

Statement of Compliance with Corporate Governance Principles

Our Company believes that compliance with corporate governance principles is at least as important as its financial performance and that such compliance is of great benefit from the standpoints both of the development of national and international capital markets and of the advancement of our own company's interests.

Pursuant to the Corporate Governance Communiqué no. II-17.1 published in the CMB Bulletin no. 2/49 dated 10 January 2019, Corporate Governance Compliance Report (CRF) and Corporate Governance Information Form (CGIF) were publicly disclosed three weeks before the date of the General Assembly meeting.

Under the said legislation, the CRF prepared to report the level of compliance with optional principles and the CGIF prepared to provide information about the existing corporate governance practices are presented in the following sections.

The letter "X" was used to indicate the Company's level of compliance in the Corporate Governance Compliance Report template, and necessary explanations were provided within the scope of Article 8 of the Corporate Governance Communiqué no. II-17.1 for all answers given, save for those answered as "Yes".

Pursuant to the principles that are not yet implemented by our Company as explained in the CRF and also hereinbelow, no conflicts of interest arose between the stakeholders to date. The Company management targets to work towards achieving maximum compliance with the principles that are not yet implemented, which situation is of an exceptional nature.

Compulsory Principles

There are no principles that are not implemented by our Company, which are compulsory to be implemented under the Corporate Governance Communiqué no. II-17.1. (It is planned to incorporate the point that the remuneration to be paid to Board members in a given period is determined by a resolution of the General Assembly and that no other payments are made thereto also in the Compensation Policy within the scope of the Corporate Governance Principle no. 4.6.2).

Non-Compulsory Principles That are not Covered in the Corporate Governance Compliance Report

In the context of Corporate Governance Principle no. 1.3.10, information is provided to shareholders during the General Assembly under a dedicated agenda item about the amounts and beneficiaries of all charitable donations and grants made during the reporting period. In addition, the maximum amount of charitable donations envisaged to be made in the current fiscal year is also laid down for the approval of the General Assembly of Shareholders. While we do not have a charitable donations policy approved by the General Assembly, these activities are carried out within the frame of the Charitable Donations and Grants Regulation that has been approved by the Board of Directors. The Company management is considering developing the said Policy.

In the context of the Corporate Governance Principle no. 3.1.2, effective and speedy indemnification is available in the event of violation of the stakeholders' rights that are protected

by the legislation and contracts. The Company takes the necessary steps for the use of mechanisms such as compensation provided to stakeholders in the applicable legislation. The corporate governance structure of the Company allows, and safeguards the right of, all stakeholders to convey their concerns regarding any illegal or unethical transaction to the Company's Corporate Governance Committee or Audit Committee. These matters are addressed in the section titled "Keeping Stakeholders Informed" of the annual report. Comprehensive information about the indemnification payments to be made to Company employees is provided on our corporate website, in the section titled "Human Resources Policies and Practices" of the annual report, and in the Collective Agreement. The Company management is considering compiling the relevant information under the heading "Indemnification Policy".

Our articles of association do not contain any provisions stipulating:

- Exercise of the request for appointment of a special auditor as an individual right (Article 1.2.1),
- Participation of stakeholders in the management of the Company (Article 3.2.1),
- Expansion of the scope of minority rights beyond the provisions of applicable legislation (Article 1.5.2)

Furthermore, minority rights are not represented on our Board of Directors.

Corporate Governance Compliance Report

Corporate Governance Compliance Report	Compliance Status					Explanation
	Yes	Partial	No	Exempted	Not Applicable	
1.1. FACILITATING THE EXERCISE OF SHAREHOLDER RIGHTS						
1.1.2 - Up-to-date information and disclosures which may affect the exercise of shareholder rights are available to investors at the corporate website.	X	-	-	-	-	
1.2. RIGHT TO OBTAIN AND REVIEW INFORMATION						
1.2.1- Management did not enter into any transaction that would complicate the conduct of special audit.	X	-	-	-	-	
1.3. GENERAL ASSEMBLY						
1.3.2 -The company ensures the clarity of the General Assembly agenda, and that an item on the agenda does not cover multiple topics.	X	-	-	-	-	
1.3.7- Insiders with privileged information have informed the board of directors about transactions conducted on their behalf within the scope of the company's activities in order for these transactions to be presented at the General Shareholders' Meeting.	-	-	-	-	X	No such transactions took place in 2023.
1.3.8 - Members of the board of directors who are concerned with specific agenda items, auditors, and other related persons, as well as the officers who are responsible for the preparation of the financial statements were present at the General Shareholders' Meeting.	X	-	-	-	-	
1.3.10 - The agenda of the General Shareholders' Meeting included a separate item detailing the amounts and beneficiaries of all donations and contributions.	X	-	-	-	-	
1.3.11 - The General Shareholders' Meeting was held open to the public, including the stakeholders, without having the right to speak.	-	X	-	-	-	Announcements in relation to the General Shareholders' Meetings are made in accordance with regulatory requirements; in this context, no additional invitations are made. On the other hand, stakeholders may participate in the General Shareholders' Meetings without having the right to speak, provided that they inform the Company of their such desire prior to the meeting.

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	Yes	Partial	No	Exempted	Not Applicable	
1.4. VOTING RIGHTS						
1.4.1- There is no restriction preventing shareholders from exercising their shareholder rights.	X	-	-	-	-	
1.4.2- The company does not have shares that carry privileged voting rights.	X	-	-	-	-	
1.4.3- The company withholds from exercising its voting rights at the General Shareholders' Meeting of any company with which it has cross-ownership, in case such cross-ownership provides management control.	X	-	-	-	-	
1.5. MINORITY RIGHTS						
1.5.1- The company pays maximum diligence to the exercise of minority rights.	X	-	-	-	-	
1.5.2- The Articles of Association extend the use of minority rights to those who own less than one twentieth of the outstanding shares, and expand the scope of the minority rights.	-	-	X	-	-	The Company pays maximum attention to ensure exercise of minority rights granted under the Turkish Commercial Code and the Capital Market Law, and no stipulations were incorporated in our articles of association due to the fact that the legal provisions governing this matter have been expanded.
1.6. DIVIDEND RIGHT						
1.6.1 - The dividend policy approved by the General Shareholders' Meeting is posted on the company website.	X	-	-	-	-	
1.6.2- The dividend distribution policy comprises the minimum information to ensure that the shareholders can have an opinion on the procedure and principles of dividend distributions in the future.	X	-	-	-	-	
1.6.3 - The reasons for retaining earnings, and their allocations, are stated in the relevant agenda item.	-	-	-	-	X	Profit distribution is carried out regularly within the scope of our Dividend Payment Policy.
1.6.4 - The board reviewed whether the dividend policy balances the benefits of the shareholders and those of the company.	X	-	-	-	-	
1.7. TRANSFER OF SHARES						
1.7.1 - There are no restrictions preventing shares from being transferred.	X	-	-	-	-	

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2.1. CORPORATE WEBSITE						
2.1.1.-The company website includes all elements listed in Corporate Governance Principle 2.1.1.	X	-	-	-	-	
2.1.2-The shareholding structure (names, privileges, number and ratio of shares, and beneficial owners of more than 5% of the issued share capital) is updated on the website at least every 6 months.	X	-	-	-	-	
2.1.4 -The company website is prepared in other selected foreign languages, in a way to present exactly the same information with the Turkish content.	-	X	-	-	-	A substantial portion of the information available on our website is also presented in English so that international investors may make use of them. The disclosures in English are given in the form of a summary that is accurate, complete, direct, intelligible, adequate and consistent with the Turkish original in an extent that will be sufficient to help the readers make their decisions based on them.
2.2. ANNUAL REPORT						
2.2.1-The board of directors ensures that the annual report represents a true and complete view of the company's activities.	X	-	-	-	-	
2.2.2 - The annual report includes all elements listed in Corporate Governance Principle 2.2.2.	X	-	-	-	-	
3.1. CORPORATION'S POLICY ON STAKEHOLDERS						
3.1.1- The rights of the stakeholders are protected pursuant to the relevant regulations, contracts and within the framework of bona fides principles.	X	-	-	-	-	
3.1.3-Policies or procedures addressing stakeholders' rights are published on the company's website.	X	-	-	-	-	
3.1.4 - A whistleblowing programme is in place for reporting legal and ethical issues.	X	-	-	-	-	
3.1.5-The company addresses conflicts of interest among stakeholders in a balanced manner.	X	-	-	-	-	

Corporate Governance Compliance Report

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3.2. SUPPORTING THE PARTICIPATION OF THE STAKEHOLDERS IN THE CORPORATION'S MANAGEMENT						
3.2.1-The Articles of Association, or the internal regulations (terms of reference/manuals), regulate the participation of employees in management.	-	X	-	-	-	The employees of our Company are members of the Bank, Finance and Insurance Workers Union. Decisions passed in relation to the employees or developments concerning them are notified to the employees or their representatives. The related union's opinions are sought for decisions of such nature. The Suggestion System Regulation targeting the company employees was introduced as of 1 May 2006, was updated on 29 April 2022. Meetings are held with the sales force twice a year for sharing information and gathering their suggestions.
3.2.2 - Surveys/other research techniques, consultation, interviews, observation method etc. were conducted to obtain opinions from stakeholders on decisions that significantly affect them.	-	X	-	-	-	Surveys are being administered among our customers and employees within the scope of our activities.
3.3. HUMAN RESOURCES POLICY						
3.3.1- The company has adopted an employment policy ensuring equal opportunities, and a succession plan for all key managerial positions.	X	-	-	-	-	
3.3.2-Recruitment criteria are documented.	X	-	-	-	-	
3.3.3 - The company has a policy on human resources development, and organizes trainings for employees.	X	-	-	-	-	
3.3.4-Meetings have been organized to inform employees on the financial status of the company, remuneration, career planning, education and health.	X	-	-	-	-	
3.3.5 - Employees, or their representatives, were notified of decisions impacting them. The opinion of the related trade unions was also taken.	X	-	-	-	-	
3.3.6 - Job descriptions and performance criteria have been prepared for all employees, announced to them and taken into account to determine employee remuneration.	-	X	-	-	-	A title-based pricing system is implemented in our Company.

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3.3.7 - Measures (procedures, trainings, raising awareness, goals, monitoring, complaint mechanisms) have been taken to prevent discrimination, and to protect employees against any physical, mental, and emotional mistreatment.	X	-	-	-	-	
3.3.8 - The company ensures freedom of association and supports the right for collective bargaining.	X	-	-	-	-	
3.3.9 - A safe working environment for employees is maintained.	X	-	-	-	-	
3.4. RELATIONS WITH CUSTOMERS AND SUPPLIERS						
3.4.1-The company measured its customer satisfaction and operated to ensure full customer satisfaction.	X	-	-	-	-	
3.4.2-Customers are notified of any delays in handling their requests.	X	-	-	-	-	
3.4.3 - The company complied with the quality standards with respect to its products and services.	X	-	-	-	-	
3.4.4 - The company has in place adequate controls to protect the confidentiality of sensitive information and business secrets of its customers and suppliers.	X	-	-	-	-	
3.5. ETHICAL RULES AND SOCIAL RESPONSIBILITY						
3.5.1-The Board of Directors has adopted a code of ethics, disclosed on the corporate website.	X	-	-	-	-	
3.5.2-The company has been mindful of its social responsibility and has adopted measures to prevent corruption and bribery.	X	-	-	-	-	
4.1. ROLE OF THE BOARD OF DIRECTORS						
4.1.1 - The board of directors has ensured strategy and risks do not threaten the long-term interests of the company, and that effective risk management is in place.	X	-	-	-	-	
4.1.2 - The agenda and minutes of board meetings indicate that the board of directors discussed and approved strategy, ensured resources were adequately allocated, and monitored company and management performance.	X	-	-	-	-	

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4.2. ACTIVITIES OF THE BOARD OF DIRECTORS						
4.2.1-The board of directors documented its meetings and reported its activities to the shareholders.	X	-	-	-	-	
4.2.2-Duties and authorities of the members of the board of directors are disclosed in the annual report.	X	-	-	-	-	
4.2.3-The board has ensured the company has an internal control framework adequate for its activities, size and complexity.	X	-	-	-	-	
4.2.4-Information on the functioning and effectiveness of the internal control system is provided in the annual report.	X	-	-	-	-	
4.2.5 - The roles of the Chairman and Chief Executive Officer are separated and defined.	X	-	-	-	-	
4.2.7 - The board of directors ensures that the Investor Relations department and the corporate governance committee work effectively. The board works closely with them when communicating and settling disputes with shareholders.	X	-	-	-	-	
4.2.8 - The company has subscribed to a Directors and Officers liability insurance covering more than 25% of the capital.	-	X	-	-	-	While the Company's Board of Directors members and Executives are insured against the risk of loss for potential faults in the performance of their duties under the umbrella liability insurance naming the companies affiliated to our parent group as insureds, the sum insured is not set in an amount that is more than 25% of the capital as set out in the Communiqué.
4.3. STRUCTURE OF THE BOARD OF DIRECTORS						
4.3.9-The board of directors has approved the policy on its own composition, setting a minimal target of 25% for female directors. The board annually evaluates its composition and nominates directors so as to be compliant with the policy.	-	-	X	-	-	While we do not have a policy addressing this topic, five women members served on our Board of Directors during the reporting period.
4.3.10-At least one member of the audit committee has 5 years of experience in audit/ accounting and finance.	X	-	-	-	-	

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4.4. BOARD MEETING PROCEDURES						
4.4.1-All Board members attended the majority of Board meetings, either in person or electronically.	X	-	-	-	-	
4.4.2-The board has formally approved a minimum time by which information and documents relevant to the agenda items should be supplied to all board members.	-	X	-	-	-	While there are no written guidelines, information and documents relevant to the agenda items are shared with all members reasonably in advance.
4.4.3 - The opinions of board members that could not attend the meeting, but did submit their opinion in written format, were presented to other members.	-	-	-	-	X	In principle, Board Directors take part in all meetings. Special care is taken to setting meeting dates that will allow all Board Directors to attend and to hold the meetings with all directors in attendance except in unforeseen exceptional cases. During the reporting period, there were no members who could not attend the meeting but submitted their opinions to the Board of Directors in writing.
4.4.4-Each member of the board has one vote.	X	-	-	-	-	
4.4.5- The board has a charter/written internal rules defining the meeting procedures of the board.	-	X	-	-	-	The meeting procedures of the Board of Directors are set out in detail in our articles of association. There is not a dedicated internal written regulation about this matter.
4.4.6-Board minutes document that all items on the agenda are discussed, and board resolutions include director's dissenting opinions if any.	X	-	-	-	-	
4.4.7- There are limits to external commitments of board members. Shareholders are informed of board members' external commitments at the General Shareholders' Meeting.	-	X	-	-	-	There are no limits to external commitments of Board members. Outside positions held by Board members are stated in the General Shareholders' Meeting information document and in the annual reports.

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4.5. BOARD COMMITTEES						
4.5.5-Board members serve in only one of the Board's committees.	-	X	-	-	-	As a matter of principle, Board Directors do not undertake roles in several committees. During the reporting period, one Board member served as a member on two committees.
4.5.6 - Committees have invited persons to the meetings as deemed necessary to obtain their views.	X	-	-	-	-	
4.5.7-If external consultancy services are used, the independence of the provider is stated in the annual report.	-	-	-	-	X	In 2023, the Committees did not use any external consultancy service.
4.5.8-Minutes of all committee meetings are kept and reported to board members.	X	-	-	-	-	
4.6. FINANCIAL RIGHTS						
4.6.1-The board of directors has conducted a board performance evaluation to review whether it has discharged all its responsibilities effectively.	-	X	-	-	-	The Company's short- and medium-term goals are discussed and determined by the Board of Directors, and the extent at which these goals are realized is monitored regularly. Other than that, the Board of Directors does not conduct a self-evaluation of its performance.
4.6.4-The company did not extend any loans to its board directors or executives, nor extended their lending period or enhanced the amount of those loans, or improve conditions thereon, and did not extend loans under a personal credit title by third parties or provided guarantees such as surety in favour of them.	X	-	-	-	-	
4.6.5-The individual remuneration of board members and executives is disclosed in the annual report.	-	X	-	-	-	The remunerations and benefits provided to the Board of Directors members and executives are disclosed cumulatively in the footnotes of our financial statements and in the annual report, which are publicly disclosed and also accessible on our website.