



Creditbank S.A.L.

CREDITBANK'S GUIDE
TO CORPORATE
GOVERNANCE

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I. STATEMENT OF CREDITBANK SAL APPROACH TO APPLICATION OF THE CORPORATE GOVERNANCE PRINCIPLES

Creditbank S.A.L. believes in and is committed to good corporate governance, to provide a basis for its future development and corporate performance, to support trust in its relation with the stakeholders and in its activities as a recipient of depositors' funds, and shareholders' capital, and to enable it to contribute to the successful development of the Lebanese banking system, economy and community.

Accordingly, the Board of the Bank has formally adopted the following Corporate Governance documents:

- The Code of Corporate Governance.
- The Terms of Reference for the Board of Directors.
- The Code of Ethics and Business Conduct.

The three above mentioned documents conform to the requirements and recommendations of the Lebanese Central Bank and Banking Control Commission in particular the principal circular n°106 dated 26/07/2006, as well as to international best practices and to the Association of Banks in Lebanon Guidelines.

They are made available to the public on request, and are published on the Bank's website. These documents are reviewed on a yearly basis and any amendment thereof is regularly published.

The guiding principles of the Bank's Code of Corporate Governance are the following:

- Responsibility - the clear division and delegation of authority.
- Accountability in the relationships between the Bank's Management and both the Board and the stakeholders, and between the Board and the shareholders.
- Transparency and disclosure to enable stakeholders to assess the Bank's performance and financial condition.
- Fair treatment of all stakeholders.
- Equitable treatment of Shareholders and protection of Minority's rights.

The Board has also formed a Board Committee on Corporate Governance to oversee the enforcement of the Code of Corporate Governance. The roles and responsibilities of said Committee are set in the Charter as approved by the Board of Directors.

II. COMPOSITION, ROLE AND RESPONSIBILITIES OF THE BOARD OF DIRECTORS

The Role, responsibilities, and composition of the Board are set in articles 42 and 43 of the Articles of Association as well as in the Terms of Reference of the Board of Directors and can be summarized as follows:

- 1.** By virtue of the decision number 1/3/24 dated March 14, 2024 rendered by the Higher Banking Commission, Dr. Muhammad Baasiri was appointed as Interim Administrator to the bank and empowered with the powers of the Board of Directors and the Chairman - General Manager. On August 20, 2024 the Higher Banking Commission replaced Dr. Baasiri with Mr. Fadi Gebrane who was appointed as Interim Administrator by virtue of decision Number 1/8/24 (1 bis).
Consequently, the following points 2 and 3 shall apply while taking into consideration the aforementioned appointment of the Interim Administrator.
- 2.** The role of the Board is to provide strategic guidance for the Bank and effective oversight of its management.
- 3.** The Board is responsible for:
 - 3.1. Governance**
 - Establish, review and monitor processes for corporate governance throughout the Bank, with due regard to all of the Bank's stakeholders and its role;
 - Build trust in the Bank through consistent behavior, transparency and accountability;
 - Monitor and influence the culture, reputation and ethical standards of the Bank;
 - 3.2. Strategy**
 - Develop an understanding of each part of the Bank's business;
 - Review, approve and monitor the Bank's budget, business and strategic plans, and review the assumptions and rationale underlying them;
 - Make suggestions to the General Meeting concerning the Bank's capital structure;
 - Review, approve and monitor major investments and strategic commitments;
 - 3.3. Reviewing Key Performance Indicators**
 - Review business results and monitor budgetary control;
 - Review, approve and monitor any necessary corrective actions and processes;
 - 3.4. Integrity of external reporting**
 - Review and monitor the processes, controls and procedures which are in place to maintain the integrity of the Bank's accounting and financial records and statements;
 - Monitor and receive reports from the Audit Committee in relation to internal controls, compliance with prudential regulations and requirements, and internal and external audit reports;
 - Review and monitor the reporting to shareholders to ensure that it is objective, comprehensive and factual;
 - 3.5. Risk management**

- Establish, monitor and review the risk management processes with the proposed decisions of the Risk Management Committee;
- Review and monitor processes for the maintenance of adequate credit quality;
- Review and monitor processes for the documentation and regular review and updating of the Bank's risk profile;

3.6. Management oversight and executive review

- Approve key executive appointments and monitor and review the business continuity plan;
- Review and monitor the performance of the General Manager and senior management;
- Approve all appointments of representatives within subsidiaries and other controlled entities;

3.7. Board performance

- Monitor and review processes to assist directors in having sufficient time to devote to Board matters to ensure that they discharge their duties effectively; and
- Review these Terms of Reference and their continuing adequacy from time to time.

III. THE CRITERIA TO SET THE REMUNERATION OF THE BOARD MEMBERS AND SENIOR EXECUTIVE MANAGEMENT

Paragraphs 1, 2, 3 and 4 shall not apply for as long as the Interim Administrator appointed by the Higher Banking Commission is in place.

1. Non-Independent (Executive and Non-executive) Board Members:

Non-Independent (both Executive and Non-executive) Board Members are elected as the Bank's Shareholders' representatives based on their representation rights, as well as their integrity, credibility and business sense qualifications. Remuneration for their duty is determined on the basis of the yearly frequency of Board meetings. The expected attendance is 12 meetings per year, and remuneration takes into consideration that a Board Member dedicates an average of two working days for each meeting.

2. Independent Non-executive Board Members:

The remuneration of Independent Non-Executive Board Members takes into account further considerations such as but not limited to reputability, seniority, financial experience and perceived added value.

3. Vice-Chairman of the Board:

Remuneration of Vice-Chairman of the Board reflects a level of responsibilities and additional time expected to fulfill the position.

4. Chairman of the Board:

Remuneration of the Chairman of the Board reflects a higher level of responsibilities and a successful track record in leading the Bank. Moreover remuneration is linked to the Bank's performance and financial results.

5. Senior Executive Management:

Criteria to set the remuneration of the Senior Executive Management are the following:

- Market value.
- Peers' benchmark.
- Scale of internal remuneration.
- Experience and Seniority.
- Performance assessment.

6. General Remuneration Policy

Creditbank's Remuneration Policy main goal is to attract, retain, and reward people based on their performance.

Creditbank aims to realize internal equity by ensuring that its employees, from all organizational levels, be fairly compensated within the framework of a standardized Remuneration System based on unified Grades, Salary Scale and Benefits Scheme that is in compliance with the Labor Law, the Collective Labor Agreement and directives of the Association of Banks in Lebanon (ABL).

Creditbank is also keen to establish external equity by making sure that its salaries and benefits are generally aligned with the market rate and practice within comparative categories.

Further, Creditbank employees, from all organizational levels, are classified and compensated based on the credentials required by their job. Employees doing the same job are compensated within the same salary scale and benefits scheme.

V. LIAISON BETWEEN THE BOARD OF DIRECTORS AND THE GENERAL MANAGER AND SENIOR EXECUTIVE MANAGEMENT

Following the appointment of the Interim Administrator by the Higher Banking Commission, and his empowerment with the authorities of the Board of Directors and its Chairman – General Manager, each time this document refers to the Board or its Chairman or the General manager, it should be construed as referring to the Interim Administrator for as long as he is in place.

The day-to-day operation of the Bank is the responsibility of the General Manager and Senior Executive management.

As the Board's function is to oversee the General Manager and Senior Executive management and hold them accountable, it is considered essential that the Board as a whole and the Directors individually, if non-executive, do not involve themselves in day-to-day activities.

The appointment of the General Manager and Deputy-General Managers ensures an effective follow-up of the Bank's day-to-day activities.

The Board evaluates the performance of the General Manager and Deputy - General Managers and consistently overviews the separation of tasks granted to them, and makes sure that a clear distribution of authorities is made amongst the various senior managers and departments of the bank.

The Board regularly overviews said separation of tasks granted to the Departments and their respective Heads through the Organizational Chart, delegations and Committees structure, roles and responsibilities.

Also, when deemed necessary the Board, via its Chairman, invites Senior Executive Managers to attend Board Meetings to take part of the discussions related to specific technical matters. This practice is common when the Board's Agenda includes the approval of the Budget, Risk Management and Audit issues.

Board Committees have the possibility to convene Senior Executive Managers in order to further explore issues that fall under the Committee's roles and responsibilities.

VI. ASSESSMENT OF THE BOARD, GENERAL MANAGER, AND SENIOR EXECUTIVE MANAGEMENT COMPLIANCE WITH THE CORPORATE GOVERNANCE PRINCIPLES

The Bank has formed a Corporate Governance Unit headed by the Board's Secretary to draft and update all Corporate Governance related documents.

In compliance with the Code, the Terms of Reference and the regulations of the Lebanese Central Bank and Banking Control Commission, as well as in accordance with international best practices and the Guidelines set by the Association of Banks in Lebanon, the Corporate Governance Unit drafts a yearly Corporate Governance Report as part of the application of the Code to be submitted to the Corporate Governance Board Committee for approval and then to the Bank's Board of Directors for review and final approval. The Report is then submitted to the Annual General Assembly for discussion as part of the Board's General Annual Report.

The yearly Corporate Governance Report includes information about how Corporate Governance principles were applied by the Bank during the year, together with details of its compliance with, and/or deviations if any from, the requirements of its Corporate Governance Code and other relevant documents.

VII. SUMMARY OF CODE OF ETHICS AND BUSINESS CONDUCT

Ethics, integrity and honesty are the foundations based on which Creditbank S.A.L. builds its reputation and competitive excellence.

1. Purpose

The purpose of the Code is to promote:

- Compliance with applicable laws and regulations.
- Integrity, honesty and ethical conduct.
- A work environment free of Conflicts of Interests.
- Fair, accurate, timely and understandable disclosure to the public.
- Respecting banking secrecy law and protecting confidential information.
- Internal reporting of violations of this Code.
- Accountability for non-compliance to this Code.

2. Administration

Following the appointment of the Interim Administrator by the Higher Banking Commission, and his empowerment with the authorities of the Board of Directors and its Chairman – General Manager, each time this document refers to the Board or its Chairman or the General manager, it should be construed as referring to the Interim Administrator for as long as he is in place.

The Bank's Board of Directors is responsible for administrating the Code of Ethics and Business Conduct. While the Bank's General Manager will oversee the efficient implementation of said Code, it is the individual responsibility of each director, officer and employee of the Bank to comply with the Code.

3. Compliance with Laws and Regulations

The Bank is committed to conducting its banking activities in compliance with all applicable laws and regulations.

To that end, all directors, officers and employees acting on behalf of the Bank have the responsibility to learn and understand said laws and regulations which are applicable to the banking sector in general and in particular to their department's activity.

Specifically, the Bank is committed to:

- Comply with all Lebanese laws and regulations applicable to the Bank as well as the Collective Labor Agreement, and other applicable rules and principles that govern the Bank's subsidiaries;
- Comply with all Lebanese laws and regulations relating to anti-money laundering and counter-financing terrorism;
- Maintain a safe and healthy work environment;
- Promote a workplace that is free from inappropriate behavior, discrimination or harassment based on race, color, religion, sex or other factors that are unrelated to the Bank's business interests;
- Conduct its activities in full compliance with all applicable environmental laws.

4. Ethical Conduct

The Bank is committed to conducting its business ethically and honestly. Each director, officer and employee shall at all times deal fairly with the Bank's clients, shareholders, employees, partners and stakeholders and in accordance with the

Code of Ethics and Business Conduct and in connection with each action and decision that is or may reasonably appear to be related to his employment in the Bank.

5. Conflicts of Interest

As part of their employment responsibilities, directors, officers and employees are expected to act in a way that contributes to the financial success of the Bank, enhances its reputation and fosters its client relationships. This requires that they should not be involved in any activity which creates or reasonably could be expected to give rise to a conflict of interests between their personal interests and the Bank's interests.

Therefore, directors, officers and employees shall take all reasonable actions necessary to avoid all conflicts of interests and shall disclose any matter that they believe might raise doubt regarding their ability to act objectively and in the Bank's best interests.

6. Disclosure of the Bank's Financials

The Bank's financials, periodic reports and other essential data are to be timely maintained with accuracy and honesty in strict compliance with applicable laws, regulations and accounting principles.

Directors, officers and employees shall not make any false or misleading statements or conceal information from management or the Bank's auditors.

7. Confidentiality and Banking Secrecy

Directors, officers and employees are expected to treat information entrusted to them by clients and employees as restricted or highly restricted, privileged, confidential information and protected by the Lebanese Banking Secrecy Law dated September 3, 1956.

Directors, officers and employees are prohibited from disclosing confidential information except in response to a valid judicial decision or court order and in strict compliance with the provisions of the Lebanese Banking Secrecy Law dated September 3, 1956, while taking into consideration the compulsory disclosure according to the Lebanese laws and regulations related to anti-money laundering and counter-financing terrorism.

The obligation to maintain the confidentiality of the information continues even after directors, officers and employees are no longer employed by the Bank.

8. Sanctions for Violation of the Code of Ethics and Business Conduct

Any Director, officer or employee who violates the Code is subject to appropriate disciplinary action, including immediate termination and, when necessary, reporting the violation to authorities.

9. Reporting Violations of this Code

In case a director becomes aware of or reasonably suspects any breach of this Code, he shall report it to the Chairman of the Board in order to take adequate action.

The Bank will not tolerate retaliation in any form against any person who, in good faith reports suspected violations of the Code. Anyone found to have retaliated against another employee for any such conduct, will be subject to appropriate disciplinary action, including immediate termination.

Any director, officer or employee who has questions about the meaning or application of any provision or requirement of this Code is encouraged to submit the question in writing to the Corporate Governance Committee via the Secretary of the Corporate Governance Secretariat.

VIII. DISCLOSURE POLICY

The Bank recognizes its obligation to provide meaningful information on its activities to shareholders, depositors, financial market counterparts, regulators, and the public in general. The Bank also has a duty to gather input on its activities, and to address shareholder concerns. The Bank discloses such information on a timely basis, and makes it available to all through its internet site.

The Bank's financials, periodic reports and other essential data are to be timely maintained with accuracy and honesty in strict compliance with applicable laws, regulations and accounting principles.

No transactions, agreements, programs, plans, lending, obligations or payments shall be entered into, made or recorded with the understanding that their use is for other than the stated purpose.

All transactions involving Related Parties are submitted by the Board to the General Assembly in compliance with article 158 of the Code of Commerce and article 152 of the Code of Money and Credit.

Directors, officers and employees shall not make any false or misleading statements or conceal information from management or the Bank's auditors. They shall fully cooperate with the internal and independent auditors and counsels. This means providing them with complete and accurate information. Any omissions or inaccuracies in the Bank's records should be reported immediately to the Board.

The Bank also promotes a work environment free of Conflicts of Interests. As part of their employment responsibilities, directors, officers and employees are expected to act in a way that contributes to the financial success of the Bank, enhances its reputation and fosters its client relationships. This requires that they should not be involved in any activity which creates or reasonably could be expected to give rise to a conflict of interests between their personal interests and the Bank's interests.

A Conflict of Interest may occur when the directors, officers and employees private interests in any way interferes—or even appears to interfere—with the interests of the Bank. A conflict situation can arise when a person has interests that may impair the objective performance of his duties to the Bank. Therefore, directors, officers and employees shall take all reasonable actions necessary to avoid all Conflicts of Interests and shall disclose any matter that they believe might raise doubt regarding their ability to act objectively and in the Bank's best interests.