

Corporate Social RESPONSIBILITY

BUILDING A SUSTAINABLE TOMORROW

2017



FRANSABANK

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ABOUT THE REPORT

The Corporate Social Responsibility Report is a main tool for sharing Fransabank's various responsibilities with its stakeholders. It describes the Bank's conscientiousness towards the society and the environment.

Our CSR reporting reflects the requirements set in the Global Reporting Initiative (GRI). It is prepared in accordance with the GRI Standards: Core Option. Moreover, we report on the progress we have made in implementing the ten principles of the United Nations Global Compact and disclose cases where we assist in order to attain the Sustainable Development Goals. These international guidelines formed the basis for the selection of Fransabank's material issues that are covered in this report, for an accountable communication with our stakeholders.

It is our Communication on Progress to the UN Global Compact for the 2017 financial reporting year. All reporting and performance data are restricted to information on Fransabank SAL – the parent company of Fransabank Group, unless stated otherwise.

The report adds up to Fransabank's yearly reports, along with Fransabank Annual Report 2017 which provides detailed information related to our financial results and risk management practices. You can find the reports on www.fransabank.com, along with our periodic publications; all providing regular updates on our responsible achievements.

We welcome and value your feedback and suggestions, which help improve our reporting.

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VISION, MISSION AND VALUES

Our CSR approach is echoed in all aspects of our business

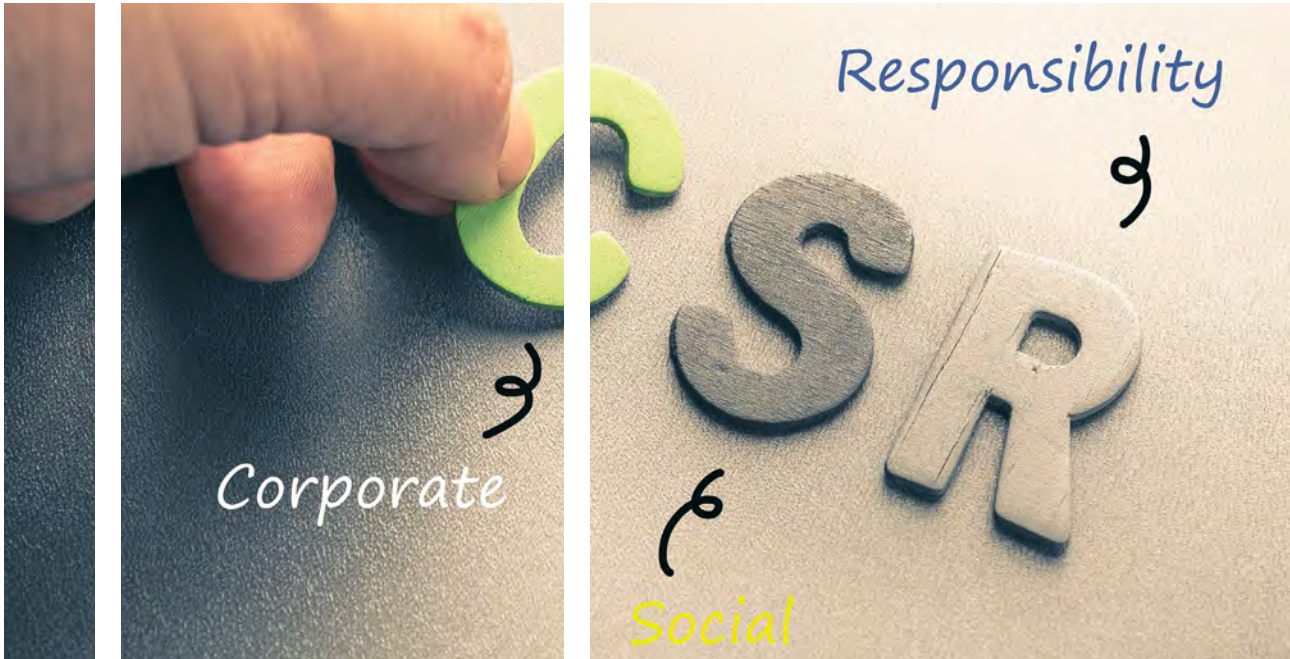
Vision

We aspire to be the leading banking group, the trusted partner and the responsible contributor in the communities we serve.

Mission

We are determined to be a leading financial institution within both the local and regional markets, while providing quality services to our customers, through innovative, cutting edge, and value added banking services and financial solutions. To achieve our mission, we are committed to:

- Consolidating and expanding our presence in selective regional and international markets
- Adopting and implementing the highest international banking and finance norms, standards, corporate governance, and diligent compliance practices
- Exceeding our customers' expectations, and fulfilling their needs and demands
- Striving for a distinguished quality service to our existing and potential customers
- Promoting within our Group, professional development, quality performance, decision-making and teamwork
- Generating increasing value for our shareholders in a dynamic manner and on solid sustainable grounds
- Aligning responsible business practices and social investments, in order to create long-term value and sustainability for our Group along with its respective communities.



Values

INTEGRITY

Gaining the trust of our customers, colleagues and other stakeholders by embracing moral and ethical principles.

LOYALTY

Showing devotion and faithfulness to our institution and our customers.

CREDIBILITY

Demonstrating high level of trustworthiness and expertise in all what we do.

ACCOUNTABILITY

Taking responsibility for all our actions.

TRANSPARENCY

Providing our customers with all relevant information regarding their rights and duties.

MESSAGE FROM THE CHAIRMEN



Adnan Kassar | Chairman

Adel Kassar | Deputy Chairman

Successful financial performance does not, alone, lead to a group being recognized as a trusted financial partner. People's choices, nowadays, are shifting towards businesses that are real responsible corporate citizens who create shared values. We, at Fransabank, are doing exactly this by lining up our Corporate Social Responsibility with our core businesses.

We are convinced that it is important for us to conduct our business in a way that is sustainable and that creates greater opportunities for present and future generations. The year 2017 was no exception. While we continue to track our financial performance, we attach great importance and weight to ethical operations. Our long-term vision

strongly emanates from the interests of our stakeholders and so we conduct our business while respecting the interests of internal and external players. This required a harmonious thinking, at all levels, to attain successful results.

It has been one year since we last updated our CSR Strategy to integrate a holistic sustainable approach at the Bank, and we have been able to measure palpable outcomes in our strategic lines. Fransabank has adopted a development strategy aiming to boost the private sector's investments, mainly in clean energy. Our Bank is actually encouraging our customers to reevaluate and reduce their energy consumption and the environmental impact of

their activities, through investing in a Sustainable Energy Finance program. We are also supporting rural and socio-economic development through our SME and microbusiness credit loans, and focusing on youth economic integration through financial educational initiatives as well as inclusion programs.

Moreover, our Bank has always supported communities through philanthropy, another important means for us to make a difference. However, after many years of giving, we refined our approach by combining financial commitments with capable partners, evidence-based solutions and direct investments of our people's time and expertise. We are confident that the distinctive know-how of the

private sector, when teamed with non-profit organizations and public sector entities, can induce a serious positive change that is up to the level that our country truly deserves.

In parallel, we are certain that our success lies in our people and so we focus on creating an inclusive environment which supports our employees' personal and professional growth and aspirations. As a result, we are keen to capitalize on our human resources, while according great importance to how we achieve our targets rather than what are the targets to be achieved.

Through our commitment to responsible business, we

continue to endorse strategic international agreements. We ensure our initiatives are in compliance with the ten principles of the United Nations Global Compact (UNGC) and the Business for Peace Platform. Also, we contribute to the realization of the UN Sustainable Development Goals (SDGs); having selected six SDGs on which we report our projects and achievements as related to them. Nationally, we have joined initiatives whose objectives are in accordance with our vision, being a board member in the UNDP - Lebanon Lobbying Group, a board member in the Steering Committee for Global Compact - Network Lebanon and a champion in Lebanon Climate Act.

Since long-term results are what we aim for, we ensure sustainability is a strategic goal within all our activities. Our achievements in this context perfectly reflect Fransabank's progress as a responsible corporate citizen; thus we shall continue to deploy all necessary efforts to build a sustainable bright future.

The present report provides information on an array of initiatives we have embarked on during the year 2017, consolidating our role as a reliable partner in the markets where we operate, as we choose to give back to our communities.

Sincerely,



Adel Kassar
Deputy Chairman



Adnan Kassar
Chairman

ABOUT FRANSABANK



As one of the leading Lebanese banks, Fransabank is committed to transmitting a financial knowledge and expertise to corporate, small and medium-sized enterprises, as well as to retail clients in Lebanon.

Founded in 1921, Fransabank Group ranks fourth today in Lebanon, in terms of total assets and customers' deposits and third in terms of loans and advances to customers. Furthermore, Fransabank is listed first amongst registered banks – (It has been duly registered in the Register of Commerce since October 9,

1971 under the number 25699, in accordance with Articles 26 and 49 of the Lebanese Code of Commerce).

On the other hand, the Group has the largest local branch network, including 125 branches spread all over the Lebanese territory; in addition to a total of 19 banking and non-banking subsidiaries and associates in the same

market. Fransabank Group is present in nine countries, namely in Lebanon, France, Algeria, Belarus, Sudan, Iraq, Cuba, the UAE, and the Ivory Coast. The responsible approach to business adopted, combined with the dedication and expertise of the Bank's employees, are the keys of Fransabank's long-term success.

Main Holders of Common Shares as at May, 2018

	PERCENT ⁽¹⁾
Adnan Kassar	39.81
Adel Kassar	39.81
Deutsche Investitions - und Entwicklungsgesellschaft mbH (DEG) ⁽²⁾	5.00
Al-Fadl Holdings Limited	2.70
The Public Institution for Social Security – Kuwait	2.00
Others ⁽³⁾	10.68
TOTAL SHAREHOLDING	100

(1) Percent of total share capital consisting of 21,925,000 Common Shares as at 31.05.2018

(2) Deutsche Investitions - und Entwicklungsgesellschaft mbH DEG is one of Germany's top development and investment banks. DEG is owned by Kreditanstalt für Wiederaufbau KfW, which, in turn, is owned by the German Government.

(3) Each with less than 2%.

FRANSABANK GROUP FINANCIAL HIGHLIGHTS

AS END OF DECEMBER 31, 2017

Our business model is based on our solid partnership with our customers, our employees' proficiency and expertise, and naturally on our diverse products and services. With 1,735 employees, Fransabank SAL contributes to society as a financial intermediary, taxpayer, and through our CSR initiatives, which makes us a responsible player in our communities.

Our focus on cultural, environmental, social and governance functions makes us a robust and more sustainable Bank. Moreover, we ensure that our business is managed in a responsible way, and that we use our expertise to build up financial confidence and access to financial services for our clients in particular and our society as a whole.

Total Assets
**USD 22.06
billion**

Total Customers'
Deposits
**USD 16.59
billion**

Net Profit
**USD 179.3
million
in 2017**

Net Loans and
Advances
to Customers
**USD 6.48
billion**

Total Customers
401,889

Total Employees
3,456

PRODUCTS & SERVICES

RETAIL BANKING

- SME Financing
- Payment Cards
- Accounts
- Loans
- Saving & Insurance Products
- Micro Credits
- E-services
- Special Services

CORPORATE BANKING

- Working Capital Financing
- Medium & Long Term Loans
- Structured Finance
- Trade Finance
- Overdrafts
- Leasing Services "Lebanese Leasing Company SAL"
- Real Estate "Société Générale Foncière SAL"

INVESTMENT BANKING

Financial Advisory

- Mergers & Acquisitions
- Equity Capital Markets
- Private Investments
- Corporate Equity/Debt Advisory
- Re-Organization
- Balance Sheet Re-Structuring

Equity & Debt Financing

- Corporate & Project Financing
- Syndicated Financing
- Feasibility Studies
- Legal & Financial Due Diligence
- Debt/Equity Structuring
- Equity Placements
- Debt Settlement Arrangement

PRIVATE BANKING / ASSET MANAGEMENT

- Advisory
- Wealth Management
- Capital Market/Brokerage
- Structured Products
- Research


OUR CORPORATE SOCIAL RESPONSIBILITY APPROACH

Focusing on integrating CSR in the core business of the Bank, Fransabank has developed a holistic approach that enables all divisions, departments and branches to engage, on common grounds, to achieve a higher level of responsibility.

To accomplish that, we resort to an enrichment of our practices, by regularly cross-examining our performance. What are the objectives of our CSR initiatives? What benefits are being generated, and who makes them happen? Which of these initiatives helps us address our key strategic challenges and opportunities?


All these queries have helped us define our CSR choices, not only by enhancing reputation but also by improving the core value creation ability through addressing major strategic issues and challenges.

Accordingly, three principles have been applied to attain this goal:




.1.
**CONCENTRATING
OUR CSR
EFFORTS**

With limited resources and time, we believe that the greatest opportunities lie where our business significantly interacts, which generates the greatest impact. Therefore, we considered addressing the core long-term needs of our stakeholders and the critical areas of our business having an added-value impact on society.



.2.
**BUILDING A DEEP
UNDERSTANDING
OF THE
BENEFITS**

Beside selecting the areas of opportunities, the key remains in finding symmetries between our Bank and society and having open and objective views on issues, from both our business and social perspectives.



.3.
**FINDING
THE RIGHT
PARTNERS**

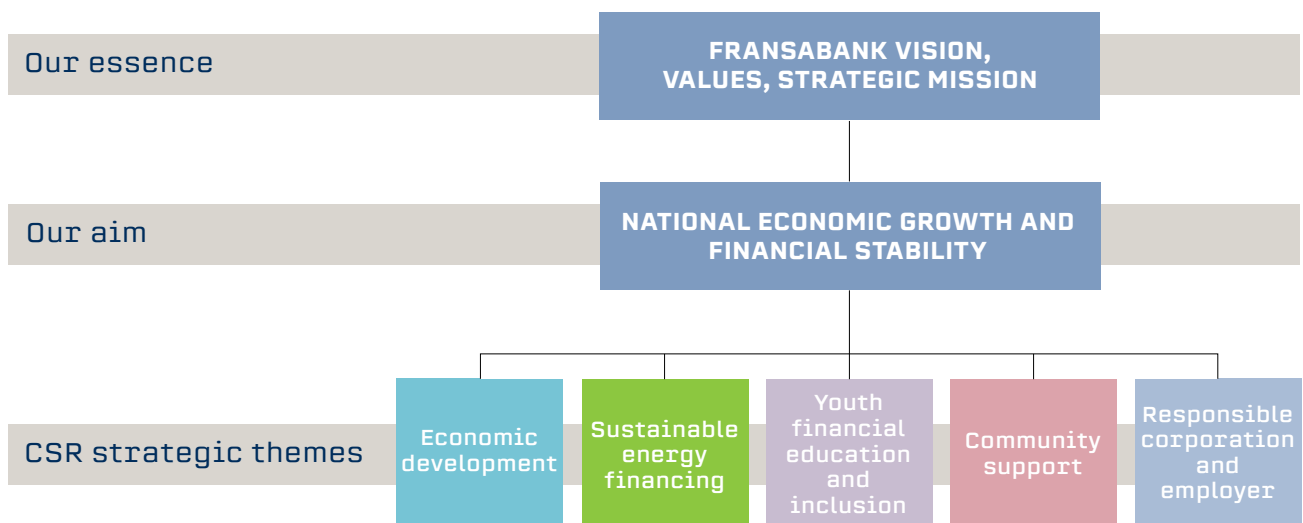
While searching for the right partners, we keep in mind the need for a win-win scenario as well as a long-term relationship, which inevitably lead to greater opportunities of success and sustainability.

Subject to the influence of the United Nations Global Compact 10 principles and the 17 Sustainable Development Goals to challenge poverty, inequality, climate change and other societal issues that affect us and our planet, and following the update of our CSR strategy in 2016, we carried on, in 2017, with our five strategic themes that shape our CSR approach. Accordingly, while focusing on strengthening the link between corporate and societal

value creation, we contribute to the society by providing:

- **Economic development**, which is about promoting our positive contribution to the economy through our corporate, SME, consumer and micro-credit loans;
- **Sustainable energy financing**, namely by showcasing positive environmental impact through our loans;
- **Youth financial education and inclusion**; mainly educating and integrating the youth in the financial stream;
- **Community support**, through measuring our added-value contribution and impact on the community;
- And ultimately being a **responsible corporation and employer**.

CSR Strategy 2016 – 2018



The effective implementation of these strategic themes is constantly monitored through a vigilant follow-up process. Naturally, we make sure that most CSR initiatives have a measurable impact on society, along with a direct or indirect contribution from our stakeholders. Internally, our employees, at all levels, are further involved in our CSR manners, willingly integrating

new sustainability practices in their day-to-day work. Externally, our multi-stakeholder communication tools are strengthening interactions with improved transparency, loyalty, and trust. We believe all these efforts are turning today's difficulties into tomorrow's game-changing opportunities. In a word, we are invested in a shared long-standing plan.

OUR CONTRIBUTION TO THE SUSTAINABLE DEVELOPMENT GOALS (SDGS)

The private sector, and specifically the corporate world, plays a key role in achieving the 17 Sustainable Development Goals (SDGs), formally accepted by the UN General Assembly in 2015. Fransabank's efforts are consistent with these goals. In fact, we recognize our part as a financial institution that connects the capital markets, authorities, businesses and civil society. Moreover, our innovative financing solutions are being designed responsibly to address all forms of inequality.

With each of the 17 goals being supported by highly cross-related sub-goals and targets, we have chosen to explore in greater detail several examples in which our activities are directly contributing to the attainment of specific SDGs, in particular:

- Goal 4 - Quality Education,
- Goal 5 - Gender Equality,
- Goal 8 - Decent Work and Economic Growth,
- Goal 9 - Industry, Innovation and Infrastructure,
- Goal 11 - Sustainable Cities and Communities, and
- Goal 13 - Climate Action.



An exhaustive description of Fransabank's contribution to the six chosen SDGs is reflected on pages 90-91. But then again, as the 17 SDGs are ambitious and concrete, with each goal supported by sub-goals and targets, and since they are highly cross-related, our contribution also indirectly benefits other goals.

OUR INVOLVEMENT IN SUSTAINABLE INITIATIVES

UNDP – Lebanon: “Together Towards Sustainable Development“



Representing the banking sector in the United Nations Development Program project in Lebanon –Together towards Sustainable Development (T2SD), Fransabank worked with its peer representatives from the private sector to improve SDG 4 – Quality Education, through a targeted initiative held on a national level. Jointly with the Tripoli Special Economic Zone, a Skills Gap Analysis in Tripoli and the North was launched in 2017. Focusing on one of the most remote and impoverished areas in Lebanon, the Skills Gap Analysis highlighted potential employment opportunities in the Northern region, by assessing existing programs, delivering new types of training that target workforce demand, and by suggesting means to implement them. The Skills Gap Analysis will be carried out through educational programs and trainings that involve Vocational Training Education (VTE) – covering accounting, food safety, graphic arts, medical imaging and mechanics.

T2SD will continue to coordinate with the Government, in order to address gaps and respond to the needs of society, and establish partnerships with the private sector. This initiative is being implemented through the companies' CSR frameworks; for an improved business environment that will ensure growth by establishing a greater market confidence for investors.



WHAT IS T2SD?

T2SD is an innovative strategic policy initiative of UNDP Lebanon, which responds to the achievement of the SDGs. It brings together businesses committed to align their efforts with the Goals, presenting an opportunity for business-led solutions and technologies to face Lebanon's major sustainable development challenges.

T2SD promotes economic and social development, inclusiveness, environmental sustainability, education, entrepreneurship, and transparency, among other objectives.

UN Global Compact (UNGC) Network Lebanon



Fransabank has joined the Steering Committee of the Global Compact Network Lebanon (GCNL) on October 10, 2017, which is composed of leading organizations spanning various industries and sectors across Lebanon.

The Global Compact Network Lebanon is a multi-stakeholder initiative that promotes the UN Global Compact Ten Principles and the 17 SDGs, provides signatories with a forum to solve issues of mutual interest, and supports participants to report on their progress in sustainability and social responsibility.

Lebanon Climate Act [LCA]



Fransabank is a signatory to Lebanon Climate Act (LCA) initiative. Therefore, we attend their annual Business Knowledge Platform. In 2017, Fransabank was rewarded with a token of appreciation for its active engagement in supporting Lebanon's overall reduction of carbon emissions and pollution.

The initiative aims at generating economic growth by dealing with climate change challenges, and catalyzing the involvement of the private sector in the wider climate change community. The project was organized in line with Lebanon's Intended Nationally Determined Contributions (INDCs), Lebanon's climate change engagement at COP21.

OUR STAKEHOLDER ENGAGEMENT AND COMMUNICATION

Engaging in open dialogues with stakeholders allows Fransabank to have better insights on the society's needs today, and even to anticipate those of tomorrow.

This continuous consultancy practice with our various stakeholder groups enables us to identify environmental, economic and governance trends,

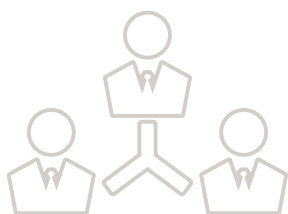
understand societal expectations, and gain an essential feedback on our strategy and priorities. As a matter of fact, their opinion is mutually beneficial and helps us grow and succeed on the long term.

Resorting to a variety of methods and channels, both formal and informal, we actively engage with

selected stakeholders, on a range of issues, through formal stakeholder dialogue, at least once a year. For others, we engage in a more targeted approach on a particular issue or initiative. Every year, we evaluate our relationships in order to identify gaps, if any, then take action and address new concerns.

Our stakeholder engagement is summed up in the table below.

Our Stakeholder Engagement Structure



EMPLOYEES

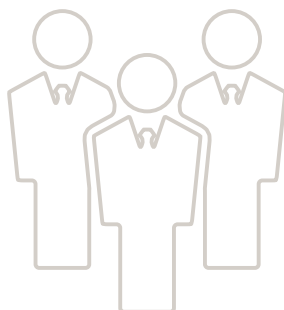
[Segmentation by: gender, age, and position]

Key CSR features

- Reward expertise and commitment
- Cultivate respectable, honest and collaborative dialogue among all employees

Engagement platforms

- One-to-one meeting
- Focus groups
- Regular communication campaigns via intranet (e-newsletters)
- Engagement surveys
- Publications
- Social media



CUSTOMERS

[Segmentation by: micro, SME, corporate, and retail]

Key CSR features

- Provide long-term benefits to customers
- Offer transparent operations
- Monitor customer satisfaction
- Handle customer complaints efficiently

Engagement platforms

- Satisfaction surveys
- One-to-one meetings
- Workshops and conferences
- Financial consumer protection unit
- Delivery channels (branches, call center, e-banking, mobile banking, social media, email...)



SHAREHOLDERS

Key CSR features

Openly sharing all facts and figures related to the Bank's results and achievements.

Engagement platforms

- General meetings
- Presentation of the CSR initiatives and outcomes to the Board of Directors
- Annual reports
- CSR reports

SUSTAINABILITY INITIATIVES

Key CSR features

- Serve on the Board of the UNDP Lebanon
- Member of the steering committee of the Global Compact Network Lebanon (GCNL)
- A champion in Lebanon Climate Act (LCA) initiative

Engagement platforms

- Meetings
- Annual conferences
- Events
- CSR reports



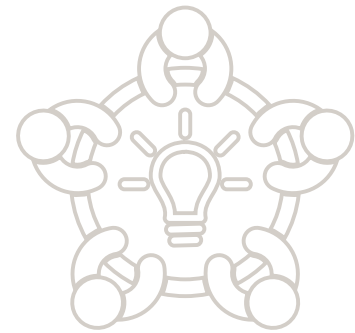
REGULATORY AUTHORITIES

Key CSR features

Partner with all financial sector players for greater economic standards

Engagement platforms

- Systematic reporting
- Meetings and conferences
- Periodic audits
- Economic bulletin
- Market index



THE MEDIA, INTEREST GROUPS AND LOCAL COMMUNITIES

Key CSR features

- Share knowledge and expertise
- Create real value to all components
- Communicate relevant news

Engagement platforms

- Strategic collaborations
- In-person meetings
- Financial support (grants and sponsorships)
- Employee volunteering
- Events
- Social media
- Publications, press releases



BUSINESS PARTNERS AND SUPPLIERS

Key CSR features

Act on ethical relations with all business partners and suppliers

Engagement platforms

- Meetings
- E-mail communication

OUR MATERIALITY ASSESSMENT

Our materiality assessment helps us have a better understanding of different perspectives, identify key issues and report on them with transparency.

The materiality assessment is not an exhaustive list of topics, it rather focuses on those issues that, we believe, are of greatest importance to a majority of our stakeholder groups and to the long-term business success of the Bank. It is based on our ongoing dialogue with the stakeholders.

Fransabank's annual materiality assessment confirms the list of material issues formerly recognized and identifies important new topics to address. Having previously completed materiality assessment with our stakeholders, we went through the list in 2017 by identifying,

prioritizing and reviewing our material topics. Based on the outcomes of this analysis, we attuned our exercise with a few noticeable changes in the importance attributed to some of the previously identified issues.

A THREE-STEP PROCESS

In the process of selecting and ranking the material issues, we have adopted a three-step process that involves the identification, prioritization and review of material issues.

Identification

A series of practices, such as group presentations, open discussions, financial sector benchmarking, and internal Strengths, Weaknesses, Opportunities and Threats

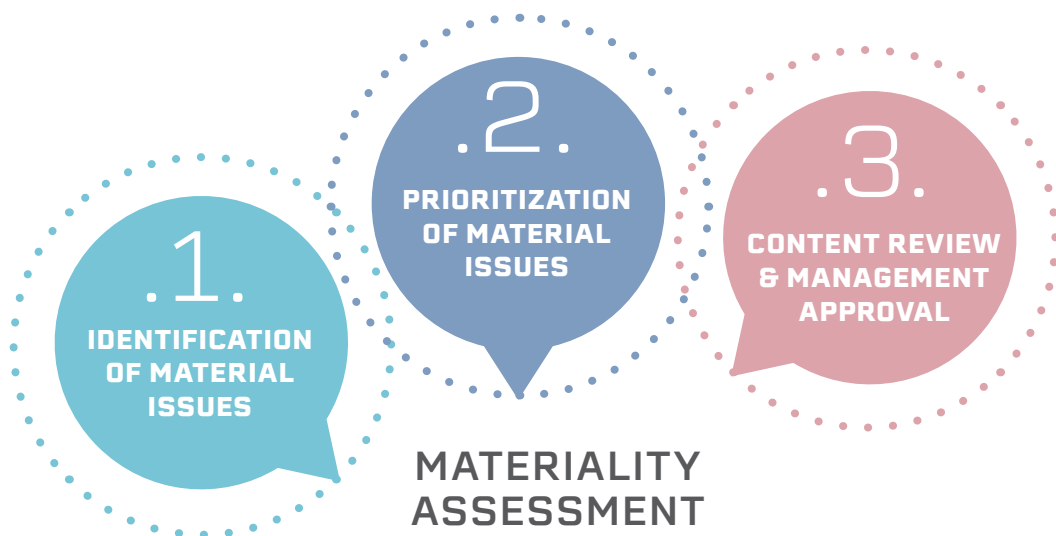
(SWOT) research, has allowed to identify and understand the significance of issues to our stakeholders.

Prioritization

Based on the results of our identification process, we were able to come up with an updated matrix, evaluating each issue according to its more general social, environmental and economic impact, on a scale of 1 to 10 (1 being the least important and 10 the most important).

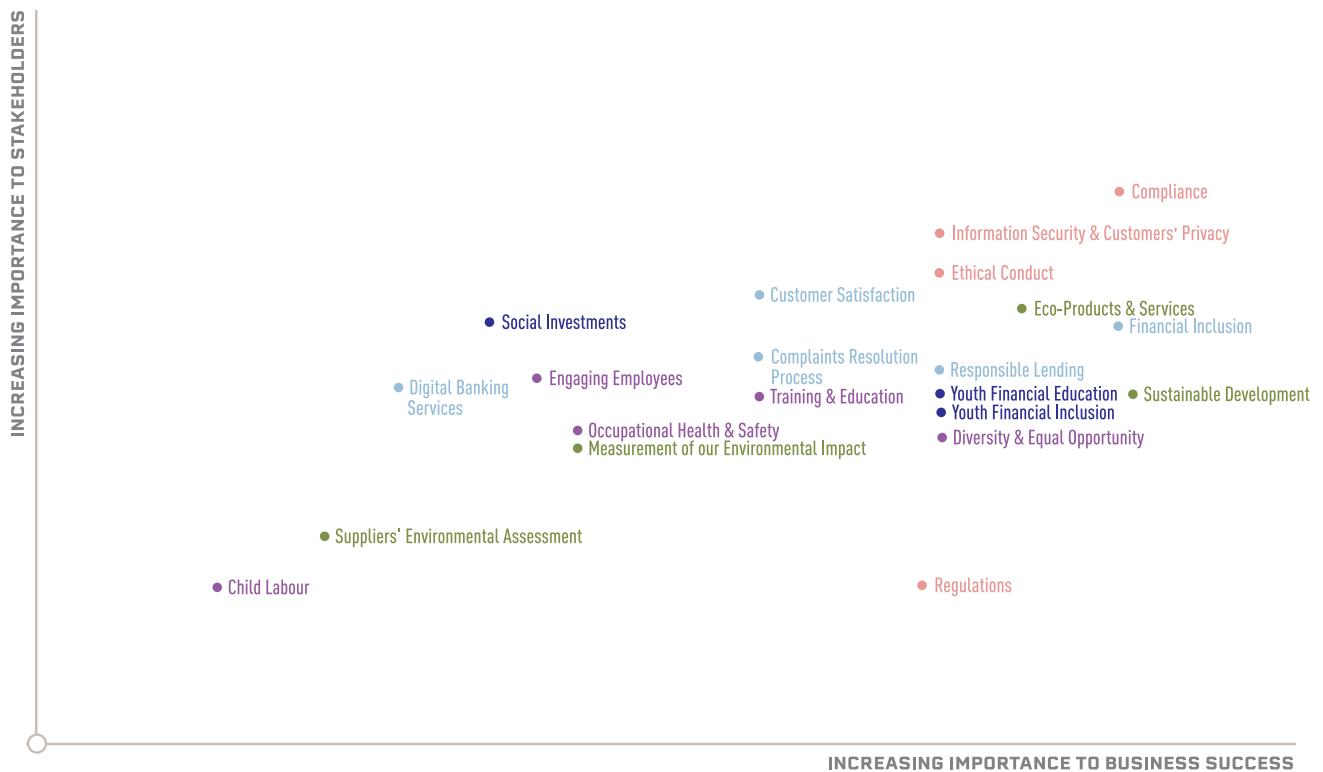
Review

Ensuring the marketability assessment is approved by the senior management. Subsequently, the report includes all issues with the highest level of materiality, whereas issues of less materiality are briefly discussed.



The identified topics are presented on a graph, with the X-axis representing the importance level of issues to the business success, and the Y-axis the importance level to the stakeholders. The issues located on the top right corner of the graph are regarded as the most substantial.

MATERIALITY MATRIX



- **Corporate Governance** Boundary: internal and external (clients, shareholders, employees, regulatory bodies, society)
- **Economy** Boundary: internal and external (employees, clients, society)
- **Environment** Boundary: internal and external (employees, clients, society)
- **Human Resources** Boundary: internal (employees)
- **Communities** Boundary: internal and external (employees, clients, society)

The material issues selected reflect Fransabank's attention on its governance, economic, environmental, and social impacts. While the issues at the top right corner of the matrix remained unchanged compared with last year, a slight modification in their ranking is recorded. Among the issues with greatest importance to both organizational success and stakeholders' expectations, are the following:

- Compliance
- Information security & customers' privacy
- Ethical conduct
- Eco-products & services
- Sustainable development
- Youth financial education
- Youth financial inclusion
- Customer satisfaction
- Financial inclusion

- Responsible lending
- Complaints resolution process
- Training & education
- Diversity & equal opportunity

Changes mostly occurred on the issues with a medium level of materiality. Social investments and employees' engagement witnessed a significant increase in their level of importance from the stakeholders' side, while digital banking and regulations positions remained almost unchanged. The issues given the lowest level of materiality remains child labour and the suppliers' environmental assessment, while the measurement of environmental impacts and occupational health & safety registered a higher level of importance in 2017.

Knowing that each stakeholder is differently affected depending on the material issue, we had to draw boundaries for each issue. Boundaries helped identify the issues that have impact inside and outside Fransabank. It is clear that CSR activities address a number of social issues with different targets and objectives. It is worth noting that the material aspects discussed throughout the report are relevant for Fransabank SAL operations, whereas, Fransabank Group local and overseas subsidiaries activities are not discussed.

In conclusion, we intend to carry on with our efforts to identify relevant topics in the future in order to proactively define new challenges and their impact on both our stakeholders and business.

WHAT WE DID... IN A NUTSHELL

FOR AN ETHICAL BUSINESS

CORPORATE GOVERNANCE

Fransabank corporate governance framework revolves essentially around the corporate governance code

Our **Integrity, fairness, transparency, and accountability** inspire trust and contribute to solid long-term relationships with our stakeholders

MANAGING RISK

The Board of Directors acknowledges that one of its primary objectives is to explicitly enforce the collective oversight and risk governance responsibilities in line with the adopted risk management framework

BUSINESS ETHICS

We conduct business in accordance with the highest ethical standards and in full compliance with all applicable anti-money laundering, financing of terrorism and corruption laws and regulations

In 2017, **335 employees**

completed **1,340 compliance training hours**

Our workforce abide by a well-developed Code of Business Conduct and Ethics

Security standards and customers' information protection are among our top priorities

FOR THE ECONOMY

RESPONSIBLE LENDING

We support micro enterprise, small and medium businesses, corporate institutions and high-potential entrepreneurs to improve Lebanon's economy by fostering a balanced development, creating job opportunities and fighting rural exodus

More than **USD 41.1 million** of assets used for the financing of **over 20,747 micro entrepreneurs** at end-2017

In 2017 alone, the outstanding value of microcredits reached around

USD 5.86 million for a total of **3,716 microcredits clients**

41% of microcredits clients are women, with a total portfolio value of around

USD 2.23 million in 2017

Youth entrepreneurs aged between 18 and 30 years old constitute almost

30% of our microcredits portfolio with an investment of around **USD 1.73 million** in 2017

The **Commerce Sector** got the highest share in microcredits financing among other sectors

EQUITY PARTICIPATION

Fransabank & Fransa Invest Bank are committed to **six Venture Capital (VC) funds**

SME SUPPORT

EUR 75 million credit line granted by European Investment Bank (EIB) to support local SMEs and MidCaps

USD 20 million senior loan from SANAD Fund

The total outstanding amount of SME loans reached more than

USD 671 million at end-2017

We provide **consultancy and advisory services** to existing and potential customers

REACHING TO CHINA

Chairman, Mr. Adnan Kassar, was elected **Honorary Chairman of the UN Maritime-Continental Silk Road Cities Alliance and Honorary Chairman of the Silk Road Chamber of International Commerce**

Fransabank is the only Lebanese bank with a dedicated **China Desk**

Fransabank lead the **first shipment of Lebanese products to China** through 3 Lebanese producers.

CUSTOMER SERVICE

At year-end 2017, the total outstanding amount for **housing loans** reached the c/v of

USD 874.56 million

We are keen on **supporting customers** facing difficulties making loan payments through continuous counseling and development of suitable options

We addressed **100% of acknowledged complaints** received during 2017

FOR THE ENVIRONMENT

SUSTAINABLE ENERGY FINANCE

Fransabank has financed during the past 3 years more than

USD 110 million

worth projects for:

- Energy efficiency
- Renewable energy
- Environmental and green building

USD 40 million credit line received from the International Finance Corporation (IFC) for Sustainable Energy Finance.

The projects financed through this credit line allowed a **decrease of 2,500 tons of CO₂ emissions** and **saved more than 4.2 million of kWh/year.**

ENVIRONMENTAL AND SOCIAL MANAGEMENT SYSTEM

Implementation of an **Environmental and Social Management System (ESMS)** in the lending process

NEW ECO-PRODUCT

An **ecological wooden frame houses loan** was launched with a 100% project financing

MINIMIZING ENVIRONMENTAL IMPACT

579 tons annual reduction of **CO₂ emissions** at the Headquarters

Energy consumption was reduced by **30% to 40%**

Water intake was reduced by **3,054 m³ or 3 million Liters**

All conventional lighting were replaced by

LED lighting in all our local branches

Old air conditioning chiller system were replaced by a

VRV air conditioning system at the Headquarters

The installation of the solar power solution for **Laboue branch**, shifting completely its consumption to solar energy

12.5% annual increase in e-banking users, reaching 57,455 users

54.2% annual increase in paper recycling, collecting 209 tons in 2017

1.6 tons of plastics were sent to recycling in 2017

Energy Efficiency Partnerships

Our ongoing partnerships



Fransabank was rewarded, by Lebanon Climate Act, with a **token of appreciation** for its active engagement in supporting Lebanon's overall reduction of carbon emissions.

FOR THE EMPLOYEES

GENDER INCLUSION

46%
of employees are women

8%
of the Board of Directors are women

45%
of senior management are women

47%
of middle management are women

Out of 114 newly recruited employees,

45%
are women

Employees Seniority:

46%
of our employees have more than 10 years of service

TRAINING & DEVELOPMENT

1,294
employees received specialized trainings in 2017; being 75% of the workforce, an average of

39.1 hours
of training per employee

Fransabank Development Programs

- > Talent Management
- > Polyvalence Enhancement
- > Potentials Development
- > Succession Planning

Lebanese financial regulation exam coverage ratio reached

60.9%
by Fransabank employees compared to 53% market average ratio at the end of 2017

INTERNSHIP PROGRAM

220
students were welcomed in the 2017 Internship Summer Program; benefiting from

240 hours
of practical experience

EMPLOYEES ENGAGEMENT

537
employees donated to the Children Cancer Center of Lebanon a total amount of
USD 350,778
at end of year 2017

120
employees from branches and departments were involved in **2 bonding activities** (*enriching teamwork spirit, drive responsibility and creative thinking*)

678
employees are enrolled in Fransabank Amicale Club

100%
retention rate
after parental leave

1,269
employees' children
benefited from the support of schooling fees reaching over
USD 2.9 million in 2017

FOR THE COMMUNITY

SOCIAL INVESTMENT

USD 1.1 million invested in 100 NGOs in 2017

YOUTH FINANCIAL EDUCATION & INCLUSION

We engage in financial education at an early age in order to build **youth financial confidence**

79 students

from 3 schools participated in Global Money Week 2017 grabbing the chance to learn how a bank operates and the different products & services it offers

Fransabank educational loans total outstanding amount reached the c/v of

USD 18.41 million as end- 2017

The Big Bank Challenge financial literacy cards game was launched targeting the youth wishing to develop basic understanding of banking products and services

896 teens

were financially informed via our Big Bank Challenge

Other educational competitions launched in 2017:

UDesign Competition targeting LAU students of Fine Arts

Université Saint Joseph (USJ) Entrepreneurship Awards 2017

Sustainable Minds, a competition by the UNGC network Lebanon

Pedagogical Competition with the General Secretariat of Catholic Schools

Rewarding graduates from LAU Adnan Kassar School of Business with a **Lifetime Membership to Beta Gamma Sigma**, an honor society for business excellence

ART & CULTURE

Launched the 2nd edition of Le Village Préféré des Libanais with L'Orient Le Jour, highlighting the **environment and heritage of Lebanon**

among local residents as well as expatriates

In 2017, we advanced an innovative art – **Calligraffiti**, through the Operation White Wall promoting an exceptional encounter between calligraphy and graffiti

COMMUNITY SUPPORT

Fransabank supports a wide range of charitable organizations, targeting all society's segments

Fransabank was the only bank in Lebanon selected by the **Children & Youth Finance International** to be included as a **case study** in its latest research on financial institutions



Our Responsibility in **BANKING** 01



Our Responsibility in Banking

Corporate Social Responsibility focuses on corporate governance as a tool for incorporating social, environmental and ethical practices into the business decision-making process, thus benefiting all related stakeholders in a balanced way.

Fransabank is committed to implement sound corporate governance practices by maintaining governance structures, policies and processes that best serve the changing needs of its employees, clients and communities, as well as, promoting a culture of integrity, diversity and ethical conduct across the Bank.



CORPORATE GOVERNANCE FRAMEWORK

Fransabank corporate governance framework revolves essentially around the corporate governance code. The code delineates a corporate governance framework in line with the regulatory requirements and international best practices and sets the grounds for other governance policies and charters which are therefrom periodically updated to cope with the evolution of the regulatory framework and to best serve the changing needs of its stakeholders.

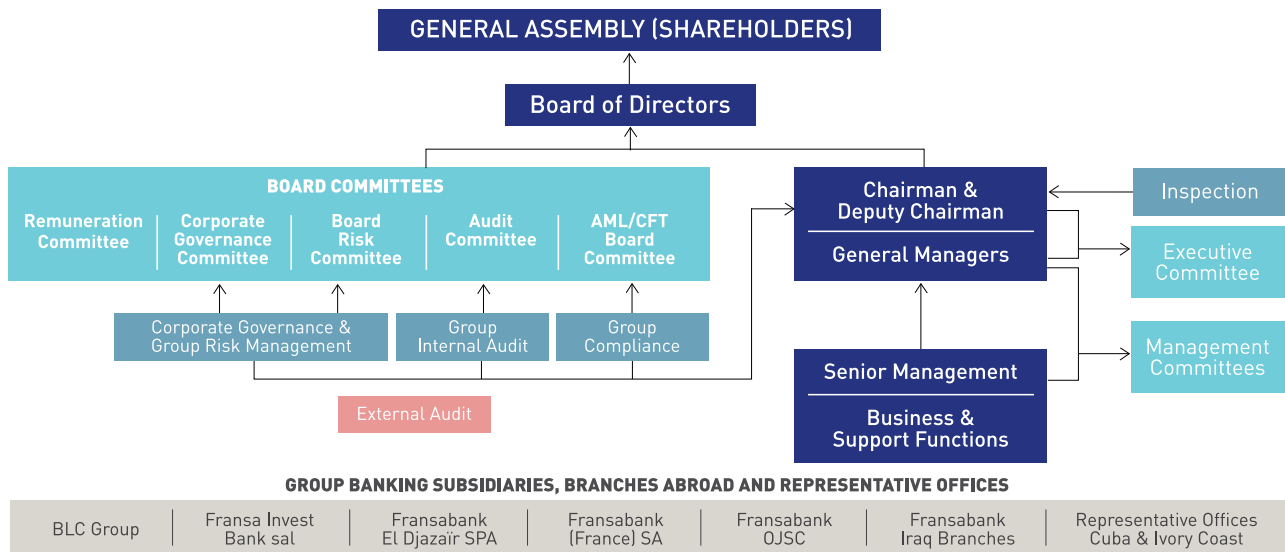
Our corporate governance framework promotes the commitment of our Bank to the highest level of transparency, integrity, fairness and accountability and helps in disseminating a strong governance culture within the Bank by setting the 'tone at the top'.

Corporate Governance Structure

Our governance structure, aims to provide an efficient framework

for the assignment of responsibility and accountability and is designed in a way that facilitates a clearly defined decision-making process. It includes the General Assembly of shareholders; the Board of Directors; the Chairman; the Deputy Chairman; the various committees, control functions; the external auditors; General and senior management and the business and support functions.

CORPORATE GOVERNANCE STRUCTURE



The Board consists in its majority of non-executive members and is supported, in carrying out its oversight duties, by Board Committees namely the Corporate Governance Committee, the Board Risk Committee, the Audit Committee, the Remuneration Committee and the Anti-Money Laundering / Combating the

Financing of Terrorism (AML/CFT) Board Committee.

General and senior management execute their responsibilities, supported by specialized management committees, to ensure a proper segregation of duties and separation of functions, promoting an effective internal control framework and ensuring

a proper management of any potential conflict of interest.

Fransabank's strategy remains to standardize the governance practices across its entities and to strengthen its governance and control culture to ensure that the implementation of good Corporate Governance is embedded at the Group level.

MANAGING RISK

Fransabank is charged with carrying out the duties of a commercial bank in the interests of its stakeholders, all the more emphasized by being one of the largest banking groups in the country and contributing to the financial stability.

The Bank's Board of Directors acknowledges that one of its

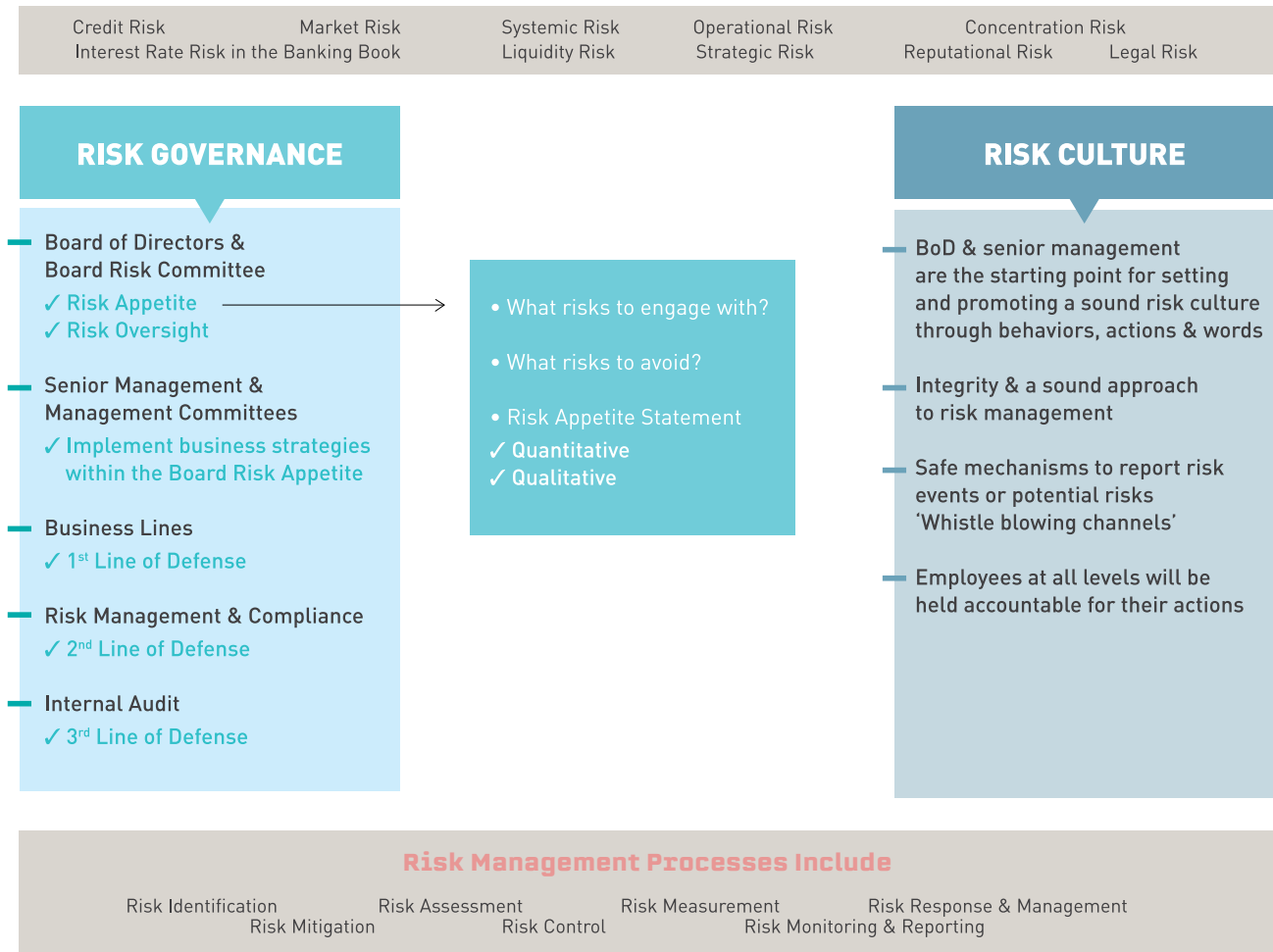
primary objectives is to explicitly enforce the collective oversight and risk governance responsibilities in line with the adopted risk management framework.

Key components of risk governance include risk culture and risk appetite. The risk management framework seeks to ensure that there is an effective process in place to manage risks across the Bank and that emphasizes the

importance of integrity, maintaining high quality staff and public accountability.

In that respect, Fransabank faces a broad range of risks including those resulting from its core activities, mainly customers' deposit taking, lending and running of complex payment and IT systems to support its day-to-day operational activities.

RISK MANAGEMENT FRAMEWORK



Fransabank operates in full compliance with all relevant local laws and regulations. We value highly our reputation as a responsible and ethical operator in the financial industry.

BUSINESS ETHICS

Fransabank oversees its business activities according to universally recognized principles of corporate responsibility. As an accountable Bank, the way in which we conduct our business is as important as our financial performance. Accordingly, we go all-out to maintain a rigorous compliance, ethical culture, and secured information to inspire trust in our business.

Preventing Money Laundering, Financing of Terrorism, and Corruption

Fransabank is committed to conducting business in accordance with the highest ethical standards and in full compliance with all applicable anti-money laundering, financing of terrorism and corruption laws and regulations. Actually, Fransabank has in place written policies, procedures and internal controls reasonably designed to comply with local and international rules and regulations in this context.

Anti-Corruption, Anti-Money Laundering, Countering Financing of Terrorism, and Tax Information Exchange [FATCA and CRS]

Fransabank's Anti-Money Laundering and Counter-Financing of Terrorism Policy includes procedures for customer due diligence, reporting, record keeping, internal controls, risk management and communications that are intended to prevent illegal activities and crimes. It is not just the duty of the AML/CFT compliance department to monitor and report these activities, but also part of every bank manager's duty as each is required to take organizational

measures to ensure the compliance requirement is respected within his area of responsibility. Adequate training is thus provided, to enhance the compliance culture across the Bank.

Furthermore, specific policies on dealing with corruption and bribery are applied, as well as a complete Sanctions Program aiming at being in full compliance with international standards and requirements. As such, all employees are constantly called to strictly comply with Anti-Money Laundering (AML), Combatting Financing of Terrorism (CFT), Sanctions and Tax Information Exchange (FATCA & CRS) procedures in force as for:

- Conducting a periodic review of the AML/CFT, Sanctions, Anti-Bribery and Corruption, and FATCA & Common Reporting Standard policies and procedures to ensure compliance with the updated related requirements.
- Making sure that appropriate Know Your Customer (KYC) due diligence procedures are applied at the onset of the relationship with the customer and renewed at every material change in related data.
- Undertaking a close monitoring on accounts' movements and daily executed transactions to ensure their consistency with the customers' net-worth status and their economic activity reflected in the KYC form. And accordingly handling system-generated alerts showing any deviation between mentioned and actual account activity.
- Performing a daily screening of the customers' names against local watch and sanctions lists published by the Special Investigation Commission as well as those published by international bodies including

UN, OFAC, EU, HM Treasury, and Interpol.

- Applying strict control measures on wire transfers prior to processing them to make sure that the payment is not directly or indirectly in relation with sanctioned countries, individuals, entities, goods, vessels and ports.
- Conducting an Enhanced Due Diligence (EDD) on high risk customers, such as:
 - Politically Exposed Persons (PEP)
 - Off-Shore companies
 - Non-Profits Organizations
 - Precious stone dealers
 - Embassies
 - Casinos
 - High cash income professions

Compliance Training

Compliance training is essential for the Bank to help employees understand the financial sector and governmental laws and regulations that are relevant to their tasks and duties at the workplace. For that reason, the compliance department has training modules designed to target specific areas of interest such as fraud prevention, anti-money laundering and terrorist financing, professional secrecy, conflicts of interest and ethics, anti-bribery and corruption, and sanctions requirements as well as customer protection and satisfaction.

To keep up with regular changes and help our employees stay informed about the latest regulations and international requirements, frequent trainings are to be completed by the Bank's workforce. In 2017, 335 employees (from Fransabank SAL, Fransa Invest Bank SAL – the investment arm of Fransabank and the Lebanese Leasing Company SAL – the leasing arm of Fransabank) completed 1,340 compliance training hours.

335
employees
completed
1,340
compliance
training hours
in 2017



Compliance training sessions were mandatory to Fransabank branches' employees (customer service representatives, tellers, deputy branch managers and branch managers), as well as to employees from selected departments / divisions at the Bank as for the:

- Internal Audit Department
- Retail Banking Division
- Risk Management Division
- Loan Recovery Department
- Security and Business Continuity Department
- Corporate Banking Division
- Quality Service Unit
- International Banking Division
- Inspection Department
- Compliance Department

Keeping Fransabank employees well updated about changes in laws and regulations related to business is therefore crucial for an increase in transparency, uniformity and standardization across the Bank, whether in work methods or in the quality of the services offered.

Valuing the Bank's Code of Conduct

Employees are the reflection of an organization's corporate culture. This role is crucial to the integrity and accountability of Fransabank. Therefore, our entire workforce strive to abide by highest ethical standards

through a well-developed and easily accessible Code of Business Conduct and Ethics. Our Code of Conduct reinforces the message that adherence to our core values and principles is every employee's responsibility and that we each have an obligation to:

- Apply the values and principles expressed in our Code in

everything we do and where we operate.

- Conduct business in a transparent, prudent and dependable manner.
- Take responsibility and hold each other accountable.
- Raise concerns and ask questions.

Certainly, we take a zero-tolerance approach to bribery and corruption; protecting The Bank's reputation, and safeguarding shareholder trust, reducing risk, and securing our assets.

The main objectives of Fransabank code of conduct are:

- To establish a common understanding of the standards of behavior expected of all employees,
- To provide a clear framework within which employees are expected to conduct themselves,
- To maintain a work environment in which honesty, integrity and respect for fellow employees, and customers/clients constantly reflect in personal behavior and standards of conduct, and
- To remind employees of what is expected from them as for their appearance and work ethics.

PROTECTING THE BANK'S AND ITS CUSTOMERS' INFORMATION

With the emerging cyber-attacks and threats, Fransabank has made a top priority to enhance its security standards protecting the business integrity and customers' information confidentiality.

Knowing that with the quick advancement of the hacking techniques and the hackers' expertise, reactive actions based on detective and corrective security measures are not sufficient

anymore; proactive measures to detect any attempt to penetrate in the internal environment are a must in order to stop the hacker before the damage is done.

A data system that is unceasingly well protected and monitored, is part of Fransabank's main concerns being directly linked to all stakeholders' trust. Hence, information security and business continuity infrastructures are undergoing constant improvements to be in parallel with the world technological advances.

In this perspective, Fransabank initiated the implementation of a Security Operation Center (SOC) by acquiring and implementing a Security Information and Event Management (SIEM) solution, being the corner stone toward building a SOC.

This will enable us to be proactive in combating cybercrime by providing round the clock monitoring on our technological platform end-to-end and to react swiftly to any malicious activity. Not only external hackers will be addressed, but also any internal perpetrator will be depicted and stopped timely. Moreover, additional tools will be acquired during 2018, e.g. vulnerability management tool, auditing tool and sandboxing solution, in order to complete the security matrix.

On the other hand, as far as Business Continuity Management is concerned a system is in the process of acquisition. The said system provides instantly information on the affected services following a failure, and guidance on the contingency actions to be taken in such a situation; this will ensure swift reaction to incidents, hence maximum availability of the banking services Fransabank provides to its customers.

RESPECTING HUMAN RIGHTS

Fransabank does its best to assume its responsibilities in the area of human rights in accordance with the principles on human and labour rights set out in the UN Global Compact. From the nature of our business, the direct linkage to such issues would be the working relationship of and with employees and customers. Our Code of Conduct and Business Ethics are well developed and abide by the human rights, as previously mentioned. Yet, as we expect our partners and suppliers to also abide by these laws; it is still challenging and difficult to monitor.

LOOKING AHEAD

We will keep up our transparent cooperation with local and international regulatory authorities; while, still protecting our customers information and developing best practices and programs to leverage the future challenges to the advantage of our business, clients, employees and communities.



Our Responsibility for the **ECONOMY** 02



Our Responsibility for the Economy

As a leading Lebanese bank, Fransabank deploys every effort to play a constructive role in society through its contribution to the national economic development that fuels growth, generates jobs, bolsters prospects and supports the public services on which we all depend. This falls within our pledge and commitment towards SDG 8 – Decent Work and Economic Growth. Therefore, we continuously work on understanding clients' needs and expectations to improve our financial services, expand further microfinance opportunities, create job opportunities for small and medium-sized businesses, support the responsible use of credits and promote the prudent use of financial tools to improve households' finances.

Certainly, our core business activities are conducted in a responsible manner that takes into consideration the environmental, social and governance aspects of extending credits. Moreover, we make sure that our policies are in conformity with the international principles, such as human rights, labour rights and environment protection, and are duly applied by our customers.



LENDING RESPONSIBLY

Fransabank applies a professional credit assessment of the customer's needs and financial situation to be able to responsibly grant loans and credit facilities. We believe that such an approach is beneficial for both, the Bank and the customer, considering that credit facilities should only be granted when the customer is aware of the associated obligations and risks.

When dealing with private individuals, we start by building a responsible customer relationship, offering proactive advice and assessing the person's financial situation. On the other hand, when dealing with business customers, in addition to evaluating the customer's requests and repayment ability, we take into consideration the purpose for which the resources will be used and assess possible Environmental, Social and Ethical (ESE) risks that might be in discord with our corporate responsibility principles. In such cases, we consult with our customer on alternatives that would meet both parties' interests.

It is noteworthy that our team of experts are constantly trained and updated with the world changing requirements in order to offer the best possible customer experience. Their assistance is vital to ensure a long-lasting financial partnership based on mutual understanding and trust.

FINANCIAL INCLUSION

By placing financial and human resources in enterprises that generate a financial return and a positive social and/or environmental sway, we believe that we create long-term impact investments. Whether through micro enterprises, small and medium-sized businesses or corporate institutions, our aim is to develop financial products to support high-potential entrepreneurs, therefore improving Lebanon's economy through a balanced development, job creation and fighting rural exodus.

Microfinance

While we regard access to financial services as key drivers of progress and effective means of empowering people, the struggling economic environment and lack of awareness, especially in remote areas, make people reluctant to approach a bank. That is why it is essential to make it faster and easier for them to connect with partners dedicated to providing the necessary resources, know-how, and trusted assistance.

This supports our vision to change the way capital and services flow to all segments of the society. For that reason, accessibility is crucial to serve the financially excluded people. Our partnership with Vitas – one the largest microfinance institutions in Lebanon, our wide

presence across Lebanon, and our on-the-move team represent together Fransabank's competitive advantages.

In microfinance, investments are intended to give economically disadvantaged people access to financial services. Our accomplishments in this field benefited over 20,747 micro entrepreneurs at the end of 2017, with more than USD 41.1 million assets used for the financing of microcredits. Naturally, the expertise of our employees was relentlessly available to support our commitment to delivering social and economic values to the beneficiaries and their communities.

In 2017 by itself, the total number of microcredit beneficiaries reached 3,716 clients. Similarly, the outstanding value of microcredits reached around USD 5.86 million in 2017, compared with around USD 5.97 million in 2016, a yearly decrease of 1.8%.

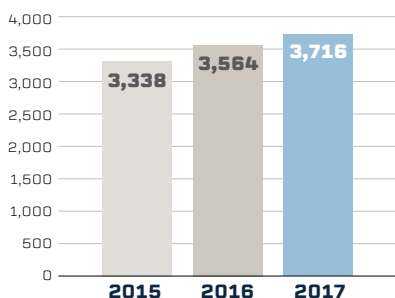
Finally, we are confident that our business contributes to the creation of a more inclusive society. Through our financial support and partnership, we reach marginalized areas and minority-owned businesses. We work with restaurants, bakeries, barbershops, tailors, farmers, among others, and make sure women have personalized solutions.



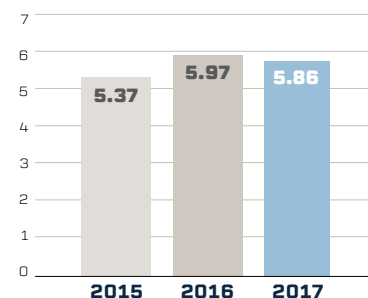
Established in 1999, Vitas is a pioneering microcredit institution in Lebanon with regional and international outreach. It focuses on women, youth, and rural-based businesses. The majority of Vitas clients are located in rural areas. It is the first microfinance institution to receive a license from the Central Bank of Lebanon. Vitas became part of the Vitas Group in 2011, a global network of microfinance institutions operating in Lebanon, Jordan, Romania, among others.

Microcredit highpoints over the past three years (2015-2017)

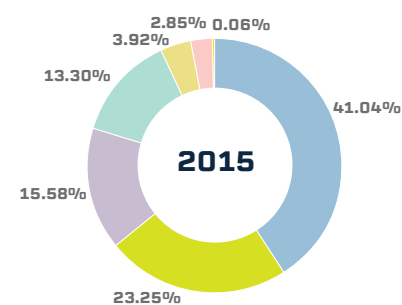
TOTAL NUMBER OF MICROCREDIT BENEFICIARIES



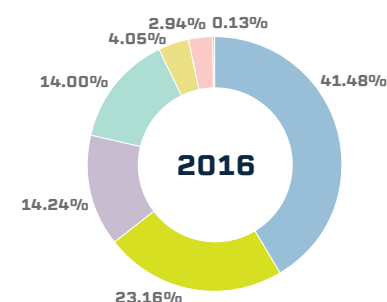
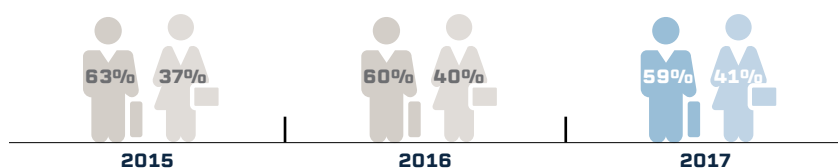
TOTAL VALUE OF MICROCREDITS (USD MILLION)



MICROCREDIT BENEFICIARIES BY SECTOR

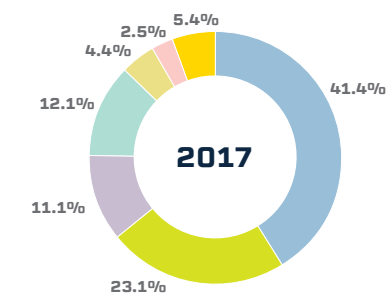


GENDER DISTRIBUTION



AMOUNT DISBURSED PER AGE BRACKETS

AGE	2015	2016	2017
Between 18 to 35	USD 2,292,012	USD 2,404,429	USD 2,526,299
Between 36 to 50	USD 2,098,109	USD 2,283,127	USD 2,125,683
Above 50	USD 987,004	USD 1,281,605	USD 1,206,313



PERCENTAGE OF BENEFICIARIES PER AGE BRACKETS

AGE	2015	2016	2017
Between 18 to 35	45.6%	42.5%	43.1%
Between 36 to 50	36.6%	37.5%	35.6%
Above 50	17.8%	20.0%	21.1%

■ Commerce ■ Services ■ Production
■ Contracting & Buildings ■ Agriculture
■ Transportation ■ Home Improvement

NUMBER OF JOBS CREATED

2015	2016	2017
2,278*	460**	1,473***

*The number of jobs was estimated based on the loan type and amount financed.

**The number of jobs was calculated based on data gathered from the clients.

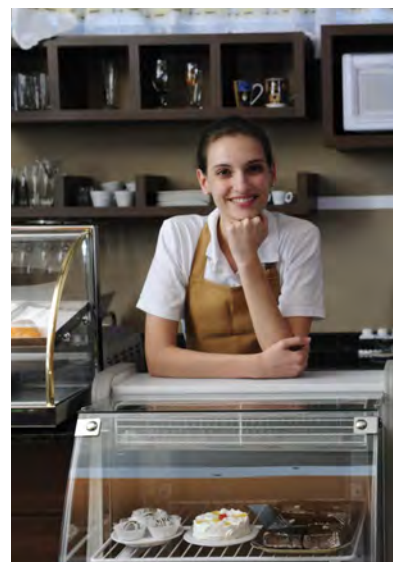
***The number of jobs was calculated based on the difference in the number of employees between the old loan and the new loan for retained clients and fresh employments for new clients.

NUMBER OF JOBS SUSTAINED

2015	2016	2017
1,789	5,096	5,258

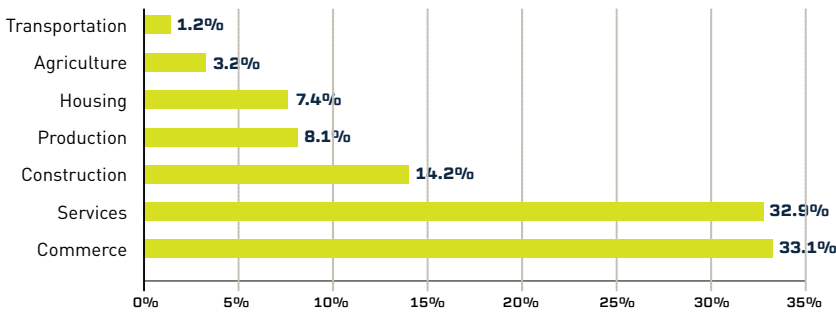
NON-PERFORMING LOAN RATIO

AGE	2015	2016	2017
PAR > 90 days	1.17%	2.62%	1.95%
PAR > 180 days	0.44%	1.35%	0.31%



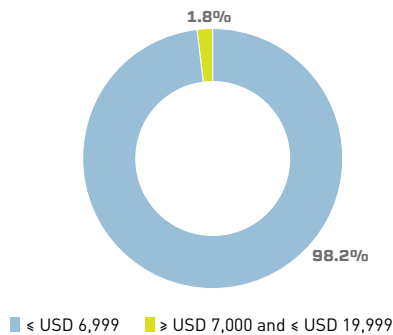
Youth & Women Microcredit Beneficiaries [youth beneficiaries ages: from 18 to 30 years]

YOUTH BENEFICIARIES' BY SECTOR | 2017

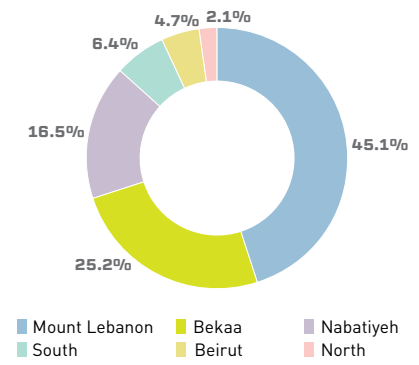


1,111
youth clients
benefited from our
microcredits for a total
value of
USD 1.73
million
in 2017

YOUTH BENEFICIARIES DISTRIBUTION BY AMOUNT | 2017

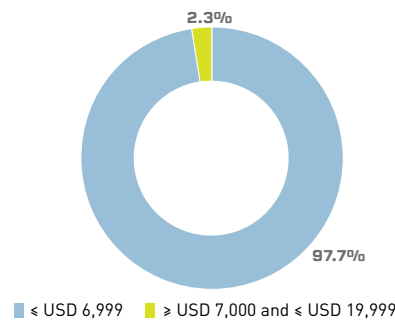


YOUTH BENEFICIARIES DISTRIBUTION BY REGION | 2017

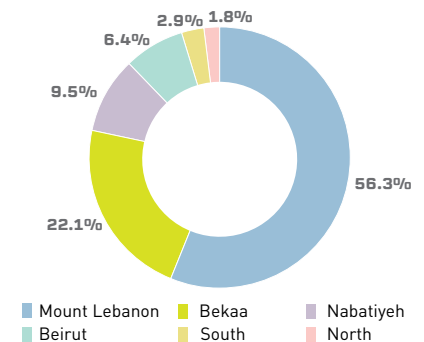


1,520
women entrepreneurs
benefited from our
microcredits for a total
value of
USD 2.23
million
in 2017

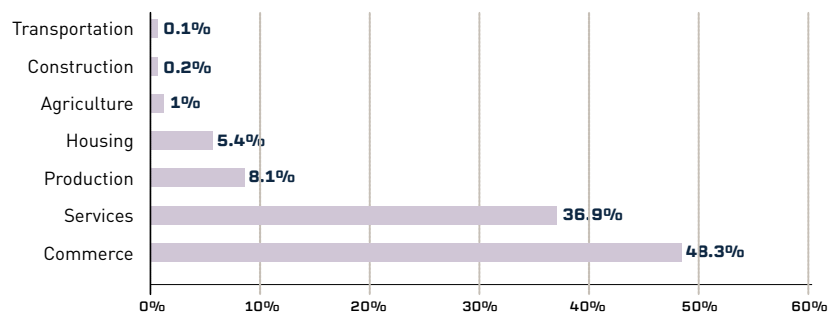
WOMEN BENEFICIARIES DISTRIBUTION BY AMOUNT | 2017



WOMEN BENEFICIARIES DISTRIBUTION BY REGION | 2017



WOMEN BENEFICIARIES' BY SECTOR | 2017



Women Microcredit Beneficiaries Testimonies

KONAYNA AL-AKKARY

40 years | Akkar

Profession: Breeding cows | In business since 2007

Current microcredit amount/tenor: USD 6,000/30 months

Konayna, from Akkar in northern Lebanon, is a married woman and a mother of five, who started raising cattle ten years ago as she wanted to support her husband - a vegetable vendor, in providing additional income that would help cover increasing family expenses. So, she wanted to exploit their small farmland next to the house. With her knowledge in raising cattle (passed down by her father), Konayna confidently applied to Fransabank & Vitas microcredits program. Subsequently, she bought a herd of cows to keep and produce calves and benefit from selling their milk when they are not in gestation. As much as her *"experience with Fransabank and Vitas was smooth and successful [she] encourages motivated women to apply"*. Konayna has so far benefited from three loans, the last of which was worth USD 6,000, which she used to buy milking machine, increase the number of cows, and enlarge her farm to further improve her earnings. Consequently, she plans to use her next loan to buy the necessary equipment to widen her product range to include different types of cheese and yogurt.

MARWA FAWAZ

24 years | Kfar Kila - Marjeyoun

Profession: Private tutor | In business since 2014

Current microcredit amount/tenor: USD 3,000/18 months

Marwa, from Kfar Kila - Marjeyoun in South Lebanon, is a young married woman and a mother of one child, who graduated from university with a Degree in Science. In 2014, due to the lack of job opportunities in the country, she started tutoring students in her neighborhood. So far, she has taken two loans from Fransabank & Vitas microcredits program. She invested the first loan in a laptop and stationary purchases. With the second loan, Marwa bought a small car so she can reach students in rural areas who are far from her residence. *"These small amounts have helped secure a better future; which wouldn't have been trouble-free without Fransabank and Vitas follow-up and support"*. Today, Marwa is planning to rent a space in order to open a tutoring center in which she would collaborate with other teachers to reach a wider number of students in need of assistance.

HIBA SARAYA

27 years | Rachaya

**Profession: Tupperware and Avon representative
In business since 2015**

Current microcredit amount/tenor: USD 1,500/12 months

Hiba, from Kfar Kouk village, Rachaya in West Bekaa, is a married woman and a mother of two who works as a Tupperware and Avon representative since 2015. She is a first time borrower from Fransabank & Vitas microcredits program. As she wanted to further support her family, she decided to start working from home. Hiba was very satisfied with the loan she was granted. She described the experience as a *"very fast and easy process with little requirements"*. She applied for a loan with the value of USD 1,500, which she used to buy the products she sells and to cover her work expenses. Hiba is looking forward to apply for a bigger second loan which would add up to her savings in order to open her own houseware shop.

STIMULATING RURAL DEVELOPMENT

Being committed to the SDG 8 which focuses on "promoting sustainable and inclusive economic growth, full and productive employment, and decent work for all" throughout the Lebanese territory, and as part of our cooperation with the Michel Issa Foundation for Local Development, Jbeil Municipal Council and Vitas, Fransabank carried on with this joint project launched in 2016. This project consisted in donating loans as gifts and microloans to support local micro businesses in Jbeil area, particularly remote areas and villages in the region which suffer from displacement. The program mainly targeted simple craftsmen whose circumstances may not allow them to develop their careers and trades, or in some cases can't even bear the burdens of debt and interest payment.

Thus, in 2017, Fransabank paid USD 4,500, the equivalent of total interests of 30 loans, and paid 20 loans, as a gift to the borrowers of Jbeil, whose applications have been accepted, for a total value of USD 20,000.

Our initiative was not the first initiative we launch specifically in Jbeil, and with our strategic partners. It was indeed a continuation of our endeavors in 2014, when we launched a similar initiative and reaffirmed our economic strategic vision. The program is not limited to grants and loans, but it also includes advice and assistance. It shall remain an annual activity thanks to its benefits in supporting the rural economy and enabling the villagers to overcome the difficulties faced in the productive sectors.

Financing Small and Medium-Sized Enterprises [SMEs]

The mainstream of Lebanese enterprises is small and medium-sized and they greatly contribute to job creation and national growth. Yet, SMEs face the same obstacles when accessing finance; some may have a poor or non-existent credit history, others may lack collateral, knowledge or know-how to achieve feasibility studies. Knowing that a whole heap of Fransabank's clients are SMEs that rely on loans to develop, grow and boost their performance, we aim to assist these companies through a fair, competitive and risk-adjusted lending policy, recognizing the importance of financial inclusion for sustainable economic progress.

In view of that, Fransabank's financing products target all sectors such as industry, commerce, tourism and agriculture. Our facilities, in terms of SME loans, are numerous, including and not limited to: Kafalat, subsidized loans, incentive loans, energy loans, green loans, agriculture loans, commercial property loans, overdrafts, Letter of Credits (LCs), Letter of Guarantees (LGs), discounted bills and others.

The Central Bank of Lebanon's initiatives play an important role in reinforcing local banks' financial capabilities, with a clear interest in supporting emerging companies, especially in the areas of knowledge and technology. In addition to that, several low-cost credit lines are made available through partnerships with renowned international institutions, such as the International Finance Corporation, the European Investment Bank, and major development agencies and regional and international funds.

Likewise, our subsidiary, the Lebanese Leasing Company, highly contributes to offering various financial solutions to borrowers and owners of this category of projects.

Thus, we support new and established small and medium-sized enterprises to reach their potential, by inviting them to the table, making information available and proposing products and services tailored to their specific needs. Our longstanding relationships with international financial institutions are helpful to attain our goals in this respect. In 2017, the European Investment Bank (EIB) granted us a EUR 75 million credit line to finance the investment projects of SMEs (firms with up to 250 employees) and MidCaps (firms employing between 250 and 3,000 employees). The EIB funds are allocated for financing projects in all productive sectors of the economy. This was the EIB's sixth transaction with Fransabank under its policy to support the economic development of Lebanese enterprises, improve economic resilience, and foster economic recovery and job creation in Lebanon. At least 70% of the credit line amount is to be allocated to SME projects and up to 30% to finance MidCap projects.

Furthermore, being one of the largest banks in Lebanon with a strong presence in rural areas and focusing particularly on the small and medium-sized enterprise segment, SANAD fund chose to strengthen its position in the market through a senior loan of USD 20 million to Fransabank. This investment will enable the Bank to diversify its fund base and provide long-term financing to SMEs and to low-

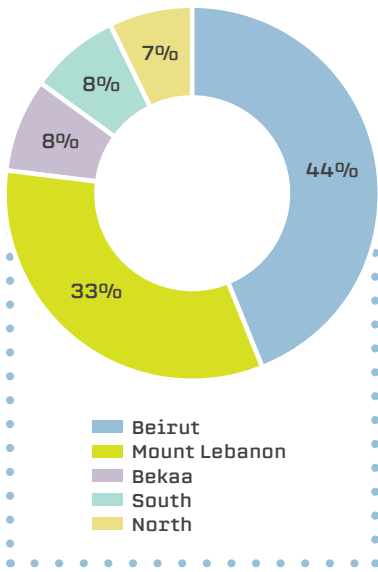
income households for home improvement and purchase; not to mention its direct impact on the employment generation in the country. The loan from SANAD to Fransabank is the first cooperation between both institutions, in the hope that it will further grow to our mutual satisfaction.

SANAD FUND

Established in 2011, the SANAD fund for MSME finances micro, small and medium enterprises and low-income households in the Middle East and North Africa via qualified local lenders. SANAD thereby fosters economic development and job creation – including youth employment – agriculture, affordable housing, and innovations in finance and financial technologies. A public-private partnership, the fund is advised by Finance in Motion GmbH, Frankfurt am Main, Germany.

USD 671 million
is the total
outstanding amount
of SME loans
as end of year 2017

SME LOANS DISTRIBUTION PER REGION



Be that as it may, our responsibility goes beyond securing loans and funds. We also actively provide strategic insights and guidance to our customers. Actually, Fransabank organizes seminars and sector- based information meetings in order to raise its customers’ awareness, know-how and strengthen their loyalty to the Bank. These annual SME workshops and trainings are provided to existing and potential clients across Lebanon. Giving adequate access to education and training and building the skills that are in demand, are key to the success of our mission and to the socio-economic impacts we aim to have.

Lebanon Start-Ups



Start-ups are essential for an innovative and healthy economic growth in a knowledge-based economy era. According to the Central Bank of Lebanon Circular No 331, banks are mostly entrusted with allocating equity funding to its most efficient use by investing in:

- Creative young entrepreneurs with innovative ideas,
- Ready-to-scale start-ups,
- Accelerators,
- Incubators,

- Venture capital funds with solid management team.

Having faith in the capabilities of young Lebanese entrepreneurs, and retaining the means to support their growth, Fransabank is well equipped to help them navigate in a competitive environment. In order to help innovative entrepreneurs fulfill their potential, our team has been providing its expertise by offering advice, access to funds

PARTNERING WITH KAFALAT CORPORATION

Fransabank offers SMEs financial solutions under the umbrella of Kafalat; a Lebanese financial company with a public concern that assists SMEs to access commercial bank funding, by providing subsidized loan guarantees based on business plans and feasibility studies.

Kafalat loans target enterprises operating in industry, agriculture, tourism, traditional crafts, and technology. Kafalat loans guaranteed benefit from interest rate subsidy. Accordingly, they help bridge the gap for SMEs in Lebanon by allowing commercial bank financing and so, enabling SMEs to increase the financing of their business activities, which leads to better domestic investment, output, and employment.

Our commitments to the sector through Venture Capital (VC) funds:

LEBANON SEED FUND SAL HOLDING	BROADGATE Y VENTURES PARTNERS	CEDAR MUNDI FUND	IMPACT FUND	LEAP VENTURES	BERYTECH FUND II
Objective					
Targets seed and early stage investments in Lebanon, providing basically a Launchpad to help develop viable companies in a short period of time through seed funding, strategic mentorship, and business training.	Targets the current gap in the Lebanese eco-system by aiming at seed and early stages startups in Lebanon and abroad.	Targets the different stages of the ecosystem and providing access to a club of renowned professionals in the industries invested in.	Focuses on consumer technology products and services, consumer retail products and services and enterprise software.	Invests in growth stage, well established companies that are ready to scale, inter alia, in the field of renewable energies, fintech, online retail, education, and cyber security.	Capitalizes in early and formative stage start-ups with proven innovation levels and technology disruptions covering the Information and Communication Technologies (ICT) sector as well as other knowledge based and creative industries (such as energy, creative and fashion design).
2017 investments					
-	USD 13.7 million were invested in 12 companies mainly in merchandizing, image recognition, real estate, artificial intelligence, music and fintech.	USD 12 million were mainly invested in augmented reality, healthcare and education.	Circa USD 8.4 million were invested in companies, mainly in the sectors of online payments, technology, and online publishing.	USD 14 million were invested in companies, mainly in the field of cyber security, entertainment, health, and oil and gas companies.	Circa USD 3 million were invested in digital delivery, food and online streaming.
Our commitment					
Fransabank SAL: USD 750,000 Fransa Invest Bank SAL: USD 250,000	Fransabank SAL: USD 2,000,000 Fransa Invest Bank SAL: USD 300,000	Fransabank SAL: USD 3,500,000 Fransa Invest Bank SAL: USD 500,000	Fransabank SAL: USD 5,000,000 Fransa Invest Bank SAL: USD 500,000	Fransabank SAL: USD 6,000,000 Fransa Invest Bank SAL: USD 1,000,000	Fransabank SAL: USD 3,000,000
Total fund size					
USD 13.5 million	USD 46 million	USD 40 million	USD 70 million	USD 71 million	USD 51.5 million

In this context, an internal study entitled *"Business Incubators and Accelerators in Lebanon: Start-ups and SMEs constitute more than 90% of Lebanon's Economy"* was prepared by the economic research unit at Fransabank. Its objective is to expose the importance of supporting startups companies and SMEs for the economic development.

REGIONAL AND LOCAL ECONOMIC EVENTS

Fransabank was actively present at regional, and local economic forums and conferences promoting sustainable economic growth and financial inclusion, entrepreneurship, financing opportunities and strategic cooperation. Per se, we list:

- The Arab Economic Forum which tackled the post-instability period economy and the challenges of reform and investment, privatization, partnership and the role of private investment.
- The Lebanese Economic Forum which dealt with Lebanon's economic future taking into consideration the changing climate and the pivotal role being played by the Central Bank of Lebanon, in ensuring monetary and fiscal stability.
- Among others...

“BELT & ROAD INITIATIVE”, A GLOBAL VISIONARY STRATEGY

Fransabank has led the drive to promote Lebanon’s strategic location and key human assets, within the Banking Group’s strategy, to be a genuine nation builder and economic supporter with the aim of fostering national sustainable economic growth for public good. While financial institutions are undeniably today the backbone and foundation of the Lebanese economy, and since growth is only possible in developing and flourishing markets, we, at Fransabank, believe that we need to contribute to the uplifting of our markets’ economies. Thus, Fransabank has actively acted using its international and strong relations with key investment institutions and countries, to promote Lebanon and improve its macroeconomic performance.

With over 60 years of unique historical relations with the People’s Republic of China, Fransabank’s Chairmen, Adnan and Adel Kassar, strategically chose to work on developing the bilateral relations between Lebanon and China and on promoting Lebanon as a strategic hub on the visionary Belt & Road Initiative, an unprecedented global development strategy led by China. When Adnan and Adel Kassar started their dealings with China in the early 1950s, Chinese goods were almost non-existent in the Arab world. Fransabank Chairmen had to exert serious efforts to promote Chinese goods and Chinese companies to the Arab markets. Today, no promotion of China is necessary, being a leading global economy, and the top trading partner for most Arab countries, and definitely number one for Lebanon.

And so in 2013, Fransabank Group was the first to establish a China Desk, dedicated to serving the locals working and travelling to China and support the Chinese companies operating in our markets. It serves the banking, business, trade, cultural and tourism ties with China. In 2015, we foresaw the need for a reliable, trustworthy and safe mode of payment for our clients’ transactions in China, serving customers who travel to and work with China, and supporting the Chinese companies operating in our markets, therefore, we launched the first China Union-Pay Card in Lebanon.

Promoting Lebanon as a friendly nation and destination to the Chinese was achieved through various projects. A tour all over Lebanon was planned and executed by Fransabank Group in order to attract tourists from China to the country. Fransabank invited and hosted the top 20 Chinese travel agencies, giving them the full local tourism experience, relaying their excellent experience and feedback to their clients. The Bank also elaborated several projects to promote closer networking between Lebanese and Chinese companies that have the size and interest to trade or partner in beneficial business opportunities.

Subsequently, it was completed through two parallel projects: the “One Belt, One Road in Lebanon: Beirut2Beijing”, and the “One Belt, One Road in Lebanon: Beijing2Beirut”. Their purpose was to effectively place Lebanon on China’s promising and visionary Silk Road map, attract Chinese investments to

Lebanon’s various productive sectors, and promote the trade, business, education and cultural exchange between both countries.

In 2017, Fransabank conferences and strategic events were sustained to further consolidate Lebanon’s strategic role in the visionary “Belt & Road Initiative”. Chinese investors and businessmen were invited to Lebanon for a country assessment and to better understand Lebanon’s strategic location, given China’s ongoing and anticipated role in the reconstruction of neighboring countries. Chinese companies would benefit from partnerships with Lebanese companies, while Lebanon has much to offer in terms of friendly regulations, free transfer of funds and movement, a talented multilingual population and a beautiful touristic destination. For this purpose, Fransabank published a Lebanon Business and Investment Guide to provide the Chinese and international companies with clear information about the market conditions, investment opportunities, as well as regulations and means to establish a presence in Lebanon.

In parallel, being aware that China is today Lebanon’s number one trade partner with more than USD 2 billion in annual imports from China, an overview of Lebanon’s investment environment and business opportunities was prepared for high level business delegations visiting Lebanon comprising top Chinese leading companies. As a result, a Memorandum of Understanding was signed with China Chamber of International Commerce (CCOIC), the biggest business association in China,

reflecting the launch of a comprehensive cooperation between Lebanon and China's private sectors. In fact, Fransabank's efforts paid off with the first shipment of Lebanese products to China. A deal was signed between a Chinese State Company and three Lebanese producers, to send a shipment of wine, nuts, soap and olive oil to China.

As a strategic partner with China, we are committed to make Lebanon a key hub for China on the Belt & Road Initiative where Chinese companies would base their regional headquarters in Lebanon. Such a hub is expected to see extensive Chinese investments in key local infrastructures.

Fransabank Chairman, Mr. Adnan Kassar was named the **Honorary Chairman of the Silk Road Chamber of International Commerce**, the first Chamber of Commerce named after the Silk Road and which encompasses chambers from over **60 member countries**.

Fransabank is more determined to build on its privileged ties with China contributing as such to the positive growth of the economies where it operates, and building stronger win-win ties, within the mutual benefit principle preached by China.

A UN FORUM ON ENTREPRENEURSHIP FOR SUSTAINABLE DEVELOPMENT

The World Entrepreneurs Investment Forum (WEIF) 2017 sought to leverage entrepreneurship and innovation for the implementation of the 2030 Agenda for Sustainable Development Goals (SDGs).

The opening session saw the designation of our Chairman, Mr. Adnan Kassar, as the Honorary Chairman of the United Nations Maritime-Continental Silk Road Cities Alliance (UNMCSR CA), an organization established by the United Nations and the Chinese Ministry of Commerce. It was followed by a plenary session on the Maritime-Continental Silk Road, a side event on private sector engagement for SDGs, and bilateral meetings.

The World Forum drew entrepreneurs of micro, small and medium enterprises, as well as financial institutions to build and foster partnerships and share best practices. It was organized by the UN Industrial Development Organization (UNIDO) in partnership with the Government of Bahrain.



ACCESSIBLE HOMEOWNERSHIP

As part of our private consumer products, we offer a range of housing loans tailored to the needs of our varied customer base. Purchasing a house is considered an achievement when it comes to building a stable future, mainly because of its high cost. When considering applying for a house loan, people tend to worry about the down payment, the long period of repayment, guarantees, among others. Therefore, we try to simplify our products offering to the most convenient solution, while taking into consideration customers' financial situation and payment abilities.

Our housing loans include a variety of products targeting people from the public and private sector with flexible conditions. We list the following: Public Housing Establishment Housing Loan, Expatriates Housing Loan, Judges Housing Loan, Displaced Housing Loan, Internal Security Forces Housing Loan, Housing Loan introduced by BDL 346, General Security Housing Loan.

12,555
housing loans
granted for
a total value of
USD 874.56
million
at year-end 2017.

As for the total outstanding amount for home purchases, refinance and home improvement loans, it reached the c/v of USD 874.56 million at year-end 2017.

In 2017, we launched a new product, the Land Loan, targeting Lebanese expatriates and residents who wish to build a secondary house. Through this product, not only did we help customers secure the cash needed to become a landlord, but we also contributed to their

national belonging, fostering their attachment to their mother country.

Products' features should be clearly communicated, applications diligently evaluated and associated risks well explained to the borrower to avoid an overload of grants. Therefore, our employees intervene in times of difficulties to support clients and provide counseling, or rather solutions to put the client back on track with the due payments. Our assistance approach remains aligned with our long-term goal of looking after our customer satisfaction and building long-term relations rather than worrying about short-term outcomes.



CUSTOMER SERVICE, A TOP PRIORITY

Being the main source of our financial success, we believe that our clients are worthy of a top-notch banking experience; therefore, we constantly work on customizing our products and services, providing reliable assistance, advanced expertise, and processes simplification to ultimately offer best practices in customer service.

Accordingly, as part of our open communication, we implement "The Principles of Banking and Financial Operations with Customers" as set in Circular No 134 issued by the Central Bank of Lebanon.

Having well informed clients is crucial for both ends' rights and duties; therefore, we make sure clients:

- have full information concerning the provided product or service,
- request all necessary explanations to be able to stand by our requirements,
- obtain a clear and complete explanation about the risks of any financial product,
- are acquainted with the direct and indirect fees of the product or service,
- receive a periodic detailed statement of account for each product,
- refuse to sign a blank or incomplete form and make sure all required fields and figures to be signed are correct.

Acknowledging that misunderstandings and objections are part of every business, we also have a well-developed financial consumer protection unit.

Several means are at our customers' disposal. Whether through our email that is displayed on all our customer facing channels, call center representatives, or complaint boxes placed in all our branches, we have conferred to customers



the opportunity to raise their concerns and inquire about any necessary clarification. Furthermore, they can request an explanation on the claim submission procedure, the time limit needed to be notified of the outcome, and the mechanism applied to submit the claim to other authorities whenever the customer is not convinced of the outcome.

Most importantly, we make sure all our clients and potential clients' complaints are carefully analyzed, categorized and handled, by the concerned party, in an ethical, efficient and timely manner. Accordingly, we were able to assess and address 100% of acknowledged complaints received during the year 2017. We believe that well-tackled concerns are opportunities for Fransabank to re-evaluate and provide greater customer service.

Accessibility

Customer expectations are rapidly changing with the world evolving technologies in the financial sector. To keep in touch with customers, various approaches line up with the changing social behavior. For example, our digital reach has been gaining in importance,

however, we need to ensure a responsible transition to digital financial services. Therefore, our digital transition is being carried out in a smooth, careful and secure manner, trying to gradually adapt customers to the innovative technologies.

Our online banking solutions, for instance the e-banking, mobile banking, and the mobile payment solution, allows our customers to manage banking transactions at any time and place, in a practical and secure way. These services complement Fransabank Group's local branch network which consists of 125 branches spread from Rahbe in the North of Lebanon to Naqoura in the South. In addition to the largest branch network in Lebanon, we have 116 ATMs placed at strategic off-premises locations and, definitely, outside the branches building.

Moreover, we are constantly developing self-service products available around-the-clock, yet in a secure environment, to increase accessibility for everyone. Thus, we have introduced, at 16 selected branches across the country, the cash deposit service on our ATMs, some of which were specially designed with a low chassis in order to better service our customers with special needs.

With the increase usage of online interfaces, we have been communicating and reaching the communities we serve through various platforms, sharing among others special reports, financial highlights, events, new initiatives and products. As such, Fransabank social media activities have reported a steady increase in 2017, registering:

- 132,064 fans on its Facebook page, an increase of 30% compared with the end of 2016,
- 730 followers on its Twitter account, an increase of 20% compared with the end of 2016,
- 2,031 followers on its Instagram page, an increase of 37% compared with the end of 2016,
- 4,643 followers on its LinkedIn account, which was re-activated during the year.

Rewarding our Customers

Customers' loyalty is the foundation of a great financial performance, that's why we do our utmost to keep in touch with them, give them incentives, and reward their loyalty every now and then.

In 2017, several promotions and rewarding campaigns were launched, targeting most of our customers. The offers included increased cashback on payment cards spending, trips to attend international sports events or spend some quality time vacation, hotels and flights discounts, in addition to special reductions at selected local merchants.

Supporting Borrowers in Difficulty

We have improved our approach to helping borrowers who are struggling to pay their loan instalments, by focusing on early intervention. We empower employees through trainings to better support customers who are having difficulties settling their instalments. We have also enhanced our communication skills to provide better counseling and more clarity about the available options.

Accordingly, we collaborate with customers in financial difficulties to avoid cancellation. For, our objective is to maintain the relationship, bring customers back to a stable status and support them through temporary payment problems using deferrals, interest-only periods, debt restructuring, etc...

Acts toward the Public Sector

A considerable fraction of our clientele works in the public sector. This segment of the population benefits from special banking products tailor-made to fit their financial capabilities. First of all, we conduct periodic domiciliation campaigns to increase bankerization, reduce operating costs and boost the efficiency of institutions. The 2017 domiciliation campaigns targeted the members of the Lebanese Army, Internal Security Forces, and General Security Forces. Personal loans promotions were also launched, especially designed for the members of the Lebanese Army, General Security Forces, Internal Security Forces and State Security, with a longer repayment period and a reduced interest rate.

Responsible Marketing

When we aspire after a higher customer satisfaction and prioritize our customers, they expect from us, to offer products and services that are openly communicated. Whether through our online outreach or through other marketing tools, transparency and accountability are key principles to remain trustworthy of our customers. Happy and satisfied customers are the mirror of our image. That is why Fransabank marketing materials are regularly reviewed to ensure that products are clear, fair and comply with the regulations of Circular No 134 issued by the Central Bank of Lebanon, the applicable laws and Fransabank's policies.

FACTS AND FIGURES

12.5%
annual increase
in e-banking users

13.3%
annual increase
in e-banking transactions

USERS OF E-BANKING BY AGE

AGE	2016	2017
Under 18	5.6%	5.1%
Between 18 and 30	14.7%	17.1%
Between 31 and 45	44.8%	44%
Between 46 and 60	25.3%	24.6%
Above 60	9.6%	9.2%

Researches, Studies, and Publications

Well-informed customers are an indicator of a healthy society. Thus, Fransabank considers itself responsible for providing economic information to its clientele regarding Lebanon's economic performance and other emerging business topics, whether in microeconomy or macroeconomy. Subsequently, we published, in 2017, periodic researches and studies underlining five from the latest topics:

- *"Safeguarding Lebanon's Interests at Fast Forward Development"*, an advisory note following the parliamentary approval of the Lebanon Public Private Partnership (PPP) Law, presented by Fransabank, in collaboration with Fransa Invest Bank and CMS law firm, with a contribution by the High Council for Privatization and Partnership.

- *Lebanon Investment and Business Guide 2017*, a document reviewing Lebanon's foreign investment framework and intended to serve as a guide that introduces the operational, incentive, and legal facets of conducting business in Lebanon, predominantly from an inbound foreign investor's standpoint.

- *"Is Lebanon really an oil and gas producing country?"* A study on the oil and gas sector in Lebanon prepared by Fransabank Center for Economic Studies

- *"Lebanon's Real Estate Sector: Current Status and Future Trends"*, an in-depth study on the real estate sector in Lebanon conducted by the Bank's Center for Economic Studies.

- *"Business Incubators and Accelerators in Lebanon: Startups and SMEs constitute more than 90% of Lebanon's Economy"*, showcasing the importance of supporting startups companies and SMEs for economic development.

Naturally, the quarterly release of the "Beirut Traders Association – Fransabank Retail Index" was carried on. Since its launch in 2012 in collaboration with Beirut Traders Association, it is the first retail index issued in Lebanon on the retail trade sector performance in Lebanon in general, and its constituent Beirut traders in particular. Its objective is to contribute to improving the traders' decision-making competences, which can now be based on thorough scientific studies. It inevitably enhances traders' competitiveness in the market and adds value to the national economy and to the consumer.

The index results, along with some of our research studies are also communicated as part of our economic bulletin, which is published quarterly. The bulletin provides a coverage of important Lebanese economic and monetary indicators. Thus, it is a valuable source of facts and statistics for the interested people.

SUPPLY CHAIN MANAGEMENT

Fransabank depends on an extensive supply chain, with a large number of suppliers from a broad range of sectors. It expects from these partners to responsibly address risks and to conduct their business in a socially and environmentally responsible manner. Therefore, Fransabank suppliers' course of action encloses guidelines for promoting responsible and transparent procurement practices respecting human rights, labour rights, employment laws and environmental protection. In fact, our purchasing contracts include specific requirements from individual suppliers.

LOOKING AHEAD

We will further expand our financial inclusion outreach across remote areas in Lebanon; notwithstanding the knowledge based economy of Lebanon. Of course, our investments in customer satisfaction and services will carry on delivering innovative solutions that help drive economic prosperity.



Our Responsibility for the **ENVIRONMENT**

03



Our Responsibility for the Environment

Helping society undergo a transition to a low-carbon economy and supporting sustainable business activities has gained further recognition from various stakeholders. As a financial institution, Fransabank has placed environmental and climate protection at the center of its corporate responsibilities, given that the business impact on our planet has become decisive when developing our products and services. Moreover, sustainability issues have an important dimension as well when assessing our investments and credits. Internally, the matter has grown significantly as we are carrying out several operational measures to lessen our environmental footprint.



INVESTING RESPONSIBLY

Fransabank has a real potential to positively affect climate change. Through the Bank's core activities, we provide credit facilities to responsible clients. Our Eco-Business products vary in order to adapt with the borrower's needs.

We look at environmental management holistically to support sustainable development and manage risk, while focusing on five categories:

Resource conservation, through managing the use of resources such as energy, water, waste, and paper.

Advocacy, by advocating for climate action through leadership, innovation, and a business behavior that reduces ecological footprints.

"Go Green" strategy, leading to a comprehensive Sustainable Energy Finance program; inciting businesses to minimize their environmental impact, adopt renewable efficient energy and employ rigorous environmental management habits.

Risk management, emphasizing on the environmental risks in corporate lending risk assessments and business plans.

Serving clients, by growing an eco-products portfolio that takes climate and environmental issues into consideration.

Sustainable Energy Finance (SEF)

Fransabank's Sustainable Energy Financing (SEF) program was initiated in 2012, as part of our Green Strategy, in order to address environmental sustainability. Although it cuts across all departments, it was also devised as a standalone

business line, to become one of the Bank's core activities. It is aimed at cultivating an efficient use of limited resources, via Energy Efficiency (EE) as well as Cleaner Production (CP), and generating renewable energy.

Fransabank has financed during the last 3 years more than USD 110 million worth projects for energy efficiency, renewable energy, environmental and green building projects. More than 175 projects were given the chance to start a different approach, reducing energy bills, reducing costs but reducing environmental bills and greenhouse gas emissions as well.

We have benefitted from a USD 40 million credit line from IFC for Sustainable Energy Finance. The projects financed through this credit line allowed a decrease of 2,500 tons of CO₂ emissions and saved more than 4.2 million of kWh/year.



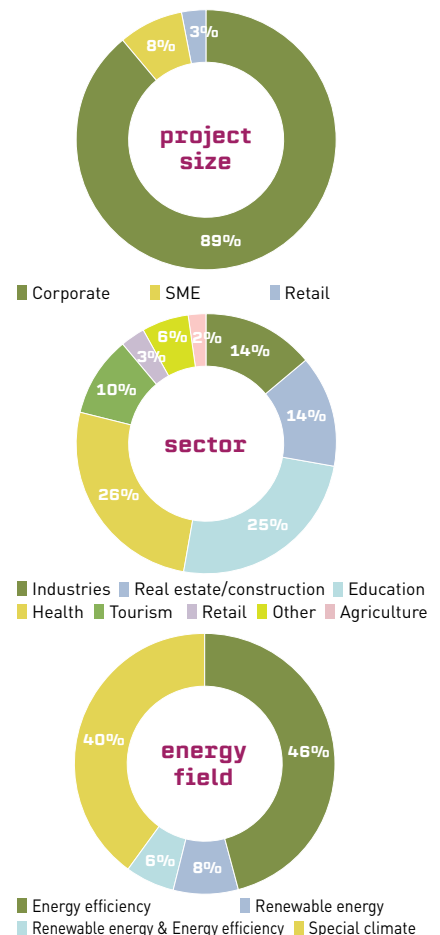
WHAT IS SUSTAINABLE ENERGY?

Sustainable energy refers to the smart generation and use of energy to meet current needs without compromising future energy supply or harming the environment. This includes improving Energy Efficiency (EE) and harnessing Renewable Energy (RE). The Sustainable Energy Finance (SEF) program was launched hand-in-hand with leading financial institutions to enable businesses to finance their EE and RE projects.

Source: International Finance Corporation (IFC)

Thanks to these important achievements, Fransabank was selected a model bank committed to the UN's SDG 13 on Climate Action.

SEF PROJECTS SUBDIVIDED BY:





Sustainable Energy Finance (SEF) is worthy for businesses:

- ✓ **It allows businesses to cut on their spending** generating energy, water, heating and electricity savings.
- ✓ **It improves equipment performance and cleaner production:** Older equipment and technologies are highly inefficient in terms of production yield, operating, maintenance and manpower costs.
- ✓ **It creates environmental and social responsibility:** Sustainable energy promotes cleaner energy production and minimizes greenhouse gas emission.

Types of projects SEF covers :

Sustainable energy projects can be found wherever energy is produced, transmitted, delivered, consumed, or stored. Target borrowers for sustainable energy finance are energy end-users, service and technology providers of energy efficiency and renewable energy products. Typical projects include:

- Projects aimed at improving the efficiency of energy use in industrial processes

- Renewable energy projects such as biomass, biogas, small hydro, wind and solar energy, and geothermal
- Energy efficiency measures in buildings (upgrade or replacement of lighting, cooling and heating, air compression, and building management systems)
- New building construction: green building design.

Methodology in Implementing SEF

For an effective implementation of SEF, we had to focus on instilling a new internal culture at the Bank. This is why Fransabank kick-started its efforts by engaging its employees and clients in becoming increasingly aware of related challenges and benefits. A team of specialists has been developing the Bank's related competencies. They conducted extensive training sessions, and shared best practices with international development banks. For instance, more than 150 employees were trained on identifying and assessing energy or environmental related projects. They were selected from both branches and departments with the purpose of further informing our sales teams on SEF objectives and techniques.

Thus, we were able to prove to clients that by implementing energy efficiency measures and renewable energy projects they were actually both increasing their production capacity and reducing their consumption. In addition, Fransabank offered energy assessments that helped customers identify areas of concern and potential business development actions.

Our portfolio is much diversified, and special attention is given to industries through the energy loans targeting businesses covering multiple sectors: agriculture, industry, petrol-stations, hospitals, restaurants, bakeries, schools, universities, etc. Success stories in each sector or industry are being replicated to produce the widest possible impact on the economy. Likewise, individuals benefit also from our eco-friendly products and services and partnerships (i.e.: cooperation with the Union of Municipalities of Jezzine, Bkassine and Rachaya).

Furthermore, to promote a sustainable way of doing business, an efficient Environmental and Social Management System is being put in place in the credit approval process, which would ultimately lead to a change in terms of client relations and business development.

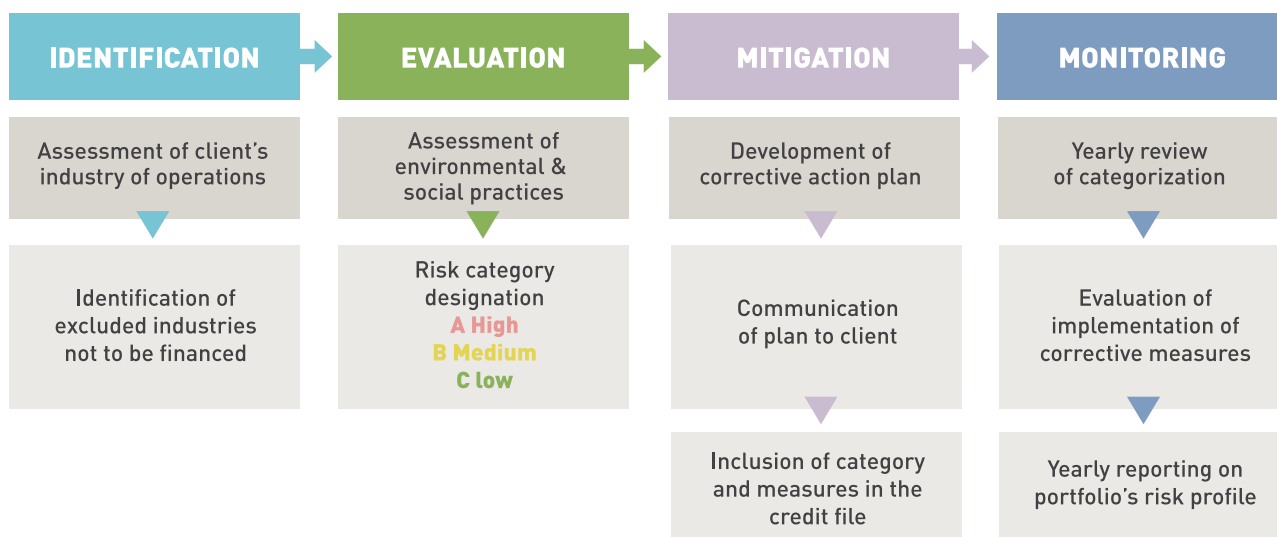
By adopting this approach, we can go beyond financing a large volume of sustainable energy or environmental projects, to spread the culture to all the segments of the economy. Fransabank planned a multi-layered impact on various sectors, achieving success stories and accounting for international best practice in areas as diverse as agriculture, industries, schools and buildings.

Environmental & Social Management System [ESMS]

Fransabank was among the first banks in Lebanon to adopt sustainability as a core value in its development strategy, implementing for this purpose an Environmental and Social management system (ESMS) in its lending process.

The ESMS is a framework that allows us to make sure that access to financial resources promotes environmental stewardship, social justice and economic prosperity across Lebanon, through integrating assessment of the Environmental

and Social (E&S) risks of financed projects into the decision-making process, at all stages of the credit cycle:



The due diligence will allow us to assign a risk category to each project at hand:

CATEGORY A (HIGH RISK)	CATEGORY B (MEDIUM RISK)	CATEGORY C (LOW RISK)
Corrective action plan required	Follow-up and corrective measures required	Minimal or no impact
Sample projects	Sample projects	Sample projects
<ul style="list-style-type: none"> Oil and gas projects Large infrastructure Major irrigation Mining Manufacture, storage and transport of hazardous chemicals Queries Forestry operations 	<ul style="list-style-type: none"> Breweries Dairy operations Food processing General manufacturing plants Small scale mining Metal plating Pulp and paper mills Textile plants Hotels/tourism Hospitals Residential projects above 15 floors 	<ul style="list-style-type: none"> Retailers Software development Financial services Service industries Consulting firms Residential projects below 15 floors

This process adopted by Fransabank will urge businesses in all economic sectors to embrace sound environmental management practices leading eventually to reform their environmental impact and compliance across the country with international standards.

The ESMS was first adopted in 2016, its implementation segregated into phases, whereby due diligences were completed for 35 clients benefiting from Sustainable Energy Finance loans categorized as: 63% medium risk profile and 37% low risk profile.

The full integration of the ESMS to cover all corporate and SME credit files is scheduled for the year 2018.

Building the Ecosystem

To reach successful outcomes, Fransabank has been expanding its partnerships with all the players in the sustainable energy field whether locally, regionally, or internationally. Actually, we have been cooperating with:

The main official actors of this market including but not limited to the Ministries of Energy and Water, the Central Bank of Lebanon as well as the Lebanese Center for Energy Conservation (LCEC)



Several international finance institutions and development banks (International Finance Corporation (IFC), European Investment Bank (EIB), Agence Française de Développement (AFD), German Investment Corporation (DEG), Opec Fund for International Development (OFID), European Bank for Reconstruction and Development (EBRD))



Several Non-Governmental Organizations, some active associations in this field, the UN Development Program (UNDP), etc...



Energy and environment consultants in markets,

Equipment suppliers mainly in the solar photovoltaic market, and

Some very specialized funds.

Fransabank has adopted a complete customer value proposition as follows :

- Identification of the clients' needs
- Assisting the client in its greening through energy assessments
- Accompanying the client in all the steps of the procedure (for subsidized loans such as NEEREA and LEA with LCEC and the Central Bank of Lebanon)
- Proposing adapted consultants
- Offering solutions and list of suppliers in each domain
- Proposing an adequate financing solution for each project.

The Lebanese Center for Energy Conservation (LCEC) is a governmental organization affiliated to the Lebanese Ministry of Energy and Water. It is the technical arm of the Ministry in all subjects related to energy efficiency, renewable energy, and green buildings. It is the leading provider of energy efficiency and renewable energy programs to the public and private sectors in Lebanon.

The National Energy Efficiency and Renewable Energy Action (NEEREA) is a national financing mechanism initiated by the Central Bank of Lebanon and dedicated to the financing of green energy projects in Lebanon, providing interest-free long-term loans to residential, commercial, non-profit and industrial users for all energy efficiency and renewable energy projects for new and existing facilities.

The Lebanese Environmental Action (LEA) is another national financing mechanism developed by the Central Bank of Lebanon. It allows private sector entities to apply for subsidized loans for any type environmental conservation measure aiming to improve water condition, air quality, resource conservation, and the environment.

Financing Partnerships and New Products

In order to spread the culture of sustainable financing, we fostered partnerships and signed Memorandums of Understanding (MoU) with carefully selected sectors in the markets. The latest partnership was sealed in 2017 with the industrial sector.



A MoU was signed between Fransabank and the Association of Lebanese Industrialists with the aim of elevating the industrial sector and its role in supporting the economic and social development of Lebanon. Through this signature Fransabank and the Association shared common goals. Being aware of the economic sectors energy crisis, the promotion of alternative and sustainable energy solutions would inevitably help reduce greenhouse gas emissions and combat climate change, within our available resources as well as endorse a green culture. We believe that our contribution would encourage industrialists to adopt alternative energy, which would lessen the limitation of Lebanese industry regional competitiveness. Subsequently, workshops targeting industrialists in the Bekaa and North Metn regions were undertaken in 2017.



The Lebanese Leasing Company (LLC), the leasing arm of Fransabank, and the Green for Growth Fund (GGF) signed a loan agreement of USD 5 million to finance energy efficiency leases to small and medium businesses and mid-sized corporates in Lebanon. This investment should support the LLC in further expanding its energy efficiency leasing business, enabling it to grow the market and create awareness, among corporate clients, on the benefits of energy

savings, while mitigating climate change and supporting clean energy technologies. As a result, businesses would decrease their energy costs and at the same time lower CO₂ emissions, in line with the GGF mandate. Ultimately, energy efficiency measures financed with the GGF loan are expected to create annual primary energy savings of approx. 10,000 MWh and CO₂ emission reductions of approx. 3,000 metric tons.

The Green for Growth Fund invests in measures designed to cut energy use and CO₂ emissions by a minimum of 20% in 19 markets across Southeast Europe, the Caucasus, Ukraine, Moldova, the Middle East and North Africa. The fund provides financing to local partners that on-lend to enterprises and private households, and it invests directly, primarily through the contribution of senior debt, in renewable energy projects.



These cooperation agreements follow several MoUs signed in the previous years with:



IPT petrol stations and Phoenix Energy whereby IPT Gas Stations would be transformed into green and sustainable ones. The goal is to create an environment in which clean energy innovations and infrastructure projects are easier to finance and adopt. This would in turn encourage new investment opportunities to address other large scale projects. When we were approached by the petrol station to finance the “greening” of one of their stations, we offered to provide them with a full-scale energy and environmental audit at their specific location. After reviewing the outcome of our study, we decided to replicate the success story to all of the group’s petrol stations, including franchises. We proposed a tailor-made financing product, giving each unit an array of possibilities they can undertake to “green” their facilities (i.e.: lighting, solar photovoltaic, pumps efficiency, energy monitoring, car water reclaim and recycling system, wastewater treatment, central vacuum system and stage vapor recovery solutions...). This way they have the choice to make the financial and ecological decisions that suit their business best. We proved to our clients that by modifying a few procedures, they could reduce their energy bill, while substantially decreasing their environmental footprint.



The Lebanese American University (LAU) to fight climate change, create public environmental awareness, as well as, fund LAU’s sustainable energy projects. One of the major results we have been able to achieve with LAU is the financing of two large projects: the construction of a certified library on the Byblos Campus and the rehabilitation of an old university building in Beirut. A joint conference to create general awareness is planned for 2018.



The Chamber of Commerce, Industry, Agriculture of Tripoli and North Lebanon and Phoenix Energy to support the creation of a solar farm destined to generate 5MW electricity in Tripoli.



The e-EcoSolutions for their Green School Certification Program to support schools in their green financing process. The objective of the partnership is to help schools in Lebanon become “Green” through sustainability measures in different environmental categories and to empower future generations to become environmentally responsible citizens. Fransabank visited interested schools in order to finance their green projects, and assist them in all matters related to the financing of their projects. A large Green School Conference is planned for 2018.

In parallel, targeting retail customers, we launched, in 2017, a special green loan for customizable and ecological wooden frame houses. The construction is financed up to 100% of the LCEC approved amount from the house cost as per NEEREA requirements.

Forthcoming Projects

In order to further strengthen our involvement in the environmental cause, we decided to issue Green Bonds, being the first Bank in Lebanon and in the Levant to do so.

So, in 2017 a specialized team studied the launching of a USD 150 million program of Green Bonds with the first tranche of USD 60 million to be issued in 2018, funds that will be exclusively dedicated to finance energy related projects.

Now, Fransabank's objective is to enter this new era while supporting the following projects:

- the wind farms development to produce around 300MW (with the first projects being developed in Akkar, north Lebanon)
- the solar farms projects to ultimately produce not less than 300MW
- the waste water and water management projects that are still at their earliest stages in Lebanon
- the solid waste and waste management and waste power plants that could resolve the Lebanese trash crisis.

Cultivating Client Relations

Under the theme: "Energy Efficient & Renewable Energy Solutions and Available Financing Schemes", Fransabank organized two Sustainable Energy Financing workshops dedicated to the Association of Lebanese Industrialists. The objectives were to create awareness among industrialists on Sustainable Energy Finance and showcase the different energy and cost savings possibilities.



A representative from IFC and LCEC joined Fransabank team to explain how the Bank can support the financing of sustainable energy projects to the industrial sector in Lebanon. It provided an overview of the Bank's SEF initiative, LCEC actions, available financing schemes, SEF best practices, as well as tips and quick wins for industrials.

We were also selected to speak at many conferences aimed at raising awareness on the subject and achieve sustainable change. For instance, we had a distinctive session at the 8th edition of the International Beirut Energy Forum dedicated to energy efficiency and renewable energy. Our session was entitled "A Full-Fledge Approach towards Sustainable Energy Financing"; it highlighted the Bank's achievements and partnerships in the field of sustainable energy financing as well as an overview of Fransabank's products and services in the same field. This year again, the Forum attracted local and international delegates, visitors, speakers and exhibitors. All programs and actions undertaken to date have led to a

real shift, beginning within the Group and branching out to far-reaching activities in Lebanon that implicate citizens.

Furthermore, a representative from the Bank shared insights on Fransabank strategy and achievements regarding SDG 13 - Climate Action. The first contribution was part of the Global Compact Lebanon Network event "Lebanon collaboration in the SDGs"; while the second intervention was at the Business Knowledge Platform organized by Lebanon Climate Act.

These efforts highlight Fransabank's wish to set an example and pave the way for similar endeavors by playing a substantial role in raising awareness, mobilizing individual as well as social conscience, and changing mentalities to instate a sustainable awakening.

Taking our Experience Overseas

Global Warming and Climate Change have been at the forefront of the news and debates for the last three decades. The scientific consensus on climate change is that these changes are mostly part caused by human activities. The Paris Agreement resulting from the 21st Conference of Parties (COP) was historic in its achievement and the level of commitment for 195 countries. It marked the beginning of a new era focusing on “Making finance flows consistent with a pathway towards low greenhouse gas emissions and climate-resilient development” (Article 2-c of the Paris Agreement).

Within this respect, Fransabank was invited for the third year, to participate as a key speaker in the Conference of Parties (COP23) in Bonn, Germany; where we shared experiences and exchanged best practices with main players in Sustainable Energy Finance.

In parallel, we were asked to speak during the 20th Euro Finance Week / 3rd Green Finance Forum in Frankfurt in November 2017 at the panel Greening the Financial Sector – Global Focus. During the latter, Fransabank’s SEF Initiative was seen as a best practice especially with regards to the targeted sectors (industries, education, and municipalities). According to the panelists and moderators, Fransabank’s leadership in this field would stimulate the market opportunities improving regulations and risk management practices and benefiting the whole economy (innovation and job creation).

In addition, we attended the “Conference on Water Governance in MENA and wider Mediterranean region” that was held in Barcelona in December 2017. The Regional Conference gathered around 140 decision makers where representatives of governments, civil societies, international organizations, donors, financing institutions, and the private and banking sector, came together sharing experiences and discussing needs, challenges and next steps.

Financing the global energy transition will be one key building block because demographic change, increasing natural resource demands, urbanization and the growing significance of environmental aspects are creating a growing need for investment in all types of infrastructure.

Fransabank with its ambition to be a pioneer and leader in this segment is working on catalyzing the change in Lebanon, helping to define additional guidelines and standards that would, with no doubt, prove to be beneficial for the economy (innovation, job creation, etc.) and the environment (less greenhouse gas emissions and instilling energy efficiency culture among communities).

OUR APPROACH TO MINIMIZING OUR IMPACT

As much as we work on spreading awareness on the importance of adopting green financing through our products and services, we also have put in place an internal strategy to minimize our internal environmental impacts by creating efficiencies, educating our

employees and providing high-performing workspaces.

A Green Audit

Following the comprehensive green audit conducted by the International Finance Corporation

(IFC) on our Headquarters, it was concluded that a series of green refurbishments should be executed. Thus, energy efficiency solutions were studied resulting in appropriate solutions.

As a result, our internal engineering team has achieved the following:



- Replaced all conventional lighting, with LED lighting in all Fransabank local network of 75 branches.
- Replacing progressively conventional lighting with LED lighting in parallel with renovations at the Headquarters. The project was completed for parking and floors common areas.
- All decorative lightning were removed from the management offices.



- Old air conditioning chiller system was replaced by the VRV air conditioning system at the Headquarters thus:
 - Reducing energy consumption by 30% to 40%.
 - Reducing water intake by 3,054 m³ or 3 million Liters.



- Increasing demand control: lighting, A/C, escalators, and ventilation.
- Lighting control was finished for the new Data Center area.
- Night consumption control was completed for parking lighting and ventilation. Floors night control is being done by our night guards.
- Escalators speed reduction is hard to implement on old escalators. Until a replacement project is implemented, we will install motion sensors that will turn off the escalators when not in use.



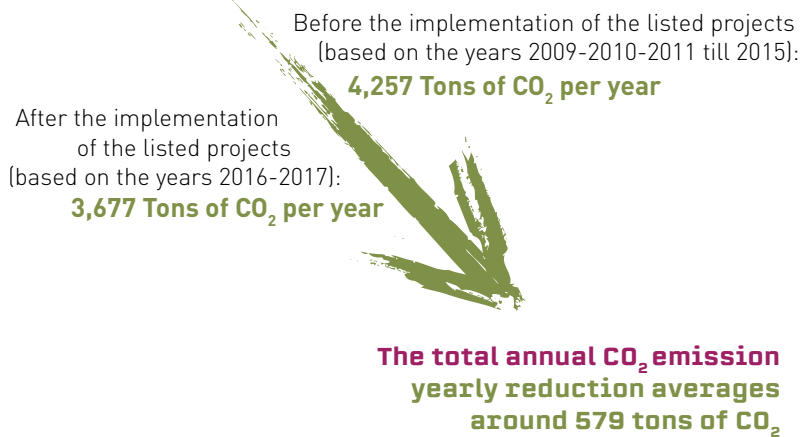
- Implementing a full energy management program with clear targets.
- The monitoring and targeting program for energy management has been completed for the VRV system. It was also finalized for the infrastructure of the Headquarters by end of March 2017.



- Solar radiant heat barriers for windows were replaced by mirror reflective films decreasing our energy consumption.

As for our Headquarters carbon footprint, a first study was executed to measure the impact of the previously listed completions. We have compared the past and current CO₂ emission of the head office based on the *Electricité du Liban* (EDL) grid emission assumptions of 0.833KgCO₂/KWh (as per LCEC and World Bank reports in 2009).

Yearly average CO₂ emissions



We can deduce from the results that the current Headquarters footprint per employee (including all IT services: servers, systems...) is around 5.2 tons of CO₂ emission.

Of course, some energy efficiency upgrade projects are still in the pipeline:

- Parking ventilation retrofit and demand control project is scheduled for the year 2018;
- The project of placing solar photovoltaics on the Headquarters roof (125 kWp) and façade (130 kWp) is under study.

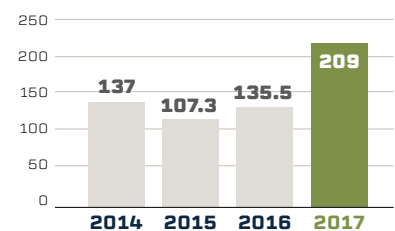
HOW WE IMPROVE EFFICIENCY IN OUR DATA CENTERS ?

- ✓ Automate fan and pump speed control
- ✓ Raise temperature set points within recommended limits to reduce energy usage
- ✓ Optimize and virtualize server utilization
- ✓ Use raised floors for air delivery
- ✓ Create contained cold supply air aisle
- ✓ Prevent unwanted mixing of hot and cold air and use blanking panels on equipment where needed
- ✓ Seal all unmanaged openings and place perforated tiles where needed

Through 2017, we reduced paper consumption by encouraging:

- Digital banking, with 57,455 registered users to Fransabank e-banking services compared with 51,068 at the end of 2016.
- Intranet portal platform use. It features digital signature/ encryption, IP telephony mobility, and Skype for business. The advanced intranet portal implementation provides, in addition to a more paperless environment, various benefits such as improved collaboration and communication, and better consolidation of information.
- Shared printers and double-sided printing across the Bank's departments / divisions and branches as well as local entities, with a more widespread use of certified paper for the Bank's publications.
- Recycling within the Bank's Headquarters and branches. We have made considerable progress in reducing paper waste, reaching 209 tons of recycled papers in 2017, and attaining more than 588 tons since 2014. This accomplishment is a significant indicator of the changes in our corporate culture which is leaning towards an environment friendly workplace.

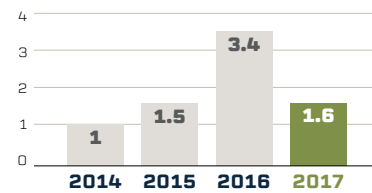
TONS OF RECYCLED PAPERS



As for plastic waste, Fransabank employees have contributed to the recycling of more than 1.6 tons of recyclable plastics in 2017 alone. The plastics collected were sold, through *arcenciel*, (a Lebanese socio-environmental NGO), to a recycling company. Since 2014, over 7.5 tons of recyclable plastics were collected

and sent for recycling. This initiative which started as an awareness internal campaign to coach Fransabank's employees on the importance of sorting and recycling in order to preserve the environment has been gaining in recognition with the growing staff contribution.

TONS OF RECYCLES PLASTICS



Waste Management Approach

Fransabank envisages the re-use and recycling of waste where and when possible.

Method	Explanation
1. RE-USE	<p>The re-use of waste is a major priority.</p> <p>Computers that are broken or redundant are delivered to the Information and Communication Technology Department which examines their potential scope for re-use.</p> <p>Other computers no longer needed are donated to schools or to NGOs.</p> <p>Furniture that is in usable state is kept at the warehouse for servicing and sent to branches/departments whenever needed.</p> <p>In addition, furniture that is no longer needed is donated to institutions in need.</p>
2. RECYCLING	<p>Paper and plastic recycling.</p> <p>Placing recycling bins at selected branches.</p>
3. REDUCE	<p>Whether papers, plastics, electricity, or other resources, employees are entitled to manage their waste by reducing the consumption of resources.</p>
4. EXCAVATION OF WASTE	<p>Excavation of waste and debris left over during branch openings or renewal is sent to disposal areas as designated by the municipality.</p>

CASE STUDY – FULL SOLAR POWER FUNCTIONAL BRANCH

According to a UNDP study, Lebanon enjoys an advantageous location regarding its sun exposure, with around 300 sunny days a year and over 8- 9 hours of daily sunshine. Considering this fact, Fransabank decided to make the most out of it by reducing the direct impact of its operations on the environment. The year 2017 witnessed the complete refurbishment of Fransabank Laboue branch, in the Bekaa region. The branch is strategically sited with reference to its solar power gains and benefits from several qualifications. The environmental, climate and construction conditions needed to adopt complete solar power were all available.

Therefore, the installation of the solar power solution for Laboue branch was completed and became completely functional. 12 panels were installed on the roof, 32 batteries (6V-225Ah) and a 4000W inverter. The output of the solar inverter is connected to the 3kVA UPS input; accordingly based on 1680W load we must exceed 15 hours of autonomy at the branch (without any energy input).

Ensuing to the project's success, we are studying the feasibility of reproducing this energy project at other branches; of course subject to the disposal of the requisite conditions.

FAVORING GREEN INITIATIVES



#LebanonClimateAct

Being a signatory to Lebanon Climate Act (LCA) initiative, Fransabank attended the LCA's Business Knowledge Platform marking the first year of the initiative. During the event, which was organized in collaboration with the UNDP, Fransabank was rewarded with a token of appreciation for its active engagement in supporting

Lebanon's overall reduction of carbon emissions and pollution. In view of that, Fransabank, was recognized for its actions as it has placed SDG 13 – Climate Action as one of the main pillars for its CSR strategy.

Lebanon Climate Act (LCA) is an initiative run by the environmental NGO Green Mind and the United Nations Development Program (UNDP), in partnership with the Central Bank of Lebanon. It supports private sector actions on climate change.

Going Green on TV

Safeguarding our planet Earth would fail without giving a proper education for the younger generations. When our children grow in a healthy environment valuing natural resources and being aware of the consequences of its daily behavior on their surroundings, we would be retrogressively contributing to climate change. Therefore, and as part of our strategic partnership with e-EcoSolutions, mentioned previously, students enrolled at schools participating in the Green Schools Certification Program prepared videos that were shared on TVs, radios, cinemas, and social media showing us the true attitude of eco-citizens. Those future green leaders were chosen from different backgrounds, age groups and regions. They revealed in their own creative styles their school's green accomplishments. Tips and advices on how to go green and protect the planet were shared out in three languages (Arabic, English, and French).

In addition, following the positive feedback we received from our stakeholders concerning our green TV spots; Fransabank green awareness campaign was sustained in 2017 with its 60 TV spots entitled "نَقِي بَيْتَكَ" being replayed. Topics covered different types of green initiatives and steps that can be easily applied as daily habits. For example, tips included ways of adopting recycling, how to have a cleaner garbage free environment, how to differentiate between reusable, recyclable and organic waste, difference between solid wastes and liquid wastes, how to prepare a grocery shopping list and opt for eco-friendly products, food safety...

The campaigns included very simple, straight forward dynamic messages to reach the public at large and so introduced them to effortless green ideas/initiatives. The videos were run on a daily basis at peak times on TV and are also available on our YouTube channel FransabankGroup.

LOOKING AHEAD

We will continue on creating awareness and implementing new ways to manage our environmental impact and helping clients succeed. Our approach entails new collaborations to minimize our environmental impact, additional credit lines to boost green investments, further sustainable practices in our products, and environmental sustainability education programs for our employees and clients.



Our Responsibility as an **EMPLOYER** 04



Our Responsibility as an Employer

Being powered with an inclusive and engaging work environment, an organization is predisposed to achieve higher performance while standing for its core values. In the same way, Fransabank success has always been influenced by the skills, motivation and dedication of its workforce. Yet, to reach a best-in-class banking service, we should be able to recognize, attract and retain promising, knowledgeable and experienced employees that would derive optimum benefit for both the Bank and the clients.



TAKING ON DIVERSITY

In order to unlock a wider range of business opportunities, a diverse and inclusive workforce is a prerequisite.

The diversity of our personnel and their various skills, mindsets, knowledge and experience give us a better understanding of customers' expectations, backgrounds, while opening up wide-range business opportunities.

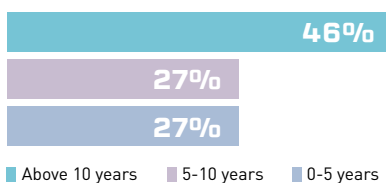
Equal Employment Opportunities

Acting on the principle of making the best use out of our human capital, we take care to observe equal employment opportunity in our recruitment, career development (or promotion), and compensation policies and practices. It is strictly prohibited to knowingly and willingly discriminate on the basis of anything other than skills, knowledge and abilities in the workplace.

For Fransabank Management, "Equal Opportunity Employment" is a way of life and an integral part of our corporate practice and culture."

With a staff population of 1,735 employees, Fransabank SAL has registered a 1.4% growth rate in 2017 and a 3.69% turnover rate, which is among the lowest recorded in the Lebanese banking sector. This relatively low turnover rate is indicative of the presence of a loyal personnel.

EMPLOYEES SENIORITY



Splitting up the Bank's population based on several aspects, we can have a representative idea on our employees. In today's world, gender equality has become a basic requirement for all institutions. Fransabank

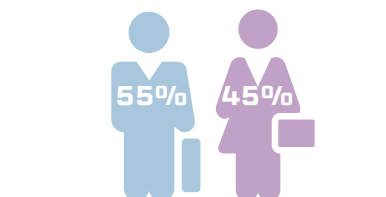
gender segmentation has been sustained for years now, with an almost equal share among men and women employment, 54% being males and 46% females. Out of a total of 114 newly recruited employees, 45% of them were women. Thus, a balanced gender distribution is what we aim for at all ranks, whether in managerial positions or at entry levels.

The same principle applies for age diversification. For, we believe that employees from all age brackets diversify our customer service approach, and therefore, reach all society's categories. The percentage of university degree holders rose by 9.2%, reaching 78.5% in 2017. This increase is due to the continuous education policy implemented by our Bank, and certainly to our continuous recruitment efforts.

EMPLOYEES GENDER COMPOSITION



NEW HIRES GENDER COMPOSITION

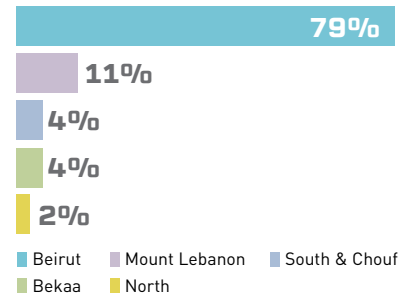


WOMEN EMPLOYEES FACTS AND FIGURES

8%	Proportion of women in the Board of Directors
45%	Proportion of women in senior positions 64% are between 30 and 50 years old 36% are above 50 years old
47%	Proportion of women in middle management positions 3% are below 30 years 73% are between 30 and 50 years old 24% are above 50 years old

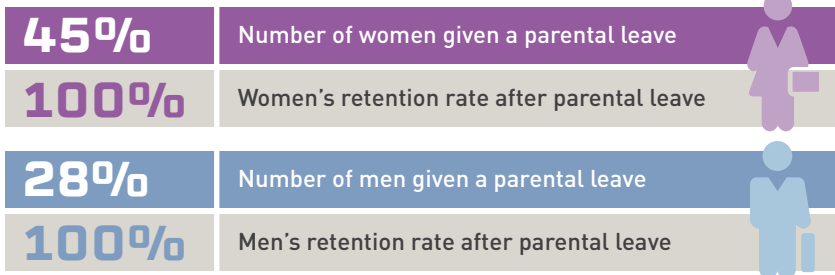
Where necessary, we take specific working preferences, lifestyles and life stages into account, and such cases include flexible working conditions. Accordingly, 163 mothers of children aged 12 years old and below, were allowed a special working schedule that help them maintain a sound balance between work and life.

SUBDIVISION OF NEW HIRES BY REGION



Regarding female employees in the banking sector, it is not just an issue of diversity that needs to be fostered rather than one of inclusion. This is why hitting quotas is not the solution. We believe that our women workforce has also the talent for great accomplishments and should be recognized based on its capacities and not just to increase ratios. The best and the brightest are not limited to one gender but are directly linked to skills and knowledge worth. Thus, women hold diverse managerial and senior positions within Fransabank. Actually, 106 women are employed within Fransabank at senior ranks, namely Head/deputy of division, head of department, regional manager, branch manager or deputy branch manager, out of a total population of 237 senior managers. As for middle management positions, 140 women are either deputy head of department, head/deputy of section, operational controller, commercial controller, or head/deputy of unit, out of a total population of 297 middle managers.

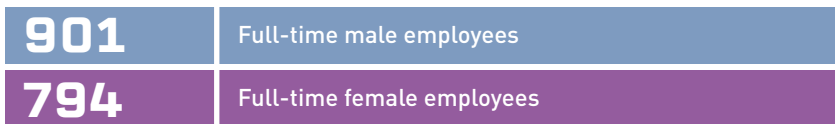
RETURN TO WORK AND RETENTION AFTER PARENTAL LEAVE



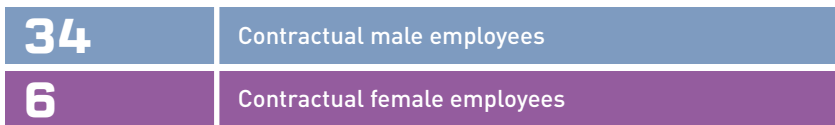
Our compensation plans are aligned with our commitment to human rights and employees' value. They are elaborated in accordance with regulatory requirements and ruled by the Collective Labour Agreement. Moreover, all employees are endowed for fair compensation, benefits and working conditions. Freedom of association is another important human rights concern, and our employees are totally free to join the association of their choice.

EMPLOYEES' DISTRIBUTION BY CONTRACT TYPE

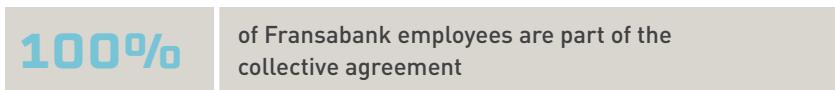
Full-Time



Contractual



Collective Agreement



A CULTURE OF PERFORMANCE AND DEVELOPMENT

Fransabank employees Training and Development (T&D) programs are conditioned to improve the quality of service and consultation, in order to better adapt our business to the changing market needs. We provide our employees with extensive training programs, whether seminars, e-learning, or outsourced courses. Employees are also assigned training modules depending on their area of responsibility and their career path. In our training program selection, we are keen on selecting the employees for the right program to help them develop professionally, while also perfecting our business requirement. It is crucial to avoid any misalignment between the expertise required to be competitive, the expertise available in the labour force and the expertise acquired from training courses.

Consequently, Fransabank's development programs include talent and potentials programs, polyvalence and succession programs, and each program deals with specific abilities. Our human resources and managers thoroughly cooperate to secure the right career talented for identified employees.

DEVELOPMENT PROGRAMS OBJECTIVES

Talent Management	Polyvalence Enhancement	Potentials Development	Succession Planning
Employees are selected based on a combination of personal skills, educational background, and banking knowledge, to be enrolled in a Fast Track program to determine whether they can undergo Vertical and/or Horizontal Development.	The program focuses on improving employees' ability to handle multiple functions and tasks.	Competent employees are prepared for potentially occupying higher positions.	The planning initiates employees into future organizational requirements, or key positions at the Bank.





Seminars topics included banking and financial techniques, management and behavioral skills, marketing and selling skills, information technology, overseas training or internal training, and orientation programs.

Moreover, T&D focuses on significantly improving the coverage

ratio in Lebanese financial regulation exam mentioned in the Central Bank of Lebanon Circular No 103. Accordingly, 98 Fransabank employees were given a certification in 2017. **Our coverage ratio reached 60.9% at the end of 2017, compared with a 53% market average ratio.** The attributed certificates covered the following topics:



As part of our development vision, we also encourage our employees to further improve their professional skills. Therefore, we are committed to offering financial support to all employees interested in pursuing a professional certification as well as graduate studies in any

field relevant to banking, directly related to the job currently held by the staff member or related to his/her career path. Eligible employees are granted financial facilities equivalent to 40 salaries, reimbursed over 10 years, with zero interest.

1,294
employees
were trained

in 2017, representing
75% of the
Bank's population

67,911
hours of
training

were given, with
an average of

39.1
hours of
training
per employee

Performance Assessment and Remunerations

Raising open and straightforward discussions on the progress of work and giving continuous feedback to both the team and the top management are necessary for a work environment in continuous improvement. Likewise, we acknowledge the importance of valuing and rewarding our staff for their accomplishments in order to preserve their motivation and interest, hence a better service to our customers. On an annual basis, we review our employees' performance based on the scale of their contribution to the achievement of our business goals. In fact, a steady Performance Appraisal Review (PAR) system enables managers to evaluate the performance and development potential of their employees. This annual evaluation of employees' performance allows to determine and directly link merit and bonus to both individual and team achievements and productivity.

INVESTING IN THE YOUTH

One of Fransabank's main strategic CSR pillars is youth financial inclusion. That is why we offer attractive opportunities for young graduates who seek to pursue a long-term banking career.

We are interested in young professionals and graduates' input and contribution in raising new ideas and instilling dynamism within the Bank's culture. Therefore, we closely work with leading universities to track graduate talents. Fransabank was present at main universities' job fairs, assisting the young generation in achieving their ambitions. Students seeking employment or those wanting to improve their existing careers had the chance to visit our booth and learn more about the Bank's potential job opportunities or internship programs. In 2017, Fransabank participated for the first time at the Antonine University job fair, joining the American University of Beirut (AUB), Lebanese American University (LAU), Université Saint-Joseph (USJ), and Ecole Supérieure des Affaires (ESA).

We also offer career guidance for university students who wish to acquire further knowledge or know-how on the financial and banking sector. Thus, we provide the youth with the appropriate training, mentoring and career advice. Interested students are granted internship opportunities. In 2017, our Summer Internship Program welcomed 220 students. The program is designed for senior and junior students majoring in banking and finance, economics, or other business-related fields, providing 240 hours of practical experience at Fransabank branches and/or departments.



220
students
took part in the Summer
Internship Program gaining
240 hours
of practical experience

Our staff is keen on retaining young talents in case of openings in the Bank, but naturally, well-performing interns interested in pursuing a long-term career at Fransabank have the priority. However, if the position requires advanced skills, we are committed to offering opportunities for ambitious professionals recruiting based on their professional achievements and capabilities. We welcome new comers in a smooth manner and connect them to the tools needed to succeed and integrate in the Bank, as it is the foundation of a productive employers-employees relationship.

ENRICHING OUR EMPLOYEES LOYALTY

Benefits to All

While the salary is an important benchmark for employees, it is not their single concern. Fransabank is keen on highlighting additional benefits that should have an equal importance for its employees. In addition to providing decent and competitive salaries and offering career progress opportunities, we invest in our staff work environment safety, health programs and family assistance.

For instance, health and safety measures have been at the top of our priorities for the past few years. Thus, internal policies were updated to safeguard our employment conditions and meet the required standards. We also have a dedicated team to ensure a continuous work and safety improvement measures.

We believe that by doing so, we are capitalizing on a devoted workforce, since satisfied and valued employees inevitably lead to high-performance and business success. The welfares we provide are a reflection of our commitment to the protection and wider promotion of human rights. Being treated with respect and righteousness, would reflect in our employees conduct.

EMPLOYEES' BENEFITS CHECKLIST

- ✓ Medical coverage
- ✓ Paid annual leaves
- ✓ Transportation allowance
- ✓ College tuition fees for employees' children
- ✓ Retirement plan
- ✓ Family allowance
- ✓ Preferential loans
- ✓ Wedding gift
- ✓ Cost of living adjustment
- ✓ 50% discount for tuition fees at LAU
- ✓ Among others...

1,269
children

benefited from our support to employees' children schooling fees; the total amount invested reached over

USD 2.9
million
in 2017

Social Commitment

For the past 12 years, we have encouraged colleagues to support local community projects through fundraising and civic engagement. Within this scope, Fransabank employees have been contributing to the treatment of children struggling with cancer since 2005. Employees willingly chose to donate a monthly amount out of their salary to the Children Cancer Center of Lebanon (CCCL) "Partner in Life Employee Giving Program". At the end of 2017, 537 employees were happily enrolled in the program leading to the collection of USD 350,778. In 2017, 59 employees joined the program contributing to USD 44,464.

Moreover, and by giving the choice to our employees, we added, in December 2017, Epsilon, a medico-social association for epilepsy, to our charitable financial donation program. The association assists the epileptic patients in paying their bills and medications, especially children, and sheds light on this chronic disorder and causes. Thus, employees could choose the center they would want to support and the monthly amount to bestow (starting as low as LBP 1,000).

Internally, Fransabank employees celebrated the International Women's Day 2017 which was held this year under the slogan: "Challenge and Fight for a Gender Inclusive World". Believing in women empowerment and the vital roles they play in fostering a healthy society, we decided to #BeBoldForChange and support different causes that will truly drive a well-deserved change for women. A photo booth was installed at the Headquarters, where employees, of both genders, gave live testimonies of female-related causes they would defend.

Time off from Work

After-work socialising activities among colleagues have been growing in trend. Nowadays, employees would enjoy a drink or coffee to de-stress after a long day at work. But, for others,

it could also mean a friendly sports game or a full-day outing. Fransabank's subsidized social club, the "Amicale Club", is a way of bringing our employees together for a better employee engagement and teamwork spirit.

The Club is managed by a Committee, composed of nine members covering all the Lebanese regions in conformity with our branch network. A yearly budget is allocated for the Club's activities and is spent on activities undertaken throughout the year, including an annual trip, nature outings, social events, banqueting...

Tickets to concerts, theater, dinners, social activities and invitations for cultural and sports events sponsored by the Bank, are offered to employees, while subsidized activities include night outs and full day outings on weekends, in addition to special deals from sports centers, shops, and diet centers, among others. Family members are also more than welcomed to join, since getting to know our colleagues' family members brings out better social contact. Of course, staff have a say in selecting and proposing new activities, which increases take-up.

Fransabank Amicale members increased by 3% from the end of 2016, reaching **678 members at the end of December 2017**.



In addition to that, and for the first year, two bonding activities were initiated, involving 120 employees from Fransabank branches and departments. In light of that, and with a very friendly spirit, a group of 20 coworkers visited, in October 2017, Deir el Qamar town. **The bonding activities objectives are to enrich teamwork spirit, drive responsibility and creative thinking.** The goals were reached through interactive techniques such as enigma solving and creativity workshops. With the same spirit, another similar activity took place in December, where 100 Fransabank employees took part in another bonding activity in Arz El Barouq, Chouf area. We trust that more positive relationships resulted from these enthusiastic activities, paving the way for a better communication and a solid teamwork.



Fransabank also supports sports activities among its employees and competitive banks. Our Blue Knights Basketball team succeeded in maintaining its first rank in the fourth edition of "BDL Banks Basketball League 2017". Furthermore, Fransabank won



the awards of Best Coach, Best Player and Best Team Manager. The year 2017 also witnessed the participation of our team in the Dubai Banks Basketball tournament, where it successfully reached the semi-finals in its first regional participation abroad. Our team has the full support of the Bank's top management as we strongly believe that sports activities positively affect co-workers relationship, giving them lessons on teamwork, how to overcome differences for better productivity, and to collaborate effectively by trusting one another.

Keeping our Employees Informed

Reaching out to all employees through internal communication is also a vital part of the Bank's mission to ensure an inclusive culture. For this reason,

Fransabank is committed to the periodic publication of Zapping, its internal corporate newsletter. In 2017, Zapping had two issues dedicated to CSR topics.



Teaching Children Financial Skills

Why is it important to teach children financial skills?

- Teaching financial skills as a child provides better opportunities and it makes them more likely to be taken advantage of.
- Young adults will have to make financial decisions on their own, and they need to be prepared.
- One of the most important reasons to equip youth with critical financial skills is that it may be the potential to significantly enhance their quality of life.
- Not only will teaching them about money equip them to achieve typical financial goals such as saving for college, but it will also help them address qualitative issues such as the impact money will have on their relationships.



What's the best way to teach financial skills to children?

Simply say talk to children about money!

- Financial experts urge parents to discuss money with children early and often and look for teachable moments.
- The key is to provide a variety of opportunities for them to make choices with money over a prolonged period, so it will build their confidence and capabilities.
- And don't forget to allow for lots of "oops" moments.

How do we speak to them? What do we say?

The most effective way to teach is by having frequent discussions and don't ever lecture!

Look for teachable moments and engage the child in a conversational manner. If your child sees a financial decision being made by you or someone else, ask them if they know it was the right way to go. Reflection is a powerful learning tool. Children who dealing with money already, so there are many cases that can use. For example, why they pay an attorney, and we can talk to them about what to do with that money and the benefits of saving. Parents can also talk about the decisions they make for example, why they save for the child's education.

How can it go wrong?

Is there anything you can say to children that is wrong when it comes to talking about money?

There are many potentially wrong things, and this is why it has always been suggested by experts to leave it only to parents to teach children about financial literacy. For example, one can teach them wrong lessons such as "never be a borrower nor a lender" without explaining to them the pros and cons of borrowing and lending. Also, parents must be careful about over-sharing financial advice with their children. Children don't have the same emotional capacity to manage information about a job loss or a significant downturn in the market. Another common mistake: equipping children in the perfect way money.



An issue exposed the Sustainable Development Goals to better enlighten our staff about their purpose, in addition to a discussion on the Bank's selected 6 SDGs and its achievements in each goal.

How can companies clarify the priorities for CSR and the path to achieve them?

Sustainable Development Goals (SDGs) is the answer

Fransabank pays deep consideration to the new set of 17 Sustainable Goals, officially accepted by the UN General Assembly in 2015, and which range from ending the world poverty and hunger to fighting climate change, promoting quality education, protecting the environment, and addressing all forms of inequality.

Goal 4 | Quality Education: Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all.

Goal 5 | Gender Equality: Achieve gender equality and empower all women and girls.

Goal 8 | Decent Work and Economic Growth: Promote sustainable, inclusive and sustainable economic growth, full and productive employment and decent work for all.

Goal 9 | Industry, Innovation and Infrastructure: Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation.

Goal 11 | Sustainable Cities and Communities: Make cities and human settlements inclusive, safe, resilient and sustainable.

Goal 13 | Climate Action: Take urgent action to combat climate change and its impacts.

For further information, see our CSR Initiatives and publications. For more information, please contact us at marketing@fransabank.com.

Thus, our newsletters were used as CSR awareness tool to better infuse the concept into our employees.

LOOKING AHEAD
 We will work on increasing our training programs to build up our employees' learning skills, and further empower them to achieve their aspirations. Employees' social engagement is on the move as well; helping foster a motivated workforce and a culture of inclusion.

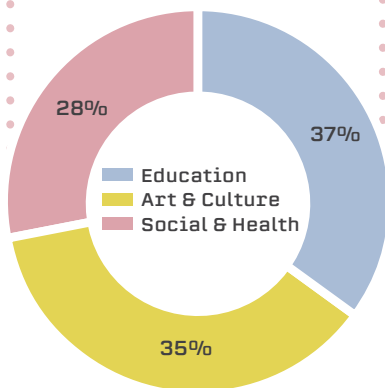


Our Responsibility towards the **COMMUNITIES** 05



Our Responsibility towards the Communities

we have invested
a total of around
**USD 1.1
million**
in 2017



Through its communal support, Fransabank has an ambition to create shared values that serve individuals and generate inclusive communities, namely by supporting basic human rights, diffusing knowledge, spreading broad awareness, and empowering people to make better choices. Our dedication took many shapes. It has always been our firm conviction to act as strategic partner and sponsor to various good causes, mainly focusing on the fields of arts and culture, health, disparities and sports. Moreover, promoting youth financial education and inclusion has grown on us with time, where a particular importance was attributed to related initiatives. Therefore, we support hand-picked partner organizations through funding and professional expertise, in order to enable social and humanitarian projects to reach the top. Accordingly, we engage with a range of local stakeholders, including civil society, to better understand the local context. We deal with approximately 100 partner organizations whether educational, cultural, or social.



YOUTH FINANCIAL EDUCATION & INCLUSION



When assessing the rationale behind working with the youth, we, as a Bank, look farther from short-term profitability and return on investment (ROI). Investing in this category sets an influential CSR plan and creates interesting opportunities to help improve long-term customer relationships and guarantee a top position in banking innovation. It also falls under our commitment to SDG 4 – Quality Education.

Since education and well-mastered financial skills drive economic empowerment and social mobility, Fransabank youth education initiatives aim at improving access to quality education in general and financial education in particular.

We encourage children and young people to learn about personal finance at an early age in order to build their financial confidence. Thus, Fransabank participated for the second year, in the Global Money Week (GMW), an initiative raising the financial literacy among the youth. The GMW is launched annually in collaboration with the Children Youth Finance International (CYFI), the United Nations Development Program (UNDP), and the Higher Council for Childhood under the Ministry of Social Affairs. It stimulates the learning process of the youth in terms of money saving, generating livelihoods, employment,

entrepreneurship and corporate social responsibility.

In fact, 79 students from three different schools in the 15-18 age bracket, participated in our mimic of the GMW 2017, which demonstrated how a bank operates. Throughout the day, students attended a presentation on the Lebanese banking sector highlights followed by a presentation on Fransabank banking products and services, and its corporate social responsibility strategy and initiatives. Additionally, a guided tour through the different departments was conducted, including a visit to the Bank vault. During visits to the departments, real situations were reproduced by students, in the roles of tellers, customers, relationship officers... Furthermore, students were taught how to properly formulate a safe signature and informed about the proper conduct of a bank, starting from the attire to workplace behaviors.

In 2017, we embarked on a key initiative consisting of a financial literacy cards game. The “Big Bank Challenge” game was developed in collaboration with the Institut des Finances Basil Fuleihan (IoF); its objective was to test the concepts learned during the day. Besides being a fun game for the students, it is basically an educational demonstration of the knowledge acquired, through questions on current and saving accounts, credits and debit cards, loans and money transfers, among others. For we believe ultimately that the teaching material, which was carefully prepared, improves children’s and young people’s financial knowledge in an inspiring way, delivering them basic knowledge of some of the banking life skills needed when starting to deal with the real finance world.

GLOBAL MONEY WEEK

Global Money Week (GMW) is an annual money awareness campaign built to inspire children and young people to learn about money matters, livelihoods and entrepreneurship. GMW started in 2012 as Child Finance Day/Week and has since touched the lives of 7.8 million children and young people through 23,738 organizations in 137 countries, involving schools and universities’ students in events, activities, projects, competitions... related to financial management; because children and youth need to receive the knowledge and develop skills to make smart financial decisions throughout life.

Source: www.globalmoneyweek.org

THE BIG BANK CHALLENGE®

Big Bank Challenge is a fun game where kids aged 15+ can gain a basic understanding of banking products and services. In the game, they are challenged to earn money and decide themselves to save it up by opening a new account in the bank. The winner is the first one who ends up saving 10 million Lebanese pounds.

Players face challenging situations and dilemmas, thus the game provides these young people with better knowledge of clients rights and duties, on the types of banking transactions they might need to undertake and a simple understanding of banking products' benefits or disadvantage to achieve a financial target. This will give them the opportunity for planning their future life and stimulates their capacities to reach their financial dreams.

On the other hand, stepping forward in this edition of the Global Money Week, we hosted an exceptional day for students with special needs. Blind and deaf students attended presentations at Fransabank Headquarters along with their mediators and translators, and the proper adjustments to the informative process were made in order to acquire the full financial

educational experience they deserve. It is worth noting that, while introducing these students to our internal CSR initiatives, one of the students presented their school green initiatives such as recycling, planting trees, and waste sorting. This school was, in fact, a Green School certified by e-EcoSolutions environmental consultancy firm.

Spreading Out Financial Education

Our volunteer activities strategically focus on consolidating employees' skills and knowledge. Accordingly, trainings were held to familiarize our employees with the game concept, then, volunteer employees acted as mentors to young students, helping to improve their financial education.

@Université Saint Joseph

Our Big Bank Challenge was addressed for college students during the Journées Bancaires organized by the Université Saint Joseph (USJ). Throughout the four days spent at USJ campuses, three volunteers from Fransabank employees initiated the young into bank products and services in a fun and interactive way. Through our partner - the IoF, and our volunteers, we reached 111 USJ students, raising thus financial awareness.

Volunteer employees had to attract students and involve

them in learning the basis of banking and the importance of saving money. Sessions perfectly conveyed to interested students the rights of customers, and the different ways to deal with a bank. While playing the game, various questions were raised which is the main objective of this educative game.

@Le Salon du Livre Francophone de Beyrouth

Our second stop was at Le Salon du Livre Francophone de Beyrouth, an annual book and educational exhibition that welcomes schools from across Lebanon. Four employees from the Bank volunteered to participate in our initiative, and reached a total of 129 students coming from 10 different schools. For five days, our volunteers called on students to enlighten them as to the importance of dealing with a bank, the facilities it can offer them at all stages of life, and most importantly the rights and duties of customers. The feedback was much enthusiastic, with a curiosity to find out more about the benefits of dealing with a bank. Issues were debated by students during the game, which was even more enjoyable with the competitive spirit to win the Big Bank Challenge.



@Beirut International Arab Book Fair

Our third event was at the Beirut International Arab Book Fair – an annual gathering of Lebanese and Arab publishing houses and libraries. Once again, students were introduced to the Big Bank Challenge game by two volunteers from the Bank. Over five days, 62 students from nine different schools took the challenge and were introduced to new banking concepts, products and services, among others.

Each participant student received the Big Bank Challenge game.

@Fransabank branches

Last but not least, Fransabank offered the Big Bank Challenge game for clients holding education saving plans and insurance product where the beneficiaries are in

the 15-16 age bracket. A total of 500 clients' children received, the game which was delivered to their respective branches for pick-up.

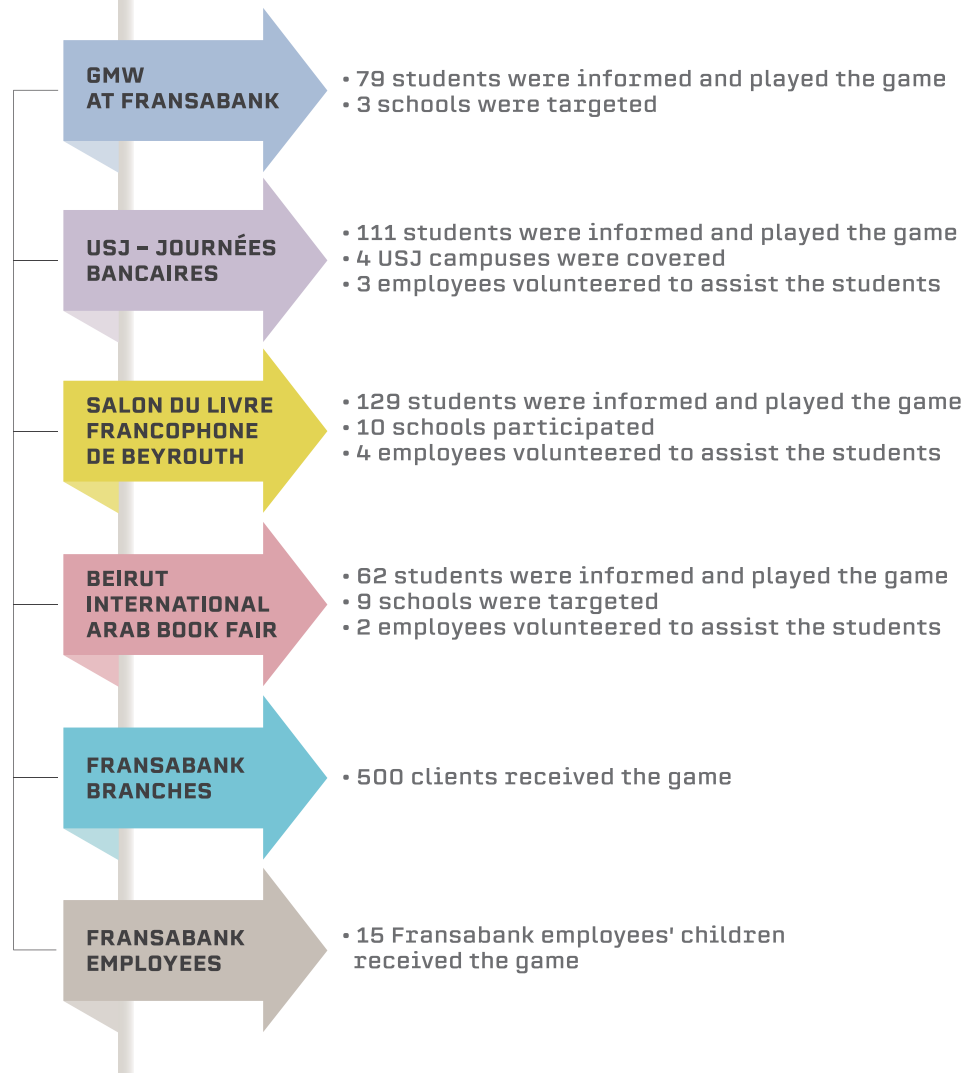
In parallel, the Big Bank Challenge game gained recognition among our staff. We actually received several inquiries from parents working at the Bank; as a result, 15 games were dispatched internally to our interested parents.

896 teens
were
financially informed
via our
Big Bank Challenge Game



The Big Bank Challenge had a positive feedback from the students, their instructors and parents, so we hope that teenagers enjoyed playing the game among friends or family, introducing the game to their parents too, who would also benefit from further knowledge.

THE BIG BANK CHALLENGE



Other youth financial education initiatives in 2017, included:



“UDESIGN” COMPETITION

For the third year in a row, Fransabank launched the UDesign competition to strengthen the students’ financial literacy knowledge through their field of study. It targeted the Lebanese American University (LAU) students of Fine Arts. Participants were asked to prepare a short movie about money spending and saving and present it to a jury that was composed of two LAU professors and two Fransabank representatives. The first prize was a full scholarship to the University of Salzburg worth USD 7,000 provided by Fransabank to the winning student out of seven contestants. Fransabank reward was not just monetary but has also put forward millenials’ attention, through their project research, on how to deal with the financial system.



LIFETIME MEMBERSHIP TO BETA GAMMA SIGMA HONOR SOCIETY

Twenty-eight LAU outstanding students and recent graduates from Adnan Kassar School of Business were awarded a lifetime membership to Beta Gamma Sigma, the premier honor society recognizing business excellence. The honorees were awarded a certificate, a pin, an honor cord with tassel and a medal.



UNIVERSITÉ SAINT JOSEPH (USJ) ENTREPRENEURSHIP AWARDS 2017

The USJ Entrepreneurship Awards 2017 targeted students with business projects in social entrepreneurship, with an objective of promoting economic viability in consort with social and environmental impacts. Candidates presented ideas that could be developed to start-up phase within a three-year frame. Fransabank distributed cash prizes of USD 10,000 for the three winning projects out of 7 projects tackling environmental and technological fields. The competition was in collaboration with “la Fédération des Anciens” and Berytech.



SUSTAINABLE MINDS

Sustainable Minds, a competition organized by the UNGC network Lebanon aimed at raising awareness among 10th grade students in public and private schools across Lebanon on the importance of sustainability in business. They had to choose one of the 10 Global Compact principles, and submit a short 2-3 minute creative video demonstrating their understanding of the chosen principle. Ideally, students had to select a problem faced in Lebanese organizations and demonstrate how the application of one of the principles can be a potential solution to the problem. Fransabank rewarded five students with an internship opportunity at the Bank.



PEDAGOGICAL COMPETITION

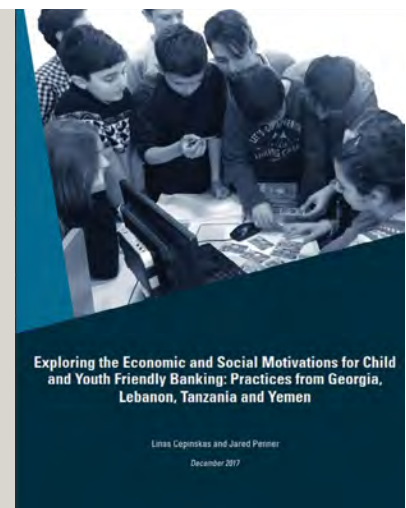
The pedagogical competition was launched with the General Secretariat of Catholic Schools; whereby Fransabank distributed USD 27,000 cash awards to 21 students out of 180 participants, in the "Talents for Lebanon" educational contest launched by the Bank.

These initiatives create a shared value in our society. They contribute to the creation of a rich and diversified national fabric. In fact, promoting financial inclusion and financial capability for children and youth will somehow enable them to find employment or undertake entrepreneurship and become economically active members of society. By recognizing the capabilities of the younger generation, and making use of those assets, identifying opportunities, nurturing positive ties and providing the necessary support to build on their leadership strengths, we shall create a climate of resilience and build up hope in the future generations.

Fransabank in CYFI Report on Financial Education & Inclusion

Resulting from our efforts to enhance the SDG 4 – Quality Education on a national level, **Fransabank was the only bank in Lebanon selected by the Children & Youth Finance International (CYFI) to contribute to its latest study on financial institutions** in Georgia, Lebanon, Tanzania and Yemen. The document examines the strategic aspects that banks need to consider when designing, delivering and evaluating Child and Youth Friendly financial services. Thus, Fransabank youth financial education and inclusion initiatives were reported as Lebanon's case study.

To access the report online: goo.gl/hUd3DJ



Serving our Young Clients

As part of Fransabank's youth-focused strategy and wider financial inclusion tactics, we offer youth friendly bank accounts coupled with multiple specific benefits; while providing at the outset, a mentor role initiation that would simplify the banking services and products and clarify the importance of saving money at an early age and having a trustworthy banking partner in all life stages. In view of that, we train our personnel on the way to engage with the youth at all touch points and better understand their needs and lifestyle.

Therefore, we have re-launched, in 2017, our youth targeted LEAD account, adding to it a new microsite *fransabankleadaccount.com*, where our youthful clients and their parents, can find all the needed information on one interactive platform, and therefore, have better prospects for their future.

On the other hand, and since we believe that education is vital to social unity, mutual acceptance, and communal advancement, Fransabank Educational Loan makes education accessible to all people, regardless of their background, and circumvents any financial obstacle that would impede them from achieving their ambitions. In view of that, our Educational Loan offers eligible students the opportunity

to pursue their education either in Lebanon or abroad at very competitive rates and flexible repayment periods.

In 2017, the total outstanding amount of educational loans reached the c/v of USD 18.41 million at year-end 2017, compared to USD 16.36 million at year-end 2016.

Moreover, as parents' duty is to provide a proper education for their children, we offer Fransabank Education Saving & Insurance Plan "Fransajeunesse". Being able to save ahead of time and ensure the funds for their children's future college education, brings peace of mind to our parent customers especially with today's increasing tuition fees. The success of the plan resides in its flexibility. Premium payments can start with as low as USD 25 per month with the possibility of increasing the payments at one's convenience. At contract maturity, the children may choose to receive the amount saved either as a lump sum or as annual payments. Of course, parents are free to modify the contract duration, the insured capital, the schooling amounts and their yearly increase, beneficiary, as well as the premium amount and the frequency. They may carry out additional feedings and benefit from the return on savings.

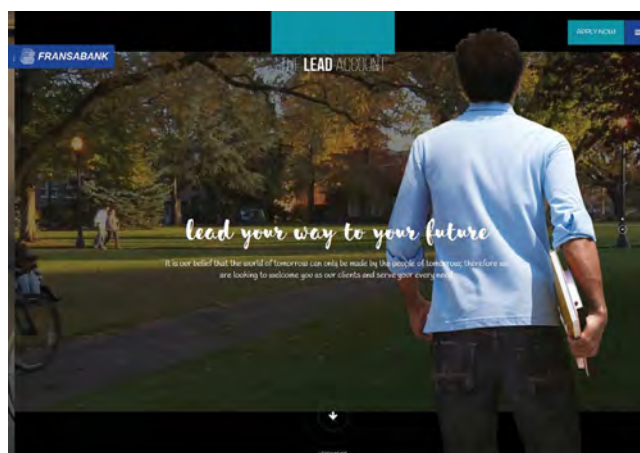
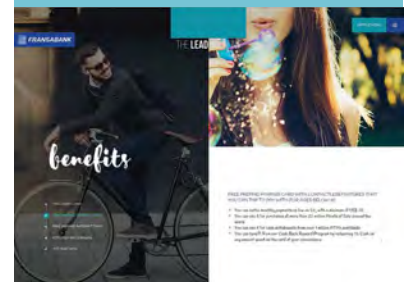
LEAD ACCOUNT

Applicants should be between 16 and 25 years old.

Accounts are offered free of charge in addition to a preferential interest rate.

Benefits cover a wide range of services such as:

- Free Prepaid PayPass Card with the contactless tap to pay service (ages below 18)
- Free Debit Card or Free Prepaid PayPass Card (ages 18 and above)
- Free Prepaid Internet Card
- No transaction fees when withdrawing cash from Fransabank ATMs
- No transaction fees when making purchases at POS and no interests applied
- In addition to a 20% discount on the Beirut Circle Card - a privilege and lifestyle card offering special rates, discounts and promotions at prominent hospitality and entertainment places in Lebanon.



Fransabank
educational loans
total outstanding value
reached the c/v of
**USD 18.41
million**
at year-end 2017

In conclusion, we make sure our retail personnel is constantly well-informed of the new generation surging needs and expectations. For instance, Fransabank participated in a workshop organized by the Lebanese Ministry of Social Affairs and the Child & Youth Finance International to gain further knowledge on the development and marketing strategies and tools of child and youth-friendly banking products.

We are confident in our incessant efforts to attract millennials, adolescents, as well as parents, focusing on a welcoming responsive approach. Similarly, we believe that when we build a sound trustworthy relation, the outcome would be beneficial for both our society and the Bank.



“Children as Potential Future Investors”

Holding savings accounts in childhood is linked with being twice more likely to own saving accounts, twice more likely to own credit cards and four times more likely to own stocks in young adulthood, compared with not having savings account in childhood. It reflects a positive relationship between the ownership of a savings account and higher levels of economic and financial well-academic achievement and educational attainment.

Source: Friedline and Elliott research study

A CULTURE ON THE GO

Art and culture are often seen as vehicles for social change. They have the power to mark opinions, and not only do they translate experiences, but also emotions felt in a particular place at a particular time. Considered as the source of a society’s reminiscence, culture grants people from different backgrounds and different generations the chance to connect via heritage, images and tales.

Ecotourism for Rural Development

Following the success and interest aroused by “Le Village Préféré des Libanais” contest in its first edition, Fransabank and L’Orient-Le Jour launched the second edition, echoing the desire to preserve the environment and heritage of Lebanon, through the promotion of tourism among local residents as well as expatriates.

Rural tourism in Lebanon has been recently witnessing a remarkable development, especially with the establishment of touristic projects in rural

areas. And, as advocate of the private sector’s role in generating national growth, we saw in this strategic partnership an initiative that portrays our conviction.

The début of the competition, this year, had a special taste. The ten contending villages brought their own crops, provisions and craft production, to meet in the open area space in downtown Beirut near Fransabank’s Foch branch. This outdoor market was well-thought out in partnership with Souk el-Tayeb*. Each of the villages of Aqoura, Anjar, Beit

Chebab, Bhamdoun, Hasroun, Maasser el-Chouf, Qleile, Sir Dennyé, Tannourine and Tebnine, proudly strived to display its little treasures of culinary or artisanal specialties. In 2017, Sir EL-Dennyé in North Lebanon and Bhamdoun in Mount Lebanon, were our two finalists. The number of voters from Lebanon and abroad increased from 122,000 voters in 2016 to more than 178,000 voters in 2017. It was the village of Sir EL-Dennyé that ultimately won the title of the Most Favored Village, with 46.5% of the votes.

*Souk El Tayeb is an open-air weekly farmers market in Lebanon specialized in organic food products.



On the other hand, youth were particularly encouraged to participate and express their preference through another parallel social media competition. Alongside this voting process, a photo competition on Instagram was conducted in partnership with LiveLoveBeirut**. Users were called to participate and share the beauty of Lebanon by posting pictures of the chosen 10 villages using the hashtag #FransabankVPL. The top three winners were offered in turn a Mavic Pro Drone, a GoPro Hero 5 Black and a USD 250 cash prize.

Furthermore, this initiative lines up with Fransabank's pledge to advance SDG 11 – Sustainable Cities and Communities, along with its strategic interest in devoting efforts to the principles of sustainable development, consolidating the Lebanese people's love and sense of belonging to the homeland.

SIR EL-DENNIYÉ

Population:

Around 10,000 with about 4,000 constant residents.

Altitude:

Between 850 and 950 meters, it is rich in water resources with more than 316 water springs.

Weather:

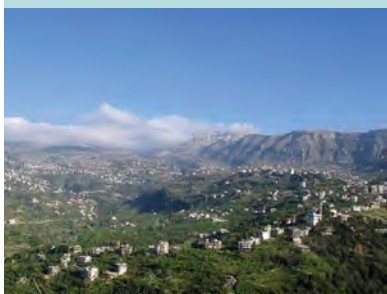
With its mild climate in both winter and summer, Sir is known to be a holiday's destination.

Number of hotels and restaurants:

The village has four hotels, and 12 restaurants famous for their quality traditional food.

Not to be missed when visiting:

The Zahlan grotto, the old souk with its artisans and pastries, valley hiking with beautiful waterfalls, neighboring the village the roman temple of Sfiré.



**LiveLoveBeirut is a crowd-sourced love campaign made for Lebanon. It was created by Live Love Lebanon, a youth NGO, whose main goal is to re-image Beirut as city of culture, sports, history and innovation.

Art, the Language of Communication

Today, art and creation in Lebanon are in their utmost flourishing, reflecting a civilized image of a philosophy of coexistence, and a sign of cultural maturity, openness and modernity. Fransabank has long been committed to the service of all kinds of fine art. In 2017, it chose to spotlight an innovative art – Calligraffiti, through the Operation White Wall which was led by the French Institute in Lebanon to promote an exceptional encounter between calligraphy and graffiti.

In this context, Fransabank seeks to reflect the vitality and diversity of emerging contemporary arts in Lebanon, confirming once again the strategic role of the Bank as a strong supporter of the art and the cultural influence of future generations. The Operation White Wall was held under the

patronage of three main artists renowned for their talent in mixing Arabic and Latin alphabets: El Seed, Yazan Halwani, and Niels Shoe Meulman.

Other Lebanese and international artists joined them in bridging the gap between eastern and western cultures throughout the walls of Beirut. They were called to transform urban spaces into a unique lingering gallery.

By replacing the canvas by the streets of Beirut, White Wall initiative revealed the importance of culture, and its greater value when it is accessible to all. The initiative is perfectly consistent with Fransabank's strategy and deep conviction that art is an exchange and contributes to dialogue amongst cultures.



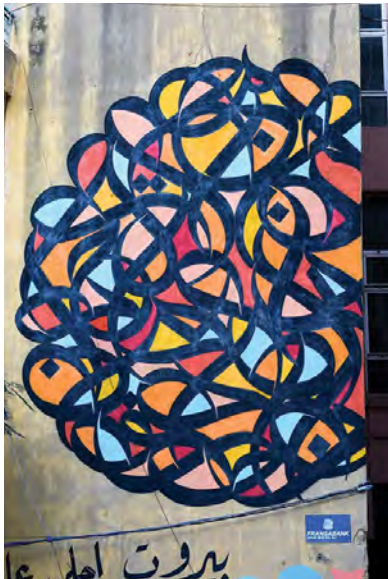
NIELS 'SHOE' MEULMAN

Niels 'Shoe' Meulman, the founder of Calligraffiti is a visual artist, graffiti writer, graphic designer and art director, based in Amsterdam. After his inaugural exhibition in 2007, Calligraffiti has spread throughout the entire world. Meulman's designs and artwork are part of the permanent collections of the Stedelijk Museum in Amsterdam and The San Francisco Museum of Modern Art.



EL SEED

El Seed, a French-Tunisian artist that blends the historic art of Arabic calligraphy with graffiti to reveal messages of beauty, poetry and peace across the world.



YAZAN HALWANI

Yazan Halwani, a young Lebanese artist in calligraffiti. He was, actually, discovered by Fransabank artistic committee to participate in the 9th edition of JABAL, in 2013. He has since acquired an international reputation.



Lebanese Architect Awards

Fransabank's commitment to art carries on this year with the Bank rewarding our Lebanese architects who are prominent for their creativity and talent. Thus, we were a proud sponsor of the Lebanese Architect Awards organized by the Federation of Lebanese Engineers. During this event, 36 executed projects designed by Lebanese studios were displayed to the public. Ten winners were selected by an international jury composed of six foremost professional Lebanese architects and architecture critics. Our participation in this event exemplified Fransabank's engagement to empower the Lebanese potentials in all sectors, and help them dazzle.

Since 1998, Fransabank has been encouraging young Lebanese artists and their creativity through the initiative JABAL – Jeunes Artistes des Beaux-Arts du Liban. This approach allowed the creation of JABAL exhibitions, which opened new horizons for emerging artists, discovering their talents, accompanying them in their journey to success, and raising awareness among the general public. Over the years, more than 350 artists have exhibited in JABAL, more than 50 are today a pride for the nation and have made their way to international recognition.

Reaching our People through Cultural Events

With the increasing number of summer festivals spread across Lebanon, Fransabank through its widespread branch network has been extending its support to different cultural events in the show business, and is convinced more than ever in the impact of these events in bringing people closer and in fostering balanced economic development.

As a matter of fact, Fransabank partnered, as accustomed, with major annual festivals all over Lebanon, from Beiteddine, to Baalbeck, Al Bustan, Ehden, Batroun, Jounieh, and Tannourine; then added some new festivals collaborations such as those of Beirut, Zahlé, Bikfaya,



Kfarnabrakh, Jezzine, Bourj el Moukoug, Tripoli, Ain Ebel, among others. Big or small, these social events reflect the dynamism of the Lebanese people, their mutual energy and shared love for culture.



AN ASPIRING SOCIETY

When talking philanthropy, Fransabank grasps investment opportunities. Our strategic community partnerships are selected based on scalable and measurable impacts knowing that our utmost goal is to support an inclusive society with the potential of generating sustainable development. Whether through partnerships, donations, sponsorships, or corporate volunteerism we target all society's segments from children, youth, women, seniors, disabled people, and families living in distress.

Road Safety

Within Fransabank's continuous aid to Roads for Life in its mission to provide Post Trauma Care services through its ATLS® courses to doctors in emergency rooms, we have further extended our support to optimize the chances of survival for victims in the "Golden Hour of Trauma" or the first 60 minutes following an accident, reaching, this year, the public sector.

In 2017
80 doctors
 from different hospitals
 took the ATLS course,
 amongst which
30 doctors
 from the
Lebanese Armed Forces.

They subsequently obtained certificates in collaboration with the American University of Beirut Medical Center (AUBMC).

In addition, Roads for Life partnered with Hypco gas stations, providing drivers who wish to grant their support with "My Way" Hypco Loyalty Card. By joining this program, 62 Fransabank employees willingly contributed in ensuring that trauma patients all over Lebanon are receiving a high quality prehospital patient care. All they had to do is to join the loyalty program, fill their vehicle tanks at Hypco stations, swipe the loyalty card through the designated machine and enter the number of litres filled. The more they fill at Hypco, the higher the accumulated points and so the bestowment.

490
ER doctors
 have been trained since the
 inception of Roads for Life
 in 2011



Fransabank has continuously stood by the ATLS program (Advanced Trauma Life Support) since October 2011, providing doctors in emergency units in Lebanese hospitals with a safe, reliable and standardized method for immediate management of the injured patient. As a result, Chairman Adnan Kassar, representing Fransabank, received a Trophy of Appreciation from Roads for Life, being among the first to believe in the organization's cause and mission.

Likewise, the Corporate Responsibility in Banks on Traffic Safety 2017 forum was organized by the Union of Arab Banks, in cooperation with the National Council for Traffic Safety. Fransabank representatives attended the forum which highlighted the role of banks in promoting roads safety, such as the role of the Central Bank of Lebanon in issuing motivating circulars addressed to banks in order to support traffic safety.

Fransabank considers such social awareness initiatives, essential in drawing a safe path in the lives of all the Lebanese citizens.

Paying Tribute to Mothers

To all the great mothers who hold tomorrows in their arms, Fransabank was keen on



rewarding their achievements on Mother's Day by offering every mother who visited our branches a colorful tulip.

Quality Time with Children and Seniors

Children and seniors are a major segment of our society. Whenever we think of spending quality time with people in need we cannot but think of orphans and elderly whose biggest need is to have some company and emotional interaction.

Consequently, Fransabank signed with the Humanitarian and Development Affairs Attaché at the UAE Embassy in Lebanon and the Zakat Fund of Lebanon's Dar Al Fatwa a cooperation agreement on sponsoring the orphans in Lebanon. Fransabank would issue prepaid cards distributed by the Humanitarian



Affairs and Development Office of the United Arab Emirates Embassy to orphans of legitimate charities and associations in Lebanon. Through this program, Fransabank expressed its keenness to contribute to the service of the community and especially the human being.

In addition, believing in our duty to share love and spread kindness, we welcomed, as customary, more than 200 orphans coming from the Social Welfare Institutes orphanages. Employees from the Bank volunteered to join the kids and share their enthusiasm and happiness while playing and participating in the recreational activities and shows, and soon after gathered around for iftar, which was an opportunity for Fransabank family to share the special spirit of the Holy month of Ramadan.

Furthermore, an iftar was organized for the elderly in Dar Al Ajaza Al Islamia welcoming 50 residents. Employees from Fransabank came forward spreading out the importance of sharing a meal with the older generation whom, we believe, is a second childhood worthy of our attention.



Sports for a Healthier Society

There is an overwhelming amount of scientific evidence on the positive effects of sport and physical activity as part of a healthy way of life. If our children indulge in sports activities, they will not just be physically fit, but will also develop social relations, a sense of teamwork, leadership skills and better reflexes.

Being aware of these advantages, Fransabank is pleased to support local sports and activities. In 2017, we sponsored the Directorate General of the Internal Security Forces tenth "Race against Drugs" half marathon in Beirut, which included runners from 16 years old and above from different sport clubs, universities; as well as solo runners, including racers with special needs, in addition to sponsoring the Tripoli Marathon.



Furthermore, Fransabank sustained its annual support to different sports clubs, such as Byblos Sporting Club, Tripoli Al Moutahed El Riyadi, and Collège Notre Dame de Jamhour inter-scholar sports' tournaments.

Health Tips on TV

With the objective of promoting a healthier lifestyle, Fransabank sponsored a Health Tips TV program entitled "صحبتك بالدني". It consisted of animated straightforward messages on daily habits that would lead to a happier and improved life. Topics tackled the importance of food, beverages and sports activities in our life and the impact of adopting positive changes.



Bringing Life, Health and Hope

Fransabank supports a wide range of charitable organizations, from those assisting children with special health needs, to those providing financial support to reduce poverty. In 2017, several causes caught our attention; to wrap up the Bank's contributions, we list, among others, the following partners:

Salim El Hoss Bioethics and Professionalism Program at the American University of Beirut (AUB), an interdisciplinary resource for faculty, students, and healthcare providers who are involved in bioethics education, research, and consultation.

OpenMind, a fund established to enable the AUB Medical Center's Special Kids Clinic (ASKC) conduct research, empower the community through education and awareness, provide early detection, expert diagnosis, and coordinate total care for developmentally and neurologically impaired children.

Oum el Nour, which is committed to prevent and treat substance abuse.



Bassma, assisting social development and combat poverty through the rehabilitation of its most important unit - family.

Donner Sang Compter, a centralized organization that holds a database of potential blood donation volunteers.

Brave Heart Fund, it covers the cost of surgeries and hospitalization for needy children suffering from coronary heart disease.

Ahlouna, provides sustainable educational and social services targeted towards disadvantaged people in Saida, southern Lebanon.

Cénacle Libanais pour la protection de l'environnement, work is dedicated towards sustainable environmental protection.

Al Tanmia, with the mission of delivering a better humanity stressing on orphans and seniors.



THE SKOUN MODEL

Prevention means better preparing our children for the future. With 15% of the Lebanese youth under the age of 16 knowing someone with drug addiction, Skoun's mission is to help people with addiction problems claim their lives by providing a nonjudgmental and caring environment of client-centered treatment and counseling.

In 2017 alone, Skoun has been able to provide care to over 500 individuals thanks to its team of doctors, counselors, psychologists, and nurses.

Fransabank's contribution of USD 10,000 has helped raise approximately 30% of Skoun projected budget for the coming year; allowing them to carry on their drug addiction treatment and prevention services.



LOOKING AHEAD

We will sustain our community support to thoroughly selected social partners increasing the impact of our financial contribution; be that as it may, the youth will still have the highest share of investment.



Supplementary **INFORMATION** 06



SELECT AWARDS

H.E. Mr. Adnan Kassar and Fransabank received select awards and recognitions.

HONORARY CHAIRMAN OF THE UNITED NATIONS MARITIME CONTINENTAL SILK ROAD CITIES ALLIANCES

Mr. Adnan Kassar was named Honorary Chairman of the United Nations Maritime Continental Silk Road Cities Alliances in the Kingdom of Bahrain at the World Entrepreneurs Conference as a recognition for his contributions and continuous efforts for strengthening the Arab and international private economic sectors, as a prominent player in advancing the Arab-Chinese and international-Chinese economic relations, and actively supporting the launch of the Silk Road.

HONORARY CHAIRMAN OF THE SRCIC

Mr. Adnan Kassar was elected as Honorary Chairman of the Silk Road Chamber of International Commerce (SRCIC) in 2017; aiming to promote the renaissance of the Silk Road trade and culture, founded to develop the "Silk Road Economic Belt" and a "21st Century Maritime Silk Road" (the Belt and Road).

OSLO BUSINESS FOR PEACE HONOUREES 2014

Mr. Kassar has been named a Business for Peace Honourees by the Business for Peace Foundation's independent Award Committee consisting of Nobel Prize winners in Peace and Economics. He was selected amongst over 120 nominations from over 50 countries, as an Honouree for being, as described by Per L. Saxegaard, chairman, Business for Peace Foundation, a businessperson "who, through his own actions and commitments, promote socially responsible and ethical business practices in an outstanding way, and stand out as examples to the world".

UNITED NATIONS INDUSTRIAL DEVELOPMENT ORGANIZATION (UNIDO) AWARD

Mr. Kassar was awarded by UNIDO Director General, Mr. Li Yong, for his role in empowering women and youth celebrating UNIDO's 50th anniversary in Vienna, Austria in November 2016.

AWARD FROM THE FORMER EXECUTIVE DIRECTOR OF THE UN GLOBAL COMPACT

Mr. Kassar received an award from the former Executive Director of the UN Global Compact, Mr. Georg Kell for his role, as president of the International Chamber of Commerce, in the founding of the UN Global Compact with then Secretary General of the UN, Mr. Kofi Annan, in 2000 at the CSR Conference that was held in Beirut, Lebanon in March 2013.

ICC MERCHANT OF PEACE AWARD

Mr. Kassar received the ICC Merchant of Peace Award from the former ICC Chairman Mr. Gerard Worms in Doha in April 2013, on the occasion of ICC's World Chambers Congress, for his devotion and calls for global peace through partnerships in business.

CERTIFICATE OF APPRECIATION

Mr. Kassar received a certificate of appreciation for his distinguished contribution to the 2013 Beirut Conference entitled "Economy for Mankind", which gathered more than 500 Muslim and Christian business leaders that shared ideas for progress based on Corporate Social Responsibility and opened the way for new perspectives for global economic and social development respectful of human dignity.

TRADE AWARD 2017 FOR EXCELLENT PARTNERSHIP IN THE YEAR 2016-2017

Chairmen Messrs. Adnan and Adel Kassar received the Trade Award 2017 for Excellent Partnership in the Year 2016-2017 from Commerzbank AG.

GREEN RECOGNITIONS DURING THE 7TH EDITION OF THE INTERNATIONAL BEIRUT ENERGY FORUM 2016

Mr. Kassar was named the Energy Ambassador of the Year 2016 as an acknowledgement to the efforts exerted by the Bank to finance energy projects and create general awareness in Lebanon.

Fransabank received the Energy Awareness Award – the category of Pioneers of Sustainability for the launch of its Eco-Business Loans.

2017 BEST ISSUING BANK PARTNER IN MIDDLE EAST & NORTH AFRICA

Fransabank received IFC's "Best issuing bank partner in Middle East & North Africa" for the year 2017 as symbol of success and commitment especially in the trade finance business. The Bank was recognized during the 8th IFC Trade Awards which targeted IFC partners with 'leadership in providing trade finance in emerging markets'.

2015 ELITE QUALITY RECOGNITION FOR OUTSTANDING ACHIEVEMENT OF (NEXT LINE) BEST-IN-CLASS MT103 STP AT A RATE OF 99.67%

Fransabank received JP Morgan Chase's "2015 Elite Quality Recognition Award for Outstanding Achievement of (Next Line) Best-in-Class MT103 STP" at a rate of 99.67%", which indicates the high quality of payment transactions processed by Fransabank. JP Morgan, singled out Fransabank for the exceptionally high quality of its payment transactions, attaining the highest percentage among banks.

QUALITY RECOGNITION AWARD 2016



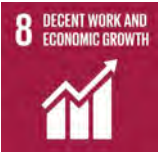

Fransabank received the Commerzbank Straight through Processing (STP) Award, in recognition of its excellence in the delivery of commercial payments and financial institution transfers drawn on the Bank's EURO account with Commerzbank AG.

MASTERCARD CHAMPION PARTNER BANK AWARD

Fransabank won MasterCard Champion Partner Bank Award in the first "MasterCard Forum for Innovation 2016" in Eastern Europe.

OUR CONTRIBUTION TO THE SUSTAINABLE DEVELOPMENT GOALS (SDGs)



SDGs OBJECTIVE	OUR CONTRIBUTION	CROSS-REFERENCE	PAGES
 <p>Goal 4: Quality Education Fransabank ensures inclusive and equitable quality education and promote lifelong learning opportunities for all, by:</p>	<ul style="list-style-type: none"> • participating in several financial education and inclusion initiatives among which the Global Money Week, Fransabank internship program, lectures at universities and schools, among other... • launching a financial educational cards game - the Big Bank Challenge, • running youth competitions that derive innovation and tackle today's challenges, • providing educational loans and scholarships, • encouraging advancement education program for our employees, • supporting local educational institutions in collaboration with partner organizations, and • adopting volunteerism initiatives for promoting financial education among universities and schools. 	<p>Youth Financial Education and Inclusion</p> <p>A Culture of Performance and Development</p>	<p>73-74-75-76 77-78</p> <p>64-65</p>
 <p>Goal 5: Gender Equality Fransabank helps in achieving gender equality and empowering all women and girls, by:</p>	<ul style="list-style-type: none"> • securing a diverse and inclusive work environment, and • supporting women empowerment through financial inclusion programs, and through its participation in equity funds. 	<p>Taking on Diversity</p> <p>Financial Inclusion</p>	<p>63-64</p> <p>31-32-33-34 35-36-37</p>
 <p>Goal 8: Decent Work and Economic Growth Fransabank promotes sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all, by:</p>	<ul style="list-style-type: none"> • acting as an responsible active corporate citizen towards the economy and society, • adhering to responsible lending practices, • promoting microcredits and SMEs' loans for greater financial inclusion, • financially supporting young entrepreneurs through financing or participating in equity funds, • assisting businesses in their growth process, and • modernizing our services and researches to stay informed and updated in a fast evolving business and economic environments. 	<p>Lending Responsibly</p> <p>Financial Inclusion</p> <p>Customer Service, a Top Priority</p> <p>Taking on Diversity</p> <p>A Culture of Performance and Development</p>	<p>31</p> <p>31-32-33-34 35-36-37</p> <p>41-42-43</p> <p>63-64</p> <p>64-65</p>
 <p>Goal 9: Industry, Innovation and Infrastructure Fransabank works on building resilient infrastructure, promoting inclusive and sustainable industrialization and fostering innovation, by:</p>	<ul style="list-style-type: none"> • promoting inclusive and sustainable development through our products and services, • increasing the access of SMEs to financial services, including affordable credits and flexible conditions, • financing renewable energy and energy efficient projects, • actively contributing to the Lebanese start-up sector, and • continuously weighing environmental and social management risks related to the lending activities. 	<p>Lending Responsibly</p> <p>Financial Inclusion</p>	<p>31</p> <p>31-32-33-34 35-36-37</p>

SDGs OBJECTIVE	OUR CONTRIBUTION	CROSS-REFERENCE	PAGES
 <p>Goal 11: Sustainable Cities and Communities Fransabank contributes to making cities and human settlements inclusive, safe, resilient and sustainable, by:</p>	<ul style="list-style-type: none"> • advancing eco-friendly projects, • signing partnerships with different public and private institutions to promote sustainable green cooperation, • assisting clients through counselling, auditing, and follow-ups in their green efforts, and vigorously applying the Environmental Social Management System (ESMS) in the credit processes, • providing affordable and flexible products and services for the community (housing loans, personal loans...), • having the largest branch network in Lebanon, • strengthening efforts to protect and safeguard the community' cultural and natural heritage, and • supporting positive economic, social, and environmental risks in the community with special attention to rural areas. 	<p>Investing Responsibly</p> <p>Financial Inclusion</p> <p>Accessible Homeownership</p> <p>Customer Service, a Top Priority</p> <p>A Culture on the Go</p>	<p>47-48-49-50 51-52-53-54</p> <p>31-32-33-34 35-36-37</p> <p>40</p> <p>41-42-43</p> <p>79-80-81-82</p>
 <p>Goal 13: Climate Action Fransabank takes pressing action to combat climate change and its impacts, by:</p>	<ul style="list-style-type: none"> • providing sustainable energy finance loans for businesses and eco-friendly loans for individuals, • joining forces with international and local financial institutions for its sustainable energy finance initiative, • signing partnerships with different public and private institutions to promote sustainable green cooperation, • sharing best practices in sustainable energy finance with international financial institutions and local businesses, • vigorously applying the Environmental and Social Management System (ESMS) in the credit processes. • assisting clients through counselling, auditing, and follow-ups in their green efforts, • signing MoUs with different key players in the Lebanese market; the latest being with the Association of Lebanese Industrialists, • minimizing our environmental impact through numerous internal initiatives, and • implementing the outcome of the IFC green audit on the Bank's Headquarters. 	<p>Investing Responsibly</p> <p>Our Approach to Minimizing our Impact</p>	<p>47-48-49-50 51-52-53-54</p> <p>55-56-57</p>

PUTTING INTO PRACTICE THE UN GLOBAL COMPACT TEN PRINCIPLES



Fransabank has been sharing its Communication on Progress (COP) for the United Nations Global Compact (UNGC) since its adherence in 2013. Once more, we restate our commitment to abide by internationally recognized human rights, have suitable working conditions, protect the environment, and combat corruption.

The table below describes our COP on the UNGC's 10 principles.

HUMAN RIGHTS

- 1.** Businesses should support and respect the protection of internationally proclaimed human rights; and
- 2.** make sure that they are not complicit in human rights abuses.

Implementation

- Fransabank business is carried out in a fair and equitable manner vis-à-vis all our stakeholders,
- international human rights are the foundation of our relationship with employees, partners, customers, and other stakeholders,
- we follow deeply rooted values aligned with a well-developed code of conduct, and abide by a firm corporate governance framework including a culture of transparency, responsibility, accountability, and fairness.

LABOUR

- 3.** Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;
- 4.** the elimination of all forms of forced and compulsory labour;
- 5.** the effective abolition of child labour; and
- 6.** the elimination of discrimination in respect of employment and occupation.

Implementation

- Fransabank employees are free to join the Bank's employees' union,
- all forms of forced labour are prohibited including child employment,
- recruitment process and performance assessment are based on the nature and scale of their contribution to the achievement of our business goals,
- rewards and compensations are evaluated on a yearly basis,
- a team work culture is what we aim at, taking into account employees' constructive criticisms.

ENVIRONMENT

- 7.** Businesses should support a precautionary approach to environmental challenges;
- 8.** undertake initiatives to promote greater environmental responsibility; and
- 9.** encourage the development and diffusion of environmentally friendly technologies.

Implementation

- Fransabank has proved to be a pioneer Lebanese bank in promoting clean energy and eco-friendly loans through its Sustainable Energy Finance (SEF) loans,
- we have been reevaluating our energy consumption and switching to clean energy technologies in our operations,
- internally, we are working on reducing our ecological footprint through a waste management approach that goes beyond paper recycling to include energy efficient equipment, reduced CO₂ emissions...; while our corporate culture encourages individual contribution to the protection of the environment.

ANTI-CORRUPTION

- 10.** Businesses should work against corruption in all its forms, including extortion and bribery.

Implementation

- Fransabank procedures are always updated with new local or international requirements and regulations to guarantee a full compliance to anti-corruption laws,
- we emphasize on ethical practices, whereby transparency, disclosure, and sustainability are constantly shared with stakeholders,
- information security is a key element for a strong governance framework. All employees conform to the banking secrecy law and digital information is by all means safeguarded.

GLOBAL REPORTING INITIATIVE (GRI) STANDARDS

CONTENT INDEX

DISCLOSURE NUMBER	DESCRIPTION	CROSS-REFERENCE/DIRECT ANSWER/NOTES	PAGES
GRI 102: General Disclosures			
Organizational Profile			
102-1	Name of the organization	Fransabank	6-7
102-2	Activities, brands, products, and services	About Fransabank	6-7
102-3	Location of headquarters	Fransabank headquarters is located on Hamra Main Street, Beirut in Lebanon.	
102-4	Location of operations Number of countries where the organization operates, and the names of countries where it has significant operations and/or that are relevant to the report's topics.	About Fransabank Fransabank Annual Report 2017 https://goo.gl/nca1oc	6-7
102-5	Ownership and legal form	About Fransabank Fransabank Annual Report 2017 https://goo.gl/nca1oc	6-7
102-6	Markets served Including geographic breakdown, sectors served, and types of customers/beneficiaries.	About Fransabank Fransabank Annual Report 2017 https://goo.gl/nca1oc	6-7
102-7	Scale of the organization Including total number of employees, total number of operations, net sales or net revenues, total capitalization, quantity of products and services provided.	About Fransabank Fransabank Annual Report 2017 https://goo.gl/nca1oc	6-7
102-8	Information on employees and other workers a. Total number of employees by employment contract (permanent and temporary), by gender. b. Total number of employees by employment contract (permanent and temporary), by region. c. Total number of employees by employment type (full-time and part-time), by gender.	Taking on Diversity	63-64
102-9	Supply chain A description of the supply chain, including its main elements as they relate to the organization's activities, primary brands, products, and services.	Supply Chain Management	43
102-10	Significant changes to the organization and its supply chain a. Significant changes to the organization's size, structure, ownership, or supply chain, including: i. Changes in the location of, or changes in, operations, including facility openings, closings, and expansions; ii. Changes in the share capital structure and other capital formation, maintenance, and alteration operations (for private sector organizations)	Fransabank Annual Report 2017 https://goo.gl/nca1oc	
102-11	Precautionary Principle or approach Whether and how the organization applies the Precautionary Principle or approach.	Managing Risk Investing Responsibly Environmental and Social Management System	24 47 to 54 49
102-12	External initiatives A list of externally-developed economic, environmental and social charters, principles, or other initiatives to which the organization subscribes, or which it endorses.	Fransabank is a participant in the United Nations Global Compact (UNGC), the Business for Peace initiative, the UNDP Lebanon Lobbying Group, and Lebanon Climate Act.	
102-13	Membership of associations A list of the main memberships of industry or other associations, and national or international advocacy organizations.	Fransabank is active in many organizations and associations, particularly those that focus on core business. Some of our significant and strategic memberships include the Association of Banks in Lebanon (ABL), Union of Arab Banks, Beirut Stock Exchange, Chambers of Commerce Industry and Agriculture, the UNGC, the GCNL, the UNDP Lebanon Lobbying Group, Lebanon Climate Act as well as other strategic alliances.	

DISCLOSURE NUMBER	DESCRIPTION	CROSS-REFERENCE/DIRECT ANSWER/NOTES	PAGES
Strategy			
102-14	Statement from senior decision-maker A statement from the most senior decision-maker of the organization about the relevance of sustainability to the organization and its strategy for addressing sustainability.	Message from the Chairmen	4-5
Ethics and Integrity			
102-16	Values, principles, standards, and norms of behavior	Vision, Mission and Values Business Ethics	2-3 25-26
Governance			
102-18	Governance structure a. Governance structure of the organization, including committees of the highest governance body;	Corporate Governance Framework Fransabank Annual Report 2017 https://goo.gl/nca1oc	23
102-21	Consulting stakeholders on economic, environmental, and social topics	Our Stakeholder Engagement and Communication	12-13
102-24	Nominating and selecting the highest governance body and its committees	Corporate Governance Framework Fransabank Annual Report 2017 https://goo.gl/nca1oc	23
Stakeholder Engagement			
102-40	List of stakeholder groups engaged by the organization	Our Stakeholder Engagement and Communication	12-13
102-41	Collective bargaining agreements Percentage of total employees covered by collective bargaining agreements.	Taking on Diversity	63-64
102-42	Identifying and selecting stakeholders with whom to engage	Our Stakeholder Engagement and Communication	12-13
102-43	Approach to stakeholder engagement Including frequency of engagement by type and by stakeholder group, and an indication of whether any of the engagement was undertaken specifically as part of the report preparation process.	Our Stakeholder Engagement and Communication	12-13
102-44	Key topics and concerns that have been raised through stakeholder engagement, including: i. how the organization has responded to those key topics and concerns, including through its reporting; ii. the stakeholder groups that raised each of the key topics and concerns.	Our Stakeholder Engagement and Communication	12-13
Reporting Practice			
102-45	Entities included in the consolidated financial statements a- A list of all entities included in the organization's consolidated financial statements or equivalent documents. b- Whether any entity included in the organization's consolidated financial statements or equivalent documents is not covered by the report.	About the Report Fransabank Annual Report 2017 https://goo.gl/nca1oc	0
102-46	Define report content and topic boundaries a- An explanation of the process for defining the report content and the topic boundaries. b- An explanation of how the organization has implemented the Reporting Principles for defining report content.	Our Materiality Assessment	14-15
102-47	List of the material topics A list of the material topics identified in the process for defining report content.	Our Materiality Assessment	14-15

DISCLOSURE NUMBER	DESCRIPTION	CROSS-REFERENCE/DIRECT ANSWER/NOTES	PAGES
102-48	Restatements of information Report the effect of any restatements of information given in previous reports, and the reasons for such restatements.	No information has been restated from previous reports.	
102-49	Changes in reporting Report significant changes from previous reporting periods in the list of material topics and topic boundaries.	Our Materiality Assessment	14-15
102-50	Reporting period for the information provided	About the Report	0
102-51	Date of the most recent previous report	Our last CSR report was for the fiscal year 2016, issued in July 2017.	
102-52	Reporting cycle	We publish a comprehensive report on a yearly basis.	
102-53	Contact point for questions regarding the report	About the Report	0
102-54	Claims of reporting in accordance with the GRI Standards	This report has been prepared in accordance with the GRI Standards: Core option.	
102-55	GRI content Index a- The GRI content index, which specifies each of the GRI Standards used and lists all disclosures included in the report. b. For each disclosure, the content index shall include: i. the number of the disclosure (for disclosures covered by the GRI Standards); ii. the page number(s) or URL(s) where the information can be found, either within the report or in other published materials; iii. if applicable, and where permitted, the reason(s) for omission when a required disclosure cannot be made.	Global Reporting Initiative (GRI) Standards Content Index	93-94-95 96-97
102-56	External Assurance A description of the organization's policy and current practice with regard to seeking external assurance for the report.	Fransabank did not seek external assurance for the report.	
GRI 103: Management Approach			
103-1	Explanation of the material topic and its Boundary a. An explanation of why the topic is material. b. The Boundary for the material topic, which includes a description of: i. where the impacts occur; ii. the organization's involvement with the impacts. For example, whether the organization has caused or contributed to the impacts, or is directly linked to the impacts through its business relationships. c. Any specific limitation regarding the topic Boundary.	Our Corporate Social Responsibility Approach Our Materiality Assessment	8-9 14-15
103-2	The management approach and its components a. An explanation of how the organization manages the topic. b. A statement of the purpose of the management approach.	Our Materiality Assessment	14-15
103-3	Evaluation of the management approach	Information unavailable due to confidentiality constraints.	
Topic Specific Standards			
GRI 200: Economic Standards			
GRI 201: Economic Performance			
201-1	Direct economic value generated and distributed.	Financial Inclusion Investing Responsibly A Culture of Performance and Development Investing in the Youth Youth Financial Education and Inclusion A Culture on the Go An Aspiring Society Fransabank Annual Report 2017 https://goo.gl/nca1oc	31 to 37 47 to 54 64-65 66 73 to 78 79 to 82 82 to 85

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202-2	Proportion of senior management hired from the local community.	Taking on Diversity	63-64
GRI 203: Indirect Economic Impacts			
203-1	Infrastructure investments and services supported.	Financial Inclusion Investing Responsibly Accessible Homeownership Investing in the Youth Youth Financial Education and Inclusion A Culture on the Go An Aspiring Society	31 to 37 47 to 54 40 66 73 to 78 79 to 82 82 to 85
203-2	Significant indirect economic impacts.	Financial Inclusion Investing Responsibly Accessible Homeownership Investing in the Youth Youth Financial Education and Inclusion A Culture on the Go An Aspiring Society	31 to 37 47 to 54 40 66 73 to 78 79 to 82 82 to 85
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205-2	Communication and training about anti-corruption policies and procedures.	Business Ethics	25-26
GRI 300: Environmental Standards			
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302-1	Energy consumption within the organization.	Our Approach to Minimizing our Impact	55-56-57
302-4	Reduction of energy consumption.	Our Approach to Minimizing our Impact	55-56-57
GRI 306: Effluents and Waste			
306-2	Waste by type and disposal method.	Our Approach to Minimizing our Impact	55-56-57
GRI 400: Social Standards			
GRI 401: Employment			
401-1	New employee hires and employee turnover.	Taking on Diversity	63-64
401-3	Parental leave.	Enriching our Employees Loyalty	66-67-68-69
GRI 403: Occupational Health and Safety			
403-4	Health and safety topics covered in formal agreements with trade unions.	Enriching our Employees Loyalty	66-67-68-69
GRI 404: Training and Education			
404-1	Average hours of training per year per employee.	A Culture of Performance and Development	64-65
404-2	Programs for upgrading employee skills and transition assistance programs.	A Culture of Performance and Development	64-65

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405-1	Diversity of governance bodies and employees.	Taking on Diversity Fransabank Annual Report 2017 https://goo.gl/nca1oc	63-64
GRI 408: Child Labor			
408-1	Operations and suppliers at significant risk for incidents of child labor.	Respecting Human Rights Supply Chain Management	27 43
GRI 413: Local Communities			
413-1	Operations with local community engagement, impact assessments, and development programs.	Our Stakeholder Engagement and Communication Financial Inclusion Youth Financial Education and Inclusion An Aspiring Society	12-13 31 to 37 73 to 78 82-83-84-85
GRI 417: Marketing and Labeling			
417-1	Requirements for product and service information and labeling.	Customer Service, a Top Priority	41-42-43
GRI 418: Customer Privacy			
418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data.	Protecting the Bank's and its Customers' Information Customer Service, a Top Priority	26-27 41-42-43

CODE OF CONDUCT AND PROFESSIONAL ETHICS

CODE OF CONDUCT

Employee Behavior

- General employee conduct
- Physical appearance and dress code
 - Dress code policy for women
 - Dress code policy for men
- Non-smoking policy
 - Non-smoking areas
 - Sign requirements
 - Implementation of the non-smoking law
- Working hours, attendance, and punctuality
- Gossips and rumors
- Bank property
- Social media and bank image
 - Personal social media
 - Business social media

Reporting Illegal or Unethical Behavior

- Incident reporting
- Accounting complaints

PROFESSIONAL ETHICS

Conflict of Interest

- Outside employment
- Improper personal benefits
- Service on boards and committees

Customers Relations

- Clarity of information
- Confidential information and banking secrecy
- Quality of service
- Anti-Money Laundering (AML)
- Politics

Accepting gifts, meals, and entertainment from customers, suppliers, and others doing business with Fransabank

-

Fraudulent or Illegal Acts

-

Theft

-

Relations with other Banks

- Exchange of information
- Competition
- Announcements and advertisements

INFORMATION SECURITY

The Information Security Section reviews periodically the “End User Security Guide”, the set of security policies that addresses risks directly related to the users’ work environment, in order to integrate newly emerging threats. All employees should make sure to read and abide by its content. Below is a brief summary of that document.

EMAIL USAGE

Email is a communication tool and is allowed for business purposes only. Everyone is held responsible for his/her email account.

CLEAN DESK

Fransabank employees should protect paper documents, mass storage devices, and optical media by locking them away while leaving for prolonged period of time.

MEDIA DESTRUCTION

Proper media disposal is necessary to prevent unauthorized use after removal from service. Hard copy materials should be shredded on daily basis while electronic devices should be destructed as per Fransabank Electronic Media Destruction Procedure.

INTERNET USAGE

Fransabank restricts internet access usage for employees who need it in their daily operations. Non-work related websites are blocked by default.

USER PASSWORD MANAGEMENT POLICY

User ID and password is granted to employees for accessing systems owned by Fransabank. It is expected to properly protect credentials and keep them away from unauthorized individuals. Complex passwords should be used and changed as per Bank policy.

COMPUTER SECURITY

All computer devices should be properly protected by restricting access to it. Similar devices include sensitive information that must be restricted to authorized personnel only. Employees using Fransabank computers shall consider the sensitivity of the information and use them responsibly.

REMOVABLE MEDIA

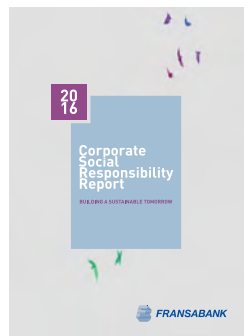
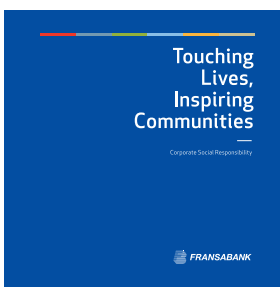
Only Fransabank owned removable media devices are allowed for usage and that to prevent the transfer of any virus to Fransabank network.

SOFTWARE INSTALLATION

Software installation is the sole responsibility of the Information and Communication Technology Division.

LAPTOP ACCEPTABLE USE

Portable devices should be properly protected while in use. Those devices should not be left unattended.





We care for the environment

The environmentally friendly paper used in this report is from sustainable sources and adheres to strict international guidelines for the preservation of the world's forests and ecosystems.



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