

CORPORATE GOVERNANCE RATING REPORT : KUYEYT TÜRK KATILIM BANKASI A.Ş.

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CORE BUSINESS:

PARTICIPATION BANKING

NEW:

☒

UPDATE:

☐

COMPANY PROFILE		
<p>KUYEYT TÜRK KATILIM BANKASI A.Ş. Büyükdere Cad. No:129/1 34394 Esentepe/İstanbul Tel: +90 212 354 13 59 www.kuveytturk.com.tr yatirimciiliskilerimudurlugu@kuveytturk.com.tr</p> <p>CHAIRMAN: Hamad A H D ALMARZOUQ GENERAL MANAGER: Ufuk UYAN INVESTOR RELATIONS AND SUSTAINABILITY MANAGER: Hatice Tuğba ALTAN INVESTOR CONTACT: 0 (212) 354 13 59</p>	<p>Kuveyt Türk Katılım Bankası A.Ş. (Kuveyt Türk or the Bank) was established in 1989 under the title of Kuveyt Türk Evkaf Finans Kurumu A.Ş.as a Private Finance Institution to operate in accordance with the principles set out by the Council of Ministers Decision dated December 16, 1983, and numbered 831/7506. Since December 1999, like other Private Finance Institutions, Kuveyt Türk has been subject to the Banking Law. In May 2006, its name was changed to Kuveyt Türk Katılım Bankası A.Ş. Kuveyt Türk has been operating in the interest-free finance sector since its establishment on March 31, 1989. Kuveyt Türk ranks first among participation finance institutions in terms of funds collected, funds distributed, and total assets, and ranks 10th in the entire banking sector. 57.81% of Kuveyt Türk shares belong to Kuwait Finance House, 24.49% to the Republic of Turkey Directorate General of Foundations, 8.36% to Wafra International Investment Company, 8.36% to the Islamic Development Bank, and 0.98% to other shareholders. The Bank is not publicly traded. Kuveyt Türk paid-in capital is 4,952,205,000 TL. Kuveyt Türk serves with 448 branches in Turkey, and abroad, it continues its operations with its Bahrain branch and four branches of KT Bank AG, its wholly owned subsidiary in Germany.</p> <p>The bank ranks first among participation financial institutions in gold banking and fourth in the entire banking sector. Kuveyt Türk, which carried out Türkiye and Continental Europe's first sukuk transaction in 2010, made history in 2021 by issuing the "Global Sustainable Tier 2 Capital-like Sukuk Issuance" for the first time in Türkiye and the world, in line with participation finance principles. The funds obtained from the sustainable sukuk are used in the financing of green and social projects, primarily renewable energy financing. The sukuk issuance was awarded the 'Deal of the Year' title at the Bonds, Loans & Sukuk Middle East organized by GFC Media. Kuveyt Türk API Market, which includes over 300 APIs (Application Programming Interfaces), was the only financial institution from Türkiye to be ranked in the 'Masters in Openness' category, which represents the highest level in terms of functional advancement and experience, in the INNOPAY Open Banking Monitor 2023. Kuveyt Türk 2022 Annual Report, with its "Next Generation Participation Banking" concept, won awards in 5 different categories at the LACP Vision Awards, one of the world's most prestigious annual report competitions. Kuveyt Türk has managed to enter the list of "Türkiye's Best Employers" for the sixth time in a row in the "1000+ Employees" category at the Türkiye's Best Employers 2023 Awards organized by the "Great Place to Work" (GPTW) Institute in the field of human resources.</p>	
	<p>OVERALL RATING 8.96</p> <p>Summary Commentary:</p>	
SHAREHOLDERS	9.30	The Bank places special importance on the exercise of shareholders' rights. The notifications made prior to the general assembly and the manner in which the general assembly is held comply with the legislation, articles of association, and internal regulations. There is no agenda item regarding the amounts of donations and aids at the general assembly.
PUBLIC DISCLOSURE AND TRANSPARENCY	9.19	The bank has a comprehensive and up-to-date corporate website. The use of the Investor Relations section, in particular, has been made easier. The annual report is in accordance with the legislation, comprehensive and informative. On the other hand, payments made to senior management in the annual report are stated collectively without detailing.



STAKEHOLDERS	9.47	The Bank makes investments to develop its human resources' accumulation and competencies.
BOARD OF DIRECTORS	8.35	The absence of a female member among the board members was considered as an area open to improvement in terms of corporate governance. The fees and all other benefits provided to board members and managers with administrative responsibility are disclosed to the public in total, without detailing them in the annual activity report.

DRC Rating Services Inc. has determined the corporate governance compliance rating of Kuveyt Türk Katılım Bankası AŞ. (Kuveyt Türk or the Bank) to be 8.96. The importance the Bank places on corporate governance and the improvements made have been taken into account. During the examination period, the Bank made improvements in the investor relations section of its corporate website to enhance the ease of use for shareholders, added items to the general assembly agendas, and made improvements to the explanations in the annual reports to provide more detailed information.

Shareholders

Kuveyt Türk Shareholding Structure (31 January 2025)

	Ownership Share (₺)	%
Kuwait Finance House	2,863,098,149	57.81
Republic of Türkiye Directorate General of Foundations	1,212,608,231	24.49
Islamic Development Bank	414,000,000	8.36
Wafra International Investment Company	414,000,000	8.36
Other	48,498,620	0.98
Total	4,952.205,000	100

- The Ordinary General Assembly Meeting of Kuveyt Türk for the year 2023 was held on March 29, 2024. An Extraordinary General Assembly Meeting was also held on May 15, 2024.
- The Bank's Investor Relations and Sustainability Department plays an active role in facilitating the protection and exercise of shareholder rights, particularly regarding the rights to obtain information and conduct inspections. Shareholders have been regularly informed by the department through the Bank's corporate website, email, and Public Disclosure Platform (KAP).
- The improvements made to Kuveyt Türk corporate website during the examination period, particularly the arrangements in the Investor Relations Unit, demonstrate the importance given to informing shareholders. The updates made to the General Assembly agenda and the annual report were positively evaluated in the corporate governance rating.
- The amounts and beneficiaries of donations and aids, as well as policy changes, were not presented to shareholders as a separate agenda item during the general assembly meeting.
- There are no privileged voting rights.
- While there are no procedures that would hinder special audits, no special audits have been conducted before.
- General assembly meetings are held at the Bank's headquarter rather than at a location where the majority of shareholders are numerically represented.

Public Disclosure and Transparency

- The Bank's website, www.kuveytturk.com.tr, is used to inform shareholders and the public, and the information provided there is kept up to date. Important events and developments that need to be disclosed to the public are announced in compliance with the regulations and without delay.
- With the Public Disclosure dated November 12, 2024, the Bank announced that KT Kira Sertifikaları Varlık Kiralama A.Ş. will be the issuer and Kuveyt Türk Katılım Bankası AŞ. will be the fund user, and that lease certificates will be



issued in series with maturities ranging from 1 to 60 months, limited to 30,000,000,000 TL domestically, based on the types of lease certificates specified in the Lease Certificate Communiqué or their combined use, to be sold to qualified and/or institutional investors. It has also been decided to apply for the necessary permits from the Capital Markets Board and other relevant authorities. The application for the issuance ceiling has been shared with the public after being submitted to the Capital Markets Board.

- With the Public Disclosure dated November 22, 2024, the Bank announced the establishment of Sağlam Finansal Teknolojiler A.Ş., a company in which it holds a 100% equity stake.
- The annual report does not provide information regarding transactions carried out by members of the management body on behalf of themselves or others, as well as activities subject to the non-compete clause, within the framework of the permissions granted by the company's general assembly, if any.

Stakeholders

- While continuing its operations in participation banking, the Bank aims to be a pioneering financial institution in the fields of sustainability and corporate responsibility. It is transforming its understanding of sustainability into tangible values through projects such as the Carbon Disclosure Project (CDP).
- The Bank has established its human resources policy and compensation policy for employees, which has been shared with the employees via the portal.
- The Bank has published documents related to Kuveyt Türk policies in the Investor Relations section of its corporate website and shared them with the public.
- With the Kuveyt Türk API Market platform, which includes over 300 APIs, the Bank has become the only Turkish financial institution listed in the "Masters in Openness" category in the INNOPAY Open Banking Monitor 2023, representing the highest level in terms of functional advancement and experience.
- The Bank has been awarded three prizes at the IFN Awards, organized by Islamic Finance News, one of the leading publications in the financial markets. Kuveyt Türk received the "Best Islamic Bank in Turkey", "Best Retail Bank in Türkiye" and "Most Innovative Bank in Türkiye" awards.
- Kuveyt Türk has managed to enter the list of "Türkiye's Best Employers" for the sixth time in a row in the "1000+ Employees" category at the Türkiye's Best Employers 2023 Awards organized by the "Great Place to Work" (GPTW) Institute in the field of human resources.

Board of Directors

- The authority and responsibilities of the chairman of the board and the CEO/general manager have been clearly separated.
- It has been observed that the committees have demonstrated positive performance in supporting the board of directors.
- The absence of a female member among the board members has been regarded as an area for improvement in terms of corporate governance.
- Progress made toward achieving the board's goals is not evaluated on an annual basis.
- It is an area for improvement to obtain written opinions from board members who cannot attend board meetings and share them with other members.
- The positions held by a board member outside the company, along with the rationale for these positions, are not presented to shareholders in the general assembly meeting with the agenda item regarding the election, with a distinction between intra-group and inter-group roles.

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