



# CORPORATE GOVERNANCE AND BUSINESS ETHICS GUIDELINES

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## 1. GENERAL PRINCIPALS

- 1.1. These Corporate Governance and Business Ethics Guidelines ("Guidelines") set forth the guiding principles and policies that govern the activities of the FFA Private Bank s.a.l. ("Bank") and its service providers and employees. The Bank is committed to maintaining high ethical standards and expects all directors, officers and employees, by virtue of their association or employment with the Bank, to adhere to the highest standards of personal and professional integrity and to comply with these Guidelines and all applicable laws, rules and regulations in Lebanon;
- 1.2. The Bank has a legal responsibility to protect clients' personal and financial information in accordance with Banking Secrecy Law of September 3, 1956. Each employee shall maintain at all times the confidentiality of information acquired in the course of work except when authorized by the client or otherwise legally obligated to disclose. Confidential information acquired in the course of work shall not be used by any employee for any personal advantage. The Bank will strive to maintain compliance with all applicable rules and regulations in Lebanon;
- 1.3. No employee shall take unfair advantage of his/her position through manipulation, concealment, abuse of privileged information, misrepresentation of facts, or any other unfair dealing.
- 1.4. The Bank shall provide a copy of the Guidelines to any client or prospective client upon request.

## 2. APPLICATION OF THE GUIDELINES

- 2.1. Except where otherwise indicated in this document, the terms "employee" or "employees" include all directors, officers, employees and agents of the Bank.
- 2.2. The provisions of these Guidelines apply to all employees and service providers.
- 2.3. Failure to comply with these Guidelines could result in disciplinary action, including termination of employment.
- 2.4. All employees shall fulfill their obligations in such a manner that they conduct business by ethical, fair and best practices.

## 3. POLICY STATEMENT

- 3.1. These Guidelines explain the basic principles of ethics and professional business conduct for the Bank and are intended to raise ethical awareness, and as a guide to the day-to-day decisions. They can also be used in training programs and to assure customers of the integrity of the Bank. These Guidelines are a codification of standards that are reasonably designed to deter wrongdoing and promote the following objectives:
  - (1) honest, ethical and professional conduct, including the ethical handling of actual or apparent conflicts of interest between personal and professional relationships;
  - (2) full, fair, accurate, timely disclosure;
  - (3) compliance with applicable Lebanese laws, rules and regulations;
  - (4) keep clients' interest above all personal interests, whereas the Bank owes clients a duty of undivided loyalty;

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- (5) maintaining the Bank's reputation and avoiding activities that might reflect adversely on the Bank;
- (6) accountability for adherence to these Guidelines.

#### 4. **THE BANK'S SHAREHOLDING STRUCTURE**

As listed in Annex 1.

#### 5. **FFA GROUP STRUCTURE**

As shown in Annex 2.

#### 6. **THE BANK'S ORGANIZATIONAL CHART**

As shown in Annex 3.

#### 7. **COMPLIANCE WITH HIGH STANDARDS OF CORPORATE GOVERNANCE**

A- The Bank must meet applicable standards of corporate governance according to BDL Basic Circular No. 106 dated July 26.2006, and the document on Enhancing Corporate Governance for Banking Institutions issued by the International Basel Committee in February 2006, taking into consideration the nature, size and complexity of the Bank's activities:

- (1) Members of the Board must be qualified for their position, have a clear understanding of their role in corporate governance, and be able to express pertinent opinions on the Bank's activities, notably
  - a- Draw the Bank's general strategy and decide on its Risk Management Policy and the related rules for its implementation, and follow up their abidance at all Bank's levels;
  - b- Avoid participating in the Bank's daily business, and conflict of interest in dealing with others;
  - c- Set clear standards to define the professional qualifications required for choosing the Bank's management ;
  - d- Meet periodically with the Senior Management and Internal Audit in order to up-date and study the main recommendations stated in the Internal Audit Report, and follow up on their implementation;
  - e- Empower the Senior Management notably for the purpose of supervising and controlling the Heads of Departments and Units;
  - f- Set guidelines aiming at protecting the Bank from inside and outside interference;
  - g- Constitute Specialized Committees.

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- (2) The Board must determine the Bank's strategic objectives and corporate values, communicate them to the staff, and supervise their implementation:
  - a- Ensure the preparation by the Senior Management of policies and procedures aiming at applying the strategic goals set by the Board;
  - b- Set policies to avoid any excess in lending executives and main shareholders, and granting privileges to close parties, and disclose said policies according to article 152 of the Code of Money and Credit;
  - c- Be alert to any Reputation Risk to which the Bank may be subjected to;
  - d- Grant sufficient protection to employees having disclosed any irregularities to the competent authorities at the Bank.
- (3) The Board must clearly define responsibilities and accountability rules, and impose them at all the Bank's levels, by defining the prerogatives and responsibilities of the Board and that of the Senior Management (i.e. the persons responsible for supervising the Bank's daily business, such as the Chairman of the Board-General Manager, the Assistant General Managers, the heads of main divisions and the officers in charge of the specialized committees), whereas the Senior Management will be held responsible towards the Board for the Bank's performance.
- (4) The Board must ensure that Senior Management is firmly supervising the Bank, in accordance with the established policy, by
  - a- Ensuring the Senior Management is formed of qualified people capable of conducting the Bank's daily business;
  - b- Ensuring the Senior Management is setting efficient procedures for internal control, including written policies and procedures covering all kinds of operations;
  - c- Ensuring that the Senior Management is following up on the implementation of said policies and procedures;
  - d- Ensuring that no important decision is taken solely by any person.
- (5) The Board and Senior Management must efficiently use the results reached by the Internal Audit and the Internal Control Bodies, notably:
  - a- Follow up the rectifications of errors stated in the Internal Audit Report, within the deadlines set in this Report;
  - b- Protect the independence of the Internal Audit by presenting its Reports directly to the Board of Directors or through the Audit Committee;
  - c- Set standards for choosing External Auditors, based on qualifications and efficiency.
- (6) The Board must ensure that the policies followed in determining and implementing remunerations and allowances are consistent with the Bank's institutional culture, long term objectives, strategy and control framework.

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- (7) The Bank's business must be conducted in a transparent manner, by disclosing Corporate Governance procedures applied in the Bank's annual reports, especially the parts relating to the Board's structure, the allowances granted to the Board and main executives, and corporate values and dealing with close parties.
- (8) The Board and Senior Management must, in conducting their activities, be aware of the Bank's structure ("Know Your Structure"), by making sure that the management organization includes control functions such as
  - a- Corporate Secretary appointed by the Board responsible for the efficient administration of the Bank, particularly with regard to ensuring compliance with statutory and regulatory requirements and for ensuring that decisions of the Board of Directors are implemented.
  - b- Chief Compliance Officer with mission to ascertain that the Bank's business is in compliance with applicable Laws, rules and regulations;
  - c- Chief Financial Officer responsible for managing the financial risks of the Bank and for financial planning and record-keeping, as well as financial reporting to senior management. ...;
  - d- Chief Risk Officer accountable for enabling the efficient and effective governance of significant risks, and related opportunities, to the Bank;
  - e- Head of Internal Audit responsible for conducting proper internal control over the Group as a whole.

B- Internal Audit should take the following actions to ensure compliance with Corporate Governance:

- (1) Make sure that, on all the Bank's levels, the Bank's units are implementing the policies and procedures that complement Corporate Governance regulations adopted by Senior Management, including the principles set out in the present Guidelines;
- (2) Assess properly the Corporate Governance regulations, with their complementary policies and procedures, and formulate opinions about their adequacy, efficiency and effectiveness;
- (3) Give the required priority to the implementation of Corporate Governance regulations, especially when the Bank is operating outside Lebanon and when it undertakes acquisition and merger operations, so as to avoid divergence in organizational data within the Group.

## 8. POLICIES FOR MANAGEMENT COMPOSITION

- (1) The Board of Directors shall ensure that its composition, structure, policies and processes meet all relevant legal and regulatory requirements, and achieve corporate governance goals as per the Bank's practices.
- (2) The Board of Directors shall maintain policies to attract, retain, develop and motivate executives and employees. The Board shall develop a culture of fairly evaluating effort and rewarding performance, and develop and maintain a coherent, ethical system of values and incentives for human resource development throughout the Bank.
- (3) The Board shall appoint and, if necessary dismiss the Chairman and General Manager, and shall determine his/her annual remuneration.

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(4) Directors' Qualifications: In order to be considered for the Board's proposal to the Ordinary General Assembly, a candidate should:

- have a history that indicates that he/she is committed to high ethical standards;
- have a clear sense of the balance between the legitimate interests and concerns of all the Bank's shareholders in taking decisions, rather than advancing the interest of one particular constituent;
- have the willingness and intellectual authority to challenge management, while working constructively as part of a team in an environment of trust;
- be ready to devote sufficient time and energy to discharging his/her duty as director;
- have skills, expertise and knowledge that complement those of the existing directors.

(5) The new Board, as a collective body, should present the following profile:

- knowledge of the financial industry, including, but not limited to, individuals that have or had leadership positions in financial institutions;
- business, governmental, non-profit or professional experience, including individuals that serve or have served as Chairman, CEOs or senior managers in large organizations, and have a reputation that demonstrates the ability to make important and sensitive judgment;
- adequate understanding of the Bank's client universe, and of the geographic environment in which the Bank operates;
- international and regional (MENA) experience;
- financial expertise to provide effective oversight of a diversified financial services business.

(6) The Board should comprise an adequate number of board members and should be able to exercise objective judgment independent of both the views of executive and of inappropriate political and personal interest. Therefore, the Board shall be comprised of a majority of qualified non-executive members who are capable of exercising sound objective judgment.

(7) Directors Incompatibilities: The following professional affiliations are incompatible with the position of Board member:

- an executive, board member or employee or any other affiliation that implies a duty of loyalty to one of the Bank's competitor or any other institution the interests of which might conflict with the interests of the Banks or its shareholders;
- a consultant or external advisor of the Bank or a partner or employee of a firm that is consulting or advising the Bank, including its external auditors.

(8) Directors Election:

- The Ordinary General Assembly shall elect the members of the Board, and grant the required authorizations in accordance with the provisions of the Commercial Law. Said General Assembly shall vest this Board with the necessary powers in order to undertake the activities that were not vested by Law or by the Bylaws, and in general, it shall determine the authorities granted to the Board of Directors.

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(9) Directors Revocation:

- The Ordinary General Assembly may at any time revoke the Board Members;
- There is no age limit for retirement for Board Members;
- All executive or employee members of the Board should resign upon their retirement or departure from the Bank or the Group.

## 9. THE BOARD OF DIRECTORS

### A- Board's Internal Regulations

#### (1) Composition and Period

- 1.1 The Management of the Bank shall be entrusted to a Board of Directors, composed of no less than three members, and no more than twelve members, elected by the Ordinary General Assembly. Such Assembly may at any time revoke the Board Members.
- 1.2 The Board of Directors shall consist of a number of Directors with a majority of Lebanese nationals.
- 1.3 Members of the Board of Directors are elected for a maximum period of three years; by one year it is understood the period elapsing between the meetings of two consecutive Annual Ordinary Assemblies; they may be reelected consecutively.
- 1.4 If, in the intervening period between two Annual Meetings, the number of members in office drops below three by death or resignation, or for any other reason, the remaining Board Members must convene a General Assembly within a maximum period of two months, in order to fill the vacant posts.
- 1.5 All companies which are Shareholders in the Bank shall have the right to be members of the Board of Directors, and shall be represented in the Board by a person vested for this purpose, who is not required to be personally a Shareholder in the present corporation. Such companies have absolute authority to replace their representatives during the performance of their term and duties in the Board of Directors.
- 1.6 None may be called to directorship if he/ she has been declared bankrupt and has not been rehabilitated over the last ten years at least, or convicted in Lebanon or abroad within the last demeanor involving an act or attempt of forgery, theft, fraud or breach of trust, or a misdemeanor subject to penalties for fraud, embezzlement of funds or securities, or for issuing in bad faith checks without provision, or for

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attempting to cause damage to the financial position of the state or for hiding chattels obtained through such offenses. The same conditions apply to the representatives of corporate bodies on the Board of Director.

- 1.7 No member may be a member of more than six Boards of Directors of Joint Stock companies having their principal office in Lebanon. Any Director of more than seventy years of age may not be a Director in more than two companies.
- 1.8 The members of the Board may not take part in the management of a Lebanese Bank having similar objects to the Bank, unless they obtain an authorization in this regard, which must be renewed each year.

## (2) Qualified Shares

- 2.1 Each member of the Board of Directors must at least hold One Hundred Shares through out the duration of his term. Such Shares are not negotiable to secure the individual and collective liability of the Directors for all acts of mismanagement of which they might be liable.
- 2.2 Such Shares will not be returned to the Director until he has duly obtained a final discharge from the General Assembly approving the accounts.

## (3) Calling of Directors to Meetings

- 3.1 The Board of Directors shall meet at the Bank's Head Office or in any other place in Lebanon or abroad upon the call of the Chairman as the interest of the Bank requires.
- 3.2 The notice of the meeting shall be addressed by letter with acknowledgment of receipt or fax or by telex or telegram registered with a notice receipt or by publishing in two local newspapers accompanied by the Agenda one week at least before the date of the proposed Meeting.
- 3.3 When the notice cannot be communicated personally to a Director, any notification to this effect made to any person of age in his actual or elected domicile shall be considered valid and sufficient.

## (4) Quorum and Voting

- 4.1 All debates of the Board shall be considered as valid if the members of the Board present or represented in such Meeting represent at least the majority of the Board of Directors Members.

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Any member may delegate any of his colleagues to represent him and vote on his/her behalf provided that each member can only represent one other member.

4.2 The resolutions of the Board are adopted by a majority of the votes of the members Directors, attending or represented. If the number of votes is equal, the vote of the Chairman shall prevail.

#### (5) Authority of the Board

5.1 The scope of authorities of the Board of Directors shall be determined by the General Assembly.

5.2 The Board may vest the Chairman and/or the General Manager with part of its authorities according to Article 157 of the Commercial Code.

5.3 Any Agreement reached between the Bank and a Director is subject to the prior approval of the General Assembly, whether such Agreement is transacted directly, indirectly or through a middle person. Acts covering operations between the Bank and its customers are exempted from these provisions.

5.4 Equally subject to the aforesaid authorization is any transaction passed between the Bank and any other corporation in which one of the Bank Directors is an owner, an active or ordinary partner, a Manager or a Board member. Any member of the Board who may be in one of these cases is required to advise the Board of Directors accordingly.

5.5 The Board of Directors and the auditors shall submit – separately – to the General Assembly a report on the transactions to be concluded, and the General Assembly shall take its decision in light of these two reports. Authorization must be renewed every year if it concerns transactions involving long-term consecutive commitments.

#### (6) Obligations of the Board

The Board of Directors is required to:

- 1- Ascertain that the Bank has been duly established such task to be conducted by the first Board of Directors;
- 2- Accomplish all the legal formalities required for the publication and for the registration with the court register, as well as the Commercial Register.
- 3- Carry out the resolutions passed by the General Assembly.

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- 4- Establish at the end of the semester of each financial year a summary statement regarding the Company's situation with all its liabilities, assets and receivables.
- 5- Establish, at the end of each financial year, the inventory, the balance sheet, the profits and losses statement, as well as all reports required by Law.
- 6- Convene the Shareholders' General Assembly.
- 7- Set up the legal and other reserves.

#### (7) Responsibilities of the Members of the Board

The members of the Board of Directors are responsible even towards third parties for all fraudulent acts and all infringements of the Law or these Articles of Association. Members of the Board are also responsible towards the shareholders for their management mistakes.

The Bank is entitled to bring an action against the members of the Board for their management faults. Failing to do so, any Shareholder shall be entitled to act on behalf of the Bank prorata to his equity interest.

Article 170 of the Commercial Code shall be applied with respect to the apportionment of responsibilities among such members or among part of them.

Conflict of interest may arise as a result of the various activities and roles of the Bank and its various stakeholders. The Board should ensure that policies to identify potential conflict of interest are developed and implemented and, if these conflicts cannot be prevented, are appropriately managed.

The Board should ensure that appropriate public disclosure (in the Bank's annual report) is made, and/or information is provided to supervisors, relating to the Bank's policies on conflict of interest and potential conflict of interest.

#### (8) Resolutions of the Board

- 8.1 The resolutions of the Board of Directors shall be recorded in minutes in a special register.
- 8.2 The said minutes may be used as proof towards third parties.
- 8.3 The Chairman of the Board of Directors, and in his absence, the General Manager, shall certify extracts drawn from the said minutes intended to be produced in Courts or before Public and Private Administrations or any person whomsoever.

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(9) Chairman of the Board, Vice Chairman, General Manager and Delegated Board Members

- 9.1 The Chairman is elected among the members of the Board for a period of time not exceeding the duration of his office in the Board; the Chairman must be a member of the Board in his personal capacity and not as representative of a corporation. The Chairman's election may be renewed consecutively.
- 9.2 The Chairman is not entitled to be a Chairman in more than four Lebanese joint stock companies provided that he appoints a General Manager for two out of the four companies.
- 9.3 If necessary, the Board may elect a Vice Chairman, and in case of absence of the Chairman and an appointed Vice Chairman, the Directors may elect for each Meeting one of the members to chair the Meeting.
- 9.4 The Chairman shall act as General Manager of the Bank, and may recommend to the Board the appointment of an Assistant General Manager to act on his behalf and at his personal liability.
- 9.5 If the Chairman is temporarily unable to carry out his duties, he may appoint one of the Directors to perform all or part of such duties, provided that such appointment is for a limited period of time.
- 9.6 In case the Chairman becomes permanently unable to perform his duties, the Board of Directors shall consider him to have resigned, and shall elect another Chairman.
- 9.7 The Board may appoint a Secretary who may not be a Director, for a period not to exceed the mandate of the Board of Directors.

(10) Authorities of the Chairman of the Board

The Chairman of the Board of Directors shall represent the Bank towards third parties and shall implement the Board resolutions and exercise such authorities as may be determined by the Board and under its supervision. He should ensure that Board decisions are taken on a sound and well informed basis and that dissenting views can be expressed and discussed within the decision making process.

B- Specialized Committees

The Bank must submit its decisions related to facilities and placements of its available funds, real estate investments, participations and operations for its own account on structured products and derivatives, to the prior approval of specialized committees created and operating according to the rules set by the Board of Directors.

The following Committees have been constituted among members of the Board:

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- a- Board Risk Management Committee;
- b- Anti-Money Laundering and Counter-Terrorism Financing Committee;
- c- Audit Committee;
- d- Nomination and Remuneration Committee.

Other specialized Committees have been constituted upon the Chairman- General Manager's recommendation and their Charters duly approved by the Board:

- a- Executive Committee;
- b- Credit Committee;
- c- Asset Liability and Risk Management Committee;
- d- Investment and Participation Committee;
- e- Information Security and Cyber Security Committee;
- f- Fiduciary Operations Management and Control Committee;
- g- Subsidiaries Control Committee;
- h- Marketing Committee.

The Chairman and members of the Committees are to be elected by the Board of Directors.

The Board may establish additional Committees as necessary and appropriate.

## 10. CORPORATE GOVERNANCE IN THE GROUP

In the Group structure, the Board of the Bank, being the parent company, has the overall responsibility for adequate corporate governance across the Group and ensuring that there are governance policies and mechanisms appropriate for the structure, business and risks of the Group and its entities.

The Board of the Bank should exercise adequate oversight over subsidiaries, while respecting the independent legal and governance responsibilities that might apply to regulated subsidiaries boards. In particular, it should:

- a- Establish an adapted governance structure which contributes to the effective oversight of subsidiaries;
- b- Ensure that enough resources are available for each subsidiary to meet both Group standards and local governance standards;
- c- Have appropriate means to monitor that each subsidiary complies with all applicable governance requirements.

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## 11. THE SENIOR MANAGEMENT

### 4.1 Appointment of Directors in Managerial Posts

Directors may assume managerial posts in the Bank, against remuneration to be fixed by the Board of Directors. However, such Directors shall not benefit from the provisions of the Labor Laws unless they shall have been employed by the Bank for at least two years before their election as Directors.

The Chairman may recommend to the Board the appointment of an Assistant General Manager to act on his behalf and at his personal liability, and shall determine his/her prerogatives by virtue of internal circular to be notified as needed.

### 4.2 Senior Management

Senior Management is responsible and should be held accountable for overseeing the day-to-day management of the Bank. These individuals should have the necessary experience, competencies and integrity to manage the businesses under their supervision as well as have appropriate control over the key individuals in these areas.

Senior Management contributes substantially to the Bank's sound corporate governance through personal conduct by:

- a- Providing adequate oversight of those they manage;
- b- Ensuring that the Bank's activities are consistent with the business strategy, risk tolerance/ appetite and policies approved by the Board.

Senior Management is responsible for delegating duties to the staff and should establish a management structure that promotes accountability.

Senior Management should remain aware of its obligations to oversee the exercise of such delegated responsibility and its ultimate responsibility to the Board for the performance of the Bank.

Senior Management should implement appropriate systems for managing the risks- both financial and non-financial- to which the Board is exposed. This includes 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.

The CEO is responsible for arranging, maintaining and documenting a clear and appropriate division of the principal responsibilities between its BOD and senior management so that:

- it is clear who is responsible for all operations and functions,
- the business and affairs of the Bank are adequately monitored and overseen by the BOD and senior management.

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The CEO is responsible for overseeing the establishment and implementation of the Bank's systems and controls.

#### 4.3 Board Committees and Specialized Committees

##### A- BOARD RISK MANAGEMENT COMMITTEE

**Mission & Scope:** The Board Risk Management Committee (BRMC) shall be composed of not fewer than three non executive Directors, each of whom shall be totally independent and appointed from amongst the non-executive of the Bank for a period of 3 years. Its mission is to Review and manage risk issues and policies, ensure that the Bank's risk policies are complied with and procedures are being consistently applied in all locations, consider and propose changes to existing risk related policies/procedures as and when appropriate. The BRMC reviews reports and findings identified by the Risk Management Department and asset liability management, including the different risk limits that are recommended for ultimate approval by the Board, and reviews strategy set by ALCO to manage liquidity and interest rate risks in business as usual scenarios and under stress testing.

The key responsibilities of the BRMC are to:

1. Assess risk strategy and ensure that it is aligned with the Bank's overall objectives.
2. Oversee the implementation of the business plans/portfolio strategies and set accordingly the prudential limits/ceilings:
3.
  - a. Maximum exposure to an individual counterparty
  - b. Maximum exposure to an industry
  - c. Maximum exposure to one security
  - d. Geographical diversification
  - e. Sovereign/country risk limit
4. Overview the delegation of credit approval authorities by the Credit Committee.
5. Approve, and oversee the implementation of a firm-wide operational risk framework to explicitly manage each and every source of operational risk as a distinct risk to the bank's safety and soundness, including:
  - a. Technology risk: technological failure, programming errors, deteriorating systems, contingency planning.
  - b. Employee risk: human error, internal fraud, confidentiality breach.
  - c. Customer risk: client dissatisfaction, contractual disagreement.
  - d. Capital asset risk: safety, security, fire/flood, insurance coverage.
  - e. External risk: external fraud, legal risk, collapse of markets, war.
  - f. HR risk: Hiring practices, Compensations and bonuses regulations, workplace safety, diversity and discrimination.

The framework includes an appropriate definition of operational risk, policies outlining the bank's approach to managing operational risk, and clear lines of management responsibility, accountability and reporting.

6. Review the Bank's practices and ensure that risk policies are efficient, appropriate, and are being complied with.
7. Ensure that the Bank is always in conformity with the Basel requirements concerning risk measurement and management.
8. Review the comments issued by the Banking Control Commission that relate to risk; oversee and monitor management's response thereto; and report as necessary to the Audit Committee and the Board of Directors concerning the results of such examinations and the progress of management in implementing any corrective action.

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9. Review the results of internal audits that relate to risk as defined by the Bank; oversee and monitor management's response thereto; and report as necessary to the Audit Committee and the Board of Directors concerning the results of such audits and the progress of management in implementing any corrective action.
10. Review the annual external audit reports.
11. Manage and control Reputation risk by overseeing how the management deals with negative publicity about the Bank, related mostly to cases of money laundering and bad customer service and which may have potential impact on the Bank's earnings and market shares.
12. Oversee the work of the AMLCC, Credit Committee and ALCO, by reviewing reports prepared by said committees.

#### **B- ANTI MONEY LAUNDERING AND COUNTER-TERRORISM FINANCING COMMITTEE**

##### **MISSION & SCOPE:**

The AML/CTF Board Committee is established based on the recommendations of the BDL intermediary circular number 421 dated May 4, 2016. The mission of the committee is to ensure that the Bank is in compliance with anti-money laundering laws (mainly Law Number 44 dated November 24, 2015) and to ensure that the internal anti-money laundering procedure (KYC policy) is comprehensive, clear and is followed by all Bank staff. The committee will be copied and will review all reports made by the AML Unit.

The committee is concerned with all reports issued by any of the following:

- AML & CFT Unit
- Special Investigation Commission
- Internal Audit reports on anti-money laundering
- External Auditors reports on the subject matter

The AMLC & CTF Committee's key responsibilities are to:

- a. To support the Board of Directors in its functions and supervisory role with respect to fighting money laundering and terrorism financing and understanding the related risks, and to assist it with making the appropriate decisions in this regard.
- b. To review, from a risk-based approach, the reports submitted by the AML Unit and the Internal Audit Unit on adopted procedures, unusual operations and high-risk accounts, regarding cash deposits and withdrawals, transfers, exemptions from filling Cash Transaction Slips (CTS) and the link between these operations and economic activities, and to also take the relevant decisions.
- c. To ensure that the AML Unit is given enough authority to carry out its duties independently, to note that the performance of the Head of AML Unit shall be directly evaluated by the Head of Legal and Compliance Department who will communicate the results of the evaluation to the Human Resources Department and to the AML/CTF Board Committee.

#### **C- AUDIT COMMITTEE**

##### **Mission & Scope:**

- Overseeing the Audit function;
- Facilitate the effective surveillance by the Board of Directors of the implementation of the general strategy as defined by the latter;
- Assist the Board of Directors in the oversight of:

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The integrity of the Bank's financial statements

The safeguard of the assets and income of the Bank

The external auditor's qualifications and independence

The performance of the Bank's internal audit function and external auditor

The compliance with the Bank's ethical standards, policies, plans and procedures, and with applicable laws and regulations.

- Encourage the communication between the Directors, the Internal Audit, the Statutory Auditors and the Lebanese Banking Control Commission members;
- Submit a report on the tasks accomplished to the Board of Directors once a year at the meeting of the latter preceding the Annual General Meeting of the shareholders, which approves the Financial Statements for the preceding year.
- Review internal control regulations and procedures, including procedures relating to fighting money laundering and terrorist financing, in order to ascertain their efficiency and effectiveness.
- Discuss the main financial and administrative reports prepared by the Senior Management, the Internal Audit Unit (IAU), the auditors, or the control authorities, about any weakness in the internal control regulations and procedures.
- Coordinate work between the IAU and the auditors, particularly when each of them is reviewing these regulations and procedures.

The Audit Committee's key responsibilities are to:

- Directly oversee the IAU to ascertain its independence from the Senior Management and the objective performance of its tasks.
- Approve the IAU's remunerations.
- Propose the IAU's Chief's appointment or dismissal.
- Meet on a quarterly basis and when necessary with the IAU's Chief to discuss the Unit's activities, and also once a year, at least, without the attendance of any member of the Senior Management.
- Approve the IAU's Manual of Procedures and, when necessary, propose its amendment, in addition to ensure all the human and material resources needed for its application.
- Review all the Unit's reports.
- Give its opinion about any agreement the bank would like to conclude with any specialized institution for performing all internal control tasks (outsourcing) or part thereof (co-sourcing).

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The Audit Committee shall also:

- Give its opinion about auditors before their appointment, and determine the conditions of their appointment including their annual remuneration.
- Evaluate the auditors' performance, independence and objectivity.
- Discuss with the Management and the auditors the financial statements to be published.
- Discuss the main remarks and recommendations included in the auditors' reports and report them to the Board of Directors.
- Meet with the auditors once a year at least and whenever necessary to enquire about their activities and discuss the results of their assignments.

#### **D- NOMINATION & REMUNERATION COMMITTEE**

**Mission & Scope:** In compliance with Basic Circular No. 133 issued by the Central Bank of Lebanon on August 6, 2014, relating to Remunerations and Bonuses granted to Bank Employees, and in accordance with the Corporate Governance and Business Ethics Guidelines which were approved by the Bank's Board of Directors during its meeting held on June 3, 2011, a Nomination and Remuneration Committee (NRC) shall be established, the purpose of which shall be to oversee the financial aspects of the hiring process of staff, and to fulfill the Bank's corporate governance responsibilities with respect to remuneration by reviewing and making appropriate recommendations on remuneration packages and incentives of management and employees.

#### **THE NRC'S KEY RESPONSIBILITIES ARE TO:**

##### **a- Nomination:**

- 1- Establish the Bank's general hiring policy;
- 2- Develop evaluation criteria;
- 3- Undertake annual hiring review;
- 4- Monitor and review outcomes of the established hiring system and ensure the latter's operation is as intended;
- 5- Oversee the final selection;
- 6- Ensure the proper implementation of the procedures prescribed in the Succession Plan;
- 7- Review the Succession Plan and recommend amendments to the Board as needed.

##### **b- Remuneration:**

1. Prepare the Remuneration Policy and the Remuneration System and submit them both to the Board of Directors for approval.
2. To supervise the proper implementation of both the Remuneration Policy and Remuneration System, through periodic reports submitted to the Committee by the HR Department.
3. To review periodically, at least annually, the rules/principles on the basis of which the Remuneration Policy is implemented and to submit to the Board of Directors any related recommendations concerning the Policy modification and update.
4. To assess periodically the Remuneration Policy efficiency and effectiveness in order to ensure that its objectives are reached, and to request from the Senior Executive Management the information needed for the assessment, on the basis of a report submitted to the Committee by the Legal and Compliance Department.

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5. To evaluate accurately the total granted remunerations, and compare them against the future expected revenues in order to avoid any likely negative results. Such evaluation shall be included in a joint report to be presented to the Committee by the HR and Finance Departments.
6. To submit to the Board of Directors specific proposals about the Senior Executive Management remunerations.
7. To submit yearly reports on the compliance with the Bank's Corporate Governance and Business Ethics Guidelines. The HR shall be responsible of ensuring compliance of all staff with Business Ethics regulations and internal policies and procedures and report to the NRC in this respect; while the Company Secretary shall disclose to the NRC the extent to which the Bank is complying with the Corporate Governance policies and procedures.
8. To make sure, through reports submitted by the HR Department, that BDL circulars on Remunerations have been forwarded to all the employees of the bank and that the Remuneration Policy complies with BDL regulations.
9. To verify that the disclosure principles adopted by the bank are consistent with the provisions of Articles 13 and 14 of BDL Basic Circular No. 133.
10. To coordinate closely with the Risk Management Committee, upon assessing the remunerations and their related risks and upon reviewing the Remuneration Policy, in order to ensure its efficiency and adequacy to "effective performance". The Risk Department shall submit reports to the Committee to this effect.

c- General:

- 1- Review strategic human resources policies and practices for FFA Private Bank Group;
- 2- Review and reassess the adequacy of this Charter and recommend revisions to the Charter to the Board.

#### **E- CREDIT COMMITTEE**

Mission & Scope: The Credit Committee (CC) is the highest credit authority in the bank. Its mission is to review and approve credit proposals, set the rules and guidelines of Margin Accounts and review the application of such rules and guidelines.

The CC's credit limits should not exceed the Bank's regulations, authorized lending limits and comply with local and international laws and regulations.

The key responsibilities of the CC are to:

- Approve credit proposals recommended by divisions of the Bank
- Set the rules applicable to Margin Accounts, advances on securities, and other engagements or risks related to Clients' transactions on Securities or other financial Instruments.
- Prepare monthly reports of the credits granted to clients, and submit them to the Board of Directors every 6 months including Margin accounts and Clients' Market Engagements and Risks.
- Approve decisions by the Chairman- General Manager to grant credits individually. Otherwise, said matters will be submitted to the BOD.

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- Provide the Board of Directors periodically with its recommendations concerning the investment decisions which value exceeds 1% of the Bank's principal net assets or the amount of one million American Dollars, whichever is less, for each investment proposal.

The CC's credit limit will not exceed the Bank's regulatory lending limit.

#### F- ASSET LIABILITY AND RISK MANAGEMENT COMMITTEE

##### Mission & Scope:

- Monitor the compliance with approved regulatory ratios (capital adequacy and liquidity)
- Review and manage the following issues:
  - Liquidity, FX, Market, and interest rates risks
  - Counterparty risk
  - Asset Liability Management risk Litigation Risk and Policies
  - Other Reputation risk
- Consider and propose changes to existing risk related policies/procedures as and when appropriate.
- Act as the platform where issues related to the implementation of Basel 2 projects will be discussed and followed-up through the feedback from related steering committees

##### The key responsibilities of the Committee are to:

- Manage the Liquidity Position:

Liquidity ratio is to be agreed upon on Committee meetings.

The objective of the Committee is to have sufficient funds on hand to meet the Bank's obligations.

Obligations include mainly runoff on deposits and liabilities and increases in loan demands.

- Manage the interest rates position:

The objective of the Committee is to reduce the risk of a decrease in the Bank's net interest margin and the risk of a decrease in the market value of equity in a volatile interest rate environment.

- Manage Market Risk:

The objective of the Committee is to minimize the risk of a loss in on- and off-balance sheet positions that the bank may experience as a result of unfavorable movements in market prices. The main exposure to market risk in the Bank is in the fixed income securities portfolio, the equity investment portfolio and the foreign exchange exposures.

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- Oversee the implementation and approve the proprietary trading and investment strategies and procedures and fix accordingly the prudential limits/ceiling regarding market risk:

Maximum exposure to an asset class

Maximum exposure to an industry

Maximum exposure to one security

Geographical diversification

Sovereign/country risk limit

- Manage and control various risks such as:

Reputation risk: oversee how the management deals with negative publicity about the Bank, related mostly to cases of money laundering and bad customer service and which may have potential impact on the Bank's earnings and market shares.

Litigation risk: oversee how the management deals with client complaints and assess related risk.

- Oversee, manage and control risks related to Asset/liability Management and ensure compliance with the general principle of matching between maturities of assets and liabilities.

#### **G- INVESTMENT AND PARTICIPATION COMMITTEE**

Mission & Scope: The mission of the Investment and Participation Committee (IPC) is to approve specific investment decisions in real estate and participations in Financial or non-Financial Companies.

The IPC's key responsibilities are to:

- Define investment needs such as nature, specifications, terms....
- Set up a strategy which guarantees the Bank will not be subject to risks it cannot bear as a result of the investment decisions or their consequences.
- Assess the feasibility study of proposed investment in terms of their future return, and subject the Bank to Stress Testing Scenarios in order to measure its capacity to bear the changes in the Risk factors and their impact on the Bank's financial status.
- Provide the Board of Directors periodically with its approval concerning the investment decisions which value exceeds 1% of the Bank's principal net assets or the amount of one million American Dollars, whichever is less, for each investment proposal.

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- e. Study the credit risks the bank may encounter and set ceilings and restraints ensuring the balanced distribution and diversification of these risks, notably concerning the Economical Sectors and regions.

#### **H- INFORMATION SECURITY AND CYBER SECURITY COMMITTEE**

##### Mission & Scope:

- a. Strategic alignment of information security and information systems with business strategy to support organizational objectives
- b. Risk management by executing appropriate measures to manage and mitigate risks and reduce potential impacts on information resources to an acceptable level
- c. Resource management by utilizing information security and information systems knowledge and infrastructure efficiently and effectively
- d. Performance measurement by measuring, monitoring and reporting information security governance metrics to ensure that organizational objectives are achieved
- e. Value delivery by optimizing information security investments in support of organizational objectives

This committee serves as an effective communication channel for management's aims and directions and provides an ongoing basis for ensuring alignment of the security program with organizational objectives. It is also instrumental in achieving behavior change toward a culture that promotes good security practices and policy compliance.

##### The Committee's key responsibilities are to:

- 1. Review and advise the extent to which security initiatives meet business objectives
- 2. Serve as a steering committee for all Information Security and Cyber Security projects where security is sensitive.
- 3. Set Information Security and Information Systems priorities
- 4. Set Information security and Information Systems direction and strategy and drive policies
- 5. Provide resources to information security and information systems efforts as per priorities and needs
- 6. Support change and define cultural values related to risk awareness.

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7. Ensure all Security issues raised by internal and external auditors are carefully addressed
8. Require monitoring and metrics to ensure the effectiveness and the efficiency of Information Security and Information Systems investments
9. Ensure that security is considered an integral part of all business solutions development.

#### **I- SUBSIDIARIES CONTROL COMMITTEE**

Mission & Scope: Pursuant to BDL Basic Circular 110 dated August 16, 2007, a Subsidiaries Control Committee (SCC) shall be established to follow-up, monitor and control the status and activities of the Bank's subsidiaries, the latter being branches abroad, affiliated banks of financial institutions abroad, in which FFA Private Bank holds, directly or indirectly, a minimum of 40% of the voting rights, or whose management is effectively controlled by FFA Private Bank, regardless of the latter's stake.

The SCC's key responsibilities are to:

1. Examine the reports, financial statements and documents submitted by the subsidiaries, and to express opinions about them;
2. Ask for clarifications and additional information;
3. Require from subsidiaries the taking of remedial measures, and verify the implementation of these measures;
4. Propose, when needed, the sending of a team to subsidiaries for the purpose of on-site discussion and assessment of their strategy, performance, results and risks;
5. Provide the Bank's Board of Directors with summaries of its minutes of meetings, and with the quarterly report (business letter) submitted by each subsidiary.

#### **J- EXECUTIVE COMMITTEE**

Mission & Scope:

The Executive Committee is the executive advisory and management committee of the Bank. It is presided by the CEO.

Its mission is to provide strategic and executive guidance to the CEO and assist him/her in the management of the Bank.

The Executive Committee has authority in all matters of management that are not within the duties and authorities of the Board or of the shareholders' general meeting.

The Committee's key responsibilities are to:

- Take whatever measures necessary to facilitate the execution and implementation of the Board of Directors' resolutions;
- Define the policies and procedures governing the work environment at the Bank;
- Ensure the effective and efficient running of the day-to-day operations across the Bank;

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- Act as the highest level of escalation for all managerial matters; and
- Ensure full adherence to the local regulatory authorities, circulars and recommendations.

#### **K- FIDUCIARY OPERATIONS MANAGEMENT & CONTROL COMMITTEE**

##### Mission & Scope:

The mission of the Fiduciary Operations Management and Control Committee (FOMCC) is to set the appropriate fiduciary placement policies, manage fiduciary operations and control and manage the risks deriving therefrom.

##### The Committee's key responsibilities are to:

1. Define the overall limit for all fiduciary placements;
2. Define limits for placement options as listed in the Term Fiduciary Investment Instruction Letter and for other discretionary accounts;
3. Follow-up on the non-discretionary fiduciary transactions and ensure their sound execution and their conformity with agreements and instructions, and follow-up on their outcome and on whether clients are being informed of their position and of the outcome of their placements;
4. Review discretionary accounts on a periodical basis and ensure their compliance with defined limits;
5. Discuss and approve periodical reports submitted by Risk Management relating to fiduciary operations;
6. Discuss periodical reports submitted by the Internal Audit relating to fiduciary operations and take appropriate measures in order to comply with Internal Audit recommendations.

#### **L- MARKETING COMMITTEE**

##### Mission & Scope:

The Marketing Committee's role is to review all matters related to the external and internal communication of the Bank.

##### The Committee's key responsibilities are to:

- 1- Discuss and approve marketing and communication plans for products and services offered by the Bank;
- 2- Approve an annual and/or seasonal budget for the bank's activities (media schedules, corporate gifts, promotional items...) prepared by the Marketing Coordinator;
- 3- Evaluate marketing results;
- 4- Discuss and approve proposed sponsorships related to the Bank's social responsibility activity;
- 5- Discuss and approve the Bank's publications;
- 6- Discuss and approve proposed corporate gifts and promotional items;
- 7- Review and assess marketing activities reports prepared by the Marketing Coordinator.

## **12. THE INDEPENDENT CONTROL FUNCTIONS**

### **12.1. INTERNAL AUDIT**

The scope of the work of the Internal Audit Unit shall include all programs, activities, group divisions, and departments administered by the Bank. The Internal Audit Unit shall

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determine whether the Bank's networks of risk management, control and governance processes are adequate and functioning in a manner to acknowledge that:

- a. Risks are appropriately identified, quantified and their impact assessed;
  - b. Risk management systems and procedures are reliable and integral;
  - c. The Bank is complying with risk policies in terms of reviewing and assessing credit, market, and operational risks;
  - d. Appropriate policies and procedures have been developed to manage the identified risks;
  - e. The Bank's and client's assets are safeguarded;
  - f. Proper due diligence is conducted on sub-custodians and correspondents;
  - g. Interaction with the various governance groups occurs as required;
  - h. Significant financial, managerial, and operating information is accurate, reliable, and timely;
  - i. Activities are in compliance with policies, standards, procedures and applicable BDL & BCC regulations;
  - j. Resources are acquired economically, used efficiently and protected adequately;
- Programs, plans and objectives are achieved;
- k. Quality and continuous improvement are fostered in FFA Private Bank SAL's control process; and
  - l. Significant legislative or regulatory issues impacting FFA Private Bank SAL are recognized and addressed appropriately.

The IAU must be independent from operational and business functions and have unrestricted access to all relevant records of the Bank

The Unit must review and report on the bank's financial statements, books and records at least annually, and is also responsible for assessing internal controls and risk management policies and procedures.

All internal audit reports must be recorded and retained on file for at least 10 years.

The IAU shall coordinate with the Bank's subsidiaries in order to assess the adequacy of the overall financial control environment, assess the adequacy of key financial and accounting internal controls, evaluate compliance with significant corporate policies and procedures, and identify opportunities for process and internal control improvement.

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Opportunities for improving operations, management control system, and FFA Private Bank SAL image may be identified during audit assignments. They will be communicated to the appropriate level of management.

## 12.2. CORPORATE SECRETARY/ SHAREHOLDERS RELATIONS OFFICER

The Corporate Secretary appointed by the Board of Directors plays a pro-active and central role in the governance of the Bank. All Directors should have access to the advice and services of the Corporate Secretary, who is responsible to the Board for ensuring that Board procedures are followed and that applicable rules and regulations are complied with. Any question of the removal of the Corporate Secretary should be a matter for the Board as a whole.

The Corporate Secretary has high level responsibilities including governance structures and mechanisms, corporate conduct within the Bank's regulatory environment, board and shareholders meetings, compliance with legal and regulatory requirements, the training and induction of non-executives, contact with regulatory and external bodies, reports and circulars to shareholders, the negotiation of contracts.

The Corporate Secretary will need to fulfill the following duties:

### a. Board Meetings

Facilitating the smooth operation of the company's formal decision making and reporting machinery; organizing Board and Board Committees meetings (e.g. Credit, Assets and Liabilities and Risk Management, Audit Committees etc.); formulating meeting agendas with the Chairman and CEO and advising management on content and organization of memoranda or presentations for the meeting; collecting, organizing and distributing such information, documents or other papers required for the meeting; ensuring that all meetings are minuted and that the minute books are maintained with certified copies of the minutes and that all board committees are properly constituted and provided with clear terms of reference.

### b. General Assembly Meetings

Ensuring that the General Assembly meetings are held in accordance with the requirements of the Bank's Articles of Association; preparing all documentation

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for circulation to shareholders; preparing and issuing notices of meetings, and distributing proxy forms. At meetings, ensuring that proxy forms are correctly processed and that the voting is carried out accurately; coordinating the administration and minuting of meetings.

c. Memorandum & Articles of Association

Ensuring that the Bank complies with its Memorandum and Articles of Association and, drafting and incorporating amendments in accordance with correct procedures.

d. Statutory Registers

Maintaining the following statutory registers:

- Shareholders
- Directors and Secretary

e. Statutory Returns

Filing information with the Companies Registrar to report certain changes regarding the Bank or to comply with requirements for periodic filing. Of particular importance in this regard are: amended Memorandum & Articles of Association, notices of appointment, removal and resignation of Directors and the Secretary, notices of removal or resignation of the auditors, change of registered office, resolutions in accordance with The Bank's Articles of Association.

f. Report & Accounts

Coordinating the publication and distribution of the Bank's annual report and accounts and interim statements, in consultation with the Bank's internal and external advisers, in particular, when preparing the directors' report.

g. Share Registration

Maintaining the Bank's register of shareholders; dealing with transfers and other matters affecting share-holdings; dealing with queries and requests from shareholders.

h. Shareholder Communications

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Communicating with the shareholders (e.g. through circulars); arranging payment of dividends and interest; maintaining good general shareholder relations.

i. Corporate Governance

Continually reviewing developments in corporate governance; facilitating the proper induction of directors into their role; advising and assisting the directors with respect to their duties and responsibilities, in particular compliance with Company Law and Central Bank of Lebanon requirements.

j. Company Seal

Ensuring the safe custody and proper use of the Bank's seals.

k. Subsidiary Companies

Ensuring that procedures are in place for the correct administration of subsidiary companies and that correct information is given to the holding company; maintaining a record of the group's structure.

l. General Compliance

Monitoring and laying in place procedures which allow for compliance with relevant regulatory and legal requirements; retaining the minimum set of records required for commercial reasons; ensuring that procedures are in place to allow adequate historical archive to be maintained.

The Corporate Secretary function is undertaken by the Head of Legal and Compliance Department.

### 12.3. COMPLIANCE

The Compliance Officer's function is independent within the Bank. It focuses on examining and promoting the Bank's compliance with the rules relating to integrity in banking. These rules are those derived from the Bank's own policy in this respect, those which are provided for in banking legislation (i.e. the banking law and its implementing decrees and regulations), and other legal and regulatory provisions that apply to the banking sector.

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The Compliance risk is defined as the risk that the Bank may suffer as a result of its failure to comply with applicable laws, regulations, code of conduct and standard of good practices. The consequence of a compliance risk is a reputation damage entailing sanctions, financial loss and loss of new business and/or trust in the Bank's integrity as a whole

The scope of the Compliance function encompasses the educating, reinforcing and monitoring for adherence to the Bank's business principles. As well, the scope of the Compliance function relates to compliance risk-related laws, regulations and standards which are specific to the financial services industry and which are issued by banking regulatory bodies.

Applicable laws, regulations and standards of good practice relate to:

- a- Laws, regulations and circulars issued by the regulatory authorities;
- b- The prevention of money laundering and terrorist financing  
Confidentiality of information / Banking Secrecy;
- c- Professional ethics including the protection of the clients' interest;
- d- Insider trading and market abuse;
- e- Internal Code of Conduct;
- f- Whistle blowing;
- g- Conflict of interest;
- h- Transparency of product offerings.

The Compliance Officer acts independently from the business activities of the Bank in order to allow the carrying out of work in a free and objective manner.

The Legal and Compliance Department is composed of two Units, the AML & CFT Unit and the Legal Compliance Unit.

The AML Compliance Officer reports directly to the AML & CTF Committee, while the Legal Compliance Officer reports directly to the Executive Committee. He/She is authorized to perform his/her roles and responsibilities at his/her own initiatives, with possibility of escalation of any relevant issues and reporting significant incidents through the relevant Committees to the Board members and/or to the Internal Audit Unit – In this respect, a compliance report will be at least once a year submitted to the Board.

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#### 12.4. RISK MANAGEMENT AND CONTROL

Risk Management and Control involves the following:

(1) Review and manage the following risk issues:

- Credit risk and Policies
- Reputation risk

(2) Ensure that the Bank's credit policies are complied with and procedures are being consistently applied in all locations.

(3) Propose changes to existing risk management policies/procedures as and when appropriate.

(4) Issue a risk report and submit it to the ALCO and Risk Management Committee.

(5) Identify event and risk and report them.

(6) Implement and follow-up on Basel 2 projects.

(7) Implement the business plans/portfolio strategies and fixed prudential limits/ceilings:

- Maximum exposure to an individual counterparty
- Maximum exposure to an industry
- Maximum exposure to one security
- Geographical diversification
- Sovereign/country risk limit

(8) Undertake risk assessment taking into consideration /event Likelihood and their impact, and Event Interdependencies;

(9) Undertake Risk Measurement (Scenario Analysis and Stress-Testing)

(10) Implement the delegation of credit approval authorities by the Credit Committee.

(11) Ensure that credit risk policies are being complied with.

(12) Ensure that the Bank is always in conformity with the Basle requirements concerning credit risk measurement and management.

(13) Assess regularly the overall composition of the loan portfolios and the economic environment as credit risk is affected by changes in economic conditions.

(14) Manage and control various risks such as reputation risk.

#### 12.5. THE CUSTOMER RELATIONS UNIT

The Customer Relations Unit shall perform the following tasks:

- Develop the policy defining "The Principles of Banking and Financial Operations with Customers in accordance with BDL Basic Circular 134 dated 12/2/2015.

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- Create the procedures linked to this policy.
- Control the implementation of customer relations policy in all the business areas.
- Create a clear and easy mechanism for submitting claims.
- Develop, train and educate employees on how to deal/interact with customers
- Educate the staff by conducting on-going Customer relations, handling complaint trainings that are appropriate to the business segments in order to promote a transparency culture, awareness and understanding of risk and benefits of services and products.
- Develop and contribute in customer awareness, and education programs
- Create Key Fact Statement (not exceeding two pages) for every Product and/or Service offered by the bank.
- Take prior cognizance of ads, brochures, contract samples, account statements, and any other documents delivered to customers guaranteeing its clarity, transparency and consistency with the requirements of the relevant regulatory and implementation texts issued by BDL and BCC.
- Receive, sort, handle and solve customers' claims.
- Issue a quarterly report about customers' claims, its nature, handling and outcome.

The Board and Senior Management promote a culture of risk awareness and risk management within the Bank.

The risk management function is independent of the business units whose activity and exposures it reviews. While reporting to the Chairman- CEO, the Chief Risk Officer (CRO) has regular access to the Board and the Board Risk Management Committee.

The Board and the Banking Control Commission are to be informed of the dismissal of the CRO, and of the reasons of such dismissal.

## 12.6 AUDITORS

The Bank must appoint an external auditor acceptable to the Capital Markets Authority to review and report on its financial statements and operations in accordance with the BDL regulations and by the Code of Commerce.

The auditor must review and report on the Bank's financial statements, books and records within 120 days of its fiscal year end.

## 13. SEGREGATION OF FUNCTIONS

The Bank must establish policies and procedures for the appropriate separation of functions within its operations including:

- separation of compliance and control functions from persons dealing with clients, and
- separation of corporate finance and investment banking functions from other functions.

The above policies and procedures must be designed to secure and maintain the confidentiality of confidential information relating to clients, including inside non-public information.

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#### 14. EMPLOYEES AND AGENTS

The Bank must take appropriate steps to satisfy itself that its employees and agents are qualified and suitable to carry out the responsibilities assigned to them.

The Bank must establish a program to ensure that employees and agents are suitably trained for their responsibilities and to comply with regulatory requirements applicable to them.

The Bank is responsible for the conduct of its registered persons and for ensuring that they remain fit and proper to carry out their responsibilities.

The Bank must maintain records of its employees, including their experience, qualifications, training, disciplinary record and any complaint filed relating to an employee.

#### 15. COMPENSATION

Compensation systems contribute to the Bank's performance and risk-taking, and are therefore a key component of the Bank's governance and risk management. The overall design and operation of the compensation system does not include determining compensation for individual employees; the compensation policy is developed for the Bank as a whole.

Because compensation should be aligned with risk, an understanding of the Bank's risk measurement and management, and of how different compensation practices can impact the Bank's risk profile, is important. Incentives arising from compensations are evaluated, and an annual compensation review is undertaken by Senior Management.

In addition, Senior Management monitors and reviews outcomes of the established compensation system, to ensure the latter is operation as intended. For example, Senior Management should ensure that lower risk-adjusted income in a business line will result in lower compensation.

The compensation of the control functions should be structured in a way that is based principally on the achievement of their objectives and does not compromise their independence (i.e. compensation is not substantially tied to business line revenue).

The number of products and services sold to customers should not be considered as the main criteria in determining the remunerations of employees which are responsible for marketing and selling products and services.

##### **COMPENSATION ALIGNMENT WITH RISK TAKING**

- a- An employee's compensation should be effectively aligned with prudent risk taking;
- b- Compensation should be adjusted for all types of risk;
- c- Compensation outcomes should be symmetric with risk outcomes;
- d- Compensation payout schedules should be sensitive to the time horizons of risks;
- e- The mix of cash, equity and other forms of compensation should be consistent with risk alignment.

Since employees can generate equivalent short term revenues while taking on vastly different amount of risk in the longer term, the Bank shall ensure that variable compensation is adjusted to take into account the risks an employee takes. This should consider all types of risks over a timeframe sufficient for risk outcomes to be revealed.

Compensation should be sensitive to risk outcomes over a multi-year horizon.

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## 16. KNOW YOUR STRUCTURE

The Board and Senior Management should understand (i) the structure and organization of the Group; (ii) the legal and operational risks and constraints of the various types of intra-group exposures and transactions and how they affect the Group's capital and risk profile.

Sound and effective measures and systems are in place to facilitate generation and exchange of information among and about the various entities, to manage the risks of the Group as a whole, and for the effective supervision of the Group.

The Board approves policies and strategies for the establishment of new structures. Moreover, the Board shall:

- a- Avoid setting up unnecessarily complicated structures;
- b- Require the approval of the Investment and Participation Committee for the creation of new legal entities;
- c- Recognize the risks that the complexity of the legal entity structure itself may pose;
- d- Evaluate how the aforementioned risks of the structure and legal entity requirements affect the Group's ability to manage its risk profile and deploy funding and capital under normal and adverse circumstances;
- e- Ensure compliance with applicable regulations governing the creation and supervision of foreign subsidiaries;

When the Bank is indirectly exposed to risks while performing certain services or establishing structures on behalf of customers, Senior Management shall ensure the Bank has appropriate policies and procedures to:

- a- Establish processes for the approval of such activities taking into account the implications for the resulting operational structure of the organization;
- b- Ensure that the information regarding these activities and associated risk is appropriately reported to the Boards and competent supervisors;
- c- Ensure that these activities are subject to regular internal and external audit reviews.

## 17. SUCCESSION PLANNING

*"A good succession-planning program aims to identify high growth individuals, train them and feed the pipelines with new talent."*

Succession planning is the process of preparing an organization for a transition in leadership. Succession planning is helpful when a management change occurs due to unforeseen circumstances, such as the sudden death of the chief executive officer (CEO). But it is also important in ensuring a smooth transfer of power under normal circumstances.

### I- Executives Succession Planning

#### A- The Chief Executive Officer (CEO)

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The CEO position is a central element in the Bank's success. Therefore, ensuring that the functions of the CEO are well understood and even shared among senior staff is important for safeguarding the Bank against unplanned and unexpected change. This kind of risk management is equally helpful in facilitating a smooth leadership transition when it is predictable and planned.

This plan reflects FFA Private Bank's commitment to sustaining a healthy functioning organization. The purpose of this plan is to ensure that the Bank's leadership has adequate information and a strategy to effectively manage the Bank in the event the CEO is unable to fulfill his duties.

## 1- Plan Implementation

- It is the responsibility of the CEO to inform the Nomination and Remuneration Committee of a planned temporary or short-term absence, and to plan accordingly.
- It is the responsibility of the Company Secretary to immediately inform the Nomination and Remuneration Committee of an unplanned temporary or short-term absence.
- As soon as feasible, following notification of an unplanned temporary or short-term absence, the Company Secretary, or in his/her absence, a designated replacement, shall convene an Executive Committee meeting to affirm the procedures prescribed in this plan, or to modify them if needed.
- The Executive Committee is comprised of: General Manager(s) and/or Assistant General Managers, Head of Legal of Compliance, Head of Risk Management, Head of Treasury and Finance, Head of Operations and Settlement, Head of Capital Markets, Head of Corporate and Investment Banking and Head of Asset Management.
- The Nomination and Remuneration Committee shall report to the Board of Directors on any event of absence by the CEO and on the implementation of the present policy.

## 2- Succession plan in the event of a temporary, planned or unplanned absence – Short or Medium Term

### a. Definitions

- A temporary absence is one in which it is expected that the CEO will return once the events precipitating the absence are resolved.
- An unplanned absence is one that arises unexpectedly, in contrast to a planned leave such as vacation.
- A temporary short-term absence is 30 days or less.
- A temporary medium-term absence is between 30 and 90 days.

### b. Temporary Strategy

- For temporary expected short-term planned or unplanned absences of 30 or fewer days, a temporary procedure may be implemented, whereby Heads of Business Lines will take care of relevant tasks usually undertaken by the CEO (for instance, Treasury tasks undertaken by the CFO, agreements executed by two authorized signatories...), such distribution of tasks do be defined in writing and submitted to the Nomination and Remuneration Committee for approval.
- During temporary planned or unplanned absences of 30 or fewer days, the Executive Committee shall meet regularly (at least once a week) to discuss day to day business and agree on important issues. Meetings shall be called and presided by the Corporate Secretary.
- The Corporate Secretary shall inform the Board of Directors of the implementation of the temporary procedure and shall keep the directors informed of all important matters.

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**c. Appointing a Delegated Administrator**

- In the event of an expected temporary medium-term planned or unplanned absence, the Nomination and Remuneration Committee shall determine if the temporary procedure is sufficient for this period of time.
- Based on the anticipated duration of the absence, the anticipated return date, and accessibility of the current CEO, and following a special meeting called by the corporate secretary, the Board of Directors may appoint, at the recommendation of the Nomination and Remuneration Committee, a board member as Delegated Administrator, who will oversee the implementation of the temporary procedure.

**d. Authority and Restrictions of the Delegated Administrator**

- The Delegated Administrator shall preside the Executive Committee.
- The Delegated Administrator shall have full authority for day-to-day decision making and independent action as would the regular CEO.
- Decisions, that shall be made in consultation with the Executive Committee, include staff hiring and terminations, financial issues, taking on a new projects, and all other matters the CEO would take care of in the normal course of business...

**e. Compensation**

- A board member appointed as a Delegated Administrator may enter with FFA Private Bank into an independent temporary Agreement, depending on the circumstances of his/her availability. The conditions of such Agreement to be approved and signed by the Board on behalf of the bank. Alternatively, the Board may chose instead to approve a resolution appointing the Delegated Administrator and the conditions of his/her appointment.

**f. Board Oversight and Support to the Delegated Administrator**

- The Delegated Administrator reports to the **Board of directors**.
- The Executive Committee shall be alert to the special support needs of the Delegated Administrator in this temporary role. The Executive Committee shall convene weekly when a Delegated Administrator is appointed.

**g. Communications Plan**

- Within 5 business days, the Nomination and Remuneration Committee shall distribute a release with general information appropriate to the situation.

**3- Succession plan in the event of a temporary, unplanned absence – Long-term**

**a. Definition**

A long-term absence is 90 days or more.

**b. Procedures**

Procedures and conditions to be followed shall be the same as for a temporary short and medium term absences with the following addition:

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- The Nomination and Remuneration Committee and the Executive Committee are responsible for gathering input from staff and reviewing the performance of the Delegated Administrator according to the Bank's Performance Review Policy. A review shall be completed between 30 and 45 days and escalated to the Board of Directors.

#### 4- Succession plan in the event of a PERMANENT absence.

##### a. Definition

A permanent absence is one in which it is firmly determined that the CEO will not be returning to his position.

##### b. Procedures

- The Board shall, at the recommendation of the Nomination and Remuneration Committee, appoint a Delegated Administrator who shall have full authority for day-to-day decision making and independent action during the transition period.
- The Delegated Administrator shall inform the Central Bank and the Banking Control Commission of the launching of a recruitment process to replace the CEO.
- The Nomination and Remuneration Committee will short list potential candidates for the CEO position among persons having the required qualifications and skills, both among the shareholders/directors or among third parties.
- The Board shall, based on the short list presented by the Nomination and Remuneration Committee, appoint a new Chairman and CEO according to the bylaws of the bank and the provisions of the Lebanese Code of Commerce.
- The Chairman shall act as CEO of the Bank, and may recommend to the Board the appointment of one or more Assistant General Managers to act on his behalf and at his personal liability.
- The Board may vest the Chairman and CEO with part of its authorities according to Article 157 of the Code of Commerce.

#### B- Directors Succession Planning

##### 1- Replacement of Directors

The mandate of Directors may end in the following circumstances:

- At any time following a decision by the Ordinary General Assembly;
- Resignation of a Director;
- Upon retirement or departure from the Bank or the Group, for all executive or employees members of the Board;
- Upon the death of a Director.

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If, in the intervening period between two Annual General Assembly Meetings, the number of members in office drops below three by death or resignation, or for any other reason, the remaining Board Members must convene a General Assembly within a maximum period of two months, in order to fill the vacant posts.

## **2- Procedures**

The Ordinary General Assembly shall elect the Directors, and grant the required authorizations in accordance with the provisions of the Code of Commerce.

## **3- Qualifications**

In order to be considered for the Board by the Ordinary General Assembly, a candidate should:

- have a history that indicates that he/she is committed to high ethical standards;
- have a clear sense of the balance between the legitimate interests and concerns of all the Bank's shareholders as well as all stakeholders in taking decisions, rather than advancing the interest of one particular group;
- have the willingness and intellectual authority to challenge management, while working constructively as part of a team in an environment of trust;
- be ready to devote sufficient time and energy to discharging his/her duty as director;
- have skills, expertise and knowledge that complement those of the existing directors.

## **4- Profile**

The proposed Director, should have the following profile:

- knowledge of the financial industry. Individuals that have or had leadership positions in financial institutions will have an advantage;
- business, governmental, non-profit or professional experience, including individuals that serve or have served successfully as Chairpersons, CEOs or senior managers in large organizations, and have a reputation that demonstrates the ability to make important and sensitive judgment;
- adequate understanding of the Bank's client universe, and of the geographic environment in which the Bank operates as well as adequate local market knowledge;
- international and regional (MENA) experience;
- financial expertise to provide effective oversight of a diversified financial services business.

## **5- Incompatibilities**

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The following professional affiliations are incompatible with the position of Director:

- an executive, board member or employee or any other affiliation that implies a duty of loyalty to one of the Bank's competitor or any other institution the interests of which might conflict with the interests of the Banks or its shareholders;
- a consultant or external advisor of the Bank or a partner or employee of a firm that is consulting or advising the Bank, including its external auditors.

## **II- Management Succession Planning**

### **A- Purpose**

The objectives of the Management Succession Planning program are to:

- Identify high-potential employees capable of rapid advancement to positions of higher responsibility than those they presently occupy;
- Ensure the systematic and long-term development of individuals to replace key job incumbents as the need arises due to deaths, disabilities, retirements, and other changes;
- Provide a continuous flow of talented people to meet the Bank's management needs.

### **B- Measures of Effectiveness**

The quantitative measures used to assess the effectiveness of the Bank's system are as follows:

- 1- filling key jobs with internal candidates, rather than outside hires;
- 2- ethnic and gender diversity in promotions;
- 3- retention/ attrition rates; and
- 4- positive job evaluations following promotion.

Qualitative assessments tend to be based on issues such as:

- 1- the participants' transition experience into their new role;
- 2- the quality of their preparation beforehand;
- 3- reasons for attrition; and
- 4- qualities of managers in assignments.

### **C- Characteristics**

- **Smooth transitions.** Having someone to step into an important vacancy is a critical measure of the effectiveness of succession management. However, helping in the transition of that person with all the necessary skills and knowledge is as important and often more challenging to execute.
- **The 'right' developmental assignments.** A successful process includes job assignments that properly prepare candidates for their new positions, as compared to a sink-or-swim approach.

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- **Meaningful appraisals and feedback.** Objective assessments are essential in order for management to specify what's required for a successful promotion.
- **Appropriate selection criteria.** A successful succession management system depends on the development of competencies for each job, giving everyone involved a clear picture of the skills, values, behavior and attitudes required to succeed.
- **A range of good choices.** A working succession system results in having more than one good person available for a key job. Real success requires choices between two or more qualified people.

#### D- Identifying Key Persons

The success of any organization depends on the continuing productivity of people in key positions. Having a qualified successor ready to carry on is absolutely critical.

The following positions within the Bank are regarded as key positions:

- Chief Executive Officer
- Chief Investment Officer
- Chief Financial Officer
- Head of Capital Markets
- Head of Legal and Compliance
- Head of Corporate and Investment Banking
- Head of Risk Management and Control
- Head of Operations and Settlements
- Head of HR and Administration
- Head of Internal Audit
- Head of Systems and IT
- Head of Research

#### E- Determining Candidates

Having identified the key positions to be included in the Succession Plan, the Nomination and Remuneration Committee shall develop a potential candidate pool. In order to do that, the HR Department has identified the competencies (talents, skills, and knowledge) required for each key position.

The potential candidates may come from two major sources:

- The first source is internal. Many people in the Bank might already have the required competencies or, with some development, can acquire them. The Nomination and Remuneration Committee shall evaluate/assess all staff members with the goal of identifying those who have the skills and knowledge or the potential along with the desire to be promoted to existing and new positions. The evaluation can be formal or informal and can include, but is not limited to, performance reviews, assessments and informal conversations with the individuals under consideration.
- The second source is external, such as employment agencies, Internet job boards, professional association websites, colleges and universities, job fairs, and so on.

The Nomination and Remuneration Committee shall study the files of potential candidates proposed by the HR Department and make the appropriate recommendation to the Management.

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A chart shall be prepared that identifies the key positions and individuals in the organization and their potential successors. The positions might include those listed in paragraph D above and/or others that are pertinent to the Bank, such as trainees.

This chart shall be dynamic and will be updated as the individuals' and the organization's needs change.

The chart and any amendments thereto shall be subject to the Nomination and Remuneration Committee approval.

## 18. PRINCIPLES AND STANDARDS OF BUSINESS CONDUCT

### 18.1. General Principles for Bank Employees

- (1) Integrity: must observe high standards of honesty, integrity and fair dealing in carrying out every function;
- (2) Due skill, care and diligence: must act with due skill, care and diligence in carrying out every function;
- (3) Market Conduct: must observe proper standards of conduct in financial markets in carrying out every function;
- (4) Relations with BDL, BCC, CMA and SIC: must deal with BDL, BCC and SIC in an open and co-operative manner and must disclose appropriately any information of which BDL, BCC or SIC would reasonably be expected to be notified;
- (5) Management, Systems and Control: an employee who has significant responsibility must take reasonable care to ensure that the business of the Bank for which he is responsible is organised so that it can be managed and controlled effectively;
- (6) Compliance: an employee who has significant responsibility must take reasonable care to ensure that the business of the Bank for which he is responsible complies with any legislation applicable in Lebanon.

### 18.2. General Principles for the Bank's Business

- (1) Integrity: must conduct its business with high standards of honesty, integrity and fair dealing;
- (2) Due Skill, Care and Diligence: must conduct its business activities with due skill, care and diligence;
- (3) Management, Systems and Controls: must ensure that its affairs are managed effectively and responsibly by its senior management. A Bank must have adequate systems and controls to ensure, as far as is reasonably practical, that it complies with legislation applicable in Lebanon;
- (4) Resources: must maintain and be able to demonstrate the existence of adequate resources to conduct and manage its affairs. These include adequate financial and system resources as well as adequate and competent human resources;
- (5) Market Conduct: must observe proper standards of conduct in financial markets;
- (6) Transparency, Information and Interests: must pay due regard to the interests of the clients and communicate information to them in a way which is clear, fair and not misleading;

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- (7) Conflict of Interest: must give priority to client's interests and objectives, and for this purpose, must take reasonable steps to ensure that conflicts of interest are prevented or managed fairly, both between itself and its clients and between a client and another client, in a way that the interests of a client are not adversely affected; in this context, any conflict of interest that cannot be avoided must be effectively managed and disclosed;
- (8) Suitability: must take reasonable care to ensure the suitability of any service or investment to each client's situation and objectives; Sufficient information should be gathered from customers in order to ensure employees are able to assess the suitability of a product or services to the following:
  - The purpose and the need to acquire the product or service;
  - The investment objectives of the client;
  - The customer's personal and financial situation, including his knowledge and experience in this type of product or service and the basic concepts related thereto;
  - The customer's ability to commit and abide by the terms and conditions of the product or service and to tolerate the risks deriving thereof.
- (9) Client Assets and Money: must arrange proper protection for assets and money belonging to clients and must be safeguarded in accordance with the responsibility it has accepted;
- (10) Relations with Regulators: must deal with its Regulators in an open and co-operative manner, and keep BDL, BCC, CMA and SIC promptly informed of significant events or anything relating to the Bank of which BDL, BCC, CMA or SIC would reasonably expect to be notified.

### **18.3. Compliance with Applicable Rules, Regulations, Policies and Procedures**

- (1) The Bank is subject to numerous laws, rules and regulations. All employees are expected to understand, respect, adhere to and comply with pertinent rules and regulations of the Bank, BDL, BCC, CMA and the applicable Lebanese laws including internal policies, procedures, systems and controls that apply to them in their position within the Bank;
- (2) Employees cannot, in connection with any arranging or advising activity:
  - (a) Defraud a client in any manner;
  - (b) Mislead a client, including misrepresenting or omitting material facts;
  - (c) Engage in practices to manipulate the market or violate BDL and/or CMA conduct rules;
- (3) If any employee has questions about the laws, rules, regulations, policies or procedures that apply to the Bank or their duties and responsibilities, he/she must use the resources the Bank makes available, including seeking the advice of the Compliance Officer or the Compliance Committee.

### **18.4. Conflict of interest:**

- 1. The Bank does not permit favoritism of one client over another for any reason. The Bank shall avoid at all times actual or apparent conflicts of interest between clients.

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2. Employees must never permit any situation that would create a conflict, or give the appearance of a conflict, or appear to conflict with the interests of the Bank or its client relationships. The interests of a client always come first.
  3. Employees should not represent the Bank in any transaction where they have any material connection or financial interest. Examples of material connections include relatives or close personal friends, whether the transaction involves them as individuals or as principals or owners in a firm doing business with the Bank; the degree of relationship will be assessed by the Legal and Compliance on a case by case basis.
  4. In compliance with the Conflict of Interest Policies and Procedures published by the Human Resources Department, employees must declare any personal or private financial or business interest in any company, notably but not limited to companies with business relations to the Bank or its service providers.
- 18.5. **Dealing with Suppliers:** employees must award orders, contracts, and commitments to suppliers of goods or services without favoritism. The Bank's business of this nature must be conducted strictly on the basis of merit and, whenever appropriate and feasible, competitive bidding;
  - 18.6. **Soft Dollars Policy:** under no circumstances should employees enter into soft dollar arrangements on behalf of the Bank;
  - 18.7. **Fair Competition:** discussions with competitors of the Bank about current or future pricing plans are strictly forbidden. However, this does not prohibit an employee from conducting surveys of current Bank rates and fees in our area when management has assigned such a task;
  - 18.8. **Personal Fees and Commissions:** no employee may accept personal fees or commissions in connection with any transactions on behalf of the Bank, except where such fees or commissions are explicitly authorized by the Board of Directors and/or Senior Management of the Bank;
  - 18.9. **Employment outside the Bank:** an employee is expected to devote full attention to the Bank's interest during regular working hours of employment. All outside employment must be reported to and approved by the Chairman and General Manager. The Bank reserves the right not to approve any outside employment that could be detrimental to the Bank's interests. For the purposes of this paragraph, the term "employee" does not include directors of the Bank;
  - 18.10. **Work Relationships:** no employee may give or receive any special consideration to the conditions of employment of another employee due to family or personal relationships. Just as external business decisions are based on sound, ethical business practices, all personnel decisions must be based on sound management practices and must not be influenced by personal concerns.
  - 18.11. **Confidentiality:** the Bank has the fiduciary responsibility to maintain all information regarding clients in strict confidence, including the client's identity, the client's financial situation, the client's portfolio holdings; and any advice or arrangement provided to the client, in accordance with Banking Secrecy Law.
    - (1) All employees must comply with the Bank's secrecy and privacy laws.
    - (2) Employees must not divulge information regarding the Bank to any outsider except for a legitimate business purpose and with the understanding that the information is confidential and is to be used solely for the limited business purpose for which it was given and received.

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- (3) Employees must collect and maintain only the information that is necessary to serve a client in managing his relationship/accounts properly and to render fair advisory and dealing services;
- (4) Employees must maintain in a secure manner all files and record keeping systems which contain customer information;
- (5) Employees, during or subsequent to association or employment with the Bank and without proper authority, may not give or make available to anyone, or use for his or her own benefit, information of a confidential nature derived from association or employment with the Bank;
- (6) Employees are expected not to divulge confidential information about the Bank's assets, business and are expected to use confidential information only in the performance of their duties. Employees should be discreet with the Bank confidential information and not discuss it in places where it can be overheard, such as elevators, restaurants, taxis and airplanes;
- (7) Examples of confidential information include, but are not limited to, financial earnings results before they are released to the public and nonpublic information about the Bank's operations, strategies, projections, business plans, bids and processes. Confidential information also includes nonpublic information received about the Bank's customers. All employees must safeguard any information that customers share in the course of doing business with the Bank and must ensure that such customer information is used only for the reasons for which the information was gathered and in accordance with applicable laws

18.12. **Use and Protection of the Bank's Assets:** the Bank property should be used for the benefit of the Bank and not for personal reasons or gain.

- (1) Bank property includes tangible assets such as office premises, equipments, office supplies, as well as intangible assets such as software and other intellectual property rights, business concepts and strategies, employee time, financial data and other information about the Bank.
- (2) The Bank considers all data and communications transmitted or received by or contained in the Bank's electronic or telephonic equipment and systems or maintained in written form to be the Bank's property.
- (3) Employees and other users of the equipment or systems should have no expectation of privacy with respect to those data and communications.
- (4) All employees must protect the Bank's ownership of property, including information, products, and services.
- (5) The misuse or removal from the Bank facilities of the Bank's furnishings, equipment, and supplies is prohibited, unless specifically authorized. This applies equally to other property created, obtained, or copied for the Bank's exclusive uses, such as clients' lists, files, reference materials and reports, computer software, data processing systems, and databases.
- (6) Neither originals nor copies may be removed from the Bank's premises or used for purposes other than the Bank business.

18.13. **Corporate Reporting:** the Bank is committed to full, fair, accurate, timely and understandable disclosure in public reports and documents that it files with, or submits or provides to, BDL, CMA or BCC, including but not limited to the Board of Directors and Shareholders. The Bank expects all employees to take this responsibility seriously and to provide prompt and accurate answers to inquiries related to the Bank's corporate disclosure requirements.

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- 18.14. **Disclosure and Transparency:** In order for shareholders, depositors, other stakeholders and market participants to effectively monitor and properly hold accountable the Board and Senior Management, these parties should be provided with key information necessary to enable them to judge the effectiveness of the Board and Senior Management in governing the Bank. The disclosed information should at least include material information on the Bank's objectives, governance structures and policies, major shares ownership and voting rights, related parties transactions, and key points concerning the Bank's risk tolerance/appetite (without breaching necessary confidentiality).
- 18.15. **Public Communications:** no employee shall make statements or provide any information to the press or any public forum about the Bank and its business prospects unless specifically authorized to do so. The potential legal risks from inaccurate statements include claims of false advertising, misrepresentation, breach of contract, securities fraud or antitrust violations. In order to ensure that communications to the public about the Bank are accurate and widely disseminated, employees may not communicate any material nonpublic information about the Bank outside of the Bank. Only the Chairman and General Manager is authorized to speak with financial analysts or securities professionals. If an employee or director receives an inquiry from a journalist or financial analyst, he or she should refer it to the Chairman and General Manager.
- 18.16. **Company Records and Financial Statements:** all of the Bank's books, records, accounts and financial statements must appropriately reflect the Bank's transactions and must conform both to applicable legal requirements and to the Bank's system of internal controls. All financial data should be prepared promptly, carefully, and honestly and treated with discretion. Falsifying or altering records or reports or knowingly approving false or altered records or reports is prohibited.
- 18.17. **Insider Information and Dealings:** employees may have different access to proprietary information about the Bank that is not generally known to the public and, if disclosed, could affect the market value of other company's stocks. This information could include trade secrets, business plans, sales programs, audits, earnings or other confidential or proprietary information that could financially affect the Bank. This is known as "insider" or "non-public" information and must be held in the strictest confidence. Any employee who is aware of material, non-public information is prohibited by law as well as by the Bank's policy from directly or indirectly disclosing such information to any other persons. Insider or non-public information, whether positive or negative, is generally material if it might be of significance to an investor in determining whether to purchase, sell or hold a company's securities. Serious problems could be caused for the Bank by unauthorized disclosure of information. Any employee participating in such activities may be subject to significant civil or criminal penalties. This policy also applies to material, nonpublic information relating to any other company with publicly-traded securities, including the Bank's clients or suppliers, obtained in the course of employment by or association with the Bank.
- 18.18. **Chinese Walls:** all information should be used only for business purpose for which it was given and restricted within the Bank to those who need to know. Confidential information concerning customers must never be exchanged between employees of the Bank performing investment-banking services and employees performing investment brokerage services.
- 18.19. **Gifts and Entertainment:** employees shall not accept gifts, favors, entertainment, or anything else of material value that could lead to the apparent favoritism of a client. Each employee shall immediately disclose to the Compliance Officer any material gift that could potentially lead to any conflict of interest, whether real or perceived. Employees shall not offer gifts, favors, entertainment or anything else of material value that could be viewed as overly extravagant. Gifts in excess of US\$100 per individual recipient are prohibited without the express consent of the Compliance Officer. Exclusions:
- (1) Acceptance of meals, refreshments or entertainment of reasonable value in the course of a business discussion.

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- (2) Acceptance of advertising or promotional material of minimal value, such as pens, pencils, note pads, key chains, calendars, and similar items.
  - (3) Acceptance of discounts or rebates on merchandise or services that do not exceed those available to public.
  - (4) Acceptance of gifts of normal value is related to commonly recognized events or occasions, such as a promotion, wedding, graduation, Christmas, etc.
- 18.20. **Communication of Information:** all communications with clients must conform to BDL and CMA regulatory requirements, and the Bank's Policies and Procedures. All information provided to clients, prospective clients, their representatives, or the media must be professional, unbiased, clear, fair and not misleading in any way
- 18.21. **Quality Service and Complaints Handling:** all employees must be committed to delivering quality services in a cost effective manner. All employees should provide the best service to clients. All employees are expected to treat the client fairly and courteously, recognizing client's distinct needs and respect client's legal rights and privacy. The following are some of the tips that should be observed.
- (1) client greeting;
  - (2) fully explain financial products and services that meet client's profile and needs;
  - (3) Strive to make investment recommendations to clients based on facts, and clarify to clients when such recommendation is based on opinions rather than facts;
  - (4) remain knowledgeable and well aware of the financial products, market issues and applicable rules and regulations;
  - (5) Have clients wishing to establish a relationship with the Bank and which meet CMA regulations sign the Bank's Account Opening Form and provide necessary required documentation;
  - (6) accessible, dependable and timely responsive service;
  - (7) clear, open, and respectful relationship;
  - (8) must always show and accept responsibility and accountability for responding to client complaints;
  - (9) responsive service and committed to improvement;
  - (10) escalate any client complaint to the Customer Protection Unit which shall handle such complaint and maintain up-to-date records of all complaints it receives in accordance with applicable policies and procedures.
- 18.22. **Anti-Fraud Requirements:** all employees are required at all times to:
- (1) act honestly and with integrity to safeguard the Bank's activities for which they are responsible;
  - (2) participate actively in protecting client's money and information;
  - (3) report suspicious operations to the Chairman and General Manager and the Compliance Officer;

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- (4) use best endeavors to assess the authenticity of documents and records relating to investment decisions, investment recommendations and transactions performed by the clients.

18.23. **AML, CTF and KYC Requirements:** Anti-Money Laundering (AML), Counter Terrorist Financing (CTF) and Know Your Customer (KYC) are prioritized focus areas within the Bank. Appropriate procedures are in place and implemented within the Bank in accordance with the applicable local and international laws, rules and regulations. All employees must strictly comply with all applicable AML, CTF and KYC policies, procedures, systems and controls. All employees must be able to identify and understand risks of money laundering and terrorist financing in order to apply preventive measures. All employees must be able to apply proper Know-Your-Customer (KYC) practices for understanding the general activities in which a client would be expected to engage. All employees must be able to detect unusual and suspicious activities and to determine whether a specific customer is included on different listings of terrorists and/or sanctions.

18.24. **Personal Account Transactions:** during the course of employment with the Bank, it is prohibited to undertake, or enter into, a personal account transaction; to communicate any information or opinion to a close relative, family member or to another person if the employee knows, or ought to know, that that person will as a result, enter into such a transaction or procure some other person to do so.

18.25. **Clients Orders and Suitability:** all employees must act in the best interest of the clients while receiving and passing orders. It is prohibited to make any personal recommendation to any client to buy or sell a designated investment, communicate any information or marketing material that is not suitable for the client, his investment needs and objectives, financial situation, risk tolerance, knowledge, experience, and his understanding of the risks involved and other facts disclosed by the customer and/or facts that the Bank is aware of about that client.

## 19. DRESS GUIDELINES POLICY

- 19.1. All employees are expected to wear appropriate business attire at all times. Employees should present a favorable personal appearance, and adhere to personal grooming and hygiene standards in the performance of their respective responsibilities.
- 19.2. All employees shall avoid wearing clothing and accessories that would detract from the professional image of the Bank. Clothing shall be of appropriate size and properly laundered to present a neat, clean appearance.
- 19.3. Male employees are required to wear neat and clean suits, shirt, socks, and shoes. Ties, when worn, should be tied appropriately. Accessories that do not detract from the professional image of the Bank are appropriate. Clothing must cover tattoos, if possible.
- 19.4. Female employees are required to wear neat and clean business dresses, suits, skirts, blouses, and shoes. Accessories that do not detract from the professional image of the Bank are appropriate. Clothing must cover tattoos, if possible.
- 19.5. All employees should maintain a clean and groomed appearance. Hairstyles, hair color, beards, moustaches, sideburns, and other appearance-related items should present a neat and professional style as determined by the management.

## 20. DISCLOSURES

The Bank's logos may not be reproduced on any business documents, without the express written permission of the Compliance Officer.

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## 21. RECORD KEEPING

- 21.1. The Bank shall maintain a current copy of these Guidelines with the Compliance Department;
- 21.2. The following information shall be kept in a readily accessible location:
  - (1) A copy of the Guidelines that has been in effect at any time during the past six years;
  - (2) A record of any Guidelines violation and any disciplinary action taken as a result of such violation; for six years from the end of the fiscal year in which the violation occurred;
  - (3) A record of all written acknowledgement of receipts of the Guidelines within the past six years;
  - (4) All holding and transactions reports.

## 22. REPORTING POSSIBLE VIOLATIONS; ACCOUNTABILITY FOR ADHERENCE TO THE GUIDELINES

The Bank has developed the following procedures to ensure the prompt and consistent enforcement of the Guidelines, protection for persons reporting questionable behavior, clear and objective standards for compliance, and a fair process by which to determine violations.

- (1) If an employee believes that he or she violated or created a potential violation, or the appearance of a violation, of these Guidelines, even inadvertently, the employee should report the facts of the situation to the Compliance Officer.
- (2) If an employee suspects or is aware of an apparent violation of these Guidelines or other illegal or unethical business or workplace conduct by another employee, that fact should be reported in good faith to the Compliance Officer.
- (3) The Compliance Officer has an obligation to report the breach directly to the Board of Directors and the AMLCC.
- (4) Upon receipt of a breach or suspected violation, the Compliance Officer in consultation with the AMLCC, will evaluate the report as to gravity and credibility. If such persons determine that further action is warranted, they will consult, as appropriate, the BCC or outside advisor (legal or external auditors);
- (5) Reports created as a result of investigation, shall be maintained by the Compliance Officer for a period of minimum six years from the date of its receipt.
- (6) The Bank must notify employees upon any material amendment to the Guidelines. On an annual basis, the Compliance Officer will review the sufficiency and effectiveness of the Guidelines.
- (7) Retaliation against any employee who reports a violation is strictly prohibited and constitutes an additional violation of the Guidelines.
- (8) Any violation of these Guidelines could result in disciplinary action, including, but not limited to Termination of employment, Downgrading, Suspension, Warnings, Probationary status and, if warranted, legal proceedings.

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- (9) As necessary, violations may result in referral to the BCC or government authorities.
- (10) No one, regardless of his or her position, is authorized to direct another to commit an illegal act.
- (11) No violation of these Guidelines, any policies, procedures, systems and controls, or any law, rule or regulation will be justified that it was ordered by someone in higher authority.
- (12) Should it be discovered that an employee has been arrested for or charged with suspected criminal conduct, either on or off the job, the Bank may conduct an independent review of the available facts and determine whether disciplinary or employment action is warranted.
- (13) The Bank's directors and Senior Management are expected to comply with these Guidelines and all applicable laws, rules and regulations. They are also expected to promote ethical behavior by (1) having open door policy; (2) encouraging employees to report violations to the Compliance Officer and/or appropriate personnel; and (3) reminding employees that the Bank will not permit retaliation for reports made in good faith.
- (14) All employees are required to cooperate fully in any internal investigation. If any employee discovers the need to report a suspected violation, that person will not be terminated, disciplined, demoted or otherwise discriminated against for (1) making a report of a violation or suspected violation in good faith and on the basis of a reasonable belief that a violation has occurred or will occur or (2) assisting with any ensuing investigation. To the extent permissible, the Bank will endeavor to keep confidential the identity of anyone reporting possible violations.

**23. INTERPRETATION AND EXCEPTIONS TO THESE GUIDELINES:** these Guidelines may be amended or modified by the Compliance Officer of the Bank. Amendments to the Guidelines will be disclosed to shareholders and all employees in accordance with BDL, CMA and BCC Rules and Regulations and the Bank's Policy and Procedures.

**24. CERTIFICATIONS:** All employees are required to certify compliance with these Guidelines on an annual basis by signing and returning the certification attached hereto to the Compliance Officer.

**25. VALIDITY:** These Guidelines are valid and fully applicable from the date of their ratification by the Board of Directors on May 5, 2009, with amendments being approved by the BOD on June 6, 2011, December 15, 2014, October 23, 2015, December 16, 2016, March 31, 2017 and September 18, 2019, and will remain applicable as long as no amendments were re-issued.

The ratification of these Guidelines automatically cancels out and replaces any previous guidelines in this respect.

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## ANNEX 1

### LIST OF SHAREHOLDERS AS ON AUGUST 2019

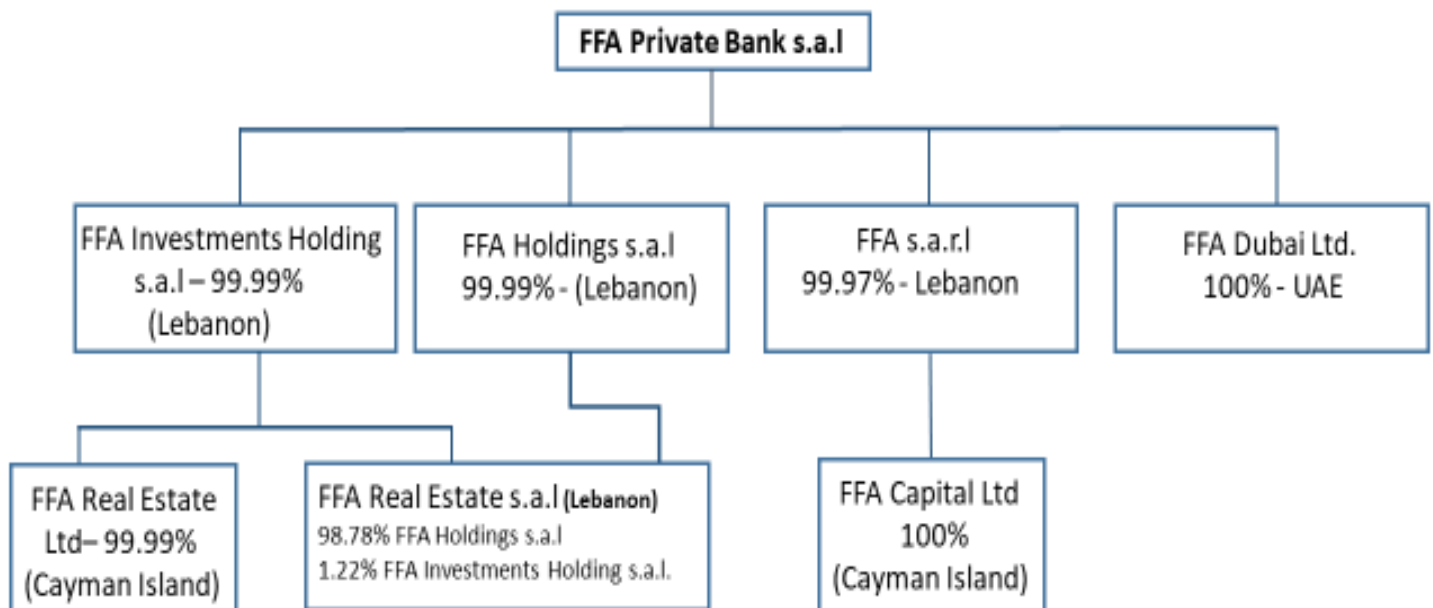
FFA Private Bank S.A.L Shareholders Register		
Shareholder Name	Balance	Shares % out of common 170000
Zahia Riachi Jabre	32,743	19.26%
Jean Riachi	25,340	14.91%
Maria Catafago Audi	23,786	13.99%
Georges Bou Jaoude	13,223	7.78%
Antheya Holding SAL	9,940	5.85%
Siham Bakhaazi Catafago	6,891	4.05%
Abdel Aziz Al Afaliq	6,760	3.98%
DMHI Company SPC	4,915	2.89%
Nest Investments Holding Lebanon SAL	4,834	2.84%
Mohamed Al Qassimi	4,668	2.75%
Sultan Mohammed Ben Saleh Ben Sultan	4,813	2.83%
Kapital Holding SAL	4,796	2.82%
Darwish Ben Ahmad & Sons Co.	4,699	2.76%
Elizabeth Riachi George	3,678	2.16%
Abdul Aziz Al Abdul Kader	2,486	1.46%
Patrick George	2,726	1.60%
Salah Al Qahtani	2,486	1.46%
Saleh Al Hajjaj	2,486	1.46%
Abdel Karim Al Khalil	100	0.06%
Libano Suisse Insurance	2,434	1.43%
Lilly Rose Riachi	1,873	1.10%
Allegra Riachi	1,873	1.10%
Iyad El Boustany	189	0.11%
Toufic Karam	625	0.37%
Faysal Barbir	500	0.29%
Rashed Darwish	224	0.13%
Omar Shantouf	255	0.15%
Nadim Haidar	136	0.08%
Paul Kebbe	106	0.06%
Lucien Letayf	100	0.06%
Shadi Karam	100	0.06%
Nancy Elias Attieh	133	0.08%
Mireille Korab	82	0.05%
<b>Total</b>	<b>170,000</b>	<b>100%</b>

Initial: \_\_\_\_\_

**ANNEX 2**

**GROUP STRUCTURE AS ON AUGUST 2019**

**Corporate Structure**



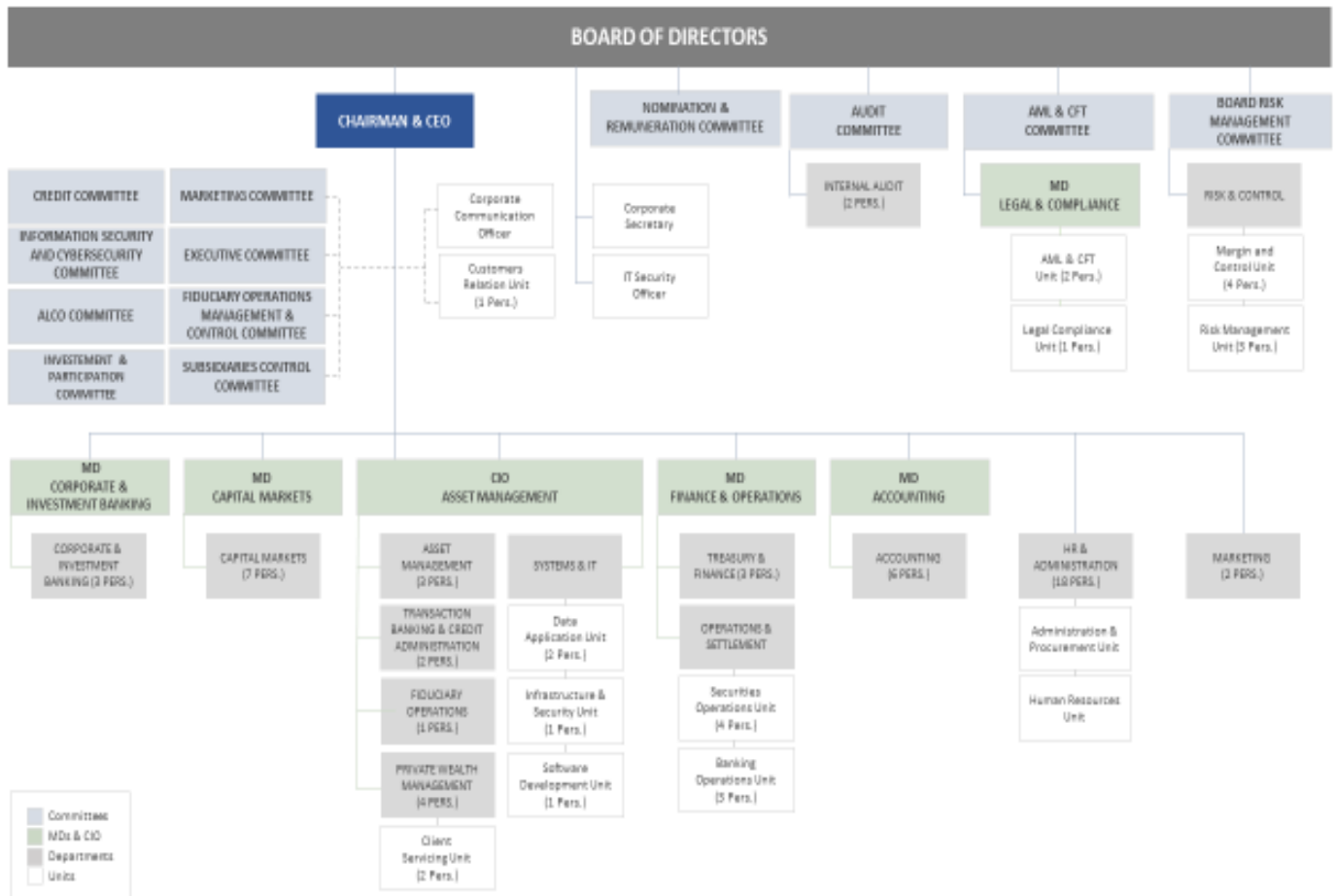
Initial: \_\_\_\_\_

ANNEX 3

ORGANIZATIONAL CHART AS ON AUGUST 2019

ORGANIZATIONAL CHART AUGUST 2019

FFA Private Bank



Initial: \_\_\_\_\_

**DECLARATION OF COMPLIANCE AND CORPORATE GOVERNANCE**

Name : \_\_\_\_\_

Date of Appointment : \_\_\_\_\_

Current Position/Designation : \_\_\_\_\_

I hereby acknowledge having carefully read FFA Private Bank s.a.l. Corporate Governance and Business Ethics Guidelines on \_\_\_\_\_ (dd/mm/yyyy).

I understand that it is my responsibility to read this statement carefully. I understand that any violation of the Guidelines or illegal or unethical conduct is subject to disciplinary action, up to and including removal or dismissal, and, if warranted, legal proceedings.

I am executing and submitting this "Receipt and Certification Form" because:

☐ I am currently an employee, officer or director, and I am submitting either an initial or a required annual "Receipt & Certification Form."

☐ I am a new employee, officer or director.

I am aware of my roles and responsibilities as provided under my job description. I undertake to stand ready to serve the values and principles of the Bank.

I undertake to comply with the requirement of these Guidelines and with all applicable Policies, Procedures, Systems and Controls of BDL, BCC, CMA, the Bank, and the applicable laws and regulations, a copy of which I acknowledge has been made available for my review, and any other procedures and manuals as supplied to me from time to time.

\_\_\_\_\_/\_\_\_\_\_  
Employee Name Signature

Date:\_\_\_\_\_  
(dd/mm/yyyy)

\_\_\_\_\_/\_\_\_\_\_  
Witnessed by: Name Signature

Date:\_\_\_\_\_  
(dd/mm/yyyy)

Initial: \_\_\_\_\_