

## **QNB BANK A.Ş. BOARD OF DIRECTORS CHARTER**

### **A. Main Responsibilities of the Board of Directors**

Main responsibilities of the Board of Directors of QNB BANK A.Ş. are;

1. To fulfill their duties with loyalty to the Bank and to the shareholders.
2. To be aware of their supervisory roles in the Bank.
3. To allocate adequate time for Bank's activities and join the Board of Directors' meetings.
4. To fulfill their duties with prudence and goodwill.
5. To be familiar with the regulations that the Bank is subject to and ensure that the Bank's relations with regulatory and supervisory authorities are effective.
6. Not to disclose incomplete or biased information in order to mislead other members.
7. To comply with all laws and regulations in all aspects of their public and private and professional lives.
8. To show best efforts for protection the Bank's assets and their profitable use.
9. Not to take unfair advantage of anyone through manipulation, concealment, abuse of privileged information, misrepresentation of material facts, or any other unfair-dealing practice. All business relationships, lending relationships, deposit and other banking relationships between the Bank and a member or his/her affiliates should be part of the ordinary course of business and, relatively speaking, on substantially the same terms as those prevailing at the time for current transactions with non-affiliated persons, always in combination with the Bank's risk management regulations.
10. Not to disclose any information of the Bank or Bank's customers, which they have received in connection with their positions and duties to any authorities other than those who have been specifically authorized by law.
11. To refrain from entering into conflicts with third parties and from placing themselves under liability against third parties.

### **B. Terms of Reference**

The Board of Directors of QNB BANK A.Ş. covers following responsibility areas: Corporate Governance, Strategic Decisions and Planning, Internal Systems, Oversight, Control and Supervision, Credits, Information Systems Governance, Information Security and Information Systems Continuity and Accessibility Management, Procurement of Outsourced Services, and Financial Reports.

#### **In Terms of Corporate Governance**

1. To execute its functions by following the principles of equality, transparency, responsibility and accountability.
2. To evaluate with regular intervals, the effectiveness of its own managerial implementations including the appointment and election procedures to the Board of directors.
3. To invite the General Assembly to convene an ordinary or extraordinary meeting and determine the agenda therein.
4. To ensure that senior managers have the necessary qualifications for their position, to promote highly qualified personnel's long - term service to the bank and take the necessary measures in this respect.
5. To monitor the Bank's compliance to corporate governance principles, to be engaged in improving in this respect and to form a Corporate Governance Committee to submit suggestions to the Board of Directors.

6. Assisted by the Corporate Governance Committee, to direct the bank's subsidiaries in the spirit of the present procedure and to provide those appropriate policies of corporate governance are put in place.
7. To establish appropriate communication channels which enable the secure transmission of information regarding the actions and transactions that are not compliant with the corporate values and ethical rules by the personnel to the relevant bodies within the bank.

#### **In Terms of Strategic Decisions and Planning**

1. To review and approve the strategic direction of the bank, to determine the manpower and financial resources that the corporation would require, the annual budget included, oversee management and provide guidance in the achievement of objectives set out in the QNB BANK A.Ş. business plan.
2. To supervise and approve implementation of the policies which seriously affect the bank's profit & loss.
3. To continuously and effectively evaluate the Bank's accomplishment of its targets, activities and performance.

#### **In Terms of Internal Systems**

1. To establish internal control systems consisting of information systems and information processes and risk management which may reduce to minimum the effects of the risks on stakeholders of the corporation, mainly on shareholders by obtaining the opinions of the relevant committees of the board of directors.
2. To elect and remove the managers of the internal systems units (Risk Management – Internal Audit – Internal Control and Compliance).
3. To fulfill the responsibilities and duties arising from the Banking Law and its related regulations for establishing the internal control, audit and risk management systems; operating them in an effective, adequate and suitable manner, securing the information provided from the financial reporting system and determining the powers and responsibilities within the bank.
4. To have knowledge of the risks that the bank is exposed to, as well as of calculation and management methods of these risks.

#### **In Terms of Oversight, Control and Supervision**

1. To monitor the compliance of the Bank's activities with laws, regulations derived from the laws, its Articles of Association, internal procedures and policies. Measures should be adopted without delay and, if possible, before problems occur.

#### **In Terms of Credits**

1. To develop, implement and supervise the policies regarding the establishment of the credit lines, credit approvals and other related administrative issues, as well as taking any necessary measures.
2. To ensure that credit line establishment is essentially the responsibility of the Board of directors. The Board of directors may delegate this authority to a credit committee that it establishes or to the Head Office.
3. To ensure that the authority delegations, the establishment and activities of the credit committee, the audit of the credit committee, determination of the credit limits are in line with the Articles of Association of the Bank, the Banking Law and the related regulations as well as the credit policies.

### **In Terms of Information Systems Governance, Information Security and Information Systems Continuity and Accessibility Management**

1. To consider information systems management as part of corporate governance practices and to provide necessary human resources and funding in order to manage information systems properly.
2. To ensure effective control over the information systems.
3. To ensure effective supervision in order to manage risks arising from the use of information systems considering recent technological developments and to ensure establishment of necessary committees and determine working principles of such committees within the scope of related legislation.
4. To ensure the establishment of information security management system (ISMS) and have the ultimate responsibility for ensuring the implementation of such system through the Bank.

### **In Terms of Procurement of Outsourced Services**

1. To ensure establishment of an effective oversight mechanism that enables assessment and management of the risks related to the outsourced service providers on information systems which have access to the banking data or with whom the Bank shares such data and may potentially effect confidentiality, integrity and availability of the banking data and the continuity of banking services and to maintain the relationships with such service providers in an effective way.

### **In Terms of Financial Reports**

1. To decide on the financial reporting system of the bank including booking of transactions, preparation, approval, auditing, announcement to authorities and publication of financial statements and to supervise the proper implementation thereof as per the Banking Law and the related regulations.

### **C. Membership & Member Replacement**

1. The Board of Directors consists of at least five members to be elected by the General Meeting of Shareholders. The General Manager, or their deputy in General Manager's absence, is the natural member of the Board of Directors and is entitled to vote.
2. Members of the Board of Directors may be elected for a maximum period term of three balance sheet years. Members may be re-elected.
3. New members are elected in place of members whose terms of office have terminated as per the provision of Article 363 of the Turkish Commercial Code.
4. Members of the Board of Directors are obliged to take oath after their election or appointment and before commencement of their duties. It is mandatory for the general manager, being an ex officio member of the Board of directors, and for his proxies to take oath.
5. Members of the Board of Directors are obliged to make a declaration of property in conformity with the Law for Declaration of Property, Bribery and Combat Against Corruption. Declarations of property are made within one month of appointment to or removal from the Board. Declarations are renewed within one month of a significant change in wealth and also latest by end of February for the years which end with the figures "0" and "5".
6. Members have the right to express disagreement with a decision of the Board in writing and to record their opinion in the minutes.
7. In addition to reviewing quarterly results before their publication, members can review, on a quarterly basis, financial indicators relevant to the achievement of the Bank business plan

targets. To ensure that, in addition to information regularly received by the Board, members are able to have access to any company information, records, and books through the Chairperson. Where the Chairperson considers that he has significant reasons not to accept such a request, the matter is referred to the Corporate Governance Committee for a recommendation to the Board.

#### **D. Chairperson & Vice Chairperson**

The Board of Directors elects Chairperson and a Vice Chairperson to conduct Chairperson's duties in its absence in its first meeting following the election.

#### **E. Meetings of Board of Directors**

##### **1. Meeting Place & Frequency**

The Board of Directors convenes at the Bank's Head Office, at such times as may be required by the Bank's business and transactions. Board of Directors may also convene at another place within the city of the Bank's head office or in another city or abroad by serving a written notice to the Chairperson, Vice Chairperson and all of the Members.

##### **2. Meeting Quorum & Decisions**

- a) In order for the Board of Directors to convene, majority of the Board members must be present at the meeting.
- b) Decisions of the Board are passed with affirmative vote of the majority of the members present at the meeting, The Chairperson's vote (or substitute) decides in case of ties.
- c) Unless any of the members request a meeting, Board decisions may be passed by obtaining the written consent of at least the majority of all of the members, on a proposal made by a member on a certain matter, as drafted in the form of a decision.
- d) Each member in the board of directors shall have one voting right.
- e) Decisions of the Board of Directors shall be signed in accordance with the relevant legislations.

##### **3. Meeting Protocol**

- a) Participation at a meeting can be by tele- or video- conference provided that the requisite quorum is achieved by physically present members.
- b) At its first meeting of every calendar year, the Chairperson adopts a calendar of meetings.
- c) In the absence of the general manager in Board of directors' meetings, to choose proxy general managers who meet the qualifications of a general manager from among the deputy general managers.
- d) Opinions of the members who could not attend the meeting but who have notified their opinions in writing to the Board of Directors shall be shared with the rest of members.
- e) The Board of Directors shall appoint a secretary, who will be responsible for preparation, coordination and control of all documents including meetings' agenda, meeting minutes, resolutions, etc. and for keeping the resolution book of Board of Directors.

#### **F. Performance Evaluation**

The Board of Directors shall put and maintain in place a self-assessment mechanism to evaluate the performance, competence and effectiveness of the Board annually.