

# Information about the internal committees, their main duties and composition (2016)

## **Audit Committee**

"Presents offers for improvement of relevant internal monitoring mechanisms for administrative, operational, accounting policy and procedures of the Bank, makes recommendations on division of workload and responsibilities, improvement of dual control mechanisms for operations , submits an offer to the Supervisory Board (SB) for the maintenance costs of the internal audit department, submits offers for promotion, dismissal or release, as well as reward of internal auditors; Assesses and confirms audit reports on compliance of interbank governance with bank's policies and compliance of bank's operations with strategic plan (Business plan), Assess independence of audit, reasoning its results and submits and evaluates results of internal audit; presents the results of the internal audit inspection, opinion, suggestions and consultations to the Supervisory Board and analyzes them together with the SB.

Presents suggestions about the elimination of the disclosed errors, defects, discrepancies and violations to the Supervisory Board, submits it together with his/her respective opinion after reviewing the statement of the internal audit department for the approval of the Supervisory Board, ensures timely and full submittal of all the important information, bank documents pertaining to the Bank's activity in the organization of joint work with external auditors to the external auditor, demands from the external auditor to immediately provide information on the important facts and events disclosed during the audit, ensures submittal of the external auditor's report reflecting the important facts about the internal monitoring and financial state of the Bank to the Board of Directors, discusses and reviews the report with the external auditor, Board of Directors, and other administrators, suggests issuance of action plans for elimination of shortcomings and violations, arranges meetings with the Central Bank, other administrative bodies of the Bank and external auditor with the purpose of discussion of the important issues if necessary."

## **Members of Audit Committee**

*Guliyev Rasim Mithat oglu - Chairman of Audit Committee*

*Sultanova (Abdullayeva) Maleyka Sattar gizi - Member of Audit Committee*

*Rahimli Haqiqat Nadir gizi - Member of Audit Committee*

## Credit Committee

Defines the credit and investment policy of the Bank, submits to the approval of the Supervisory board, is responsible for the quality of the loan portfolio, decides on granting a mortgage loan financed by the Mortgage Fund of Azerbaijan subordinate to the Central Bank of the Republic of Azerbaijan, makes decisions on one or more credits given to borrowers relating to one or each other provided that the maximum amount is from AZN 150,000.00 (one hundred and fifty thousand manats) or its equivalent in other currency to AZN 300,000.00 (three hundred thousand manats) or not more than its equivalent in other currency for the capital owners.

### Members of Credit Committee

*Ibrahimov Abbas Mammadali oglu - Chairman of the Board, Head of Retail Banking Business, chairman*

*Qaraisayev Zaur Fakhraddin oglu - Chief Risk Officer of the Bank, Head of Risk department*

*Eynullayev Vusal Ibadat oglu - Chief Financial Officer of the Bank, Head of Finance department*

*Mammadov Vidadi Maharramali oglu - Director of Real Property Management department*

*Nuraliyev Natiq Aghasharif oglu - Head of Business department*

## IT Committee

Is in charge of the implementation of the projects on Information Technologies (hereinafter IT), makes decisions on IT within the framework of the powers granted to him by the Regulations and submits them for the approval of the Supervisory Board (hereinafter SB), supervises the work of IT risk management, provides issuance and implementation of the general structural policy on the security and internal control to ensure security and improvement of IT resources and systems, provides a policy on the IT security of the Bank, works out IT plans according to the common strategy of the Bank in order to implement the IT policy and monitors their performance and amendments in these plans, works out IT strategy in accordance with the common strategy of the Bank and submits for the approval of the SB, ensures issuance of the IT procedures.

### Members of IT Committee

*Zeynalov Nahid Vidadi oglu - Head of Information Technologies and Payment Systems department, chairman*

*Ibrahimov Abbas Mammadali oglu - Chairman of the Board of the Bank, Head of Retail Banking Business*

*Hamidov Eldar Elman oglu - Head of the Field*

*Eynullayev Vusal Ibadat oglu - Chief Financial Officer of the Bank, Head of Finance department*

## **Duties of Risk Management Committee:**

Evaluation of the work of the RMC and notifying the Supervisory Board and Board of Directors of its conclusions, selection of methods and tools on financing and evaluation of the risks and determining frequency of their implementation, evaluation of functions on the management of interbank risks, issuance and confirmation of the relevant methodological explanations and consultations about risk management policy and procedures to define the risks and their monitoring methods, working out of the proposals to ensure efficient management of assets and liabilities and their submittal to the Supervisory Board for approval; financing, assignment of limits on the management of liquidity and market risks and conduction of supervision pursuant to the procedures approved by the Supervisory Board, making decisions on the limits of market and currency limits approved by the Supervisory Board, reviewing Emergency response plan together with the Board of Directors and its submittal to the Supervisory Board, obtaining any information from the structural units of the Bank concerning risk management, defining risks on different transactions and processes in the Bank and reviewing the activities and procedures about each existing or new bank product, process and rates to take necessary actions for elimination of these risks; giving appropriate instructions to the RSMD, Treasury department and Finance department relating to the performance of the actions, such as adoption, reduction, transfer, as well as avoiding risks for efficient management of risks and requiring periodic reports, defining interbank risk limits on various limits arisen during the activity of the Bank and their submittal for the approval of the Supervisory Board, putting forward proposals on the provision of the liquidity of the Bank and supervision of their implementation, presenting proposals on the provision of the efficient work of the treasury and supervision of their implementation, ensuring the observation of the regulations relating to the management of liquidity and foreign currency;

Methods of granting credits and investments and making analyses on their efficiency.

## **Members of Risk Management Committee**

*Isayev Elchin Hamid oglu - Chairman of the Supervisory Board, chairman*

*Ibrahimov Abbas Mammadali oglu - Chairman of the Board of the Bank, Head of Retail Banking Business*

*Qaraisayev Zaur Fakhraddin oglu - Chief Risk Officer of the Bank, Head of Risk department*

*Zeynalov Nahid Vidadi oglu - Head of Information Technologies and Payment Systems department, chairman*

*Hamidov Eldar Elman oglu - Head of the Field*

*Eynullayev Vusal Ibadat oglu - Chief Financial Officer of the Bank, Head of Finance department*

*Guliyev Rasim Mithat oglu - Chairman of Audit Committee (without the right of voting)*

## **Remuneration Committee:**

"Works out a remuneration policy based on the long-term activity results and aimed at achievement of the strategic targets of the Bank, by making a profit within a short time period against the bank's undertaking of long-term risks, and guided by principles of independence of the payment of salaries of the bank employees and members of administrative bodies from remunerations and submits to the Supervisory Board for approval; issues proposals on the amount of awards (with the exception of deferred awards) to be given to the persons belonging to the management of the bank per year and submits to the Shareholders' General Meeting for approval and issues proposals on the amount of the awards to be paid to the bank employees of other categories and submits for the approval of the Supervisory Board.

Supervises the remuneration process and evaluates the efficiency of the remuneration system together with the Risk Management Committee at least once a year."

## **Members of the Remuneration Committee:**

*Isayev Elchin Hamid oglu - Chairman of the Supervisory Board, chairman*

*Ibrahimov Abbas Mammadali oglu - Chairman of the Board of the Bank, Head of Retail Banking Business*

*Qaraisayev Zaur Fakhraddin oglu - Chief Risk Officer of the Bank, Head of Risk department*

## Investment Committee:

"Raises questions before the Board of Directors about determination, modification of the bank rules (and decisions) or making additions to them on investment issues, defines the Bank's policy in the sphere of investment and submits it for the approval of the Supervisory Board (SB), obtains any information from the relevant structural units of the bank concerning investment, makes a decision on the possibility of the investments by investigating financial market (on each investment separately), implements the investment policy of the Bank on the following investment operations within the common limits approved by the SB for each investment tool (deviations from the approved limits are confirmed by the decisions of the SB), makes decisions about interbank loans, deposits, currency of deals on overnight transactions, interest rate, amount and timing by taking into account the Bank's interest, liquidity, rating and history of cooperation of the counterparty (if there is any), analyzing time allocation of interbank loans portfolio within the limits approved by the SB.

Makes decisions about the currency, amount, period and exchange difference of the transactions on currency transactions (forward contracts) by taking into account the Bank's interest, liquidity, currency position and analysis of the current, short-term and predicted long-term condition in the currency market within the limits approved by the SB.

Makes decisions about the investments on securities by taking into consideration the Bank's interest, current and long-term liquidity, the value, duration, rating (if there is any) and profitability of the securities that are in circulation of local and foreign securities market within the limits approved by the SB.

Makes decisions about the amount, duration and profitability of the investments on derivative financial instruments by taking into account the Bank's interest, current and long-term liquidity, analytical information on each instrument for the last report date and prognoses on each instrument for the investment period within the limits approved by the SB; makes decisions on the other investment operations, proceeding from the interests of the bank, within the limits approved by the SB; conducts analyses related to the investment methods and their efficiency."

### Members of Investment Committee:

*Eynullayev Vusal Ibadat oglu - Chief Financial Officer of the Bank, Head of Finance department*

*Kazimov Azim Mirzakir oglu - Chief Accountant*

*Nasirov Ulvi Vahid oglu - Director of Treasury department*