

CONFLICTS OF INTEREST POLICY

1. Introduction

1.1 PURPOSE

Purpose of this Policy is to create a written and sustainable policy, to protect the integrity of the bank's decision-making process, to enable the stakeholders to have confidence in it and to protect the integrity and reputation of QNB Finansbank A.Ş. ("Bank"), management, employees and customers. The Policy is designed in such a manner that the management, employees and customers of the Bank should avoid any actual conflicts of interest as well as the perception of conflicts of interest.

Bank is expected to behave honest and unbiased by considering customers' benefits when maintaining commercial activities. Mismanaging conflicts of interest may harm the reputation of the Bank while leading to bad publicity.

With this Policy, it is aimed to establish a guide for effectively managing possible conflicts of interest within the scope of legal regulations, by considering internal practices instructions, rules and processes.

1.2 SCOPE

Bank's personnel should obey the rules set by this Policy.

This Policy, without any exception and independently of customer classification, includes transactions related to investment services and/or ancillary services provided to all customers.

To achieve mentioned purposes and goals, it is necessary to identify and manage the risks that may harm customers' benefits related to investment services and/or ancillary services provided by or in the name of the Bank. Accordingly, criterias to be adapted and procedures to be followed to identify, manage and record below mentioned possible conflicts of interest are explained within the scope of this Policy.

- Conflicts that arise from services and activities of the Bank
- Conflicts that arise from personnel's personal interest
- Conflicts that arise from Capital Markets transactions
- Conflicts that arise from Bank's organizational structure
- Conflicts that arise from transactions with the main shareholder, subsidiaries and group companies

1.3 DEFINITIONS

Conflict of Interest : Situation that prevents or may prevent personnel from fulfilling their duties independently and effect all sorts of monetary or non-monetary interest and personal gain.

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Personnel : Person that is employed in the Bank

Senior Management : General Manager and Assistant General Managers of the Bank, the managers of the units included within the scope of the internal systems, and those managers of the non-advisory units who serve in positions equivalent or superior to the position of assistant general manager in terms of their powers and duties even if they are employed with other titles.

1.4 REFERENCE:

- 1- Banking regulations and Capital Markets regulations
- 2- QNB Finansbank Employees Code of Conduct Directions (TAL.00374)
- 3- QNB Finansbank Code of Ethics for Finance Professionals (TAL.00481)
- 4- QNB Finansbank Anti-Bribery and Corruption Policy (POL.00022)
- 5- Corporate Governance Policy Guideline of QNB Finansbank (YÖN.00031)
- 6- Information Security Policy (YÖN.00028)
- 7- Directions on Rules for Sharing Information with Subsidiaries, Affiliates, Shareholders Regarding Shared-Potential Loan Customers (TAL.01114)
- 8- Disciplinary Board Procedure (TAL.00242)

1.5 RESPONSIBILITY

Board of Directors, Senior Management, Regulatory Compliance Unit and all departments and personnel associated with the customer are personally responsible for the execution of this Policy.

1.6 CONFIDENTIALITY

According to the banking legislation, capital markets legislation, Labor Law and other legislations that are in force, all the information of the Bank and customers that employees know within the scope of their title and job are considered as "Confidential Information". Employees, Board of Directors and Senior Management of the Bank who are held responsible with this Policy, will not share Confidential Information with anybody or any organization except legally authorized authorities. Employees, Board of Directors and Senior Management of the Bank pay attention to share information in itself, with main shareholder, group companies and affiliates in legal limits and not more than enough. Thus, documents that contain confidential information cannot be kept in open and accessible to unauthorized people and necessary precautions are taken to keep it confidential.

1.7 ANNEX

Examples regarding the situations that may cause a conflict of interest have been given in **Annex-1**.

2. AUTHORIZATION & MANAGEMENT

Bank's Board of Directors and Senior Management; are responsible for creating a policy to determine, prevent and manage the conflicts of interest may arise between Bank, affiliates and subsidiaries, QNB Group companies, Bank and QNB Group managers, employees, partners and between parties mentioned here and our customers or among our customers.

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This policy and changes to be made, enter into force with the opinions of Corporate Governance Committee and by taking the approval of Board of Directors.

All personnel in the Bank, Board of Directors and Senior Management are obliged to behave in accordance with this Policy.

2.1 BOARD OF DIRECTORS and SENIOR MANAGEMENT CONFLICT OF INTEREST

Bank's Board of Directors and Senior Management should avoid any conflict of interest between themselves and the Bank, affiliates and subsidiaries. Bank's Board of Directors and Senior Management, in line with QNB Group policies and Bank's internal processes, should avoid transactions that will lead to conflict of interest within this Policy's scope and harm "Independence" principle as part of their job.

A Board of Directors member or a relative or an organization related to this person benefiting from this person's position as a Board of Directors member is also considered as a conflict of interest. Chairman should be notified on this conflict of interest and this issue should be documented in writing on Conflict of Interest Book which will be kept by Compliance Department. Members of the Board of Directors are obligated to act upon Articles 395 and 396 of the Turkish Commercial Law.

Corporate Governance Committee evaluates independent member candidates including the ones offered by the Board and investors by considering if the member fulfills independence criterias in line with this Policy and QNB rules and presents a report to Board of Directors for approval on this evaluation.

Board of Directors Independent Member candidate presents a written declaration to Corporate Governance Committee when presented as a candidate, stating that he/she is independent in line with related legislation, Articles of Association and criterias set above.

In the event of a situation that eliminates independence, this situation is immediately reported by independent member with its reason to Board of Directors to be reported to Public Disclosure Platform. Relevant Member also simultaneously reports this situation and the reason to the Capital Markets Board in writing.

2.2 CONFLICTS OF INTEREST WITHIN THE SCOPE OF CAPITAL MARKETS ACTIVITIES

Bank, while providing services related to the activities of reception and transmission of orders, execution of orders, dealing on own account and other capital markets activities in line with Capital Markets legislations, pays attention to select proper product and services for the customers, act in accordance with Know Your Customer rule within the scope of legal regulation, direct customer to conduct transactions with instruments compliant with customer's profile and knowledge, give timely and true risk notifications related to conducted transactions. Employees, Board of Directors and Senior Management of the Bank avoid transactions that may result a conflict of interest against the Bank or customer. For this reason; authority and responsibilities to prevent conflict of interest have been set in every unit of the Bank, systemic entry and approval authorizations have been identified based on employees' access level and

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are being effectively and periodically controlled. Inter-unit authority and responsibilities have been identified and clearly added to processes, segregation of duties are effectively executed.

Bank employees when they are authorized to conduct transactions on behalf of their customers or state opinion in terms of a recommendation, should act in accordance with equal treatment principle and be transparent under conditions that may effect the employee. Furthermore, they should not transact for their accounts in a manner that contradicts their recommendation which gives rise to an apparent conflict of interest.

Activities are executed within certificate of authority obtained in accordance with the relevant capital markets legislation, under the responsibility of a manager with qualifications specified in the legal regulations and the required licenses and sufficient number of personnel.

Bank operates in favor of QNB Finans Yatırım Menkul Degerler A.S. (QNB Finans Invest), which is a QNB Group company, within the scope of the activity of reception and transmission of orders.

The internal audit and risk management units are organized in the Bank and our subsidiary QNB Finans Invest which performs the order, in order to minimize conflicts of interest that may arise from a customer's loss by the nature of transactions performed and the Bank or its subsidiary which has performed the order getting profit or that may arise from a customer's profit and other customer's loss; in this way, it is essential that customer orders should be performed in accordance with the relevant legislation, according to regulation of documentation and registration, in a provable way, within the principals set forth in issued agreements and by the conscious of attention that is required to be shown for the performance of order in the best way.

Transactions are executed within the principles and procedures in agreements issued separately for each activity, under the responsibility of units organized independently from each other and by giving priority to customer interests in all circumstances.

Necessary compliance tests are performed for instruments and services that may be subject to the activities of execution of orders and dealing on own account within the legal framework, to make them comply with our customers' product knowledge and risk preferences; customers are informed before using the relevant products/service for issues such as agreements, policies for execution of orders, risk disclosure forms with processes related to activity and damages that may occur by the quality of instrument and services subject to activity.

Customer orders related to the activity of execution of orders are recorded under a certain sort, time, price, amount, type of instrument, customer name, surname, the customer account number and records are kept so as to be submitted with regard to policy of the Bank for the prevention of conflict of interest.

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3. DETERMINATION AND MANAGEMENT OF CONFLICTS OF INTEREST

Reporting of conflicts of interest violations in accordance with this Policy for preserving Bank's reputation is individual responsibility of all employees, Board of Directors and Senior Management.

Bank prepares procedures and keeps them up-to-date by selecting a set of criteria appropriate for the Bank's size, organizational structure and nature, size and complication of activities carried out, in order to avoid and manage conflicts of interests. In this context, employees are expected to be prepared on how to manage the potential conflicts of interest which may damage the interests of customers.

Bank; acts considering criteria listed below for the purpose of determining the types of the conflict of interest which occur in the process of providing investment services and / or ancillary services or these services all together or which is likely to harm customers' interests in any way without being associated with this process:

- A financial gain or loss in the customer's account,
- To perform trading on behalf of the customer of which results are away from the customer's interest or to gain advantage as a result of service provided to the customer,
- To set the interests of a customer or group of customers above the interests of another customer or group of customers, thereby to provide financial or non-financial incentives,
- To receive an incentive from any person other than the customer, in the form of money, goods or services other than the standard commission or fee in connection with the service provided to the customer,
- To receive an incentive in the form of money, goods or services related to a service which has been provided or shall be provided by the customer.
- To trade in the Bank's own account in a matter that contradicts the recommendations provided to customers.

The examples regarding the issues provided by or on behalf of the Bank that cause damage to customers by creating a conflict of interest or causing the emergence of such conflicts are shown in Annex-1.

Generally, the Bank takes the necessary measures to manage conflicts of interest and performs studies for this purpose. The purpose of procedures, the studies carried out and measures taken; is to provide activities in order to mitigate the conflict of interest to be performed by relevant persons, who are involved in the different business areas which may cause conflicts of interest, to the extent appropriate independently from the activity size of company, the Bank, affiliates and subsidiaries and the risk of damage to the customer's interests.

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Appropriate criteria and activities have been implemented by the Bank for managing conflicts of interest. These criteria and activities are included in the relevant instructions and procedures. While Bank's internal regulations were being created, it has been considered that the relevant persons, who deal with different business and may cause conflicts of interest, are independent to the extent appropriate from Bank's activities and size and free from the risk of harming customer's interests financially. Therefore, job descriptions, authority and responsibilities instructions and code of conduct instructions of Bank's personnel, have been determined by taking these principles into account. Bank's personnel's performance and reward criteria are also clearly defined and announced to them.

Also, tasks reported to Bank's employees for each business process and authorizations referred special to each department are available for prevention potential conflicts of interest in the Bank and within each business unit in parallel with segregation of duties, and also authorization matrix of which entry / approval systematic has been formed specific to authorization is available.

Furthermore Bank's employees are responsible for;

- Obtaining certificate as required for duties in accordance with the work for which they shall be assigned within the relevant official regulations related to activities and services provided,
- Executing the processes and actions required by only their task within business hours; fulfilling their duties efficiently on time by knowing the Bank's internal regulations and official legislation required by their duties and following the changes, showing care, attention and cohesiveness required within these provisions; informing by using hotline from the moment when irregular processes and actions carried out in contravention of legislation and / or the Bank's internal regulations have been learned,
- Not exceeding the authorization limits designated by units job descriptions,

If the Bank's employees notice a potential or actual conflict of interest, they should inform this event to hotline of Internal Audit Department. Internal Audit Department reports conflict of interest related notifications to Compliance Department. Compliance Department reports all incidents related to conflict of interest to the Group Chief Compliance Officer directly.

The Bank should inform customers correspondingly and on time in case of a potential conflict of interest (Section 3.1 - see Disclosure of Possible Conflicts of Interest to Customers).

In case of a personnel decides on a QNB Group transaction (such as investment, loan, procurement or hiring) directly or indirectly in favor of himself/herself or a relative, bank personnel should;

- Share with Corporate Governance Committee his/her interest and nature of the relationship with related party
- Not be involved or try to be involved in the decision making process.

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Bank guarantees appropriate management of related conflicts of interest and tries to preserve customers' interest by disregarding if the conflict of interest is between customers or customers and employees.

Organizational structuring that have been established in the Bank in order to prevent potential conflicts of interest, general administrative measure taken and regulations as well as general principles and procedures on the management of potential conflicts of interest that the Bank may face due to main activities and ancillary services issues, are listed below. Before submitting the relevant activities and services, it is essential to inform the customer on causes and content of potential conflicts of interest that may arise from the operation of the market. In this context, referred information is included in bank's framework agreement and risk forms.

3.1 DISCLOSURE OF POSSIBLE CONFLICTS OF INTEREST TO CUSTOMERS

If the Bank considers that organizational and operational regulations made at the Group level do not prevent the risk of damage for customers' interests adequately, in order to manage conflicts of interests, before performing process on behalf of customers, the Bank gives clear notification to the customers about the general structure and the source of conflicts of interest. This notification contains detailed information that shall ensure the customer to make his/her choice consciously for the investment service if there is a conflict of interest by considering the customer's classification.

3.2 INFORMING CUSTOMERS

Bank publishes current version of the conflict of interest document on the website in order to inform customers regarding potential conflicts of interest and directs the customer to the document published on the website in the risk disclosure forms. In addition to this, the risk disclosure forms include potential conflicts of interest for the relevant instruments.

4. DECLARATION

Within the frame of above mentioned policy verdicts; conflicts of interest which may arise between the Bank and the Group companies and customers or between customers are designated for providing a fair, clear, transparent and effective investment service and/or ancillary service; statements are included concerning the method of prevention and management of conflicts of interest; and the method of informing customers relevant to potential conflicts of interest are also explained.

All employees for whom mission of reading is assigned and who complete their mission by approval, accept and declare in advance that they read this Conflicts of Interest Policy and adopt this document as a corporate policy of the Bank, they will respect and obey the issues mentioned in Conflicts of Interest Policy and be responsible in case of acting contrary to this Policy. In case of a breach of this Policy, disciplinary penalties stated in Disciplinary Board Procedure are imposed.

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APPENDIX-1

Examples for conflict of interest:

Between the Bank and current/potential customer:

- Bank and/or its Group continue transactions related to financial assets of a company although it has knowledge about the deterioration of the company's financial situation.
- Bank and/or its Group propose a company to issue a debt instrument and inform other customers on the advantages and disadvantages of investing in this debt instrument.
- Employees of the Bank and/or its Group perform unnecessary multiple transactions on behalf of customers and provide extra earnings from the commissions.
- Bank and/or its Group becomes both buyer and seller in a transaction.
- Employee of the Bank and/or its Group accepts a gift from a customer that may affect his/her independence and integrity.
- Administrators of the Bank and/or its Group join the board of directors or executive committee of the customer companies.
- In-house processes increase the carrying value or have an impact which may mislead on demand.
- Employees of the Bank and/or its Group trade on their personal accounts based on the important information of the Bank (insider trading).
- Employees are awarded for selling complex products which may not be suitable for customers.
- Bank and/or its Group make recommendations to both the seller and the buyer in Merger&Acquisitions.
- Bank and/or its Group provide research service to a company or group of companies which it shall give financial advice at the same time.
- Conflicts of interest of customers who have financial interests.
- Execution of specific customer orders primarily from other customers.
- Employees perform activities that may lead to information abuse within the Capital Market Law No. 6362.
- Before performing substantial sales or purchase orders made by the customer, performing for other customers or on their behalf.
- After reception and transmission of the customer's order in the over the counter markets, according to the changes in market conditions, order performed is transferred to another customer's account.

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Conflict of interest related to the customers that can be broadly described in scenarios where the Bank, an Employee or a third party representative:

- Is likely to make an inappropriate financial gain or avoid financial loss at the expense of a customer,
- Has an interest in the outcome of a service provided to a customer or of a transaction carried out on behalf of a customer which is distinct from the customer's interest in that outcome,
- Has a financial or other incentive to favour the interests of another customer or group of customers over the interest of the customer,
- Carries on the same business as a customer,
- Receives or will receive from a person (other than the customer) an inducement in relation to a service provided to the customer, in the form of monies, goods or services, other than a standard commission or fee for that service,
- Has a financial or other incentive to favour the sale of a particular product or service to a customer which is not in the best interest of the customer.

Conflicts of interest related to the Bank can be broadly described as scenarios where;

- An employee's interest in the outcome of a particular activity or endeavour differs from the Bank's interest,
- An employee (family member or close personal relationship) receives a financial or other significant benefit as a result of the employee's position at the Group,
- An employee has the opportunity to influence the Bank granting business or making administrative or other material decisions in a manner that leads to personal gain or advantage for the employee or family member or close personal relationship,
- An employee's existing financial or other interest or previous engagement in an endeavour or activity or relationship with another person, impairs or could impair his/her judgment or objectivity in carrying out his/her duties and responsibilities to the Bank,
- A division of the Bank favours its interest over another division of the Bank which is inconsistent with the best interest of the Bank including in connection with the selection of vendors,
- A conflict of interest arises in connection with a transaction or arrangement entered into between the Bank and a material shareholder or between group entities of the Bank due to the close relationship between the parties.