

Corporate Governance Rating

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

Publication Date: 16/07/2020

Sector: Banking

TÜRKİYE HALK BANKASI A.Ş.

Ratings

Overall Score	9.43	AAA(Trk)/aa (Stable)
Shareholders	9.44	AAA(Trk)/aa (Stable)
Public Disclosure & Transparency	9.55	AAA(Trk)/aaa (Stable)
Stakeholders	9.52	AAA(Trk)/aaa (Stable)
Board of Directors	9.31	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

Analyst

Dinçer Semerciler

+90 212 352 56 73

dincer.semeciler@jcrer.com.tr

Bank Overview

Financial Data	2019*	2018*	2017*	2016*	2015*
Total Assets (000,000 USD)	78,881	73,966	81,712	67,246	65,437
Total Assets (000,000 TRY)	468,571	389,130	311,354	236,654	190,265
Total Deposits (000,000 TRY)	300,637	250,549	193,253	150,390	122,499
Total Net Loans (000,000 TRY)	306,815	260,079	208,279	161,434	129,067
Equity (000,000 TRY)	32,159	29,525	26,313	22,007	19,312
Net Profit (000,000 TRY)	2,305	2,698	4,185	3,018	1,787
Market Share (%) **	10.18	9.79	9.37	8.47	7.96
ROAA (%)***	0.57	0.87	1.92	1.75	1.30
ROAE (%)***	7.86	10.95	21.73	18.04	12.55
Equity/Assets (%)	6.86	7.59	8.45	9.30	10.15
CAR - Capital Adequacy Ratio (%)**	14.33	13.80	14.18	13.08	13.83
Asset Growth Rate (Annual) (%)	20.41	24.98	31.57	24.38	21.19

*consolidated year-end IFRS compliant financials, **sob basis, ***pre-tax profit to avg. total assets and equity

Türkiye Halk Bankası A.Ş. (Halkbank or Bank), {credit ratings assigned by JCR Eurasia Rating on October 31, 2019: LC: AAA(Trk)/(A-1+)(Trk) 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 FYE2019, the Bank conducts its operations through 1,000 domestic branches and 4,051 ATMs along with a country directorate and 5 branches in the TRNC, a branch in Bahrain and 3 representational offices in London, Singapore and Tehran.

The Bank's shares have been listed on the Borsa Istanbul (BIST) index since 2007 with a current free-float rate of 24.71% whilst the Turkish Wealth Fund is the qualified shareholder with a rate of 75.29% following the increase in the paid-in capital to TRY 2.47bn in May, 2020. 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 6 sub-committees namely including audit, operational risk, asset and liability management, corporate governance, remuneration and sustainability. The total number of personnel employed across the Bank's operations amounted to 18,967 as of FYE2019.

Strengths

- Well-prepared contingency plans against emergent and unexpected circumstances
- Presence of a comprehensive and effective risk management and internal control system
- High level of effectiveness in internal audit activities
- Effective and transparent website in both Turkish and English
- Effective Board of Directors comprised of highly qualified, educated and experienced members
- Directors and Officers Liability Insurance Schemes covering the top management

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.
- Share of women members on the Board not meeting the 25% threshold

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 July 2020.

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 and again on January 3, 2014, as detailed in 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 has placed special emphasis on functional compliance along with structural compliance with the Code and scores have been depressed 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 outlined below;

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

These coefficients were 25%, 35%, 15% and 25%, respectively, in the previous years.

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 and “**Financial Efficiency**” analyses, 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 verbally, 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 Bank’s compliance level and their corresponding notes are outlined below:

- Numerical value of **9.43**
- Convergence Level **AAA(Trk)** representing the category of “**Distinctive Compliance**”
- Notch degree **(aa)** representing the category of “**Superior**”
- Outlook **(Stable)**

July 16, 2020				
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	95.20	AAA (Trk) (Distinctive)	(aaa) (Exceptional)	Stable
Board of Directors	93.11	AAA (Trk) (Distinctive)	(aa) (Superior)	Stable
Overall	94.34	AAA(Trk) (Distinctive)	(aa) (Superior)	Stable

JCR Eurasia Rating’s notation system may be viewed at: http://www.jcrer.com.tr/Upload/Files/Reports/538_kyder_notation_oct2010.pdf

Overall Score %



Overall Result

9.43

AAA (Trk) / aa

Stable

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. For this reason, the outlook for the Bank has been determined as **“Stable”**.

2. Turkish Banking Sector and Bank Overview

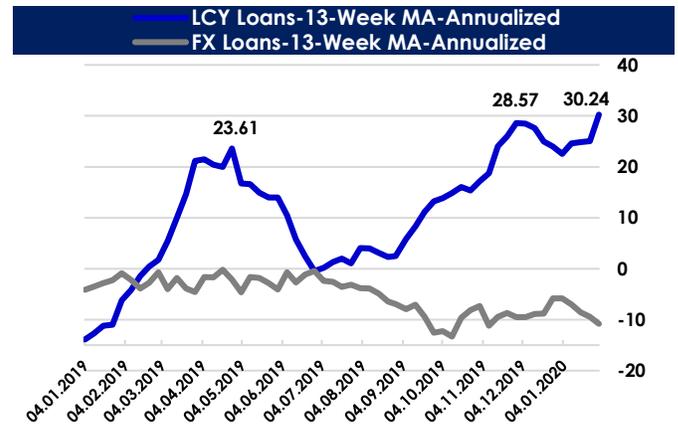
The Banking sector of Turkey is the core foundation of the financial system and the main funding source of the economy as the yet developing capital markets lag considerably behind. As such, the stability, resilience and growth prospects of the banking system is instrumental in any projection concerning the macroeconomic outlook of Turkey. In this review, we focus on the loan growth and portfolio health, capital adequacy, profitability projections and risk exposure & management of the banking sector.

Turkish Banking Sector operates with 51 banks maintaining 11,300 branches within the country (74 abroad). ATM network is comprehensive, exceeding 49K as of December 2019. The sector employs a workforce of circa. 204,000. According to the Banks Association of Turkey 3Q2019 data, top 5 banks account for 56.28% of total assets, 57.69% of deposits and 61.43% of total loans.

Banking system of Turkey has found its footing again, once more proving its resilience to shocks and headwinds in both domestic and international markets. Following the

onset of the sharp currency depreciation in August 2018 and subsequent interest rate hikes by the CBRT, domestic lending had fallen considerably. However, the rates have fallen first incrementally and then sharply by the first and second quarters of 2019, as CBRT initiated a monetary easing accommodated via moderating inflation outlook and stabilized exchange rates. The loan book growth, ceased upon the onset of the aforementioned developments, picked up particularly since 1Q2019 and despite a pause, remains strong throughout the year-end. Recovery of economic activity subject to the timely ending of the global Covid-19 pandemic and falling interest rates and asset quality are expected to underpin the outlook of the Sector throughout 2020.

Banking sector loans exceeded TRY 2.6 trillion as of FY2019, compared to TRY 2.4 trillion FY2018. The loan growth was not steady throughout the year, as depicted in the chart below, with state-owned banks doing the heavy lifting and leading the lending growth with aggressive rates. The private banks and rest of the market followed suit however, boosting their lending books.



Consumer loans increased by 16.80% to TRY 466.56bn, according to BRSA data. Considering the CPI of 11.84%, the actual growth was limited across the year. However, the growth trend has been strong, following the reduction in the weighted average funding rate (WAFR) by CBRT in the 3Q2019. In fact, there is a strong negative correlation between the WAFR and consumer loan growth, approximately .94, in the period spanning from the end of 1Q2019 and January 2020. We note the effect of previously

depressed consumption and base effect as a potential caveat for this strong correlation, though the point stands to show the significant influence of lower interest rates for loan demand.

(TRY mn)	% Loans	% NPL	Std. NPL Multiplier
Wholesale and Retail	16.8	22.7	1.4
Construction	11.1	16.6	1.5
Electric, Gas and Water	9.7	10.3	1.1
Transport., Storage and Comm.	7.6	3.8	0.5
Real Estate Ops.	7.2	9.1	1.3
Agriculture	4.9	4.0	0.8
Tourism	4.4	5.1	1.2
Textile	4.4	4.3	1.0
Food, Bev. & Tobacco	4.2	4.4	1.0
Metals	4.2	2.8	0.7
Finance Comm.	3.3	0.2	0.1
Defence and Public Man.	2.6	0.1	0.0
Others	19.5	16.5	0.8

Note: % of commercial loans. Std. NPL multiplier measures the ratio of NPL share to loan share for each sector

Turkish banks have established connections to international financing markets, with syndicated loans and securitizations of assets representing commonplace and important source of funding. According to data by CBRT and MKK, central securities depository, rollover ratio has fallen to 85% as of September 2019 as the banks deleveraged their balance sheets in the absence of FX loan growth. This is an important observation that the main driver of the lower rollover ratio is the banks' unwillingness rather than their inability. In fact, the FX liquidity coverage ratios of the banks are ample, reaching almost 300% as of November 2019 (Total LCR: 170%). Lower share of syndicated loans and foreign funding in general reduces the sensitivity of the banking system to external financing conditions.

Another key factor for external funding is the cost profile, with the borrowing rate of banks from international markets declining along with easing monetary conditions globally and reduced CDS of Turkey. Subsequently, recent

transactions by Turkish banks achieved lower Libor and Euribor spreads around 2%.

	2019	2018	2017	2016	2015
Core CAR	14.20	13.79	14.09	13.22	13.26
CAR	18.40	17.30	16.85	15.57	15.57
NPL	5.36	3.87	2.95	3.24	3.09
ROAA	1.17	1.45	1.62	1.50	1.16
ROAE	11.53	14.83	15.88	14.28	11.28
NII/Avg. Assets	3.85	3.91	3.77	3.65	3.45
Loans/Deposits	109.65	122.58	126.63	123.60	123.37

In 2019, Banking Sector's profits declined to TRY 49.24bn, after-tax (FYE2018: TRY 54.12bn), a level comparable with 2017 (TRY 48.65bn). The relatively poorer performance stems from several factors of varying significance. Primarily, surge in special provisions for non-performing loans, increasing non-interest costs as in trading losses (capital markets and FX operations) and higher personnel costs underpinned the declining net income for the banking sector.

The Sector realized a total interest income of TRY 420.52bn as opposed to TRY 258.17bn interest expenses, marking 14.13% and 16.15% increases over the previous year, respectively. Sharply declining interest rates post 2Q2019 helped banks reprice funding costs rapidly as deposits have less than 3 months of weighted average maturity. Long-dated loan book however, provided banks with a strong loan growth before the falling rates achieve favorable profits.

Select P&L Items (Million TRY)	2015	2016	2017	2018	2019
Net Interest Income	77,316	91,343	113,390	146,199	162,355
Special Prov. for NPL (-)	15,787	21,482	19,788	35,213	56,539
Banking Services Rev.	21,599	23,145	28,063	36,866	49,635
Personnel Exp. (-)	20,599	22,271	24,529	27,960	34,117
Capital Market P&L	1,520	2,584	-12,669	29,277	-17,480
FX P&L	-7,779	-4,086	2,471	-40,892	-5,507

The Sector’s operational efficiency, measured using the proxy of OpEx/Avg. assets indicates a slight deterioration, mainly due to increasing staff costs. However, we note the overall improvement across the years and the current level as quite reasonable, particularly considering the cost benefit of increasingly centralized operations and penetration of digital banking channels. On the other hand, staff figure has been declining year on year since the peak in 2015 (216,722). As of FYE2019, the Banking Sector employed a workforce of 203,839.

%	2015	2016	2017	2018	2019
Avg. Interest Earned	7.76	8.27	8.76	10.51	10.75
Avg. Interest Paid	5.21	5.60	6.09	8.00	8.45
-Spread	2.55	2.67	2.67	2.51	2.31
Fees & Comm./Revenues	13.03	12.18	11.81	10.06	12.20
Opex/Avg. Assets	1.98	1.90	1.80	1.67	1.76
Fees & Comm./Opex	63.42	63.67	67.27	77.95	88.20

The Banking Sector is highly resilient and experienced with respect to risk management and maneuvering around volatile macroeconomic currents. Throughout 2020, we expect the Banking Sector to sustain its interest margin at reasonable levels and operational efficiency given the declining inflationary expectations, lowering and stabilizing interest rates and growing loan demand. On the other hand, accelerating imports could weigh in on the current account balance, pressurizing the FX rates and thus disrupting the non-financial sector. In fact, looking forward, the asset quality issues are considered as the primary challenge the Sector will need to solve effectively. Additionally, global macroeconomic conditions, with uncertain effects of the ongoing global Covid-19 on global and domestic economic growth prospects and supply chains, monetary policy trajectory of US Fed and ECB in the Eurozone and the effectiveness of economic stimuli measures taken to combat the epidemic will be instrumental in determining the capital and trade flows to and from emerging economies. In this sense, we note the Banking system’s strong LCR and CAR figures as comforting indicators.

Sources: Banking Regulation and Supervision Agency, Central Bank of Republic of Turkey, The Banks Association of Turkey, Turkish Statistical Institute, JCR-ER.

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 re-structuring 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 June, 2020, headquartered in Istanbul, the Bank conducted its operations through a total of 1,006 branches, 1000 domestic along with 6 overseas, 5 of which are based in the Turkish Republic of Northern Cyprus (TRNC) along with 3 representative offices in the United Kingdom, Iran and Singapore. As of end June, 2020, the total number of personnel employed across the Bank amounted to 18,830 with an average length of work experience of 11 years and age of 35.6. 86% of personnel hold qualifications equivalent to degree level and above with the remainder 14% holding secondary level education.

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 Bank had an upper registered capital limit of TRY 10bn whilst the paid-in capital was increased to

TRY 2.47bn on 20 May 2020 with an increase in the share of Turkish Wealth Fund to 75.29%.

The Turkish Wealth Fund (TWF) was established in August, 2016 and has been operating under the Presidency of the Republic of Turkey 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. In addition to its interest in Halkbank, the fund currently controls the shares belonging to the Treasury in T.C. Ziraat Bankası A.S. in the banking sector.

On an unconsolidated basis, as of FYE2019, Halkbank had an asset size of TRY 457bn (FYE2018: TRY 378bn), cash loans of TRY 309bn (FYE2018: TRY 259bn), total deposits of TRY 298bn (FYE2018: TRY 249bn), equity of TRY 32bn (FYE2018: 29bn) along with a net profit figure of TRY 1.72bn (FYE2018: TRY 2.52bn). The Company's market shares in the banking sector across the three segments of total assets, cash loans and deposits amounted to 10.2% (FYE2018: 9.8%), 10.8% (FYE2018: 10.3%) and 11.1% (FYE2018: 11.5%) 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.

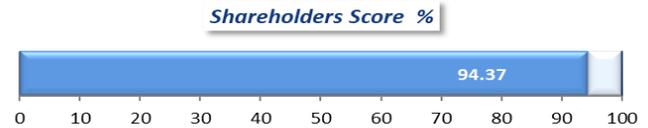
The Board of the Bank consists of 9 members including the Chief Executive Officer (CEO) 1 of whom is a woman along with 3 independent members. The Board meetings are held via physical attendance or in an electronical setting

and the Board convenes at least once on a monthly basis. There are 6 committees operating under the Board which namely include audit, operational risk, asset/liability, corporate governance, remuneration and sustainability. The lines of responsibility and delegation of authority for each committee is summarized on the Bank's website and the annual report.

3. Shareholders

Through the analysis of data gathered during the rating process, the compliance level of the Bank in the Shareholders main section and the corresponding levels within the JCR Eurasia Rating's notation system have been determined as follows;

- 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

Halkbank's fields of compliances, non-compliance, and those needing improvement in the Shareholders section are summarized in the table below:

Synopsis Table-(Shareholders)

Plug-Compatible	
1	Sufficient activities by the two departments regarding Investors Relations to facilitate the use of the shareholders' rights.
2	No privileges placed on the Bank's shares.

3	Presence of the required infrastructure for shareholders to remotely participate in the general meeting via e-EGM (Electronic General Meeting).
4	The General Shareholders Meetings are held with a high level of Compliance with the Code.
5	Presence of a disclosed dividend distribution policy.
6	No regulatory constraints restricting the transfer of shares.
7	The provision of the Bank's website as an effective platform in the appropriate briefing of shareholders.

Not Compatible

1	Absence of any clause in the articles of association securing to invite stakeholders and media to general shareholders meetings.
2	Absence of any clause in the articles of association to broaden the exercise of minority rights beyond the current legislation.

The Shareholders section is composed of 7 sub-sections. The Bank's compliance level and activities conducted under these subsections are detailed below:

3.1- Simplifying Exercise of Shareholding Rights

The Investor Relations functions of the Bank are carried out by two different departments. The Investor Relations Unit under the Treasury and International Banking Department is responsible for conducting the relationships with potential investors, investment firms and rating agencies. Questions submitted by current and potential investors are returned by the department's managers via phone or email.

In addition, the Financial Accounting Department under Financial Management and Planning is responsible for ensuring the protection and facilitating the use of current shareholder rights.

The duties and responsibilities of the related departments are documented and disclosed to the public via the compliance report.

Meetings and presentations particularly aimed at institutional investors are also arranged by Investor Relations Department and supported by top level managers.

3.2- Rights to Information and Examination

Shareholders have the right according to the Turkish Commercial Code to demand the appointment of an independent auditor to investigate a special case. However, shareholders have not yet utilized this right. Within the internal regulations of the Bank, there are no exercises restricting shareholders' rights.

Shareholders are provided with all necessary information and documents by related Departments via the Bank's web site, phone or email. Through this flow of information, no evidence of discrimination among shareholders was observed. Additionally, there have been no revocation actions against the general meeting resolutions by the shareholders.

3.3- Right of Access to General Shareholders Meeting

Annual General Shareholders Meetings are organized by the Financial Accounting Departments. The 2019 ordinary general meeting was delayed due to the Covid-19 pandemic this year and was held on June 12, 2020 at 14:30, at the address of Barbaros Mahallesi, Şebboy Sokak No:4/1 34746 Ataşehir/İstanbul which represented the Bank's headquarters. The meeting was observed by our analyst and the procedures undertaken by the Bank were closely observed prior, during and following the meeting. It can be stated that this meeting was held in compliance with the legislation and Code.

The shareholders have been able to remotely participate in the general meeting via e-GEM (Electronic General Meeting).

The shareholders are invited to the annual general meetings at least three weeks prior to the date of the meeting through announcements on the Bank's website. The invitation text contains a detailed document depicting the shareholder participation process and agenda. Financial statements, the annual report, amendments to the articles of association, current and to-be-amended texts of the related clauses and other relevant documents within the agenda are disclosed to the public via the website, 3 weeks prior to the day of the meeting.

Meetings are held in the headquarters of the Bank. Agenda items are individually discussed, each shareholder has the opportunity to speak whilst their proposals and queries are answered by related parties. Agenda items are individually voted and votes are counted and placed on the minutes

before the end of the meeting. Moreover, the dissenting opinions by the shareholders are included in the minutes.

Such documents as invitation, meeting agenda, list of attendants, minutes and other relevant documents are placed on the official website of the Bank in Turkish within a reasonable timeframe.

On the other hand, there is no provision in the articles of association to invite stakeholders and media to meetings without any right to speak. However, such practice in Turkey is very rare.

3.4- Voting Rights

There are no privileges or usufruct on the Bank's shares and the rule of one-share-one-vote is applied. The Bank management has established appropriate facilities in order for the shareholders to exercise their voting rights. In general meetings, voting rights may be exercised both by the shareholders themselves or their proxies. In addition, the method of exercise of voting right is both published in the website and submitted to the shareholders at the beginning of general meetings.

Voting rights stem from the possession of shares and voting rights may be exercised both by the shareholders themselves or their proxies. Proxy forms are made available to the shareholders both on the website and on the invitations.

The Financial Accounting Department mobilizes all facilities for all shareholders to exercise their voting rights. The guide explaining how to participate in the general meetings and how to vote is placed on the website.

3.5- Minority Rights

Shareholders holding more than 5% of shares according to the Turkish Commercial Code are entitled to minority rights. On the other hand, CMB Corporate Governance Principles recommend the recognition of minority rights to all shareholders even if they hold less than 5% of shares. However, banks and other companies in Turkey have not shown any action to date in this regard. There are no clauses in the articles of association of the Bank to broaden the exercise of minority rights beyond the current legislation. However, despite this non-compliance, the Bank is committed to respect all minority rights of the shareholders within the legislation and until now there is no evidence of violation against minority rights.

3.6- Dividend Rights

The transactions of dividend distribution are performed in accordance with the clause 35 of the Articles of Association and their contents which only meet the minimum requirements in the Turkish Commercial Code.

The Bank also has a disclosed dividend distribution policy that fully complies with CMB principles and was approved by the shareholders in the general shareholders meeting.

None of shareholders of the Bank has any privilege in terms of dividend rights. No fictitious transaction to understate the profit figures by the Bank's management has been found. Regarding the dividend distribution to date, no implementation by the Board has been found to violate the balance between interests of the Bank and shareholders. The retained amounts of profits are transferred to extraordinary reserves by disclosing the grounds for the action and its uses. The Dividend Distribution Table of recent years can be easily accessed through the Bank's website.

The Bank realized TRY1.72bn of profit during FY2019. After deducting the deferred tax asset income amounting to TRY187.57mn and setting aside TRY76.64mn as legal reserves, TRY1.456bn was designated as extraordinary reserves. The dividend distribution table was disclosed to the public via the Bank's website and the PDP following the general meeting.

3.7- Share Transfer

The clause 6 of the Articles of Association deals with the Bank's capital and shares. There is no provision in the articles of association that would act as a hindrance on the transfer of shares. However, according to the Banking Law, share transfers of banks operating in Turkey are subject to approval by the BRSA. All share transfers without this approval will be null and void and the transferee may not exercise any shareholding rights other than the dividend rights. This condition is valid for all Turkish banks. Hence, the Bank is evaluated as fully compliant in this subsection.

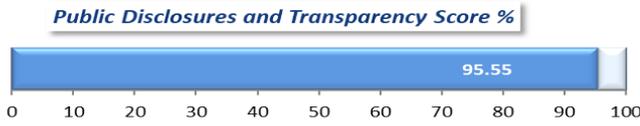
Outlook

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

This section focuses on the disclosure of information and documents needed by shareholders and stakeholders while protecting trade secrets. The Bank’s level of compliance in this field 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

Halkbank’s fields of compliance, non-compliance, and those needing improvement in the Public Disclosure and Transparency section are summarized in the table below:

Synopsis Table - (Public Disc. & Trans.)

Plug-Compatible	
1	Bank’s website is an effective and transparent platform in both Turkish and English.
2	Well-educated IT team and high-security IT infrastructure protecting the Bank’s and its stakeholders’ trade secrets
3	Full compliance of published annual reports with the Code
Partially Compatible	
1	Qualified opinions by independent auditor for the audit reports

The Public Disclosure & Transparency section is composed of 2 subsections. The compliance level of Bank

and the activities conducted for the standards under these subsections are detailed below:

4.1- Web Site

The Bank’s website, www.halkbank.com.tr is a good transparency platform and is kept up-to-date to provide important information about the Bank to its investors and stakeholders in Turkish and English. The website contains the following information:

- ✓ Current information about the Bank
- ✓ Trade registry information
- ✓ Articles of association
- ✓ History of the Bank
- ✓ The audited financial statements prepared in accordance with international standards
- ✓ Shareholder meetings’ documents; invitations, meeting minutes, list of attendees, proxy voting form etc.
- ✓ CVs of Board members and top managers
- ✓ Important policies such as dividend distribution, disclosure, sustainability, environment, code of conduct, remuneration, human resources, social responsibility and donations
- ✓ Contact information

The Bank has also an information policy and disclosed it to the public on the web site.

The Bank’s controlling shareholder is Türkiye Varlık Fonu with a rate of 51.11%. The shareholder structure is disclosed clearly to the public on the web site, which also includes links to the websites of controlling shareholder. There is no ultimate individual shareholders who hold more than 5% share in the Bank's capital.

4.2- Annual Report

The Bank has prepared “Compliance with the Corporate Governance Principles Report” and “Corporate Governance Information Form” with their new formats in 2020 and disclosed it on the web site.

The Bank also regularly publishes an annual report which is disclosed on the website in a way to ensure that the public has access to complete, correct and timely information on

the Bank’s activities. This report was prepared with a high level of compliance with the code.

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”**.

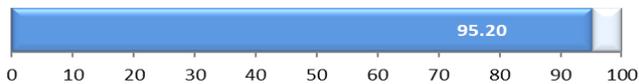
5. Stakeholders

With the exception of senior-level managers, a company’s employees, customers, suppliers, creditors, public authorities and the public in general are considered to be stakeholders. The rules and practices in this main section primarily aim to secure the rights of stakeholders and facilitate the exercise of their rights, thus maximizing their contribution to the institution.

Through the analyses of JCR Eurasia Rating’s original methodology, the compliance level of the Bank’s practices with the corporate governance principles in the field of stakeholders has been determined as below:

- Numerical value is **9.52**,
- Convergence Level **AAA(Trk)** representing the category of **“Distinctive Compliance”**,
- Notch degree (**aaa**) representing the category of **“Exceptional”**,
- Outlook (**Stable**)

Stakeholders Score %



Stakeholders Result

9.52

AAA (Trk) / aaa

Stable

Halkbank’s areas of compliance, non-compliance and those needing improvement in the Stakeholders section are summarized in the table below:

Synopsis Table - (Stakeholders)

Plug-Compatible

1	Having a functional human resources department.
2	Safe working environment and conditions for the employees.
3	Well-preparedness against emergent and unexpected circumstances.
4	A comprehensive and publicly disclosed set of ethical rules.
5	Presence of a Sustainability, Environment and Corporate Responsibility Policy.
6	Presence of a labor union organization among the staff.

Not Compatible

1	Absence of an official succession plan for the key posts.
---	-----------------------------------------------------------

Partially Compatible

1	Need to improve the performance assessment system.
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The stakeholders’ main section is composed of 5 subsections. The compliance level of the Bank with and the activities conducted for the standards under these subsections are detailed below:

5.1- Bank’s Stakeholders Policy

Halkbank has many stakeholders such as customers, personnel, loan providers and other suppliers. The framework of contracts made with these stakeholders have been determined in accordance with the relevant regulations, on the occasion that the Bank operates in a sector with a high level of regulatory oversight and supervision.

Bank’s management pays enough attention to carry out effective, regular, continuous and safe communication with all stakeholders via the internal channels of communication, the Public Disclosure Platform and the Bank’s website.

The Bank formed separate policies for each stakeholder group in line with the regulatory framework and endeavors to protect the rights of stakeholders most effectively in accordance with these policies. The relationships with stakeholders are conducted in accordance with the terms set out in these agreements and regulations.

The Bank has appropriate internal channels, namely an "ethic hotline", to report the activities found to be illegal and unethical to the Corporate Governance Committee and the Audit Committee. The instruction on how these channels will be used has been disclosed to the public on the Bank's website.

Through meetings held with officials during the rating process, it is believed that the Bank's Board of Directors conducts its role of a moderator at a level sufficient to solve problems impartially through settlement in the resolution of conflicts of interest and disputes arising between the various stakeholder groups.

5.2- Supporting the Stakeholders for Participation in the Governance of the Bank

There is no member representing stakeholders in the Bank's Board of Directors. However, there is also no bank in Turkey performing such a practice. The most common practice on this issue is to obtain stakeholders' ideas in making decisions concerning them.

The Bank has established the "Quality Recommendation System" for the purpose of improving the business processes and delivering more efficient and higher quality services. Personnel are encouraged to participate in management within the scope of this system. Employees submit their suggestions through this system and the suggestions that conform to the evaluation criteria are implemented.

Opinions of customers and other stakeholder groups are collected via phone, fax, mail, branch, e-mail and social media channels as well as through the Head Office units and official bodies, then evaluated and as a result feedback is provided as soon as possible.

As a result, it has been determined that top management spends considerable effort to include the views of stakeholders, primarily employees and customers, in the decision-making processes.

5.3- The Bank's Human Resources Policy

Halkbank has established the Human Resource Group which are well organized and supported by the Bank's Management.

The Bank serves customers with a total workforce of 18,821 employees and operates 1000 branch locations in Turkey (914 regular branches; 7 corporate, 36 commercial,

2 free-zone and 41 satellite branches), 29 regional offices, 1 country management office, 6 overseas branches and 3 overseas representative offices.

The average job tenure of the Bank's employees stood at 11 years and the average age of the staff was 35.6 years. 86% of the employees hold qualifications equivalent to degree level and above.

Halkbank has implemented contemporary practices based on a comprehensive human resources policy. First of all, the Bank has a Human Resources Policy determined by the Board of Directors. Recruitment, assignment, promotion and dismissal are carried out by the expert specialists according to this policy. All activities of the Bank related to the human resources are maintained by the Human Resources Department which is equipped with sufficient personnel and resources.

The duties and responsibilities of personnel have been defined in a clear and transparent manner in job descriptions. The Bank's organizational structure, employees' job descriptions, and policies and procedures containing performance and bonus criteria are posted via the intranet site, which represents the Bank's internal communication platform.

First of all, successful graduates of the universities are recruited as staff through a variety of examinations and employed in the appropriate positions in line with their capabilities. For all staff, professional and personal development trainings are organized, promotions and assignments are carried out according to success and performance in the provided trainings and exams.

The bank has established "Halk Academy" to carry out all training activities. The training programs focused on technical banking topics and also administering personal and professional development modules. Halk Academy introduced an extensive e-learning catalogue containing various contents under titles such as technical banking, Bank applications, personal and professional development, IT training and training videos, articles and documents to support in-class trainings.

The Bank set up a Performance Assessment System covering all personnel which are evaluated according to their competencies and targets and the evaluation results are shared with them.

All personnel have been informed on the issues of health and security in the workplace in accordance with an appropriate plan, with measures that have been put in place to prevent possible accidents and provide preventive health advice. We have reached the opinion that the Bank took the necessary set of measures in order to ensure a secure working environment for all personnel.

Halkbank's employees are organized under the trade union Öz-Finans İş, which is authorized to represent the Bank's employees. Trade unions have workplace representatives who are charged with managing relations with the personnel. Negotiations for collective agreements are conducted between the Bank and union representatives.

During the rating process, there was no evidence of discrimination against Bank employees. There were no significant court cases brought against the Bank by its employees. The decisions of court cases are met with no delay. It has been determined that the number and subject of legal cases did not result in significant violation of the law.

5.4- Relations with Creditors, Customers and Suppliers

The creditors, loan customers and service providers are other stakeholders of Halkbank. For the financial services offered to its customers, it invariably gives priority to customer satisfaction and does its best to solve their problems and complaints. Customer complaints and queries can be submitted to the department manager via phone or email. No warning or penalty was inflicted upon the Bank by the BRSA regarding its customers.

Halkbank obtained "ISO 20000 Information Technologies Service Management System" certification to determine the maturity level of all information technology services at the Bank and to improve such services.

Service providers such as catering companies, law firms, independent audit firms and rating agencies etc. offer services to the Bank in specialized areas. The relations with these firms are realized through framework contracts. No suits were filed by suppliers against the Bank in recent years.

The meetings held with the managers of the information technology department revealed that the Bank had taken the necessary measures to safeguard the trade information

belonging to its clients and service providers and treat them as bank secrets.

5.5- Code of Ethics and Corporate Social Responsibility

Halkbank has a "code of ethics" that have been disclosed to the public on the website. This document is intended to regulate relations with all internal and external stakeholders which are categorized as competitors, customers, suppliers, personnel, media, public institutions and organizations. The Human Resources Department is responsible for the implementation of ethical principles with which all personnel are required to comply.

The Bank also has "Sustainability", "Environment", "Donations and Aids" and "Social Responsibility and Public Relations" policies which have been disclosed to the public on the website.

In this field, the Bank participated in various social responsibility projects which are announced publicly on the website to ensure transparency. The aggregate amount of donations by the Bank amounted to TRY 722,617 which has been presented to its shareholders in the Annual General Meeting of 2019.

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. For this reason, the outlook for this section has been determined as "Stable".

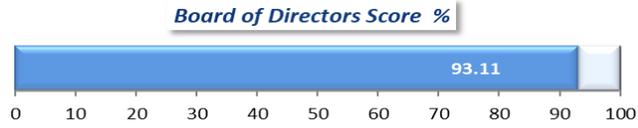
6. Board of Directors

The content of this section consists of the board functions, qualifications, duties, powers and responsibilities of its members and senior management and rules and practices related to systems are established for effective supervision and control.

Through the analyses of JCR Eurasia Rating's original methodology, the compliance level of the Bank's practices in the field of Board of Directors with Corporate Governance Principles has been determined as below:

- Numerical value is **9.31**,
- Convergence Level **AAA(Trk)** representing the category of "**Distinctive Compliance**",

- Notch degree (aa) representing the category of “Superior”,
- Outlook (Stable)



Board of Directors Result
9.31
AAA (Trk) / aa
Stable

Halkbank’s areas of compliance, non-compliance and aspects to be improved by the Bank for full compliance with the rules and implementations of the Board of Directors section are summarized in the table below:

Synopsis Table - (Board of Directors)

Plug-Compatible	
1	The coverage of all Board members and executive managers under a Directors and Officers Liability Insurance Scheme.
2	Clearly defined vision, mission and principal targets together with sound strategic planning.
3	Presence of an efficient secretariat serving the Board.
4	Presence of three independent members in the Board.
5	Separation of the roles of Chairman and the CEO.
6	The presence of highly effective Audit and Corporate Governance Committees within scope of the Board of Directors.
7	Presence of a Remuneration Policy for the Board members and top managers.
Not Compatible	
1	Lack of improving the incentive system based on performance evaluation for the Board Members.
Partially Compatible	
1	Non-disclosure of remuneration on an individual basis for board members and top managers
2	Only one woman member in the Board of Directors

The Board of Directors section is composed of 6 subsections. The Bank’s compliance level and activities conducted in line with the standards under these subsections are detailed below:

6.1- Basic Functions of the Board

Halkbank’s vision, “Fulfilling all the requirements of universal banking to become a bank strong in the retail segment and the leader of SME services across the region” and mission, “Fully aware of its social responsibility and professional mission, performing all banking services in an efficient manner, creating permanent value for customers, shareholders and employees, contributing to the development of the banking industry and capital markets and assuming a prestigious position in regional and global banking” are set by the Board and disclosed to the public on the website. The Bank has determined basic strategies, policies and annual plans to achieve the stated vision & mission.

The Board of Directors aims to successfully perform the three basic functions of leadership, oversight and arbitration. The Board performs the oversight function through the Audit Committee whilst the Corporate Governance Committee enables the Board to supervise the Bank as a whole. These committees carry out activities in accordance with written working principles, produce regular reports, and submit them to the Board of Directors.

It has also been determined that the Board performs its independent arbitration role with success for the resolution of disputes and conflicts of interest of stakeholders among themselves and with the Bank.

6.2- Working Principles of the Board of Directors

Tasks, authorities and responsibilities of the Board of Directors and its working procedures are primarily specified in the Articles of Association and also in the “Internal Directive on Management Bodies”. This Internal Directive sets out in detail the Bank’s operating principles and the duties and authorities of the Board of Directors, the Credit Committee and the General Manager of the Bank.

The responsibilities of each member have been defined and presented to the public via the website and the annual report. It is assessed that Board members act as prudent managers in performing their duties.

The authorities and responsibilities of the Bank's managers are stipulated in the existing directives and also determined by the authorities delegated by the Board of Directors particularly in financial matters as well as the authorities delegated to the lower ranks by the General Manager, to whom these authorities were delegated in the first place.

The Board of Directors convenes at the request of the Chairman of the Board of Directors or the Vice Chairman or a Board member, whenever and as often as required by the Bank's business and related legislation. Board is obligated to convene at least once a month.

The roles of Chairman of the Board of Directors and General Manager are carried out by different individuals with clearly defined sets of duties and responsibilities.

The Bank has a Directors and Officers' Liability Insurance Scheme, with an upper limit of 50 million Euros, which covers the Board of Directors and Top Managers' personal responsibilities and the mistakes they may make while carrying out their tasks

Halkbank established an internal control system covering the entire spectrum of activities and provided the necessary technical and human resource infrastructure for its effective operation. It has been reported that activities revolving around the internal control system and risk management function are reviewed annually and revised accordingly on a regular basis. The Bank also established a Compliance Department in order to ensure a high degree of compliance with the appropriate regulations.

The internal audit functions of the Bank are performed by the Board of Inspectors. Based on interviews conducted with the department's senior managers, it has been identified that the internal audit system is at a high level of quality. The Board of Inspectors reports its activities to the non-executive Audit Committee regularly.

6.3- Structure of the Board of Directors

The Board of Directors is comprised of 9 members including three independent, and one executive member also serves as the General Manager. Considering the sector average, the number of members has been evaluated as

adequate and sufficient to establish the related committees. Member qualifications meet the terms expressed in the principles. As can be seen from the resumes on the website, the members possess the necessary qualifications in terms of education along with professional and managerial experience.

It must be further pointed out that members of the Audit Committee have related experience in the financial sector as outlined in the Code.

There is only one female member currently serving on the Board, thus the Bank does not meet the suggested 25% female ratio mentioned in the Code.

6.4- Rules of the Board Meetings

"The Board of Directors Secretariat Services Department" which serves the Board of Directors, organizes meetings and delivers meeting agendas, relevant information and detailed documents to the members in a reasonable time frame prior to the meeting and archives the relevant documents. The agenda of the meetings is set by the Chairman or Vice Chairman calling the meeting at least 24 hours before the meeting and it is delivered to the members along with the meeting invitation by hand or by the Board of Directors Secretariat Services Department.

There is an internal regulation relating to the arrangement of Board meetings and decision-making procedures. Meeting and decision quorums are written in the articles of associations. According to the articles, the quorum for the meeting is the majority of members and the Board makes decisions with affirmative votes from the majority of attending members.

There are no preferential rights on votes and each member has only one vote.

At the meeting, all items are discussed and Board members may express their opinions. Items are voted on separately according to democratic rules. The Board resolution book is maintained properly, includes dissenting opinions, if any, and is archived.

There are no limitations in place for Board members to carry out external duties according to internal regulations.

Although some Board members have external duties, it is determined that they all allocate reasonable time for the Bank. External duties carried out by members are disclosed via the website. The Board complies with the Code and related laws in terms of the related party transactions' decisions.

6.5- Committees within the Scope of the Board

Three committees have been established under the scope of the Board: Audit, Corporate Governance and Remuneration Committee. Furthermore, Credit, Asset and Liability Management, Operational Risk Management, Sustainability Committees have been established within the organizational structure that are inherent across the Banking sector.

Audit Committee consists of two independent board members was established within the Board of Directors of the Bank in order to coordinate all activities relating to external and internal audits on behalf of the Board. The definitions of rules and responsibility, working principles, and activities of the committee are in accordance with the Code. The committee holds meetings at the Bank's headquarters on a regular basis and may hold extra meetings upon the invitation of the Committee Chairman, if necessary.

The Corporate Governance Committee consists of six members and was established to monitor Bank's compliance with the Code and improve activities conducted within this field. The definitions of rules and responsibility, working principles and activities of the committee are in accordance with the Code. The committee holds the meetings at the Bank's headquarters on a regular basis and may hold extra meetings upon the invitation of the Committee Chairman, if necessary.

The Bank has not yet established a Nomination Committee and delegated the functions of this field to the Corporate Governance Committee.

The Remuneration Committee is composed of two members of the Board of Directors and chaired by an independent member while both members are non-executive. This Committee effectively carries out its activities within the scope of monitoring, auditing and

reporting the compensation practices on behalf of the Board of Directors.

There is no Risk Management Committee within the scope of the Board. The functions of this committee are assigned to the Audit Committee. However, the Bank established the Operational Risk Committee consisting of the top managers drawn from different departments. The Committee is formed for the purpose of identifying the Bank's transactions that creates operational losses and preventing operational losses.

6.6- Financial Rights Provided to the Board Members and Executives

Halkbank's remuneration policy has been approved by the shareholders and is disclosed to the public via the website. A Remuneration Committee has been established under the Board of Directors, consisting of 2 members and chaired by an independent member. The committee complies with the Code regarding the definition of duties, working principles and its activities.

The Bank does not provide debt nor extend credit to board members as well as not providing any guarantees on their behalf. There are no commercial and financial relationships between the Bank and the Board members other than their remuneration.

There is no performance-based remuneration for independent board members. All financial benefits offered to the Board members such as fees, premiums, bonus payments, facilities offered in kind and in cash, dividend payments, and other similar rights are determined by the annual general meeting of Shareholders. Furthermore, all travel expenses of Board members are met by the Bank.

On the other hand, although the total sum of Board members' and top managers' remuneration are disclosed to the public, the lack of disclosure on an individual level creates incompliance with the Corporate Governance Principles, although such practice in Turkey is very rare.

Outlook

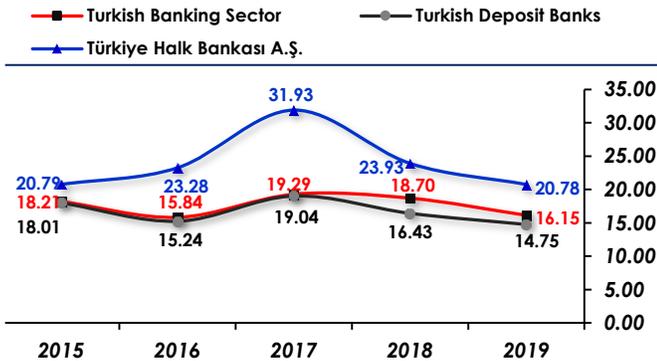
JCR Eurasia Rating is of the opinion that during the upcoming monitoring period following the publication

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”.

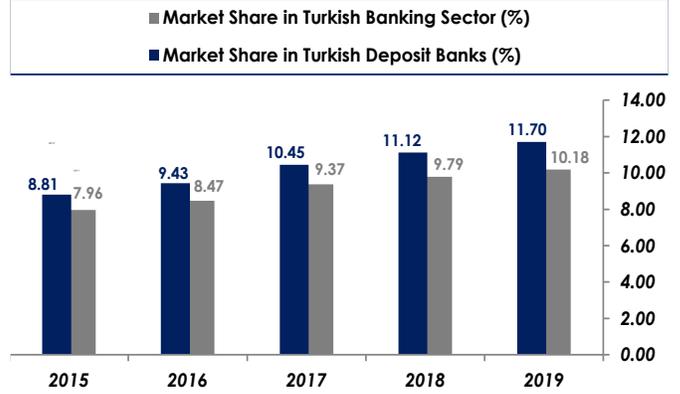
7. Financial Efficiency

This section includes a general overview of Halkbank’s financial performance, on a number of selected metrics including profitability indicators, growth rates, asset quality and capital adequacy levels in comparison to the averages observed in the wider Turkish Banking Sector. It must be noted that financial performance doesn’t impact the Bank’s scores in the Corporate Governance Rating Methodology.

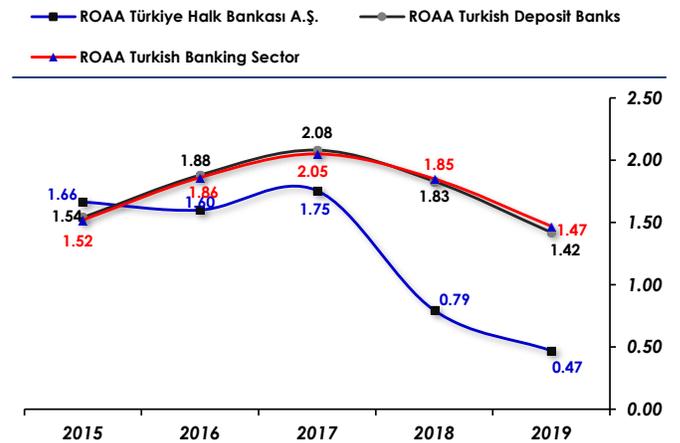
The annual asset growth rate of Halkbank, has declined from its peak of 31.93% attained in 2017 over the last 2 years, however consistently remained above that of Turkish Deposit Banks and the wider Turkish Banking Sector.



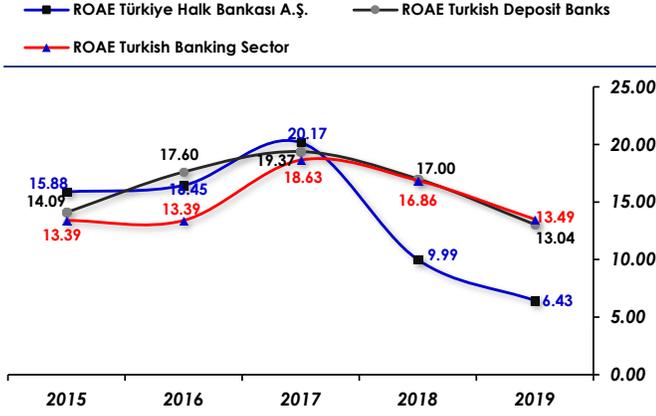
The Bank’s market share (measured on the basis of solo asset size) hovered within the range of 10-12% among Turkish deposit banks along with the range of 9-11% in the wider Turkish banking sector, indicating its systemic importance as one of the largest 7 banks.



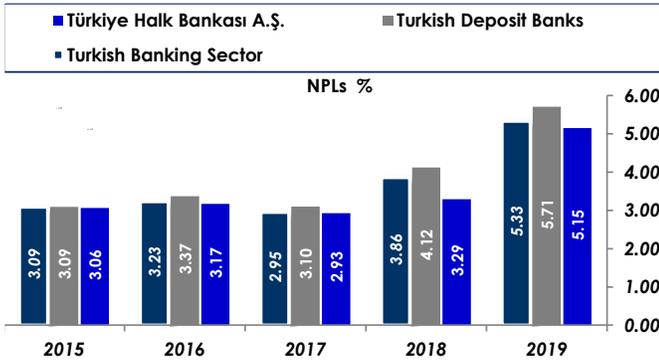
The Return on Average Assets (ROAA) measured on the basis of pre-tax profit and average asset values attained over the last 2 financial years, maintained a downward trend from FY2017 onwards and amounted to 0.47% at FYE2019, below the average of the Turkish Deposit (1.42%) and the wider Turkish Banking Sectors (1.47%).



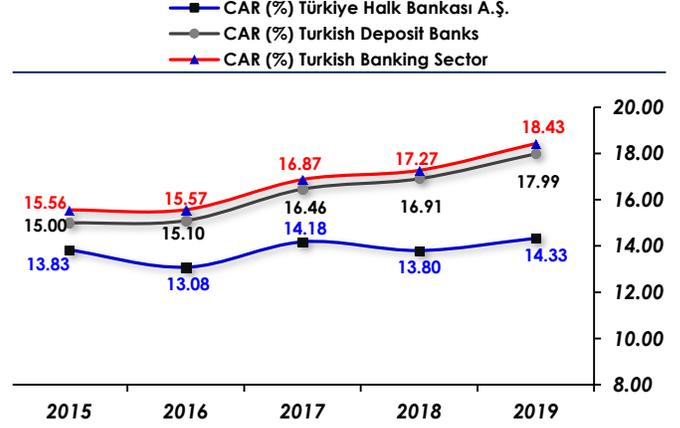
On the other hand, the Return on Average Equity, which is measured on the basis of the pre-tax profit of the last year and equity figures of the previous 2 years, followed a declining trend and amounted to 6.43% as of FYE2019 which was below the averages of the Turkish Deposit Banks.



The non-performing loans (NPL) ratio, which is one of the major determinants of asset quality, of the Bank amounted to 5.15% at FYE2019 which was in line with that of the sector average and slightly below that of Turkish Deposit Banks. In general, the NPL ratio mimicked that of the sector and other deposit banks.



The Capital Adequacy Ratio (CAR), measured on a solo-basis, hovered in the 13-15% range over the last 5 years and amounted to 14.33% at FYE2019, which was compliant with the minimum regulations brought about by the Basel requirements (8%) and the BRSA standards. (12%)



Subsequently, the Bank's current capitalization level, generated profits, asset quality and management practices provide adequate support for the retention of the current level of compliance with Corporate Governance Best Practices.

TABLE: 1

SHAREHOLDING STRUCTURE

Years	2016	2017	2018	2019	July 2020*
Paid Capital (000TRY)	1,250,000	1,250,000	1,250,000	1,250,000	2,473,776
Shareholders					
ÖZELLEŞTİRME İDARESİ BAŞKANLIĞI	51.06	-	-	-	-
TÜRKİYE VARLIK FONU (TURKISH WEALTH FUND)	-	51.06	51.06	51.06	75.294
LISTED	48.93	48.93	48.93	48.93	24.703
OTHERS	0.01	0.01	0.01	0.00	0.003
Total	100	100	100	100	100

* The paid-up capital was increased with the allocated capital increase on May 20, 2020.

TABLE: 2

AFFILIATES & SUBSIDIARIES as of July 2020

Company Name	Headquarters	Fields of Activities	Interest Share %	Acquisition Date
HALK VARLIK KİRALAMA A.Ş.	Turkey	Rent Certificate	100.00	2017
BİLEŞİM ALTERNATİF DAĞITIM KANALLARI A. Ş.	Turkey	Credit Card Services	33.33	2013
HALKBANK A.D. BEOGRAD	Serbia	Banking	100.00	2015
HALK FİNANSAL KİRALAMA A.Ş.	Turkey	Leasing	99.99	1991
HALK YATIRIM MENKUL DEĞERLER A.Ş.	Turkey	Securities Brokerage	99.96	1997
HALK BANKA A.D. SKOPJE	Macedonia	Banking	99.40	2011
HALK FAKTORING A.Ş.	Turkey	Factoring	97.50	2012
HALK GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.	Turkey	Real Estate	71.96	2019
PLATFORM ORTAK KARTLI SİSTEMLER A.Ş.	Turkey	Credit Card Services	20.00	2019
KOBİ GİRİŞİM SERMAYESİ YATIRIM ORTAKLIĞI A.Ş.	Turkey	Venture Capital	31.47	1999
DEMİR-HALK BANK N. V.	Nederland	Banking	30.00	1992
KREDİ KAYIT BÜROSU A.Ş.	Turkey	Financial Services	18.18	1995
TÜRK P&I SİGORTA A.Ş.	Turkey	Insurance	16.67	2015
BANKALARARASI KART MERKEZİ A.Ş.	Turkey	Credit Card Services	9.28	1990

TABLE:3

Financial Data	2019*	2018*	2017*	2016*	2015*
Total Assets (000,000 USD) ***	78,881	73,966	81,712	67,246	65,437
Total Assets (000,000 TRY)	468,571	389,130	311,354	236,654	190,265
Total Deposit (000,000 TRY)	300,637	250,549	193,253	150,390	122,499
Total Net Loans (000,000 TRY)	306,815	260,079	208,279	161,434	129,067
Equity (000,000 TRY)	32,159	29,525	26,313	22,007	19,312
Net Profit (000,000 TRY)	2,305	2,698	4,185	3,018	1,787
Asset Based Market Share (%)**	10.18	9.79	9.37	8.47	7.96
ROAA (%) ***	0.57	0.87	1.92	1.75	1.30
ROAE (%) ***	7.86	10.95	21.73	18.04	12.55
Equity/Assets (%)	6.86	7.59	8.45	9.30	10.15
CAR-Capital Adequacy Ratio (%)**	14.33	13.80	14.18	13.08	13.83
Asset Growth Rate (Annual) (%)	20.41	24.98	31.57	24.38	21.19

*consolidated year-end IFRS compliant, **On a solo basis, ***Based on pre-tax profit figures

TABLE: 4

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	36	Bachelor's Degree	Non-Executive	Independent	Audit Committee Chairperson, Corp.Gov. Committee Chairperson
Himmet KARADAĞ	Deputy Chairman	Account Specialist	13.08.2018	22	Master Degree	Non-Executive	Independent	Remuneration and Sustainability Committee Chairperson, Full Member of Credit Committee
Meltem TAYLAN AYDIN	Member	Banker	08.06.2017	12	Master Degree	Non-Executive	Non-Independent	Remuneration Committee Member
Maksut SERİM	Member	Banker	08.06.2017	43	Master Degree	Non-Executive	Non-Independent	Credit Committee Associate Member
Sezai UÇARMAK	Member	Customs Inspector	27.02.2019	33	Bachelor's Degree	Non-Executive	Non-Independent	Credit Committee Associate Member
Mevlüt UYSAL	Member	Lawyer	27.05.2019	29	Bachelor's Degree	Non-Executive	Independent	Sustainability Committee Member, Credit Committee Full Member
Kerem ALKİN	Member	Academician	12.06.2020	33	Ph.D.	Non-Executive	Non-Independent	Corporate Governance Committee Member
Ebubekir ŞAHİN	Member	Civil Servant	12.06.2020	25	Master Degree	Non-Executive	Non-Independent	Sustainability Committee Member
Osman ARSLAN	Member, General Manager	Banker	08.06.2017	25	Master Degree	Executive	Non-Independent	Credit Committee Full Member