

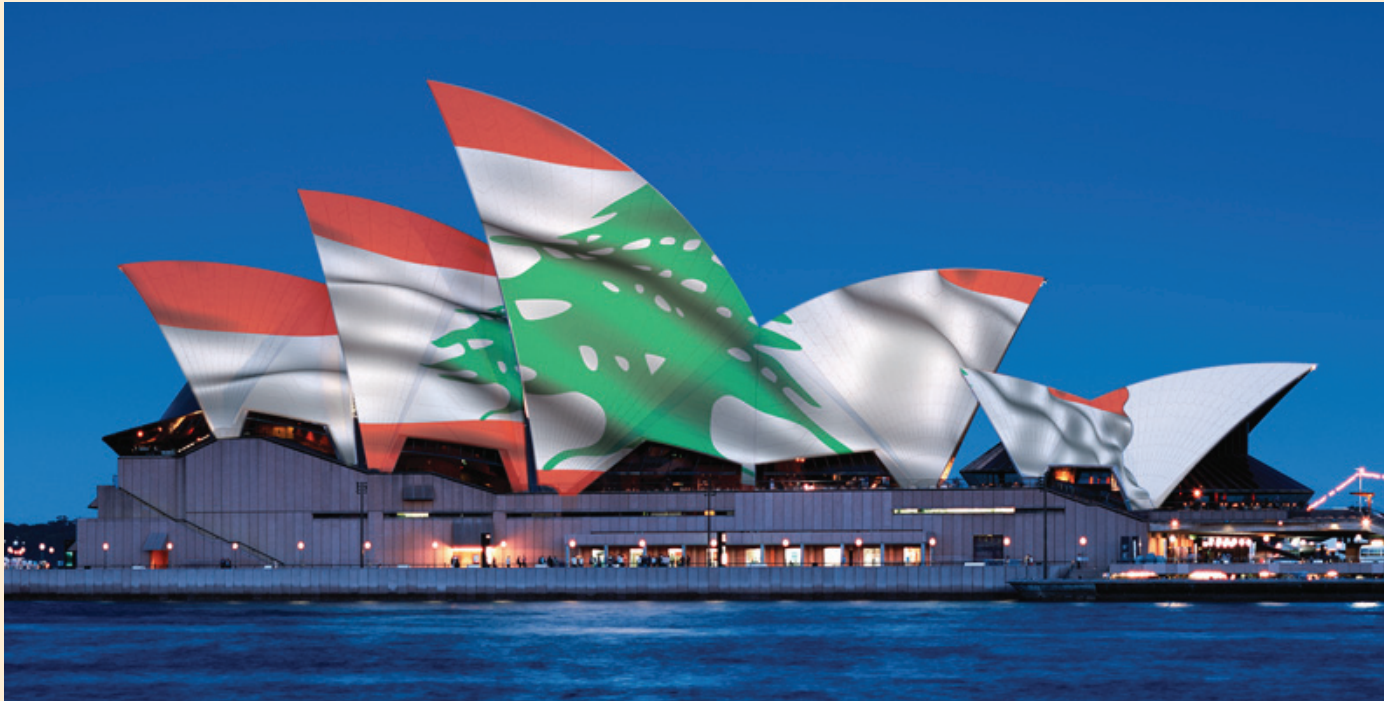


# Investors' Newsletter

Q4 Report for Year Ending 2012

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Issue 8



Top Message

## To Our Shareholders

### Salim G. Sfeir Chairman & CEO



## ► Year 2013 outlook Building Business Foundations for the Future

Dear Shareholders,

It is a real pleasure for me to convey to you our 2012 achievements which have been outstanding by all means and I sincerely hope that in the coming year 2013 we will continue to deliver on all our promises.

2012 was a very successful year despite the prevailing unstable conditions throughout the Levant region. Bank of Beirut exemplified again its leadership role and this reputation translated directly into tangible figures for the 2012 fiscal year. Outpacing by far our Peer Group average, our assets registered an impressive growth of 16.2% (USD 1.6 billion),

to reach USD 11.3 billion. This increase was on the back of a rise in the deposit base, which expanded by USD 1.4 billion (18.5%) to a level of USD 8.9 billion. Lending also grew by USD 405 million (13%) to USD 3.5 billion. Our trade finance perpetuated for the fifth year in a row its undisputed number one ranking in Lebanon, registering a market share in excess of 30%.

Our strategy of diversification across revenue streams bore fruit, as foreign affiliates and local subsidiaries registered outstanding growth. Overall,

the Group's net profit jumped 12.83% to reach USD 116.5 million; more importantly, the rise was shared by each and every entity within the Group.

On the Risk Management side, liquidity levels reflected a ratio of 73.3% for total liquid assets to total liabilities, up from 71.3% the year previous while net Non-Performing Loans over Total Assets dropped from 0.13% at 2011 year-end to 0.10% by year-end 2012.

The cautious oversight of our equity has allowed us

to maintain solid capitalization. Shareholders' equity rose to USD 1.14 billion and produced a 10.07% Equity to Assets Ratio and around 13% Capital Adequacy Ratio.

We remain staunchly committed to our Shareholders; our Return on Average Common Equity was 16.6%, while the Return on Average Assets was 1.11%. Our Cost to Income Ratio stood at 50.10%, in spite of a growth in staff by 8.1% and the enlargement of our branch network by 6.7%. Our Common Share Market Price stands at USD 19.00, reflecting a Price to Common Earnings of 12.09, Price to Book Value of 1.66 and Earnings per Common Share over Share Market Price of 8.27%.

2012 saw the Bank expand its presence into the digital sphere. Mobile banking, consumer online banking, and corporate online banking provided new platforms whereby customers can bank from a distance.

In the brick and mortar Bank, specifically in Lebanon, we inaugurated three branches in remote areas in an effort to offer customers in these areas quality products and services tailored to their needs. An additional branch in the Sultanate of Oman was opened, as did one at our subsidiary Beirut Hellenic Bank in New South Wales.

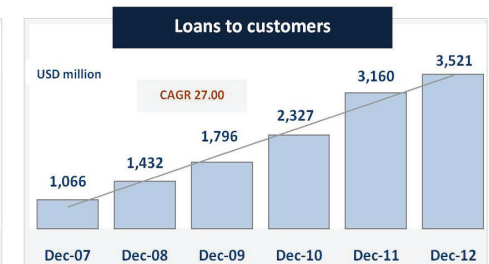
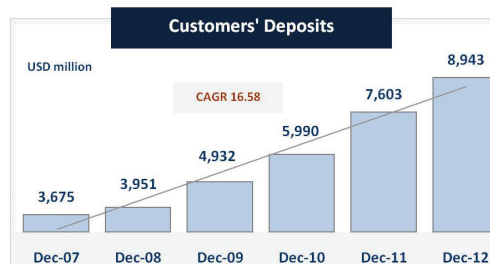
Our newest subsidiary, Beirut Life, has supplemented our product suite with a life insurance option.

## Looking Forward to 2013

Domestically, we will strive to continue playing a major role in the Lebanese banking sector. We foresee healthy, risk-managed growth in the corporate sector from traders, entrepreneurs and corporations with cross-border appetites and presence.

On the international level, there is always new ground to cover. In Oman, our market is promising, and we intend to make in the near future the transition to a full Omani Bank. Australia represents a huge market opportunity for the Bank of Beirut Group. One ambition is to see Beirut Hellenic Bank's balance sheet exceed our local balance sheet.

Ultimately, Australia and Oman epitomize the ability of our trade finance relationships to flourish and grow in investment-grade countries, as well as our success in conforming to and operating in some of the world's most stringent financial regulatory climates. We hope to perpetuate this motif of moving beyond borders in 2013. We owe every success to our Shareholders and Board of Directors for their unwavering support; to our employees, for their firm commitment; and certainly to our customers, for their longstanding fidelity.



## ▶ Retail



At bank of Beirut, we endeavor to provide our customers with unparalleled and unique banking experience and we are able to reach this objective by focusing our strategy on 3 core pillars:

1. **The infrastructure:** An infrastructure that puts “Service Excellence” within our reach for products and services. We are banking on technology as our customers can now use the facilities of our “Consumer Online Banking”, “Business online Banking” and “Mobile Banking” and perform all banking transactions, transfers, queries, in transit as well as from the comfort of their homes and workplaces. They can also benefit from our “Cash and Deposit Machines” placed at strategic locations to execute commission free cash or check deposit transactions after hours 24/7.

2. **Human capital:** Our rigorous hiring procedures and training programs ensure that our staff is able to provide superior customer service with the upmost knowledge, care and respect.

3. **Innovation:** We are in a “continuous quest” to provide the best services to our customers. We have established a very advanced customer base segmentation by addressing niche segments such as “Youth” and “Gold Segment”. The former addresses young generations being university students. The latter addresses the affluent segment, high-income individuals and business owners. In addition to the “Premium Segment” that will be publicly announced very soon.

The Bank is pursuing a strategy of anticipating market changes and developing new retail programs to meet our customers’ needs.

Our market share will continue growing beyond market potential, driven by one core commitment: **“To Provide our Customers with a Unique Banking Experience.”**

## ▶ Housing



Bank of Beirut positioned itself as one of the most competitive housing lenders, engaged in providing Lebanese residents and expatriates with flexible offers tailored to their needs and capabilities.

Thanks to our expertise in the housing segment, our market share has evolved over the years. The core reason behind this growth is due to the high purchase demand especially for small to medium sized apartments since housing is considered to be a vital need for any individual. Moreover, since the cost of land is increasing, customers are purchasing apartments ahead of the curve. People are seeking to purchase apartments to avoid buying them higher price after a short period of time. This demand is in addition to the expatriates who are always seeking to invest in the Lebanese real estate sector. Its is worth mentioning that Bank of Beirut’s new products will assist in creating further growth in our housing loans and selling volume for this year.

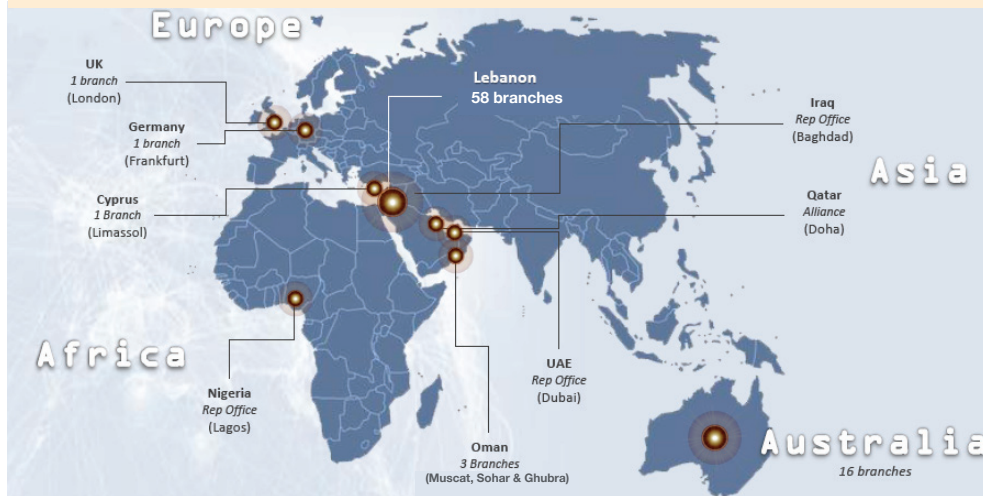


## About Us

### Corporate Data (As at 31/12/2012)

Company Name	Bank of Beirut s.a.l
Establishment Date	August 19, 1963
Shareholders' Equity	LBP 1,718 Billion
Ticker	BOB.BY
Number of Employees	1500
Number of Consolidated Subsidiaries and Equity-Method Affiliates	80

### Network (As at 31/12/2012)



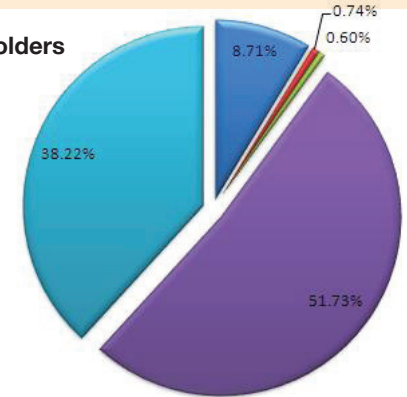
### Share Data (As at 31/12/2012)

#### > Number of shares and shareholders

Number of shares: 50 467 400  
Number of shareholders: 368

#### > Shareholder Composition

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



### Member of the Board (As at 31/12/2012)

Salim G. Sfeir - Chairman & CEO

Fawaz M. H. Naboulsi - Deputy CEO

Adib S. Millet - Vice Chairman

Antoine A. Abdel Massih - Member

Anwar M. El Khalil - Member

Emirates NBD Bank P.J.S.C. represented by Khaled Bin Kalban - Member

Rashed B. S. B. A. Al Rashed - Member

Antoine Y. Wakim - Member

Krikor S. Sadikian - Member

### Contact us:

Investors' Relation Department - Beirut Central District- Foch Str. - Bank of Beirut S.A.L. Bldg.  
Tel.: +961.1.985750 - Fax: +961.1.970428 - P.O.Box: 11-7354 - Telex: 23640 LE - 48203 LE - Forex: +961.1.970232/3/4/5/7/8/9/40/41  
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