



GOVERNANCE MEMORANDUM

Foreword

This document (the "Governance Memorandum") has been created in accordance with article 21 of the law of 25 April 2014 on the status and supervision of credit institutions and stockbroking firms (the "Banking Law"), the NBB Governance Manual, EBA guidelines on internal governance (EBA/GL/2017/11) and EBA guidelines on the assessment of the suitability of the members of the management body and key function holders (EBA/GL/2017/12). In addition to Byblos Bank Europe's ("BBE") articles of association, this Governance Memorandum provides for an overview of the governance structure and operational organization of BBE.

This document and its annexes are considered part of the confidential file the National Bank of Belgium holds with regard to BBE in the framework of its prudential supervision.

This document is aligned with the applicable legislation and regulation. The Governance Memorandum is reviewed on a yearly basis and its annexes are updated if needed.

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.

THIS DOCUMENT HAS BEEN INCLUDED IN THE FILE OF BBE HELD BY THE NATIONAL BANK OF BELGIUM. THIS DOCUMENT CAN BE AMENDED ONLY BY THE BBE BOARD OF DIRECTORS.

This document has been drafted in English, being the corporate language of BBE.

The Board of Directors,

26 APRIL 2021

Table of Contents

Foreword	3
1. Introduction	7
1.1. Byblos Bank Europe.....	7
1.2. Credit institution	7
2. Shareholding and Group structure	7
2.1. Byblos Bank Group	7
2.2. Shareholding structure.....	8
2.3. Shareholders’ meetings.....	8
2.4. Geographical presence	8
3. Governance structure and organisation	9
3.1. Governance structure	9
3.2. Board of Directors	10
3.2.1. Composition	10
3.2.2. Functioning (internal regulation)	10
3.3. Board-level Committees	13
3.3.1. General.....	13
3.3.2. Audit and Risk Committee (ARC).....	14
3.3.3. Nomination and Remuneration Committee (NRC)	15
3.4. Management Committee (ManCo)	17
3.4.1. Composition	17
3.4.2. Functioning (internal regulation)	17
3.4.3. Internal division of tasks between the members.....	20
3.5. Effective leaders.....	20
3.5.1. Composition /Identification.....	21
3.5.2. Internal division of tasks between senior managers	21
3.6. ManCo-level Committees.....	22
3.6.1. General.....	22
3.6.2. Credit Risk Committee	22
3.6.3. Asset and Liability Committee	22
3.6.4. Compliance Committee	23
3.6.5. Operational Risk Committee	23

CONFIDENTIAL

BBE Governance Memorandum • Version [0.5c] • [26.04.2021] • [VHK]

3.6.6.	Cyber and Information Technology Risk Committee	24
3.6.7.	Business Continuity Management Committee	24
3.6.8.	Staff Committee.....	25
4.	Suitability, appointment and termination	25
4.1.	Suitability criteria and assessment	25
4.1.1.	Suitability criteria	25
4.1.2.	Suitability assessment	27
4.2.	Appointment, duration, termination	29
4.2.1.	General.....	29
4.2.2.	Members of the Board Committees.....	30
4.2.3.	Effective leaders	30
4.3.	Prevention of Conflicts of Interest.....	30
4.3.1.	General.....	30
4.3.2.	Effective leaders	31
4.4.	Remuneration	32
4.4.1.	General.....	32
4.4.2.	Effective leaders	32
5.	Key functions	33
5.1.	Support functions.....	33
5.1.1.	Accountancy	33
5.1.2.	Human Resources	34
5.1.3.	IT.....	34
5.1.4.	Legal and Regulatory	35
5.1.5.	Operations	35
5.1.6.	Strategy and business development	35
5.2.	Independent control functions.....	36
5.2.1.	Compliance Function.....	37
5.2.2.	Risk Management.....	40
5.2.3.	Data Protection officer	41
5.2.4.	Internal audit	41
5.3.	Statutory Auditors	42
6.	Operational organisation	42
6.1.	BBE's role and mission	42
6.2.	Operational structure, business lines, matrix management and allocation of competences and responsibilities	42

6.2.1.	Operating Model.....	43
6.2.2.	Geographical presence and activities	43
6.2.3.	Markets	44
6.2.4.	Products and Services.....	45
6.2.5.	New Product Approval Process	45
7.	BBE’s Main Policies.....	46
7.1.	Integrity policy	46
7.1.1.	Company Values	46
7.1.2.	Code of Conduct	47
7.1.3.	Code of Business Conduct with Related Persons	47
7.1.4.	External Mandates.....	47
7.1.5.	Conflicts of Interest	48
7.1.6.	Insider Trading.....	48
7.1.7.	Whistleblowing Policy.....	49
7.1.8.	Complaints Handling.....	49
7.2.	Outsourcing policy	49
7.3.	Remuneration policy	50
7.3.1.	General Remuneration Policy	50
7.3.2.	Identified Staff (“Material Risk Takers”)	51
7.4.	Business Continuity Management and IT Security	51
7.4.1.	BCM Policy	51
7.4.2.	IT Security Policy	51
8.	Policy for Disclosure of Corporate Governance Information	52

1. Introduction

1.1. 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. The registered office of BBE is Boulevard Bisshoffsheim, 1-8, B-1000 Brussels, Belgium. BBE is registered under the number BE 0415.718.640.

1.2. Credit institution

BBE is a Belgian credit institution. It is subject to Belgian law and to the various circular letters and regulations of the National Bank of Belgium, having its registered office address at Boulevard de Berlaimont 14, 1000 Brussels (the "NBB") and of the Financial Services and Markets Authority having its registered office address at Rue du Congrès 12-14, 1000 Brussels (the "FSMA").

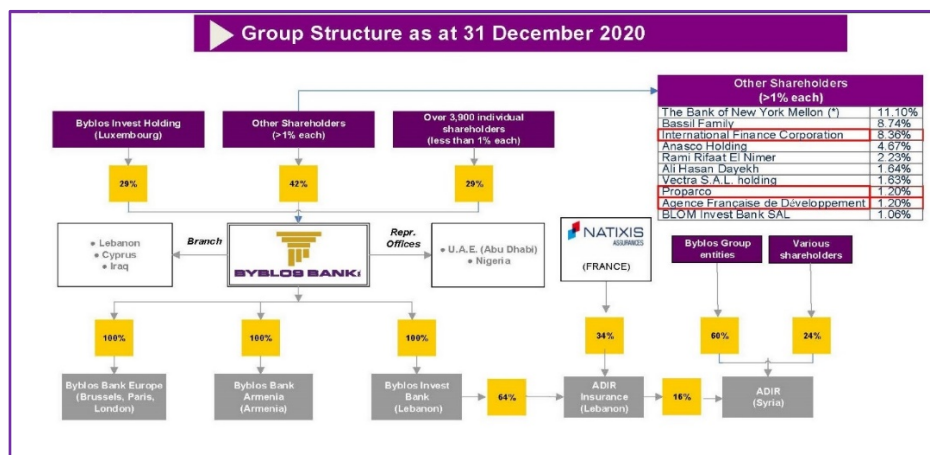
The Bank is supervised by the aforementioned two (2) financial supervisors, i.e. the NBB and the FSMA.

A summary of the latest version of the Governance Memorandum can be consulted on the website of BBE. The latest Annual Bank Report and Articles of Association are also available on the corporate website.

2. Shareholding and Group structure

2.1. 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.



CONFIDENTIAL

BBE Governance Memorandum • Version [0.5c] • [26.04.2021] • [VHK]

2.2. Shareholding structure

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

Shareholder	Number of shares	Participation
BYBLOS BANK S.A.L., Liban ¹	9.748	99,98 %
François S. BASSIL	1	0,01 %
Semaan F. BASSIL	1	0,01 %
Total	9.750	100.00 %

2.3. Shareholders' meetings

The general shareholders' meetings are organised in accordance with the Belgian Companies Code and the Bank's articles of association.

The Bank's Board of Directors determines the agenda of the general shareholders' meetings.

2.4. 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. The majority 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.

Branches of BBE

<u>BBE Paris</u>	Rue Lord Byron, 15	75008 Paris	France
<u>BBE London</u>	Berkeley Square House, Berkeley Square	W1X5PE London	UK

¹ The financial statements of Byblos Bank S.A.L. are audited according to international standards. Byblos Bank S.A.L. acts through its representatives on the Board of Directors.

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

The Branch Manager is to be considered as effective leader within the meaning of section 3.3 ‘Effective leaders (DC-1 level)’ of this document.

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 also includes the control on the activities of foreign branches of BBE, as also described in the section 4.2 ‘Independent control functions’ (cfr. *infra*).

3. Governance structure and organisation

3.1. Governance structure

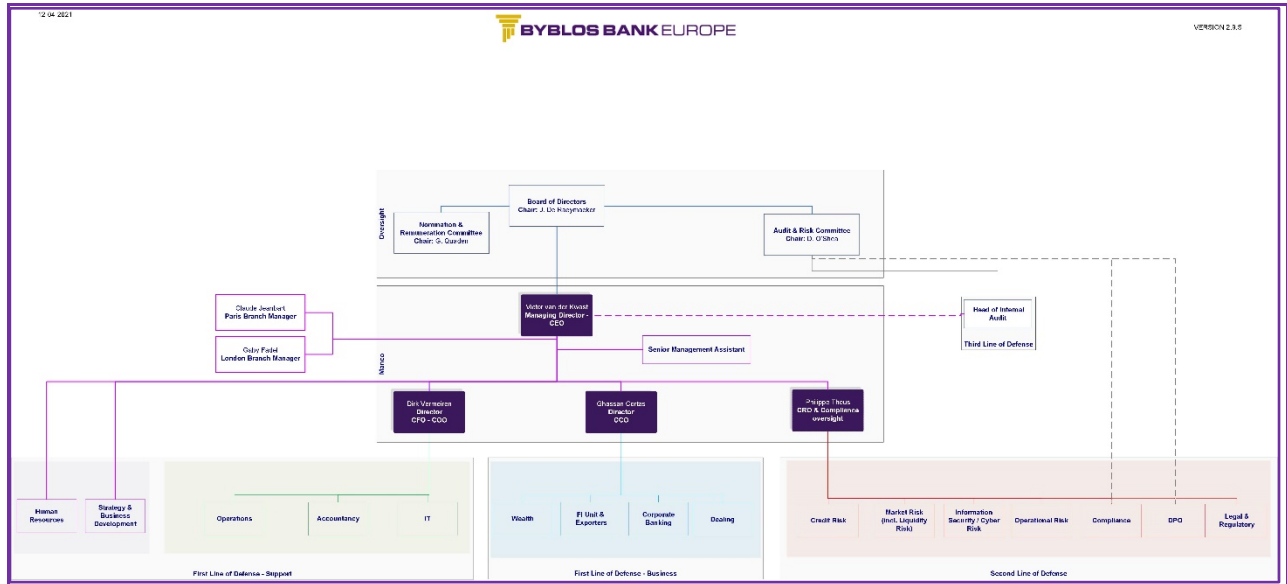
In accordance with applicable regulatory requirements, BBE has a management structure consisting of a Board of Directors (“the Board”) and a Management Committee (the “ManCo”).

BBE's management structure was approved by the Board of BBE (dd. 30/03/2021) as included below.

Board of Directors		
Non-executive Directors	Independent Directors	ManCo
		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
Selim STEPHAN Vice Chairman NRC member	Guy QUADEN² ARC member NRC Chairman	Dirk VERMEIREN CFO
Faysal M. TABSH	Ludo SWOLFS ARC member	Ghassan CORTAS CCO
François S. BASSIL		Philippe THEUS CRO
Semaan F. BASSIL		

² Mr. Quaden will cease to be considered an “independent” Director as of 14 May 2021.

BBE's organigram is included below:



3.2. Board of Directors

3.2.1. Composition

BBE is governed by a Board of Directors (the "Board") composed, according to its bylaws, of at least three (3) and no more than 12 (12) directors, shareholders or not, appointed by the General Meeting, and at all times dismissible by it.

The Board aims for a maximum composition of twelve (12) members, comprising a ratio of three (3) representatives of the Reference Shareholders, five (5) independent directors and all members of the ManCo, acting as Executive Directors. To strengthen the supervisory and control functions, the first two groups, being the non-executive Directors, should constitute at all times the majority of the Board, and the chairman of the Board, and that of the ManCo are not the one and the same person.

3.2.2. Functioning (internal regulation)

3.2.2.1. Mission

The Board is a collegial body and constitutes the highest decision-making body of the bank. It has the authority to perform all the acts necessary for the accomplishment of the corporate purpose and objectives of the bank, to the exclusion of those, which under the law or statutes, fall within the competence of the General Assembly or another body of the Bank.

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.

CONFIDENTIAL

BBE Governance Memorandum • Version [0.5c] • [26.04.2021] • [VHK]

3.2.2.2. Assignments and responsibilities

As described in the Board Charter included in [appendix 1](#), the Board has the following assignments and responsibilities:

- The Board sets the strategy and orientation of the activities.
- The Board determines the risk tolerance of BBE for all its activities.
- The supervision of the business and the regular assessment of the governance structure, the organization and the internal control mechanisms of BBE are the second important pillar of the responsibilities of the Board. This supervision covers all the activities of BBE.
- The responsibility for the supervision of BBE's operations lies with the non-executive members of the Board. This supervision also covers the members of the ManCo and the senior managers.
- The Board also verifies periodically and at least once a year whether the independent control functions are exercised correctly.
- The Board supervises the integrity of the accounting and financial reporting systems, and at least once a year, the internal control procedures.
- The individual and collective expertise of the members of the committees which are compulsory by law should be documented in the annual report of the Board.
- Furthermore, the Board has final responsibility for the remuneration policy of BBE. To this end, it may rely on the help of the independent control functions, if necessary through the Remuneration Committee.
- The Board should also ensure that the Governance Memorandum is updated and that the updated version is forwarded to the supervisory authority.
- The Board is also responsible for forming special committees responsible for assisting in certain specific areas, and for taking cognizance of the work of the Audit and Risk Committee defined, which plays a key role in the control activities of Board.
- With regard to the appointment or dismissal of the Chairman of the ManCo and the members of this Committee, it is up to the Board (in coordination with the NRC) to take its decisions with the agreement of the NBB.
- It is the responsibility of the Board to regularly evaluate the operation of the bank's management structure. A non-executive director is appointed for this purpose. It is up to him to make an evaluation report every year. The conclusions reached in this report are recorded in the minutes of the Board meeting, as are the measures taken to improve the management structure.
- The Board ensures that the report on the evaluation of the internal control-system is submitted to it annually by the ManCo.

3.2.2.3. Presidency

The Board may elect from among its non-executive members a Chairman, as well as a Vice-Chairman. If the Chairman is absent or unable to act, the Vice-Chairman will replace him, or in the latter's absence the Board shall designate one of its members to temporarily assume the chairmanship.

The Chairman directs the Board and is responsible for its proper functioning. It strives to create and maintain a climate of trust and confidence within the board, to foster open and fair debate, constructive criticism and reasoned decision-making.

In particular, the Chairman assumes the following tasks:

- he/she monitors the adequacy and effectiveness of the Bank's management structure and, with assistance of the Nomination Committee, makes proposals to the Board, as appropriate;
- he/she ensures a smooth and efficient functioning of the Board;
- he/she regularly contacts the Chairman of the ManCo to discuss matters and projects of strategic importance to the bank;
- he/she ensures effective communication with the shareholders and that the directors develop and maintain an understanding of the views of the shareholders and other significant stakeholders;
- he/she chairs the General Meeting of Shareholders.

3.2.2.4. Process

The Board shall **meet** at least four times a year.

The Board meets upon convocation and under the chairmanship of its Chairman or, in his absence, of the director who replaces him, whenever the interests of the company so require, or if two or more directors request it.

The meetings are held at the place indicated in the convocations.

If all the members of the Board are present or represented, there is no need to justify a prior notice.

The Board may **deliberate and decide** if half of its members are present or represented. Any director may give to one of his colleagues, in writing, by telegram, telex, fax or any other document supported by a written document, a mandate to represent him at a specific meeting of the Board and to vote in his place and place. In exceptional cases duly justified by urgency and social interest, the decisions of the Board may be taken by unanimous consent of the directors, expressed in writing. This procedure cannot be used for the closure of the annual accounts.

The **decisions** of the Board are taken by a simple majority of votes, without taking into account abstentions. In case of equality of votes, the voice of the chairman of the meeting is preponderant. However, if the Board was composed of two directors, the voice of the chairman of the meeting ceases to be preponderant.

The deliberations of the Board are recorded in minutes signed by at least a majority of the members present. These minutes are recorded or linked in a special register. The delegations, together with the opinions and votes given in writing, are annexed to them. Copies or extracts are signed either by the Chairman of the Board or by a managing director or by two directors.

At the Board meeting, the Chairman, or any member of the Board, may seek the **assistance** of a member of the management to provide clarifications on certain items of the agenda or other matters related to the management of the bank.

Directors have a **duty** to maintain the confidentiality of all information and reports transmitted to them in the exercise of their mandate.

To ensure **optimal efficiency** in its operation, the Board has set up an Audit and Risk Committee ("ARC") as well as a Nomination and Remuneration Committee ("NRC"). If necessary, it has the power to form ad hoc committees to deal with specific topics.

The Board and/or each of its specialized committees, each case by majority vote, have the **authority to retain** independent outside advisors from time to time, separate and apart from BBE's regular advisors. The cost of any such advisors will be paid by BBE. Such outside advisors will have full access to any member of management and to BBE's independent auditors and internal auditors for the purpose of understanding issues relating to BBE's business. Outside advisors should inform the Chairman of the Board and/or Specialized Committee before they contact and interact with subordinate levels of management. The outside advisors will use their judgment to ensure that any such contact is not disruptive to the business operations of the bank and will copy the Chairman on any written communications between them and an officer or employee of the Bank.

3.2.2.5. Legal representation

With regard to the Board's competences, the Bank is validly represented:

- either by two directors jointly, who do not have to justify to third parties a prior decision of the Board;
- or, within the limits of daily management, by a managing director;

by a special representative, within the limits of his mandate.

3.3. Board-level Committees

3.3.1. General

The Board has the right to set up special committees within its scope, intended to assist it in certain specific areas. These committees can only have an advisory function, only the Board having the power of decision.

The role and powers of each committee are defined by the Board and set in their respective charters. These charters are regularly updated upon proposal of the ManCo or at the initiative of the Board.

All committees are competent to allocate the necessary means for their proper functioning. After each meeting, the committees submit a report to the Board and inform it of their conclusions and recommendations.

To date, two committees have been set up within the Board: the Audit and Risk Committee ("ARC") and the Nomination and Remuneration Committee ("NRC").

3.3.2. Audit and Risk Committee (ARC)

3.3.2.1. Mission

As described in the ARC Charter, included in [appendix 2](#), 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:

Audit

- The integrity of the financial statements and financial reporting systems of BBE;
- External audit engagement, including the external auditor's qualifications, performance, independence and fees;
- Performance of the internal audit function;
- BBE's financial reporting and compliance with prudential regulatory reporting and statutory reporting requirements.

Risk

- BBE's overall risk management framework for managing financial and non-financial risks;
- The risk culture of BBE;
- The risk profile and risk appetite for material risks;
- Approval of the Risk Management Framework, the Risk Management Strategy and the Risk Appetite Statements of BBE;
- Compliance management;
- Frameworks; policies and processes for managing risk (consistent with the Risk Management Strategy and Risk Appetite Statement);

The Committee will primarily fulfil these responsibilities by carrying out the activities outlined in the Responsibilities and Duties section of the ARC Charter. The ARC will have free and unfettered access to the ManCo, control function personnel and other internal and external parties necessary to carry out its duties.

3.3.2.2. Composition

The Committee shall comprise of at least 3 members all of whom will be Non-Executive directors whom the Board believes have the individual knowledge, skills, expertise and relevant financial /banking experience to understand and comprehend the requirements in terms of strategy and risk appetite. The majority of the ARC will be composed of independent non-executive Directors. The ARC will include at least one member who has a specific expertise and relevant experience in accounting and /or audit. At least one member of the Committee should also be a member of the NRC.

Membership of the ARC will be reviewed each year by the NRC in consultation with the Chairman of the ARC and changes as required will be recommended to the Board at that time. The objective will be to combine continuity with fresh perspectives. The Board will appoint the Chairman of the ARC.

The Chairman of the ARC will be responsible for leadership and reflection in ARC as well as ensuring its effectiveness including facilitating the effective contribution and respective control units for its members.

Should the Chairman of the ARC be absent from a meeting, the members of the ARC present will appoint a Chairman for that particular meeting.

CONFIDENTIAL

BBE Governance Memorandum • Version [0.5c] • [26.04.2021] • [VHK]

3.3.3. Nomination and Remuneration Committee (NRC)

3.3.3.1. Mission

As described in the NRC Charter, included in appendix 3 The purpose of the NRC is to assist the Board of BBE discharge its responsibilities by having oversight of Remuneration and Nomination related matters as follows:

Remuneration

- Recommending remuneration of the Identified Staff (incl. effective leaders and independent control functions), including (as appropriate) fixed and performance-based remuneration, reflecting short- and long-term performance objectives appropriate to the Bank's circumstances and goals.
- 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.
- Support the supervisory function in overseeing the remuneration policies, practices and processes, and the compliance with the remuneration policy. Design and oversight shall be done with the input of the independent control function (§30 to 36 of the EBA guidelines) and of the ARC members. Make recommendations to the Board with respect to an appropriate remuneration policy ensuring that such a policy, **(i)** enables the Company to attract and retain valued employees, **(ii)** motivates senior management to pursue the long term growth and success of the Company, **(iii)** demonstrates a clear relationship between performance and remuneration and has regard to prevailing market conditions, **(iv)** promotes a strong risk culture and ensures risk awareness and application is a core element of the objectives of all employees.
- Overseeing the development of, and signing off the Remuneration Report that may be required. Ensure that disclosure and communication by the Company related to remuneration governance is accurate and transparent.

Nomination

- 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.
- Review Board succession plans on a regular basis to maintain an appropriate balance of skills, experience and expertise on the Board and providing advice to the Board accordingly.
- Undertake an annual Board Appraisal Process; identifying and implementing areas of improvement and development.
- Developing a policy and procedures for the selection and appointment of directors.

- Identifying individuals who may be qualified to become directors, having regard to such factors as Committee considers appropriate, including judgement, skill, diversity, experience with business and other organisations of a comparable size, the interplay of the candidate's experience with the experience of other Board members to ensure that the Board has the required collective experience and expertise, the extent to which the candidate would be a desirable addition to the Board and any Board Committee. On the basis of clearly defined profiles, the search for candidates can be assigned to external executive search firms in order to ensure a wide range and an objective selection of suitable candidates.
- Ensuring an effective induction program is available to new directors to ensure they understand their responsibilities and the business activities of the Company.
- Identifying directors qualified to fill vacancies on Board Committees and making recommendations to the Board accordingly, having regard to such factors as the Committee considers appropriate, including the terms of reference of the particular Board Committee the director's experience, the interplay of the director's experience with the experience of other Board Committee members.
- In relation to the ManCo and other senior executive **(i)** developing and implementing a plan for identifying, assessing and enhancing competencies of Senior Management **(ii)** ensuring that the performances of each Senior Executive are evaluated at least annually.
- Developing and implementing a plan for identifying, assessing and enhancing director competencies.
- Regularly evaluating the performance of the Board and each director on an annual basis including an assessment of whether each director has devoted sufficient time to their duties.
- Regularly reviewing the size and composition of the Board and making recommendations to the Board with regard to any appropriate changes. With regard to the Board, the NRC monitors a balanced composition of the Board of Directors, and issues recommendations on policies and action plans with regard to diversity in the Board of Directors.
- Providing advice to the Board with respect to the necessary and desirable competencies of directors.
- Making recommendations to the Board for the appointment of directors; making recommendations whether directors, whose term of office is expiring, should be extended.
- The Committee is authorised to engage, at the Company's expense, outside legal or other professional advice or assistance on any matters within its terms of reference. The Committee is authorised to seek any information it requires from any officer or employee of the Company and such officers or employees shall be instructed by the Board to respond to such enquiries.
- Ensure liaison with the Audit and Risk Committee on a regular basis.

3.3.3.2. Composition

The Committee will have a minimum of three members, all of whom being non-executive Directors and the majority being independent non-executive Directors.

The Committee will be chaired by a Committee Chair appointed by the Board from time to time. The Chair should be an independent Director.

Besides the suitability requirements applicable to (independent) non-executive directors, the chairperson of the NRC is expected to also meet all the requirements as set out in his / her function profile. For the other members, in addition to the suitability requirements for (independent) non-executive directors, additional time-commitment and fitness criteria relevant for the membership to the NRC are required. The NRC as a whole must have the necessary skills, competences and experience in the field of governance and nomination regulation in the Belgian banking sector.

3.4. Management Committee (ManCo)

3.4.1. Composition

The ManCo of BBE consists of the Chairman of the ManCo, the Chief Commercial Officer ("CCO"), the Chief Financial Officer/Chief Operations Officer ("CFO/COO") and the Chief Risk Officer ("CRO").

The CEO is appointed by the Board upon presentation by the ManCo after which the approval of the NBB is requested. The Chairman of the ManCo is also being referred to as the Chief Executive Officer or "CEO".

The Chairman directs the ManCo and is responsible for its proper functioning. This includes:

- Organizing, chairing and directing the meetings of the ManCo;
- Accompanying and assisting the other members of the ManCo in the exercise of their individual responsibilities;
- Defining the objectives of the Committee in consultation with the other members of the ManCo;

The CEO maintains a permanent dialogue with the Chairman of the Board, the Nomination and Remuneration Committee and the Audit and Risk Committee. He reports to the Board on the functioning of the ManCo.

3.4.2. Functioning (internal regulation)

3.4.2.1. Mission and mandate

Pursuant to Art. 7:104 of the Companies Code and Article 22 of the Bank's bylaws, the powers of the day-to-day management rests with a ManCo. The latter exercises these powers 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.

According to Article 2 of its specific regulation, the ManCo:

« investi par le Conseil d'Administration des pouvoirs de décision et des pouvoirs de représentation de la banque dans les relations avec le personnel, la clientèle, les établissements de crédit en Belgique et à l'étranger, l'environnement économique et social et les autorités, ainsi que des pouvoirs de décision quant à la représentation de la banque auprès de ses filiales et auprès des sociétés dans le capital desquelles elle est intéressée ».

The members of the ManCo are bound by the decisions taken by the Board on Strategy, Risk Appetite and respective markets and business segments. These decisions are recorded in the minutes and communicated internally to BBE's staff by the Management, to align tasks, job descriptions, roles and performance of the tasks entrusted to them for the smooth functioning of BBE.

The ManCo 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. This allocation of responsibilities as well as any subsequent changes thereto should be notified to the supervisory authority and included in the governance memorandum.

The ManCo reports at least once a year to the management body, the accredited statutory auditor and the supervisory authority on the assessment of the effectiveness of the organizational requirements imposed by law and on any measures taken to tackle shortcomings.

Furthermore, the ManCo declares to the supervisory authority every six months that the periodic statements are in compliance with the accounting records and inventories ("declaration on prudential reporting"). A copy of the declaration is submitted to the management body and the accredited statutory auditor.

3.4.2.2. Tasks

The ManCo mainly performs the following tasks:

- Operational management of the Bank by drawing up, executing and monitoring the strategy defined by the Board, taking into account risk factors at all times;
- Quarterly reporting to the members of the Board on the implementation of the strategic orientations, the activities of the Bank, the results and budgetary control, the classified claims and related facilities, as well as on all important issues to be brought to their attention;
- Analysis and development of policy proposals and strategic projects to be submitted to the Board;
- Timely, complete, accurate and reliable financial reporting for the Bank in accordance with current accounting standards. The ManCo is also responsible for these reports;
- Establishment, management and monitoring of internal control mechanisms so as to enable the identification, assessment, management and control of all the risks to which the Bank is exposed;
- Regular information of the members of the Audit and Risk Committee in order to enable them to perform their duties by making available the reports of the internal and external auditors, Legal and Regulatory, and the Compliance Officer;

- Handle and respond to NBB inspection reports, the FSMA as well as circulars and all documents relating to banking legislation;
- The ManCo, within the limits of its powers, may delegate all or part of the day-to-day management to one or more persons;
- Establishing the Risk Appetite Framework (RAF) of the Bank, in collaboration with the Risk Manager, in line with the BBE strategy as set by the Board;
- Timely identification and escalation of breaches in risk limits;
- Responsible for the oversight of the strategic risk;
- Ensure effective decision making, including upon advice or recommendation of the respective committees;
- Meeting at least 10 times a year to ensure disciplined timely, transparent and frequent discussions and decisions on management topics like financials, all type of risks, HR evolution, and possible regulatory discussion or Legal and Regulatory updates and its implications.

3.4.2.3. Secretariat

The secretariat of the ManCo and its Chairman will be done by the Management Assistant. Under the supervision of the latter, the secretary is in charge of organizing the meetings of the ManCo and preparing the minutes of these meetings. These bear a serial number and record all decisions and resolutions, as well as contradictory debates between the members of the ManCo.

3.4.2.4. Meetings

The ManCo meets at least bi-monthly (2x/month), or more frequent upon the invitation of its Chairman. Additional meetings may be arranged - including at the request of a member of the ManCo - whenever the interest of the Bank orders it. The meetings are chaired by the Chairman of the ManCo. In the absence of the latter, he/she is replaced by another member of the ManCo appointed by him/her.

The Chairman, or in his absence the member of the ManCo appointed by him/her, shall fix the agenda of the meeting, which shall be communicated to all members 48 hours before the meeting.

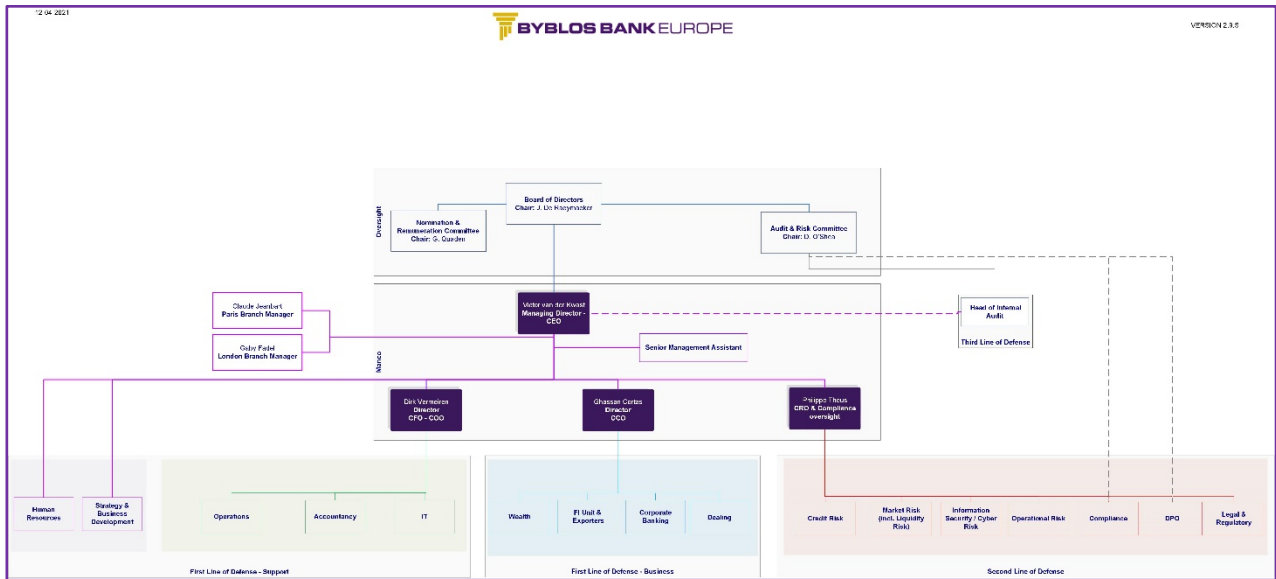
A meeting of the ManCo is validly held only if at least half of the members are present. In case the ManCo is composed of an even number of members, if the majority of the members is not present, the quorum is considered as reached when half of the members is present, including the Chairman.

Decisions are taken by majority vote of the members present. In the absence of the Chairman, any decision taken must be communicated to him/her within two days of the meeting. If he/she does not object within 48 hours after the communication, he/she is deemed to have approved the decision. In this case, the decisions become enforceable only after fulfillment of this requirement.

In cases of extreme urgency and in the absence of the Chairman, decisions may exceptionally be taken by unanimous vote of the members present.

3.4.3. Internal division of tasks between the members

The ManCo divides the tasks among its members. This distribution is without prejudice to the collegiate responsibility of the members and related to the 3 Lines of Defense and the clear and transparent balance of power between Commercial, Finance (IT and Operations included) as well as Risk Management. It is led by the CEO whom also oversees the Branches.



3.5. Effective leaders

"Effective leaders" refers to the group of persons, whether or not members of the management body, whose function within the institution implies that they have a direct and decisive influence on the management of the business activities at the highest level, responsible and accountable for leadership and proper functioning of their department or organization.

3.5.1. Composition /Identification

The effective leaders consist of (i) the members of the ManCo, (ii) the persons at a hierarchical level immediately below that of the ManCo (the so-called DC-1 level), insofar as these persons can have a direct and decisive influence on the management of all or certain activities of the institution, and (iii) the foreign branch managers³ ((ii) and (iii) hereinafter together referred to as "Effective Leaders- DC-1").

In accordance with applicable regulations, the list of effective leaders as included in appendix 4 is submitted to the NBB and kept up to date in accordance with applicable regulations. All effective leaders must be physical persons.⁴The persons responsible for the independent control functions are not considered effective leaders in the exercise of these functions, because these functions require independence, and this independence is not always compatible with the decision-making power which is intrinsic to the activities of BBE. However, they are considered as key function holders within the meaning of EBA/GL/2017/12.

3.5.2. Internal division of tasks between senior managers

- The management of BBE is assigned to the members of the ManCo with above described division of tasks;
- The management of the Paris branch is assigned to the Paris Branch Manager;
- The management of the London branch is assigned to the London Branch Manager;
- The operations (incl. Paris Branch operations department and London branch operations department) are assigned to the Head of Europe Operations;
- Accountancy is assigned to the Chief Accountant;
- The IT is assigned to the Head of IT;
- The information security is assigned to the Head of IT Security;
- The human resources are assigned to the Head of Human Resources;
- The credit risk activities are assigned to the Head of Credit Risk;
- The activity of Corporate Banking is assigned to the Head of Commercial Lending Unit;
- The activity of the dealing room is assigned to the Head of Dealing;
- The legal and regulatory activities are assigned to the Head of Legal and Regulatory.

³ Article 1, 11° of the NBB Regulation of 6 December 2011 on external functions exercised by managers of regulated undertakings and NBB Governance Manual.

⁴ Article 19 §1 of the Banking Law.

3.6. ManCo-level Committees

3.6.1. General

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

The mandate of each Committee and membership are documented in Terms of Reference that are defined by the ManCo and approved by the Audit and Risk Committee.

The meetings of these Committees are minuted. The Minutes of the meeting are communicated to all Members of the ManCo.

3.6.2. Credit Risk Committee

The Credit Risk Committee ("CRC") is responsible for ensuring that, for all credit risks in scope, appropriate risk management frameworks are defined and implemented across BBE.

The CRC will ensure that the Credit Risk Management Framework is compliant with relevant laws and regulations and regulatory expectations as well as BBE's Risk Appetite.

Risks in Scope of the Credit Risk Committee

- Default risk
- Country risk
- Sector risk
- Industry risk
- Product risk
- Structural risk
- Wrong way risk
- Settlement risk
- Migration risk

The CRC meets once per quarter, or more frequently when required.

3.6.3. Asset and Liability Committee

The Asset and Liability Committee ("ALCO") is responsible for identifying, managing and controlling all of the Bank's balance sheet risks, and capital management in executing its chosen business strategy. Balance sheet risks are managed by setting limits, monitoring exposures and implementing controls across the dimensions of capital, credit, FX, funding and liquidity, and interest rate risk in the banking book. Next, and when relevant, the oversight over the Bank's Investment Portfolio by providing transparency and options based on cash flow and duration elements.

The Asset and Liability Committee ("ALCO") is responsible for ensuring that, for all risks in scope, appropriate risk management frameworks are defined and implemented across BBE.

The ALCO will ensure that the risk management frameworks are compliant with relevant laws and regulations and regulatory expectations.

Risks in Scope of the ALCO

- Market Risk
- Capital, Funding & Liquidity Risk
- Pension Risk
- Model Risk

The ALCO meets once a month or more frequently when required.

3.6.4. Compliance Committee

The Compliance Committee must ensure that appropriate Risk Management Frameworks for compliance risks are defined and implemented across BBE.

The Compliance Committee will ensure that the frameworks for the management of compliance risks are compliant with relevant laws and regulations and regulatory expectations.

Risks in Scope of the Compliance Committee

- Regulatory Compliance
- Conduct Risk
- Financial Crime Risk
- Internal and External Fraud Risk
- Conflicts of Interest

The Compliance Committee meets at a minimum once every quarter, or more frequently when required.

3.6.5. Operational Risk Committee

The Operational Risk Committee (“ORCO”) must ensure that, for all risks in scope, an appropriate Risk Management Framework is defined and implemented across BBE.

The ORCO will ensure that the Risk Management Framework is compliant with relevant laws and regulations and regulatory expectations.

Risks in Scope of the Operational Risk Committee

- Statutory Reporting & Tax Risk
- Personal Data Protection
- Transaction Processing and Execution Risk
- Legal Risk
- Third-party Service Providers
- Data Management

The ORCO meets once every quarter or more frequently when required.

3.6.6. Cyber and Information Technology Risk Committee

The Cyber & IT Risk Committee (“CIRCO”) must ensure that, for all cyber related risks in scope, an appropriate Cyber & IT Risk Management Framework is defined and implemented across BBE.

The CIRCO will ensure that the Cyber& IT Risk Management Framework is compliant with relevant laws and regulations and regulatory expectations.

The CIRCO is a sub-committee supporting the Operational Risk Committee (ORCO).

Risks in Scope of the Cyber & IT Risk Committee

- Information Technology and Cyber risk
- Physical Security and Safety

The CIRCO meets once every quarter or more frequently when required.

3.6.7. Business Continuity Management Committee

The Business Continuity Management committee (“BCM”) is responsible for providing a framework for building organizational resilience with the capability for an effective response that safeguards the interests of its key stakeholders, reputation, brand, and value-creating activities.

The BCM will ensure that the framework is compliant with relevant laws and regulations and regulatory expectations.

The BCM assists the Management Committee of BBE with discharging its responsibility for the management, implementation and follow-up of the BCM framework.

The BCM Framework

- Strategic overview & business initiatives
- Policies, Standards and Procedures
- Audit Issues

Implementation of the Risk Management Framework

The BCM shall oversee the implementation of the main components of the framework for BBE BCM:

- Policies, Standards and Frameworks
- Issue and action plans management
- Risk and Control management
- Training

The BCM meets once every quarter or more frequently when required.

3.6.8. Staff Committee

The Staff Committee assists the ManCo with the management of certain Human Resources related matters.

These matters include:

- Review of the annual performance evaluations prepared by department heads and branch managers, determination of any individual merit awards, salary adjustments, promotions;
- Bonuses calculation in accordance with the results indicated in the performance evaluation;
- Establishing the recruitment needs jointly with the Heads of Departments of the Bank;
- Sanctions: formal warning and/or dismissal of a staff member;
- New hirings and departures;
- Determining the training needs;
- Review of any Human Resources related policies;
- Review of new social legislation having a significant impact on BBE's Human Resources related policies
- Review of Remuneration Policy and advice to the Chairman of the Manco in the context of remuneration to the NRC.

The Staff Committee is made up of the members of the ManCo and the Manager (or Head) of Human Resources (HRD) chaired by the CEO.

The Committee meets at least once per year or more frequently when required.

4. Suitability, appointment and termination

4.1. Suitability criteria and assessment

4.1.1. Suitability criteria

4.1.1.1. General

The Board shall have a balanced composition, ensuring that the board members have adequate banking expertise, general corporate management experience and broader societal experience. The composition of the Board will also reflect diversity in terms of nationality, age and gender.

All directors must at all times be **fit** (*'passende deskundigheid'/'expertise adéquate'*) and **proper** (*'professionele betrouwbaarheid'/'l'honorabilité professionnelle'*) for the exercise of their function.

In general, a director is considered to be “**fit**” if he/she has the knowledge, experience, skills and professional behaviour suitable for the exercise of his/her director’s mandate; a director is considered to be “**proper**” if there are no elements suggesting differently and no reason to question the reputation of the director concerned. The assessment will be done on the basis of a list of suitability criteria, covering both aspects (fitness and propriety). The fitness criteria comply with the following standards⁵:

1. appropriate relevant knowledge and experience (a.o. both academic/theoretical and practical/“on the job”, within and outside the banking sector, in management and certain other particular areas);
2. relevant (hard and soft) skills;
3. professional behaviour including independence, conflicts of interest and time commitment.

Moreover, the diversity related criteria will also be taken into account within a candidate’s suitability.

These criteria are to be fulfilled on an ongoing basis.

4.1.1.2. Members of the Board Committees

Besides the suitability requirements applicable to (independent) (non-executive) directors as described above in Section 4.1.1.1 ‘General’, additional time-commitment and fitness criteria relevant for the membership to or chairmanship of a specific Board Committee are required.

4.1.1.3. Effective leaders

All effective leaders must at all times be fit (*‘passende deskundigheid’/‘expertise adéquate’*) and proper (*‘professionele betrouwbaarheid’/‘l’honorabilité professionnelle’*) for the exercise of their function.⁶

As the members of the ManCo are directors, the suitability criteria as described above in Section 4.1.1.1 ‘General’ apply. In addition, since all members of the ManCo are also to be considered effective leaders⁷, additional suitability criteria apply in their capacity of executive directors.

⁵ NBB Circular letter 2018_25.

⁶ Article 19, §1 of the Banking Law and Circular letter 2018_25.

⁷ See definition of “effective leaders” under Section 3.5 Effective leaders (DC-1 level).

4.1.2. Suitability assessment

4.1.2.1. General

Suitability assessment. BBE will assess and evaluate the suitability of each nominee director (including in case of nomination for re-appointment) prior to the appointment of such nominee director.

The decision whether or not a director is **suitable** belongs to the competence of the Board, upon recommendation of the NRC. The appointment will then be subject to a separate suitability assessment performed by the relevant supervisor, and its subsequent final decision.

Moreover, the director shall **inform** BBE and the relevant supervisor **immediately** and without delay of any (new) fact or circumstance which may occur in the performance of his/her duties and that might impact his/her suitability⁸. Upon awareness of any such fact/circumstance, BBE shall also immediately and without delay notify the NBB⁹. Pursuant to this new fact/circumstance, the NRC shall proceed with a reassessment.

When a position on the Board becomes **vacant**, the Chairperson will, together with the Nomination Committee (part of the Nomination and Remuneration Committee - NRC), define the specific profile to be met by candidate directors. The Nomination Committee ensures that the candidates meet the requirements for Board membership under applicable rules and regulations and that it has all the information required to make an objective assessment of whether the candidates' competences, knowledge and experience meet the stated profile. The NRC also evaluates the diversity, complementary skills and relevant experience, to ensure the Board is capable to provide the required oversight and guidance.

Having **assessed** the suitability of the candidate director or directors for the vacant seat on the Board, the NRC will **advise** the Board in this regard on the basis of the information provided.

Independence. To assess the independence of a director, the Bank applies the criteria set out in article 7:87 of the Companies Code and considers in addition the following criteria:

- A non-executive director;
- Not belonging to or representing the shareholders of BBE;
- Independent from any person in the senior executive management of BBE or from its shareholders, so that no business relationship binds him/her to any of them;
- Not related by kinship, up to the fourth degree, to any of the shareholders;
- Not one of BBE's debtors;
- Not having served more than three terms as Independent Non-Executive Director.

⁸ NBB Circular letter 2018_25.

⁹ Article 60, §4 of the Banking Law and NBB Circular letter 2018_25.

Any independent director whom no longer meets the independence requirements must inform the Board accordingly.

In addition, all directors, whether Executive Directors or Non-Executive Directors, and with respect to the latter, regardless of whether or not they are independent, must have the necessary independence of mind.

Evaluation. Every year the Board assesses and evaluates, under the leadership of its Chairperson and assisted by the Nomination Committee, each director's suitability as well as the collective suitability of the Board including its performance and its interaction with the ManCo, as well its size, composition and functioning and that of its advisory committees.

Such **yearly assessment** will be organized internally and every three years the assessment will be organised with the support of an external party.

On the basis of the result of these assessments, the Board will, if necessary, take any measure deemed appropriate for the effective operation of the Board.

Induction and training. Newly appointed directors receive appropriate training that, through an induction programme, provides them with adequate information and documentation on the business activity, strategy, management, principal policy guidelines, risk-management and internal control systems, the various challenges facing BBE, and an update of the legal and regulatory environment.

Directors are expected to keep their skills and knowledge up to date. At the Chairperson's initiative, separate training sessions may be organised to examine specific topics in more depth.

4.1.2.2. Members of the Board Committees

The NRC will assess whether or not the requirements applicable to the members and chairperson of the Board Committee concerned are met. For this assessment, it will take into account amongst other elements the induction program that BBE will provide to any new member of a Board Committee. Subsequently, the potential members and chairperson of the Board Committee concerned will need to undergo a suitability assessment by the NBB.

4.1.2.3. Effective leaders

BBE will assess and evaluate the suitability of each effective leader (including in case of nomination for re-appointment) prior to the appointment of such effective leader.

The decision whether or not an effective leader who is member of the ManCo is suitable belongs to the competence of the Board, upon a written and motivated recommendation of the NRC. The appointment will then be subject to a separate suitability assessment performed by the NBB, and its subsequent final decision. A significant change in the allocation of tasks among executive directors might also be subject to a separate suitability assessment.

In case of an Effective Leader- DC-1, his/her assessment will be realised by the ManCo as the latter is better placed to assess him/her.

4.2. Appointment, duration, termination

4.2.1. General

4.2.1.1. Appointment

Directors are (re-)appointed by the general shareholders' meeting, upon a simple majority of votes cast, upon proposal by the Board, itself upon recommendation by the NRC and subject to the prior approval by the NBB. The Chairperson and deputy chairperson of the Board are selected by the Board from among the Non-Executive Directors, upon a simple majority of the votes cast and subject to the prior approval by the NBB.

4.2.1.2. Duration

Directors may be appointed for a renewable term of up to six (6) years. In order to be considered an Independent Non-Executive Director, the director cannot have served for a total term of more than twelve (12) years as Non-Executive Director. Board members representing the shareholders may be eligible for re-election for an infinite number of times.

Save in exceptional circumstances, Non-Executive Directors will relinquish their seats at the Annual General Meeting following their 75th birthday. Save in exceptional circumstances, the term of office of Executive Directors will end at the Annual General Meeting following the date on which they turn the Belgian statutory retirement age.

Members of a Board Committee are in principle appointed for the duration of their term as director.

To ensure the continuity of the business activities of the Bank, the Board will be responsible to ensure there is a proper succession planning for directors and key executives.

4.2.1.3. Termination

In general, a director's mandate ends at its intended **expiration date**, it being understood that a director's mandate generally ends immediately following the annual general shareholders' meeting deciding on the annual accounts of the mandate's last accounting year.

The general shareholders' meeting can, prior to the expiration date of a director's term of office, upon a simple majority of the votes cast, **dismiss** such director, provided that the regulations regarding the dismissal of directors, which are applicable to credit institutions, are complied with.

When a director **resigns** prior to the end of his/her term, the Board consisting of the remaining directors, upon suitability assessment and recommendation of the NRC, may appoint a person to fulfil such term ("co-optation"). The next general shareholders' meeting will confirm the appointment of such director and will determine the duration of such director's mandate.

No appointment, including in the event of co-optation, can be decided upon unless prior and formal approval thereto has been obtained from the NBB.

In addition, any dismissal or resignation or any renewal or non-renewal will be notified in due time in writing to the NBB. It is the Bank's policy, unless decided differently by the Board, that, subject to the Belgian Companies Code, if the office of a member of the ManCo ends, he/she will simultaneously resign his/her director's mandate. For the avoidance of doubt, it is specified that if a director's mandate ends prior to its term, be it following a resignation or a dismissal, the mandate of the ManCo member will end at the same time.

4.2.2. Members of the Board Committees

The Board appoints the members and chairperson of a Board Committee upon recommendation by the NRC and subject to prior assessment by the Board and the NBB.

In case a member/the chairperson of a Board Committee leaves the committee before the end of his/her term of office, the Board may appoint a new member/chairperson to fulfil such term upon recommendation by the NRC and subject to prior assessment by the NBB. In the event a member of a Board Committee ceases to be a non-executive director, the director concerned will automatically cease to be a member of the Board Committee concerned.

4.2.3. Effective leaders

Effective leaders who are a member of the ManCo, are (re)appointed by the Board, upon a simple majority of the votes cast, upon recommendation by the NRC and subject to the prior approval of the NBB.

In general, a member of the ManCo's mandate ends at its intended **expiration date**, it being understood that the mandate of a member of the ManCo generally ends immediately following the annual general shareholders' meeting deciding on the annual accounts of the mandate's last accounting year. The Board can, prior to the expiration date of a member of the ManCo's term of office, upon a simple majority of the votes cast, **dismiss** such member of the ManCo, provided that the regulations regarding the dismissal of ManCo members, which are applicable to credit institutions, are adhered to. A member of the ManCo may **resign** prior to the end of his/her term of office. Any dismissal or resignation or any renewal or non-renewal will be notified in due time in writing to the relevant supervisor. It is the Bank's policy, unless decided differently by the Board, that subject to the Belgian Companies Code, if the office of a member of the ManCo ends, he/she will resign simultaneously his/her director's mandate. For the avoidance of doubt it is specified that if a director's mandate ends prior to its term, be it following a resignation or a dismissal, the mandate of ManCo member will end at the same time.

Effective Leaders- DC-1 are formally appointed by the ManCo and in principle for an undetermined duration. The Effective Leaders- DC-1 can be **dismissed** at any time by the ManCo, provided that the regulatory rules applicable to the specific position of this Effective Leaders- DC-1 are adhered to, and labour law principles are applied. An Effective Leader- DC-1 can **resign** from his position provided that the regulatory rules applicable to the specific position of this effective leader are adhered to, and that the applicable labour law principles are applied. In special circumstances, upon resignation of an Effective Leader, BBE can request the respective Leader to remain in office for the full notice period to ensure operational continuity, and organise appropriate alternative solution.

4.3. Prevention of Conflicts of Interest

4.3.1. General

The existence / absence of possible conflicts of interest is considered to be an important criterion to evaluate a (non-executive or executive) director's suitability. Therefore, all directors are expected to refrain from taking actions and concluding transactions that would give them interests contrary to those of the Bank.

In practice, a director is deemed to have a conflict of interest when a transaction gives rise to a patrimonial interest in:

- the director himself/herself;
- a close relative of the director personally;
- a company controlled by a director and / or a close relative(s) of this director, within the meaning of Art. 1:14 of the new Companies Code.

Usual transactions that are concluded on market-conforming terms are not affected by the conflict of interest rules.

If a conflict of interest still arose, the following rules apply:

- In the case of conflicts of interest falling within the scope of by article 523 of the Companies Code, the director in respect of whom the conflict of interest of a patrimonial nature arises must first disclose it to the others. Directors abstain from participating in the deliberations and vote on the relevant transaction and inform the statutory auditor of the Bank of the existence of this conflict of interest.
- The minutes of the meeting of the Board relating to the transaction giving rise to the conflict of interest must include the particulars prescribed by article 7:76 of the aforementioned Code and must be published in the annual report of the Bank.
- In the case of other conflicts of interest involving matters falling within the competence of the Board, the director in respect of whom the conflict of interest arises must first communicate it to the other directors of the Bank and must abstain from participating in the deliberations and the vote relating to the transaction concerned. The minutes of the meeting of the Board shall state the existence of a conflict of interest.
- In the case of a conflict of interest falling within a matter not subject to a decision of the Board, the director in respect of whom the conflict of interest arises is bound to inform the Chairman of the Board in writing in advance.

Moreover, within BBE, the directors have to comply with the policy relating to conflicts of interest.

4.3.2. Effective leaders

The existence / absence of possible conflicts of interest is considered to be an important criterion to evaluate an effective leaders' suitability. Therefore, all effective leaders are expected to avoid any action, position or interest that conflicts or appears to conflict with an interest of BBE.

If and to the extent an effective leader is member of the ManCo, the rules set forth in section 4.3.1 'General' above apply.

An Effective Leader- DC-1 will comply with the rules set forth in the policy relating to conflicts of interest. Effective Leaders- DC-1 must devote the time necessary for the exercise of their function within BBE and therefore may exercise other (directors') mandates, whether or not as a representative of BBE, only within certain limits, as further set forth in the internal rules governing the exercise of external functions by directors and effective managers of BBE.

Other mandates. Directors, as well as members of the ManCo and effective leaders as the case may be, must devote the time necessary for the exercise of their function within BBE and therefore may exercise other directors' mandates, whether or not as a representative of BBE, only within certain limits as specified in article 62 of the Banking Law. Reference is also made to the internal rules governing the exercise of external functions by directors and effective managers of BBE.

4.4. Remuneration

4.4.1. General

The general shareholders' meeting may decide to remunerate directors on the basis of a fixed remuneration and/or by payment of attendance fees. The remuneration awarded to Non-Executive Directors consists of an annual fixed component and a fee for each Board meeting attended.

An additional remuneration can be awarded to the members of the advisory committees of the Board in accordance with the remuneration policy. The level of remuneration is set on the basis of legal requirements and of the BBE remuneration policy and as per the recommendation of the NRC. This remuneration policy is part of the remuneration policies referred to in article 21,§1,6° of the Banking Law.

The Chairpersons of the Board and of its advisory committees receive a different remuneration package with a specific fixed component, which is set separately by the NRC and approved by the Board.

4.4.2. Effective leaders

If and to the extent the effective leader is a member of the ManCo, its remuneration is determined by the Board for the executive part of the remuneration, in accordance with the remuneration policy and as per the recommendation of the Remuneration Committee. This remuneration policy is part of the remuneration policies referred to in article 21,§1,6° of the Banking Law. Members of the ManCo will receive no additional remuneration for their Board membership and attendance at the Board meetings in addition to their remuneration as members of the ManCo.

Each member of the ManCo is evaluated pursuant to appropriate objectives linked to his/her specific area of responsibility. Evaluation is based on individual performance, performance of the entity/function for which the member of the ManCo is responsible as well as the performance of BBE as a whole. This performance evaluation is part of the procedure for determining the performance-related part of the remuneration.

If and to the extent the effective leader is an Effective Leader- DC-1, the relevant BBE remuneration policy will apply to the remuneration of the effective leader.

5. Key functions

BBE's businesses are supported by support functions and controlled by the independent internal control functions Compliance, Risk and Internal Audit. Considering the required independence, the DPO is also considered an independent control function within BBE.

The main responsibilities and key organisational features of the support functions and of the independent control functions are highlighted hereinafter, with a reference, if and to the extent appropriate, to the principles as set out in the Banking Law and relevant Circulars.¹⁰

5.1. Support functions

The support functions are reporting either to the CEO or to the CFO - COO. The Head of Legal and Regulatory reports directly to the Chief Risk Officer.

Please find below a more detailed description of these functions (in alphabetical order), each time with a reference to the role and mission, the competences and activities as well as the organisation.

5.1.1. Accountancy

The Accounting department is in charge of the preparation of the annual accounts and the periodic prudential reporting, as well as a series of other tasks including:

- Monthly updates of depreciation schedules and asset inventory management (Brussels, Paris and London);
- Daily reconciliation of Nostri accounts (headquarters, Paris and London branches), sent to the various departments of the Bank for the necessary follow-up;
- Monthly reconciliation of suspense accounts and quarterly reconciliation of inactive/dormant accounts, then forwarded to the Compliance Officer and the Director of Operations (headquarters, Paris and London branches).
- Preparation, on a monthly basis, of the situation of doubtful debtors, then transmitted to the Credit department for review.
- Preparation of all legal reports on a monthly, quarterly and annual basis: Schéma A, Schéma B, COREP, FINREP and others.
- Reporting for the ManCo
- Reporting for Alco meetings of a series of tables and ratios.

¹⁰ Article 21 §1, 4° of the Banking Law.

- Reporting for the parent company on a weekly and monthly basis (foreign exchange positions, intra-group positions, balance sheet details, off-balance sheet and income statement, etc.).
- Billing and Billing Entries (head office and branches of Paris and London).
- Preparation of consolidated budget and headquarters and assistance in preparing the budgets of the Paris and London branches;
- Processing of a number of surveys and questionnaires from various interlocutors (Febelfin, BNB, etc.);
- Other responsibilities

5.1.2. Human Resources

The Human Resources Function ensures that BBE adheres to applicable labor rules, laws and regulations, including laws and regulations related to employment diversity and discrimination and safe workplace environment. Their other tasks include:

- Recruitment and selection.
- Annual performance management and evaluation.
- Job descriptions and roles and responsibilities together with department heads.
- Increasing skills and roll-out of training plan and seeking opportunities.
- Drafting of contracts.
- Overseeing the badging/timestamping system.
- Health and safety.
- Pay-roll, compensation and benefits.
- Ensure storage and follow-up of fit and proper of relevant staff.

5.1.3. IT

The IT department is in charge of:

- ensuring, on a daily basis, the operational and technical support of the IT system (including back-ups, day-closing procedures, monitoring of system capabilities);
- planning and proceeding with the installation and / or updating of computer hardware and software under their direct responsibility;
- establishing and updating technical manuals for the systems under their direct responsibility;
- providing support (Helpdesk) for the Windows environment.

For IT, BBE relies partially and where beneficial on the support of its parent company in accordance with an SLA.

5.1.4. Legal and Regulatory

The Head of Legal and Regulatory reports directly to the Chief Risk Officer.

The Legal and Regulatory Function assists with the management of legal risk or the risk arising from the potential that unenforceable contracts, lawsuits or adverse judgements may disrupt or otherwise negatively affect the operations or financial condition of a BBE.

Legal risk can result from the mishandling of legal processes, contractual rights/obligations failures or non-contractual rights/obligations failures.

In BBE, the Legal and Regulatory Function is responsible for regulatory compliance and ensuring regularly that changes in the law and regulations applicable to BBE's are regularly assessed.

The Legal and Regulatory Function advises the ManCo on measures to be taken to ensure compliance with applicable laws, rules, regulations and standards, and should assess the possible impact of any changes in the legal or regulatory environment on BBE's activities and compliance framework.

The Legal and Regulatory Function also verifies, in close cooperation with the Risk Function and the Compliance Function, that new products and new procedures comply with the current legal framework and, where appropriate, with any known forthcoming changes to legislation, regulations and supervisory requirements.

5.1.5. Operations

The Operations department consist of two sub-departments:

- (i) Transfer-Back Office Department, in charge of account openings, payment transactions (transfers in and out), cash transactions, and the administrative management of transactions carried out by the dealing room; and
- (ii) International Department, in charge of the treatment of documentary credits, documentary collections, documentary discounts, letters of guarantee and transactions assimilated to documentary operations (for example, forfeiting).

5.1.6. Strategy and business development

The Strategy and business development departments are in reality 2 separate departments that support primary the CEO, the ManCo, and secondary the Board, ARC and NRC and reports to the CEO. The overall management is with the CEO or his delegate.

The Strategy and business development will include a Corporate Secretary function.

The main tasks of the Strategy and business development department is to:

- (iii) coordinate, define, create, develop and/or execute new business initiatives, strategic marketing plans per continent and client segments and verify peer group analysis or market research.
- (iv) help communicating the Bank's goals throughout the organisation, and manage dedicated project teams to achieve the set business targets;
- (v) collect requirements and business data, work with the internal departments and external partners to execute specific projects, business plans and strategies.

- (vi) support the ManCo to coordinate, review and conduct creative corporate programs, and provide instructions and motivation to staff members in the implementation of new strategies and projects
- (vii) ensure central archive and storage of core documents, indicate timely the reports due.

5.2. Independent control functions

As indicated above, the businesses are controlled by the independent internal control functions: Compliance, Risk Management and Internal Audit (hereinafter referred to as "Independent Control Functions"). These Independent Control Functions have been set up in accordance with the Banking Law.¹¹ Considering the required independence, the DPO also considered an independent control function within BBE. All heads of Independent Control Functions must be physical persons.¹²

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

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

Independent functions. 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 DPO 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.

Heads of internal control functions. Subject to and following the relevant supervisor's prior approval, the Board (re-)appoints the heads of the internal control functions. The heads of the internal control functions can be removed from their function only with the prior consent of the Board¹³.

Suitability. In addition to the requirements set out in their respective function profile, all heads of an independent control function must at all times be **fit** (*'passende deskundigheid'*/*'expertise adéquate'*) and **proper** (*'professionele betrouwbaarheid'*/*'honorabilité professionnelle'*) for the exercise of their function¹⁴. In general, a head of an independent control function is considered

¹¹ Article 21 §1, 4° of the Banking Law and articles 35-40 of the Banking Law.

¹² Article 19 §1 of the Banking Law.

¹³ Article 61 of the Banking Law.

¹⁴ Article 19, §1 of the Banking Law and NBB Circular letter 2018_25.

to be “fit” if he/she has the knowledge, experience, skills and professional behaviour suitable for the exercise of his/her function¹⁵; a head of an independent control function is considered to be “proper” if there are no elements suggesting differently and no reason to question the reputation of the head of an independent control function concerned¹⁶. The Board, upon recommendation of the NRC, will assess and evaluate the suitability of each nominee head of an independent control function (including in case of nomination for re-appointment) prior to the appointment of such nominee head of an independent control function. The assessment will be done on the basis of a predefined list of selection criteria. In addition to the assessments referred to above, a head of an independent control function must inform BBE without delay of any circumstance which may have an influence on the suitability of that head of an independent control function¹⁷.

Suitability criteria. The Chief Risk Officer is expected to meet the requirements set forth in its function profile. In addition, the Chief Risk Officer is expected to meet the suitability criteria applicable to members of the ManCo (as further set forth in section 4.1.1.3 ‘Effective leaders’). Furthermore, the Chief Risk Officer must inform BBE without delay of any circumstance which may influence his/her suitability.

Suitability assessment. The NRC will assess whether or not the requirements applicable to a Chief Risk Officer are met. Subsequently, the potential Chief Risk Officer will need to undergo a suitability assessment by the NBB.

5.2.1. Compliance Function

At BBE, the Compliance Function is a permanent and independent control function belonging to the second line of defense. The Compliance Function provides a reasonable assurance to the ManCo and the Board that Regulatory compliance, Financial Crime and Conduct risks and reputational risks are monitored, controlled and mitigated as relevant.

The Compliance Function is managed by the Head of Compliance. The Compliance Officers of the Paris and London Branches directly report to the Head of Compliance, without prejudice to the direct obligations that should fall to them under local regulations.

The Head of Compliance reports directly to the Chief Risk Officer.

The main responsibilities, tasks and rights of the Compliance Function are set out in the Compliance Charter.

¹⁵ NBB Circular letter 2018_25.

¹⁶ NBB Circular letter 2018_25.

¹⁷ NBB Circular letter 2018_25.

To manage Compliance risks appropriately, the Compliance function is responsible for the following tasks:

- Continuous identification and classification of Compliance risks:
 - The Compliance function continuously identifies, assesses and documents the Compliance risks that could arise from BBE's activities (Compliance Risk Assessment).
 - This assessment will serve as a basis for defining the Compliance function's objectives and action plan.
- Advice:
 - The Compliance function advises on the correct and specific interpretation and application of laws and regulations, standards and codes (and developments therein) in the Compliance domains, in collaboration with the Legal and Regulatory Function.
 - In this context, it participates in particular in discussions on new products, services and / or markets and changes in the organization of BBE.
 - Development and implementation of policies and procedures:
 - The Compliance function develops and regularly updates BBE's Integrity Policy.
 - As part of the implementation of this Integrity Policy and in accordance with regulatory or organizational developments, it develops specific measures (policies, procedures, rules, guidelines, etc.).
- Control and monitoring:
 - The Compliance function monitors compliance with the Compliance domains as described in this Charter and the Integrity Policy and specific measures developed for their implementation.
 - Within this framework and based on the assessment of the Compliance risks, the Compliance function develops and implements a plan of second-line controls and tests (Compliance Monitoring). In addition to its own specific controls, it also uses the results of the controls performed by the operational services (first line) for this purpose.
 - The Board validates the monitoring plan of the Compliance function.
 - Based on the results of these controls, the Compliance function can stipulate action plans and recommendations.
- BBE Staff awareness and training:
 - The Compliance function ensures that BBE colleagues are aware of and trained to recognize and manage Compliance risks.
 - It serves as a point of contact to which BBE employees can address their questions on topics related to the Compliance domains.
 - Monitoring and interpretation of legislation:
 - The Compliance function draws up an inventory of, and monitors any changes to, the regulatory framework (laws, regulations, standards, etc.) regarding the Compliance domains in collaboration with the Legal and Regulatory Function.
 - It analyses and interprets this regulatory framework in collaboration with the Legal and Regulatory function.

- Implementation of the action plans and follow-up plans:
 - Taking into account the identified Compliance risks, recurring tasks, expected developments and innovations and unexpected assignment, the Compliance function annually defines its priorities in an actionable action plan.
 - This action plan is sufficiently detailed and provides an estimation of the resources required. The plan must be validated by the Board.
- Reporting:
 - The Compliance Officer regularly informs and issues recommendations to the ManCo and to the Board on compliance with the regulatory provisions governing BBE's activity, and in particular on rules regarding integrity and conduct that apply to this activity
 - Annual Report: Each year, the Compliance function submits to the Board and/or the ARC its activity report addressing issues that have a significant impact on BBE and the organization of the Compliance function. In this context, the Compliance Officer also presents the annual report on money laundering and terrorist financing to the NBB.
 - At least semi - annual information to the Board:
 - an overview of its activities and the assessment of Compliance risk;
 - a report on the monitoring carried out.
 - If the situation requires so, the Compliance function reports immediately on urgent and significant Compliance risks. Depending on the level of risk, the traditional reporting process or an escalation procedure will be followed.
- Point of contact for external parties:
 - For all matters relating to the Compliance domains defined in this Charter, the Compliance function is the main point of contact for the following institutions: NBB, FSMA, CTIF-CFI, the concerned Federal Public Services.
 - Any mail, fax or letter received from or to be addressed to the institutions that deals with Compliance domains must be submitted to the Compliance Officer.
- The Compliance Officer is designated as the "Person in charge for combating money laundering and terrorist financing" (AMLCO – Anti Money Laundering Compliance Officer) as defined in the applicable legislation. In this context, it ensures:
 - the implementation of internal control policies, procedures and measures to combat money laundering and terrorist financing;
 - the preparation of written reports and, if necessary, declarations to the CTIF-CFI and / or the Treasury Department of the Federal Public Service Finance;
- Staff training and awareness The Head of Compliance reports on the activity of the Compliance Function (for the 3 entities) directly to the Head Office ManCo (on a quarterly basis) as well as to the ARC (every time it meets) and to the Compliance Committee. The Board, in accordance with article 36, §2 of the Banking Law, annually reports to the NBB on its assessment of the proper functioning of the Compliance Function.

5.2.2. Risk Management

The Risk Management Function belongs to the second line of defense. It is headed by the Chief Risk Officer.

The main responsibilities, tasks and rights of the Risk Management Function will be set out in the Risk Management Charter that is under development.

The Risk Management Function is responsible for ensuring that frameworks are defined and implemented for the management of all relevant financial and non-financial risks. The relevant risks include:

Financial Risks

- Credit Risk
- Market Risk
- Capital, Funding & Liquidity Risk

Non-financial Risks

- Business and Strategic Risk
- Statutory Reporting and Tax Risk
- Regulatory compliance *¹⁸
- Financial Crime*
- Conduct Risk*
- Internal and External Fraud Risk
- Personal Data Protection
- Information Technology and Cyber Risk
- Transaction Processing and Execution Risk
- Legal Risk
- Human Resources Risk
- Third-party Service Providers
- Data Management
- Business Continuity Management

The risk management frameworks cover the identification, assessment or measurement of the risk, the mitigation, the monitoring and the reporting of the risks.

The governance for the management of risk rests on the three lines of defense model.

The risks are managed with respect of the Risk Appetite approved by the Board.

¹⁸ The Non-financial risks indicated with an asterisk belong to the competence of the Compliance Function.

The findings of the Risk Management Function are reported, via the appropriate Risk Committees, the ManCo and the Audit and Risk Committee.

5.2.3. Data Protection officer

The Data Protection Officer reports directly to the Board of Directors. The Data Protection Officer is considered an independent control function.

BBE has currently appointed the Head of Legal and Regulatory as Data Protection Officer.

The responsibilities of the Data Protection Officer include:

- Informing and advising BBE and BBE's employees about their responsibilities as data controller or data processor;
- Monitoring compliance with the data protection regulations;
- Raising awareness and training of staff for data protection;
- Ensuring that data subjects' rights are properly attended to;
- Performing or overseeing the performance of data protection impact analyses;
- Act as contact point for the data protection authorities.

5.2.4. Internal audit

The Internal Audit is the third line of defense. The Internal Audit Function provides reasonable assurance to the Board and to the ManCo as regards the quality and effectiveness of the internal control, the risk management and the corporate governance systems and processes of BBE.

The main tasks, responsibilities and rights of the Internal Audit Function are set out in the Internal Audit Charter.

Internal Audit independently reviews and provides objective assurance of the compliance of all BBE's activities, including outsourced activities, with BBE's policies and procedures and with external requirements.

Internal Audit assesses whether BBE's internal control framework is both effective and efficient. In particular, the Internal Audit Function will assess: a. the appropriateness of BBE's governance framework; b. whether existing policies and procedures remain adequate and comply with legal and regulatory requirements and with BBE's risk appetite and strategy; c. the compliance of the procedures with the applicable laws and regulations and with decisions of the Board and the ManCo; d. whether the procedures are correctly and effectively implemented; and e. the adequacy, quality and effectiveness of the controls performed and the reporting done by the first and second line departments and functions.

Internal Audit carries out its mission within the framework of a tri-annual audit plan that is approved by the ManCo and the Audit and Risk Committee.

The audit planning is risk-based. However, all activities and departments of the Bank must be audited at least once every three years.

Some of the audit missions are carried out by or in cooperation with the Internal Audit Function of Byblos Bank S.A.L.

The Internal Audit Function has unfettered access to all employees. It also has immediate access to all documents, books, files and information from the Bank, as well as to staff members.

The Head of Internal Audit has an independent reporting line to the Chairman of the Audit and Risk Committee. For administrative and day-to-day matters, the Head of Internal Audit reports to the Chairman of the ManCo.

5.3. 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 analyze 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.

6. Operational organisation

6.1. BBE's role and mission

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.

6.2. Operational structure, business lines, matrix management and allocation of competences and responsibilities

The requirement of sound and appropriate structures for the organization of the business to ensure effective and prudent management of BBE is described in general terms in Article 21 of the Banking Law. The governance structure keeps pace at all times with the evolution of the business.

BBE has an appropriate administrative and accounting organization and internal control, especially including a control system that provides a reasonable level of assurance of the reliability of the financial reporting process.

The Board establishes in writing the competences, duties and responsibilities of all significant entities and activities of BBE, and allocates them to the various members of the staff. Also, the reporting lines are clearly defined.

The members of the Board have a clear understanding of BBE's legal and operational structure and of its activities, including the risks associated with the services and products offered. They ensure that this structure and these activities are in line with the approved business and risk strategy and risk appetite. All concerned functions are given all needed information to properly fulfil their respective tasks.

BBE has in place IT control and security measures that are appropriate to its activities, that are sufficiently robust to ensure the security and authentication of the means of transmission, to minimise the risk of data corruption and unauthorised access and to prevent information leakage by maintaining data confidentiality at all times.

Taking into account the nature, scale and complexity of its activities, BBE sets up its organization so that, in the case of a major, unscheduled business interruption, its critical functions can be preserved or restored as quickly as possible and the normal provision of services and activity can be resumed within a reasonable period of time. BBE regularly tests emergency and recovery plans, documenting and analysing test failures or errors, and then updating such plans.

6.2.1. Operating Model

BBE will start implementing a more digital target operating model. This will include business model innovation, transformation of processes and systems, technology innovation, an enhanced customer-centric value proposition and a cultural transformation.

BBE has recently adopted a Cloud first strategy.

The product offering will be supported by fintech solutions that are integrated with the core banking system, that is currently being upgraded.

6.2.2. 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.

The majority 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 avalising 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 respondent 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.

6.2.3. Markets

As indicated above, the majority 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. The geographical markets on which clients are active when requesting BBE's Commercial Banking, Financial Institutions/trade finance and Dealing services are: the European Union, with a focus on Belgium, France and UK; strategic countries selected in Africa, the Middle East and Asia.

The geographical markets on which target clients are active when requesting BBE's wealth management activities, are: the European Union, with a focus on the countries where it has its head quarter and branches, being Belgium, France and UK.

Geographical Markets	Commercial Banking	Financial Institutions /trade finance	Dealing	Wealth Management
Europe: European Union with focus on Belgium, France, Italy, Germany and the UK	V	V	V	V
Africa: Egypt, Algeria, Angola, Nigeria, Kenia, Morocco, Ivory Coast, Sudan	V	V	V	X
Middle East: Gulf Cooperation Council (GCC) - Saudi Arabia, Kuwait, the United Arab Emirates, Qatar, Bahrain, and Oman	V	V	V	X
Asia: Vietnam, Bangladesh, Indonesia, Malaysia, China	V	V	V	X

CONFIDENTIAL

BBE Governance Memorandum • Version [0.5c] • [26.04.2021] • [VHK]

6.2.4. Products and Services

The current range of products and services is listed below and will be gradually expanded in the next three years in accordance with the BBE “Products and Services Approval and Review Policy”.

Products and Services currently offered			
Commercial Banking	Financial Institutions / trade finance	Personal Banking	Dealing
Working capital / trade finance solutions	Pre -import and post export financing	Current accounts	FX
Investment credit	Letters of Credit	Savings accounts	Brokerage
Payment services	Guarantees	Payment services	

6.2.5. New Product Approval Process

The BBE “Products and Services Approval and Review Policy” aims to ensure that all products and services offered by BBE:

- Align to the approved BBE strategy;
- Comply with all relevant laws and regulations;
- Are adequately supported and resourced over the product lifecycle;
- Are provided to the right categories of clients.

The Policy applies to/

- The launch of new products and services;
- Significant changes to new products and services;
- The review of existing products and services; and
- The termination of existing products and services

The Product Owner must submit the business case, together with the sign off from the relevant stakeholders and all action plans (agreed or yet to be agreed)

All new products or services or significant changes to existing products and services must be approved by the ManCo, based on a business case proposed by the product owner. The approval is subject to an advice of all relevant stakeholders (including Risk, Data Protection, Information Technology, Compliance, Legal, Operations, etc.).

7. BBE's Main Policies

This section sets forth codes of conduct, policies and procedures imposed by BBE upon its corporate organisation and its operational organisation in order to:

- safeguard the interest of the Bank and of its customers at all times;
- comply with legal and regulatory requirements (a.o. Article 21 of the Banking Law); and
- provide services to customers at the highest possible industry standards.

To this end, codes of conduct as well as operational policies have been issued. These documents can be consulted by the employees on the internal website of BBE.

Trainings on relevant topics are organised on a regular basis to ensure that the employees are well informed and to create awareness on these topics.

7.1. Integrity policy

The Integrity policy is included in [appendix 5](#).

7.1.1. Company Values

All employees should display behavior that reflects BBE's values in the activities they perform on behalf of the Bank.

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.

7.1.2. 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 behavior 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)").

This Code is supported by specific policies and procedures that you are also expected to read and understand. It should also be read in conjunction with the Human Resources Policies and your employment contract.

7.1.3. 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 ManCo 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 ManCo 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.

7.1.4. 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 ManCo. 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.

The Code of Conduct Directors, Managers and Identified Staff Holding External Mandates is currently being updated.

7.1.5. 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 HR or the Head of Compliance.

The Conflicts of Interest Policy is currently being updated.

7.1.6. 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 behavior 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

The Insider Trading Policy is currently being updated.

7.1.7. 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.

The Whistleblowing Policy has been updated and approved on 26.04.2021.

7.1.8. 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.

The Complaints Handling procedure is currently being updated.

7.2. Outsourcing policy

The BBE Outsourcing Policy (to be included in appendix 6, but currently being updated) introduces a structured process for the internal and external outsourcing of activities and services, with clear assignment of roles and responsibilities.

Outsourcing in BBE should never result in:

- A material impairment of the quality of the BBE's governance system;
- The undue increase of the operational risk;
- The impairment of BBE's ability to monitor compliance by the banking laws and regulations;
- Undermining of the continuous and satisfactory service to customers

When considering outsourcing BBE will:

- Prefer the use of technology, systems, applications and instruments used are sufficiently customary and well known. Where that is possible, BBE will avoid solutions that are less common or that rely too much on the service provider;
- Ensure that good, functional documentation of the systems used by the service providers is drawn up and updated;
- Ensure that the necessary knowledge of the technical characteristics for the operation, organization and management of the outsourced services is maintained;
- Ensure that all own data can be requested at any time in a workable format.

Outsourcing arrangements must never result in the delegation of senior management responsibilities. Senior management responsibilities that cannot be outsourced include: setting the risk strategy, the risk policy, and the risk tolerance/appetite of BBE, the setting of strategies and policies in respect of the BBE's risk profile and control.

The oversight of BBE's operations and processes, and the final responsibility towards customers - such as for instance customer relationship management and dealing in financial instruments for customers - and supervisors cannot be outsourced.

A company associated with the external auditors of BBE cannot be selected as an outsource provider in the framework of an outsourcing agreement, unless a prior "*no objection*" has been obtained from the BBE Audit Committee.

The final decision to outsource a material activity or service to the selected outsource provider can only be made by the ManCo upon the recommendation made by the ManCo Member who is responsible for the outsourced activities, subject to the advice of an Outsourcing Panel.

7.3. Remuneration policy

The Remuneration policy is included in [appendix 7](#).

7.3.1. General 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.

7.3.2. Identified Staff (“Material Risk Takers”)

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.

7.4. Business Continuity Management and IT Security

7.4.1. 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.

The Business continuity and disaster recovery plans are currently being updated.

The Business Continuity policy is to be included in [appendix 8](#) (but is currently being updated).

7.4.2. 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.

The IT Security Policy is included in [appendix 9](#).

8. Policy for Disclosure of Corporate Governance Information

BBE publishes the relevant information about the corporate governance on its corporate website including:

- BBE's objectives and Company Values;
- Memorandum of Governance
- Shareholder Structure
- Group Structure
- Composition of the Board and the ManCo
- Organizational structure
- Independent operational control functions,
- Key aspects of its policy as regards risk management and prevention of conflicts of interest and of its integrity and business continuity policy, and information on its compensation policy and practices.

BBE informs its employees in a clear and coherent manner and provides regular updates on the strategies, policies, standards and procedures to allow them to perform their tasks.