

# Corporate Governance Compliance Report and Information Form

## Statement of Compliance with Corporate Governance Principles

It is decided to submit the Corporate Governance Compliance Report – which has to be prepared as per Resolution of the Capital Markets Board dated 10.01.2019 and numbered 2/49 and as required by Corporate Governance Communiqué II-17.1 – via the Public Disclosure Platform (“PDP”), by using the templates of the Corporate Governance Compliance Reporting (“CRF”) and of the Corporate Governance Information Form (“CGIF”). The said templates as well as the explanations made according to Corporate Governance Communiqué II-17.1’s Article 8 with the heading “Compliance with the Corporate Governance Principles Reports” are presented below. CRF templates are used in order to report the compliance status with the voluntary principles, CGIF templates are used to inform about the corporate governance practices, and the related forms are announced to the public at least three weeks before the General Assembly Meeting on the PDP. The information in the CRF and CGIF templates announced at PDP have been assessed by the Corporate Governance Committee, Audit Committee and accepted by the resolution of the Board of Directors.

The Corporate Governance Compliance Report was prepared as annexed in accordance with the formats determined by the Capital Markets Board’s decision.

The fields indicated by (X) represent the Bank’s compliance status, and necessary explanations have been made for the implementations other than yes.

With the awareness of the importance of corporate governance practices as well as financial performance, PASHA Bank improves its internal practices 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 in 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. Two members at the Board of Directors possess the qualities of independent Board members.

PASHA Bank’s determination to implement corporate governance principles, and its willingness to manage this process dynamically and continuously, were confirmed in 2020 by an independent rating agency and JCR Eurasia Rating has revised PASHA Bank’s overall compliance score with CMB Corporate Governance Principles upwards to **(9.20)** along with a **(Stable)** outlook.

As per resolution of the Board of Directors to enhance corporate governance efficiency, “Human Resources and Remuneration Committee” has been restructured under two separate committees as “HR Committee” and “Nomination & Remuneration Committee” as of February 01, 2021.

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.

In 2020, PASHA Bank adhered compliance to the “Corporate Governance Principles” published by the CMB with the exception of certain 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.

As required by the Corporate Governance Communiqué numbered II-17.1, article 11 and clause 2, “The manager of the investor relations department that possesses the necessary CMB licenses mentioned in the Communiqué has not been placed as a member of the Corporate Governance Committee.

With respect to the principle numbered 1.5.2.; Minority rights have not been recognized by the Articles of Association for those who hold less than one-twentieth of the capital.

With respect to the principle numbered 2.1.2; information about the real persons who own more than 5% of the issued capital is not published on the corporate web page.

With respect to the principle numbered 3.3.1.; there is no official succession plan for the key posts. However, ongoing effort has been made to develop an official succession plan for the key posts and it is aimed to complete actions taken over the course of 2021

With respect to the principle numbered 3.3.8.; there is no union organization among the Bank's employees and the Bank does not have an action plan for such arrangement in this regards.

With respect to the principle numbered 4.2.8.; The limit of the directors' and officers' liability insurance does not exceed 25% of the paid-up capital of the Bank, and no explanation has been made in this regard at the PDP.

With respect to the principle numbered 4.3.9.; There is not yet a target rate and target time determined for the ratio of female members in the Board of Directors. As of reporting date there are two female members in the Bank's Board of Directors, nevertheless three female members have been standing until August 12, 2020.

With respect to the principle numbered 4.5.3.; an independent board member has chaired the Human Resources and Remuneration Committee until August 12, 2020, but as a result of the resignation of the relevant member on this date, no independent member has been elected to chair the Committee. On the other hand, the role of chair of the committees other than the Human Resources and Remuneration Committee have been conducted by independent non-executive directors.

With respect to the principle numbered 4.5.5.; Assignment to the Board of Directors' committees is carried out in line with the relevant legislation, taking into consideration the accumulated knowledge and experience of the members of the Board of Directors and some members of the Board of Directors are assigned to more than one committee. However, members assigned to more than one committee ensure communication between committees involved in related issues and increase cooperation opportunities.

With respect to the principle numbered 4.6.5.; The remuneration and other benefits provided to the Board Members and senior executive directors are disclosed to the public through the annual report. However, the payments made are disclosed to the public on a collective basis in parallel to market practice, rather than an individual basis.

Explanations about the activities of the Committee in charge of audit and the outcome of its meetings are included under the section "Information On Management and Corporate Governance Practices" of the Annual Report and functioning and effectiveness of the internal systems organization are included under the heading "Audit Committee's Assessments on the Operation of Internal Systems" of the Annual Report.

## **RESPONSIBILITIES OF THE BOARD OF DIRECTORS AND THEIR ACTIVITIES IN THE REPORTING PERIOD**

### **Board of Directors' Activities in 2020**

Board of Directors defines the Bank's strategies, related business goals and risk limits for three-year periods based on Strategy and Budget Committee's suggestions. In 2020, the Board of Directors discussed and resolved the issues on related with the activities summarized below:

"The responsibilities assigned to the Board of Directors within the framework of the provisions of the Communiqué on Internal Systems and Internal Capital Adequacy Assessment Process of Banks, risk management and credit policies and methodologies, improvements on the internal credit risk rating model, updates on the risk appetite limits, Risk Appetite Statement and related Operational Limits, new and updated policies and regulations of the Bank, independent audit reports in accordance with BRSA regulations and International Financial Reporting Standards, loan allocation, financial restructuring and procurement requests under the authority of the Board of Directors, the Bank's strategy plan for the period of 2021-2023, the budget for the next fiscal year and its monthly financial performance, domestic issuance conditions for debt instruments, asset finance fund establishments, corporate governance practices, changes in the Bank's organizational structure, distribution of duties in the Board of Directors and its Committees, top management appointments, promotion and personal benefits of Bank's employees, authority levels of employees who will be granted signature authorities or changes in those with existing authorities, implementation plan of strategic initiatives, selection of independent auditor, Annual General Shareholders' Meeting agenda and suggestions to be submitted to the General Assembly.

Corporate Secretary Unit is assigned to perform duties of determining the agenda of the PASHA Bank's Board of Directors' meetings, preparing the Board of Directors resolutions, briefing and communication of the Board of Directors. Topics to be discussed at the meetings are gathered at the Corporate Secretary Unit and upon consolidation of these topics, the agenda is determined as per endorsement by the Chairman.

Further to the Independent Board Evaluation facilitated by external consultant in 2019, the Board and its selected committees were also observed as part of the review in 2020, and external consultant conducted its effectiveness review of the Board and a number of committees within the period, and this took the form of: observation of the July, September and November meetings of the Board, Risk Management, Strategy & Budget Committee meetings respectively.

Evaluation of individual director performance was carried out by the Chairman in 2020.

These performance reviews are used as the basis for re-election of directors by shareholders at the 2020 AGM and to assist the Chairman with his assessment of the independent nonexecutive directors' competencies.

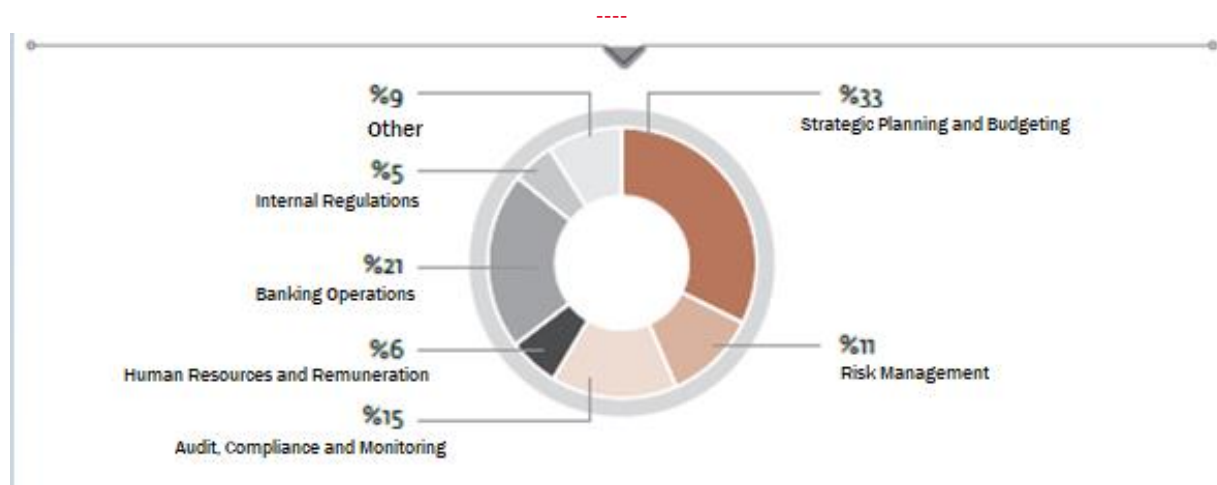
Training sessions have been provided by the external consultant for development of the Board Members and the Corporate Secretary in 2020.

Induction program for new members of the Board of Directors has been developed in 2020.

In order to ensure automation of board packs and digitization of meetings, electronic board meeting system is deployed in 2020 to enhance the decision making and help directors to manage/review the vast amount of information effectively in 2021.

Careful consideration has been given to agenda management and reporting to facilitate valuable discussions in 2020.

The following chart shows the distribution of the agenda items' discussion devoted by the Board in 2020;



#### Board of Directors Structure and Status of Members at the Board

All members of our Board of Directors were reelected on March 30, 2020 to serve for three years.

Biographies of the Board Members can be found on pages 42 to 45 of the annual report.

#### Information on Aids and Donations

During the period, aids and donations at a total amount of TL 181.461,64 were realized. The Bank's internal procedures on donation policy are set up with its Corporate Governance Policy and no changes were made during the period.

Information on the amount of aids and donations and their beneficiaries are presented at the General Assembly meeting as a separate agenda item.

## Corporate Governance Compliance Report

	Company Compliance Status					Description
	Yes	Partial	No	Exempted	Not Applicable	
<b>1.1. FACILITATING THE EXERCISE OF SHAREHOLDER RIGHTS</b>						
1.1.2 - Up-to-date information and disclosures which may affect the exercise of shareholder rights are available to investors at the corporate website.	X					
<b>1.2. RIGHT TO OBTAIN AND REVIEW INFORMATION</b>						
1.2.1- Management did not enter into any transaction that would complicate the conduct of special audit.					X	The Article 33 of the Articles of Association of the Bank contains the provision “the independent audit of the Bank is performed by independent auditors authorized to perform independent audits in the banks in accordance with the relevant legislation. The independent audit firm to conduct the audit is selected by the General Assembly”, and there is no provision in the Articles of Association of the Bank regarding the request for the appointment of a special auditor. There were no requests made during the reporting period as to the appointment of a special auditor for our Bank.
<b>1.3. GENERAL ASSEMBLY</b>						
1.3.2 -The company ensures the clarity of the General Assembly agenda, and that an item on the agenda does not cover multiple topics.	X					
1.3.7- Insiders with privileged information have informed the board of directors about transactions conducted on their behalf within the scope of the company’s activities in order for these transactions to be presented at the General Shareholders’ Meeting.					X	
1.3.8 - Members of the board of directors who are concerned with specific agenda items, auditors, and other related persons, as well as the officers who are responsible for the preparation of the financial statements were present at the General Shareholders’ Meeting.	X					

1.3.10 - The agenda of the General Shareholders' Meeting included a separate item detailing the amounts and beneficiaries of all donations and contributions.	X					
1.3.11 - The General Shareholders' Meeting was held open to the public, including the stakeholders, without having the right to speak.		X				There is no media participation.
<b>1.4. VOTING RIGHTS</b>						
1.4.1-There is no restriction preventing shareholders from exercising their shareholder rights.	X					
1.4.2-The company does not have shares that carry privileged voting rights.	X					
1.4.3-The company withholds from exercising its voting rights at the General Shareholders' Meeting of any company with which it has cross-ownership, in case such cross-ownership provides management control.					X	The Bank has no subsidiaries and affiliates.
<b>1.5. MINORITY RIGHTS</b>						
1.5.1- The company pays maximum diligence to the exercise of minority rights.	X					
1.5.2-The Articles of Association extend the use of minority rights to those who own less than one twentieth of the outstanding shares, and expand the scope of the minority rights.			X			Minority rights have not been determined to be less than one-twentieth of the capital in the Articles of Association of the Bank.
<b>1.6. DIVIDEND RIGHT</b>						
1.6.1 -The dividend policy approved by the General Shareholders' Meeting is posted on the company website.	X					
1.6.2-The dividend distribution policy comprises the minimum information to ensure that the shareholders can have an opinion on the procedure and principles of dividend distributions in the future.	X					
1.6.3 - The reasons for retaining earnings, and their allocations, are stated in the relevant agenda item.	X					
1.6.4 - The board reviewed whether the dividend policy balances the benefits of the shareholders and those of the company.	X					
<b>1.7. TRANSFER OF SHARES</b>						
1.7.1 - There are no restrictions preventing shares from being transferred.	X					
<b>2.1. CORPORATE WEBSITE</b>						
2.1.1.-The company website includes all elements listed in Corporate Governance Principle 2.1.1.		X				Frequently Asked Questions section is not available.

2.1.2-The shareholding structure (names, privileges, number and ratio of shares, and beneficial owners of more than 5% of the issued share capital) is updated on the website at least every 6 months.			x			The information on real person shareholders who own more than 5% of the issued capital is not available on the corporate website.
2.1.4 -The company website is prepared in other selected foreign languages, in a way to present exactly the same information with the Turkish content.		X				Important information is prepared in English. Related information is updated as needed.
<b>2.2. ANNUAL REPORT</b>						
2.2.1-The board of directors ensures that the annual report represents a true and complete view of the company's activities.	X					
2.2.2 - The annual report includes all elements listed in Corporate Governance Principle 2.2.2.	X					
<b>3.1. CORPORATION'S POLICY ON STAKEHOLDERS</b>						
3.1.1- The rights of the stakeholders are protected pursuant to the relevant regulations, contracts and within the framework of bona fides principles.	X					
3.1.3-Policies or procedures addressing stakeholders' rights are published on the company's website.	X					
3.1.4 - A whistleblowing programme is in place for reporting legal and ethical issues.	X					
3.1.5-The company addresses conflicts of interest among stakeholders in a balanced manner.	X					
<b>3.2. SUPPORTING THE PARTICIPATION OF THE STAKEHOLDERS IN THE CORPORATION'S MANAGEMENT</b>						
3.2.1-The Articles of Association, or the internal regulations (terms of reference/manuals), regulate the participation of employees in management.	X					
3.2.2 - Surveys/other research techniques, consultation, interviews, observation method etc. were conducted to obtain opinions from stakeholders on decisions that significantly affect them.	X					
<b>3.3. HUMAN RESOURCES POLICY</b>						
3.3.1- The company has adopted an employment policy ensuring equal opportunities, and a succession plan for all key managerial positions.		X				Ongoing effort has been made to develop an official succession plan for the key posts.
3.3.2-Recruitment criteria are documented.	X					
3.3.3 - The company has a policy on human resources development, and organizes trainings	X					

for employees.						
3.3.4-Meetings have been organised to inform employees on the financial status of the company, remuneration, career planning, education and health.	X					
3.3.5 - Employees, or their representatives, were notified of decisions impacting them. The opinion of the related trade unions was also taken.	X					
3.3.6 - Job descriptions and performance criteria have been prepared for all employees, announced to them and taken into account to determine employee remuneration.	X					
3.3.7 - Measures (procedures, trainings, raising awareness, goals, monitoring, complaint mechanisms) have been taken to prevent discrimination, and to protect employees against any physical, mental, and emotional mistreatment.	X					
3.3.8 - The company ensures freedom of association and supports the right for collective bargaining.			X			The Bank does not have a regulation issued on this matter.
3.3.9 - A safe working environment for employees is maintained.	X					
<b>3.4. RELATIONS WITH CUSTOMERS AND SUPPLIERS</b>						
3.4.1-The company measured its customer satisfaction, and operated to ensure full customer satisfaction.	X					
3.4.2-Customers are notified of any delays in handling their requests.	X					
3.4.3 - The company complied with the quality standards with respect to its products and services.	X					
3.4.4 - The company has in place adequate controls to protect the confidentiality of sensitive information and business secrets of its customers and suppliers.	X					
<b>3.5. ETHICAL RULES AND SOCIAL RESPONSIBILITY</b>						
3.5.1-The board of the corporation has adopted a code of ethics, disclosed on the corporate website.	X					
3.5.2-The company has been mindful of its social responsibility and has adopted measures to prevent corruption and bribery.	X					

<b>4.1. ROLE OF THE BOARD OF DIRECTORS</b>						
4.1.1 - The board of directors has ensured strategy and risks do not threaten the long-term interests of the company, and that effective risk management is in place.	X					
4.1.2 - The agenda and minutes of board meetings indicate that the board of directors discussed and approved strategy, ensured resources were adequately allocated, and monitored company and management performance.	X					
<b>4.2. ACTIVITIES OF THE BOARD OF DIRECTORS</b>						
4.2.1-The board of directors documented its meetings and reported its activities to the shareholders.	X					
4.2.2-Duties and authorities of the members of the board of directors are disclosed in the annual report.	X					
4.2.3-The board has ensured the company has an internal control framework adequate for its activities, size and complexity.	X					
4.2.4-Information on the functioning and effectiveness of the internal control system is provided in the annual report.	X					
4.2.5 - The roles of the Chairman and Chief Executive Officer are separated and defined.	X					
4.2.7 - The board of directors ensures that the Investor Relations department and the corporate governance committee work effectively. The board works closely with them when communicating and settling disputes with shareholders.	X					
4.2.8 - The company has subscribed to a Directors and Officers liability insurance covering more than 25% of the capital.			X			The cost of liability insurance for managers does not exceed 25% of the capital of the Bank, and there was not a disclosure made on the PDP on this issue.
<b>4.3. STRUCTURE OF THE BOARD OF DIRECTORS</b>						
4.3.9-The board of directors has approved the policy on its own composition, setting a minimal target of 25% for female directors. The board annually evaluates its composition and nominates directors so as to be compliant with the policy.		X				There has been no target rate and target time determined for the female member rate in the Board of Directors. As at 2020 year-end, two female directors sit on the Board of Directors and a rate of 25% was attained.
4.3.10-At least one member of the audit committee has 5 years of experience in audit/accounting and finance.	X					

<b>4.4. BOARD MEETING PROCEDURES</b>						
4.4.1-Each board member attended the majority of the board meetings in person.		X				Due to the COVID-19 pandemic, majority of the board meetings are held in the form of videoconference.
4.4.2-The board has formally approved a minimum time by which information and documents relevant to the agenda items should be supplied to all board members.	X					
4.4.3 - The opinions of board members that could not attend the meeting, but did submit their opinion in written format, were presented to other members.	X					
4.4.4-Each member of the board has one vote.	X					
4.4.5-The board has a charter/written internal rules defining the meeting procedures of the board.	X					
4.4.6-Board minutes document that all items on the agenda are discussed, and board resolutions include director's dissenting opinions if any.	X					
4.4.7-There are limits to external commitments of board members. Shareholders are informed of board members' external commitments at the General Shareholders' Meeting.		X				PASHA Holding LLC, the controlling shareholder of the Company, has subsidiaries and, as the Members of the Board of Directors of the Bank taking part in the management of these companies is for the benefit of the Group, they have not been restricted in taking on these duties outside the Bank. On the other hand, independent members have also not been restricted in taking on other duties outside the Bank. The duties of the Members of the Board of Directors outside the Bank are submitted to the information of the shareholders in the General Assembly through the annual report and information document.
<b>4.5. BOARD COMMITTEES</b>						
4.5.5-Board members serve in only one of the Board's committees.			X			Assignment to the Board of Directors' Committees are made in accordance with the relevant legislation, taking into account the knowledge and experience of the Board Members, and some of the Members of the Board of

						Directors are assigned to more than one committee. However, members who serve in more than one committee provide communication between committees that work on related matters and increase cooperation opportunities.
4.5.6 - Committees have invited persons to the meetings as deemed necessary to obtain their views.	X					
4.5.7-If external consultancy services are used, the independence of the provider is stated in the annual report.	X					
4.5.8-Minutes of all committee meetings are kept and reported to board members.	X					
<b>4.6. FINANCIAL RIGHTS</b>						
4.6.1-The board of directors has conducted a board performance evaluation to review whether it has discharged all its responsibilities effectively.	X					
4.6.4-The company did not extend any loans to its board directors or executives, nor extended their lending period or enhanced the amount of those loans, or improve conditions thereon, and did not extend loans under a personal credit title by third parties or provided guarantees such as surety in favour of them.	X					
4.6.5-The individual remuneration of board members and executives is disclosed in the annual report.			X			The remuneration and other benefits provided to the Board Members and senior executive directors are disclosed to the public through the annual report. However, the payments made are disclosed to the public on a collective basis parallel to market practice, rather than an individual basis.

## Corporate Governance Information Form

<b>1. SHAREHOLDERS</b>	
<b>1.1. Facilitating the Exercise of Shareholders Rights</b>	
The number of investor meetings (conference, seminar/etc.) organised by the company during the year	Any investor conference and meeting was not organized by the Bank during the meeting.
<b>1.2. Right to Obtain and Examine Information</b>	
The number of special audit request(s)	The request for the appointment of a special auditor has not yet been laid out as an individual right in the Bank's Articles of Association. No requests were received for the appointment of a special auditor within the period.
The number of special audit requests that were accepted at the General Shareholders' Meeting	There was no request for a special auditor at the Ordinary General Assembly Meeting held in 2020.
<b>1.3. General Assembly</b>	
Link to the PDP announcement that demonstrates the information requested by Principle 1.3.1. (a-d)	The General Assembly Information Document was posted separately on the corporate website.
Whether the company provides materials for the General Shareholders' Meeting in English and Turkish at the same time	The documents of the General Assembly Meeting are not published in English at the same time.
The links to the PDP announcements associated with the transactions that are not approved by the majority of independent directors or by unanimous votes of present board members in the context of Principle 1.3.9	There are no non-unanimous transactions within the scope of the Principle 1.3.9.
The links to the PDP announcements associated with related party transactions in the context of Article 9 of the Communique on Corporate Governance (II-17.1)	The related-party transactions realized by the Bank in 2020 as part of ordinary operations were presented to the Board of Directors by means of financial reports that were disclosed to the public. In 2020, there were no related-party transactions or significant transactions that must have been submitted to the approval of the General Assembly because of lack of approval by the independent members.
The links to the PDP announcements associated with common and continuous transactions in the context of Article 10 of the Communique on Corporate Governance (II-17.1)	There were no widespread and continuous related-party transactions that needed to be decided on by the Board of Directors, other than the transactions carried out by the Bank in 2020 due to its ordinary operations.
The name of the section on the corporate website that demonstrates the donation policy of the company	It is contained in the heading "Donations and Aids Policy" under the "Policies" tab in the "Corporate Governance" section within the "About Us" page on the bank's website located at the address "www.pashabank.com.tr".
The relevant link to the PDP with minute of the General Shareholders' Meeting where the donation policy has been approved	<a href="https://www.kap.org.tr/tr/Bildirim/833357">https://www.kap.org.tr/tr/Bildirim/833357</a>
The number of the provisions of the articles of association that discuss the participation of stakeholders to the General Shareholders' Meeting	22
Identified stakeholder groups that participated in the General Shareholders' Meeting, if any	Bank employees, Members of the Board of Directors, shareholders' representative, independent audit firm's representative, corporate governance rating agency's representative can attend the General Assembly meeting.
<b>1.4. Voting Rights</b>	
Whether the shares of the company have differential	None.

voting rights	
In case that there are voting privileges, indicate the owner and percentage of the voting majority of shares.	None.
The percentage of ownership of the largest shareholder	50.96
1.5. Minority Rights	
Whether the scope of minority rights enlarged (in terms of content or the ratio) in the articles of the association	No
If yes, specify the relevant provision of the articles of association	None.
1.6. Dividend Right	
The name of the section on the corporate website that describes the dividend distribution policy	It is included in the heading "Profit Distribution Policy" under the "Policies" tab contained in the "Corporate Governance" section of the "About Us" page on the Bank's corporate website at "www.pashabank.com.tr".
Minutes of the relevant agenda item in case the board of directors proposed to the general assembly not to distribute dividends, the reason for such proposal and information as to use of the dividend	As per the motion submitted by the proxy of the Shareholders, PASHA Bank OJSC and PASHA Holding LLC, it was unanimously resolved; a primary legal reserve at the amount of TL 1,106,417.96, out of the remainder of the net TL 22,128,359.16 distributable profit after deducting TL 3,565,778.01 for the losses of the previous year from the nonconsolidated profit of TL 25,694,137.17 for the year 2019 be set aside; the net distributable profit of TL 21,021,941.20 for the period, be transferred to the Extraordinary Reserves account; without being distributed as dividend.
PDP link to the related general shareholder meeting minutes in case the board of directors proposed to the general assembly not to distribute dividends	<a href="https://www.kap.org.tr/tr/Bildirim/833357">https://www.kap.org.tr/tr/Bildirim/833357</a>

General Meeting Date	The number of additional disclosure requests submitted to the company in relation to the agenda of the General Assembly	Percentage of shares directly present at the GSM	Percentage of shares represented by proxy	Specify the name of the page of the corporate website that contains the General Shareholders' Meeting minutes, and also indicates for each resolution the voting levels for or against	Specify the name of the page of the corporate website that contains all questions asked in the general assembly meeting and all responses to them	The number of the relevant item or paragraph of General Shareholders' Meeting minutes in relation to related party transactions	The number of declarations by insiders received by the board of directors	The link to the related PDP general shareholder meeting notification
30.03.2020	0	99.92%	99.92%	It is contained under the "General Assembly Meetings" tab in the "Corporate Governance" section within the "About Us" page on the bank's website located at the address "www.pashabank.com.tr".	N/A	14	0	<a href="https://www.kap.org.tr/tr/Bildirim/816477">https://www.kap.org.tr/tr/Bildirim/816477</a>

<b>2. DISCLOSURE AND TRANSPARENCY</b>	
2.1. Corporate Website	
Specify the name of the sections of the website providing the information requested by the Principle 2.1.1.	It is included in the "Corporate Governance" section of the "About Us" page under the "Investor Relations" page on the Bank's corporate website at the address of www.pashabank.com.tr

If applicable, specify the name of the sections of the website providing the list of shareholders (ultimate beneficiaries) who directly or indirectly own more than 5% of the shares.	None.
List of languages for which the website is available	Turkish and English
2.2. Annual Report	
The page numbers and/or name of the sections in the Annual Report that demonstrate the information requested by principle 2.2.2.	
a) The page numbers and/or name of the sections in the Annual Report that demonstrate the information on the duties of the members of the board of directors and executives conducted out of the company and declarations on independence of board members	It is located in the section of “Information on Management and Corporate Governance Practices” of the annual report.
b) The page numbers and/or name of the sections in the Annual Report that demonstrate the information on committees formed within the board structure	It is located in the section of “Information on Management and Corporate Governance Practices” of the annual report.
c) The page numbers and/or name of the sections in the Annual Report that demonstrate the information on the number of board meetings in a year and the attendance of the members to these meetings	It is located in the section of “Information on Management and Corporate Governance Practices” of the annual report.
c) The page numbers and/or name of the sections in the Annual Report that demonstrate the information on amendments in the legislation which may significantly affect the activities of the corporation	It is located in the section of “Information on Management and Corporate Governance Practices” of the annual report.
d) The page numbers and/or name of the sections in the Annual Report that demonstrate the information on significant lawsuits filed against the corporation and the possible results thereof	It is located in the section of “Information on Management and Corporate Governance Practices” of the annual report.
e) The page numbers and/or name of the sections in the Annual Report that demonstrate the information on the conflicts of interest of the corporation among the institutions that it purchases services on matters such as investment consulting and rating and the measures taken by the corporation in order to avoid from these conflicts of interest	It is located in the section of “Information on Management and Corporate Governance Practices” of the annual report.
f) The page numbers and/or name of the sections in the Annual Report that demonstrate the information on the cross ownership subsidiaries that the direct contribution to the capital exceeds 5%	None.
g) The page numbers and/or name of the sections in the Annual Report that demonstrate the information on social rights and professional training of the employees and activities of corporate social responsibility in respect of the corporate activities that arises social and environmental results	It is located under the heading “Human Resources Practices” in the section of “Information on Management and Corporate Governance Practices” of the Annual Report.

<b>3. STAKEHOLDERS</b>	
<b>3.1. Corporation's Policy on Stakeholders</b>	
The name of the section on the corporate website that demonstrates the employee remedy or severance policy	It is located in the heading "Compensation Policy" under the "Policies" tab in the "Corporate Governance" section within the "About Us" page on the Bank's website at the address of "www.pashabank.com.tr".
The number of definitive convictions the company was subject to in relation to breach of employee rights	None.
The position of the person responsible for the alert mechanism (i.e. whistleblowing mechanism)	Employees can communicate their concerns about any illegal or unethical practices made in the Bank, all issues related to the violation of ethical principles, and their findings on the following issues to the Compliance Officer via e-mail address "EtikHatGroup@pashabank.com.tr" of the Ethics Line communication channel specified within the Bank's structure. <ul style="list-style-type: none"> <li>• Fraud,</li> <li>• Corruption,</li> <li>• Forgery,</li> <li>• Unethical behavior,</li> <li>• Cases creating conflict of interest</li> <li>• Non-compliance with legal regulations</li> </ul>
The contact detail of the company alert mechanism.	Those concerned can be reached via the e-mail address of "EtikHatGroup@pashabank.com.tr".
<b>3.2. Supporting the Participation of the Stakeholders in the Corporation's Management</b>	
Name of the section on the corporate website that demonstrates the internal regulation addressing the participation of employees on management bodies.	Employee participation in decision-making processes is ensured by the "Employee Satisfaction Survey" system.
Corporate bodies where employees are actually represented	Employees of the Bank can use any communication channel to participate in management.
<b>3.3. Human Resources Policy</b>	
The role of the board on developing and ensuring that the company has a succession plan for the key management positions	The Board of Directors puts into place the necessary succession plans.
The name of the section on the corporate website that demonstrates the human resource policy covering equal opportunities and hiring principles. Also provide a summary of relevant parts of the human resource policy.	It is located in the heading "Human Resources Policy" under the "Policies" tab contained in the "Corporate Governance" section of the "About Us" page on the Bank's corporate web site at the address of www.pashabank.com.tr.
Whether the company provides an employee stock ownership programme	There is no share purchase plan.
The name of the section on the corporate website that demonstrates the human resource policy covering discrimination and mistreatments and the measures to prevent them. Also provide a summary of relevant parts of the human resource policy.	It is located in the heading "Code of Conduct" under the "Policies" tab in the "Corporate Governance" section of the "About Us" page on the Bank's corporate website at the address of www.pashabank.com.tr.
The number of definitive convictions the company is subject to in relation to health and safety measures	None.

3.5. Ethical Rules and Social Responsibility	
The name of the section on the corporate website that demonstrates the code of ethics	It is located in the heading “Code of Conduct” under the “Policies” tab in the “Corporate Governance” section of the “About Us” page on the Bank’s corporate website at the address of <a href="http://www.pashabank.com.tr">www.pashabank.com.tr</a> .
The name of the section on the company website that demonstrates the corporate social responsibility report. If such a report does not exist, provide the information about any measures taken on environmental, social and corporate governance issues.	<p>Within the framework of its Sustainability, Environment and Social Responsibility Policy, the Bank bases on the principles exemplified below on related issues.</p> <ul style="list-style-type: none"> <li>• The Bank endeavors to comply with all Corporate Governance principles as well as the mandatory Corporate Governance principles within the scope of the Capital Markets Board Corporate Governance Communiqué numbered II-17.1.</li> <li>• The Bank applies the Law on Occupational Health and Safety and its secondary regulations in Turkey to provide full compliance, related to the health and safety of their employees apply the necessary measures in time.</li> <li>• The Bank undertakes to comply with the related obligations by following all environmental regulations it is subject to due to its activities.</li> <li>• The Bank aims to support investments in renewable energy with projects with high environmental awareness.</li> <li>• The Bank conducts environmental awareness raising activities to ensure that its employees act environmentally sensitive in their activities.</li> <li>• The Bank takes the necessary measures to ensure the recovery of wastes.</li> <li>• Within the framework of the Bank's Credit Policy approved by the Board of Directors, it is undertaken not to finance restricted sectors and areas in terms of loan granting regardless of the amount limitation.</li> </ul>
Any measures combating any kind of corruption including embezzlement and bribery	<p>The following methods are used pursuant to the Misconduct Prevention Policy to prevent abuses before they occur and to reveal them after they occur.</p> <ul style="list-style-type: none"> <li>• External Audit of Financial Statements and Financial Reporting</li> <li>• Financial Reporting Approved by Senior Management</li> <li>• Authority Limits</li> <li>• Segregation of Duties</li> <li>• Ethical Principles Policy</li> <li>• Corporate Governance</li> <li>• Independent Audit Committee</li> <li>• Whistleblowing Hotline</li> <li>• Misconduct Training for Staff and Managers</li> <li>• Misconduct Prevention Policy</li> <li>• Official Misconduct Risk Assessments</li> <li>• Internal Audit and Internal Control Practices</li> <li>• Unexpected Inspections</li> <li>• Supervision</li> <li>• Physical Inspections and Reconciliations</li> <li>• Information Security Policies</li> <li>• Personnel Policies</li> <li>• CV Reference Checks</li> <li>• Rotation / Mandatory Leave</li> </ul>

4. BOARD OF DIRECTORS-I	
4.2. Activity of the Board of Directors	
Date of the last board evaluation conducted	26.11.2020
Whether the board evaluation was externally facilitated	No
Whether all board members released from their duties at the GSM	Yes
Name(s) of the board member(s) with specific delegated duties and authorities, and descriptions of such duties	There has been no delegation of authority.
Number of reports presented by internal control unit to the audit committee or any relevant committee to the board	12
Specify the name of the section or page number of the annual report that provides the summary of the review of the effectiveness of internal controls	It is included under the heading "Audit Committee's Assessment of the Functioning of Internal Systems" in the section of the annual report titled "Assessments on Financial Information and Risk Management".
Name of the Chairman	Jalal Gasimov
Name of the CEO	Hikmet Cenk Eynehan
If the CEO and Chair functions are combined: provide the link to the relevant PDP announcement providing the rationale for such combined roles	They are different persons.
Link to the PDP notification stating that any damage that may be caused by the members of the board of directors during the discharge of their duties is insured for an amount exceeding 25% of the company's capital	The cost of directors' & officers' liability insurance does not exceed 25% of the capital of the Bank and no separate disclosure was made in the PDP on this matter.
The name of the section on the corporate website that demonstrates current diversity policy targeting women directors	None.
The number and ratio of female directors within the Board of Directors	2 people, with a rate of 25%.

Name, Surname of the Board Member	Real Person Acting on Behalf of Legal Person Member	Gender	Title	Profession	The First Election Date To the Board	Whether Executive Director Or Not	Positions Held in the Company in the Last 5 Years	Current Positions Held Outside the Company	Whether The Director Has At Least 5 Years' Experience On Audit, Accounting And/Or Finance Or Not	Independent Board Member or Not	Link to PDP Notification That Includes The Independence Declaration	Whether the Independent Director Considered By The Nomination Committee	Whether She/He is the Director Who Ceased to Satisfy The Independence or Not	Committees Charged and Task
Jalal Gasimov	-	Male	Chairman	Banker	17/08/15	Non-Executive	Chairman of the Board of Directors Chairman of Strategy and Budget Committee Member of HR and Remuneration Committee Member of Corporate Governance Committee	PASHA Holding LLC, CEO Kapital Bank OJSC, Azerbaijan, Chairman of the Supervisory Board JSC PASHA Bank, Georgia, Member of the Supervisory Board PASHA Insurance, Azerbaijan, Member of the Supervisory Board PASHA Life, Azerbaijan, Member of the Supervisory Board PASHA Investments, Azerbaijan, Member of the Supervisory Board	Yes	Not Independent				Chairman of Strategy and Budget Committee Member of HR and Remuneration Committee
Farid Mammadov	-	Male	Deputy Chairman	Banker	31/03/17	Non-Executive	Deputy Chairman of the Board of Directors Member of the Strategy and Budget Committee Chairman of the HR and Remuneration Committee Member of the Risk Management Committee Substitute Member of the Credit Committee	PASHA Holding LLC, Deputy CEO, Business Group Director Kapital Bank OJSC, Azerbaijan, Member of the Supervisory Board JSC PASHA Bank, Georgia, Chairman of the Supervisory Board PASHA Insurance, Azerbaijan, Chairman of the Supervisory Board PASHA Life, Azerbaijan, Chairman of the Supervisory Board PASHA Technology, Azerbaijan, Chairman of the Supervisory Board PASHA Investments, Azerbaijan, Member of the Supervisory Board	Yes	Not Independent				Member of the Strategy and Budget Committee Chairman of the HR and Remuneration Committee Member of the Risk Management Committee Substitute Member of the Credit Committee
Shahin Mammadov	-	Male	Board Member	Banker	31/03/15	Non-Executive	Board Member Substitute Member of the Credit Committee	PASHA Holding LLC, Deputy CEO, Business Support Director PASHA Bank OJSC, Azerbaijan, Member of the Supervisory Board JSC PASHA Bank, Georgia, Member of the Supervisory Board PASHA Insurance, Azerbaijan, Member of the Supervisory Board PASHA Life, Azerbaijan, Member of the Supervisory Board PASHA Technology, Azerbaijan, Member of the Supervisory Board	Yes	Not Independent				Member of the Corporate Governance Committee Substitute Member of the Credit Committee
Javid Guliyev	-	Male	Board Member	Banker	12/06/19	Non-Executive	Board Member Member of the Credit Committee	PASHA Bank OJSC, Deputy Chairman of the Executive Board and Chief Commercial Officer	Yes	Not Independent				Member of the Credit Committee
Kamala Nuriyeva	-	Female	Board Member	Banker	25/11/16	Non-Executive	Board Member Member of the Risk Management Committee Member of the Audit Committee	PASHA Holding LLC, Director, Group Risk Kapital Bank OJSC, Azerbaijan, Member of the Supervisory Board, Chairman of Risk Management Committee PASHA Investments, Azerbaijan, Member of the Investment Committee	Yes	Not Independent				Member of the Risk Management Committee Member of the Audit Committee
Ebru Oğan Knottnerus	-	Female	Board Member	Banker	02/07/18	Non-Executive	Independent Board Member Chairperson of the Audit Committee Chairperson of the Risk Management Committee	JSC PASHA Bank, Georgia, Member of the Supervisory Board, Member of the Audit Committee, Chairperson of the Risk Management Committee	Yes	Independent		Not Considered	No	Chairperson of the Audit Committee Chairperson of the Risk Management Committee
Nuri Tuncali	-	Male	Board Member	Banker	29/03/19	Non-Executive	Independent Board Member Member of the Credit Committee	-	Yes	Independent		Considered	No	Chairperson of the Corporate Governance Committee Member of the Credit Committee
H. Cenk Eynehan	-	Male	CEO and Board Member	Banker	02/08/13	Executive	CEO and Board Member Chairperson of the Credit Committee Member of the Strategy and Budget Committee Member of the HR and Remuneration Committee	-	Yes	Not Independent				Chairperson of the Credit Committee Member of the Strategy and Budget Committee Member of the HR and Remuneration Committee

<b>4. BOARD OF DIRECTORS-II</b>	
4.4. Meeting Procedures of the Board of Directors	
Number of physical board meetings in the reporting period (meetings in person)	In 2020, 2 meetings were held by meeting in person.
Director average attendance rate at board meetings	97%
Whether the board uses an electronic portal to support its work or not	Not used.
Number of minimum days ahead of the board meeting to provide information to directors, as per the board charter	Each meeting notification confirming the date, time, place and agenda is made by the Board Secretariat to all Members of the Board of Directors at least four (4) business days prior to the meeting date, and the relevant supporting documents for the agenda items to be addressed are submitted to the members of the Board of Directors at least three (3) business days prior to the date of the meeting.
The name of the section on the corporate website that demonstrates information about the board charter	It was described in the article 14 of the "Articles of Association" located in the "Corporate Governance" section within the "About Us" page on the Bank's corporate website at the address of "www.pashabank.com.tr".
Number of maximum external commitments for board members as per the policy covering the number of external duties held by directors	None.
4.5. Board Committees	
Page numbers or section names of the annual report where information about the board committees are presented.	It is contained in the "Information on Management and Corporate Governance Practices" section of the annual report.
Link(s) to the PDP announcement(s) with the board committee charters	None.

<b>Composition of Board Committees-I</b>				
<b>Names Of The Board Committees</b>	<b>Name Of Committees Defined As "Other" In The First Column</b>	<b>Name-Surname of Committee Members</b>	<b>Whether Committee Chair Or Not</b>	<b>Whether Board Member Or Not</b>
Audit Committee	-	Ebru Oğan Knottnerus	Yes	Board Member
Audit Committee	-	Kamala Nuriyeva	No	Board Member
Corporate Governance Committee	-	Nuri Tuncalı	Yes	Board Member
Corporate Governance Committee	-	Shahin Mammadov	No	Board Member
Risk Management Committee	-	Ebru Oğan Knottnerus	Yes	Board Member
Risk Management Committee	-	Farid Mammadov	No	Board Member
Risk Management Committee	-	Kamala Nuriyeva	No	Board Member
HR and Remuneration Committee		Farid Mammadov	Yes	Board Member
HR and Remuneration Committee	-	Jalal Gasimov	No	Board Member
HR and Remuneration Committee	-	H. Cenk Eynehan	No	Board Member

Strategy and Budget Committee	-	Jalal Gasimov	Yes	Board Member
Strategy and Budget Committee	-	Farid Mammadov	No	Board Member
Strategy and Budget Committee	-	H. Cenk Eynehan	No	Board Member
Credit Committee	-	H. Cenk Eynehan	Yes	Board Member
Credit Committee	-	Nuri Tuncali	No	Board Member
Credit Committee	-	Javid Guliyev	No	Board Member
Credit Committee	-	Farid Mammadov	No	Board Member
Credit Committee	-	Shahin Mammadov	No	Board Member

<b>4. BOARD OF DIRECTORS-III</b>	
<b>4.5. Board Committees-II</b>	
Specify where the activities of the audit committee are presented in your annual report or website (Page number or section name in the annual report/website)	It is contained in the “Information on Management and Corporate Governance Practices” of the annual report.
Specify where the activities of the corporate governance committee are presented in your annual report or website (Page number or section name in the annual report/website)	It is contained in the “Information on Management and Corporate Governance Practices” of the annual report.
Specify where the activities of the nomination committee are presented in your annual report or website (Page number or section name in the annual report/website)	It is contained in the “Information on Management and Corporate Governance Practices” of the annual report.
Specify where the activities of the early detection of risk committee are presented in your annual report or website (Page number or section name in the annual report/website)	It is contained in the “Information on Management and Corporate Governance Practices” of the annual report.
Specify where the activities of the remuneration committee are presented in your annual report or website (Page number or section name in the annual report/website)	It is contained in the “Information on Management and Corporate Governance Practices” of the annual report.
<b>4.6. Financial Rights</b>	
Specify where the operational and financial targets and their achievement are presented in your annual report (Page number or section name in the annual report)	It is contained in the CEO’s Message in the Annual Report, the Summary Report by the Board of Directors submitted to the General Assembly, and under the “Assessments on the Financial Condition, Profitability, Debt Servicing Capability and Realization of the Defined Strategic Objectives” in the “Financial Information and Assessments on Risk Management”.
Specify the section of website where remuneration policy for executive and non-executive directors are presented.	It is located in the heading “Remuneration Policy” under the “Policies” tab in the “Corporate Governance” section within the “About Us” page on the Bank’s corporate website at the address of “ <a href="http://www.pashabank.com.tr">www.pashabank.com.tr</a> ”.
Specify where the individual remuneration for board members and senior executives are presented in your annual report (Page number or section name in the annual report)	It is located under the heading “Human Resources Practices” in the section of “Information on Management and Corporate Governance Practices” of the Annual Report.

Composition of Board Committees-II					
Names Of The Board Committees	Name Of Committees Defined As “Other” In The First Column	Name Of Committee Defined As “Other” In The First Column	The Percentage Of Non-executive Directors	The Percentage Of Independent Directors In The Committee	The Number Of Meetings Held In Person
Audit Committee	-	-	100%	50%	1
Corporate Governance Committee	-	-	100%	50%	1
Risk Management Committee	-	-	100%	33%	1
HR and Remuneration Committee	-	-	66%	0%	1
Strategy and Budget Committee	-	-	66%	0%	3
Other	Credit Committee	-	66%	33%	16