

Corporate Governance Guidelines Of Audi Private Bank Sal

Section 1.01 Tasks of the Board

In fulfilling its overall mission, the Board of Directors of Audi Private Bank sal (herein referred to as APB or the Bank), assisted by its Committees, should seek to discharge the following Tasks (consistent with its Responsibilities as set out in the law and in the Articles of Association of the Bank) that should be translated into an annual Rolling Agenda:

I. Strategic Direction and Management Supervision

1. Review and approve the multi-year Business Plan and annual Budget of the Bank with the ultimate goal of increasing its long-term value;
2. Oversee management and provide guidance on the achievement of objectives set out in the Business Plan and Budget;
3. Review and approve major transactions (as determined by the Board of Directors) or other transactions of strategic importance that the General Manager submits for its approval;
4. Ensure that its Strategy and Policies are aligned and do not conflict with Group strategies and Policies;

II. Governance

1. Ensure that the Board Of Directors' composition, structure, Policies and processes meet all relevant Legal And Regulatory Requirements and strive to achieve global Corporate Governance Best Practice standards in the Bank;
2. Appoint, review the service contract and, when necessary, dismiss the General Manager;
3. Set the institutional structure of the Bank;
4. Approve and regularly review the Authorities and Powers delegated to Board Committees and to Management;

III. Policy Setting

Adopt and regularly review the necessary policies (compliance, risk, Human Resources, etc.) within the overall Group policies set by the Bard of Directors of the mother company;

IV. Compensation

Decide on the Remuneration of the Board members, General Manager and Deputy General Manager, to be ratified by the General Meeting of Shareholders in accordance with the Bank's Articles Of Association and the law.

V. Internal Control

1. Ensure that the Bank has an effective system of Internal Control, including financial control; regularly evaluate the Internal Control system; ensure effective, independent external and Internal Audit functions and an effective Legal and Regulatory Compliance function;
2. Appoint and, when necessary, dismiss the Internal Auditor;

3. Review and approve the Bank's consolidated financial statements and ensure the integrity of all disclosures;
4. Ensure that the Bank has developed and maintains a high-standard, functioning Code of Conduct for Bank employees.

VI. Risk

Within the Risk framework adopted at the level of the Group:

1. Define and regularly review the Risk Appetite and Risk Tolerance of the Bank;
2. Approve and regularly review the Internal Capital Adequacy Assessment Process ("ICAAP");
3. Regularly monitor the Risk Profile of the Bank;

VII. Manage Conflicting Interests

Review and approve transactions between the Bank and Directors or other parties related to the Bank, according to these Guidelines, the By-laws and/or Bank's Code of Conduct and, where appropriate, seek approval from Shareholders and submit an annual report on Related Party Transactions to the Shareholders.

VIII. Corporate Social Responsibility

Approve the establishment and participation in charitable foundations, non profit associations and non-profit corporations by the Bank.

IX. Other Matters

Decide on any other issue, as required by laws, Regulations, the Articles Of Association of the Bank or considered by the Chairman of the Board Of Directors to be of importance to the Bank.

Section 1.02 Authority of the Board Of Directors

1. The Board Of Directors has ultimate power to manage and represent the Bank.
2. The Board Of Directors may delegate a part of its functions and powers, the Bank's management and the execution of the decisions taken, to one or more of its members. The scope of such duties, powers and fee to be paid to such authorized persons shall be determined by the Board of Directors;
3. The Board Of Directors may also decide to delegate the right to the Chairman or to the General Manager to further confer delegated Authorities to the staff of the Bank.

Section 1.03 Structure of the Board Of Directors

1. Board size: The number of directors, which shall not exceed 12, is decided upon by the General Meeting of Shareholders, following a proposal by the Board. The Board might decide not to fill any vacant post following a resignation, death or discharge of a director until the next General Meeting.
2. Board Of Directors Composition: The Board Of Directors should consist of qualified Directors as defined in section 2.01, distributed as follows:

- a. At least half of the Board Of Directors should consist of Non-Executive Directors, who are not employed by the Bank or by a subsidiary and are not involved in its day to day business;
 - b. At least 1/3 of the members of the Board should consist of Independent Non-Executive Directors as defined in section 2.01;
3. By law, the Chairman is also the General Manager of the Bank. The Board may decide to appoint another General Manager who will work for the account of and under the responsibility of the Chairman as per applicable law. Reference to the General Manager in this document will be construed as a reference to the Chairman - General Manager in case another General Manager is not appointed by the Board.

The role and Responsibilities of the Chairman of the Board: (in his capacity as chairman of the Board and other than his responsibilities as General Manager) are as follows:

The Chairman:

- 3.1. is responsible for leadership of the Board Of Directors, ensuring the fulfillment of all of its Tasks and Responsibilities, the proper planning of its Agenda, the effectiveness of its meetings and the efficient use of the Board Of Directors' time;
 - 3.2. calls and presides over the meetings of the Board Of Directors, approves the Agendas and guides the Secretary of the Board Of Directors on all matters relevant to the Board Of Directors;
 - 3.3. is responsible for ensuring that the Directors receive accurate, timely and clear information;
 - 3.4. facilitates the effective contribution of Non-Executive Directors in particular;
 - 3.5. is available to Shareholders as the representative of the Bank and its principal voice on all matters;
 - 3.6. The Chairman may propose to the Board Of Directors the appointment of another General Manager who will assume the responsibility of managing the business and operations of the Bank for the account of and under the responsibility of the Chairman and with final accountability to the Board Of Directors;
4. Vice Chairman of the Board Of Directors: A Vice Chairman may be elected by the Board of Directors to chair meetings in the absence of the Chairman.
 5. Board Of Directors Committees: The Board Of Directors should establish and maintain the following regular committees:
 - the Audit Committee
 - the Risk Committee

Each committee shall have its own charter, which will be approved by the Board of Directors and annexed to these Guidelines. The Board Of Directors may, from time to time, establish or maintain additional committees as necessary or appropriate.

Section 1.04 Functioning of the Board Of Directors

1. Meetings

- 1.1 The Board Of Directors shall meet as frequently as needed and at least 4 times per year. The Chairman (or, in his absence, the Vice-Chairman) may convene a meeting at his discretion.
- 1.2 The Board of Directors has the requisite quorum when one half plus one of the directors is present. Decisions are taken by majority of those participating.
- 1.3 The proceedings and decision of the Board and its Committees are recorded in its minutes. Minutes of every meeting should be reviewed at the Board's following meeting.
- 1.4 Participation at a meeting can take place by tele- or video-conference, when directors participating in this manner have in parallel given general proxies to other members of the Board for voting purposes.
- 1.5 The Agenda of every Board Of Directors meeting will be set by the Chairman;
- 1.6 At its first meeting of every calendar year, the Board Of Directors should adopt a calendar of meetings and a rolling Agenda for the next 12 months which properly fulfils its Tasks and Responsibilities and responding to all matters reserved for its decision.
- 1.7 Meetings shall be attended by the Secretary of the Board Of Directors. The Chairman may invite other executives and external advisors to participate as required. The Chairman may at any time decide to close the Board Of Directors meeting to any non-members.
- 1.8 Directors should receive adequate documentation for each item on the Board Of Directors Agenda. Save for exceptional circumstances, the Agenda and the meeting documents should be distributed at least five working days before the meeting. Distribution by electronic means is considered valid.

2. The Secretary of the Board Of Directors: The Secretary of the Board Of Directors is responsible towards the Chairman for:

- 2.1. The effective Functioning of, and support for, the Board Of Directors and its Committees;
- 2.2. Proper communication and information flow between the Board Of Directors and the rest of the Bank;
- 2.3. Ensuring that the Bank's Corporate Governance is properly documented and communicated to Shareholders;
- 2.4. Organizing General Meetings of Shareholders and ensuring that Shareholders are adequately informed and facilitated in the exercise of their shareholder rights.

The Secretary of the Board Of Directors shall report directly to the Chairman.

Section 1.05 Board Of Directors Evaluation

The Board Of Directors should conduct an annual Board Of Directors Performance Evaluation on the basis of a methodology approved by the Board of Directors. The evaluation may be carried out by an outside consultant.

Article II. Directors Duties, Rights and Qualifications

Section 2.01 Director Qualifications

Director Qualifications: In order to be considered by the Board of Directors as a candidate for the Board Of Directors' proposal to the General Meeting of Shareholders, a candidate should:

1. Have a history that indicates he or she is committed to high Ethical standards;
2. Have a clear sense of the balance between the legitimate interests and concerns of all of the Bank's Shareholders and other stakeholders in reaching decisions, rather than advancing the interests of a particular constituency;
3. Have the willingness and intellectual authority to challenge management, while working constructively as part of a team in an environment of trust;
4. Be ready to devote sufficient time and energy to discharging his or her duties as a Director;
5. have skills, expertise and knowledge that complements those of the existing Directors, taking into consideration the review of the Board Of Directors' profile;
6. Prior to any nominations of Directors being made to Shareholders at the relevant Annual General Meeting, the Board Of Directors should ensure that the new Board Of Directors, as a collective body, would present the following profile:
 - a. Superior knowledge of the Financial industry;
 - b. Ability to make the kind of important and sensitive judgments that the Board Of Directors is called upon to make.
 - c. Adequate understanding of the Bank's client universe and of the main geographic markets in which the Bank is active.
 - d. Financial expertise required to provide effective oversight of a diversified Financial services business.
7. Director incompatibilities: The following professional affiliations are incompatible with the position of a Board Director:
 - a. An executive, Board member or employee or any other affiliation that implies a duty of Loyalty to one of the Bank's competitors or any other institution whose interests might conflict as a matter of course with the interests of the Bank and its Shareholders.
 - b. A consultant or external advisor to the Bank or an employee or partner of a firm that is consulting or advising the Bank, including its External Auditor.
8. Definition of Director Independence: In order to be considered an Independent non-executive Director by the Board of Directors a Director should fulfill the independence requirements as defined by basic circular no. 118 of the Central Bank of Lebanon.
9. Director orientation and continuous education: The Bank should provide an orientation program for new Directors which should include presentations by senior management on the Bank's Business Plan, its significant Financial, accounting and Risk Management issues, its Compliance function, its Code Of Ethics And Conduct and its management structure. The orientation program may also include visits to certain of the Bank's significant branches. The Bank should also make available continuing education and development programs for all members of the Board Of Directors.

Section 2.02 Directors' Rights

In addition to the legal rights as defined by law, members of the Board Of Directors have the following rights:

1. The Right to be informed:
 - a. Directors should receive and review on a quarterly basis a set of key Performance indicators relevant to the achievement of Business Plan and annual Budget targets.
 - b. In addition to information regularly received by the Board of Directors, Directors should be able to access any company information, records, and books through the Chairman.
 - c. In the course of fulfilling their duties, and in order to seek information and advice, Directors should have access to any member of senior management of the Bank through the Chairman.
2. The right of access to the Agenda: Any member of the Board Of Directors may request that the Chairman includes one or more items on the next Board Of Directors meeting Agenda.
3. The right to be adequately insured: Directors should be adequately covered against legal or other risks in conjunction with their duties at the Bank at the cost of the Bank.
4. The right to record disagreement: Directors should have the right to express disagreement with a decision of the Board Of Directors in writing and to record their opinion in the minutes.
5. The right to keep personal data private: Directors should have a right to have all their disclosures to the Board Of Directors, its Committees or the Bank that are not already a matter of public record remain confidential, unless the release of such information is required by law, the Bank's By-laws, these present Guidelines or specific Bank Policies approved by the Board of Directors.

Section 2.03 Director's Duties

In addition to the legal duties as defined by law, members of the Board Of Directors have the following duties:

1. Ethics and reputation: Directors should uphold the highest Ethical standards and maintain an impeccable reputation. Any issue that can impact on their reputation and trustworthiness in any country where the Bank is active should be reported to the Chairman of the Bank.
2. Compliance: Directors should undertake to comply with all laws and Regulations in all aspects of their public and private lives. Any ongoing litigation in which they are involved or real risk thereof should be reported to the Chairman of the Bank.
3. Regular Attendance: The Chairman, through the Secretary of the Board Of Directors, should monitor attendance at every meeting. Individual attendance should be noted in the minutes.
4. Diligence and care: Directors should apply the level of care and diligence that can reasonably be expected from a Director in this position.
5. Protection and use of company assets: All Directors should endeavor to protect the Bank's assets and ensure their efficient use. All company assets must be used for legitimate business purposes.
6. Fair dealing and equal treatment: Directors should deal fairly with all of the Bank's employees, suppliers, clients and competitors. Directors should not take unfair advantage of anyone through manipulation, concealment, abuse of privileged information, misrepresentation of material facts, or any other unfair-dealing practice. All business relationships, lending relationships, deposit and other banking relationships between the Bank and a Director or his/her affiliates should be made in the ordinary course of business and on substantially the same terms as those prevailing at the time for comparable transactions with non-affiliated persons.
7. Communications. The Chairman and the General Manager should speak for the Bank. Other non-executive Directors may, from time to time, meet or otherwise communicate with

- various constituencies with the agreement of the Chairman or the General Management. Other members of Senior management may be explicitly empowered by the Chairman to speak for the Bank provided such empowerment specifies the topics that may be addressed.
8. Confidentiality: Directors must maintain strict confidentiality of all information concerning the Bank, that has not been disclosed by the Bank, and they have the duty not to disclose any information, data, reports or background information which comes to their knowledge in the course of their duties, as long as this information has not otherwise become public. This obligation shall continue once a Director has left the Board Of Directors.
 9. Conflicts of Interest and related party transactions:
Directors have a duty of Loyalty to the Bank. They should strive to avoid Conflicts of Interests with the Bank. In particular:
 - a. Directors should not take for themselves personally opportunities or potential opportunities that are discovered through the use of corporate property, information or position without the consent of the Board Of Directors. Directors should advance the Bank's legitimate interests when the opportunity to do so arises.
 - b. Directors must not during their tenure become an executive, Board member or employee or otherwise assume a position which implies a duty of Loyalty to one of the Bank's competitors, or to other Institutions whose interests might conflict as a matter of course with the interests of the Bank or its Shareholders. If they choose to do so, they should concurrently submit their resignation from the Board Of Directors.
 - c. Directors or their affiliates are strictly prohibited from using any information they obtain in the course of their duties in order to trade in the Bank's shares.
 - d. Directors should disclose annually to the Secretary of the Board Of Directors their main professional affiliations and engagements, including Responsibilities in non-profit organizations. Directors have an obligation to disclose to the Secretary of the Board Of Directors on a timely basis any changes to the above as well as any other event that might put them in a conflict situation with the Bank or may alter their status as Non-Executive or Independent Directors.
 - e. Prior to their approval by Shareholders in the cases where this is required by law, all transactions between the Bank and a Director or his/her affiliates that do not fall within the normal course of banking business or are substantially different from those prevailing at the time for comparable transactions with non-affiliated persons should be approved by the Board of Directors. Directors shall disclose to the Board Of Directors any such transaction on a timely basis. .
 - f. Directors have a duty to disclose in advance to the Chairman any share dealings in shares and derivatives of the Bank and its affiliates according to the provisions of the relevant legal requirements and the Bank's By-law. The Chairman has to disclose any such dealings to the Vice-Chairman.
 - g. Directors should excuse themselves from any discussion, and should not participate in a decision, on any issue on which they have an actual or potential Conflict of Interest. When in doubt, they should consult with the Chairman or the Secretary of the Board Of Directors.
 - h. The Chairman may ask one or more Directors to abstain form the discussion and decision if he/she considers that on there is a Conflict of Interest on the specific topic.
 10. Director Retirement:
 - a. Retirement Age: Executive and Non-Executive Directors that reach the age of 75 will retire form the Board Of Directors.
 - b. Executives resign upon retirement: All executive or employee members of the Board Of Directors should resign upon their retirement or departure from the Bank.

11. Relationship with Shareholders:

Agenda: The Board Of Directors decides the issues that will be put on the Agenda of the General Meeting of Shareholders. Shareholders should receive all adequate documentation and other information regarding all Agenda items at the time the Agenda is published.

Document History:

<u>Edition</u>	<u>Modification</u>	<u>Adopted by the BOD on</u>
1.0	First Edition	March 22 nd , 2012
2.0	Second Edition	February 20 th , 2015
