

# CORPORATE GOVERNANCE PRINCIPLES COMPLIANCE REPORT

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## **SECTION I- CORPORATE GOVERNANCE PRINCIPLES COMPLIANCE DECLARATION**

It has been legislated in the Capital Markets Law (the Law) No 6362, Article 36 that, the Article 17, Paragraphs 1 and 2 of the Law on corporate governance, may be applied to capital markets institutions by analogy. In accordance with the temporary Article 8 of the Law, in reliance upon Istanbul Settlement and Clearing Inc. (the Bank) being a central clearing agency and consideration of such central clearing agencies as capital market institutions according to the Article 35 of the Law, hereby, this Corporate Governance Principle Compliance Declaration has been prepared based on the Report Format as per the annex in the Capital Market Board's (CMB) II-17.1 dated Corporate Governance Communiqué.

It has been imposed, under the Articles of Association which has been updated according to the framework of the new Law, that the Bank shall, in all its operations, abide by the corporate governance principles as per Article 17, Paragraphs 1 and 2 of the Law, by analogy; subsequent to the amendment in the Articles of Association, Article 11 titled " The Committees of the Board of Management", " Corporate Governance Committee" (The Committee) has been established in the Bank, by the Board of Management's 11 April 2013 dated and 250 no meeting ; and in the 29 April 2013 dated , 251 no meeting the " Takasbank Corporate Governance Principles Communiqué" , which has been prepared with respect to the working procedures and principles of the Corporate Governance Committee, has been ratified and entered into force.

The Bank's objective is the highest level of compliance with these principles in its operations, having adopted the equality, transparency, accountability and responsibility concepts pertaining to the Corporate Governance Principles announced by the CMB.

As aforementioned above, while it is stipulated that the capital markets institutions shall abide by the published communiqué, which incorporates public partnerships or those regarded as public, by analogy, Until the communiqué's principles, which are mandatory for the capital markets institutions to comply with, is determined by the CMB, compliance to the principles set in the " Takasbank Corporate Governance Principle Communiqué" is the ground rule.

Saygılarımızla,

Best regards,

Selim İNCE  
Corporate Governance Committee Member

Birol AYDEMİR  
Head of Corporate Governance Committee

## SECTION II- SHAREHOLDERS

### 2.1. Investor Relations Department

Our Bank's Management, has adopted equal treatment to all shareholders by means of intending transparent and responsible communication with the shareholders. Investor relations department has not been set up at our Bank. Strategic Planning and Corporate Communication Department and Accounting & Reporting Departments are currently in charge of managing and strengthening investor relations. The Deputy General Manager supervising these departments is in constant contact with the Committee.

The relevant units have performed the activities below with respect to investor relations, during the term;

- 1) To maintain authentic, secured and up to date records on investors,
- 2) To respond to the investors' information requests in relation to the shares with the exception of information of discreet, and commercial secret nature,
- 3) To arrange the general assembly meeting in accordance with the applicable legislation, the Articles of Association and other interal regulations within the Bank,
- 4) Preparing annual report for the last financial year for the use of shareholders during the general assembly meeting,
- 5) To maintain records for general assembly meeting's voting results and ensure the delivery of reports in relation the results to the investors,
- 6) Implementation of capital increase process,
- 7) In accordance with the Regulation and the Bank's disclosure policy, the observation and monitoring of all matters with respect to public disclosure,
- 8) The prompt announcement of the developments about the bank and financial statements for the term, to the investors, to keep the investor relations section on the Bank's website up to date,
- 9) To carry out work to develop the Bank's corporate governance practice and submit it to the Committee for assessment

In 2014, shareholder information requests in relation our Bank's shares have been responded to by the relevant units. The request has largely focused on capital increase. The requests regarding the rational for the paid in cash capital increase fully met by Borsa Istanbul Inc. by means of restricting the subscription rights of the shareholders other than Borsa Istanbul Inc. ,the calculation of the subscription right exercise price (at premium) , purchase/ sell of the shares, delivery of the new share certificates , have been responded to by the Accounting and Reporting Department.

### 2.2 The Use of Shareholders' Information Rights

Our Bank; shows the necessary care and attention to extend shareholders their information rights in accordance with the Turkish Commercial Code, Capital Markets Law and Banking Law (related legislation) . No distinction is made among our shareholders with respect to right to inform. Hence, our Bank keeps the necessary communication channels open to respond to the information request from shareholders.

The committee plays an active role in the protection of shareholders' rights including right to receive information and right to examine, and the exercise of such rights. The Committee is held responsible for monitoring whether information and explanations which may have an impact on exercising of the rights, are made available to the shareholders.

The general letters noting our Bank's developments, financial information and news are published regularly on our Bank's corporate website at [www.takasbank.com.tr](http://www.takasbank.com.tr) address. Furthermore, the compulsory information, in accordance with the Article 1524 of Turkish Commercial Code, is published up to date, in the "Information Society Services" section of the website.

Independent auditor appointment request is not regulated in the Articles of Association as a right. The Bank management refrains from complicating the conduction of independent audit. In accordance with the mandatory provisions of the 6102 No Turkish Commercial Code and our Bank's Corporate Governance Management Principles Communiqué, the shareholders, are allowed to request independent audit to examine certain events subject to prior exercise of information and examination rights by shareholders. The shareholders may individually, ask for such rights from the general assembly, even if they are not part of the meeting agenda.

A request has not been forwarded to the Bank regarding the appointment of an independent auditor during the period.

### **2.3 General Assembly Meetings**

The principles and procedures relating to the General Assembly accession procedure and invitation, is shared with the public on our Bank's corporate website "Legal Framework" section within the "Internal Directive on the General Assembly's Working Principles and Procedures" document.

Our Bank's General assembly meetings are carried out in accordance with the relevant legislation. The general assembly meeting to evaluate the operating results of 2013 was held on 28 March 2014. The ordinary general assembly meeting quorum was realized as 97.79%.

The General Assembly meeting at Borsa İstanbul Inc. Offices, was carried out in a fair manner among the shareholders, at the minimum cost possible for shareholders.

In order to ensure the participation of our shareholders to the general assembly, the meeting agenda, date and place and the invitation and agenda involving other relevant information and documents were promptly delivered to them; was announced on February 27, 2014 date and 8517 numbered Trade Registry Gazette of Turkey and on February 23, 2014 dated Hürses newspaper and the Bank's website.

The 2013 Annual Report prepared for the ordinary general assembly meeting, including the balance sheet and income statement of the Bank for the period between January 01 2013 - December 31 to 2013 and the Independent Auditor's Report, the Articles of Association's amended text and "The General Assembly Information Document" have been shared with the shareholders within the legal deadlines and published on our corporate web site.

Questions from shareholders since the General assembly meeting date announcement, were responded to by the Department of Accounting and Reporting. As explained in the first part of the report; intense amount of information requests were received from our shareholders concerning the articles of association amendment draft in the 19<sup>th</sup> ordinary general assembly agenda, the 12<sup>th</sup> agenda item. There was information request on the increase of our capital from 420 Million TRY to 600 Million TRY, 120 million TRY in bonus shares and 60 million TRY in rights issue, Borsa İstanbul Inc covering fully for the raised capital in cash by restricting the subscription rights of the shareholders outside Borsa İstanbul Inc. , the calculation of the right's issue exercise price set with the premium, procedure to follow for shareholders who wish to buy / sell our shares.

In the General Assembly meetings, issues on the agenda have been conveyed in an unbiased and detailed manner, with a clear and comprehensible method; the shareholders were given the opportunity to express their opinions under equal conditions and to ask questions.

At the ordinary general assembly meeting, our shareholders have communicated their requests on the agenda through motions to the Chairmanship of the meeting. The 4 motions submitted by our shareholders in relation to 1, 7, 8, and Article 10 of the general assembly agenda were ratified and accepted. Our shareholders who spoke at the general assembly, did not forward additional questions to the Chairmanship of the meeting, they conveyed their gratitude to the Bank's management and employees.

Voting at the General Assembly meeting was carried out by open ballot and raising hand.

The General Assembly minutes were delivered to requesting shareholders via fax and / or e-mail, and were published on our corporate website and the trade registry gazette.

Our shareholders, board members, officers amenable for the preparation of financial statements, authorized person from independent auditor, and other related persons have participated to our General Assembly meetings; the media organizations have not participated.

## **2.4 Voting Rights and Minority Rights**

Our Bank's shareholders are Istanbul Stock Exchange Inc. and banks and brokerage firms.

Shareholders use voting rights in proportion to the total nominal value of their shares. Each share has one vote. There is no known voting privilege to any group of shareholders.

Except for Borsa Istanbul Inc. any shareholder's share directly and indirectly, may not exceed 5% of the Bank's capital. As of the end of 2014; Borsa Istanbul Inc. , 13 banks, and 40 brokerage firms respectively own 62.25% , 17.78% and 19,97% of the Bank's capital

In the Bank's articles of association, there is no specific provision regarding the use of minority rights or cumulative voting.

Under the framework of the definition in Article 195 of the Turkish Commercial Code (TCC) concerning controlling companies and affiliates, currently, Borsa İstanbul Inc. is treated as controlling company, our Bank and Central Registry Agency as affiliated companies. Our bank with 634,852 TRY nominal shares in Borsa Istanbul Inc. capital, in accordance with Article 389 of the Turkish Commercial Code, is not allowed to vote in the general assembly of Borsa Istanbul Inc.

## **2.5 Dividend Right**

The Bank's dividend distribution is carried out through the decisions taken at general assembly meetings. The proposals prepared within the framework of the Dividend Distribution Policy set by the Board of Directors are inserted into the agenda of the general assembly while the Dividend Distribution Policy is not published on the corporate website.

Any concession in dividend distribution has not been considered. Each shareholder has the right to receive dividends in proportion to the partnership share.

In 2013, in order to meet our commitments, which will arise as a result of new services, including the role of central counterparty, in order to strengthen our shareholders' equity and financial position, dividend distribution has not been made.

## **2.6 Transfer of Shares**

Subject to the Bank's Articles of Association without prejudice to capital markets regulation and in accordance with the Turkish Commercial Code Article 493, the shares are solely transferrable between; stock exchanges established under the Capital Markets Law and members and investment agencies, collective investment agencies, asset management companies, mortgage finance institutions, central clearing organizations, central depository institutions, public companies whose shares are traded in the organized markets and individual pension funds established in accordance with Individual Pension Savings and Investment System Law.

The share of each shareholder directly and indirectly, may not exceed 5% of the Bank's capital with the exception of Borsa Istanbul Inc.

A group of shares representing the shares only belong to Borsa Istanbul Inc. New A group shares can not be issued through a capital increase.

## **SECTION III- PUBLIC DISCLOSURE AND TRANSPARENCY**

### **3.1 Corporate Website and Content**

Our Bank's corporate Turkish& English website at [www.takasbank.com.tr](http://www.takasbank.com.tr) address is actively used.

On the Bank's website, compliance with the matters set forth in the Corporate Governance Principles to the extent appropriate is, intended.

As well as general information about the Bank, Bank's Articles of Association and Information on the general assembly meeting, regulations issued by the Bank, and non-consolidated financial statements and reports, , independent audit reports and annual and interim reports are published on the website . Also in the 'Information Society Services' section on the website; information and documents deemed compulsory in accordance with the mandatory provisions of May 31, 2013 dated Communique Concerning The Websites that will be Opened by Corporations, published in the Official Gazette by the Ministry of Customs and Trade.

### **3.2 Annual Report**

Corporate Governance Principles Compliance Declaration, which is prepared in accordance with the report format in Article 8 of the Capital Markets Board's Corporate Governance Communiqué No. II-17.1 is published in the Bank's Annual Report.

## **SECTION IV- STAKEHOLDERS**

### **4.1 Informing the Stakeholder**

Stakeholders, are able to to access information relating to the Bank through arranged meetings, presentations and news made available to printed and visual media and our corporate website. In addition, an intranet site is available for employees to access information and to communicate.

Our staff is informed about the Bank's general operations and practices through e-mail transmission, Bank's intranet site and internal bulletins.

### **4.2 Stakeholders' Contribution to Management**

Our Bank is in constant contact with stakeholders, their demands submitted to the Bank are assessed and solutions are developed.

Staff recommendations are received through periodically held meetings, surveys and again the notifications made via the bank's intranet.

"Bank's Internal Fraud, Problems and Suspicious Matters Notification Procedure " has been created in order to establish channels of communication for the Bank's staff, to ensure notification of encountered problems, matters they view as suspicious or matters where they hesitate, to relevant management positions and units and the procedure is published on the Bank's intranet site open to entire staff's access.

Members' and our customers' demands concerning the Bank's services and suggestions are collected through the periodical service satisfaction surveys and client visits and all demands are evaluated.

Our bank throughout the services it offers, considers customer, in other words members and market participant satisfaction among the priority objectives. For this purpose, customer satisfaction is measured through methods such as, surveys, meetings, aggregating demands; all such aggregated demands are evaluated.

Aside from the customer visits made in 2014, services based ' Takasbank Service Satisfaction Survey " has been organized, including 4 main sections on, assessments on the systems, and training needs, ideas, criticisms and demands; including brokerage houses, banks, pension firms, investment trusts, asset management companies, electricity companies and participation banks, total of 312 institutions as participants. The results showed that the overall satisfaction level of Takasbank services is 88%. Subsequent to the General Management's assessment of survey results and customers' opinions and suggestions, necessary actions were taken for every client suggestion, specifically for training requests, user-friendly screens, performance and speed, the design of the screens, reporting requirements and various process optimization requests.

Our bank, through the services offered via the Continuous Service Improvement Program in implementation, has adopted the continuous improvement and development of the services as a mission.

Public complaints, suggestions and requests are evaluated via submissions to the e-mail addresses on our website.

### **4.3 Human Resources Policy**

Our Bank's human resources policy has been shared with the public at the [www.takasbank.com.tr](http://www.takasbank.com.tr) addresses, on the corporate website.

At the Bank, Deputy CEO is immediately responsible for the implementation of human resources, and ultimately the General Manager.

Our Bank's human resource in brief is; to recruit our staff- the most critical resource for the provision clearing and settlement services at both national and international level-primarily from the those most suitable for the bank's culture, to assign them to the appropriate positions, to ensure the satisfaction of our employees, to create working environment where they can use their potential to the maximum level and exhibit creativity and dynamic working spirit, to continuously support their personal and professional development, to apply fair and transparent remuneration policies.

The minimum education level for the Bank employees in accordance with their title is determined under the framework of our Staff Communique, while the specifications sought during recruitment stage are determined by the relevant department according to the scope of the work.

Our bank staff's competencies have been determined on the basis of their title and in 2014 performance appraisal system based on competencies has been implemented. In 2015 performance appraisal system based on business objectives besides competencies shall be launched.

The Employee Satisfaction Survey was carried out periodically and feedbacks have been received on working life, the processes and operations from the survey results. In light of the regulations to improve the working environment and increase motivation, an evaluation process has been initiated to devise and action plan aiming to develop corporate culture.

There have been no complaints of discrimination from our staff

Quality and customer orientation, analytical approach, team spirit, continuous improvement, selfless work, trust, impartiality and confidentiality are the ground rules for our human resources policy, and are our core values.

Besides the fact that obligations arising from the scope of Occupational Health and Safety Act are fulfilled by the Human Resources Department, and that through the activities carried out legal compliance requirements are met, employees have been included into the process through creation of occupational health and safety culture.

### **4.4 Ethical Rules and Social Responsibility**

Our Bank, particularly in education, produces projects, which will contribute to the social development of the society, drawing attention to social problems or support the projects in progress.

Our Bank has contributed to the construction of Takasbank Fine Arts and Sports High School in the Siirt city center and currently continues its supports in meeting the needs of the school. In this context, requests for assistance from schools in different regions are also responded to. Our bank, with its institutional structure and socially responsible employees, is carrying out social responsibility projects with the common request and participations of its affiliated institutions / organizations and its staff.



The work ethics rules that will be implemented, have been determined by Takasbank's Board of Directors and such rules have been shared with the entire Bank personell, but not disclosed to public.

## SECTION V- BOARD OF DIRECTORS

### 5.1 The Structure and Establishment of Board of Directors

Under the framework of the Bank's Articles of Association, the Board of Directors, comprises of four (4) members from A group shareholder Borsa Istanbul Inc., two (2) members from B Group shareowner banks and two (2) from B Group shareowner brokerage companies, whereby such members are elected by the General Assembly from candidates nominated by such shareholders. Under the Banking Law, the Chief Executive Officer is the natural member of Board of Directors.

Three members of the Board of Directors, selected from those nominated by Group A shareholders shall act as the independent Board members. At least two of such nominated members, should not have a direct or indirect employment relationship with A Group Shareholders.

The minimum requirements that should be met by Board Members are determined in accordance with the relevant legislation.

Board members are elected for two-year terms and can be reelected to the Board of Directors as Member.

In relation to the framework of the provisions of the Bank's Articles of Association, the Board of Directors consists of nine (9) members. The members' names and surnames are listed below, Mr. Birol Aydemir, Mr Ali Shir and Mr Selim Ince are independent Board members. Members' up to date biographies are published on the corporate website in the 'Information Society Services' section and in the Bank's Annual Report.

Mustafa İbrahim TURHAN(*)	Chairman of the Board
	Deputy Chairman of the Board – President of the Corporate Governance Committee
Birol AYDEMİR	General Manager and Board of Directors Member – President of the Credit Committee
Murat ULUS	Board Member – Audit Committee Member
Ali Şîr YARDIM	Board Member - Kurumsal Yönetim Komitesi Üyesi
Selim İNCE	Board Member
Ekrem Kerem KORUR	Board Member - Credit Committee Member
Reşat KARABIYIK	Board Member - Credit Committee Member
Güzide Meltem KÖKDEN	Board Member – President of the Credit Committee
Serhad SATOĞLU	

\* *Chairman of the Board Mr. Mustafa İbrahim Turhan has resigned from his position as of 10<sup>th</sup> February 2015.*

## **5.2 The Operation Principles of Board of Directors**

The Board convenes at least once a month and when required may convene more frequently. Chairman and in his absence the Deputy Charman is authorized to to call a Board of Directors meeting, and determine the agenda. However, any board member, may request from the Charirman to call the meeting or add agenda item.

The Board of Directors shall convene with the absolute majority of its members and decisions are taken by majority of those present at the meeting.

Board of Directors' activities and issues in relation meeting principles and procedures are included in our Bank's Articles of Association.

The Board of Directors, which convenes monthly in accordance with the Bank's Articles of Association, conducted 15 meetings in 2014. 1 member did not attend the meetings held on July 24, 2014 and October 30, 2 members did not attend the meeting held on 4 March 2014. All members have attended the remaining board meetings.

## **5.3 The Number, Structure and Independece of Commitees of Board of Directors**

Audit Committee, Credit Committee and Corporate Governance Committee have been established by Takasbank Board of Directors, to assist with the business and operations, in accordance with the obligations contained in the related legislation.

Credit Committee, consists of two members elected from among the members meeting requirements laid down in the relevant legislation, to perform the duties specified in the Banking Act., and the General Manager or his deputy.

The Audit Committee, established to help fulfill the Board of Director's inspection and surveillance activities and to fulfill the tasks laid down in Banking Law and those assigned to the board by the Capital Markets Board, is composed of two members elected among board members meeting the requirement laid down in the relevant legislation.

The Corporate Governance Committee, established to arrange The Bank's relations with shareholders, stakeholders, regulators and supervisory authorities, managers and its employees according to the principles of integrity, reliability, objectivity, confidentiality, equality and to fulfill the Bank's responsibilities in relation to the environment and social life , also consist of two members selected from among Board members.

The election of committee members, the procedures and principles regarding the duties and activities of the Bank are laid down in our Bank's Articles of Association.

## **5.4 Risk Management and Internal Control Mechanism**

Our bank has established effective and adequate risk management and internal control mechanism compatible with the scope and structure of its activities , in order to ensure the monitoring and control of the risks they are exposed to.

Such mechanisms are operated, by the Internal Control and Compliance Team & Risk Management Team, administratively independent from each other and reporting to the Board of Directors through Audit Committee and in accordance with the provisions of the Communiqué on Banks' Internal Systems and Internal Capital Adequacy Assessment Process (İSEDES). As a result of the audit work carried out by the Internal Audit team, who is reporting to the Board of Directors through The Audit Committee, reasonable assurance is provided to senior management, with respect to the operation of our Bank's activities in accordance with relevant legislation, the bank's internal strategies, policies, principles and objectives, and the competence and efficiency of the internal control risk management systems.

Our Bank's risk management and internal control mechanism's functioning, and the procedure and principles concerning its efficiency and monitoring of its efficiency, are laid down in the Communiqué Regarding Banks' Internal System and Internal Capital Adequacy Assessment Process, good practice guidelines published by the BRSA (BDDK) and the related teams' Bank internal regulation.

At our Bank, in the establishment and implementation of the risk management system and internal capital adequacy assessment processes, conservatism principle is taken into account. The Risk Management Team, which manages and coordinates the activities involving measurement, evaluation, controlling and reporting of the risks our Bank is exposed to, operates in compliance with the banking regulations, under the Audit Committee and subject to the internal regulations approved by the Board of Directors. Our Bank's risk management activities focus on the first pillar risks (credit, market, liquidity risks and operational risk) and the second pillar risks (liquidity risk, interest rate risk arising from banking accounts and central counterparty business risk and restructuring cost provisions) defined within the scope of the banking legislation.

The risk assessment concerning the new products and services the Bank plans to offer and the information technology risks, the creation of risk analysis reports with respect to support services and risk management programs, monitoring of risk limits and risk appetite and signal values, conducting internal risk measurement and assessment and stress tests and scenario analysis, monitoring of the legal risk baseline amount and regulatory ratios and reviews, are carried out by the Risk Management Team and reported to the Audit Committee. In this context the Risk Management prepared 29 reports in 2014 referred to the Audit Committee.

In accordance with the communiqué on Banks' Internal Systems and Internal Capital Adequacy Assessment Process, entering into force followed by the announcement on July 11, 2014 date and 29057 no Official Gazette and the best practice guidelines published by the BRSA (BDDK), the capital and liquidity plans ensuring that the Bank will sustain its operations throughout the most adverse circumstances, with a future perspective, have been completed by the Bank through the partial and universal stress tests, involving the first and second pillar risks faced by the Bank. 31/12/2013 dated İSEDES Report and the 27/08/2014 dated Stress Test Report prepared by Risk Management Team, has been approved at our Bank's No. 273 board meeting and referred to the Banking Regulation and Supervision Agency.

Protection of bank assets, operating effectively and efficiently in accordance with the Law and other applicable legislation, Bank's internal policies and rules and the established banking practices; ensuring the reliability and integrity of accounting and financial reporting system and timely availability of information are among the objectives of the internal control system, and activities for such purpose are carried out by the Internal Control and Compliance Team at our Bank. Internal control activities are carried out on an annual basis by the respective teams, within the framework of the Internal Control Program prepared and approved by the Board of Directors. In 2014 31 different services / processes determined within the framework of the Internal Control Program, have been controlled and examined. Activities subject to the controls are controlled in periods determined in reference to the risk they carry, and are presented to the Board through the Audit Committee on a quarterly basis. Moreover, the monitoring and announcement of the changes in legislation concerning our Bank, and regulatory compliance assessment for new products and

services, are performed by the Internal Control and Compliance Team. In 2014, 4 quarterly reports, 2 regulatory compliance reports for new products and services planned to be offered by the Bank, 1 Validation Report involving the internal validation of the model-based risk measurement methodology used by the Bank in relation to economic and / or regulatory capital adequacy, in total 7 reports have been prepared and referred to the Audit Committee.

Under the framework of the Bank's Management Declaration, work on the efficiency, adequacy and compliance of internal control concerning information systems and banking processes, has been conducted jointly by the Internal Audit Team and Internal Control and Compliance Team and 3 reports prepared in reference to the mentioned process have been submitted to the Board of Directors and the independent audit company which supervises our Bank's information systems and the banking processes.

Our Bank's Internal Audit Team undertakes work concerning periodic and risk-based examination and supervision of the Bank's activities, uncovering errors and abuses, to provide assurance to senior management that the Bank's operations are carried out in accordance with the Law, related legislation and the Bank's internal regulations and targets, and the internal control and risk management systems are efficient and adequate;

The internal audit work in practice and in respect of the work performed to ensure the integrity, accuracy and reliability of accounting records and financial reporting involves; confirmation that the securities in the Bank's financial statements conform to the records, providing support for abuse detection, inspection of financial accounts and records and documents, running tests on controls' efficiency by means of identification of the risk and control points in business processes, running control tests on the information systems where financial and administrative data is used, and processes.

In 2014 subsequent to the unit and process audit work conducted by Internal Audit Unit, a total of 22 internal audit reports were prepared and submitted to the Board of Directors with the approval of the Audit Committee.

## **5.5 The Company's Strategic Objectives**

Our Bank's vision and mission, corporate values and strategic goals, are set by the Board of Directors with assistance from the Corporate Governance Committee and shared with the public through the corporate website.

Our Bank's vision is determined as "to be a globally favored institution which provides reliable, efficient, innovative banking and central risk management services of international quality standards".

Our Bank's mission is "Takasbank is an institution that contributes to the development of the market through its reliable and effective post-trade services is."

"Trust", "Stability", "Market Oriented ", "Efficiency ", "Strong Financial Structure", "Transparency" and "Sustainability" are our Bank's corporate values.

Our bank's strategic objectives are determined by the Board of Directors and necessary monitoring and control mechanisms are in the process of development.

Bank objectives are laid down in the strategic three-year plans. The actions taken to achieve the set targets are evaluated by the quarterly Strategy Coordinating Committee, progress on the strategic plan is monitored by the Board of Directors through the reports submitted annually to the Board of Directors.

Our Bank's strategic objectives in 2014 are grouped under four main headings, "Financials", "Customer", "Process" and "Organization / HR":

The target, " Improving the bank's financial strength and shareholder value" is in the "Financial" group.

In the "Customer" dimension " increasing capital market instruments' diversity and liquidity", " Positioning Takasbank as regional clearinghouse / leader," "Ensuring that the products and services are offered to the market effectively " and " To promote products and services in existing and new markets " and " To ensure sustainable customer satisfaction" targets are laid down.

In the "Process" dimension " To deliver efficient, seamless and reliable service in international standards, " and "To strengthen the technological infrastructure" targets are laid down.

In the "Organization / HR" dimension, "Maintaining human resource competencies, educational level, satisfaction and performance at a high level " target is laid down.

The "2014 Strategic Plan Progress Report" which involves the work that our bank has conducted on the strategic objectives in 2014, has been shared with our Board of Directors. It is seen that in 2014, progress has been made in accordance with the road maps, within the the appropriate infrastructure, division of tasks and legislative regulations determined for the 2013-2015 year to achieve the objectives and initiatives.

## **5.6 Financial Rights**

Management fees provided to the Board members, remuneration such as bonus dividend is determined by the General Assembly in accordance with the provisions of the Turkish Commercial Code. The remuneration awarded to senior management, such as wage, bonuses and so on. are determined under the Regulation of Bank Employees, general wage increases are applied after approval by the Board of Directors.

Allocation of vehicles, insurance and other rights awarded to the The Board of Directors and senior management are determined in accordance with the Staff Regulations and the associated procedures and the travelling expense and fee are determined in accordance with our Banks' Travelling Allowance Communique.

In 2014, debt/ receivable or bailment relationship has not been established with any member of our Board of Directors and senior executives.