May 6, 2026

From: General Manager - CEO Mr. Mansour Bteish **To:** Board of Directors
CC: Deputy General Manager - Mr. Hani Dannawi
Subject: **BLC Bank Board of Directors General Report – FY 2025**

A. Overview

At a first glance, after closing the year-end figures, and despite the continued systemic challenges facing the Lebanese banking sector, 2025 marked a year of clear operational, financial, and institutional improvement for BLC Bank. Performance during the year reflects disciplined balance sheet management, operational growth, strengthened internal controls, cost optimization, and steady execution of strategic & transformation initiatives.

B. Financial Performance Highlights

1. Capital Shortfall Reduction

Our Capital Shortfall, from CAR and Eurobonds ECLs, reached USD 59 million by end of 2025, down from USD 121 million by end of 2024. This **USD 63 million** improvement, reduces the required future capital fresh injections and is attributable to the factors outlined below:

a. Improvement from below transactions with Fransabank by **USD 27.6 million,** following management innovative arrangements:

- ✓ Sale to FSB, of treasury shares impact: +USD 15.9 million
- ✓ Sale to FSB, of USD 30 million Eurobonds impact: +USD 11.7 million

b. Improvement from reduction in balance sheet size

✓ RWA decrease impact of USD 288 million: **+USD 23 million** (USD 288 million*8%)

c. Improvement from internal operations by **USD 9.93 million**

✓ Recurrent operating income: USD 9.04 million (or +USD 7.4 million compared to 2024 of which +USD 3.9 million Write-Back of interest & +USD 1.3 million commissions on NPL)

✓ Other P&L items impact: +USD 0.89 million

d. Improvement from other transactions by **USD 2.1 million**:

✓ Change in ECL Stage 1: +USD 1.1 million

✓ OCI shares Revaluation impact : +USD 1.0 million (mainly from Banque de l'habitat revaluation)

2. Capital Adequacy & Liquidity

✓ BLC Bank met the Capital Adequacy Ratio (CAR) requirements during 2025, reaching 9.02% by year end vs 8% required by the regulator (i.e. + USD 16.5 million excess).

✓ The Bank also met the applicable 3% and 100% regulatory liquidity ratios, reaching 3.16% and 102% respectively by end of 2025.

3. Growth in Fresh Business Activity

✓ Increase in fresh FCs deposits by c/v USD 28 million (+58%) to reach **USD 77 million** by end of 2025

✓ Growth in the number of fresh FCs deposits accounts, across both retail and corporate, by 25% to reach 6,609 accounts (Excluding BDL circulars and Public sector accounts)

✓ Similarly, 1,394 new fresh debit cards (excl. circulars) were issued during 2025 to reach 4,344 outstanding by year-end

✓ Increase in LBP deposits (Fresh & Non-Fresh) by LBP 887 billion (or + c/v USD 10 million), strengthening liquidity positioning

4. *Fresh FC* Revenues Improvement

✓ Year on year increase in fresh FCs gross revenues by 45% to reach USD 8.2 million, coming from USD 5.6 million, achieved through increased sustainable revenues from higher commission income and improved transactional activity

5. Cost Optimization

✓ Decrease in operating expenses by USD 0.5 million from USD 19.4 million in 2024 to USD 18.9 million in 2025, mainly achieved by staff, IT and administrative costs optimization.

✓ The total would decrease by USD 1.5 million compared to 2024, if we exclude the depreciation increase impact due to adjustment in 2025 of depreciation on revaluation

6. Conclusion

✓ The year on year intrinsic **growth in operations** amounts to **+USD 7.4 million**, driven by revenue growth by USD 6.9 million, and expenses savings by USD 0.5 million (and $1.5m excl. depreciation)

C. Non-Financial Performance Highlights

1. Enhanced the implementation of BDL Circulars 158 & 166, including the redefinition of customers' eligibility criteria. This initiative required several weeks of intensive effort with extended working hours by the IT and Branch Management teams resulting in material savings in liquidity
2. Established a new employees' salary scale aimed at reducing discrepancies and inequalities, supported by a more transparent and equitable compensation framework
3. Implemented organizational restructuring leading to faster and more efficient decision making and clearer accountability
4. Strengthened governance, risk management, and internal control functions through the establishment of an Inspection & Permanent Control department
5. Advanced the Bank's digital transformation agenda, with NOMAD platform approaching its final implementation phase

D. Summary and Outlook

In brief, the Bank's 2025 performance reflects tangible progress, primarily driven by the reduction in capital shortage and improvements across financial strength, regulatory compliance, and institutional resilience, thereby positioning the Bank on a more stable and solid path to face the upcoming Gap Law requirements.
For 2026, our primary strategic goal is to further reduce the remaining Capital Shortfall, successfully launch NOMAD, and accelerate when convenient, the conversion of idle assets into income generating assets, thereby creating a more sustainable revenue streams.

Mansour Bteish
General Manager - CEO