

CORPORATE GOVERNANCE PRINCIPLES COMPLIANCE REPORT

1. Corporate Governance Principles Compliance Statement

Though its shares are not publicly traded, Odea Bank A.Ş. has chosen to publish the present report as a voluntary compliance with the recommendations of the Capital Markets Board of Turkey (“CMB”), and in line with its commitment to implement sound Corporate Governance practices and to constantly review and improve them. The present report is structured along the “New Corporate Governance Principles Compliance Report Format” published by the CMB.

PART I - SHAREHOLDERS

2. Investor Relations Department

As of December 31, 2017, the shareholding structure of Odea Bank A.Ş. is as follows:

Shareholders	Share Amount	Share Ownership
Bank Audi SAL	2,422,594,600.00	73.66%
European Bank for Reconstruction and Development	263,394,000.00	8.01%
International Finance Corporation	209,251,900.00	6.36%
IFC FIG Investment Company S.a.r.l	112,674,100.00	3.43%
H.H Sheikh Dheyab Binzayed Binsultan Al-Nahyan	131,697,000.00	4.00%
Audi Private Bank SAL (*)	90,698,400.00	2.76%
Mohammad Hassan Zeidan	58,532,000.00	1.78%
Total	3,288,842,000	100.00%

(*) On 28.03.2018, shares of Audi Private Bank SAL, a fully owned subsidiary of Bank Audi SAL, has been transferred to Bank Audi SAL.

At Odeabank, relations with the shareholders are handled by the Corporate Secretariat that reports to Ms. Ayşe Korkmaz. Ms. Korkmaz is the Vice-Chairman of the Board of Directors (BoD) and of the Audit Committee. Her email address is Ayse.Korkmaz@odeabank.com.tr and her phone number is 0212 304 83 31. The following table displays the name/surname and contact information of the authorized employees working as part of the Corporate Secretariat.

Name Surname	Title	Phone Number	E-mail Address
Ebru Ersoy	Head of Legal Affairs -Director	0212 304 70 55	ebru.ersoy@odeabank.com.tr
Çağla Kaygısız (*)	Board Support Assistant Manager	0212 304 84 56	cagla.kaygisiz@odeabank.com.tr
Ferhan Tuğba Kuzgun	Lawyer-Specialist	0212 304 70 67	ferhantugba.kuzgun@odeabank.com.tr
Görkem Yeteroğlu	Board Support Specialist	0212 304 73 59	gorkem.yeteroglu@odeabank.com.tr

(*) Board Support Assistant Manager, Çağla Kaygısız, holds the Corporate Governance Rating Specialist License and the Credit Rating Specialist License from the Capital Markets Board.

The main investor relation activities performed by the Corporate Secretariat in 2017 are as follows:

- Preparing the documents required to be submitted for the information and assessment of the shareholders in relation to shareholders meetings, and ensuring that the meetings are held in accordance with the related legislation, the articles of association, and other regulations;

- Making sure that the Bank’s corporate website always displays the updated content information on the Corporate Governance page¹,
- Providing support for the preparation of annual reports,
- Responding to the queries that the shareholders deliver in writing,
- Within the scope of the related legislation, responding to the queries concerning the information that are not commercial secrets or customer secrets, which are delivered by credit rating agencies and related parties for international borrowings,
- Coordinating with the Financial and Regulatory Reporting Unit for required notifications and material disclosures.

All shareholders of the bank receive equal treatment. Regulating the relations with the shareholders, Corporate Secretariat facilitates the protection and usage of the shareholders rights, primarily the right to demand information and examination right.

During 2017, no application or request for information were delivered by any shareholder to the Corporate Secretariat.

3. Exercise of Shareholders’ Right to Obtain Information

All changes that may result in an impact on the Bank’s financial or administrative structures are disclosed via the Public Disclosure Platform (KAP) and announced on the Bank’s website so as to enable the shareholders to effectively exercise their right to obtain information. Moreover, a process is in place to allow a prompt response by the Corporate Secretariat to queries received via phone, in writing and e-mail.

Provided both in Turkish and English, the Bank’s website (www.odeabank.com.tr) is regularly updated. On the website, the documents containing various public information are accessible under the title of “Corporate Governance”.

As the shares of the Bank are not publicly traded, its Articles of Association do not encompass the provisions imposed by the CMB on publicly traded companies². However, as per Article 438 of the Turkish Commercial Code, each shareholder is entitled to request, from the General Assembly, to submit certain matters to clarification through a special audit, regardless of whether or not the matter of the request is included on the meeting agenda, provided that it is necessary for the exercise of the shareholding rights and that the right to obtain or review information has already been exercised. No such requests from the shareholders were received during 2017.

Within the framework of the Banking Law, Odeabank is subject to the audit and supervision of the Banking Regulation and Supervision Agency (BRSA), as well as the regulations of the Capital Markets Board of Turkey (CMB), and its operations are periodically audited by the Independent Auditor elected by the General Assembly. Bank provides all necessary means and support to the Independent Auditors for conducting their regular and special audits.

¹ <https://www.odeabank.com.tr/en-US/about-odeabank/corporate-governance/Sayfalar/corporate-governance.aspx>

² CMB legislation requires publicly traded companies to include, in their Articles of Association, a provision to the effect granting “the right to demand individually the assignment of special auditor from the general assembly for the examination of certain incidents, provided that the right to demand information and examination have previously been used”.

4. General Assembly Meetings

The Bank's General Assembly convenes for ordinary or extraordinary meetings. The required quorums of such meetings are as per the provisions of the Turkish Commercial Law. Calls for ordinary or extraordinary meetings of the General Assembly of Shareholders are made by means of a resolution by the Board of Directors. Calls for the General Assembly meetings are published and announced on the website of the Bank and on the Turkish Trade Registry Gazette at least twenty-one days prior to the date of meeting (excluding the announcement and meeting days). In accordance with the Bank's Articles of Association, the place, date, time and agenda of the General Assembly meetings, the gazette in which the notices are published (or is to be published) are also notified to the shareholders by certified mail at least twenty-one days prior to the date of meeting.

During the General Assembly Meetings, agenda items are discussed and submitted for the approval of the shareholders, who may raise questions related to the agenda items, and provide relevant opinions or recommendations. The raised questions are assessed and answered within the framework of the procedures and principles determined by the Capital Markets Board regulations and the Turkish Commercial Law. Proposed resolutions are submitted for the approval of the General Assembly and adopted when a sufficient quorum is present.

During the year 2017, two (2) General Assembly Meetings were held, and the quorum was 100% in both meetings:

- Ordinary General Assembly Meeting on 23 March 2017; The Bank's Annual Report and the informative documents were submitted for the information and examination of the shareholders prior to the Ordinary General Assembly meeting. As part of the inalienable right to attend the General Assembly meeting, the right to question is allocated to the shareholders; however, they did not use this right in the General Assembly meetings held in 2017.
- Extraordinary General Assembly Meetings on 28 April 2017; Again the right of shareholders to question was not used, however, Board Member Dr. Imad Itani (attending the meeting on behalf of Bank Audi S.a.l, Audi Private Bank S.a.l, H.H. Sheikh Dheyab Binzayed Binsultan Al-Nahyan and Mohammed Hassan Zeidan), who was assigned the chairmanship of the meeting requested to add an agenda item that was unanimously adopted.

Since the Bank's shareholding structure is limited in size, and allows the organization of General Assembly meetings by means of "Call", the shareholders were called to both meetings through a Board of Director's resolution, which included information about the meetings, such as the venue, the date, and the agenda.

General Assembly meeting minutes and attendance lists are published in the Trade Registry Gazette and announced to public via the Public Disclosure Platform (KAP). General Assembly meeting minutes and attendance lists are also published on the website of Odea Bank A.Ş., enabling the shareholders to examine them.

5. Voting Rights and Minority Rights

Precautions are taken in the Bank to facilitate the use of voting rights and minority rights. Article 14 of the Odea Bank A.Ş.'s Articles of Association sets forth the provisions concerning the shareholders' voting rights and their exercise. Shareholders or their proxies present in the General Assembly meetings will have one vote for each share they hold or represent. The Articles of Association does not stipulate certain share groups to be represented in the BoD.

6. Dividend Rights

There are no privileged rights on the distribution of company dividends. The Bank's net profit allocation and distribution, as well as the profit's distribution date and procedure, are carried out pursuant to Article 31 and 32 of the Bank's Articles of Association. During Annual Ordinary General Assembly meetings, decisions on the profit distribution are made and the processes arising therefrom are fulfilled within the framework of the related legal regulations.

In the Ordinary General Assembly Meeting dated March 23, 2017 and the Extraordinary General Assembly Meeting dated April 28, 2017, it was unanimously resolved to allocate TL 9,262,592.43 (corresponding to 5% of the 2016 financial year distributable net profit, that amounts to TL 185,251,848.51 calculated by subtracting the loss of the previous periods in the amount of TL 15,102,392.77 from the net profit for the financial year of 2016 in the amount of TL 200,354,241.28) as primary Legal Reserve as per Article 519 of Turkish Commercial Code numbered 6102 and the remaining amount of TL 175,989,256.08 was allocated as Additional Reserve.

7. Transfer of Shares

There are no provisions in the Articles of Association of Odea Bank A.Ş. that restrict the transfer of shares. Shares are transferred in compliance with the legislation, and in particular with the provisions of the Turkish Commercial Code, the Banking Law and other related laws and regulations.

PART II – PUBLIC DISCLOSURE AND TRANSPARENCY

8. Disclosure Policy

The disclosure policy of Odea Bank A.Ş. is not spelled out in a specific formal policy document. The Bank, however, makes all necessary disclosures to ensure that stakeholders can easily and accurately access relevant information as soon as possible. At the same time, the Bank is in the process of adopting a formal information policy. As for providing information, annual financial reports and interim financial reports, which are independently audited, are transparently disclosed on the Bank's website. Apart from financial reports, the following information is also available on the website: the corporate information stating the Bank's company profile and the shareholders' status, the shareholding structure, information on the Board of Directors and the senior management, the General Assembly meeting minutes, the adopted and applied policies, the composition of the Board committees, and all other related information, as well as annual and periodical reports. Significant developments regarding the Bank are made accessible through media, if deemed necessary. The General Manager of the Bank or the person authorized by the General Manager makes the public statements. In addition, in accordance with the related laws and regulations, information on all financial reports, responsibility declarations, material disclosures are announced to the public via the Public Disclosure Platform (KAP).

9. Corporate Website and Contents

The Bank's website is www.odeabank.com.tr. The Bank's website is used efficiently in order to ensure transparent and fast information sharing. The website is prepared in compliance with the provision "2.1. Corporate Website" in the Public Disclosure and Transparency section of CMB Corporate Governance Principles. The website encompasses the information on the Bank's trade registry information, shareholding and management structures, Articles of Association, material disclosures, annual and interim reports, financial reports, General Assembly meeting agendas, attendance lists, as well as meeting minutes and ethical principles etc. Furthermore, an English version of the website is available and accessible at the following address <https://www.odeabank.com.tr/en-us/sayfalar/default.aspx>.

10. Annual Reports

The Bank's annual reports are prepared to include the information regulated under the "Regulation on the Principles and Procedures Concerning the Preparation of and Publishing Annual Reports by Banks" published by BRSA and the Corporate Governance Principles stated in the CMB legislation and in a way to enable the public to access complete and accurate information. Annual reports are prepared and announced on the Bank's website annually. Both interim reports and annual reports are published via the KAP.

PART III – STAKEHOLDERS

11. Informing Stakeholders

The Bank's stakeholders are regularly informed by means of material disclosures sent to the Public Disclosure Platform, the newspaper announcements, advertisements, annual reports, social media, news on the website, and internal announcements. Opinions and requested information that are delivered under the "Contact Us" title on the website are directed to the related departments, and responses are sent within the framework of the legal provisions.

Furthermore, it is enabled for customers to deliver their requests, complaints, opinions, and suggestions through "Customer Satisfaction Questionnaire", and "Video Call" sections that are available in the online banking, as well as the call center at 444 8 444. The Bank's customers are also informed via e-mails, SMS text messages, and with account statements.

In order to raise potential concern in connection with misconducts or policy violations that may cause damage to the Bank, and to ensure that the necessary precautions are taken to protect the identity of the concern raiser, the Internal Audit Department has established an "Internal Notification Line", accessible through e-mail and phone. The aim is for this line to be a neutral access point available to all employees.

Based on the notifications it receives, the Internal Audit Department acts in accordance with corporate business principles, moral values, ethical rules, reliance and professionalism. Subject matter notifications are evaluated only by the Head of Internal Audit Department with an independent perspective and utmost prudence and sensitivity are shown in all matters related to confidentiality of information.

12. Stakeholder Participation in Management

Odeabank's Board of Directors is appointed by the Shareholders. In turn, the Board appoints the General Manager, the head of Internal Systems, and their direct reports. There are mechanisms specifically established for the stakeholders to share their complaints and recommendations concerning Bank's activities and their transactions with Management. Customers are able to deliver their requests, complaints, opinions, and suggestions through "Customer Satisfaction Questionnaire", and "Video Call" sections that are available in the online banking, as well as the call center at 444 8 444. Necessary actions are taken after customers' complaints. Requests, opinions and recommendations are periodically analyzed and presented to the Senior Management. FIDE (your opinion is valuable) application enables employees working at the Head Office, as well as Branch Operation staff, to have a portal where they can write about any improvement ideas about any area in the Bank, such as its system, procedures etc. The shared recommendations aim to improve the banking services with the assessments of related unit and Executive. Moreover, the Head Office employees get together with EXCO Members in certain environments and communicate on a platform where open communication is supported and they can freely express their opinions.

Additionally, within the scope of Article 93 of Banking Law No. 5411, a “Consumer Relations Coordination Officer” has been assigned in the Bank’s organization chart in order to manage the complaints and requests regarding retail products and services. It is aimed to solve any disputes concerning retail customers in a timely, effective and efficient manner, to avoid any unfair treatment for customers, and to comply with the legal regulations. In line with these purposes, “Consumer Relations Coordination Officer” prepares, at the end of each quarter, a report covering the 12-month period then ending, and submits it to the Bank’s Audit Committee and to the BRSA.

13. Human Resources Policy

The fundamental Human Resources principle of the Bank is the idea that human resources are the most precious assets of the Bank. Our bank is thus determined to create and develop one of the most effective Human Resource teams in the banking sector.

The Human Resources Department acts in order to create the appropriate teams to achieve the Bank's objectives. This commitment also shows itself in the role that Human Resources play in the selection, recruitment, motivation, permanency, promotion and improvement of all employees. The Department aims to recruit and retain the most qualified employees in all areas of the Bank. It establishes an effective development and training system, aims to establish a high performance culture, develops an open and bilateral communication culture to support employees, and recognizes and rewards successful performance. The Bank exerts every effort to prevent discrimination among bank employees in terms of race, religion, language and gender; and to prevent employees’ exposure to physical, mental and emotional maltreatments within the Bank.

These approaches have been announced to all employees at Odeaport, which is an intranet environment where policies and procedures are accessible to employees and related matters are summarized on the Bank's website.

There have been no complaints received from employees about discrimination to date. The job descriptions of the positions available at the Bank are accessible to all the employees on the intranet and are regularly monitored.

The existing Human Resources applications such as Leave Request (i.e. annual leave, maternity leave, sickness leave etc.) and Approval System, E-Payroll Imaging Module, My HR Module, Performance Management System, "e-Odea" Human Resources Training Platform, Vide'O, Temporary Assignment can be used online, which provide fast and quality service for all employees.

Considering the training and development of employees as one of the critical determinants of success, Odeabank plans training activities to contribute to the development of employees. In this context, training programs are prepared for the behavioral and technical skills of employees in 2016, such as special leadership programs, regulatory trainings, meetings, congresses and conferences, as well as training programs “specially designed for the company”. In addition, professional development of all employees are supported by the "e-Odea Human Resources Training Platform," "Skillport," "Odeabank Exclusive" and Vide'O e-learning platforms. Furthermore, Odeabank has continued to create a structured platform by launching the "In-House Mentoring Program", where senior executives can share their professional and personal experiences, supporting the "employee-focused" approach with a new perspective.

Pursuant to the Law on Occupational Health and Safety numbered 6331 and relevant legislation, required number of employee representatives are assigned in the Bank as stipulated legally and they fulfill their duties de facto. As at the date of this report, the employee representatives are:

Name	Duties	Authorities
Burcu Üstüner (Chief Representative)	<ul style="list-style-type: none"> • participate in the engagements related to occupational health and safety matters, • observe such engagements and request that necessary precautions are taken, • make recommendations when necessary, and • represent the employees in such cases. 	Employee representatives are entitled to make recommendations to the employer and request that necessary precautions are taken in order to eliminate the source of danger or to minimize the risk arising from the danger.
Sevinç Cansız		
Fatma Şahin		
Emel Arslan		

Personnel turnover rate within the Bank is monitored on a quarterly basis and action plans are prepared in the event that the related rate exceeds the determined threshold values.

In 2017, the staff turnover rate, excluding Call Center Unit, was 19.1% (this ratio does not include the rightsizing process executed in 2017 Q4).

14. Code of Ethics and Social Responsibility

Ethical Rules

The Bank's code of ethics is announced in the Human Resources Regulation and on Odeaport, which is an intranet environment accessible by all employees, and they are also announced to public via the Bank's website.

Ethical Code of Conduct of Odeabank are those that are applicable for Bank Audi SAL and all its affiliates and subsidiaries (hereafter referred to as "Group"). The recognition of the Group regarding ethical conduct is one of its most valuable assets. This reputation builds upon the determination and dedication of the Group to achieve high standards of ethical behavior. The Code of Ethics and Conduct consists of a set of ethical principles aimed at raising awareness of the personal and professional obligations of all representatives of the Group towards the whole Group and its units. These principles are designed to help maintaining the highest professional standards in honest work and to assist in the process of finalizing business-related issues in a professional and fair framework.

Social Responsibility

In addition to its responsibility for sustainable development, Odeabank attaches importance to social responsibility and actively works for the society in which it operates. It undertakes a proactive and collaborative role within the community with the aim of raising the quality of life, public welfare, cultural development, better living, and working society. Odeabank primarily focuses on issues such as organizational management, human rights, business practices, environment, fair business practices, consumer issues, and social participation and development at international level. Odeabank encourages all managers and employees to act with the awareness of social responsibility while performing their professional duties either on behalf of the Bank, or as an individual. The Bank performs special activities in line with this objective by organizing training activities based on environmental and social issues to improve the sensitivity of all its employees. Within this scope, Odeabank is committed to:

- establishing an open communication with all internal and external stakeholders with the principle of honesty and open communication;
- valuing human resources by promoting versatility, diversity and equal opportunity;

- rewarding talent, support teamwork and the development of employees;
- applying the highest business standards;
- promoting healthy ecosystems, social equity and good organizational governance under the domain and supply chain;
- taking responsibility for its decisions and activities and to be trustworthy.

Odeabank aims to promote a sustainable development environmentally and socially in all banking operations. Odeabank aims to minimize, and ideally eliminate, the environmental impacts that may arise directly or indirectly from its activities. Based on this point of view, taking the best practices of international financial institutions as an example, Odeabank has developed and implemented the Environmental and Social Management System. An "Environmental and Social Policy" approved by the Board of Directors has been published.

Odeabank works on the expansion of basketball sport in the bank. Within this scope, Odeabank Basketball School, established in 2014, is giving basketball education to both children of employees and 20 children from Koruncuk Foundation. The Basketball School was transformed into Odeabank Sports School in 2016. In addition to basketball, tennis and judo trainings have also started under the supervision of professional coaches.

With our Oxygen Account, our oxygen account customers can contribute to nature education through TEMA Foundation and donate seedlings for Balıkesir Forestation Zone.

In addition, scholarships are given to Koç University students whose financial situation is not favorable. Also, 5 computers were donated to Gazi Osman Paşa Primary / Secondary School in 2017.

Banking for Disabled Customers

Odeabank aims to increase transaction options for services offered at ATMs and branches in order to make it easier for disabled customers to access banking services. Our Bank's objectives are determined according to the criteria laid down in the Law no: 5378 on the Disability, and the Regulation on the Accessibility of Banking Services, which entered into force on January 1, 2017.

Our Bank also organizes trainings to raise awareness and to inform all employees about disability, and provide sign language training for its employees to contact easier with the hearing impaired customers.

SECTION IV – BOARD OF DIRECTORS

15. Structure and Formation of the Board of Directors

Odea Bank A.Ş. Board of Directors consists of 12 members. Members of the Board of Directors are elected to serve for a maximum of three years, as set out in Article 20 of the Bank's Articles of Association. Members can be reelected. The Chairman of the Board is Mr. Samir Hanna. The Chairman of the Board of Directors does not have any executive duties within the regulations of the BRSA, and Mr. Naim Hakim, the Deputy General Manager, is the executive member in the Board of Directors.

As of December 31, 2017, the information about the members of the Board of Directors is provided below:

Name	Duty	Assignment Date*	Other Responsibilities
Samir Hanna	Board Chairman	12.10.2012	Chairman of the Remuneration Committee
Ayşe Korkmaz	Vice Chairman of the Board	12.10.2012	Member of the Audit Committee, Member of Risk Committee
Dr. Marwan Ghandour	Board Member	12.10.2012	-
Dr. Freddie Baz	Board Member	12.10.2012	Member of the Corporate Governance Committee, Member of the Remuneration Committee, Alternate Member of the Credit Committee
Dr. Imad Itani	Board Member	12.10.2012	Chairman of the Audit Committee, Alternate Member of the Credit Committee
Philippe Elias El-Khoury	Independent Board Member	27.04.2016	Chairman of the Corporate Governance Committee
Khalil El-Debs	Board Member	14.04.2014	Member of the Credit Committee
Elia Samaha	Board Member	22.07.2014	Chairman of the Credit Committee
Hüseyin Özkaya (**)	Board Member, CEO	12.10.2012	Member of the Credit Committee
Bülent Adanır	Independent Board Member	08.05.2017	Chairman of the Risk Committee, Member of the Remuneration Committee
Aristeidis Vourakis	Board Member	08.05.2017	Member of the Risk Committee
Guy Charles Harington (***)	Independent Board Member	08.05.2017	Member of the Corporate Governance Committee
Naim Hakim	Deputy CEO	21.04.2016	-

(*) The date when the Members of the Board of Directors took an oath in the Commercial Courts has been taken into consideration. Members whose term of office expired during the term have been reelected.

(**) Mr. Hüseyin Özkaya resigned from the position of CEO on 20.12.2017 and in his replacement Dr. Mert Öncü has been appointed as the CEO as of April 2, 2018.

(***) As of January 18, 2018, Mr. Guy Charles Harington resigned and was replaced by Mrs. Dragica Pilipovic-Chaffey as a member of Board of Directors.

Members of the Board of Directors have been elected for a term of three years and their term of office is still ongoing. CVs, duties in-group and outside the Group of the Bank's Board members are disclosed to the public in the Bank's annual report and on the website. The election of Odeabank Board Members is carried out in accordance with Article 16 of the Articles of Association and in compliance with the provisions of the Banking Law. As per the Banking Law, in the event that the General Manager of the Bank is not present, Deputy General Manager is the natural member of the Board of Directors.

Actions are taken in accordance with Banking Law and the BRSA regulations regarding non-bank duties of Board members. During the period, there were no circumstances that impeded the independency of the independent Board members.

16. Operating Principles of the Board of Directors

The Board of Directors' structure, duties, rights and qualifications, and engagements are described in the Corporate Governance Policy and announced to employees via intranet.

The Board of Directors shall convene at times as necessitated by the Bank's businesses and transactions, upon invitation of the Chairman or Vice Chairman and at the head office of the Bank or at a convenient place in the city, where the Bank's head office is located, at another city or in a country other than Turkey, provided that a written notification is sent to the Members of the Board of Directors. The invitations to Board of Directors meetings may also be sent via electronic mail. The Board of Directors convenes with the quorums and procedures stipulated in the Turkish Commercial Code and takes decisions with the quorums and procedures stipulated in the Turkish Commercial Code.

The meeting agenda is determined 3 weeks prior to the BoD meeting date and shared with the Board members to request their opinions. The supporting documents are received from the related departments 1 week prior to BoD meetings and shared with the Board members by the Corporate Secretariat. 6 Board meetings were held in 2017. Resolutions of the Board of Directors are taken by unanimous vote of the attendees, or majority vote if a consensus is not reached (in 2017, all Board resolutions were adopted unanimously). All questions, recommendations and opposing views, if any, are written in the meeting minutes. Board of Directors resolutions are written and signed on the official resolution book.

17. Number, Structures and Independence of the Board Committees

In carrying out its duties, the Board of Directors benefits from the support provided by the Audit Committee, the Corporate Governance Committee, the Remuneration Committee, the Risk Committee and the Credit Committee. The Corporate Governance Policy describes the procedure to constitute a guideline for activities of the Board Committees.

Audit Committee:

Serving on behalf of the Board of Directors, the Audit Committee has the following duties and responsibilities: to supervise the efficiency and adequacy of the Bank's internal systems; to supervise the functioning of the said systems and of the accounting and reporting systems, as well as the Integrity of the information that is generated, in accordance with the Law and related Regulations; to carry out the necessary preliminary assessment for the election of Independent Auditing Firms and rating, valuation and support service agencies by the Board of Directors; to regularly monitor and coordinate with the activities of such agencies, which are elected by the Board of Directors and have signed agreements with the Bank. The Committee convenes minimum (4) times on yearly basis; however the Committee may convene more frequently when needed or upon the request of Board of Directors.

Audit Committee Members	
Dr. Imad Itani	Committee Chairman
Ayşe Korkmaz	Committee Member

Corporate Governance Committee:

The missions of the Corporate Governance Committee include assisting the Board of Directors in monitoring the Compliance with the Bank's Corporate Governance principles, as well as conducting improvement works and presenting recommendations to the Board of Directors. The Committee convenes at least once per annum; however the Committee may convene more frequently when needed or upon the request of Board of Directors.

Corporate Governance Committee Members	
Philippe El-Khoury	Committee Chairman
Dr. Freddie Baz	Committee Member
Guy Charles Harington (*)	Committee Member

(*) Due to his resignation on January 18, 2018, Mr. Harington's membership to Corporate Governance Committee has ended and in his replacement Dragica Pilipovic-Chaffey has been elected as the member of Corporate Governance Committee as of 28.03.2018.

Remuneration Committee:

The mission of the Remuneration Committee is to assist the Board of Directors in monitoring the remuneration practices. The Remuneration Committee assesses the remuneration policy and its practices within the framework of Risk Management principles and submits its recommendations through reports to the Board of Directors on an annual basis. The Committee convenes at least once per annum; however the Committee may convene more frequently when needed or upon the request of Board of Directors.

Remuneration Committee Members	
Samir Hanna	Committee Chairman
Dr. Freddie Baz	Committee Member
Bülent Adanır	Committee Member

Risk Committee:

The mission of the Risk Committee is to assist the Board of Directors in carrying out its risk related responsibilities. In this context, the duties of the Risk Committee are to consider the Bank's risk policies and risk appetite and present relevant recommendations for the Board of Directors, to monitor the Bank's risk profile for all types of risks, to manage the management framework of such risks and to assess their effectiveness. The Committee convenes minimum (4) times on yearly basis; however the Committee may convene more frequently when needed or upon the request of Board of Directors.

Risk Committee Members	
Bülent Adanır	Committee Chairman
Ayşe Korkmaz	Committee Member
Aristeidis Vourakis	Committee Member

Credit Committee:

The mission of the Credit Committee is to assist the Board of Directors in allocating loans within its authorization limits. The Committee convenes twice a month, if needed.

Credit Committee Members	
Elia Samaha	Committee Chairman
Khalil El Debs	Committee Member
Hüseyin Özkaya (*)	Committee Member
Dr. Freddie Baz	Committee Alternate Member
Dr. Imad Itani	Committee Alternate Member

(*) Due to his resignation on 20.12.2017, Mr. Özkaya's Committee membership has ended.

18. Risk Management and Internal Control Mechanism

Our Bank's Board of Directors is well aware of the fact that it is in charge of establishing and managing an effective, adequate and coherent internal control system and risk management system in line with Articles 29, 30 and 31 of the "Banking Law" No. 5411 and "Regulation on Bank's Internal Systems and Assessment Process of Internal Capital Adequacy". Accordingly, the Board has established risk management and internal control systems to minimize the risks, which may affect the shareholders and stakeholders. With the intention of fulfilling the said responsibility, such departments within the structure of Internal Systems as the Internal Audit Department, Internal Control and Compliance Department, Risk Management Department, Information and Customer Security Department, and Legal Affairs Department have been established to operate under the Audit Committee, and/or the Risk Committee. The related departments report to the Board of Directors via Internal Systems Officer and the Audit Committee (or Risk Committee) as described under the relevant Regulation.

Process reviews are performed periodically by the Bank Audi Group Audit Team and the audit reports are shared with the related units and the Audit Committee. Our Bank is subject to Banking Processes and Information Technology Systems audit by the Independent Audit company, as per the BRSA regulations. Main purpose of the audit conducted on the information systems and banking processes is to review the processes, which are selected as part of the significance principle regarding the information systems and financial data production that are included in the scope within the framework of the Bank's importance principle; to assess their compliance, sufficiency and efficiency, and to report the deficiencies according to the materiality principle. Action plans are prepared and related actions are taken regarding the issues reported by External Audit and Group Audit.

19. Company's Strategic Objectives

The Board of Directors annually reviews the strategic targets of the Bank. The Bank's annual budget is approved by the Board. The budgeted and actual figures are compared and the Bank's performance is reviewed by the Board of Directors on quarterly basis. The core performance indicators are reviewed by the Board of Directors.

Bank's mission and vision are established and announced to the public via website.

Our mission is to invest in the best, aim to provide total satisfaction to our stakeholders and offer them a concept of banking that places their lives at the center of our operations. Our vision is to be the first bank that comes to mind regarding the banking needs of everyone who cares about how they spend their lives and their time.

Our main strategic target is to become a bank providing expeditious service via its advanced technology infrastructure and experienced human resources, contributing to the quality of life of customers and being an indispensable part of their lives. Strategic targets for our customers, employees, society, sector, and the bank is given below:

For our Customers: To ensure that customers are aware and convinced that they are able to receive quality service in all segments of banking.

To leverage the strength and credibility of our shareholder Bank Audi Group in the region to raise funds from international markets and making these resources available for the real sector.

For our Employees: To be an organization that every employee is proud to be a part of and works with a high level of fulfillment and satisfaction.

To make personnel feel the sense that they have chosen the right organization, that they are valued, rewarded, appreciated, are able to self-improve and have the opportunity to reach their career goals.

For the Society: To be a bank that manages to transfer what it earns to the society and that is sensitive towards the needs of the society in which it exists, undertaking efforts to improve the well-being of the society by way of corporate social responsibility projects and responsible business conduct.

For the Sector: To become a bank that has sustainable return on equity on sound fundamentals in the medium and long term, serving 95% of the Turkish economy in all segments of banking.

For the Bank: To be able to activate an efficient service infrastructure that can deliver all its products as mandated by competition in all applicable segments of banking.

To act as mediator in trade projects particularly with the Middle East and North Africa region-to be the leading bank of Turkey for this region.

20. Remuneration

A Remuneration Policy devoted to Bank staff has been established and the policy has been approved by the Board of Directors. The Bank's Remuneration Policy encourages fair, transparent, measurable and sustainable success among employees and is in alignment with the Bank's risk principles. A remuneration structure consisting of fixed income and variable income items is stipulated. Remuneration Policy is published on Bank's intranet system and Bank's website.

As per article 20 of Bank's Articles of Association, remuneration of the Board Members is determined by the General Assembly. During the Ordinary General Assembly Meeting of 2016 dated March 23, 2017, it was unanimously resolved that no attendance fee be made to Board of Directors' members. In addition to that, for Board Members who do not hold an executive duty, it has been resolved that payments be made for their work and duties within the Bank in addition to their activities as members, without relation to the 2016 profit and as remuneration, in accordance with the Remuneration Committee decision dated 26.01.2017 and numbered 2017/1. Moreover, it has been unanimously resolved that payments be made to other employees of the Bank for their work and duties within the Bank, as bonuses and premiums, in accordance with the Remuneration Committee decision dated 24.02.2017 and numbered 2017/2.
