



COMPLIANCE CORPORATE POLICY

Policy No: 10.010.N001

Prepared By : Arzu Demir

Approve By : Board of Directors

Approval Date : 08.06.2015

CONTENTS

1	OVERVIEW.....	2
2	COMPLIANCE RISK.....	2
3	COMPLIANCE PRINCIPLES	2
3.1	Compliance with Laws, Rules & Regulations	2
3.2	Promote and Engage in Ethical Conduct.....	3
3.3	Avoid any Conflict of Interest.....	3
3.4	Protect Confidentiality.....	3
3.5	Protect the Bank’s Assets	3
3.6	Protect the Customer’s Best Interest	3
3.7	Whistle Blowing.....	3
4	COMPLIANCE GOVERNANCE.....	3
4.1	Responsibilities of the Board of directors (BOD) and Board Audit Committee.....	3
4.2	Responsibilities of Senior Management	4
4.3	Establishment of the Compliance Function	4
5	COMPLIANCE FUNCTION	4
5.1	Objectives and Purpose of the Compliance Function	4
5.2	Responsibilities and Duties of the Compliance Function	5
5.3	Functional Prerequisites	6
6	THE COMPLIANCE PROGRAM	6
6.1	The Anti-Money Laundering and Countering Terrorist Financing Program	6
6.2	Policies & Procedures.....	6
6.2.1	Customer Acceptance Policy	7
6.2.2	Customer Identification and Know Your Customer Policy	7
6.3	Record Keeping	7
6.4	Continuous Learning Program	7
6.5	Independent Testing.....	8
7	POLICY SCOPE	8
8	ACCOUNTABILITY FOR NON-COMPLIANCE	8
9	APPROVAL OF THE POLICY BY THE BOARD OF DIRECTORS	8

1 OVERVIEW

Turkland Bank (hereinafter referred to as "T-Bank" or "Bank") holds a strong commitment to conducting business in conformity with the highest ethical standards and in adherence to the local laws and regulations as well as applicable international standards pertaining to the Know Your Customer ("KYC"), and Anti Money Laundering ("AML") and Combatting Terrorist Financing ("CFT").

The Bank maintains adequate measures including policies and procedures sufficient to ensure compliance of the Bank and its staff, with the obligations under the regulatory system in which the Bank operates, and for managing and addressing the financial crimes risks that the Bank may encounter.

Compliance is everyone's responsibility within the Bank and should be viewed as an integral part of the Bank's every day activities. It is the responsibility of all staff in the Bank (including Directors, Senior Management, Managers and Employees) to perform their tasks at the highest standards of honesty, ethics and integrity, within the principles included in the policy that are founded on the core principles of transparency and accountability at all levels of the Bank and set to manage compliance risk to protect the Bank, its shareholders, and customers.

2 COMPLIANCE RISK

Compliance risk is an integral part of the Bank's overall risk. It is a risk the Bank may suffer in failure to comply with applicable laws, rules and standards including AML/CTF regulations, sanctions and embargo programs, and the Code of Ethics and Professional Conduct applicable to the Bank's business.

Compliance risk is also an integrity risk, because the Bank's reputation is closely connected with its adherence to principles of integrity and fair dealing.

Compliance risk must be identified, assessed, advised on, monitored and reported timely to protect the Bank from any damage or losses such as "legal or regulatory sanctions or enforcement", "material financial losses" (including loss of license), "loss to reputation", "Economic fraud & corruption" (destroying shareholders' value).

3 COMPLIANCE PRINCIPLES

Employees, at all levels, are required to strictly abide with the following principles, while performing their duties in the Bank:

3.1 Compliance with Laws, Rules & Regulations

Employees must act according to the written policies & procedures of the Bank in order to ensure full compliance with laws, rules and standards helping to maintain the Bank's reputation, and meet the expectations of, its customers, the relevant regulatory bodies, the markets and society as a whole; treating customers fairly, and ensuring suitability of customer advice.

Applicable Laws, Rules, and Regulations that are relevant to:

1. The Bank business activities (including "primary legislations, rules & standards", "the prevention of Money Laundering & Terrorist Financing", etc.). "Code of Ethics and Professional Conduct (including "privacy and data protection", "managing conflict of interest", "treating customers fairly, etc.),

3.2 Promote and Engage in Ethical Conduct

Employees, at all levels, are required to carry out their duties acting professionally and honestly, in good faith and with integrity respecting the Code of Ethics and Professional Conduct of the Bank; perform duties as described by their job description; avoid misuse of authorities; properly use accessible information; not engage in any unethical/ illegal activities that may damage the Bank reputation; act with full transparency and in a bona fide; and report any illegal activities/ unethical behavior/ suspicion of any illegal act, as per applicable policies & procedures.

3.3 Avoid any Conflict of Interest

Employees should act in the best interest of the Bank without giving any preference to any 3rd party on the basis of personal considerations ensuring their private matters do not interfere with the interest of the Bank; they are forbidden from exchanging inside information and should respect the Bank "Chinese Walls" policy ensuring strict segregation of duties/ functions and separation between their own accounts and customers of the Bank and another 3rd party.

3.4 Protect Confidentiality

Employees must maintain the confidentiality of information related to the Bank and its clients entrusted to them except when disclosure is authorized or required by law; even when they leave the Bank.

3.5 Protect the Bank's Assets

Employees should use the Bank's assets for legitimate business purposes.

3.6 Protect the Customer's Best Interest

Employees should provide services to the Bank's customers with care, honesty and fairly; they should strictly avoid manipulation, or any unfair dealing. Accordingly, the Bank will ensure to review carefully customers' complaints, process them timely and document replies according to clear written procedures.

3.7 Whistle Blowing

Employees are encouraged to report any violation to the Bank's policies, Code of Ethics, Professional Conduct, potential violations of applicable laws and regulation, as well as other types of misconduct Employee are protected against any kind of harassment from any other employee for reporting violation in good faith.

4 COMPLIANCE GOVERNANCE

4.1 Responsibilities of the Board of directors (BOD) and Board Audit Committee

- Ensure an appropriate compliance policy with defined compliance principles is in place to manage the Bank's compliance risk.
- Approve the Bank's compliance policy and promote the values of honesty and integrity, and full compliance with laws, regulations and internal policies throughout the Bank.
- Approve the Compliance Charter for establishing an effective Compliance function.

- Oversee the implementation of the compliance policy and the management of the Bank's compliance risk, and assess the extent the compliance risk is managed and that compliance issues are resolved effectively.
- Acknowledge performance & deviations reported by senior management and the Compliance function.

4.2 Responsibilities of Senior Management

- Establish a permanent and effective Compliance Function approved by the Board of Directors.
- Establish and communicate a written clear and transparent compliance policy approved by the Board of Directors including the compliance principles that should be followed by all staff and management.
- Identify and assess the main compliance risk issues facing the Bank, with the assistance of the Compliance Function.
- Set plans to manage the identified compliance risk issues, and ensure effective management of compliance risk addressing any shortfalls (policy, procedures, implementation, etc.) related to how effectively existing compliance risks have been managed, and, addressing the need for any additional policies or procedures to deal with new compliance risks identified as a result of the annual compliance risk assessment.
- Ensure that the compliance policy is observed and properly applied, and that appropriate remedial or disciplinary action is taken if breaches are identified.
- Report to the Board of Directors, or to its Audit Committee assessment and management of compliance risk issues or material compliance failures.

4.3 Establishment of the Compliance Function

Compliance with the Bank policies and principles is the responsibility of every employee in the Bank. Nevertheless, a Compliance Function has been implemented and being operational to ensure effective management of the compliance risk and maintain the Bank's reputation with its shareholders, customers, employees, the relevant regulatory bodies, and the markets. The Compliance Function will perform its responsibilities of monitoring the business and providing advice when needed on a proactive basis or when requested; the function will operate according to a written Charter approved by the Board of Directors. The Function will have an independent status, sufficient resources and authority to perform its duties and responsibilities and access the information required to do the job within the communication lines as described in the Compliance Charter.

5 COMPLIANCE FUNCTION

5.1 Objectives and Purpose of the Compliance Function

The Compliance Function is established for the following reasons:

- "Preventative Measures" assisting the Bank to ensure proper management of the Compliance risk, fraud and corruption; as well as avoiding facilitating transactions involving ML/ TF activity and any reputational damage; consequently, avoiding enforcement actions, regulatory sanction or financial losses; and,
- Ensuring that Bank commitment to a high ethical standards of honesty and integrity regarding the customers' interests, shareholders' value and gain confidence of 3rd party, the Bank

commitment to high standards founded on the core of principles of transparency and accountability at all levels when carrying on business; and,

- Ensuring that the business continues working on a compliant and ethical path.

5.2 Responsibilities and Duties of the Compliance Function

1. Advise Senior Management on compliance laws, rules and standards, keeping them informed on developments in the area.
2. Provide analysis and early warning of regulatory change which may impact the business; and to ensure that such change is communicated to the board and the management.
3. Identify and keep an inventory available to all staff of essential laws and regulations
4. Provide advice and assistance to the Board of Directors, management and staff to help them meet their compliance responsibilities
5. Educate staff on compliance issues with respect to the applicable laws, rules, regulations and standards; and act as a contact point within the Bank for compliance queries from staff members.
6. Establish written guidance to staff on the appropriate implementation of the principles outlined in the Compliance policy, the applicable laws, rules & regulations, and standards through policies & procedures and other documents, such as the "Manual of Policies and Procedures on Know Your Customer, Prevention of Laundering Proceeds of Crime and Financing of Terrorism (AML-KYC)" (hereinafter referred to as AML & KYC Manual), the Code of Ethics and Professional Conduct.
7. Monitor and, on regular basis, assess the adequacy and effectiveness of the measures and procedures put in place and the actions taken to address any deficiencies in the Bank's compliance with its obligations.
8. Identify and assess the compliance risk associated with the Bank's current business activities, proposed new business activities or customer relationships, including development new products and business practices, and expansion of business.
9. Ensure proper handling of customer complaints.
10. Provide assurances to the Board of Directors, or its committee, and senior management that the business is operating in a compliant manner, through regular reports, ad hoc reports and other management information.
11. Report to the Board of Directors, or its committee, and senior management identified compliance risk, weaknesses and deficiencies, and breaches from the applicable policies and procedures and from the "Corporate Policy" proposing amendments when necessary and follow up on the implementation of corrective measures; report suspicious transactions related to ML & TF.
12. Keep records of good and bad practice to provide feedback on failures in controls and compliance with recommendations provided for improvements and remedial action.
13. Build a good and open relationship with the regulator, and where relevant, respond and co-ordinate responses to proposed legislation or regulations.

5.3 Functional Prerequisites

Authority

The Compliance Function has access to all of the Bank's units, departments, as well as information records and property in the custody or under the control of the Bank for the purpose of discharging its responsibilities.

Regular Reporting

In addition to the regular reporting, an annual compliance report is presented to the Board of Directors in which key risks, major developments, and compliance incidents are brought to attention.

Independence

To avoid conflict of interest, the Compliance Function has been established as a function that is independent of line and operational departments and has full and free access to the Board of Directors, as needed.

6 THE COMPLIANCE PROGRAM

The responsibilities of the Compliance Function will be carried under a compliance program that sets out the Function planned activities, such as the implementation and review of specific policies and procedures, compliance risk assessment, compliance testing, and education of staff on compliance matters. The Compliance program will be risk based and subject to the oversight by the head of Compliance to ensure appropriate coverage across businesses and coordination among risk management functions.

6.1 The Anti-Money Laundering and Countering Terrorist Financing Program

The Anti-Money Laundering, Countering Terrorist Financing program is established on a risk based approach taking into consideration the geography, customer type, as well as products / services and delivery channels. The AML/CTF program is structured to address the controls needed based on the risks posed by the products and services offered, customers served, and their geographic locations. Principal and scoring factors have been taken into consideration to determine the appropriate risk weight which is constantly adjusted whenever the associated principal & scoring factors change.

6.2 Policies & Procedures

The policies & procedures applied including those related to Anti Money Laundering & Countering Terrorist Financing are developed within the guidelines of applicable rules & regulations and based on FATF recommendations and the best practices provided by International Organizations and Financial Committees and Groups (US Treasury, World Bank, IMF, Basel Committee & Wolfsberg Group, and others).

Those policies & procedures provide for program continuity despite of staff changes, dual controls and segregation of duties, and sufficient controls & monitoring system to detect unusual activities on a timely basis; they incorporate anti money laundering compliance into job descriptions and performance evaluations of appropriate personnel, develop and implement screening programs to ensure high standards for employees, and implement standards for employees who constantly fail to perform in accordance with the AML & KYC Manual and the Anti-Money Laundering framework & guidelines.

6.2.1 Customer Acceptance Policy

The Bank restricts relationships with high risk customers subject to enhanced due diligence and prohibits establishing business relationships or opening new accounts for certain types of customers, as described in the Anti-Money Laundering and Countering Terrorist Financing manual.

6.2.2 Customer Identification and Know Your Customer Policy

Clear policy & procedures for opening new accounts are adopted, in particular for determining the economic right's owner, as well as for the verification of the identity of all customers, resident & non-resident, local & foreigners. Benchmarks for accepting new customers and level of due diligence required.

Information & documentation collected about customers vary according to the type of customer (Individual, entity), and on the level of risk assigned to the customer.

The Customer Identification Program (CIP) includes determination of the normal and expected transactions in the customer's accounts, monitoring account activity for transactions that are not consistent with those normal and expected transactions; consequently, reporting any transactions that are determined to be suspicious in accordance with the regulatory reporting regulations.

Customers are required to complete and sign a full Know Your Customer (KYC) form before the relationship starts based on a face to face interview.

Moreover, customers' identification records and profiles must be updated throughout the business relationship at least once a year for high, medium and low risk customers and in light of any changes in the customer's business or financial position; or doubts about the veracity of the identification data; or a suspicion of money laundering & terrorist financing when there is a material and sudden change in the customer's pattern of transactions or account activity which is inconsistent with the customer's existing business profile.

6.3 Record Keeping

The Bank shall retain all documents, transactions, and records for a period of at least eight years as requested by the Financial Crimes Investigation Board (FCIB). The Bank shall disclose all required documentation and information upon request to its examiners and other regulatory bodies as per the legal and regulatory requirements in Turkey.

6.4 Continuous Learning Program

All employees are subject to adequate training on a regular basis and will be updated on all applicable laws, rules & regulations and internal policies and procedures relative to their job description in order to ensure compliance with laws, regulations, rules, and professional standards, including training sessions in the prevention of Laundering proceeds of crime and terrorist financing and the Code of Ethics and Professional Conduct.

Comprehensive training is in place ranging from induction courses, on the job training, specialist sessions on regulatory areas, including the fight against money laundering and terrorist financing, KYC requirements and due diligence, and the requirement to undertake Continuing Professional Development (CPD), including appropriate professional examinations and certification, with access to regulatory updates or bulletins produced by the Compliance Function and industry updates. Face-to-face and electronic training are provided, audio – visual materials are used.

A minimum number of CPD hours are set for employees in accordance with their job description and function. Periodic training assessments and needs analysis will be undertaken which use information from a regular appraisal of staff or personal development reviews.

Training sessions are also provided the new employees before performing their duties.

The annual Compliance training program is prepared by the Compliance Function and coordinated with the Training Department at the Bank and approved by the Board of Directors. The Training Department keeps records including, topics and material provided, attendance, and testing results.

The program is reviewed annually according to the latest developments in regulations or internal policies of the Bank to keep concerned employees up to date with these regulations and policies.

6.5 Independent Testing

In addition to the self- testing made by each line of business , and the assessment conducted by the Compliance Function, the Internal Audit Function is responsible, in addition to its regular tasks, to assess the quality and appropriateness of the compliance process established and the methodology applied by the independent Compliance Function to ensure compliance with laws, regulations, policies & procedures, and the ability to identify breaches (if any); and report findings to the board and senior management with correctives measures when necessary.

7 POLICY SCOPE

Employees at all levels, without limitations, as well, the service providers/ 3rd independent parties acting for or on behalf of the Bank, are responsible to comply with the Compliance policy,

Employees are urged to consult with Compliance Department to be aware of any significant developments from regulatory (sanction) changes.

8 ACCOUNTABILITY FOR NON-COMPLIANCE

Failure to abide by the Bank Compliance policy leads to loss of confidence in the bank's integrity and fair dealing, severe impact on the Bank shareholders, customers, and the relevant regulatory bodies, and market, and significant adverse publicity and reputational damage, even if no law was broken.

As a result, management will take appropriate corrective action in the scope of laws, policies and procedures when breaches of laws, rules and standards are identified that might include "Disciplinary Action", "Termination of Employment", "Complete exit from the industry", and if necessary taking legal action against the employee in breach "Prosecution".

9 APPROVAL OF THE POLICY BY THE BOARD OF DIRECTORS

This Corporate policy is endorsed by the Bank's "Board of Directors" and it is effective immediately after circulation to all concerned staff and obtaining their signatures acknowledging receipt and proper understanding of the policy. Any amendment to this policy will be subject to the review of the Banks' Audit Committee and then, to be escalated to the Board of Directors for approval within 30 days after the amendment date.