

General Report for the year 2018

Board of Directors 2019

Despite the continuous political unrest and the adverse macroeconomic conditions, BLC Bank was able to achieve reasonable stability at the level of profitability and on the balance sheet level while minimizing its concentration risk and deposit's volatility.

With regards to profits, net profits closed at USD 41 million, 12% below the 2017 results due to the large impact of the new tax law. As for net commissions, they increased by 2% compared to December 2017.

On the balance sheet side, during 2018, BLC Bank maintained its customers' deposits base at USD 3.9 billion, unchanged compared to 2017. Concentration risk was minimized though as customers' deposits, below USD 1 million (considered the stable and sustainable deposit base), increased by 2.3% on a yearly basis which is in line with our strategy to acquire small and medium sustainable deposits.

On the other hand, loans to customers slightly increased by 0.4%, despite a decrease in the market by 1% compared to 2017, noting that SME loans increased by 1%.

Total consolidated assets increased by 0.5%, to reach USD 5.89 billion as at end-December 2018. Furthermore, BLC Bank's net spread reached 1.8% in 2018, standing among the best in the sector.

As far as liquidity is concerned and same as other Lebanese banks, liquidity was affected following the political crisis; yet, BLC Bank recovered back and its liquidity ratio reached 17.8% as at 31 December 2018, which is above the 10% required by the regulator.

BLC Bank's Capital Adequacy Ratio reached 19.25% compared to a regulatory requirement of 15% as at end-December 2018 reflecting the solidity of its capital structure and a clear growth potential.

In an unsteady financial landscape, with consumer behaviors and expectations challenging the banking sector, BLC Bank preserved its customer centric strategy, offering thus a broad array of financial and non-financial services. As such, the Bank pursued its commitment to supporting small and medium size enterprises and women while both the retail and the corporate levels witnessed a stable activity through its personal, car and business loans.

On the non-financial services level, the Bank's strategy included the implementation of roadshows across Lebanese regions and conferences. On the other hand, Business Power Sessions took place on a monthly basis, covering a wide scope of topics.

In parallel, BLC Bank pursued getting international recognition for its pioneering experience in empowering SMEs and Women, which became global best practices for the international community and encouraged other Lebanese institutions to follow its path. As such, Chairman General Manager Mr. Nadim Kassar attended the CEO roundtable during the UNGC Leaders Summit held at the UN Headquarters in New York,



representing the only financial institution in the MENA region. Moreover, BLC Bank pursued its volunteer mentorship programs for bank members of the Global Banking Alliance for Women, highlighting its role as an international reference for best practice and an advocate for the economic empowerment of women. This remarkable commitment was translated through the GBA Women's Market Champion 2018 Data Award delivered to BLC Bank, for having reported extraordinarily high-quality sex-disaggregated data to GBA at the GBA Summit held in Jordan.

The Bank received as well recognition for being innovative receiving a trophy from Oracle for being the first to implement the SuperCluster M8 in Lebanon, being the world's fastest engineered system while having the most advanced security features.

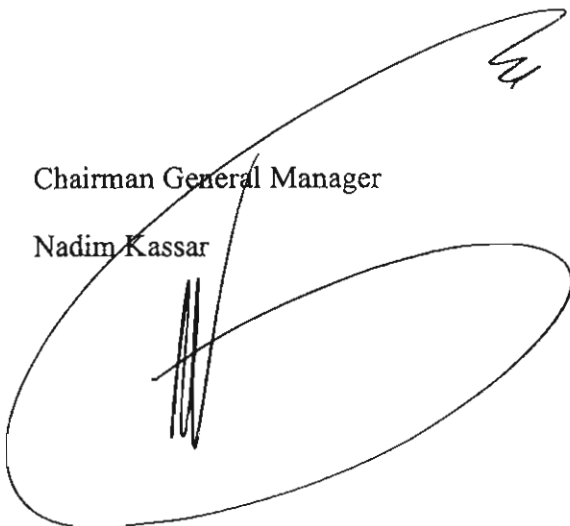
BLC Bank celebrated once again entrepreneurs' achievements through the Brilliant Lebanese Awards. BLC Bank placed entrepreneurs (both male and female) in the limelight by conducting the seventh edition of the Brilliant Lebanese Awards. The Business of the Year, Women Entrepreneur of the Year and People Choice Award were announced in a TV event broadcasted live delivering on its promise to honor and promote successful Lebanese entrepreneurs. Moreover, this year, the Tech Innovation of the year award was added due to the important role this sector plays in the knowledge economy.

BLC Bank dynamism, its organization quality, the recent restructuring made, and the synergies with Fransabank Group, all contributed to the bank's healthy and sustainable growth. BLC Bank ambition is to prove day after day that it is a reference bank. Below are 2019 strategy highlights:

- Keep on considering SME segment as a key axis and continue the promotion of the women in Business as well as the retail banking namely the personal loans.
- Promote sustainable growth by providing best quality of services, offering customer centric profitable products and continuing the digital transformation & the promotion of ADCs
- Improve our productivity, seek synergies and gain additional market share.
- Continue the focus on stable and sustainable relations, by acquiring small to medium depositors to reduce concentration risk.
- Enhance the bank's profitability by continuing rationally the control of operational & capital expenditures, re-improve our interest margin, increase our commission base, align our dollarization rate with the market and optimizing our cross selling opportunities.

Chairman General Manager

Nadim Kassar

A large, stylized handwritten signature in black ink, consisting of several loops and a final flourish, positioned over the printed name and title.