment Program Finance Initiative (UNEP FI) in 2022. With this participation, the Bank committed to align its loan and investment portfolio with net-zero emissions by 2050. In addition, it has set a "net zero" target for both its direct operations and portfolio emissions in the Science-Based Targets Initiative (SBTi), where companies declare scientific carbon emission reduction targets.

Outlook

JCR Eurasia Rating is of the opinion that during the upcoming monitoring period following the publication date of this report the Bank will maintain its level of compliance in the Stakeholders main section. In addition, the outlook for the Stakeholders main section has been determined as **"Positive"**, taking into account the positive contribution that will be created by the commitment made at the Net-Zero Banking Union in 2022 to align the loan and investment portfolio with net zero emissions by 2050.

6. Board of Directors

The Bank succeeded in maintaining its level of compliance in this main section in the previous monitoring period.

The Bank's compliance level in this section and their corresponding notes are outlined below:

- Numerical value is **9.34**,
- Convergence Level **AAA(Trk)** representing the category of "**Distinctive Compliance**",
- Notch degree (**aa**) representing the category of "**Superior**",
- Outlook (**Stable**)



Board of Directors Result

9.34

AAA (Trk) / aa
Stable

Activities carried out during the monitoring period in this field:

- ✓ The Bank's Board of Directors consists of 9 members, 3 of whom are independent, and only the General Manager has executive functions. During the monitoring period, there has been no change in the members of the Board of Directors and the distribution of duties of the current members.
- ✓ The Board of Directors has defined the Bank's strategic goals by considering the long-term interests of the Bank.
- ✓ The Board of Directors continued its internal control system activities in accordance with the scale and complexity of the Bank's operations. All planned internal audit and control activities were successfully carried out in 2022 and reported to the Bank's Board of Directors.
- ✓ The roles of the Chairman and Chief Executive Officer are separated and duties and authorities of the members of the board of directors are disclosed in the annual report.

- ✓ The Bank has renewed liability insurance for board members and senior executives. However, the insurance amount does not exceed 25% of the Bank's capital.
- ✓ One women member in the Board representing below 25% of the full number of members (11%) and the Bank does not have a plan to gradually increase the participation of female executives in the Board of Directors in the coming years.
- ✓ Bülent Mutlu resigned from his position as Assistant General Manager of Credit Policy Monitoring and Specialized Credits and was replaced by Tahir Demirkıran.
- ✓ During the monitoring period, 45 Board of Directors meetings were held. The Board of Directors Office Services Department performed sufficient activities on the preparation, implementation and follow-up of the Board of Directors meetings. The necessary services were provided to the members by the Department and the minutes were kept in accordance with the legislation.
- ✓ There are 14 separate committees under the Board of Directors, namely audit, corporate governance, operational risk, credit, asset/liability, remuneration, sustainability information systems strategy, information systems steering, information security, information systems continuity, information systems risk management, personal data protection, business continuity and emergency committees.
- ✓ Considering the number of members of the Bank's Board of Directors, a Board Member can serve on more than one committee.
- ✓ Four sub-committees of the Board of Directors are chaired by independent members.
- ✓ Number of meetings held by the committees during the monitoring period is as follows; audit committee 43, corporate governance committee 2, operational risk committee 4, credit committee 44, asset liability 14, remuneration committee 1, sustainability committee 5, information systems strategy committee 1, information systems steering committee 2, information security committee 1, information systems continuity committee 2, information systems risk management committee 1, personal data protection committee 3, business continuity and emergency committee 1.

- ✓ The board of directors has not conducted a board performance evaluation to review whether it has discharged all its responsibilities effectively.
- ✓ No lawsuits were filed against the Board of Directors by shareholders.
- ✓ The amount of remuneration paid to the members of the Board of Directors and senior executives was disclosed as a whole in the annual report for 2022, but no individual details were provided.

Outlook

JCR Eurasia Rating is of the opinion that during the upcoming monitoring period following the publication date of this report the Bank will maintain its level of compliance in the Board of Directors main section. For this reason, the outlook for this section has been determined as **"Stable"**.

TABLE: 1

SHAREHOLDING STRUCTURE

| Years | 2019 | 2020 | 2021 | 2022 | 1Q2023 |
|------------------------------|------------------|------------------|------------------|------------------|------------------|
| Paid Capital (000TRY) | 1,250,000 | 2,473,776 | 2,473,776 | 4,969,121 | 7,184,778 |
| Shareholders (%) | | | | | |
| TURKISH WEALTH FUND | 51.106 | 75.294 | 75.294 | 87.701 | 91.494 |
| LISTED | 48.887 | 24.703 | 24.703 | 12.298 | 8.505 |
| OTHERS | 0.007 | 0.003 | 0.003 | 0.001 | 0.001 |
| Total | 100 | 100 | 100 | 100 | 100 |

TABLE: 2
AFFILIATES & SUBSIDIARIES (as of 1Q2023)

| Company Name | Headquarters | Fields of Activities | Interest Share % | Acquisition Date |
|--|-----------------|-----------------------------|------------------|------------------|
| HALK YATIRIM MENKUL DEĞERLER A.Ş. | Türkiye | Brokerage | 100.00 | 1997 |
| HALK GAYRIMENKUL YATIRIM ORTAKLIĞI A.Ş. | Türkiye | Real Estate Investment | 79.33 | 2010 |
| HALK FİNANSAL KİRALAMA A.Ş. | Türkiye | Leasing | 100.00 | 1991 |
| HALK BANKA A.D., SKOPJE | North Macedonia | Banking | 99.56 | 2011 |
| HALK FAKTORING A.Ş. | Türkiye | Factoring | 100.00 | 2012 |
| HALK BANK A.D. BEOGRAD | Serbia | Banking | 100.00 | 2015 |
| HALK VARLIK KİRALAMA A.Ş. | Türkiye | Islamic Equivalent of Bonds | 100.00 | 2017 |
| PLATFORM ÖDEME HİZMETLERİ VE ELEKTRONİK PARA A.Ş. | Türkiye | Financial Services | 100.00 | 2019 |
| DEMİR-HALKBANK (NEDERLAND) N.V. | Netherlands | Banking | 30.00 | 1992 |
| KOBİ GİRİŞİM SERMAYESİ YATIRIM ORTAKLIĞI A.Ş. | Türkiye | Venture Capital Investment | 31.47 | 2004 |
| YILDIZ TEKNO GİRİŞİM SERMAYESİ YATIRIM ORTAKLIĞI A.Ş. | Türkiye | Venture Capital Investment | 35.79 | 2022 |
| BİRLEŞİM VARLIK YÖNETİM A.Ş. | Türkiye | Financial Services | 16.00 | 2023 |
| KKB KREDİ KAYIT BÜROSU A.Ş. | Türkiye | Financial Services | 18.18 | 2002 |
| BİLEŞİM FİNANSAL TEKNOLOJİLER VE ÖDEME SİSTEMLERİ A.Ş. | Türkiye | Financial Services | 33.33 | 1998 |
| BANKALARARASI KART MERKEZİ A.Ş. | Türkiye | Financial Services | 9.28 | 1990 |
| JCR AVRASYA DERECELENDİRME A.Ş. | Türkiye | Financial Services | 2.86 | 2020 |

TABLE: 3

BOARD OF DIRECTORS

| Name | Task | Expertise | Date Elected | Experience (Year) | Education | Executive /Non-Executive | Independent/Non-Independent | Committee Membership |
|----------------------|-----------------|-------------------|--------------|-------------------|-------------------|--------------------------|-----------------------------|--|
| Recep Süleyman ÖZDİL | Chairman | Banker | 28.08.2015 | 39 | Bachelor's Degree | Non-Executive | Independent | Audit Committee Chairperson, Corporate Governance Committee Chairperson |
| Mevlüt UYSAL | Deputy Chairman | Lawyer | 27.05.2019 | 32 | Bachelor's Degree | Non-Executive | Independent | Audit Committee Member, Credit Committee Member |
| Osman ARSLAN | Member, CEO | Banker | 08.06.2017 | 28 | Master Degree | Executive | Non-Independent | Credit Committee Chairperson |
| Şeref AKSAÇ | Member | Banker | 26.03.2021 | 41 | Bachelor's Degree | Non-Executive | Non-Independent | Corporate Governance Committee Member, Credit Committee Member |
| Meltem TAYLAN AYDIN | Member | Banker | 08.06.2017 | 15 | Bachelor's Degree | Non-Executive | Non-Independent | Remuneration Committee Member |
| Mesut KARAKAŞ | Member | Academician | 25.03.2022 | 15 | PhD | Non-Executive | Independent | Remuneration Committee Chairperson, Sustainability Committee Chairperson |
| Maksut SERİM | Member | Banker | 08.06.2017 | 46 | Master Degree | Non-Executive | Non-Independent | Credit Committee Reserve Member |
| Ebubekir ŞAHİN | Member | Civil Servant | 12.06.2020 | 28 | Master Degree | Non-Executive | Non-Independent | Sustainability Committee Member |
| Sezai UÇARMAK | Member | Customs Inspector | 27.02.2019 | 36 | Bachelor's Degree | Non-Executive | Non-Independent | Credit Committee Reserve Member |

Rating Info

| | |
|---|---|
| Rated Company | : Türkiye Halk Bankası A.Ş. Barbaros Mahallesi, Şebboy Sokak No:4/1 34746 Ataşehir/İstanbul Telephone: +90 216 503 70 70 |
| Rating Report Preparation Period | : 01.06.2023-22.06.2023 |
| Rating Publishing Date | : 26.06.2023 |
| Rating Expiration Date | : 1 full year after publishing date, unless otherwise stated |
| Previous Rating Results | : 'June 28, 2022 / Overall score / (9.46) AAA(Trk)' Other rating results for the Company are available at www.jcrer.com.tr |
| Rating Committee Members | : Ş.Güleç (Executive Vice President), B. Pakyürek (Manager), K.F. Özüdoğru (Manager) |