



ALPHA BANK

CORPORATE GOVERNANCE CODE

February 2014

Table of Contents

General Terms 4

Core Principles..... 6

Chapter 1 – Board of Directors..... 8

 1.1. Composition and Term of Office of the Board of Directors 8

 1.2. Constitution of the Board of Directors..... 8

 1.3. Meetings of the Board of Directors..... 9

 1.4. Quorum of the Board of Directors 9

 1.5. Board of Directors Resolutions 10

 1.6. Responsibilities of the Board of Directors 10

 1.7. Substitution of Board Members 11

 1.8. Minutes of the Board of Directors..... 12

 1.9. Responsibilities of the Members of the Board of Directors 12

 1.9.1. Responsibilities of the Chairman..... 13

 1.9.2. Responsibilities of the Vice Chairman..... 13

 1.9.3. Responsibilities of the Chief Executive Officer 14

 1.9.4 Responsibilities of the Secretary 14

 1.10. Remuneration of the Members of the Board of Directors..... 15

Chapter 2 – Board of Directors’ Committees 16

 2.1. Establishment of the committees 16

 2.2. Audit Committee of the Board of Directors 16

 2.3. Risk Committee of the Board of Directors..... 17

Chapter 3 – Performance Assessment 18

 3.1. Types and frequency of performance assessment..... 18

 3.2. Performance Assessment Criteria..... 18

 3.3. Board of Directors Committees Performance Assessment..... 19

Chapter 4 – General Meeting - Shareholders 20

 4.1. Responsibilities of the General Meeting..... 20

 4.2. Convocation of the General Meeting 21

 4.3. Minutes of the General Meeting 22

Chapter 5 – Management Committees 23

5.1. Management Board	23
5.2. Assets – Liabilities Management Committee (ALCO)	24
Chapter 6 – Internal Control System	25
6.1. Internal Control Aims	25
6.2. Evaluation of the adequacy and effectiveness	25
6.3. Policies, Computerized Applications	26
6.4. Accounting and Auditing Procedures	26
6.5. Internal Audit	27
6.6. Compliance	27
6.7. Risk Management	27
6.7.1. Operational Risk Committee	28
6.7.2. Credit Risk Committee	28
Chapter 7 – Final Provisions	29

General Terms

Bank Corporate Governance is defined as a system of principles of relationships between a bank's Board of Directors, Committees at BoD level, Senior Management with each other and with all the stakeholders of the bank, aiming to secure and satisfy their lawful interests.

Alpha Bank A.E., the parent bank of Alpha Bank Albanian SHA, has adopted and implemented the principles of corporate governance, aiming at transparency in communication with the Bank's Shareholders and at keeping investors promptly and continuously informed. In this context, it implements a comprehensive system of internal audit for the Group in accordance with international standards and the current regulatory framework. In addition, it has adopted a Code of Ethics for the performance of duties with the purpose to promote the standards required by modern corporate governance and to enhance the efficiency of Internal Audit rules.

Alpha Bank Albania following the group practices regarding the corporate governance has compiled the Corporate Governance Code and the Code of Ethics.

The Board of Directors adopted the present Corporate Governance Code which sets the framework and guidelines for the governance of the Bank and is reviewed by the Board of Directors whenever required. In revising the Code, the Bank will take into account the relevant amendments of the laws, the recommendations of the Competent Authorities, as well as the formal consultations of the laws, codes or practices relating to the operation of corporate governance.

The present Corporate Governance Code of Alpha Bank Albania defines the duties and allocates responsibilities among the Board of Directors, its Committees, the Management Board and the other Committees of the Bank.

The Code includes the corporate governance practices adopted by the Bank in accordance with the legal and regulatory framework and Group framework. It is endorsed by the Bank, based on its own criteria and its respective choices of corporate governance and does not constitute a subordination to standard conditions of similar codes which exist in the market. In this context, the Bank does not monitor or make known any deviations in the

practices and corporate governance policy adopted, in relation to other standard codes.

The Code comprises corporate governance legal and regulatory requirements and the Articles of Association of the Bank, in order to better inform the Shareholder and facilitate the exercise of shareholder or other corporate rights with the Bank.

In any case, the laws and the Bank's Articles of Association override the Code.

In case of doubt or misunderstanding as to the application of the conditions of the Code, the relevant conditions will be interpreted and clarified by resolutions of the Board of Directors of the Bank.

The Code is published in the Bank's website. The Code and any of its amendments are valid and binding against third parties from the above date of disclosure. The Code is signed by the legal representative of the Bank and disclosed to the Albanian Authorities as defined by the law and the regulatory framework.

The terms for the internal operation of the Bank, which are related to the principles and practices of corporate governance, may be stipulated within the Rules and Regulations of the Bank which are established, in accordance with the law, by the Board of Directors. It is clarified that the Rules and Regulations constitute an internal document of the Bank which is not published and therefore is not binding against third parties.

Core Principles

The Bank adopts this corporate governance framework with a view to defend the corporate interest, enhance its long-term economic value and promote the interests of the Shareholder. In this context, the governance exercised is subject to the following principles, as defined in each case, and to the legal and regulatory framework.

The Board Members collectively have the duty and responsibility, towards the Bank, to ensure that the annual accounts and the annual report, including the Corporate Governance Report are drafted and published in accordance with the legal and regulatory framework.

The Bank has administrative mechanisms in place, under the terms of the present Code, in order to verify that the Members of the Board of Directors and any third person entrusted with its responsibilities diligently carry out their duties in a manner that promotes the corporate interests and sustains their duty of loyalty. Diligence is judged on the basis of the capacity as Member of the Board of Directors or, in case powers have been assigned, according to the powers and duties assigned. The undertaking is fulfilled by the Member, or the person entrusted with responsibilities, if he has shown the diligence of a prudent businessman, in accordance with the provisions of the law.

The Bank has adopted policies and procedures to verify that the Members of the Board, as well as any third person entrusted with responsibilities, do not pursue their own interests contrary to the interests of the Bank and do not perform on a professional or non-professional basis, activities in competition with those of the Bank. Furthermore, it has the relevant mechanisms in place so that Members of the Board and any third party entrusted with its responsibilities, disclose promptly to the other Board Members their own interests, which may arise from transactions of the Bank that pertain to their duties, as well as any other potential conflict of interests with those of the Bank arising in the course of their duties.

Based on procedures and the Rules and Regulations the bank controls:

- a) the monitoring of the obligated persons, as defined in each case by law and regulatory framework (members of the Board of Directors, Management Board, Risk Committee, Audit Committee, executive managers and supervisors defined as administrators, based on the regulatory framework etc.), in relation to the

privileged information they hold.

- b) The monitoring of any other economic activities carried out by the obligated persons in each case (especially executive managers and supervisors) when related to the activities of the bank.

In order to enhance the active role of the Shareholder, the Bank formulates procedures for communicating with the Shareholder and establishes the appropriate conditions so that the policies and strategies adopted are based on the exchange of ideas with the Shareholder.

The Bank takes all necessary measures, as stipulated by law, to facilitate Shareholder in exercising its right to participate and vote in the General Meeting, based on the need for the smooth and efficient organization and operation of the General Assembly Meetings and the reliable and valid decision making. In this light, the Bank ensures adherence to standard procedures and deadlines set by law, in particular with regard to the convening and constitution of the General Assembly Meeting, and also discloses, as stipulated by law, the necessary data and information which relate to the General Assembly Meetings including representation forms, draft resolutions and other items validating the decisions taken.

Given the requirement for inclusion of the Corporate Governance Report in the Bank's Annual Report, under the provisions of the legal and regulatory framework (BoA regulation No. 63 dt 14/11/2012, article 23), the Bank ensures through the use of its administrative mechanisms, the completeness, clarity and accuracy of the information contained in each report and disclosed in order to assure transparency and information of the Shareholder as to the manner of operation of the Bank and the corporate governance system to which it adheres. Similarly, the Bank ensures the completeness, clarity and accuracy of the present Code and its timely disclosure, as stipulated within, and as in force.

Chapter 1 – Board of Directors

The Board of Directors manages and represents the Bank in the full range of its activities. It assigns the management of the Bank and delegates powers to conduct business, to Managers, under the leadership of the Chief Executive Officer and the Management Board.

1.1. Composition and Term of Office of the Board of Directors

The business and affairs of the Bank are managed by the Board of Directors composed of 5 (five) members appointed by the Shareholders Meeting for a term of [4] years with a right to be re-elected. Based on the banking law three of the members are independent. The term of office of the members of the Board of Directors begins as soon as the member is elected. For the avoidance of any doubt, the mandate of a member of the Board of Directors members does not terminate until the Shareholders' Meeting has convened to elect the new members of Board of Directors and they have been approved by the Bank of Albania.

Members of the Board of Directors shall not be personally liable to a shareholder or any third party, their liability being limited only to the Bank as a legal entity and only with respect to the administration of the business and affairs of the Bank.

1.2. Constitution of the Board of Directors

Members of the Board of Directors can only be elected if they meet the criteria of the Banking Law. The Chairman and Vice Chairman of the Board of Directors is elected from its own members; as an exception the first Chairman and Vice Chairman of the Board of Directors are elected in the first Articles of Association under Article 15.5, their election are ratified in the first meeting of the Board of Directors when duly convened.

The secretarial duties are assigned to a Secretary, appointed by resolution of the Board of Directors based on the proposal of the Chairman.

1.3. Meetings of the Board of Directors

The Board of Directors is convened in the Bank's registered office, or, following a written notification by the Chairman, outside its registered office, in any other country of the European Union or wherever the Bank or the Group to which belongs has a presence. Meetings are held upon the written invitation by e-mail, mail, courier or telecopy of the Chairman of the Board of Directors or in his/her absence the Vice Chairman or at least any two members of the Board of Directors at least 15 (fifteen) days prior to the anticipated date of the meeting, such invitation stating the date, time and place of the meeting as well as the items of the agenda. Extraordinary meetings of the Board of Directors can be convened on shorter notice by the Chairman of the Board of Directors which at any case must not be less than 2 (two) days provided that all members of the Board of Directors unanimously agree to such notice. The Board of Directors may also convene by teleconference or videoconference provided that all members agree, in which case the invitation to the members of the Board of Directors shall contain the necessary information for their participation in the meeting. The meetings of the Board of Directors are attended by the Secretary. The Board of Directors convenes at least once every 2 (two) months.

Meetings of the Board of Directors are chaired by the Chairman of the Board of Directors or if the Chairman is absent or prevented from attending, by the Vice Chairman the substitution in question pertains solely to the exercise of the authorities of the Chairman of the Board of Directors as such.

A member of the Board of Directors which is absent from a meeting for any reason whatsoever may be represented by another member the absentee has appointed through a Proxy/Power of Attorney. A member of the Board of Directors may not represent, under any circumstances more than (1) member. The Proxy/Power of Attorney is valid if issued in written form unless the applicable law requires the Proxy/Power of Attorney to be notarised.

1.4. Quorum of the Board of Directors

Decisions of the Board of Directors are valid only if more than half of its members are present or represented in the meeting(s) and only if the Chairman and/or the Vice Chairman are present. If a quorum is not present at any meeting of the Board of Directors, the members present adjourns the meeting and reschedules it without notice or another announcement, until the required quorum is reached. Decisions are taken by simple majority of the present members. In the case of tie, the vote of the Chairman or, in his absence, of the Vice Chairman, is decisive. By exception, when the Board of Directors meets (in whole or partially) by teleconference, the participating Members should have the quorum required by

the Articles of Association, while the physical presence of the minimum required number of members is not required.

1.5. Board of Directors Resolutions

If no member of the Board of Directors opposes in writing the Chairman of the Board of Directors within two days upon receipt of the proposed resolution/s as below provided, the members of the Board of Directors may adopt resolutions in a written form without the formality of calling a meeting. The proposed resolution together with the documentation that supports the resolutions will be sent to the members of the Board of Directors by the Chairman of the Board of Directors by mail, courier, telecopy or secure electronic means. The members of the Board of Directors resolve on the resolution by fifteen (15) days from the date the written resolution has been delivered to them. The members approve the resolution by returning a signed copy of the written resolution to the Chairman of the Board of Directors of the Bank. The dissenting member expresses its objection to the resolution in written form and returns it to the Chairman of the Board of Directors. The written resolution is deemed as approved if it has been approved in accordance with the quorum provided in the paragraph above. On the other hand, the compilation and signing of a resolution by all the members of the Board of Directors or their proxies corresponds to a resolution of the Board of Directors even if the meeting has not taken place and the procedure in this paragraph has not been respected.

1.6. Responsibilities of the Board of Directors

The Board of Directors is responsible for the general administration and management of corporate affairs, as well as for the representation of the Bank in all its relations. The Board of Directors is responsible for the formulation of policies and the supervision of the activity of the Bank. Except for those matters reserved for the Shareholders Meeting based on the Articles of Association, the Banking Law and the Company Law, the Board of Directors is entitled to adopt any decision with respect to the Bank.

The following matters are subject to approval by the Board of Directors:

- a. approving and controlling the implementation of the policies and strategies of the Bank in connection with the business plan, risk management and annual budget;
- b. setting out long-term objectives of the Bank and monitoring their realization;
- c. monitoring the effectiveness of management practices in the bank and effecting appropriate changes for the purpose of improving such practices;

- d. establishing committees in cases where it becomes necessary for addressing issues of special interest to the bank, clearly defining the duration of their mandate, their composition and their working procedures;
- e. setting out the conditions and standards for the selection, remuneration, appraisal and removal of the directors of the bank, as well as monitoring the practices for the substitution of the staff;
- f. monitoring and solving potential conflicts of interest of the directors, members of the Board of Directors and shareholders, including the potential conflict of interests arising out of the misuse of the bank's assets and transactions with connected persons;
- g. taking any necessary and adequate measures for ensuring the integrity of the financial and accounting system of the bank, including the independent audit of the bank, and ensuring the existence of the appropriate systems of audit especially with regard to risk management, operational and financial system of the bank, as well as ensuring compliance with the law and best practices in the banking system;
- h. monitoring and supervising implementation of legal and regulatory requirements and of the best practices in the banking system;
- i. supervising the process of disclosure of information and communication with the public;
- j. appointment and dismissal of the Chief Executive Officer and of members of the Management Board;
- k. appointment and dismissal of the Risk Committee members
- l. approving the annual plan of the Internal Audit Unit
- m. approving the purchase or the sale of assets outsourcing activities or credit facilities over limits as defined from time to time from the Board of Directors.

The Board of Directors may, following a resolution, delegate, in whole or in part, the management and/or the representation of the Bank to one or more persons, Members of the Board of Directors, employees of the Bank or third parties, while defining simultaneously with the above resolution, the extent of the relevant delegation as well as the possibility to further assign the powers granted.

1.7. Substitution of Board Members

Membership in the Board of Directors ends before the above stated statutory term in the following cases:

- a) resignation by written notice sent to the Chairman of the Board of Directors at least 1 (one) month prior to the anticipated date of resignation;
- b) removal with a resolution of the Shareholders Meeting;
- c) failure on the part of a member to attend meetings of the Board of Directors for a total of six (6) months per year without a good valid reasons which shall be construed as a resignation by the member to be finalised by a resolution of the Board of Directors ascertaining the member's failure to attend the meetings as above.

In the case of vacancies for reasons noted above or death of a member of the Board of Directors, the Shareholders Meeting is convened by the Chairman of the Board of Directors or the Chief Executive Officer of the Bank as soon as possible to fill the vacancies. Until then, if the actual number of the members of the Board of Directors falls below the minimum required under the Banking Law, the Board of Directors might choose a temporary substitute member among the administrators of the Bank approved by the Bank of Albania. The bankruptcy of a member of the Board of Directors does not entail ipso facto derogation from his/her office, unless the Board of Directors resolves otherwise.

1.8. Minutes of the Board of Directors

The minutes, deliberations and resolutions of the Board of Directors are recorded concisely in a special book, which may be kept in a computerised system and are signed by the members of the Board of Directors present at the meetings. The Chairman, the Vice Chairman, the Chief Executive Officer and the Secretary issue and sign the transcripts and the excerpts of the minutes of the Board of Directors without any further attestation but the seal of the Bank.

A member of the Board of Directors may request that his/her opinion is written in the relevant minutes but may not refuse to sign them. In this event, his/her signature is replaced by that of another member by making reference to the relevant minutes of his/her refusal to sign them. Any such decision of the Board of Directors rendered outside the Republic of Albania and any written evidence thereof is transmitted to the General Director/Chief Executive Officer who records them in the book of minutes of the Board of Directors.

1.9. Responsibilities of the Members of the Board of Directors

The Members of the Board of Directors have the prime objective of enhancing the long-term economic value of the Bank and defending the general interests of the Bank.

Members disclose promptly to the other Board Members, their own interests that may

arise as a result of Bank transactions which constitute part of their duties, along with any other personal conflict of interest with those of the Bank or its affiliated companies. More specifically, they uphold, and act in, the interests of the Bank and do not pursue parallel purposes or own interests, contrary to those of the Bank.

Members of the Board of Directors of the Bank, who have access to privileged information, handle such information with absolute confidentiality and privacy and do not disclose it, in whole or in part, to any other party. They strictly observe their resulting relevant statutory and regulatory obligations and know the penalties for misuse of such information.

The Bank ensures the effective separation of duties in order to avoid incompatibilities of responsibility or conflicts of interest among the Members of the Board of Directors, the Management and the Executives, but also between them and the Bank.

1.9.1. Responsibilities of the Chairman

The Chairman has a key role in the Board of Directors. The role of the Chairman is intended for people with strategic thinking, decision-making abilities and knowledge of banking, financial accounts, risk management and local and international markets and economies.

More specifically, the Chairman has the following responsibilities:

- a) chairing the Board of Directors' meetings;
- b) approving the agenda and ensuring the timely and accurate preparation of the invitation to the Board of Directors' meetings;
- c) directing the workflow, the procedures and the deliberations of the Board of Directors' meetings;
- d) expressing opinion on the general operation of the Bank as well as on the setting and monitoring of its strategy;
- e) instructing the Secretary's actions and ensuring the correct and accurate dissemination of information to all the Members of the Board of Directors;
- f) being available to Shareholders and investors as the most competent representative of the Bank and
- g) complying with the provisions of the legislation.

1.9.2. Responsibilities of the Vice Chairman

The Vice Chairman substitutes the Chairman in his absence or non-presence due to an impediment, and assumes his duties. In the event of his absence, the Vice Chairman is

substituted by the senior in tenure Non Executive Board Member. The substitution in question pertains solely to the exercise of the authorities of the Chairman of the Board of Directors as such.

1.9.3. Responsibilities of the Chief Executive Officer

The Chief Executive Officer participates in all Shareholders Meetings and in the meetings of the Board of Directors, has general and active management of the business of the Bank and is responsible to ensure that orders and resolutions of the Board of Directors are carried into effect. The Chief Executive Officer has the powers to sign checks, orders, contracts, leases, notes, drafts and other documents and instruments in connection with the business of the Bank and to execute any document of the Bank except where required or permitted by law to be otherwise signed and executed or except where the signing and executing thereof shall be expressly delegated by the Board of Directors to some other Director(s) of the Bank.

The Chief Executive Officer represents the Bank against third parties but certain transactions with third parties may require the joint signature of another Director or employee of the Bank in compliance with the decisions of the Board of Directors with respect to authorized signatories.

The Chief Executive Officer may in the normal course of business delegate all or part of his powers to another Director or Directors of the Bank in compliance with the decisions of the Board of Directors or with the prior approval thereof.

1.9.4 Responsibilities of the Secretary

The Secretary coordinates communication with the Shareholders, the Members of the Board of Directors, the Management Board, the Managers of the Bank, in accordance with the provisions of the law and the guidelines of the General Management, in order to achieve unified dissemination of information and coordination.

The Secretary is responsible for convening and organizing the meetings of the Board of Directors and of the General Meetings of Shareholders of the Bank.

In particular, the Secretary is responsible for:

- a) drafting the invitation and the agenda for the General Meetings of Shareholders of the Bank and for their publication and disclosure as stipulated;
- b) the collection and classification of recommendations and the compliance with prescribed procedures;
- c) drafting, with the Chairman, the agenda for the meetings of the Board of

Directors,

- d) duly preparing, filing, when applicable, and storing the minutes,
- e) issuing excerpts from the minutes of the General Meetings of Shareholders and the meetings of the Board of Directors and
- f) the Articles of Association and any adjustment in cooperation with the Legal Services Division.

1.10. Remuneration of the Members of the Board of Directors

The Members of the Board of Directors receive remuneration as determined by the General Meeting of the Shareholders of the Bank in accordance with the specific provisions of the Articles of Association.

The total amounts of remuneration as well as any compensation for the Independent Members of the Board of Directors are reported on a separate category in the annex of the annual financial statements.

Chapter 2 – Board of Directors’ Committees

The Board may establish one or more Committees, permanent and/or temporary, which will assist it in its work.

2.1. Establishment of the committees

The Committees exercise all necessary powers, as determined by the Board, in order to facilitate the operation of the Board of Directors and effectively support its decision making. The Committees have advisory responsibilities, consisting mainly in submitting suggestions and opinions to the Board, but they may also exercise decisive authorities as long as there is a specific assignment by the Board of Directors.

Subject to the provisions of the legal and regulatory framework, the Members of the Committees are appointed by the General Meeting of Shareholders or the Board of Directors of the Bank. The Committees may consist of Board Members and non Board Members.

The main tasks of the Committees are the examination of issues and draft resolutions entrusted to them by the Board of Directors, as well as the submission to the Board of Directors of reports, suggestions, opinions, information or recommendations for the performance of their allocated tasks.

The Committees, in any case, exercise the responsibilities assigned as above and their duties under the supervision of the Board of Directors.

2.2. Audit Committee of the Board of Directors

The specific duties and responsibilities of the Audit Committee are determined in the Rules and Regulations of the Audit Committee, on the basis of the internal procedures adopted and implemented by the Bank, in each case, in accordance with the provision of the legal and regulatory framework.

2.3. Risk Committee of the Board of Directors

The specific duties and responsibilities of the Risk Committee are determined in the Rules and Regulations of the Risk Committee, on the basis of the internal procedures adopted and implemented by the Bank, in each case, in accordance with the provision of the laws and the regulatory framework.

Chapter 3 – Performance Assessment

The performance assessment of the Board of Directors, and its committees is of high importance for the implementation of the bank corporate governance.

3.1. Types and frequency of performance assessment

The Board of Directors, as a body, in the presence of all its Members, the Chairman included, assesses annually its work for the elapsed year, presenting a) the criteria on the basis of which the assessment was conducted, b) any deficiencies ascertained during its operation, and c) the corrective actions recommended for dealing with the weaknesses ascertained.

The Board of Directors may assign to external consultants, every three years, the complete assessment of its work during the elapsed time period, also attending to the implementation of any recommended corrective actions for dealing with the weaknesses ascertained.

3.2. Performance Assessment Criteria

For the assessment of the Board of Directors, the following are, indicatively, taken into account:

- the efficiency of the Board of Directors in the performance of its leading role;
- the degree of meeting the targets set by the strategic plan of the Bank;
- the degree of participation by Board of Directors' Members in the formulation of the corporate strategy;
- the contribution to effective risk management;
- the response to problems and crises that may have arisen;
- the consideration of the Board of Directors' structure, size and composition in relation to its efficiency, as well as the relations among Board of Directors'

Members, the Board of Directors' Committee Members and the senior Management;

- the safeguarding of the smooth succession of its Members, taking into account their education, competence, experience and diversity;
- the frequency of the Board of Directors' meetings;
- the safeguarding of the quality and the accuracy of the information provided to the Board;

3.3. Board of Directors Committees Performance Assessment

Furthermore, each Committee of the Board of Directors, in the presence of all its Members, assesses annually its work for the elapsed year and states in its Annual Report to the Board of Directors the assessment results for its work during the elapsed year, as well as any deficiencies in its operation, recommending corrective actions. The Board of Directors of the Bank monitors the implementation of the corrective actions in the operation of the Committees.

Chapter 4 – Shareholders Meeting

4.1. Responsibilities of the Shareholders' Meeting

The Shareholders Meeting is the supreme governing body of the Bank. It convenes to adopt decisions reserved for it by the Articles of Association, the Company Law and the Banking Law as well as any other applicable law in force.

The Shareholders Meeting shall resolve by simple majority of the shareholders present in the meeting once the quorum specified in article 144.1 of the Company Law is met ("Simple Majority"). The Shareholders Meeting shall resolve on the following Bank matters and any other matter which under the Banking Law or Company Law may be approved with Simple Majority:

- a) Setting the business policies of the Bank;
- b) Adoption of the annual statement of accounts and performance reports
- c) Adoption of its own rules of procedure;
- d) Other matters stipulated by the Banking Law;
- e) Appointment and dismissal of the members of the Board of Directors;
- f) Appointment and dismissal of the members of the Audit Committee;
- g) Appointment of the statutory Auditor(s);
- h) Approval of remuneration schemes regarding the persons mentioned under paragraphs 'f' and 'g';
- i) Representation of the Bank in the court proceedings and in other proceedings against its Directors and members of the Board of Directors

The Shareholders Meeting shall resolve by majority of $\frac{3}{4}$ of the shareholders present in the meeting once the quorum specified in article 144.1 of the Company Law is met ("Qualified Majority") on the following Bank matters and any other matter which under the Banking or Company Law require a Qualified Majority:

- a) Amendments to these Articles of Association;
- b) Increase or decrease of the registered capital;
- c) Changes in the rights associated with individual classes and kinds of shares;
- d) Termination of Bank's operations, its restructuring and dissolution;

- e) Distribution of annual profits and setting of reserves;
- f) Appointment of the members of the Board of Directors, in case of merger or separation;

The Shareholders Meeting shall be presided by the Chairman of the Board of Directors or in his absence by the Vice Chairman of the Board of Directors or any other member of the Board of Directors appointed by the Shareholders Meeting for this purpose with Simple Majority. The Secretary of the Meeting shall be appointed by the Chairman of the Shareholders' Meeting in case a notary public is not called in the Shareholders' Meeting.

4.2. Convocation of the Shareholders' Meeting

The Shareholders Meeting shall be convened at least once a year within the first six months of each calendar year in order to approve the financial statements of the previous financial year of the Bank. The Shareholders Meeting has to be convened in the events provided by article 136 of the Company Law.

The Shareholders Meeting can resolve on the matters set out in paragraph 4.1 above through convocations in meeting or by way of written resolution.

The Shareholders Meeting shall be normally convoked by the Chairman of the Board of Directors, but it may also be called by upon written request of the External Auditor of the Bank, a liquidator appointed to liquidate the Bank, one or more shareholders who control together at least 5% of the Bank's capital or any other person entitled by Banking Law or Company Law.

The notice of convocation of the Shareholders Meeting shall state the items of the agenda, the date, time and place of the meeting and other items defined in the corresponding articles of the Company Law and shall be sent to Shareholders at least 21 days before the anticipated date of the meeting through registered post, courier, fax or e-mail. The decisions of the Shareholders Meeting shall be considered valid in the absence of a notice if all shareholders are present and agree to adopt decisions.

The Shareholders Meeting shall take place at the registered legal seat of the Bank, in the seat of a branch of the Bank in Albania or at any city or province of the world that the Shareholders may agree. For any such decision taken outside the Republic of Albania a written evidence of such decision(s) made shall be transmitted to the Management Board who shall record them in the Register of Decisions of the shareholder(s) of the Bank, which shall be kept at the legal seat of the Bank, under the care of the Management Board. Subject to a specific resolution by the Board of Directors and in accordance with the relevant provisions of the applicable law: (a) the proceedings of the General Meeting may take place by teleconference provided that all Shareholders identify may be confirmed, and (b) the

Shareholders may participate by distance in the proceedings and voting of the Shareholders' Meeting.

Any shareholder has the right to be represented by another person in compliance with Article 140 of the Company Law.

The shareholder(s) recognize and agree to the right to resolve on the Bank in written form. The proposed resolution together with the documentation that supports the resolutions shall be sent to the shareholder(s) by mail, courier, telecopy or secure electronic means. The shareholder(s) shall resolve on the resolution within 21 days from the date the written resolution has been delivered to the shareholder(s). The shareholder(s) approve the resolution by returning a signed copy of the written resolution to the Management Board of the Bank. The dissenting shareholder shall express its objection to the resolution in writing and return it to the Management Board of the Bank. The written resolution is deemed as approved if it has been approved by the required majority in compliance with paragraph 4.1 above. On the other hand, the compilation and signing of a resolution by all shareholders of the Bank or their proxies corresponds to a resolution of the Shareholders' Meeting even if the meeting has not taken place of the procedure in this paragraph has not been respected.

The shareholder(s) resolutions issued in compliance with the Company Law and the Articles of Association shall bind the Bank.

If required by law, certain shareholder(s) resolutions shall be notarized by a public notary. In the case that such resolutions are issued outside the Republic of Albania they shall abide by the requirements of the Albanian law on recognition of foreign documents in the Republic of Albania (i.e. undergo the legalization or apostilling procedures, depending on the country of issuance).

4.3. Minutes of the Shareholders' Meeting

The minutes of each Shareholders Meeting shall be kept in compliance with Article 143 of the Company Law and shall be signed by the Chairman and the Secretary of the Meeting or a notary public if the latter has been called and is present in the meeting. The Chairman of the Shareholders' Meeting bears the obligation to register a precise summary of the view of a shareholder in the minutes, if so requested by the shareholder. The Chairman of the Shareholders' Meeting or a person appointed by the Board of Directors may issue transcripts of the aforementioned minutes.

Chapter 5 – Management Committees

5.1. Management Board

The Management Board (MB) is the senior executive body of the Bank composed of the CEO, Wholesale Banking Business Unit Manager, Retail Banking Business Unit Manager and Operations and IT Business Unit Manager and Economic Advisor. It convenes at least once a week under the chairmanship of the CEO and with the participation of the other members and the Secretary of the MB. Depending on the subjects under discussion, other Managers or Employees of the Bank participate in the proceedings. The MB carries out a review of the domestic and international economy and market developments, and examines issues of business planning and policy. Furthermore, the MB deliberates on issues relating to the development of the Bank, submits recommendations on the Rules and Regulations of the Bank along with the budget and balance sheet of each Business Unit.

The Management Board is the executive body of the Bank composed by five managers/directors and which is closely supervised by the Board of Directors.

The Directors of the Management Board (the “**Directors**”) are appointed by the Board of Directors for a term of 2 (two) years pursuant to the criteria of the Banking Law, with the prior approval of the Bank of Albania, in cases when a new director is appointed. They can be members of the Board of Directors but not the Chairman or Vice Chairman of the latter.

The Directors of the Management Board may be removed at any time by decision of the Board of Directors.

The elected and appointed Director(s) shall report upon their appointment and after that not less than once per year to the Board of Directors any private interest such Director(s) might have in relation to the Bank.

The specific duties and responsibilities of the Management Board are determined in the Rules and Regulations of the Management Board, on the basis of the internal procedures adopted and implemented by the Bank, in each case, in accordance with the provision of the laws.

5.2. Assets–Liabilities Management Committee

The Assets–Liabilities Management Committee (ALCO) convenes regularly once a month under the chairmanship of the Chief Executive Officer and with the participation of the Economic Advisor, Wholesale Banking Business Unit Manager, Retail Banking Business Unit Manager, Finance and Accounting Department Manager, Head of Treasury Section and Risk Management Department Manager. The Committee examines issues related to Treasury and Balance Sheet Management and monitors the course of the results, the funding plan, the capital adequacy and the overall financial volumes of the Bank approving the respective actions. In addition, the Committee approves, the structure of the investment portfolios and the total market, interest rate and liquidity risk limits.

Chapter 6 – Internal Control System

The Internal Control System consists of control mechanisms and procedures, relating to all the activities of the Bank, aiming at its effective and secure operation

6.1. Internal Control Aims

The Internal Control System aims:

- the consistent implementation of the business strategy with an effective utilization of the available resources,
- the identification and management of all risks undertaken,
- the completeness and the credibility of the data and information required for the accurate and timely determination of the financial situation of the Bank and the generation of reliable financial statements,
- the compliance with the current regulatory framework, the internal regulations and the codes of ethics,
- the prevention and avoidance of erroneous actions that could jeopardise the reputation and interests of the Bank, the Shareholders and those transacting with it,
- the effective operation of the IT systems in order to support the business strategy and the secure circulation, processing and storage of critical business information.

6.2. Evaluation of the adequacy and effectiveness

The evaluation of the adequacy and effectiveness of the Internal Control System of the Bank is conducted:

- a) on a continuous basis through audits effected by the Audit Department of the Bank. The audit plan of the Audit Department is based on the prioritization of the audited areas by identifying and assessing the risks and the special factors

associated with them. In addition, any instructions or decisions of the Management of the Bank, along with regulatory framework requirements and extraordinary developments in the overall economic environment are taken into account. The Board of Directors approves the audit plan. The Audit Committee is updated every quarter on its implementation, the main conclusions of the audits and the implementation of the audit recommendations and informs accordingly the Board of Directors.

- b) every three years by External Auditors, other than the regular ones. These are highly experienced individuals in the field of internal audit (external auditors or special advisors), who are independent of the Bank and for whom there is no question of a conflict of interests. The Audit Committee determines the criteria and the selection procedures for external auditors and approves the scope and the content of audit operations. The Audit Committee of the Board of Directors conducts an annual evaluation of the Internal Control System, based on the relevant data and information from the Audit Division, findings and observations from the External Auditors and the Regulating Authorities.

6.3. Policies, Computerized Applications

The Bank has in place adequately documented Policies and Procedures for the recognition of financial events and the preparation of the financial statements.

Transactions are carried out through specialized computerized applications, per business activity of the Bank, which support Officer authorization limits and procedures for double-checking transactions.

6.4. Accounting and Auditing Procedures

The accounting system of the Bank is supported by specialized IT systems which have been adapted to the business requirements of the Bank.

Audit and accounting reconciliation procedures have been established in order to ensure the correctness and the legitimacy of the entries in the accounting books as well as the completeness and validity of the financial statements.

Furthermore, in order to ensure the independence of the regular audit of the financial statements of the Bank, the Board of Directors applies specific policies and procedures in order to formulate a recommendation for the Shareholders' Meeting with regard to the election of a regular auditor.

The Audit Committee supervises and assesses the drafting procedures, in accordance with the current audit standards, for the periodic and annual financial statements

of the Bank and studies the reports of the External Auditors as regards deviations from the current accounting practices.

6.5. Internal Audit

The Internal Audit Department is responsible for the internal audit of the Bank and reports to the Board of Directors through the Audit Committee. It performs audits regarding the adequacy and the effectiveness of the internal control system of the Bank, in accordance with the stipulations of the regulatory framework and investigates thoroughly cases on which there is evidence that the interests of the Bank are harmed. Monitors the implementation and the effectiveness of the corrective actions recorded in the reports of all sorts of audits (by internal auditors, external auditors, Regulatory Authorities, Tax Authorities etc.).

6.6. Compliance

The Compliance Department identifies, assesses and manages risks to which the Bank may be exposed, due to failure to comply with the applicable regulatory framework (compliance risk). In this context, it continuously collects, records, processes and interprets the regulatory framework, monitors the upcoming changes and records deviations from the requirements and obligations arising for the Bank, in order to timely evaluate their impact, to take appropriate measures in implementing them and to safeguard the interests and reputation of the Bank. It reports to the Audit Committee of the Board of Directors of the Bank.

6.7. Risk Management

The Risk Management Department reports to the Board of Directors through Risk Committee.

Risk management comprises a broad framework of policies and procedures on the undertaking, assessment, monitoring and treatment of the various risks affecting the activities of the Bank. Particular emphasis is placed on the strict observance of the framework and the overall management of the various risk types, as well as on the determination of the acceptable risk appetite, each time, in the process of business decision-making and target setting.

6.7.1. Operational Risk Committee

The Operational Risk Committee convenes regularly every quarter under the chairmanship of the Chief Executive Officer and with the participation of Economic Advisor, Wholesale Banking Business Unit Manager, Retail Banking Business Unit Manager, Operations and IT Business Unit Manager and Risk Management Department Manager. The Operational Risk Committee ensures that the appropriate processes, methodologies and infrastructure to manage operational risk are in place. In addition, it is regularly updated on the operational risk profile of the Group and the results of the operational risk assessment process; reviews recommendations for minimizing operational risk; assesses forecasts regarding Third Party Lawsuits against the Bank; approves the authorization limits of the Committees responsible for the management of operational risk events of the Bank and reviews the operational risk events whose financial impact exceeds the limits of the other Committees.

6.7.2. Credit Risk Committee

The Credit Risk Committee convenes regularly every quarter under the chairmanship of the Chief Executive Officer and with the participation of Economic Advisor, Wholesale Banking Business Unit Manager, Retail Banking Business Unit Manager, Operations and IT Business Unit Manager, Wholesale Credit Department Manager, Retail Credit Department Manager, Risk Management Department Manager, Non-Performing Loans and Collections Department Manager, Finance and Accounting Department Manager.

The Credit Risk Committee assesses the adequacy and the efficiency of the credit risk management policy and procedures of the Bank with regard to the undertaking, monitoring and management of credit risk per Business Unit (Wholesale Banking, Retail Banking, etc.), geographical area, product, activity, industry et al. and resolves on the planning of the required corrective actions.

Chapter 7 – Final Provisions

For all matters not regulated in the present Code, the relevant provisions of the existing legislation apply.

The present Code was drafted and approved by the Board of Directors of the Bank and is posted on the Bank's website (www.alphabank.ai).