

**PERFORMANCE REVIEW OF
BYBLOS BANK AFRICA**



REVIEW OF OPERATIONS

PREPARING FOR A TURNAROUND IN SUDAN

Byblos Bank Africa (BBA) continued to face difficult conditions in its home market of Sudan in 2012. The ongoing repercussions of the 2011 secession of South Sudan severely disrupted government revenues that had been expected from South Sudanese oil transiting across Sudan's territory, further aggravating the scarcity of foreign currencies and leading to very high rates of inflation. The government's strategy for remedying this situation centered on stringent austerity measures, including the removal of partial subsidies on petroleum products, the devaluation of the local currency by more than 80 percent, and the doubling of taxes on the banking sector.

In the face of these and other challenges, BBA's principal objectives for 2012 were to focus on strategic commodities identified by the Sudanese Central Bank as ones to which foreign currency would be allocated, to concentrate on export-related activities, and, overall, to maintain a trouble-free portfolio by targeting prime clients. Despite the challenging environment, the Bank was able to improve its results in 2012 relative to the previous year.

In the absence of any major changes in the economic situation, the Bank's goals for 2013 remain focused on managing risk at acceptable levels and building our capacity to respond to any positive development that might emerge as a result of the resumption of the pumping of oil from South Sudan and the normalization of relations between the two countries.

PROFILES OF BOARD OF DIRECTORS MEMBERS

DR. FRANÇOIS S. BASSIL

Lebanese, born in 1934. Holder of a Doctorate in Law from Louvain University in Belgium. Has been working in the banking sector since 1962. Contributed to establishing Byblos Bank S.A.L., where he currently holds the positions of Chairman of the Board of Directors and General Manager. Has served as Chairman of the Board of Directors of Byblos Bank Africa since 2003. Also sits on the Boards of Byblos Bank Europe, Byblos Bank Syria, and Byblos Bank Armenia. In addition, serves as Chairman of the Board of Directors and General Manager of Byblos Invest Holding Luxembourg. Has served three terms as Chairman of the Board of Directors of the Association of Banks in Lebanon and remains a Member of the Board.

MR. SEMAAN F. BASSIL

Lebanese, born in 1965. Holder of a BA from Boston University in the US and an MBA from Cambridge University in the UK. Has been working in the banking sector since 1990 and currently serves as Vice-Chairman of the Board and General Manager of Byblos Bank S.A.L. Has been a Member of the Board of Directors of Byblos Bank Africa since 2003. Also serves as Chairman of the Board of Byblos Bank Syria and is a Member of the Board of Byblos Bank Europe.

OPEC FUND FOR INTERNATIONAL DEVELOPMENT (OFID)

OFID was conceived at the Conference of the Sovereigns and Heads of State of OPEC member countries held in Algiers, Algeria, in March 1975 and was established the following year as a development finance institution and collective aid channel to developing countries. OFID works in cooperation with developing country partners and the international donor community to stimulate economic growth and alleviate poverty in all disadvantaged regions of the world. In 1988, OFID established the Private Sector Facility in response to growing demand among partner countries for investment in private enterprises, which are widely accepted as the engine of economic growth. OFID's resources consist of voluntary contributions made by OPEC member countries and the accumulated reserves derived from its various operations. At the close of the year 2011, contributions pledged by the OPEC member countries totaled USD 3.435 billion, of which USD 2.463 billion were direct contributions to OFID. The Reserve Account stood at USD 3.390 billion. OFID has held a seat on the Board of Directors of Byblos Bank Africa since 2004 and is represented by Mr. Sleiman J. Al Harbach, a Saudi Arabian born in 1942. Mr. Harbach holds a Master's Degree in Economics from Trinity University in Texas, US, and has held several positions during work in the oil industry, including General Manager of many Saudi companies, in addition to the experience gained while working for OFID.

ISLAMIC CORPORATION FOR THE DEVELOPMENT OF THE PRIVATE SECTOR (ICD)

The Islamic Corporation for the Development of the Private Sector (ICD) is a multilateral organization affiliated with the Islamic Development Bank (IDB) Group. Its shareholders consist of the IDB, 51 member countries, and five public financial institutions. Headquartered in Jeddah, the ICD was established by the IDB Board of Governors at its 24th annual meeting, held in Jeddah in November 1999. The aim of the ICD is to support the economic development of its member countries by financing private sector projects geared to creating employment opportunities and boosting exports, in accordance with the principles of Sharia law. Furthermore, the ICD mobilizes resources for projects and encourages the development of Islamic financing and capital markets. It also attracts co-financiers for its projects and provides advice to governments and private sector groups on policies aimed at encouraging the establishment, expansion and modernization of private enterprises, the development of capital markets, best management practices and enhancing the role of market economies. The ICD has held a seat on the Board of Directors of Byblos Bank Africa since 2004, and is represented by Mr. Mohamed Kherouaa, a French citizen born in 1980. Mr. Kherouaa is the holder of a Master's Degree in Corporate Finance and Financial Engineering from Paris Dauphine University in France, and a Bachelor's Degree in Economics and Financial Accounting from Paris XII University. Currently holds the position of Senior Associate in the Financial Institution Development Department of ICD, Equity section.

MR. MAHMOUD S. OSMAN SALEH

Sudanese, born in 1939. Holder of a BA in Economics and Politics from Bristol University in the UK. Founder and Managing Director of trading companies S.O.G.E.C. Ltd. and MAO Services Ltd. in the UK from 1971. Has been on the Board of Directors of Byblos Bank Africa since 2009 and currently serves on its Audit Committee.

MR. ALAIN F. WANNA

Lebanese, born in 1969. Holder of an MA from the American University of Beirut. Joined Byblos Bank S.A.L. in 1993 and has assumed several positions, the most recent having been Deputy General Manager, Head of Group Financial Markets and Financial Institutions. Has been a Member of the Board of Directors of Byblos Bank Africa since 2008. Also sits on the Boards of Byblos Bank RDC and Byblos Bank Armenia, and on the Audit Committee affiliated to the latter Board.

BOARD OF DIRECTORS COMMITTEES

AUDIT COMMITTEE

Chairman	Mr. Mohamed A. Kherouaa
Members	Mr. Alain F. Wanna
	Mr. Mahmoud S. Osman Saleh

RISK COMMITTEE

Chairman	Mr. Semaan F. Bassil
Members	Mr. Philippe A. Saleh
	Mr. Marwan C. Moharram

MANAGEMENT COMMITTEES

MANAGEMENT COMMITTEE

President	Mr. Gaby Ammar	General Manager
Vice President	Mr. Fouad Negga	DGM, Head of Business Functions
	Mr. Labib Sammour	AGM, Head of Support Functions
	Mr. Samer Assaf Bou Saba	Head of Corporate Banking
Secretary	Mr. Ahmed Mousa	Head of Compliance Unit

CREDIT COMMITTEE

President	Mr. Gaby Ammar	General Manager
Members	Mr. Fouad Negga	DGM, Head of Business Functions
	Mr. Samer Assaf Bou Saba	Head of Corporate Banking
	Mr. Ahmed Mousa	Head of Compliance Unit
Secretary	Mr. Abdulilah Ghali	Head of Credit Administration

ASSETS AND LIABILITIES COMMITTEE

President	Mr. Gaby Ammar	General Manager
Members	Mr. Fouad Negga	DGM, Head of Business Functions
	Mr. Labib Sammour	AGM, Head of Support Functions
Secretary	Ms. Tina El Rayah	Deputy Head of Treasury

PURCHASING COMMITTEE

President	Mr. Fouad Negga	DGM, Head of Business Functions
Member	Mr. Labib Sammour	AGM, Head of Support Functions
Secretary	Mr. Omer Abdelwahab	Administration Supervisor

INCOME STATEMENT

Year Ended 31 December 2012

	2012	2011	SDG
Deferred sales	44,728,342	35,933,137	
Investments	23,462,518	18,523,442	
	68,190,860	54,456,579	
Less			
Return on unrestricted investment accounts	(31,364,276)	(22,040,729)	
Bank's share income from investment (as a mudarib and fund owner)	36,826,584	32,415,850	
Revenue from banking services	19,134,047	13,215,763	
Other revenues	9,243,924	8,648,268	
Total Bank revenue	65,204,555	54,279,881	
Staff expenses	11,129,217	9,743,425	
Administrative and general expenses	8,521,193	6,783,289	
Depreciation	7,835,567	6,784,699	
Amortization	26,946	80,181	
Bank of Sudan penalty	7,000	250	
Provision for investment risks	6,000,000	6,000,000	
Management agreement fees	5,839,403	4,662,774	
Provision for contingent liability	1,389,215	959,049	
Total expenses	40,748,541	35,013,667	
Net income before zakat and tax	24,456,014	19,266,214	
Less			
Zakat	(317,000)	(500,000)	
Taxation	(4,832,598)	(2,196,839)	
Net income	19,306,416	16,569,375	
Earnings per share	1,29	1,24	

STATEMENT OF FINANCIAL POSITION

As at 31 December 2012

SDG	2012	2011
ASSETS		
Cash and cash equivalents	775,883,054	346,521,463
Sales receivables	286,860,642	234,516,987
Investments	157,249,698	117,683,778
Participations	93,750	93,750
Other assets	2,540,377	1,630,631
Establishment expenses	-	26,946
Fixed assets – net	84,528,871	90,967,485
TOTAL ASSETS	1,307,156,392	791,441,040
LIABILITIES		
Current accounts	333,046,070	289,134,290
Payables	40,568,188	12,410,105
Other liabilities	19,351,076	18,625,482
TOTAL LIABILITIES	392,965,334	320,169,877
Unrestricted investment accounts	721,529,835	288,578,356
OWNER'S EQUITY		
Paid-up capital	105,000,000	93,380,000
Share premium	10,621,200	10,621,200
Reserves	59,480,388	63,169,746
Retained earnings	17,559,635	15,521,861
TOTAL OWNERS' EQUITY	192,661,223	182,692,807
TOTAL LIABILITIES AND OWNERS' EQUITY	1,307,156,392	791,441,040
CONTRA ACCOUNTS	178,795,885	48,787,135

These accounts have been approved by the Board of Directors.

Gaby Ammar
General Manager

Alain Wanna
Board of Directors

Semaan F. Bassil
Board of Directors