

Corporate Governance Rating

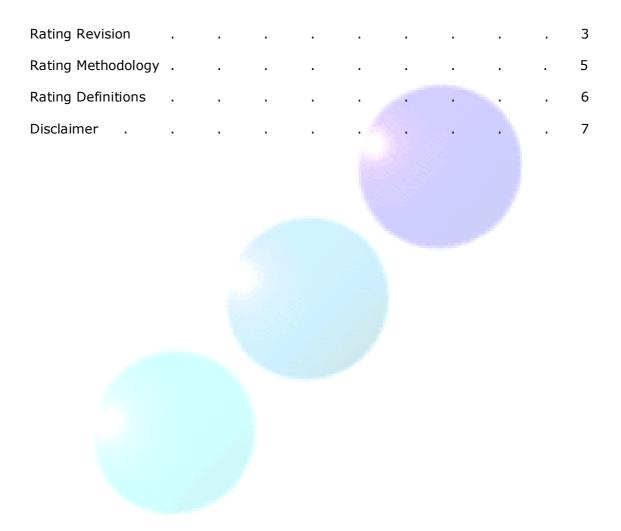
Rating Revision



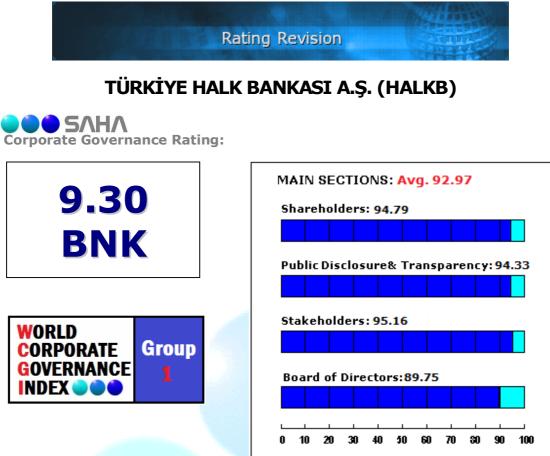
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16 December, 2016

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Corporate Governance Rating



RATING REVISION

The Corporate Governance Rating (9.26) that has been assigned to Türkiye Halk Bankası A.Ş. (Halkbank) on 18.12.2015 is hereby revised up to **9.30**. Our rating methodology (page 5) is based on the Capital Markets Board's (CMB) "Corporate Governance Principles".

In consideration of Türkiye Halk Bankası A.Ş's determination to apply corporate governance principles, its willingness to manage this process dynamically and continuously, and finally the improvements affected during the twelve months lapsed since the publication of the previous report, the corporate governance rating of the company is updated and confirmed as above.

Furthermore, SAHA publishes (annually) the World Corporate Governance Index (WCGI) which ranks countries in terms of their level of compliance with corporate governance principles as well as their germane institutions, rules, codes, and regulations together with international standards and indices which evaluate countries in a vast array of areas such as transparency, corruption, ease of doing business, etc.. Halkbank is top classification of the WCGI which is Group 1. Details of the World Corporate Governance Index (WCGI) published by SAHA can be accessed at http://www.saharating.com.

The sub-section ratings are confirmed as follows:

Sub Sections	Weight	Rating
Shareholders	25%	94,79
Public Disclosure and Transparency	25%	94,33
Stakeholders	15%	95,16
Board of Directors	35%	89,75
Total		92,97



Rating Methodology

SAHA's methodology for rating the degree of compliance with the Principles of Corporate Governance is based upon the CMB's "Corporate Governance Principles" released on January 2014.

The CMB based these principles on the leading work of The World Bank, The Organization of Economic Cooperation and Development (OECD), and the Global Corporate Governance Forum (GCGF) which has been established in cooperation with the representatives of the preceding two organizations and private sector. Experts and representatives from the CMB, Borsa Istanbul and the Turkish Corporate Governance Forum have participated in the committee that was established by the CMB for this purpose. Additionally; qualified many academicians, private sector representatives as well as various professional organizations and NGOs have stated their views and opinions, which were added to the Principles after taking into account country specific issues. Accordingly, these Principles have been established as a product of contributions from all highlevel bodies.

Certain applications of the Principles are based on "comply or explain" approach and others are mandatory. However, the explanation concerning the implementation status of the Principles, if not detailed reasoning conflicts thereof, arising from inadequate implementation of these Principles, and explanation on whether there is a plan for change in the Holding's governance practices in future should be mentioned in the annual report and disclosed to public. The Principles consist of four main shareholders, sections: public

disclosure and transparency, stakeholders, and the board of directors.

Based on these Principles, the SAHA Corporate Governance Rating methodology features around 330 subcriteria. During the rating process, each criterion is evaluated on the basis of information provided the by company officials and disclosed publicly. Some of these criteria can be evaluated by a simple YES/NO answer; others require more detailed analysis and examination.

SAHA assigns ratings between 1 (weakest) and 10 (strongest). In order to obtain a rating of 10, a company should be in full and perfect compliance with the Principles (see Rating Definitions).

To determine the total rating score for each main section parallel to the CMB's Corporate Governance Principles, SAHA allocates the following weights:

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

To determine the final overall rating, SAHA utilizes its proprietary methodology which consists of subsection weightings and weightings for the criteria there under. A separate rating is assigned to each one of the main sections as well.

Rating Definitions

good in terms of Capital Markets Board's es. It has, to varying degrees, identified and cant corporate governance risks through ntrols and management systems. The sidered to represent best practice, and it had of the areas rated. Deserved to be included in the Index on the highest level. In terms of Capital Markets Board's corporate to varying degrees, identified all its material and is actively managing the majority of them al management systems. During the rating ere found in one or two of the areas rated.
in terms of Capital Markets Board's corporate to varying degrees, identified all its material id is actively managing the majority of them management systems. During the rating
BIST Corporate Governance Index.
terms of Capital Markets Board's corporate , to varying degrees, identified the majority vernance risks and is beginning to actively accountability is considered in accordance may be lagging behind international best rocess, minor deficiencies were identified in ted.
Iy as a result of poor corporate governance mpany has, to varying degrees, identified its as not demonstrate an effective, integrated ng related risks. Assurance mechanisms are
ed significant deficiencies in a number (but
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DISCLAIMER

This Corporate Governance Rating Revision has been prepared by Saha Kurumsal Yönetim ve Kredi Derecelendirme A.Ş. (SAHA Corporate Governance and Credit Rating Services, Inc.) based on information made available by Türkiye Halk Bankası A.Ş. and according to the Corporate Governance Principles by the Turkish Capital Markets Board as amended on 2014.

This revision, conducted by SAHA A.Ş. analysts and based on their best intentions, knowledge base and experience, is the product of an in depth study of the available information which is believed to be correct as of this date. It is a final opinion about the degree of sensitivity of a company to its shareholders' and stakeholders' rights, its commitment to public disclosure and transparency, and conduct and credibility of its board of directors.

The contents of this revision and the final corporate governance rating should be interpreted neither as an offer, solicitation or advice to buy, sell or hold securities of any companies referred to in this report nor as a judgment about the suitability of that security to the conditions and preferences of investors. SAHA A.Ş. makes no warranty, regarding the accuracy, completeness, or usefulness of this information and assumes no liability with respect to the consequences of relying on this information for investment or other purposes.

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