

TÜRKİYE HALK BANKASI A.Ş. REMUNERATION AND QUALIFIED EMPLOYEE POLICIES

1- PURPOSE AND SCOPE OF POLICIES

1.1 - Remuneration Policy

The main purpose of the remuneration policy is to determine the rules and procedures that will prevent taking excessive risk and contribute to effective risk management for ensuring the harmony of the Bank's remuneration practices with the Bank's strategies, long-term objectives and risk structure within the framework of the Regulation on Corporate Governance Principles of Banks published by the Banking Regulation and Supervision Agency and the Communiqué on the Determination and Implementation of Corporate Governance Principles published by the Capital Markets Board.

Remuneration Policy identifies remuneration principles and rules that apply to all employees of the Bank including Director General and Deputy Directors General.

Should there be a union with which the bank has agreed and, in turn, a collective bargaining agreement enters into force, the remuneration and personal rights of the employees to which the collective bargaining agreement will apply shall be determined by the collective bargaining agreement.

- Covered employee refers to those who are members of a union and subject to the provisions of this agreement, with the titles determined in the collective bargaining agreement,

- Uncovered employee refers to those who are not subject to the provisions of the collective bargaining agreement.

Payments made to covered employees but not regulated by a collective bargaining agreement and remuneration and personal rights of all uncovered employees shall be determined by this policy document.

1.2 - Qualified Employee Policy

The main purpose of the qualified employee policy is to identify the rules and procedures for determining qualified employees and relevant criteria taken into consideration within the context of the "Guideline on Good Remuneration Practices in Banks" published by the BRSA.

A qualified employee refers to an employee of the bank who performs a function that has a significant impact on the Bank's risk profile. Since a good governance system in banks can only be established through organizing an effective risk management and ensuring effective communication, transparency and accountability, the Bank attaches importance to the identification and classification of qualified employees.

Personnel holding the following titles are determined as qualified employees by the Bank.

- ✓ Members of the Board of Directors
- ✓ Deputy Directors General
- ✓ Heads of Groups
- ✓ Chairman of the Inspection Board
- ✓ Head of the Internal Control Department
- ✓ Head of the Risk Management Department
- ✓ Head of the Compliance Department

2- BASIC RULES AND PRINCIPLES OF REMUNERATION

The remuneration of managers and employees at all levels shall be in line with the Bank's ethical values, internal harmony and strategic objectives and shall not be associated solely with the Bank's short-term performance. The remuneration policy and practices are among the factors that are attached importance for ensuring employee loyalty and improving their performance. When identifying the remuneration policy developed to protect our high-performing employees, the wage balance within the Bank, budgetary restrictions and sectoral data shall be taken into account.

When designing a model for wages and bonuses of employees, the position of the bank in the sector shall be taken into account based on the results of banking sector wage surveys conducted by independent institutions.

Payments to the Bank's senior management and other personnel may be based on the Bank's performance, however, such payments shall subject to objective conditions that will have a positive impact on the Bank's corporate values.

The Remuneration Committee consists of two non-executive Board Members. The Committee monitors, controls and evaluates on an annual basis the remuneration policies and practices on behalf of the Board of Directors

within the framework of risk management and submits its proposals to the Board of Directors through a report.

The bank's senior management shall be responsible to the board of directors for the effective execution and management of the bank's remuneration practices within the framework of the relevant legislation and this Policy.

The board of directors shall ensure that the wages to be paid to the members of the board of directors, senior management and other employees be in line with the ethical values, internal balances and strategic objectives of the bank. These wages are not based on banks' short-term performances, such as profit and income. Remuneration of the members of the committees that consist members of the board of directors shall be made taking into account the responsibilities undertaken.

The duties and actions related to the preparation, publication, updating, effective implementation and follow-up of the bank's implementation rules and procedures regarding remuneration shall be undertaken, managed and coordinated by the human resources management in accordance with the relevant legislation and this policy.

All remuneration systems and schemes shall be evaluated in terms of the impact they have on the development of the overall reputation of the company. Since customers are considered as the main focus of the mission, remuneration systems focus on the satisfaction of internal and external customers.

Remuneration systems are designed and implemented in a way that in no way lead to risk-taking behaviors beyond the Bank's strategic risk appetite.

Wages of the members of the board of directors and the members of the supervisory board are determined by the general assembly, depending on whether or not they have a public duty. The rules and procedures for determining the extra wage of the member of the board of directors, who is also serving as the director general, due to his/her executive position shall be determined by the board of directors.

The wages of other qualified employees shall be determined by the Remuneration Committee, which consists of at least two members of the board of directors who do not have executive duties and who have sufficient knowledge and experience about the entire remuneration policies and internal systems.

2.1. Wage Increase

Wage increases of covered employees shall be determined by the collective bargaining agreement made with Öz Finans-İş Union whereas wage increases of uncovered employees shall be determined by the board of directors.

When calculating the budget increase for periodical wage increases, previous inflation rates, areas in which competitive policies will be applied and the Bank's position in the sector shall be taken as a basis. The budget in relation to the wage increase is submitted to the approval of the Bank management.

Other criteria taken into consideration by the Bank for the determination and implementation of wage increases are as follows:

- To ensure wage equality, it is aimed that employees who perform similar duties receive similar wages and that variations are based on individual performances.
- To reward employees for their high performance, employees, who have a wage below the Bank's average range and who perform well, receive higher wage increases according to their wage level.
- The wages of all our employees are managed in accordance with wage intervals determined for each level.
- It is essential to keep wages and other fringe payments at the Bank private and confidential. Employees who violate such confidentiality shall be subjected to disciplinary procedures.

2.2. Remuneration package

Employees of the Bank are paid an extra wage, that corresponds to their monthly gross wages, in January, April, July and October (*for the following 3-month period*) as well as other fringe payments, such as food allowance, language allowance, etc.

Amounts of such allowances to be paid and principles to be applied accordingly shall be determined by the collective bargaining agreement for covered employees and by the board of directors for uncovered employees.

2.3. Performance Bonus

Performance bonus shall be determined on the basis of objective criteria and related payments shall be made for increasing the efficiency of employees in achieving corporate objectives, ensuring performance continuity, distinguishing successful employees by rewarding their individual performance, and rewarding employees who create added value for the Bank.

Payments based on performance cannot be guaranteed in advance. For performance bonus payments, the performance of the employees in the previous period shall be considered.

Rules and procedures regarding making no performance bonus payment due the inappropriate behaviors or behaviors that are subject to disciplinary procedures shall be included in the Bank's regulations.

3 - ENFORCEMENT

This policy shall enter into force as of 24.12.2019. Any changes and updates which may be made in the policy in accordance with changing conditions shall enter into force upon the approval of the Board of Directors.