



PASHA Yatırım Bankası A.Ş.

**2015 Corporate Governance
Principles Compliance Report**

1. Statement of Compliance with Corporate Governance Principles

With the awareness of the importance of corporate governance practices as well as financial performance, PASHA Bank improves inner workings to establish an effective, adequate, and consistent corporate structure with regard to the “Bylaw on the Corporate Governance Principles for Banks” issued by the Banking Regulation and Supervision Agency (“BRSA”). On the other hand, it has been working voluntarily to ensure maximum compliance with the Corporate Governance Principles contained in the attachment to the “Corporate Governance Communiqué” no. II-17.1 that was published by the Capital Markets Board (“CMB”) and continues to strengthen corporate governance mechanisms in this endeavor.

PASHA Bank believes that the existence of independent members of the board of directors as part of the Corporate Governance Principles will contribute to the development and strengthening of the Bank's activities and the establishment of a more professional management approach. Three members in the Bank's Board of Directors serve as independent members of the board of directors. As an indication of the importance given by our controlling shareholder to the compliance with the Principles of Corporate Governance, three independent board members elected in 2013 continued their duties in 2015.

PASHA Bank's determination to implement corporate governance principles and its willingness to manage this process dynamically and continuously were confirmed in 2015 by an independent rating agency recognized by the Capital Markets Board of Turkey and the rating that had been assigned was revised and upgraded in June 2015 to 8.94 (on a scale of 1-10).

The revised note of the Corporate Governance Rating is posted on the Bank's corporate website at the address of www.pashabank.com.tr. PASHA Bank has continued to expand the contents of its corporate website in order to inform its stakeholders about the Bank's activities.

The differences arising between the CMB's Corporate Governance Principles and the practices by the Bank were included in the report under the relevant subject headings.

PASHA Bank complied in the 2015 operating period with the "Corporate Governance Principles" published by the CMB with the exception of some principles provided below that were not required to be implemented. There is no conflict of interest stemming from the matters outlined below that were not implemented.

- Pursuant to the Article 4.6.5. of the “Corporate Governance Principles”, the fees and other benefits provided to the members of the Board of Directors and senior executives are disclosed to the public through the annual report. However, the disclosure made is for the entire top management collectively, not on an individual basis.

- In the Article 1.2.1 of the “Corporate Governance Principles”, in our Bank’s Articles of Association, there are no provisions that make carrying out special audits more difficult and our Bank Management has adopted in principle the notification to the Audit Committee by the shareholders of the issues that they suspected and wanted to be examined and the examination of the issues in this manner.
- Pursuant to the Article 4.5.3 of the “Corporate Governance Principles”, the chairs of all the committees in our Bank have not been elected from among the independent board members. However, the chairs of all the committees are composed of our non-executive board members.

The reason for not electing chairs of the Corporate Governance Committee and the Remuneration Committee out of the committees that were created pursuant to the Corporate Governance Principles from independent board members is to improve the composition and to increase the competence of the members of the committees within the Board of Directors and also to enhance the synergy for similar processes carried out before the controlling shareholder group.

SECTION I - SHAREHOLDERS

2. Investor Relations Department

The Investor Relations function was structured under the Financial Planning, Controlling and Investor Relations Department ("FPC") in an effort to meet the Shareholders’ right to receive information and to review, and to ensure the protection and the facilitation of the use of the shareholding rights.

The Financial Planning, Controlling and Investor Relations Department, the Corporate Center and Relations Department, and the Legal Affairs Department jointly fulfill the task of ensuring communication between the Board of Directors and the existing and potential shareholders and of carrying out the necessary procedures for it in compliance with the CMB Principles of Corporate Governance.

There are no applications made to the Investor Relations Department during the year due to the Bank being not publicly owned.

The activities listed below of the Investor Relations function are fulfilled by the Financial Planning, Controlling and Investor Relations Department, the Corporate Center and Corporate Relations Department, and the Legal Affairs Department by ensuring the necessary coordination in compliance with their job descriptions.

- a) To ensure the records relating to the correspondence between the Bank and Investors and other information and documents to be kept in a healthy, safe, and up-to-date manner,
- b) To respond to written requests for information by the shareholders about the Bank,

- c) To prepare the documents required to be submitted to the shareholders for information and review regarding the general assembly meeting and to take the measures that would ensure the general assembly meeting to be made in accordance with the relevant legislation, the Articles of Association, and other internal regulations of the Bank,
- d) To supervise the fulfillment of the obligations arising from capital market regulations including all matters relating to corporate governance and the public disclosure and perform the necessary announcements from the corporate website,
- e) To present an annual report to the Board of Directors at least once a year on activities with respect to Investor Relations.
- f) To execute the process for increasing the capital,
- g) To ensure the necessary changes to be made in accordance with the relevant legislation in the Articles of Association.

Name Surname	Title	Telephone No.	E-mail Address	License Certificate
Yeşim Çağlar	Manager, Financial Planning, Controlling and Investor Relations Department	(212) 705 8908	yesim.caglar@pashabank.com.tr	Capital Market Activities Level 3 License, Corporate Governance Rating License
M.Serkan Halay	Manager, Corporate Center and Corporate Relations Department	(212) 705 8916	serkan.halay@pashabank.com.tr	Capital Market Activities Level 3 License
Sinem Atahan Güven	Legal Counsellor	(212) 705 8919	sinem.guven@pashabank.com.tr	-

Investor Relations is responsible for informing the shareholders and prospective investors about the Bank's operations, financial condition, and strategies, except for confidential information and trade secrets, and managing the bi-directional communication between the shareholders and Bank managers by taking the views of other departments and in coordination with such departments when necessary.

All kinds of information and disclosures other than the special requests for information are included on our Bank's website under the pages of Investor Relations and Corporate Governance.

The FPC Department realized the following activities by obtaining the support needed from the Corporate Center and Corporate Relations Department, and the Legal Affairs Department.

- Disclosures of special cases,
- Ensuring communication with the independent auditing firm, preparation of annual and interim activity reports, and the publication thereof in the areas deemed appropriate by the legislation,
- Keeping the information within the department's responsibility and the investor relations page up to date on our corporate website,
- Preparation of presentations promoting the Bank and relating to the Bank's performance and strategies,

- Preparation of market share reports and undertaking comparative analysis of key performance indicators through the examination of the industry information,
- Responding to questions coming in via e-mail and phone,
- Ensuring communication with Credit Rating Agencies, review and evaluation of reports.

The report on the activities carried out in 2015 under the Communiqué will be presented to the Board of Directors in March 2016.

3. Exercise of Shareholders' Right to Information

On the Bank's website, our articles of association, shareholding structure, financial information, activity reports, the meeting minutes of the invitations of the General Meeting of Shareholders, our trade registration and contact details are disclosed to the public.

The main principle in regard to the right to information and the right to review of the shareholders, as per the Corporate Governance Policy of the Bank, is indiscrimination between the shareholders.

The provision of Article 33 of our Bank's articles of association reads as, "Bank's independent audit will be conducted according to the pertinent legislation, by the independent audit institutions that are empowered to conduct independent audit of bank. The audit institution which will conduct such audit will be selected by the General Assembly." There is no provision regarding any request for the assignment of any private auditor. No request has been made during the period, regarding appointment of a private auditor.

In addition, a link is provided to the Public Disclosure Platform on the Bank's website.

4. General Meetings of Shareholders

Provisions that pertain to the General Assembly are included in the "Articles of Association of the Bank" (AoA) and in the "Internal Directive Pertaining to the Working Principles and Procedures of the General Assembly", which are placed on the Bank's website and that are open to the public.

The annual general meeting of shareholders of the Bank for the year 2015 is held physically at the head office address on March 31, 2015.

In the matter of the quorum regarding the annual and extraordinary meetings, the provisions in Turkish Commercial Code applies, as per the pertinent Article of the Articles of Association. Our shareholders that own 254.795.121 of the total number of shares, which is 255.000.000, were present at the annual general meeting of

shareholders; that adds up to a majority at a ratio of 99.92%. No reporter from any of the media groups did participate to the general assembly.

At the Extraordinary General Meeting of PASHA Yatırım Bankası A.Ş., which was held on January 27, 2015;

The capital of the Bank was increased from TL 80.000.000 to TL 255.000.000, and Article 7, titled “The Capital”, of the Articles of Association was amended regarding this increase.

The trade name was changed to “PASHA Yatırım Bankası A.Ş.”, company name was changed to “PashaBank” and Article 2, titled “The Title” of the Articles of Association was amended.

Invitations letters were sent to the shareholders, whose names are written on the share ledger, three weeks before the dates of the General Assembly, and in addition to this, invitation announcements for the meetings as well as the agenda items and a sample copy of power of attorney were published in the Trade Registry Gazette of Turkey as well as in a daily newspaper that is distributed nationwide in Turkey. Invitations to the General Assembly were made by the Board of Directors. On the other hand, the officials of the Banking Regulation and Supervision Agency (BDDK) were also invited to the said meetings, along with the shareholders. In addition to the shareholders, the representatives of the official establishments that are, according to the pertinent legislation, empowered to attend the General Assembly can participate to them.

Announcements of the invitation to the general assembly of the Bank had been published in the Trade Registry Gazette of Turkey (TTSG) at least 3 (three) weeks ahead excluding the dates of the announcement and of the meeting, as per the provisions of Article 414 of Turkish Commercial Code, in accordance with the pertinent Article of the Articles of Association, by observing the time limits in the legislation. Besides, the announcement for the meeting has been published on our website and in the Hürses newspaper, and the day, place and agenda have also been posted to the shareholders.

Our activity report have been made available before the General Assembly, at the head office of the Bank and on the website, for the information of our shareholders, and for them to review. There is no deadline for registration of the holders of the registered shares in the share ledger, for participation to the General Assembly.

The minutes of the general meetings of shareholders of our Bank are available at all times, to the shareholders, on the information society site of the Bank’s webpage.

The shareholders of our Bank are entitled to declare their opinions and as questions about the subject on the agenda, and there are no limitations in this regard.

The shareholders did not make any request for the inclusion of any items to the agenda of the Annual and Extraordinary General Meetings.

There is no provision in our Articles of Association regarding voting of important motions like sale, purchase, lease of assets of significant value, and the General Management and the Board of Directors is empowered to effect transactions within the set limits of the powers of authority. The reason for the entrustment of such power with the Board of Directors is to enable timely decisions. However, the activity reports of the Board of Directors, the balance sheet, income and expenditure accounts as well as the reports that are prepared by the auditors, selection of the independent audit firm, recommendation of the Board of Directors regarding distribution of profit, assignments to the vacant seats of the members of the Board of Directors who leaves before their term ends, aid and donations within the year, must be submitted to the General Assembly for its information, and are subject to release by it.

TL 850 donations have been made to TEV during the period and the internal rules and regulations about the policy on donations are laid down according to the Corporate Governance Policy.

Casting of votes by proxies is possible as per to the provisions of the Articles of Association of the Bank. According to Article 26 of the Articles of Association, the shareholders can themselves exercise their right to vote, or they can have themselves represented by other shareholders, by a non-shareholder proxy they will appoint, or by the representative of the organ that would be assigned as per Article 428 of Turkish Commercial Code, by an independent representative or a corporate representative.

The minutes of the General Assembly of our Bank are published on the investor relations, information society site of the Bank's webpage, and announced in the Trade Registry Gazette of Turkey.

The Annual General Meeting of Shareholders of the Bank for the year 2015 will be held on March 30, 2016 at its head office building.

5. Voting Rights and Minority Rights

In the Articles of Association, there is no preferred voting right. There is no company with which the Bank has a mutual participation relation.

6. Dividend Right

The policies regarding dividends are developed within the framework of the Corporate Governance Policy. Dividends can be paid to the extent it is allowed by the general policy of the Bank regarding distribution of profits, its financial structure, pending investments, the current conditions of the sector, the economic conjuncture and by the legislation on banking.

The principles on distribution of profits are included in the Articles of Association of the Bank (AoA) and in the website contents.

The General Assembly can – after setting aside the statutory reserves as required by Turkish Commercial Code (TCC) and the provisions of the Articles of Association of the Bank, and upon obtaining the permission that need to be taken according to the legislation on banking – at its sole discretion and in a way not to constitute a vested right, appropriate as much of the profit as it wishes to the members of the Board of Directors and/or top managers and the employees of the Bank.

The General Assembly is empowered to decide to distribute the remaining profit entirely or partly to the shareholders, or to set aside as excess reserve.

7. Transfer of Shares

There is no provision that restricts transfer of share certificates, in the Articles of Association of our Bank.

The share certificates of the Bank can be transferred freely, without prejudice the provisions of the Banking Law, Turkish Commercial Code and of the Articles of Association.

SECTION II - PUBLIC DISCLOSURE AND TRANSPARENCY

8. Policy on the Provision of Information

Our Bank's disclosure policy has been developed in compliance with the Corporate Governance principles; approved by the Board of Directors and is published on its website.

The principles on the disclosure of information regarding the future are included in the Disclosure Policy.

The power and responsibility for follow up, supervision and development of the policy on public disclosure and provision of information belongs to the Board of Directors.

The Investor Relations is assigned with the duty of supervision of every matter regarding public disclosures, and answering the questions addressed to the company. The names and duties of the persons who are responsible for following of the disclosure policy are included in the "Investor Relations Section" of this report.

Information that is disclosed to the public are presented on the "Public Disclosure Platform" (www.kap.gov.tr) and on the Bank's website, in a way that would help the individuals and organizations, that would benefit from the disclosure, make their decisions, in a meticulous, understandable and interpretable manner and with low cost accessibility.

9. Company's Website and its Contents

The address of our Bank's corporate website is "www.pashabank.com.tr. The principles relating to the use of the website organized in Turkish and English are included in the Corporate Governance Policy.

The information to be disclosed to the public is made public on the Bank's corporate website under the pages of "Investor Relations" and "Corporate Governance" in a timely, accurate, complete, intelligible, and interpretable way.

The corporate website is laid out and kept up to date so as to include information and data required by the applicable legislation.

10. Annual Report

The Annual Report is prepared with as much detail as to enable access to complete and correct information, and to include the information and data mentioned in the applicable provisions of the pertinent legislation.

Moreover, information mentioned in the Corporate Governance Principles and Corporate Governance Principles Compliance Report is presented in the annual activity report.

SECTION III - STAKEHOLDERS

11. Provision of Information to Stakeholders

The Bank provides all stakeholders with information by way of the general assembly minutes, meetings, press bulletin, electronic post and website, but excluding the commercial secrets of the Bank, within the framework of the Banking Law, Turkish Commercial Code and the Capital Market Board legislation. Furthermore, the public disclosure tools and methods have been developed according to the Disclosure Policy and published on the website.

In the "Ethical Principles Regulation" of the Bank, relations with stakeholders are treated in regard to different groups.

An internal reporting system and an ethics hotline has been set up that enable direct contact with the Compliance Officer, should our Bank and/or employees face a risk that may be associated with risk management or compliance.

The Internal Audit Department will be notified about the transactions, which have been reported by the stakeholders as being incompliant with the legislation and ethically inappropriate.

12. Stakeholders' Participation to Management

A customer hotline and a complaints line through Internet have been set up for all stakeholders, enabling them e-mail any opinion, suggestion, wish and complaint they may have as well as their request for information.

Models, incentives and codes of practice in support of participation of the employees to management are developed within the framework of the "Human Resources Policy".

Efforts that promote communication and support team spirit among the employees are made, with the purpose of establishing effective and productive relationships, and for collaborative workings.

Responsibilities are assigned in order to effectively reveal and resolve conflicts of interest and measures and control processes intended to prevent them are implemented by the Bank within the framework of "Conflict of Interest Policy".

Conflict of Interest Policy has been updated in compliance with the provisions of the capital markets regulation and approved with the Board Resolution dated October 22, 2015 and numbered 88.

13. Human Resources Policy

Human resources policy and the basic policies of the Bank are explicitly stated in the Human Resources Policy document that is served to all employees against signature.

Human Resources Policy includes, in addition to the basic principles on the personnel policy, information about recruitment processes and principles, performance management, promotions, salaries, fringe benefit, rewarding, disciplinary provisions and termination of employment contracts.

The Human Resources Policy of the Bank is decided on behalf of the Board of Directors by the Human Resources Committee, by taking the following principles into consideration. The purpose of the Bank is to retain the most qualified and competent personnel available at all positions. When recruiting, the basic recruitment criteria must be observed.

- a) To employ the personnel who best meets the qualities for that job, and to give all personnel the opportunity to develop their talents and competencies,
- b) To hire optimum number of personnel by facilitating the conditions for them to work in most productive way,
- c) To organize seminars and on the job training programs for the personal development of the employees;
- d) To encourage and reward the personnel for success,

- e) To strive for training personnel from among the Bank staff and when filling the vacancies, to give priority the Bank personnel, and to give promotion opportunities to the Bank personnel according to their skills,
- f) To inform the personnel about matters that concerns them in a timely manner, and to develop effective communication means and methods for the personnel to easily communicate their opinion to their superiors,
- g) To create a work atmosphere that would motivate the personnel and all managers, maintain sustainability of the internal communication,
- h) To create the environment and conditions that is needed for the professional and personal development of all personnel, without making discrimination among them.
- i) To offer career opportunities to the personnel who meets the conditions that are necessary for promotion.
- j) Considering market conditions and the budget of the Bank, to give sufficient pay and benefits to the personnel;
- k) To keep the channels, through which the personnel can communicate their opinion and suggestions, open;
- l) To ensure awareness for the Bank's goals and the personnel get together around the common goals,
- m) To achieve sharing of corporate culture and corporate loyalty,
- n) To create a work atmosphere that would encourage people to think creatively and to develop ideas for improving the processes.

At our Bank, target based assessment system is implemented in order to increase productivity of the employees and to reward their successes. The performance system of the Bank measures the performance of the employees with reference to targets and achievement of such targets. For this purpose, Target Performance Cards that consist of four main sections that are based on financial, customer, internal process, learning and development perspectives are used. A performance assessment meeting is held at the end of every quarterly period, with the Department Manager and the Bank's Top Management. At these performance assessment meetings, the level of achievement is assessed and the actions that would be taken are discussed.

The vacancies will be filled primarily by existing employees, and the training and development programs of the employees will be supported in line with the career plans set with them.

On the other hand, there are job descriptions that apply to each and every employee. The organizational structure of the Bank and the job descriptions of the employees are published in the file server of the Bank, and the employees are informed by announcements.

The Human Resources Department is working in coordination with the other departments, in line with the targets, and with the purpose of selecting the most suitable candidate at the recruitment phase, by reaching the correct target group for that particular position. Besides, special care is taken to ensure that all candidates

are willing to adopt the corporate culture, that they believe in open communication and continuous development and are customer and result oriented, and that they have the necessary education and knowledge of foreign language.

Minimum levels of seniority at the current position, depending on the educational qualifications, for promotion have been defined. The Employees can be promoted by meeting the criteria that are defined and stated in the Human Resources Policy.

The “Remuneration Committee” of our Bank had been set up in year 2013, by resolution 52 of the Board of Directors, dated October 9, 2013, with the purpose of carrying out the activities which fall under the scope of the “Regulation on Corporate Governance Principles of Banks” of the Banking Regulation and Supervision Agency.

The Remuneration Committee is responsible for following up, on behalf of the Board of Directors, of the remuneration management practices of the Banks within the scope of compliance with the Corporate Governance Principles; for compliance of such practices with the Banks’ ethical values, internal balances and strategic targets; for reviewing of the remuneration policy and for submitting of its recommendations determined according to the needs; for other matters as well as the duties given to it within this context by the Board of Directors.

The Remuneration Policy of the Bank has been developed on the basis the “Corporate Governance Principles of Banks” and the “Capital Markets Board Principles of Corporate Governance”, and approved by the Board of Directors on March 10, 2014. At the Annual General Meeting of Shareholders of the Bank for the year 2013, which was held on March 28, 2014, the Remuneration Policy was explained to the shareholders, and approved by them. The Policy have been disclosed to the public on Bank’s website as per the requirements of the regulations.

The Remuneration Committee undertakes a review at least once a year to ensure the provision of policy activity. The Remuneration Committee reviewed the remuneration system policies and practices of our Bank regarding the year 2015 and then reported its assessments and recommendations within the scope of management of the risks associated with such remuneration practices, to the Board of Directors as of January 2016.

When deciding the severance and notice pay, Labor Law 4857, dated 22.5.2003, was referred to.

Bank management has not received any discrimination complaint in the year 2015.

The targets of the training activities of the Human Resources Department are as follows:

- With the career training, to increase the performance of our employees at their current jobs and also to make them ready for higher positions;

- Ensuring the acquisition by the employees of the information, skills and equipment required by modern banking in accordance with the principles of equality and continuity,
- Supporting positive developments in our employees' relations with each other and with our customers.
- To increase their work and social life quality with the help of personal development trainings.

Job applications are made through the use of the email address ik@pashabank.com.tr as well as over the contracted human resources portals and recruitment positions are announced via these channels. Consulting firms are also employed when necessary. The 97% of the employees at the PASHA Bank, who have an average age of 38, have an undergraduate or graduate degree.

14. Ethical Rules and Social Responsibility

The “Ethical Principles Regulation” that had been approved by the Board of Directors lays down all of the rules that have to be observed in all actions and transactions with the customers, employees, other financial organizations and all stakeholders and it has been disclosed to the public on the website, according to the disclosure policy of the Bank.

The ethical principles are intended to regulate the relations with all stakeholders in and outside the bank, which are categorized as the competitors, customers, suppliers, personnel, the media, and the public institutions and organizations.

The Ethical Principles of PASHA Yatırım Bankası A.Ş. is deemed as an inseparable part of the Corporate Governance Policy and the Human Resources Policy.

The Ethical Principles are the aggregate of all rules that would be observed in all actions and transactions with the customers, employees, other financial organizations and all stakeholders.

The rules and regulations set in accordance with the Ethical Principles Regulation are among the general responsibilities of all employees, and they must be included in the compliance and acceptance statement.

The Sustainability, Environment and Social Responsibility Policy of the Bank have been put into effect as of April 28, 2014.

In the year 2015, the Bank did not pay any fine to the regulatory and supervisory authorities for violation of the provisions of the legislation.

SECTION IV - THE BOARD OF DIRECTORS

15. The Structure and Composition of the Board of Directors

In section two of the Articles of Association, the Bank's organization and the duties and powers of the Board of Directors are explained. According to them, the duties and responsibilities of the Board of Directors are subject to the principles set forth by the provisions of Turkish Commercial Code and the Banking Law, and to the provisions of the Articles of Association.

The Board of Directors is carrying out its activities in a transparent, fair, responsible and accountable manner.

The members and the fields of duty of the members of the Board of Directors of our Bank are stated at below.

The CVs of the members of the Board of Directors are included in the annual activity report on section "Information on Top Management" and on the website of the Bank, and on the MKK (the Central Registry Agency) e-company portal.

The number of board members was determined as nine in the Annual General Meeting of Shareholders of the Bank held on March 31, 2015, including the General Manager who is a natural member as required by the Banking Law, and Agha Ali Kamalov, Saffet Batu Aksoy, Afag Mustafayeva, Taleh Kazimov, Shahin Mammadov, Süreyya Serdengeçti, Mesut Özdiç, Adnan Aykol, and Hikmet Cenk Eynehan were elected as Members of the Board of Directors to serve for a period of three years. Jalal Gasimov was assigned to replace Afag Mustafayeva who left her office through resignation during the year pursuant to the Board resolution dated August 17, 2015 and numbered 75.

The term of office of all Members of the Board of Directors are set as three years at most under the Articles of Association. Members whose term of office has expired may be re-elected. The tasks assumed by Members of the Board of Directors in the institutions outside the Bank were given in the table below by their areas of responsibility and such information is also disclosed in the CV's of the people concerned on the Bank's corporate website.

NAME-SURNAME	DUTY	DUTIES ASSUMED OUTSIDE THE BANK	RESPONSIBILITY AREA	APPOINTMENT DATE	ACADEMIC BACKGROUND	PROFESSIONAL EXPERIENCE (YEAR)
Agha Kamalov	Ali Chairman	PASHA Holding LLC, First Deputy Director (COO)	Remuneration Committee Corporate Governance Committee	31/03/2015	Doctorate	21

NAME-SURNAME	DUTY	DUTIES ASSUMED OUTSIDE THE BANK	RESPONSIBILITY AREA	APPOINTMENT DATE	ACADEMIC BACKGROUND	PROFESSIONAL EXPERIENCE (YEAR)
S.Batu Aksoy	Deputy Chairman	Aksoy Holding A.Ş. – Deputy Chairman of the Board of Directors Turcas Oil A.Ş. and its Subsidiaries – CEO and Board Member Yeditepe International Hotel Management Tourism Trade A.Ş. (Conrad Hotel) – Board Member Aksoy International Trade A.Ş. – Board Member Aksoy Holding Real Estate Investment Companies – Board Member RWE & Turcas South Electricity Production A.Ş. – Board Member	-	02/08/2013 (*)	Undergraduate	17
Jalal Gasimov	Board Member	PASHA Holding LLC, First Deputy Director, Banking Group Director Kapital Bank OJSC, Chairman of the Supervisory Board	Remuneration Committee Credit Committee	17/08/2015	Graduate	17
Taleh Kazimov	Board Member	PASHA Bank OJSC, CEO, Chairman of the Executive Board JSC PASHA Bank Georgia, Member of the Supervisory Board	Credit Committee	31/03/2015	Graduate	15
Shahin Mammadov	Board Member	JSC PASHA Bank Georgia, CEO, Chairman of the Supervisory Board	Credit Committee	31/03/2015	Doctorate	13
N.Süreyya Serdengeçti	Independent Board Member	TOBB Economy and Technology University – Lecturer TEPAV - Director	Audit Committee Corporate Governance Committee	16/09/2013 (*)	Graduate	34
Mesut Özdiñ	Independent Board Member	Istanbul Bilgi University – Lecturer (part-time)	Audit Committee	19/12/2013 (*)	Graduate	18
Adnan Aykol	Independent Board Member	-	Credit Committee	20/08/2013 (*)	Undergraduate	33
H.Cenk Eynehan	General Manager and Board Member	JSC PASHA Bank Georgia, Member of the Supervisory Board	Credit Committee	02/08/2013 (*)	Graduate	21

(*) They were re-elected in the Annual General Meeting of Shareholders held on March 31, 2015.

Assumption of any other duty or duties by the members of the Board of Directors, is not, unless otherwise is stated in Turkish Laws, subjected to any rules or restrictions.

According to the corporate governance practices of the Capital Market Board, the members of the audit committees of the banks are at the same time the independent members of the board of directors.

As of the end of the year 2015; Süreyya Serdengeçti, Mesut Özdiñ, and Adnan Aykol has been serving as Independent Board Members. A situation did not occur during the year that eliminated the independence of the Independent Members of the Board of Directors. The independence declarations of the Independent Board Members were included in the attachment to the report.

Except for the General Manager, no member of the Board has executive duties.

The powers of the Chairman of the Board of Directors and of the General Manager are clearly separated as per Articles of Association and Corporate Governance Policy of the Bank.

16. Principles on Activities of the Board of Directors

In order to ensure the productivity of the Board of Directors, the General Manager will determine the timetable of its meetings that would be held during the year, with the approval of Board.

The Board of Directors meets at times and frequencies as required by business needs and legislations, but in principle, holds physical meetings at least once a month and held 10 meetings in 2015.

The agenda of the meetings is prepared according to the suggestions received from various departments of the Bank, and by including the items that the Members request to add. The meeting date and agenda as well as the related files are submitted to the members of the Board of Directors, by the Board Secretary, according to the principles laid down in the Corporate Governance Policy, for review. The way Board of Directors' meetings should be held is written in the said policy.

The members of the Board of Directors must physically attend to the meetings as long as they don't have an excuse.

Invitations to the meetings of the Board of Directors will be made by sending e-mails. The Board of Directors is informed and communicated with via the Secretary of the Board and the decisions, minutes, and related documents by the Board are recorded regularly by the Secretariat.

The Board of Directors passed 111 resolutions, some at the meetings and some upon reviewing the files. During the period, the decisions were taken unanimously and there was no dissenting opinion.

According to the Articles of Association of the Bank, the Board of Directors meets when absolute majority is present, and will pass resolutions with the majority of the attendants.

Minutes and the resolutions of the meetings of the Board of Directors are recorded in the resolutions books of the Board.

The members of the Board of Directors cannot cast prevailing vote and/or they don't have veto rights. Every member has one vote.

Every members of the Board of Directors confirms that his participation to the Board does not directly or indirectly result in any conflict of interests because of personal reasons or because of the professional interests they represent. The members of the Board of Directors cannot attend to and vote at the sessions at which matters



that are associated with their interests or with the interests of their relations mentioned in Article 393 of Turkish Commercial Code.

The working principles of the Board of Directors are laid down in the Corporate Governance Policy which has been last updated as of December 08, 2015,

The transfer of the limited powers of representation is provided by the Internal Directive issued within the framework of the provisions of the TCL.

17. The Number, Structure, and Independence of the Committees Set Up on the Board of Directors

The Credit Committee, Audit Committee, Corporate Governance Committee, and the Remuneration Committee have been set up to help the Board of Directors with its duties in its area of responsibilities and fulfill its tasks more effectively.

The assignments and members of the committees created within the Bank are determined by the Board of Directors and announced to the public on the PASHA Bank's corporate website as well as in its Annual Report.

The information on the committees established within the Board of Directors is disclosed below.

Audit Committee

The Members of the Audit Committee have been elected from among the independent non-executive board members and the Committee maintains its activities within the framework of the Audit Committee Charter.

The existing structure of the committee, the election of whose members was renewed under the Board Resolution dated October 22, 2015 and numbered 22, is given below.

Name - Surname	Duties in the Committee
Mesut Özding	Chairman
Süreyya Serdengeçti	Member

Credit Committee

The Credit Committee has been set up to make the credit allocation decisions concerning the credits within its competence and perform the associated tasks within the limits set by the Board of Directors within the framework of legal and banking regulations. The existing structure of the committee, the election of whose



members was renewed under the Board Resolution dated January 20, 2015 and numbered 03, is given below.

Name - Surname	Duties in the Committee
H.Cenk Eynehan	Chairman
Adnan Aykol	Member
Taleh Kazimov	Member
Jalal Gasimov	Reserve Member
Shahin Mammadov	Reserve Member

The Committee maintains its activities within the framework of the Credit Committee Charter.

Corporate Governance Committee

The Corporate Governance Committee was set up to ensure the management of the Bank so as to protect the rights and obligations of all stakeholders and shareholders in a responsible, fair, transparent, and accountable manner in line with the defined goals, Banking Law, Capital Markets Law, and the regulations issued pursuant thereto and other legislation, articles of association, the bank's internal regulations, and the banking ethics, to monitor compliance with the Bank's corporate governance principles, and to submit the necessary measures to the board of directors.

The existing structure of the committee, the election of whose members was renewed under the Board Resolution dated October 22, 2015 and numbered 90, is given below.

Name - Surname	Duties in the Committee
Süreyya Serdengeçti (Independent Member)	Chairman
Agha Ali Kamalov	Member

The Committee maintains its activities within the framework of the Corporate Governance Policy.

Remuneration Committee

It was set up to in line with the provisions of the Banking Law and the Bylaw on the Banks' Corporate Governance Principles for the purpose of monitoring and supervising the remuneration practices on behalf of the Board of Directors. The existing structure of the committee, the election of whose members was renewed under the Board Resolution dated October 22, 2015 and numbered 90, is given below.

Name - Surname	Duties in the Committee
Agha Ali Kamalov	Chairman
Jalal Gasimov	Member

The Committee maintains its activities within the framework of the Remuneration Policy.

18. Working Principles of Board Committees and Board's Assessment on Effectiveness of the Committees

Working Principles of Audit Committee

The Board of Directors appoints as members of the Audit Committee of the Bank at least two members of the Board of Directors that it would choose from among its members that have the qualifications mentioned in the "Bylaw on Internal Systems of Banks" and perform no executive duties to assist the board in performing the auditing and supervisory activities.

The Audit Committee meets at least once every quarter. The duties and responsibilities of the members of the Audit Committee are as follows:

- Audit the effectiveness and adequacy of the Bank's internal control, risk management, and internal audit systems;
- Make a preliminary assessment of the independent audit, support services, and rating institutions prior to their appointment by the Board of Directors;
- Ensure the continuation of the internal audit function in a consolidated and coordinated manner;
- Monitor and assess the results of the internal audit, annual and quarterly interim financial statements, financial reports, operating results, and relevant documents;
- Present a report to the Board of Directors and the Bank at least twice a year, in periods not exceeding six months, assessing, adequacy of the internal audit and independent audit systems and / or institutions that provide an independent assessment on the assets and liabilities, income and / or costs of the bank and the independence of the relevant authorized persons of such institutions, essential precautions that need to be taken by the Bank, practices that need to be adopted, and other matters that need to be considered in order for the Bank to maintain its activities in a prudent manner;
- Provide the Board of Directors with recommendations when necessary concerning the appointment and / or dismissal of the independent auditor;

- Review and monitor the existence and implementation of the procedures evaluating and controlling compliance risks.

Assessment by the Board of Directors

The structure, duties, powers, and responsibilities of the Audit Committee have been defined in accordance with the Audit Committee Charter and the working principles have been posted on the website. The Audit Committee's assessments relating to the activities in the 2015 and the activities of the internal systems have been included in the Operating Report issued in six-month periods.

The Audit Committee convened during the year nine times on the dates of 08 December 2015, 06 November 2015, 22 October 2015, 03 August 2015, 23 July 2015, 25 June 2015, 21 April 2015, 25 March 2015, 26 February 2015 to assess and decide on the reports, annual reports, risk assessment reports, internal capital assessment and stress testing studies prepared by the Internal Control and Compliance, Internal Audit, and Risk Management Departments, technical adequacy, risk analysis, and annual evaluation reports related to the support services institutions, annual assessment reports for appraisal institutions, independent auditor's work and independence, independently audited financial reports and adopted a total of 31 resolutions in 2015 both in meetings and by examining files.

The Chairman of the Audit Committee has held meetings periodically with the managers of the departments within the internal systems in order to assess the issues on the agenda of the respective internal systems departments.

The Audit Committee has informed the members of the Board of Directors in the meetings held of the decisions it had taken about the results of the workings within the internal systems and the agenda items, and submitted to the Board of Directors for information and/or approval the periodic reports and plans prepared by the Committee and the Departments within the Internal Systems.

Working Principles of the Credit Committee

The Credit Committee performs the duties to be assigned by the Board of Directors in connection with credits under the Banking Regulations. In this context, it decides on those secured loans and open credits which fall into the limits of authority granted to itself according to the banking legislation. The committee's agenda is determined by the general manager or, in the absence of the general manager, by his proxy and communicated to other members. The credit committee convenes with the participation of all members. The decisions taken unanimously by the credit committee are implemented directly and the decisions made by majority are implemented after approval by the Board of Directors. The decisions by the credit committee are recorded in the book of resolutions. The book of resolutions for the credit committee are kept according to the procedures and principles that the book of resolutions for the board of directors is subject to.

The duties and responsibilities of members of the Credit Committee are as follows:

1. The Credit Committee convenes with the participation of all members at least every three months as often as required by business needs. Participation in meetings may be accomplished through teleconferencing and video conferencing.
2. The Credit Committee convenes with the participation of all members. The decisions taken unanimously by the committee are implemented directly and the decisions made by majority are implemented after approval by the Board of Directors. In case of failure to achieve unanimity, the chairperson of the Committee takes the issue to the Board of Directors.
3. The committee's agenda is determined by the general manager or, in the absence of the general manager, by his proxy and communicated to other members by the secretary of the Credit Committee. The written recommendation to be made by the Credits Department is sought in the allocation of credits by the Credit Committee. In the transactions relating to the credits in which account status certificate must be obtained, the financial analysis and intelligence reports (credit assessment reports) for those seeking credits must be attached.
4. The Board of Directors It is obliged to supervise the activities of the credit committee. Each member of the Board of Directors is authorized to demand from the credit committee any information about the activities of the committee and make any checks he or she may deem necessary.
5. The secretariat of the Credit Committee is managed by the manager of the Credits Department.
6. The Credit Committee's secretary ensures delivery in writing via e-mail the credit proposal form and credit assessment report to all Committee members.
7. The decisions by the Credit Committee are recorded in the book of resolutions of the Credit Committee by the secretary of the Board of Directors on the basis of the information to be provided by the secretary of the Credit Committee. The book of resolutions for the credit committee are kept according to the procedures and principles that the book of resolutions for the board of directors is subject to and maintained by the secretariat of the Board of Directors.
8. Decisions by the Credit Committee that have been approved are notified by the secretary of the Board of Directors to managers of the relevant business departments.

Assessment by the Board of Directors

Conducting its activities within the framework of the provisions of the bylaw, the Committee assesses, under the authority delegated by our Board of Directors, the

credit limits and conditions proposed by the Credits Department that have been reviewed and deemed to be in accordance with the Banking legislation and the internal regulations of our Bank.

The Credit Committee has discussed the credit proposals that fall into its competence within the limits established by Board of Directors under the related legal and banking regulations and approved the credit lines for the firms whose investigations were concluded positively.

The Credit Committee holds meetings when necessary to fulfill its duties and adopted 11 resolutions during the year.

Working Principles of the Corporate Governance Committee

A Corporate Governance Committee was set up to monitor the Bank's compliance with the corporate governance principles, to carry out improvement studies in this issue, and to provide the Board of Directors with recommendations. Both members of the Committee in case it consists of two members, the majority of the members in case it has more than two members, comprise of non-executive board members. The Board of Directors has the power to determine and change the matters of the number of members and who would be members in accordance with the procedures.

The Corporate Governance Committee consists of 2 (two) members to be chosen from among the members of the Board of Directors. The chairperson of the committee is elected from among the non-executive board members.

The Corporate Governance Committee is responsible, within the corporate governance principles of the Turkish Commercial Law, the Banking Law and the Capital Markets Board, for monitoring the Bank's compliance with the corporate governance principles, carrying out improvement studies on this matter, and submitting recommendations to the Board of Directors and is tasked with the realization of the following matters in particular:

- To study the extent of implementation of the corporate governance principles in the Bank and identify the reasons in case of non-implementation and to suggest taking measures for improvement by identifying the unfavorable situations developing as a result of lack of exact implementation,
- To specify the methods that would provide transparency in identifying the candidates for membership to be recommended to the Board of Directors,
- To carry out studies and develop suggestions regarding the number of the Board of Directors' members and executives,
- To develop recommendations and monitor implementation concerning the principles and practices on the performance assessment and remuneration of the Board of Directors' members and executives,

- To study the independence of the members of the Board of Directors and to uncover conflicts of interest, if any,

It is essential that detailed information be provided on the workings of the Corporate Governance Committee in the Activity Report of the Board of Directors.

Participation in the meeting may be accomplished through teleconferencing and video conferencing. Decisions are taken unanimously by the participants at the meeting. In case of failure to achieve unanimity, the chairperson of the committee may take the issue to the Board of Directors, those not submitted to the Board of Directors are considered to have been rejected.

The reporter of the Committee and secretariat are provided by the Secretary of the Board of Directors. The Committee's reporter is responsible for creating the committee's agenda, calling for meetings, keeping the minutes of meetings, informing the relevant departments of the decision that have been taken and following the issues on which actions were decided to be taken and informing the committee of the results.

Assessment by the Board of Directors

The "independence declarations" prepared to indicate that the members of our Board of Directors considered to be independent according to the principle no. 4.3.6 of the CMB's Principles of Corporate Governance have met the independence criteria were received and notified to our Board of Directors.

The Committee, having met whenever required by the Bank's business and operations, realized four meetings and passed four resolutions during the accounting period.

Working Principles of Remuneration Committee

Remuneration Committee consists of at least two members of the Board of Directors without executive duties.

The Remuneration Committee convenes at least once a year or when necessary and reports to the Board of Directors.

Remuneration Committee performs the following duties, powers and responsibilities:

- Ensures the implementation of a Remuneration Policy in compliance with the statutory regulations,
- Assesses the recommendations of the Human Resources Committee, makes the necessary changes and corrections, and submits the applications provided with compliance to the Board of Directors for approval,

- Makes recommendations concerning the remuneration principles of the senior executives,
- Reviews the remuneration policy at least once a year to ensure the effectiveness of the remuneration policy,
- Considering the degree of achieving the criteria, assesses the remuneration of the senior executives and remuneration policy and practices within the scope of the risk management, and submits every year its recommendations concerning them to the Board of Directors in a report,
- Ensures the determination of the criteria for the incentive payments to the employees that are tied to performance and the review of such criteria regularly in accordance with the standards and specific work responsibilities that have been set out.

Assessment by the Board of Directors

Having assessed remuneration policies and practices within the framework of risk management, the Committee presented to the Board its recommendations related to them in January 2016.

The Committee, having met whenever required by the Bank's business and operations, realized three meetings and adopted three resolutions during the accounting period.

19. Risk Management and Internal Control Mechanism

It has been created in a structure that is in accordance with the scope and composition of the activities of the Bank and in accordance with the changing conditions as well in order for the determination, measurement, analysis, and monitoring of the risks that may arise from the Bank's strategy and operations and for the exercise of control and audit.

The Internal Audit, Internal Control and Compliance, and Risk Management Departments operate under the effective supervision and control of the Audit Committee, reporting to the Board of Directors.

The Bank's internal regulations related to the duties, powers, and responsibilities of these departments have been created in accordance with the provisions of the Banking Law and the Bylaw on the Banks' Internal Systems and put into force by the approval of the Board of Directors.

Internal control and compliance activities are checked and monitored continually by the Internal Control and Compliance Department and its staff operating under the Board of Directors. Risk management activities have been carried out by the Risk Management Department and its staff operating again under the Board of Directors.

The basic aim of the compliance activities is to provide the maximum contribution on such issues as ensuring that the compliance risk in the Bank is kept under control through purposeful and effective management and the Bank's activities are executed and managed within this framework continually in accordance and compliance with the relevant legislation, regulations, and standards in terms of structure and functioning, and that laundering of criminal proceeds and terrorist financing are prevented.

The compliance of all banking processes and information systems with the legal regulations, internal regulations, and banking principles are audited by the Internal Audit Department and its staff within the framework of the annual risk assessment studies and audit plan and the results of the audit are reported to the Audit Committee and Board of Directors.

The Audit Committee is a committee set up by the Board of Directors to assist it in the performance of auditing and supervision activities pursuant to both the Banking Law and the Bylaw on the Banks' Internal Systems. The Audit Committee supervises on behalf of the Board of Directors the effectiveness and adequacy of the departments within Internal Systems and the operation of these systems and accounting and reporting systems of the Bank within the framework of the Banking Law and related regulations and the integrity of the information generated.

The assessments by the Audit Committee concerning the year are published in the annual report.

20. Strategic Targets of the Bank

PASHA Bank has been carrying out the banking operations in a manner consistent with its corporate strategy covering the period of 2015 - 2017 based on the diversification of business lines to establish the sustainable business model of the PASHA Group and total assets of TL 466 million, total loans of TL 574 million, and a shareholders' equity of TL 241 million have been targeted in line with the budget targets stipulated by the Bank for the year 2016. Actions and projects that support strategic goals are worked on by the senior management through the committees that they attended, and assessed and decided by the Board of Directors.

The Banks year 2016 budget had been approved by the Board of Directors, with its resolution that had been passed at the meeting of December 08, 2015.

Banks performance regarding achievement of its annual budget targets is regularly followed up by the Board of Directors. Banks performance with reference to the budget targets are reported in detail to the Board of Directors, at the meetings held every month.

On the other hand, our Bank's vision, values, and mission are included in the Annual Report that is renewed each year and on our website.

21. Financial Rights

The financial rights granted to the members of the Board of Directors are decided in accordance with Article 41 of the Articles of Association. According to that Article,

- A payment at the amount decided by the Board of Directors will be paid to the Chairman, Deputy Chairman and Members of the Board of Directors. When deciding these amounts, the time that these people would spend at the meeting, for preparing before the meetings and for performing the duties following the meetings will be taken into consideration. In addition to these, the amount of honoraria that would be paid to them for every meeting they attend will also be decided by the General Assembly.
- Whether or not a payment would be made to the chairman and the members of the committee, and the amount of any such payment if it is going to be made, will be decided by the Board of Directors, in its decision for setting up such committee. In the event the chairman and the member of the committee is at the same time the chairman and the member of the Board of Directors, the General Assembly will decide if any payment would be made, and if so its amount.

The remuneration policy of the Bank is implemented in accordance with the rules and regulations of the Banking Regulation and Supervision Agency and the Capital Markets Board. The remuneration policy is prepared in writing, and at the Annual General Meeting of Shareholders for the year 2013 – which had been held on March 28, 2014 – it was presented to the shareholders for their information under a separate item of the agenda.

Profit share, share options or Bank performance based payment plans cannot be implemented for the remuneration of the independent members of the Board of Directors.

Total sums paid to the top-level managers and to the members of the Boards of Directors will, at the following General Assembly meeting, presented to the shareholders for their information and/or approval in accordance with the legislation.

The total sum of all pay and other benefits provided to the members of the Board of Directors and to the top-level managers will be disclosed to the public in the annual activity report.

The total sum of honoraria, pay, premium, bonus, and profit share and similar other financial benefits provided to the Board of Directors and to the top-level managers of the Bank in year 2015 was TL 1.368 thousand.

No loans were given by the Bank to the members of the Board of Directors and managers either directly or through a third person; and no guarantees were issued in their favor. The Banking Law provisions were not violated in regard to matters such as giving loans, credits to any member of the board of directors or to any manager. In Article 17 of the Articles of Association it is provided as follows:

“Members of the Boards of Directors cannot take part at the phases where loan transactions to which they themselves, their spouses or children who are under his custody, other real and legal persons who together with them constitute a risk group is a party, are assessed and decided and they must report it to the authorities in writing. Provisions of the Banking Law that prohibit and restrict giving loans to the members of the Board of Directors are not affected.”

Statement of Independence

To PASHA Yatırım Bankası A.Ş.,

I do hereby state that I will perform my duties as the independent member of the board of directors, and that,

1. There was, during the last five years, no employment relationship as the holder of any management positions with significant duties and responsibilities, between I myself, my spouse and my relatives by blood and marriage up to second degree, and the Company, the companies that control or who has significant influence over the Company as well as the shareholders that control the Company, and the legal entities over the management of which these shareholders have control and; that I do not own solely or collectively more than 5% of the capital or the voting rights or the privileged shares or that no significant commercial relation have been established;
2. I was not, during the last five years and the periods when services and products were being purchased, a shareholder (5% or more), an employee holding a management position with significant duties and responsibilities, or a member of the board of directors of the companies from which the Company had purchased or sold significant services or products, first and foremost auditing (including tax audit, statutory audit, internal audit), rating and consultancy services, within the framework of concluded contracts;
3. I possess the professional training, knowledge and experience to properly perform the duty I will assume as the holder of the position of independent member of the board of directors;
4. I will not, after having been elected as a member, be working fulltime in any public establishment and organization, except as a member of academia, should the legislation which applies permit it;
5. I am deemed, as per Income Tax Law 193, dated 31.12.1960, to have domiciled in Turkey;
6. I possess the strong ethical standards, the professional reputation and the experience that would enable me make positive contributions to the Company's activities, retain my impartiality in any conflict of interests between the Company and the shareholders, and freely take decisions by considering the rights of the stakeholders;
7. I can spare sufficient time for Company business, enabling me to pursue the Company operations and to fully perform the duties I assume;
8. I have not, within the last ten years, assumed the position of the member of the board of directors of the Company, for more than six years;
9. I am not the independent member of the board of directors of more than three companies which are owned by the same person, company or the companies the management of which are controlled by controlling shareholders of the Company and; of more than five companies the stock of which are traded in the stock exchange;
10. I have not been registered or announced in the name of the legal entity elected as the member of the board of directors.

Süreyya SERDENGEÇTİ

Statement of Independence

To PASHA Yatırım Bankası A.Ş.,

I do hereby state that I will perform my duties as the independent member of the board of directors, and that,

1. There was, during the last five years, no employment relationship as the holder of any management positions with significant duties and responsibilities, between I myself, my spouse and my relatives by blood and marriage up to second degree, and the Company, the companies that control or who has significant influence over the Company as well as the shareholders that control the Company, and the legal entities over the management of which these shareholders have control and; that I do not own solely or collectively more than 5% of the capital or the voting rights or the privileged shares or that no significant commercial relation have been established;
2. I was not, during the last five years and the periods when services and products were being purchased, a shareholder (5% or more), an employee holding a management position with significant duties and responsibilities, or a member of the board of directors of the companies from which the Company had purchased or sold significant services or products, first and foremost auditing (including tax audit, statutory audit, internal audit), rating and consultancy services, within the framework of concluded contracts;
3. I possess the professional training, knowledge and experience to properly perform the duty I will assume as the holder of the position of independent member of the board of directors;
4. I will not, after having been elected as a member, be working fulltime in any public establishment and organization, except as a member of academia, should the legislation which applies permit it;
5. I am deemed, as per Income Tax Law 193, dated 31.12.1960, to have domiciled in Turkey;
6. I possess the strong ethical standards, the professional reputation and the experience that would enable me make positive contributions to the Company's activities, retain my impartiality in any conflict of interests between the Company and the shareholders, and freely take decisions by considering the rights of the stakeholders;
7. I can spare sufficient time for Company business, enabling me to pursue the Company operations and to fully perform the duties I assume;
8. I have not, within the last ten years, assumed the position of the member of the board of directors of the Company, for more than six years;
9. I am not the independent member of the board of directors of more than three companies which are owned by the same person, company or the companies the management of which are controlled by controlling shareholders of the Company and; of more than five companies the stock of which are traded in the stock exchange;
10. I have not been registered or announced in the name of the legal entity elected as the member of the board of directors.

Mesut ÖZDİNÇ

Statement of Independence

To PASHA Yatırım Bankası A.Ş.,

I do hereby state that I will perform my duties as the independent member of the board of directors, and that,

1. There was, during the last five years, no employment relationship as the holder of any management positions with significant duties and responsibilities, between I myself, my spouse and my relatives by blood and marriage up to second degree, and the Company, the companies that control or who has significant influence over the Company as well as the shareholders that control the Company, and the legal entities over the management of which these shareholders have control and; that I do not own solely or collectively more than 5% of the capital or the voting rights or the privileged shares or that no significant commercial relation have been established;
2. I was not, during the last five years and the periods when services and products were being purchased, a shareholder (5% or more), an employee holding a management position with significant duties and responsibilities, or a member of the board of directors of the companies from which the Company had purchased or sold significant services or products, first and foremost auditing (including tax audit, statutory audit, internal audit), rating and consultancy services, within the framework of concluded contracts;
3. I possess the professional training, knowledge and experience to properly perform the duty I will assume as the holder of the position of independent member of the board of directors;
4. I will not, after having been elected as a member, be working fulltime in any public establishment and organization, except as a member of academia, should the legislation which applies permit it;
5. I am deemed, as per Income Tax Law 193, dated 31.12.1960, to have domiciled in Turkey;
6. I possess the strong ethical standards, the professional reputation and the experience that would enable me make positive contributions to the Company's activities, retain my impartiality in any conflict of interests between the Company and the shareholders, and freely take decisions by considering the rights of the stakeholders;
7. I can spare sufficient time for Company business, enabling me to pursue the Company operations and to fully perform the duties I assume;
8. I have not, within the last ten years, assumed the position of the member of the board of directors of the Company, for more than six years;
9. I am not the independent member of the board of directors of more than three companies which are owned by the same person, company or the companies the management of which are controlled by controlling shareholders of the Company and; of more than five companies the stock of which are traded in the stock exchange;
10. I have not been registered or announced in the name of the legal entity elected as the member of the board of directors.

Adnan AYKOL