



بنك بيروت
Bank of Beirut
Banking Beyond Borders

Investors' Newsletter

Q1 Report for Year 2013

► 2013 Commitments



► Award of Recognition

First in Super Affluent Net-Worth
Specific Services in Lebanon



Zawya Funds Ranking Award
outstanding performance in 2012



Best GTFP Issuing Bank in
Middle East & North Africa
Regional Trade in 2012



▶ Year 2012 Performance

Bank of Beirut demonstrated a very good performance in 2012 despite the notable slowdown in the local economy and the political turmoil in the region. The good progress has been witnessed in both the domestic marketplace and in the countries where the Bank is represented.



The achieved growth has been in line with the long-term strategy adopted by the Bank to diversify its business activities towards a universal banking model and to expand regionally and internationally in profitable and relatively low-risk countries. It is to be noted that the Bank's long-term strategy is to attain a balanced breakdown of profits between activities in Lebanon and abroad.

The performance was characterized by remarkable growth in all main financial indicators. Capitalizing on the large branch network and the diversified product range, the Bank has achieved gains in market shares in both commercial and retail businesses, while maintaining its position as a leader in Trade Finance line of business.

On consolidated basis, the Bank's total assets reached as at 31/12/2012 USD 11,307 million, growing by 16.20% year-on-year. The growth in size was mainly funded by an 18.85% rise in deposits to USD 9.035 Billion and a USD 92 Million increase in shareholders' equity, to reach USD 1,139 Billion as at end of 2012.

The consolidated net income (group share) increased by 12.84% as compared to year 2011 net profit.

This growth in profitability was driven by the growth in the business activities, coupled with efficient management of interest rate margins, high commission base and effective cost containment policy, with a focus on consistently increasing the non interest base revenues.

Description (USD million)	Balances		Growth	
	31-Dec-11	31-Dec-12	Amount	%
Total Assets	9,730	11,307	1,577	16.20%
Customers' deposits	7,603	9,035	1,433	18.85%
Loans to Customers	3,116	3,522	406	13.04%
Shareholders' Equity	1,048	1,139	92	8.74%
Net Profit	104	117	14	13.09%

Improvement in Ranking

Bank of Beirut has achieved a notable increase in the peer group share and improved its ranking in the major financial indicators, outpacing the two main competitors (SGBL and BLF) as shown below:

Description	Peer Group Share			Ranking	
	31-Dec-11	31-Dec-12	Variance	31-Dec-11	31-Dec-12
Total Assets	6.69%	7.17%	0.48%	8	6
Customers' deposits	6.24%	6.84%	0.60%	8	7
Loans to Customers	7.53%	7.70%	0.17%	7	6
Shareholders' Equity	8.68%	8.35%	-0.33%	5	6
Net Profit	6.63%	6.96%	0.33%	6	6

Bank (USD million)	Balances as at 31/12/2012				
	Assets	Deposits	Loans	Equity	Profit
BankMed	12,507	9,862	4,334	1,289	127
BOB	11,307	9,035	3,522	1,139	117
SGBL	11,283	8,998	2,912	648	115
BLF	10,460	9,053	3,430	841	88
Credit Libanais	7,971	6,961	2,234	619	61

On the other hand, Bank of Beirut has been able to achieve the following outstanding rankings as at 31/12/2012 within the peer group:

- > Ranking 2nd in "Equity to Asset ratio", outlining the high capitalization level.
- > Ranking 1st in "Net Doubtful loans to Gross loans", and 1st in "Loan loss reserves on doubtful loans", denoting the conservative management of the credit risk.
- > Ranking 1st in "Letters of Credit exposure", with a peer group share of 28.82%, evidencing the leading position in Trade Finance business in the market.

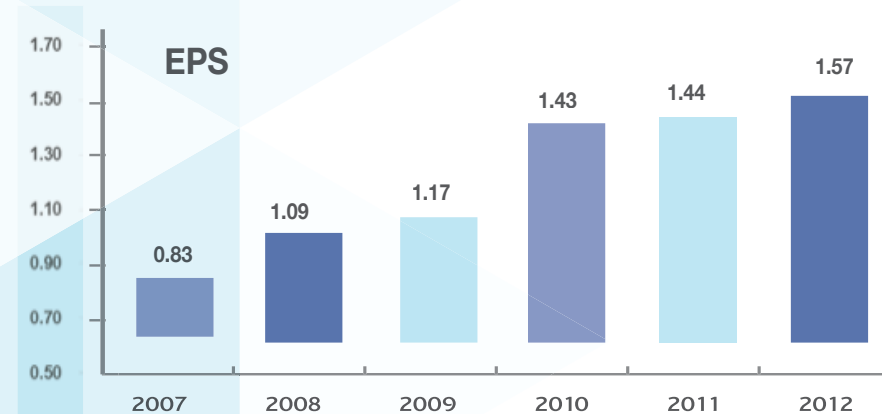
▶ Year 2012 Performance

Earnings per Share

Basic Earnings per Common Share increased to USD 1.57 in year 2012, from USD 1.44 for the year 2011, a growth rate of 8.85%. The increase is mainly due to the growing common earnings (+8.64%) and a slightly lower weighted average number of common shares (-0.19%).

Description (USD 000's)	Years	
	2011	2012
Net profit for the year (group share)	103,294	116,554
Less: Dividends preferred shares	(30,694)	(37,684)
Common earnings	72,600	78,870
Weighted Average No. of common shares	50,286,589	50,190,089
Basic Earnings per share USD	1.44	1.57

The Earnings per share has witnessed a continuous positive growth during the last 5 years as shown in the chart below:



Dividend for common shares

The Ordinary General Meeting has resolved, during its meeting held on 12 April 2013, the distribution of LBP 716 (USD 0.475) dividend per common share, which is higher by 10.15% over the last year Dividend per Share. The Dividend per Share (DPS) will boost the Dividend Yield to 2.50%, as compared to 2.22% in 2011.



Year 2013 Outlook

The current year is expected to witness further challenges on the economic, financial and political levels.

Economically, some concerns have been raised on the Real GDP Growth forecasted by IMF to reach 2.80%, the potential increased inflation rates in the country, the continuous balance of payments deficit and the decrease in the primary fiscal surplus leading to a rise in the budget deficit.

On a positive note, the Central Bank of Lebanon has set in place a scheme by which it will inject during 2013 an amount of LBP 2.2 thousand billion, to be used by the banks to grant housing loans and commercial loans. This step would help revitalize the market and ensure a minimum level of growth throughout the year.

At Bank of Beirut, we are determined to achieve solid growth this year in Lebanon and abroad, while embracing a conservative strategy in risk management.

Domestically, the Bank intends to continue to play a leading role in the Lebanese banking sector by opening additional branches, enlarging our market share in deposits and expanding our footprint in both commercial and retail lending. In addition to the launching of new electronic products providing our customers with best-in-class services.

On the international level, Bank of Beirut seeks to keep expanding into low-risk countries while studying new potential markets. The high performance posted by its foreign entities has proved the success of the strategy the Bank is embracing, and the ambition is to see the balance sheets of our overseas entities exceed our local results.

▶ Wealth Management



> Euromoney Wealth Management Award

First in Super Affluent Net-Worth Specific Services in Lebanon, Euromoney recognizes Bank of Beirut's excellence in Wealth Management

Bank of Beirut has been recently voted "**First in Super affluent net-worth specific services**" in Lebanon by the prestigious world-renowned financial publication, Euromoney. This esteemed acknowledgment came during the award distribution ceremony of the "Annual Euromoney Private Banking and Wealth Management Survey for the Year 2013" held last February in London.

Having focused its efforts on developing the most innovative and effective wealth management tools, Bank of Beirut is considered to be a pioneer and leader in the field and has worthily deserved the Euromoney Award.

The Euromoney Awards survey, which provides a qualitative and quantitative review of the best services in private banking by region and by areas of service. The award winners are selected by a jury of internationally renowned experts in the private banking field. On the other hand, the Euromoney survey results and the awards help investors find the best institutions that are able to manage their wealth, and in return also help the institutions have an added value to develop their businesses and manage further portfolios.

> Zawya Funds Ranking Award

In March 2013, Bank of Beirut was awarded the prestigious Zawya Funds Ranking Award for its outstanding performance in 2012. This is not the first time the Bank has been recognized internationally by Zawya. In October 2011, Zawya listed two Bank of Beirut funds as the best performing funds over three years.



Mr. Salim Sfeir, the Bank's CEO and Chairman of the Board stated: "Wealth management has always been a cornerstone of our vision. While the Bank of Beirut's wealth management activities are growing, we have barely scratched the surface of Lebanese transnational private banking." Indeed, the Lebanese diaspora is estimated to consist of at least 10 million people. "Thanks to this exceptional network, Lebanon has one of the highest remittance-to-GDP ratios in the world," Mr. Sfeir remarked. "Our work recognizes that wealth management is both a growth and international focus for the Bank of Beirut."

About Us

Corporate Data (As at 31/03/2013)

Company Name
Establishment Date
Shareholders' Equity
Market Capitalization
Ticker
Number of Employees

Bank of Beirut s.a.l
August 19, 1963
USD 1.162 Million
USD 959 Million
BOB.BY
1549

Network (As at 31/03/2013)



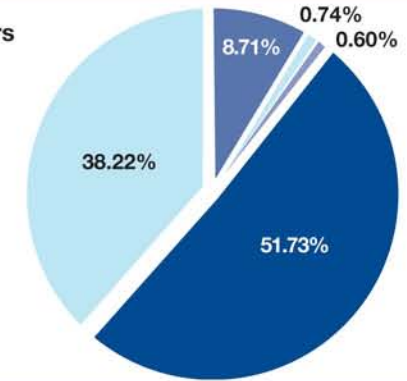
Share Data (As at 31/03/2013)

> Number of shares and shareholders

Number of shares: 50 467 400
Number of shareholders: 422

> Shareholder Composition

- Bank and Financial Institution
- Not BoB Client
- Treasury shares
- Company
- Individual



Member of the Board (As at 31/03/2013)

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 **Khaled Bin Kalban** - Member

Rashed B.S. Al Rashed - Member

Antoine Y. Wakim - Member

Krikor S. Sadikian - Member

Contact us:

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