



**PASHA Yatırım Bankası A.Ş.**

**The Internal Directive  
of the Board of Directors**

## SECTION ONE

### PROVISIONS RELATED TO BANK STRUCTURING

#### 1. Purpose

This internal directive ("Internal Directive") lays out the management structure, job definitions and the working principles of the Board of Directors of PASHA Yatırım Bankası A.Ş. ("Bank"). The authorized signatories of the Bank are determined by a resolution to be taken by the Board of Directors. This decision constitutes the basis of the signature circular for the authorized signatories.

#### 2. Scope

This Internal Directive has been prepared within the framework of the Banking Law No. 5411, the Turkish Commercial Law No. 6102, and the Banking Regulation and Supervision Agency ("BRSA") regulations. The Internal Directive sets out the Bank's working procedures, service units, the Bank's management, organization and the working principles and procedures of the Board of Directors.

#### 3. Basis

The Internal Directive has been prepared on the basis of the Article 367 of the Turkish Commercial Law no. 6102 and the Articles of Association of the Bank.

#### 4. Organization of the Bank

**4.1. Board of Directors:** The Bank is managed and represented by a Board of Directors consisting of at least 5 (five) members elected by the General Assembly.

The Bank's General Manager or, in his absence, his proxy is a natural member of the Board of Directors and is included in the number of members.

#### 4.2. The General Manager and Deputies of the General Manager

The Board of Directors appoints a General Manager with sufficient qualifications required by the Banking Law and other applicable legislation and sufficient number of Deputies of the General Manager. The term of office of the General Manager and Deputies of the General Manager is not limited to the term of office of the Board of Directors. The powers and responsibilities of the General Manager and Deputies of the General Manager are determined by the Board of Directors.

#### 4.3. Committees of the Board of Directors

**Audit Committee:** It has been set up in order to supervise, on behalf of the Board of Directors, the efficiency and adequacy of the Bank's internal systems, the operation of these systems and accounting and reporting systems within the framework of the Law and related regulations, and the reliability and integrity of the information produced, and to make necessary preliminary assessments in the selection of the independent audit institutions and rating, appraisal and support-service firms by the Board of Directors, to regularly monitor the activities of the companies selected by the Board of Directors and

contracted with, and to ensure the coordination and continuation, in a consolidated manner, of the internal audit activities of the subsidiaries subject to consolidation pursuant to the regulations that came into force on the basis of the Banking Law.

**Credit Committee:** It has been established to take credit allocation decisions related to credits within its powers within the limits determined by the Board of Directors under the legal and banking regulations, and to perform the related duties.

**Corporate Governance Committee:** It has been set up to ensure the management of the Bank in a responsible, fair, transparent and accountable way in a manner that protects the rights and interests of all stakeholders and shareholders in line with the set targets, the Banking Law, the Capital Markets Law and the regulations issued pursuant thereto and other legislation, articles of association, bank's internal regulations and banking ethical rules, to monitor the Bank's compliance with corporate governance principles, and to present the necessary recommendations to the Board of Directors.

**Human Resources and Remuneration Committee:** It has been established in line with the Banking Law and the Regulation on the Corporate Governance Principles of the Banks for the purpose of realizing the oversight of the remuneration policies, processes and practices on behalf of the Board of Directors in order to ensure an independent and effective remuneration system.

**Strategy and Budget Committee:** It has been set up in order to provide assurance as to the preparation of the Bank's business and strategy plans and annual budget in accordance with the strategy, operation and budget management process framework approved by the controlling shareholder, and to advise the Board of Directors and to assist in the fulfillment of its duties and responsibilities.

**Risk Management Committee:** It has been established to ensure that the Bank's risk identification, assessment, measurement, control, reporting and monitoring processes and capabilities are effective, sufficient and reliable, and to advise and assist the Board of Directors in fulfilling its duties and responsibilities on this matter.

#### **4.4. Organization Chart of the Bank**

In accordance with Article 367 of the Turkish Commercial Law, the organization chart of the Bank, which includes the units of the Bank and indicates who reports to whom and who is obliged to provide information to whom, is given in Attachment-1.

## **SECTION TWO**

### **WORKING PRINCIPLES OF THE BOARD OF DIRECTORS**

The Board of Directors convenes as frequently as required by the Bank's affairs and legislation, and takes decisions in accordance with the Articles of Association and the relevant legislation on all matters except for those that have been left to the exclusive authority of the General Assembly as required by the provisions of the Articles of Association and the relevant legislation.

## 5. Duties and Powers of the Board of Directors

The members of the Board of Directors are obliged to carry out their duties with the care of a prudent manager and to observe the Bank's interests by abiding by the rules of honesty.

The Board of Directors will be able, under this Internal Directive that it issued within the framework of the Art. 367 of the TCL, to delegate partially or wholly the powers it exercised and/or the management, without prejudice to the provisions of the provisions of the Banking Law, for the periods and with conditions it wishes and the restrictions it deems appropriate, to the Chairman of the Board of Directors, one or more members of the Board of Directors, committees to be composed of members, the General Manager or third parties.

The Board of Directors may appoint, within the framework of the Art. 371 of the TCL, non-representative board members or those working for the Bank under an employment contract as a commercial proxy or other merchant assistants with limited authority. The duties and powers of those to be appointed in this manner have been determined clearly in this Internal Directive that had been prepared according to the Art. 367 of the Turkish Commercial Law mentioned above.

As per the explanations provided above; the Board of Directors is especially empowered with regard to and responsible for the following;

- a) To lay down the principles pertaining to the corporate governance of the Bank. In this context, to set the short and long term objectives of the Bank, to determine the strategies for attaining these objectives, to contribute to the development and implementation of these strategies, and to approve the Bank's budget;
- b) To decide all the formal requirements and conditions for all work for the execution of which the Bank had been founded,
- c) To determine the management principles provided in the legislation for effective execution of the Bank's activities, and to decide for setting up of the necessary units
- d) To determine, as per Article 37 of the Banking Law, the financial reporting system including accounting of the activities, preparing, approving, supervision and presentation to the competent authorities and publication of financial statements as well as the duties, powers and responsibilities; to ensure efficiency of the information systems and; to survey the implementation,
- e) To ensure that regulations, which shows how the internal affairs of the Bank will have to be conducted within the framework of its management and activities, are made; to approve them and; to put them into effect,
- f) To conduct top level supervision of the individuals with managerial duties for compliance with especially the law, the articles of association, internal rules and the written instructions of the Board of Directors,
- g) By giving the necessary directives regarding the Bank's management, to make an assessment of the Bank's financial reports with reference to the annual budget targets; to approve the annual balance sheet and the profit and loss accounts; to

- make an assessment of the activity report of the Board of Directors and of the annual activity report, and to submit them to the General Assembly,
- h) Decide the risks that the Bank can take and its transactions limits, and to supervise to see if such limits are observed,
  - i) To organize the General Assembly meetings and to execute the decisions of the general assembly,
  - j) To keep the books that must, according to Turkish Commercial Law, the tax laws and to the legislation on banks, be kept; to ensure that those that need to be approved in accordance with the legislation and; to ensure that all kinds of documents, incoming and outgoing letters are kept for a period that is required by law,
  - k) To determine the communication policies regarding the shareholders of the Bank and the external authorities, and to give all kinds of instructions that are necessary for appropriate management of the Bank,
  - l) To fulfill miscellaneous duties and transactions imposed on the Board of Directors' of the Banks by the Turkish Commercial Law and the legislation on banks.

**The Board of Directors has delegated its representation and binding powers to the groups determined within the following limits pursuant to the Article 371, Paragraph 7 of the Turkish Commercial Law.**

- I. The Bank's authorized signature classes have been determined as A1, A2, B, C, and D.
- II. Any two members with the Class A1 signing authority are authorized to represent and bind the Bank jointly in any business falling within the scope of the Bank's objectives and field of activity without being limited to any amount provided that they sign together under the Company stamp or the title of the Bank. However, the transactions mentioned below will need to rely exclusively on the resolution of the Board of Directors. The resolution of the Board of Directors shall not be required in the acquisition, transfer to the Bank, and/or assignment to the lessee, of the immovables to be covered by financial leasing transactions that the Bank will conduct as a lessor.
  - a) Except for immovables to be covered by financial leasing transactions that the Bank will conduct as a lessor; establishing any property rights, including the acquisition and transfer of real property and the establishment of a mortgage on the immovable property of the Bank in order to provide for the debts of both the Bank and third parties,
  - b) Purchases of immovable property for any purposes and provision of declarations for alienation at the title deed registry, granting any real rights, including the establishment of mortgages, over the immovable property owned by the Bank to provide for the debts both by the Bank and third parties,
  - c) Setting up any domestic or overseas company/partnership or acquisition or disposal of their shares and participating in the capital increases of existing subsidiaries,

- d) Provision of sureties and guarantees to third parties on behalf of the Bank, except for the transactions for such ordinary banking transactions as provision of letters of surety and guarantee
  - e) Transactions relating to the issuance of shares, financial bonds, asset-backed securities, bonds, and other securities,
  - f) Provision of waiver notices, conclusion of agreements for settlement, release from debt, and arbitration,
  - g) To reach compromises with institutions such as the Revenue Administration, SSA, and tax offices,
  - h) Provision of power of attorney regarding the transactions referred to in the Article II.
- III. The signing authorities relating to the business are specified in the resolution by the Board of Directors. The correspondence to be made with the Banking Regulation and Supervision Agency, Capital Markets Board, Savings Deposits Insurance Fund, Undersecretariat of Treasury, Central Bank of Turkey, Istanbul Clearing Settlement and Custody Bank, Borsa İstanbul A.Ş., Central Registry Agency and other official bodies are created with the joint signatures of two persons, one of whom to be from the Class A1 or B and the other one from the Class A1 or A2 or B or C. The persons in these signature groups have been authorized in the agreements and letters of commitment to be signed relating to the banking activities, without any limitation in amount, and in all businesses and transactions to be done with the aforesaid agencies. The signing authority of the Internal Audit Unit Manager, Internal Control Unit Manager, Risk Management Unit Manager, Compliance Unit Manager within Class A2 authorized signatories have been specified as to be limited to the signing of the correspondence to be made with and reports to be issued for the official institutions only in matters within their own areas of duty and responsibility.
- IV. In conclusion of all kinds of agreements, including loan agreements that exceed the amount of TL 5,000,000 or the equivalent in foreign currency and/or provision of letters of commitment, drawing checks, issuing, endorsing, and assuring bonds, letters of intent and guarantees, and all sorts of negotiable instruments, signing on behalf of the Bank of all official documents, including the opening of import letters of credit, provision of confirmation to export letters of credit, issuing orders for transfer, remittance, EFT and/or wire transfer, becoming joint guarantors, providing powers of attorney and making confidentiality agreements concerning therein, the Bank will be represented and bound by the joint signatures of any two persons from the Class A1 of our Bank or any person from the Class A1 authorized signatories together with any person from the Class B authorized signatories or any two persons from the Class B authorized signatories.
- V. In conclusion of all kinds of agreements, including loan agreements up to the amount of TL 5.000.000 or the equivalent in foreign currency (this amount is included) and/or provision of letters of commitment, drawing checks, issuing, endorsing, and assuring bonds, letters of intent and guarantees, and all sorts of negotiable instruments, opening of import letters of credit, provision of confirmation

to export letters of credit, issuing orders for transfer, remittance, EFT and/or wire transfer, cash withdrawal from banks, provision of sureties, providing powers of attorney concerning therein, the Bank will be represented and bound by the joint signatures of any two persons, one of whom to be a Class A1 or Class B authorized signatory and the other one to be Class A1 or B or C authorized signatory.

- VI.** The transactions for purchasing immovables / real properties to be covered by the financial leasing transactions that the Bank will conduct as a lessor, transferring their ownership to the Bank, and assigning the related properties back to the lessee at the end of the term of the financial leasing contract, and all kinds of applications and transactions to be made regarding this matter at the relevant title deeds offices, governorships and other official agencies shall be valid with the joint signing by any two of the Class B authorized signatories. In addition, the representatives and the third persons authorized for the performance of the transaction, subject to dismissal when necessary, with the joint signing by two of the authorized signatories cited here are also authorized to perform the transactions mentioned in this article.
- VII.** In getting mortgages and changes in grades as well as the establishment of all kinds of pledges, mining pledges, commercial enterprise pledges, ship and aircraft pledges in favor of the Bank in order to provide the collateral for both the credits extended and/or to be extended by the Bank and all kinds of Bank receivables, any two persons from the Class B authorized signatories or two persons, one of whom being the authorized signatory of the Class B and the other one being the authorized signatory of the Class C, are authorized to represent and bind the Bank with their joint signatures. Furthermore, the agents and third parties authorized, to be dismissed when needed, by the joint signatures of two of the authorized signatories mentioned herein for the performance of the transaction are also authorized in the performance of the transactions that were cited in this article.
- VIII.** Removal/release of pledges or mortgage that have been established in favor of the Bank, release of attachment, change of grade against the Bank, conclusion of agreements for the assignment to third parties of the receivables by the Bank and transfer to third parties of the obligations by the Bank, and issuance of all kinds of powers of attorney concerning therein will be valid under the joint signatures of two persons, one of whom being the authorized signatory of the Class B and the other one being the authorized signatory of the Class B or C. Furthermore, the agents and third parties authorized, to be dismissed when needed, by the joint signatures of two of the authorized signatories mentioned herein for the performance of the transaction are also authorized in the performance of the transactions that were cited in this article.
- IX.** In purchases or rentals of fixtures, goods, and services and in real estate leasing over the amount of TL 200,000 or equivalent in foreign currency, the authority to conclude agreements and/or conduct transactions or to issue any kind of power of attorney concerning therein will be valid under the joint signatures of any two of the Class B authorized signatories. The amount in leasing transactions is calculated on the basis of the annual rental cost.



- X.** Issue of letters of intent and guarantee and provision of acceptance of bills up to the amount of TL 250.000 or equivalent in foreign currency; without any limitation in amount, the issue of; reference letters, reference notes, letters of remittance for foreign trade transactions, customs letters, reservation notification forms and advance transfer forms will be valid under the joint signatures of any two of the Class C authorized signatories.
- XI.** In purchases or rentals of fixtures, goods, and services and in real estate leasing below the amount of TL 200,000 or equivalent in foreign currency, the authority to conclude agreements and/or conduct transactions or to issue any kind of power of attorney concerning therein will be valid under the joint signatures of any two of the Class B authorized signatories or the joint signatures of any one of the Class B authorized signatories and any one of the Class C authorized signatories. The amount in leasing transactions is calculated on the basis of the annual rental cost.
- XII.** The consultancy agreements that are concluded to provide Bank customers with financial intermediary and consulting services will be valid under the joint signatures of any two of the Class B authorized signatories.
- XIII.** Banking services agreements will be valid under the joint signatures of any two of the Class B or C or D authorized signatories, one of whom being from the Class B or C.
- XIV.** Wire transfers, remittances, or transfers of all kinds of money, funds, securities, checks, notes, bonds, and other negotiable instruments amongst the Bank's own accounts existing before the other institutions that do not create obligations for the Bank will be valid, without a limitation in the amount, under the joint signatures of any two of the Class B or C or D authorized signatories, one of whom being from the Class B or C.
- XV.** The monitoring of lawsuits, appeals, enforcement proceedings before the judicial authorities in favor and/or against the Bank, the representation of the Company and monitoring of lawsuits, appeals, enforcement proceedings before all judicial authorities and other public agencies, and provision of general and special power of attorney related to the transactions mentioned in the Article 15 will be valid under the joint signatures of any two persons from the authorized signatories of the Class B.
- XVI.** Issuance and delivery of the documents that do not put the Bank under debt or obligation regarding the agreements that have been concluded, making the correspondence in this regard, issuance of account statements and receipts, serving the notifications before or outside of the notary for the provision and maintenance of the Bank's rights and interests, responding to the correspondence coming from the official authorities such as foreclosure notices and asset investigations, serving warnings and notices, follow-up and implementation of the transactions at the General Directorate of Land Registry and Cadastre, Social Security Agency (SSA), General Directorate of PTT, Chambers of Commerce and Industry, Tax Offices, Customs Offices, Provincial Special Administrations, municipalities and all kinds of any and all official departments, institutions and organizations, professional organizations and other institutions of a public nature



similar to them, and at the local administrations, issuance of necessary declarations and affidavits and the letters relating to them, receipt and delivery of the necessary documents, serving and receiving notifications, issuing instructions to banks for transfers, remittances, EFT in order to ensure the payment of taxes, duties, fees, premiums, funds, and the like, recovery of the excess payments that were made, issuance of endorsement for collection, obtaining necessary permits, printing and certification of documents, books, invoices, and similar documents, opening/closing of correspondent accounts, signing of framework agreements of all kinds will be valid under the joint signatures of any two persons from the Class B authorized signatories or under the joint signatures of any Class B authorized signatory and any Class C or Class D authorized signatory or any two of the Class C authorized signatories or any Class C authorized signatory and any Class D authorized signatory.

- XVII.** Without any limitation in amount; issue of credit and other account statements and receipts; issue of letters of confirmation for letters of guarantee and letters of confirmation for reference letters; signing of the checks received as guarantee and/or for collection that have been stamped on the back side as bounced, returned, court decision, and so on depending on the settlement results; issue of independent audit reconciliation forms on the basis of customer demands; issue of notification letters for the withholding tax paid to the tax office; responses provided to letters coming from the official authorities such as foreclosure notices and estate investigations will be valid under the joint signatures of any one of the Class C authorized signatories and any one of the Class D authorized signatories.
- XVIII.** The signing of the confirmation letters to the Central Bank of Turkey, Istanbul Settlement and Custody Bank, Borsa İstanbul A.S., Central Registry Agency, Capital Markets Board, banks, brokerage firms, financial institutions, securities firms, and other companies for their transactions outstanding before our Bank and for the amounts withheld that were deposited on behalf of the counterparty banks during the relevant period will be valid under the joint signatures of any two persons from the Class B or C or D authorized signatories of our Bank.
- XIX.** Issuance of authorization letters for the delivery of cash in Turkish lira and foreign currency, gold, negotiable instruments, and all kinds of securities and private sector debt instruments before the Central Bank of Turkey, Istanbul Settlement and Custody Bank, Borsa İstanbul A.S., Central Registry Agency, Capital Markets Board, banks, brokerage firms, financial institutions, securities firms, and other companies will be valid under the joint signatures of any two persons from the Class B or C or D authorized signatories; issuance of authorization letters for the receipt will be valid under the joint signatures of any two persons from the Class B or C or D authorized signatories, one of whom to be from the Class B.
- XX.** Besides the joint signing authority granted to the Class A1 authorized signatories under the Article 2 of the circular of signature, any one of the Class A1 authorized signatories and any one of the Class B authorized signatories of our Bank shall represent and bind the Bank under their joint signatures on any subject that is within the Bank's purpose and business field that have not been covered by the regulations contained above.

- XXI.** The rights of the authorized signatories of the higher classes to sign also for the transactions that could be done by the authorized signatories of the lower classes have been reserved.
- XXII.** In order for the documents to be issued on behalf of our Bank and the agreements and transactions to be conducted in representation of the Bank to become valid, they are required to bear two authorized signatures affixed under the Bank's trade name or the Bank's seal.

## **6. Membership**

The Board of Directors consists of at least 5 (five) members elected by the General Assembly.

The members of the Board of Directors and the real person to be registered on behalf of the legal entity must be fully qualified and have the qualifications specified in the Banking Law.

The Bank's General Manager or, in his absence, his proxy is a natural member of the Board of Directors and is included in the number of members. The duties of the Bank's General Manager and Chairman of the Board of Directors cannot be assumed by the same person.

The members of the Board of Directors are elected for a maximum term of 3 (three) years. A member whose term has expired can be re-elected.

In case of vacancy of the Board of Directors membership due to death, resignation or for any reason, the remaining members of the Board of Directors hold an election to replace the member who has vacated in accordance with the provisions of Article 363/1 of the Turkish Commercial Law and the Articles of Association, and the election is submitted to the approval of the shareholders at the first General Assembly meeting.

The General Assembly may replace the members of the Board of Directors at any time if it deems necessary.

## **7. Chairman and Deputy Chairman**

The Board of Directors elects a Chairman and a deputy chairman to act as proxy in the absence of the chairman by distributing duties among its members each year.

The Chairman of the Board of Directors has the powers entrusted to him by the Board of Directors and the Articles of Association.

## **8. Secretariat**

The Secretary of the Board of Directors is responsible for the secretariat of the Board of Directors.

## **9. Meeting and Decision Quorums**

The Board of Directors convenes with the majority of the total number of members, and decisions are taken by the majority of the members attending the meeting.

In the event of the equality of votes, the case is left to the next meeting. If the equality cannot be broken in that meeting as well, the proposal is deemed to have been rejected.

#### **10. Meeting Type and Frequency**

The Board of Directors convenes as and when required by the Bank's affairs and legislation.

The Board of Directors is called for a meeting by the Chairman of the Board of Directors or, in his absence, by the Deputy Chairman. Each member of the Board of Directors may ask the Chairman in writing to call the Board of Directors for a meeting. The invitation for the Board of Directors to meet is sent by the Secretary of the Board of Directors to all members of the Board of Directors by e-mail at least four (4) business days prior to the meeting date as attached to an invitation letter that includes the agenda of the meeting as well.

#### **11. Minutes of Meeting**

The discussions and decisions of the Board of Directors are written in the meeting minutes in Turkish and signed by the attendants. Members who cast dissenting votes sign the minutes, stating their reasons.

The provisions of Article 390 of the Turkish Commercial Law and the legislation on banks are reserved regarding the meetings of the Board of Directors and keeping the meeting minutes and the book of resolutions.

### **SECTION THREE**

#### **OTHER PROVISIONS**

#### **12. Enforcement and Implementation**

This Internal Directive enters into force upon being registered and announced in the trade registry after its approval by the Board of Directors. The Board of Directors has been authorized for matters not included in this Internal Directive. The Internal Directive may be amended at any time by the decision of the Board of Directors.

#### **13. Execution and Review**

The provisions of this Internal Directive are executed by the Board of Directors of the Bank. The Internal Directive is reviewed by the senior management and the Secretary of the Board of Directors once a year. Suggestions for changes, if any, are submitted to the approval of the Board of Directors. The Secretary of the Board of Directors is authorized to make amendments to the attachments as a result of changes in duties and organization.

#### **Internal Directive Attachment -1**

#### **Organization Chart of the Bank**