



Corporate Responsibility Report 2013



FRANSABANK

Corporate
Responsibility
Report
2013

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Letter from the Chairmen



Adnan Kassar • Chairman | Adel Kassar • Deputy Chairman

At Fransabank, we have long believed that business has both an opportunity and an obligation to make brighter futures. While we aim to deliver the best financial solutions, we achieve this best through building strong connections in the communities where we live and operate.

We are proud to present our first standalone sustainability report covering the poverty reduction programs, women and youth employment, environmental causes, societal and humanitarian initiatives, culture and arts, valuing the Bank's human capital, amongst others.

This report comes following the publishing, in 2012, of our Corporate Responsibility Book that covered the Bank's journey as a business and a major contributor to the economic, social, environmental and cultural sectors of Lebanon.

Fransabank's sustainability framework is firmly grounded in our values and provides a clear roadmap that leverages our strengths in building our sustainability advantage to achieving a greater impact on society and our own activities.

Our aim is to play a continuous valuable role in society and to act with integrity and responsibility. This goal can be achieved through a profound change in our business culture. We want Fransabank to be at the forefront of this cultural change in our Lebanese banking industry. We want to show that we are sensitive to society's interests, that we create value for clients, employees and communities as well as shareholders.

This means combining a culture of performance with a culture of responsibility. It is a long and hard way to go. We are under no illusions about the challenges lying ahead.

Fransabank became a participant in the United Nations Global Compact (UNGC), the world's largest corporate citizenship and sustainability initiative as of November 2013. Looking ahead, Fransabank will build on what it has achieved so far in the context of corporate responsibility, to consolidate its role and to live up to the new challenges, presented by taking the UN Global Compact, to higher levels.

We want Fransabank to be a leader in driving economic development and social prosperity. Therefore, the challenge for us at this time is it to turn these ambitions into actions as we try to convey long-term sustainable value for all those we serve.

This report outlines a clear path ahead for Fransabank to achieve a sustainability advantage and we are certain that this can be achieved with the enthusiasm and unwavering dedication of our employees.

Sincerely,

Adnan Kassar

Adel Kassar

United Nations Global Compact (UNGC) roadmap

“

The UN Global Compact wouldn't be in existence if it hadn't been for President Adnan Kassar. When President Adnan Kassar was President of the International Chamber of Commerce, he played a critical role. More than 10 years ago when the Global Compact was just launched, there was a critical moment when the Business Community was quite skeptical and actually arguing "Why should we bother about Human Rights, Workplace, Environment and Good Governance? Isn't it the job of Governments alone? And our job is just to maximize profits and shareholder values?" There was heavy resistance. President Adnan Kassar came to the delegation of International Business Leaders and showed the world it can be done which has helped to get the Global Compact started.

”

Mr. Georg Kell, Executive Director of the UN Global Compact

Fransabank Chairman Adnan Kassar was the first and only Arab businessman elected President of the International Chamber of Commerce (ICC) from 1999 to 2000. As ICC President, he focused the ICC's efforts on assisting the developing and the least developed countries in benefiting from globalization while mitigating those countries' respective risks. He also reiterated the call for peace and stability, voiced by the ICC, in 1919, as preconditions for development and prosperity.

Mr. Kassar's primary goals were to promote the role of the ICC in the world economy and to develop the private sector's contribution to the global economic growth and the social development.

Fundamental to all of Adnan Kassar's work with the ICC was his belief that only peace can bring economic stability, a stability that is crucial for business to invest and for humans to develop and prosper. He took this conviction with him all the way to the United Nations and used Lebanon as the primary example of how political instability and social turmoil can stifle even the most promising potential.

During his presidency, the relationship between the United Nations and business went beyond its traditional ties and became a collaboration for the pursuit of mutually supported goals and objectives. Thus, **the first initiative was the launching of the United Nations Global Compact** which produced effective and positive results in the various areas of common interest.



The UN Global Compact is a policy platform and practical framework for companies that are committed to sustainability and responsible business practices in the areas of environment, human rights, labour, and anti-corruption.

Chairman Kassar has committed Fransabank to the UN Global Compact principles since its inception thus setting an example that other businesses may follow. This was achieved through the publication of the "Fransabank Corporate Responsibility Book" in 2012 to showcase Fransabank's corporate responsibility achievements and serve as an example to other players in Lebanon's banking sector and private sector, in general, on how they can win by being responsible citizens. Adnan Kassar then ensured Fransabank's full membership in the UN Global Compact in November 2013, becoming thus the first Bank in Lebanon adhering to the UNGC.

The following excerpt on Fransabank CR Book is quoted from Responsible Business Magazine - the Middle East Magazine for sustainability and corporate social responsibility published by CSR Lebanon's dated October - December 2012 ([link http://www.csrlebanon.com/fransabank-makes-csr-history.html](http://www.csrlebanon.com/fransabank-makes-csr-history.html)).

“

Fransabank Makes CSR History in Lebanon

This is the first ever report about a company's CSR activities to be published in Lebanon. As such, it has set an important precedent, particularly amongst other banks, to be accountable for their social and environmental responsibilities. We hope that this publication marks the beginning of a new era of accountability amongst major banks and corporations in Lebanon.

”



H.E. Mr. Adnan Kassar latest recognitions received for his Corporate Responsibility (CR) initiatives:

FROM THE EXECUTIVE DIRECTOR OF THE UN GLOBAL COMPACT

Mr. Kassar received an award from the 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 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.



Mr. Adnan Kassar the First Lebanese Business Leader to be an 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 their own actions and commitments, promote socially responsible and ethical business practices in an outstanding way, and stand out as examples to the world".

Mr. Kassar is considered "a driver of growth and development in Lebanon, in the absence of political stability and security, for many decades. Today, it is Adnan Kassar, at the head of the Lebanese private sector that ensures the prosperity of the country and its attractiveness to foreign investors, thus maintaining and securing the livelihood of the Lebanese people." www.businessforpeace.com

The Oslo Business for Peace Award is the highest form of recognition given to individual business leaders for fostering peace and stability through creating shared value between business and society. The world-wide search for the 2014 Honourees was a joint effort by the International Chamber of Commerce, the United Nations Development Programme, the United Nations Global Compact and the Oslo based Business for Peace Foundation.

Fransabank more than 93 years history and growing stronger

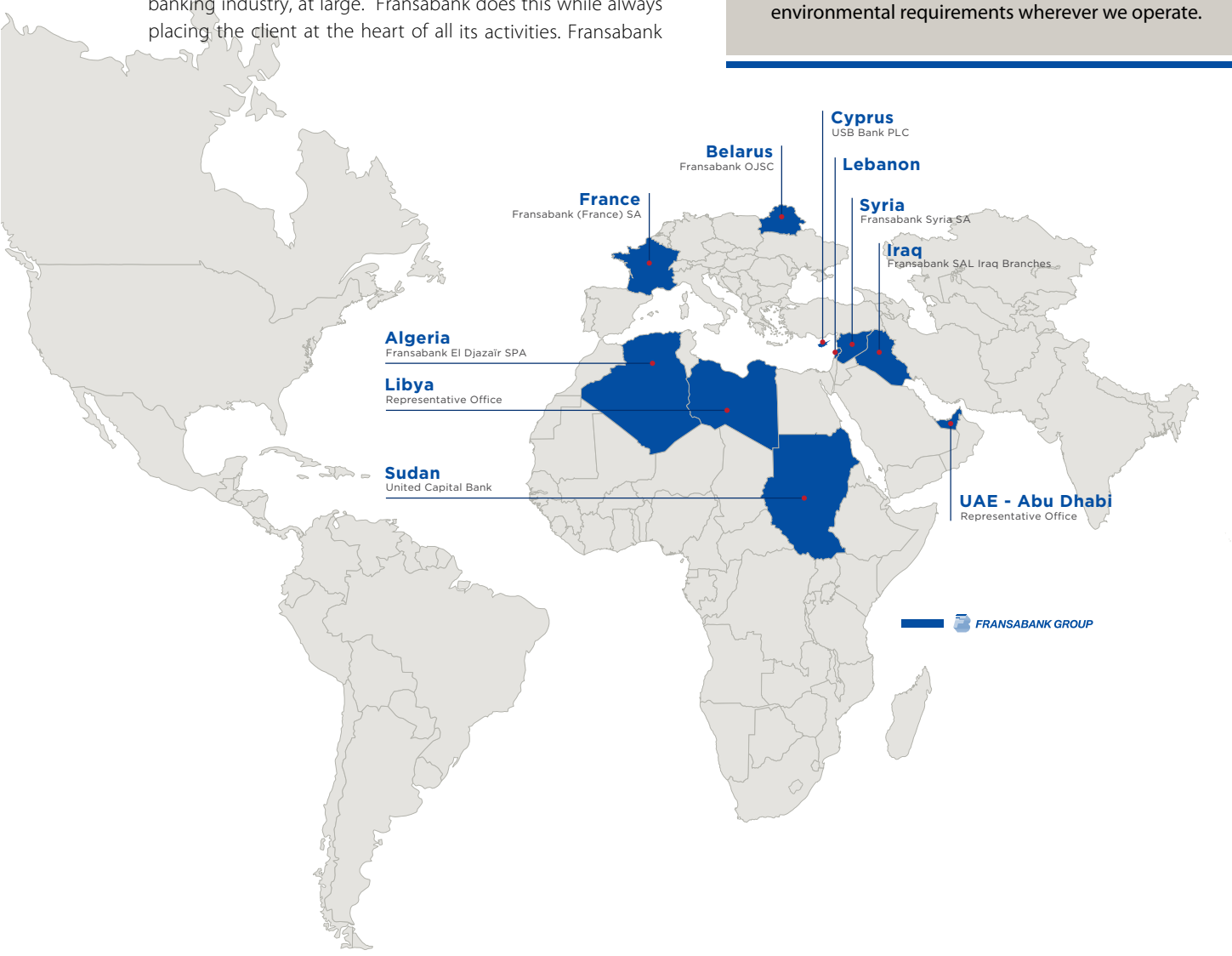
Fransabank Group's banking and finance legacy dates back to more than 93 years of excellence supported by its very responsible role in the multi-dimensional development of the economies and communities it serves. The Group has succeeded in establishing, developing and consolidating a competitive edge that entitled it to occupy a leading position amongst the Lebanese banking community and the countries into which it expanded. Today, Fransabank Group has a consolidated presence in ten countries: **Lebanon, France, Algeria, Syria, Sudan, Belarus, Cyprus, Libya, UAE (Abu Dhabi) and Iraq.** The Group also ranks first in terms of local branch network with 116 branches strategically spread all over the country, providing the Lebanese community with all types of banking products and services to satisfy their personal and professional banking wants and needs.

Fransabank Group succeeded in positioning itself as a forward-looking, trustworthy, dynamic, innovative, creative, and socially responsible leading financial Group that has been providing top-notch financial services to its clients, in particular, and to the banking industry, at large. Fransabank does this while always placing the client at the heart of all its activities. Fransabank

Group offers its large clientele universal banking services through its main commercial bank, Fransabank SAL, and its local and overseas subsidiaries and associates.

Fransabank Group has successfully assumed a leading role in supporting various sectors and promoting the best standards in corporate responsibility. Consequently, the Group earned an exemplary place at the heart of Lebanon's corporate landscape and community.

Fransabank corporate responsibility strategy is founded on three main principles: to promote effective public-private partnerships; to promote economic development; and to enhance civil society's aspirations. The Group's CR strategy is shaped by the increasing need to ensure effective stakeholder relations, to fulfill the socioeconomic needs of the communities in which we conduct our business and the wider social, economic, and environmental requirements wherever we operate.

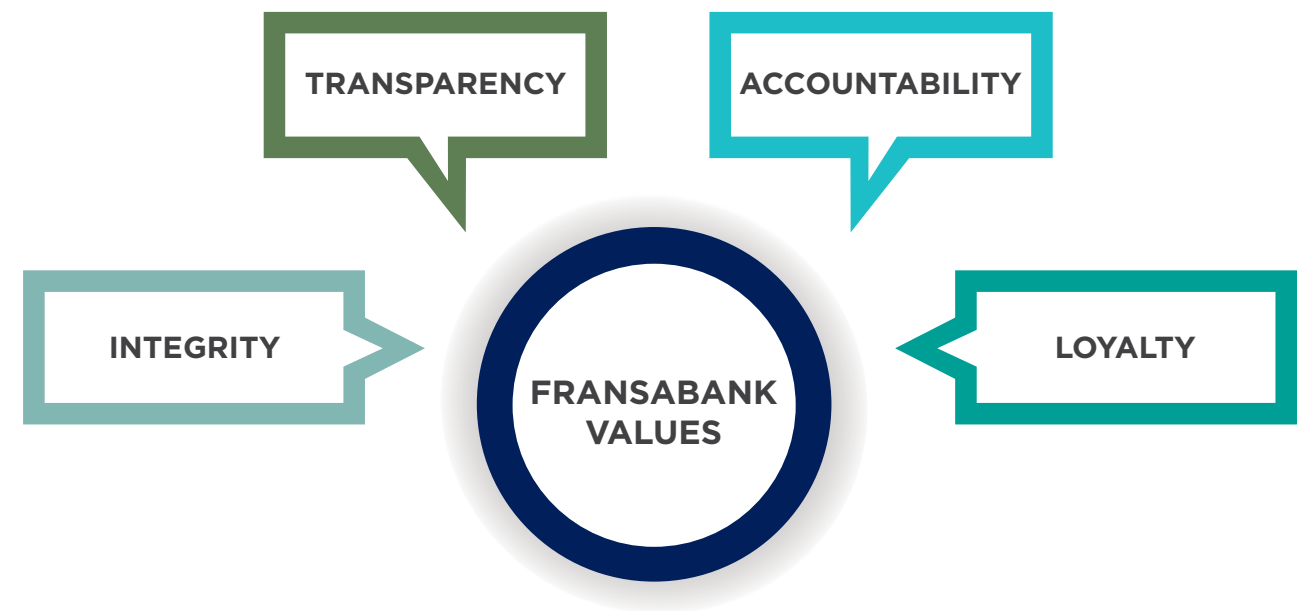


VISION, MISSION & VALUES

Fransabank Group is committed to be a leading financial institution within the local and regional markets, providing top-notch financial services to its customers through innovation, cutting-edge benefits and value added banking services and financial solutions.

The Group is committed to:

- Consolidate and expand its presence in selective regional and international markets
- Adopt and implement the highest international banking and finance norms and standards, corporate governance, and diligent compliance practices
- Exceed its customers' expectations, and fulfill their needs and demands
- Strive for distinguished quality service for its existing and potential customers
- Promote within the Group professional development and quality performance, decision-making process and teamwork
- Generate increasing value for its shareholders in a dynamic manner and on solid sustainable grounds
- **Align responsible business practices and social investments to create long-term value and sustainability for the Group and its communities.**



01.

Integrity
& Trust

REGULATIONS



Integrity and trust are weaved through Fransabank's culture as values that are crucial to the Bank success, inspiring confidence in all the Bank's stakeholders.

In order to counter potential threats to the key assets that are vital to our long-term development, such as our image and reputation, we need to reinforce our risk management procedures on an ongoing basis and bolster customer confidence. Fransabank has worked continuously over the past few years to strengthen its surveillance procedure, focusing on four main areas: **corporate governance, compliance, risk management and internal control procedures.**

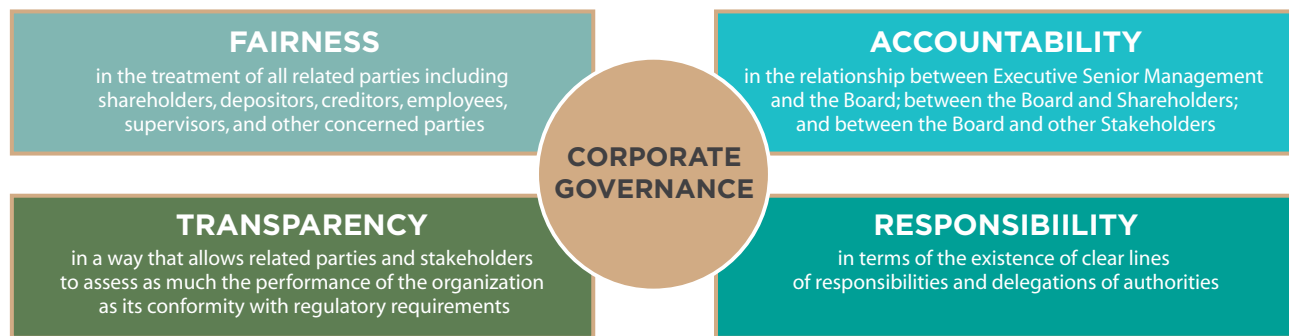
CORPORATE GOVERNANCE

Guiding Principles of Good Corporate Governance

Corporate Governance is a set of rules that aim to promote fair and transparent relationship between the Bank's Management, its Board of Directors, its Shareholders and other Stakeholders. Both Corporate Governance and corporate responsibility, which has been gradually fused into Corporate Governance practices, emphasize on the ethical practices and the perception of the

organization for creating stakeholder value, whereby transparency, disclosure, sustainability and ethical behavior are their main features.

The main guiding principles of good Corporate Governance include:



Fransabank believes in and is committed to implement sound Corporate Governance practices, which is considered the basis for its future development, enhanced performance and strong confidence in its activities. Fransabank Board of Directors has adopted a Corporate Governance Code, which promotes the commitment of the Bank to the highest level of transparency, integrity and accountability. The code delineates a Corporate Governance Framework in line with the regulatory requirements and international best practices.

Governance Structure

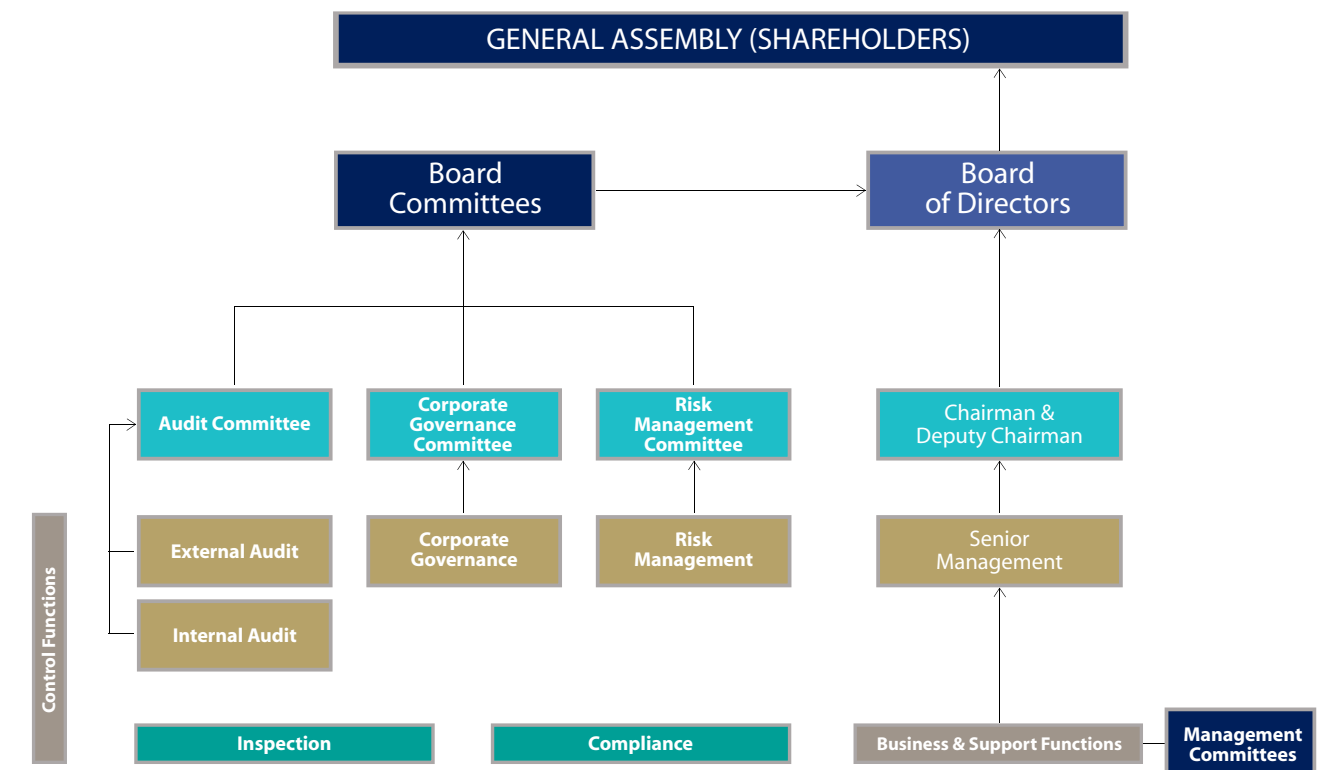
Fransabank Corporate Governance structure includes the General Assembly (Shareholders); the Board of Directors; the various committees; the Chairman; the Deputy Chairman; Control functions; the External Auditors; Senior Management and the Business and Support functions. The aim behind such a structure is to provide an efficient framework for the assignment of responsibility and accountability.

Shareholders enjoy all rights conferred upon them by the Lebanese Code of Commerce, including the right to vote at the General Assembly, the right to receive dividends, the right to transfer their shares and the preferential right to subscribe to capital increases. All common Shareholders, including minority Shareholders, enjoy the same rights and benefits and have one voting right for each common share (the principle of one share, one vote) without limitation.

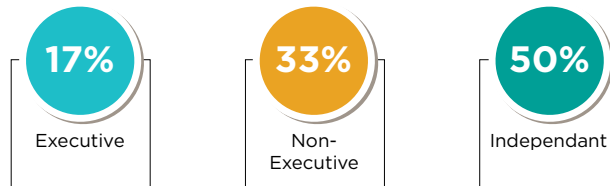
The management of the Bank is vested in the Board of Directors, which at Fransabank consists in its majority of non-executive members. This composition aims to safeguard the governance

and effectiveness of the Board and to ensure the objective of adding value to all Shareholders, investors, clients and community in the short, medium and long terms. In carrying out its oversight duties, the Board is supported by the Corporate Governance Committee, the Risk Management Committee and the Audit Committee. These committees are chaired by independent non-executive members and comprise non-executive Board members. A charter was established to each of these Committees, which indicates the Committee's scope of work, membership structure and composition, meetings as well as its roles and responsibilities.

CORPORATE GOVERNANCE STRUCTURE



FRANSABANK SAL BOARD STRUCTURE



The Chairman of the Board, in his capacity as General Manager, has extensive powers to execute resolutions adopted by the General Assembly of Shareholders and undertakes operations necessary for the daily functioning of the Bank. The Chairman may delegate, subject to the approval of the Board, some of his managerial responsibility to another General Manager or Managers, but he remains personally responsible for such delegation.

At Fransabank, and in addition to the Chairman and the Deputy Chairman, the Senior Management includes General

Managers, Deputy General Managers and Heads of key departments. Also an Executive Committee and several Management Committees are established to support the Chairman and the Deputy Chairman in running the day-to-day management of the Bank.

Fransabank Board of Directors and Senior Management recognize the importance of implementing sound internal control functions at the Bank, including Risk Management, Internal Audit, Compliance, Corporate Governance and Inspection. These functions ensure that the Bank's activities are performed in accordance with the prevailing laws and regulations as well as with the Bank's policies, plans, internal rules and procedures.

Fransabank's strategy is to standardize the Corporate Governance practices to all its local and foreign subsidiaries, taking into consideration the Corporate Governance requirements of host jurisdictions.

COMPLIANCE

Fransabank's AML/CFT (Anti-Money Laundering/Combating the Financing of Terrorism) Policy primarily aims at setting, within the Group, the essential standards for fighting money laundering operations and terrorism financing. Should the applicable AML/CFT laws and regulations of any country or jurisdiction require higher standards, Fransabank Group's overseas subsidiaries and associate banks must conform to those standards.

This Policy also encompasses the following objectives:

- Promoting a Know Your Customer (KYC) standard as a cornerstone principle for Fransabank Group business ethics and practices;
- Developing an effective internal control structure where no business with a customer is performed without obtaining all the required information relating to the customer;
- Consolidating within the Group, the AML/Combating of Financing of Terrorism (CFT) efforts deployed by Fransabank entities;
- Conducting self-evaluation processes on the compliance with the AML/CFT policy and measures.

Consequently, the adoption of this policy is crucial to ascertain that all Fransabank Group's entities, whatever their geographic location, fully comply with the enacted AML legislation. The Group is committed to overseeing its AML/CFT strategies, objectives and guidelines on an ongoing basis, and supporting an effective AML/CFT Policy within the Group's business.

If we are to inspire confidence in our stakeholders, we need to show through our behavior and our Bank that we maintain the highest standards of business ethics, notably with respect to corruption, money laundering, and combatting the financing of terrorism.

CODE OF CONDUCT

Fransabank's Code of Conduct ensures that the employees act in accordance with the highest levels of integrity and that the institution's internal policies and procedures are committed to this goal. It is a set of rules and policy statements intended to assist employees and managers in making decisions about their conduct relating to the Bank's operations. It includes basic principles of conduct that govern Fransabank's employees making it a socially, environmentally and professionally responsible business trusted by its stakeholders.

The Code of Conduct covers a wide range of aspects, including diversity, fair dealing, anti-bribery and corruption principles, money laundering, privacy, respect of human rights, and accepting or soliciting gifts and donations, among others.

Fransabank's Code of Conduct is updated regularly, and it is the responsibility of each employee, from all managerial and non-managerial levels to adhere to the principles and ensure compliance within their sphere of influence. In this regard, the Code has become an integral part of the employment contract.



02.

Responsible Employer



At Fransabank, we have long put our faith in our human capital, and believed it is the most valuable asset and most solid foundation. Being a cornerstone in the Bank's development and expansion strategy, hiring and retaining individuals of great merit remained an essential asset reflected in the Bank's vision statement and strategies.

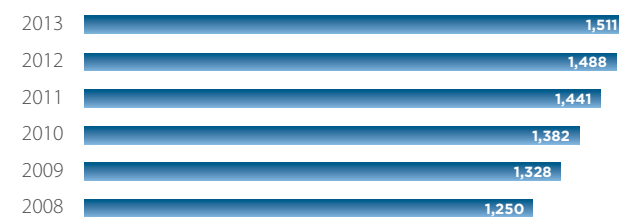
Fransabank's objective was and is to build a diverse workplace that recognizes the talents that individuals bring to the organization and capitalizes on the people's strength to achieve business performance goals. Our promise is to secure an equal employment opportunity for each and every individual while safeguarding a culture of team spirit, career development and merit-based advancement for people, while always striving to ensure their job satisfaction and individual growth.

EMPLOYMENT PRACTICES

We value diversity and promote equal opportunities in recruitment, employment, development and retention. The Bank environment is characterized by a culture of respect for human rights, freedom of association and non-discrimination to gender, religion or any personal belief in addition to fair treatment in employment and development. In addition, the Bank complies with all the relevant national and international laws for the abolition of child labor at the Bank's local and overseas entities.

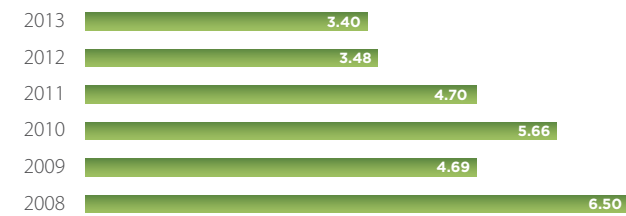
Fransabank population grew by 1.61%, from 1,487 employees in 2012 to 1,511 employees in 2013. The net growth in terms of employees was 23 net hired people for the year 2013, with 84 new hired persons (43 of which fulfilled positions in branches and 41 fulfilled positions in departments) and 61 cases of departure. As for the year 2012, the Bank's population registered a net growth of 46 employees, with 97 hired persons and 51 cases of departure.

NUMBER OF EMPLOYEES



Employee turnover is one of the key measures that Fransabank uses to gauge employee's satisfaction. **The turnover rate reached 3.40% in 2013 as compared to 3.48% in 2012, the lowest of the decade.** This can be explained by the retention efforts displayed by the Bank through internal development methods such as internal promotions, enhanced training methodologies, talent management, polyvalence enhancement, potential development, among other factors.

EMPLOYEES TURNOVER



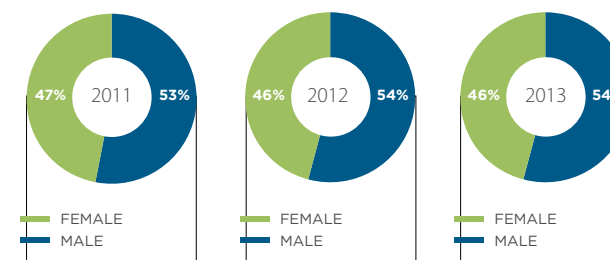
As for the employees' educational background, we can see that 69% of our staff graduated from universities while nearly 7.9% hold a Master's degree or a PhD. **In terms of gender distribution, our workforce is diversified in terms of gender balances with male constituting 54% of the staff and female 46% as of end 2013 and we were able to attract highly qualified female professionals.**

Fransabank "Know Your Staff" policy was developed in order to understand the employee's behavior. It is a continuous social process through which the manager knows the employee's personal issues such as personal information, employee health, financial well-being, family resources, work / life balance programs and civic and political activities. He also should be aware of the employee's behavior and attitude regarding attendance and punctuality, confidentiality (banking secrecy), substance abuse and gambling, abuse of sick leave and integrity.

“ We, at Fransabank, pride ourselves in confidently imprinting every step of our long journey, to trace a rich history in the making, to lead our Group to a top position, and to mark – at every now – the successful start of a rewarding Tomorrow... ”

H.E. Mr. Adnan Kassar, Chairman - Fransabank

EMPLOYEES GENDER DIVERSITY

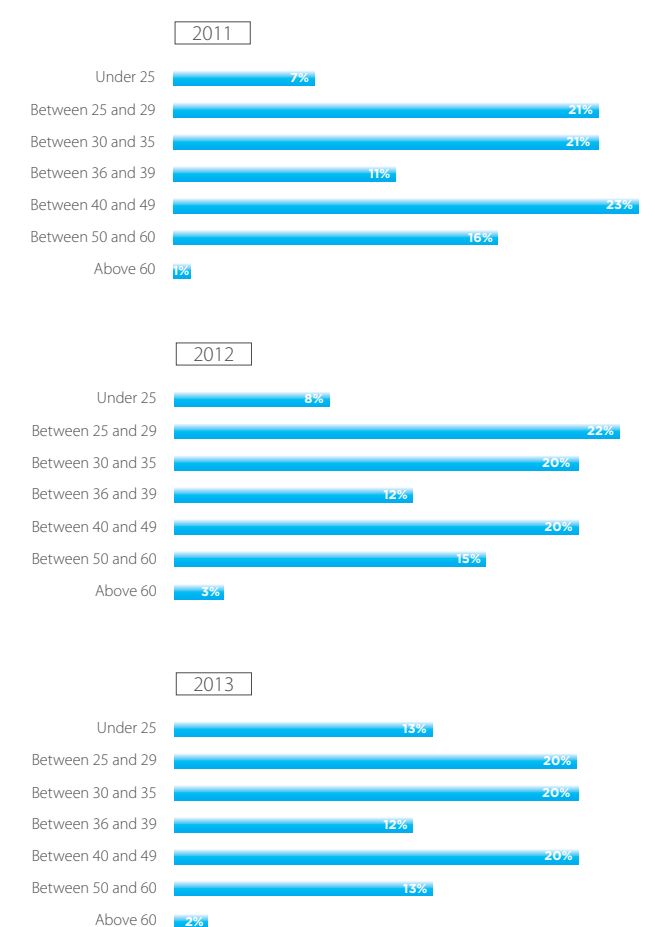


We are keen on preserving our talented workforce while attracting fresh minds to add a young twist to our team. Fransabank's population has in 2013 an average age of 34.5, a 2.5 years younger than 2012's 37 years average. Almost more than half of our workforce is below 35 years of age and only 15% is over 50.

We aim to attract the best employees while encouraging local recruitment from the surrounding communities. Most of our staff is residents of the local communities and nearby branches locations.

Fransabank rewards its employees' performance through an automated yearly **Performance Appraisal Review (PAR)** for every staff member, based on both individual yearly objectives and personal development achievements. This annual evaluation of staff performance provides the means for determining and directly linking merit and bonus to both individual and team achievements and productivity.

EMPLOYEES AGE DISTRIBUTION



“ I think the human factor is essential and important, it allows the company to grow and develop. For this reason, we give it great importance: from its selection and its training, to its sense of belonging to the company so that it becomes his second family. ”

Mr. Adel Kassar, Deputy Chairman - Fransabank

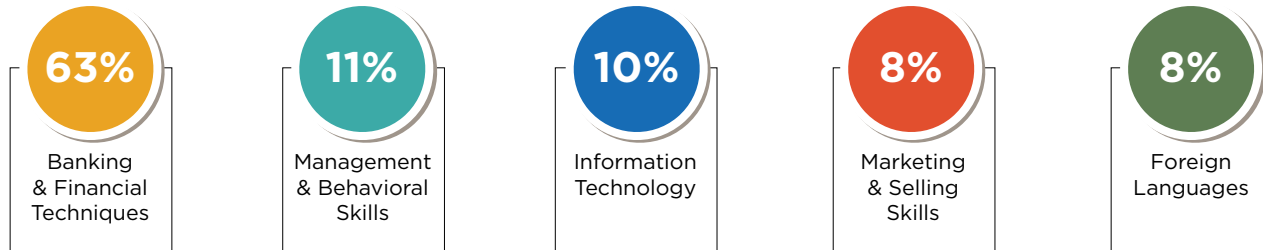
EMPOWERING EMPLOYEES FOR IMPROVED PERFORMANCE

We strive to provide our workforce with advancement opportunities for personal and professional growth. Our high level development and training programs target all departments and branches staff from managerial and non-managerial levels. In the last three years, training spending and time increased at all levels, in particular for employees at non-managerial levels, indicating stronger emphasis on employee's development.

The total number of training hours (internal and external) amounted to 14,139 hours in the year 2013 for 1,839 employees, compared with 13,088 hours for 1,187 employees in 2012. In addition, a total of 157 employees completed 27,984 hours of their orientation programs that included new hires, and on the job training.

Assessing the performance of our workforce helps to effectively manage employees' work and productivity through recognizing high performers and identifying development needs for possible advancement.

TOTAL SEMINARS (INTERNAL & EXTERNAL)



DEVELOPING A DIVERSE WORKFORCE

At Fransabank, we have a unique approach to individual learning and development. We offer equal opportunities to increase our people's skills and knowledge and develop their positive "can do" attitudes. This is achieved through continuous annual training programs that are conducted based on our business needs and development objectives.

These programs are:

- **Induction program:** smoothly integrating new entrants through a corporate culture briefing package, and optimizing the time by initiating them to their assigned tasks and responsibilities. Young recruits undergo an apprenticeship scheme that aims to introduce them to the strategy and values of the Bank and make the most and develop their individual and personal strengths. **As of December 2013, the total number of new successfully initiated recruits reached 66 individuals, compared with 146 in 2012 and 86 in 2011.**

Fransabank Customer Service Best Practice Guideline main objective is to re-introduce employees to the basic principles of managing customer service and enable them to implement a more effective service management program designed to deliver customer service excellence.

- **Talent management:** a practice of selecting high profile employees, with an experience at Fransabank ranging from 0 to 3 years. Talents are selected based on a combination of personal skills, educational background, and banking knowledge. These employees are then enrolled in a Fast Track Program to determine if they undergo vertical or horizontal development, or both. **As of December 2013, the total number of talents attained 105 individuals (51 talents in departments equivalent to 7.9% of the departments' population against 54 talents in branches equivalent to 6.25% of the branches' population) compared with 82 individuals in 2012 and 86 individuals in 2011.**

- **Polyvalence enhancement:** a concept based on the idea that an employee can assume multiple functions in time of need, both for contingency purpose and cost reduction, thus ensuring employee multi-tasking and facilitating eventual internal promotions. **As of December 2013, 330 individuals were identified as polyvalent in branches, equivalent to 38.2% of the branches' population compared with 249 individuals in 2012 and 269 individuals in 2011.**

- **Potentials development:** high potential individuals are existing employees that have exhibited a high level of competence in their functions and identified by the Bank and prepared to hold higher positions in the short and medium terms

through competences enhancement as well as multi-tasking skills development prior to their nomination. **399 individuals were identified as potentials for the year 2013 (200 potentials in departments equivalent to 31% of the departments' population against 199 potentials in branches equivalent to 23% of the branches' population) compared with 229 individuals in 2012 and 248 individuals in 2011.**

- **Succession planning:** preparing the Bank for all possible contingencies and ensuring that employees are fully ready for future organizational requirements. **As of December 2013, the total number of identified potential successors reached 200 compared with 107 individuals in 2012 and 248 individuals in 2011.**

Fransabank Learning and Development programs

- Induction program (Works on integrating new entrants)
- Talent management (Selects high profile individuals to retain and grow)
- Polyvalence enhancement (Develops employees multiple functions ability)
- Potential development (Prepares skilled employees to hold higher positions)
- Succession planning (Forms employees for future requirements)

TOTAL NUMBER OF IDENTIFIED EMPLOYEES			
	2013	2012	2011
Induction program	66	146	86
Talent management	105	82	86
Polyvalence enhancement	330	249	269
Potential development	399	229	248
Succession planning	200	107	248

Continuous Education as a Principle

Consistent with Fransabank's vision of encouraging employees to further develop their professional skills, the Bank committed itself to offer financial support to all the employees interested in obtaining a professional certification (CPA, FRM, CIA, CFA, among others) as well as graduate studies (MBA, MS, MA, PHD) in any field related to the employee's career path. Eligible employees are provided with financial facilities equivalent to 40 salaries, reimbursed over 10 years, with zero interest.

In the year 2013, the number of employees that pursue continuous education doubled from the year 2012 by registering 16 employees, whereas the year 2012 witnessed 8 continuous education initiatives.



Looking out for the Well-Being of our People

The physical and mental health of our employees is important for individual and group performance. Our goal is to support health-oriented working conditions, and assist employees in sustaining their material and emotional well-being.

Fransabank Train-the-Trainer seminars objective is to develop selected employees, transforming them into qualified trainers with regards to Customer Relationship Management, ready to conduct workshops in areas in need, and thus ensuring training customization, decentralization and continuity. These workshops have the advantage of reducing costs for both the participants and the Beirut-borne trainers, saving time on the road, reducing traffic accidents and offering optimal training customization adapted to the local business needs.

LIVING OUR VALUES AND REACHING GOALS

Fransabank Presence at Universities Job Fairs

Fransabank's strategy of building prosperous futures and assisting the young generation in achieving their ambitions is among the Bank's main priorities. That's why Fransabank presence at the American University of Beirut (AUB), the Lebanese American University (LAU) and the École Supérieure des Affaires (ESA) job

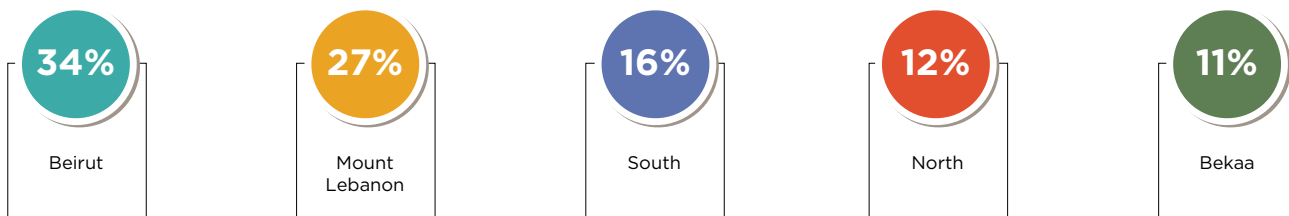


fairs, was part of the Bank's CR strategy targeting youth. Groups of ambitious students, seeking suitable employment or looking forward to adding a twist to their existing careers, visited Fransabank's booth to inquire further about the Bank's potential job opportunities and internship programs. Students also had the chance to inquire about Fransabank's educational plans, the various youth-related services such as the University Loan that offers financial facilities to students, at competitive terms. **The total number of job applications submitted at the job fairs reached 140 for the year 2013.**

Summer Internship Program

Fransabank has a customary Summer Internship Program which lasts from four to eight weeks in average. **It welcomed 197 students in 2013 against 167 students in the year 2012;** with 52% of the students coming from Université Saint-Joseph, the Lebanese University and the Lebanese American University. We make sure to select our interns without disparities in order to cover all the Lebanese regions and they gained general knowledge about banking operations and activities.

STUDENT INTERNS DISTRIBUTION BY REGION



ENGAGING EMPLOYEES

We support and encourage corporate responsibility activities by our employees that help promote sustainable economic growth and improve community life. Being the major associates to the Children's Cancer Center of Lebanon's "Partner in Life" program, selective Fransabank employees participated in this program whereby they donated a designated amount of money from their monthly salaries and the total amount collected was donated to the "Partner in Life" program in an attempt to make a difference in the lives of these children.

At Fransabank, we also believe in providing the best environment for our employees to flourish and reach their potential; we also care about enriching the family ties among our employees. The Amicale Employees Club which was initiated by employees and was subsequently embraced by the Bank with generous funding allocated to support its activities. Through Amicale, social and cultural events as well as recreational trips for employees and their families are arranged.

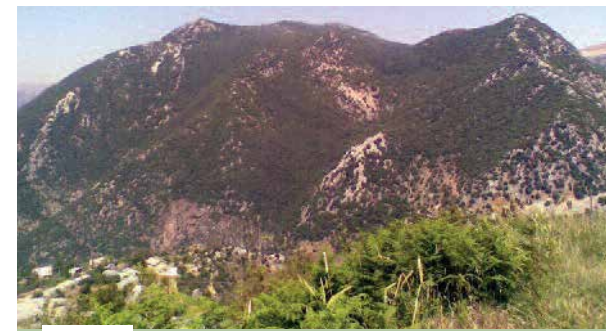
From November 2005 up till end of year 2013, 382 Fransabank's employees were enrolled in the Children Cancer Center of Lebanon's "Partner in Life" Program and the total contributed amount is USD 189,282.

Amicably at Ehden - North of Lebanon and at Faqra - Mount Lebanon

Fransabank family members enjoyed pleasant weekend trips, with Fransabank Amicale Club, to the mountain town in the heart of Northern Lebanon, Ehden as well as to Faqra, a prominent region in Mount Lebanon. The trips were full of excitement encompassing a lot of interesting activities: long walks in the nature, relishing nature's striking scenery, a healthy environment. In addition, these trips resulted in the enrichment of the team spirit among the employees.

Jabal Moussa Biosphere Reserve

Fransabank Amicale Club designed and executed an adventurous trip to the Jabal Moussa Reserve where Fransabank employees explored dominant features of the biosphere reserve which is divided into a core area mainly dedicated to experts' visits and research, a buffer zone where ecotourism activities take place, and a transition zone that involves the human use of the land. Fransabank employees admired the beauty of Jabal Moussa Biosphere Reserve, the diversity and the species of the trees and plants.



Jabal Moussa, an outstanding Biosphere Reserve located in Keserwan-Jbeil area in Lebanon, was designated in 2009 as the 3rd biosphere reserve in Lebanon as part of the UNESCO Network of Biosphere Reserves under Man & Biosphere (MAB) program. The Reserve reflects a true mosaic of ecological systems with its predominant land uses including: forest management, charcoal production, traditional agricultural activities, fruit trees plantation, grazing, and seasonal recreation.

Fransabank believes that **sports** are a great way to promote self-improvement, team spirit, solidarity, professionalism and social integration. Sports are a chance for everyone to express themselves impartially and they awaken innovation and determination to overcome challenges. All these values are at the heart of Fransabank's culture.

From the Beirut Marathon to shooting hoops on a basketball court, Fransabank's employees can often be found rising to a sporting challenge. Throughout the year 2013, a calendar of Fransabank sporting events was ongoing. Fransabank has talent in the basketball field, with the Bank's team having competed amicably in several tournaments. Fransabank participated in the Banque Du Liban Beirut Marathon 2013 and celebrated the sense of unity and peace by inciting its employees to 'Run for Lebanon' and for the Autism cause.

Reaching out to all employees through internal communication is also a vital part of the Bank's mission to provide an inclusive culture. For this reason, Fransabank is committed to the periodic publication of Zapping, its internal corporate newsletter, intranet, Fransabank Group Facebook page, internal events and campaigns, among others.

03.

Supporting Economic Development



We recognize that eradicating poverty, promoting sustainable patterns of consumption and production as well as protecting and managing the natural resource base for economic and social development are the ultimate objectives and essential requirements for sustainable development. We also affirm the need to achieve sustainable development by promoting sustained, inclusive and equitable economic growth, creating greater opportunities for all, reducing inequalities, raising the basic standards of living and fostering equitable social development.

MICRO FINANCING FOR CAPACITY BUILDING

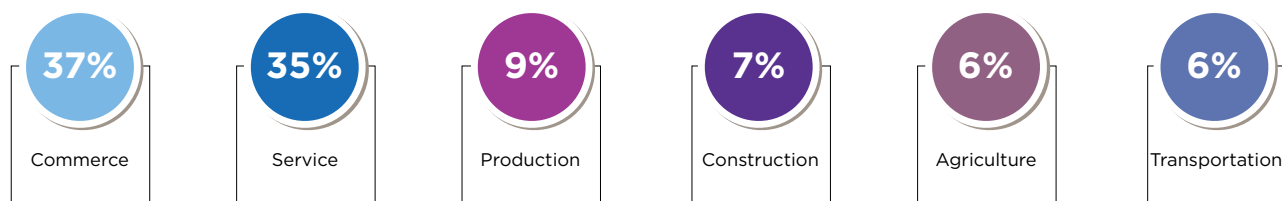
Empowering individuals and local communities and providing them with opportunities to overcome unemployment and poverty is tangible evidence of our responsible values and culture as a Bank. Empowered individuals can go on to empower others, so in the long term, this creates a cycle that benefits society as a whole. We see this approach as a way of contributing toward a form of economic development that is fair, inclusive and sustainable.

For the Bank's social investment strategy, we empowered individuals and organizations, in the various economic development areas by providing micro credits offering, in rural areas, education, health, well-being, cultural expression, and basic human needs (nutrition, shelter). These small and very small loans are the building blocks that assist people to help themselves earn their livelihood.

This is achieved through a well-perceived business venue that mandates dedicated and specialized teams that conduct one-to-one business field visits to potential and existing beneficiaries. The team members are intentionally selected from the suburban areas. They know exactly the needs and wants of the community. Moreover, we provide them with training to promote development ethics based on rigor, creativity, understanding and respect for the rural environment. Our microfinance investments are one way we create opportunity by supporting small entrepreneurs in the different rural areas in Lebanon.

From 1997 until end of December 2013, our microfinance program has funded an estimated amount of **USD 15,263,169** and **8,353 microloans** for entrepreneurs, which is delivering clear social and economic value.

MICRO-CREDITS AMOUNTS SPLIT BY SECTOR - 2013



CASE STUDY

Women and youth employment in SMEs

In Lebanon, SMEs represent 97% of the total formal enterprises, employing more than 51% of the working population, and are in the majority family-owned. Supporting Lebanese SMEs is hence an important mechanism for increasing employment opportunities and generating income for employees and their families. Improved access to finance for SMEs is an essential factor allowing them to grow.

Fransabank's strategy was to scale up its outreach to SMEs as it sought to expand beyond the traditional corporate and commercial markets that dominated the Lebanese banking sector. Fransabank established a dedicated SME department in 2007, which has since grown significantly and **its portfolio has increased more than three-fold, (i.e. increased from USD 140 million at end-December 2007 to USD 482 million at end-December 2013)**. The Bank aims at creating value for SME customers with its extensive and geographically widespread branch network and its skilled team, dedicated to understanding the needs of the SME customers and to offering the best suited facilities and products to meet their needs and ultimately create value to their businesses.

Fransabank's SME strategy is centered on:

- (i) accessibility – a widespread network including branches in difficult regions;
- (ii) product diversification – offering a variety of credit facilities;
- (iii) Outreach and awareness – organizing seminars with different sectorial associations, including trade, agribusiness, industry, and tourism.

With the idea of quantifying IFC's contribution towards job creation in financial markets investments in Lebanon, the IFC, in collaboration with Fransabank, has undertaken an in-depth study on the SME businesses in Lebanon.

The key objectives of the study are:

- (i) to measure the job impact on SMEs from increased access to finance;
- (ii) To understand the broader development outcomes facilitated by engagements in the financial sector.

The results are based on a survey implemented in March 2013 which sampled from 73 companies that received loans from Fransabank during 2008 and 2011. The enterprises ranged from very small to medium firms whose activities were in the services, agribusiness, and manufacturing sectors spread across the five regions of Lebanon.

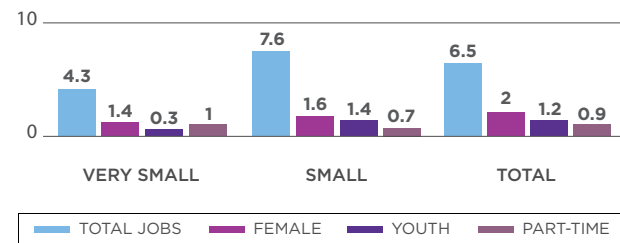
Fransabank and the IFC have had a long-standing relationship dating back to the 1990s. In 2007, the IFC supported Fransabank under the Lebanon Rebuild Program with two facilities including a Risk-Sharing Facility to support the Bank's lending to SMEs. The IFC's counter-cyclical support not only provided liquidity but also helped restore investor's confidence in Lebanon and its private sector in a post-conflict situation.

The Outcome

Despite the challenging operating environment and economic conditions, the study found encouraging job creation effects. As well, it provided unique insights on the dynamic nature of the Lebanese economy and its SMEs. Between 2009 and 2012, the 73 surveyed firms reported to have created 473 full-time jobs. Of these, **144 were female positions and 90 were youth positions**. There were also 64 part-time positions added. On average, firms added 6.5 new positions per firm for a compound annual growth rate of 13%, well above Lebanon's employment growth of 1.4% over the same period.



NUMBER OF JOBS PER FIRM BY SME SIZE

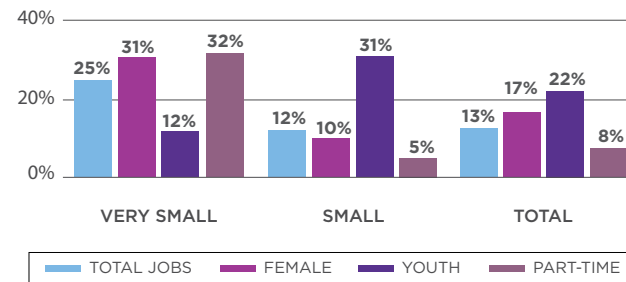


The services sector created the largest number of full-time jobs, while industry sectors mostly contributed to part-time employment. Of the 473 total jobs created in the sample, 65% were in retail, tourism, and wholesale sectors. This is reflective of the Lebanese economy in which services and trade sectors account for almost 60% of total employment. On the other hand, industry sectors such as manufacturing and construction mostly contributed to part-time jobs which could be attributable to the cyclical nature of the work as well as being indicative of the current economic conditions which have affected these two sectors adversely. Of the 473 jobs created between 2009 and 2012 in the sample, the service sector contributed to creating 309 jobs or 65%. Disaggregating the service sector, 8 firms in tourism-related activities added 155 jobs, followed by 30 retail firms which added another 115 jobs. These results reflect the core drivers of Lebanon's economy.

Small firms contributed to the bulk of the full-time jobs created; adding 7.6 jobs per firm on average almost double the figure of 4.3 for very small enterprises. Conversely, very small firms grew more than twice as fast as small firms, posting compound annual growth rates of 25% on average, compared with 12% for small firms. Very small firms also show the highest compound annual growth rate for part-time/seasonal jobs of 32%, compared with 5% in small firms.

Women and youth employment driven by small firms. Both women and youth jobs per firm on average were highest for small firms. This finding may be skewed by the fact that the services sector firms, particularly retail firms, dominated the sample population and mostly employed women. Analyzing the job outcomes by female, youth, and part-time employment reinforces the importance of retail and tourism-related business as engines of job growth. These two subsectors within services contributed to the majority of both female and youth positions, growing at compound annual growth rates of roughly 20% for both types of employment. Small firms had the highest per-firm

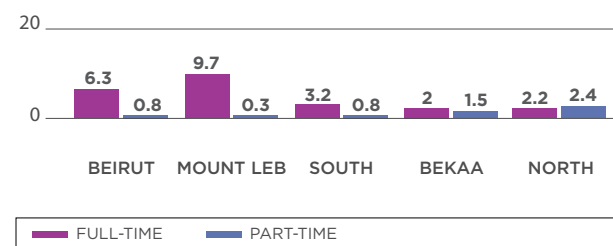
CAGR BY SME SIZE



average of 1.4 youth positions with an annual youth employment growth rate of 31%. While both small and very small firms added roughly the same number of female positions per firm, the compound annual growth rate for female employment was highest in very small firms - almost the triple of that of small firms.

Female participation in firm ownership and management positions show greater average sales growth and productivity per firm. 34% of the firms had female participation in ownership, and 29% of firms had women in management positions. Firms with women in management positions had higher productivity and sales growth than those with reported female participation in ownership only.

CHART NUMBER OF JOBS PER FIRM BY REGION



Beirut and Mount Lebanon were main contributors to full-time job creation. Beirut and the surrounding Mount Lebanon areas are the country's wealthiest regions; they register the lowest poverty rates, and are the centers of business activity. Mount Lebanon also saw strong annual growth rates in youth positions between 2009 and 2012, with 17 new positions representing a CAGR of 112% annually. Conversely, the fact that the North and Bekaa regions contributed mostly to part-time employment may be a reflection of the current economic and security situation due to the spillover from Syria, and/or that these regions comprise mostly very small firms.



The Challenges

(i) "Non-Lebanese" workers accounted for a considerable portion of the total jobs created. 11.5% of the 473 full-time jobs created were reported to have been for "non-Lebanese" workers. While the survey did not ask to differentiate between the buckets of employment by nationality, many firms noted facing difficulty filling non-professional jobs or "low-skilled" work with Lebanese workers due to the cultural mindset and unrealistic expectations.

(ii) Firms reported technical skills as the primary skills gap across most regions. The lack of technical skills (e.g. computer proficiency, operating machinery) was consistent across the country (with the exception of the Bekaa) in both very small and small firms. As a result, many firms engaged in internal training programs to fill this gap. At the sectorial level, firms in the industry sectors noted technical skills as a primary gap; in the services sector both technical skills and soft skills (e.g. communication, interpersonal skills) were also cited as a need.

(iii) Political instability was identified as the primary obstacle to growth/performance. According to the firms that responded, political uncertainty was the number one constraint to business operations, followed by policy issues such as custom/inspection regulations and business licensing. When analyzed by region, SMEs located in the North and the Bekaa areas emphasized on political instability as the key obstacle, whereas firms in Beirut and Mount Lebanon noted policy issues as a challenge. At the sector level, services (retail, tourism) and industry (manufacturing, construction) reported political instability as a major challenge to operations.

MAKING EDUCATION ACCESSIBLE TO ALL

Lebanese have long believed that their strongest asset throughout the years has been the quality of their education. To this end, we believe at Fransabank in making education accessible to all and in helping those with financial constraints still fulfill their dreams of one day obtaining a degree. In this respect, Fransabank University Loan was launched in 2009, offering all qualified students the opportunity to pursue their university education either in Lebanon or abroad.

UNIVERSITY LOANS - (NUMBER)



UNIVERSITY LOANS - (IN USD)



From 2009 until end of December 2013, Fransabank has granted **1,984 university loans** and the total outstanding amount is **USD 13,344,179.**

04.

Environment & Sustainability

We believe that environmental sustainability requires having an effective strategy, an environmental management system, and a leadership structure in place to manage the impact made and monitor issues that may arise in the future.

By gradually integrating non-financial criteria into our financing policies, we are fostering a more responsible approach to economic development. In addition, despite our somewhat modest range of environmentally responsible products, it is helping to encourage the companies which we serve, for both proprietary and client-driven activities, to incorporate sustainable development concerns into their business.

Energy Loans for Businesses and Individuals

Fransabank was the pioneer Bank to launch energy loans for businesses and individuals. Our aim is to maintain a healthy and sustainable environment. This has equally given our customers the chance to benefit from energy power efficiency at home or at their business premises, to develop environmentally friendly projects and to save on primary household and operating expenses.

Within this aspect, the Bank developed and designed eco-friendly loan packages in Bkassine area – South of Lebanon in collaboration with the Municipality of Bkassine, the Energy and Water Ministry, and the Lebanese Center for Energy Conservation. The objective of this eco-loan is to reduce the household expenses and energy consumption and at the same time to preserve the environment. The loan is granted to cover all the costs of insulating the walls and roofs and to install double glazing windows and water heaters through solar energy for approximately 100 houses in Bkassine region. This loan is characterized by its very low interest rates coupled with one year grace period.



Since the launching date in November 2013 and for a two-months period at the end of 2013, ten files were accepted and the outstanding balance reached **LBP 291,225,000** or c/v **USD 193,120**.

Bouchons Roulants to a Wheelchair



It's a simple equation: One ton of plastic bottle caps equals a Wheelchair.

Within the framework of Arcenciel's environment program, the project "Bouchons Roulants" aims at raising public awareness to the importance of recycling, of sorting out solid wastes for the reduction of pollution and the protection of the environment. The Bank called for the collection of plastic bottles' caps which would be sold to a recycling company in order to, in return, provide with that respective value, a wheelchair to a person with special needs.

The project started with a pilot test by collecting plastic caps and bottles from three departments at the Bank's Headquarters in order to measure how efficient it would be to collect the plastic caps and bottles and send them for recycling. The results were very encouraging, as we gathered, from July 2013 till the end of December 2013, a total of **172 Kg of biodegradable plastics**, out of which 55 Kg are plastic caps. We then launched this project in the entire Bank's Headquarters departments and will subsequently launch it at all Fransabank's local branches.



The Cedars Forest in Bsharri, North Lebanon

A New Cedars Forest in Bsharri – North of Lebanon

Fransabank decided to be part of a new environmental project in the region of Bsharri, North Lebanon. The project was launched by the National Commission for Lebanese Women and the Friends of the Cedars Forest Commission in Bsharri through a cooperation protocol to create a new cedar forest entailing planting 1,000 cedar trees in a 30,000 square meter area in Bsharri. The trees that were planted through the Bank's donations will carry the name of Fransabank. The sponsorship is binding for 9 years, until the tree becomes self-sustaining.

Ashrafieh 2020's Discover Ashrafieh: Marches on Wider and Cleaner Sidewalks

Fransabank supported Ashrafieh 2020 to bring to life a livable, breathable, welcoming and friendly neighborhood. The key objective of this event was to raise awareness within Ashrafieh's community by banning cars for an entire day, and to transform this noisy and crowded residential area into a better, greener and more environmentally friendly ambiance.



Ashrafieh 2020, a Greener Environment



Internally, we launched several initiatives aimed at reducing our negative environmental impacts:

- >> Launching of energy efficiency in our new branches and existing renovated ones as for power usage reduction and having energy saving lamps
- >> Implementing eco-efficient information technology in all our branches and departments
- >> Increasing the use of environmentally friendly materials: usage of recycled paper, usage of recycled tissues, recycled cups, among others
- >> Halving the consumption of printing and photocopy paper and adopting double-sided printing
- >> Resources recycling.



05.

At the Heart of
our Communities

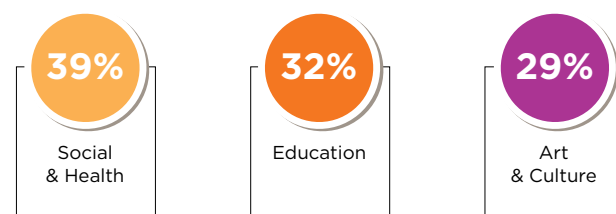


At the Heart of our Communities

We firmly believe that our business can only prosper if society is prospering. We thus view our corporate responsibility investments as investments in society and in our own future. As a responsible corporate citizen, our objective is to build a social capital.

Fransabank once again proved its leadership in being one of the major players in the community development projects.

INVESTED USD 1.04 MILLION IN 128 NONPROFITS



A total investment of approximately **USD 1,042,160** for **128 causes**, were invested into the community during 2013.

We act in three major focus areas:

- Fostering creativity through our cultural activities
- Enabling talents through our educational programs
- Creating opportunities through our social initiatives

FOSTERING CREATIVITY THROUGH OUR CULTURAL ACTIVITIES

The arts are often seen as the preserve of the few. At Fransabank, we think the opposite. We believe artistic endeavor should be accessible to all. This is why we launched JABAL, the platform for young Lebanese artists.

Starting in 1998 as part of its pioneering corporate responsibility initiatives, Fransabank's JABAL is the first-of-its kind art-advocacy initiative by a financial institution in Lebanon, and has set the pace since its inception for the discovery of over 300 young talents from all the Lebanese regions, thus making art accessible to all. Artists who made it to each edition of JABAL were selected from hundreds of applicants who were eager to promote their unique art of paintings, sculptures, photography, videos, installations and designs.

The invitees to these exhibitions are potential buyers, media representatives and members of the general public, thus giving

the young artists wide exposure and many opportunities to sell their work.

In addition to providing a forum for artists to exhibit their work, Fransabank makes it a point to purchase a collection from each participating artist. These art works are then displayed at the Bank's Headquarters and branches, thus providing the artists even more exposure through the Bank's clients' base.

The JABAL initiative has opened new horizons for many of these young artists. Often, they have gone on to hold solo and group exhibitions worldwide and to cultivate a name for themselves in the field of art. Some have been offered scholarships to further pursue their art education, while others have even become internationally renowned. Artists such as Ayman Baalbaki, Mohamed Saïd Baalbaki, Randa Hermès, Manuella Guiragossian, Taline Kechichian, Isabelle Yared, Mazen Khaddage, Raja Nehme Sertine, Khalil Ibrahim, are now well established names.

“JABAL is a unique experience for all those art lovers and amateurs of discoveries as well as an art affordable for everyone.”

Mr. Pascal Odille, Artistic Director, Expert at the National Chamber of Specialized Experts

“These creations of young talents are a striking example of a personalized approach where boldness and freedom have given a new meaning to creativity.”

Mrs. Laure d'Hauteville, Artistic Advisor

The first edition of JABAL was held in 1998 in Tripoli, North of Lebanon and since then, the annual exhibition takes place in various regions in Lebanon (South, Bekaa, Mount Lebanon, and Beirut). Unfortunately, the war and political turmoil in the year 2006 resulted in a temporary halt of JABAL annual exhibitions.

- JABAL 1998: Burj Sbeih, Tripoli Al Mina, North of Lebanon
- JABAL 1999: Ecole Supérieure des Affaires (ESA), Beirut
- JABAL 2000: Khan el-Franj, Saida, South of Lebanon
- JABAL 2001: Beit el-Herafi, Zouk Mikael, Mount Lebanon
- JABAL 2002: Hotel Kadri, Zahle, Bekaa
- JABAL 2003: Aley, Mount Lebanon
- JABAL 2004: Paul Guiragossian Museum, New Jdeideh, Mount Lebanon
- JABAL 2006: Fransabank Center, Hamra, Beirut

JABAL 2013 – The Come Back



JABAL 2013 is the 9th edition of JABAL and it appeared stronger than ever on the Lebanese art scene.

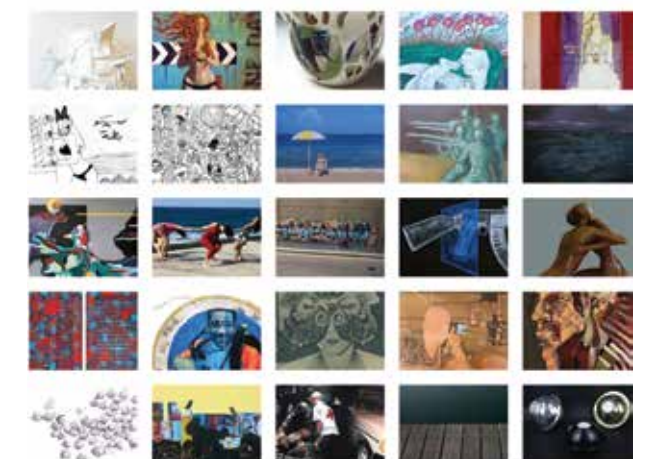
Through a stringent and professional selection criterion, the JABAL artistic committee selected 25 promising artists from more than 100 demands, whose works were revealed during this new edition. Paintings, sculptures, photographs, drawings, videos, installations and design were exhibited at the Le Gray Hotel in Beirut, Lebanon.

The exhibition showcased the work of these promising artists with more than 125 paintings displayed. Around 1,000 art lovers and members of the media joined together to outlook a variety of artworks. The event was a success as the participant artists sold most of their exposed art pieces and the Bank, as customary, purchased paintings and artworks from each participating artist.

In addition, two participating artists at JABAL 2013 were selected by local art galleries and showcased their artistic works at Beirut

Art Fair that was held in Beirut in September 2013.

Fransabank's renewed and continued support of this initiative confirms its role as a talent advocate of emerging artists. Furthermore, the Bank endeavors to put in place a policy for artistic partnership so as to make art accessible for generations to come.



A Selection of Paintings from JABAL Exhibition 2013

Beirut Art Fair is an exclusive contemporary art fair that gathers galleries and artists from the Middle East, North Africa and South East Asia. Beirut Art Fair has become the leading showcase of creativity on the regional & international art scene and has awakened collectors' appetites for all art forms: painting, sculpture, design, installation art, video and photography.

JABAL 2013 received the **Social Economic Award 2013 (SEA 2013)** under the **Art and Heritage Category**.

05. At the Heart of our Communities

“ From here, and because we share the same values, we were proud to be partner with Baalbeck International Festival in its 2013 edition, hoping that the meeting will be renewed in 2014 in the arms of Baalbeck, so that the applause keeps echoing in the temples, and withstands as its steadfastness. ”

Mr. Adel Kassab, Deputy Chairman - Fransabank

Fransabank Partnership with Baalbeck International Festival 2013

As a witness to the contemporary history of Lebanon, Fransabank sponsored Baalbeck International Festival, which is an integral part of the cultural fabric of every Lebanese collective memory and artistic identity.

The Festival is the bright face of Lebanon even with some obstination with the prevailing circumstances. This was the case during the year 2013 with the unfavorable political situation in the Bekaa region. Yet, the Bank refused to abandon its annual main supporting role, and was the main sponsor of Baalbeck International Festival 2013. The Festival committee proceeded in the march as usual, and picked this time another spot in Lebanon named "La Magnanerie" in Bauchrieh, Mount Lebanon.



Baalbeck International Festival 2013 at La Magnanerie



The Concert

Fransabank at the Heart of Beiteddine Art Festival

And here it is, in 2013, showing up in one of the most outstanding festivals not only in Lebanon but also the Middle East; Beiteddine Art Festival, conveying its universal messages as an act of faith in Lebanon's cultural role, an embodiment of ingenuity, and a call for peace.

Annually, the festival presents unique vivid performances by Lebanese and international artists. However, when the Beiteddine Art Festival announced its lineup for the 2013 edition, "Splendid!", Fransabank chose to sponsor the multitalented China National Acrobatic Troupe, in a twelve-act program that combines music, dance as well as acrobatics.

Fransabank and the festival might be two different entities, still what is doubtless is that both were born and have grown in very difficult times, and yet made it against all odds.

Fransabank Sponsored Al Bustan Festival

Fransabank was proud to be for another consecutive year, a sponsor of Al Bustan Festival 2013, and part of the aspirations it offers to Lebanese music and art enthusiasts by sponsoring one event. Fransabank selected in particular the performance entitled "Wagner Unleashed", with the Helikon Opera and conductor Vladimir Ponkin, highly renowned and recognized performance.



The China National Acrobatic Troupe



View of Beiteddine Palace



Wagner Unleashed Performance at Al Bustan Festival 2013

Fransabank Renovates Salle Montaigne

Under the emblem of the Franco-Lebanese old friendship and determined to preserve the Lebanese heritage, Fransabank Group took part in the complete renovation of the "Salle Montaigne" at the French Institute in Beirut. This theater witnessed over the years numerous cultural events and played a major role in enriching the ties between the Eastern and the European cultures and to promote Lebanon's role as an open cultural platform between the East and the West. Fransabank Group participated in this project both through its Parent Company Fransabank and its local banking subsidiary BLC Bank.

Fransabank Restores Koubra Monument

Fransabank believes in reaching out to the population at large through culture. This necessitates looking beyond the capital to other areas where financing cultural projects can revitalize communities, cities and prospects. Therefore, the Bank contributed to the restoration of the "Koubra Monument" located in Ehden Town, North of Lebanon.

The Koubra Monument is characterized for its authentic traditional Lebanese architecture, its patrimonial and historical values. In its support in restoring and maintaining Ehden's historic charm, Fransabank once again takes the lead in all aspects of cultural heritage.

The inauguration of Koubra Monument is scheduled to be held during the year 2014.



Interior of Koubra Monument

Fransabank Launches Warda El Jazairia's Latest Video Clip "EYYAM"

As an advocate for life's universal essence, love, peace and forgiveness, Fransabank Group launched Warda El Jazairia's latest song "Eyyam."

Honoring Warda El Jazairia for her latest song "Eyyam", in both Algeria and Beirut, came as an artistic initiative and tactful step from Fransabank Group to the icon of the Arab art, who has transcended the boundaries through her voice and her presence to reach every Arab home; and the pride was for Fransabank to be a key partner in launching an event that tackles the essence of life.

Fransabank El Djazaïr, a banking subsidiary in Algeria, sponsored Warda's video clip, which was produced in 2009 under the supervision of the diva but was finalized later, after the sudden death of the Algerian-Lebanese icon.



Koubra Monument Before Restauration



Koubra Monument After Restauration

ENABLING TALENTS THROUGH OUR EDUCATIONAL PROGRAMS

“At Fransabank, we are keen to provide all less-privileged outstanding Lebanese youth today with educational opportunities in order to give them the individual freedom and empowerment they deserve to turn into tomorrow's leaders.”

H.E. Mr. Adnan Kassar, Chairman - Fransabank

“We witness everyday joint cooperation between institutions, but when institutions rally on mutual interests and socially responsible initiatives, such cooperation becomes unique in nature, privileged and cherished, especially when such joint efforts are targeting the youth of our country.”

Dr. Joseph Jabbara, LAU President

The Adnan Kassar Annual Scholarship Grant at the Lebanese American University (LAU)

In line with its continuous support to education in Lebanon, Fransabank signed with LAU a cooperation agreement whereby Fransabank consequently donates an annual scholarship of

USD 60,000 to support the tuition fees of ten good academic standing and preferably needy students enrolled in the School of Business.

Fransabank Signed a Cooperation Protocol with the General Secretariat of Catholic Schools

Within its firm commitment to corporate responsibility, and its solid belief that the human element is the real capital in Lebanon, and that education plays a major role in establishing the citizenship spirit, Fransabank signed a cooperation protocol with the General Secretariat of Catholic Schools.

This protocol resulted in the development of mechanisms in accordance with a long-term strategy, offering a wide range of exclusive banking products and services, developed to deepen the ties with the Catholic schools' community, teachers, students and parents, and meet their present and future needs at the best and most efficient services.



Mr. Nadim Kassar Signing the Protocol

Corporate Social Responsibility in Times of Uncertainty

Fransabank strategically partnered with CSR Lebanon for its third CSR Lebanon Forum under the theme: "Corporate Social Responsibility in Times of Uncertainty", held under the patronage of the former President of the Lebanese Republic H.E. Mr. Michel Suleiman. The event was also attended by Central Bank Vice-Governor Dr. Saad Andary, the Executive Director of the UN Global Compact Mr. Georg Kell, as well as a wide range of companies, banks and institutions, regional and international, as well as by global experts and ambassadors.

Fransabank addressed the attendees on how the Bank has been putting its corporate principles into practice while considering the economic, social and environmental impacts of its activities as well as on the Bank long standing contribution to sustainable development and society.

Fransabank Supports "Form, Inform, Transform" the Public Sector

For its fourth consecutive year, Fransabank partnered with the prestigious French School of Administration, the Ecole Nationale des Affaires (ENA) and the Basil Fuleihan Institute of Finance which is an autonomous public institution operating under the tutelage of the Lebanese Minister of Finance, for a joint education program, under the theme of "Rencontres des Cadres Dirigeants de la Fonction Publique Libanaise."

Each year, over 20 leaders from the public sector, judges and general directors of various public institutions and ministries, participate in this program in which high-caliber professors and experts from ENA share their knowledge in building the capacity of civil servants and developing their skills and performance.

Fransabank strongly advocate that the Basil Fuleihan Institute of Finance profoundly tackles topics that serve the monetary and administrative reforms which are essential to align and meet the public finance policies and objectives.



CREATING OPPORTUNITIES THROUGH OUR SOCIAL INITIATIVES

Partnership and Witness Residences

Aligning with its mission that puts the individual and community service at the center of its interests and priorities, Fransabank granted, for the first time, housing loans for a project which is still under construction.

"Partnership and Witness Residences", a name that hasn't emerged as a coincidence but rather to reflect the principles of love, tolerance, openness, partnership, and co-existence, to confirm that plurality is fortune, and variety is richness. Under this particular slogan, Fransabank and the Sidon Maronite Parish laid a foundation stone in Jezzine, South of Lebanon for a residential project. Fransabank aims, with its collaboration with the Maronite Parish at providing housing for low-income people in Jezzine, enabling them to own affordable apartments with nice designs and high quality specifications, re-establishing the bonds among the neighbors, re-uniting them in the land of their ancestors, reducing internal and external immigration, and emphasizing on Lebanon's peace and its image of diversity.

Fransabank Grants Financial Support in Fulfillment of Yaduna's Aspiration to Promote Women's Cardiovascular Health

Fransabank and its chairman H.E. Mr. Adnan Kassar joined Yaduna's board of trustees, thus continuously prioritizing the health issues on the list of the Bank's corporate responsibility initiatives, and lending a helping hand to those who deserve to live a healthier life, a happier life.

Women's Heart Health Center (WHHC) was founded by the former first Lady of Lebanon H.E. Mrs. Wafaa Suleiman and in collaboration with The American University of Beirut, Faculty of Medicine & Medical Center (AUBMC) and Saint Joseph University, Faculty of Medicine (USJ/FM). Its mission is to improve women's cardiovascular health and reduce the burden of disease through awareness, prevention, screening, primary treatment and advocacy. The center strives to become a model of excellence in preventive and primary treatment of cardiovascular diseases among women, regardless of their social background.

Salim El Hoss Bioethics and Professionalism Program at the AUB

Fransabank contributed with an annual pledge to the Salim El Hoss Bioethics and Professionalism Program at the American University of Beirut. It is an interdisciplinary resource for faculty, students, and healthcare providers who are involved in bioethics education, research, and consultation. It promotes and encourages the development of the essential skills, attitudes, and behaviors among those who practice medicine on issues such as end of life care, stem cell research, organ donations, and health administration, among others.

A Journey towards Healing

As part of Fransabank corporate responsibility strategy which is to sustain the health sector in Lebanon especially in remote regions, the Bank supported the public campaign launched by Tell Chiha Hospital in Zahle, Bekaa. Fransabank's contribution was allocated to finance the two clinic open days where free medical consultations and laboratory tests were offered for the public, in addition to conducting awareness health sessions.

Honoring the Spirit of Volunteerism at AUBMC

Fransabank gave a wholeheartedly applause to the people who embrace the spirit of volunteerism at the American University of Beirut Medical Center (AUBMC), by sponsoring the AUB Alumni Medical Chapter's gala dinner. It included the pink ladies of the Women's Auxiliary Group and the blue volunteers of the Children's Cancer Center.

Caring for the Elderly

For the second consecutive year, Fransabank supported the Alzheimer's Association Lebanon that aims to improve the quality of life of people with dementia and with a primary objective to raise public awareness throughout the Middle East, and Lebanon in particular.



Shining a Light on Premature Births



Fransabank granted financial support in fulfillment of Neonate Fund mission, which aims to raise public awareness, mobilize efforts to reduce death and disability caused by premature birth, and ensure that they receive the appropriate medical treatment. In fact, it is the number one killer of newborns worldwide, and every year in Lebanon, around 8,500 babies are admitted to Neonate Intensive Care units.

Protecting Children

Fransabank supported Himaya, a Lebanese NGO that promotes awareness for the protection of innocent children from sexual and physical abuse. The main objective of this organization is to raise general awareness in order to break the taboos, empower the children to promote self-protection attitudes and mechanisms, train and support parents and professionals.



Fransabank initiatives also focused on the right to life projects supporting a range of humanitarian causes and non-profit organizations which bring hope to people in need of medical treatment. These include the **Children's Cancer Center of Lebanon, Chronic Care Center, Lebanese Autism Association**, among others.

Maintaining active dialogue with our stakeholders

STAKEHOLDERS	SPECIFIC CR CHALLENGES	EXAMPLES OF DIALOGUE AND REPORTING
<ul style="list-style-type: none"> Public authorities (Lebanon and abroad) Regulatory authorities in the countries where we operate 	<p>Contribute to the development of ethical, fair and transparent practices and implement them</p> <p>Contribute to regulatory projects</p>	<p>Consultation meetings</p> <p>Inspection and verification assignments carried out by the regulators</p>
<ul style="list-style-type: none"> International organizations and institutions 	<p>Comply with signed commitments</p> <p>Contribute to the development of global governance</p>	<p>Participation in the working groups for UN Global Compact , UNDP, International Labor Organization (ILO), etc.</p>
<ul style="list-style-type: none"> Shareholders, investors (individual and institutional) 	<p>Offer levels of remuneration that are sustainable in the long-term and in line with market rates as part of a global risk management strategy</p> <p>Supply transparent information</p> <p>Shareholders exercise their full responsibility</p>	<p>AGM (Annual General Meeting), annual report, quarterly results</p> <p>Shareholders' Meetings</p>
<ul style="list-style-type: none"> Customers 	<p>Satisfy the needs and expectations of customers through honest, fair and transparent business relationships</p> <p>Promote the development of CR best practices</p>	<p>Open communication with our customers through our branch advisors, call center advisors, emails, Internet banking, etc.</p> <p>Customer relations services,</p> <p>Satisfaction surveys</p>
<ul style="list-style-type: none"> Suppliers 	<p>Promote the development of CR best practices</p>	<p>Calls for tender for Fransabank new branches and renovated ones notably including energy savings specifications</p>
<ul style="list-style-type: none"> Employees 	<p>Promote the personal and professional development of employees</p>	<p>Individual meetings with HR manager, appraisal process</p> <p>Conferences and internal and external training sessions</p>
<ul style="list-style-type: none"> Environmental/human rights NGOs, civil society 	<p>Adopt a socially responsible approach</p> <p>Comply with our commitments to the community</p>	<p>Corporate sponsorships, long-term strategic partnerships with associations and NGOs</p> <p>Responses to requests (via the Press and the Marketing Division, etc.)</p> <p>Working groups with different NGOs</p>

Putting into practice the UNGC 10 Principles

UNGC 10 PRINCIPLES IMPLEMENTATIONS OF THE PRINCIPLES AT FRANSABANK

Human Rights

- **Principle 1:** Businesses should support and respect the protection of internationally proclaimed human rights
Fransabank employment principles are guided by international human rights standards, which are consistent with the Bank values and business code of conduct.
- **Principle 2:** make sure that they are not complicit in human rights abuses
Fransabank has published a new updated version of its code of conduct which supports international human rights frameworks.

Fransabank is committed to maintaining workplaces that are free from discrimination, physical or verbal harassment on the basis of gender, national or social origin, religion, age, disability etc... differences are treated with respect.

Fransabank assures that no human rights abuses happen at the Bank with business partners or customers, guarantees freedom of association, and ensures that it does not use directly or indirectly forced labor or child labor.

Fransabank informed the local community, media and public authorities of its endorsement of the UN Global Compact and its intention to respect its provisions, including those on fundamental employees' rights.

Labor

- **Principle 3:** Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining
Fransabank fully supports employees' right to choose whether or not to join the banks employees union.
- **Principle 4:** the elimination of all forms of forced and compulsory labor
All forms of forced labors are prohibited including child employment.
- **Principle 5:** the effective abolition of child labor
Recruitment processes and practices ensure the protection and respect for all people and ensure that no individual is discriminated. We value diversity and inclusion.
- **Principle 6:** the elimination of discrimination in respect of employment and occupation
Fransabank has issued a reviewed version of its code of conduct.

Fransabank's employees are welcome to share their opinion, problems and seek advice. Their performance is also assessed on a yearly basis through an objective appraisal review.

Fransabank promotes the spirit of individual participation in serving communities.

Fransabank keeps up-to-date records on recruitment, training and promotion. A transparent approach is implemented in this concern for a better view of opportunities for employees and their progression within the organization.

Fransabank undertakes continuous staff training practices to keep on developing its employees' skills.

UNGC 10 PRINCIPLES IMPLEMENTATIONS OF THE PRINCIPLES AT FRANSABANK

Environment

- **Principle 7:** Businesses should support a precautionary approach to environmental challenges
Fransabank has undertaken the following initiatives to promote a greater environmental responsibility:
- **Principle 8:** undertake initiatives to promote greater environmental responsibility
- Fransabank new branches and renovated ones tender offers to encompass climate protection standards and eco-efficient information technology
- Banning smoking in the Bank's Headquarters and branches
- Encouraging employees to print on double sides of papers
- Sending papers for recycling
- Using FSC papers in the Bank's publications
- Collecting plastic bottles & caps to be reused for social initiatives.
- **Principle 9:** encourage the development and diffusion of environmentally friendly technologies
Fransabank offers its client eco-friendly end of year gifts.

Fransabank incites its employees to reduce their energy use by turning off the light when outside the office and shutting electrical equipment overnight.

Anti-corruption

- **Principle 10:** Businesses should work against corruption in all its forms, including extortion and bribery
Fransabank procedures are designed to ensure that the Bank is in full compliance with anti-corruption laws.

Fransabank Corporate Governance promotes a fair and transparent relationship between the Bank's Management, its Board of Directors, its Shareholders and other Stakeholders.

Fransabank emphasizes on the ethical practices, whereby transparency, disclosure, sustainability and ethical behavior are their main features.

Fransabank maintains the highest standards of business ethics, notably with respect to corruption, money laundering, and the financing of terrorism.

Wider Scope and Greater Sustainable Commitments to Follow...

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