

AUDITED CONSOLIDATED FINANCIAL STATEMENTS as at 31 December 2012

**CAPITAL LBP 689,113,000,000 FULLY PAID,
TOTAL EQUITY 2,902,702,000,000 | C.R.B.14150,
LIST OF BANKS NO. 39, HEAD OFFICE - BEIRUT**



BYBLOS BANK SAL

BOARD OF DIRECTORS

Dr. François S. Bassil | Chairman & General Manager

Mr. Semaan F. Bassil | Vice-Chairman & General Manager

H.E. Mr. Sami F. Haddad | General Manager

H.E. Mr. Arthur G. Nazarian | Director

Baron Guy Quaden | Director

Proparco represented by

Mrs. Marie Helene Loison | Director

Dr. Henry Toufic Azzam | Director

Mr. Bassam A. Nassar | Director

Mr. Faysal M. A. Tabsh | Director

Mr. Ahmad T. Tabbarah | Director

Mr. Alain C. Tohmé | Director

Mr. Abdulhadi A. Shayif | Director

AUDITING FIRMS

Ernst & Young | Messrs Semaan, Gholam & Co.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2012

	31-DEC-12	31-DEC-11
ASSETS		
Cash and balances with central banks	5,507,572	4,282,468
Due from banks and financial institutions	3,216,533	4,330,842
Loans to banks and financial institutions and reverse repurchase agreements	458,707	667,488
Financial assets given as collateral	8,923	8,920
Derivative financial instruments	12,174	5,356
Financial assets at fair value through profit or loss	300,909	255,209
Net loans and advances to customers at amortized cost*	6,195,104	6,025,682
Net loans and advances to related parties at amortized cost	15,815	16,638
Debtors by acceptances	316,232	331,821
Financial assets at amortized cost	9,145,626	8,607,301
Financial assets at fair value through other comprehensive income	78,663	76,967
Property and equipment	265,394	301,066
Intangible assets	970	1,129
Assets taken in settlement of debt	33,202	35,452
Other assets	94,385	80,974
TOTAL ASSETS	25,650,209	25,027,313
(*) After Deducting:		
Reserved Interest on sub-standard, doubtful, and bad loans	71,348	62,598
Specific Provisions for doubtful and bad loans	167,778	90,206
Provisions Based on Collective Assessment	112,732	103,728

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CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	31-DEC-12	31-DEC-11
LIABILITIES AND EQUITY		
LIABILITIES		
Due to central banks	17,918	15,670
Due to banks and financial institutions	1,327,047	1,635,480
Derivative financial instruments	8,613	7,347
Customers' deposits at amortized cost	19,967,531	19,157,233
Deposits from related parties at amortized cost	208,102	169,175
Debt issued and other borrowed funds	508,711	662,290
Engagements by acceptances	316,232	331,821
Other liabilities	262,888	126,267
Provision for risks and charges	130,465	129,989
Subordinated notes	410,896	307,263
TOTAL LIABILITIES	23,158,403	22,542,535
EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT		
Share capital – Common ordinary shares	684,273	684,273
Share capital – Preferred shares	4,840	4,840
Share premium – Common ordinary shares	229,014	229,014
Share premium – Preferred shares	586,259	583,858
Reserves not available for distribution (legal and statutory)	568,145	469,072
Reserves available for distribution	99,659	79,127
Other equity instruments	14,979	14,979
Treasury shares	(25,302)	(25,476)
Retained earnings	74,024	65,214
Revaluation reserve of real estate	5,689	5,689
Change in fair value of financial assets at fair value through other comprehensive income	(23,634)	(20,556)
Net results of the financial period - profit	246,450	259,894
Foreign currency translation reserve	(92,762)	(31,329)
	2,371,634	2,318,599
NON-CONTROLLING INTEREST	120,172	166,179
TOTAL EQUITY	2,491,806	2,484,778
TOTAL LIABILITIES AND EQUITY	25,650,209	25,027,313

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BYBLOS BANK S.A.L.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2012 (LBP millions)

	Banks	Customers	Total
31-Dec-12			
Guarantees and contingent liabilities			
Financial guarantees	-	186,703	186,703
Other guarantees	418,220	972,462	1,390,682
	418,220	1,159,165	1,577,385
Commitments			
Documentary credits	378,108	480,514	858,622
Undrawn credit lines	-	2,248,925	2,248,925
	378,108	2,729,439	3,107,547
31-Dec-11			
Guarantees and contingent liabilities			
Financial guarantees	-	199,815	199,815
Other guarantees	340,408	987,363	1,327,771
	340,408	1,187,178	1,527,586
Commitments			
Documentary credits	401,404	523,392	924,796
Undrawn credit lines	-	2,394,784	2,394,784
	401,404	2,918,176	3,319,580

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BYBLOS BANK S.A.L.

CONSOLIDATED INCOME STATEMENT

For the year ended 31 December 2012 (LBP millions)

	31-DEC-12	31-DEC-11
Interest and similar income	1,274,746	1,260,390
Interest and similar expense	(884,216)	(840,373)
NET INTEREST INCOME	390,530	420,017
Fees and Commissions income	146,786	147,163
Fees and Commissions expense	(14,120)	(13,389)
NET FEES AND COMMISSIONS INCOME	132,666	133,774
Net gain from financial instruments at fair value through profit or loss	88,078	61,601
Net gain from sale of financial assets at amortized cost	65,995	64,165
Revenue from financial assets at fair value through other comprehensive income	4,491	4,200
Other operating income	27,484	24,212
TOTAL OPERATING INCOME	709,244	707,969
Net credit losses	(86,797)	(61,998)
NET OPERATING INCOME	622,447	645,971
Personnel expenses	(154,321)	(161,286)
Depreciation of property and equipment	(31,123)	(31,466)
Amortisation of intangibles assets	(159)	(159)
Other operating expenses	(139,891)	(116,048)
TOTAL OPERATING EXPENSES	(325,494)	(308,959)
OPERATING PROFIT	296,953	337,012
Net loss on disposal of fixed assets	-	(88)
PROFIT BEFORE TAX	296,953	336,924
Income tax expense	(44,691)	(65,987)
PROFIT FOR THE PERIOD	252,262	270,937
Attributable to:		
Equity holders of the parent	246,450	259,894
Minority interests	5,812	11,043
	252,262	270,937
Earnings per share		
Equity holders of the parent for the year:	LL	LL
Basic earnings per share - Common ordinary shares	352.70	376.60
Diluted earnings per share - Common ordinary shares	337.32	356.91

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CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2012 (LBP millions)

	31-DEC-12	31-DEC-11
Profit for the year	252,262	270,937
Other comprehensive loss		
Net unrealized loss from financial instruments at fair value through other comprehensive income	(3,605)	(3,863)
Exchange differences on translation of foreign operations	(109,946)	(37,348)
Income tax effect on components of other comprehensive income	527	1,379
Other comprehensive income (loss) for the year, net of tax	(113,024)	(39,832)
Total comprehensive income for the year, net of tax	139,238	231,105
Attributable to:		
Equity holders of the parent	181,939	235,654
Non-controlling interests	(42,701)	(4,549)
	139,238	231,105

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CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2012 (LBP millions)

	31-DEC-12	31-DEC-11
OPERATING ACTIVITIES		
Profit before tax	296,953	336,924
Adjustments to reconcile profit before tax to net cash flows:		
Depreciation and amortisation	31,282	31,625
Provision for loans and advances and direct write offs, net	107,229	45,016
(Write-back) provision for other doubtful bank accounts, net	(942)	(6,593)
Provisions for financial assets at amortized cost, net	(19,490)	23,575
Loss (gain) on disposal of property and equipment	-	88
Gain on disposal of assets taken in settlement of debt	(4,613)	(3,877)
Provisions for risks and charges, net	2,468	14,300
Unrealized fair value losses (gains) on financial instruments at fair value through profit and loss	(4,361)	6,339
Realized gains from financial instruments	(75,747)	(70,052)
Derivative financial instruments	(5,552)	(897)
Operating profit before working capital changes	327,227	376,448
Changes in operating assets and liabilities		
Due from central banks	(1,957,792)	(499,978)
Due from banks and financial institutions	35,274	229,110
Financial assets given as collateral	(3)	(2)
Financial assets at fair value through profit or loss	(31,587)	(2,331)
Due to banks and financial institutions	(23,314)	(153,308)
Net loans and advances to customers and related parties	(275,828)	(402,096)
Assets taken in settlement of debt	(286)	(829)
Proceeds from sale of assets taken in settlement of debt	7,149	8,346
Other assets	(3,049)	9,633
Customers' and related parties' deposits	979,684	1,346,382
Other liabilities	1,433	(9,954)
Cash from operations	(941,092)	901,421
Provision for risks and charges paid	(1,445)	(4,216)
Taxation paid	(51,014)	(66,327)
Net cash from operating activities	(993,551)	830,878
INVESTING ACTIVITIES		
Financial assets at amortized cost	(452,840)	427,407
Financial assets at fair value through other comprehensive income	(5,179)	(143)
Loans to banks and financial institutions and reserve purchase agreements	208,781	(37,491)
Purchase of property and equipment and intangible assets	(29,919)	(57,381)
Proceeds from sale of property and equipment	278	1,170
Acquisition of additional non-controlling interest	-	(8,584)
Net cash from (used in) investing activities	(278,879)	324,978
FINANCING ACTIVITIES		
Due to central banks	763	(1,265)
Debts issued and other borrowed funds	(153,579)	448,789
Subordinated notes	135,251	3,939
Treasury shares	151	(9,007)
Dividends paid to equity holders of the parent (net)	(160,841)	(170,439)
Dividends paid to non-controlling interest	(3,306)	(3,883)
Non-controlling interest share in a capital increase of a subsidiary	-	23,473
Net cash from financing activities	(181,561)	291,607
Net effect of foreign exchange rates	(75,040)	(32,713)
(DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(1,529,031)	1,414,750
Cash and cash equivalents at 1 January	6,150,118	4,735,368
CASH AND CASH EQUIVALENTS AT 31 DECEMBER	4,621,087	6,150,118
Operational cash flows from interest and dividends		
Interest paid	(881,733)	(834,902)
Interest received	1,269,069	1,249,141
Dividend received	5,043	5,214