

CHARTER OF THE BOARD AUDIT COMMITTEE

Article 1 – Main Functions of the Board Audit Committee

The Board Audit Committee (“BAC”) is appointed by the Board of Directors to assist the Board in fulfilling its oversight responsibilities for the financial reporting process, the system of internal control, the audit process and the process for monitoring compliance with laws and regulations.

In this respect, the main functions of the BAC are to assist the Board of Directors in fulfilling its oversight responsibilities for:

- Proficiency, independence and objectivity of the External Auditors and Internal Auditors.
- Financial reporting and disclosure processes.
- Effectiveness of the systems of internal control.
- Follow up on the Implementation of Internal and External Auditors recommendations.
- Process for monitoring compliance with laws and regulations.
- To review the audit reports issued by the Internal Audit,
- To ratify the recommended action plans and
- To ensure all the agreed recommendations have been implemented by the relevant managers of the audited areas.

The Committee is also responsible of reviewing the reports issued by the external auditors.

Article 2 – Members of the Committee

The members of the Board Audit Committee are:

<u>Voting</u>	5 Non-Executive Board Members:
<u>Members:</u>	Mr. Krikor Sadikian (President – Non-executive and Independent)
	Mr. Antoine Wakim
	Mr. Adib Millet
	Mr. Robert Sursock
	Mr. Rashed Ben Saad El Rashed

Non-voting Head of Internal Audit: Mr. Bassem Nohra

attendees:

Article 3 – Meetings

3A - Frequency

The Committee shall meet at least four times a year, with authority to convene additional meetings, as circumstances require. Committee meetings are usually held in the Head Office premises, unless exceptionally an alternative meeting place has been agreed upon by all the members. Committee members are expected to attend each meeting in person or via tele- or video-conference.

The Audit Committee will invite members of Management, Auditors or others to attend meetings and provide pertinent information, as necessary.

The Committee will hold at least once a year a meeting with the External Auditors.

The Committee will hold at least once a year a private meeting with the Head of Internal Auditor in the absence of Management members/executives.

Meeting agendas will be prepared if practical and provided in advance to members, along with appropriate briefing materials they intend to make, at least 3 days before the meeting. Minutes will be prepared.

Sometimes urgent actions could be taken without a meeting if all members thereof consent thereto in writing or by electronic transmission, and the writings of electronic transmission are filed with the minutes of the proceedings of the Committee.

3B – Quorum

The Committee will consist of at least five non-executive members of the Board of Directors. The Board will appoint committee members and the Committee chair. The Committee Chair shall be an independent non-executive Board Member and shall possess skills in finance, accounting or audit.

Quorum is obtained by the presence of at least three members of the Committee.

3C – Decisions and Minutes

Decisions are made by majority voting of the attending members.

The Secretary of the Committee prepares the minutes of the meeting. These should be dated and include discussions made and resolutions taken. In the case where a decision is an amendment to a prior one, this should be clearly stated in the minutes, which would include the reference of the previous resolution being amended.

The minutes of the meeting should be sent to the Chairman (in case he did not attend the meeting) for final review and approval. Should the Chairman not amend or reject the decisions, the Secretary of the Committee shall communicate them to the concerned bodies, divisions, departments and branches of the bank.

Article 4 – Details of Responsibilities

The detailed responsibilities of the Board Audit Committee are as follows:

Internal Audit Function

- Validate the Audit Charter developed by the Internal Audit Department, including the mission and scope of work, independence, responsibility and authority of Internal Audit function, as well as the reporting lines to the Board of Director.
- Review and agree on the annual Audit Plan (once a year).
- Agree on the appointment and remuneration of the Head of Internal Audit.
- Agree on the Internal Audit budget and resources to support the necessary audit effort
- Assess the findings and recommendations raised in by the Internal Audit Department.

Internal Controls

- Ensure the adequacy and the effectiveness of the Bank's internal control systems
- Ensure that internal control policies and procedures (including Anti-Money Laundering procedures) have been developed and study recommendations for their enhancement
- Assess the reliability and accuracy of the financial information reported to management and external users
- Ensure that a proper follow up has been established to implement Board of Directors decisions, and that Management is monitoring the effectiveness of the internal control system.
- Review, on a regular basis, the relationship between Management and Internal & External Auditors.

External Auditors

- Discuss external auditors' findings as well as the conclusions and the recommendations raised in their reports
- Evaluate the external auditor's performance for the preceding fiscal year, and the review of their fees.
- Review significant accounting and reporting issues and assess whether the financial statements are complete, consistent with information known to committee members, and reflect appropriate accounting principles.
- Review the Bank's compliance with legal and regulatory provisions.

Article 5 – Validity of the Charter

The Board shall review and assess the adequacy of this Charter annually. The Committee may recommend amendments to this Charter at any time and submit amendments for approval to the Board. Any amendment needs the Chairman's prior approval.

This charter is valid and fully applicable from the date of its approval by the Chairman and its ratification by the Board of Directors, and will remain applicable as long as no amendments were re-issued.

The ratification of this charter automatically cancels out and replaces any previous charter.