



BOARD CHARTER

LB-IMS-BOD-01, Rev 02 | 2023

DISCLAIMER

The information contained in this document has been prepared exclusively for internal use only by Lesha Bank LLC Public ("LB"). Since this document is confidential and proprietary to LB, third parties are not entitled to rely on it in any way. With regard to third parties, LB does not hold itself out as recommending the use of information contained herein on reliance thereon in any way without its prior approval and does not give any warranties on the information or suggestions herein contained. LB makes no representations or warranties as to the completeness of this document and DISCLAIMS ALL WARRANTIES, EXPRESSED OR IMPLIED. By issuing these guidelines for internal use, LB makes no undertaking and assumes no duty to an individual business and does not assume any liability or responsibility for use or reliance on this document by third parties. The present document has been issued in English.

Approved on 04 December 2023

TABLE OF CONTENTS

INTRODUCTION	4
1 Introduction	4
2 Complementary to law and articles	4
3 Publication of the Charter.....	4
CHAPTER I: COMPOSITION OF THE BOARD, POSITIONS, AND COMMITTEES	5
1 Size, expertise and independence	5
2 Appointment, reappointment and removal	6
3 Chairman.....	7
4 Board secretary	7
5 Committees.....	7
CHAPTER II: BOARD MEETINGS AND DECISION-MAKING	9
1 Frequency, notice, agenda and venue of meetings.....	9
2 Attendance of, and admittance to, meetings	9
3 Decision-making within the board.....	10
CHAPTER III: RESPONSIBILITIES AND DUTIES	11
1 Responsibilities	11
2 Duties	12
3 Tasks delegation.....	14
4 Duties regarding the supervision of management	14
5 Duties regarding the members and the performance of the board	15
6 Supervision of financial reporting.....	15
7 Duties regarding nomination and assessment of external auditor	16
8 Compensation of management and board members.....	18
9 Relations with shareholders	19

CHAPTER IV: OTHER PROVISIONS	20
1 Access to information	20
2 Conflicts of interest of board members.....	20
3 Directors and officers liability insurance	21
4 Induction program, ongoing training and education.....	21
5 Holding and trading securities	21
6 Confidentiality.....	22
7 Miscellaneous	22

INTRODUCTION

1 Introduction

- 1.1 The Board Charter constitutes the company's corporate values and includes internal policies and procedures which are binding upon the members of the board, the executive management, the company's staff and the company's advisors.
- 1.2 This Board Charter and corporate governance rules (the '**Board Charter**' or the '**Charter**') outlines the essential rules for the management and supervision of Lesha Bank LLC (Public) (the "**Company**" or "**Bank**" or "**Lesha**") and contains internationally and nationally recognized standards for good and responsible governance. This Board Charter aims to make the company's corporate governance system more transparent, providing the Board members with indicators that help them perform their duties towards the Company. .

2 Complementary to law and articles

- 2.1 The Board Charter is drafted to comply with the provisions of Lesha's Articles of Association (together, the '**Articles of Association**' or '**AoA**'). The provisions of the Board Charter are complementary to the provisions governing the relationship between the committees and the board, as outlined in the charters of the committees, and to the requirements regarding the board and board members outlined in the Qatar Financial Centre Authority (the "**QFCA**") and Qatar Financial Center Regulatory Authority (the "**QFCRA**") legislation and regulations, the Qatar Stock Exchange (**QSE**) Rulebook (as amended from time to time) and the provisions of the Governance Code for Companies and Legal Entities Listed in the Main Market (the "**Code**") issued by the Qatar Financial Markets Authority ('**QFMA**' or the '**Authority**') under decision n. (5) of 2016 (as may be amended or re-enacted from time to time),

3 Publication of the Charter

- 3.1 This Charter is published on the Company's website.

CHAPTER I: COMPOSITION OF THE BOARD, POSITIONS AND COMMITTEES

1 Size, expertise and independence

1.1 Number of members

1.1.1 The Board shall be composed of at least (9) members unless provided otherwise in the Articles of Association.

1.2 General composition

1.2.1 The Company's board of directors (the "Board") shall be formed in accordance with QFMA applicable laws and regulation for listed companies and the Articles of Association of the Company, as further detailed:

- At least one third (1/3) of the members of the Board shall be independent, as defined under Paragraph 1.3.1.
- The majority of the board members shall be non-executive board members. A non-executive board member is one who does not perform executive management duties in the company, who is not dedicated to the company full-time and who does not receive monthly or yearly remuneration from the company, other than that received as a board member.
- A seat may be allocated to represent the minority, with another seat available to represent the Company's employees.

1.2.2 The Strategic Shareholders (as defined by Lesha's AoA) shall be entitled to appoint Board Members to represent them on the Board, and the seat of the Chairman of the Board shall be reserved for the representative of Al Zubara Real Estate Investment WLL or as decided otherwise by the Board.

1.2.3 In all cases, the board composition shall ensure that the issuance of board decisions is not dominated by one or more member(s).

1.2.4 A board member, whether in person or in another capacity, should not hold the office of board member for more than three shareholding companies with headquarters located in the State of Qatar, or combine two memberships of two companies exercising a homogenous activity. A board member shall not be appointed as the managing director for more than one (1) shareholding company or the Chairman or Vice-Chairman for more than two (2) shareholding companies, if such companies' headquarters are located in the State of Qatar

1.2.5 It is also prohibited to combine the position of the chairman with any other executive position in Lesha. The chairman shall not be a member of the Audit, Risk and Compliance Committee ("ARCC"), or the Nomination, Remuneration and Corporate Governance Committee ("NRCGC").

1.3 Independence

1.3.1 As per the Code's definition, a board member shall be considered non-independent if he/she, for example but not limited to:

- Owns at least (1 percent) of shares of the company, or any company within the group.
- Is a representative of a legal person owning at least (5 percent) of shares of the company, or any company within the group.
- Has been a member of senior executive management of the company, or any company within the group, during the financial year preceding board election.
- Has a first-degree relative relationship with any board member or senior executive management of the company, or any company within the group.
- Is a board member of any other company, within the company group, which is nominating the individual in question for board membership.

- Has been an employee, during the financial year preceding board election, at any of the parties associated with the company, or any of its group, such as external auditors and main suppliers, or if such member, during the two financial years preceding the board election, had controlling shares in any such party
- Has, directly or indirectly, any commercial or financial dealings with the company or any company within the group during the two financial years preceding board election.

2 Appointment, reappointment and removal

2.1 Election by shareholders and Appointment

- 2.1.1 Board members seats which are reserved or appointed by the Strategic Shareholders shall be for a term of 3 years;
- 2.1.2 The General Assembly elects members of the board for a term of 3 years for the seats that are open for election.
- 2.1.3 The Board is composed of appointed and elected board members shall appoint the Independent board members from the pool of eligible nominees and as per the requirements of Article 1.3 above.

2.2 Substance of nominations and recommendations

- 2.2.1 A nomination or recommendation to the General Assembly for a candidate for the board shall state:

- the candidate's age
- his/her profession
- the amount and nature of any shares held in the company
- any convictions for any crimes involving dishonesty, fraud or breach of trust
- the positions he/she holds or has held in the past 5 years (including memberships on any board of directors or executive committees)
- Any other information relevant to assess his/her suitability as a member of the board.

- 2.2.2 The recommendation, or nomination for appointment, or reappointment shall state the reasons for the nomination or recommendation. Any nomination or recommendation by the board for appointment or reappointment of a board member must be in accordance with the Chapter I of this charter and the Nomination Policy.

2.3 Reappointment

- 2.3.1 Before recommending a member of the board for reappointment, the board must carefully consider his/her past performance on the board.

2.4 Dismissal

- 2.4.1 The dismissal of a director shall be decided and implemented in accordance with Article (44) of the Company's Articles of Association and for the following reasons:

- The director has a continuing conflict of interest that cannot be reconciled or is breaching fiduciary obligations;
- The director has severely violated his or her ethical obligations;
- The director becomes subject to a restriction under the laws and regulations of the State of Qatar;
- The director has failed to attend three (3) consecutive Board meetings or if applicable three (3) consecutive committee meetings in a year without a valid reason, and the Board decides to terminate her or his directorship;
- The director is incapable of acting as a result of a mental or physical disability;
- The director has been appointed as independent director but her or his independence is compromised.
- The director has submitted his or her resignation in writing.

- 2.4.2 Except in the case of a resignation, the dismissal of a board member shall be submitted to the General Assembly for approval.

3 Chairman

The Chairman is the president of Lesha, he or she represents it before third parties and in court and is primarily responsible for ensuring its proper management in an effective and productive. The Chairman shall execute the Board's decisions and endeavor to achieve the interests of Lesha, its partners, shareholders and stakeholders.

3.1 Appointment and Election

- 3.1.1 The seat of the Chairman shall be reserved at all times for the representative of Al Zubara Real Estate Investment Company LLC as one of the Bank's Strategic Shareholders.
- 3.1.2 The board shall elect a vice-chairman from among its members. The vice-chairman replaces and assumes the powers and duties of the chairman when the chairman is absent. The chairman may delegate to any other board members some of his or her powers.
- 3.1.3 It is prohibited for the Chairman or the Vice-Chairman, whether in person or in another capacity, to combine positions of the Board's chairman or vice-chairman of more than two listed companies headquartered in the State of Qatar.
- 3.1.4 The chairman position shall not be combined with any other executive position in the Bank.
- 3.1.5 The chairman shall not be a member of the ARCC or the NRCGC.

3.2 Duties and responsibilities

- 3.2.1 The Chairman's duties and responsibilities are detailed further under the Terms of Reference for the Chairman.

4 Board secretary

4.1 Board secretary

- 4.1.1 The Board secretary assists the board and is an officer of the Bank.

4.2 Qualifications

- 4.2.1 Priority for the position will be given to any person who holds a university degree in law or accounting from a recognized university or equivalent, with at least 3 years' experience in handling the affairs of a listed company.

4.3 General access

- 4.3.1 All board members may have access to the board secretary for advice, or to request for his or her services.

4.4 Responsibilities

- 4.4.1 The board secretary assists the Chairman and all board members in conducting their duties.
- 4.4.2 The board secretary's responsibilities are detailed further under the Terms of Reference for the Board Secretary.

5 Committees

5.1 Establishment and formation of committees

- 5.1.1 The Board shall form committees with sufficient expertise. The committees serve to increase the efficiency of the board's work and the handling of complex issues. The respective committee chairman shall report regularly to the board on the work of their committee.
- 5.1.2 The Board shall set up the following Committees: (i) Nomination, Remuneration, and Corporate Governance Committee ("NRCGC"), (ii) Audit, Risk, and Compliance Committee ("ARCC"), and (iii) Executive Committee

(“EXCOM”). The Board shall issue a decision to nominate the members of each committee, identifying its responsibilities, duties, and work provisions and procedures. The committee members must elect one of their members as chair.

- 5.1.3 It is prohibited to chair more than one board committee and the chair of the ARCC shall not combine the membership of any other committee.
- 5.1.4 A committee meeting shall be deemed valid if attended by the majority of its members provided that the Chairman attends the meeting. Minutes shall be drawn up for every committee meeting.

5.2 Board responsibility for committee action

- 5.2.1 The Board remains collectively responsible for the decisions and actions taken by any of the committees. A committee may only perform the tasks delegated to it by the Board and may not exceed the authority or powers of the Board as a whole. Decisions that, by law, must be taken by the Board may not be delegated to a committee.

5.3 Committee reporting

- 5.3.1 Each committee must promptly inform the Board of the actions it has taken and major developments of which it becomes aware. The Board shall receive an annual report from the committees describing the committee's work and recommendations.

5.4 Committee charters

- 5.4.1 The Board shall establish and amend charters for each committee. The charters shall indicate the role and responsibilities of the committee, its composition and how it should perform its duties.

5.5 Committee evaluation

- 5.5.1 The board will review and evaluate the committees' achievements, and include it in the Governance Report.

5.6 Publication of charters

- 5.6.1 The charters and the composition of the committees shall be published on Lesha's website.

CHAPTER II: BOARD MEETINGS AND DECISION-MAKING

1 Frequency, notice, agenda and venue of meetings

1.1 Frequency

1.1.1 The Board shall meet as often as necessary, but not less than six (6) times per calendar year. Three (3) months should not elapse without convening the Board for a meeting.

1.2 Notice and agenda

1.2.1 Meetings of the board are called by the Chairman. The Chairman may call the Board for the meeting upon the request of at least two (2) of its members.

1.2.2 The invitation for a meeting, accompanied by the agenda, shall be sent to all Board members at least one (1) week before such meeting. Any invitation shall be given by fax, first class post or electronic mail, subject to satisfactory evidence of receipt.

1.2.3 The invitation shall include:

- a list of the agenda items to be addressed at the meeting
- in respect of each agenda item, an indication of whether a resolution is to be proposed for adoption or other voting action is to be taken
- a summary of each matter
- where practicable, any papers relevant to particular matters to be considered at such meeting shall be circulated prior to the meeting, to the members.

1.2.4 Each board member has the right to request one or more item(s), to be placed on the agenda.

1.3 Venue

1.3.1 Board meetings are generally held at the offices of Lesha, but may also take place elsewhere. In addition, meetings of the board may be held by conference call, video conference, virtual venues or by any other means of recognised modern technology, provided all participants can communicate and participate effectively and simultaneously with each other.

2 Attendance of meetings

2.1 Attendance by non-members

2.1.1 The Chief Executive Officer ("CEO"), even where he or she is not a member of the Board, shall attend Board meetings unless the Board instructs otherwise. If requested by the Board, other executives shall also attend meetings of the Board.

2.1.2 The admission to a meeting of persons other than Board members, the CEO and (if invited) other executives shall be decided by majority vote of the Board members present at such meeting.

2.2 Delegation

2.2.1 The absent member may, by documented request, delegate any other Board member to attend and vote on his or her behalf. A Board member may not represent more than one (1) member.

2.3 Undue absence

2.3.1 A Board member shall be deemed as resigned from post if such member is absent from attending three (3) consecutive meetings or four (4) non-consecutive meetings or if applicable, three (3) consecutive committee meetings in a year without a valid reason.

3 Decision-making within the board

3.1 Individual vote

3.1.1 Each Board member has the right to cast one (1) vote.

3.2 Quorum and majority vote

3.2.1 A Board meeting shall be deemed valid if attended by the majority of the members, provided that either the Chairman or the Vice-Chairman attends the meeting.

3.2.2 The Board shall pass its decisions by majority vote of attendees and representatives. In the event of a tie, the Chairman of the Board will have the casting vote.

3.3 Urgent/necessary procedures

3.3.1 In case of necessity or urgency, the Board or the Board's committees may issue written resolutions by circulation.

3.3.2 Unanimous written approval for resolutions shall be obtained from all Board members or Board committee members.

3.3.3 Any resolution taken by circulation shall be ratified during the next Board or Board committee meeting.

3.4 Minutes

3.4.1 Minutes must be drawn up for every board meeting and for every resolution adopted outside a meeting, and then circulated within ten (10) working days after the meeting, for comments and approval by the members. The minutes are to be signed by the chairman of the meeting and the secretary, then included in the Bank's records. In case of objection of any member to any decision taken by the Board, he or she may prove his or her objection in the meeting minutes.

3.4.2 The minutes of meetings shall include the names of the attending and absent members, as well as the meeting discussions and the vote details for each resolution.

3.4.3 The secretary shall ascertain, at the beginning of each meeting, the existence of any conflicts of interest and minute them accordingly.

CHAPTER III: RESPONSIBILITIES AND DUTIES

1 Responsibilities

- 1.1 The Board shall manage the Bank's affairs and is responsible for independently overseeing the activities of the Bank with the objective of sustainable creation of value and in the interest of the Bank, taking into account the interests of the shareholders, its employees and other stakeholders. For this purpose, the Board shall have all the powers listed under Article (38) of the Articles of Association and such powers shall not be limited, except by the provisions of the Companies Regulations, the Articles of Association or the resolutions of general assembly of shareholders' meetings.
- 1.2 The Board's responsibilities include the following:
 - 1.2.1 The Board must carry out its duties responsibly, in good faith and with due diligence. Its decisions should be based on sufficient information from the executive management, or from any other reliable source. In discharging their duties, the members of the Board must exercise the same care and diligence which an ordinary, prudent person would exercise in taking care of his or her own interest under similar circumstances, and reasonably act in the best interests of the Bank.
 - 1.2.2 A Board member represents all shareholders and shall act in the best interest of the company and not in the interest of the party or parties that he or she represents, or that voted in favor of his other appointment to the Board.
 - 1.2.3 The Board shall determine the powers to be delegated to the executive management and the procedures for taking any action, and the validity of such delegation. It shall also determine matters reserved for decision by the Board. The executive management shall submit to the Board periodic reports on the exercise of the delegated powers.
 - 1.2.4 The Board shall ensure that procedures are established for onboarding new board members on the Bank's business particularly the financial and legal aspects, in addition to providing their adequate training, where necessary.
 - 1.2.5 The Board shall ensure that sufficient information about the Bank is made available to all Board members, generally, and, in particular, to the non-executive members, to enable them to discharge their duties and responsibilities in an effective manner.
 - 1.2.6 The Board shall not enter into loans, and shall not sell or mortgage the assets of the Bank, or drop the Bank's debts, without the approval of the Bank's general assembly of shareholders, unless such acts fall within the normal scope of the Bank's business and is not limited as per the Companies Regulations, the Bank's Articles of Association or resolutions taken by its general assembly of shareholders.

Additionally:
- 1.2.7 The Board shall ensure that all applicable laws and the Bank's internal policies are complied with and shall endeavor to achieve their implementation.
- 1.2.8 The Board advises regularly and supervises the executive management and the CEO. It must be involved in decisions of fundamental importance to the Bank.
- 1.2.9 Members of the Board must take reasonable steps to be fully aware of all relevant issues, including engaging in due diligence, and make informed and independent decisions when voting on any matter. The duty of care also requires Board members to take reasonable steps to monitor the Bank's executive management and finance.
- 1.2.10 The Board shall examine the efficiency of its activities on an annual basis.
- 1.2.11 The Board is responsible for issuing and publishing the present charter.
- 1.2.12 The Board shall ensure that the Bank should promote good governance for its subsidiaries.

2 Duties

The duties of the Board include but not limited to the following:

2.1 Strategic plan and main objectives of the Bank

Approving the strategic plan and main objectives of the Bank and supervising their implementation, including:

- 2.1.1 Setting a comprehensive strategy for the Bank and key business plans and risk management policy, reviewing and directing them.
- 2.1.2 Determining the most appropriate capital structure of the Bank, its strategies and financial objectives and approving its annual budgets.
- 2.1.3 Supervising the main capital expenses of the company and acquisition/disposal of assets.
- 2.1.4 Setting the performance objectives and monitoring the implementation of these, and the overall performance of the company.
- 2.1.5 Reviewing and approving the organizational structures of the Bank on a periodic basis to ensure distinct distribution for the functions, tasks and responsibilities of the company, especially internal control units.
- 2.1.6 Approving the procedures manual which is needed to implement the strategy and objectives of the company, which will be prepared by senior executive management. The manual shall include determining ways and means of quick contact with the authority and other regulatory authorities, as well as all parties concerned to governance, including the appointment of a communication officer.
- 2.1.7 Approving the annual plan of training and education in the company that includes programs introducing the company, its activities and governance.

2.2 Internal controls rules and procedures

Setting the rules and procedures for internal control and their supervision that includes:

- 2.2.1 Developing a documented policy that would regulate conflict of interest and remedy any possible cases of conflict by Board members, senior executive management and shareholders. This includes misuse of the company's assets and facilities and the mismanagement resulting from transactions with related parties.
- 2.2.2 Developing a full disclosure system in order to achieve justice and transparency, and to prevent conflicts of interest and exploiting any insider Information. This system shall include procedures followed when dealing in securities by insiders, and identifying prohibited periods of their trading in securities of the company or any company of its group, as well as preparing and updating a list of insiders to provide a copy to the Board and the Qatar Stock Exchange upon adoption or update.
- 2.2.3 Ensuring the integrity of the financial and accounting rules, including rules related to the preparation of financial reports.
- 2.2.4 Ensuring the implementation of control systems appropriate for risk management by generally forecasting the risks that the company may encounter and disclosing them transparently.
- 2.2.5 Annual review of the effectiveness of the company's internal control procedures.

1.1. Approve risk levels

- 1.1.1. Review and approve risk limits or policy.
- 1.1.2. Ensure adequate systems and controls in place to monitor risk.
- 1.1.3. Periodically monitor risk levels.

2.3 Approve risk levels:

- 2.3.1 Review and approve risk limits and levels
- 2.3.2 Ensure adequate systems and controls in place to monitor and manage risks
- 2.3.3 Periodically review and monitor risk levels

2.4 Sharia Advisory Board

- 2.4.1 The Board may set up a Sharia advisory board and appoint its members (“Sharia Advisory Board”) in accordance with the Articles of Association.
- 2.4.2 The Board shall manage and oversee the activities of the Sharia Advisory Board.
- 2.4.3 The Board shall determine the scope of work and limits of the Sharia Advisory Board as outlined in the Terms of Reference of the Sharia Advisory Board and the Bank’s Articles of Association.
- 2.4.4 The Board shall review and approve the periodic and annual report of the Sharia Advisory Board that details its activities.

2.5 Drafting a Governance Manual

- 2.5.1 Drafting a Governance Manual for the Bank that does not contradict the provisions of the QFMA code; supervising and monitoring, in general, the effectiveness of the Governance Manual and amending it whenever necessary.

2.6 Board membership procedures

- 2.6.1 Outlining specific and explicit policies, standards and procedures for board membership and implementing them after approval by the general assembly of shareholders.

2.7 Stakeholder’s policy

- 2.7.1 Developing a documented policy that regulates the relationship among the stakeholders in order to protect them and their respective rights.

2.8 Policies and procedures

- 2.8.1 Setting policies and procedures to ensure the Bank’s compliance with the laws and regulations, and the Bank’s obligation to disclose material information to shareholders, creditors and other stakeholders.

2.9 Invitation to General Assembly

- 2.9.1 Inviting all shareholders to attend the general assembly of shareholders meeting as outlined by law. The invitation and the announcement shall include a thorough summary of the general assembly agenda, including the item of discussing and approving the Governance Report.

2.10 Approval of nominations and dismissals

- 2.10.1 Approving the nominations for appointment and dismissal of the functions of senior executive management, CEO and their respective deputies in the company. When appointing the executive management and CEO, the board shall respect diversity. The board shall ensure that there is long-term succession planning in place.

2.11 Dealing and cooperation with providers

- 2.11.1 Developing a mechanism for dealing and cooperation with providers of financial services, financial analysis, credit rating and other service providers, as well as the entities that identify standards and indices of financial markets in order to provide their services for all shareholders in a quick manner with integrity and transparency.

2.12 Awareness programs

- 2.12.1 Developing the awareness programs necessary for spreading the culture of self-control and risk management of the Bank.

2.13 Board members remuneration policy

2.13.1 Establishing a documented policy that defines the basis and method of granting remuneration for the board members, in addition to incentives and rewards of the senior executive management and the Bank's employees in accordance with the principles of the QFMA code, without any discrimination based on race, gender or religion. This policy shall be submitted annually to the general assembly of shareholders for approval.

2.14 **Related parties' policy**

2.14.1 Developing a clear policy for contracting with related parties.

2.14.2 The Board shall present as part of its Annual Financial Statement a list of related parties' transactions (if any) to be approved by the General Assembly.

2.15 **Performance evaluation**

2.15.1 Setting foundations and standards for evaluating the performance of the Board and the senior executive management.

3 Tasks delegation

- 3.1 Without prejudice to the competences of the General Assembly, the Board shall assume all the necessary competencies and powers for the Bank's management. The Board may delegate the exercise of these powers to its committees, and may form one or more special committee(s) to carry out specific tasks, the nature of which should be outlined in the decision of formation of these committees.
- 3.2 The Board delegates the management of the Bank to the executive management. This delegation shall be renewed every year.
- 3.3 The ultimate responsibility for the Bank rests with the Board, even if it sets up committees, or delegates some of its powers to the executive management. The board shall not issue a general or an open-ended delegation.
- 3.4 Decisions that, by law, must be taken by the Board, may not be delegated to any other body.

4 Duties regarding the supervision of management

4.1 **Nature of supervision**

4.1.1 In supervising the management, the Board shall consider:

- the achievement of the Bank's objectives
- the strategy and risks in the Bank's activities
- the structure and operation of the internal risk management, and audit and control systems
- the financial reporting process
- compliance with law and regulations
- Any other matters the law requires the Board to consider.

4.2 **Financial reporting**

4.2.1 The Board supervises the Bank's financial reporting in accordance with Section 6 here below.

4.3 **Annual risk review**

4.3.1 The Board shall discuss, on a regular basis, the Bank's strategy and business risks, the management's assessment of the internal risk management and control systems, and any significant changes to these systems.

5 Duties regarding the members and the performance of the Board

5.1 Duties of Board members

5.1.1 The Board members shall act in good faith, exercise due diligence and care, and be loyal to the Bank. The Board member should also take all reasonable steps to be fully aware of potential issues detrimental to the Bank's interests.

5.1.2 In all cases, the Board members should comply with the following obligations:

- Attending meetings of the Board and committees regularly, and not withdrawing from the board except for a valid reason.
- Prioritising the interests of the Bank, shareholders and all stakeholders over their personal interest.
- Providing opinion on the Bank's strategic matters, policy of projects implementation, staff accountability systems, resources, key appointments and operation standards.
- Monitoring the Bank's performance in realising its agreed objectives and goals, and reviewing its performance reports, including the Bank's annual, half yearly and quarterly reports.
- Supervising the development of the procedural rules for the Bank's governance to ensure their implementation in an optimal manner in accordance with the code.
- Using their diversified skills and experience, with diversified specialties and qualifications, through an effective and productive management of the Bank, and working to achieve the interests of the Bank, partners, shareholders and other stakeholders.
- Effectively participating in the Bank's general assemblies and achieving its shareholders' demands in a balanced and fair manner.
- Refraining from providing any statements, data or information, without prior documented permission from the chairman. The Board shall appoint an official spokesperson for the Bank.
- Disclosing financial and trade relations, and litigants, including the judicial, to the board, which may negatively affect undertaking the tasks and functions assigned to them.

5.1.3 The Board members, at the Bank's expense, may request the opinion of an independent external consultant in issues relating to any of the Bank's affairs.

5.2 Board self-assessment

5.2.1 At least once a year, the Board shall discuss its own activities and those of its individual members, the effectiveness of such activities, and the composition and competence of the Board.

6 Supervision of financial reporting

6.1 General supervision responsibilities

6.1.1 In consultation with the ARCC, the Board shall supervise compliance with documented procedures for the preparation and publication of the annual report and consolidated financial statements, the interim reports or quarterly and half year financial reports and any other financial information. The board, through the ARCC, also supervises the internal control and audit mechanisms for external financial reporting.

6.1.2 The consolidated financial statements and the condensed consolidated financial statements in the half-year financial report and the quarterly financial report are prepared in accordance with the International Financial Reporting Standards ('IFRS') and the Accounting and Auditing Organization for Islamic Financial Institutions ("AAOIFI").

6.2 **Discussion of financial reports**

6.2.1 The consolidated financial statements must be prepared by the management, under the supervision of the Board, and examined by the external auditor. Half-year and any quarterly financial reports shall be discussed with the board and the ARCC prior to publication.

6.2.2 The ARCC shall regularly, and in any event as soon as possible, provide the board with reports on the Annual Report and Accounts, and the Half-year and quarterly financial reports, which will then be discussed at a meeting of the Board.

6.2.3 The consolidated financial statements shall be publicly accessible within ninety (90)days of the end of the financial year; half yearly interim reports and quarterly interim reports shall be publicly accessible within forty-five (45) days and thirty (30) days, respectively, of the end of the reporting period.

6.3 **External auditor**

6.3.1 The Board shall ensure that the external auditor attends the meetings of the ARCC and the Board (if required by the Board) at which the report of the external auditor, with respect to the audit of the annual financial statements and the consolidated financial statements, is discussed, and at which the board decides whether or not to approve the annual accounts based on the recommendation of the ARCC. The external auditor shall receive any financial information underlying the quarterly and/or half-year financial reports, and other interim financial reports, and shall be given the opportunity to respond to all information.

6.4 **ARCC is the principal contact with the external auditor**

6.4.1 The Board's principal contact with the external auditor is through the chairman of the ARCC. If any irregularities in the financial reports are discovered, the first discussion regarding such irregularities should be between the ARCC and the external auditor.

6.5 **Recommendations by external auditor**

6.5.1 The Board shall carefully consider and, if accepted, put into effect any recommendations made by the external auditor through the ARCC. This will include recommendations by the external auditor on the Bank's internal controls, as expressed in the 'Management Letter'.

7 **Duties regarding nomination and assessment of external auditor**

7.1 **Independence**

7.1.1 The external auditor must be independent. These regulations are based on the principles that:

- An external auditor shall be able, in the light of all relevant facts and circumstances, to form an objective and impartial opinion on all matters that fall within the scope of his or her assignment.

7.1.2 An external auditor is not allowed to perform a statutory audit if he or she has financial, commercial, employment or other ties with the Bank that, in the opinion of a reasonable and properly informed third-party expert, compromise the auditor's independence.

7.1.3 In addition to the audit work, the external auditor of the Bank may also carry out non-audit work, to the extent allowed under applicable legislation and regulations, and the internal procedures of the Bank.

7.1.4 The non-audit work shall not jeopardize the independence of the external Auditor, in no event shall the individuals performing the audit work engage in any non-audit work. All audit and non-audit work (including fees and conditions) carried out by the external auditor for the Bank must be approved in advance by the Board upon the ARCC's recommendation.

7.2 Appointment of external auditor

7.2.1 The Board shall nominate a candidate for appointment by virtue of a resolution of the General Assembly based on an open, transparent and competitive selection process, conducted by the ARCC, and may recommend any replacement of the external auditor. The ARCC is responsible for reviewing and considering offers of external auditors registered in the external auditors list of the relevant regulatory authority, and then submits to the Board its recommendation to choose one offer or more. Once the Board approves the ARCC's recommendation, it shall be included in the Bank's general assembly of shareholders meeting agenda.

7.2.2 Prior to submitting a proposal for election, the Board or the ARCC shall obtain a statement from the proposed external auditor stating whether, and where applicable, which business, financial, personal and other relationships exist between the external auditor, its executive bodies and head auditors on the one hand, and the company and members of its executive bodies on the other hand, that could call its independence into question. This statement shall include the extent to which other services were performed for the company in the past year, especially in the field of consultancy, or which are contracted for the following year.

7.3 Duration

7.3.1 The external auditor is appointed for one (1) year, renewable for a similar period up to maximum 5 consecutive years. After this period, the external auditor shall not be reappointed before the elapse of a period of two (2) consecutive years.

7.4 Compensation of external auditor

7.4.1 The compensation of the external auditor, and instructions to the external auditor to provide non-audit services, shall be closely reviewed and approved by the board on the recommendation of the ARCC, as such ensuring the auditor's independence, subject to the approval of the general assembly of shareholders.

7.5 Reports to the board

7.5.1 The ARCC shall report their dealings with the external auditor to the Board on an annual basis, including their assessment of the external auditor's independence (for example, the desirability of rotating the responsible partners of the external auditor and the desirability of the external auditor in providing both auditing and non-audit services to the company). The Board shall take this into account when deciding its nomination to the general assembly of shareholders for the appointment of an external auditor.

7.5.2 The external auditor shall inform the board - in writing – about any risk to which the Bank is exposed or expected to be exposed, and about any violations immediately upon identification, as well as sending a copy of the notice to the authority. In this case, the external auditor shall have the right to invite the general assembly of shareholders to convene, pursuant to the law, provisions in this regard, provided the authority is informed.

7.5.3 The external auditor and its employees are prohibited from:

- Revealing the Bank's secrets and any of its confidential information.
- To combine between its assigned business, functions and duties and any other business in the Bank.
- To work at the Bank for at least one (1) year prior to the date of the termination of its previous relationship with the Bank.

7.6 Reports to the General Assembly

7.6.1 The external auditors shall submit a report to the General Assembly. A copy of the report shall be sent to the relevant regulatory authorities with responsibility for the validity of data contained within it.

7.6.2 Each shareholder of the General Assembly the right to discuss and seek clarification of any aspect of the report with the external auditor.

7.6.3 The external auditor's report must include information relevant to the shareholders in relation to internal controls and performance assessment in the company, specifically whether:

- a. The internal control systems implemented by the Bank are appropriate and effective.
- b. The Bank is able to operate as a going concern.
- c. The Bank has developed internal policies and procedures.
- d. The internal policies and procedures are adequate for the Bank.
- e. The Bank has adequately implemented the internal policies and procedures.
- f. The Bank is complying with the Articles of Associations and relevant laws and regulations.
- g. The Bank is complying with best international standards relating to the preparation of financial reports.
- h. The Bank is cooperation with the external auditor.

7.7 Conflicts of interest

7.7.1 Board members must inform the chairman of the ARCC of any matters they know of that may compromise the independence of the external auditor, or that may result in a conflict of interest between the external auditor and the Bank.

8 Compensation of management and board members

8.1 Annual Remuneration Policy

8.1.1 The Board shall determine the compensation of the executive and non-executive Board members based on the Annual Remuneration Policy proposed by the NRCGC.

8.1.2 The Annual Remuneration Policy shall include the way of identifying the remuneration to be paid to the Chairman and other Board members.

8.1.3 The Remuneration Policy planned for the next financial year shall be submitted to the General Assembly for its approval. Every change to the Remuneration Policy shall also be submitted to the General Assembly for its approval.

8.2 Annual Remuneration Report

8.2.1 The NRCGC shall annually prepare a remuneration report setting out the compensation policies and activities of the past year and an overview of the Annual Remuneration Policy and planned activities for the next financial year and subsequent years. The Annual Remuneration Report will differentiate between executive and non-executive remuneration.

8.3 Extraordinary compensation

8.3.1 If a Board member or former Board member is paid special compensation during any financial year, an explanation of this compensation shall be included in the remuneration report. The remuneration report shall detail and explain any compensation paid or promised as severance pay to a board member.

9 Relations with shareholders

9.1 General

9.1.1 Shareholders exercise their rights at the General Assembly through voting on resolution.

9.1.2 Each share carries one vote. There are no shares with multiple voting rights, preferential voting rights or maximum voting rights.

9.1.3 All shares of the same class shall have the same rights attached to them.

9.2 Access to information

9.2.1 The Bank shall check and update the information regularly, and provide the shareholders with all information they deem important to enable them to exercise their rights fully, using recognized modern technology, provided all participants can communicate and participate effectively and simultaneously with each other.

9.2.2 Shareholders have the right to review and access the Bank's Shareholders' Register and other information, free of cost, in accordance with the provisions of the Articles of Association and applicable laws and regulations.

9.3 Equal and simultaneous information

9.3.1 The Board shall provide all shareholders and the public equally and simultaneously with any relevant information that may impact the share price.

9.4 Compliance with law

9.4.1 The Board shall ensure all laws and regulations are complied with, regarding the rights of the General Assembly and of individual shareholders.

9.5 Attendance by board members

9.5.1 The Chairman shall ensure that (unless there are important reasons) all the members of the Board shall attend the General Assembly meetings.

9.6 Chairman of general meetings

9.6.1 The General Assembly meetings are presided over by the Chairman of the Board or, in his or her absence, the Vice-Chairman of the Board. The Board may designate someone else to preside over the assembly meeting.

9.7 Disclosure of resolutions

9.7.1 A resolution of the shareholders may be publicly-disclosed only through a statement from the Chairman of the Board or the Board secretary.

9.8 Changes to corporate governance

9.8.1 Any substantial change to the corporate governance structure of the Bank which is included in the Bank's Articles of Association shall be submitted to the General Assembly for discussion and approval under a separate agenda item.

9.9 Attendance by the external auditor

9.9.1 The Board shall ensure that the responsible partner (or certifying auditor) of the external auditor attends the General Assembly and is available to address the meeting. The external auditor may be questioned by the General Assembly in relation to the audit of the Bank's financial statements.

CHAPTER IV: OTHER PROVISIONS

1 Access to information

- 1.1 The Board shall have unrestricted access to relevant management, employees, and information and investigate any matter brought to its attention and shall enjoy full access to all books, records, facilities and personnel of the Bank.
- 1.2 The Board shall have access to adequate internal and external resources, on any matters mentioned in the present charter.

2 Conflicts of interest of board members

2.1 No benefits

- 2.1.1 Members of the Board and employees in connection with their work, may neither demand, nor accept from third parties, payments or other advantages for themselves or for any other person, or grant third parties unlawful advantages.
- 2.1.2 Members of the Board shall prioritise the Bank's best interests over any other interest. No member of the Board may pursue personal interests in his or her decisions or use business opportunities intended for the Bank for himself or herself.

2.2 Duty to disclose

- 2.2.1 A Board member shall immediately report to the Chairman of the board without delay, any conflict of interest and shall provide all relevant information, including information concerning his or her relatives by blood or marriage up to the second degree.
- 2.2.2 All these transactions shall be disclosed in the Bank's annual report and specifically referred to in the General Assembly following the entry into such transactions.

2.3 Related party transactions

- 2.3.1 A potential conflict of interest exists if the Bank intends to enter into a transaction with a related party. The Bank shall develop a policy on how to ensure that the rights of shareholders are protected during such transactions. A related party, as defined from time to time by the Code, includes the following:
 - The Board member of the Bank, or a company of its group.
 - The member of the senior executive management of the Bank, or any affiliate company of its group.
 - A person who owns at least 5% of the Bank's shares or any of its group.
 - The relative of any of the former mentioned to the second degree.
 - The legal persons controlled by a member of the board of the Bank, or any affiliate company within the group, or of senior executive management and their relatives to the second degree.
 - The legal persons that participated in a project or a partnership of any kind with the Bank, or any affiliate company within the group.

2.4 Abstention by conflicted party

- 2.4.1 The Board member concerned shall not take part in the assessment by the Board of whether a conflict of interest exists, nor in any discussion, decision-making or voting regarding any subject or transaction in which he or she has a conflict of interest with the company.

2.5 Requirements to approve conflicts of interest

2.5.1 All transactions in which there are conflicts of interest with board members shall be agreed on terms that are customary for arm's-length transactions in the Bank's business and shall not involve terms that are contrary to the interests of the Bank.

2.5.2 Unless permitted to do so by a resolution of the shareholders at a General Assembly approving related parties transactions, members of the board must not have a direct or indirect interest in any contracts, projects or commitments made on account of the Bank, unless such contracts:

- Were awarded pursuant to a public tender which was open to all interested parties.
- Are being entered into by the Bank in the ordinary course of business and their terms are on arm's length

2.5.3 In all cases, decisions to enter into a major transaction (as defined in the Code) in which there are conflicts of interest with board members require the approval of the General Assembly.

2.5.4 A **transaction** is defined by the code as, "*Commercial or financial transactions of the same nature whose value amounted (10%) of the Company's transactions volume in one Year, or more than the average Company's total transactions during the last three Years*".

2.5.5 A **major transaction** is defined by the Code as, "*Any transaction or series of linked or related transactions aiming to own, sell, lease, exchange, or otherwise dispose of (except for establishing guarantees) assets of the Company or assets to be acquired by the Company or transactions which would change the essential nature of the Company business; or those whose gross value exceeds (10%) of the lesser of either the Company's market value or the net value of the Company's assets according to the latest announced financial Statements*".

3 Directors and officers liability insurance

3.1 Directors and officers liability insurance ('D&O') shall be provided to the directors and officers as part of the Bank's blanket indemnity policy so they can serve as supervisors and managers of the Bank without fear of personal financial loss. This D&O will represent an indemnification (reimbursement) for losses or advancement of defense costs, in the event they suffer such a loss as a result of a legal action brought for alleged wrongful acts, omissions or misstatements in their capacity as directors and officers.

3.2 Intentional illegal acts, criminal fraud or illegal profits will not be covered under D&O.

3.3 The Bank shall maintain on annual basis a blanket liability insurance policy as required by the relevant authorities.

4 Induction program, ongoing training and education

4.1 Induction program

4.1.1 Upon his or her election, each board member shall participate in an induction program that covers the Bank's strategy, general financial and legal affairs, financial reporting by the Bank, any specific aspects unique to the Bank and its business activities, and the responsibilities of a board member.

4.2 Annual review of training

4.2.1 The Board shall conduct an annual review to identify areas where the board members require further training or education.

5 Holding and trading securities

5.1 Trades in company securities

5.1.1 All board members shall comply with the Insider Trading Policy issued by Lesha.

5.2 Reports on change in ownership

5.2.1 The Board members, their spouses and minor children, must disclose any trading and transaction they carry out involving the Bank's shares and any other securities in other companies.

6 Confidentiality

6.1 Duty to keep information confidential

6.1.1 Unless required to do so by law, no Board member shall, during his or her membership of the Board or afterwards, disclose any information of a confidential nature regarding the business of the Bank and/or any companies in which it holds a stake, that came to his/her knowledge in the capacity of his or her work for the Bank and which he or she knows, or shall know, to be of, a confidential nature.

6.1.2 A Board member may disclose such information to fellow board members, as well as co-staff members of the Bank and companies in which the company holds a stake who, in view of their activities for the Bank and companies in which the Bank holds a stake, shall be informed of the information. A Board member shall not use such confidential information for his/her personal benefit.

6.2 Return of confidential information

6.2.1 At the end of each board member's term of office, he or she shall return all confidential documents in his or her possession to the Bank, or guarantee their disposal in a manner that ensures confidentiality is preserved.

6.3 Notice of disclosure

6.3.1 If a Board member intends to disclose to third parties, information which he she has become aware of in his or her duties and which may be confidential, he or she must obtain written consent from the Chairman of his or her intent and the identity of the person who is to receive the information, with sufficient notice for the Chairman to assess the situation and advise the Board member. This section applies to both official and personal statements and to any person attending board meetings which, in terms of their content and form, are clearly only intended for the board.

7 Miscellaneous

7.1 Acceptance by board members

7.1.1 All board members shall, upon assuming office, declare in writing to the Bank that he or she accept and agree to comply with the provisions of this Charter. A corresponding reference to this extent is included in the 'Director's Letter of Appointment'.

7.2 Amendment

7.2.1 This Charter shall be reviewed on a regular basis, or at least every three (3) years against the background of national and international developments, corporate governance best practices and prevailing local laws and regulations, and necessary adjustments are to be made, if necessary.

7.3 Interpretation

7.3.1 In case of uncertainty or difference of opinion on how a provision of this Charter should be interpreted, the interpretation given by the Chairman shall prevail.

7.4 Partial invalidity

7.4.1 If one or more provisions of this Charter are (or become) invalid, this shall not affect the validity of the remaining provisions. The Board may replace the invalid provisions by provisions which are valid and the effect of which, given the contents and purpose of this charter is, to the greatest extent possible, similar to that of the invalid provisions.