

Corporate Governance Manual

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The Board of Directors (the “Board”) of First National Bank S.A.L. (the “Bank”) shall adopt these guidelines to further the Bank’s commitment to best practices in corporate governance.

Any reference to a law, code, circular or regulation shall be deemed a reference to such law, code, circular or regulation as may be further amended or supplemented from time to time.

I. Governance Framework

1. Corporate Governance for the Bank and its Subsidiaries

1.1 The Bank recognizes the need to adhere to best practices in corporate governance.

The Board shall ensure that the Bank shall carry out the appropriate actions to cause all its Subsidiaries (present and future), to adopt the appropriate corporate governance structures and policies that are in line and comply with this Corporate Governance Manual (the “**Manual**”), to the extent applicable to each Subsidiary.

1.2 The organizational chart under Appendix A reflects the current organizational chart of the Bank. It shall be reviewed and amended when the new Corporate Governance structure is adopted.

1.3 The Bank’s corporate governance policies are designed to ensure the independence of the Board and its ability to effectively supervise the operations of the Bank and its Subsidiaries.

1.4 In order to fulfill its corporate governance responsibilities, the Board shall:

- Approve a corporate governance structure and policies for the Bank and its Subsidiaries;
- Ensure that enough resources are available at the Bank and its Subsidiaries to implement the Bank’s corporate governance policies; and,
- Devise appropriate means to monitor the compliance of the Bank and its Subsidiaries to the corporate governance policies.

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- 1.5 The Board shall cause the Board of Directors of each of its Subsidiaries to adopt and maintain their own corporate governance structures in line with the guidelines provided in this manual. Accordingly, separate Corporate Governance Manuals shall be prepared by each Subsidiary to fit its management structure, volume and complexity. The Board shall also cause to ensure that the Board of Directors of each of the Subsidiaries shall ensure that decisions taken or practices of the relevant Subsidiary are not detrimental to:
- The sound and prudent management of the relevant Subsidiary;
 - The financial health of the relevant Subsidiary; and,
 - The legal interests of the relevant Subsidiary's shareholders.

2. Compliance with the Governance Framework

- 2.1 The Board shall seek to ensure that the management and employees of the Bank and its Subsidiaries have a good understanding of and strictly comply with applicable laws, regulations and standards in each of the markets and jurisdictions in which the Bank and its Subsidiaries operate.
- 2.2 The Board shall also ensure the proper implementation of and adherence to the Manual by the Bank and its Subsidiaries.
- 2.3 The Group Chief Compliance Officer (“**CCO**”) shall oversee the implementation of the Manual and the Group Chief Audit Executive (“**CAE**”) shall review such supervision in order to ensure the proper implementation of the governance framework.

II. Board Governance

1. Mission of the Board

- 1.1 The Board shall ensure effective governance, supervise the management of the Bank's business and affairs, and exercise reasonable business judgment on behalf of the Bank.
- 1.2 The Board shall make every effort to balance the interest of its shareholders, customers, employees and suppliers. In all actions taken by the Board, Board members shall act on a fully informed basis, in good faith, with due diligence, keeping in mind the best interest of the Bank. In discharging that obligation, Board members may rely on the honesty and integrity of the Bank's senior management and its outside advisors and external auditors.

2. Core Responsibilities of the Board

The Board shall be in all cases the ultimate governing body accountable towards the Bank's shareholders.

The Board shall assume the following tasks and responsibilities: review and approve the Bank's strategy, supervise management, and set and oversee the implementation of corporate governance structures and policies.

2.1 Review and Approve the Bank's Strategy

2.1.1 Strategy

The Board shall approve and oversee the implementation of the business strategy of the Bank and risk strategy taking into account its long-term financial interests and safety. The strategy should be reviewed at least once a year to ensure that it remains appropriate and relevant in light of the Bank's ongoing business and economic environment.

2.1.2 Strategic Planning

The Board shall review and approve the multi-year business plan, the annual budget and the governance structure of the Bank. As part of the business plan of the Bank, the Board shall also agree on the following:

- To open or close any of the Bank's branches at any time as and when it shall deem it necessary in Lebanon and abroad; and,
- To establish Lebanese and/or foreign companies and/or to participate in such establishment and/or in the share-capital of Lebanese or foreign companies.

2.1.3 Strategy Oversight

The Board shall approve and oversee the implementation of the overall strategy of the Bank including, but not limited to, the following:

- Overall risk strategy, including the Bank's risk tolerance/appetite; and,
- Risk policy, risk management and internal control systems, including compliance policy.

2.2 Supervise Management

2.2.1 Management Framework

In discharging its management responsibility, the Board shall:

- Elect a chairman (the “**Chairman**”) from among its members. The Board may elect one or more vice Chairman for the same period;
- Ensure that the Bank's organizational structure facilitates effective decision making and good governance;
- Set and enforce lines of responsibility and accountability throughout the organizational framework of the Bank by determining the key responsibilities and authorities allocable to the Board, the Chairman, the CEO, the senior management and other control functions.

- Ensure that an appropriate management structure is in place, suitable to the size of the Bank and the complexity of its business, in addition to a management framework that shall include the following senior managerial functions:
 - Chief Executive Officer (“**CEO**”);
 - Chief Financial Officer (“**CFO**”)
 - Chief Risk Officer (“**CRO**”)
 - Chief Audit Executive (“**CAE**”)
 - Chief Compliance Officer (“**CCO**”)
 - Chief Strategy Officer (“**CSO**”)
 - Chief Technology Officer (“**CTO**”)

Currently, the Chairman shall be the CEO of the Bank in line with the current Lebanese Commercial Law that stipulates that the Chairman should be the CEO to bear the ultimate responsibility towards the BOD. However, the Chairman/CEO may elect to appoint senior officers to work under his authority and responsibility. Such appointments will require the recommendation of the Chairman/CEO and the approval of the BOD. Accordingly, the following positions are established to assist the Chairman/CEO in carrying out his/her responsibilities:

- General Manager for Business Lines
- General Manager for Support and Control

The Chairman/CEO shall also appoint other senior officers to the position of Deputy General Manager and Assistant General Manager for different areas of the Bank after consulting with the General Managers and obtaining BOD approval.

The Board shall ensure that persons with the appropriate qualifications, background and experience are appointed by the Bank to the above-mentioned positions, as needed.

2.2.2 Management Oversight

The Board shall ensure that all control departments are properly established, staffed and resourced and are carrying out their respective responsibilities independently and effectively.

The Board shall meet regularly with the Chairman/CEO for proper management oversight.

The Board shall regularly monitor the performance of the Chairman/CEO to ensure that his actions are consistent with the strategy (including, but not limited to, the Bank's risk tolerance/appetite) and policies of the Bank as approved by the Board.

2.2.3 Management Succession Planning

The Board shall ensure that an adequate succession plan is in place in the event of an emergency or unanticipated vacancy of the position of the Chairman/CEO and all senior management positions. The Bank's succession plan for key executive positions shall include the identification of potential candidates that may occupy such key executive positions. This succession plan will be approved by the Board through the Remuneration Committee ("RC"), based on the recommendations from the Chairman/CEO. The Board shall review the Bank's succession plan at least once every year.

2.2.4 Performance Evaluation

The Board shall set performance standards which must be adhered to by the Chairman/CEO and senior management and shall be consistent with the long-term objectives, strategy and financial soundness of the Bank. The Board shall also monitor the Chairman/CEO and senior management's performance against these standards.

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2.3 Set and Oversee the Implementation of Corporate Governance Structures and Policies

2.3.1 Governance Framework

The Board shall implement the resolutions passed by the General Assembly of shareholders of the Bank.

The Board shall approve corporate governance structures, policies and practices.

The Board shall regularly review the Bank's major policies, processes and controls with the Chairman/CEO and/or internal audit in order to determine and assess areas in need of improvement, as well as to identify and address any significant risks and/or issues.

The Board shall discharge certain of its responsibilities through committees elected from its members. The standing committees of the Board are:

- Audit Committee - (refer to Appendix B);
- Risk Committee - (refer to Appendix C);
- Remuneration Committee ("RC") - (refer to Appendix D); and,
- Compliance Committee (refer to Appendix E)

2.3.2 Governance Oversight

The Board shall oversee corporate governance structures, policies and practices implemented by the Bank through its Compliance Committee.

2.3.3 Ethical Business Environment

The Board shall adopt a Code of Conduct, (refer to Appendix F) that shall establish the Bank's core corporate values and address acceptable and unacceptable behaviours, potential conflict of interest situations, confidentiality obligations and information security matters.

The Board shall ensure that the Code of Conduct is widely circulated throughout the Bank through the internal means of communication available at the Bank.

The Board shall establish a tone at the level of the Board and senior management of the Bank (“tone at the top”) to set professional standards and corporate values that uphold ethics and integrity and create an ethical work atmosphere for senior management and other employees of the Bank.

2.3.4 Regulatory Compliance

The Board shall comply with all regulations and decisions issued by *Banque du Liban* and other related regulatory authorities. The Board shall ensure that the Bank maintains a good relationship with its regulators.

2.3.5 Financial Disclosure

The Board shall present the financial statements for the ordinary General Assembly of shareholders’ of the Bank, adopt suggestions in respect thereof and determine the agenda of the ordinary General Assembly meeting, and shall more specifically ensure that the following steps are being properly effected:

- Setting up the Bank’s legal reserve funds and other reserves, as may be required from time to time by *Banque Du Liban* and the *Banking Control Commission of Lebanon*, by appropriating the required funds from the Bank’s annual net profits as per the By-laws of the Bank and/or any legal or regulatory requirements applicable to the Bank;
- Preparing at the end of every financial year the balance sheet, the profit and loss statement, the general annual report of the Bank’s businesses and projects, and any other report that is deemed necessary, namely details relating to the distribution of dividends;
- Publishing the financial statements and other legally required statements; and,
- Ensuring that related party transactions are performed at arm length and approved by the Board and the shareholders in compliance with applicable laws and regulations governing transactions with related parties (notably the provisions of Article 152 of the Code of Money and Credit and Article 158 of the Code of Commerce). The Board shall also ensure that a summary of such transactions is disclosed in the reports.

3. Authority of the Board

In accordance with Lebanese law, the Chairman/CEO represents the Bank vis-a-vis third parties.

The Board has the ultimate power to decide on all issues, except for matters that are reserved to the General Assembly of shareholders by law or in accordance with the By-laws of the Bank.

4. Roles and Responsibilities

4.1 Role and Responsibilities of the Chairman/CEO as Chairman

The Chairman/CEO heads the Board. He shall have the powers, duties and responsibilities specified in applicable laws including the Code of Commerce, Code of Money and Credit and Article 23 of the By-laws of the Bank. In addition, he will in particular have the following responsibilities:

- Chair both ordinary and extraordinary general assemblies of the shareholders of the Bank;
- Ensure effective communication with the Bank's shareholders, *Banque du Liban* and other regulators;
- Oversee the effective operation of the Board and its committees in conformity with the highest standards of corporate governance;
- Set the agenda of Board discussions and promote constructive debate and effective decision making;
- Ensure that the Board will have the relevant information required for effective decision making;
- Manage Board meetings to ensure that sufficient time is allowed for the discussion of complex or contentious issues;
- Encourage active engagement by all Board members in the decision making process;

- Ensure that all Board committees are properly established, composed and are operating effectively and efficiently;
- Ensure the availability of comprehensive induction programs for new Board members, and updates for all Board members as and when necessary;
- Ensure, through the RC, that the performance of the Board, its main committees and individual directors is formally evaluated on an annual basis using different self-evaluation methods;
- Ensure that Board decisions are taken on a sound and well-informed basis;
- Encourage and promote critical discussion at Board meetings and ensure that dissenting views can be expressed and discussed; and,
- Approve the salaries of the senior management in accordance with the salary scale approved by the RC.

4.2 Role and Responsibilities of Board Members

4.2.1 Board members shall have the responsibilities specified in Lebanese applicable laws including the Code of Commerce, the Code of Money and Credit and Article 22 of the By-laws of the Bank. In addition, the main responsibilities of the Board members, acting individually, are as follows:

- Providing leadership to the Bank within a framework of prudent and effective controls which enable risks to be assessed and managed;
- Allocating sufficient time for performing their responsibilities, including preparation for and attendance of Board meetings, and all related committees;
- Ensuring that he/she does not have any potential conflict of interest, in particular no duty or allegiance to any other company that competes or conducts business with the Bank; disclosing any such conflicts of interest to the Chairman/CEO;
- Ensuring that a proper Code of Conduct is adopted by the Bank and that the Bank's obligations to its shareholders and others are understood and met by the Bank;

- Acting in good faith, with diligence, and in the best interests of the Bank and the shareholders while avoiding situations where potential conflicts of interest may arise;
- Making reasonable inquiries to ensure that the Bank is operating efficiently, effectively and lawfully towards achieving its objectives;
- Undertaking thorough analyses of all proposals submitted to the Board;
- Encouraging constructive debate at Board meetings and ensuring all relevant issues are given due consideration before decisions are made;
- Reviewing the performance of the Bank’s management in meeting agreed goals and objectives and monitoring the reporting of Bank’s performance;
- Seeking to achieve corporate goals in line with the Bank’s corporate risk appetite;
- Ensuring the integrity of financial information and that financial controls and systems of risk management are robust and defensible; and,
- Board members shall ensure that Bank's corporate governance policies are in place as well as supervise and monitor their implementation.

In bearing his/her share of the collective responsibilities of the Board, each Board member has a “duty of care” and a “duty of loyalty” to the Bank and shall engage actively in its activities and stay adequately informed of internal and external factors affecting the business of the Bank.

4.2.2 Dealings Between Board members and the Bank

In reference to the Bank’s By-laws, directors shall abide with the following:

- Board members shall submit any agreement between the Bank and any Board member to the prior approval of the General Assembly of shareholders of the Bank.

Subject to the provisions of Article 152 of the Code of Money and Credit, agreements relating to banking transactions in the ordinary course of business are exempt from this requirement;

- The Board shall submit any agreement between the Bank and other entities to the prior approval of the General Assembly of shareholders of the Bank, in the event that any Board member is an owner, a partner, a manager or Board member of such entity, subject to the provisions of Article 152 of the Code of Money and Credit. The concerned Board member(s) shall keep the Board apprised of any such situation;
- Board members shall submit a special report to the ordinary General Assembly of shareholders of the Bank setting out any such agreements to be concluded with the Bank. In light of this report and the special report of the external auditors, the ordinary General Assembly may adopt a resolution authorizing such agreements. A resolution authorizing such agreements shall not be revocable except in the event of fraud and shall be renewable annually if it relates to long-term and continuing agreements; and,
- Any dealing between Board members and the Bank shall be subject to the Bank's By-laws, the Code of Money and Credit and the Code of Commerce in addition to other applicable laws.

4.3 Role and Responsibilities of the Chairman/CEO as CEO

The Chairman/CEO takes the lead in developing the strategy for the Bank, drives major corporate decisions, provides leadership, manages the operations and resources of the Bank and acts as the link between the Board and senior management of the Bank. The main responsibilities of the Chairman/CEO are as follows:

4.3.1 Strategy and Planning

- Collaborate with the Board to define and articulate the Bank's strategy vision and strategic direction;
- Execute the Bank's strategy and ensure that objectives set by the Board are met;
- Oversee the preparation and implementation of the multi-year business plans based on the strategic initiatives, to be presented to the Board for approval; and,
- Oversee the preparation and implementation of the annual budget of the Bank derived from the multi-year business plan, to be presented to the Board for approval.

4.3.2 Human Resources

- Promote a culture that reflects the Bank’s values, encourage good performance and reward productivity;
- Manage and motivate the Bank’s senior officers to assure achievement of approved strategies and goals;
- Recommend the hiring, firing and appraising of senior management;
- Oversee the performance of senior management; and,
- Develop future leadership within the Bank and recommend to the Board a succession plan for all senior managerial positions.

4.3.3 Operations Oversight

- Oversee the development of appropriate organization structures, procedures and policies for the effective and efficient management of the Bank, and recommend it to the Board;
- Provide leadership to the Bank’s management to ensure that the Bank maximizes its short, medium and long term value creation to its shareholders;
- Oversee the overall operations of the Bank and manage its compliance with legal and regulatory requirements; and,
- Ensure that processes and governance structures to identify and implement potential improvements that increase shareholders’ value are properly maintained.

4.3.4 Financial Control

- Oversee the financials of the Bank, promote transparency and identify saving and improvement opportunities, as and when applicable;
- Review and approve related financial studies and business proposals before being presented to the Board;

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- Review operating results of the Bank, compare results to objectives and ensure that appropriate measures are taken to correct any deviation; and,
- Endorse annual financial statements for the audit committee.

4.3.5 Reporting to the Board

- Report key developments to the Board in a timely manner and seek advice and support, as appropriate; and,
- Collaborate with Board members to ensure that they are provided in a timely manner with all information necessary to fulfill their statutory and other obligations.

4.3.6 Marketing and Public Relations Oversight

- Promote the Bank's image and oversee the Bank's communication strategy.

4.4 Role and Responsibilities of Senior Management

4.4.1 The Bank's business is conducted by its senior management and employees under the direction of the Chairman/CEO. Senior management shall oversee the day-to-day management of the Bank and ensure that resources are properly utilized to meet the aims and objectives of the Bank. Senior management shall have the necessary experience, competencies and integrity to manage the business of the Bank as well as the sufficient authority over the key individuals in the relevant areas.

4.4.2 Management's primary responsibilities cover the oversight of the day-to-day operations of the Bank's business, strategic planning, budgeting, financial reporting and risk management, under the leadership of the Chairman/CEO.

4.4.3 Senior management's key responsibilities include, but are not limited to, the following:

- Providing the Chairman/CEO with appropriate and timely and accurate information;
- Providing the Chairman/CEO with periodic reports on the exercise of delegated powers;

- Making recommendations to the Chairman/CEO over the Bank's strategy and thus translating it into operational plans to run the Bank in the most efficient and effective manner;
- Ensuring, under the direction of the Chairman/CEO, that the Bank's activities are consistent with the strategy, risk tolerance/appetite and policies approved by the Board;
- Consistently reviewing and staying aware of the relevant trends in different industry sectors where the Bank is involved and in the Bank's operating environment;
- Developing, implementing and updating Bank policies and procedures;
- Contributing substantially to the Bank's sound corporate governance through personal conduct;
- Implementing appropriate systems for managing financial and non-financial risks to which the bank is or might be exposed. This includes establishing and maintaining a comprehensive and independent risk management function and an effective system of internal controls designed and operated to ensure adherence to the Bank's strategy and risk tolerance/appetite;
- Participate in developing continuing education programs, as needed, for all Board members to enhance their knowledge and skills in order to facilitate their sound participation as Board members;
- Delegating duties to middle management and employees, and establishing a management structure that promotes accountability;
- Managing the Bank's human, physical and financial resources to achieve the Bank's objectives and efficiently operate its business;
- Ensuring day to day responsibility for the Bank's compliance with relevant laws and regulations through a proper compliance framework; and,
- Ensuring that the Bank's business targets through established key performance indicators are achieved.

4.5 Role and Responsibilities of the Corporate Secretary

- 4.5.1 The corporate secretary (the “Corporate Secretary”) is responsible for the effective operation of the Board.
- 4.5.2 The Corporate Secretary shall be appointed by the Board and report directly to the Chairman/CEO.
- 4.5.3 The Corporate Secretary has the following responsibilities towards shareholders:
- Ordinary and extraordinary General Assembly of shareholders meetings coordination:
 - Send appropriate meeting notifications, and coordinate shareholders attendance at least two (2) weeks before each meeting.
 - Corporate records maintenance:
 - Coordinate shareholder communication process, (i.e. compiling shareholder mailing lists, preparing meeting notices, and voting compilation);
 - Draft and circulate minutes of meeting to the concerned parties within a maximum period of two (2) weeks of the meeting. Minutes shall be brief and shall highlight the resolutions taken during the meeting; and,
 - Maintain the minutes of meetings, governance documents, and documents presented at meetings (contracts, audit reports, examination reports) and other shareholder-related materials.
 - Transfer of shares tracking:
 - Keep track of the sale or transfer of shares and of new shareholders; and,
 - Maintain shareholders records, shareholders statistical data, Bank stock transfers, shareholders communications, Bank announcements, dividend distributions, and day-to-day interaction with market makers, transfer agents, and others involved in the stock transfer process.

4.5.4 The Corporate Secretary has the following responsibilities towards the Board:

- Board meetings coordination:
 - Send appropriate Board meeting notifications, coordinate Board members attendance and proxy documents at least two (2) weeks before each meeting;
 - Ensure that the Board agenda is developed in a timely and effective manner for review and approval by the Chairman/CEO; and,
 - Ensure that Board papers are prepared in a timely and effective manner i.e. at a maximum period of two (2) weeks before the Board meeting takes place.
- Board corporate records maintenance:
 - Coordinate the communication process with the Board. The Corporate Secretary shall compile and distribute Board meeting packages, including meeting notices and proxy documents at least two (2) weeks before each meeting;
 - Draft and circulate minutes of meeting to the concerned parties within the maximum of two (2) weeks of the meeting. Minutes shall be brief and shall highlight the resolutions taken during the meeting;
 - Maintain appropriate corporate records, including minutes, governance document, documents presented at meetings (contracts, audit reports, examination reports) and other Board-related materials; and,

4.5.5 The Corporate Secretary is exposed to confidential information due to the presence and participation in Board meetings where material confidential information concerning the Bank is discussed. Accordingly, the Corporate Secretary shall comply with the confidentiality obligations set forth under the Code of Conduct of the Bank.

4.5.6 The Corporate Secretary shall have a basic knowledge and understanding of the *Banque du Liban* regulations.

- 4.5.7 The Corporate Secretary shall meet statutory reporting requirements in accordance with relevant legislation.
- 4.5.8 The Corporate Secretary shall distribute Board resolutions in an appropriate and timely manner to the Chairman/CEO and senior management.
- 4.5.9 The Corporate Secretary shall maintain at all times an updated list of previously raised action items that are still outstanding for circulation to the Board within the related material packages.

5. Board Member Qualifications and Independence

5.1 Non-Executive Board Members

- 5.1.1 A non-executive Board member shall not have a managerial position or perform executive tasks at the Bank or any of its Subsidiaries or affiliated companies in Lebanon and abroad.
- 5.1.2 A non-executive Board member shall not perform at present or shall not have performed within two (2) years prior to becoming a Board member consultancy services for senior management of the Bank.

5.2 Independent Board Members

- 5.2.1 A Board member shall qualify as independent if the Board has determined that the relevant member has no material relationship with the Bank, either directly or as an officer, partner or employee of an organization that has a relationship with the Bank.
- 5.2.2 To be considered independent, a Board member shall fulfill the following conditions:
- Qualify as a non-executive Board member;
 - Not be a main shareholder of the Bank owning, directly or indirectly, more than 5% of the aggregate total number of shares of the Bank or voting power whichever is higher;
 - Be independent from any senior management officer and main shareholder of the Bank in terms of not having any work relationships with any such individuals currently or within two years prior to becoming a Board member;

- Not be a family relative, up to the fourth degree, to any main shareholder;
- Not be a debtor to the Bank;
- Not be a consultant, external auditor, advisor, or Employee of the Bank or any of its subsidiaries, for the last two years prior to become a Board member;
- Not have Board memberships or other relationships that could result in business or regulatory conflicts with the Bank.

5.2.3 Independent Board members should have Board experience or senior management experience to ensure that they have exposure to current governance issues and business practices.

5.2.4 The RC shall ensure on a yearly basis that independent Board members do not perform any business that could materially interfere or reasonably be perceived to materially interfere with the exercise of the Board member's independent judgment.

5.3 Board Member Nomination Policy

5.7.1 The Board shall identify and evaluate individual candidates for their qualifications to become Board members.

The Board shall consider the overall experience and expertise as well as the qualifications of each candidate. The Board shall ensure that its membership:

- Includes diversity in age, gender, background and experience;
- Has the adequate knowledge and experience relevant to each of the current or potential financial activities of the Bank; and,
- Abides at all times by the Board size and structure as per this Manual.

5.7.2 Factors considered in the review of potential candidates include:

- Integrity, honesty and the ability to generate public confidence;
- Independent business judgment;

- Prominence in business, financial institutions and professions;
- Ability to provide strategic insight and direction;
- Familiarity with local, national and international affairs;
- Ability to devote sufficient time to Board and committees work;
- Capability to respond to a short term or prolonged crisis;
- Financial literacy;
- Absence of a conflict of interest that would violate any applicable law or regulation;
- Desire to represent the interests of all stockholders; and,
- Empowerment skills and a history of motivating high-performing talent.

5.7.3 The Board shall ensure that all candidates for Board membership fulfil the conditions specified in the applicable laws in force in Lebanon including the following conditions:

- Unquestioned personal integrity and professionalism; and,
- Not convicted in Lebanon or abroad within the past ten years:
 - (a) For having committed or having attempted to commit a crime or a tort of forgery, mistrust, theft, fraud or breach of trust or an offence punishable by the sentences of fraud, embezzlement of funds or securities, or for issuing in bad faith cheques without provisions, or for attempting to cause damage to the financial position of the Lebanese Republic as per Articles 319 and 320 of the Criminal Code or for the concealment of property acquired as a result of such offences (Article 148 of the Code of Commerce) or
 - (b) For committing or attempting to commit or participate in any contravention punished by Articles 689-700 of the Criminal Code.

The prohibition stipulated by this provision shall further apply on the persons convicted abroad for having committed crimes or torts that constitute as per the Lebanese law one of the crimes or torts described above subject to conformity

of the foreign decision with the Lebanese law in accordance with the last paragraph of article 29 of the Criminal Code.

- Has not been declared bankrupt and has not been rehabilitated within the last ten years at least. If the bankruptcy is declared abroad it shall be in force in Lebanon subject to conformity of the foreign decision with the Lebanese law in accordance with the last paragraph of article 29 of the Criminal Code;
- Is not convicted for breaching the provisions of the law governing bank secrecy dated September 3, 1956;
- Is owner of the minimum limit of five hundred shares, at the date of his nomination as per Article 24 of the Bank's By-laws;
- Be able to dedicate the time and resources sufficient to ensure the diligent performance of his duties on the Board, including attending all Board and related committee meetings;
- Need to have demonstrated sound business judgment gained through broad experience or senior management positions where the candidate has dealt with management, technical, financial or regulatory issues;
- Should have at least ten years of experience in corporate management;
- Should have sufficient financial or accounting knowledge to add value in the complex financial environment of commercial banking;
- Candidates should not, however, have Board memberships or other relationships that could result in business or regulatory conflicts with the Bank; and,
- Independent Board members should be free from any business or other relationships which could materially interfere or reasonably be perceived to materially interfere with the exercise of the candidates' independent judgment. Independent members shall be subject to section 5.2.2 of this Manual.

5.7.4 The CVs of all Board members, including the newly selected members, shall be sent to the legal department of the *Banque du Liban* and the *Banking Control Commission of Lebanon* as per the intermediary circular number 253.

- 5.7.5 Shareholders shall elect Board members and vote on individual nominees. Candidate's information disclosed to the shareholders includes Board member qualifications, share ownership in the Bank, membership in the Board of other companies, and whether the member is considered by the Board to be an independent member.
- 5.7.6 Board members are elected by the General Assembly of shareholders for a term of up to three (3) years and can be re-elected for an indefinite number of terms upon expiry of a term of appointment. One year means the period extending between two yearly consecutive meetings of the annual meeting of the General Assembly of shareholders.

5.4 Board Member Remuneration Policy

All Board members shall receive attendance fees as resolved by the General Assembly.

5.4.1 Independent Board Members Remuneration Policy

- The RC, when considering remuneration to be paid to the independent Board members, shall take into account the performance of their duties, the Bank's performance, as well as remuneration trends in other banks of the same type and range of activity, if available as well as the remuneration trends in different industry sectors, where the Bank is involved;
- Independent Board members receive fixed remuneration fees and are not entitled to any variable compensation;
- No additional remuneration shall be paid to independent Board members for participation in a Board meeting;
- The level and composition of remuneration for independent Board members should be sufficient and reasonable to attract and maintain talented individuals to fulfill such roles;
- If an independent Board member of the Bank is a member of the RC, the latter shall identify and prevent conflict of interests. No Board member should be involved in the process of determining his own remuneration; and,
- The Bank shall reimburse the independent Board member for the expenses he/she reasonably incurs in performing his/her duties.

5.4.2 Executive Board Members Remuneration Policy

Executive Board members may receive additional remuneration in conjunction with their respective assignments as entrusted to them by the Board.

5.4.3 Remuneration Approval Process

- The remuneration policy and employment contracts, where applicable, for Board members shall be handled by the RC. However, contracts shall be signed by the Chairman/CEO ;
- The form and amount of Board member remuneration shall be determined by the Board based upon the recommendation of the RC. The RC should conduct an annual review of Board member remuneration;
- The remuneration of Board members shall be determined by the General Assembly of shareholders according to the By-laws of the Bank. The Board shall distribute it to its members fairly on the basis of the time allocated by each Board member to fulfill his/her responsibilities and on the basis of such responsibilities. Further the Chairman/CEO shall receive a salary to be determined by the Board; and,
- The annual or meeting fee payable to Board members should be the same for all non-executive, independent and other Board members. Additional fees shall be paid for additional responsibilities, such as committee membership or for chairing the Board or Board committees.

5.4.4 The remuneration policy shall specify the relationship between remuneration and performance, and shall also include measurable standards that are based on the Bank's objectives and key performance indicators. When considering key performance indicators, the Board and the RC may wish to consider financial indicators (such as return on equity or return on assets) as well as non-financial indicators (such as customer satisfaction levels or retention rates; operational processes and quality measures; and internal growth, knowledge management and training programs, as well as employee satisfaction rates).

5.4.5 The RC shall review annually and make recommendations to the Board on remuneration schemes for Board members (including fees, travel expenses and other benefits).

5.4.6 Compensation to a Board member shall be paid to his Bank account or any other bank account advised by such Board member.

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- 5.4.7 The Bank shall disclose information on the remuneration of Board members to potential investors in order for such investors to assess the costs and benefits of remuneration plans and the contribution of incentive schemes to the Bank's performance.
- 5.4.8 The Board shall disclose the policy and remuneration levels to shareholders.
- 5.4.9 The Board shall monitor and review outcomes to ensure that the compensation system is operating as intended whereby officers are not compensated for assuming undue risk.

5.5 Restrictions on Board Membership

- 5.5.1 Board members shall comply with Article 154 of the Code of Commerce as follows:
- The Chairman/CEO shall not act as a chairman for more than four companies with a condition to act as General Manager for at least two of them; and,
 - No Board member shall be a member in more than six boards of directors for companies located in Lebanon. For members above the age of seventy, the limit is two companies.
- 5.5.2 All non-executive and independent Board members shall disclose their association with any other institution which, in their judgment, may lead to conflict of interest with the Bank.
- 5.5.3 Board members shall not become members in the Board of another company, other than subsidiaries of the Bank, carrying out similar activities as the activities of the Bank unless a special authorization by the General Assembly has been obtained to that effect, which authorization shall be renewed every year in accordance with Article 159 of the Code of Commerce.
- 5.5.4 Board members shall ensure that other commitments including Board memberships in other organizations do not interfere with their duties and responsibilities as Board members.

5.6 Board Member Orientation and Continuing Education Policy

- 5.6.1 All new Board members shall participate in the Bank's orientation program for new Board members within six months of their election. This orientation shall include presentations by the Chairman/CEO and senior management aiming at familiarizing new Board members with the Bank's strategy, its significant financial, accounting and risk management issues, compliance programs, conflict of interest policies, Code of Conduct, and other policies.

5.6.2 Key steps to be considered as part of the orientation programs for new Board members:

- Hold a meeting with the Chairman/CEO for further orientation on the strategy and pertinent issues;
- Have new Board members introduce themselves and their expertise as well as the areas in which they will add value;
- Bring new Board members up-to-speed on issues and challenges facing the Bank;
- Provide new Board members with information on the existing policies and procedures of the Bank;
- Outline roles and responsibilities of the Board, Chairman/CEO and senior management; and,
- Plan a visit to the Bank's headquarter and other branches on a selective basis.

5.6.3 The Corporate Secretary, in coordination with the Chairman/CEO, shall provide new Board members the following:

- A brief history of the Bank;
- By-laws;
- Corporate Governance Manual;
- The Code of Conduct for Board members (which is to be reviewed and signed);
- Government laws and regulations affecting the Bank;
- Current business plan and budget;
- Schedule of upcoming Board and committee meetings;
- Audited financial statements for the past two (2) years;
- Semi-annual Internal audit reports for the past two (2) years or a synopsis thereof;

- List of carried forward items from the last Board meeting; and,
 - Annual Board member assessment form.
- 5.6.4 The Board shall encourage Board members to participate in continuing education programs and reimburse directors for the expense of such participation.
- 5.6.5 Board member shall remain informed and up to date of new developments in the banking industry that may have a significant impact on the Bank.
- 5.6.6 The Chairman/CEO and senior management shall provide Board members on a regular basis pertinent printed material relating to the Bank's business, its competitors, corporate governance and regulatory issues as well as subscriptions to pertinent magazines and journals.
- 5.6.7 The Chairman/CEO and senior management shall make presentations to Board members regarding business activities, proposed business activities and relative performance of the Bank.

6. Structure of the Board

6.1 Number of Board Members

The Bank shall be managed by a Board composed of not less than three and not more than twelve members as determined by the shareholders at their ordinary meeting or at extra ordinary meeting called for that purpose, provided that the majority of the Board members shall be of Lebanese nationality or as otherwise provided by applicable laws.

Where the office of a director becomes vacant in the interval between two shareholders' meetings, the Board shall, within two (2) months from the date on which the vacancy occurs, either call an ordinary meeting of the shareholders to elect a director to fill the vacant office or decide to maintain the Board with the remaining directors. However, if the remaining directors are less than three they shall call an ordinary meeting as aforesaid. The director so elected shall hold office until the end of the term of office of his predecessor.

6.2 Board Composition

- 6.2.1 The Board shall maintain a suitable balance between the numbers of executive, non-executive and independent directors. One third of the Board members or at least two of the members shall be independent members whichever is greater, while the majority of the

Board shall be non-executive members. It is anticipated that the Board shall be composed of nine (9) members out of which three (3) are independent.

6.2.2 The Board shall be elected by the General Assembly of shareholders at their general ordinary meeting for a period of up to three (3) renewable years. By one year it is understood the period extending between two yearly consecutive annual meetings of the General Assembly of shareholders.

6.3 Board Committees

6.3.1 The members of the Remuneration, Audit, Risk and Compliance committees should be appointed by the Board. Each committee reports directly to the Board.

6.3.2 Even if the Board delegates some of its responsibilities to a committee, the Board remains the ultimate decision making authority, and retains responsibility for all Board decisions.

6.3.3 Should any committee require outside advice, it may hire outside expertise to obtain such expert advice when needed. External advisors should not however become full Board members committees as they are not Board members.

6.3.4 Each committee shall have its own written charter which shall comply with all applicable laws, rules and regulations. The charters shall be approved by the Board.

6.3.5 The charter shall be reviewed and updated on a yearly basis, or when needed, by the respective committee and submitted to the Board for approval. The charters shall be communicated to members of senior management and will be made available to concerned managers and employees to promote transparency.

6.3.6 Each committee may invite the Chairman/CEO, any member of senior management or Internal Audit department, external auditors and other personnel whom it deems necessary to attend its meetings.

6.3.7 The Board shall monitor these committees via an annual review of the Board committee reports and recommendations. This annual review will be documented in the Board meeting minutes.

6.3.8 The Board may, from time to time, establish or maintain additional committees as necessary or appropriate.

7. Functioning of the Board

7.1 Board Meetings

Board members are expected to attend General Assembly meetings, Board meetings and meetings of committees on which they serve, and to spend the time needed to prepare for and to meet as frequently as necessary to properly discharge their responsibilities.

- 7.1.1 The Board shall meet at least every three (3) months upon written convocation of the Chairman/CEO or two of its members, two (2) weeks before the date of the meeting unless all the Board members agree to meet without notice. The notice shall indicate the agenda of the meeting. At least two meetings per year shall be held in Lebanon.
- 7.1.2 The presence personally or by proxy of at least half of the number of Board members shall be necessary to constitute a quorum for the meetings of the Board. Resolutions of the Board shall be adopted by a simple majority vote of the Board members present or represented.
- 7.1.3 Board meetings can vary significantly in duration. It is essential that the meeting be long enough to cover the agenda in appropriate detail.

7.2 Board Briefing Book

The Board agenda, along with other key materials, shall be combined in a Board briefing book (the “**Book**”) and forwarded to all Board members two weeks before the date of each meeting. Directors shall thoroughly review the Book before attending each meeting.

- 7.2.1 The Book shall include at least the following documents:
- An agenda and the supporting papers;
 - Minutes of the previous Board meeting;
 - An action items list, noting responsible persons and dates for completion;
 - Papers on specific issues for decision, discussion or information; and,
 - Minutes of all Board committees meetings along with reports from the respective chairman.

- 7.2.2 Information packages regarding the Bank's business and performance will be distributed to all Board Members two (2) weeks before the Board meeting. In addition, businesses updates and information regarding recommendations for action by the Board at a meeting shall be also made available to the Board two (2) weeks in advance of the Board meeting to allow members to review, consider and follow up on any pertinent items. In exceptional cases, information can be sent to the members before 48 hours of the meeting.
- 7.2.3 Sensitive subject matters may be discussed at the meeting without written material being distributed in advance or at the meeting. Similarly, matters may be discussed at a meeting called on short notice in the event of a pressing need without written material. The Chairman/CEO shall exercise his discretion in approving the discussion of such matters at the Board.
- 7.2.4 The agenda is prepared by the Corporate Secretary, under the supervision of the Chairman/CEO, with input as necessary from other Board members. It is the Chairman/CEO's duty to offer Board members the opportunity to suggest items and any Board member can and should request matters to be included on the Board agenda.
- 7.2.5 The Board agenda should strike a balance between reviews of past performance (i.e. financial statements) and forward-looking issues (i.e. strategy).
- 7.2.6 The Board shall have a formal schedule of matters to be discussed and shall reserve appropriate time for items that require decision-making.
- 7.2.7 At every Board meeting Board members shall:
- Review and approve the minutes of the last meeting;
 - Review meeting minutes of key Board committees;
 - Review outstanding major action items from previous meetings;
 - Discuss emerging issues that could affect the Bank;
 - Monitor management performance and its expectations for variances;
 - Review operations for the year-to-date and forecasts covering the remainder of the relevant accounting period; and,
 - Review related periodic reports.

- 7.2.8 Once convened, the Board shall approve the agenda. Should any objection be raised at this time, the details of such objection shall be entered in the meeting minutes.
- 7.2.9 Action items list: The Board may often identify additional information it requires, initiatives it would like management to implement, or other matters for management action or attention. In order to keep track of these matters, an “action items” list should be maintained by the Corporate Secretary to be updated after each meeting and distributed along with the minutes of the meeting. The action item list will contain a brief description of the actions to be taken, cross referenced to the relevant item in the minutes. The list should also note the responsible person for implementing each relevant action and the date by which such action is to be completed.
- 7.2.10 A review of the action items should be a standing item on the Board’s agenda to ensure that management is following up/ taking action in the implementation of the specific tasks raised by the Board. The date of completion for each specific task shall be recorded on the action list prepared after the meeting. Once the implementation of a specific task is completed, such task shall be removed from subsequent lists.
- 7.2.11 Oral presentations of proposals may also assist the Board during its meeting and copies of additional visual aids may be handed out after the presentation. Presentations should add to, not repeat, the information provided for in the relevant paper. The Chairman/CEO shall encourage full participation by Board members in any debate.
- 7.2.12 The Board shall insist that management keeps it abreast of all material corporate developments in a complete and timely manner. Matters reported to the Board, or submitted for its consideration, shall be adequately documented. Reliance on what is purely volunteered by management is unlikely to be enough in all circumstances and further inquiries may be required.
- 7.2.13 The purpose of each Board paper should be clearly stated in order to help the Board members to better understand management's expectations. This can be achieved by allocating each Board paper into one of three distinct categories:
- For information: Papers aimed at keeping the Board informed of matters; for example, relevant press clippings and financial information;
 - For decision: Matters put forward that require the Board’s decision; and,

- For discussion and input: Discussion of matters prior to final recommendations; for example, providing papers seeking the Board's input throughout the planning phase, rather than simply when a final decision is required.

7.3 Minutes

The decisions of the Board are recorded in minutes of meetings.

- 7.3.1 Minutes should be clear, concise, and well-structured highlighting the main points raised during a meeting and the subsequent resolutions that were passed. Minutes may serve as reminders for actions to be taken between meetings. Minutes could be used as evidence in litigation. The Chairman/CEO or two Board members shall certify extracts of such minutes intended for production in courts or elsewhere.
- 7.3.2 Minutes will generally be prepared by the Corporate Secretary and reviewed by Board members within two (2) weeks. Board members may recommend changes or amendments to the minutes.
- 7.3.3 The deliberations of the Board shall be recorded in minutes signed by the Board members attending the Board's meeting and shall be recorded in a special register at the Bank's head office. Such minutes shall have a probative force towards all parties. Minutes of the meetings or certified copies or extracts thereof shall be conclusive legal evidence of the names and of the number and identity of the Board members present, represented and absent and of all other matters included in such minutes.
- 7.3.4 The Corporate Secretary shall maintain and have custody of the original signed minutes in a special register kept at the Bank's head office. The original signed minutes shall be kept in a fireproof safe.

8. Other Board Policies

8.1 Dividend Policy

8.1.1 Common Shares

The Bank's policy and processes in respect to the determination, declaration and distribution of dividends shall be clear, transparent, formalized and conducted in the best interest of the Bank and its shareholders.

The Board shall ensure that the following financial statements are duly prepared at the end of each year:

- A statement of the Bank's financial position;
- A statement of the Bank's comprehensive income;
- A statement of the Bank's changes in equity
- The Bank's annual report; and,
- Other reports regarding the distribution of dividends.

Subject to the availability of net profits for distribution, the Board shall estimate on a yearly basis the minimum anticipated dividend distribution for that year, which may be subject to upward or downward adjustment at the end of that year should the need arise due to special circumstances, such as the enactment of new legislations and/or regulations or changing market conditions.

At the end of the relevant year, the Board may, in consultation with its Chairman/CEO, recommend to the Bank's annual ordinary General Assembly to distribute dividends to the shareholders, subject to the deduction of legal and/or statutory reserves in accordance with the Bank's By-laws and applicable laws and regulations. The recommended distribution (if any) will take into account the Bank's business performance, potential investment opportunities, and the stability of the Bank's earnings, capital adequacy needs and market conditions.

Dividends are subsequently declared and approved at the annual ordinary General Assembly taking into consideration the recommendations of the Board.

The Board shall ensure that the date for the payment of dividends to shareholders of the Bank is declared in advance.

Dividends shall be paid to the holder of common shares, as registered in the share registry maintained by MIDCLEAR at the date specified by the General Assembly and the actual payment shall be made at a date specified by the General Assembly.

Dividends shall be paid to the Bank's shareholders against the delivery of receipts evidencing such payment.

The distribution of dividends to shareholders' of the Bank may be made in cash, shares or a combination of both.

8.1.2 Preferred Shares

The payment of dividends to holders of Preferred Shares out of net profits of the Bank shall be made in priority to the payment of dividends to the holders of Common Shares of the Bank and based on terms of the issuance of such Preferred Shares in accordance with applicable law and the Bank's By-laws.

8.2 Stakeholder Relationship Policy

8.2.1 The Bank shall be adequately transparent in its dealings with its shareholders, depositors and other concerned persons, and the Board shall seek to protect and safeguard the rights of its shareholders, depositors and other relevant concerned persons while preserving the greater interests of the Bank. The degree and extent of such transparency shall vary depending on the relationship of each relevant person with the Bank.

8.2.2 The Bank shall seek to ensure that its relationship with its stakeholders, shall be based on the following fundamentals:

- The rights of the Bank's stakeholders as set out under applicable law, the Bank's By-laws or by contract shall be preserved by the Bank;
- Stakeholders shall be given the opportunity to seek proper remedy for any violation of their rights;
- Stakeholders shall be given the opportunity to communicate their concerns about any illegal or unethical practices through venues designated by the Bank; and,

- Any disputes or complaints that may arise between a stakeholder and the Bank shall be resolved amicably and referred to the appropriate authority, to the extent necessary.

8.3 Board Performance Evaluation

The RC shall conduct an annual Board performance evaluation on the basis of a methodology approved by the Board. The results of the Board performance evaluation shall be reported to the Board.

8.4 Independent Advice

The Board may engage independent experts to obtain independent legal and/or financial or other expert advice, if needed. Expenses related to such professional advice are to be borne by the Bank.

The Chairman/CEO shall ensure that the Board's resolution is properly implemented in a timely manner.

III. Organizational Governance

1. Functions and Committees

1.1 Management Committees

Management committees play an important role in assisting the Chairman/CEO in implementing the strategy set by the Board. For this purpose the Bank shall have the following committees:

- Management Committee - (refer to Appendix G);
- Assets and Liabilities Committee (ALCO) - (refer to Appendix H);
- Credit Committee - (refer to Appendix I);
- Operational Risk Committee - (refer to appendix J)
- Recovery and Restructuring Committee - (refer to Appendix K);
- AML Committee - (refer to Appendix L);
- IT Committee - (refer to Appendix M);
- Purchasing Committee - (refer to Appendix N);
- IT and Cyber Security Committee - (refer to Appendix P);
- Business Continuity Committee - (refer to Appendix Q);
- Human Resources Committee – (refer to Appendix R); and,
- Investment Committee – (refer to Appendix S)

The Chairman/CEO of the Bank, may attend and chair any Management committee at his discretion and when deemed necessary.

All management committees shall function in coordination with the concerned departments to ensure a smooth decision making process.

Each committee shall appoint a secretary from its members, or from support staff to assist the Chairperson to plan for meetings including agenda, scheduling, minutes and follow up.

1.2 Internal Audit

- 1.2.1 The internal audit department shall audit the departments, business units, branches and activities of the Bank. The internal audit department shall provide assurance to the Board on all processes and controls in effect.
- 1.2.2 The internal audit department may utilise external resources on a limited basis as and when needed. A complete outsource of the internal audit department is prohibited.
- 1.2.3 The internal audit department shall be headed by the CAE who shall be appointed by the Audit Committee of the Board. The Bank shall notify the *Banking Control Commission of Lebanon* of the name of the CAE and of any subsequent changes to the CAE along with the underlying reasons for such change.
- 1.2.4 The CAE shall report functionally to the audit committee, and administratively to the Chairman/CEO.
- 1.2.5 The internal audit department shall be subject to external quality assurance reviews every five years as per the requirements of the institute of internal auditors.
- 1.2.6 The internal audit department shall perform its duties in accordance with the internal audit charter (refer to Appendix O). The charter shall not include all of the internal audit department's duties and responsibilities. However, the charter shall:
- Provide a written record of formally approved policies of the internal audit department;
 - Provide a basis for the evaluation of the performance of the internal audit department by the audit committee; and,
 - Serve as a basic document for the organisation and administration of the internal audit department.
- 1.2.7 The internal audit charter shall be prepared by the CAE and approved by the audit committee. The internal audit charter shall be reviewed annually and updated on a need basis by the CAE. Any such review or update shall also be approved by the audit committee.

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1.2.8 The internal audit charter will be communicated to all departments.

1.3 Risk Management

1.3.1 The risk management department shall ensure that effective and efficient processes are in place to manage the Bank's risks. The risk management department shall be headed by the CRO.

1.3.2 The CRO shall report directly to the Chairman/CEO and shall have direct access to the risk committee and other Board committees. Communication between the CRO and the Board or Board committees should be adequately documented by the Corporate Secretary or the secretary of the relevant Board committee as the case may be. Information to the Board and senior management shall be communicated by the CRO in a timely, complete, understandable and accurate manner.

1.3.3 The risk management department shall have sufficient authority, standing, independence, resources and access to the Board through the risk committee to effectively carry out its duties. The risk committee shall ensure that the resources available at the risk management department are adequate to meet the Bank's needs in light of the size and nature of the Bank's activities.

1.3.4 The Board and Chairman/CEO shall promote a culture of risk awareness and risk management within the Bank. All management and staff should be aware of, and be held accountable for, their risk management responsibilities.

1.3.5 The CRO shall have the authority to influence decisions that affect the Bank's exposure to risk. The CRO shall be involved with the Board and the Chairman/CEO in addressing strategic issues, including the determination of the Bank's risk appetite/tolerance, capital planning and product development. Such involvement must not compromise the CRO's independence.

1.3.6 The risk management department shall identify, measure, monitor, control and report risk exposures directly to the Chairman/CEO and ultimately to the risk committee. This shall include all the Bank's risks, including balance sheet and off-balance sheet risks and at a group-wide, portfolio and business-line level.

1.3.7 The risk committee shall ensure, through its planning and budgeting processes, that the risk management department has adequate resources allocable to it which are sufficient to assess risk, including qualified personnel, access to information technology systems and access to internal information.

- 1.3.8 Risk management personnel shall possess sufficient experience and qualifications, including market and product knowledge as well as expertise in risk disciplines.
- 1.3.9 The risk management department shall ensure that the Bank's internal risk measurement tools cover a range of scenarios, and include qualitative group-wide views of risk relative to return and to the Bank's external operating environment. The Chairman/CEO and the Board, through its risk committee, shall review and approve scenarios that are used in the Bank's risk analysis and be made aware of the underlying assumptions and potential shortcomings in the Bank's risk models. The Board shall give special attention to the quality, completeness and accuracy of the data it relies on to make risk decisions.
- 1.3.10 The risk management department shall regularly compare the Bank's actual performance to risk estimates, evaluate the accuracy and effectiveness of the risk management process and make necessary adjustments.
- 1.3.11 The risk management department shall accurately communicate risk exposures and results of stress tests or scenario analyses, and shall initiate a vigorous discussion of the Bank's current and prospective exposures, risk/return relationships and risk tolerance/appetite with the risk committee.

Risk reporting shall also include information about the Bank's external environment to identify market conditions and trends that may have an impact on the Bank's current or future risk profile.

- 1.3.12 The risk reporting system shall be dynamic, comprehensive and accurate and shall be drawn on the basis of a range of underlying assumptions.

Risk monitoring and reporting shall occur at an aggregated level to allow for a consolidated picture of risk exposures to be drawn up.

Risk reporting systems shall identify any deficiencies or limitations in risk estimates, and highlight emerging risks that have a potential to become significant and that may merit further analysis.

- 1.3.13 The risk management department shall evaluate possible ways to manage risk exposures. The risk management department shall:
- Report risk positions directly to the Chairman/CEO and ultimately to the risk committee;

- Monitor risk positions to ensure that they remain within the Bank's framework of limits and controls; and,
- Guide management on methods to reduce and hedge risks.

1.3.14 The Board, through the risk committee, shall be provided with a risk reporting document outlining the Bank's principal risks and associated practices to manage those risks.

1.3.15 The Bank shall inform the *Banking Control Commission of Lebanon* of the CRO's appointment and any subsequent changes to such appointment including his/her dismissal along with the underlying reasons for such change or dismissal.

1.3.16 In its planning process, the Bank shall ensure that the Bank's risk management and internal control infrastructures are kept in pace with developments including the implementation of processes for any balance sheet revenue growth, increasing complexity of the Bank's business or operating structure, geographic expansion, mergers and acquisitions, or the introduction of new products or business lines.

1.4 External Audit Firms

1.4.1 The audit committee shall conduct a selection process for the appointment of external audit firms. The Chairman/CEO shall coordinate this process and present his/her recommendation to the audit committee. The ordinary General Assembly shall appoint two external audit firms and determine their remuneration, each for a period of three years ending at the meeting of the ordinary General Assembly examining the accounts of the third year.

1.4.2 The audit committee shall recommend to the Board the appointment or dismissal of external audit firms. In case the Board does not follow the recommendation of the audit committee, the Board shall specify in the Board minutes the reason(s) for this.

1.4.3 External auditors shall prepare a report on the Bank's financial situation, the balance sheet and the accounts submitted by the Board in accordance with applicable laws and regulations.

1.4.4 The Bank shall require the rotation of either the audit partner or the external audit firm itself every five or six years. The rotation shall prevent the external auditors from developing an excessively close relationship with the management, which may eventually compromise the external auditors' independence.

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1.4.5 External auditors shall be independent both in fact and in appearance.

1.4.6 External auditors shall be prohibited from providing the following services:

- Feasibility studies;
- Finance department reorganization;
- Accounting or bookkeeping services;
- Acting as the Bank's management;
- Administering share and pension schemes;
- Acting as custodian of the Bank's assets;
- Receiving commissions from the Bank;
- Entering into a joint venture with the Bank; and,
- Have a materially close relationship with the Bank.

Notwithstanding the foregoing, the Board may appoint the same external audit firm to perform the above-mentioned services subject to the following conditions:

- The services will be offered from an office location that is different than the location at which the Bank's audit is performed; and,
- The offering of the services shall be led by an independent partner of the external audit firm from a different location.

1.4.7 The external auditors shall be independent from the Bank. The external auditors are not considered independent if they, directly or indirectly, maintain a financial, employment or business relationship with the Bank, are shareholder(s) (other than its ordinary audit activities) or provide a service which:

- Creates a conflict of interest;

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- Places the external auditors in a position whereby they would be auditing their own work; and,
- Places the external auditors in the role of advocacy for the Bank.

1.4.8 The external auditors shall maintain a quality control system that provides reasonable assurance that their independence will not be impaired and confirm to the audit committee, at least annually, their independence.

1.4.9 The external auditors shall attend the annual ordinary General Assembly meetings and present their reports to the shareholders citing any obstacles they have faced or intervention from the Board or management during the relevant term.

1.4.10 The Bank shall disclose as deemed necessary in its annual report or any other publication, the audit and non-audit fees incurred for professional services provided by its external audit firms during the relevant reporting period.

1.5 Internal Control

1.5.1 The internal control framework shall promote efficiency, reduce risk of asset loss and help ensure the reliability of financial statements and compliance with applicable laws and regulations.

1.5.2 The internal control framework shall ensure that internal controls are properly established, documented, maintained and adhered to in each unit, department and division of the Bank. Internal controls shall be part of the normal day-to-day management, operational and support processes applied at the Bank.

1.5.3 The Bank shall adopt international standards for the Internal Control area.

1.5.4 Internal control is broadly defined as a process designed to provide reasonable assurance to the Board, Chairman/CEO, management and other personnel of the Bank in respect of the achievement of objectives in the following categories:

- Effectiveness and efficiency of operations: Addresses the achievement of basic business objectives, including adherence to performance standards and the safeguarding of resources.

- Reliability of financial reporting: Ensures that reliable financial statements (both annual and interim) and other financial information are presented to the Board, shareholders and other concerned parties.

1.5.5 The Bank shall implement its internal control framework through a top-down risk assessment based on a control self-assessment (“CSA”) which has the following phases:

- Scoping & Planning
 - Identify qualitative and quantitative risk factors affecting business processes and locations;
 - Prioritize and select processes and locations based on effect of risk factors;
 - Assign control owners (including IT controls) to the processes and locations;
 - Develop high-level plan; and,
 - Communicate results and plan to process owners.
- Documentation - company level controls (“CLC”)
 - Identify the Bank specific CLCs;
 - Document or update actual control and control details;
 - Develop or update control testing programs;
 - Identify CLC design gaps; and,
 - Control owner sign-off.
- Documentation – transactional level controls
 - Identify and document key risks affecting processes;
 - Document or update actual controls addressing risk;
 - Develop or update control testing programs;

- Identify process design gaps; and,
- Control owner sign-off.
- Assessment
 - Launch CSA; and,
 - Sample inspection by internal audit.
- Reporting
 - Submit CSA results (including internal audit findings) to the CAE;
 - The CRO reports results of CSA to the Chairman/CEO, CAE and risk committee; and,
 - The CRO and internal audit follows up on corrective action to be taken to remedy ineffective key controls.

1.5.6 The CSA shall be conducted by the control departments at least annually.

1.5.7 Internal control processes shall be reviewed and formally approved by the Board.

2. General Policies

2.1 Policies and Procedures Manuals

The Management shall approve the policies and procedures manuals of all the Departments at the Bank. The policies and procedures manuals shall be used to set the internal controls related to each department. Key policies such as the Risk Policy, AML/CFT Policy and HR Policy shall be approved by the Board.

2.2 Measurements and Accountability

- 2.2.1 The Board shall adopt quantitative key performance indicators (“**KPI**”s) to measure the profitability and performance of the Bank within well-defined safety and risk measures.

2.2.2 The KPIs of the Bank shall be comprehensive, tailored to the Bank and consistent with the business plan and corporate strategy. KPIs shall be reported to the Board on a regular basis with commentary on achievement or failure to meet the target objectives for each KPI along with explanations supporting any failure. The KPIs shall cover, but not limited to:

- Liquidity metrics;
- Solvency metrics;
- Profitability metrics; and,
- Balance sheet metrics.

2.2.3 The Board shall not restrict the measurement of the Bank performance to purely quantitative indicators. The Bank shall take into consideration qualitative factors, such as:

- Control enhancements;
- Management leadership;
- Innovation in management and new products;
- Branding and positioning of the Bank;
- Quality management; and,
- Human resources through training, continuing education and succession planning.

2.3 Disclosures and Transparency

2.3.1 The governance of the Bank shall be adequately transparent to its shareholders, depositors, other relevant parties, to the extent applicable to each category of parties.

2.3.2 The Bank shall disclose as appropriate relevant and useful information that enhance its corporate governance. Such disclosure shall include material information on the Bank's objectives, governance structures and policies, major share ownership and voting rights and related party transactions.

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2.3.3 Disclosure shall be accurate, clear and presented in an understandable manner. Timely public disclosure is desirable in the Bank's annual and periodic financial reports or by other appropriate means.

2.3.4 A detailed procedure shall be developed by the Bank to include all the required disclosures.

2.4 Restriction on Hiring Family Members

2.4.1 Family members shall be defined as first degree relatives (father, mother, sister, brother, husband, wife and children).

2.4.2 To promote transparency and accountability in the hiring process, the Board, Chairman/CEO and senior management and HR department shall not:

- Authorize the employment or set the salary of a family member. This applies to all positions and ranks;
- Use the authority or influence of their position to secure a job for a family member;
- Participate in matters related to the renewal, modification, or termination of a family member's employment;
- Participate, formally or informally, in any matter that directly affects a family member's employment including:
 - Changes in compensation or benefits;
 - Assignment of duties;
 - Evaluation; and,
 - Actions involving promotions, disciplinary actions, lay-offs and removal.

2.4.3 Family members of persons working in a department shall not be employed in such department if there is a potential conflict of interest, or perceived conflict of interest.

2.4.4 If an employee reports to a family member, one of the employees shall be transferred to a different position to ensure that the conflict of interest is resolved. Until the conflict of interest is resolved, the Chairman/CEO in consultation with the RC shall review the salary, promotion, performance evaluation and bonus of the employee.

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- 2.4.5 The RC shall review the salary, promotion, performance evaluation and bonus of family members of the Chairman/CEO and Board members.
- 2.4.6 Hiring of all employees (including family members) shall be based on merit. Family members shall be subject to the same selection process (i.e. structured interviews, job-related tests) as non-family members.
- 2.4.7 Any Board member or employee shall remove himself from discussion and decisions relating to his family member.

2.5 Succession Planning

- 2.5.1 The Board, through the RC, shall ensure an appropriate succession plan for the Chairman/CEO and all senior management positions.
- 2.5.2 The succession planning program shall:
- Identify high-potential employees capable of rapid advancement to positions of higher responsibilities;
 - Ensure systematic and long-term development of individuals to replace key job incumbents due to deaths, disabilities, retirements, and other unexpected losses; and
 - Provide a continuous flow of talented people to meet the Bank's management needs.
- 2.5.3 The succession planning shall be at least for the following positions:
- Chairman/CEO;
 - General Manager for Business Lines
 - General Manager for Support and Control
 - Deputy General Manager(s);
 - Assistant General Manager(s);
 - Chief Compliance Officer;

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- Chief Risk Officer;
- Chief Financial Officer;
- Chief Audit Executive;
- Chief Strategy Officer; and
- Chief Technology Officer

2.5.4 The succession planning program shall be carried out as follows:

- Annually, the RC shall meet with the Chairman/CEO to review results from the previous year's succession planning efforts and to plan for the present year's process;
- Semi-annually, all senior managers shall attend a meeting coordinated by the Chairman/CEO to review the previous year's results; and,
- Throughout the year, the RC and the Chairman/CEO shall review the progress in identifying successors throughout their areas of responsibility.

2.6 Confidential Reporting / Whistleblowing

2.6.1 Confidential reporting shall cover major concerns including:

- Offences or breaches of law;
- Disclosures related to miscarriages of justice;
- Health and safety risks;
- Damage to the environment;
- Unauthorised use of Bank's funds;
- Possible fraud and corruption; or,
- Other unethical conduct.

- 2.6.2 Individuals shall be encouraged to raise any serious concerns, on a confidential basis, without fear of victimisation, subsequent discrimination or disadvantage.
- 2.6.3 Managers and administrators at all levels shall be responsible for maintaining a system of internal controls which prevents, detects, or deters conduct that is in breach of the Bank's Code of Conduct, Bank policies and local laws and regulations.
- 2.6.4 The Bank's internal audit department shall have the responsibility to investigate any registered improper action, and report on priority issues directly to the Board.
- 2.6.5 The Bank shall comply with all applicable laws, regulations, and standards that protect employees against unlawful discrimination or retaliation by their employer as a result of their lawfully reporting information regarding, or their participating in, investigations involving corporate fraud, or other violations of the Bank's Code of Conduct, applicable laws or regulations or Bank policies and regulations.
- 2.6.6 In deciding whether to consider anonymous concerns the following shall be taken into account:
- The seriousness of the issues raised;
 - The credibility of the concern; and,
 - The likelihood of confirming the allegation from attributable sources.
- 2.6.7 The confidential reporting policy shall be made readily available to all employees via e-mail, on an annual basis, from the Head of Human Resources and as a part of new employee's induction package from the human resources department.
- 2.6.8 All employees engaged in the confidential reporting process, including the CAE shall act with the utmost discretion and integrity in assuring that information received is acted upon in a reasonable time frame and its confidentiality is protected to the greatest extent possible.

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2.7 Corporate Social Responsibility

2.7.1 The Bank shall ensure that all matters of corporate social responsibility are considered and supported in its operations and administrative matters and are consistent with the Bank stakeholders' best interests.

2.7.2 The corporate social responsibility policy shall be based on the following:

- Environment, health and safety;
- Human rights; and
- Community investment and benevolent activities.

2.7.3 The Bank shall establish the following principles for its corporate social policy:

Environment, health and safety

The Bank shall provide a safe and healthy working environment, and shall not compromise the health and safety of any individual.

The Bank shall conduct its operations in compliance with applicable laws, regulations and standards concerning environmental protection and provide a mechanism for self-monitoring to ensure compliance and constant improvement.

The Bank shall reduce and where possible eliminate waste through recycling.

The Bank shall ensure that the Board is fully informed about pertinent environmental issues and the Bank's corporate social responsibility policy.

Human rights

The Bank shall work with governments and agencies to support and respect human rights within its sphere of influence.

The Bank shall not tolerate human rights' abuses within the Bank, and shall not engage or be complicit in any activity that solicits or encourages human rights abuse. The Bank will ensure the act of civil being.

The Bank shall always strive to build trust, deliver mutual advantage and demonstrate respect for human dignity and rights in all relationships it enters into, including respect for cultures, customs and values of individuals and groups.

Community investment and benevolent activities

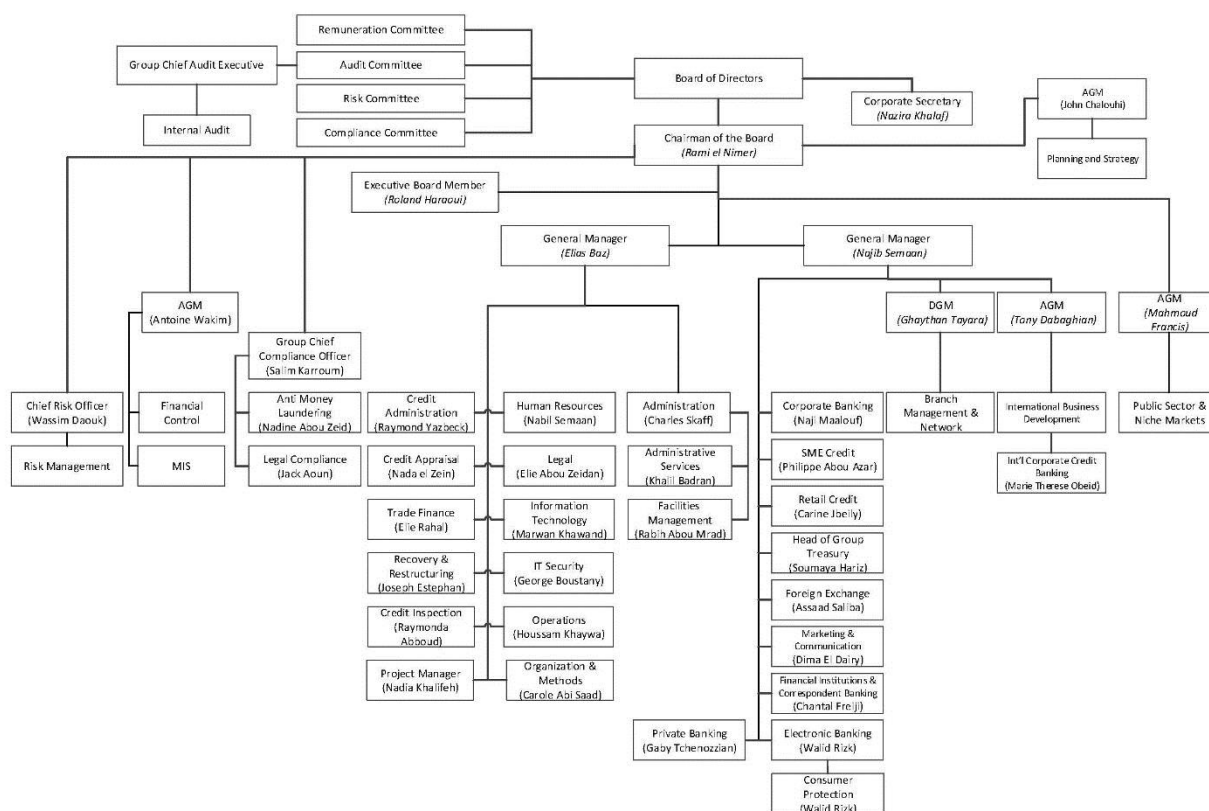
The Bank shall take its responsibilities to society seriously. The Bank shall be a good neighbour within the communities where it is involved.

The Bank shall encourage youth development and enhancement on college programs, vocational and training.

The Bank shall contribute to the Lebanese community and the communities in which the Bank operates by supporting innovative programs in health, education, training, social services and the environment, as well as cultural and civil projects.

IV. Appendices

1. Appendix A – Organizational Chart



2. Appendix B - Audit Committee Charter

2.1 Purpose

The audit committee shall assist the Board in fulfilling its oversight responsibilities with respect to the requirements of the internal audit department and internal controls. The audit committee charter shall set out matters relating to the authority, composition, meetings as well as responsibilities of the audit committee of the Bank.

2.2 Authority

The audit committee shall have the authority to conduct and authorize the conduct of investigations into any matters within its scope of responsibilities. The audit committee shall:

- Shall recommend to the General Assembly appointment and compensation, and oversee the work of any external auditor engaged by the Bank;
- Recommend the approval of the appointment, compensation, removal, or replacement of the CAE;
- Oversee the internal audit department's activities;
- Resolve any disagreements between senior management, Internal Audit department and external auditors regarding financial reporting;
- Pre-approve and review disclosures, if required, of all audit and non-audit services;
- Retain independent counsel, accountants, or other third party advisors to advise the committee or assist it in the conduct of an investigation;
- Request any information it requires from employees or external parties; and,
- Meet with senior management, members of Internal Audit department, external auditors, or outside counsel, as necessary.

2.3 Composition

The audit committee shall consist of at least three (3) Board members. All members shall be non-executive members and their majority shall be independent Board members.

The audit committee shall be composed of members who have up-to-date and relevant experience and who shall collectively possess the skills and expertise knowledge commensurate with the complexity of the banking industry and the duties to be performed in financial reporting, accounting and auditing.

The Board shall appoint the committee members and the committee chairman as well as determine their compensation based on the recommendation of RC.

At most, one member of the audit committee could be at the same time a member of the risk committee (cross-membership). However, the chairman of the audit committee shall not serve at the same time as the chairman of any other committee of the Board.

The chairman of the audit committee shall not delegate his authority to another person.

The chairman of the audit committee shall be an independent Board member with relevant and up-to-date experience in the banking or financial industry, namely, in either of the financial management, accounting or auditing sectors.

The members of the committee shall be appointed for an up to three (3) year term. The voting and appointment of committee members shall take place at the first Board meeting of the relevant fiscal year. Members may be re-elected for subsequent terms.

The Bank shall communicate to the *Banking Control Commission of Lebanon* the names of the incumbent chairman and members of the committee. A copy of the Board's decision to appoint the chairman and members of the committee and an approved copy of its charter shall be sent to the *Banking Control Commission of Lebanon*.

Any subsequent change to these documents shall be communicated to the *Banking Control Commission of Lebanon* within a period of one month as of the date of such subsequent change. A copy of the minutes in which the audit committee is recommending the appointment of external auditors shall be sent to the *Banking Control Commission of Lebanon* within a period of one month as of the date of such recommendation.

2.4 Meetings

The committee shall meet at least four (4) times a year. At least two (2) meetings shall be held in Lebanon. Committee members shall be entitled to attend the meetings, in person or via teleconference or videoconference.

The committee shall meet upon the convocation of the chairman of the committee which shall be sent along with the agenda of the meeting provided that all relevant reports are enclosed with such agenda at least two (2) weeks before the date of the meeting. The agenda shall be prepared by the secretary of the committee, in coordination with the CAE and approved by the chairman of the committee.

Notwithstanding the foregoing, it is exceptionally permissible to notify the members of the committee of the agenda and related information within a period of 48 hours. In addition, it is possible for the chairman of the committee in certain exceptional and urgent circumstances to immediately convene the members of the committee for a meeting.

The resolutions of the committee shall be recorded in details and minutes of meeting shall be prepared and reported to the Board during its meeting held after the relevant audit committee meeting.

2.5 Quorum

A quorum of any audit committee meeting shall be composed of a majority of its members which shall not be less than three (3) members. The presence of the chairman of the committee at each meeting is mandatory, except in extraordinary circumstances during which an independent member of the committee may chair the meeting. All resolutions of the audit committee shall be made by a majority of its members present at a meeting duly called and held. In the event of a tie vote, the audit committee chairman shall have a casting vote.

2.6 Responsibilities

2.6.1 The audit committee shall carry out the following responsibilities in respect of:

Financial Statements

- Review significant accounting and reporting issues, including complex or unusual transactions, and newly issued professional and regulatory pronouncements, and understand their impact on financial statements;
- Review with the Bank's management and external auditors the audit results, including any difficulties encountered in connection therewith;
- Review the Bank's annual financial statements and ensure that such statements are complete, consistent with information known to committee members and reflect appropriate accounting principles;
- Review operational data and other sections of the Bank's annual reports and related regulatory filings prior to their release and ensure the accuracy and completeness of the information contained therein;
- Review with the Bank's management and external auditors all matters that are required to be communicated to and addressed by the committee in accordance with international standards on auditing;
- Identify the methods used by the Bank's management to develop interim financial information, and the nature and extent of the Internal Audit department and the external auditors' involvement; and,
- Review the Bank's interim financial reports with the Chairman/CEO and the external auditors before filing such reports with regulators, and ensure that they are complete and consistent with the information known to committee members.

Internal Control

- Assess the effectiveness of the Bank's risk management and internal control system, including information technology security and control as well as AML policies;
- Meet regularly (at least quarterly) with the Chairman/CEO or any of his designees, in order to discuss the adequacy and effectiveness of the Bank's internal controls in light of the reports issued by the internal audit department, and external auditors or supervisory authorities with respect to any material weaknesses in internal controls;
- Identify the scope of internal auditing review of risk management and internal control over financial and operational reporting, and obtain reports on significant findings and recommendations, together with management's responses;
- Identify the scope of the external auditors' review of internal control over financial reporting, and obtain reports on significant findings and recommendations, together with management's responses;
- Review with the Bank's Chairman/CEO and external auditors their respective assessment of the effectiveness of the Bank's internal controls and procedures for financial reporting; and,
- Ensure that the Bank's management timely and adequately addresses weaknesses in internal control and non-compliance with policies, laws and regulations in addition to other problems identified by Internal Audit department, external auditors as well as the supervisory authorities.

Internal Auditing

- Review, with the CAE, the charter, plans, activities, staffing, and organizational structure of the Internal Audit department and accordingly approve the Bank's internal audit charter, budget and plan;
- Directly supervise the activities of the Internal Audit department in order to confirm the extent of its independence from senior executive management as well as its objectivity in the exercise of its functions and that it has the sufficient powers required for auditing and the required human and material resources to accomplish its tasks;
- Opine on the compensation scheme of the Internal Audit department and provide the Board with its recommendation in this regard;
- Ensure there are no unjustified restrictions or limitations, review and approve the appointment, replacement, or dismissal of the CAE;
- Examine the effectiveness of the Bank's internal audit activity, including compliance with the institute of internal auditors' international standards for the professional practice of internal auditing as well as the recommendations of the Bank's external auditor and the regulator in respect thereof;
- Review the performance of the Internal Audit department and CAE taking into consideration the remarks issued by the external auditors and recommendations of the supervisory authorities;
- Recommend the appointment, compensation and discharge of the CAE;
- Review the reports of the Internal Audit department and meet regularly (at least quarterly) with the presence of the CAE and at least twice per year without the presence of any member of the senior executive management to discuss the reports issued by the internal audit department;
- Meet regularly and separately with the CAE to discuss any matters that the committee or internal audit believes should be privately discussed;
- Follow up on the implementation of the recommendations included in the reports of the Internal Audit department, supervisory authorities and external auditors; and,
- Approve the internal audit charter, the audit cycle and the annual audit plan.

External Auditing

- Review the external auditors' proposed scope of audit and approach, taking into consideration efforts done by Internal Audit department and ensure that proper coordination is taking place between the two external auditors, when applicable.
- Review the audit plans prepared by the Bank's external auditors to ensure that all material risks are covered;
- Review the performance of the Bank's external auditors and make recommendation to the Board in respect of the appointment, annual compensation, and discharge of the Bank's external auditors taking into consideration the availability of the human and material resources, ethical standards, knowhow and expertise required for the performance of their audit tasks;
- Suggest the prerequisites that need to be fulfilled by the external auditors and recommend their annual compensation;
- Review and confirm the independence of the external auditors by obtaining statements from the external auditors on relationships between such external auditors and the Bank, including in respect of the provision of non-audit services and compensation practices, and for this purpose discuss such relationships with the external auditors; and,
- Meet separately at least every six months with the Bank's external auditors to discuss the results of the external auditors work and any matters that the committee or external auditors believe should be discussed privately.

Compliance

- Assess the effectiveness of the system for monitoring compliance with applicable laws and regulations;
- Review the outcome of management's investigation and follow-up (including disciplinary action) in instances of non-compliance; and
- Review, in collaboration with the Compliance Committee, the findings of inspections by regulatory agencies and any observations from the Bank's external auditors.

Reporting Responsibilities

- Regularly report to the Board about committee activities, issues and related recommendations;
- Provide an open venue of communication between the CAE, external auditors, and the Board; and,
- Report annually to the shareholders, describing the committee's composition, responsibilities and the manner in which such responsibilities have been discharged, and any other information required including the approval of non-audit services performed by any audit committee member.

Other Responsibilities

- Perform other activities related to this charter as requested by the Board;
- Institute and oversee special investigations, as needed;
- Review and assess the adequacy of the committee charter annually, request Board approval for proposed changes, and ensure appropriate disclosure as may be required by law or regulation;
- Confirm annually that all responsibilities outlined in this charter have been carried out by the committee;

- Set clear appointment for partners of the Bank's external audit firms consistent with prevailing regulatory requirements (partner rotation every five years as required by *Banque du Liban*).

2.7 Support, Secretary and Minutes of Meeting

The secretary of the committee shall be responsible for organizing meetings, coordinating with the CAE for the preparation and circulation of the agenda for a particular meeting after the chairman's approval.

The Secretary of the committee shall prepare and maintain minutes of meetings.

Notice of each meeting, confirming the venue, date and time, together with the agenda and supporting documents, shall be distributed to each member of the committee within adequate time but not less than two (2) weeks in advance to provide members with sufficient time to review the agenda of the relevant meeting and its supporting documents.

Minutes of committee meetings shall be circulated within seven (7) days to all members of the committee. These minutes shall be presented to the Board and the *Banking Control Commission of Lebanon* shall have the right to have access to such minutes.

2.8 Regulatory Requirements

The Bank shall send to the Legal Department at *Banque Du Liban* and the *Banking Control Commission of Lebanon* the following documents:

- A list of the names of the chairman and members of the audit committee;
- The Board resolution appointing the chairman and the members of the audit committee; and,
- The audit committee charter as certified by the Board.

2.9 Committee Member Development and Performance Review

The chairman of the audit committee shall be responsible for the orientation of committee members and the continuing development of the skills needed for committee members to implement this policy in the most efficient manner and to adequately fulfill this mandate.

3. Appendix C - Risk Committee Charter

3.1 Purpose

The purpose of the Board Risk Management Committee is to assist the Board of Directors in defining the risk tolerance, overseeing, identifying, measuring, monitoring and controlling business and inherent risks facing the Bank.

3.2 Membership

The Committee, as determined by the Board of Directors, shall consist of at least three members (the simple majority of the Committee should always be composed of non-executive members).

Members of the risk committee shall be appointed by the Board for a period of up to three (3) years to correspond to the term of the Board.

The Board of Directors appoints the chairman and members of the committee for its entire mandate and shall reconsider its composition and remit when necessary.

The committee's membership may be ceased for all or some members following a Board resolution. In such case the Board of Directors shall elect a new committee member or reduce the composition of the committee.

A member of the committee may also choose to cease his/her membership, effective when sending a written note to the Chairman/CEO, unless the notice specifies a later time for effectiveness of the resignation.

3.3 Meetings

The Committee will meet as frequently as it determines, but as a minimum on a quarterly basis, at such time and place as is deemed appropriate. A member may participate in the meeting by means of conference telephone or video conferencing or similar electronic means.

When needed, any member of the Committee may call for a meeting in coordination with the Chairman of the Committee. The Committee may invite members of the Bank's management and other persons to the meetings. An agenda for the meeting will be set by the CRO and will be circulated to all Committee members in advance of the meeting.

In addition to Committee members, persons who assist in the preparation of material related to the upcoming Committee meeting may be invited to attend Committee meetings. These persons may participate in discussions and make proposals on agenda items but do not have the right to vote on Committee meeting agenda items.

The Committee shall keep minutes of all the meetings that will be approved by its Chairman and members and shall be presented at the subsequent Board of Director's meeting.

3.4 Quorum

A simple majority of the members, including the chairman of the committee shall constitute a quorum.

3.5 Authority

The Risk Management Committee shall report regularly to the Board relative to such matters that are within its responsibilities and relative to such recommendations as the Committee may deem appropriate. The report to the Board of Directors may be delivered in writing by the Chairman or any other member designated by the Committee for this purpose.

The Committee shall have full, free and unrestricted authority to access, and the ability to communicate with, the Bank's senior management and employees.

3.6 Duties and responsibilities

The risk management Committee shall provide assistance to the Board of Directors in fulfilling its responsibility to the shareholders by:

- Reviewing at least quarterly, reports from risk management department identifying key risk exposures relating but not limited to: credit, market, and operational.
- Overseeing the steps taken to control such risks
- Reviewing management's proposed risk exposures periodically or as needed, and check if they are aligned with the bank's risk tolerance.
- Reviewing the bank's contingency plans to include Disaster Recovery and Business Continuity Plan
- Reviewing BCCL reports regarding deficiencies in the bank's risk management framework and act accordingly

- Reviewing yearly, or when deemed necessary key policies and procedures for the effective identification, measurement, monitoring and controlling of FNB's principal business risks
- Assessing the effectiveness of the Bank's independent risk management function through annual reviews of internal and external audit reports.
- Performing an annual review of this mandate and recommend any changes to the Board of Directors for approval.
- Monitoring changes anticipated for the economic and business environment, including consideration of emerging risks, organizational and regulatory changes as well as other factors considered relevant to the Group's risk profile.
- Performing any other responsibilities delegated to the Committee by the Board from time to time.

3.7 Support, secretary and minutes of meeting

The CRO shall act as the secretary, and is responsible for organizing meetings, coordinating with the Chairman of the Committee for the preparation and issuance of the agendas. In addition, the secretary shall take and maintain minutes of meetings.

Notice of each meeting, confirming the venue, date and time, together with the agenda and supporting documents, shall be distributed to each member of the Committee within adequate time but not less than two (2) weeks in advance to provide members with sufficient time to review the agenda of the relevant meeting and its supporting documents.

Minutes of Committee meetings shall be circulated within seven days to all members of the Committee.

3.8 Committee member development and performance review

The Chair shall co-ordinate the orientation process and continuing development needed for committee members to achieve the most efficient implementation of this policy and the adequacy of this mandate.

4. Appendix D – Remuneration Committee Charter

4.1 Purpose

The remuneration committee is appointed by the Board and is responsible for the alignment of remuneration programs with the Bank’s overall strategy.

4.2 Authority

The remuneration committee shall report regularly to the Board on matters within its responsibilities and relative to such responsibilities as the remuneration committee may deem appropriate. The report to the Board may be delivered in writing or verbally by the chairman of the remuneration committee.

4.3 Composition

The remuneration committee shall be composed of at least three (3) non-executive Board members. The chairman of the remuneration committee shall be an independent Board Member with substantial knowledge about human resources, remuneration programs, and risk management. The remuneration committee shall appoint a secretary for the committee.

Members of the remuneration committee shall be appointed by the Board for a period of up to three (3) years to correspond to the term of the Board. The members of the remuneration committee can be reappointed for an unlimited number of subsequent terms upon expiry of a term of appointment. Members of the remuneration committee may be removed or replaced by the Board pursuant to a resolution passed by the majority of the Board members present or represented at a meeting duly called and held.

Members of the remuneration committee shall have a comprehensive understanding of their responsibilities and shall sign on the remuneration committee charter as acknowledgement for their understanding of the committee's duties and responsibilities. The members shall have substantial knowledge about remuneration arrangements and the risks that can arise from such arrangements.

By accepting to participate in the remuneration committee, directors accept that their performance on the remuneration committee will be evaluated on an annual basis.

4.4 Meetings

In order to discharge its responsibilities, the remuneration committee shall meet as frequently as it determines, but at a minimum semi-annually at such time and place as it deems appropriate. Additional meetings may be scheduled by any member of the remuneration committee in coordination with the chairman of the remuneration committee.

At the discretion of the remuneration committee, other Board members or employees of the Bank may be invited to attend and participate in the meetings of the remuneration committee. An agenda for the meeting shall be prepared by the secretary and approved by the chairman of the remuneration committee, and shall be circulated, together with relevant materials relating to the subject matter of each meeting, to all committee members two (2) weeks prior to each meeting.

The minutes of each remuneration committee meeting and records or all other remuneration committee actions shall be approved by its chairman and secretary and presented at the next regular Board meeting. In addition, such minutes and records shall be documented and retained by the committee secretary in the permanent records of the Bank.

4.5 Quorum

A quorum of any remuneration committee meeting shall be composed of a majority of its members which shall not be less than three (3) members. The presence of the chairman of the committee at each meeting is mandatory, except in extraordinary circumstances during which an independent member of the committee may chair the meeting. All resolutions of the remuneration committee shall be made by a majority of its members present at a meeting duly called and held. In the event of a tie vote, the chairman of the remuneration committee shall have a casting vote.

4.6 Duties and Responsibilities

The remuneration committee shall conduct its activities to fulfill the responsibilities set out above and to this end shall have the following specific responsibilities:

Bank's remuneration principles and policy:

Review and approve, at least annually, the Bank's remuneration policy and other related human resources policies and ensure the proper implementation of these policies. The review and assessment shall ensure the alignment of the remuneration principles and policy

with the Bank's strategy, goals, risk appetite, grading system and other regulatory requirements;

Review and, as appropriate, approve the Bank's grading system, and other remuneration related policies;

Review and approve, at least annually, the performance-based incentives policy to better align it with the Bank's long term strategic goals set by the Board;

Ensure the appropriateness of the level of incentive remuneration in relation to the actual business performance and business risks undertaken;

Review and, as appropriate, approve budget on an aggregate basis for the annual salary increases and incentive remuneration; and,

Ensure that the Bank's remuneration policy is in line with the Central Bank of Lebanon's circulars.

Disclosure requirements:

Ensure that the employees are fully aware of the Bank's remuneration policy, and other related human resources policies;

Ensure that the Bank's annual report includes, but not limited to, updated information related to the remuneration committee, overview of the Bank's remuneration principles and policy, overview of related human resources policies;

Ensure that the disclosure requirements to the Central Bank of Lebanon in relation to the remuneration policy, and other related human resources policies are done properly; and,

Report to the Board on material matters arising at the remuneration committee meetings following each meeting of the Committee.

Other responsibilities:

Review and approve, at least annually, the Code of Conduct for employees and periodic reports on non-compliance with the Code;

Consistently review and stay aware of the remuneration trends in other banks of the same type and range of activity of the Bank to establish market comparability and competitive edge;

Coordinate with the Risk committee to ensure the appropriateness of the level of remuneration paid in relation to the business risks undertaken;

May designate a sub-committee to review any matter within this mandate as the remuneration committee deems appropriate;

Review and assess the adequacy of the remuneration committee charter when deemed necessary, and recommend any proposed changes to the Board for approval; and,

Perform additional functions from time to time as delegated by the Board.

4.7 Support, Secretary and Minutes of Meeting

The secretary of the remuneration committee shall be responsible for organizing meetings, for the preparation and circulation of the agenda for a particular meeting after the remuneration committee chairman's approval.

The secretary of the remuneration committee shall prepare and maintain minutes of meetings.

Notice of each meeting, confirming the venue, date and time, together with the agenda and supporting documents, shall be distributed to each member of the committee within adequate time but not less than two (2) weeks in advance to provide members with sufficient time to review the agenda of the relevant meeting and its supporting documents.

Minutes of committee meetings shall be circulated within seven (7) days to all members of the committee. These minutes shall be presented to the Board when needed.

5. Appendix E – Compliance Committee Charter

5.1 Purpose

The purpose of the Compliance Committee is to ensure the compliance of the Bank with local AML/CFT rules and regulations as well as with the industry's international best practices.

5.2 Authority

The Compliance Committee shall report regularly to the Board on matters that are within its responsibilities and relative to such recommendations as the Committee may deem appropriate. The report to the Board of Directors shall be delivered in writing by the Chairman or any other member designated by the Committee for this purpose.

The Committee shall have full, free and unrestricted authority to access, and the ability to communicate with, the Bank's senior management and employees.

5.3 Composition

The Compliance Committee shall be composed of at least three (3) Board members.

Members of the remuneration committee shall be appointed by the Board for a period of up to three (3) years to correspond to the term of the Board.

The chairman of the Compliance Committee shall be an independent Board Member with substantial knowledge and expertise in Compliance/AML/CFT field.

The Board of Directors shall appoint the chairman and members of the Committee for its entire mandate and shall reconsider its composition, when necessary.

The Committee's membership may be ceased for all or some members following a Board resolution. In such case the Board of Directors shall elect a new Committee member or reduce the composition of the Committee.

A member of the Committee may also choose to cease his/her membership, effective when sending a written note to the Chairman/CEO, unless the notice specifies a later time for effectiveness of the resignation.

5.4 Meetings

The Committee shall meet at least on a quarterly basis. A member may participate in the meeting by means of conference telephone or video conferencing, or similar electronic means.

When needed, any member of the Committee may call for a meeting in coordination with the Chairman of the Committee. The Committee may invite members of the Bank's management and other persons to the meetings.

The Head of AML shall prepare the agenda and minutes of meetings of the Compliance Committee. The resolutions of the Committee shall be recorded in details, and minutes of meeting shall be duly prepared and reported to the Board during its meeting held after the relevant Compliance Committee meeting.

5.5 Quorum

A simple majority of the members, including the chairman of the committee shall constitute a quorum.

5.6 Duties and responsibilities

- The responsibilities of the Compliance Committee related to AML/CFT duties shall be as follows:
 - Assist the Board of Directors in its AML/CFT functions in understanding the related risks and making the appropriate decisions in this regard;
 - Review and approve the AML/CFT policy on a yearly basis;
 - Review and approve the AML/CFT program on a yearly basis. The program shall include the following:
 - A system of internal controls to ensure ongoing compliance;
 - Independent testing of AML/CFT program;
 - Designation of an individual or individuals responsible for managing the AML/CFT program; and,
 - Training of appropriate concerned personnel.
 - Report to the Board of Directors material breaches of AML/CFT policies and program, when needed;

- Review significant suspicious transactions identified by the Compliance Department and not resolved with the AML Committee (set at management level); and,
- Review periodic reports prepared by the Compliance Department.
- Review the Bank's Corporate Governance Process and ensure the adherence of the Bank thereto.
- Oversee and ensure that the Bank is compliant with Board decisions and internal regulations and policies.
- Oversee and ensure the compliance by the Bank with the regulations and recommendations issued by Banque du Liban and the Banking Control Commission of Lebanon.

5.7 Support, secretary and minutes of meeting

The Head of AML shall act as the secretary, and is responsible for organizing meetings, coordinating with the Chairman of the Committee for the preparation and issuance of the agendas. In addition, the secretary shall take and maintain minutes of meetings.

Notice of each meeting, confirming the venue, date and time, together with the agenda and supporting documents, shall be distributed to each member of the Committee within adequate time but not less than two (2) weeks in advance to provide members with sufficient time to review the agenda of the relevant meeting and its supporting documents.

Minutes of Committee meetings shall be circulated within seven days to all members of the Committee.

5.8 Committee member development and performance review

The chairman of the Compliance Committee shall be responsible for the orientation of Committee members and the continuing development of the skills needed for Committee members to implement this policy in the most efficient manner and to adequately fulfill this mandate in coordination with Compliance Department.

6. Appendix F - Code of Conduct

6.1 Code of Conduct for Board Members

The Bank shall be committed to the highest standards of ethical and professional conduct.

The Board shall acknowledge, in writing or electronically, that they read and understood the requirements of the Code of Conduct for Board members (the “**Board Code**”).

The Board Code enters into force upon approval by the Board.

The Chairman/CEO shall supervise adherence to the Board Code. A breach of the Board Code may result in disciplinary action up to termination of the membership.

The Board Code shall be reviewed, signed and returned to the Corporate Secretary at the first Board meeting of the Bank's fiscal year by all of the Board Members.

The Bank shall be committed to treat all current and potential employees, customers, vendors and others who deal with the Bank fairly. The Bank shall also be committed to maintain a work environment that supports dignity and self-respect of all employees.

Each Board member shall:

1. Observe the highest standards of ethical conduct and comply with all applicable laws, rules and regulations.
2. Act in the interest of the Bank to the best of his/her ability and judgment, when exercising the powers and carrying out the tasks and duties assigned to him/her.
3. Maintain the confidentiality of non-public information about the Bank, its activities, operations and any other non-public information to which he/she has access by virtue of his/her functions as a Board member. Ensure if and when disclosing non-public information on behalf of the Bank, that he/she is authorized by the Chairman/CEO to do so.
This confidentiality clause shall be applicable beyond the term of his/her membership of the Board.

4. Carry out his/her responsibilities to the exclusion of any personal advantage.
5. Strive to avoid actions (including actions regarding his/her personal interests) which would have a negative impact on either his/her duties as a Board member or the interests of the Bank.
6. Take appropriate actions, to avoid conflict of interests, or the appearance of conflict of interests. The Board member shall inform the Chairman/CEO, who may, if appropriate, raise the matter with the Board for further actions or decisions.
7. Ensure if and when making public statements on behalf of the Bank, that he/she is duly authorized by the Chairman/CEO to do so.

6.2 Code of Conduct for Employees

This Code of Conduct (the “Code”) is intended to document principles of ethics and conduct to be adhered to by the all the Bank’s employees (managers, officers and staff), referred to “Employee(s)” thereafter, in relation to performance of their responsibilities in the Bank. The purpose of the Code is to promote:

- Commitment to integrity, honesty and ethical conduct.
- Compliance with applicable laws and regulations.
- Protection of the Bank resources confidential information and interest
- Creation of work environment free of Conflicts of Interests.
- Establishment of a culture that fosters transparency, accountability and proper disclosure
- Protection of customer interests through providing customer services in a fair and professional manner

The Bank shall be committed to the highest standards of ethical and professional conduct in every business undertaking and banking relationship, either internally or with customers, partners, and competitors.

Each Employee shall acknowledge, in writing or electronically, that he/she read and understood the requirements of the Code of Conduct (the “Code”).

The Code sets out rules and policies that guide the Bank in creating a culture of honesty, integrity and transparency when dealing with its customers, shareholders, suppliers, and others, carefully weighing the responsibilities to all stakeholders.

The Code reflects the Bank’s commitment to high standards of business conduct and ethics and builds on the Bank proud tradition of doing what is fair, right, and legal.

The Bank’s Board of Directors is responsible for overseeing the implementation of this Code. While the Bank’s Chairman/CEO and senior management will be responsible to oversee the efficient and effective implementation of this code in a manner that satisfies its purpose in line with the principles documented herein.

The Bank expects all its employees to comply with this Code of Conduct. Failure to act in accordance with the Code may result in severe consequences for the Bank and may, therefore, constitute grounds for disciplinary action, which could potentially include dismissal or, in some circumstances, criminal prosecution.

Principle 1 - Commitment to Integrity

1. The Bank shall be committed to promote fairness in dealings with customers, shareholders, partners, competitors and all other Bank's stakeholders including the communities where the Bank operates or has a direct or indirect influence on.
2. The Bank shall also be committed to maintain a work environment that supports dignity and self-respect of all employees.
3. The Bank shall ensure that relationships among employees are professional and free of discrimination and harassment
 - Discrimination includes all forms of discrimination based on race, color, religion, age, gender, sexual orientation, marital status, physical or mental disability, or a criminal offence for which a pardon has been granted.
 - Harassment includes displays of offensive, unwelcome, intimidating or humiliating behaviour that could reasonably be interpreted as demeaning others and undermining efforts to maintain a safe, comfortable, and productive workplace.

Complaints of harassment or discrimination shall be dealt with promptly, and treated with seriousness, sensitivity and confidentiality.

4. The Employee shall not retaliate against any other Employee for raising ethical concerns.
5. The Employee shall avoid personal behaviour that harms his/her reputation and the Bank's reputation.

Principle 2 - Compliance with the Law

Employees shall comply with prevailing Bank policies, laws and regulations as follows:

1. Understand all relevant Bank policies.
2. Comply with government and legal requirements and industry standards, where applicable.
3. Avoid taking any action, either personally or on behalf of the Bank, which violates any law, regulation or internal policy affecting the Bank's business.
4. Be alert to any illegal, suspicious or unusual activity. Promptly report any unusual account activity to his/her manager.
5. Comply with all applicable laws on Anti-Money Laundering and terrorist financing and report suspicious activities to the Compliance Department. Failure to report suspicious activities may be considered a criminal offence.
6. Do not take advantage of anyone through manipulation, concealment, abuse of privileged information, misrepresentation of facts or any other unfair-dealing practice, in carrying out his/her job.
7. Do not give or accept bribes, kickbacks, promises or preferential extensions of credit from customers, suppliers or anyone else in return for any business, service or restricted information of the Bank.
8. Do not deprive the Bank of a business opportunity by:
 - Competing with the Bank or using corporate property, information or position for personal gain; and,
 - Diverting an opportunity that belongs to the Bank to third parties or helping others to do so.

9. Deal with due skill and care, in carrying out his/her job, only with people who meet the Bank's ethical standards. The Employee shall not deal with people who try to use the Bank's services or products illegally or unethically. The Employee shall conduct due diligence with regards to the identity of the Bank's customers, and report suspicious activities to the Compliance Department.
10. Cooperate with the Banking Control Commission of Lebanon and external auditors in carrying out investigations, audits, and reviews. The Employee shall neither delay or circumvent related inquiries nor make any false or misleading statements. The Employee shall refer all information requests by regulators and external auditors to the concerned parties.
11. Disclose to his/her manager if he/she is charged or convicted of theft, fraud or any other criminal offence in a domestic, foreign or military court. The manager shall consult the Human Resources Department, to take appropriate actions.
12. Do not give, promise or offer anything of value to any customer, government employee or any other person for the purpose of improperly influencing a decision, securing an advantage, avoiding a disadvantage or obtaining or retaining business. If the Employee engages in such behaviour, he/she may expose himself/herself and the Bank to civil and criminal liability and significant reputational harm, and may undermine the trust of the Bank's customers, shareholders and communities.

Principle 3 – Protection of the Bank Resources

Employees shall protect the Bank resources as follows:

1. Be responsible for safeguarding tangible and intangible assets of the Bank, its customers, suppliers and distributors that are under their control.
2. Use the Bank resources only for approved purposes. Resources include but are not limited to, cash, securities, physical property, services, business plans, policies, manuals, customer and employee information, supplier information, distributor information, intellectual property (computer programs, models and other items) and all other personal, proprietary and confidential information.
3. Do not use the Bank resources inappropriately. Similarly, carelessness, waste or unauthorized use in regard to the Bank resources shall be considered a breach of the Employee duty to the Bank.
4. Do not use the Bank's property, materials, supplies funds or other resources for personal purposes.
5. Do not use the access to the Bank's funds or facilities to do inappropriate actions. The Employee may access, accumulate data and use records, computer files and programs (including personnel files, financial statements, online customer and employee profiles and other customer or employee information) only for their intended and approved purposes. Employees shall protect the access granted to him/ her and shall keep any associated passwords restricted at all times.
6. Consider confidential information, all information concerning the Bank's customers, prospective customers, vendors or agents, or their accounts or transactions with the Bank, including but not limited to their financial, business and credit information, and all non-public information regarding the Bank's business, finances, systems, procedures and intellectual property.
7. Use and disclose confidential information solely, as necessary and authorized, for purposes of conducting the Bank's business, and not use, disclose, sell, give or exchange any confidential information to benefit any party other than the Bank.
Employees must safeguard all confidential information in accordance with applicable law and any applicable non-disclosure agreement or arrangement that employees may have with the Bank.

8. Ensure that all information generated or obtained in carrying out his/her job, shall remain the exclusive property of the Bank. The improper or personal use of confidential information may subject the Employee to certain penalties as provided in applicable laws and regulations. The obligation imposed on each Employee to maintain the confidentiality of information shall continue even after the Employee is no longer employed by the Bank, for whatever reason.

Principle 4 – Avoidance of Conflicts of Interest

As part of their employment responsibilities, the Employees shall act in a way that contributes to the financial success of the Bank, enhances its reputation and fosters its customer relationships. This requires that they should not be involved in any activity which creates or reasonably could be expected to give rise to a conflict of interests between their personal interests and the Bank’s interests.

A conflict of interest may occur when the Employee’s private interests interfere in any way—or even appear to interfere—with the interests of the Bank.

Therefore, Employees shall take all reasonable actions necessary to avoid all conflicts of interests and shall disclose any matter that they believe might raise doubt regarding their ability to act objectively and in the Bank’s best interest.

Particularly, Employees shall avoid conflicts of interest as follows:

1. Do not let his/her personal interests impair, or even appear to impair, his/her judgment, loyalty, objectivity, or impartiality in dealing with the Bank or with prospective or current customers and suppliers. The Employee shall be alert to potential conflicts between the Bank’s interests and those of its customers and suppliers; and use good judgment in these cases. If he/she learns of a potential or actual conflict of interest involving him/her, another employee, or the Bank, the Employee should promptly report it to his/her superior.
2. Do not use his/her position or connection with the Bank to benefit himself/herself or people he/she is connected to, such as family members, business associates, or colleagues. The Employee shall not use his/her position to harm the interests of Bank’s customers. The Employee shall not use his/her access to the Bank’s information or other assets to benefit him/her personally.
3. Disclose material and non-public inside information only to those within the Bank who need the information to discharge their duty and whose possession of such information will not give rise to a conflict of interest or appearance of misuse of the information. Avoid using any restricted information obtained during the employment period, whenever making personal investment decisions.

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4. Do not offer, give, or receive gifts, entertainment, or similar types of benefits that compromise, or appear to compromise, the recipient's or donor's judgment or honest performance of their duties. Any employee may accept any non-cash item of value from customers only if it:
 - Is valued at USD 500 or less;
 - Is not intended to influence any decision;
 - Is unsolicited; and,
 - Is infrequent.
5. Do not accept cash or any other form of money as a gift from any customer.
6. Ensure that his/her second job, a personal business, or a directorship (if applicable) do not harm the Bank's interests, reputation and customers. Before the employee takes on outside activities, he/she shall follow the procedures for review and approval to resolve potential conflicts. He/she shall also follow any regulations that may restrict or prohibit his outside business activities.
7. Do not give or approve loans, any waiver of fees, advantageous financial conditions, or approval of any other transaction to companies in which the Employee or a family member has a substantial interest as an owner, director, officer, or partner.
8. Avoid accepting a Power of Attorney for anyone who is a customer of the Bank (except in close family relationships or unless the prior written approval is duly secured by the appropriate authority).

Principle 5 – Protection of Bank Interests

Employees shall ensure that their personnel activities do not harm the Bank as follows:

1. The Bank shall support the Employee involvement in religious, educational, cultural, and social activities if personal activities do not conflict with the Bank's interests or harm the Bank's reputation. The Employee shall make it clear that the Bank is not associated with his/her personal activities.
2. Funds or assets of the Bank shall not be used to make any unlawful contribution.
3. The Employee shall protect and seek to ensure efficient use of the Bank's assets, as well as protect against the improper disclosure, theft or misuse of the Bank's intellectual and physical property.
4. Political campaigning, wearing and displaying political campaign slogans, distributing political literature, and soliciting campaign funds in the work places shall be prohibited.
5. Employees shall report their business expenses accurately and in a timely manner. They shall not use their corporate credit card for any purpose other than appropriate business expenses.
6. If Employees express personal views, they shall make it clear that they are not speaking on behalf of the Bank. Before publicly expressing views on matters that could affect the Bank, Employees shall consult with their managers. When offering personal opinions in a public forum, Employees shall use common sense and avoid making statements that might discredit the Bank or its competitors.

If Employees write books, articles, or letters, run a personal website or blog, or share personal information on a social media website, they shall not harm the Bank's interests or reputation. Employees shall not use or refer to customer information, or other confidential information, or the Bank's brand assets such as name, logo, and other trademarked and copyrighted materials in any form, unless authorized to do so by their respective managers.

Principle 6 – Protection of Customer Interests

The Bank is committed to protect its customers' interests by providing excellent customer service in a fair, respectful and professional manner, spreading a culture of transparent and fair relationships with customers and protecting their personal and confidential information. The Bank's aim is to pursue mutually beneficial customer relationships in which the value created is shared fairly.

Employees shall ensure that in all their dealings customer interests are protected as follows:

1. Deal with customers in a continuously equitable, trustworthy and professional manner.
2. Protect the customers' personal and confidential information and ensure that the information is kept confidential according to applicable law and secure from the risk of theft, loss, improper disclosure or misuse.
3. Take reasonable care to ensure the suitability of advice and discretionary decisions for customers based on their investment objectives by:
 - Thoroughly assessing each customer's situation and investment objectives
 - Adopting clear rules on making investment recommendations to customers, including clearly distinguishing between facts and opinions, and
 - Disclosing to the customers all information that is relevant to a proposed transaction and in particular all the risks involved
4. Avoid incentive gaming and aggressive, deceptive, unfair or abusive sales practices including any manipulative actions that may result in a benefit to any other party other than the customer.
5. Commit to report customer complaints promptly, completely and accurately through the Bank's approved complaint handling process by:
 - Investigating the circumstances surrounding complaints
 - Working to understand and address the customer's issues and concerns as quickly as possible
 - Taking appropriate action based on the investigation
 - By making use of the lessons learned to improve the customer experience by modifying related procedures and processes.

Principle 7 – Disclosure of Breaches

Employees shall report breaches as follows:

1. Promptly reporting breaches can protect the Employee, the Bank, other Employees, customers, shareholders and other stakeholders. Accordingly, if the Employee believes that he/she may have breached the Code that applies to him/her, he/she shall have an obligation to report it to his/her superior immediately. Failing to do so may be considered grounds for disciplinary actions including but not limited to termination with cause.
2. The Employee shall have an obligation to report, with his/her respective job description and abilities, serious weakness or deficiency in Bank's policies, procedures or controls that might enable breaches to occur or go undetected; and,
3. The Bank shall protect the rights of any Employee who, in good faith, reports actual or perceived breaches by another Employee, supplier, contractor, or reports problems with the Bank's policies, procedures or controls.
4. The Bank shall protect the Employees by providing anonymous and confidential mechanisms for the disclosure of wrongdoing or irregularities.
5. The Bank shall promptly investigate reports of suspected violations and evaluate these violations on a case-by-case basis.
6. The Bank shall be committed to taking prompt and consistent action in response to any violation of this Code. Any Employee who violates the Code shall be subject to appropriate disciplinary action, including immediate termination and, when necessary, reporting to authorities.
7. Any Employee who knows of or reasonably suspects a material departure from any provision of this Code is under the obligation of promptly reporting the relevant information.

7. Appendix G - Management Committee Charter

7.1 Purpose

The management committee shall provide leadership to the Bank by:

- Setting the overall strategy and goals of the Bank; and,
- Setting the business plan, reviewing the annual budget, and maintaining a proper management structure and processes for the efficient operation of the Bank and in accordance with prevailing laws, rules, regulations and best management and risk practices.

7.2 Membership

The committee shall consist of at least the following members:

Chairman/CEO	Chair
GM (Support and Control functions)	Vice-Chair
GM (Business line)	Voting member
Deputy General Manager(s)	Voting member(s)
Assistant General Manager(s)	Voting member(s)
Chief Risk Officer	Voting member
Chief Financial Officer	Voting member

The chairman of the committee may invite other employees to participate in certain meetings as needed. He may also appoint non-voting members to the committee as deemed necessary.

7.3 Authority and Responsibilities

The responsibilities of the management committee shall be as follows:

- Assist the Chairman/CEO in defining the Bank’s medium and long term goals and strategy, and the business plan for achieving these goals;
- Assist the Chairman/CEO in outlining the Bank’s medium and long term growth plans, including but not limited to expansion of branch network;

- Assist the Chairman/CEO in reviewing and recommending the budget and its corresponding business plan to the Board;
- Perform periodic evaluation of actual financial results versus the budget including achievement of KPI(s);
- Review and recommend the improvement of the Bank's organization structure when needed;
- Review significant risk exposures relating but not limited to credit, market and operational risk;
- Approve the human resources development plans and all related policies;
- Approve general and administrative expenses policy;
- Stay informed of the latest issues and services in the banking sector;
- Stay informed of all major decisions made by other management committees;
- Oversee the establishment and maintenance of the Bank's policies and procedures; and,
- Act as an advisory body to the Chairman/CEO on all issues related to the day-to-day management of the Bank.

7.4 Quorum and Validation

The management committee shall meet at the demand of its chairman at least monthly, or more frequent as deemed necessary.

The simple majority of voting members represents the quorum for this committee.

All resolutions of the committee shall be made by a majority of its members present at a meeting duly called and held provided the affirmative vote of its chairman has been obtained.

In the event of a tie vote, the chairman of the committee shall have a casting vote.

8. Appendix H - Assets and Liabilities Committee Charter

8.1 Purpose

The Assets and Liabilities Committee (ALCO) shall oversee major activities and take relevant decisions relating to assets and liabilities management, for the purpose of maximising profits while keeping the related risks within acceptable levels, and protecting the Bank's stability at all times.

8.2 Membership

The committee shall consist of at least the following members:

GM (Business line)	Chair
GM (Support and Control functions)	Vice-Chair
Deputy General Manager(s)	Voting member(s)
Chief Risk Officer	Voting member
Head of Group Treasury	Voting member
Chief Financial Officer	Voting member

The chairman of the committee may invite other employees to participate in certain meetings as needed. He may also appoint new non - voting members to the committee as deemed necessary.

8.3 Authority and Responsibilities

The responsibilities of the assets and liabilities committee (ALCO) shall be as follows:

- Review market developments and market prices, overall balance sheet aggregates and exposures and make decisions affecting the portfolio mix;
- Determine strategies and policies in managing the Bank's balance sheet, investments, liquidity position, interest rates and hedging. Delegate the authority to implement the decisions to the treasury function and to other related units;
- Determine investment products and their volumes on the balance sheet;
- Review treasury investment activities and approve major investment decisions;

- Review liquidity position of the Bank and make overall asset and liability selection decisions (such as short versus long, floating versus fixed, loans versus bonds etc.) for investment purposes;
- Suspend lending and/ or trading activities temporarily under unusual market conditions or crisis (bank specific or systemic);
- Determine the Bank's interest rate policy by evaluating market conditions, liquidity position, funding costs and Bank's policies;
- Review the Bank's interest rate gaps and make decisions and provide guidelines for IRR management;
- Review and make changes in Pool rates, if needed;
- Consider the Bank's stability and financial safety at all times, determine the limits for Bank's investment and trading portfolios and the structural F/X position, within the limits delegated by the Board;
- Review the Bank's exposure to foreign exchange risk and derivatives. Make decisions only on structural FX positions;
- Determine the overall aggregates and the maturity profiles, off-balance sheet undertakings, in relation to retail and corporate assets and liabilities;
- Determine methodology in defining, measuring and approving limits;
- Give directions in conducting income sensitivity scenario analysis of the price risk sensitive assets and liabilities to measure potential effects over earnings and shareholder's equity; and,
- Evaluate new treasury products (i.e. PAPs) and decide on the size of exposure.

8.4 Quorum and Validation

The ALCO shall meet at the demand of its chairman at least monthly, or more frequent as deemed necessary.

The simple majority of voting member represents the quorum for this committee.

All resolutions of the committee shall be made by a majority of its members present at a meeting duly called and held provided the affirmative vote of its chairman has been obtained.

In the event of a tie vote, the chairman of the committee shall have a casting vote.

9. Appendix I - Credit Committee Charter

9.1 Purpose

The Credit Committee shall manage the Bank’s overall credit portfolio in line with the established credit policy and procedures, limits and risk appetite; and to technically, independently and prudently evaluate and approve, within its delegated approval authority, all credit transactions, programs, models and credit related products and services.

9.2 Membership

The credit committee shall consist of at least the following members or their designees:

GM (Support and Control functions)	Chair
GM (Business line)	Vice-Chair
Deputy General Manager (Branch Network)	Voting member
Head of Credit Appraisal	Non-voting member
Chief Risk Officer	Non-voting member
Head of Credit Administration	Non-voting member/Secretary

The chairman of the committee may invite other employees to participate in certain meetings as needed. He may also appoint new non - voting members to the committee as deemed necessary.

9.3 Authority and Responsibilities

The responsibilities of the credit committee shall be as follows:

- Review and recommend, every other year or earlier as needed, the establishment or amendment of:
 - Credit policies;
 - Credit procedures;
 - Credit concentration guidelines and limits;
 - Compliance programs for credit-related matters;
 - Delegations of credit authority;
 - Remedial management and allowance for loan losses methodology; and,
 - Other matters as required by *Banque Du Liban* and *Banking Control Commission of Lebanon*.

- Monitor the risk rating process and assure its integrity, consistency and appropriateness;
- Establish and monitor target market and risk acceptance criteria;
- Assist in setting portfolio target and concentration limits;
- Ensure that pricing of credit reflects obligor's risk rating;
- Monitor the overall composition and quality of the credit portfolio, including but not limited to credit concentration and asset quality, and ensure the portfolio does not exceed acceptable levels of risk;
- Ensure that problem loans and bad debts are dealt with in a timely manner to minimize credit loss and maximize recoveries;
- Approve within the Authority Matrix all credit transactions;
- Approve criteria for provisioning and writing off bad debt;
- Review recovery performance for problem loans and adjust procedures as needed; and,
- Review reports of supervisory authorities, Internal Audit department and external auditors' reports and act accordingly.
- Ensure all credit approval transactions follow approval grid, and approved authority matrix

9.4 Quorum and Validation

The credit committee shall meet at the demand of its chairman at least once every two (2) weeks, or more frequent as deemed necessary.

The simple majority of voting members represents the quorum for this committee.

All resolutions of the committee shall be made by a majority of its members present at a meeting duly called and held provided the affirmative vote of its chairman has been obtained.

In the event of a tie vote, the chairman of the committee shall have a casting vote.

Appendix J - Operational Risk Committee Charter

9.5 Purpose

The Operational Risk Committee shall oversee the Bank's operational risk management functions and processes. It shall ensure that operational risks inherent to the Bank's operations activities are identified and managed in accordance with the Bank's strategy and risk appetite.

9.6 Membership

The committee shall consist of at least the following members:

GM (Support and Control functions)	Chair
GM Business Lines	Voting member
Deputy General Manager (Branch network)	Voting member
Chief Risk Officer	Voting member
Chief Technology Officer	Non-Voting member
Head of Organizations and Methods	Non-Voting member
Head of Operations	Voting member
Chief Audit Executive	Non-voting member

The chairman of the committee may invite other employees to participate in certain meetings as needed. He may also appoint new non - voting members to the committee as deemed necessary.

9.7 Authority and Responsibilities

The responsibilities of the Operational Risk Committee shall be as follows:

- Oversee the implementation of the Bank wide operational risk framework which includes the identification, assessment, monitoring and control/ mitigation of operational risk;
- Approve the operational risk tolerance in line with the risk appetite defined by the Board;

- Approve a set of internal policies, controls and procedures concerning the operational risk framework in line with the Board's operational risk strategy and appetite;
- Review reports of non-compliance with the approved policies and procedures and take appropriate action;
- Review the results of examinations (or portions of examinations) of the Bank conducted by the *Banking Control Commission of Lebanon* or *Banque Du Liban* that relate to operational risk, as defined by the Bank; oversee and monitor management's response to that; and monitor the progress in implementing any corrective action;
- Review the results of internal audits that relate to operational risk as defined by the Bank and monitor the implementation of those observations;
- Set escalation thresholds and targets associated with each Key Risk Indicators;
- Monitor breaches of thresholds and ensure proper action is taken;
- Receive and review Loss Data Collection reports prepared by operational risk unit;
- Ensure that all operational losses and near misses are reported by the different business units on a timely manner to the CRO;
- Review all reports submitted by Operational Risk Unit relating to material losses, key risk indicators and residual risk; and,

Overlook the implementation of the operational risk assessment process, and ensure that it is dynamic and continuous.

9.8 Quorum and Validation

The operational risk committee shall meet at the demand of its chairman at least quarterly, or more frequent as deemed necessary.

The simple majority of voting member represents the quorum for this committee.

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All resolutions of the committee shall be made by a majority of its members present at a meeting duly called and held provided the affirmative vote of its chairman has been obtained.

In the event of a tie vote, the chairman of the committee shall have a casting vote.

10. Appendix K - Recovery and Restructuring Committee Charter

10.1 Purpose

The purpose of the recovery and restructuring committee is to evaluate and approve proposals related to doubtful and bad loans.

10.2 Membership

The committee shall consist of at least the following members:

GM (Support and Control functions)	Chair
GM (Business Line)	Voting member
Head of Recovery and Restructuring	Voting member
Head of Credit Appraisal	Non-voting member

The chairman of the committee may invite other employees to participate in certain meetings as needed. He may also appoint new non-voting members to the committee as deemed necessary.

10.3 Authority and Responsibilities

The responsibilities of the recovery and restructuring committee shall be as follows:

- Approve all debt restructuring or recoveries without adequate provisions in line with the authority matrix of the Bank;
- Approve all debt restructuring or recoveries, which may require an interest concession or forgiveness of principal if adequate provisions are held;
- Approve all recoveries, which may require the takeover of assets or the acquisition of properties in settlement of loans;
- Recommend provisions on doubtful and bad loans to the Credit Committee;
- Recommend the transfer of problem loans to doubtful or bad categories;
- Approve the recommendation to foreclose on mortgages, liens, pledges, personal guarantees and other collaterals;

- Approve the transfer of litigious and bad loans to the legal department; and,
- Approve the transfer of restructured loans, which did not require any concession to the credit department.

10.4 Quorum and Validation

The recovery and restructuring committee shall meet at the demand of its chairman at least quarterly, or more frequent as deemed necessary.

The simple majority of voting members represents the quorum for this committee.

All resolutions of the committee shall be made by a majority of its members present at a meeting duly called and held provided the affirmative vote of its chairman has been obtained.

In the event of a tie vote, the chairman of the committee shall have a casting vote.

11. Appendix L - AML Committee Charter

11.1 Purpose

An AML Committee shall facilitate and enhance communication between the Compliance Department and the different departments at the Bank in order to secure smoothness of the operations and to safeguard the best interest of the Bank.

11.2 Membership

The committee shall consist of at least the following members:

▪ GM (Control and Support)	Chair
▪ GM (Business Lines)	Vice-Chair
▪ Deputy General Manager (Branches)	Voting Member
▪ Chief Compliance Officer	Voting Member
▪ Chief Risk Officer	Voting Member
▪ Head of Operations	Voting Member
▪ Chief Audit Executive	Non-Voting Member
▪ Head of AML	Secretary

The chairman of the Committee may invite other employees to participate in certain meetings as needed. He may also appoint new non-voting members to the Committee as deemed necessary.

11.3 Authority and Responsibilities

The responsibilities of the AML committee shall be as follows:

- Review the AML/CFT policy on a yearly basis;
- Review AML/CFT study cases;
- Review suspicious transactions and accounts;
- Review the customers or transactions to be reported to SIC;

11.4 Quorum and Validation

The AML Committee shall meet at least once a month or more frequently, as deemed necessary

The simple majority of its members represents the quorum for this committee.

13. Appendix M - IT Committee Charter

13.1 Purpose

The information technology (IT) committee shall be responsible for setting the IT strategy and IT security policy.

13.2 Membership

The committee shall consist of at least the following members:

GM (Support and Control functions)	Chair
GM (Business Lines)	Voting member
Chief Risk Officer	Voting member
Head of Operations	Voting member
Chief Technology Officer	Voting member
Head of IT Security	Voting member
Chief Financial Officer	Voting member
Chief Audit Executive	Non-voting member

The chairman of the committee may invite other employees to participate in certain meetings as needed. He may also appoint new non-voting members to the committee as deemed necessary.

13.3 Authority and Responsibilities

The responsibilities of the IT committee shall be as follows:

- Define the objective and strategy of the IT department, which shall be concurrent with the Bank's current and future needs;
- Analyze, approve the IT Department's yearly business plan;
- Develop the Bank's IT security policy and its related scope and timeframe;
- Ensure the proper implementation of the recommendations submitted by the IT security officer;

- Establish security rules for the destruction or deletion of old data and information that became functionally or legally obsolete, and ensure the proper implementation of these rules;
- Provide consultation on the action that should be taken in case of breach in any IT security controls;
- Monitor IT security issues and follow up on all incidents and exceptions reported by the IT department;
- Review, approve and follow up the implementation of IT projects;
- Recommend the allocation of resources and funds to ensure proper deployment of IT projects; and
- Analyze and recommend the appropriate IT organizational structure and staff.

13.4 Quorum and Validation

The IT committee shall meet at the demand of its chairman at least monthly, or more frequent as deemed necessary.

The simple majority of its members represent the quorum for this committee.

14. Appendix N - Purchasing Committee Charter

14.1 Purpose

The purchasing committee shall evaluate and approve proposals related to the Bank's purchases, insurance policies and maintenance contracts.

14.2 Membership

The committee shall consist of at least the following members:

GM (Support and Control functions)	Chair
Deputy General Manager - Branch network	Voting member
Chief Financial Officer	Voting member
Head of Administration	Voting member
Head of Facilities Management	Non-voting member
Head of Administrative Services	Secretary

The chairman of the committee may invite other employees to participate in certain meetings as needed. He may also appoint new non-voting members to the committee as deemed necessary.

The Head of the department requesting the purchase shall be invited as a guest.

14.3 Authority and Responsibilities

The responsibilities of the purchasing committee shall be as follows:

- Monitor and control the Bank's expenses related to purchases that are within the annual budget;
- Handle purchases above specified limits. Purchases below this amount will be approved by the Chairman/CEO or as delegated by him/her according to limits set within the purchasing policy;

- Evaluate and approve purchasing requests or requests for tenders to determine the quantity and quality of requested items and their maximum price in compliance with the Bank's financial policies and procedures;
- Evaluate and approve the suppliers and contractors quotations regarding the supply of machinery, equipment, printings and stationary or the performance of maintenance works and select the most convenient to the Bank's requirements and specifications; and,
- Evaluate and approve insurance, rent and couriers contracts within the committee's authorized limit.

14.4 Quorum and Validation

The purchasing committee shall meet at the demand of its chairman as deemed necessary.

The simple majority of voting members represents the quorum for this committee.

All resolutions of the committee shall be made by a majority of its members present at a meeting duly called and held provided the affirmative vote of its chairman has been obtained.

In the event of a tie vote, the chairman of the committee shall have a casting vote.

15. Appendix O - Internal Audit Charter

15.1 Scope of Work

15.1.1 The internal audit department shall provide independent, objective assurance and consulting services to the Board (through its audit committee) to improve the Bank's operations.

The internal audit department shall help the Bank to accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control, and governance processes.

15.1.2 The scope of work of the internal audit department shall determine whether the Bank's network of risk management, control, and governance processes, is functioning in a manner to ensure that:

- Risks are appropriately identified and managed;
- Interaction with the various governance groups occurs as needed;
- Significant financial, managerial, and operating information is accurate, reliable, and timely;
- Employees' actions are in compliance with policies, standards, procedures, and applicable laws and regulations;
- Resources are acquired economically, used efficiently, and adequately protected;
- Programs, plans, and objectives are achieved;
- Quality and continuous improvement are fostered in the Bank's control process; and,
- Significant legislative or regulatory issues impacting the Bank are recognized and addressed properly.

Opportunities for improving management control, profitability, and the Bank's image shall be identified during audits and communicated to the appropriate level of management. All audit assignments conducted by the internal audit department shall be properly documented. In order to properly implement the tasks of the Internal Audit Department, the following guidelines shall be followed:

- Each task shall be independently separated; and,
- The results of the audit and the underlying reasons for such results shall be clearly identified.

At the end of each task, a draft report shall be prepared for negotiations with the management of the relevant audited department or branch. The final report shall then be sent to the Chairman/CEO. Such final report shall contain a summary of the results of the internal audit and the identified weaknesses along with the recommendations of the internal audit department and corresponding management response in addition to the subsequent steps to be taken in order to address these weaknesses including a timetable for the implementation of these steps and the appointment of a responsible person for such implementation.

15.2 Accountability

The CAE, in the discharge of his duties, shall be accountable to management and the audit committee as follows:

- Provide annually an assessment on the adequacy and effectiveness of the Bank's processes for controlling its activities and managing its risks in the areas set forth under the mission and scope of work;
- Report significant issues related to the processes for controlling the activities of the Bank and its affiliates, including potential improvements to those processes, and provide information concerning such issues through resolution;
- Provide information periodically on the status and results of the annual audit plan and the sufficiency of department resources; and,
- Coordinate with and provide oversight of other control and monitoring functions (risk management, compliance, security, legal, ethics, environmental, external audit).

15.3 Independence

The CAE shall report administratively to the Chairman/CEO and functionally to the audit committee.

15.3.1 The audit committee shall:

- Approve the internal audit charter;
- Approve the internal audit risk assessment and related audit plan;
- Receive internal audit reports and meet privately with the CAE;
- Solely have the authority to appoint and remove the CAE on behalf of the Board;
- Ensure that staff of the internal audit department report directly to the CAE;
- Give the CAE the right to hire internal audit department staff without the interference of management;
- Be the only authority that evaluate the performance of the CAE;
- Be the only authority that initiate any disciplinary action against the CAE; and,
- Be the only authority that recommends the annual compensation and benefits of the CAE, no further approvals shall be required.

15.3.2 The Chairman/CEO shall:

- Be kept informed by the CAE on the activities of the internal audit department;
- Approve human resources related issues (excluding CAE performance evaluation and compensation);
- Be responsible for internal audit related communication and information flows; and,
- Approve administrative related issues (other than those reserved to the audit committee as mentioned in the preceding paragraph).

15.4 Budget and Resources

The Board shall ensure that the internal audit department has sufficient resources to objectively carry out its mission.

The budget of the Internal Audit department shall be submitted by the CAE to the audit committee for approval on an annual basis. No further approvals shall be required.

The budget of the internal audit department shall be adequate to cover staff salaries, hardware, software, adequate working space and logistics, knowledge based acquisition, training, travel, accommodations and other services outside the Bank.

15.5 Responsibility

The CAE and staff of the internal audit department shall have the following responsibilities:

- Review the adequacy and effectiveness of management's processes for risk management, internal control, and governance;
- Review established systems, policies, and procedures to determine if they are adequate to ensure the Bank is in compliance with laws and regulations;
- Ensure that the Bank is in compliance with the rules and regulations issued by the *Banque du Liban*;
- Develop a flexible risk based annual audit plan and submit that plan to the audit committee for its review and approval; This plan shall highlight, at the minimum, a timetable for the implementation of the tasks of the internal audit department and the required resources for such implementation. For that purpose, the internal audit department shall be aware of all the risks that are faced or that could potentially be faced by the Bank. This risk based annual plan shall be reviewed quarterly by the CAE in light of any developments;
- Implement the annual audit plan, including any special task or project requested by the Chairman/CEO and the audit committee;
- Maintain a professional audit staff with sufficient knowledge, skills, experience, and professional certifications to meet the requirements of the internal audit charter;

- Establish a quality assurance program by which the CAE assures the operation of internal auditing activities;
- Perform consulting services, beyond internal auditing assurance services, to assist management in meeting its objectives. Examples may include but not limited to facilitation, consulting, , training, and advisory services;
- Evaluate and assess significant merging and consolidating functions and new or changing services, processes, operations, and control processes coincident with their development, implementation, and/or expansion;
- Issue periodic reports to the audit committee and Chairman/CEO summarizing the results and evaluation of audit activities. The report shall include in particular: 1) a summary of the completed audit tasks, the identified weaknesses and the corresponding recommendations for improvement, 2) the extent of management's treatment of the weakness points included in the reports prepare by external auditors and the *Banking Control Commission of Lebanon*. In the event where weakness points that expose the Bank to high risks are identified, the CAE shall inform the audit committee of these points immediately upon their discovery (i.e. prior to the submission of the quarterly report to the audit committee);
- Conduct periodic audits of IT operations;
- Provide adequate follow-up to ensure corrective action is taken and evaluate its effectiveness and report results;
- Keep the audit committee informed of emerging trends and successful practices in internal auditing;
- Periodically report audit findings and status of corrective action to the audit committee of the Board;
- Meet privately, at least quarterly, with the audit committee;
- Provide a list of significant measurement goals and results to the audit committee;
- Coordinate with the *Banque du Liban*, *Banking Control Commission of Lebanon* and the Bank's external auditors;

- Follow up on observations raised by *Banking Control Commission of Lebanon* as well as the Bank's external auditors;
- Conduct special examinations at the request of the Chairman/CEO or the audit committee of the Board;
- Verify that all policies and procedures that complement the corporate governance regulations are adopted and implemented at all Bank's level;
- Assess the corporate governance regulations, with their complementary policies and procedures, and formulate opinions about their adequacy, efficiency and effectiveness;
- Give the required priority to the implementation of corporate governance regulations, especially when the Bank has expanded outside Lebanon and when it undertakes acquisition and merger operations, so as to avoid divergence in organizational structure within the group;
- Assist in the investigation of significant suspected fraudulent activities within the Bank and notify the Chairman/CEO and the audit committee of the results; and,
- Consider the scope of work of the external auditors and regulators, for the purpose of providing optimal audit coverage to the Bank at a reasonable overall cost.

15.6 Audit Plan

15.6.1 An annual audit plan shall be developed before the beginning of each year based upon input from the Chairman/CEO and/or a detailed risk assessment by the internal audit department.

15.6.2 The annual audit plan may include a mix of the following audit activities:

- Financial audits, including determining the accuracy and reliability of data developed within the Bank, and determining that corporate assets are properly safeguarded;
- Review of internal controls related to significant systems and processes to determine whether or not they are properly designed and functioning as intended;
- Review of compliance with the Bank's significant policies and procedures;

- Review of compliance with significant external requirements and regulations, including accounting rules and regulations;
- Review of computer-based systems focusing on data security, disaster recovery, and effective use of resources;
- Operational audits focusing on improving efficiencies or effectiveness; and,
- Review of the results of control self-assessments.

15.6.3 To develop the annual audit plan, an overall risk-based approach shall be used to ensure that the internal audit function provides the greatest possible benefit to the Bank. On an ongoing basis, matters considered in developing the annual audit plan shall include the following:

- Review and understanding of the strategic and business plans of the core businesses;
- Significant degree of risk for potential loss exposure to the Bank;
- Significant opportunities to achieve operating benefits;
- Existence of significant known errors, irregularities or control weaknesses;
- Results of previous audits;
- Major changes in operations, systems or controls;
- Major changes in regulatory or other requirements; and,
- Request from management, the Board and the external auditor.

15.6.4 Based on the performed risk assessment, the CAE shall present a proposed annual audit plan to the audit committee for approval, which shall include recommended activities to be audited, the timing of those audits, and the estimated resources needed.

Any significant deviation from the approved audit plan shall be communicated to the audit committee.

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15.6.5 Internal audit planning shall be developed in a manner that allows coverage of the bank's highest risk areas every other year. Significant, critical risks shall be covered more frequently.

15.7 Authority

The CAE and staff of the internal audit department shall be authorized to:

- Have unrestricted access to all functions, records, property, and personnel;
- Have full and free access to the audit committee;
- Allocate resources, set frequencies, select subjects, determine scopes of work, and apply the techniques required to accomplish audit objectives; and,
- Obtain the necessary assistance of personnel in units of the Bank where they perform audits, as well as other specialized services from within or outside the Bank.

The CAE and staff of the internal audit department shall not be authorized to:

- Perform any operational duties for the Bank or its affiliates;
- Initiate or approve accounting transactions external to the internal audit department; and,
- Direct the activities of any employee not employed by the internal audit department, except to the extent such employees have been appropriately assigned to auditing teams or to otherwise assist the internal audit department.

15.8 Periodic Assessment

The CAE shall at least annually assess whether the purpose, authority, and responsibility, as defined in this charter, continue to be adequate to enable the internal audit activity to accomplish its objectives.

The result of this annual assessment shall be communicated to senior management, audit committee, and the Board.

15.9 Standards of Audit Practice

The internal audit department shall meet the institute of internal auditors' mandatory guidance, including the definition of internal auditing, the Code, and the international standards for the professional practice of internal auditing.

16. **Appendix P - IT and Cyber Security Committee Charter**

16.1 **Purpose**

The IT and Cyber Security Committee shall be responsible for governance and oversight of the Bank IT and cyber security program.

The committee shall also be responsible for setting security policies, evaluating new threats and reducing risk of intrusion, loss of data integrity and compliance violations. The committee shall generate initiatives to propose major projects to improve the Bank IT security.

16.2 **Membership**

The committee shall consist of at least the following members:

GM (Support and Control functions)	Chair
Chief Risk Officer	Voting member
Head of IT Security	Voting member
Chief Compliance Officer	Voting member
Chief Technology Officer	Voting member
Chief Audit Executive	Non-voting member

The chairman of the committee may invite other employees to participate in certain meetings as needed. He may also appoint new non-voting members to the committee as deemed necessary.

16.3 **Authority and Responsibilities**

The responsibilities of the IT Security committee shall be as follows:

- Setting an overall written IT and cyber security policy, defining the technical scope and timing frame.
- Overseeing the development, implementation and maintenance of an information security program, and review the information security program at least annually.
- Ensuring that recommendations and corrective measures are being translated and executed properly by the IT security department.

- Defining security procedures regarding the disposal or destruction of unneeded aged data and making sure that these procedures are properly implemented.
- Providing recommendations on the action to be taken in the case of any violations of security control.
- Reviewing IT contracts with vendors to ensure conformity with the internal security policies and rules.
- Defining the frames and conditions of the IT insurance policies.
- Reviewing with the Head of IT Security the Bank's policies pertaining to information security and cyber threats, taking into account the potential for external threats, internal threats, and threats arising from transactions with trusted third parties and vendors.
- Reviewing with the Head of IT Security the Bank's framework to prevent, detect, and respond to cyberattacks or breaches, as well as identifying areas or concern regarding possible vulnerabilities and best practices to secure points of vulnerability.
- Reviewing with the Head of IT Security the Bank's policies and frameworks relating to access controls, critical incident response plans, business continuity and disaster recovery, physical and remote system access, and perimeter protection of IT assets.

16.4 Quorum and Validation

The IT Security committee shall meet at the demand of its chairman at least quarterly, or more frequent as deemed necessary.

The simple majority of voting members represents the quorum for this committee.

All resolutions of the committee shall be made by a majority of its members present at a meeting duly called and held provided the affirmative vote of its chairman has been obtained.

In the event of a tie vote, the chairman of the committee shall have a casting vote.

17. Appendix Q - Business Continuity Committee Charter

17.1 Purpose

The purpose of the Business Continuity Committee is to determine the business continuity strategy, to maintain the ongoing support and viability for the Business Continuity Management System (BCMS), and to ensure the continuity of service to the Bank’s customers, in an efficient and timely manner, safeguard the interests of its principal shareholders and mitigate negative effects deriving from an eventual disruption of the Bank’s activities.

17.2 Membership

The committee shall consist of at least the following members:

GM (Support and Control functions)	Chair
GM (Business line)	Vice-Chair
Deputy General Manager - Branch network	Voting member
Chief Risk Officer	Voting member
Chief Compliance Officer	Voting member
Head of Human Resources	Voting member
Head of Operations	Voting member
Chief Financial Officer	Voting member
Chief Technology Officer	Voting member
Head of IT Security	Voting member
Head of Organization & Methods	Non-Voting member
Chief Audit Executive	Non-voting member

The chairman of the committee may invite other employees to participate in certain meetings as needed. He may also appoint new non-voting members to the committee as deemed necessary.

17.3 Authority and Responsibilities

The responsibilities of the Business Continuity Committee shall be as follows:

- Adopt general principles based on ISO IEC 27002-2005 Standard;

- Periodically conduct a business impact analysis (at least once a year), a bank-wide risk assessment and monitoring to identify the bank's critical activities, geographies, and vulnerability for major disruptions;
- Develop a business continuity management process and plan taking into account five aspects that are in line with the business continuity management life cycle:
 - a. Strategic stage – examine the organizational framework taking note of the key stakeholders, legislative and regulatory requirements in relation to business continuity;
 - b. Process stage – develop resumption strategies for business processes and activities;
 - c. Resource Recovery – ensure the deployment of appropriate resources to all business processes and activities;
 - d. Awareness and Education – develop a business continuity culture through assessment of business continuity awareness campaigns;
 - e. Testing, Maintenance, Measurement and Audit – ensure reliability of the business continuity plan through independent review and testing.

- Ensure appropriate selection of alternate sites in terms of geography, political, security, accessibility, service availability, equipment and readiness criteria;
- Ensure appropriate measures are taken to provide secure communication channels for safe data transfer between the main and alternate sites;
- Ensure update of information, data and software layers and security of their maintenance;
- Check continuously all aspects of the security plan, by verifying reliability, preventing violations, and denying unauthorized access to information;
- Ensure that the business continuity plan is updated to reflect the changes in the risk profile of the bank;
- Report on the status of business continuity management to the Board of Directors and Senior Management on a regular basis, highlighting where gaps are identified;
- Facilitate testing of plans to ensure that the team members are aware of their roles and responsibilities in the event of a disruption;
- Declare emergency/disaster in the event of a disruption;
- Coordinate the crisis management teams' activities;
- Ensure the emergency procurement authorization, claims and compensation, and cost tracking in case of an emergency;
- Ensure that the bank's response to a disruption is communicated internally and externally to the related parties;

- Communicate with the Senior Management and provide regular progress reports in relation to business continuity matters (status, requests for decisions, problem resolution etc.);

17.4 Quorum and Validation

The Business Continuity Committee shall meet at the demand of its chairman at least quarterly, or more frequent as deemed necessary.

The simple majority of voting members represents the quorum for this committee.

All resolutions of the committee shall be made by a majority of its members present at a meeting duly called and held provided the affirmative vote of its chairman has been obtained.

In the event of a tie vote, the chairman of the committee shall have a casting vote.

18 Appendix R - HR Committee Charter

18.1 Purpose

The HR committee is appointed by the Chairman/CEO and is responsible for the alignment of HR programs and activities with the Bank’s overall strategy.

18.2 Membership

The committee shall consist of at least the following members:

Chairman/CEO	Chair
GM (Support and Control functions)	Voting member
GM (Business line)	Voting member
Deputy General Manager(s)	Voting member(s)
Head of HR	Voting member/Secretary

18.3 Authority and Responsibilities

The HR committee shall review and approve all HR strategic initiatives related to HR policies and procedures before forwarding them to the Remuneration Committee of the Board.

The HR committee shall conduct its activities to fulfill the responsibilities set out above and to this end shall have the following specific responsibilities:

Bank’s HR principles and policy:

- Review and approve, at least annually, the Bank’s HR policies and procedures and ensure the proper implementation of these policies. The review and assessment shall ensure the alignment of the HR policies and procedures with the Bank’s strategy, goals, risk appetite, grading system and other regulatory requirements;
- Review and, as appropriate, approve the Bank’s grading system, and other compensation related policies;
- Review and approve the performance-based incentives policy to better align it with the Bank’s long term strategic goals set by the Board;
- Review and, as appropriate, approve budget on an aggregate basis for the annual salary increases and incentive remuneration; and,
- Ensure that the Bank’s HR policies and procedures are in line with the Central Bank of Lebanon’s regulations.

Disclosure requirements:

- Ensure that the employees are fully aware of the Bank's HR policies and procedures;
- Ensure that the disclosure requirements to the Central Bank of Lebanon in relation to the HR policies and procedures are met; and,
- Report to the Remuneration Committee on material matters arising at the HR committee meetings following each meeting of the Committee.

Other responsibilities:

- Review and approve the Code of Conduct for employees and periodic reports on non-compliance with the Code, as needed;
- Consistently review and stay aware of the remuneration trends in other banks of the same type and range of activity of the Bank to establish market comparability and competitive edge;
- Review and assess the adequacy of the HR committee charter when deemed necessary, and recommend any proposed changes to the Board for approval.

18.4 Quorum and Validation

In order to discharge its responsibilities, the HR committee shall meet as frequently as it determines. At the discretion of the HR committee, other managers or employees of the Bank may be invited to attend and participate in the meetings of the HR committee. An agenda for the meeting shall be prepared by the secretary and approved by the chairman of the HR committee, and shall be circulated, together with relevant materials relating to the subject matter of each meeting, to all committee members prior to each meeting.

The secretary of the HR committee shall be responsible for organizing meetings, for the preparation and circulation of the agenda for a particular meeting after the remuneration committee chairman's approval.

The secretary of the HR committee shall prepare and maintain minutes of meetings.

Notice of each meeting, confirming the venue, date and time, together with the agenda and supporting documents, shall be distributed to each member of the committee.

Minutes of committee meetings shall be circulated within seven (7) days to all members of the committee.

A quorum of any HR committee meeting shall be composed of a majority of its members which shall not be less than three (3) members. The presence of the chairman of the committee at each meeting is mandatory, except in extraordinary circumstances during which GM for Support and Control may chair the meeting. All resolutions of the HR committee shall be made by a majority of its members present at a meeting duly called and held. In the event of a tie vote, the chairman of the HR committee shall have a casting vote.

19 Appendix S – Investment Committee Charter

19.1 Purpose

The Investment Committee shall manage the Bank’s Equity Participations, Joint-ventures, Partnerships and Real Estate in line with the established investment policy. The Committee shall develop and approve related investment strategy, and make recommendations to the Board.

19.2 Membership

The investment committee shall consist of at least the following members or their designees:

GM (Business Lines)	Chair
GM (Support and Control functions)	Vice-Chair
Head of Group Treasury	Voting member
Chief Risk Officer	Voting member/Secretary
Chief Financial Officer	Voting Member
Chief Strategy Officer	Voting Member

The chairman of the committee may invite other employees to participate in certain meetings as needed. He may also appoint new non-voting members to the committee as deemed necessary.

19.3 Authority and Responsibilities

The responsibilities of the investment committee related to the asset classes included under the “Purpose” statement above shall be as follows:

- Monitor the overall composition and quality of the investment portfolio, and ensure the portfolio does not exceed acceptable levels of risk as per Bank’s Risk Appetite;
- Review investment portfolio target and concentration limits;
- Review the performance of the investment portfolio and approve suggested adjustments/changes to the portfolio’s mix with purpose of maximizing profits while keeping the related risks within acceptable levels;
- Review the portfolio’s compliance with the investment policy, management guidelines and regulatory requirements;

- Review and approve Real Estate investments related to the establishment of new branches and acquisition of land and buildings for operational purposes;
- Review related reports of supervisory authorities, Internal Audit department and external auditors' related reports, and act accordingly.

19.4 Quorum and Validation

The investment committee shall meet at the demand of its chairman as deemed necessary. The presence of the chairman of the committee at each meeting is mandatory, except in extraordinary circumstances during which GM for Support and Control may chair the meeting.

The simple majority of voting members represents the quorum for this committee.

All resolutions of the committee shall be made by a majority of its members present at a meeting duly called and held provided the affirmative vote of its chairman has been obtained.

In the event of a tie vote, the chairman of the committee shall have a casting vote.