
“Audit Committee”

Audit Committee Charter

(August 2016)

Reference:	07.16 BAC CHART 004
Issuance Date:	December 2004
Revision Date:	August 2016
Approval Date:	September 2016
Version number:	004
Approved by:	The Board of Directors

I. Committee Purpose

The Audit committee is established by and among the Board of Directors for the primary purpose of assisting the Board in fulfilling its oversight responsibilities regarding the requirements of internal control and internal audit particularly in terms of: (i) the Bank's internal audit function performance (ii) the internal and external auditors' competence, (iii) the integrity of the Bank's financial statements and disclosures standard adopted, (iv) the efficiency and soundness of the internal control system, (v) the Bank's compliance with legal and regulatory requirements and, (vi) the follow-up on the implementation of recommendations issued by the Internal Audit Department, the External Auditors and the Regulators.

In fact, the Audit Committee provides an avenue of communication between management, external auditors, internal auditors and the Board of Directors.

II. Authority

The scope of the Audit Committee's work shall cover the Bank in Lebanon and all its branches and affiliates in Lebanon and abroad.

The Audit Committee has authority to conduct or authorize investigations into any matters within its scope of responsibility. It is empowered to:

- Seek information/documents it requires from the Bank's staff members all of whom are directed to cooperate with the Committee's requests;
- Resolve inevitable conflicts which arise between the internal audit activity and the department/function under review or the Management;
- Meet with the Bank's staff members, External Auditors, or outside counsel, as necessary;
- Institute and oversee special investigation as needed;
- Follow-up of the implementation of recommendations issued by the Internal Audit Department, the External Auditors and the regulators.

III. Responsibilities

The Audit Committee will carry out the following responsibilities:

III.1 The supervision of the Internal Audit Activities

- Directly oversee the Internal Audit Department to ascertain its independency, the internal auditors objectivity and that the resources are sufficient to fulfill its duties;
- Assess the performance of the Internal Audit activity and the Department's Head, taking into consideration remarks and recommendations of the External Auditors and the supervisory authorities;
- Give its opinion regarding the Internal Audit Department compensation and submit relevant recommendation to the Board of directors;

- Propose the appointment, replacement, dismissal or resignation of the Head of Internal Audit and submit it to the Board of Directors for approval;
- Review the reports issued by the Internal Audit Department, at least quarterly (and when deemed necessary), discuss and give advice regarding said reports and send letters to the Management in that respect, when needed;
- Review and approve the Internal Audit procedure manual and charter, audit cycle and annual audit plan and subsequent modifications thereof.

III.2 The External Auditors

- Opine on the appointment of independent External Auditors after verifying that they enjoy the human and financial resources, the ethical standards and the necessary expertise and qualifications to perform their work proficiently in accordance with the size of the Bank and the complexity and diversification of its operations.
- Propose the annual remunerations of the External Auditors;
- Assess the External Auditor's performance, independence and objectivity;
- Take cognizance of the External Auditors' Audit Plan to ascertain that it covers all risks the Bank may be exposed to;
- Discuss with the External Auditors and Senior Executive Management, the Bank's financial statements before their publication;
- Discuss the major observations and recommendations raised in the Auditors' reports, and submit them to the Board of Directors;
- Decide about special audit assignments to be entrusted to the External Auditors;
- Meet with the External Auditors at least every six months (and when deemed necessary) to discuss the results of their activities, their audit scope and approach.

III.3 Compliance and Internal Control

- Verify the effectiveness and efficiency of internal control policies and procedures, including procedures relating to Fighting Money Laundering and Terrorist Financing;
- Meet, at least quarterly (and when deemed necessary), with Senior Management to discuss the efficiency and effectiveness of the Internal Control System, based on the reports issued by the Internal Audit Department, the Internal Control Unit, Senior Management, the External Auditors or the supervisory authorities highlighting areas of weaknesses in the internal control system;
- Verify that Senior Management tackles the recommendations and remarks related to the Internal Control System weaknesses.

III.4 Other responsibilities

- Assess the follow-up process for the receipt, retention and treatment of complaints received by stakeholders, regarding internal control or auditing matters
- Review the adequacy of the Committee Charter regularly, requesting the Board approval thereon;

- Follow-up on Audit Committee’s deliberations, by ensuring that corrective measures have been effectively implemented.

IV. Composition

The Board of Directors shall:

- Establish an Audit Committee consisting of at least three non-executive¹ Board members, each of them having a deep understanding of his roles and responsibilities and sufficient knowledge, experience and qualifications that are commensurate with the bank’s size, the complexity of its operations and the mission to be fulfilled;
- Appoint the Chairperson of the Audit Committee, provided the latter is a Board independent² member who has modern and practical banking and financial experience in the financial administration, accounting or auditing field;
- Determine the compensation of the Audit Committee’s Chairman and Members.

One Board member only may be simultaneously a member of both the Audit Committee and the Risk Committee (cross membership).

The Chairperson may neither delegate his powers to another person nor hold simultaneously the chairmanship of the Audit Committee and the Risk Committee.

Each member of the Audit Committee should sign the Audit Committee Charter, upon his nomination as acknowledgement of the roles and duties attributed to them.

The appointed members along with their roles in the committee are listed here below:

Position	Name	Role
Board Member	Mr. Hassan KABBANI	Chairperson
Board Member	Mr. Antoine WAKIM	Member

¹ **Non-Executive Board Member:** a Board member who has no administrative function in the Bank and is entrusted with no executive duties at the Bank and/or any of its branches or affiliates in Lebanon and abroad or who does not fulfill a consultative function for Senior Management, whether presently or during the two years preceding his appointment as a Board Member.

The Board Member appointed in any subsidiary abroad is not considered as an executive member if the laws governing him in the foreign country do not grant him this capacity.

² **Board of Directors’ Independent Member:** a Board member who meets the following conditions:

- Is a non-executive Board member;
- Is not one of the major shareholders who own, directly or indirectly, more than 5% of the bank total shares or voting rights pertaining to these shares, whichever bigger;
- Is independent from any person in the Senior Management of the concerned bank or from its major shareholders, so that no business relationship binds him/her to any of them, whether presently or during the two years preceding his/her appointment as a Board member;
- Is not related by kinship, up to the fourth degree, to any of the major shareholders.

(Source: BDL Basic circular 118).

Position	Name	Role
Board Member	Mr. Peter HRECHDAKIAN	Member
Chairman of the Board	Mr. Riad OBEGI	Attendee
Vice Chairman & General Manager	Mr. Samih SAADEH	Attendee
Attendee Board Audit Committee	Mr. Jean HAJJAR	Attendee
Attendee Board Audit Committee	Mr. Constantin HADDAD	Attendee
Compliance Officer	Mrs. Annie Tchouboukjian	Attendee
Internal Audit Senior Manager	Mrs. Karine Asso	Secretary

V. Meetings/Decision Making

The Audit Committee shall hold periodic meetings, at least quarterly, provided that two meetings, at least, are held in Lebanon. The quorum will be fulfilled through the presence of at least three members and decisions are taken by the majority of two third (2/3) of its members.

The Audit Committee can also convene additional extraordinary meetings, if required by the prevailing circumstances, at the request of any of its Members or any of the Head of the Internal Audit Department, External Auditors and Senior Management; the purpose of such meetings is to consider specific matters which need to be brought to the immediate attention of the Audit Committee.

Remote meetings could also be held through conference call, video-conferencing, emails exchange and any other techniques if physical meetings are not possible.

Meetings cannot be held in the absence of the chairperson, unless in exceptional situations where meetings shall be chaired by an independent member.

The Chairperson convokes for a meeting through an agenda prepared and provided, by the committee's secretary, to members at least one week prior to meeting's date, along with the appropriate materials.

Once approved, the agenda is distributed to the Chairman of the BOD, the Audit Committee's Members, the General Manager and the attendees.

The agenda can be remitted to members within 48 hours in exceptional cases. Additionally, in some urgent cases, the committee may be convened immediately.

The Chairperson of the Audit Committee may invite any Board member, executive director, manager or officer in the Bank to attend the meetings. He may also request the presence of the External Auditors,

when needed, provided that at least once a year, a private meeting is held with the Head of the Audit Department.

The Committee's discussions, recommendations and decisions shall be minuted and communicated to all members for comments and approval.

The Chairperson of the Audit Committee will submit, under a cover letter duly signed by him, the minutes of meeting along with the Audit Committee recommendations, directly to the Chairman of Board of Directors, who will relay them to the Board of Directors.

The Banking Control Commission (BCC) is entitled to take cognizance of such minutes.

Following each Audit Committee meeting, the secretary submits copies of the relevant Minutes of Meeting to the Organization, Communication and Projects Management in order to be stored under a folder accessible to the Executive Committee members on the Internal Communication Site.

VI. Miscellaneous

The Bank shall communicate promptly to the Central Bank of Lebanon and to the Banking Control Commission the following documents:

- The curriculum vitae/biography of each Audit Committee member;
- A list with the names of the Chairperson and members of the Audit Committee;
- The Board of Directors' decision concerning the appointment of the Chairperson and members of the Audit Committee;
- A copy of the Audit Committee charter approved by the Board of Directors;
- Any change in the information contained in the abovementioned documents, within a month of its occurrence.

“Nominating, Remuneration & Corporate Governance” Committee Charter

(December 2016)

Reference:	08.16 BNRCG CHART 005
Issuance Date:	November 2006
Revision Date:	August 2016
Approval Date:	December 2016
Version number:	005
Approved by:	Nominating, Remuneration & Corporate Governance Committee
Ratified by:	Board of Directors

I. Committee Purpose

This Charter sets forth the authority and duties of the Nominating, Remuneration and Corporate Governance Committee (the “Committee”) of the Board of Directors (the “Board”) of Banque BEMO SAL.

- I.1 Ensure adherence to:
 - a. Corporate Governance Guidelines as approved by the Board
 - b. Anti-Bribery and Corruption Policy
- I.2 Act as remuneration committee for Senior Management as well as for the entire workforce in line with basic circular 133
- I.3 Ratify/propose amendments of the revised Board standing committees submitted by organization management. Recommend rotations of the members of these committees when required
- I.4 Conduct an annual review of the Board’s performance
- I.5 Develop and recommend to the Board:
 - a. Standards to be applied in making determinations as to the absence of material relationships between the Bank and Directors
 - b. A set of corporate governance principles applicable to the Bank
- I.6 Conduct with the Board an annual performance evaluation of the Committee, which evaluation shall compare the performance of the Committee with the requirements of the Charter
- I.7 Review and assess the adequacy of this Charter on an annual basis and recommend changes to the Board when necessary
- I.8 Evaluate the total granted remunerations and compare against future expected revenues avoiding any likely negative results
- I.9 Ensure committee members attend Corporate Governance programs whenever called for by the Central Bank
- I.10 Verify that needed disclosures in the annual report as well as reporting to Central Bank and BCC are properly handled

This committee acts as well as remuneration committee deciding on:

- 1) the compensation, merit increases, performance bonuses, succession planning or replacement of Senior Management***
- 2) the fixed and variable remuneration policy, remuneration system, performance evaluation mechanism and guidelines for the entire workforce***

The committee shall devise a procedure for remuneration of Senior Management as well as all the Bank employees.

II. Authority & Responsibilities

The Committee shall have the resources and authority appropriate to perform its duties and responsibilities in as much as it does not contradict the laws, including the authority to select, retain, terminate, and approve the fees and other retention terms of counsel or other experts or consultants, as it deems appropriate, without seeking approval of the Board or Senior Management.

Any communications between the Committee and legal counsel in the course of obtaining legal advice will be considered privileged communications of the Bank and the Committee will take all necessary steps to preserve the privileged nature of those communications.

Subject to the Bank's Corporate Governance Guidelines, the Committee shall have the purpose and responsibilities to:

- II.1 Recommend for the Board's selection Director Nominees for election to the Bank's Board and for filling vacancies occurring between annual meetings of shareholders
- II.2 Perform any other duties or responsibilities expressly delegated to the Committee by the Board from time to time relating to (i) the nomination of Board and committee members as well as (ii) other corporate governance matters
- II.3 Prepare remuneration policy and remuneration system, submit to the Board for approval, supervise and ensure the proper implementation
- II.4 Ensure that all the bank employees are aware of BDL circulars related to Remunerations, and that remuneration policy is in line with central Bank requirements
- II.5 Make recommendations to the Board from time to time as to changes that the committee believes to be desirable to the size of the Board or any committee thereof
- II.6 Identify individuals believed to be qualified to become Board members, consistent with criteria approved by the Board, and recommend to the Board the nominees to stand for election as Directors at the annual meeting of shareholders or, if applicable, at a special meeting of shareholders. In the case of a vacancy in the office of a Director (including a vacancy created by an increase in the size of the Board), the Committee shall recommend to the Board an individual to fill such vacancy either through appointment by the Board or through election by shareholders. In selecting or recommending candidates, whether an incumbent, a replacement or an additional Director, the Committee shall take into consideration the criteria approved by the Board, which are set forth in the Corporate Governance Guidelines and such other factors as it deems appropriate
- II.7 Develop and recommend to the Board standards to be applied in making determinations as to the absence of material relationships between the Bank and Directors
- II.8 In the case of a Director nominee to fill a Board vacancy created by an increase in the size of the Board, make a recommendation to the Board as to the class of Directors in which the individual should serve

- II.9 Identify Board members qualified to fill vacancies on any committee of the Board (including the Committee) and to recommend that the Board appoint the identified member or members to the respective committee. In nominating a candidate for committee membership, the Committee shall take into consideration the criteria approved by the Board, which are set forth in the Corporate Governance Guidelines, and the factors set forth in the charter of that committee, if any, as well as any other factors it deems appropriate, including without limitation the consistency of the candidate's experience with the goals of the committee and the interplay of the candidate's experience with the experience of other committee members
- II.10 Conduct an annual evaluation of the performance of the Board and report conclusions to the Board. The report should include an assessment of the Board's compliance with the principles set forth in the Corporate Governance Guidelines and identify areas in which the Board could improve its performance.
- II.11 Develop and recommend to the Board a set of corporate governance principles applicable to the Bank to be set forth in the Corporate Governance Guidelines, and to review those principles at least once a year.
- II.12 Prepare and review with the Board an annual performance evaluation of the Committee, which evaluation shall compare the performance of the Committee with the requirements of this Charter. The performance evaluation by the Committee shall be conducted in such manner as the Committee deems appropriate.
- II.13 Report to the Board on a regular basis, and not less than once per year
- II.14 Review and assess the adequacy of this Charter on an annual basis and recommend changes to the Board when necessary.
- II.15 Review and assess the adequacy of the Remuneration policy and Remuneration system and submit proposals for modification, if any, to the Board for approval

III. Composition

The Committee will strive to have its members including at least two Board "non-executive" members.

The Board shall designate one member of the Committee provided he/she is an "Independent" Board member as Chairman.

The Chairman will have the practical experience to evaluate performance and remunerations, as well as the required knowledge to assess associated risks.

The Chairman cannot delegate his/her powers to another person; he will chair all regular sessions of the Committee and set the agendas for Committee meetings. No meeting can be held in the absence of the Chairman unless exceptionally needed, it can be chaired by another "Independent" Board member.

If the Committee is comprised of at least three non-executive members, one or two Directors who are not Independent and are not current officers or employees of the Bank, may be appointed to the Committee if the Board, under exceptional and limited circumstances, determines that such membership on the Committee is required by the best interests of the Bank and its shareholders.

Position	Name	Role in the Committee
Independent	-----	Chairperson
Non-executive	-----	Member
Non-executive	-----	Member

IV. Meetings/Decision Making

Frequency of meetings: The Committee shall meet at least twice a year, and perhaps more frequently as determined by the Chairman, with further meetings to occur, or actions to be taken by unanimous written consent, when deemed necessary or desirable by the Committee or its Chairman.

- Meeting quorum / Decision making process / voting rights:
 Quorum: 3 including the chairperson
 Decision: 2
- Minutes of meeting: to include decisions and follow up actions and to be communicated within one week of the meeting date to all members for validation and signature
- Charter needed update: to be updated on annual basis

Board Risk and Compliance Committee Charter

(July 2016)

Reference:	07.16 BRCC CHART 005
Issuance Date:	February 2013
Revision Date:	July 2016
Approval Date:	July 2016
Version number:	005
Approved by:	Board Risk and Compliance Committee

I. Committee Purpose

The Board Risk and Compliance Committee Charter sets out the scope of work, the responsibilities and the composition and meetings' frequency of the Board Risk & Compliance Committee (BRCC) of Banque BEMO SAL (the Bank).

II. Authority & Scope of Work

- The BRCC is appointed and authorized by the Board of Directors of the Bank to assist the BOD in fulfilling its risk management and legal & compliance oversight responsibilities, in strict abidance to regulators requirements.
- The BRCC covers the activities of Banque Bemo Lebanon and Limassol.
- The BRCC reviews and assesses the integrity and adequacy of each of the risk management functions namely credit risk, market risk, liquidity risk and operational risk.
- The BRCC reviews and assesses the activities of the compliance functions.
- The Board Risk & Compliance Committee's responsibility is one of oversight, as the management is responsible for ensuring the proper execution and implementation of approved policies; therefore, the BRCC does not have an executive role.
- The BRCC has direct access to management reports through the Risk Manager and Compliance Officer in their respective domain of competency.
- The Board Risk & Compliance Committee is empowered to conduct or authorize direct investigations into any matter within its scope of responsibilities; and to seek, at its discretion, advice and assistance from independent professionals, at the Bank's expenses, provided it is advised to the Bank's senior management.
- The BRCC, through its Chairperson, reports to the Board of Directors or any of the other Board Committees any information deemed relevant or any recommendation requiring approval and/or action.
- The BRCC through its Chairperson advises Senior Management of any concerns and issues to be followed-up and monitored.
- In line with its main purpose and objective, the BRCC can have other additional responsibilities delegated to it by the BOD on an ad hoc basis.
- The BRCC should make an annual self-assessment of its performance.
- The BRCC reviews the adequacy of the present charter on an annual basis.

III. Responsibilities and Duties

Risk Management Function

- Ensure the independence of the Risk Management function of the Bank.
- Ensure adequate resources in terms of competencies are allocated to the Risk Management function.
- Review and approve the Acting Risk Manager's job description.
- Review and approve the Risk Management strategy & plan on an annual basis.
- Review & approve Risk Management's structure, organization, policies, procedures; processes and related models on an annual basis.

- Review on a quarterly basis Risk Management reports ensuring approved limits and thresholds are not breached.
- Discuss and assess the implementation of recommendation raised by internal audit in their annual review report on Risk Management activities.

Compliance Function

- Ensure the independence of the Compliance function of the Bank.
- Ensure adequate resources in terms of competencies are allocated to the Compliance function.
- Review and approve the Compliance Officer's job description.
- Review and approve the Compliance strategy & plan on an annual basis.
- Review & approve Compliance structure, organization, policies, procedures; processes and related models on an annual basis.
- Review on a quarterly basis Compliance reports ensuring applicable regulations and requirements are not breached.
- Discuss and assess the implementation of recommendation raised by internal audit in their annual review report on Compliance activities.
- Review the semi-annual compliance reports submitted by Compliance to Senior Management and discuss important deficiencies and violations identified and corrective measures taken accordingly.

IV. Composition

Position	Name	Role in the Committee
Independent Board Member	Mr. Antoine Wakim	Chairperson
Independent Board Member	Mr. Derek el Zein	Member
Non-Executive Board Member	Mr. Jean Hajjar - representing <i>Sharikat Al Istissmarat Al Oropia lil sharek Al Aousat Holding SAL</i>	Member
Executive Board Member	Mr. Riad Obegi	Member
AGM, Head of Finance, Capital and Systems Management	Mr. Gaby Frangieh	Attendee
Compliance Officer	Ms. Annie Tchouboukjian	Attendee
Risk Manager	Mrs. Maria Haraoui	Attendee - Secretary

V. Meetings/Decision Making

- Members of the Risk & Compliance Committee are appointed by the Bank's Board of Directors, from amongst its members for one year. Their mandate is renewable.
- The Committee consists of non-executive members, at least one of whom is a member of the Board Audit Committee. Quorum shall be attained with the presence of the majority of members.

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- A member of the Bank's staff shall be appointed by the BRCC members, to act as the Secretary. Minutes of the proceedings and resolutions of the BRCC shall be kept and archived; these minutes need to be signed by the present members of the BRCC meeting.
 - The BRCC Chairperson ought to be an independent member with expertise and experience in Risk Management and Compliance in the banking and/or financial sector.
 - The BRCC Chairperson may invite any Board member, or executive manager or any other person to attend the BRCC meetings.
 - The BRCC Chairperson may neither delegate his powers to another member nor hold the chairmanship of both Audit Committee and BRCC simultaneously.
 - Meetings cannot take place in the case of the Chairman's absence. Under exceptional circumstances, it will convene but only if chaired by an independent member.
 - Under exceptional circumstances an immediate meeting can be notified to BRCC members to discuss urgent matters and minutes of discussions / recommendations and resolutions shall be recorded in details and submitted directly to the Board of Directors.
 - The normal voting process requires the approval of the majority of the members whereby each member holds one casting vote.
 - In the event of a tie, the resolution of the decision is vested to the BRCC Chairperson or under exceptional circumstances to the independent member in charge of the Committee convening whereby the vote of the Chairperson or the charged member is counted twice.
 - As the BRCC's activity is to cover the operational, financial and strategic risk profile of the Bank, as well as compliance activities; members shall enjoy a diversified range of expertise, skills and experiences.
 - The Board of Directors, upon the recommendation of the Compensation Committee, shall determine the compensation of the BRCC members.
 - The Committee should meet at least on a quarterly basis; the secretary shall notify members of the agenda which should be prepared with the coordination of the Risk Manager, the Compliance Officer and other BRCC members.
 - The AGM, Head of Finance, Capital and Systems Management, the Risk Manager and the Compliance Officer shall attend the BRCC meetings in their respective domain of competency unless otherwise informed.