

Matrix Comply-or-Explain Banking Code – 2017

In October 2014, the Dutch bankers' association published the revised Banking Code (the "Banking Code"), part of a package called "Future Oriented Banking". The Banking Code contains a number of bank-specific best practices which aim to promote the best possible functioning of the financial sector and restore the consumer's faith in banking. The revised Banking Code came into effect on 1 January 2015. Anadolubank Nederland N.V. ("Anadolubank") is of the opinion that the principles of this Banking Code fit in well with its vision and objectives. The following is an overview of all principles in the Banking Code and the manner in which Anadolubank applies them.

Text Banking Code

Implementation by Anadolubank

Sound and ethical operation

<p>A bank must formulate its mission, strategy and objectives. These focus on the long term and are expressed in part in the bank's risk policy and the policy for sustainability and corporate social responsibility</p> <p>A bank chooses its positioning such that its commercial interests and social role are extensions of each other. This is also expressed in the bank's governance structure and guides the implementation of its policy based on its mission, strategy and objectives</p> <p>The Executive Board and Supervisory Board are - with due regard for each other's duties and powers - responsible for setting up a sound governance structure and compliance with the governance principles. The members of these boards will set an example to all of the bank's employees and exhibit this in their day-to-day activities. The Supervisory Board will evaluate the way the members of the executive board are setting an example each year.</p>	<p>Anadolubank complies with this principle</p> <p>The Executive Board has established a strategy and business principles in which sustainable value creation is paramount for all of the bank's stakeholders. We do this by applying a conservative credit policy, always prioritizing the client's interest in product development, by conducting a moderate risk policy and by improving our profitability.</p> <p>Effective risk management and compliance with all relevant laws and regulations is guaranteed by the way in which the corporate governance is structured and executed.</p> <p>Anadolubank complies with this principle</p> <p>Both Executive Board and Supervisory Board formally consult each other regularly about the structure and compliance with the Banking Code and the Best Practices from the Corporate Governance Code. In view of its small size, the bank does not work with committees but with specifically responsible directors in the areas of Credit Risk, Audit, Compliance and Risk & Capital. All employees and</p>
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	<p>members of the Executive Board and Supervisory Board have taken the Bankers'Oath. The way in which the example role is completed is an annual topic during the assessment of the individual members of the Executive Board and Supervisory Board. The Compliance and Audit functions are established and are save guarded by their specific Charters. Within the Executive Board and Supervisory Board, two members are specifically responsible for IT. We are working on a new HR policy that will be implemented in early 2018.</p>
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<p>The Executive Board will promote responsible behaviour and a healthy culture both at the top of the bank and throughout its organisation. In this, it will consider the interests of the bank's customers and other stakeholders. The supervisory board supervises this.</p> <p>A bank's culture must also express the assumptions in the Social Charter of the Dutch Banking Association. These must be embedded in the bank's organisation and the bank will include them in its contact with its stakeholders. It will provide an insight into the way in which the bank deals with the assumptions in the Charter.</p> <p>All employees will comply with the formal regulations and self-regulation that apply to them.</p>	<p>Anadolubank complies with this pricipie</p> <p>The Executive Board promotes responsible behavior and a healthy culture by always taking a balanced consideration of the interests of all stakeholders in its tasks. The core values of the bank have been translated into business principles, which apply to all employees of the bank. An important subject is, in addition to the Banker's Oath, the Code of Conduct that every employee has endorsed. Every new employee receives a Compliance introduction training in which concepts such as integrity and customer interest are at the hart of it.</p>
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Supervisory Board

<p>The Supervisory Board will be composed in such a way that it is able to perform its tasks properly. The members of the supervisory board will be prepared and able to make sufficient time available for their duties and exhibit effort and commitment. They will at the same time be critical and independent.</p>	<p>Anadolubank complies with this pricipie</p> <p>The Supervisory Board is composed in line with the profile as drawn up by the Supervisory Board. The members have shown that they have enough time available to carry out their duties properly. The independent members of the board have proved to be sufficiently critical.</p> <p>The Supervisory Board has not introduced a Risk and Audit Committee, but has, after consultation with the regulator DNB, chosen to make individual members of the Board specifically responsible for Risk Management. and Audit</p>
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<p>Each member of the Supervisory Board will be aware of the social role of a bank and of the interests of the various stakeholders. Members of the Supervisory Board must have specific competence and experience elements in the field of Risk Management and Audit.</p>	<p>Anadolubank complies with this pricipie</p> <p>The composition of the board is such that it has more than sufficient social experience. The required knowledge in Risk Management and Audit area is also present within the current composition</p>
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<p>The chairman of the supervisory board will organise a programme of lifelong learning for all members of the supervisory board with</p>	<p>Anadolubank complies with this pricipie</p> <p>There is a long-term permanent education program in place that is</p>
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<p>the aim of maintaining their expertise at the required level and improving it where necessary. The learning programme will in any event cover relevant developments at the bank and in the financial sector, corporate governance in general and in the financial sector in particular, the duty of care towards customers, integrity, IT infrastructure, risk management, financial reporting and audit. Every member of the supervisory board will take part in the programme and meet the requirements for lifelong learning.</p>	<p>followed by all members of the Supervisory Board and also by all members of the Executive Board. This topic is on the agenda in the annual self-evaluation of the Supervisory Board</p>
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<p>Once every three years, the functioning of the Supervisory Board members is evaluated under independent supervision. In this evaluation, personal involvement, culture within the Supervisory Board and the relationship with the Executive Board should be dealt with. Each member of the Supervisory Board will receive an appropriate remuneration, which compensation may not be related to the results of the bank</p>	<p>Anadolubank complies with this principle In 2017 a self-evaluation took place under the guidance of an external independent party. The fees for the independent members of the board are in line with fees from comparable companies. The non-independent Supervisory Board members receive no remuneration.</p>
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Executive Board

<p>The Executive Board will be composed in such a way that it is able to perform its tasks properly. Each member of the executive board will be aware of the social role of a bank and of the interests of the various stakeholders</p>	<p>Anadolubank complies with this principle The Executive Board consists of three members. On the basis of the competencies and experiences present, this number is, in the opinion of the Executive and Supervisory Board, a sufficient number of members to be able to carry out the duties as required. The members of the Executive Board participate in the annual permanent education program as drawn up by the Chairman of the Supervisory Board</p>
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<p>One member of the executive board will have the duty of preparing decision-making by the Executive Board on Risk Management. This member may combine his or her function with other responsibilities, provided that he or she does not bear any individual commercial responsibility and operates independently from commercial areas. Risk management will also include a focus on the impact that systemic risk could have on the bank's risk profile.</p>	<p>Anadolubank complies with this principle A member of the Executive Board has been appointed for this function. This member is also a member of the Asset & liability (Alco) committee and of the Credit Committee. This member has no commercial duties. This member also has the IT infrastructure as a focus area.</p>
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<p>The chairman of the Executive Board (CEO) ensures that a programme of lifelong learning is in place for all members of the Executive Board with the aim of maintaining their expertise at the required level and improving it where necessary. The learning programme will in any event cover relevant developments at the bank and in the financial sector, corporate governance in general and in the financial sector in particular, the duty of care towards customers, integrity, risk management, financial reporting and audit. Every member of the executive</p>	<p>Anadolubank complies with this principle The Executive Board follows the permanent education program of the Supervisory Board. All directors follow this program annually and meet the requirements of permanent education</p>
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board will take part in the programme and meet the requirements for lifelong learning.

Risk Policy

A bank's risk policy is characterized by a comprehensive approach, is transparent and has both a short- and long-term focus. The risk policy also takes reputational risks and non-financial risks into account.

Anadolubank complies with this principle
 In addition to realizing the risk policy, the Executive Board is responsible for controlling the management of all risks detected. The Executive Board ensures a balanced consideration of both short and long-term interests. In addition to financial interests, attention is also paid to the consequences of possible non-financial risks that may have an impact on the bank's reputation.

A bank's executive board will be responsible for its risk policy and ensure proper risk management. The Executive Board will propose the risk appetite to the Supervisory Board for approval at least once a year. Any material changes to the risk appetite in the interim will also require the Supervisory Board's approval

Anadolubank complies with this principle
 The Executive Board realizes a risk appetite and this policy is reviewed at least annually. The Executive Board regularly discusses the risk policy with the Supervisory Board. Examples are stress testing, business continuity and SREP outcomes, as well as the annual Systematic Integrity Risk Analysis (SIRA).

Audit

A bank's executive board will ensure that a systematic audit is conducted of the management of the risks related to the bank's operations.

Anadolubank complies with this principle
 The internal Audit function systematically monitors the existence and functioning of the governance, risk management and all other control processes of the bank's total activities. The audit program is determined annually and approved by the Executive Board and the Supervisory Board..

To this end, a bank will have its own internal audit department with an independent position within the bank. The head of the internal audit department will report to the chairman of the Executive Board and also have a direct reporting line to the chairman of the Supervisory Board

Anadolubank complies with this principle
 The audit function is set up independently and the reporting lines are in accordance with the principle. This has been confirmed in the Audit Charter and in the Executive Board and Supervisory Board Charters

The internal audit department, external auditor and supervisory board's audit committee will consult periodically.

Anadolubank complies with this principle
 The internal audit function operates in conformity with this principle
 At least once a year a consultation is held between Internal Audit, the External Auditor and the Supervisory Board. The Supervisory Board approves the internal Audit Program and discusses annually the scope and coverage of the activities carried out by the External Auditor..

De interne Auditfunctie neemt tenminste een maal per jaar het

Anadolubank complies with this principle

<p>initiatief om met DNB en de externe accountant in een vroeg stadium elkaars risicoanalyse, bevindingen en auditplan te bespreken. De RvB en de interne Auditfunctie bevorderen dat dit tripartiet overleg periodiek plaatsvindt. Daarbij streven zij naar een duidelijke afbakening van ieders taken en verantwoordelijkheden.</p>	<p>In 2017 heeft een tripartiet overleg plaatsgevonden waarbij ook een delegatie van RvB en RvC vertegenwoordigd was.</p>
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Remuneration Policy

<p>The bank will implement a detailed, restrained and long-term remuneration policy that is unambiguous and transparent and in line with national and international regulations..</p> <p>The remuneration policy will have a primarily long-term focus and be in line with the bank's risk policy. It will incorporate an internal and external balance of interests, taking into account the expectations of the various stakeholders and social acceptance. It will also take the relevant international context into account</p>	<p>Anadolubank complies with this principle.</p> <p>The applied remuneration policy of the bank is in accordance with national and international laws and regulations with regard to remuneration. The remuneration policy is evaluated annually by the Executive Board and the Supervisory Board. In the annual report a specific explanation is given on the remuneration policy of the bank.</p>
<p>The total income of a member of a bank's Executive Board will at the time it is set be below the median for comparable positions inside and outside the financial industry, taking into account the relevant international context. The variable remuneration of a member of the Executive Board will be set in accordance with national and international regulations.</p>	<p>Anadolubank complies with this principle.</p> <p>Anadolubank aims at remunerating the members of the Executive Board in conformity with the median level of the fixed income in the market. The total remuneration of the members of the Executive Board is published in the annual report.</p>