



Byblos Bank confirms its solid financial position at end 2016

Consolidated Activity Highlights as at end-December 2016:

- USD 20.8 billion in Assets
- USD 17.1 billion in Deposits
- USD 5.2 billion in Loans
- USD 2.1 billion in Total Equity
- USD 165 million in Net Profit

Byblos Bank Headquarters, 26 January 2017: Byblos Bank overall results for 2016 were satisfactory given the difficult economic and financial conditions in Lebanon and the region.

Lower oil prices and revenues in several countries in the region, in addition to military conflicts, have drained important financial resources that were, directly or indirectly, benefiting the Lebanese economy and the economies in which Byblos Bank does business (i.e., Iraq, Africa).

Byblos Bank recorded, as at 31 December 2016, a net profit of USD 165 million, slightly higher than USD 161 million posted in 2015.

The Bank's conservative loan growth of 5% continues to be aligned with its low risk appetite, and its objective to maintain a strong and healthy loan portfolio in a persisting difficult environment. In addition, the Bank seeks to preserve its high liquidity of 55% and solid capital adequacy ratio of more than 16% in September 2016 (versus the required 14%). These high levels reflecting the Bank's financial strength will enable it to be better prepared in case of unforeseen events and act swiftly on important business opportunities.

The exceptional gains resulting from the swap transactions undertaken with the Central Bank of Lebanon, were in part used for writing off Byblos Bank's investments in its subsidiaries in both Sudan and Syria and deconsolidate its operations there. Moreover, the Bank has allocated an important part of these gains as provisions in preparation for the implementation of the International Financial Reporting Standard IFRS-9 due in 2018. Any potential retrieval of such provisions will be partly used to strengthen the Bank's capital to allow further expansion in its domestic and overseas markets.

Meanwhile, Byblos Bank's business strategy will continue to focus on building a healthy loan portfolio of both domestic and international businesses, and on further consolidating its strong consumer franchise as well as on diversifying lending in a way that reduces exposure to sovereign risk. Plans undertaken to increase the use of technology, simplify Bank processes, and deploy well-targeted employee training programs will also help in ensuring an optimal service quality to customers and improving work environment for staff members.

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BYBLOS BANK ^{SAL}

CAPITAL LBP 689,113,198,400 FULLY PAID, TOTAL EQUITY LBP 3,137,380,000,000

C.R.B.14150, LIST OF BANKS NO. 39, HEAD OFFICE - BEIRUT

CONSOLIDATED FINANCIAL STATEMENTS AS AT 31 DECEMBER 2016

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

ASSETS

As at 31 December 2016 (LBP millions)	Unaudited	Audited
	31-Dec-16	31-Dec-15
Cash and balances with central banks	8,783,092	7,236,237
Due from banks and financial institutions	2,657,000	2,518,365
Loans to banks and financial institutions and reverse repurchase agreements	964,066	1,197,047
Financial assets given as collateral	224,044	1,405
Derivative financial instruments	4,420	1,844
Shares and participations held at fair value through profit or loss	40,065	35,669
Debt instruments and other financial assets held at fair value through profit or loss	744,466	260,176
of which: Net loans and advances designated at fair value through profit or loss	-	-
Net loans and advances to customers at amortized cost*	7,785,853	7,399,641
Net loans and advances to related parties at amortized cost	20,526	35,275
Debtors by acceptances	223,883	244,705
Shares and participations held at fair value through other comprehensive income	98,738	101,907
Debt instruments held at amortized cost	9,421,655	10,516,514
Property and equipment	247,096	255,125
Goodwill and intangible assets	380	493
Assets taken in settlement of debt	43,299	42,006
Other assets	135,828	108,001
TOTAL ASSETS*	31,394,411	29,954,410

(*) After Deducting:

Reserved Interest on sub-standard, doubtful, and bad loans	55,563	80,672
Specific Provisions for doubtful and bad loans	158,278	183,738
Provisions Based on Collective Assessment	78,643	131,448

LIABILITIES AND EQUITY

As at 31 December 2016 (LBP millions)	Unaudited	Audited
	31-Dec-16	31-Dec-15
LIABILITIES		
Due to central banks	332,971	117,412
Due to banks and financial institutions	774,095	744,554
Derivative financial instruments	2,106	2,445
Customers' deposits at amortized cost	25,413,566	24,658,431
Deposits from related parties at amortized cost	366,027	421,716
Engagements by acceptances	223,883	244,705
Debt issued and other borrowed funds	444,072	445,199
Other liabilities	430,885	147,567
Provision for risks and charges	269,426	171,538
Subordinated notes	420,165	417,400
TOTAL LIABILITIES	28,677,196	27,370,967

EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT

As at 31 December 2016 (LBP millions)	Unaudited	Audited
	31-Dec-16	31-Dec-15
Share capital – Common ordinary shares	684,273	684,273
Share capital – Preferred shares	4,840	4,840
Issue premium – Common ordinary shares	229,014	229,014
Issue premium – Preferred shares	591,083	591,083
Reserves not available for distribution (legal and statutory)	853,444	815,884
Reserves available for distribution	102,220	99,211
Treasury shares	(5,161)	(6,807)
Retained earnings	57,945	61,832
Revaluation reserve of real estate	5,689	5,689
Reserve on revaluation of financial assets at fair value through OCI	(11,263)	(7,961)
Net results of the financial year - profit	232,647	228,185
Foreign currency translation reserve	(64,866)	(193,842)
	2,679,865	2,511,401
NON-CONTROLLING INTEREST	37,350	72,042
TOTAL EQUITY	2,717,215	2,583,443
TOTAL LIABILITIES AND EQUITY	31,394,411	29,954,410

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2016 (LBP millions)	Unaudited	Audited
	31-Dec-16	31-Dec-15
OFF-BALANCE SHEET ITEMS		
Financing Commitments		
Financing commitments given to banks & financial institutions	401,809	376,038
Financing commitments received from banks & financial institutions	79,254	104,860
Engagement to customers	2,774,764	2,344,258
Bank guarantees		
Guarantees given to banks & financial institutions	179,274	278,610
Guarantees given to customers	913,621	972,921
Guarantees received from customers	25,628,287	26,569,159
Foreign Currencies Forwards		
Foreign currencies to receive	310,601	407,020
Foreign currencies to deliver	308,153	407,572
Claims from legal cases	44,452	42,028
Fiduciary assets	162,722	149,513
Asset under management	3,265,740	3,296,110
Bad debts fully provided for	167,558	118,539

CONSOLIDATED INCOME STATEMENT

Year ended 31 December 2016 (LBP millions)	Unaudited	Audited
	31-Dec-16	31-Dec-15
Interest and similar income	1,549,592	1,489,087
Interest and similar expense	(1,176,123)	(1,102,771)
NET INTEREST INCOME	373,469	386,316
Fees and Commissions income	134,122	134,515
Fees and Commissions expense	(12,517)	(12,564)
NET FEES AND COMMISSIONS INCOME	121,605	121,951
Net gain from financial instruments at fair value through profit or loss	80,006	67,443
of which: interest revenues/charges	55,409	12,911
Net gain or loss on financial assets at amortized cost	417,699	86,939
Revenue from financial assets at fair value through other comprehensive income	4,413	4,383
Other operating income	24,822	21,000
TOTAL OPERATING INCOME	1,022,014	688,032
Credit loss expense	5,255	(47,908)
NET OPERATING INCOME	1,027,269	640,124
Personnel expenses	(201,454)	(180,792)
Depreciation and amortization	(22,424)	(23,466)
Amortisation of intangibles assets	(114)	(159)
Impairment of goodwill	(12,427)	-
Other operating expenses	(124,821)	(118,248)
TOTAL OPERATING EXPENSES	(361,240)	(322,665)
OPERATING PROFIT	666,029	317,459
Provision for risks and charges	(114,548)	(20,939)
Loss from deconsolidating foreign entities	(187,566)	-
PROFIT BEFORE TAX	363,915	296,520
Income tax expense	(114,718)	(53,083)
PROFIT FOR THE YEAR	249,197	243,437
Attributable to:		
Equity holders of the parent	232,647	228,185
Minority interests	16,550	15,252
	249,197	243,437
Earnings per share		
Equity holders of the parent for the year:	LL	LL
Basic earnings per share - Common ordinary shares	327.18	319.18
Diluted earnings per share - Common ordinary shares	310.14	303.21

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 December 2016 (LBP millions)	Unaudited	Audited
	31-Dec-16	31-Dec-15
PROFIT FOR THE YEAR	249,197	243,437
OTHER COMPREHENSIVE INCOME (LOSS)		
Items to be reclassified to the income statement in subsequent periods:		
Exchange difference on translation of foreign operations	103,646	(41,114)
Net other comprehensive gain (loss) to be reclassified to the income statement in subsequent periods	103,646	(41,114)
Items not to be reclassified to the income statement in subsequent periods:		
Net unrealized (loss) from financial assets at fair value through other comprehensive income	(3,874)	(503)
Income tax effect	580	76
	(3,294)	(427)
Re-measurement (loss) gain on defined benefit plans	(100)	473
Net other comprehensive (loss) income not to be reclassified to the income statement in subsequent periods	(3,394)	46
OTHER COMPREHENSIVE INCOME (LOSS) FOR THE YEAR		
NET OF TAX	100,252	(41,068)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX	349,449	202,369
Attributable to:		
Equity holders of the parent	358,230	198,746
Non-controlling interests	(8,780)	3,623
	349,449	202,369