

PROFIT DISTRIBUTION POLICY

09-02-POL-007

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Version 00



Profit Distribution Policy Summary Profile and Approvals

Business Unit : Financial Affairs and Planning Group – Accounting Department

Policy Name : Profit Distribution Policy

Policy Reference : 09-02-POL-007

Revision History					
Revision Number	Generation Date	Remarks for Change	Effective Date	Next Date	Revision
0		<ul style="list-style-type: none"> New Publication 			

Approvals		
Authorised Approver	Date	Signature(s)
Financial Affairs and Planning EVP		
CEO		
EXCOB		
BOD		

Approvals –Executive Committee of the Board (EXCOB)		
Authorized Approver	Date	Signature(s)
Joseph Abraham		
Halil Ergür		
Zafer Kurtul		
Leonie Lethbridge		
Kaan Gür		

Approvals - Board of Directors		
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I. INTRODUCTION

1 PURPOSE

The purpose of this policy is to determine the profit distribution principles

2 SCOPE

3 CONFIDENTIALITY AND CIRCULATION OF POLICY DOCUMENT

The contents of this Policy Document are to be treated as confidential. Therefore, they are not to be disclosed or distributed to any unauthorized persons. The signed hard copy of this Policy must be kept in safe custody and must not be copied or revealed to unauthorized third parties without the express written permission of the Financial Affairs and Planning EVP. Distribution to third parties may be performed only in specific/exceptional cases where there is a proper justification for document content disclosure (e.g. Audit requests, special projects with contracted consultants).

Bank employees related to the subject should read and understand this Policy and its relevant appendices so that they can comply, and help others to comply with the policies established. Bank personnel across Alternatif Bank have the responsibility of complying fully with the Policy Document.

4 MAINTENANCE OF THE POLICIES DOCUMENT

This Policy should be reviewed at least annually for updates by the Financial Affairs and Planning EVP. Any employee may recommend changes to the Policy by adhering to their appropriate direct reporting line authority.

All subsequent amendments should also be approved in the same manner through the below:

- Financial Affairs and Planning EVP
- CEO
- Executive Committee of the Board (EXCOB)
- Board of Directors

Revision Procedures

The Policy shall be updated within the scope of the following activities:

1. The date should be updated through the use of the Month and Year on the "Approval" page of this document.
2. The version number should be updated on the approval page and the footer of the document. The version number increases by one with every update.
3. The revision details are highlighted in the "Revision Description" table found on the Version Tracking and Approvals page.
4. The file name should be updated pursuant to the latest version number.
5. The Policy is distributed to the relevant parties and distribution is acknowledged by them.
6. A soft copy of the policy is kept on the bank intranet for distribution.

Audit

Application of policies is reviewed on an annual basis by the Financial Affairs and Planning EVP, and compliance thereof shall be regularly reviewed by the Bank's Internal Audit function. In cases where non-compliance is identified, the Internal Audit function shall review the reasons for such non-compliance and report them as required. Dependent on the conclusions of this review, the need for a revision to the Policies Document may be identified. The Financial Affairs and Planning EVP (or Chief Executive Officer if required) may be asked to issue either general or specific reminders to staff regarding policies established

5 POLICY ON NON-COMPLIANCE

The owner unit is responsible for reporting any non-compliance cases related to this Policy Document. Incidents of non-compliance may also be reported by other unit personnel who have identified non-compliance. Such non-compliance will be reported by the concerned employee to his/her immediate supervisor, who in turn will report the matter to the Financial Affairs and Planning EVP. Moreover, the owner unit will be informed, and the department in question will evaluate non-compliance issues across the Bank, monitoring the implementation of applicable policy.

Bank employees who fail to comply with this policy will be subject to disciplinary action in line with the Disciplinary Policy.

6 REGULATORY COMPLIANCE

This Policy Document is prepared taking into consideration laws and regulations set in the State of Turkey, including instructions issued by the Banking Regulation and Supervision Authority (BRSA) and the Central Bank of the Republic of Turkey (CBRT). In the event that a conflict exists between this Document and regulatory pronouncements, the latter shall take precedence. Amendments to this Document shall then be required to ensure compliance. Moreover,

Alternatif Bank shall ensure that it is in compliance with applicable laws and regulations of the countries that it operates in, and if any such conflicts arise, the Legal and Compliance Departments should be consulted.

7 POLICY SUMMARIES

The policy describe profit distribution principles

8 REFERENCE TO RELATED DOCUMENTS

This Policy Document must be compatible with the following documents of Alternatif Bank:

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II. POLICY

1. Responsibility

The Board of Directors is responsible for having the Information Policy issued, supervised, and updated as necessary.

2. Principles of Distribution Policy

The issues regarding the Bank's profit distribution policy have been specified in detail in the Bank's Articles of Association.

In this context, the General Assembly is authorized to decide whether the dividend to be distributed by considering the Bank's growth in line with its targets to be achieved within the sector and its financing needs and by taking the approval of the Banking Regulation and Supervision Agency will be paid in cash or added to the capital and the shares to be issued as a result will be distributed among shareholders as bonus shares or a combination of both methods will be applied at specific rates.

After any and all expenses and depreciations paid and required to be accrued as well as the provisions required to be set aside are deducted from the Bank's incomes for the relevant fiscal period and any and all financial obligations that the Bank legal entity is liable for are duly deducted, the remaining amount constitutes the Bank's profit subject to distribution.

From the amount to be calculated by deducting the prior years' losses from the aforementioned profit;

a) 5% General Legal Reserves is set aside pursuant to article 519 of the Turkish Commercial Code.

b) The distribution of dividends from the remaining amount to the shareholders at the rates and amounts determined in accordance with the provisions of the relevant legislation is subject to the decision to be taken by the General Assembly.

c) The General Assembly is authorized to decide on allocation of the remaining amount as Free Reserves in part or in whole or on distribution of the remaining amount as dividends among shareholders.

The provisions regarding Reserves as specified in the Turkish Commercial Code are reserved. The General Assembly may not take any decision for setting aside any other reserves or transferring any profits to the following year unless and until the reserves required to be set aside pursuant to the provision of the Law are duly set aside.

If the Legal Reserves set aside by the Bank and the Provisions for Possible Losses/Contingencies decrease for any reason, the said reserves and provisions shall be continued to be set aside until the relevant amounts reach the statutory amounts specified by law.

The places of allocation and the method for use of Legal Reserves and Provisions for Possible Losses/Contingencies are determined in accordance with the provisions of the Turkish Commercial Code, the Banking Law and the other relevant legislation.


The date, form and method of distribution of profits are decided by the General Assembly upon the proposal of the Board of Directors.

III. ABBREVIATIONS

Abbreviation	Meaning
Board	Board of Directors
CEO	General Manager
EVP	Executive Vice President
BRSA	Banking Regulation and Supervision Agency
CBRT	Central Bank of the Republic of Turkey


IV. ANNEXES

Annex A: Policy Revision Proposal Form

Alternatif Bank 		
Policy Revision Proposal Form		
Reference	Date	
Issued by	Position	
Subjects proposed for revision (if necessary, add photocopies)		
Section No.	Department Name	
Policy No.		
Proposed revisions		
Reasons for proposal of revisions		
Other explanations		
Approved by	Signed by	Effective Date



Annex B: Policy Distribution and Notification Form

	
Policy Distribution and Notification Form	
Policy	
Version Number	
Name of Employee	
Date of Notification	
Signature of Employee	