

Investors'

Newsletter



بنك بيروت
Bank of Beirut

Banking Beyond Borders
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Bank of Beirut Bulletin

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Now in AUSTRALIA

Bank of Beirut S.A.L. and Marfin Popular Bank in a jointly statement, confirmed having signed an agreement for the acquisition of 85% of the shares of Laiki Bank (Australia) Ltd by Bank of Beirut S.A.L.

The transaction has already been approved by the relevant regulatory authorities in Australia, Cyprus and Lebanon.

"This cross-border transaction reflects the deliberate strategy of Bank of Beirut S.A.L. to expand in selected markets with strong Lebanese Diaspora."

As a result of this acquisition, Bank of Beirut S.A.L. will have a total network of 65 branches of which 50 branches

in Lebanon, 10 branches in Australia through its APRA-regulated subsidiary Beirut Hellenic Bank, two branches in the United Kingdom and Germany through its FSA-regulated subsidiary Bank of Beirut (UK) Ltd, one branch in Cyprus and two branches in the Sultanate of Oman.

The consolidated balance sheet will be around USD9Billion with USD6.88 Billion in deposits.

Post the transaction, the equity capital of Beirut Hellenic Bank will double, therefore propelling the Bank into a stronger position in the Australian banking sector.

New Fixed Term Deposit on LBP

Starting April 1st and until April 30th, 2011 Bank of Beirut S.A.L. is offering a fixed term deposits in LBP for fresh funds only. Minimum deposit amount LBP50,000,000 and a maximum of LBP1,000,000,000.

Interest paid is:

- > 7.10% p.a for deposit over 120 days
- > 7.30% p.a for deposit over 150 days

Interest is paid at final maturity.



© Beirut Hellenic Branch in Australia 2011



► Newly Issued Preferred Shares Series H

Bank of Beirut is issuing a new Preferred Shares Series "H":

Issuer: Bank of Beirut S.A.L.

Type: Perpetual, Non-Cumulative, redeemable Preferred Shares Series "H"

Build up Period: June 30, 2011

Maturity: Perpetual, callable after 5 years (on the last Business Day of the

financial year during which falls the 5th anniversary of the closing date) and then every 2 years after at the banks discretion.

Issue Size: Up to USD150,000,000 (can be amended by the Bank at its sole discretion)

Issue price: USD25.00

Minimum: Subscription shall be in units, with a minimum subscription of

one unit, each unit consisting of 100 shares. i.e. 100 X USD25 = USD2500

Listing: The shares will be listed on the BSE after 3 months of the closing date (being the date of the Extraordinary General Assembly Meeting of the Bank's shareholders)

Dividend: 7% per year

Taxation: Subject to withholding tax, currently at 5.00%

► Excess Return Fund

Excess Return Fund expected return is 5.25% and dividends are paid quarterly, with no exit fees.

Excess Return Fund is an open ended common placement vehicle investing in Eurobonds issued by the Lebanese republic, CDs issued by the Central Bank of Lebanon & preferred shares issued by the top ten Lebanese banks of the Alpha group. The fund may also invest in governmental bonds issued by the state of Qatar and bonds issued by entities directly or indirectly owned at more than 50% by the state of Qatar.

The subscription is on biweekly basis with a redemption at the prevailing Net Asset Value. The maturity of this fund is August 2013.

Exceed Your Potential

*Higher returns on USD
& biweekly liquidity*

- Expected Return: 5.25%
- Dividend Payment: Quarterly





► Q1 2011 Stock Performance

Bank of Beirut share price has shown a steady move to USD19 per share up from USD18.6 per share closing price at the end of year 2010. This 2.1% increase was triggered by:

> The 2010 unaudited financial statements announced in January 2011, showing net profits exceeding USD100million with a 35% growth, 14.75% increase in Total Assets, 21% increase in Deposits, and 29% increase in Loans & Advances.

> Announcement of the 85% acquisition of the Australian Laiki Bank, which is considered the most important acquisition in Lebanon in many years.

Nevertheless, average trading price remained at USD19 in April strengthened by the bank's first quarter results that showed another progress in terms of net profits (1.38% increase as compared to same period in 2010) and in terms of assets and deposits due to consolidating the financials of the new Australian subsidiary.

The stock trades as a part of BLOM Index (Lebanese stock market index) making 2.93% of the index on March 31 up from 2.72% as of end of year after the share outperformed the index in the last month of the quarter. In addition, following up with Q1 financials, the bank has shown very competitive ratios again its peers.



Pricing source: Bloomberg

► 2010 Financial Year Results

Bank of Beirut registered a very good performance in year 2010 and the bank's activity has been growing at a fast rate in both the domestic market and the countries of presence.

The bank total assets reached around USD8billion, growing by 14.76% year on year. The growth has been achieved despite the elimination of LBP625billion (USD415million) from the balance sheet as the soft loan granted by the Central Bank of Lebanon in connection with the merger by acquisition of Beirut Riyadh Bank SAL matured in May 2010.

The increase in the balance sheet size was mainly funded by the increase of customers' deposit which grew by USD1billion (21% growth rate). Loan portfolio increased by around 29%, this growth has been in all segments, retail, housing, middle market and corporate.

The net profit for the year 2010 registered a significant increase to reach USD101million, a 35.41% growth.

The shareholders' equity (including net profit) reached USD911million, up by 16.20% as compared to 31 December 2009, due mainly to the issuance of the new preferred shares series "G" (USD 124.950million) and the redemption of preferred shares "C" (USD73million), in addition to the increase of valuation surplus of available-for-sale securities by around USD18.5million and the increase in profit and retained earnings.



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