

2019

Annual Review



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What makes a tailor special?

Sewing every single stitch with patience; blending its craftsmanship with innovation; adding love to the work; offering unique and customised service... And at the end, exceeding expectations.

We analyse our customers' needs in depth with due care and patience to provide a privileged and unique service. With our advisory banking approach, we accompany them on every step they take. We design customised solutions to perfectly meet expectations by blending our craftsmanship for years with innovation and by putting our hearts to our work.

Just like a garment sewn by a master tailor...

Message from the Chairman



We regard Turkey as a very important business partner in both the medium and long-term.

Esteemed Stakeholders,

We are pleased to complete another successful year with Alternatif Bank, our largest investment in Turkey. We wholeheartedly believe that our contribution to the steadily increasing trade relationship between Turkey and Qatar will become even greater in the years ahead thanks to Alternatif Bank's "advisory banking" approach.

Taking an overview of the year now behind us, we see that as we embarked upon 2019, the US Federal Reserve's rate hikes gave way to an expansionist monetary policy of lower interest rates in a process that was aided by the European Central Bank's interest rate cuts and increased liquidity. Despite this, the global economy was negatively impacted by geopolitical risks and by financial market concerns arising from issues between the US and China. As this process unfolded, we witnessed global growth projections slip out of the 4% range to below the 3% level. By mid-year however, US-Chinese trade negotiations were becoming less fraught and this turn of events led to more positive attitudes. Substantially low interest rates at a global level and perceptions that this situation would endure also impacted markets favourably.

Turning now to 2020, our expectation is that as long as the potential for economic risks on a global scale subside, neither the Fed nor the ECB will have recourse to further changes in their policy rates. Owing to more favourable expectations of growth among developing countries and to the effects of further reductions in their own interest rates, we remain optimistic about the year as a whole. Looking at the world's developed economies on the other hand, we foresee that growth will remain relatively weak and that a low interest rate environment will prevail. That said, concerns about US-Chinese relations have not been entirely dispelled. Moreover, US-Chinese trade and geopolitical developments may impact the course of events, especially in the run-up to the US elections due to take place in the last quarter.

Turkey's economy once again showed that its foundations are strong

Keeping a close watch on the progress of the Turkish economy, we believe the country's banking industry has given an especially good account of itself and that, just as it did so previously, it will emerge from this current period even stronger than before. With its solid institutional structure and regulatory framework, competent human resources, and technological capabilities, the Turkish banking industry today has more than enough to effectively manage its way out of difficulties.

We have confidence in Turkey and in Alternatif Bank and are continuing to invest

We've had a presence in Turkey for six years and our operations here remain as strong as ever. We regard the country as a very important business partner in both the medium and long-term and this view is supported by Alternatif Bank's robust performance.

The Turkish Central Bank's interest rate cuts, economic management programs, the financial support provided to the country's small and medium sized businesses, and improvements in the current account deficit all proved their worth as 2019 drew to a close. Owing to the effects of these

new measures and the opportunities that they provide, we believe the Turkish economy's process of rebalancing will continue. Due to the measures that have been taken to relieve both the country's economy and its exporters, our opinion is that Turkey will present attractive opportunities for investors in 2020.

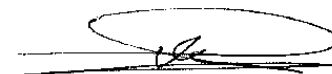
Trade and investment volumes between Turkey and Qatar continue to grow steadily year after year and this creates significant potential for both countries' economies and especially for banking products and services. Taking full advantage of the synergy between Commercial Bank and Alternatif Bank, we are increasing our support for trade between these two countries while also believing that we have important duties to fulfil in order to ensure seamless cross-border banking services, financing and investor relations.

Alternatif Bank shines like a pearl

With its strong management and its highly effective team of banking specialists, Alternatif Bank resembles a pearl symbolising the valued friendship that exists between Turkey and Qatar. As Commercial Bank, we are pleased to support Alternatif Bank with our knowledge and experience. We wholeheartedly believe that Alternatif Bank will continue to shine with determined and consistent progress towards achieving its goals, and it will continue creating economic and social value for both of our countries.

We are confident that through our common way of doing business, our investment in Alternatif Bank will continue to grow and create even more value for both Turkey's and Qatar's economies.

Yours sincerely,



Omar Hussain Alfardan
Chairman of the Board of Directors

Message from the CEO



2019 was a very productive year in terms of our financial performance and the new products and practices we introduced.

Esteemed stakeholders:

For Alternatif Bank, 2019 was a very productive year in which we established close relationships with customers in terms of offering them social and economic benefit, registered a financial performance results in line with our strategic plan, and introduced new products and practices. We believe that we achieved these things thanks to increasing synergies with our shareholder, The Commercial Bank, as well as to our staff of banking specialists and to our strong management teams.

In the picture of our steady growth, one may see the results of our bank's asset quality, of our level of customer satisfaction, and of the support we provide for the real economy. On a consolidated basis our total assets were up by 16% year-on-year and reached TRY 30.1 billion in value while our shareholders' equity shot up by 42% to TRY 2.4 billion during the same period. Besides growing our balance sheet last year, to a substantial degree we also increased the overall volume of financing that we supplied our customers with. As of year-end, the total value of support which we had provided to the real economy through our lendings was up to TRY 25.6 billion. Even during the period of volatility that began in the second half of 2018 and continued partly into 2019, our bank registered a significant performance with total deposits (just one measure of healthy growth) increasing by 17% to TRY 16 billion. With our deposits continuing to be the principal source of our lending, we succeeded in combining growth with profitability and ended 2019 with a net profit amounting to TRY 178 million.

We see development as a never-ending journey.

The journey of change and development on which we set out about two years ago has also become a symbol of our embracing a new culture. We believe that the most important elements of this culture are human resources who, by coming up with solutions, by being proactive and nimble, and by inspiring customers and outpacing their expectations, are the source of our bank's continuous development and renewal.

It was with this same attitude that last year our Alternatif Menkul brokerage house subsidiary applied for and received “broadly-authorized intermediary institution” status. The company, whose name was also changed to “Alternatif Yatırım”, is licensed to engage in portfolio management and cross-border brokerage operations.

We brought together all of the services that we provide our private banking customers with under the overall heading of “Private Banking”, which will enable us to focus on giving them with a wide range of advantaged experiences in both the banking and the non-banking aspects of their lives.

Another development last year was the signing of an exclusivity agreement with HDI Sigorta, a member of one of the world’s leading global insurance groups. We sincerely believe that, as a result of this collaboration, we will be able to create even more added value for our customers by offering them individualised insurance products and services designed to meet their needs in such areas as risk engineering and foreign trade.

Another operational highlight last year was the issue of bonds benchmarked to the BIST TLREF (Turkish Lira Overnight Reference Rate) Index. Responding quickly to customers’ requests at a time when “reference rates” are emerging as important to the development of financial markets, it gives us pleasure to have been the first privately-owned bank in Turkey to issue bonds of this type.

Of course in the conduct of all of these activities we always felt the close and immediate presence and support of our shareholder. An indication of The Commercial Bank’s confidence in our country and its economy is evidenced by the approximately TRY 563 million that it authorised during the year as two share capital increases in line with our growth targets.

We maintain our focus on foreign trade.

Exports are one of the mainstays of the Turkish economy and we believe that we made a valuable contribution to their growth last year. Looking back over the last two years, our performance in this business line has been particularly strong. With loans based on export-contract commitments in particular accounting for a bigger share of our total assets, the total volume of financial support that we provided to exporters grew by 45% and reached USD 810 billion in 2019. Both the Foreign Trade Seminars that we conduct and the Foreign Trade Consultancy Hotline that we operate as a way of making our knowledge and experience available to exporters along with our financial support contributed significantly to our achieving that figure.

We continue to contribute to the development of trade between Qatar and Turkey.

The proliferation of bilateral investment and trade relationships continues to attract the interest of firms and investors both in Turkey and in Qatar. It is on this very point that we sincerely believe that through the strengths arising from combining the know-how, knowledge, and experience of The Commercial Bank with our own and that of our subsidiaries, we can make important contributions to our customers’ business activities

while also serving as a bridge over which investment between our two countries may flow. Not only do we provide advice to every firm, whether they are a customer or not, that wants to do business with Qatar and/or would like to get in touch with investors there, we also try to make life easier for them by means of newly-developed products and services.

Our steadily-growing international reputation is attracting ever-new resources.

In our efforts to tap international sources of funding, last year we received a USD 100 million line of credit from the International Finance Corporation to be used to finance loans to women entrepreneurs and to small- and medium-sized businesses.

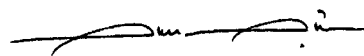
Awards and recognitions increase our motivation.

Believing that the approbation of our customers is our greatest reward, we strive unremittingly to earn it; but of course the awards and recognitions that we receive from respected international organisations are a separate source of motivation for us as well. In the “Stevie” series of international business awards, we are the recipients of one gold and three bronze awards in four different categories for the successful brand transformation and other projects that we carried out in 2018. In recognition of our rapid disbursement of the funding that we receive under the European Bank for Reconstruction and Development’s foreign trade finance program we were cited as EBRD’s “Most Active User In Turkey” in both 2018 and 2019.

We will begin to reap the benefits of our transformation journey in 2020.

Our mission as Alternatif Bank is to create value through our insightful and advisory-banking approach as we advance in the pursuit of growth together with all of our stakeholders. Drawing also on the strength of our shareholder, we are moving forward in line with our five year strategic plan of becoming one of the most-preferred banks in Turkey. While always maintaining a robust balance sheet structure, our goals are to contribute more to our country’s economy, to create more added value, to complete the digital transformation of our service-delivery channels, and to give both our domestic and our international customers an unequalled banking experience. We believe that 2020 will be the year in which we begin to reap the benefits of the transformation journey that we have been on over the course of the last two years. We will continue to make use of our strong correspondent bank relationships in order to supply our products and services for the benefit of business and trade in our country. We will continue supporting our customers as they pursue growth while never compromising risk management and, by employing a skilled and effective team, we will make every possible effort to provide our customers with individualised solutions and to create value.

Yours sincerely,



Kaan Gür
Member of the Board of Directors and CEO

Vision, Mission and Values

Our Vision

To be the Bank of first choice in Turkey, supported by the strength of The Commercial Bank.

Our Mission

To create value for our customers on their road to growth with our Insightful Banking approach and Advisory Bankers.

Our Values

We,
approach our clients with frankness
embrace our clients
break new grounds
work hard
come up with a solution

Agenda for the Annual General Meeting

1. Opening and formation of the Presiding Board; authorising the Presiding Board to sign the minutes of the Annual General Meeting,
2. Reading out and deliberation on the Board of Directors' Annual Report for the fiscal year, External Auditor Reports and Balance Sheet and Profit/Loss Statements for 2019 Fiscal Year; decision on their approval,
3. Deliberation and decision on the Board of Directors' proposal in relation to the profit for 2019 Fiscal Year,
4. Acquittal of the Members of the Board of Directors who have served during the fiscal year,
5. Determination of the number, terms of office and attendance fees of Members of the Board of Directors and election of Members,
6. Designating the audit firm that will conduct external audit of the Bank,
7. Presentation of information to shareholders regarding the premiums paid to employees,
8. Informing the shareholders about the donations made during 2019,
9. Authorising the Board of Directors to issue bonds and/or bank bills within legal limits in order to generate funds for the Bank, and to carry out relevant steps and procedures according to the current conditions,
10. Authorising the Members of the Board of Directors, pursuant to Articles 395 and 396 of the Turkish Commercial Code no. 6102, to carry out the activities that fall under the Bank's scope, on their own or others' behalf, to acquire interest in the companies engaged in such fields, and to carry out other such transactions.

Capital and Shareholder Structure

Name of the Shareholders	Share (Amount)	Share (%)
The Commercial Bank (P.S.Q.C.)	1,730,654,996.00	100
Orient 1 Limited	1.00	0
CBQ Finance Limited	1.00	0
Commercial Bank Financial Services (LLC)	1.00	0
CB Global Limited	1.00	0
Total	1,730,655,000.00	100

Shareholders Owning	Share (%)
Qatar Holding LLC (a 100% subsidiary of Qatar Investment Authority, which is owned by the State of Qatar).	16.67

Shares, if any, Held in the Bank by the Chairman and Members of the Board of Directors, Members of the Board of Auditors, Chief Executive Officer and Executive Vice Presidents

Name	Title	Area of Responsibility	Indirect Share Capital (%)
Omar Hussain Alfardan	Chairman of Board of Directors	-	-
Joseph Abraham	Vice-Chairman	Chairman of Executive Committee of the Board, Chairman of Remuneration Committee of the Board, and Alternate Member of Board Credit Committee	-
Mohd Ismail M Mandani Al-Emadi	Member of the Board of Directors	Chairman of Board Risk Committee and Member of Board Credit Committee	-
Paul Gossiaux	Member of the Board of Directors	Member of Board Credit Committee, Member of Board Audit and Compliance Committee, and Member of Board Risk Committee	-
Zafer Kurtul	Member of the Board of Directors	Chairman of Board Credit Committee, Member of Executive Committee of the Board, Member of Remuneration Committee of the Board, and Member of Board Risk Committee	-
Leonie Lethbridge	Member of the Board of Directors	Member of Executive Committee of the Board and Member of Board Audit and Compliance Committee	-
Kimberley Reid	Member of the Board of Directors	Chairwoman of Board Audit and Compliance Committee, Member of Executive Committee of the Board, Member of Remuneration Committee of the Board, and Alternate Member of the Board Credit Committee	-
Kaan Gür	Member of the Board of Directors, CEO	Member of Board Credit Committee and Member of Executive Committee of the Board	-
Yeşim Şimşek	Executive Vice President	Sales and Marketing	-
Esra Beyzadeoğlu	Executive Vice President	Information Technologies, Digital Banking and Operations	-
Kerim Mutluay	Executive Vice President	Restructuring and Legal Follow-Up	-
Ebru Taşçı Firuzbay	Executive Vice President	Human Resources	-
Gökhan Songül	Executive Vice President	Credit Underwriting	-
Hamdi İlkyay Girgin	Acting Executive Vice President	Financial Affairs and Planning	-
Levent Güven	Executive Vice President	Treasury and Financial Institutions	-
Ömer Faruk Gönener	Head of Internal Audit	Internal Audit	-



Customer-oriented business
model...



We sew every single stitch
with patience in order to
offer unique and customised
service.

About Alternatif Bank



Alternatif Bank is an effective player in the banking industry with its strong financial structure and competent human resources.

Alternatif Bank is taking firm steps toward its objective of being a significant player in the market with its competitive advantages such as competent human resources, up-to-date technological infrastructure, operational excellence standards and exceptional service quality.

Having commenced its operations in 1991, Alternatif Bank established itself as an effective player in the banking industry with its strong financial structure and competent human resources.

Alternatif Bank focuses on offering high value-added solutions to its customers in the Corporate, Business and Affluent Banking segments, and continues to provide support to Turkish economy and real sector with its vision of being an advisory bank.

Alternatif Bank aims to provide a flawless banking experience to its customers with approximately 900 employees and through 48 branches and digital banking channels where it can provide service to 85% of the Turkish economy.

The Bank's effectiveness in the market significantly increased thanks to its revamped strategy, management and organisational structure after Qatar's prominent bank, The Commercial Bank's acquisition of the majority shares of Alternatif Bank in 2013 followed by the transfer of all of the remaining shares in 2016.

Alternatif Bank aims to realise its vision of being the most preferred bank in Turkey with the strength it gets from its shareholders. In this context, Alternatif Bank continues its growth journey with an experience of more than a quarter of a century, with its competent employees and all its stakeholders with their understanding of advisory banking, generating employment and contributing to Turkish economy.

About The Commercial Bank (Qatar)

The Commercial Bank, is among the leading financial corporations of the rapidly growing and developing Qatari economy.



The Commercial Bank is Qatar's first private bank, with a solid franchise of over 45 years of innovation and customer service. Its countrywide network includes 29 full-service branches and 169 ATMs.

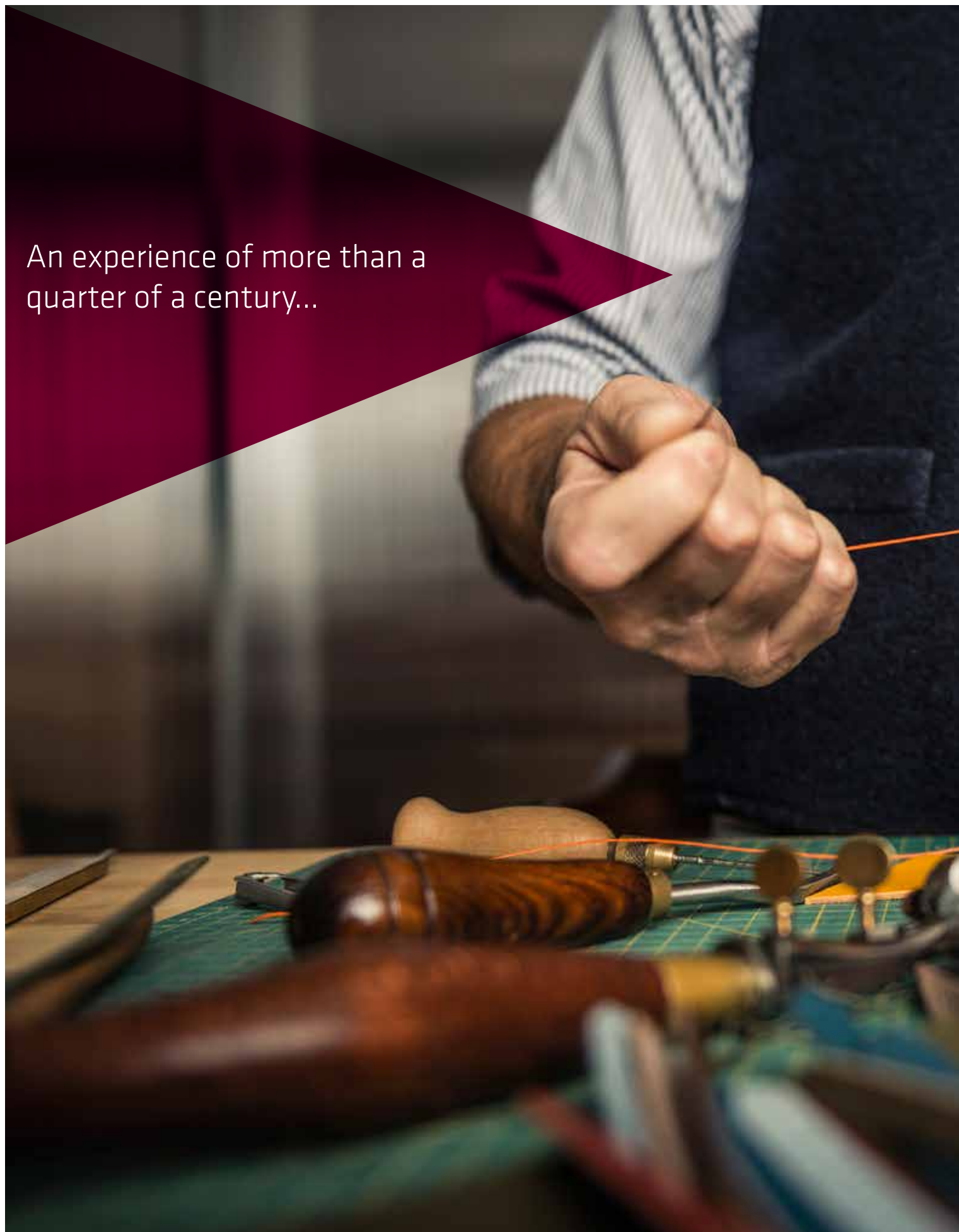
The Commercial Bank is committed to helping support the development of Qatar's economy and future sustainability in line with the goals of the economic pillar of the Qatar National Vision 2030. The Bank's vision is to be 'The Best Bank in Qatar' based on the foundation of its values or 5 C'S. Corporate Earnings Quality, Client Experience, Creativity and Innovation, Culture, and Compliance

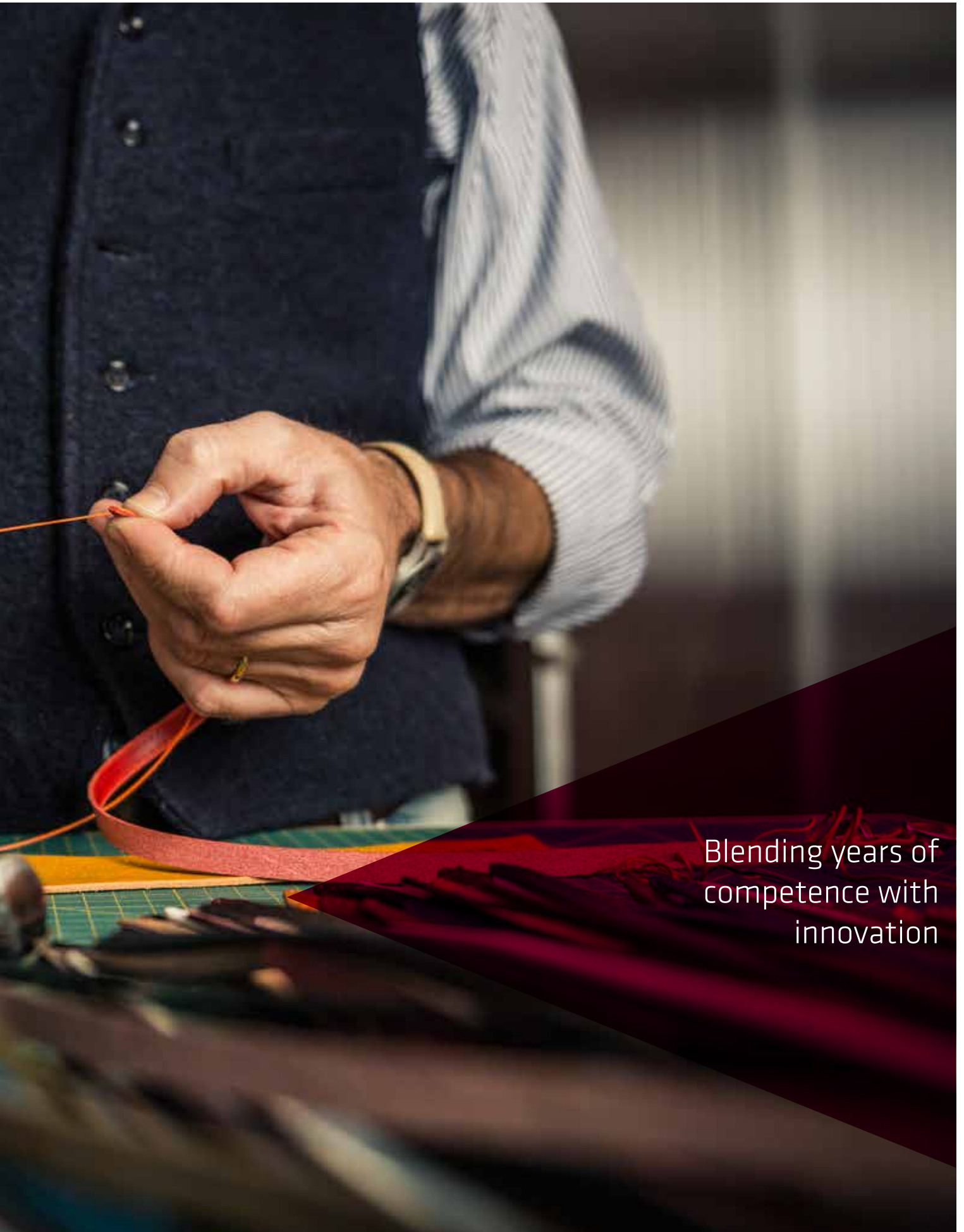
The Commercial Bank has total assets of QAR 147.5 billion (circa TRY 242 billion), customer deposits of QAR 76.3 billion (circa TRY 125 billion) and has achieved net profit of QAR 2,02 million (circa TRY 3,3 billion) as at 31 December 2019. As a full service commercial bank, the Bank offers a full range of corporate, retail and investment banking services as well as owning and operating the exclusive Diners Club franchise in Qatar.

The Commercial Bank enjoys strong credit ratings of (A3) from Moody's, (A) from Fitch, and (BBB+) from Standard & Poor's. The Bank is listed on the Qatar Exchange and was the first Qatari bank to list its Global Depository Receipts (GDRs) on the London Stock Exchange.

In 2019, The Commercial Bank won the 'Best Corporate Governance in Qatar 2019' by World Finance magazine, 'Best Remittance Product and Service of the Year 2019' for 60 Seconds Remittance Service by The Asian Banker, 'Best Retail Bank in Qatar 2019' by The Asian Banker, 'Best Cash Management Bank in Qatar in 2019' by The Asian Banker, 'Best Transaction Banking service in Qatar in 2019' by The Asian Banker, 'Best Mobile Banking App 2019' by Global Finance, 'Best Online Cash Management 2019' by Global Finance, 'Best Trade Finance Services, Corporate Digital Banking 2019' by Global Finance.

An experience of more than a quarter of a century...





Blending years of
competence with
innovation

Financial Indicators

Strong Operating Profitability

Besides increasing funds provided the Turkish economy and strengthening its equity, Alternatif Bank increased its operating profitability by 28% and exhibited a financial performance above the industry.

Total Assets

TRY 30 billion

Alternatif Bank's total assets exceeded TRY 30 billion in 2019.

Total Loans (Cash&Non-cash)

TRY 26 billion

Alternatif Bank's total cash&non-cash loans increased by 11% in 2019 and reached TRY 25.6 billion.

Total Deposits

TRY 16 billion

Alternatif Bank's deposits reached TRY 16 billion .

Operating Income

TRY 583 million

Alternatif Bank's operating income increased by 28% YoY and reached TRY 583 million.

Total Equity

TRY 2.4 billion

Alternatif Bank's equity increased by TRY 719 million to reach TRY 2.4 billion.

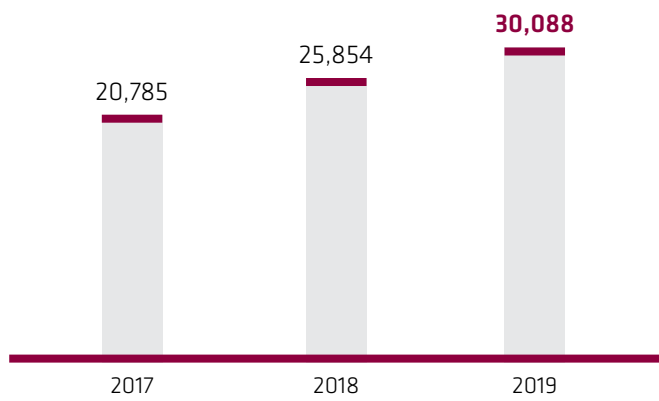
Capital Adequacy Ratio

17.3%

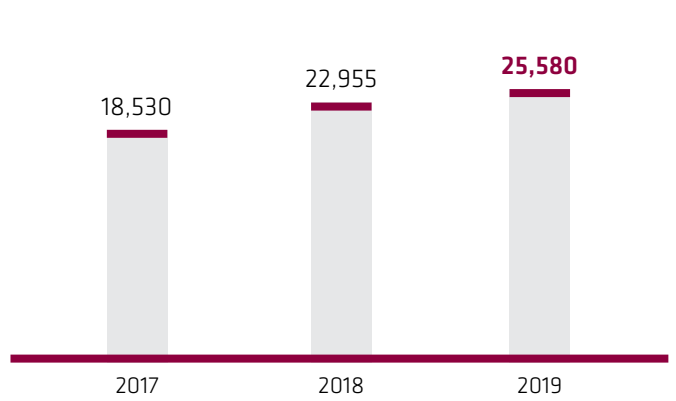
Capital adequacy ratio of Alternatif Bank as of 2019 year-end is 17.3% which is well above the minimum requirement, as further strengthened with the capital increase.

Alternatif Bank completed the year with a net profit of TRY 178 million thanks to its successful operations in 2019.

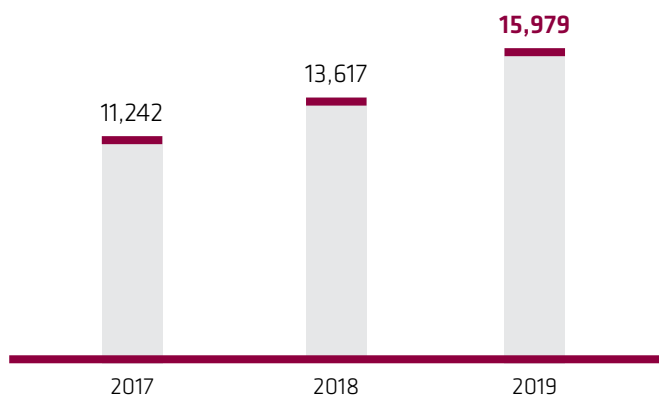
Total Assets
(TRY million)



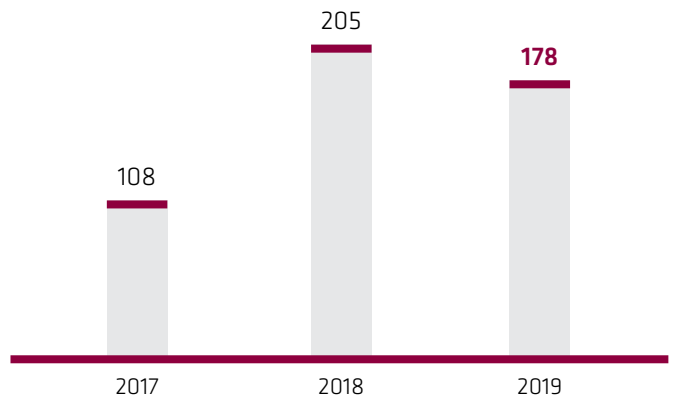
Total Loans (Cash&Non-cash)
(TRY million)



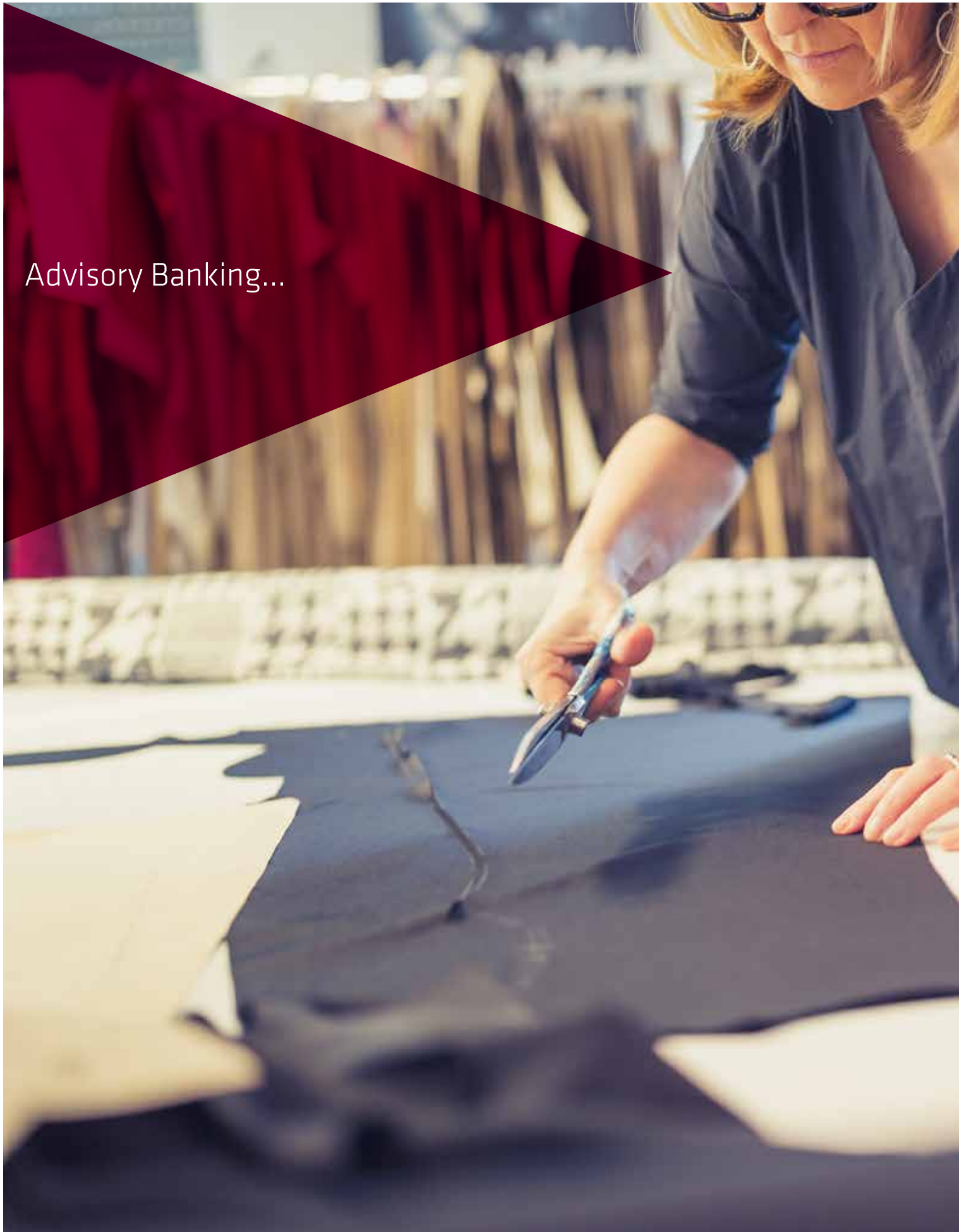
Total Deposits
(TRY million)



Net Profit
(TRY million)



Advisory Banking...





We provide unique solutions to our customers just the way they ask for

Milestones

1991

1991

Alternatif Bank was established in Istanbul on 6 November 1991.

1992

Opening its first branch, the Bank commenced banking operations in February 1992.

1995

Alternatif Bank shares started trading on the Istanbul Stock Exchange (Borsa Istanbul) on 3 July 1995.

Alternatif Investment Trust, Turkey's 3rd biggest investment trust, was established.

1996

Alternatif Bank started to be managed under the majority shareholding of Anadolu Group.

1997

The First ATM card, "AKart", was introduced.

Alternatif Menkul, which offers boutique investment banking services, was established.

Alternatif Leasing was established to offer financial leasing services.

Alternatif Bank opened the "Tele Branch", a first in Turkey.

1999

The Bank promoted the "Longest-Term Housing Loan", which was operated for the first time in Turkey.

2000

The Bank launched the ad campaign "We Are Listening to You" that attracted great interest.

Alternatif Bank was awarded the ISO 9001 Quality Certification.

2001

Alternatif Bank launched its Internet Banking Branch.

2010

The Bank promoted the new "Happy Banking" concept with an ad campaign.

2012

The Bank introduced Alternatif Bank Bonus, a co-branding initiative with Bonus.

2013

Qatar's largest private bank, The Commercial Bank became the controlling shareholder by purchasing a majority interest in Alternatif Bank.

2014

The Bank successfully carried out the first Eurobond issue, which was the lowest-interest rate bond issue in the Turkish banking industry.

2015

Alternatif Bank was rated “Baa3” by Moody’s for the first time, after proving its financial foundations in the financial markets.

Turkey’s first credit card, Diners Club, was re-introduced to customers by Alternatif Bank.

2016

At Aegean Branch and İstanbul-Kozyatağı Branch, Alternatif Bank initiated its new generation branch practices, one of the most important components of its focused banking vision.

The Alternatif Bank Operations Centre, Data Centres and Business Continuity Centre moved to their new locations.

The Commercial Bank, one of the major banks in the Gulf region and the first private bank in Qatar, became the 100% shareholder in Alternatif Bank after acquiring the remaining 25% shares from Anadolu Group.

2017

In a first for the Turkish banking sector, Alternatif Bank transformed the loan it obtained from The Commercial Bank into additional principal capital.

2018

Alternatif Bank renewed its corporate image in order to symbolise the further enhancement and commonality with The Commercial Bank. After the rebranding, the Bank decided to continue its operations as Alternatif Bank, under its official trade name.

Alternatif Bank secured a syndicated loan of USD 135 million with the participation of 11 banks from 11 countries.

Alternatif Bank moved to its new Head Office building in Vadistanbul, bringing its all subsidiaries and employees under the same roof.

2019

Alternatif Bank, gathered its tailor-made services provided to affluent banking customers with an advisory banking approach under the roof of “Private Banking”.

In line with its growth targets, Alternatif Bank increased its share capital twice during the year at a total amount of TRY 563 million.

Alternatif Bank launched a new service which enables cash transfer between Turkey and Qatar in 60 seconds and offers 24/7 service.

Alternatif Bank provided USD 100 million of financing from International Finance Corporation (IFC) within the scope of international funding program to be allocated to women entrepreneurs and SMEs.

Alternatif Menkul, one of Alternatif Bank’s subsidiaries became a brokerage house with broad authority in May and changed its name to Alternatif Yatırım to provide portfolio management and brokerage services in other countries.

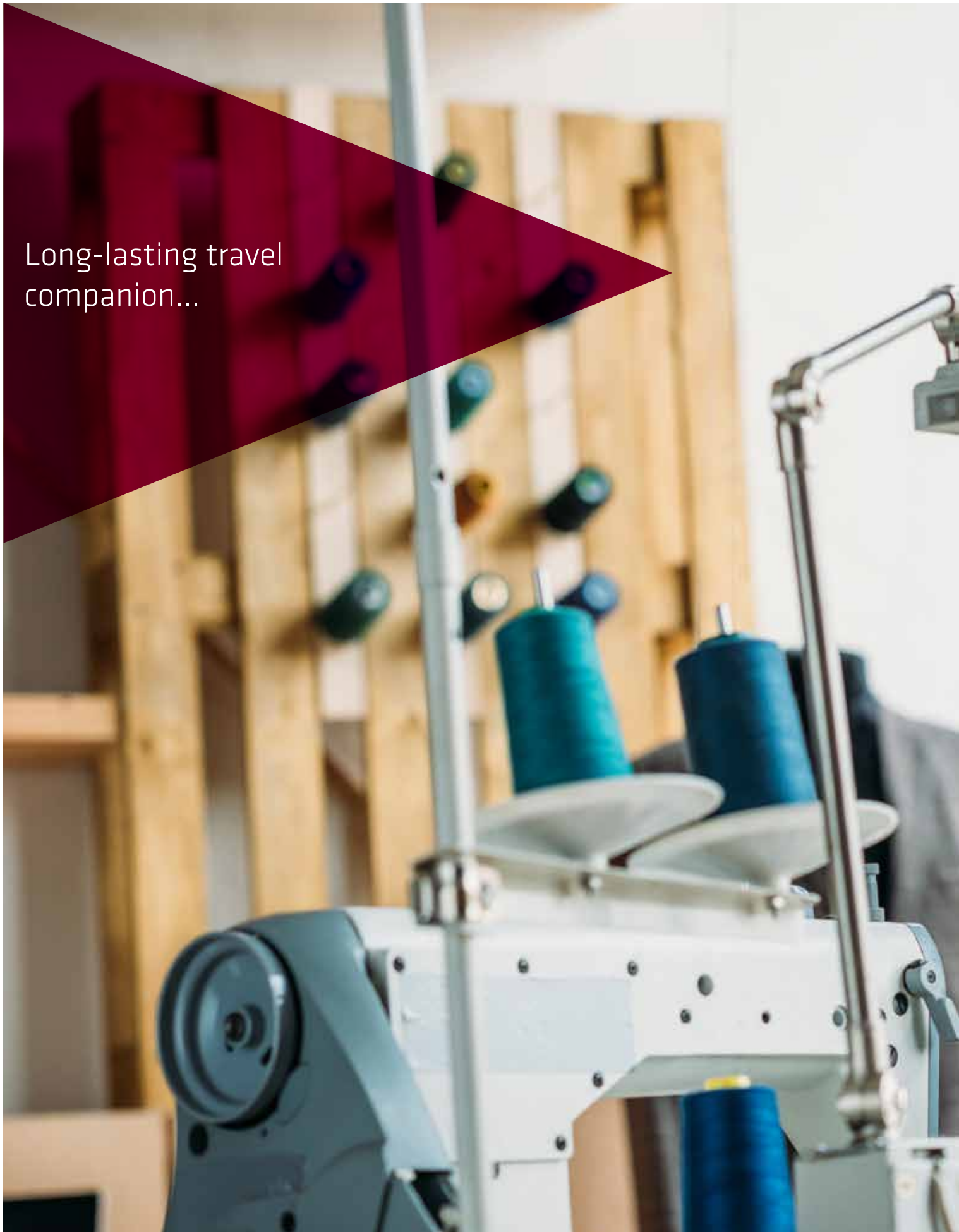
Alternatif Bank was the first private bank to issue TLREF Turkish Lira Overnight Reference Interest Rate indexed bonds.

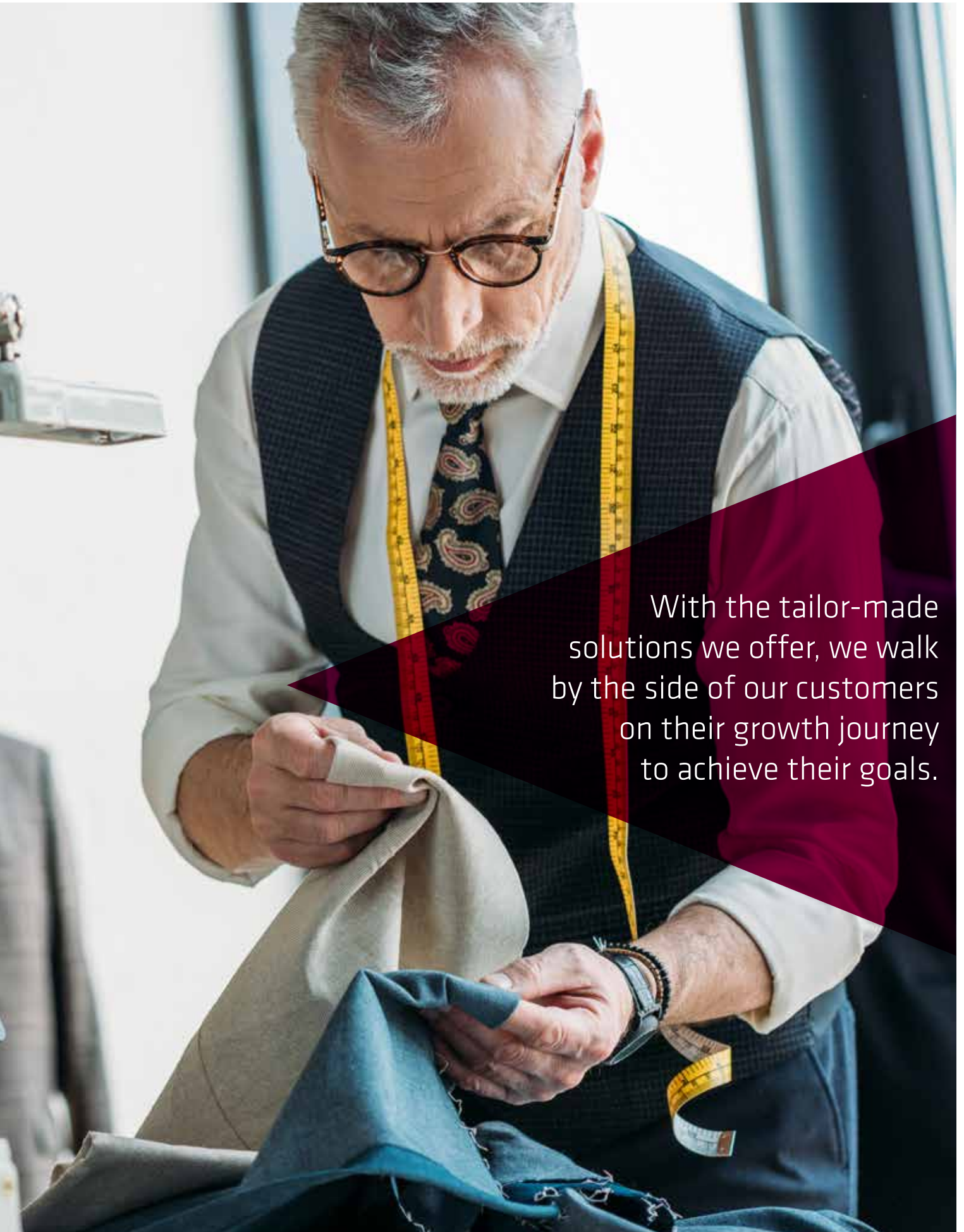
As a significant step of its channel transformation project, Alternatif Bank, renewed and implemented its new web site.

Alternatif Bank was granted the “Company of the Year in Banking” award at the Stevie International Business Awards which is one of the most prestigious awards in business life.

2019

Long-lasting travel
companion...





With the tailor-made solutions we offer, we walk by the side of our customers on their growth journey to achieve their goals.

2019 Highlights

*Alternatif Bank was granted awards in four different categories at **Stevie International Business Awards***

Alternatif Menkul, one of Alternatif Bank's subsidiaries received the license to become a brokerage house with broad authority and changed its name to Alternatif Yatırım. **In addition to providing tailor-made investment advisory services and offering custom designed enriched products, Alternatif Yatırım will continue to serve as a bridge for international investments, primarily with Qatar.**

Alternatif Bank **provided funds from IFC at an amount of USD 100 million** to support enterprises owned by women entrepreneurs or companies managed by women professionals. Loans will have a 5-year term and will be offered primarily to support SMEs.

As a result of **the agreement with İşbank**, Alternatif Bank customers started to perform their ATM transactions at **more than 6,500 İşbank ATMs in Turkey and TRNC at no charge**, in addition to Alternatif Bank ATMs.

In order to meet the variable interest rate bond demand from corporate investors, Alternatif Bank broke new grounds among private banks and issued bonds indexed to TLREF **"Turkish Lira Overnight Reference Interest Rate"** which Borsa Istanbul started to publish since June.

Services provided to exporter firms by Alternatif Bank were shared with a large group of journalists at a meeting held on 7 August at Grand Hyatt with the participation of Alternatif Bank CEO Kaan Gür and Executive Vice President Yeşim Şimşek.

Alternatif Bank launched the **"Foreign Trade Advisory Hotline"** with the objective of supporting insightful trading firms, offering the knowhow and experience of its expert staff for the use of exporters in line with its **"Advisory Banking"** approach.

As an addition to its tailor-made services, **Alternatif Bank collaborated with HDI Insurance and signed an exclusivity agreement.**

Alternatif Bank launched **Employee Support Program** which will provide support for problems employees face in their private lives, **free of charge for 7 days and 24 hours.**

Alternatif Bank started a corporate responsibility project within the frame of **“Human Oriented”** that is a key element of its brand positioning, which will be an example for both its industry and our country. Under the roof of **“Accessible Banking”**, the Bank prepared its road map to be a barrier-free bank in order to provide a service model which will be equally accessible to everyone.

Alternatif Bank, received the “Most Active User of Turkey” award given by the European Bank for Reconstruction and Development (EBRD) within the scope of **“Foreign Trade Financing Program”**. Alternatif Bank entered the EBRD program in 2017 with a limit of USD 50 million and doubled this limit in a very short period of time by using the amount rapidly and effectively. The Bank used the limit of USD 100 million which was provided in February 2018 in a short period of 4 months and received this award for two years in a row.

Alternatif Bank was granted the Stevie International Business Awards which is one of the most prestigious awards in business life in four categories. The bank received the bronze prizes for brand transformation, company of the year in banking and communication department of the year categories and CEO Kaan Gür received the gold prize in executive of the year category.

Alternatif Bank was granted the **“STP Excellence Award”** by Commerzbank, one of the leading banks in the world, for processing foreign currency transfers at a high operational quality.

Twelve new products were developed and launched for the use of Alternatif Bank customers in 2019, including 60 second cash transfer, e-letter of guarantee and SMS customs.

With its new service model, **Alternatif Bank optimised its branch network** and opened 2 new branches, realised 3 mergers and 12 renovations to increase the quality of services provided to its customers.

2019 Activities

Corporate Banking

Alternatif Bank is focused on establishing long-term and versatile relations with its customers and nurturing them over time.

Alternatif Bank Corporate Banking provides effective, timely solutions in international standards focused on customers' needs and expectations.

Shaping its operations in line with Alternatif Bank's knowledge, experience and operational competencies, Corporate Banking provides value-added products, services and solutions to its customers. Corporate Banking's operation area includes solution-oriented services that require an extensive market experience, primarily in trade finance, cash management, corporate finance and derivative instruments.

Alternatif Bank Corporate Banking provides tailor-made solutions with high added value based on the needs of its customers.

With an improved service quality and more diversified products, Alternatif Bank Corporate Banking offers tailor-made solutions with high added value, understanding the needs of its customers operating in various industries through its expert team in three corporate branches, two in Istanbul and one in Ankara, and at Headquarters.

Corporate Banking aims to establish long term versatile relationships with its customers.

Placing emphasis on supporting real sector and production in Turkey, Alternatif Bank is focused on establishing versatile and long-term relationships with its customers and developing these relations over time.

TRY 13.6 billion

Support of the corporate business line to Turkish economy through cash and non-cash loans reached TRY 13.6 billion.

This approach of the Bank provides a considerable advantage to its customers in terms of increasing their competitive strength in national and international markets and considers growth opportunities.

In 2019, Alternatif Bank continued to manage its resources in line with the operations and needs of its customers and create added value to our country's economy. As of 2019 year-end, cash loans provided to corporate customers were TRY 9.1 billion and non-cash loans were TRY 4.5 billion.

Total of cash and non-cash loans of Corporate Banking reached TRY 13.6 billion which represents a YoY increase of 10%.

Synergy between four group banks was the driving force to reach successful results.

Prioritising group synergy, Alternatif Bank further stepped up its cooperation with its shareholder, The Commercial Bank, the National Bank of Oman and the United Arab Bank which are also affiliates of The Commercial Bank. The synergy created by the four-bank group increased the volume of foreign trade - which was mediated by Corporate Banking - to USD 1.9 billion, including the Gulf countries.

Effective cash management reduced operational costs and continued to provide advantages for customers.

Corporate Banking aims to meet the needs of customers, cash management and trade financing needs, in particular.

Continuing collection and payment operations in 2019, Cash Management Unit acts in line with its strategy to help customers reduce their operational costs by means of product range, applications and channels of the Bank and reduce their collection risk, thus gain cost advantages.

Payment Systems under Cash Management performed strongly in 2019 in corporate business line and carried its revenues to more than TRY 1 billion.

Foreign Trade Unit which monitors global and local foreign trade corridors, trends and market needs, offers new products in line with market dynamics and customer needs in addition to the Bank's standard foreign trade products.

Backroom of Advisory Banking

Backroom of Advisory Banking is an engaging one day-event where corporate banking customers are emersed in Alternatif Bank's strong advisory banking capabilities.

At this boutique event, the Bank's competent human resources and customers get together at Alternatif Bank Headquarters. After an informative session on macroeconomic landscape,

markets and developments in the industries in which the customers operate, detailed analyses of the customers' current financials are performed and tailor-made products and services are offered to customers for more effective balance sheet management and for their specific needs.

2020 Targets

Looking forward, Corporate Banking aims to contribute Alternatif Bank position as one of leading banks in sector.

Corporate Banking's future targets which are developed based on the Bank's strategies include expanding its high-quality credit portfolio within the scope of effective risk management and growing in areas that require expertise and knowledge such as customised transaction banking, trade financing, structured treasury products and project financing.

Our corporate business line will continue to expand its portfolio and acquire new customers while maintaining focus on nurturing existing customer relationship in 2020, backed by its customer and sector-oriented approach, as well as its structured products which meet all banking needs.



2019 Activities

Business Banking



Alternatif Bank provides tailored solutions in Business Banking with its “advisory banking” approach.

With an unrelenting focus on creating value for our customers, Alternatif Bank offers a unique value proposition to businesses with revenues up to TRY 125 million under Business Banking. To this end, our sales and service model was transformed in 2019, with a particular spotlight on striving for excellence across all customer service points. The Bank prides itself in its expertise of providing financial guidance to small businesses in their path to growth.

With this approach, the Bank provides various products in supplier financing, Direct Debiting System (DDS), insurance and business credit cards and serves 80% of the industry and trade

with branches across Turkey. Alternatif Bank Business Banking serves its commercial customers with 41 business branches, 125 Portfolio Managers and a sales team of 7 at the Headquarters.

Alternatif Bank realised a growth more than the industry average in 2019 and continued to increase its market share. The Bank offers an extensive range of cash and non-cash loan products such as CGF (Credit Guarantee Fund) funded loans, foreign currency loans, lines of credit and Murabaha loans as well as foreign trade financing and cash management products. As of September, Alternatif Bank started to offer e-letters of guarantee which have reduced transaction times along with risks associated with fraud and human error.

As one of a small number of banks which participated in all three CGF loan packages, Alternatif Bank provided a total of TRY 375 million financing in this category in 2019, including Inflation Indexed Loans. Alternatif Bank Business Banking offers a wide range of financing options for foreign trade transactions. In 2019, 43% of our foreign trade transactions were realised by Business Banking customers and transaction volume increased by 10% YoY to reach USD 1.4 billion.

Atilim Project which started in 2018, accelerated further in 2019 and continued under the name of "We're on Business". Designing its primary target as gaining new customers and increasing the number of customers, Business Banking increased the total number of customers by 10% as of year-end and reached a business size of TRY 11.7 billion.

Alternatif Bank Business Banking, is also a preferred and trusted guardian of our customers' investments, realising a 24% increase in deposits in comparison with December 2018 figures, with a total deposit volume of TRY 2.6 billion. On the loans side, 17% growth was achieved and a loan volume of TRY 9 billion was reached.

E-letter of Guarantee and Murabaha Credit were added to Alternatif Bank's product range.

In line with its digitalisation vision, Alternatif Bank has been one of the first banks offering electronic letters of guarantee. With an effort to provide services responding to its customers' different banking needs, the Bank also added Murabaha Credit to its products in 2019.

Alternatif Bank reinforced its focus on sustainability with "Empowering Managing Women" product.

Alternatif Bank offered the funds of USD 100 million obtained from IFC in 2019 to support women entrepreneurs in Turkey.

As part of our "Advisory Banking" approach, the Bank is committed to providing advantages to its customers in both banking and non-banking areas. Alternatif Bank cares about increasing women's participation in the economy and plans to enrich "Empowering Managing Women" product with additional non-banking advantages in 2020.

17% growth

On the loans side, 17% growth was achieved and a loan volume of TRY 9 billion was reached.

2019 Activities

Advisory Bank

*Alternatif Bank designs and launches **distinct products in foreign trade, insurance and cash management.***

Alternatif Bank continues to develop products and technological infrastructure to meet customers' demands and needs under its "advisory bank" identity.

Adopting an integrated approach, the Bank designs and launches distinctive products in foreign trade, insurance and cash management areas.

Foreign trade financing is one of Alternatif Bank's focus points.

Foreign trade continued to be a primary focus point of Alternatif Bank in 2019. Accordingly, expert advice on various foreign trade topics was shared with customers through regular seminars conducted by the Bank's dedicated team.

Meetings were held in 7 cities, including İstanbul, Konya, İzmir and Mersin, and more than 100 customers participated in these interactive foreign trade sessions. Additionally, Foreign Trade Advisory Hotline (444 0 5555-7) was established in 2019 to respond to customers' foreign trade related questions instantly.

Within the scope of 'advisory banking', Alternatif Bank aims to support export transactions of insightful businesses and offers the knowledge and experience of its expert team especially to exporters. Our Foreign Trade Advisory Hotline has been established to support exporters in their regulatory and technical needs.

Alternatif Bank's foreign trade volume increased by 40%

Alternatif Bank increased its foreign trade volume by 40% to more than USD 3 billion, despite 6% decrease in Turkey's overall foreign trade. Additionally, Alternatif Bank increased its export guaranteed credit utilisation by 73% YoY to USD 1 billion by mobilising all its resources to support exporters. The Bank aims to reach a volume of USD 1.5 billion by keeping its export focused approach.

40% growth

Alternatif Bank Foreign Trade transaction volume increased by 40% YoY and reached USD 3.2 billion.

Our tailor-made advisory approach plays an important role in increasing customer satisfaction.

Alternatif Bank Bancassurance Department have gone through an extensive restructuring and strategic transformation in order to develop capabilities to complement the Bank's financial services offering. As a signal of our growth intent, an exclusivity agreement for non-life category was signed with HDI Insurance, a major insurance group active in both Turkey and globally. HDI Insurance is a part of German Talanx Group.

Organisational changes were realised at the end of 2019, service level contracts with insurance companies worked with were updated based on revised finance and insurance regulations, developed to meet both regulatory requirements and to increase customer satisfaction. Policies and procedures were designed to provide for continuity of this process.

Having a team of experienced staff, which worked at medium and high-level positions for years, Alternatif Bank Insurance Department continued its tailor-made advisory model and started to receive positive feedback with respect to customer satisfaction.

In areas of life insurance and Individual Pension System (PPS) integration activities with related life and pension company were completed during the exclusivity period and production has started. System developments continued based on periodic needs.

The Life and PPS products were smoothly managed in all branches through active sales representatives.

As far as the non-life insurance efforts are concerned, the Department designed insurance transactions together with insurance companies based on insurance consultancy and risk engineering in accordance with the bancassurance working principles for corporate and business banking customers. These

services were then carried out with expert insurance sales coaches.

Tailor-made service solutions were developed for Alternatif Bank customers in all fields including engineering insurance, logistics insurance, industrial risk insurance, responsibility insurance, health and travel insurance, auto-vehicle traffic insurance, receivables insurance and individual insurance. In 2019, customer satisfaction was ensured by rapidly responding to damage claims by the Insurance Department and its life and non-life partners which work 7/24, also contributing to the Bank's non-interest income target.

Special solutions have been developed with risk engineering in order to minimise all risks related to the inherent risks of the Bank, with achieving a reduction in the Bank's expenses in the purchase of insurance policies being a key goal.

For the sake of ensuring employee satisfaction, which the Department places great importance on, special policies regarding health insurance were designed for employees and their dependents.

Specific studies have been carried out in order to complement the risks and insurance collaterals to support customers who are subject to credit risks within the framework of broadening insurance awareness with non-life products. In this context, customers and related bank units were kept informed and supported through relevant training programs.

Cash Management product and service range continues to extend.

Alternatif Bank, with its expert staff, evaluates its customers' needs in cash payment and collection cycle as a whole and continues its growth with products and services accordingly. Cash Management and Payment Systems business line aims to build long-term relationships with firms through its operations, products and system integration, to provide time and cost savings, and to effectively take part in cash flows between corporate firms and trading firms by increasing the synergy between segments.

In Cash Management and Payment Systems, the Bank continued to develop innovative services and products for payment and collection processes of target firms in Corporate and Business Banking segments. Customs Duty payment via SMS service was designed and offered to customers.

Thanks to the Supplier Financing product launched in the last quarter of 2019, a fast and easy financing opportunity was provided by discounting invoices of suppliers of corporate firms for purchases of goods and services at favourable interest rates.

In 2019, number of businesses increased to 1,500. Alternative payment methods and POS solutions were provided to companies operating in e-commerce businesses with virtual POS product. As a result of virtual POS contracts realised in 2019, total revenues were increased to TRY 2.7 billion. Expansion has been accelerated by completing POS agreements with 6 banks.



2019 Activities

Affluent Banking

Alternatif Bank offers a brand new banking experience to its customers with unique preferences through Private Banking.

Affluent Banking business line has expertise in providing new products and services based on customer needs, invest in high quality man power and provide tailor-made solutions to customers with an advisory bank vision.

Alternatif Bank took significant steps in Affluent Banking in 2019 and the added value Affluent Banking provides to the Bank exhibited a strong improvement. New products and services to meet customers' needs, investments in high quality man power and expertise in offering tailor-made solutions with an advisory bank vision have been the most important factors in this improvement.

In 2019, Affluent Banking sales and service model was renewed to enable customers receive service from appropriate service channels based on their needs and expectations. Alternatif Bank Private Banking business model was launched in April 2019 with its new brand.

Affluent Banking wrote a success story with its Time Deposit Account without Maturity Date (VOV) product which has a strategic importance for expanding its customer base. Additionally, the Bank continued to provide value-added products such as Inflation Protected Maturity Account which allows customers to invest their assets without being affected by changing market conditions.

Affluent Banking's deposit share in total deposits exceeds **50%** as of 2019 year-end with Alternatif Bank's widespread deposit strategy

Moreover, Affluent Banking created value propositions to specific occupational groups which were identified as priority, by analysing their needs and continuously worked on enriching these propositions through periodic reviews. Within the scope of improving current products, Diners Club Card's competitive strength in the market developed and it was positioned as a pioneer in gaining new customers.

Once improvements in digital channel which started in 2019 are completed, Affluent Banking will continue to provide services with a flawless customer experience focus through a diversified range of service channels such as branches, internet, mobile and customer interaction centre.

Affluent Banking continues to expand its product range offered to its customers.

In 2019, the leading product of Affluent Banking business line was Time Deposit Account without Maturity Date (VOV). Designed for the specific needs of customers VOV offers advantageous interest rates for both Turkish Lira and foreign currency deposits. VOV has grown 350% in volume compared to prior year.

Continuing to expand its product range based on specific needs of various customer segments, Affluent Banking introduced two products which allow customers to receive interest income without being affected by the inflation rates, Inflation Protected Time Deposit and Inflation Indexed Time Deposit.



Alternatif Bank provides a brand-new banking experience: Alternatif Bank Private Banking

With Private Banking, Alternatif Bank offers a brand-new experience to customers with unique preferences. Designing a banking model which aims to embellish customers' lives in all aspects, Alternatif Bank got together with its customers at Private Banking launch in April 2019 and introduced the new brand and its value propositions. The resulting model makes a difference in terms of banking and non-banking through one-to-one communication, investment advisory, insurance advisory and other privileges.

Within the scope of Alternatif Bank Private Banking, the Bank provides privileged services to customers through Private Banking Portfolio Managers in Etiler Private Banking branch as well as in Kozyatağı, Suadiye, Ankara and İzmir branches. Customers who want to contact the Bank using the customer call centre are prioritised and given rapid services.

Alternatif Bank Diners Club Card, which is a significant part of Private Banking value proposition, provides Private Banking customers a privileged mileage program and unique lounge experience. The Card allows customers to use more than 1,000 lounges all around the world free of charge and an opportunity to be included in Alternatif Bank Diners Club Card's advantageous world with welcome miles given when they receive their cards for the first time.

Among the advantages offered to customers with Alternatif Bank Diners Club Card are TAV Passport card which will ease their travels and allows them to spend their time with pleasure rather than feeling stress for missing their plane through fast track service and an opportunity to watch all current shows at Zorlu PSM from Alternatif Bank Private Banking box.

With the vision of advisory banking Alternatif Bank Private Banking offers unique privileges in all aspects of life and a brand-new banking experience at any time.

Alternatif Bank Provides Elite Privileges to Professionals with Private Banking Packages.

Alternatif Bank provides banking and non-banking advantages to its professional customers such as doctors, dentists and lawyers through Elite Privileges Specific to Professional Groups. With "Our Priority, Your Expectations" motto and advisory bank vision, the Bank conducts regular research to properly understand their expectations and provides services based on these expectations. In 2020, the Bank will continue to offer more products and services based on customer expectations.

Advantageous world of Diners Club Card was renewed.

Alternatif Bank offers a world full of advantages to its customers with the credit card product designed for its privileged customers' preferences. During 2019, the Bank focused on strengthening the Diners Club Card program and planned value propositions which will result in competitive supremacy. Generous mileage program supported by qualified communication activities allowed gaining 2 miles per 1 TRY spent and the card has placed itself in a strong position in the market. The number of lounges that can be accessed by Alternatif Bank Diners Club Card owners exceeded 1,000. The card program was enriched further by giving card owners access to İstanbul Airport IGA Lounge.

Diners Club Card portfolio continued to grow in 2019 with the support of campaign communications and with a performance which exceeded the industry, number of cards sold increased by 25% and revenues increased by 30%. In addition to Diners Club Card world and privileges, joint projects with leading brands in various sectors and services that will create differences in customers' lives will be developed in 2020.

2019 Activities

Treasury Group

Alternatif Bank Treasury Group performs an important function as a profit and information centre with its experienced employees.

Alternatif Bank was the first private bank to issue TLREF Turkish Lira Overnight Referenced Interest Rate Indexed bond.

Alternatif Bank Treasury Group is actively involved in the financial markets with its strong player role in treasury transactions, and performs an important function as a profit and information centre with its experienced employees.

Function-based effective treasury management

Alternatif Bank's Treasury Group consists of Asset/Liability Management, Trading, Treasury Marketing and Economic Research Departments.

Asset and Liability Management Department

Asset and Liability Management Department is primarily engaged in liquidity management, interest risk management, and fund transfer pricing. With the objective of properly meeting customer needs by rapidly reflecting developments in financial markets to its products, Alternatif Bank became the first private bank to issue TLREF indicator interest indexed bond.

As part of the liquidity management activities, the Department actively manages liquidity in all currencies in compliance with internal and legal limits. The Department ensures that the Bank's liquidity remains at an optimal level, taking into account legal obligations and market conditions, while assuring liquidity at the most favourable conditions and evaluating free liquidity under the most profitable conditions. To this end, borrowing and placement transactions are executed in organised and over-the-counter markets using instruments such as FX swaps and the repo/reverse repo. In addition, the Department also carries out activities to secure funding facilities under various structuring arrangements from international banks.

Taking into account the market conditions, legal and internal risk measurement metrics and the Bank's risk appetite, the Department manages the interest rate risk and takes action to

mitigate this risk when deemed necessary by Asset and Liability Committee. Interest rate swaps (IRS), swaption, and cross-currency swap transactions are deployed for that purpose.

Another major function of the Asset and Liability Management Department is to realise the fund transfer pricing (FTP), ensuring that the pricing of financial products correctly reflect market conditions, funding costs and financial risks. In addition, appropriate FTP arrangements are suggested for the strategic promotion of certain products when deemed necessary.

Trading Department

Trading Department is comprised of three sub-units;

- Fixed-Income Securities Desk,
- Foreign Exchange Desk,
- Derivatives Desk

The Department's main product portfolio includes spot and forward currency (Turkish lira cross) transactions, spot and forward foreign exchange transactions in other G20 and developing country currencies, domestic and international bonds and bills, interest rate swaps, cross-currency swaps, and derivatives.

Trading Department's competitive pricing plays a key role in strengthening the Bank's position in capital markets and supporting Treasury Marketing through FX and FX derivatives transactions entered into with corporate and commercial customers.

Effective pricing is offered to customers in accordance with their market expectations as part of options portfolio and risk parameters management efforts. The Department cooperates with other departments to develop various products which meet the needs of corporate customers with a customer-oriented approach.

Fixed-Income Securities Desk actively carries out trade executions in organised and over-the-counter (OTC) markets in response to the trading or balance sheet needs of customers and the Bank.

Foreign Exchange Desk provides comprehensive access to currency markets and as well as competitive pricing for customer needs.

Derivatives Desk offers competitive pricing and customised solutions in all derivative products in order to meet hedging needs of customers while aiming to generate income in the derivatives markets.

All positions and risk limits at Alternatif Bank are determined by the Board of Directors. Trading Department aims to attain the profit goals within these limits.

Treasury Marketing Department

Treasury Marketing Department serves retail, commercial, and corporate customers. The Department performs spot foreign currency trading, and provides pricing options and stock market reports in order to minimise the exchange rate, interest rate and commodity risks that customers may face.

During its visits to Alternatif Bank customers, the Department provides presentations and aims to expand the transaction volume with existing Treasury Marketing customers. The main objectives of the Department include;

- Expanding the spot transaction volume,
- Pricing of private sector/government bonds and bills
- Converting potential customers into active customers by increasing the number of customer visits, retaining existing customers and diversifying products

- Increasing transaction volumes for customers who need risk protection products but have not taken due action,
- Capturing a large share of the transactions of customers who are using treasury products, and boosting the contribution to the Bank's profitability and keeping it sustainable.

In addition to these services, the department performs pricing of credits which include deposit and derivative products for branches and customers through business lines.


Economic Research Department

Economic Research Department briefs Treasury Group, the Bank's Senior Management and customers through reports on economic developments, expectations and risks.

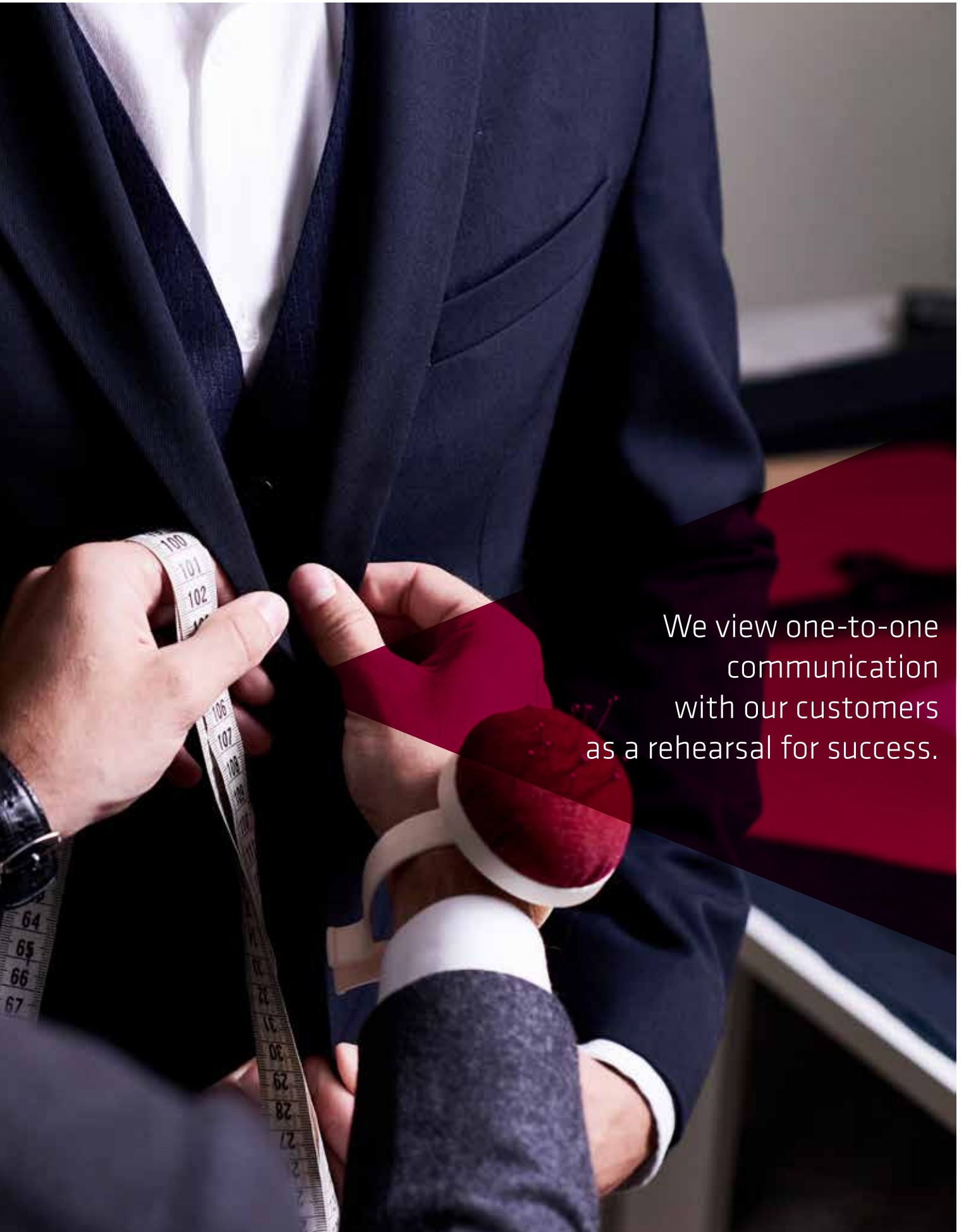
Within the scope of "Advisory Banking" approach, "Meetings with Economists" were organised to share information periodically with affluent banking customers. In addition, informative meetings with business and corporate customers are also organised on a quarterly basis on economic developments and trainings are held based on companies' demands.

Other primary functions of the Department include following up and analysing developments in the banking industry on a periodical basis. In addition, the Department also monitors and reports the developments of the industry, prepares presentations regarding the economic outlook for institutions excluding banks, and supports Treasury Marketing Department in these efforts. In addition, customer visits and reports are conducted as part of marketing activities of various business lines.





“Human-Oriented”
approach...



We view one-to-one communication with our customers as a rehearsal for success.

2019 Activities

Financial Institutions

Alternatif Bank received the “Most Active User of Turkey” award within the scope of “Foreign Trade Finance Program” of European Bank for Reconstruction and Development (EBRD) for two years in a row.

Financial Institutions Group contributes to Alternatif Bank’s access to long term resources with funds obtained from correspondent banks and foreign investors.

Alternatif Bank Financial Institutions Group conducts its operations with a focus on the Bank’s key strategies in relationship-oriented correspondent banking and funding from foreign resources.

Observing sustainability approach in correspondent bank relations, Alternatif Bank keeps its wide correspondent network while establishing new relations. Acting as an intermediary to provide foreign resources with competitive terms to customers who effectively operate in foreign trade is one of the Group’s responsibilities.

Financial Institutions Group strengthens the ability of Alternatif Bank to access long-term funds thanks to bond issuances in international capital markets, subordinated loans, bilateral loans and funds raised from multilateral financial institutions.

As in prior years, the Group continued its initiatives in 2019 before correspondent banks and foreign investors to further strengthen Alternatif Bank’s advisory banking approach, recognition, vision and strategy at international platforms. Accordingly, the Bank has been represented at highest levels in international organisations and meetings.

Alternatif Bank strengthens its borrowing strategy by diversifying instruments, maturity and financiers.

Major operation of the Financial Institutions Group is to provide funds from foreign markets. As of 2019 year-end, funds obtained in this context reached USD 1.3 billion and constituted 27% of the Bank’s total fund resources.

Alternatif Bank’s borrowing strategy is to achieve effective balance sheet management and reduce funding costs through the diversification of borrowing instruments, maturity and lenders. As a result of this strategy, in 2019 the Bank continued to maintain funds with maturities ranging from six months to 10 years, from a diverse profile of international lender banks, investors and institutions, which confirm the correctness of this strategy and the confidence in the Bank.

Alternatif Bank’s relations with multilateral organisations continue to develop.

Alternatif Bank has established long-standing strong relations with multilateral organisations.

The Bank works to the objective of providing a significant contribution to the development and sustainable growth of the Turkish economy through the USD 152 million of long-term funds secured from International Finance Corporation (IFC) and European Fund for South East Europe (EFSE).

These long-term funds are planned to be used to fund SMEs, women entrepreneurs and to support strategic areas in energy industry such as energy efficiency and renewable energy.

One of the most significant transactions of 2019 in foreign borrowing program of Alternatif Bank was SME and Women Entrepreneurs credit. The credit had a total amount of USD 100 million and a maturity of 5 years. It drew attention with its long-term structure and its theme that supports development and improvement.

Alternatif Bank assumes an important role in supporting women entrepreneurs with the credit provided to small and medium sized companies owned by women or managed by women.

The bank will continue to develop its relations with supranational organisations and emphasise supporting the economy with new long-term credits that can be obtained from these organisations.

Alternatif Bank's relations with correspondent banks are long-standing and based on reciprocity.

With a constantly growing and strengthening correspondent bank network since its establishment, Alternatif Bank places a great deal of importance on expanding this effective and broad structure in line with the needs and demands of its customers as well as the developments in global financial markets.

Alternatif Bank's active correspondent bank network consisted of more than 100 banks as of 2019 year-end. Intermediating in all of its customers' international transactions including foreign trade and payments, the Bank carries out efforts to increase transaction figures within the framework of the existing correspondent network.

Alternatif Bank establishes long-lasting correspondence relations with leading banks and financial institutions based on mutuality, and pays attention to the efficiency of the relationships with major correspondent banks. As a result of all these efforts, the positive contribution of international funding, which commands a significant share in the liabilities of Alternatif Bank, is evident in the Bank's total funding cost in terms of maturity and pricing.

Foreign trade instruments were diversified with innovative solutions.

Alternatif Bank positions its foreign trade transactions as one of its most important channels as it enables to provide diversified and value-added products to customers and conduct correspondent bank relations in a healthy way. As of year-end, the Bank reached a foreign trade volume of USD 3.2 billions by continuously supporting foreign trade customers with current correspondent network and wide range of products. Increasing this volume even further is one of the most important priorities of the Bank.

In addition to working in close corporation with Foreign Trade and Financing Business Line and Foreign Trade Operations Department, which have expertise in the diversification of foreign trade products and responding customer requirements, Financial Institutions Group also coordinates with the Treasury Group to provide a more focused strategy in the Bank's treasury transactions with correspondent banks. At the same time, the Group plays a key role in achieving Bank's overall targets by contributing to the campaigns organised with relevant business units in order to improve the transaction figures.

Within the scope of foreign trade transactions which allows Alternatif Bank to easily access many fund resources, post finance funds and other foreign trade sourced funds obtained in 2019 has reached USD 520 million.

2019 Activities

Financial Institutions

Alternatif Bank is an active user of Foreign Trade Facilitation Programs of EBRD and IFC

Alternatif Bank is an active user of EBRD's and IFC's Foreign Trade Facilitation Programs. This has been rewarded by EBRD and Alternatif Bank received the most active user prize for the two years in a row among all Turkish banks within this program.

The Bank's foreign trade limit at IFC is also being actively used. Both foreign trade guarantee programs were given major importance by Alternatif Bank in terms of access to new foreign trade customers, initiation of relationships with new correspondent banks, generating additional capacity to the Bank's foreign trade limits and securing access to international funding sources at more competitive levels.

Another foreign resource provided by the Financial Institutions Group "Taiwan Eximbank Foreign Trade Credit" was renewed in 2019. This credit provides maturity and pricing advantages to user customers in imports of all types of consumer and investment products.

Alliance Banks Group

The Commercial Bank Alliance Banks Group consists of The Commercial Bank, Alternatif Bank, United Arab Bank. The Commercial Bank's %40 affiliate in United Arab Emirates and the National Bank of Oman, which is a 35% affiliate of the Commercial Bank, based in Oman. As affiliate member banks, the Group works in close corporation with them, striving to achieve process improvement and maximum synergy. The major objectives of the alliance are to capture market share in transactions between members of the Gulf Cooperation Council and from transactions between Turkey and the members, and to operate in coordination.

Credit rating agency notes are important in terms of developing relations with correspondent banks.

The ratings appointed by the credit rating agencies to the Bank have importance for the Financial Institutions Group in terms of access to international funding sources via international lending instruments, and the initiation and strengthening of correspondence relationships. Alternatif Bank is currently rated by Fitch Ratings and Moody's. The Financial Institutions Group plays a key role in the coordination of annual due diligence meetings with these agencies, in addition to monitoring and information flow throughout the year.

Financial Institutions Group has a crucial role in carrying out healthy relations with investors and financiers.

Maintaining relationships with investors and creditors from which Alternatif Bank has secured funds, and managing the reporting responsibilities and information flow are among the tasks of the Financial Institutions Group.

2019 Activities

Operations

Alternatif Bank Operations has gone through a restructuring and transformation process in 2019.

Alternatif Bank's Operations which offers high quality, rapid and flawless transactions have gone through a restructuring and transformation process in 2019.

With changes in the organisation, Operations was positioned together with Information Technologies Management and a "digital operations" program has started to design processes to be realised digitally, channel-supported and centralised in line with the Bank's holistic digital transformation approach.

Changes in Alternatif Bank Operations were as follows;

- Within the scope of Banking Operations, Foreign Trade, Credits, Payments and Check and Note Operations are being conducted centrally.
- Coordination and management of branch operations are also supported centrally under this structure.
- Within Treasury Operations, central and back office functions have all been structured.

Besides its routine operations, Alternatif Bank Operations became a part of transformation by following development opportunities closely and pioneered in launching many improvements in 2019 with its expert staff.

With the knowledge of regulatory requirements, Operations team acts responsibly with insightful banking approach in implementing appropriate processes and adopted all regulatory changes as a pioneer in the industry.

Construction and Real Estate Department which conducts the transformation and structuring of all locations physically was also positioned within Operations. With the new service model, the Bank optimised the branch network through 2 new branch openings, 3 mergers and 12 renovations, increasing the quality of services provided with the renewed branches. The department designed branches in line with the new concept supporting digital aspects and working models.

While daily life continues, Alternatif Bank Operations will continue its operations by monitoring domestic and international market developments closely and designing rules and processes in accordance with most updated local and international rules.



2019 Activities

Human Resources



Vision of Alternatif Bank Human Resources Group can be summarised as supporting employees in their journey of development with skills of today and the future, and with a strategic human resource management perspective.

Through this vision;

- Together with the recruitment teams, the Group assesses candidates who are suitable for the requirements of the position, who are open to change and development, and compatible with the corporate culture.
- Through career maps, training and talent programs designed for each title and area of expertise, an organisation that can grow with the Bank's resources is being supported.

Human Resources Group worked together with other business units as a strong business partner in human resources development. The Group adopts a fair and transparent communication with business units and employees and aims to be close and accessible to employees.

2019 has been a period when the Group revised many systems related with human resources management within the Bank based on requirements of the new world and expectations of new generations. Critical projects started with the participation of employees with an aim to create a working culture with common sense considering the needs of business lines, opinions and suggestions of employees. "Performance management", "common target expansion workshops", "career maps and development programs" and "corporate values" were among these projects.

Most important needs of the Human Resources Group in moving towards these targets were interpretation of big data with an analytic point of view and processing this data in digital channels. In line with the digitalisation targets, all human resources reporting platform has been transferred to a new system with the project completed in 2019.

Thanks to the new platform called DynamİK, Human Resources management had a chance to transfer to a forecasted reporting

2019 was a year when many major systems related with human resources management were re-established.

model. The platform also enables employees to manage various areas such as personal information, performance and training development of themselves and their teams from a single point with a self-service approach.

In 2020, Human Resources Group plans to act with a focus on "Employee Experience", to share more information about new systems by organising frequent meetings with the employees and to have more intensive communication through gatherings focused on development.

Recruitment and Career Management: The objective of Recruitment and Career management is to attract the most suitable candidates to the Bank by correctly analysing the needs of the business units within the framework of its vision of human resources, as well as supporting the development of existing employees and advising them on their career paths.

Critical projects were launched in 2019 with this objective in mind.

"Alternatif Bank Competence Model" that will carry the Bank to the future was designed at Career Maps Project called "It Starts with You". This model was prepared based on "Development Mindset" in a common format that can be used by employees at all levels and it is clear and simple so all employees can digest easily. Simultaneous Leadership Competences and behaviour models for each competency based on a three-level evaluation scale were defined in this model.

In line with these competences, "Alternatif Bank employees manage their own careers" perspective and as a result of "common sense" meetings held with the participation of employees representing different departments, Career Maps were drawn, career transfer paths between departments were defined. 2020 steps of this project will be designing training and certification programs to support employees on their career development journeys based on defined competences.

In 2018, "Alternatif Bank Leader Development Program" was launched for branch employees, supporting their development, with an objective of guiding leaders that coincide with the Bank's corporate culture. In 2019, 8 employees participating in this program were promoted to branch manager positions. The same program has been adopted for the Headquarters teams in 2019, development of 48 employees who participate in this program will be supported to prepare them for managerial roles.

In addition to recruitment and career development, performance management system was also renewed and moved to the new human resources platform to develop digital channels with the objective of raising the Bank's success bar higher and supporting continuous development. The system is based on concrete and measurable targets and targets which are set at the beginning of the year are being monitored throughout the year. With an interim review, the employee and the manager are expected to get together at least twice a year to discuss feedbacks. Evaluation results are effective in training plans and career development.

Applications from candidates are received personally or over the career portals. YetenekveGelisimYonetimi@alternatifbank.com.tr career page, Kariyer.Net, LinkedIn and Youthall are used to post open positions.

Training and Development Department: The key purpose of Training and Development Department is to design training activities based on the Bank's targets and future period strategies and support continuous development of employees.

All training-development activities realised in 2019 were designed on three major topics. Employees received technical and competency-based trainings under "Sales Culture Transformation", "Developing Risk Expertise" and "Value-based Leadership" topics. In addition to technical and competency-based trainings, employees are also encouraged to attend conferences, seminars and summits outside the Bank to follow current developments.

Employees who are included in talent programs get one-on-one coaching and professional consulting services to develop their leadership skills within comprehensive programs throughout the year.

In addition to consultants and professors, training programs are supported by internal specialists within the Bank. 40% of the trainings realised in 2019 have been given by internal trainers who were supported by Internal Trainer Development Programs. In 2019, number of training hours per employee was 36.8 hours (5.3 days).

2019 Activities

Human Resources

“Values and Corporate Culture”
was one of the most significant projects of 2019.

Compensation and Benefits

The objectives of Alternatif Bank's remuneration policy are to be fair, balanced and in compliance with industry benchmarks and to create a high performance-oriented corporate culture with the Total Income System, where employees can be differentiated by their individual performances.

The benefits offered to employees are summarised below:

- 12 salary payments made annually, and wages paid as gross.
- A bonus payment is paid once a year, depending on the Bank's target realisation and individual employee performance.
- Lunch is compensated with meal tickets.
- A shuttle service is provided to employees working at the Head Office.
- Employees, as well as their spouses and children, are covered by the Bank's Private Health Insurance.
- All employees get life insurance coverages.
- Employees who have completed 6-months of service may also benefit from the Private Pension Plan with Company Contribution.
- The annual paid leave policy is implemented in accordance with the level of seniority:
 - From 1 year to 5 years: 15 business days
 - From 6 years to 15 years: 20 business days
 - 16 years or more: 26 business days

- In addition to legal vacation rights, employees are given the following administrative vacation days to be with their families on special days:
 - One day vacation on birthdays of employees
 - For those who have children in primary schools, half day vacations on the first and last days of school
 - For those who have children at high schools, one day vacation for registration transactions to high school after High School Entrance Exam (LGS).

In 2019, laptops to all managers and tablets to branch managers were given to enable them to follow their business processes from anywhere. Additionally, mobile phones were given to all managers and branch sales teams to give them access to banking transactions.

Organisation

The main objective of the Organisation Department is to manage the organisational structure in a synchronised and effective way with all of its functions.

In line with this goal, the major responsibilities of Organisation Department include production of concrete data through norm planning models supporting workforce planning, managing labour resource planning with the perspective of optimisation, setting out the duties and responsibilities of all components of the organisation in a clear and unambiguous manner.

One of the most critical projects completed in 2019 was to create a clear and common title structure in line with industry.

Internal Communications and Corporate Culture

The main objective of Internal Communications and Corporate Culture Department is to create an environment where employees work in harmony toward common goals within Alternatif Bank corporate culture.

In line with this objective, the major project of 2019 was “Values and Corporate Culture- Common Corporate Culture” which will prepare Alternatif Bank to the future and create an Alternatif Bank school. Identification step of the project was completed in 2019, which was being carried with active participation and common sense of 25% of employees in compliance with the Bank’s future strategies. Expansion and development steps of the project will be followed in 2020.

Vision Meeting was held in March to ensure employees proceed as high-performing teams with effective synergy towards common goals. All Alternatif Bank, Alternatif Lease and Alternatif Yatırım employees participated in that organisation where short and long-term goals and strategies were shared. This meeting was also an occasion to celebrate successes together.

Another important project of 2019 was the launch of the new generation intranet portal “Alternatifliyiz.biz” with a design in line with the Bank’s corporate world, which allows single point

access to all social developments and corporate documents to support internal communication. The next step of this project, the “mobile” version will start in 2020.

In addition to working together, Internal Communications and Corporate Culture Department believes in the importance of employees getting together around common interests.

Accordingly, new applications were launched in 2019 called “Hobby Clubs”, “Art Workshops” and “Alternative Perspective Seminars”.

Football and basketball teams under “Hobby Clubs” represented employees of the Bank in corporate tournaments. “Alternatif Bank Street Ball” organised within the Bank has been a joyful organisation where employees got together.

Various instrument player and vocalist employees in “Alternatif Bank Orchestra” had a busy period. Orchestra members are excited to take the stage at employee organisations which will be held in 2020.

Employees have the opportunity to learn and experience different arts like terrarium, sculpture and marbling at “Art Workshops”.

With “Alternative Perspective Seminars” employees get together with experts of different topics outside the work, such as parenthood, healthy eating, stress management, film interpretation and photography.



2019 Activities

Human Resources



LinkedIn Career Page where employees share their career and development journeys and write about life at Alternatif Bank provides communication of the employer brand, whereas Internal Communications Instagram Page shares activities of employees and provides an opportunity to interact with them on social media.

Branding of Human Resources projects and sharing them effectively with employees using appropriate messages is another responsibility of Internal Communication and Corporate Culture Department. Accordingly, "Dinamik", "It Starts with You" and "Leadership with Values" programs were launched.

A total of 113 employees were rewarded in 2019 with the "Spot Reward" project which is implemented to celebrate instant successes. The "Welcome Baby Gift" and "Marriage Gift" practices continued in 2019, which were offered to make employees feel that the Bank stood with them on their special occasions.

Through "Instant Reward" application, 603 Alternatif Bank employees were hosted with their loved ones in a series of activities such as basketball and football games, concerts and theatres.

"Alternatif Bank Employee Support Program" which started in 2019 provides a service to employees and their family members where they receive support in areas where they have difficulties in finding solutions to problems or create stress in their private lives such as health issues, newborn care, healthy nutrition, financial/legal/technology issues. This support is provided by experts of the topic either over the phone or face-to-face when needed.

On special day celebrations, in addition to giving special gifts to employees, AÇEV (Mother and Child Education Foundation), Koruncuk (Children in Need of Protection Foundation), women entrepreneurs at My Life Yenibahar Association and TEV (Turkish Education Foundation) were supported on Mother's

“Audio Book Project” has been supported within the scope of a collaboration with GETEM.

Day, Father’s Day, Women’s Day and Festival of the Sacrifice, respectively, with a sense of social responsibility.

Nearly one thousand books were donated to Book for Everyone Foundation and food donations were made to Kahramanmaraş Elbistan Animal Protection Association on World Animal Day in 2019.

Within the scope of cooperation with Visually Impaired Technology Centre (GETEM), a reading room was established at the Headquarters and volunteer readers supported the “Audio Book Project”.

As a reflection of our awareness of social responsibility and our interest in sports, 65 employees participated the 41st Istanbul Marathon to support Parılı Association. Funds raised by the bank employees as donations were transferred to support education of visually impaired children.

The “Equal Opportunities in Education” program with Özyeğin University continued, which had been initiated in 2017 to mark the occasion of Alternatif Bank’s 25th anniversary. Within the scope of this program, 25 students who were granted scholarships had the opportunity to get together with Alternatif Bank managers in various organisations to be guided on their development and career paths.

Alternatif Bank Human Resources Profile

As of 2019 year-end Alternatif Bank employee data is presented below:

Total Number of Employees	2015	2016	2017	2018	2019
Headquarters	535	476	476	534	519
Branches	503	425	438	415	366
Total	1.038	901	914	949	885
Gender (%)	2015	2016	2017	2018	2019
Male employees	51	53	52	51	48
Female employees	49	47	48	49	52
Total	100	100	100	100	100
Average Age	2015	2016	2017	2018	2019
	37	36	37	37	38
Education Level	2015	2016	2017	2018	2019
Primary School	14	10	11	11	13
High School	147	125	109	124	89
University	758	666	686	695	666
Graduate degree	119	100	108	119	117
Number of Employees with a Second Language	456	346	370	398	380
Average Seniority	2015	2016	2017	2018	2019
	5,6	5,8	6,3	5,7	6,1

2019 Activities

Information Technologies and Digital Banking

Alternatif Bank launched numerous transformation projects in 2019 with a wide perspective.

10% of new affluent banking customers gained in 2019 were through digital channels.

Alternatif Bank approaches digital transformation with a holistic perspective and aims to transform this focus into structural strategies.

The Bank continued its digital transformation journey which was set up in 2019 with this purpose.

Within this framework, numerous transformation projects were put in use with a wide perspective from processes to applications, from hardware to infrastructure and from customers to employees.

Alternatif Bank considers channel transformation as an integral part of digital transformation.

Alternatif Bank believes that branch and non-branch channels and every process within the Bank can be subject to digital transformation process through experience. From this point of view, various projects were launched within the award-winning "omnichannel" platform, where end-to-end channels are supported with each other in terms of experience.

The Bank's projects aim to preserve its perspective of expert and advisory competencies, and its special human focus and to provide value-added services to its customers by supporting these processes with digital facilities. These projects won various awards during the year.

At the end of 2018, Alternatif Bank offered non-bank customers the opportunity to open a VOV Account, without visiting the Bank, which is one of the Bank's major products. Digitalisation activities for this project continued in 2019. The percentage of first-time individual customers won in 2019 through digital channels was 10%.

Offering an end-to-end digital customer experience, Digital Alternatif Bank has restructured the processes of becoming a customer by offering non-bank customers the opportunity to open a VOV Account, which is one of the Bank's major products. The acquisition of other priority products has also been provided in this channel in 2018.

Alternatif Bank believes that channel transformation is an integral part of digital transformation. Accordingly, corporate web site was renewed with modern and technological infrastructure, user-friendly interface design, end-to-end renewed page contents and new calculation tools.

Web sites of subsidiaries, Alternatif Lease and Alternatif Yatırım were also renewed within the scope of this transformation and all web sites of the Bank had the same form.

These transformations resulted in increasing digital marketing competencies and analytical measurements which helped us launch performance based "always on" digital communication activities.

New individual and corporate internet banking and mobile banking projects which started on omnichannel platform for digital channel transformations reached pilot implementation stage as of year-end. Thus, all digital channels were renewed completely in less than a year, offering a brand-new experience both technologically and functionally.

As part of channel expansion and enrichment, ATM strategies were also restructured in 2019. As a result of a special joint ATM agreement with İşbank, free of charge ATM use is offered at 6,500 ATMs of the Bank.

As a result of the needs and changes in the industry, in order to offer a wide variety of products and services to POS user customers, foreign currency POS application and POS guaranteed credit projects were launched. Additionally, joint POS application projects were completed within the scope of partnership agreements with various banks.

Alternatif Bank started to share its expertise in foreign trade through 444 00 55 Customer Call Centre within the scope of Advisory Banking Services. In this framework, advisory services are provided to all individuals and corporates who request information or advice on foreign trade by the Bank's expert foreign trade staff, whether they are a customer of the Bank or not.

As part of digital transformation, functional additions to MobilNext application which enables Bank employees' mobilisation continued in 2019. Monitoring, approval/rejection transactions for 178 different approval types which can be made on main banking can now be performed on mobile.

One of the most important steps of the digital transformation, end-to-end digitalisation of customer acquisition processes continued. The big transformation project which was designed for customer acquisition processes to be fast and simple through the branch, web site or MobilNext mobile desktop application, started in 2019 and reached pilot application stage as of year-end.

Product acquisition processes were also digitalised in a way to allow multi product sales from a single screen.

In line with the customer-oriented banking vision; CRM platform transformation activities were started and, in this context, customer relations, campaign management and sales management module designs were completed. Customer management structure and screen designs were completed on the new main banking platform Alternext for two screens, desktop which enables role based holistic portfolio management and Customer 360 that allows a holistic view of a single customer.

Numerous new products were launched besides strategic transformation projects conducted in 2019.

Alternatif Bank has been one of the first banks in the industry to offer e-letter of guarantee which allows for digitalisation of letters of guarantee given to public sector or private sector through KKB platform.

New gains within the scope of this include TFS product (Supplier Financing System), integrated with MFKS system which discounts customers' supplier invoices and digitalises their credit structure, Murabaha Credit product, TCMB Rediscount Credits and TCMB system integration.



2019 Activities

Information Technologies and Digital Banking

In 2019, joint projects were conducted with Commercial Bank of Qatar to support relations with Qatar and increase synergy. In this context, projects such as “Money transfer from Qatar to Turkey in 60 seconds” and “Viewing of Alternatif Bank accounts from CBQ Mobile application” were launched.

Money transfer from Qatar to Turkey in 60 seconds project received the first prize at “IDC Finance Summit” in Technology Service Offering” category and “Best Operational Competence Project” award at Captains of Technology competition of “ICT Summit ‘19”.

Segment-based customer-product activity structure was implemented.

In 2019, numerous projects were structured and implemented for the purpose of reconstruction of Alternatif Bank’s integrated CRM platform.

Segment-based customer-product activity structure was implemented which represents the strength of the connection the Bank built with the customer and which supports working in different areas by forming appropriate value propositions. In line with cross and higher sales strategies which forms the foundation of customer activity structure, segment-based new cross sales strategies were reconsidered and updated.

“Customer Value Segmentation” structure which was launched with the objective of being the basis of customer-oriented campaigns, services, privileges and action plans was automatised to work in monthly periods to enable dynamic monitoring of the profoundness of bank-customer relations.

Alternatif Bank cares about good relations between technology organisation and other business units

Alternatif Bank believes that technology organisation and the other business units of the Bank should always work responsively and based on common understanding. This is considered a critical factor in terms of digital transformation elements.

Objectives of Alternatif Bank’s digital transformation include building profound relations with business units, improving and supporting appropriate and rapid decision-making processes, expanding strategic perspective across the whole Bank organisation and making information technologies activities more apparent.

Money transfer from Qatar to Turkey in 60 seconds project received the first prize at “IDC Finance Summit” in Technology Service Offering” category and “Best Operational Competence Project” award at Captains of Technology competition of “ICT Summit ‘19”.

As a result of transformation activities conducted based on these objectives, holistic perspective and dynamic planning benefits were also observed. Moreover, resilience and agility have been maintained as the main management style for all activities included in IT portfolio.

Activities commenced in 2019 to singularise different software development platforms to create a more efficient development environment. In this context, DEVOPS environment platform was formed in digital channel software development life cycle and it started to operate. Code quality and security integrated with DEVOPS environment was planned to carry applications developed to the most mature levels.

DEVOPS is a transformational approach in software development main processes. Increased automation use with DEVOPS structure will contribute significantly to standardisation of processes throughout the software development life cycle.

Alternatif Bank adopted the regulatory requirements in information technology and governance strategies areas.

Following the developments and applying necessary regulations as in previous years, Alternatif Bank maintained its sensitivity regarding information security and technology service management processes in 2019.

In the process of Information Security Governance, control and monitoring processes were implemented to support the vision of holistic digitalisation, taking into account the current cyber threats, risk analysis and strategic programs. In addition, several actions were taken in accordance with the information security plan which has been updated based on cyber threats.

The SOC (Security Operations Centre) program which was started at the end of 2018 to monitor the layered security architecture and other components centrally which were built to ensure cyber security and to detect, monitor and take precautions against cyber incidents has been completed at the second half of 2019, in line with the strategic program.

Security Operations Centre was structured to monitor and analyse networks, servers, endpoint devices, databases, applications, web sites and other system activities. Fraud processes were carried to be integrated to SOC platform.

With this structure, in case of a cyber security incident or an abnormal activity, a detailed and connective analysis will be possible. SOC teams are responsible for identification and analysis of security incidents, protection of the whole system and reporting of all incidents reviewed.

In accordance with regulatory requirements, penetration test and security test activities were performed for digital channels and for all products and services. Activities were carried to measure and increase information security and social engineering awareness. Based on these measurements an increase in awareness was identified.

Alternatif Bank believes that quality is indispensable and renews its certificates.

In 2019, Information Technologies carried on activities to renew the certificates obtained within the scope of the Bank's Quality Management system.

Being committed to running all operational procedures in accordance with internationally recognised standards, Alternatif Bank holds six internationally registered standard certificates, which are:

- ISO 9001:2008 Quality Management System,
- ISO/IEC 27001:2013 Information Security Management System,
- ISO 10002 Customer Satisfaction Management System,
- TS ISO/IEC 20000-1 Information Technology Service Management System,
- ISO 22301 International Business Continuity Management,
- BS 10012 Data Protection Personal Information Management System

Firmly believing that quality is indispensable, Alternatif Bank continues to maintain its quality approach in a way to support its holistic digital transformation.

ISO 9001: 2015 Quality Management System: This system helps the Bank monitor and manage all operational processes in the best possible way. ISO 9001, the world's most widespread quality management standard, allows organisations to enhance their quality and sustainability in service and performance management.

ISO 10002 Customer Satisfaction Management System: A management approach that enables a company to develop more profitable and long-term relationships with its potential customers, and to build on these relationships further. This system sets guidelines to establish a complaint management system and to help identify complaints, their causes and methods with the goal of eliminating them. It defines the management tools necessary to manage standard customer complaints more effectively and efficiently, resulting in a higher number of customers who are satisfied with the service provided.

TS ISO/IEC 20000-1 Information Technology Service Management System: This system provides guidance to IT companies on the subject of meeting the expectations of its internal and external customers, constantly bettering and improving their status and performances, and setting out the methods they will apply and how to implement them in their operations. This standard also specifies the level that must be achieved when providing services to customers.

ISO 22301 Business Continuity Management: This certification guarantees that an entity is fully ready to serve its stakeholders, and that it can meet the expectations of both internal and external customers.

BS 10012 Data Protection Personal Information Management System: This system provides guidance on how to protect data. It is a standard that encompasses the improvement of companies' data storage and protection, and enhancement of processing management.



2019 Activities

Corporate Communications

Alternatif Bank positioned its responsibility approach within the frame of “Human-Oriented” philosophy under the roof of “Accessible Banking”.

Corporate Communications operates as a strategically important department which observes Alternatif Bank’s reputation before its shareholders.

Corporate Communications Department conducts Alternatif Bank’s communication activities in line with their “Advisory and insightful banking” approach to create added value to customers and acts in full compliance with all business lines and board of directors.

Highlights from 2019 Activities of Corporate Communications Department

Public Relations

In order to create awareness of Alternatif Bank’s projects launched in 2019, numerous press releases were published; exclusive news, interviews and special events were organised.

Alternatif Bank’s services for exporter firms have been shared by a wide group of journalists at a press meeting held in August. Information was provided on financial support offered to exporters, along with “Foreign Trade Advisory Hotline” and “Foreign Trade Seminars” which are indicators of the Bank’s “advisory banking” approach. The press meeting attracted a significant attention and created a wide media coverage.

Active media communications were carried on with the spokespersonship of high-level executives of the Bank. Information on the Bank’s products, services, targets and strategies were shared through press bulletins, interviews and participation in television live broadcasts as guests.

As a result of these activities, attention of the press increased and coverage volume reached to a level above all the same tier group competitors. In 2020, this trend will be continued via communication of topics generating public and stakeholder value.

Advertising Activities

During the year, brand activities and communication of VOV account, Diners Club Card and special packages for Professional Occupation Groups have been efficiently planned through TV, outdoor, radio, magazine and digital platforms focusing on specific target groups rather than mass communication efforts.

As a result of focused and effective communication activities which started with brand transformation and continued in 2019, brand awareness has reached from nearly zero to tier group average.

“Private Banking” concept which Alternatif Bank established to bring its tailor-made solutions together with “advisory banking” approach under one roof was launched to customers and press by sponsoring famous Turkish pop singer Erol Evgin’s concert celebrating his 50 years in music. The launch was well-received and admired by the singer, customers and press.

Branch and Customer Activities

With an “advisory banking” approach, the management team participated in a number of field visits to meet with customers with the objective of listening to them and understanding their needs. These meetings were held in 9 cities with approximately 300 customers. During these meetings both customers’ and

employees' needs were heard and solutions were discussed. These meetings also created an opportunity to directly communicate new developments in the Bank to the field.

Sponsorships

In 2019, various sponsorship activities were realised with the purpose of strengthening the brand image in areas of arts, sports and economy. Events supported included Vadi Open Air Concerts, Moda Deniz Club events, Anadolu Efes Basketball Team Sponsorship, Uludağ Economy Summit, Economy Press Success Awards organised by Association of Economy Reporters.

Additionally, as Alternatif Bank Private Banking, we were one of the sponsors of "Balkan Equestrian Championship" organised on 4-8 September by the Turkey Equestrian Federation at Kemer Country Equestrian Club with the participation of 11 Balkan countries.

Social Responsibility

In 2019, Alternatif Bank defined its responsibility approach under "Accessible Banking" concept via its human-oriented philosophy, which is a key element of the bank's brand positioning. This project which reflects an accessible banking target, activities started to be a barrier-free bank in real terms.

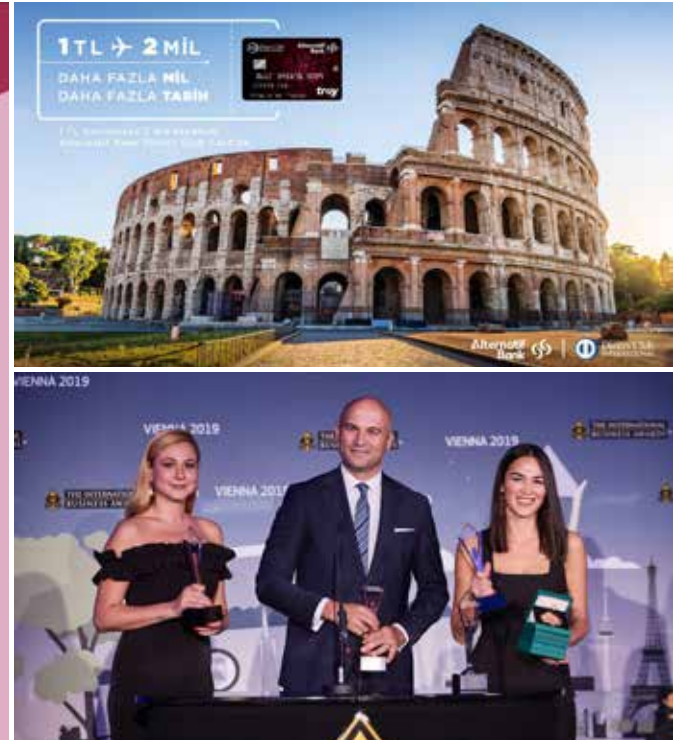
The main objective of "Accessible Banking" is to move forward to be a Bank accessible not only for people with visual, hearing or physical handicaps but also everyone who have limited mobility due to factors such as pregnancy, age and accidents. This way, the Bank will provide a service model to the banking industry which is based on the society's right to equal opportunity.

Within this process, trainings were organised for employees from the Headquarters and branches with the purpose of creating a common language and perspective for employees to adapt this subject. Activities and improvements will continue in the following periods with two main focus areas, having a common perspective and language, and accessibility of service channels.

Stevie International Business Awards

At the Stevie International Business Awards, which is a renowned organisation in business world, Alternatif Bank was granted a gold prize and three bronze prizes in four different categories. One of these prizes was granted for the successful brand transformation project realised in 2018.

Alternatif Bank received the bronze prizes for brand transformation, company of the year in banking and communication department of the year categories and CEO Kaan Gür received the gold prize in executive of the year category.



2019 Activities

Alternatif Bank's Financial Subsidiaries



Alternatif Finansal Kiralama A.Ş.

Established in 1997 and operating in the financial services sector, Alternatif Lease became a fully owned subsidiary of Alternatif Bank in 2013. With TRY 100 million of paid-in capital, the company provides high-quality financial leasing services to a distinguished customer group through two branches.

Asset size of the Company was TRY 1,653 million and its shareholders' equity increased by 5.13% to reach TRY 215 million.



Alternatif Yatırım A.Ş.

Established in 1997 as a subsidiary of Alternatif Bank, Alternatif Yatırım is a significant player in the industry with successful investment advisory and asset management services for institutional and individual investors, in addition to brokerage services in the capital markets. As a holder of the license of brokerage house with broad authorities in 2019, Alternatif Yatırım operates in a broad range of services as allowed by the Capital Markets Board such as brokerage, asset management and corporate finance.

Management and Corporate Governance Practices

Board of Directors



Omar Hussain Alfardan
Chairman

Mr. Omar Alfardan is the President and CEO of Alfardan Group, one of Qatar’s leading family-owned business conglomerates. The Group has expanded significantly under his leadership, with the 60-year-old conglomerate investing heavily in industries such as automotive, properties and hospitality, which also involves jewellery, investment and marine services as part of its growth strategy and efforts to contribute to Qatar’s socio-economic development. Its reach extends far beyond the borders of Qatar and one of the Group’s recent moves was investing in Turkey’s flourishing hospitality sector in line with its expansion policy.

Mr. Alfardan is a Board member and the Managing Director of The Commercial Bank. He is a Board Member and the Vice-Chairman of the United Arab Bank, Board Member of the Qatar Red Crescent, Advisory Board Member for the Qatar Financial Centre Authority and a Member of the Board of Governors at Sidra Medicine.

Mr. Alfardan has served as a member of the Alternatif Bank Board of Directors since September 2014 and as Chairman of the Board of Directors since December 2016. He earned his Bachelor’s Degree in Business Administration and a Master’s Degree in Finance from Webster University in Geneva, Switzerland.



Joseph Abraham
Vice-Chairman

Mr. Abraham is the Group Chief Executive Officer of The Commercial Bank as well as Vice-Chairman of the Board of Directors of Alternatif Bank and a Board Director of both the United Arab Bank, UAE and the National Bank of Oman, Sultanate of Oman. He has extensive banking experience across both developed and emerging markets. Before joining The Commercial Bank in June 2016, he was CEO of ANZ Indonesia (Australia and New Zealand Banking Group) based in Jakarta, a position he served in from 2008 to 2016. Mr. Abraham has an MBA from the Graduate School of Business, Stanford University, California and has worked in Indonesia, Singapore, Hong Kong, Ghana, UK and India in various country and regional banking roles with a successful track record covering general management, corporate banking, strategy, product management as well as acquisitions and integrations. Mr. Abraham was appointed as a Board Member of Alternatif Bank in April 2017.



Mohd Ismail M Mandani Al-Emadi
Board Member

Mr. Al-Emadi currently serves as a Board Member of both The Commercial Bank and National Bank of Oman, Sultanate of Oman. He has over 30 years of banking and financial services experience, including at the Commercial Bank in a number of roles from 1982 until 2007, after which he served as Chief Executive Officer of Qatar Real Estate Investment Company to 2011 and also served as its Director from 2003 until 2005. In addition, Mr. Al-Emadi served as a Board Member for Doha Securities Market, Qatar from 2000 to 2003; Qatar Shipping Co. from 2000 to 2006; and Mannai Corporation Co. (Qatar) from 2001 to 2004. He joined Alternatif Bank as a Board Member in September 2014 and is Chair of the Board Risk Committee. Mr. Al-Emadi graduated from Holy Names College (USA) with a Bachelor of Arts degree in Business Administration and Economics.



Paul Gossiaux
Board Member

Mr. Gossiaux is a highly experienced senior executive and seasoned credit professional with a broad range of skills in both risk management and transaction structuring, approval and execution. He has built and managed business marketing teams as well as risk management and control teams in both commercial banking and investment banking sectors across the UK, Europe, Middle East, Asia, and Emerging Markets for over 25 years. Having joined The Commercial Bank in 2010, he is currently Chief Risk Officer and was previously Chief Credit Officer as well as Head of Credit for International Banking and Public Sector lending. Prior to joining The Commercial Bank, Mr. Gossiaux was Head of Credit Risk for the Business Support and Recoveries group of Barclays Bank SA (Madrid) from 2008-10. He was a Director in the Leveraged and Structured Finance Credit Risk Management team of Deutsche Bank (London) from 2007 and an Executive Director in the Leveraged and Structured Finance Credit Risk Control team of UBS Investment Bank (London) from 2001. Mr. Gossiaux was an EMEA Divisional Credit Risk Management Executive for Bank of America NA (London) from 1999 and Regional Risk Manager for Bank of America SA (Madrid) from 1993. He has held various other senior credit and business development positions with Bank of America NT&SA and Manufacturers Hanover Trust Company in London, New York, and Singapore. Mr. Gossiaux holds an MIA degree from Columbia University (USA), School of International Affairs and Russian Institute, and a BA degree from Fordham University (USA). He joined the Board of Directors of Alternatif Bank in March 2018.



Zafer Kurtul
Board Member

Mr. Kurtul received his undergraduate degree in Finance from Istanbul University, Faculty of Business Administration and obtained his MBA degree in Finance from the University of Wisconsin-Madison (USA). He held several executive roles at Citibank, BNP-Ak-Dresdner Bank and Societe Generale prior to his appointment as an EVP at Akbank in 1998. Between 2000 and 2009, Mr. Kurtul served as the CEO of Akbank and held the role of Board Vice Chairman until 2010. He then worked as the CEO and Board Member of Sabancı Holding until 2017. In the same period, he was the Board Chairman of various subsidiaries of Sabancı Holding. He was appointed as a Board Member of Alternatif Bank in 2017. Mr. Kurtul is a qualified Chartered Financial Analyst (CFA).



Leonie Ruth Lethbridge
Board Member

Dr. Lethbridge has extensive banking experience in operations, transformation, risk and technology management across diverse markets. She is Executive General Manager and Chief Operating Officer of The Commercial Bank. Before joining The Commercial Bank in July 2017, she was CEO of ANZ Royal, a joint venture of Australia and New Zealand Banking Group in Cambodia and in her fifteen years at the ANZ, had a number of senior roles including Regional Chief Operating Officer Asia; Chief Operating Officer Indonesia and Acting Head of Risk Asia Pacific.

She has a successful track record in general management as well as acquisitions and integrations. Prior to her banking career, Dr. Lethbridge was a management consultant, advising across sectors including Telecommunications, Banking and Finance, and Manufacturing. She was also a General Manager in Australia's largest textile business. Her experience extends to several Board roles, including for The Australia Indonesia Centre, AustCham Shanghai and AustCham Cambodia. Dr. Lethbridge has a PhD from the Swinburne University of Technology, a Master of Applied Science (Innovation and service management) from RMIT University and a Bachelor of Applied Science (Hons) from the University of New South Wales. She has joined Alternatif Bank as a Board Member in October 2018.

Board of Directors



Kimberley Reid
Board Member

Ms. Reid, is the Executive General Manager, Head of Organisational Effectiveness and Strategic Leadership at the Commercial Bank. She has over 20 years' experience in Human Capital management, legal practice and consultancy in the field of strategy, policy and organisational effectiveness. Ms. Reid held several key positions at the ANZ (Australia, New Zealand Banking Group) for eight years across Asia, the Pacific, Europe and the USA, including General Manager, HR Communications in Hong Kong and China, GM HR for Operations, Technology and Shared Services in India, Melbourne and Head of Workplace Relations. She holds a Master Degree in Public Administration, Leadership and Management from Harvard University, as well as a Bachelor of Laws (Honours) and Arts (Honours), from the University of Melbourne Australia. She joined Alternatif Bank as a Board Member in March 2019.



Kaan Gür
Board Member and CEO

Mr. Gür has 30 years of professional experience in the banking industry, earned his bachelor's degree from Gazi University, Department of Banking and Insurance, and had his Master degree from Middle East Technical University, Executive MBA. Gür began his career at Garanti Bank in 1989. Prior to serving as Director in charge of SME Marketing Coordination, he assumed the roles of branch and regional manager in Corporate, Commercial and SME Banking at Garanti Bank. Gür joined Akbank as Executive Vice President in charge of SME Banking in 2011. He served as Executive Vice President of Commercial Banking, including overall responsibility for the Bank's Cash Management and Trade Finance departments, in Akbank between 2013 – 2017. During his career at Akbank, he held the positions of Chairman of AK Lease and Vice Chairman of AK Investment. Kaan Gür was appointed as the CEO and Board Member of Alternatif Bank in October 2017. He also serves as Chairman of Alternatif Lease and Vice Chairman of Alternatif Investment.

Board of Directors Meetings

Following table shows the Board of Directors' meeting dates throughout 2019 as well as number of Board Members present at each meeting:

Meeting Date	Numbers of the Members Present
06.02.2019	9
11.04.2019	8
01.07.2019	8
26.09.2019	8
06.11.2019	8
08.12.2019	7

Areas of Responsibility of the Board of Directors and the Senior Management

Name	Position	Date of appointment	Academic Degree	Area of Responsibility	Banking or Business Management Experience (years)
Chairman and Members of Board of Directors					
Omar Hussain Alfardan	Chairman	16.09.2014	Webster University (Switzerland), Master's Degree in Finance	-	26
Joseph Abraham	Vice-Chairman	24.04.2017	Stanford University (USA), Master's Degree in Business Administration	Chairman of Executive Committee of the Board, Chairman of Remuneration Committee of the Board, and Alternate Member of Board Credit Committee	27
Mohd İsmail M Mandani Al-Ernadi	Member	16.09.2014	Holy Names College (USA), Bachelor of Arts in Business Administration and Economics	Chairman of Board Risk Committee and Member of Board Credit Committee	37
Paul Gossiaux	Member	29.03.2018	Columbia University (USA), Master's Degree in International Affairs	Member of Board Credit Committee, Member of Board Audit and Compliance Committee, and Member of Board Risk Committee	28
Zafer Kurtul	Member	07.09.2017	Istanbul University, Bachelor of Arts in Finance; Madison University (USA), Master of Science in Finance	Chairman of Board Credit Committee, Member of Executive Committee of the Board, Member of Remuneration Committee of the Board, and Member of Board Risk Committee	37
Leonie Lethbridge	Member	09.11.2018	The Royal Melbourne Institute of Technology (Australia), Master's Degree in Applied Sciences, Swinburne University of Technology, PhD in Philosophy	Member of Executive Committee of the Board and Member of Board Audit and Compliance Committee	36
Kimberley Reid ^(*)	Member	10.04.2019	University of Melbourne (Australia), Bachelor of Laws	Chairwoman of the Board Audit and Compliance Committee, Member of Executive Committee of the Board, Member of Remuneration Committee of the Board and Alternate Member of Board Credit Committee	26
Kaan Gür	Member, CEO	02.10.2017	Gazi University, University Degree in Banking and Insurance, Middle East Technical University, MBA, Master Degree	Member of Board Credit Committee and Member of Executive Committee of the Board	31

* As per the decision taken at the Alternatif Bank Annual General Meeting on 28 March 2019, Turgay Gönensin and İzzat Dajani quit their roles as Board Members and Kimberley Reid was appointed as Member of the Board of Directors.

Areas of Responsibility of the Board of Directors and the Senior Management

Name	Position	Date of Appointment	Academic Degree	Area of Responsibility	Banking or Business Management Experience (years)
Kaan Gür	Member of the Board of Directors and CEO	01.10.2017	Gazi University Banking and Insurance, Middle East Technical University, Executive MBA	CEO	31
Esra Beyzadeoğlu ⁽²⁾	EVP	20.02.2018	Galatasaray University, Faculty of Engineering and Technology Sabancı University & MIT Sloan School of Management Executive MBA	Information Technologies Digital Banking Operations	19
Ebru Taşçı Firuzbay	EVP	11.06.2018	Yıldız Technical University, Faculty of Chemical and Metallurgical Engineering	Human Resources	21
Levent Güven ⁽³⁾	EVP	08.02.2017	İstanbul Technical University Faculty of Business Administration	Treasury and Financial Institutions	23
Kerim Mutluay ⁽⁵⁾	EVP	01.01.2015	Hacettepe University, Faculty of Economics & Administrative Science (Master's Degree)	Restructuring and Legal Follow-Up	20
Gökhan Songül	EVP	01.01.2015	İstanbul University, Faculty of Business Administration Marmara University, International Economics (Master's Degree) Kadir Has University, (PhD)	Credit Underwriting	18
Ömer Faruk Gönener	Head of Internal Audit	02.11.2018	İstanbul University, Faculty of Economics, Anadolu Üniversitesi Law Program	Internal Audit	17
Yeşim Şimşek ⁽¹⁾	EVP	20.08.2018	Ankara University, Faculty of Communications	Sales and Marketing	24
Hamdi İlkay Girgin ⁽⁴⁾	Acting EVP	01.01.2020	Middle East Technical University, Economics / Imperial College London (MBA)	Financial Affairs and Planning	18
İlker Bıçakçı	Group Head	01.07.2019	Dokuz Eylül University, Faculty of Law	Legal Group	20
Peder Egemen Baykan	Group Head	01.08.2018	Middle East Technical University, Faculty of Science and Literature, Humboldt University, Econometrics (MBA)	Risk Management	17
Engin Turan	Internal Control Manager	19.02.2018	Middle East Technical University, Political Sciences	Internal Control	17

⁽¹⁾ Pursuant to the Board of Directors decision dated 11 April 2019, no. 48, it has been resolved that Yeşim Şimşek, who was serving as Executive Vice President responsible for Corporate Banking, Business Banking will carry on working with her existing powers and responsibilities under the title Sales and Marketing EVP.

⁽²⁾ Pursuant to the Board of Directors decision dated 11 April 2019, no. 47, Suat Çetin resigned from his position as Executive Vice President responsible for Operations, and Esra Beyzadeoğlu has been appointed to be in charge of Operations, in addition to her existing responsibilities.

⁽³⁾ Pursuant to the Board of Directors decision dated 26 September 2019 and no. 99, Şakir Sömek resigned from his position as Executive Vice President responsible for Financial Institutions, and Boğaç Levent Güven has been appointed to be in charge of Financial Institutions, in addition to his existing responsibilities.

⁽⁴⁾ Pursuant to the Board of Directors decision dated 17 December 2019 and no. 133, Önder Özcan resigned from his position as Executive Vice President of Financial Affairs and Planning, and Hamdi İlkay Girgin has been appointed as Acting Financial Affairs and Planning EVP effective 01 January 2020.

⁽⁵⁾ Kerim Mutluay, Executive Vice President responsible for Restructuring and Legal Follow-up, passed away on 21 January 2020.

Terms of Office and Professional Experience of External Auditors

At the Bank's 2017 Annual General Meeting held on 28 March 2019, it was decided to designate Güney Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. (KPMG) as the Independent Auditor pursuant to the Banking Law, Capital Markets Board legislation and the Turkish Commercial Code. The said company conducts the independent external audit of the Bank.

Committees under the Board of Directors

Board Credit Committee

The Bank's Board Credit Committee is responsible for handling matters related to credit facilities within the limits provided in accordance with the applicable legislation. The Committee reviews, discusses, and decides on those credit proposals that are submitted for its approval by the Management. Unanimous decisions on credit proposals that fall within the delegated credit approval authority of the Board Credit Committee are executed with immediate effect. On the other hand, decisions that are taken by majority of votes are executed after the Board of Directors' approval on the matter, regardless of the fact that the concerned credit proposal falls within the delegated credit approval authority of the Board Credit Committee. The Committee consists of the following Board Members:

Board Member Name, Role within the Committee

Zafer Kurtul, Chairman
 Mohd Ismail M Mandani Al-Emadi, Member
 Paul Gossiaux, Member
 Kaan Gür, CEO and Member
 Joseph Abraham, Alternate Member
 Kimberley Ann Reid, Alternate Member

The Committee's role, responsibilities, composition, membership requirements and other relevant information are documented in the Risk Charter as well as relevant section of the Board Committees Charter.

Activities and decisions of the Board Credit Committee are subject to the supervision of Board of Directors. Therefore, each Board Member is entitled to request any kind of information from the Board Credit Committee with respect to its activities and to perform any and all controls for this purpose.

Board Credit Committee convened a total of 22 times with the attendance of all members on the below dates during the course of 2019:

Meeting Date	Numbers of the Members Present
15.01.2019	3
05.02.2019	3
21.02.2019	3
05.03.2019	3
19.03.2019	3
18.04.2019	3
02.05.2019	3
14.05.2019	3
28.05.2019	3
17.06.2019	3
09.07.2019	3
24.07.2019	3
06.08.2019	3
03.09.2019	3
17.09.2019	3
03.10.2019	3
15.10.2019	3
31.10.2019	3
12.11.2019	3
25.11.2019	3
28.11.2019	3
24.12.2019	4

Board Audit and Compliance Committee

The Board Audit and Compliance Committee is responsible for assisting the Board in fulfilling its responsibilities for overseeing the quality and integrity of the accounting, auditing, internal control and financial reporting practices of the Bank as well as setting forth compliance and anti-money laundering, and combating financing of terrorism requirements, criteria and control mechanisms for all activities involving Bank-wide related risks.

The Committee was established pursuant to Article 24 of the Banking Law No. 5411 and is composed of the following Board Members:

Board Member Name, Role within the Committee

Kimberley Ann Reid, Chairman
 Paul Gossiaux, Member
 Leonie Ruth Lethbridge, Member

In accordance with the resolution of the board of directors numbered 69 and dated 01.07.2019, Board Member Zafer Kurtul has been appointed as the Internal Systems Officer, and he coordinates and supervises the activities of the departments (Internal Audit Department, Legislation and Compliance Department) under the Internal Systems.

In line with the respective legislation, Committee Members do not assume any executive function within the Bank and the Committee's role, responsibilities, composition, membership requirements and other information are documented in the relevant section of the Board Committees Charter.

Board Audit and Compliance Committee convened a total of 10 times on the below dates during the course of 2019:

Meeting Date	Numbers of the Members Present
16.01.2019	3
20.02.2019	4
18.04.2019	2
02.05.2019	3
18.07.2019	3
18.07.2019	3
17.10.2019	3
23.10.2019	3
14.11.2019	3
21.11.2019	3

Executive Committee of the Board

Established under article 366 of the Turkish Commercial Code, the Executive Committee of the Board is authorised - outside of the powers and operations falling within the authority of the Board of Directors - to deal with matters related to governance, overall strategy of the Bank, plans, budgets, goals, policies, to give recommendations to the Board on procedures and systems and to review the performance of the Bank in accordance with legal provisions and the Bank's Articles of Association.

Executive Committee of the Board assumes responsibility for monitoring the compliance with the Bank's corporate governance principles, in addition to conducting improvement studies and making recommendations to the Board of Directors in this respect as defined by BRSA Corporate Governance Principles.

The Committee is composed of the following Board Members:

Board Member Name, Role within the Committee

Joseph Abraham, Chairman
 Zafer Kurtul, Member
 Leonie Ruth Lethbridge, Member
 Kimberley Ann Reid, Member
 Kaan Gür, CEO and Member

The Committee operates in accordance with the principles set out in the relevant section of the Board Committees Charter.

Executive Committee of the Board met a total of 6 times on the below dates during the course of 2019:

Meeting Date	Numbers of the Members Present
19.02.2019	5
07.03.2019	5
15.05.2019	5
19.09.2019	5
21.11.2019	5
02.12.2019	5

Committees under the Board of Directors

Remuneration Committee of the Board

The Remuneration Committee of the Board is established in accordance with the 6th principle of the “Regulation on Corporate Governance Principles of Banks” published by the BRSA in the Official Gazette No. 26333 of 01 November 2006 and as per the 12th paragraph of the “Guidelines on Remuneration Policies and Practices of Banks” adopted with the BRSA Resolution No. 6827 of 31 March 2016. The Remuneration Committee of the Board is responsible for evaluating the compensation and remuneration of the Members of Board of Directors, management and staff and setting the key performance indicators in line with the Bank’s strategy and policies.

The Committee comprises following Board Members:

Board Member Name, Role within the Committee

Joseph Abraham, Chairman
 Zafer Kurtul, Member
 Kimberley Ann Reid, Member

The Committee’s role, responsibilities, composition, membership requirements and other information are documented in the relevant section of the Board Committees Charter.

Remuneration Committee of the Board met a total of 4 times on the below dates during the course of 2019:

Meeting Date	Numbers of the Members Present
19.02.2019	3
06.03.2019	3
19.09.2019	3
14.11.2019	3

Board Risk Committee

The Board Risk Committee assumes responsibility for “early detection of risks causing any threat to the existence, development and survival of the Bank, for implementation of necessary measures in order to prevent risks detected and for preparation of policies and strategies that the Bank will adopt with regard to risk management” as per Article 366 of the Turkish Commercial Code No. 6102 which came into effect on 01.07.2012. The composition of the Committee is as follows:

Board Member Name, Role within the Committee

Mohd Ismail M Mandani Al-Emadi, Chairman
 Paul Gossiaux, Member
 Zafer Kurtul, Member

The Committee operates in accordance with the Board Committees Charter and Risk Charter. The Committee is the common communication platform of the Bank’s Internal Systems Units and executive functions in order to facilitate assessment of the risks that the Bank is exposed to and elicits recommendations on the measures and the methods to be followed in response. Committee meetings are held at regular intervals and monitor the Bank’s risk appetite, risk profile and tolerance levels established for the consolidated group as prescribed by the Bank’s Risk Policy and the decisions made by the Board of Directors and ensure the implementation and supervision of the prescribed measures by the sub-committees and the relevant departments.

The Committee’s role, responsibilities, composition, membership requirements and other relevant information are documented in the Risk Charter and Board Committees Charter.

The Board Risk Committee met a total of 6 times on the below dates during the course of 2019:

Meeting Date	Numbers of the Members Present
26.02.2019	2
21.03.2019	2
02.05.2019	3
17.07.2019	3
03.10.2019	3
24.12.2019	3

Information on Risk Management Policies Implemented According to Risk Types

Alternatif Bank Risk Management Group aims to identify, measure, analyse, and monitor the financial and non-financial risks that the Bank is or may be exposed to, in accordance with applicable laws, rules and regulations.

Activities performed on a daily, weekly, monthly, quarterly and annual basis, depending on the nature of the issue at hand, are presented to the Bank's Senior Management.

Credit Risk

Credit risk is defined as the potential loss arising from any borrower's inability to meet, in part or in whole, its contractual obligations to the Bank. Due to the large share it takes from the balance sheet, credit risk is of the highest concern for the Bank and it is vital to manage it appropriately. Therefore, credit underwriting policies were set up to ensure the independence and integrity of risk assessment practices. Customer selection criteria and creditworthiness evaluation, income generation and repayment capability and resources, credit structure of contract provisions and their compatibility with customer needs, collateralisation principles, and comprehensive and healthy documentation are the core elements of credit underwriting policies. Another purpose of these policies and procedures is to ensure that all personnel who are involved in the decision-making process share the same views in similar matters and take similar actions. Another major element of credit underwriting policies is the monitoring process that needs to be administered to ensure unproblematic repayment of the loan to the Bank once the lending relationship begins. The Bank's risk exposure, either on- or off-balance sheet, are monitored and managed both individually and also on a portfolio basis. Within this scope, the NPL management system monitors the loan portfolio in a systematic fashion. Alternatif Bank's potentially non-performing customers are identified in advance and necessary actions are taken. In addition, the development of NPLs is monitored closely and reported on a regular basis. In order to maintain the structure and quality of its loan portfolio at the desired level, the Bank regularly analyses the distribution of this portfolio in terms of sector, collateral, loan size and rating.

The Bank also conducts scenario analyses and stress tests at regular intervals. Customer selection and monitoring of their credibility are performed by expert credit teams employing internal rating systems. The rating systems are constantly reviewed and monitored for their performance independently by the Risk Management Department. The Bank undertakes constant improvement efforts for the rating systems and takes on development of more successful statistical models for arising requirements in order to achieve compliance with Basel criteria, base customer assessments on more objective criteria and thus improve the Bank's risk measurement capability. As part of these studies, the Bank now employs this system in the evaluation of commercial and corporate customers with Moody's rating system.

Market Risk

Market risk refers to the risk of loss that may occur in the value of positions in trading accounts due to movements in interest rates, share prices and exchange rates. The Bank calculates the legal capital requirements for market risk by using the standard method, in accordance with the BRSB regulations. Moreover, market risks associated with trading accounts are quantified and monitored on a daily basis through the Value at Risk (VaR) method. The VaR calculations that use the historical simulation method for the last 252 business days form the basis of the Bank's risk-based trading limits. In addition, the Bank monitors its trading portfolio for losses under extraordinary conditions using Stress VaR, forecasts potential losses under extreme market movements, and tries to manage these potential losses. The trading portfolio risks, which are quantified and reported to the Bank's Management on a daily basis, are also assessed periodically at the ALCO and the Management Risk Committee meetings.

The validity of the VaR model is monitored through back testing. In this methodology, the daily VaR, which is calculated by the VaR model, is compared both with the theoretical losses/gains and also with the actual losses/ gains the next business day based on the existing portfolio, and deviations, if any, are monitored.

Information on Risk Management Policies Implemented According to Risk Types

Structural Interest Rate Risk

Structural interest rate risks are those risks that the Bank is exposed to through products such as credits, securities and deposits, which bear interest sensitivity despite being monitored in non-trading accounts. The Bank aims to keep changes in the economic value of equity within the limits, in the event that the Bank is subject to standard interest rate shocks determined by the BRSA as well as internal interest rate shocks. In addition to the change in the Bank's net economic value, Alternatif Bank also monitors the earnings at risk (EaR) level due to interest rate fluctuations and ensures that the changes in the income that will be generated by the balance sheet remain within certain limits. Duration/gap reports are produced by placing those financial products that are monitored in non-trading accounts into the cash flow statements on a currency basis, according to the repricing periods or durations. The structural interest rate risk arising from maturity mismatch is measured by applying standard interest rate shocks to the gaps on a maturity tranche basis and the risk is continuously monitored for its compliance with determined limits. The interest sensitivity of the balance sheet is measured regularly by the Risk Management Department and evaluated in Asset Liability Committee meetings. When required, interest rate risk is hedged or limited with derivatives transactions. The Asset Liability Committee takes necessary actions to maintain the Bank's net economic value and to create a stable income structure. The balance sheet's interest rate risk level and the actions taken by the ALCO are also reported periodically to the Management Risk Committee.

Liquidity Risk

The purpose of liquidity risk management is to ensure that necessary precautions are taken in a timely and appropriate manner to address possible liquidity crises associated with cash-flow mismatches caused by market conditions and/or the Bank's balance sheet structure. It is founded on the premise that the Bank's cash holdings and available borrowing resources are adequate to cover, in a timely manner and at pre-determined levels, deposits and other liabilities that create a need for liquidity. The Bank monitors its liquidity position in each currency separately, as well as in terms of total liquidity.

In the framework of liquidity risk management, it is aimed to maximise the Bank's profit compared to its existing liquidity risks. Cash flow and liquidity on the Bank's balance sheet are tracked on the basis of regulatory thresholds as well as internally-defined parameters; they are tested under various stress scenarios and the results are reported to the related Committees and the Senior Management.

Operational Risk

Operational risk is defined as the possibility of a direct or indirect loss the Bank is exposed to, which is caused by people, processes, systems or external factors. The Risk Management Department is responsible for defining, measuring and following up operational risks, as well as for coordinating respective managerial initiatives. All related units, particularly the Internal Control and Board of Internal Auditors contribute to the efforts aimed at determining and eliminating the operational risks that arise during the Bank's operations. Risks are identified via the Risk Control Self-Assessment study and controls are conducted to counter these risks.

The compliance of all activities with applicable regulations and with the Bank's procedures and policies is monitored closely. The most important elements of the operational risk management framework are based on designing all processes across the Bank in a way that minimises operational risks; establishing an effective internal control organisation that encompasses systemic control structures; and creating and executing a tiered and transparent resolution, monitoring and management process for operational risk events.

Records of events leading to monetary losses are stored in a database established to follow up on operational risks. Operational events that frequently occur or lead to significant losses are evaluated by the Risk Committee, and making in depth analysis upon which necessary action plans are produced and the efficiency of control and audit is enhanced so as to manage these events.

Business Continuity Management

Business Continuity Management aims to manage the risks that threaten the continuity of the Bank's critical processes, and to ensure the recovery of these processes in targeted periods. Policies under the scope of Business Continuity are updated annually and presented for the approval of the Board of Directors. The Bank's Disaster Centre tests are conducted every year with the participation of the relevant units, with the results and actions shared with Senior Management and the Board of Director.

Information Security Monitoring

Adopting a proactive approach to manage and take preventive measures against Cyber Risk which is one of the most significant risks threatening the global finance markets is critical for banks to manage the potential losses in this context. Information security monitoring activities at Alternatif Bank are conducted in regards to the requirements of secondary defense mechanisms by advance identification and monitoring of risks in accordance with the international standards. Executive management and the board of directors are informed of the realisation of risk indicators which are regularly monitored.

Risk Management Activities and Developments

In addition to its new strategy and growth targets, Alternatif Bank has adopted the primary goal of building a sound capital structure and a sustainable growth trajectory based on a world-class risk management culture. In accordance with the Bank's strategies:

- Internal policies and procedures based on the Bank's strategy continued to be implemented effectively in 2019 with the aim of pursuing advanced risk management practices.
- New investments were made in measurement and evaluation systems, a major component of effective risk management, which enhanced the Bank's risk management capability. These efforts are expected to continue at an accelerated pace in 2020.
- Risk-adjusted return and effective capital allocation were raised to a more prominent role at the core of the Bank.

- Efforts were finalised to switch to a risk/return-based performance process. Implementations are put into practice across the entire Bank.
- The Bank sees Human Resources as one of the most significant factors in realising its strategy and attaining its sustainable growth goal. In an attempt to ensure the across-the-board adoption of the targeted "world-class risk culture" within the Bank, creation of an Analytics team in the risk management staff increased the effectiveness of the risk management process.
- Oversight of the Senior Management is a key element of an effective risk management framework. Increasing the influence of the Board of Directors and Management-level committees made a major contribution to ensuring the integrity of the risk management process.

Information on the Activities and Reports of the Board of Directors Risk Committee

The Board of Directors Risk Committee is responsible for the risk management of the entire Bank, including credit, market, operational, regulatory and reputation risks.

The Committee's responsibilities include assessing the risk management strategies and policies; setting limits for main risk elements the Bank faces; monitoring the breaches of limits; overseeing the risk identification, definition, measurement, Evaluation, and management processes; ensuring the accuracy of risk measurement methods and results through supervision; taking the necessary steps to create an effective internal control mechanism that encompasses risk management, information systems, and the processes in an attempt to minimise the risks that can also have adverse effects on the Bank's shareholders and stakeholders; and internalising the risk culture. The Committee regularly reports its activities as well as its assessments and recommendations regarding the Bank's overall risk appetite and profile to the Board of Directors.

Senior Management



Kaan Gür
Board Member and CEO

Mr. Gür has 30 years of professional experience in the banking industry, earned his bachelor's degree from Gazi University, Department of Banking and Insurance, and had his Master degree from Middle East Technical University, Executive MBA. Gür began his career at Garanti Bank in 1989. Prior to serving as Director in charge of SME Marketing Coordination, he assumed the roles of branch and regional manager in Corporate, Commercial and SME Banking at Garanti Bank. Gür joined Akbank as Executive Vice President in charge of SME Banking in 2011. He served as Executive Vice President of Commercial Banking, including overall responsibility for the Bank's Cash Management and Trade Finance departments, in Akbank between 2013 – 2017. During his career at Akbank, he held the positions of Chairman of AK Lease and Vice Chairman of AK Investment. Kaan Gür was appointed as the CEO and Board Member of Alternatif Bank in October 2017. He also serves as Chairman of Alternatif Lease and Vice Chairman of Alternatif Investment.



Esra Beyzadeoğlu
Executive Vice President, Information Technologies,
Digital Banking and Operations

After graduating from Istanbul Atatürk Science High School, Ms. Beyzadeoğlu attended Galatasaray University and graduated in 2000 with an Industrial Engineering degree. In 2015 she completed an Executive MBA programme at Sabancı University partnered with MIT Sloan School of Management. She started her career as a Project Leader and Business Analyst in the IT Department of Osmanlı Bank after being a management trainee. Between the years 2002-2005 she worked as a senior analyst in System Analysis Department of Fintek (the technology company of Ziraat Bank). She joined Accenture in 2005 and worked as technology and management consultant and manager till 2011. Between 2011-2018 she served as the head of Project Management Division in Akbank's Information Technologies. Ms. Beyzadeoğlu was appointed as Executive Vice President at Alternatif Bank Information Technologies and Digital Banking Group in February 2018 and Executive Vice President of Operations in April 2019.



Ebru Taşçı Firuzbay
Executive Vice President, Human Resources

Ms. Firuzbay graduated from Yıldız Technical University, Department of Mathematics Engineering in 1998. She started as MT and worked in various positions at Garanti Bank branch, region and head quarter Business Banking between 1998-2005. She worked as sales and strategy planning manager at TEB Individual Banking between 2005-2011, as Human Resources and Organisation Executive Vice President and Executive Committee Member at BNP Paribas Cardif between 2011-2018. As of June 2018, Ms. Firuzbay was appointed as Executive Vice President of Human Resources at Alternatif Bank.



Hamdi İlkay Girgin

Acting Executive Vice President, Financial Affairs and Planning*

Following his graduation from Orta Doğu Technical University in 2000, Economics, earned his master's degree in MBA from Imperial College London in 2009. Mr. Girgin was serving as Assistant Sworn Bank Auditor at Banking Regulation and Supervision Agency between 2001-2004 and Sworn Bank Auditor at the same institution between 2004-2010. He joined Alternatif Bank in December 2010 and worked as Legislation and Compliance Manager until 2020. As of 1 January 2020, Mr. Girgin was appointed as Acting Executive Vice President of Financial Affairs and Planning.



Ömer Faruk Gönener

Head of Internal Audit, Internal Audit

After graduation from German High School, Mr. Gönener had his BA degree from Istanbul University, International Relations. Mr. Gönener graduated from Anadolu University, Faculty of Open Education Jurisprudence in 2014. He served as Auditor, Senior Auditor and Chief Auditor at Akbank between 2003-2015, and as Sabancı Center Management Director at Sabancı Holding between 2015-2018. He joined Alternatif Bank in June 2018 as Suppliers and Cost Management Department Manager. As of November 2018, Mr. Gönener was appointed Head of Internal Audit at Alternatif Bank Internal Audit.



Levent Güven

Executive Vice President, Treasury and Financial Institutions

Mr. Güven graduated from Istanbul Technical University, Business Administration. He served as Treasury Dealer at Turkish Bank between 1996-1997, Treasury Dealer at Ulusal Bank between 1997-1998, Chief Dealer at Ottoman Bank between 1998-2001, and as Treasury Dealer and Director at TEB between 2002-2017. He joined Alternatif Bank in January 2017 as Group Manager at Treasury. As of 8 February 2017, Mr. Güven was appointed Executive Vice President of Treasury. He also serves as Board Member of Alternatif Investment since March 2017. As of September 2019, Mr. Güven was appointed Executive Vice President of Treasury and Financial Institutions.

* In accordance with Board resolution No. 133 dated 17 December 2019, Önder Özcan resigned from his position as Executive Vice President responsible for Financial Affairs and Planning, and Hamdi İlkay Girgin was appointed as Acting Executive Vice President of Financial Affairs and Planning.

Senior Management



Gökhan Songül

Executive Vice President, Credit Underwriting and Acting EVP of Restructuring & Legal Follow-up

Mr. Songül graduated from İstanbul University, Department of Business Administration, and earned his Master's degree from Marmara University, International Economics and his PhD in Banking and Finance from Kadir Has University. He served as Sector Credit Portfolio Manager at Garanti Bank A.Ş. between 2004-2007, Senior Corporate Credit Underwriting Manager at ABN Amro Bank Turkey between 2007-2009, and Chief Credit Officer, Chief Risk Officer and Board Member at The Royal Bank of Scotland Turkey between 2009-2014. As of 1 January 2015, Mr. Songül was appointed as Executive Vice President of Credit Underwriting at Alternatif Bank and Acting Executive Vice President of Restructuring & Legal Follow-up as of February 2020. He also serves as Board Member of Alternatif Investment since March 2018 and as Board Member of Alternatif Lease since January 2020.



Yeşim Şimşek

Executive Vice President, Sales & Marketing

Ms. Şimşek graduated from Ankara University, Department of Radio Television in 1986. She worked in various positions at Yapı Kredi between 1986-1989, as Marketing Manager and Branch Manager at Bank Ekspres between 1995-1999, Branch Manager at Osmanlı Bank between 1999-2001, Branch Manager, Region Manager and Commercial Banking Marketing Coordinator at Garanti Bank between 2001-2013, and as Region Manager at Garanti Bank between 2004-2018. As of August 2018, Ms. Şimşek was appointed Executive Vice President of Sales & Marketing. She also serves as Board Member of Alternatif Lease since October 2018.



Kerim Mutluay

Executive Vice President, Restructuring and Legal Follow-up

We will miss you...

Mr. Kerim Mutluay, Executive Vice President responsible for Restructuring and Legal Follow-up, who has been serving in the Alternatif Bank Family since 2014, passed away on 21 January 2020. We will always remember our dear colleague with respect and longing.

The table below contains information about the senior executives of the Bank, who resigned in 2019.

Register	Name	Surname	Function	Title	Ending Date of Employment
3316	Suat	Çetin	Operations	Executive Vice President	15/04/2019
4571	Şakir	Sömek	Financial Institutions	Executive Vice President	30/09/2019
4614	Önder	Özcan	Financial Affairs and Planning	Executive Vice President	31/12/2019

Legislation and Compliance

It is essential to ensure compliance with the relevant laws and regulations put forward by the authorised institutions in order to perform banking activities. Legislation and Compliance Department operates under the Board Audit and Compliance Committee and performs legislation follow-up from the Official Gazette and other related institutions' websites on a Daily basis. The current legislative amendments are interpreted and are announced to the relevant units/departments within the Bank. The action follow-up of the announcements is reported regularly to the Board Risk Committee. The follow-up letters received from the official institutions (Banking Regulation and Supervision Agency, Capital Markets Board, Central Bank of the Republic of Turkey, Financial Crimes Investigation Board) and their submissions to the relevant departments are also performed by the Legal Compliance Department. The Bank's activities being performed and planned to be performed, new products, projects, advertising and promotional campaigns, and their related processes and documentation are also analysed in terms of compliance with the legislation, the Bank's internal policies and procedures.

As part of its consultancy services, the Legal Compliance Department answers all the questions from the Bank's various departments and branches.

The Compliance Unit of Alternatif Bank Regulatory and Compliance Department is in charge of ensuring the compliance with the Law No. 5549 on Prevention of Laundering Proceeds of Crime and Law No. 6415 on the Prevention of the Financing of Terrorism. They are in charge of ensuring compliance with the obligations relating to terrorism financing prevention and laundering proceeds of crime. Within this context, the Legal Compliance Department Manager takes the position of the Bank's Compliance Officer.

Alternatif Bank has established the Bank's Compliance Policy according to the relevant legislation. The establishment of the compliance units, the appointment of a Compliance Officer and preparation of the written bank policies and procedures have been completed. Monitoring, control, risk management, internal audit and training activities are ongoing for prevention of laundering the proceeds of crime.

Alternatif Bank aims to enable the assessment of customers, transactions and presented services with a risk-based approach, to develop strategies, operational rules and responsibilities for the purpose of mitigating risks to be exposed to within this scope, to raise the awareness of our employees in this respect and to prevent the risks which the Bank and employees may be exposed to with the help of the constituted policy and procedures.

Internal Control

Organised under the Board of Directors and reporting to the Audit and Compliance Committee, the Internal Control Department is charged with ensuring that the operations of Alternatif Bank are carried out efficiently, effectively and in compliance with the legislation and the Bank's internal guidelines. The Department is also responsible for creating and coordinating a healthy internal control system to mitigate operational and other risks, and guaranteeing the reliability and integrity of accounting, financial reporting and information systems.

The Internal Control Department, in cooperation with the senior managers of related units, designs the internal control system, internal control activities, and how they will be performed, taking into consideration the qualities of all of the operations of the Bank. Internal control activities include the oversight of operational transactions regarding the performance of activities, oversight of communication channels, information systems and the financial reporting system, and compliance controls.

As part of its controls, the Internal Control Department also verifies that all current and future activities of the Bank, new transactions and products are in compliance with the law and applicable legislation, the Bank's internal policies and guidelines, as well as banking customs.

Under the Internal Control Department, Head Office Control, Branch Network Control, Basic Controls and Support Units are organised. Through these units, the Internal Control Department conducts periodic and spot, centralised and

on-site supervision, examination and control activities with a risk-focused perspective, employing sampling methodology in accordance with the annual plan so as to cover the activities of the Bank's all branches, Head Office departments and consolidated subsidiaries.

The outcomes from the control activities are reported to the managers of related units, the CEO and relevant senior management, and the members of the Audit and Compliance Committee under the Board of Directors. Based on these reports, periodic evaluations are made, as a result of which various control systems are improved and modified as necessary, and relevant measures are taken.

Operating with a team of 10 employees, the Department completed all controls that were planned to be conducted in the form of remote supervisions at the Head Office Departments and branches at the predetermined frequency and using the predetermined methods as at year-end 2019. In this scope, information systems controls and control activities at consolidated subsidiaries were carried out, while 10 branches were subjected to on-site controls.

Furthermore, control scenarios continued to be developed on the ACL platform used as a data analysis and reporting program to ensure greater efficiency in the execution of the Internal Control Department's examination and control activities.

Internal Audit

The Internal Audit Department, reporting directly to the Board of Directors, audits the activities of Alternatif Bank and its subsidiaries for compliance with the Bank's policies and instructions as well as laws and regulations in accordance with international standards, and assesses the efficacy and adequacy of the business processes from a risk-oriented perspective.

The Internal Audit Department performs its activities in compliance with international auditing standards. The Internal Audit Department was subjected to a new Quality Review by the independent auditing firm in 2015, which affirmed that the Board continues to execute its tasks in accordance with international auditing standards.

The Internal Audit Department which consists of 18 people including of auditing and management teams, also carries out enquiries and investigations in addition to the aforementioned

functions. Audit reports that are drafted following the inspections are classified according to significance and priority and reported to the Audit and Compliance Committee of the Board of Directors, Senior Management, and related units. The action plans formulated in response to the identified issues are monitored by the Internal Audit and Compliance Department. The Board of Directors closely monitors the work of the Internal Audit Department in addition to the periodic activity reports presented through the Audit Committee.

During the 2019 operating year, the Internal Audit Department audited the operations and lending processes, audit efficiency and service quality of 24 branches, 9 main processes and 2 subsidiary processes in banking and subsidiaries and 32 processes in Information Technologies audit. Audits as part of the Management Declaration applications were completed.

Summary Board of Directors Report Submitted to the Annual General Meeting

Distinguished Shareholders, we respectfully greet our shareholders, their proxies and our guests who have honoured the 2019 Annual General Meeting, in which the Bank's financial statements for 2019 are presented for your perusal and approval. We hereby represent that we have reviewed the Bank's 2019 Annual Report and we declare that it does not contain any misrepresentations and/or omissions in material aspects which might be misleading, and that it presents a fair and accurate view of the Bank's financial standing, including the material risks and uncertainties it is exposed to.

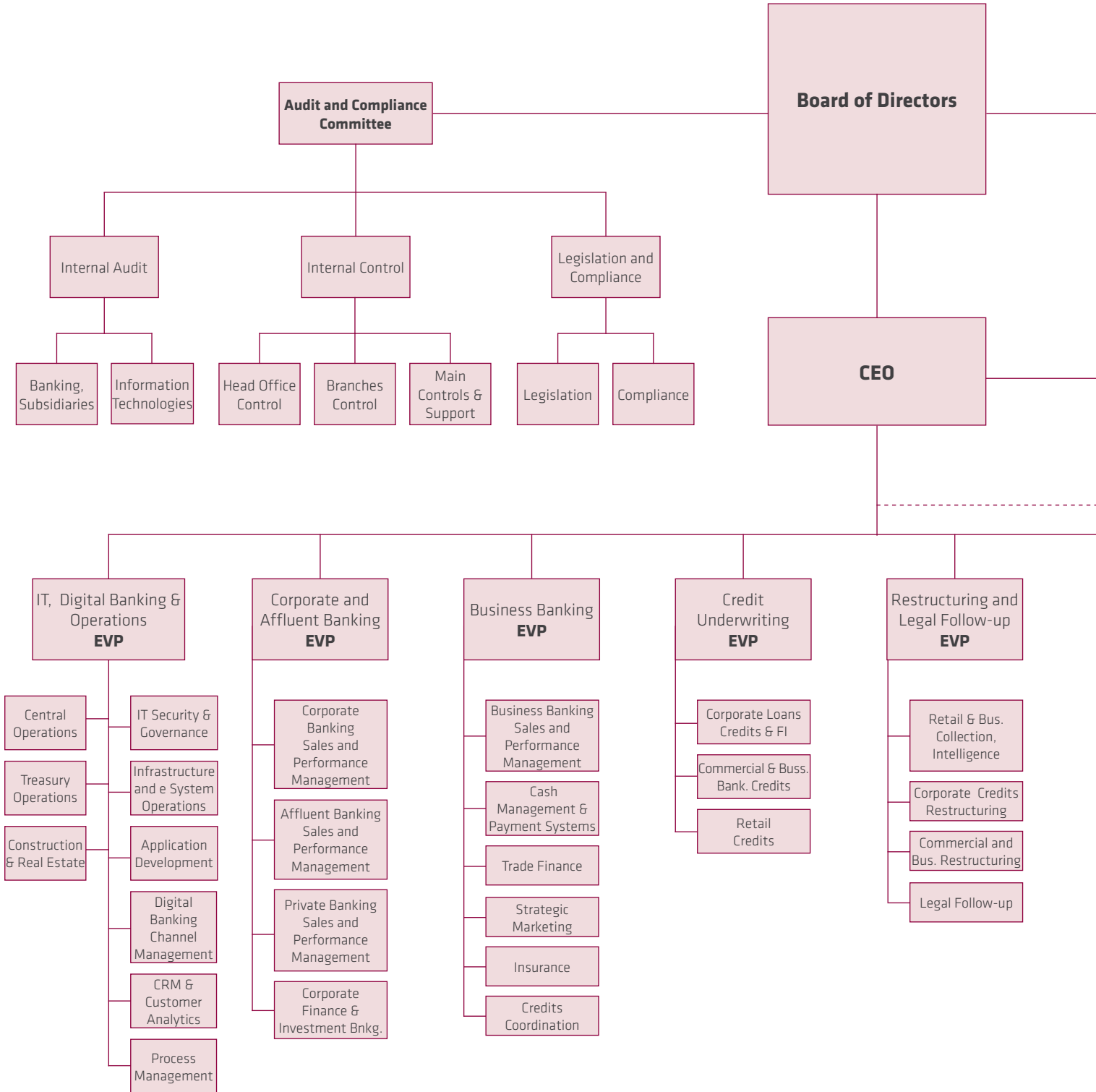
In 2019, Alternatif Bank increased its loan portfolio on solo basis by 12.38% in cash loans while increasing its deposits by 16.71%. We continued our activities to strengthen the support given to the real sector, and to increase the customer penetration

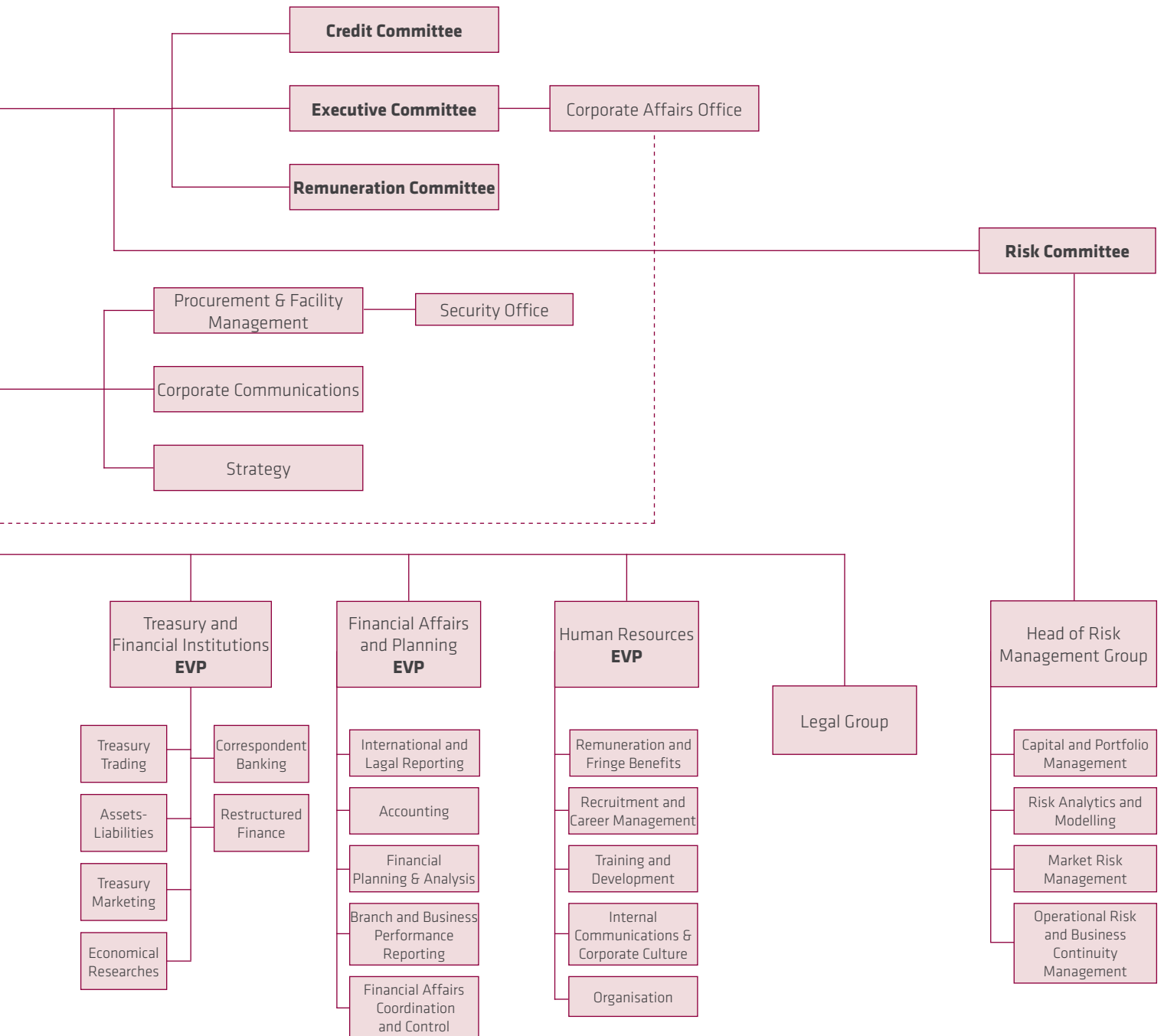
in Corporate/Commercial Banking which is our main field of activity. With the support of our strong shareholders, we firmly believe that we are going to achieve the growing targets of our Bank.

As of 31 December 2019, the Bank's results on an unconsolidated basis were as follows:

- Total assets increased 19.12% to TRY 28,945 million,
- Total loans increased 12.38% to TRY 17,517 million,
- Total deposits increased 16.71% to TRY 16,124 million,
- Shareholders' equity increased 43.66% to TRY 2,345 million,
- Net profit totalled TRY 172 million and
- the capital adequacy ratio was 17.79%.

Organisational Chart





Explanations and Notes About the Bank's Risk Group

Bank's Risk Group ^(*)	Associates, Subsidiaries and Joint Ventures		Bank's Direct and Indirect Shareholders		Other Real and Legal Persons in the Risk Group	
	Cash	Non-Cash	Cash	Non-Cash	Cash	Non-Cash
Loans and Other Receivables						
Beginning Balance	-	-	-	164,542	151,800	5,483
Ending Balance	-	-	-	15,888	437,597	10,000
Interest and Commission Income	-	-	2,056	59	4,570	81

Bank's Risk Group ^(*)	Associates, Subsidiaries and Joint Ventures		Bank's Direct and Indirect Shareholders		Other Real and Legal Persons in the Risk Group	
	31.12.2019	31.12.2018	31.12.2019	31.12.2018	31.12.2019	31.12.2018
Deposits						
Beginning Balance	-	-	-	-	37,278	74,207
Ending Balance	-	-	-	-	45,291	37,278
Interest Expense on Deposits	-	-	49	-	2,819	931

^(*) As defined in Article 49 Clause 2 of the Banking Law no. 5411.

Dividend Policy

Principles regarding Alternatif Bank's profit distribution are formulated in the 66th Article of the Articles of Association of the Bank.

Accordingly; net profit is the remaining amount after deducting all types of expenses, provisions and taxes from the revenue obtained by the Bank within an accounting period.

- In accordance with the Article 519 of the Turkish Commercial Code, 5% General Legal Reserve Funds will be set aside from the amount that will be calculated by deducting the previous years' losses from this profit.
- The Annual General Meeting will take decision to make profit distribution to the shareholders from the remaining amount at a ratio and amount that will be determined in accordance with the relevant legislation.
- Annual General Meeting is entitled to partially or completely set aside the remaining amount as Free Reserve Funds or to distribute as dividend to the shareholders. Turkish Code of Commerce provisions on Reserve Funds shall be reserved. As per the provisions of the Law; unless the reserve funds, which must be set aside, are set aside, and unless the dividend, which is determined in the Articles of Association for the shareholders, is set aside; the Annual General Meeting cannot take a decision to set aside other reserve funds or to transfer the profit to the next year.

Information on Donations Made in 2019 and on Expenses Incurred in the Scope of Corporate Social Responsibility Projects

Within the scope of Özyeğin University's programme for "Equal Opportunity in Education", Alternatif Bank donated TRY 750,000, in 2019, to fund for five years 50% of the education expenses of the 25 students who showed high success in the university entrance exams and got into 7 different branches such as engineering, law, and economics.

Remuneration Paid to the Board of Directors and Senior Management

At the Bank's 2018 Annual General Meeting held on 28 March 2019, it was decided to pay Board Members a monthly remuneration of TRY 50,000, and a net sitting fee of TRY 10,000 for each Board meeting and a net sitting fee of TRY 4,000 for each committee meeting at the Board level. The 2018 Annual General Meeting minutes are posted on the Bank's

corporate website. Financial benefits provided by the Bank to the senior management during 2019, including sitting fees, salaries, bonuses and dividends as well as allowances and travel, accommodation and representation expenses reimbursed; and other cash and non-cash benefits such as insurance and other benefits amounted to TRY 27,710 thousand.

Managers of Internal Systems

Name	Duty	Date of Appointment	Academic Degree	Area of Responsibility	Banking or Business Management Experience (years)
Ömer Faruk Gönener	Head of Internal Audit	02.11.2018	İstanbul University, Faculty of Economics, Anadolu University Anadolu University, Faculty of Open Education Jurisprudence	Internal Audit	17
Peder Egemen Baykan	Group Manager	01.08.2018	Middle East Technical University, Science and Literature Faculty, Humboldt University, Econometrics (Master's Degree)	Risk Management	17
Engin Turan	Internal Audit Manager	19.02.2018	Middle East Technical University Department of Political Science and Public Administration	Internal Audit	17
Göker Mercimekçi	Compliance Officer	03.02.2020	Bilkent University, Business Administration	Legislation and Compliance	16

Affiliation Report

As per Article 199 et seq. of the Turkish Commercial Code No. 6102; the Board of Directors has submitted the below declaration in the affiliation report issued by the Board regarding its relations with the parent company and affiliates of the parent company.

According to the circumstances known to us, it is understood that; there are not any transactions imposed by the parent company and made for the benefit of the parent company or for the benefit of the affiliates of the parent company among any of the transactions made in the activity period 01.01.2019 -

31.12.2019 with our Bank, the parent company, and the affiliates of the parent company, and; there are not any actions taken or avoided to be taken in 2019 for the benefit of the parent company or for the benefit of the affiliates of the parent company. Therefore, we declare that; our Bank did not incur any loss that needs to be compensated due to any transaction made in 2019 activity period; no disproportional advantage was obtained, and; there are not any benefits or losses in the relations with the parent company or the affiliates of the parent company that would need to be subject to offsetting.

Outsourced Services Pursuant to the Regulation on Banks' Procurement of Support Services

COMPANY NAME	SERVICE FIELD	DESCRIPTION OF SERVICE
Maro Uluslararası Bilgi Teknolojileri Danışmanlık Geliştirme Destek Hizmetleri San. Tic. Ltd. Şti.	Information Technologies, Digital Banking and Operations	Business analyst employment service
V.R.P. Veri Raporlama Programlama Bilişim Yazılım ve Dan. Hizm. Ticaret A.Ş.	Information Technologies, Digital Banking and Operations	Software, development, and activation services related to "Alternatif Bank Internet Banking and Loan Sales Application Project" / Business analyst employment service. Software and development service related to 'Effective Customer Management System'.
Fineksus Bilişim Çözümleri Ticaret A.Ş.	Information Technologies, Digital Banking and Operations	SWIFT software maintenance and development services / Business analyst employment service
Active Bilgisayar Hizmetleri ve Ticaret Ltd. Şti.	Information Technologies, Digital Banking and Operations	NOVA Securities and NOVA VOB software maintenance services
Aktif İleti ve Kurye Hizm. A.Ş.	Information Technologies, Digital Banking and Operations	Printing the deliveries on commodities, distributing, and delivering the deliveries of the bank that may vary in weight and size, and returning the received commodities to the Bank
Güzel Sanatlar Çek Basım Ltd. Şti.	Information Technologies, Digital Banking and Operations	Printing check books and delivering them to the Bank
Iron Mountain Arşivleme Hizmetleri A.Ş.	Information Technologies, Digital Banking and Operations	Archiving services
Desmer Güvenlik Hizmetleri Ticaret A.Ş.	Procurement and Service Management	Security personnel employment services / Cash and Precious Goods Transportation, Processing and Safe Procedures Services
Aras Kurye Servisi A.Ş.	Information Technologies, Digital Banking and Operations	Distributing and delivering the commodities of the Bank
Payten (Asseco See Teknoloji A.Ş.)	Information Technologies, Digital Banking and Operations	E-commerce secure payment systems services
Türkiye Halk Bankası A.Ş.	Affluent Banking	Receiving the loan and credit card payments to be made to the Bank via Halkbank's branch network (payment at the teller's desk) and alternative distribution channels of Halkbank such as internet banking, ATM, telephone banking (electronic payment)
Hobim Dijital Elektronik Hizmetler A.Ş.	Information Technologies, Digital Banking and Operations	Printing and enveloping Bank statements, letters and other requested printed documents to be sent by the Bank, producing paper and envelopes, converting them into PDF format in electronic environment, e-mailing them to third parties, printing the legal books upon the request of the Bank, recording, destroying returned commodities
Temp Danışmanlık Kuryecilik Sağlık Hizmetleri ve Enerji Sanayi Tic. Ltd. Şti.	Human Resources	Transporting documents between the Headquarters and branches or between the branches, personnel employment services for dealing with the process of delivering the receipts and declarations to public institutions, and the procedures in notary and collection offices, recruitment of Call Centre employees
Commercial Bank of Qatar	Affluent Banking	Identification of customers resident in Qatar who apply via the Internet to open an account at the Bank, "Know Your Customer" services, receiving necessary documentation from the customers
E-Kart Elektr. Kart Sist. San. Tic. A.Ş.	Information Technologies, Digital Banking and Operations	Personalisation and delivery services for raw cards to be ordered by the Bank
Collectürk Alacak Yönetimi ve Danışmanlık A.Ş.	Individual Collection	Call services for the Bank's receivables and directing them for collection
(Turkcell)-Superonline İletişim Hizmetleri A.Ş.	Information Technologies, Digital Banking and Operations	Hosting services for Bank Data Centres (Main and Disaster Data Centre)
CMC İletişim ve Çağrı Merkezi Hizmetleri A.Ş.	Information Technologies, Digital Banking and Operations	Call Centre services
Telekurye Dağıtım ve Kurye Hizmetleri A.Ş.	Information Technologies, Digital Banking and Operations	Printing the deliveries on commodities, distributing, and delivering the deliveries of the bank that may vary in weight and size, and returning the received commodities to the Bank
Integral Development Corp.	Fund Management	Foreign exchange transactions platform service where customers perform foreign exchange buying / selling transactions
Link Tera Bilgi Teknolojileri A.Ş.	Information Technologies, Digital Banking and Operations	Business Analyst employment service / Customer Onboarding Project Software Development Project
Netaş	Information Technologies, Digital Banking and Operations	Cyber Security Operations Centre Service

Annual Report Compliance Opinion



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ey.com
Ticaret Sicil No: 479920
Mersis No: 0-4350-3032-6000017

INDEPENDENT AUDITOR'S REPORT ON THE ANNUAL REPORT OF THE BOARD OF DIRECTORS

To the General Assembly of Alternatifbank A.Ş.

1) Opinion

We have audited the annual report of Alternatifbank A.Ş. (the "Bank") and its subsidiaries (collectively referred as the "Group") for the period of 1 January 2019 – 31 December 2019.

In our opinion, the consolidated and unconsolidated financial information provided in the annual report of the Board of Directors and the discussions made by the Board of Directors on the situation of the Group are presented fairly and consistent, in all material respects, with the audited full set consolidated and unconsolidated financial statements and the information we obtained during the audit.

2) Basis for Opinion

We conducted our audit in accordance with "Regulation on independent audit of the Banks" published in the Official Gazette no.29314 dated 2 April 2015 published by BRSA (BRSA Independent Audit Regulation) and Independent Auditing Standards (InAS) which are part of the Turkish Auditing Standards as issued by the Public Oversight Accounting and Auditing Standards Authority of Turkey (POA). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Annual Report section of our report. We are independent of the Group in accordance with the Code of Ethics for Independent Auditors (Code of Ethics) as issued by the POA, and we have fulfilled our other ethical responsibilities in accordance with the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

3) Our Auditor's Opinion on the Full Set Consolidated and Unconsolidated Financial Statements

We have expressed an unqualified opinion in our auditor's reports dated 31 January 2020 on the full set consolidated and unconsolidated financial statements of the Group for the period of 1 January 2019 – 31 December 2019.

4) The Responsibility of the Board of Directors on the Annual Report

In accordance with Articles 514 and 516 of the Turkish Commercial Code 6102 ("TCC") and communique on 'Principles and procedures set out by the regulations on preparation and issuance of annual reports of Banks', the management of the Group is responsible for the following items:

- Preparation of the annual report within the first three months following the balance sheet date and submission of the annual report to the general assembly.

b) Preparation and fair presentation of the annual report; reflecting the operations of the Group for the year, along with its financial position in a correct, complete, straightforward, true and honest manner. In this report, the financial position is assessed according to the consolidated and unconsolidated financial statements. The development of the Group and the potential risks to be encountered are also noted in the report. The evaluation of the board of directors is also included in this report.

c) The annual report also includes the matters below:

- Subsequent events occurred after the end of the fiscal year which have significance,
- The research and development activities of the Group,
- Financial benefits such as salaries and bonuses paid to the board members and to those charged governance, allowances, travel, accommodation, and representation expenses, financial aids and aids in kind, insurances and similar deposits.
- Other matters prescribed in the communique on 'Principles and procedures set out by the regulations on preparation and issuance of annual reports of Banks' published in official gazette no.26333 dated November 1,2006.

When preparing the annual report, the board of directors takes into account the secondary legislative arrangements published by the Ministry of Customs and Trade and related institutions.

5) Auditor's Responsibilities for the Audit of the Annual Report

Our aim is to express an opinion, based on the independent audit we have performed on the annual report in accordance with provisions of the Turkish Commercial Code and the Communique on 'Principles and procedures set out by the regulations on preparation and issuance of the annual reports of Banks' published in official gazette no.26333 dated November 1, 2006 , "Regulation on Accounting Applications for Banks Safeguarding of Documents" published in the Official Gazette no.26333 dated 1 November 2006 and other regulations on accounting records of Banks published by Banking Regulation and Supervision Agency ("BRSA"), circulars, interpretations published by BRSA and "BRSA Accounting and Financial Reporting Legislation" which includes the provisions of Turkish Financial Reporting Standards ("TFRS") for the matters which are not regulated by these regulations, on whether the consolidated and unconsolidated financial information provided in this annual report and the discussions of the Board of Directors are presented fairly and consistent with the Group's audited consolidated and unconsolidated financial statements and to prepare a report including our opinion.

The independent audit we have performed is conducted in accordance with InAS and BRSA Independent Audit Regulation. These standards require compliance with ethical provisions and the independent audit to be planned and performed to obtain reasonable assurance on whether the consolidated and unconsolidated financial information provided in the annual report and the discussions of the Board of Directors are free from material misstatement and consistent with the consolidated and unconsolidated financial statements.

The name of the engagement partner who supervised and concluded this audit is Yaşar Bivas.

Güney Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik Anonim Şirketi
A member firm of Ernst & Young Global Limited



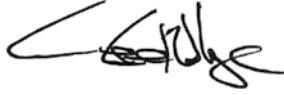
9 March 2020
İstanbul, Türkiye

Statement of Responsibility for 2019 Annual Report

We hereby represent that we have reviewed the Bank's 2019 Annual Report and we declare that it does not contain any misrepresentations and/or omissions in material aspects which might be misleading, and that it presents a fair and accurate view of the Bank's financial standing, including the material risks and uncertainties it is exposed to.



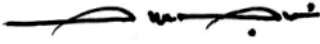
Kimberley Ann Reid
Board Member and
Board Audit and Compliance
Committee Chairwoman



Leonie Ruth Lethbridge
Board Member and
Board Audit and Compliance
Committee Member



Paul Gossiaux
Board Member and
Board Audit and Compliance
Committee Member



Kaan Gür
CEO



Hamdi İlkay Girgin
Financial Affairs and Planning
Acting Executive Vice President



Emrullah Altun
Accounting Manager

If an Extraordinary General Meeting Was Held During the Year, Information on the Meeting Date, Resolutions and Other Actions Taken in This Respect

Extraordinary General Meeting has not been held in 2019.

Financial Information

Financial Position, Profitability and Solvency

Alternatif Bank booked a profit before tax of TRY 221 million, while total assets of the Bank went up 19.12% to TRY 28,945 million.

In 2019, TRY 750 thousand was donated.

Assets Performance

The expansion in the Bank's assets in 2019 was driven mainly by loans which grew 12.38% year-on-year and constituted 60.52% of total assets. At end-2019, the Bank set aside provisions at a rate of 26.31% for non-performing loans.

Liabilities Performance

The Bank's primary funding source, deposits climbed 16.71% year-on-year, bringing their share in total liabilities up to 55.71%.

Shareholders' equity increased by 43.66% and reached TRY 2,345 million. The Bank's capital adequacy ratio in 2019 was 17,79%.

Profitability

Interest income from loans amounted to TRY 2,144,557 thousand, while interest expenses paid on deposits were TRY 1,485,243 thousand. The Bank recorded net interest income of TRY 612,351 thousand, net fees and commission's income of TRY 96,539 thousand, and gross operating income of TRY 1,568,439 thousand.

The Bank booked net profit of TRY 171,780 thousand for 2019.

Evaluation of the Bank's Capital Strength and Board of Directors' Assessments

As of year-end 2019, the Bank's capital adequacy standard ratio on an unconsolidated basis was 17,79%, which is above the minimum regulatory requirements. As a result, the Bank does not have any issues with respect to capital sufficiency, and the Bank's assets are at a level to cover its liabilities.

Assessment of 2019 Financial Results

Our Bank achieved a growth rate above the budget targets set for 2019 as its total assets grew by 19% and reached TRY 28.9 billion.

Loans corresponding to 61% of the total assets grew by 12% while the securities which is another significant item in the assets, grew by 15.55%. On the liabilities side, deposits, which are the fundamental source for funding, grew by 17% while the total deposits exceeded TRY 16.1 billion reaching a level above the budget target.

With the contribution of the growth achieved and the business volume created within the year, the Bank's net profit was recorded as TRY 172 million in 2019.

Information on Special and Public Audits during the Fiscal Year

In 2019, no special audit requests were received from shareholders. In this context, the Bank did not undergo any special audits in 2019. Within the scope of public audits, examinations were carried and are continued to be carried out by the Banking Regulation and Supervision Agency, the Central Bank of Turkey, the Ministry of Finance, T. C. Ministry of Customs and Trade Customs and Trade Inspector.

Administrative or Judicial Sanctions Imposed on the Bank and the Members of the Board of Directors Due to Actions in Violation of Applicable Laws

There were no administrative or judicial sanctions imposed on the members of the Board of Directors in 2019 on account of practices in violation of law. In 2019, the Bank paid a fine of TRY 73,596.75 in total under the Banking Law No. 5411.

Lawsuits Filed Against the Bank with a Potential Impact on the Bank's Financial Standing and Operations, and Their Possible Outcomes

In accordance with the precautionary principle, TRY 15 million has been set aside as provisions for lawsuits initiated against the Bank.

Credit Ratings Assigned to Alternatif Bank and Related Explanations

Fitch Ratings: October 2019

Foreign Currency	
Long Term	B+
Short Term	B
Turkish Lira	
Long Term	BB-
Short Term	B
National Note	AA (tur)
Support Note	3
Financial Capacity Note	b-
Outlook	Negative

Moody's: June 2019

Foreign Currency	
Long Term	B3
Short Term	NP
Turkish Lira	
Long Term	B1
Short Term	NP
Long Term National Not	Aa1.tr
Short Term National Not	TR-1
Outlook	Negative

Financial Highlights and Key Ratios for the Five-Year Period

Consolidated (TRY million)

Year	Assets	Loans	Deposits	Shareholders' Equity	Paid-in Capital	Net Profit for the Period
31.12.2019	30,088	18,694	15,979	2,417	1,731	178
31.12.2018	25,854	17,225	13,617	1,698	1,167	205
31.12.2017	20,785	14,588	11,242	1,681	980	108
31.12.2016	17,591	11,734	8,798	1,265	980	30
31.12.2015	14,065	9,306	6,238	1,015	620	70

