

**BLOM Bank Financial Results for the First Nine Months of 2016:
Highest Profitability Ratios and Strong Financial Standing**

BLOM Bank announced its unaudited financial results for the first nine months of 2016. The results show BLOM Bank's solid performance during that period, despite the political paralysis in Lebanon and instability in the region. Net profit increased to \$344.08 million at end September 2016, up by 18.74% from the same period last year, and driven by higher profits at the Bank's foreign units. Relative Profitability also registered markedly good ratios, with the rate of return on average common equity reaching 16.99% and the rate of return on average assets 1.55%, both the highest among listed banks. The main reason behind BLOM bank's notable performance is the Bank's excellent managerial and operational efficiency, as its cost-to-income ratio stood at 35.26%, the lowest among listed peers.

BLOM Bank's balance sheet aggregates also recorded decent growth, given the continued weakness of the Lebanese economy. Assets reached \$30.13 billion at end of the third quarter 2016, higher by 4.15% from the same period in 2015; deposits rose to \$25.64 billion, up by 2.45%; loans to the private sector increased to \$7.51 billion, higher by 7.28%; and shareholders' equity rose to \$2.82 billion, up by 7.51%.

What is noteworthy is that the Bank's good performance was accomplished while maintaining strong financial indicators: the capital adequacy ratio according to Basel III was 18.1%; the primary liquidity ratio was 66.6%, the non-performing loans ratio was 4.4%, and the coverage ratio of non-performing loans (including collective provisions and real guarantees) was 151%.

29October, 2016

Financial Results as at 30/9/2016 ⁽¹⁾

Balanced growth with priority to control banking risks and operating costs

Net profit, the highest return and the lowest operating costs:

Net profit for the first nine months	USD 344 million, an increase of USD 54 million
The highest return on shareholders' equity (ROE common) ⁽²⁾	17.0%
The lowest cost to income ratio ⁽²⁾	35.3%
Total assets	USD 30.1 billion, an increase of USD 1.2 billion
Customers' deposits	USD 25.6 billion, an increase of USD 614 million
Loans & advances to customers	USD 7.5 billion, an increase of USD 510 million
Shareholders' equity	USD 2.8 billion, an increase of USD 197 million

While maintaining the highest ratios of capital adequacy, and liquid assets⁽²⁾ and high coverage of non-performing loans:

A high capital adequacy ratio	18.1% (Required ratio 12%)
A high liquid assets / customers' deposits ratio	66.6%
A high coverage of non-performing loans (after accounting for real guarantees and collective provisions)	151%



(1) Compared to 30/9/2015

(2) Among listed Lebanese Banks

Financial Results as at 30/9/2016

Consolidated Statement of Financial Position

Assets (In USD Thousand)	30/9/2016 Unaudited	31/12/2015 Audited
Cash and balances with the Central Banks	10,507,849	9,483,548
Banks and financial institutions	2,089,489	2,795,043
Due from head office, parent, and sister banks/companies	-	-
Granted Financial Loans to Banks and Financial Institutions and reverse repurchase agreements	41,515	42,040
Derivative financial instruments	8,446	27,011
Shares and securities designated at FVTPL	122,254	107,798
Financial assets designated at FVTPL	166,418	287,073
out of which : Loans and advances designated at FVTPL	-	-
Loans and advances to customers designated at Amortised Cost ⁽¹⁾	7,494,014	7,174,598
Loans and advances to related parties designated at Amortised Cost	19,524	21,370
Bank acceptances	70,086	58,941
Shares and securities designated at fair value through other comprehensive income (FVTOCI)	3,771	4,132
Financial assets classified at Amortised Cost	8,909,120	8,508,377
Investment and loans to related parties	-	-
Assets taken in recovery of debt	31,114	25,233
Tangible fixed assets	485,590	427,273
Intangible fixed assets	2,111	3,443
Other assets	151,471	101,513
Goodwill	28,157	31,759
Total Assets	30,130,929	29,099,152

(1) After taking into consideration total provisions amounting to USD 256,856 thousand and USD 239,644 thousand as at 30/9/2016 and 31/12/2015 respectively, from total loans and advances to customers according to IAS 39; out of which collective provisions stood at USD 74,522 thousand and USD 83,023 thousand as at 30/9/2016 and 31/12/2015 respectively.

Consolidated Statement of Financial Position

Liabilities (In USD Thousand)	30/9/2016 Unaudited	31/12/2015 Audited
Due to Central Banks	330,340	305,319
Due to banks & financial institutions and repurchase agreements	281,236	322,848
Due to head office, parent, and sister banks / companies	-	-
Derivative financial instruments	9,329	27,067
Financial liabilities designated at FVTPL	-	-
out of which : Customers' Deposits at FVTPL	-	-
Customers' deposits at Amortised Cost	25,447,170	24,957,729
Related parties' deposits at Amortised Cost	196,344	133,071
Debt issued and other borrowed funds	-	-
Engagements by acceptances	70,086	58,941
Other liabilities	600,092	463,559
Provisions for risks and charges	379,295	109,022
Liabilities related to non-current assets held for sale	-	-
Total Liabilities	27,313,892	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)	786,925	704,700
Distributable free reserve	371,386	341,303
Treasury shares	(134,102)	(119,873)
Retained earnings	937,519	835,634
Reserves for revaluation variance-real estate	9,769	9,769
Fair value for financial assets at FVTOCI	375	221
Foreign currency translation reserve	(177,567)	(126,594)
Profit of the previous financial period - Profit / (Loss)	-	-
Non-controlling interests	70,689	70,358
out of which : Profit allocated to non-controlling interests	11,307	17,460
Profit of the financial period - Profit / (Loss)	332,767	386,801
Total Shareholders' Equity	2,817,037	2,721,595
Total Liabilities and Shareholders' Equity	30,130,929	29,099,151

Consolidated Statement of Financial Position

Off Financial Position (In USD Thousand)	30/9/2016 Unaudited	31/12/2015 Audited
Financing commitments		
Financing commitments issued	98,022	121,294
Financing commitments received from financial intermediaries	41,028	57,386
Commitments to lend	297,726	273,459
Guarantees		
Guarantees given to financial intermediaries	84,143	82,669
out of which: credit derivatives	-	-
Guarantees received from financial intermediaries	48,527	20,561
out of which: credit derivatives	-	-
Guarantees given to customers	487,479	474,854
Guarantees received from customers	12,205,853	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	1,837,404	3,365,397
Foreign currencies to deliver	1,837,962	3,364,634
Commitments on term financial instruments	549,803	2,334,133
Other commitments	46,416	34,027
Fiduciary deposits	169,118	107,972
Under specific instructions	169,118	107,972
Under discretionary investments	-	-
Financial assets under management	7,125,222	6,610,651
Mutual Funds	-	-
Financial assets linked to indices and financial derivatives	-	-
Bad debts written off during the period	6,151	29,136

Consolidated Income Statement

(In USD Thousand)	For the period ended	30/9/2016 Unaudited	30/9/2015 Unaudited
Interest and similar income		1,254,322	1,145,784
Interest and similar charges		(747,624)	(695,956)
Net interest income		506,698	449,828
Fees and commission income		138,736	132,383
Fees and commission expense		(26,635)	(22,926)
Net Fees and commission income		112,101	109,457
Net gain / (loss) on financial assets & liabilities designated at fair value through profit & loss		59,514	42,004
out of which : Net gain / (loss) on Interest Income		4,823	7,740
Net gain / (loss) on financial operations		43,381	2,560
Other operating income		4,527	6,196
Total operating income		726,221	610,045
Credit loss expense		(35,180)	(6,484)
out of which : Credit loss for financial instruments at amortized cost		-	-
Provisions for impairment losses on other financial investments		(21)	-
Net operating income		691,020	603,561
Personnel charges		(156,582)	(143,926)
General and other operating expenses		(87,238)	(79,765)
Depreciation of tangible fixed assets		(17,767)	(17,694)
Amortization of intangible fixed assets		(2,019)	(1,658)
Provisions for impairment loss of goodwill		-	-
Total operating expenses		(263,606)	(243,043)
Net operating profit		427,414	360,518
Share of profit of associate		-	-
Net profit / (loss) from sale or disposal of other assets		134	183
Net profit before taxes		427,548	360,701
Income tax		(83,474)	(70,935)
Operating profit after tax		344,074	289,766
Net profit after tax from non-current assets held-for-sale and discontinued operations		-	-
Net profit		344,074	289,766
Attributable to equity holders of the parent		332,767	275,687
Attributable to non-controlling interests		11,307	14,079
EPS (Basic) in USD		1.65	1.32
EPS (Diluted) in USD		1.65	1.32