

CHARTER OF THE BOARD COMPLIANCE COMMITTEE

Article 1- Mission Statement

The Board Compliance Committee (the “Committee”) is a standing committee of the Board of Directors (the “Board”) of Bank of Beirut SAL (the “Bank”) that has general responsibility to oversee the Bank’s compliance with local and international laws, regulations and guidelines, and with the code of conduct applicable to its banking activities, as well as the policies and procedures that are applicable within the jurisdictions where the Bank is licensed to operate. This typically includes specific areas such as regulatory compliance, the combatting of financial crime, anti-bribery and corruption, prevention of money laundering and terrorist financing.

The mission of the Committee is to oversee the Bank’s implementation of compliance programs, policies and procedures that are designed to respond to the various compliance, legal and regulatory risks.

Article 2 – Main Functions

The Committee supports the Board of Directors in its functions and supervisory role with respect to fighting money laundering and terrorist financing and understanding the related risks, and provide assistance in making the appropriate decisions in this regard.

The committee reviews, from a risk-based approach, the reports submitted by the Compliance Department 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 takes the relevant decisions.

Article 3 – Members of the Committee

The Board of Directors appoints the Chairman and Members of the Board Compliance Committee, whereas the Chairman of the Committee is an independent Board Member and has the necessary professional skills and expertise.

The Board Compliance Committee consists of four Members appointed by the Board of Directors for its entire mandate. Except for the Chairman of the Committee, any member of the Committee may, simultaneously, serve as a member of the Audit Committee, the Risk Committee or the Remuneration Committee.

The powers and responsibilities of the Chairman of the Committee may not be delegate to any other person.

Article 4 – Meetings

Frequency

The Committee convenes on a quarterly basis to discuss various Compliance matters and on ad-hoc basis depending on the matters to be discussed as determined by the Chairman of the Committee, where two meetings at least are held in Lebanon.

An official invitation will be sent by the Committee Secretary (Head of Compliance) to all Committee members at least 48 hours before the Committee meeting date. At any time the Chairman of the Committee may convene the Committee if so requested by any member (or Secretary) of the Committee.

Members of management may be invited by the Chairman of the Committee to attend any meetings of the Committee.

The Head of Compliance ensures that minutes are kept of all meetings, and that they are circulated to all Committee members.

Quorum

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

Decisions and Minutes

Decisions are made by at least two voting members of the committee members. In case of a tie, vote of the Chairman of the Committee will prevail.

The Secretary of the Committee prepares the minutes of the meeting. They include the date and time of the meeting, the list of attendees, as well as the discussions made and resolutions taken. It is to be noted that the minutes of the meeting are treated with the utmost confidentiality.

Article 5 – Details of Responsibilities

The Board Compliance Committee has the following duties and responsibilities:

- Overseeing the management of the bank's compliance risk.
- Approve the bank's compliance policies and procedures, including formal documents establishing a permanent and effective compliance function.
- Oversee the implementation of the policy, and ensure that compliance issues are resolved effectively and expeditiously by senior management with the assistance of the compliance function.
- Assess, at least once a year, the extent to which the bank is managing its compliance risk effectively.
- Review/Approve the AML/CFT Compliance Policy and Procedures on implementing the provisions of the Law on Fighting Money Laundering and other applicable BDL rules and regulations.
- Review/Approve a Know-Your-Customer (KYC) form for customer identification ensuring adequate financial and banking operational controls, to avoid involvement in money laundering operations, in accordance with the information specified in Article 3 of BDL circular 83.
- Ascertain the proper implementation and effectiveness of AML/CFT policies, procedures and regulations.
- Periodically review policies, procedures and regulations related to the combat of money laundering and terrorism financing, and keep these up-to-date with modern methods and developments.
- Review/Approve a staff training program on the methods of controlling financial and banking operations in accordance with the legal and regulatory texts.
- Review the reports submitted by the Compliance Department on suspicious/unusual operations and high-risk accounts, regarding cash deposits/withdrawals, transfers, and the link between these operations and economic activities.
- Assess/Review the implementation of compliance procedures needed to verify compliance with the laws, regulations, procedures and directives issued by the Central Bank, the Banking Control Commission, the Capital Market Authorities and relevant Regulatory Bodies.
- Ensure the Bank's compliance with the regulations related to the Foreign Account Tax Compliance Act (FATCA) and the OECD's Common Reporting Standard (CRS) for the Automatic Exchange of Information (AEOI).

Article 6 – Validity of the Charter

The Board Compliance Committee reviews and assesses the adequacy of its Charter annually. The Committee may recommend amendments to this Charter at any time and submit amendments for approval to the Board Directors.

The passage of any amendment requires the approval of the Chairman of the Committee.

This charter is valid and fully applicable from the date of its approval by the Chairman of the Committee 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 voids and replaces any previous version.