

BOARD COMMITTEES CHARTER

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Board Committees Charter Version Control and Approvals

Manual Revision History				
Revision Number	Issue Date	Amendment Description	Date Effective	Next Revision Date
5		<ul style="list-style-type: none"> - BACC mandate has been updated in order to better reflect those responsibilities covered in the Job Description of the Internal Systems Responsible, - Corporate governance responsibility has been transferred from EXCOB to Board Remuneration and Corporate Governance Committee (BRCGC), after REMCOB’s name has been changed to BRCGC per Board resolution, - BRCGC’s responsibilities in the remuneration domain has been widened in order to better reflect current practices, and - A detailed review and proofreading has been made with a view to improving quality of the English language. 		

Review		
Authorised Reviewer	Date	Signature(s)
Corporate Affairs Office Manager		
CEO		
Approval		
Authorised Approver	Date	Signature(s)
BRCGC		
Board of Directors		

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BOARD COMMITTEES CHARTER

I. Introduction

Board Committees are established to assist the Board of Directors (the 'Board' or 'BOD') in providing organised and focused means to govern and achieve the Bank's goals and to properly address issues. Alternatif Bank (the 'Bank') has established the following five Board Committees:

- Board Audit and Compliance Committee
- Board Risk Committee
- Executive Committee of the Board
- Board Remuneration and Corporate Governance Committee
- Board Credit Committee

The charters have been developed taking into consideration leading corporate governance practices (Corporate Governance Guidelines issued by BRSA, Capital Markets Board's Corporate Governance Code for Listed Companies, UK Corporate Governance Code, OECD Principles for Corporate Governance, etc.) and the Turkish Commercial Code.

Amendments:

These Charters may be amended by a majority vote of the members of the Board present at any meeting, on condition that the proposed amendment(s) should not contradict with the Articles of Association of the Bank unless amended to reflect, and be in line with, any such amendments.

II. Board Committees Charter

1 Board Audit and Compliance Committee

1.1. Mandate

Board Audit and Compliance Committee shall assume the duty and responsibility, on behalf of the Board of Directors, to

- 1.1.1 Supervise the efficiency and adequacy of the Bank's internal systems, the functioning of these systems and of accounting and reporting systems in accordance with the Banking Law and applicable regulations, and the integrity of the information that is generated, to identify compliance, anti-money laundering and combating the financing of terrorism (AML/CFT) requirements and criteria, and
- 1.1.2 Carry out necessary preliminary assessment for the selection of independent audit firms and rating, valuation and support service firms by the Board of Directors, to monitor regularly the activities of these firms selected and contracted by the Board of Directors, and to ensure that internal audit activities of the subsidiaries that are subject to consolidation as per the regulations under the Banking Law are carried out in a coordinated manner on consolidated basis.

1.2. Responsibilities

Internal Systems

- 1.2.1 Supervising compliance with the provisions of the Regulation on Internal Systems of Banks and Internal Capital Adequacy Assessment Process concerning internal control, internal audit and risk management and with the internal policies and implementation procedures approved by the Board of Directors and making recommendations to the Board of Directors in relation to the measures that must be taken,
- 1.2.2 Monitoring the Internal Audit Department and Internal Control, Legislation and Compliance Department's operational results as determined by the Bank's internal procedures and politics, (Risk Management Department which is part of the Internal Systems functions reports to the Board through Board Risk Committee)
- 1.2.3 Establishing the channels of communication that will enable the units included within the scope of the internal systems to reach the Board Audit and Compliance Committee directly,
- 1.2.4 Supervising as to whether the internal audit system covers the existing and planned activities of the Bank and the risks arising from these activities and examining internal regulations concerning internal audit that will take effect upon their approval by the Board of Directors,
- 1.2.5 Making proposals to the Board of Directors concerning selection of managers to those units included within the scope of the internal systems which are reporting to the Board Audit and Compliance Committee, and submitting an opinion during dismissal of such managers by the Board of Directors,

- 1.2.6 Receiving opinions and proposals of the Management regarding internal systems and evaluating such opinions and proposals,
- 1.2.7 Ensuring the establishment of channels of communication for reporting irregularities within the Bank directly to the Board Audit and Compliance Committee or to the internal audit unit or auditors,
- 1.2.8 Monitoring whether the auditors are performing their duties independently and impartially,
- 1.2.9 Examining internal audit plans,
- 1.2.10 Making recommendations to the Board of Directors concerning qualifications required for personnel to be employed in the units included within the scope of internal systems,
- 1.2.11 Monitoring the measures taken by the Management and subordinated units in relation to matters identified in internal audit and internal control reports,
- 1.2.12 Evaluating levels of professional training and the competence of the managers and personnel employed in the units included within the scope of internal systems,
- 1.2.13 Evaluating the availability of necessary methods, tools and implementation procedures for identifying, measuring, monitoring and controlling the risks carried by the Bank,
- 1.2.14 Monitoring whether those who are authorised to extend loan themselves or their spouses or minor children, or other natural or legal persons that constitute a risk group together with them are involved in the stages of evaluation and decision-making related to any credit transactions to which they are party, and establishing channels of communication that will ensure that they are informed of these points,
- 1.2.15 Ensuring the organisation of meetings between the Board Member appointed by the Board as the Internal Systems Responsible and auditors,
- 1.2.16 Assessing adequacy of insurance coverage of Alternatif Bank assets to include but not to be restricted to Bank assets and employee fidelity and fiduciary aspects, and
- 1.2.17 Meeting on a regular basis, not less frequent than four times a year, internal auditors as well as Bank's independent auditors in order to review and discuss specific agenda items.

Internal Audit

- 1.2.18 Review and approve the Internal Audit charter, plans, activities, staffing and organisational structure of Alternatif Bank's Internal Audit function,
- 1.2.19 Head of Internal Audit shall, at least quarterly, submit to the Board Audit and Compliance Committee a report on the activities performed by the Internal Audit Department and review these activities jointly with the Committee. The Board Audit and Compliance Committee shall present this report, together with its own comments, to the Board of Directors within ten working days at the latest. Internal Audit reports will then have to be submitted to the BRSA within ten days. The report in question shall include as a minimum the following points:
- 1.2.19.1 The completed, continuing, postponed and cancelled audit activities and their level of conformity with the annual audit plan,
 - 1.2.19.2 Any training received by the inspectors during the reporting period,
 - 1.2.19.3 Important accounting problems and any ambiguities in relation to reports made to the Regulator and audit findings,
 - 1.2.19.4 A summary of the audits performed in relation to the information systems,
 - 1.2.19.5 Risk evaluations and their summary,
 - 1.2.19.6 Error reports concerning the audit and internal controls,
 - 1.2.19.7 Opinions towards the elimination of important weaknesses communicated to the managers authorised to take corrective actions, and
 - 1.2.19.8 Any other points which the Board Audit and Compliance Committee and the Internal Audit Department consider appropriate to be included.

External Audit and Financial Reporting

- 1.2.20 Reviewing evaluations of the independent audit firm in respect of the conformity of the Bank's accounting practices with the Law and other applicable legislation, and receiving explanations from the relevant management unit in relation to the irregularities that have been identified,
- 1.2.21 Together with the management and the independent auditors, evaluating the results of independent audit, annual and quarterly financial statements and related documents, and independent audit report, and resolving other issues which the independent auditor is uncertain about,
- 1.2.22 Evaluating the independence of rating institutions, independent audit institutions, including those that carry out information system audits, and valuation institutions with which the Bank will sign contracts, and of their chairmen, directors, auditors, managers and employees, in their activities related with the bank, and sufficiency of the resources that are allocated, submitting its evaluations in the form of a report to the Board of Directors, and, where services are actually procured, repeating these procedures regularly for up to one year for valuation institutions and for up to three months for rating institutions and independent audit institutions during the term of the contract,
- 1.2.23 Making a risk evaluation concerning the support service that will be received by the Bank, submitting its evaluations in the form of a report to the Board of Directors, and, where the service is actually procured, repeating these actions regularly for not exceeding one year, and also monitoring the sufficiency of the service provided by the support service institution,
- 1.2.24 Supervising as to whether the financial reports of the Bank accurately and fully include the necessary information, and whether they are prepared in accordance with the Law and other applicable legislation, and having any identified error or irregularity corrected,
- 1.2.25 Having discussions with the independent auditors concerning whether the financial reports accurately reflect the financial condition of the Bank, the results of activities and cash flows of the Bank and whether they have been prepared in accordance with the procedures and principles specified in the Law and other applicable legislation,
- 1.2.26 Review recommendations regarding the external auditors, audit plan and the results of their audit including whether they have had full access to all relevant documents,
- 1.2.27 Review proposed fee and terms of engagement of the Bank's external auditors and make recommendations to the Board for further action and decision,

- 1.2.28 Review the performance of the external auditors, and recommend final discharge of the auditors, and report any conflict to the Board in writing,
- 1.2.29 Review and confirm the independence and objectivity of the external auditors,
- 1.2.30 Review any legal matters that could significantly impact the financial statements of the Bank,
- 1.2.31 Seek specialised technical assistance from external consultants to perform independent reviews of any areas the BACC deems necessary, and
- 1.2.32 Assume responsibility for planning and managing the necessary assurance for the adequacy and accuracy of the ICAAP reports.

Reporting

- 1.2.33 Having discussions with the auditors and the independent auditors of independent audit institution conducting the independent audit of the bank, at regular intervals and at least four times a year, under programs and agendas to be determined,
- 1.2.34 Informing the Board of Directors about the opinions and evaluations of the relevant management unit, internal control and internal audit personnel and independent audit institution concerning practices needed for performing the activities included within its duties and responsibilities as is due, ensuring the efficiency of these activities and developing them, and
- 1.2.35 Reporting its activities carried out in a given period in such a way that such period does not exceed six months and results of these activities to the Board of Directors, including in such report its opinions regarding measures which need to be taken in the bank, practices which are considered necessary, and any other matters which it considers important for the activities of the Bank to be carried on safely.

Compliance to AML/CFT

- 1.2.36 Responsible to the Board for the implementation of the Compliance Program,
- 1.2.37 Responsible to explicitly determine the duty and the responsibility of the Compliance Officer and Compliance Department, approving the policies, annual training programs, evaluating the risk management, control and results of internal audit activities in three months period, submitting this results to the Board, taking necessary precautions against determined deficiencies, and

1.2.38 Inform and advise the Board of Directors on all audit, compliance, AML/CFT issues and recommendations.

Supervision of Relationship with the Regulatory Authorities

1.2.39 Assume overall responsibility on behalf of Board for supervision of Bank's relationship with the regulatory authorities in Turkey including but not limited to BRSA, CBRT, offices under the Ministry of Treasury and Finance and Financial Crimes Investigation Board (MASAK),

1.2.40 Review all the regulatory communications and reports, even if they are in draft form, that are addressed to the Board or that are of material importance or that are expected to be escalated to the Board under the requirements of good governance,

1.2.41 Report to the Board a summary of matters covered in these reports and planned actions and recommendations to the Management for addressing the matters in such reports, depending on materiality as determined by the BACC,

1.2.42 Relay to other Board committees the relevant topics in these regulatory reports and communications depending on their content and scope,

1.2.43 Receive information from the Management when a regulatory audit or engagement starts at the Bank,

1.2.44 Receive management reports on relationships with regulatory officials who are conducting an audit or engagement at the Bank, and receive progress reports from the related parties who are conducting an audit or engagement at the Bank,

1.2.45 Monitor and supervise the action plan that will be implemented by the Management in response to the matters covered in a regulatory report or communication, where necessary, make recommendations to the Management with respect to the planned actions, in addition to collecting regular updates on the progress of the agreed action plan, and

1.2.46 To the extent relevant, meet with the officials of the regulatory authorities, and ensure proper representation and reception from the Board to the regulators.

Presenting Reports

1.2.47 Regularly report to the Board about Committee activities, issues and related recommendations, and

- 1.2.48 Subject to applicable regulatory requirements, report annually to the shareholders describing the Committee's composition, role and responsibilities and how these were discharged and any other information required by regulations.

Others

- 1.2.49 Conduct an annual self-evaluation of the performance of the Committee, including its effectiveness and compliance with its Charter, and recommend changes to the Board, if necessary, and
- 1.2.50 Review the Committee's Charter every three years or on a more frequent basis if deemed necessary, and recommend to the Board any changes, where applicable.

1.3. Composition

Number of Members and Mix

- 1.3.1 Board Audit and Compliance Committee is composed of at least three non-executive members appointed by the Board,
- 1.3.2 The Chairman of the Board shall not be a member in the Board Audit and Compliance Committee,
- 1.3.3 In his absence, the Committee Chairman can designate another member of the Committee as the Chairman, and
- 1.3.4 Other members of Alternatif Bank's management may attend meetings by invitation of the Committee.

1.4. Membership

Qualifications and Requirements

- 1.4.1 Have at least a Bachelor's Degree and possess at least 10 years of experience in banking or finance,
- 1.4.2 Including the last two years before the date of appointment;
- Not have been executive directors of the Bank,
 - Not have been employees of the Bank and/or its partnerships subject to consolidation, excluding those employed in the internal

systems or in the financial control and accounting units,

- Not have been partners or employees of the institutions performing independent audit or rating or valuation of the Bank and/or its partnerships subject to consolidation or of entities abroad which are legally affiliated with the said institutions, and not have taken part in the process of independent audit, rating or valuation, and
- Not have been partners or employees of the institutions providing consultancy or support services to the Bank and/or its partnerships subject to consolidation, or among persons providing such services.

- 1.4.3 Not hold a qualified interest (at the rate of 10% or higher) in the bank and/or in its partnerships subject to consolidation,
- 1.4.4 Not be spouses, or relatives by blood or marriage of up to (and including) the second degree, of the controlling partner, the executive directors or the general manager,
- 1.4.5 Not receive any remuneration or similar income under any name whatsoever from the Bank and/or its partnerships subject to consolidation, based on its or their profitability, except for payments made to all personnel out of profit under the articles of association or a resolution of the Annual General Meeting,
- 1.4.6 Not have a spouse and/or children holding general manager, executive vice president positions or similar positions at the bank and/or its partnerships subject to consolidation, and except sub-paragraphs (1) and (2), have the qualifications and conditions required in sub-paragraph (1.4.2) of the first paragraph and sub-paragraph (1.4.3) of the same paragraph,
- 1.4.7 Not have duty in another commercial institution other than the below-mentioned ones;
- Partnerships subject to consolidated audit on condition that it is limited with the duty of Board membership,
 - Domestic or international legal entity partnerships having direct or indirect shares in the Bank,
 - Domestic or international credit institutions and financial institutions which are directly or indirectly jointly or alone controlled by natural person partners of Bank or the partners stated in sub-paragraph (1.4.2) or in which they are participating with unlimited responsibility.
- 1.4.8 Not have served on the Board Audit and Compliance Committee of the Bank for a period in excess of nine years with or without interruption, and

- 1.4.9 The qualifications required for the selection of members of the Board Audit and Compliance Committee shall also be valid during their term of office. At least one of the members of the Board Audit and Compliance Committee to be appointed must have received education in law, economics, finance, banking, business management, public administration or an equivalent subject at the undergraduate level as a minimum or, if they have received education in an engineering field at the undergraduate level, they must also have received education in one of the above-mentioned subjects at the graduate level and at least one of the members of the committee must be residing in the country. Furthermore, all BACC members must hold at least an undergraduate degree diploma.

Nomination

- 1.4.10 The Board should approve appointments of the Committee members.

Term

- 1.4.11 Membership to the Committee will run concurrently with the term spent on the Board and will be for a maximum three-year renewable period.

Resignation

- 1.4.12 A Committee member may resign with a three months' notice on condition that appropriate timing and conditions are agreed with the Committee Chairman and the Board of Directors,
- 1.4.13 In the event that the number of members of the Board Audit and Compliance Committee falls below two for any reason, the Board of Directors must, within fifteen days, appoint to the Board Audit and Compliance Committee a sufficient number of its own members with the qualifications required in this article. If there are no members in the Board of Directors with the qualifications required in this article, non-executive directors may be appointed to the Board Audit and Compliance Committee on a temporary basis. For such appointment, it shall be required that the director in question should be a non-executive director as from the date of appointment,
- 1.4.14 The Board of Directors must take the necessary measures in order that a director with the qualifications specified in this charter may be appointed within one month in lieu of the member appointed to the Board Audit and Compliance Committee on a temporary basis, including making of a call for an extraordinary general meeting to elect a new director, and
- 1.4.15 In the event that the Board Member in charge of the internal systems or a member of the Committee in charge of the internal systems resigns or is removed from such office, such that, in the latter case, the number of members falls below two, or ceases to have the required qualifications, a director with the same qualifications must be appointed in lieu of him within fifteen days.

Compensation

1.4.16 The Committee Chairman and members shall be remunerated in accordance with the decision taken at the Annual General Meeting.

Committee Secretary

1.4.17 Appointed by the Committee, the Committee Secretary will be responsible for maintaining all committee documentation, distribution of meeting agendas, arranging for committee meetings in addition to other duties included in the job description of the Committee Secretary.

1.5. MeetingsVenue

1.5.1 Alternatif Bank Head Office or any other location as deemed appropriate by the Committee Chairman.

Frequency

1.5.2 The Committee will meet at least eight times a year, with four meetings to review and approve the Bank's quarterly financial results and four meetings to review the activities of Internal Audit Department and Internal Control, Legislation and Compliance Department. The committee may convene more frequently, if needed,

1.5.3 The Committee shall hold private meetings at least annually with the Head of Internal Audit, without the presence of the Management, and

1.5.4 A meeting of the Committee may be held by telephone or video conference call, and such participation shall be considered presence in person at such meetings.

Invitation and Agenda

1.5.5 Agenda and pack for each Committee meeting shall be circulated at least five working days prior to the meeting date, and

1.5.6 Management and auditors of the Bank may be invited to the meetings.

Quorum

1.5.7 Majority of the Committee members shall comprise a quorum, one of whom must be the Chairman or his delegate.

Decisions

1.5.8 Decisions of the Board Audit and Compliance Committee shall be taken at least by majority of vote of Committee Members,

1.5.9 In case of equal number of votes on a specific matter, where the number of BACC members is even, the Committee Chairman shall have the casting vote, and

1.5.10 Decisions of the Committee may also be taken via e-mail circulation among members.

Access to Information

1.5.11 The Committee, in performing its functions, may as appropriate have unrestricted access to Bank's records and any other documents, reports, material or information in the possession of any employee or external adviser of the Bank.

Minutes of Meeting

1.5.12 Minutes shall be kept of each Committee meeting in English and Turkish and such minutes along with a schedule of action items shall be circulated within seven working days after the meeting to all Committee members. Unless members provide their comments on or objections to the meeting minutes within seven working days after receipt of the draft minutes of the last committee meeting, such minutes shall be deemed and treated to be in the final form.

2 Board Risk Committee

2.1 Mandate

The Board Risk Committee (BRC) is responsible for all aspects of enterprise-wide risk management including, but not restricted to business, credit, market, operational, legal and reputational risks. The BRC reviews policies on all risk matters, maintains oversight of all Bank risks through the Management Risk Committee (MRC), Asset and Liability Committee (ALCO), the CEO and the Head of Risk Management.

2.2 Responsibilities

- 2.2.1 Review and approve for subsequent Board ratification the following:
- Risk policies and related standards, methodologies and models used in measuring and managing the risks in the Bank as recommended by MRC,
 - Comprehensive Risk Strategy and Risk Appetite of the Bank, including credit, market and operational risks;
 - Risk Charter of the Bank; and
 - Risk, Asset & Liability Management, Treasury and Credit policies and delegation of authority manuals (DOAs), as recommended by the MRC.
- 2.2.2 Evaluate the risk matters requested by other Board Committees, form and share the Committee opinion with them,
- 2.2.3 Review and approve the risk tolerance levels and portfolio concentration limits as recommended by MRC including the limits associated with industry sector, geography, asset quality and others,
- 2.2.4 Management of Business Continuity via:
- Review and ratify the strategies, plans, policies relating to the management of Business Continuity,
 - Receipt of periodical reports semi-annually from the MRC regarding the execution of Business Continuity and any events or issues which require procedures to be amended or improved,
 - Receipt of report on Business Continuity from an external audit firm, and
 - Receipt of Internal Audit report on the evaluation of the efficiency of the testing programs which the Bank is applying on Business Continuity and review the test results and actions taken.
- 2.2.5 Review and assess the performance of the MRC and the Risk Management Function within the Bank in monitoring and controlling risk to ensure that the strategies and policies approved by the Board are adhered to and implemented,
- 2.2.6 Work with the Board to ensure Alternatif Bank's strategy, liquidity, and capital plans are consistent with the Risk Appetite Statement, and that material risks are addressed in the Bank's strategic plan,

- 2.2.7 Discuss the Bank's material risks in aggregate and by risk type on a regular basis,
- 2.2.8 Discuss the effect of risks to capital, earnings, and liquidity under normal and stressed conditions on a regular basis,
- 2.2.9 Ensure the independence of the Second Line of Defence—Independent Risk Management functions,
- 2.2.10 Approve the appointment and/or removal of the Head of Risk Management, as well as the annual compensation and salary adjustment of the Head of Risk Management,
- 2.2.11 Oversee and direct the work of the Head of Risk Management— Head of Risk Management has unrestricted access to the Board Risk Committee regarding risk and issues identified through independent risk management activities,
- 2.2.12 Ensure effective and timely escalation of material risk issues to the Board and holding Management accountable for timely and appropriate corrective action,
- 2.2.13 Review Basel Accord implementation,
- 2.2.14 Review risk reports as well as other reports covering bank-wide portfolio trends, and
- 2.2.15 Reviewing the Bank's delegated authority and giving recommendation to the Board for approval of changes.

Presenting Reports

- 2.2.16 Regularly report to the Board about the Committee activities, issues and related recommendations, and
- 2.2.17 Subject to applicable regulatory requirements, report annually to the shareholders describing the Committee's composition, role and responsibilities and how these were discharged and any other information required by regulators.

Others

- 2.2.18 Conduct an annual self-evaluation of the performance of the Committee, including its effectiveness and compliance with its Charter, and

- 2.2.19 Review the Committee's Charter every three years or on a more frequent basis if deemed necessary, and recommend to the Board any changes, where applicable.

2.3 Composition

Number of Members and Mix

- 2.3.1 BRC should be composed of at least three non-executive Board members as appointed by the Board,
- 2.3.2 In his absence, the Committee Chairman can designate another member of the committee as the Chairman,
- 2.3.3 Well-versed people in business can become committee members without being board members, only if the majority of committee members are among the Board members,
- 2.3.4 The following and other members of Alternatif Bank management may attend meetings by invitation of the Committee:
- CEO,
 - Head of Risk Management,
 - Financial Affairs and Planning EVP,
 - Credit Underwriting EVP, and
 - IT and Operations EVP.

2.4 Membership

Qualifications and Requirements

- 2.4.1 At a minimum, the Board Risk Committee as a whole should possess a collective balance of skills and expert knowledge, commensurate with the level of complexity of Alternatif Bank's operating activities and the duties to be performed, and should have relevant experience in risk management. When necessary, the BRC should obtain external expert advice.

Nomination

2.4.2 The Board should approve appointments of the Committee members.

Term

2.4.3 Membership to the Committee will run concurrently with the term spent on the Board and will be for a maximum three-year renewable period.

Resignation

2.4.4 A Committee member may resign with a three months' notice on condition that appropriate timing and conditions are agreed with the Committee and the Board of Directors.

Compensation

2.4.5 The Committee Chairman and members shall be remunerated in accordance with the decision taken at the Annual General Meeting.

Committee Secretary

2.4.6 Appointed by the Committee, the Committee Secretary will be responsible for maintaining all committee documentation, distribution of meeting agendas, arranging for committee meetings in addition to other duties included in the job description of the Committee Secretary.

2.5 Meetings

Venue

2.5.1 Alternatif Bank Head Office or any other location as deemed appropriate by the Committee Chairman.

Frequency

2.5.2 The Committee will meet at least four times a year and more frequently, if needed, and

- 2.5.3 A meeting of the Committee may be held by telephone or video conference call, and such participation shall be considered presence in person at such meetings.

Invitation and Agenda

- 2.5.4 Agenda and pack for each Committee meeting shall be circulated at least five working days prior to the meeting date.

Quorum

- 2.5.5 Majority of the Committee members shall comprise a quorum, one of whom must be the Chairman or his delegate.

Decisions

- 2.5.6 Decisions of the Board Risk Committee shall be taken at least by majority of vote of Committee Members,
- 2.5.7 In case of equal number of votes on a specific matter, where the number of Committee members is even, the Committee Chairman shall have the casting vote, and
- 2.5.8 Decisions of the Committee may also be taken via e-mail circulation among members.

Access to Information

- 2.5.9 The Committee, in performing its functions, has unrestricted access to Bank's records and any other documents, reports, material or information in the possession of any employee or external advisor of the Bank.

Minutes of Meeting

- 2.5.10 Minutes shall be kept of each Committee meeting in Turkish and English and such minutes along with a schedule of action items shall be circulated within seven working days after the meeting to all Committee members. Unless members provide their comments on or objections to the meeting minutes within seven working days after receipt of the draft minutes of the last committee meeting, such minutes shall be deemed and treated to be in the final form.

3 Executive Committee of the Board

3.1 Mandate

The Committee is authorised, outside powers and operations falling within the authority of the Board of Directors, to deal with matters related to Bank's overall strategy, plans, budgets and goals in addition to approving the same, give recommendations to the Board on procedures and systems and review the performance of the Bank in accordance with legal provisions and the Bank's Articles of Association.

3.2 Responsibilities

Strategy

- 3.2.1 Developing a long term strategy for the Bank based on economic and market conditions, as well as the Board's vision, and making recommendations to the Board for approval,
- 3.2.2 Reviewing the Bank's overall strategy and ensuring its execution,
- 3.2.3 Reviewing the annual budget of the Bank and business plans in line with the changes in long term strategies, economic conditions, market and legislative regulations, and making recommendations to the Board for approval,
- 3.2.4 Taking reports about the financial and operating performance of the Bank and evaluating key performance indicators in the framework of report analysis and related strategies,
- 3.2.5 Examining proposals on capital increase, and making recommendations to the Board,
- 3.2.6 Examining and making recommendations to the Bank's dividend policy subject to the provisions of the Shareholders' Agreement, making recommendations to the Board on proposed dividend payment plans,
- 3.2.7 Examining external consultants (excluding external auditors of the Bank) with respect to costs that exceed the CEO's approval authority and approving their appointments,
- 3.2.8 Examining and approving the Bank's brand vision and identification of the Bank's brand values,
- 3.2.9 Examining and comparing the Bank's performance with respect to approved strategies and budgets,

- 3.2.10 Approve requests for donations and social aids, and
- 3.2.11 Review and recommend for Board approval information technology strategy plan that will be prepared under the respective legislation.

Alternatif Bank's Real Estate

- 3.2.12 Making recommendations to the Board about the property acquisition of the Bank for approval of the ownership and development of strategies and policies, reviewing and revising as necessary,
- 3.2.13 Acquiring real estate necessary for the Bank's operations and reviewing the sales and recommending to the Board for approval,
- 3.2.14 Approving the appointment of construction companies and consultants for the development of Bank's real estates, and accepting the terms and conditions (including amendments) of any consultancy, real estate and facility management contract related to real estates owned by the Bank, in addition to construction contracts, and
- 3.2.15 Inspecting the performance and implementation of projects related to the real estates owned by the Bank.

Presenting Reports

- 3.2.16 Regularly report to the Board about Committee activities, issues and related recommendations, and
- 3.2.17 Subject to applicable regulatory requirements, report annually to the shareholders describing the Committee's composition, role and responsibilities and how these were discharged and any other information required by regulations.

Others

- 3.2.18 Addressing the resolution of legal disputes and examining the legal steps to be taken towards this solution to provide recommendations and assistance to the Board on this issue,
- 3.2.19 Review and recommend for Board approval the proposals for Bank's membership at professional unions, sectoral organisations as well as other relevant associations and unions,

- 3.2.20 Performing other necessary responsibilities and duties assigned by the Board of Directors in accordance with applicable laws and regulations,
- 3.2.21 Conduct an annual self-evaluation of the performance of the Committee, including its effectiveness and compliance with its Charter, and
- 3.2.22 Review the Committee's Charter every three years or on a more frequent basis if deemed necessary, and recommend to the Board any changes, where applicable.

3.3 Composition

Number of Members and Mix

- 3.3.1 EXCOB shall be composed of at least three members,
- 3.3.2 In his absence, the Committee Chairman can designate another member of the Committee as the Chairman, and
- 3.3.3 Members of Alternatif Bank Management may attend the meeting by invitation of the Committee,

3.4 Membership

Qualifications and Requirements

- 3.4.1 Majority of the members should have in-depth knowledge of banking, financial services and strategic planning.

Nomination

- 3.4.2 The Board should approve the appointments of the Committee members.

Term

- 3.4.3 Membership to the Committee will run concurrently with the term spent on the Board and will be for a maximum three-year renewable period.

Resignation

- 3.4.4 A Committee member may resign with a three months' notice on condition that appropriate timing and conditions are agreed with the Committee Chairman and the Board of Directors.

Compensation

- 3.4.5 The Committee Chairman and members shall be remunerated in accordance with the decision taken by the Annual General Meeting.

Committee Secretary

- 3.4.6 Appointed by the Committee, the Committee Secretary will be responsible for maintaining all Committee documentation, distribution of meeting agendas, arranging for committee meetings in addition to other duties included in the job description of the Committee Secretary.

3.5 Meetings

Venue

- 3.5.1 Alternatif Bank Head Office or any other location as deemed appropriate by the Committee Chairman.

Frequency

- 3.5.2 EXCOB will meet minimum four times a year, and
- 3.5.3 A meeting of the Committee may be held by telephone or video conference call, and such participation shall be considered presence in person at such meetings.

Invitation and Agenda

- 3.5.4 Agenda and pack for each Committee meeting shall be circulated at least five working days prior to the meeting date.

Quorum

3.5.5 Majority of the Committee members shall comprise a quorum, one of whom must be the Chairman or his delegate.

Decisions

3.5.6 Decisions of EXCOB shall be taken at least by majority of votes of Committee members,

3.5.7 In case of equal number of votes on a specific matter, where the number of Committee members is even, the Committee Chairman shall have the casting vote, and

3.5.8 Decisions of the Committee may also be taken via e-mail circulation among members.

Access to Information

3.5.9 The Committee, in performing its functions, may as appropriate have unrestricted access to the Bank's records and any other documents, reports, material or information in the possession of any employee or external adviser of the Bank.

Minutes of Meeting

3.5.10 Minutes shall be kept of each Committee meeting in English and such minutes along with a schedule of action items shall be circulated within seven working days after the meeting to all Committee members. Unless members provide their comments on or objections to the meeting minutes within seven working days after receipt of the draft minutes of the last committee meeting, such minutes shall be deemed and treated to be in the final form.

4 Board Remuneration and Corporate Governance Committee

4.1 Mandate

4.1.1. Board Remuneration and Corporate Governance Committee is responsible for setting the Bank's remuneration framework for the Board Members, Management and staff.

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

4.2 Responsibilities

Remuneration

- 4.2.1. Prepare a remunerations policy including the Board Members, which shall indicate the performance-related remuneration components including measurable standards focusing on long term interests, and present this policy to the Board for approval,
- 4.2.2. Develop and set a clear remuneration framework covering the Management remunerations in order to attract and retain qualified individuals for the Alternatif Bank Management who have the required knowledge, skills and expertise,
- 4.2.3. Approve the employment requirements, employment contract, and the relevant procedures such as pensions, basic bonus, increments, in addition to the end of service requirements relating to the Bank's CEO,
- 4.2.4. Ensure that remuneration shall be indicated based upon the achievement of long term goals and strategic objectives,
- 4.2.5. Recommend to the Board remuneration of Board members, considering the amount of their responsibilities and meeting participation, subject to further approval by the shareholders at the Annual General Meeting,
- 4.2.6. Ensure that remunerations of the Management and all other employees are aligned with Bank's ethical values, market dynamics and Bank's objectives, and conduct an evaluation of such remunerations and approve the same taking into account performance of the Bank and its staff, risk factors involved, Bank's revenues and affordability capacity,
- 4.2.7. Review the performance of the CEO and Management team members, to be annually evaluated based on Bank's strategy and long term goals,
- 4.2.8. Monitor the independence of the remuneration of Board-reporting functions (i.e. Internal Audit, Internal Control, Legislation and Compliance, Risk Management and Corporate Affairs),
- 4.2.9. Identify the corporate performance scorecard components that will be used for measuring the Bank and Management's performance in a given period,
- 4.2.10. Review the proposals on annual staff salary budget taking into Bank's financial standing, market conditions and competition practices,

- 4.2.11. Review and approve the methodology for bonus pool allocation and its subsequent distribution to the staff, considering Bank's performance realisation and individual KPI actualisations for the concerned Management members,
- 4.2.12. Review and approve exceptions, if any, to the approved remuneration methodology,
- 4.2.13. Advise the Board of the annual staff salary budget as well as bonus pay-outs, if any,
- 4.2.14. Review and recommend to the Board the proposals on Bank's organisational chart revisions to the extent that they affect functions that report to different EVPs or those functions that report directly to the CEO, and
- 4.2.15. Review and make recommendations to the Board on the nomination, assignment and cease of employment of the Management members.

Corporate Governance

- 4.2.16. Ensure compliance with the principles below:
 - To perform such duties as may be required by the regulatory bodies in Turkey, ensuring all the regulatory guidelines and rules regarding corporate governance are met,
 - To act in an advisory capacity to the Board of Directors to enhance the Alternatif Bank's corporate governance through a continuing assessment of the Bank's approach to corporate governance and making policy recommendations, and
 - To perform such duties as may be required by the regulatory bodies in Qatar.
- 4.2.17. Review and assess on a periodic basis any changes to international and local corporate governance practices that could have an impact on how the Bank operates and manages its governance policies, and eventually recommend any changes thereto to the Board,
- 4.2.18. Prepare required recommendations and proposals to the Board for approval pertaining to the scope of work of relevant management committees as well as other recommendations raised by the management through appropriate channels,
- 4.2.19. Ensure that Bank's relevant departments effectively carry out processes relating to shareholders and manage relationship with shareholders,

- 4.2.20. Identify and evaluate candidates for Board member roles and recommend eligible candidates for approval at the Annual General Meeting, considering Board's competencies and diversity as well as Board members' past experience,
- 4.2.21. Ensure that Board self-assessment is conducted annually in order to measure performance of the Board,
- 4.2.22. Review Bank's Annual Report and recommend it for Board approval,
- 4.2.23. Consider any governance non-compliance matters and recommend to the Board actions to resolve the same as applicable, and
- 4.2.24. Recommend actions with regard to changes in governance practices, if and when required.

Sustainability

- 4.2.25. Supervise Bank's activities in the field of sustainability, monitor the execution of the sustainability strategy, and receive and review reports from the Management to this end,
- 4.2.26. Review and approve Alternatif Bank corporate social responsibility strategy in light of Alternatif Bank's values, and
- 4.2.27. Ensure best practice thinking and ongoing awareness of global developments in sustainability are adopted by all relevant parties.

Policies

- 4.2.28. Reviewing and making recommendations to the Board on all policies about activities and organisational structure of the Bank, including BRCG's authorisations (excluding issues and policies within the responsibilities and duties of the other Board Committees),
- 4.2.29. Ensure that Bank-wide documents (policies, DoAs and SoPs) are prepared in written format and all employees have access to them via Bank's relevant portal; identify processes and frameworks necessary for the regular review of these documents and assign respective approval bodies,
- 4.2.30. Ensure that each committee of the Board has reviewed its charter every three years or on a more frequent basis if deemed necessary, and to recommend amendments thereto as the Committee deems appropriate, and
- 4.2.31. Review board meetings agenda and processes each year and recommend amendments, if needed.

Presenting Reports

- 4.2.32. Regularly report to the Board about remuneration policy and Committee activities, issues and related recommendations, and
- 4.2.33. Subject to applicable regulatory requirements, report annually to the shareholders describing the Committee's composition, role and responsibilities and how these were discharged and any other information required by regulations.

Others

- 4.2.34. Monitor directors' independence status, and advise the Board on the independence or affiliated status of individual directors,
- 4.2.35. Review the Board's independence from and relationship with management and make recommendations with respect to such relationship, where and when it is deemed appropriate,
- 4.2.36. Conduct an annual self-evaluation of the performance of the Committee, including its effectiveness and compliance with its Charter, and
- 4.2.37. Review the Committee's Charter every three years or on a more frequent basis if deemed necessary and recommend to the Board any changes, where applicable.

4.3 Composition

Number of Members and Mix

- 4.3.1. BRCGC shall be composed of at least three members,
- 4.3.2. In his absence, the Committee Chairman can designate another member of the Committee as the Chairman, and
- 4.3.3. CEO and other members of Alternatif Bank Management may attend the meeting by invitation of the Committee.

4.4 Membership

Qualifications and Requirements

- 4.4.1 Majority of the members should have in-depth knowledge of recent remuneration and HR trends, and
- 4.4.2 Majority of the members should have in-depth knowledge of leading corporate governance and sustainability principles.

Nomination

- 4.4.3 The Board shall appoint members to the Remuneration and Corporate Governance Committee based on the available pool of non-executive members from the Board.

Term

- 4.4.4 Membership to the Committee will run concurrently with the term spent on the Board and will be for a maximum three-year renewable period.

Resignation

- 4.4.5 A Committee member may resign with a three months' notice on condition that appropriate timing and conditions are agreed with the Committee Chairman and the Board of Directors.

Compensation

- 4.4.6 The Committee Chairman and members shall be remunerated in accordance with the decision taken at the Annual General Meeting.

Committee Secretary

- 4.4.7 Appointed by the Committee, the Committee Secretary will be responsible for maintaining all committee documentation, distribution of meeting agendas. Arranging committee meetings in addition to other duties is included in the job description of the Committee Secretary.

4.5 Meetings

Venue

- 4.5.1 Alternatif Bank Head Office or any other location as deemed appropriate by the Committee Chairman.

Frequency

- 4.5.2 The Committee will meet at least twice a year, or more often if the business needs require.
- 4.5.3 A meeting of the Committee may be held by telephone or video conference call, and such participation shall be considered presence in person at such meetings.

Invitation and Agenda

- 4.5.4 Agenda and pack for each Committee meeting shall be circulated at least five working days prior to the meeting date.

Quorum

- 4.5.5 Majority of the Committee members shall comprise a quorum, one of whom must be the Chairman or his delegate.

Decisions

- 4.5.6 Decisions of BRCGC shall be taken at least by majority of votes of Committee members,
- 4.5.7 In case of equal number of votes on a specific matter, where the number of Committee members is even, the Committee Chairman shall have the casting vote, and
- 4.5.8 Decisions of the Committee may also be taken via e-mail circulation among members.

Access to Information

- 4.5.9 The Committee, in performing its functions may as appropriate have unrestricted access to Bank's records and any other documents, reports, material or information in the possession of any employee or external advisor of the Bank.

Minutes of Meeting

- 4.5.10 Minutes shall be kept of each Committee meeting in English and such minutes along with a schedule of action items shall be circulated within seven working days after the meeting to all Committee members. Unless members provide their comments on or objections

to the meeting minutes within seven working days after receipt of the draft minutes of the last committee meeting, such minutes shall be deemed and treated to be in the final form.

5 Board Credit Committee (BCC)

5.1 Mandate

The Board Credit Committee is responsible for overseeing Management's handling of credit risk to ensure compliance with Board decisions regarding Alternatif Bank's lending strategy and credit risk appetite and limits.

5.2 Responsibilities

- 5.2.1 Review and approve Bank's lending policies, and monitors risk-creating units' compliance with lending policies. BCC should verify that Management:
- recognises adverse trends, and makes timely changes to borrower risk ratings;
 - enables early detection of problems in the loan portfolio;
 - takes timely and appropriate sustainable corrective actions; and,
 - maintains adequate provisions for loan and lease losses.
- 5.2.2 Oversee the Bank's credit risk management practices to ensure they safeguard against non-compliance with loan-related laws and regulations and the Bank's lending policies,
- 5.2.3 Approve loan applications and other credit facilities proposed by risk-creating units under authorities delegated to it by the Board of Directors and issued by the Board Risk Committee,
- 5.2.4 Recommend credit facilities for approval by the Board of Directors in cases where the amount of proposed credit is greater than the delegated authority of the BCC,
- 5.2.5 Approve the corrective action strategy, restructuring of terms and conditions, and/or other granting of credit for Watch List and/or problem loans managed by the Restructuring and Legal Follow-up Department in accordance with delegated authorities,

- 5.2.6 Review and recommend country limits and financial institutions limits to the Board for approval, taking into account CB Group aggregate exposure management and approval procedures, and
- 5.2.7 Monitor loan policy exceptions, and recommend for Board approval the changes or additions to the Bank's credit underwriting standards, in addition to approving delegations of authority to MCC and specific individuals within the Bank.

Presenting Reports

- 5.2.8 Regularly report to the Board about Committee activities, issues and related recommendations, and
- 5.2.9 Subject to applicable regulatory requirements, report annually to the shareholders describing the Committee's composition, role and responsibilities and how these were discharged and any other information required by regulations.

Others

- 5.2.10 Conduct an annual self-evaluation of the performance of the Committee, including its effectiveness and compliance with its Charter, and recommend changes to the Board, if necessary, and
- 5.2.11 Review the Committee's Charter every three years or on a more frequent basis if deemed necessary, and recommend to the Board any changes, where applicable.

5.3 Composition

Number of Members and Mix

- 5.3.1. The Board Credit Committee is composed of at least three Board members, appointed by the Board, including the Chief Executive Officer as stipulated by the Turkish Banking Law,
- 5.3.2. In addition, two alternate members who have the same qualifications as the CEO (except the experience as required by Article 25 of the Turkish Banking law) shall be appointed to the BCC, alongside with the permanent members,
- 5.3.3. BCC Chairman shall be appointed among the non-executive Board members,
- 5.3.4. In his absence, the Committee Chairman can designate another member of the Committee as the Chairman.

5.3.5. Below-listed Alternatif Bank Management members may attend meetings by invitation of the Committee:

- Credit Underwriting EVP,
- Corporate & Business Banking EVP,
- Retail & Digital EVP, and
- Restructuring & Legal Follow-up EVP.

5.4 Membership

Qualifications and Requirements

5.4.1. BCC members should have bachelor's degree on law, economics, finance, banking, business management, public administration or similar fields. If members should have an undergraduate degree in engineering, they should have a master's degree in one of the aforementioned fields and possess adequate professional experience in banking or business management.

Nomination

5.4.2. The Board shall appoint members to the Board Credit Committee based on the eligible pool of Board Members.

Term

5.4.3. Membership to the committee will run concurrently with the term spent on the Board and will be for a maximum three-year renewable period.

Resignation

5.4.4. A Committee member may resign with a three months' notice on condition that appropriate timing and conditions are agreed with the Committee Chairman and the Board of Directors.

Compensation

- 5.4.5. The Committee Chairman and members shall be remunerated in accordance with the decision taken at the Annual General Meeting.

Committee Secretary

- 5.4.6. Appointed by the Committee, the Committee Secretary will be responsible for maintaining all committee documentation, distribution of meeting agendas. Arranging for committee meetings in addition to other duties included in the job description of the Committee Secretary.

5.5 Meetings

Venue

- 5.5.1. Alternatif Bank Head Office or any other location as deemed appropriate by the Committee Chairman.

Frequency

- 5.5.2. The Committee will meet at least once a month (12 times a year), and
- 5.5.3. A meeting of the Committee may be held by telephone or video conference call, and such participation shall be considered presence in person at such meetings.

Invitation and Agenda

- 5.5.4. Agenda and pack for each Committee meeting shall be circulated at least three working days prior to the meeting date.

Quorum

- 5.5.5. A quorum of all permanent members, or their designated alternate members, is required to constitute a quorum for a Board Credit Committee meeting — one of whom must be a non-executive director.

Decisions

- 5.5.6. All decisions should be taken with unanimous vote of Committee members,

- 5.5.7. Non-unanimous decisions will be escalated to the Board of Directors for approval, even if the original lending authority falls within the scope of BCC's delegated authority, and
- 5.5.8. Only when pressing business needs require, decisions of the Committee may also be taken via e-mail circulation among members.

Access to Information

- 5.5.9. The Committee, in performing its functions, may as appropriate have unrestricted access to Bank's records and any other documents, reports, material or information in the possession of any employee or external adviser of the Bank.

Minutes of Meeting

- 5.5.10. Minutes shall be kept of each Committee meeting in English and Turkish and such minutes along with a schedule of action items shall be circulated within seven working days after the meeting to all Committee members. Unless members provide their comments on or objections to the meeting minutes within seven working days after receipt of the draft minutes of the last committee meeting, such minutes shall be deemed and treated to be in the final form.