



# **CORPORATE GOVERNANCE**

## CORPORATE GOVERNANCE

### SHAREHOLDING

Main Holders of Common Shares  
(as of 31 Dec. 2016)  
% of common shares

<b>ANTOUN SEHNAOUI</b> <hr/> <b>51.65%</b>	<b>KAFINVEST HOLDING</b> LEBANON SAL <hr/> <b>19.25%</b>
<b>SOCIETE GENERALE</b> SA <hr/> <b>16.79%</b>	<b>NSKINV</b> LTD <hr/> <b>12.20%</b>

(\*) A Director may be considered non-executive if he/she:

- does not perform management duties within the Bank, does not carry out any executive tasks at this Bank and /or in any of its branches or subsidiaries in Lebanon and abroad, or does not have advisory capacity vis-à-vis senior management either at the moment or during the two years preceding his/ her appointment as a director;

(\*\*) A Director may be considered Independent if he/she:

- is a Non-Executive Director;
- is not one of the major shareholders who owns, directly or indirectly, more than 5% of the total amount of the shares of the Bank or of the voting rights relating thereto, whichever is higher;
- is independent of any members of the Senior Management of the Bank and of its major shareholders, i.e. that there has been no employment ties with any of above mentioned parties whether at the moment or during the two years preceding his/ her appointment as a director;
- is not a member of the immediate family, up to fourth degree of consanguinity, of any major shareholder;
- is not one of the Bank's debtors.

## CORPORATE GOVERNANCE

### BOARD OF DIRECTORS AND COMMITTEES

BOARD OF DIRECTORS		EXECUTIVE NON-EXECUTIVE (*) INDEPENDENT (**)	COMMITTEES				
			Audit	Risk	Governance	Remuneration	AML/CFT
Antoun SEHNAOUI	Chairman	E		Member	Chairman		
Nabil SEHNAOUI	Member	NE	Member		Member	Member	Member
Pierre Frédéric KAMEL	Member	NE		Member	Member		
Kafinvest Holding Lebanon SAL - represented by Pierre Frédéric KAMEL	Member	NE					
NSKINV Ltd - Represented by Antoun SEHNAOUI	Member	NE					
Societe Generale SA (France) - Represented by Alexandre MAYMAT	Member	NE	Member				
Jean-Louis MATTEI	Member	I				Member	Chairman
Ishac Mazen HANNA	Member	I		Chairman		Chairman	
Grégoire LEFEBVRE	Member	NE	Member	Member	Member	Member	Member
Jean-Pierre DUCROQUET	Member	I	Chairman				

## CORPORATE GOVERNANCE

### STATUTORY AUDITORS

**BDO, Semaan, Gholam & Co  
Ernst & Young P.C.C.**

# CORPORATE GOVERNANCE

## EXECUTIVE COMMITTEE



**CHAIRMAN & CEO**  
ANTOUN SEHNAOUI

A. Sehnaoui is SGBL's chairman and CEO since 2007. He is also the chairman of Fidus, the Group's financial brokerage firm. Mr. Sehnaoui holds a BA in Business Administration – major in International Finance and Banking from the University of Southern California (USA) and is a member of the Board of Directors of the Association of Banks in Lebanon.



**DEPUTY GENERAL MANAGER**  
GEORGES SAGHBINI

*Group CFO, Head of Business Development, Strategy, and Corporate Secretariat*

G. Saghbini joined SGBL group in 1996. He has since occupied several executive positions in the Bank and within the Group. Mr. Saghbini presently acts as Chairman of Sogecap Liban, the Group's life insurance company, and is a board member of SGBJ and SGBCy, the Group's subsidiary banks in Jordan and Cyprus respectively. He holds a Master's degree in Economics from the Paris I – Sorbonne University and from Ecole Normale Supérieure in Paris, as well as a Post graduate diploma in Money, Banking and Finance from the Sorbonne University.



**DEPUTY CHIEF EXECUTIVE OFFICER**  
PHILIPPE DUBOIS

Ph. Dubois joined SGBL group in 2014 and was appointed Deputy CEO by the board in March 2015. Prior to that, he was with Societe Generale group where he held several positions in Societe Generale's network in France, before taking up executive positions within the international network (French Polynesia and Serbia) and later on, supervising the Retail banking activity in Russia. Mr. Dubois graduated from French business school ESLSCA (Ecole Supérieure Libre des Sciences Commerciales Appliquées) and holds a Master's Degree in Management Control.



**DEPUTY GENERAL MANAGER**  
KHALIL LETAYF

*CEO of Societe Generale Bank – Cyprus Ltd*

K. Letayf joined SGBL group in 2008. Prior to that, he held different managerial positions in the e-payment and banking businesses in both France and Lebanon. Within SGBL group, and prior to heading SGBL's subsidiary in Cyprus, Mr. Letayf acted as SGBL's Head of the Resources and Services division and occupied, on rotating presidency basis, the position of Chairman of CTM, the credit card processing company that is 50% owned by SGBL. He holds a degree in Engineering from Ecole Centrale de Paris.



**DEPUTY GENERAL MANAGER**  
TAREK CHEHAB

*Head of the Commercial Division - Retail, Corporate and Private Banking*

T. Chehab joined SGBL group in 1999 as General Manager of Fidus. Prior to that, Mr. Chehab held several executive positions in France in various businesses, among which as Group financial controller with Tractel Group and as Senior consultant at United Group Consultants. Within SGBL group, Mr. Chehab also acts as Chairman of Sogelease Liban, the Group's leasing company. He holds a Master's degree in Management – major in Finance, from the University of Dauphine in Paris.



**DEPUTY GENERAL MANAGER**  
SLEIMAN MAARAOU

*Head of the Systems, Projects, and Infrastructure Division*

S. Maaraoui joined SGBL group in 2001 after holding several executive positions in the banking sector in France. Prior to heading the Systems, Projects and Infrastructure division, Mr. Maaraoui was SGBL's Head of Internal Audit and Inspection. He holds a Master's degree in Economics – major in Finance from the University of Amiens (France).

# CORPORATE GOVERNANCE

## MANAGEMENT COMMITTEE

MEMBERS OF THE EXECUTIVE COMMITTEE	SGBJ GENERAL MANAGER	CORPORATE BANKING
	NADIM ABAOUAT	RABIH ABDALLAH
GENERAL MANAGEMENT OFFICE - STRATEGY, FINANCE AND GENERAL SECRETARIAT	RISKS	FINANCE
NOHA ABOU-SAAD	FADY ABOU SAMRA	SARITA AMMOUN CHAANINE
OPERATIONS	GROUP RISKS	HUMAN RESOURCES
SAMI BOU KHALIL	PIERRE DINET	HENRI EL HACHEM
INSURANCE BUSINESS LINE	SMALL AND MEDIUM ENTERPRISES	RETAIL AND NETWORK
MICHEL FIANI	MICHEL GEAMMAL	NAGIB GHANTOUS
PLANNING, PROJECT MANAGEMENT & ORGANIZATION	PRIVATE BANKING	CHANGE OF CORE BANKING APPLICATION
DANIELLE HADDAD	ELIE JEFFY	CAROL KARKOUR
STRATEGY AND MARKETING	FINANCIAL MARKETS	INFORMATION TECHNOLOGY SYSTEMS & SERVICES
HABIB KHOURY	KARIM KHOURY	ELIE RIZK

// The more difficult the victory,  
the greater the happiness  
in winning.

– Pele

LET'S GET THINGS MOVING IN

# SPORTS

# CORPORATE GOVERNANCE

## FRAMEWORK

The implementation of appropriate Corporate Governance guidelines allows for consolidating the Bank's universal banking model that is geared towards customers, expanding the customer base, improving operational efficiency and developing human capital.

In addition to its obligations towards its shareholders, SGBL Group has the obligation of fulfilling its responsibilities towards depositors and other stakeholders. Setting up a sound corporate governance framework earns and maintains the trust and confidence of the public.

A Corporate Governance Charter was developed at SGBL in 2008. It evolves continuously in accordance with new local and international regulations, with the latest amendments introduced in 2017 in line with the Central Bank's recently issued guidelines.

The organizational structure that was adopted by SGBL promotes the sound and proper functioning of the Bank in compliance with the fundamental principles of sound Corporate Governance. It also reflects and serves SGBL Group's corporate culture, objectives and strategy.

### THIS STRUCTURE IS BASED ON

1. Internal stakeholders, primarily the Board of Directors, Senior Management Executives, Internal Audit, Risk Management, and Compliance divisions for which a clear definition of roles and responsibilities is established while respecting the principle of the separation of powers through the creation of several committees serving that purpose;
2. The committees of the deliberative and decision making bodies as well as those deriving from these bodies, namely the Audit, Risk, Governance, Remuneration and AML/ CFT Committees;
3. External stakeholders, mainly shareholders, supervisory authorities and external auditors;
4. A risk management system stemming from the implementation of an overall risk management policy. This policy has been devised in accordance with the provisions of the Banking Control Commission circulars. Furthermore, this policy has been detailed for each specific risk: credit risk, concentration risk, market risk and interest rate risk, liquidity risk and operational risks;
5. An internal monitoring system built on formal procedures, both at the continuous monitoring level (daily security and formal supervision) and at the level of periodic internal audit.
6. An efficient communication and information system specifying the communication channels between all levels of the hierarchy as well as the reporting process enabling all stakeholders to be up to date with policies, procedures and internal control systems adopted by the Bank.

The Board and its committees are governed by their own specific internal regulations. Moreover, each Director acknowledges and agrees to comply with the Director's Charter as adopted by the Board of Directors.

### BOARD OF DIRECTORS

The Board of Directors consists of 10 Directors, the majority of whom are independent and non-executive. Board members are elected by an Ordinary General Shareholders' Meeting for a period of three years.

The Board of Directors bears the ultimate responsibility of the Bank's operations and financial soundness. Its main mission is to ensure that the Bank operates in accordance with the regulations to which it is subject, in line with the established strategy and in the best interests of the shareholders whom it represents.

In certain areas, the preparatory work for the deliberations of the Board is carried out by specialized Committees composed of directors appointed by the Board; these Committees examine matters within their remit and submit their opinions and proposals to the Board for approval.

These committees achieve their mission under the authority of the Board of Directors.

### RISK COMMITTEE

The mission of the Risk Committee comprises i) periodically reviewing the organization and the performance of the Risk monitoring framework at SGBL, ii) supervising the effective application of the principles of risk management at the Bank and Group level, iii) examining the portfolio of credit and market risks borne by the Bank, iv) monitoring the portfolio breakdown and its evolution by category of limits/outstanding volumes and debtor clients, the regulatory ratios and key indicators (allocation of common equity per major risk, risk deterioration, concentration risks by sector, cost of risk, etc.), changes to the quality of loans etc.

### AUDIT COMMITTEE

The Audit Committee assists the Board of Directors in its missions and its supervisory role. Overall, the committee i) examines, at regular intervals, the operating conditions and the activities of periodic and permanent internal control, ii) ensures the consistency and effectiveness of the security control measures, of the mechanisms established for the internal control of procedures, risks, regulatory accounting and ethical standards as well as anti-money laundering and anti-terrorist financing mechanisms, iii) ensures that the Bank complies with all the laws, rules and standards that govern the banking industry, namely with the directives, circulars and recommendations of the Central Bank of Lebanon, the Banking Control Commission and the Special Investigation Commission, iv) reports to the Board of Directors the delays detected and the potential discrepancies within the framework of critical or high-priority corrective actions, particularly deficiencies that might expose the Bank to significant risk.

### REMUNERATION COMMITTEE

The Remuneration Committee is assigned the task of making recommendations to the board based on the review of the practices followed by SGBL group. Its mission comprises i) to prepare the Remuneration Policy and the Remuneration System and submit them to the Board of Directors for approval, ii) to supervise the proper implementation of both the Remuneration Policy and Remuneration System, iii) to review at least once a year the rules/principles based on which the Remuneration Policy is implemented, iv) to assess periodically the efficiency of the Remuneration Policy and its effectiveness, v) to evaluate accurately the total remunerations granted, and compare them against the future expected revenues in order to avoid any likely negative results, vi) to submit to the Board of Directors specific proposals about the Senior Executive Management and holders of key positions remunerations, vii) the process of renewal and replacement of directors and members of Senior Management, viii) to propose long term incentives ix) to propose fees paid to directors and executives, x) to coordinate closely with the Risk Committee upon assessing the remuneration and their related risks and upon reviewing the Remuneration Policy.

#### **AML/CFT COMMITTEE**

The mission of AML/CFT Committee is to i) to support the Board of Directors in its functions and supervisory role with respect to fighting money laundering and terrorist financing and understanding the related risks, and to assist it with making the appropriate decisions in this regard, and ii) to review, from a risk-based approach, the reports submitted by the Compliance Unit and the Internal Audit Unit on adopted procedures, unusual operations and high-risk accounts, regarding cash deposits and withdrawals, transfers, exemptions from filling Cash Transaction Slips (CTS) and the link between these operations and economic activities, and to also take the relevant decisions.

#### **GOVERNANCE COMMITTEE**

The mission of the Governance Committee is to i) oversee the effective functioning of the corporate governance structure, ii) evaluate and update this structure, iii) carry out preparatory work for the examination by the Board of Directors of corporate governance issues, and iv) conduct an annual assessment of the Board of Directors' performance.

#### **EXECUTIVE COMMITTEE**

The Bank's Executive Committee comprises: the Chairman and Chief Executive Officer, the Deputy Chief Executive Officer and the Deputy General Managers.

The Bank's Executive Committee implements the strategy approved by the Board of Directors, delegates tasks and establishes an organizational structure that allows for appropriate operations; it monitors the responsibilities, and it is ultimately responsible before the Board for the effective operation of the Bank.

#### **MANAGEMENT COMMITTEE**

The Management Committee is composed of members of executive committee, senior managers and managers representing the major functions and sectors of the Bank and whose responsibilities have a major impact on the activity of the Bank. This Committee is an instance for communication and exchanges on the strategy and the bank's general interest issues. It promotes the exchange of information and thorough reflection as well as the emergence of positive initiatives for the development of the bank.

#### **FREQUENCY OF MEETINGS**

The Board holds at least four meetings each year, and whenever required. At least once a year, an item of the agenda is dedicated to the evaluation of the performance of the Board of Directors.

The frequency of the meetings of the Committees is set by the Board of Directors, taking into account local regulations. A minimum number of meetings is required as follows:

- Four annual meetings of the Risk and Audit Committees at the rate of one committee per quarter of which at least two are to be held in Lebanon
- Two annual Remuneration and AML/CFT Committees at the rate of one per semester
- One annual Corporate Governance Committee.

---

**//** Economy growth  
doesn't mean anything  
if it leaves people out.

– Jack Kemp

**LET'S GET THINGS MOVING IN**

**ECONOMY**

# CORPORATE GOVERNANCE

## INTERNAL SPECIALIZED COMMITTEES

In order to achieve an adequate level of protection against the risks faced by the Bank, Senior Management must hold on regular basis internal specialized committees that comprise officers in charge of handling the issues mentioned below. The following committees fall within the category of internal specialized committees:

### **CREDIT COMMITTEES**

Credit Committees approve loans which exceed the approval limits set for the commercial division.

### **SENSITIVE RISK COMMITTEES**

Sensitive Risk Committees review sensitive and doubtful loans managed by the commercial entities.

Frequency of meetings: quarterly.

### **RECOVERY COMMITTEES**

Recovery Committees are mandated to take decisions in respect of non-performing loans managed by the Recovery Department.

### **ASSET/LIABILITY MANAGEMENT COMMITTEE (ALCO)**

This committee's mission is to prepare the decisions of the Management in terms of general tolerance to liquidity risks, validate the contingency funding plan to enable the bank to overcome the liquidity crisis, monitor the evolution of the liquidity situation, validate the adequacy of the monitoring system, management and supervision of structural risks, and review developments of structural Group risk through consolidated reports.

Frequency of meetings: quarterly.

### **TREASURY COMMITTEE**

Delegated by the ALCO Management Committee, this committee assesses the Bank's short-term liquidity and takes steering decisions in accordance with the market's situation.

Frequency of meetings: monthly.

### **CORRESPONDENT BANKING COMMITTEE**

This Committee's mission is to approve the files of correspondent banks that have been authorized by the Board of Directors according to the limits set.

### **MARKET RISK MONITORING COMMITTEE**

Its mission is: i) to identify, assess and track market risk generated by operations carried out on behalf of his activities of proprietary trading, corporate and institutional clients and the financial department in relation to the ALCO Committee, ii) to define and follow up the alert procedures, and iii) to ensure the real independence between the back and the front offices.

Frequency of meetings: quarterly.

### **INVESTMENT COMMITTEE**

Its missions is to approve any equity participation of the Bank in a company in Lebanon or abroad

### **OPERATING REAL ESTATE INVESTMENT COMMITTEE**

Its mission is to approve i) any purchase or sale of real estate within the scope of article 153 of CMC and ii) any participation in a real estate company which activities are strictly limited to the acquisition of said real estate properties.

### **ANTI-MONEY LAUNDERING AND ANTI-TERRORIST FINANCING COMMITTEE**

Its mission is to monitor and manage human resources, tools, instruments, and regulatory provisions that are necessary to combat money laundering and terrorist financing.

Frequency of meetings: quarterly.

### **OPERATIONAL RISKS AND COMPLIANCE COMMITTEE**

This committee ensures the proper implementation of policies and procedures pertaining to the management of operational risks as set by the Board of Directors and Senior Management.

Frequency of meetings: quarterly.

### **PHYSICAL AND IT SECURITY COMMITTEE**

Its mission is to i) validate the IT and physical security policies following the recommendation of the Head of IT, ii) supervise the proper implementation of this policy, iii) decide on appropriate corrective actions and iv) recommend measures to be taken in case of breaches of any security rules

Frequency of meetings: twice a year.

### **SUBSIDIARIES MONITORING COMMITTEE**

This committee's mission is to monitor the situation of subsidiaries both at the level of their performance and at the level of ongoing risk assessment and compliance with local regulations and with the directives of SGBL Group.

Frequency of meetings: quarterly.

### **PROJECTS PORTFOLIO MONITORING COMMITTEE**

This Committee is in charge of i) implementing the Bank transversal projects, ii) monitoring their progress, and iii) decides on projects, priorities and deadlines.

Frequency of meetings: every 2 months.

### **NEW PRODUCT COMMITTEE**

This committee approves the concept and the proposal for a new product based on a feasibility study.

It also gives the green light for launching a product based on a complete report detailing targets, marketing channels and the subsequent action plan.

### **LEGAL AFFAIRS COMMITTEE**

Twice a year, this committee makes an assessment of the coverage of legal risks at the Recovery and Legal Affairs departments.

### **QUALITY MONITORING COMMITTEE**

This committee validates the quality policy to be validated by the Board and submits to the General Management periodic reports, at least quarterly, about customers' claims, the nature, handling, and outcome of these claims, and the measures proposed to improve the policy relating to "The Principles of Banking and Financial Operations with Customers"

Frequency of meeting: quarterly

### **PROCUREMENT COMMITTEE**

The committee's mission is to authorize purchases, orders or agreements pertaining to services or maintenance.