

EXECUTIVE SUMMARY
MEMORANDUM OF GOVERNANCE
2021

BBE's mission is driven by a desire to create significant value for our clients, and the Byblos group, in building long term business opportunities with sustainable client relationships in Emerging markets and Europe, based on trusted, personal, loyal, quality service combined with operational excellence using digital tools, channels and AI (artificial intelligence), constantly improving client service experience with effective compliance, while mitigating risks through strong controls, discipline, and ensuring the empowerment of a high performing international skilled team of professionals. In short, the mission BBE, the Better Banking Experience.

The condensed version of this document is available on the BBE website. The comprehensive version will be made available upon request to SBD Department of BBE (sbd@byblosbankeur.com) and shared, through the relevant portal, with the National Bank of Belgium in the framework of its prudential supervision.

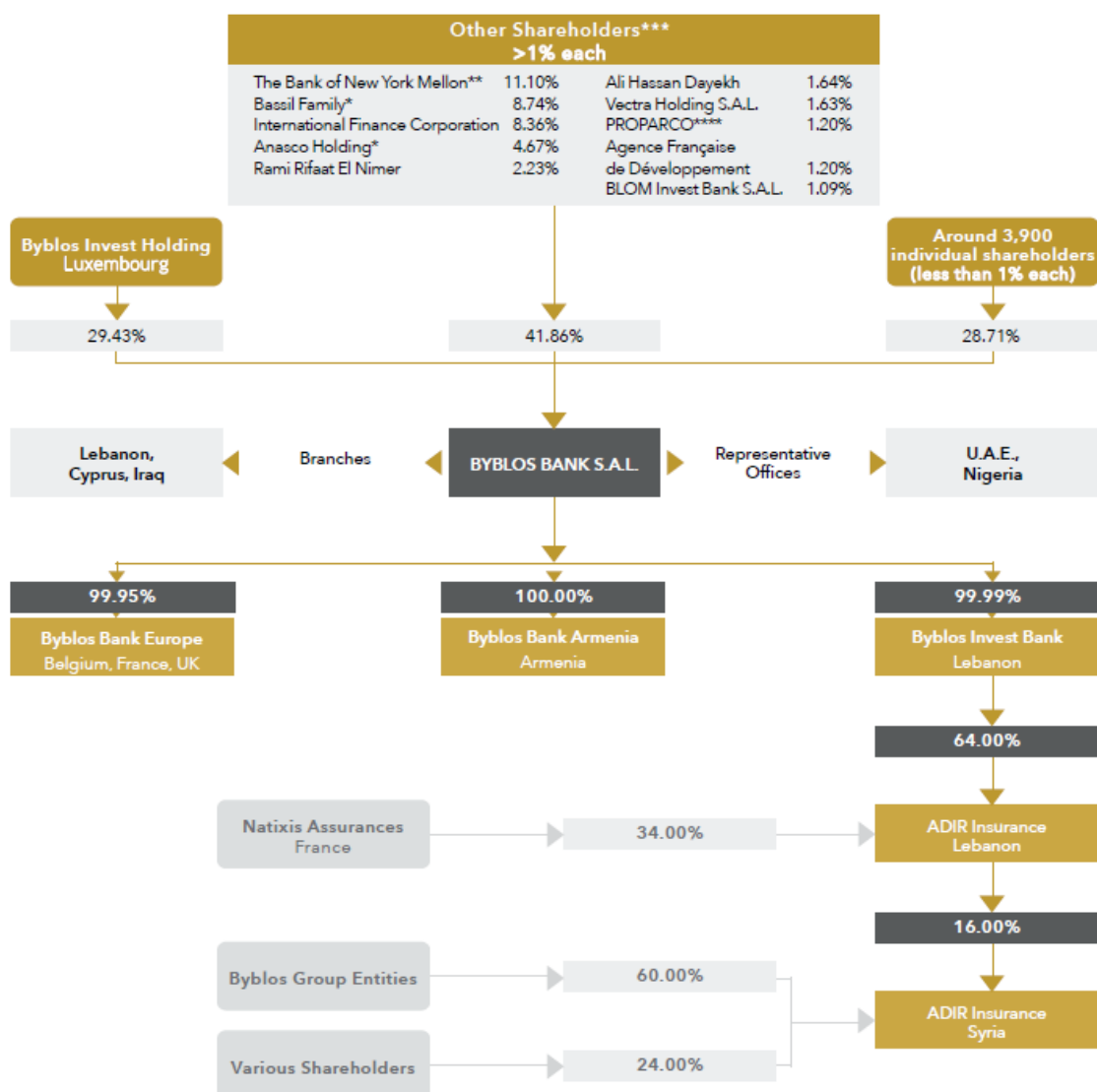
About Byblos Bank Europe

Byblos Bank Europe S.A./NV ("BBE" or "the Bank") is a limited liability company ('naamloze vennootschap' (NV) / 'société anonyme' (SA)), incorporated under Belgian law. The company has been incorporated for an unlimited period. Its registered office is Boulevard Bisshoffsheim, 1-8, B-1000 Brussels, Belgium. BBE is registered under the number BE 0415.718.640.

Shareholding and Group Structure

1. Byblos Bank Group

BBE is part of the Byblos Bank Group of which the parent company Byblos Bank S.A.L. is a full-service financial institution established in 1963 Lebanon and registration with the Central Bank of Lebanon. The Byblos Bank Group comprises an extensive network of subsidiaries, representative offices, and branches across Lebanon and in strategic countries on three continents.



2. Shareholding structure

As at December 31, 2020 the BBE shareholding structure was as follows:

Shareholder	# of shares	Participation
Byblos Bank SAL, Lebanon	9.748	99,98 %
François S. Bassil	1	0,01 %
Semaan F. Bassil	1	0,01 %
Total	9.750	100,00 %

3. Geographical presence

BBE has two (2) branches in Paris and London. The branches' activity is fully aligned with and provides the same products and services as that of the Brussels head office. Most of the clients of BBE (including its branches) have activities in different international markets and regions and hence the services these clients request from BBE are related to their international activities. Given the international dimension of the clients' activities, the Paris Branch caters particularly to customers dealing with French-speaking African countries, while the London Branch covers the English-speaking countries.

Governance structure and organisation

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1. Board of directors

Non-executive Directors (NED)	Independent Non-Executive Directors (INED)	Executive Directors
Jacques DE RAEYMAEKER Board Chairman* NRC member	Des O'SHEA ARC Chairman** NRC member	Victor H. VAN DER KWAST CEO and Managing Director NRC as Chair Staff Committee
Selim STEPHAN Vice Chairman NRC member	Christine LENSEL -MARTINAT ARC member	Philippe THEUS CRO
Ludo SWOLFS NRC Chairman ARC member	Johan BOHETS *** ARC member	Dirk VERMEIREN CFO, COO
Faysal M. TABSH	Hubert DE SAINT-JEAN	Ghassan CORTAS CCO
Semaan F. BASSIL		

Per the AGM of 27/04/2022, the people identified with an * will change in their roles.

*Mr Jacques De Raeymaeker – will retire as per April 30th, 2022, from the Board and the Nomination and Remuneration Committee ('NRC').

**Mr Des O' Shea – will be appointed as a Chairman of Board of BBE per 01/05/2022, after NBB approval.

***Mr Johan Bohets – will be appointed per 01/05/2022 as a Chairman of the Audit and Risk Committee ('ARC').

BBE is governed by a Board of Directors (the “Board”), a collegial body that constitutes the highest decision-making body of the bank. Its responsibilities include, but are not limited to:

- Setting the strategy and orientation of the activities.
- The supervision of the business and the regular assessment of the governance structure, the organization, and the internal control mechanisms of BBE.
- The responsibility for the supervision of BBE's operations.

The Board pursues sustainable value creation by the bank, by putting in place effective, responsible, and ethical leadership, setting the company’s strategy and monitoring the company’s performance, the whole in full compliance with the applicable legal norms and regulations.

The Board shall meet at least four times a year.

2. Audit and Risk Committee (ARC)

The purpose of the BBE ARC is to assist the Board of BBE discharge its responsibilities by having oversight of Audit and Risk related matters as follows, such as, but not limited to:

- The integrity of the financial statements and financial reporting systems of BBE.
- BBE’s financial reporting and compliance with prudential regulatory reporting and statutory reporting requirements.
- BBE’s overall risk management framework for managing financial and non-financial risks.

3. Nomination and Remuneration Committee (NRC)

The purpose of the NRC is to assist the Board of BBE discharge its responsibilities by having oversight of Remuneration and Nomination related matters, such as, but not limited to:

- Developing and maintaining an appropriate Remuneration Governance Framework to apply to the Bank which may include policies such as **(i)** Executive Remuneration Policy, **(ii)** Short Term Incentive Policy & Procedure **(iii)** recruitment, retention, and termination policies, **(iv)** Clawback policy, and **(v)** Policies and procedures in relation to the engagement of external remuneration consultants.
- Review succession plans for the Board of Directors, Control Functions and Direct Reports of CEO on a regular basis to maintain an appropriate balance of skills, experience, and expertise in the management of the Company and providing advice to the Board accordingly.
- Developing a policy and procedures for the selection and appointment of directors.

4. Executive Committee (ExCo)

The ExCo exercises the powers of the day-to-day management of the Bank autonomously, but always in the context of the general strategy set by the Board and in accordance with the rules issued by the NBB. This delegation of power cannot, however, relate to the powers reserved to the Board, nor to the definition of the general policy of the Bank.

The ExCo is structured to ensure clear and decisive and allocation of management tasks in line with the respective core areas like Commercial, Risk Management and Finance as well as Operations and IT. The CEO ensures timely and transparent interaction and reporting to ensure regulatory compliance as well as communication to all staff.

The ExCo meets at least once a month, or more frequent upon the invitation of its Chairman. Additional meetings may be arranged - including at the request of a member of the ExCo - whenever the interest of the Bank orders it.

5. ExCo-level Committees

The ExCo can create Committees to assist it with the management of certain activities or risks. These Committees have advisory powers and formulate recommendations to the ExCo for validation or decision. They might receive certain delegated authorities from the ExCo as specified in their terms of reference.

For the moment, the following committees have been created within the ExCo:

- Local Credit Committee (LCC)
- Credit Risk Committee
- Asset and Liability Committee (ALCO)
- Compliance Committee (CC)
- Operational Risk Committee (ORC)
- Cyber and Information Technology Risk Committee (CITR)
- Business Continuity Management Committee (BCMC)
- Staff Committee (SC)

6. Independent control functions

The businesses are controlled by the independent internal control functions: Compliance, Risk Management, and Internal Audit (the “Independent Control Functions”).

BBE adheres to the so-called three lines of defence model:

- The first line of defence lies with the business that has the main responsibility for managing and mitigating the operational risks.
- The second line of defence lies with Compliance and Risk Management.
- The third line of defence lies with Internal Audit.

Compliance, Audit and Risk are characterised by their independence towards the businesses and the functions (incl. those of the branches) they are expected to monitor. The heads of the Compliance and Risk department report to the CRO. The head of the Internal Audit department reports to the CEO. The CRO reports to the Board. They all have direct access to the ARC and to the Board. The remuneration of the persons performing these Compliance, Audit, Risk and DPO functions is not linked to the performance of the activities that they are intended to control.

7. Statutory Auditors

The statutory auditor is appointed by the Board for a renewable period of three years, based on a recommendation from the Audit and Risk Committee.

The statutory auditor submits its audit program and reports and other recommendations to the Audit and Risk Committee. The Statutory Auditor can attend all meetings of this committee. Likewise, the Statutory Auditor may attend the meeting of the Board convened to analyse and approve the annual accounts, as well as the Ordinary General Meeting.

Apart from its usual tasks in the context of the external audit, the statutory auditor also plays a complementary role in the NBB's prudential supervision.

The statutory auditor has direct and unlimited contact with the Chairman of the Audit and Risk Committee and the Board.

8. Governance of the branches

The Paris and London Branches are each managed locally by a manager ("Branch Manager"), who is appointed by the Executive Committee of BBE (the "ExCo") following approval by the relevant supervisor, and who reports directly to the Chairman of the ExCo.

Each branch also disposes of a local branch management committee composed of at least two members (incl. the Branch Manager) which is responsible for a number of oversight management responsibilities on behalf of BBE.

The branches' management committees do not have any delegated authority to approve credit facilities.

The mission of the independent control functions of BBE, described above, also includes the control on the activities of foreign branches of BBE.



Operational Organisation

1. Geographical presence and activities

The Brussels headquarter accommodates European exporters in their foreign trade with Asia, the Middle East, North Africa as well as other selected African countries.

Most of the clients of BBE (including its branches) have activities in different international markets and regions and hence the services these clients request from BBE are related to their international activities. Given the international dimension of the clients' activities, the Paris Branch caters particularly to customers dealing with French-speaking African countries, while the London Branch covers the English-speaking countries.

From a business point of view, BBE is largely organized around four (4) main pillars, namely Commercial Banking, Financial Institutions, Wealth Management and Dealing.

1. The Commercial Banking department is specialized in trade finance business and more specifically in providing working capital financing for corporates located in the regions mentioned above. The business segments targeted are mostly in the soft commodities, foodstuff, pharmaceuticals, and fast-moving consumer goods.

BBE's commercial banking services consist of its core trade finance services as well as other forms of short-term financing including:

- issuing letters of credit on behalf of corporate customers;
 - settling and analysing documentary collections;
 - issuing standby letters of credit and various types of commercial letters of guarantee (bid bonds, performance bonds, advance payment, etc.);
 - short-term financing documentary transactions for corporate customers and correspondent banks;
 - providing commercial overdraft facilities;
 - discounting trade related instruments;
 - providing other ancillary commercial banking services.
2. The Financial Institutions department is responsible for correspondent banking business and handling of relationships with banks, especially those in need for confirmation of Letters of Credit issued from specialized markets.
 3. The Wealth Management (premium and future private) department is dedicated to collection of deposits from strategic markets and providing plain vanilla products with personalized services.
 4. The Dealing Room is a de facto complementary service offered to our clientele in need of having foreign exchange deals and placements. It also manages the investment portfolio of the Bank and is responsible for assets and liability management.

2. Company Values

Integrity

BBE earns the trust of its clients and other stakeholders, by acting with honesty and integrity and holding itself to high ethical standards. BBE seeks to maintain an open, credible, conservative, and transparent relationship between the Bank and its clients, regulators and other stakeholders.

Sustainable Performance

BBE is committed to generate value by responsibly balancing risks and returns and by putting long-term success over short-term gain. BBE does so by implementing appropriate oversight controls and governance.

Client Centricity

BBE places the client at the center of its activities. To be successful, BBE must understand the rapidly changing needs of its clients. BBE aims to ensure that its clients can create value by the solutions we provide to them. In providing our services, BBE will deliver what it promises to its clients and treat all clients fairly.

Innovation

BBE continuously embraces new and better ways of doing things while fully taking account of potential risks. This must be assessed in the light of the interests of BBE's clients and stakeholders, and must include assessment of financial, operational, regulatory, and reputational risks.

Discipline

BBE accepts responsibility and assigns clear accountability. BBE honors its commitments and meet deadlines, targets, and deliverables.

Partnership

BBE benefits from collaborating in an inclusive environment, where diversity enriches the decision-making and idea-generation. BBE engages with and learns from others through open dialogue. BBE seeks to work in a spirit of partnership with our clients and other stakeholders.

Performance

BBE supports and embeds a culture of high performance where relevant objectives are agreed, reviewed, and assessed, where exceeding objectives is recognized, and where development is supported.

3. Code of Conduct

BBE is committed to maintaining the highest standards of ethical and professional conduct. BBE's General Code of Conduct sets out the minimum standards of behaviour that are expected from all BBE personnel, including managers, full time or part time, and contractual employees, as well as other independent contractors and consultants providing services to the Bank (hereinafter "the employee(s)").

4. Code of Business Conduct with Related Persons

The Bank has a code governing the operations of loans, credits, or guarantees granted directly or indirectly to the members of its Board, its ExCo or to any companies in which the directors or spouses of the latter hold personal title a qualified participation.

The code includes the following provisions:

- The credits granted by the Bank will fall within the normal framework of its activity and will be in accordance with its credit policy;
- The credit approval process will be in accordance with established procedures. The beneficiaries of these credits will not participate in the discussion of the file in the ExCo and the vote that will follow;
- The credits will be accompanied by the financial conditions and guarantees normally required of the customers for this type of credit;
- The credits will be notified annually to the Board;
- The credits will be notified annually to the NBB.

5. External Mandates

The BBE "Code of Conduct Directors, Managers and Identified Staff Holding External Mandates" stipulates that external mandates resulting from the nomination by the Bank may only be undertaken by those members of the staff effectively managing the Bank or those persons nominated by the Board.

No manager/director/identified staff of the Bank may hold an external mandate without the prior authorization of the Board, based on a proposal from the ExCo. This rule does not apply to external mandates for which the Bank has nominated the individual concerned.

The Bank may only provide facilities or services to a company in which one of its managers, directors or identified staff holds an external mandate, at normal market conditions.

Any manager, director or identified staff of the Bank holding an external mandate must refrain from intervening, both within the Bank and within the company in which they hold an external mandate, with the deliberations and votes concerning the provision of any facility or service by the Bank to the company.

6. Conflicts of Interest

A conflict of interest exists, or maybe perceived to exist, where a personal circumstance impairs professional judgment or the ability to act in the best interest of the Bank or its clients.

Employees should perform their function in such a way that their private or personal interest (financial or other) do not harm the interests of the clients or of the Bank.

All employees must disclose any conflicts or potential conflicts of interest to their line manager, the Head of Human Resources, or the Head of Compliance.

7. Insider Trading

Inside Information, if it were known to the public, is likely to affect the market price of a company's securities or affect the decision of a reasonable investor to buy or sell a company's securities.

It is the responsibility of every BBE employee to:

- Fully comply with market abuse rules including insider dealing rules;
- Be proactive in identifying and reporting potential market abuse and act to minimize the risk of detriment to the customer and the market;
- Protect confidential market and customer information and data and to communicate any false or misleading information;
- Never misuse inside information;
- Never participate in operations intended to move a market price to a level that is not reflective of market supply and demand;
- Avoid behaviour that is likely to impair the smooth functioning of the markets, always deal in good faith and seek to support stability, liquidity, and transparency in the markets.

BBE employees must not:

- Trade securities in their own account or any account over which they exercise control when they have Inside Information relating to those securities
- Cause anyone else to trade securities by tipping them off or passing on Inside Information relating to those securities

8. Whistleblowing Policy

The BBE Whistleblowing Policy is a key element for safeguarding the Bank's integrity.

It applies to all staff members in the three BBE units. This Policy is generally intended to make it easier for members of staff to be able to report irregularities in good faith, without resorting to the normal hierarchical channels and without having to fear that their action may have adverse consequences.

9. Complaints Handling

BBE has a duty to deal fairly with client's complaints. A complaint means any expression of dissatisfaction or grievance, regardless of whether justified or not, from or on behalf of a client or counterparty about the Bank's executions or failure to provide financial services in a fair or effective manner. This may also include public relations matters regarding the Bank's reputation.

Complaints may be received from a complainant directly or through an authorized third party, which can be transmitted via various means, including letter, telephone, e-mail, or in person.

10. Remuneration policy

Any compensation granted by BBE consists either of fixed or variable compensation.

The following general compensation principles apply for all workers:

- All internal or local practices or provisions relating to compensation or performance monitoring coexisting with the Compensation Policy;
- Must be in line with the economic strategy, objectives, values and level of risk tolerated by BBE;
- Must maintain BBE's long-term interests as well as the interests of BBE's customers, ensuring, among other things, the prevention of conflicts of interest;
- Must allow and promote healthy, effective risk management and maintain effective risk control, as well as protecting a solid, healthy financial base;
- Must follow international and Belgian regulations concerning compensation policies;
- Must be properly established in writing to allow appropriate control over their implementation.

The allowance for variable compensation is fixed by the Board following a proposal by the Compensation Committee and/or the staff committee.

Guaranteed variable compensation will only exceptionally be granted to newly recruited workers for their first year of employment.

All pension policies are in line with the economic strategy, objectives, values and level of risk tolerated by BBE. Moreover, BBE will not grant any discretionary pension benefit as part of variable compensation.

Identified Staff Members are staff members whose professional activities have a material impact on an institution's risk profile as specified in the EU Commission Delegated Regulation (EU) No 604/2014 of 4 March 2014.

The BBE Remuneration Policy for Identified Staff establishes an appropriate balance between the fixed and variable components of total compensation.

11. Business Continuity Management and IT Security

11.1 BCM Policy

BBE has sound business continuity and disaster recovery plans in place to ensure its ability to operate on an ongoing basis and to limit losses in the event of severe business disruption. These plans cover a range of scenarios that have been approved by the Business Continuity Committee. Business continuity and disaster recovery plans are regularly tested.

11.2 IT Security Policy

The purpose of Information Security is to protect and preserve the bank's information assets from all types of threats, whether internal or external, deliberate, or accidental. Information Security is essential to manage and mitigate risks.

The information Security Policy therefore specifies the requirements needed to ensure that the security objectives are met to protect the Bank's information and information systems, as well as to address the gap between the need to protect the information systems and the degree of protection applied. Furthermore, it is the Bank's requirement to meet the security objectives and develop and maintain adequate controls in compliance with generally accepted core principles by means of an ongoing and integrated approach.

