

**BLOM Bank's Financial Results for 2016:
Steady and Highest Profitability Ratios Among Listed Banks**

BLOM Bank announced today its un-audited financial results for the year 2016. The results continue to show the Bank's solid performance despite the ongoing turbulence in the region. Net profit reached \$463 million, higher by \$59 million from last year. As impressive, the Bank recorded the highest profitability ratios among listed banks, with the rate of return on average common equity standing at 17.4%. The Bank's performance was driven by its excellent managerial and operational efficiency, attaining a cost-to-income ratio of 35.8%, also the lowest among listed banks.

The Bank's balance sheet in turn witnessed reasonable expansion. Assets stood at \$29.5 billion, higher by \$431 million from year 2015; and Tier 1 shareholders' equity rose to \$2.9 billion, up by \$225 million.

The Bank's profitability was achieved while maintaining very strong financial indicators. The capital adequacy ratio reached 19%, against a required ratio of 14%; primary liquidity stood at 72.7%; and coverage of non-performing loans (including collective provisions and real guarantees) was 161%.

The 2016 financial results highlight once again BLOM bank's successful strategy of attaining balanced growth by giving priority to risk and cost control.

30 January, 2017

Financial Results for the year 2016

Consolidated Statement of Financial Position

| Assets (In USD Thousand) | 31/12/2016 Unaudited | 31/12/2015 Audited |
|---|---------------------------------------|-------------------------------------|
| Cash and balances with the Central Banks | 11,934,440 | 9,483,548 |
| Banks and financial institutions | 2,110,101 | 2,795,043 |
| Due from head office, parent, and sister banks/companies | - | - |
| Granted Financial Loans to Banks and Financial Institutions and reverse repurchase agreements | 40,168 | 42,040 |
| Derivative financial instruments | 35,277 | 27,011 |
| Shares and securities designated at FVTPL | 122,849 | 107,798 |
| Financial assets designated at FVTPL | 133,640 | 287,073 |
| out of which : Loans and advances designated at FVTPL | - | - |
| Loans and advances to customers designated at Amortised Cost ⁽¹⁾ | 7,102,494 | 7,174,598 |
| Loans and advances to related parties designated at Amortised Cost | 60,590 | 21,370 |
| Bank acceptances | 75,285 | 58,941 |
| Shares and securities designated at fair value through other comprehensive income (FVTOCI) | 2,531 | 4,132 |
| Financial assets classified at Amortised Cost | 7,293,479 | 8,508,377 |
| Investment and loans to related parties | - | - |
| Assets taken in recovery of debt | 33,006 | 25,233 |
| Tangible fixed assets | 466,629 | 427,273 |
| Intangible fixed assets | 1,645 | 3,443 |
| Other assets | 103,687 | 101,512 |
| Goodwill | 14,172 | 31,759 |
| Total Assets | 29,529,993 | 29,099,151 |

(1) After taking into consideration total provisions amounting to USD 277,314 thousand and USD 239,644 thousand as at 31/12/2016 and 31/12/2015 respectively, from total loans and advances to customers according to IAS 39; out of which collective provisions stood at USD 61,262 thousand and USD 83,023 thousand as at 31/12/2016 and 31/12/2015 respectively.

Financial Results for the year 2016

Consolidated Statement of Financial Position

| Liabilities (In USD Thousand) | 31/12/2016 Unaudited | 31/12/2015 Audited |
|---|-------------------------|-----------------------|
| Due to Central Banks | 346,236 | 305,319 |
| Due to banks & financial institutions and repurchase agreements | 391,910 | 322,848 |
| Due to head office, parent, and sister banks / companies | - | - |
| Derivative financial instruments | 22,246 | 27,067 |
| Financial liabilities designated at FVTPL | - | - |
| out of which : Customers' Deposits at FVTPL | - | - |
| Customers' deposits at Amortised Cost | 24,636,963 | 24,957,729 |
| Related parties` deposits at Amortised Cost | 173,857 | 133,071 |
| Debt issued and other borrowed funds | - | - |
| Engagements by acceptances | 75,285 | 58,941 |
| Other liabilities | 544,507 | 463,559 |
| Provisions for risks and charges | 392,790 | 109,022 |
| Liabilities related to non-current assets held for sale | - | - |
| Total Liabilities | 26,583,794 | 26,377,556 |
| Shareholders' Equity | | |
| Share capital - Common Shares | 171,144 | 171,144 |
| Share capital - Preferred Shares | 15,920 | 15,920 |
| Share premium on common shares | 248,132 | 248,132 |
| Share premium on preferred shares | 184,080 | 184,080 |
| Non distributable reserve (Legal and Obligatory) | 791,146 | 704,700 |
| Distributable free reserve | 371,382 | 341,303 |
| Treasury shares | (11,238) | (119,873) |
| Retained earnings | 943,549 | 835,634 |
| Reserves for revaluation variance-real estate | 9,769 | 9,769 |
| Fair value for financial assets at FVTOCI | 365 | 221 |
| Foreign currency translation reserve | (285,334) | (126,594) |
| Profit of the previous financial period - Profit / (Loss) | - | - |
| Non-controlling interests | 48,733 | 70,358 |
| out of which : Profit allocated to non-controlling interests | 4,754 | 17,460 |
| Profit of the financial period - Profit / (Loss) | 458,551 | 386,801 |
| Total Shareholders' Equity | 2,946,199 | 2,721,595 |
| Total Liabilities and Shareholders' Equity | 29,529,993 | 29,099,151 |

Consolidated Statement of Financial Position

| (In USD Thousand) | 31/12/2016 Unaudited | 31/12/2015 Audited |
|--|-------------------------|-----------------------|
| Interest and similar income | 1,693,096 | 1,550,474 |
| Interest and similar charges | (1,002,818) | (938,937) |
| Net interest income | 690,278 | 611,537 |
| Fees and commission income | 186,767 | 179,849 |
| Fees and commission expense | (36,354) | (32,892) |
| Net Fees and commission income | 150,413 | 146,957 |
| Net gain (loss) on financial assets & liabilities designated at fair value through profit & loss | 78,098 | 65,565 |
| out of which : Net gain (loss) on Interest Income | 6,389 | 9,877 |
| Net gain (loss) on financial operations | 382,085 | 5,145 |
| Other operating income | 14,206 | 7,958 |
| Total operating income | 1,315,080 | 837,162 |
| Credit loss expense | (82,095) | (16,803) |
| out of which : Credit loss for financial instruments at amortized cost | 0 | 0 |
| Provisions for impairment losses on other financial investments | (23,051) | 0 |
| Net operating income | 1,209,934 | 820,359 |
| Personnel charges | (206,354) | (188,253) |
| General and other operating expenses | (117,541) | (113,731) |
| Depreciation of tangible fixed assets | (23,723) | (23,883) |
| Amortization of intangible fixed assets | (2,688) | (2,324) |
| Provisions for impairment loss of goodwill | 0 | 0 |
| Total operating expenses | (350,306) | (328,191) |
| Net operating profit | 859,628 | 492,168 |
| Share of profit of associate | 0 | 0 |
| Provisions for Risks & Charges | (173,000) | 0 |
| Loss on Deconsolidation | (61,786) | 0 |
| Net profit (loss) from sale or disposal of other assets | (787) | 89 |
| Net profit before taxes | 624,055 | 492,257 |
| Income tax | (160,750) | (87,996) |
| Operating profit after tax | 463,305 | 404,261 |
| Net profit after tax from Non-current assets held-for-sale & discontinued operations | - | - |
| Net profit | 463,305 | 404,261 |
| Attributable to equity holders of the parent | 458,551 | 386,801 |
| Attributable to non-controlling interests | 4,754 | 17,460 |
| EPS (Basic) in USD | 2.25 | 1.86 |
| EPS (Diluted) in USD | 2.25 | 1.86 |

Consolidated Statement of Financial Position

| (In USD Thousand) | 31/12/2016 Unaudited | 31/12/2015 Audited |
|--|-------------------------|-----------------------|
| Financing commitments | | |
| Financing commitments issued | 94,813 | 121,294 |
| Financing commitments received from financial intermediaries | 33,960 | 57,386 |
| Commitments to lend | 233,132 | 273,459 |
| Guarantees | | |
| Guarantees given to financial intermediaries | 71,853 | 82,669 |
| out of which: credit derivatives | - | - |
| Guarantees received from financial intermediaries | 45,510 | 20,561 |
| out of which: credit derivatives | - | - |
| Guarantees given to customers | 363,520 | 474,854 |
| Guarantees received from customers | 12,310,848 | 12,510,329 |
| Commitments on financial assets | | |
| Financial assets to receive | - | - |
| out of which: financial assets sold with an option to repurchase | - | - |
| Financial assets to deliver | - | - |
| out of which: financial assets bought with an option to resell | - | - |
| Operations in foreign currencies | | |
| Foreign currencies to receive | 2,055,012 | 3,365,397 |
| Foreign currencies to deliver | 2,050,537 | 3,364,634 |
| Commitments on term financial instruments | 868,255 | 2,334,133 |
| Other commitments | 47,451 | 34,027 |
| Fiduciary deposits | 134,653 | 107,972 |
| Under specific instructions | 134,653 | 107,972 |
| Under discretionary investments | - | - |
| Financial assets under management | 6,987,562 | 6,610,651 |
| Mutual Funds | - | - |
| Financial assets linked to indices and financial derivatives | - | - |
| Bad loans fully provided for and transferred to off balance sheet during the period | (16,525) | 29,136 |