



بنك بيروت
Bank of Beirut
Banking Beyond Borders

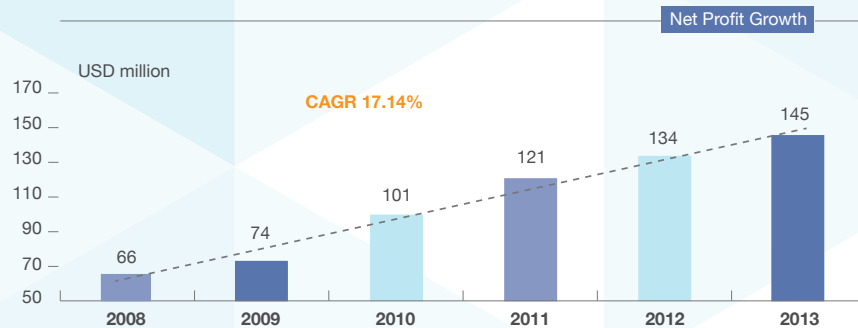
Investors' Newsletter

Q3 Report for Year 2014



► Q2 2014 in Brief

► Profitability Indicators



► Financials Model

- One of the Best Growth Stories in the Lebanese Banking Sector
- Ranks 1st in Trade Finance, Asset Quality, Capitalization**
- Ranks 4th in Net Profit & Equity*
- Ranks 6th in Total Assets*

*Source: Bankdata Publications for Q2-2014

**in terms of equity to asset ratio

► Key Performance indicator Overview

Profitability

- Continuous growth in net profit (EPS)
- Ranked 4th in ROAA in Peer Group
- Lower Cost to income compared to peer group average
- ROACE > 15.0%

Share data

- Stability in Stock Market Price
- Enhancing Share metrics: P/B, P/E, P/A, EPS/MP

Asset Quality

- Ranked 1st in Loan portfolio quality in Peer Group
- High LLRs Coverage, high FV of collateral
- Diversification (Corporate, SME, Retail, Housing)

Capitalization

- Ranked 1st in Capitalization level among Peer Group (Equity/Assets)
- Fully Compliant with Basel III regulations
- Consistent Dividend payout ratio and increasing Dividend yields

Liquidity

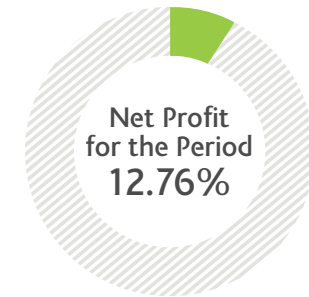
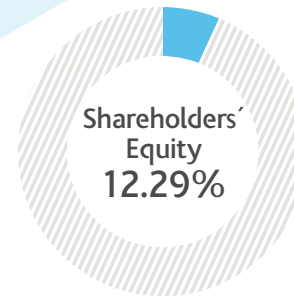
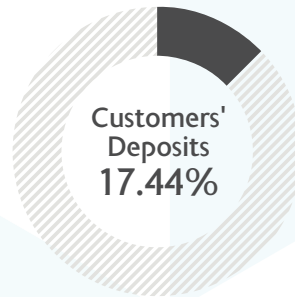
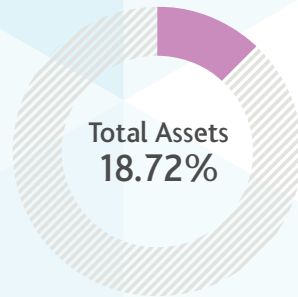
- High Liquidity in local and foreign currency
- Low Loans to Deposits Ratio
- Positive fair valuation of the investment securities portfolio

► Q2 2014 in Brief

Bank of Beirut unaudited net profits for the six-months period ended June 30, 2014 marked year on year increase of 12.76% to reach USD77.9million, compared to the same period last year.

Assets rose on year-to-year basis by 18.72% to reach USD14billion as at June 30, 2014. Net loans rose 18.52% compared to the same period last year and amounted to USD4billion at end of Q2 2014.

Total deposits reached USD10.56billion, an increase of 17.44% compared to the same period, last year while shareholders' equity increased 12.29% to USD1.62billion as at June 30, 2014.



► Priority Shares Issue

Bank of Beirut SAL issued 4,762,000 Series 2014 priority shares for a total of USD100million. The issue price is at USD21 per share at a par value of LBP1,350(USD0.89) and an issue premium of USD20.11

The series 2014 priority shares constitute a special class of the Bank's common shares that benefit, for a limited period (priority period), in addition to the rights and obligations devolving on the remaining Common Shares, from an annual non-cumulative Priority Dividend equal to 4.00% per year of the Issue Price (subject to adjustment in case of a stock split or reverse stock split), provided that (i) there are enough

Declared Net Profits to allow the payment of such Priority Dividend; (ii) the Bank is in compliance with the ratios imposed by the CBL and the Banking Control Commission (the "BCC") in relation to the regulations applicable to capital adequacy; and (iii) the Bank's Ordinary General Meeting of shareholders resolves the distribution of the Priority Dividend. The Priority Dividend of 4.00% shall be adjusted on a pro rata basis for the fraction of year during which the issuance of the Priority Shares occurs, so that it applies to the period from the Closing Date, until the end of the financial year 2014

The Series 2014 Priority Shares will be entitled to the Priority Dividend from the profits of the financial years 2014 to 2019 inclusive and all priority shares will be listed on the Beirut Stock Exchange.



▶ Expanding Footprint

Demonstrating Bank of Beirut's commitment to Banking Beyond Borders, a representative office was established in **Tripoli, Libya**, the 17th largest country in the world with the 10th largest proven

oil reserves. Bank of Beirut currently operates 90 branches across 4 continents that include over 60 branches in Lebanon, 16 branches across **Sydney, Melbourne, and Ade-laide** in Australia, 3 branches in

Oman, United Kingdom, Germany, Cyprus, and representative offices **UAE, Qatar, Libya** and **Iraq**.



▶ Group Risk Management Strategy



Mr. Elias Alouf - Chief Risk Officer

▶ Risk Management

Bank of Beirut s.a.l. manages its business activities within guidelines set in the Group's Risk Management Framework, approved by the Board of Directors in addition to the circulars of the Banking Control Commission and the Central Bank.

The Board's Risk Management Committee has the mission to periodically (1) review and assess the Risk Management function of the Group, (2) review the adequacy of the Bank's capital and its allocation within the Group, and (3) review risk limits and reports and make recommendations to the Board.

Standardization of risk management functions and systems have been developed across all the Group's

foreign subsidiaries / branches. In effect, there is a global, consolidated consistency of conducted business in line with the Board's approved risk appetite and tolerance.

▶ Compliance & Anti-Money Laundering

The Compliance mission is to ensure that Bank of Beirut Group (local and overseas branches, affiliate, and rep. offices) is compliant with relevant laws and regulations, their related internal policies and procedures, and the code of conduct applicable to its banking activities. This typically includes specific areas

such as the prevention of money laundering and terrorist financing along with the prevention of legal risks and taking necessary mitigation measures. In addition, the Department assesses the efficiency of the procedures adopted by the Bank to detect any violation or breach and leads the implementation of regulatory requirements.

Over the past year, Compliance has endeavored to ensure the Bank is compliant with the Foreign Account Tax Compliance Act (FATCA), a US law enacted in 2010 and effective in 2015 which aims to combat tax evasion. FATCA policy and procedures have been drafted, and training to increase awareness of FATCA across the Bank is ongoing.

▶ Information Security & Business Continuity

InfoSec protects customer information and ensures the preservation of bank secrecy and privacy. Aside from protecting the Bank's intellectual property, InfoSec is instrumental in fostering Bank compliance with international and local security standards—with the ultimate purpose of achieving ISO certification—as well as instilling confidence in the public in the Bank's secure services.

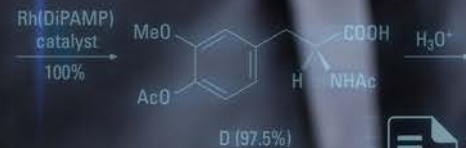
The Department also preserves the Bank's operations by implementing a comprehensive Business Continuity Management Program across the Group's local and foreign entities.



Bank of Beirut Digital World

CONNECTION

www.bankofbeirutpremiumclub.com



▶ Bank of Beirut Digital World

▶ Mobile Banking

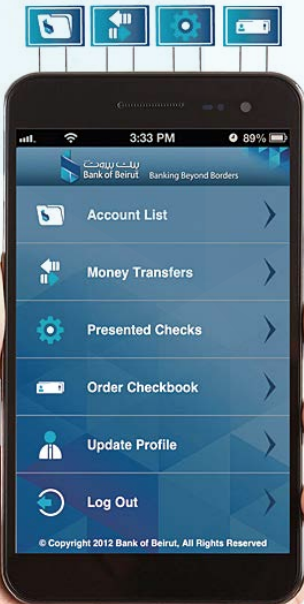
Bank of Beirut iMobile banking application provides its customers with easy access from handheld and Smartphone devices on basis of an enhanced security architecture. The app was developed to work on the iPhone, Android, and Blackberry platforms. It allows the Bank's customers to perform various banking operations from their mobile devices, such as checking account balances, transferring funds, and requesting check books.

The iMobile app includes a geographic locator service displaying Bank of Beirut branches and ATMs on a map.

Most importantly, the app's advanced security architecture safeguards data and prevents illicit use of data and of the app itself.



Get started with our iMobile right away with these detailed video tutorials:
<http://goo.gl/VYIA68>



▶ Personal Online Banking

Even from the convenience of your home or office, Bank of Beirut **Online Banking** platform provides you with immediate access to perform the majority of routine banking transactions.

Online Banking makes it easier for you to securely transfer money between your accounts, It also provides you a much more convenient way to pay your utility bills, and allows you to settle your loans online!

Online Banking operations, available to corporate and retail customers, include financial position inquiries, funds transfers between a customer's accounts and other customer accounts at Bank of Beirut, local and international wire transfers, plus check book requests.

Get started on Personal Online Banking today



▶ Bank of Beirut Digital World



▶ Digital Profile

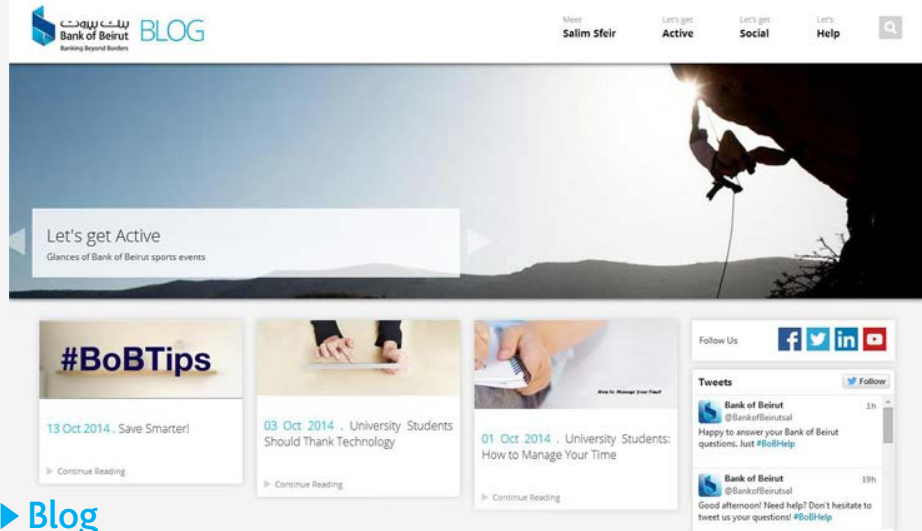
Bank of Beirut is always on the move... in constant development.

We have stepped into the digital world and launched our Digital Bank Profile in 2013. It only took our free app, a couple of days, to shoot upwards and rank 1st in the business category and 36th in all categories.

This new and unique app, that can be downloaded from any portal or tablet is our way to celebrate our first 50 years as a Bank in a green way without the usage of paper or printing. This digital innovation with its significant pictures and lively videos and historical texts relate the main milestones of our Bank. We know and believe that history sets the milestones and the roots...

We also believe in development and modernization and in the digital world that helps us save our green forests and our great legacy, the Earth, to hand on our children.

We are determined to satisfy our clients' needs and this cannot be reached without us knowing your profile, your demands, and your wants; and without you knowing our history, our vision, and our achievements.



▶ Blog

Have you been wondering how to pay for that vacation you've always been wanting to take? Do you know what costs to consider when purchasing a car?

The Bank of Beirut Blog is a platform that is continuously updated with posts written in the simplest terms to provide our customers banking tips and guidance, in addition to share the bank's news and updates. On the blog you can find posts guiding people through processes such as purchasing a car, how to budget their vacations and finance and several other topics. The blog also includes tutorial videos teaching our customers how to use our tools.

Check out our blog on www.blog.bankofbeirut.com

About Us

Corporate Data (As at 30/06/2014)

Company Name	Bank of Beirut s.a.l
Establishment Date	August 19, 1963
Market Capitalization	USD 959 Million
Ticker	BOB.BY
Number of Branches	82
Number of Employees	1678

Board Membership (As at 30/06/2014)

Salim G. Sfeir - Chairman & CEO
Fawaz M. H. Naboulsi - Deputy CEO
Adib S. Millet - Vice Chairman
Antoine A. Abdel Massih - Member
H.E. Anwar M. El Khalil - Member
Emirates NBD Bank P.J.S.C. represented by Mrs Loubna Kassem - Member
Rashed Al Rashed - Member
Antoine Y. Wakim - Member
Krikor S. Sadikian - Member

Share Data

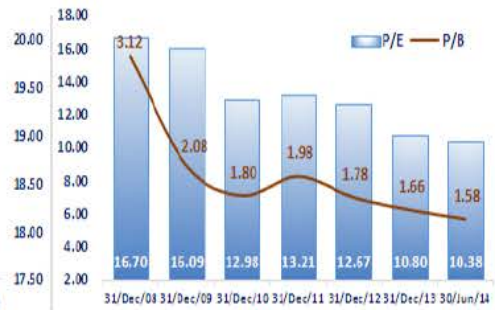
Profitability Metrics



Market Indicators



Valuation Metrics



Consistent Dividend Policy



Contact us:

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