



بنك بيروت

Bank of Beirut

Banking Beyond Borders

Annual Report 2013





# ANNUAL REPORT 2013

## Table of Contents

Chairman's Message	p. 3
Bank of Beirut at a Glance	p. 7
▶ Brief History	
▶ Mission and Values	
▶ Corporate Governance Guidelines	
▶ Corporate Governance and Business Principles	
▶ The Bank's Committees	
The Group	p. 23
▶ Organizational Structure	
▶ Board of Directors	
▶ Management Abroad	
The Subsidiaries	p. 27
▶ Bank of Beirut Group Entities and Subsidiaries	
• Bank of Beirut Invest s.a.l.	
• Beirut Brokers s.a.r.l.	
• BoB Finance s.a.l.	
• Beirut Life s.a.l.	
• Bank of Beirut (UK) Ltd.	
• Bank of Sydney Ltd.	
Management Discussion and Analysis	p. 33
2013 Achievements	p. 57
Consolidated Financial Statements and Independent Auditor's Report	p. 74
Directory	p. 167
▶ Local Directory	
▶ International Directory	







## Chairman's Message

## CHAIRMAN'S MESSAGE



### CHALLENGES MET, MILESTONES SET

I am pleased to report that once again Bank of Beirut demonstrated another year of profitable growth. In 2013, we celebrated the 50th anniversary of our bank's founding, extending our strong track record of creating exceptional shareholder value despite a challenging market environment. It is particularly noteworthy that we delivered profitable results in every quarter of 2013, overcoming significant economic and political volatility in Lebanon.

These solid results corroborate our Group's underlying strengths and ability to execute on our plan. Our expanded product and geographic scope contributed to an excellent overall performance. Ten years ago, more than 90% of our revenue and income was generated in Lebanon. At fiscal year-end 2013, 30.8% of our revenue and income was produced outside of Lebanon. Our consistent investments in people, technology, competitive product differentiation, geographical diversification and customer-focus continue to pay off.

There is however an additional factor behind our steady record of growth in earnings, and that is Bank of Beirut's fundamental value system. Our value system is centered on prudent lending and highly disciplined balance sheet and acquisition practices. The benefits of these factors are evident across our key performance metrics.

### PERFORMANCE HIGHLIGHTS

**NET PROFITS:** increased 8.64% to LBP 219 billion. This increase was distributed across the Bank's geographic and product matrix. Bank of Beirut in Lebanon, up 17.70%; Bank of Sydney Ltd, 3.97%; Beirut Life, 29.07%; and BoB Finance 142.81%.

**ASSETS:** grew by 17.81% (LBP 3.104 trillion) to LBP 20.527 trillion, representing 7.72% of peer group market share.

**DEPOSITS:** rose 15.40% (LBP 2.075 trillion) to a new peak of LBP 15.545 trillion.

**LENDING:** The Bank generated LBP 5.722 trillion in loans, a growth of LBP 505 billion (9.68%) over the previous year. And still we were at the top of our peer group banks in loan portfolio quality ratios owing to rigorous risk management practices. Net non-performing loans over total assets shrunk to a low of 0.14% from 0.19% in the previous year, an important key performance indicator.

**LIQUIDITY:** In 2013 through diversified and stable funding, total liquid assets to total liabilities stood at 79.52%, up from 77.03% in 2012.

**TRADE FINANCE:** USD 5.562 billion in Letters of Credit were opened in 2013, comprising an enviable peer group market share of 29.57%, extending our #1 position in trade finance in Lebanon for an unparalleled sixth year in a row.

**CAPITALIZATION:** Bank of Beirut delivered the highest capitalization levels in its peer group, capturing the #1 spot among Alpha banks, while recording an equity-to-asset ratio of 11.19%. Under Basel III, our Capital Adequacy Ratio stood at 13.37%, exceeding the minimum requisite of 10.50%.

### SHAREHOLDER VALUE HIGHLIGHTS

**SHARE PRICE:** closed at fiscal year-end LBP 28,643, reflecting a 10.80 Price to Earnings Ratio and a very healthy 7.04% price-to-assets ratio, one of the lowest in the market.

**EQUITY:** consolidated equity up by LBP 164 billion to LBP 2.298 trillion, an increase of 7.68% compared to 2012 year-end.

**DIVIDENDS:** dividends per common share were LBP 859, eclipsing last year's figure by 19.97% with our dividend yield increasing to 3.00% vs. 2.50% in 2012.

**ROACE:** Return on Average Common Equity 15.84% (14.58% in 2012).

**ROAA:** Return on Average Assets 1.16% (1.24% in 2012).

**EFFICIENCY RATIO:** Cost-to-Income, one of the best within our peer group, at 47.33%, despite Bank of Beirut's strategic HR growth of 5.36% to 1,611 employees.

### ADDITIONAL FINANCIAL YEAR HIGHLIGHTS

We launched a totally new, unprecedented loyalty program with a signature flexible Cash Back scheme. In addition to accumulating Bank of Beirut credit or debit card points, our customers will now earn rewards for opening accounts, activating mobile or online accounts, obtaining loans, domiciling salaries, signing or sending transfers, and subscribing to additional Bank of Beirut Group products. Point redemptions can translate into cash, but customers may also opt for mobile talk time, Lotto, even megabytes for phone data. Bank of Beirut's universal "Cashback on Everything" is a first in Lebanon.

Furthermore, the Bank introduced the next-generation of Automated Teller Machines, offering instant cash and check deposits. We launched our first virtual "B Smart" branch, at the Foch Head Office, fully equipped to welcome customers 24/7, providing a full array of conventional in-branch services. Bank of Beirut B Smart customers can now open accounts, receive on-the-spot deposit cards, and connect with our Call Center via live video conference at any time of the day.

Our online and mobile product suites were also enhanced. Bank of Beirut customers can now utilize Western Union's Account-Based Money Transfer (ABMT) online, an exceptional service within the entire Middle East. In corporate online banking, a pay card solution and electronic payroll services have been introduced offering value-added solutions for working capital management to our institutional and corporate clients.

While we are present through almost 1,000 Western Union outlets in Lebanon, we continue our progress in the digital economy, including the creation of Google Play and App Store digital bank profiles – once again, a first among Lebanese banks.

During 2013, Bank of Beirut took the lead in super-affluent net worth specific services in Lebanon; an honor recognized by the Euromoney Private Banking and Wealth Management Survey. Our Bank also received the Zawya Funds Ranking Award for superior achievement for two Bank of Beirut funds delivering the best performance over a period of three years.

### CORPORATE SOCIAL RESPONSIBILITY

In 2013, we continued our commitment to Corporate Social Responsibility. Bank of Beirut was selected among 68 regional banks as the recipient of the "Best CSR Initiative" award by The Banker magazine, in recognition of our exemplary Young Achievers Program (YAP) and the new talents and creativity it helps to advocate.

### ANTICIPATING 2014

While 2013 marked our 50th anniversary; we are now working towards the next significant milestone. We can take pride in our performance for 2013, but this does not mean that we will rest on our laurels. We are mindful that we must continuously work to improve our array of services, our market penetration and our operating efficiencies.

Bank of Beirut Group is on course to expand locally and regionally through more than 100 strategic business units on 4 continents. We recognize that our future success has to be backed by unique personal services, banking skills, local and international expertise, as well as consistent financial results in order to retain and attract long term customers.

Increasing trade relations between the Middle East and Australia, where we own Bank of Sydney, will be a key focus for our Group in the future. With a background of liberalization in the Middle East, Australia's leadership has shown a tangible commitment to building trade relations in that region. The projections for Foreign Direct Investments are also impressive.

As bankers, our success is a direct reflection of the quality of our loan portfolio. Quality lending opportunities are in fact increasing in this expanding sphere and Bank of Sydney is now one of the best capitalized banks in Australia, with a capital adequacy ratio in excess of 23%.

We can take pride in having successfully navigated the political and economic uncertainties burdening our country over the last years. Our mandate and our strategic plan prioritize the international markets where we do business. Our successes in 2013 are a testament to our core values and the trust that our customers have instilled in us – trust in our services, trust in our senior management, trust in our staff and trust in our value system.

In closing, I wish to sincerely thank all our employees for their dedication and hard work and to thank our shareholders and stakeholders for your trust and continued support. In the years ahead we are committed to remain worthy of your trust.

**Salim G. Sfeir**  
Chairman of the Board - CEO







The logo is a stylized geometric design composed of several triangles in various shades of gray and a teal color, arranged in a circular pattern.

# Bank of Beirut at a Glance



## Brief History

With a well-targeted focus, Bank of Beirut has not only grown to become one of today's leading commercial banks in Lebanon but has also proved to be a pioneer in more than one field. In February 2013, Bank of Beirut took the lead in "Super Affluent Net-Worth Specific Services in Lebanon" according to Euromoney Private Banking and Wealth Management Survey; in May, it received Zawya Funds Ranking Award for its "Beirut Golden Income Fund II"; then, it was awarded "Best CSR Initiative" and "Fastest Growing Bank in Lebanon" by "Banker ME" magazine.

Bank of Beirut adopted its present name in 1970, 7 years after its establishment as a commercial bank. In 1993, the 5-branch Bank was acquired by a group of businessmen and bankers, headed by the current Chairman - CEO, Mr. Salim G. Sfeir. Its strategic alliances with regional Arab banking institutions and acquisitions have enhanced its market position and leveraged its expertise into local and regional markets. Bank of Beirut, 35th bank in Lebanon in 1993, and one of Lebanon's five banks listed on the Beirut Stock Exchange in 1997, has climbed up to reach the 6th position today by assets with 60 branches in Lebanon and 22 spanning 4 continents.

In 2005, Bank of Beirut established "BoB Finance s.a.l.", a wholly owned financial institution regulated by the Central Bank of Lebanon; in 2007, Bank of Beirut Invest s.a.l., an independent wholly owned specialized banking subsidiary, was created; in 2009, BoB Finance was appointed one of two exclusive Agents of Western Union in Lebanon; and in 2011, "Beirut Life Co.", an insurance company offering a full array of life insurance services, entered into existence. In 2012, the new (corporate identity and logo) reflecting the restyled brand image were adopted, and in 2013, B Smart, the first virtual branch, opened its doors.

The primary activities of Bank of Beirut include retail banking services; commercial, corporate and correspondent banking services; as well as trade finance services and asset management services targeting high net-worth customers in both domestic and regional markets. Acknowledged in the list of the "Fastest Movers" banks in the world, Bank of Beirut is the leading provider of cash management services to commercial clients in Lebanon.

On the international level, Bank of Beirut provides commercial banking services in the United Kingdom and throughout Europe through its wholly owned subsidiary, Bank of Beirut (U.K.) Ltd, regulated by the Financial Services Authority ("FSA"). The Bank also operates a branch in Germany (Frankfurt); a branch in Cyprus (Limassol) regulated by the Central Bank of Cyprus; three branches in the Sultanate of Oman (Muscat, Ghubrah and Sohar) regulated by the Central Bank of Oman; a representative office in the United Arab Emirates (Dubai) to service the Gulf region; a representative office in Nigeria (Lagos); a representative office in Iraq (Baghdad); a representative office in Libya (Tripoli); in addition to a subsidiary in Australia, Bank of Sydney LTD., previously Beirut Hellenic Bank Ltd. with a network of 16 branches located in Sydney, Melbourne, and Adelaide, regulated by the Australian Prudential Regulatory Authority ("APRA").

2013 was the digital year par excellence with the birth of the new generation of Automated Teller Machines, the CCDM (Cash and Cheque Deposit Machines), the opening of the B Smart virtual branch, the launching of the e-learning program, and iMobile and online banking apps. Bank of Beirut offers at present 24/7 banking services and is keeping pace with modernity and innovation.

## Mission and Values

Integrity and Trust are our guiding values.

We abide by the highest ethical standards and the strictest confidence when conducting any kind of transaction.

We strive to build long-lasting relationships by satisfying the evolving needs of our customers.

We attempt to meet the requirements of our clients by developing first-class services and products.

We make every effort to upgrade our services to reach the highest level of excellence.

We offer our most valuable asset, our second-to-none dedicated staff, a congenial work environment and development opportunities.

We strive to be a leading participant in the regional economic development of the community wherever Bank of Beirut is present.

## Corporate Governance Guidelines

### Introduction

Given the vital role of banks in the Lebanese economy, as well as the impact of good governance on the successful standing of these institutions, the following guidelines were developed in adherence with the policies set forth by Banque du Liban, the Banking Control Commission and the Association of Banks in Lebanon.

Bank of Beirut Corporate Governance is driven by the Board of Directors' principal responsibility to act in good faith and with prudence while abiding by a set of values and standards that promote the stakeholders' interests.

### Governance Framework

Bank of Beirut faithfully operates under corporate governance policies and practices designed to ensure that the Bank performance maximizes long-term shareholder value.

The Governance framework of the Bank is documented in the "Corporate Governance Guidelines" and the charters of the Board Audit Committee, the Board Risk Management Committees and the Board Credit Committee, all of which are subject to continuous review and fine-tuning when deemed necessary. These guidelines hinge on the evolving needs and expectations of depositors, regulators, investors and the market at large.

The Board of Directors has overall responsibility to Bank of Beirut; this responsibility is not limited to approving and overseeing the implementation of the Bank's strategic objectives, risk strategy, corporate governance and corporate values but also includes enforcing adequate, effective, and independent controls. The Board authority is presently vested in eight individuals and one corporation, two of which comprise Managing Directors while the remaining seven are non-executive members.

The Board Audit Committee (BAC) promotes compliance with regulatory requisites as well as transparency of financial statements and reports. The main functions of BAC are to assist the Board in fulfilling oversight responsibilities for the:

- Proficiency, independence and objectivity of both external and internal auditors
- Financial reporting and disclosure processes
- Effectiveness of the internal control systems
- Review of audit reports issued by internal audit
- Ratification of recommended action plans

The Board Risk Management Committee (BRMC) evaluates and manages all key business risks by administering policies and procedures. Its tasks include:

- Formulating a strategy for the assumption of risk and the management of capital aligning with the business objectives of the Bank
- Reviewing and recommending to the Board, on a yearly basis, the Internal Capital Adequacy Assessment Process (ICAAP) document
- Developing an internal risk management framework
- Ensuring that the Bank conforms to Basel requirements

The Board Credit Committee (BCC) is the highest credit approval authority at the bank, and its main function is the Approval/Ratification of any commercial credit request exceeding USD 1,000,000.

Fifteen other management committees, each functioning according to its own charter, focus on specific day-to-day operations of the Bank:

1. Management Committee
2. Asset/Liability Management Committee
3. Credit Committee
4. Credit Committee for Financial Institutions
5. Anti-Money Laundering and Counter-Financing of Terrorism Committee
6. Asset Recovery Committee
7. Real Estate Committee
8. Foreign Affiliates Committee
9. Retail & Branch Committee
10. Marketing Committee
11. Human Resources Committee
12. Information Technology Committee
13. Investment Committee for Funds and Structured Products and Derivatives
14. Operational Risk management Sub-Committee
15. Information Security Sub-Committee

The Bank has established a Code of Conduct Policy divided into six major themes: General Principles, Business Ethics, Confidentiality, Conflicts of Interest, Business Relationships, and Protection of the Bank's Assets. It is the Board's prerogative to ensure these tenets are observed by directors, managers, and employees alike.

## Corporate Governance and Business Principles

Bank of Beirut has consistently operated under corporate governance policies and practices that are designed to ensure that the performance of the Bank is always geared towards maximizing long-term shareholder value.

The Governance framework of the Bank is documented through the formally adopted “Corporate Governance Guidelines” and the Board and Management Committees’ Charters, which are subject to continual updating and refinement as the Board may deem necessary in view of adapting to its needs and to the expectations of depositors, regulators, investors and the markets generally.

The Board of Directors has overall responsibility to Bank of Beirut, including approving and overseeing the implementation of the Bank strategic objectives, risk strategy, corporate governance and corporate values; and ensuring that adequate, effective, and independent controls are in place.

In bearing his share of the collective responsibilities of the board, each board member has a “duty of care” and a “duty of loyalty” to the Bank.

Under the direction of the Board, the Senior Management ensures that the activities of the Bank are consistent with the business strategy, risk tolerance/appetite and policies approved by the Board.

In discharging its overall responsibilities, Bank of Beirut Board of Directors:

- Approves the overall business strategy of the Bank, taking into account its long-term financial interests and safety
- Approves and oversees the implementation of the Bank overall risk strategy and policy and approves the Bank risk management framework
- Approves the compliance policy and the internal control systems
- Approves significant corporate actions, and recommends the General Meeting of Shareholders to pass the appropriate resolutions in this respect whenever needed
- Reviews regularly major policies and processes and controls with Senior Management and/or internal control functions
- Ensures that the control functions are properly positioned, staffed and resourced and that they carry out their responsibilities independently and effectively
- Ensures that related party transactions are performed at arm’s length and approved by the Board and the shareholders in compliance with applicable laws and regulations
- Adopts a set of corporate values and a code of ethics
- Approves credit lines that exceed the internal lending limit

### Composition of the Board of Directors

Members of the Board of Directors of Bank of Beirut s.a.l. were elected by the General Assembly of Shareholders held on April 23, 2014, for a term expiring in 2016.

The Board of Director currently comprises nine members.

The majority of the Board members are non-executive/independent Directors; the criteria for the selection of new Directors include unquestionable integrity and character, successful professional background, and the ability and willingness to commit adequate time to the Bank.

### The Bank’s Committees

The Bank day-to-day activities are managed through various Committees that have been established with specific missions, authorities and responsibilities.

The Bank has 18 Committees including, among others, the Board Audit Committee, the Board Risk Committee, the Management Committee, ALCO and the Credit Committee as more fully described below. The Board is fully apprised of all important decisions governing the Bank’s overall operations as submitted and recommended by the various Committees.



## Board Audit Committee

### Main Functions

The Board Audit Committee (“BAC”) is appointed by the Board of Directors to assist the Board in fulfilling its oversight responsibilities for the financial reporting process, the system of internal control, the audit process and the process for monitoring compliance with laws and regulations.

### Members

The members of the Board Audit Committee are 4 Independent Non-Executive Board Members and the Head of Internal Audit.

### Meetings

The Committee meets at least once per quarter and once a year with the external auditors.

The Board Audit Committee holds, at least once a year, a private meeting with the Head of Internal Auditor in the absence of Management members/executives.

### Responsibilities

- Validates the Audit Charter developed by the Internal Audit Department, including the mission and scope of work, independence, responsibility and authority of Internal Audit function, as well as the reporting lines to the Board of Director
- Reviews and agrees on the annual Audit Plan (once a year)
- Agrees on the appointment and remuneration of the Head of Internal Audit
- Agrees on the Internal Audit budget and resources to support the necessary audit effort
- Assesses the findings and recommendations raised in by the Internal Audit Department
- Ensures the adequacy and the effectiveness of the internal control systems of the Bank
- Ensures that internal control policies and procedures (including Anti-Money Laundering procedures) have been developed and studies recommendations for their enhancement
- Assesses the reliability and accuracy of the financial information reported to management and external users
- Ensures that a proper follow up has been established to implement the decisions of the Board of Directors, and that Management is monitoring the effectiveness of the internal control system
- Reviews, on a regular basis, the relationship between Management and Internal and External Auditors.
- Discusses external auditors’ findings as well as the conclusions and the recommendations raised in their reports
- Evaluates the external auditors’ performance for the preceding fiscal year, and reviews their fees
- Reviews the Bank’s compliance with legal and regulatory provisions

## Board Risk Management Committee (“BRMC”)

### Main Functions

The Board Risk Management Committee oversees all risk management activities carried out throughout the Bank to identify, evaluate and manage all key business risks.

The Committee also ensures that systems, policies and procedures are in place to manage these risks and ensure that major risk issues are referred to the Board of Directors.

### Members

The Board Risk Management Committee consists of a minimum of three Board members of which at least one is independent and non-executive, the other members being all non-executives:

- Chairman - Chief Executive Officer
- Deputy Chief Executive Officer
- 2 Non-executive Board Members
- Chief Risk Officer
- Head of Risk Management Department

### Meetings

The Board Risk Management Committee meets at least every quarterly.

### Responsibilities

- Formulates a strategy for the assumption of risk and the management of capital in order to be in line with the business objectives of the Bank
- Reviews and recommends to the Board, once a year at least, the Internal Capital Adequacy Assessment Process (ICAAP) document
- Develops an internal Risk Management Framework and ensures that sound policies are implemented for the management of the eight risk areas which are: credit, liquidity, market, operational, legal, strategic, business and reputation risks
- Manages the risks not covered by ALCO or by the Credit Committee such as country risk, credit portfolio risk, operational risk, legal risk, reputational risk and strategic risk
- Ensures that adequate procedures are set for all the bank activities as well as for the entire group and that they are strictly implemented
- Ensures that the bank is always in conformity with Basel requirements
- Reviews regularly the progress in the implementation of the risk strategy and submits recommendations for remedial action in case of weakness in the implementation
- Reviews the annual report set by the Head of the Risk Management Division and addressed to the Board

## Board Credit Committee

### Main Functions

The Board Credit Committee is the highest credit approval authority at the bank and its main function is to approve/ratify all the commercial credit requests exceeding USD 1,000,000.

### Members

The Board Credit Committee comprises 5 members:

- Chairman – Chief Executive Officer
- Vice Chairman
- Deputy Chief Executive Officer and Board Member
- 2 Board Members

### Meetings

The Committee meets on need basis.

### Responsibilities

- Decides (for ratification) on all credit applications exceeding USD 1,000,000 based on a summary prepared by the Credit Division including the facilities existing v/s proposed, outstanding balances, conditions, securities, highlights on financials, account activity with BoB and briefing on customer's activity and need for facilities in addition to Guarantors net worth (where applicable)
- Forms and delegates all or a portion of its authorities to subcommittees (such as the Credit Committee)

## Management Committee

### Main Functions

The Management Committee is the highest executive body in charge of overseeing the day-to-day operations of the bank.

### Members

The Management Committee comprises 8 members:

- Chairman - Chief Executive Officer
- Deputy Chief Executive Officer
- Chief Commercial Banking Officer
- Chief Credit Officer
- Chief Administration Officer
- Chief Risk Officer
- Chief Financial Officer
- Chief Information Officer

### Meetings

The Management Committee meets on quarterly basis and may also meet more frequently.

### Responsibilities

- Sets the global strategic plan along with the corporate objectives of the Bank
- Follows up on the Action Plan of all the Bank Divisions and Departments
- Follows up on the progress of all IT projects
- Discusses any new project including but not limited to: Merger/Acquisition, Partnership Agreement, Investments in companies / financial institutions, establishment of banks abroad, opening of new branches, new activity at the Bank (leasing, factoring, etc.), ...
- Follows up on the decisions of a number of other Committees established to provide the Senior Management with a more effective monitoring of specific areas of operations.

## Asset/Liability Management Committee (ALCO)

### Main Functions

The assets and liabilities of Bank of Beirut are managed to maximize shareholder value while protecting the institution from any financial consequences arising from adverse changes in exchange rates and interest rates.

### Members

ALCO comprises 5 members:

- Chairman – Chief Executive Officer
- Deputy Chief Executive Officer
- Chief Risk Officer
- Chief Financial Officer
- Director - Head of Global Markets Division

### Meetings

The committee meets once a week and can meet more frequently.

### Responsibilities

- Sets the financial objectives of the Bank and follows up on the overall performance as compared to budget and the Peer Group
- Reviews reports on liquidity risk, market risk and capital management
- Identifies balance sheet management issues like balance sheet gaps, interest rate gap/profiles etc. that lead to under-performance
- Determines funding strategy and reviews deposit-pricing for the local market
- Reviews the liquidity contingency plan for the bank
- Determines the Bank's investment strategy and the proprietary portfolio (trading, available-for-sale and investment)
- Monitors the compliance with approved regulatory ratios (mainly capital adequacy and liquidity)
- Manages the Bank's capital in terms of hedging (structural FX position), allocation, and risk level
- Approves the granting of limits to financial institutions whether in Lebanon or abroad (correspondents)

## Investment Committee for Funds and Structured Products & Derivatives

The Investment Committee meets on a monthly basis.

### Members

- Director - Global Markets
- Head of Asset Management
- Chief Risk Officer
- Chief Financial Officer

## Main Functions

- Launching and marketing of:
  - Structured products (whether or not capital guaranteed) the return of which is usually linked to the evolution of a given index (interest rate, equity index, basket ...) linked (or not) to a deposit program or any other type of financial products
  - Structured Products or products derived from any securitization operations
  - Certificates and Securities generating returns derived from commercial papers, capital gains on (or dividends received from) stocks or coupons received on bonds
  - Funds whether closed or open-ended
- Following up on the performance of the structured products and the funds and ensuring that the Investments are in line with the Fund's own Investment Policy in terms of products, concentration, leverage, and risk/return profile
- Ensuring full transparency to the investors, providing a full detailed description of the products and financial instruments, with expected returns and returns calculation and the risks that investors are exposed to presenting a detailed term sheet with terms and conditions to be signed by the potential investors.

## Credit Committee

The Credit Committee meets on need basis; however, files are usually signed through circulation.

### Members

- Chairman of the Board - CEO
- Deputy CEO
- Chief Commercial Banking Officer
- Chief Credit Officer

### Main Functions

- Decides on credit applications up to an aggregate limit of USD 1,000,000 based on the analysis and recommendations of the Credit Division and approves any excess over limits related to any commercial file
- Decides on the classification and rating of loans and approves the transfer of problematic accounts to the Loan Recovery Department
- Forms and delegates all or a part of its authorities to subcommittees, subject to the Board's approval, and compiles regular reports to the Board summarizing the issues reviewed and actions taken during each Committee meeting
- Approves, whenever requested, any commercial file related to foreign branches
- Oversees the administration and effectiveness of the Bank's credit policies through the review of such processes, reports and other information as it deems appropriate
- Ensures that the Bank's lending policies are adequate and that lending activities are conducted in accordance with applicable laws and regulations
- Monitors the performance and quality of the Bank's credit portfolio through the review of selected measures of creditworthiness, trend, or any other information deemed appropriate
- Approves target market(s) based on industry concentration and risk acceptance criteria and allocates lending resources among diversified activities

## Credit Committee for Financial Institutions

### Main Functions

The CCFI is the sole credit approval authority for Banks and Financial Institutions at Bank of Beirut s.a.l.

Its main function is the approval of all limits on banks and other financial institutions up to an aggregate limit per bank not exceeding 10% of Bank of Beirut's shareholders' equity.



### Members

The Credit Committee for Financial Institutions includes:

- Chairman – Chief Executive Officer all Bank of Beirut entities
- Deputy Chief Executive Officer all Bank of Beirut entities
- Chief Credit Officer all Bank of Beirut entities
- Chief Commercial Banking Officer only for Bank of Sydney
- Chief Executive Officer Bank of Sydney
- Director - Head of Global Markets Division Lebanon, Cyprus, Oman
- Managing Director and C.E.O. Bank of Beirut (UK) Ltd and its Frankfurt branch

### Meetings

The Committee meets on ad hoc basis at the request of the Chairman-CEO.

### Responsibilities

- Decides on credit applications based on the study prepared by the Financial Institutions Unit at the Credit Division at the request of the Correspondent Banking Department or the recommendation of the Credit Committee of Bank of Sydney or the recommendation of the Management Committee of BOB-U.K.
- Approves Bank and Financial Institution files presented by overseas branches
- Approves any excess over limits related to any bank limit, provided it is temporary and specific to a given transaction
- Ensures the compliance with the relevant lending policies to Financial Institutions
- Monitors the performance and quality of the Bank's correspondents and financial institution exposure through the review of selected measures of creditworthiness, trend or any other information deemed appropriate
- Approves target market(s) based on the potential to build business, business recurrence, geographic ties, culture, and risk acceptance criteria, and thus allocates lending capacity among diversified activities

## Retail & Branch Banking Committee

### Main Functions

The Retail Banking Committee assists the Retail Banking Division in developing its business whether in terms of products, clients, or performance.

### Members

The Retail Banking Committee comprises 8 members:

- Chairman – Chief Executive Officer
- Deputy Chief Executive Officer
- Director - Head of Retail and Branch Division
- Chief Risk Officer
- Chief Financial Officer
- Head of Branch Network
- Head of Product Development & Customer Management
- Head of Electronic Cards Business

### Meetings

The Committee meets at least twice a month and can also meet when necessary.

### Responsibilities

- Discusses the Retail Banking Division annual business plan and ensures that it is in conformity with the financial objectives set by the Asset / Liability Management Committee and the strategic objectives set by the Management Committee
- Follows up on Retail Banking Performance as compared to the established budget and takes the necessary measures to improve this performance
- Approves the launching of any new product/activity or the amendment of an existing product
- Approves the pricing of products whether standard or special
- Approves the targeted clients with respect to corporate sales

## Human Resources Committee

### Main Functions

The Human Resources Committee is responsible for reviewing, assessing, and approving the Human Resources Strategy and ensuring that it is aligned with the overall Vision, Values and Strategy of the Bank.

### Members

The Human Resources Committee comprises 4 members:

- Chairman - Chief Executive Officer
- Deputy Chief Executive Officer
- Chief Administration Officer
- Head of Human Resources Department

### Meetings

The Committee meets at least twice a month.

### Responsibilities

- Follows up on the implementation of the Human Resources Strategic Plan as approved by the Management Committee
- Reviews and approves any modifications related to employee key policies including recruitment, training, education, time and attendance, dress code and conduct
- Reviews the key HR Systems of the Bank (Salary Scale, Grading system, Bonus Distribution Model, Performance Appraisal system, etc.) on regular basis
- Monitors the Talent Management and Succession Planning strategies of the Bank
- Monitors and orients the employee disciplining directives and policies of the Bank and makes the final decisions in employee separation cases
- Supports and facilitates the building of the Bank Culture and nurtures the sense of belonging at work

## Information Technology Committee

### Main Functions

The Information Technology Committee is responsible for the IT strategy, policies and procedures; it is in charge of ensuring that the decisions meet Central Bank of Lebanon (BDL), Banking Control Commission (BCC) and external regulatory standards.

### Members

The Information Technology Committee consists of 6 members:

- Chairman Chief Executive Officer
- Deputy Chief Executive Officer
- Chief Risk Officer
- Chief Financial Officer
- Chief Information Officer
- Chief Administration Officer

### Meetings

The Committee meets at least once a month and when necessary.

### Responsibilities

- Reviews, approves and monitors, at least once a year, the Bank Information Technology Strategy ensuring it is aligned with its Business Strategy
- Prioritizes all strategic projects according to a project investment dashboard that assesses each IT-related investment proposal based on business budget, outcomes and priorities
- Controls the preparation and implementation of the Master Plan
- Ensures that the transition of projects to operational status is properly planned and managed taking into account impacts on business and operational practices as well as existing IT systems and infrastructure
- Ensures that a culture of good governance of IT exists in the Bank by obtaining proof from the IT management of compliance with IT policies and procedures
- Monitors the performance of IT through appropriately developed Key Performance Indicators and Scorecards
- Ensures that Information Technology decisions conform with BDL, BCC and other external obligations including BASEL II, IFRS, Anti-Money Laundering and other legislations and laws
- Evaluates benefits and risks regarding emerging technologies
- Evaluates the technology risks through Key Risk Indicators, and makes recommendations pertaining to that area to the Bank Risk Committee
- Ensures adherence to, and when necessary, recommends modifications to information technology priorities, organization, and planning
- Ensures that IT policies and procedures are written, up-to-date and well implemented
- Ensures that complete support (human, technical and financial) is provided for the implementation of an Information Security Management System aligned with ISO 27001 and PCI DSS
- Ensures that business continuity and disaster recovery plans are implemented and followed in line with the Business Continuity Strategies and Recovery Objects approved by the Business Continuity Committee
- Approves and monitors the IT Department organization and decides on matters concerning the skills, deployment and advancement of technology specialists
- Approves any technology expenditure write-offs and any expenses in excess of US \$100,000

## Asset Recovery Committee

### Main Functions

The Asset Recovery Committee assists the Loan Recovery Department in maximizing the recovery of value and minimizing the costs on the bank problematic loan portfolio.

The Committee evaluates workout solutions for loans (whether commercial or retail) and decides on the settlement method.

### Members

The Asset Recovery Committee comprises 5 members:

- Chairman – Chief Executive Officer
- Vice Chairman
- Deputy Chief Executive Officer
- Chief Credit Officer
- Head of Loan Recovery Department

### Meetings

The Committee meets on a monthly basis and more often when necessary.

### Responsibilities

- Analyzes and decides upon the workout strategy on the problematic loans presented by the Loan Recovery Department
- Approves the transfer of files from the Loan Recovery Department to the Legal when intending legal actions
- Approves write-offs upon recommendations from the Loan Recovery Department
- Analyzes the statistical data of the Loan Recovery and follows up the evolution of the portfolio
- Approves waiving or reducing penalty interests, commissions and/or legal fees upon cash settlement of the loan
- Approves capital cancellation
- Approves rescheduling of Non-Performing Loans
- Approves the foreclosing of assets against debts provided no other feasible settlement proposal is forthcoming

## Real Estate Committee

### Main Functions

The Real Estate Committee assists the Real Estate Department in managing the portfolio of foreclosed properties.

### Members

The Real Estate Committee consists of 5 members:

- Chairman – Chief Executive Officer
- Vice Chairman
- Deputy Chief Executive Officer
- Chief Credit Officer
- Head of Real Estate Department

### Meetings

The Committee meets on monthly basis and may also meet when necessary.

#### Responsibilities

- Follows up on the foreclosed property database and administration
- Follows up on the registration of foreclosed properties in the Bank's name
- Follows up on the auction results for foreclosed properties
- Approves the sale of foreclosed properties in both terms of pricing and credit conditions

## Foreign Affiliates Committee

The Foreign Affiliates Committee meets on a quarterly basis.

### Members

- Chief Financial Officer
- Manager - Internal Audit
- Head of Branch Operations
- Head of Financial Control Unit
- Business Coordinator at Chairman's office

### Main Functions

- Reviews and comments the business plans, budgets, financial statements and documents submitted by the affiliates
- Requests the affiliates to take the appropriate remedial measures, and to verify their proper implementation in case of sub-par performance or any risk issue
- Proposes, when needed, the dispatch of a team to the affiliates with the intention of on-site assessment of their strategy, performance, results and risks
- Provides the parent company Board with summaries of minutes of its meetings, accompanied with the quarterly report (business letter) to be submitted by each affiliate
- Ascertains that regulations are appropriate and implemented by the management of each affiliate



## Anti-Money Laundering (AML) & Counter Financing of Terrorism (CFT) Compliance Committee

### Main Functions

The AML/CFT Compliance Committee ensures that Bank of Beirut Group (domestic and overseas branches, affiliates, subsidiaries and representative offices) complies with relevant AML/CFT laws and regulations, and their related internal policies and procedures.

The Committee is responsible for overseeing the Group's AML/CFT policies and procedures and their implementation, as well as the application of various AML/CFT laws and regulations pertaining to each jurisdiction where the Bank has direct presence in terms of banking practice.

### Members

The AML/CFT Compliance Committee comprises:

- Nominee of the Chairman Chief Executive Officer to act in his stead – Chairman of the Committee
- Head of Compliance Department
- Chief Risk Officer
- Chief Administration Officer
- Head of Internal Audit Department
- Director - Head of Retail & Branch Division

### Meetings

The AML/CFT Compliance Committee meets at least once a month.

### Responsibilities

- Reviews/Approves the AML Manual on implementing the provisions of the Law on Fighting Money Laundering and other applicable BDL rules and regulations
- Reviews/Approves a KYC form for customer identification ensuring adequate financial and banking operational controls to avoid involvement in money laundering operations
- Ascertains the proper implementation and effectiveness of AML/CFT policies, procedures and regulations
- Reviews policies, procedures and regulations related to fighting money laundering and terrorism financing, and keeps up with modern methods and developments
- Reviews/Approves a staff training program on the methods of controlling financial and banking operations in accordance with the legal and regulatory texts
- Reviews the reports submitted by the Compliance Department and Internal Audit on suspicious/unusual operations and high-risk accounts, regarding cash deposits/withdrawals, transfers, and the link between these operations and economic activities
- Comments on the reports and takes the decision of reporting suspicious cases to the Special Investigation Commission
- Monitors, when the operation exceeds ten thousand US dollars or its equivalent, the adequacy of exemption procedures, and determines the exemption ceiling and modifies it according to developments in the client's economic situation.

## Marketing and Communication Committee

### Main Functions

The MARCOM Committee assists and evaluates the MARCOM function in developing its brand marketing and communication strategy, both externally and internally be it of corporate and/or retail nature.

### Members

The Retail Banking Committee comprises 6 members:

- Chairman – Chief Executive Officer
- Deputy Chief Executive Officer
- Chief Commercial Banking Officer
- Director – Head of Retail and Branch Division
- Head of Marketing and Communications
- Senior Communication Specialist

## Meetings

The Committee meets at least once a month.

## Responsibilities

- Discusses the MARCOM department annual business/ MARCOM plan and ensures that it is in conformity with the financial & strategic objectives set by the Management Committee
- Follows up on MARCOM Performance as compared to the established budget and takes the necessary measures to improve this performance
- Approves the launching of any new initiative or the amendment of an existing MARCOM campaign
- Approves the pricing of MARCOM campaigns that are related to the corporate brand and/or product or related to external and/or internal communication.

## Operational Risk Management Committee

### Main Functions

The Operational Risk Management Committee reviews, discusses and coordinates the various issues related to Operational Risk Management process to ensure better management and measurement of the various related operational risks.

### Members

The Operational Risk Management Committee comprises:

- Chief Administration Officer - Chairperson
- Chief Information Officer
- Head of Head Office Operations
- Head of Branch Solution
- Chief Risk Officer
- Head of Internal Audit Department

## Meetings

The Committee meets on quarterly basis and when needed.

## Responsibilities

- Reviews and approves Operational Risk Management policies across Bank of Beirut's Group
- Puts in place a framework to identify, assess, monitor and mitigate operational risks
- Reviews and discusses Operational Risk Management incidents reports to coordinate the needed support to deal with risk events and implement needed control measures
- Supports the implementation of new systems in relation to Operational Risk Management with the purpose of improving the Operational Risk Management environment
- Coordinates major initiatives to enhance the Operational Risk Management environment while ensuring that all guidelines and procedures are properly implemented
- Reviews operational risk assessments of new products/services/banking activities as prepared by the Operational Risk Department and works with respective management to close all operational risk concerns before the project is initiated.

## Corporate Information security Committee

### Main Functions

The Corporate Information Security Committee discusses new issues and initiatives pertaining to Information Security that needs to be taken by the Bank and ensures that the Information Security strategy is continuously aligned with the overall Group Business Strategy.

### Members

The Corporate Information Security Committee comprises:

- Chief Administration Officer (Committee Chairman)
- Chief Risk Officer
- Chief Information Officer (CIO)
- Head of the Information Security Department (Committee Secretary)
- Head of Group Internal Audit Department

### Meetings

The Committee meets on quarterly basis, upon the request of any of its permanent members, whenever the need arises or in the event of security breaches.

### Responsibilities

- Defines/reviews the scope of Information Security Management System (ISMS)
- Approves and thereafter supports the implementation of Information Security Management System (ISMS) throughout Bank of Beirut Group
- Reviews and approves Information Security policies across the Group
- Reviews and approves the Information Security strategy across the Group in alignment with the IT and IT Steering Committee strategy
- Ensures that the Information Security approach is aligned with the Business Strategy of the bank and makes recommendations on how to proceed where conflicts arise
- Monitors significant changes in the exposure of Information Assets to major threats
- Reviews and discusses Information Security incidents giving advice and guidance on how to deal with security breaches or control overrides
- Approves major initiatives to enhance the Information Security Environment
- Ratifies ISBC department expenditures after the approval on the ISBC department budget by the Chairman
- Ensures that all guidelines and procedures are properly executed
- Ensures that all contracts are compliant with Information Security requirements and are properly implemented

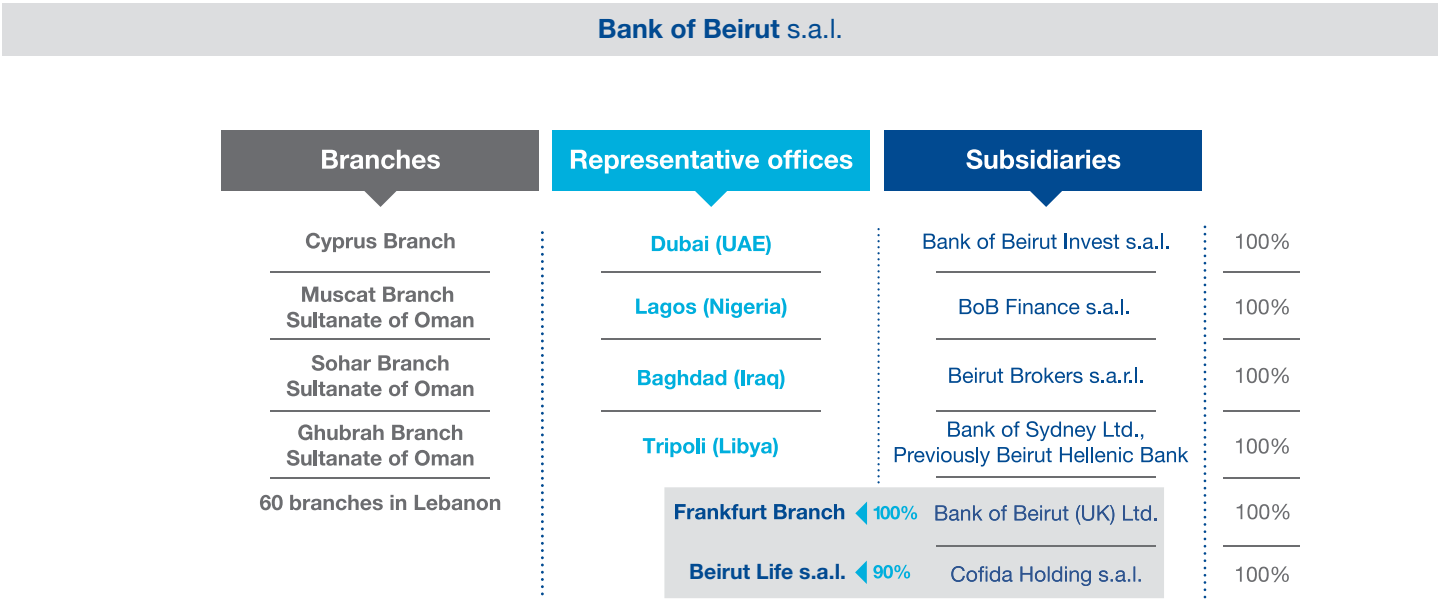




The Group



Organisational Structure



## Board of Directors

**Mr. Salim G. Sfeir**

Chairman of the Board and CEO

**Mr. Adib S. Millet**

Vice-Chairman

**Mr. Fawaz H. Naboulsi**

Deputy CEO

**Mr. Antoine A. Abdel Massih**

Member

**Emirates Bank P.J.S.C.**

Represented by Mrs. Loubna Kassem - Member

**H.E. Mr. Anwar M. El-Khalil**

Member

**Architect Rashid Al-Rashid**

Member

**Mr. Antoine Wakim**

Member

**Mr. Krikor Sadikian**

Member

## Management Abroad

### Subsidiaries

**United Kingdom**

Bank of Beirut (UK) Ltd.

Managing Director and CEO: Bob C. Dzeingeleski

**Germany** (UK subsidiary branch)

Bank of Beirut UK Ltd. – Frankfurt Branch

General Manager: Karl-Friedrich Rieger

**Australia** (16 branches in Sydney, Melbourne and Adelaide)

Bank of Sydney Ltd., (Previously Beirut Hellenic Bank Ltd.)

CEO: Julie Elliott

### Branches

**Cyprus**

Bank of Beirut – Cyprus Branch

Manager: Walid K. Gholmieh

**Sultanate of Oman**

Bank of Beirut – Sultanate of Oman Branches

(Muscat, Ghubrah and Sohar)

Country Manager: Remy F. Zambarakji

### Representative Offices

**UAE**

Bank of Beirut Dubai Representative Office

Chief Representative in UAE for the Gulf Region:

Balsam H. Al Khalil

**Nigeria**

Bank of Beirut Representative Office (Nigeria) Ltd.

Manager: Camille R. Chidiac

**Iraq**

Bank of Beirut Baghdad Representative Office

Representative: Ameer Kassem Abdel Hamid

**Libya**

Bank of Beirut Tripoli Representative Office

Representative: Mourad Belkasssem Belhaj







## The Subsidiaries





## Bank of Beirut Group Entities and Subsidiaries:

- Bank of Beirut Invest s.a.l.
- BoB Finance s.a.l.
- Beirut Brokers s.a.r.l.
- Bank of Beirut (UK) Ltd.
- Bank of Sydney Ltd., previously Beirut Hellenic Bank.
- Cofida Holding s.a.l.
- Beirut Life s.a.l.



## Bank of Beirut Invest s.a.l.

Established in 2007, Bank of Beirut Invest is the investment arm of the Group. It is fully owned by the Bank and subscribes to brokerage and capital market operations, asset and funds management, and lending the private sector on a long term basis; thereby increasing the role of the Bank as a major driver in the Lebanese economy. In addition to its long term investment strategy, Bank of Beirut is specialized in the housing loan business, making it a first of its kind private investment bank in Lebanon with a highly qualified team to serve the real estate growing needs of Lebanese residents and expatriates.

Address:

*Beirut - Riyad El Solh Street - Bank of Beirut Bldg. - P.O.Box: 11-5522 Beirut – Lebanon - Tel: 961 1 980222 | 333*

## Beirut Brokers s.a.r.l.

Beirut Brokers s.a.r.l, a private insurance consultancy firm, represents the Bank's insurance arm that provides consultancy insurance services to corporate, institutional and individual customers by offering them a wide range of Bancassurance products in partnership with Bank of Beirut.

Address:

*Jdeideh - Nahr el Mot Highway - Le Boulevard bldg - 9th & 10th floor – Tel: 961 1 900403 | 503 | 406 | 506*

## BoB Finance s.a.l.

BOB Finance s.a.l. is a financial institution governed by articles 178 to 182 of the Code of Money and Credit as well as by the regulations of the Central Bank of Lebanon. BOB Finance s.a.l. can engage in among other activities, lending, brokerage, as well as portfolio and asset management.

In 2009, BOB Finance was appointed as a Western Union Agent in Lebanon and has developed a network of over 700 sub-agents spread across Lebanon. In addition to the Money Transfer service, BoB Finance offers a variety of bill collection services, and has recently launched its C2B & B2C services, which target companies having receivables or payables. It is worth noting that Western Union Money Transfer service is available at all Bank of Beirut Branches.

Address:

*Bauchrieh, Electricité du Liban Street - P.O. Box 11-7354 - Tel/fax: 961 1 879360 | 1 | 2*

## Beirut Life s.a.l.

Launched in April 2012, "Beirut Life" is Bank of Beirut's Life Insurance Company offering the best array of life insurance products and services. Beirut Life s.a.l provides the Bank with key opportunities to access the under-exploited Lebanese insurance market in terms of distinctive Life insurance products. Beirut Life offers securities, such as retirement plans and life insurance plans, aimed at protecting Bank of Beirut Customers and their families against the financial impacts of life, death or disability.

Bank of Beirut is committed to innovation in products, services and technology. Beirut Life's software platform allows direct solutions at the Bank counters as well as the purchase of most of the insurance plans online. Beirut Life's objective is to build and sustain supreme financial capabilities to pay claims promptly, to accumulate healthy reserves and to generate benchmark profits for its shareholders. The company bears calculated risks, deals with renowned reliable reinsurers and prices its products fairly and competitively; but above all, it bonds with its customers through transparent products, providing value for their money and an outstanding service to better protect their own lives and those of their families.

Address:

*Jdeideh - Nahr el Mot Highway - Le Boulevard bldg. - 9th & 10th floor – Tel: 961 1 900403 | 503 | 406 | 506*

## Bank of Beirut (UK) Ltd.

Bank of Beirut (UK) Ltd was incorporated in the United Kingdom in 2002 with a paid-up share capital of GBP 34.2 Million. It is the only Lebanese-owned bank with a full deposit taking license to operate in the UK. Bank of Beirut s.a.l. owns 100 % of the share capital of Bank of Beirut (UK) Ltd.

Bank of Beirut (UK) Ltd is authorized and regulated by the Financial Services Authority (FSA) under authorization number 219523. The Bank is a member of the Financial Services Compensation Scheme and is subject to the jurisdiction of the Financial Ombudsman Service.

Bank of Beirut (U.K.) Ltd commenced its operations on December 9, 2002, upon acquiring the business activities, assets and liabilities of the United Kingdom branch of Beirut Riyadh Bank S.A.L., established in London in 1981

In October 2009, a full service office was opened in Frankfurt. Operating as a branch of Bank of Beirut (UK) Ltd, Frankfurt office is the only branch of a Lebanese - owned bank in Germany. It holds a full banking license granted by the FSA in UK and the BaFin in Germany and primarily focuses on corporate trade finance and correspondent banking services.

Address:

*17a Curzon Street - London W1J 5HS - Tel: +44 (0) 207 529 1852*

## Bank of Sydney Ltd.

Bank of Sydney, formerly known as Beirut Hellenic Bank, was launched on May 6, 2013. The Board rebranded it as Bank of Sydney to reflect the image of a bank of choice to multicultural Australia. The Bank has customers and distribution channels across Australia as well as 16 branches in Sydney, Melbourne and Adelaide, offering customers relationship banking based on personal, flexible and competitively-priced services. Our team works closely with its customers in an effort to understand and meet their individual needs.

Bank of Sydney maintains a healthy loan-to-deposit ratio, a strong capital position and an enviable track record of outstanding credit quality offering customers added assurance and peace of mind. As an Australian deposit taking institution, the Bank is eligible for the Australian Government Deposit Guarantee. It boasts a highly experienced Trade Finance Division with an in-depth understanding of the Middle East and Mediterranean regions.

Address:

*Sydney City Branch, Laiki Bank House, Level 4, 219-223 Castlereagh Street, 2000 Australia, Sydney - Tel: +61 2 8262 9000*







PUBLIC

UNDERGROUND



The background image shows a historic, two-story stone building with a red-tiled roof, situated on a grassy hill overlooking a body of water. In the foreground, a black Subway sign is visible on the left, and a large, weathered stone block lies on the ground. The sky is overcast and grey. The image is overlaid with a geometric pattern of light blue and white triangles.

## Management Discussion and Analysis

SUBWAY



## INTRODUCTION

Bank of Beirut SAL (“BOB”) is a full-fledged bank offering universal banking products and services covering Corporate, Commercial, Individual and Private Banking services to a diversified client base. The Bank has operations in Lebanon, Europe, Australia, the Middle East and Africa regions. The Bank was incorporated as a commercial bank on August 19, 1963, under the name of “Realty Business Bank SAL”. The Bank is registered in the Beirut Commercial Register under No. 13187 and on the Banks’ List at the Central Bank of Lebanon, under No. 75. The Bank’s head office is located on Foch Street, Bank of Beirut Building, Beirut Central District, Lebanon.

Bank of Beirut is one of the leading banks in Lebanon. At the end of 2013, the Bank ranked sixth among Lebanese banks as per major banking aggregates, namely in Assets, Deposits and Loans and fifth in Equity and Net profit.

The Bank, together with its banking and other subsidiaries, is engaged in a wide range of banking and financial activities in Lebanon and other Middle East countries, the United Kingdom, Germany, Cyprus, the United Arab Emirates, the Sultanate of Oman, Australia, Iraq, Nigeria and Libya. Through its operations in other countries, the Bank has been able to expand and diversify its income, assets and loan portfolio outside Lebanon and to widen the sources of its deposit base.

The Bank maintains one of the largest branch networks in Lebanon, with currently 60 branches, as well as one branch in Cyprus and three branches in the Sultanate of Oman (“Oman”). Bank of Beirut (U.K.) Ltd., the Bank’s wholly owned subsidiary based in the United Kingdom, has one branch in London and another branch in Frankfurt. Bank of Sydney in Australia (previously Beirut Hellenic Bank), the Bank’s fully owned subsidiary, was acquired in early 2011 and currently operates 16 branches. Bank of Beirut also operates a representative office located in Dubai, the United Arab Emirates, to service the Gulf region; a representative office located in Lagos, Nigeria to cater for West Africa; a representative office located in Baghdad, Iraq and a representative office in Tripoli, Libya. The Bank has currently four wholly owned subsidiaries in Lebanon, BOB Finance SAL, Bank of Beirut Invest SAL, Beirut Broker Company SARL, and Cofida Holding SAL, the latter which owns 90% of Beirut Life SAL.

## BASIS OF PRESENTATION

The analysis that follows highlights the Bank of Beirut consolidated performance for the year ended 31st December 2013, as compared to year 2012.

Financial information included in this report has, unless otherwise indicated, been derived from the Bank’s audited consolidated financial statements as at and for the year ended December 31st, 2013.

The Bank’s consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) and interpretations issued by the International Financial Reporting Interpretations Committee and the regulations of the Central Bank of Lebanon (“CBL”) and the Banking Control Commission (“BCC”), and include the results of the Bank and its consolidated subsidiaries. Deloitte & Touche and DFK Fiduciaire du Moyen-Orient have audited the bank’s consolidated financial statements for the year ended December 31st, 2013.

The consolidated financial statements of Bank of Beirut SAL include the Bank’s financial statements, its foreign branches (Oman & Cyprus) and enterprises controlled by the Bank (its subsidiaries).

The consolidated subsidiaries consist of the following:

Subsidiary	Country of incorporation	Year of acquisition or incorporation	Percentage of Ownership	Business Activity
Bank of Beirut (UK) Ltd	United Kingdom	2002	100.00%	Banking
Bank of Beirut invest SAL	Lebanon	2007	100.00%	Investment Banking
Beirut Brokers Co. SARL	Lebanon	1999	100.00%	Insurance brokerage
BOB Finance SAL	Lebanon	2006	100.00%	Financial institution
Cofida Holding SAL	Lebanon	2008	100.00%	Holding
Beirut Life SAL	Lebanon	2010	90.00%	Insurance
Bank of Sydney Ltd.	Australia	2011	100.00%	Banking

The new IFRS 10 changes the definition of control to focus on whether an investor (a) has the power over the investee, (b) is exposed, or has rights, to variable returns from its involvement with the investee, and (c) has the ability to use its power to affect its returns. As a consequence, the Group has changed its control conclusion in respect of the mutual funds managed by the Group entities. The following mutual funds have been consolidated with the Group financial statements:

Mutual Fund	Country of incorporation	Year of incorporation
International Mix Fund	Lebanon	2005
Beirut Lira Fund II	Lebanon	2009
Beirut Golden Income II	Lebanon	2009
Beirut Opportunities Fund	Lebanon	2009
Beirut Investment Fund	Lebanon	2010
Excess Return Fund	Lebanon	2010
Beirut Preferred Fund	Lebanon	2006
Beirut Preferred Fund II	Lebanon	2013

Comparative amounts for 2012 and the related amounts as at January 1, 2012 have been restated.

Unless otherwise indicated, all figures are expressed in LBP.

References to the Bank's peer group are to the Alpha Bank Group consisting of the 14 banks with total deposits in excess of USD 2.0 billion each, as determined by Bankdata Financial Services WLL (publishers of Bilanbanques).

## YEAR 2013 PERFORMANCE OVERVIEW

Despite the economic slowdown in Lebanon, Bank of Beirut has strengthened its franchise through above average growth in total assets and deposits underpinned by the good performance of its international business and sustained growth within the Lebanese market. Over the years, the Bank has built an international presence which supports its ability to be the leading trade finance bank in the country and to cater to Lebanese expatriate communities. The gross income and profit at both the operating and net levels increased at a faster rate relative to the peer group.

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 through 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 the Trade Finance line of business.

On consolidated basis, the Bank's total assets reached as at 31 December 2013 LBP 20,527 billion (USD 13.6 billion), growing by 17.81% year-on-year. The growth in size was mainly funded by the growth in deposits, interbank funding and equity.

Description (LBP billion)	Balances		Growth	
	31-Dec-12	31-Dec-13	Amount	%
Total Assets	17,424	20,527	3,104	17.81%
Customers' deposits	13,471	15,545	2,075	15.40%
Loans to Customers	5,217	5,722	505	9.68%
Shareholders' Equity	2,134	2,298	164	7.68%
Net profit	202	219	17	8.64%

## PEER GROUP ANALYSIS

Bank of Beirut has been able to improve its peer group shares in most of the indicators and improved its ranking within the Alpha Group of Banks:

Description %	Year 2013 Growth		BOB Group Share		BOB Ranking	
	BOB	Peer	2012	2013	2012	2013
Total Assets	17.81%	10.13%	7.22%	7.72%	6	6
Customers' deposits	15.40%	9.87%	6.67%	7.01%	7	6
Loans to Customers	9.68%	15.61%	7.40%	7.02%	6	6
Shareholders' Equity	7.68%	8.19%	10.11%	10.06%	5	5
Net profit	8.64%	-0.13%	7.78%	8.47%	5	5

On the other hand, Bank of Beirut has been able to achieve the following outstanding rankings as at 31st December 2013 within the peer group:

- Ranking 1st in "Equity to Asset ratio", indicating the high level of capitalization
- Ranking 1st in loan portfolio quality ratios, namely "Gross doubtful loans to gross loans", "Gross NPLs to Gross Loans", "Net Doubtful Loans to Gross Loans", "Loan loss reserves on NPLs to NPLs", denoting the conservative management of the credit risk
- Ranking 1st in Letters of Credit exposure, with a peer group share of 29.57%, evidencing the leading position in the Trade Finance business in the market
- Ranked 2nd in Total Assets Growth in 2013
- Ranked 3rd in Total Deposits Growth in 2013
- Ranked 3rd in Return on Average Assets

## A- BALANCE SHEET MANAGEMENT

The composition and size of the balance-sheet and contingent liabilities reflect the Board of Directors overall growth objectives and the risk appetite/tolerance for the group. The group strategy targets a sustainable growth, and good financial standing while adopting a conservative risk management framework and adequate corporate governance guidelines.

### a- Sources and uses of funds

#### Sources of funds

Description (LBP billion)	Balances		Growth		Breakdown	
	31-Dec-12	31-Dec-13	Amount	%	31-Dec-12	31-Dec-13
Deposit from banks and financial inst.	1,043	1,681	637	61.09%	5.99%	8.19%
Customers' deposits	13,471	15,545	2,075	15.40%	77.31%	75.73%
Liabilities under acceptance	411	368	(42)	-10.32%	2.36%	1.79%
Other borrowings	52	298	246	470.32%	0.30%	1.45%
Certificates of deposit	47	30	(16)	-35.26%	0.27%	0.15%
Other liabilities & provisions	266	307	41	15.32%	1.53%	1.49%
Shareholders' equity	2,134	2,298	164	7.68%	12.25%	11.19%
<b>Total</b>	<b>17,424</b>	<b>20,527</b>	<b>3,104</b>	<b>17.81%</b>	<b>100.00%</b>	<b>100.00%</b>

The main source of funds was generated from customers' deposits which represented at the end of year 2013, 75.73% of the funding sources, as compared to 77.31% at the end of 2012.

The customers' deposit base grew by LBP 2,075 billion in 2013 (+15.40%) while the Equity caption increased by LBP 164 billion (+7.68%) and its share slightly declined to 11.19% at end of December 2013, as compared to 12.25% at year-end 2012. The increase in "Other borrowings" caption was mainly derived from facilities by central banks. The funding from banks and financial institutions increased during the year by LBP 637 billion.

### Uses of funds

The Bank's strategy puts emphasis on maintaining high asset quality and a strong investment securities portfolio. While each entity of the group is abiding by the local regulations, and as part of the group risk management framework, the assets' structure is subject to internal limits in terms of business lines, financial instruments, counter-party concentration and geographical distribution.

Description (LBP billion)	Balances		Growth		Breakdown	
	31-Dec-12	31-Dec-13	Amount	%	31-Dec-12	31-Dec-13
Cash and deposits at central banks	3,405	4,088	683	20.07%	19.54%	19.92%
Deposit with banks and financial inst.*	1,728	2,409	681	39.41%	9.92%	11.73%
Loans and Advances	5,217	5,722	505	9.68%	29.94%	27.88%
Customers' acceptance liability	411	368	(42)	-10.32%	2.36%	1.79%
Investment securities	6,329	7,597	1,268	20.04%	36.32%	37.01%
Property and equipment	136	142	6	4.23%	0.78%	0.69%
Other assets	109	112	3	2.49%	0.63%	0.55%
Goodwill	89	89	0	0.05%	0.51%	0.43%
<b>Total</b>	<b>17,424</b>	<b>20,527</b>	<b>3,104</b>	<b>17.81%</b>	<b>100.00%</b>	<b>100.00%</b>

\* including loans to banks

The main utilization of funds was:

### Loans to customers

Growing by LBP 505 billion, a growth of 9.68%, the share of the loan portfolio, represented 27.88% of total assets as at 31 December 2013, as compared to 29.94% at the end of 2012.

### Cash & Central Banks

Increasing during the year by LBP 683 billion (+20.07%) and representing 19.92% of total assets as at 31/12/2013, as compared to 19.54% at year-end 2012.

### Due to banks and financial institutions

Increasing significantly during the year by LBP 681 billion (+39.41%) and representing 11.73% of total assets as at 31 December 2013 as compared to 9.92% at year-end 2012.

### Investment Securities

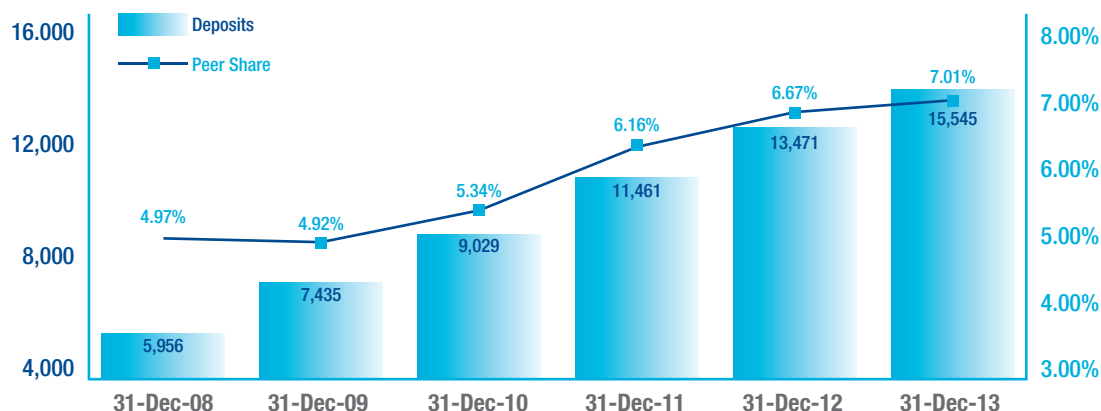
Increasing by LBP 1,268 billion (+20.04%) and representing 37.01% of total assets as at 31 December 2013 as compared to 36.32% at year-end 2012.

## b- Customers' Deposits

Constituting the main funding source, the consolidated deposits base increased during year 2013 by LBP 2,075 billion, a year-on-year growth of 15.40%.

On consolidated basis, Bank of Beirut Group was ranked 3<sup>rd</sup> in total deposits' growth among peer group banks in 2013 and clearly outperformed the Alpha Group growth rate of 9.87%. Consequently, the Bank was able to increase its peer group share to 7.01% as at 31 December 2013 as compared to 6.67% as at 31 December 2012.

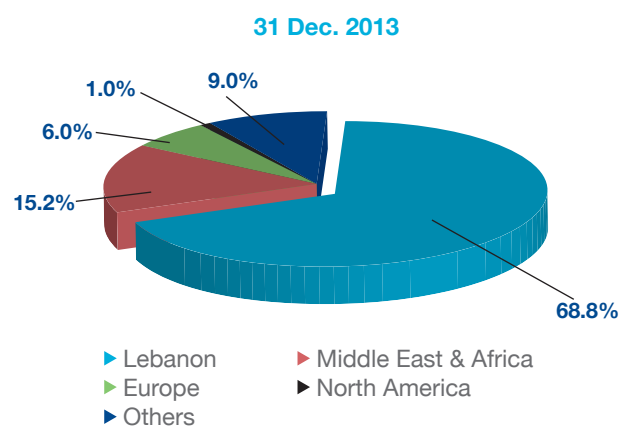
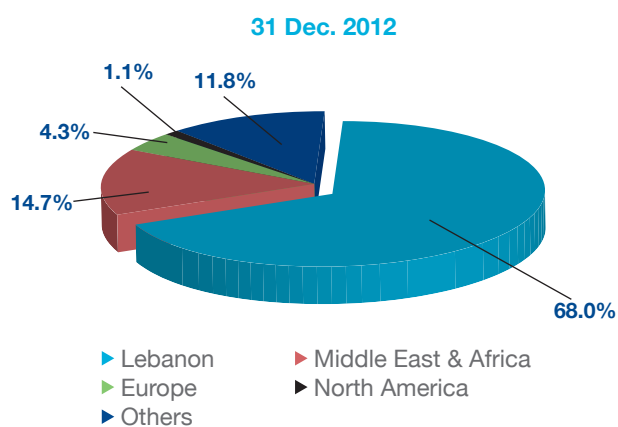
### CONSOLIDATED DEPOSITS



### Geographical distribution of deposits

An analysis of customers' deposits by geographical area distribution reveals that the growth was largely contributed to Lebanon with a LBP 1,527 billion (+16.66%).

Description (LBP billion)	Balances		Growth	
	31-Dec-12	31-Dec-13	Amount	%
Lebanon	9,166	10,693	1,527	16.66%
Middle East & Africa	1,978	2,365	387	19.54%
Europe	582	928	346	59.47%
North America	153	158	5	3.05%
Australia	1,591	1,402	(190)	-11.92%
<b>Total</b>	<b>13,471</b>	<b>15,545</b>	<b>2,075</b>	<b>15.40%</b>



### Distribution by type of deposits

The breakdown of deposits by type has been relatively stable in 2013, with term deposits continuing to reflect the lion's share of 81.41% of total deposits as at 31 December 2013:

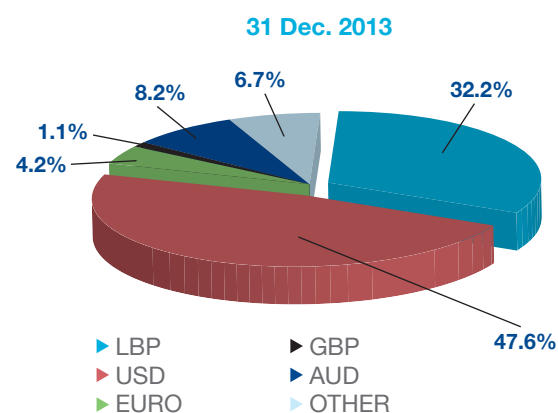
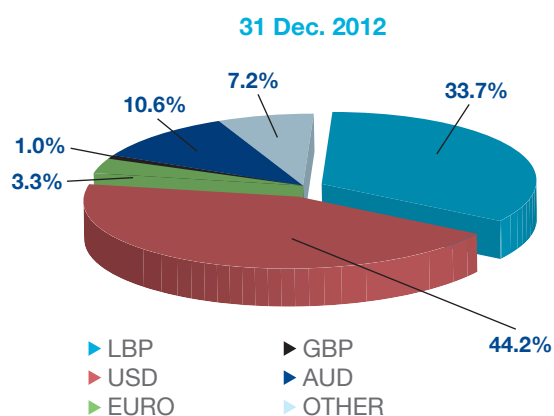
Description (LBP billion)	Balances		Growth		Breakdown	
	31-Dec-12	31-Dec-13	Amount	%	31-Dec-12	31-Dec-13
Demand deposits	1,579	1,726	147	9.31%	11.72%	11.10%
Term deposits	10,989	12,656	1,667	15.17%	81.58%	81.41%
Collateral against loans	679	907	227	33.48%	5.04%	5.83%
Margins on LCs	70	68	(2)	-2.90%	0.52%	0.44%
Margins on LGs	49	53	4	7.24%	0.37%	0.34%
Other margins	36	47	11	28.95%	0.27%	0.30%
Accrued interest	68	90	21	31.20%	0.51%	0.58%
<b>Total</b>	<b>13,471</b>	<b>15,545</b>	<b>2,075</b>	<b>15.40%</b>	<b>100.00%</b>	<b>100.00%</b>

### Deposits distribution by currency

Description (LBP billion)	Balances		Growth		Breakdown	
	31-Dec-12	31-Dec-13	Amount	%	31-Dec-12	31-Dec-13
LBP	4,542	5,010	468	10.32%	33.72%	32.23%
USD	5,948	7,398	1,450	24.38%	44.15%	47.59%
Euro	448	647	199	44.44%	3.32%	4.16%
GBP	140	174	33	23.68%	1.04%	1.12%
AUD	1,426	1,273	(153)	-10.73%	10.59%	8.19%
Other	967	1,043	77	7.94%	7.18%	6.71%
<b>Total</b>	<b>13,471</b>	<b>15,545</b>	<b>2,075</b>	<b>15.40%</b>	<b>100.00%</b>	<b>100.00%</b>

The LBP denominated deposits augmented by LBP 468 billion in 2013, recording an annual growth rate of 10.32%, as compared to 4.44% by the peer group for the same period. On the foreign currency side, the USD continued to hold the largest share and registered a significant growth during 2013 by 24.38%.

The dollarization rate stood at 67.77% at the end of year 2013, as compared to 66.28% at year-end 2012.





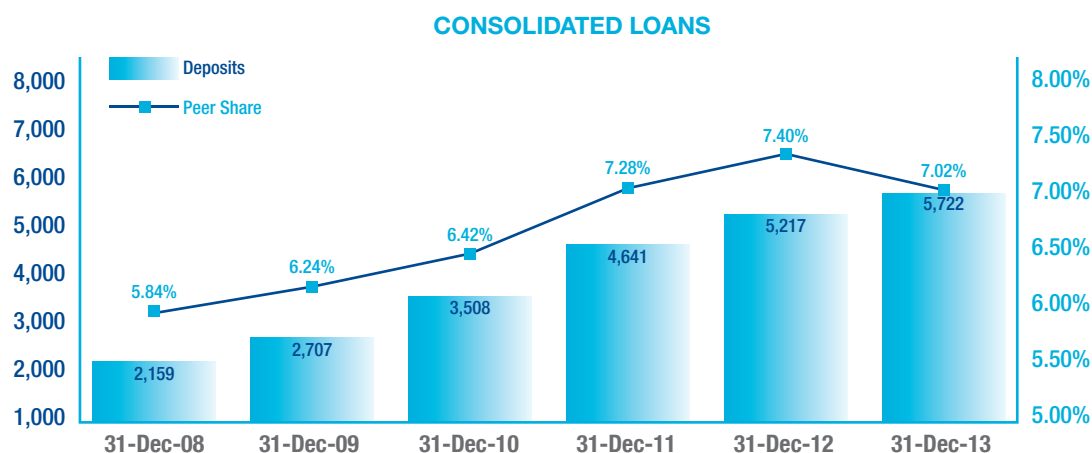
### c- Loans to Customers

The loan to customers portfolio increased by LBP 505 billion in 2013, reaching LBP 5,722 billion, compared to LBP 5,217 billion at the end of year 2012.

Description (LBP billion)	Balances		Growth		Breakdown	
	31-Dec-12	31-Dec-13	Amount	%	31-Dec-12	31-Dec-13
Regular loans to customers	5,084	5,604	519	10.22%	97.46%	97.93%
Regular loans to related parties	123	129	6	4.51%	2.36%	2.25%
Substandard loans (net)	14	16	2	13.69%	0.26%	0.27%
Doubtful and bad loans (net)	19	13	(6)	-29.44%	0.36%	0.23%
Collective provisions	(23)	(39)	(16)	69.80%	-0.44%	-0.69%
Accrued interest	5,217	5,722	505	9.68%	100.00%	100.00%
<b>Total</b>	<b>13,471</b>	<b>15,545</b>	<b>2,075</b>	<b>15.40%</b>	<b>100.00%</b>	<b>100.00%</b>

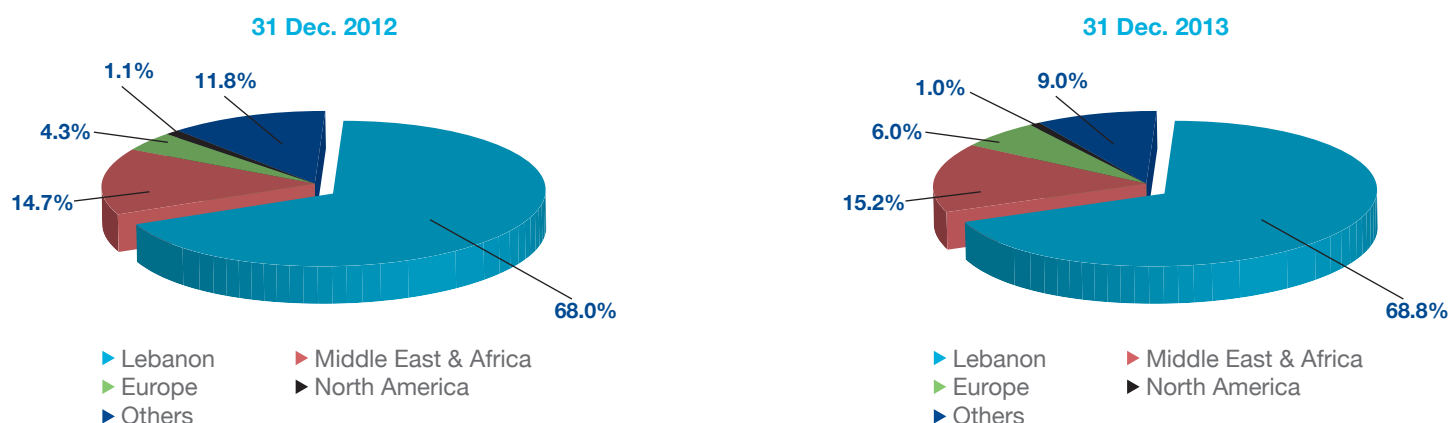
As clearly shown, the increase was mainly derived from the regular loans to customers.

The Bank's year-on-year growth of 9.68% underperformed the 15.61% peer group growth rate achieved in 2013. Consequently, the peer group share has been declined from 7.40% in 2012 to 7.02% in 2013.



### Distribution by geographical area

Description (LBP billion)	Balances		Growth		Breakdown	
	31-Dec-12	31-Dec-13	Amount	%	31-Dec-12	31-Dec-13
Lebanon	3,297	3,812	515	15.63%	63.19%	66.62%
Middle East & Africa	637	777	140	21.97%	12.21%	13.58%
Europe	80	112	31	39.30%	1.54%	1.95%
North America	0	0	(0)	-10.30%	0.00%	0.00%
Australia	1,203	1,021	(181)	-15.09%	23.06%	17.85%
<b>Total</b>	<b>5,217</b>	<b>5,722</b>	<b>505</b>	<b>9.68%</b>	<b>100.00%</b>	<b>100.00%</b>



### Loans distribution by currency

The LBP denominated Loans augmented by LBP 221 billion in 2013, recording an annual growth rate of 25.17%, as compared to 14.25% by the peer group for the same period. On the foreign currency side, the USD continued to hold the largest share and registered a significant growth during 2013 by 12.91%.

The dollarization rate stood at 80.83% at the end of year 2013, as compared to 82.84% for the peer group.

Currency (LBP billion)	Balances		Growth		Breakdown	
	31-Dec-12	31-Dec-13	Amount	%	31-Dec-12	31-Dec-13
LBP	876	1,097	221	25.17%	16.80%	19.17%
USD	2,540	2,868	328	12.91%	48.69%	50.12%
Euro	135	286	151	111.20%	2.59%	5.00%
GBP	67	32	(34)	-51.48%	1.28%	0.57%
AUD	1,161	967	(194)	-16.68%	22.25%	16.90%
Other	438	472	34	7.82%	8.39%	8.25%
<b>Total</b>	<b>5,217</b>	<b>5,722</b>	<b>505</b>	<b>9.68%</b>	<b>100.00%</b>	<b>100.00%</b>

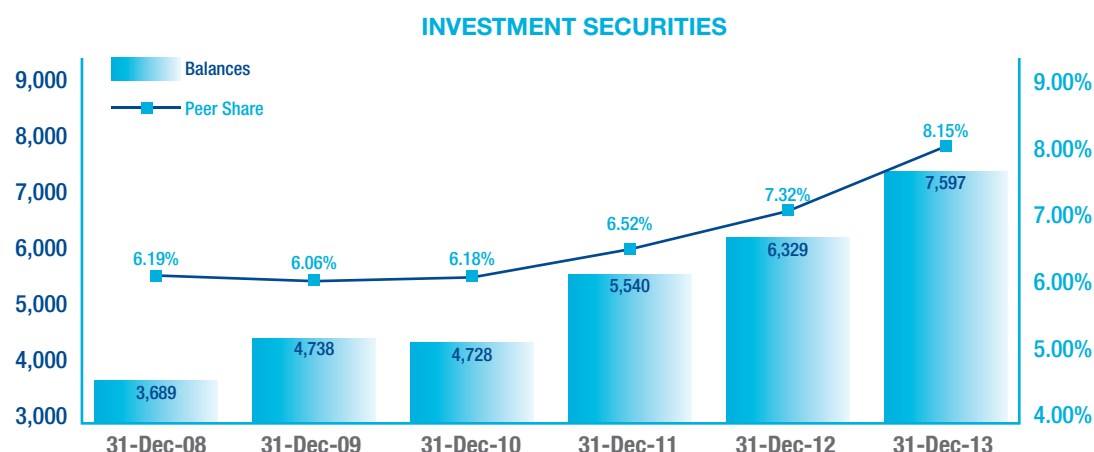
### d- Investment Securities Portfolio

The Bank's securities portfolio, which consists of both fixed and variable income securities, increased by LBP 1,268 billion during 2013, an annual growth rate of 20.04%, to reach LBP 7.597 billion and representing 37.01% of total assets as at 31st December 2013.

Description (LBP billion)	Balances		Growth		Breakdown	
	31-Dec-12	31-Dec-13	Amount	%	31-Dec-12	31-Dec-13
Lebanese government bonds	1,870	2,628	757	40.48%	29.55%	34.58%
CDs issued by BDL	1,790	1,411	(379)	-21.18%	28.29%	18.57%
Lebanese treasury bills	1,740	2,633	893	51.34%	27.49%	34.66%
Private sector debt securities	820	820	(1)	-0.08%	12.96%	10.79%
Foreign Government treasury bonds	53	32	(21)	-39.78%	0.84%	0.42%
Unquoted equity securities	29	48	19	63.11%	0.47%	0.63%
Quoted equity securities and funds	9	11	3	29.55%	0.14%	0.15%
Accrued interest	16	14	(2)	-13.70%	0.26%	0.19%
<b>Total</b>	<b>6,329</b>	<b>7,597</b>	<b>1,268</b>	<b>20.04%</b>	<b>100.00%</b>	<b>100.00%</b>

As shown in the table above, the main growth was derived from the increase in Lebanese Treasury Bills and Eurobonds by LBP 1,650 billion, while the investment in Certificates of Deposits issued by the Central Bank of Lebanon decreased by LBP 379 billion.

The peer group share increased gradually during the year to reach 8.15% at the end of 2013.



### Distribution by Classification

Following a conservative risk management approach, the share of Fair Value through Profit and Loss (FVTPL) investment securities' share decreased significantly to reach 10.67% as at 31st December 2013, as compared to 15.49% at year-end 2012. The low level of equity instruments' share out of the total investment securities' portfolio, registering a low level of 0.78% as at 31 December 2013 is also to be noted.

Description (LBP billion)	Balances		Growth		Breakdown	
	31-Dec-12	31-Dec-13	Amount	%	31-Dec-12	31-Dec-13
Debt instruments at Amortized Cost	5,345	6,784	1,438	26.91%	84.46%	89.29%
Debt Instruments at FVTPL	945	754	(191)	-20.23%	14.94%	9.93%
<b>Total Debt Instruments</b>	<b>6,291</b>	<b>7,538</b>	<b>1,247</b>	<b>19.82%</b>	<b>99.39%</b>	<b>99.22%</b>
Equity instruments at FVTPL	35	56	21	61.04%	0.55%	0.74%
Equity instruments at FVTOCI	4	4	0	0.22%	0.06%	0.05%
<b>Total Equity Instruments</b>	<b>38</b>	<b>60</b>	<b>21</b>	<b>55.38%</b>	<b>0.61%</b>	<b>0.78%</b>
<b>Total</b>	<b>6,329</b>	<b>7,597</b>	<b>1,268</b>	<b>20.04%</b>	<b>100.00%</b>	<b>100.00%</b>

### Fair Value of Debt instruments classified at Amortized Cost

Description (LBP billion)	31-Dec-12			31-Dec-13		
	Cost*	Fair Value	Unrealized	Cost*	Fair Value	Unrealized
Lebanese government bonds	1,693	1,736	42	2,487	2,521	34
CDs issued by BDL	1,495	1,549	55	1,109	1,119	10
Lebanese treasury bills	1,303	1,306	3	2,268	2,279	11
Private sector debt securities	713	713	(0)	770	771	1
CDs issued by private sector	64	66	2	43	48	5
<b>Total</b>	<b>5,269</b>	<b>5,370</b>	<b>102</b>	<b>6,676</b>	<b>6,738</b>	<b>61</b>

\* including loans to banks

As shown in the table above, and due to the market conditions, the unrealized profit calculated as at 31 December 2013 amounted to LBP 61 billion as compared to LBP 102 billion as at 31 December 2012.

## e- Property and Equipment

Description (LBP billion)	Balances		Growth	
	31-Dec-12	31-Dec-13	Amount	%
Buildings	84	89	5	6.31%
Furniture	9	11	2	21.34%
Equipment	11	10	(1)	-12.17%
Vehicles	0	0	(0)	-63.97%
Key Money	2	2	(0)	-0.01%
Installations and improvements	16	18	2	9.20%
Advance on Capital expenditures	14	12	(1)	-10.61%
<b>Total</b>	<b>136</b>	<b>142</b>	<b>6</b>	<b>4.23%</b>

As shown in the table above, the increase in “Properties and Equipment” (net of depreciation) was LBP 6 billion (+4.23%). It is to be noted that the share of “property and equipment” in total assets was around 0.69% as at 31/12/2013, as compared to 1.10% for the peer group.

## B- PROFITABILITY

### Overview

The consolidated total net income increased in 2013 by 8.64% to LBP 219 billion as compared to LBP 202 billion for the year 2012.

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.

The positive growth in the net earnings was due to the increase in “operating income” LBP 44.8 billion (+9.14%) combined with the increase in total operating expenses by LBP 21.8 billion (+9.41%), increase in credit risk allowances by LBP 2.4 billion (+12.70%), and the increase of income tax provisions by LBP 3.2 billion (+16.79%).

Description (LBP billion)	Balances		Growth	
	2012	2013	Amount	%
Interest income*	836,174	932,248	96,074	11.49%
Interest expense*	(500,964)	(578,546)	(77,583)	15.49%
<b>Net interest income</b>	<b>335,210</b>	<b>353,701</b>	<b>18,491</b>	<b>5.52%</b>
Net fee & commission income	108,128	97,679	(10,449)	-9.66%
Other non-interest income	46,439	83,153	36,713	79.06%
<b>Operating income</b>	<b>489,777</b>	<b>534,533</b>	<b>44,755</b>	<b>9.14%</b>
Impairment losses	(18,617)	(20,982)	(2,365)	12.70%
<b>Net operating income</b>	<b>471,160</b>	<b>513,550</b>	<b>42,390</b>	<b>9.00%</b>
Operating expenses	(231,235)	(252,985)	(21,750)	9.41%
<b>Profit before income taxes</b>	<b>239,925</b>	<b>260,566</b>	<b>20,640</b>	<b>8.60%</b>
Income taxes	(38,109)	(41,321)	(3,212)	8.43%
<b>Net profit after income taxes</b>	<b>201,817</b>	<b>219,245</b>	<b>17,428</b>	<b>8.64%</b>
Non-controlling interest	(31,575)	(30,217)	1,358	-4.30%
<b>Net profit (Equity holders)</b>	<b>170,241</b>	<b>189,028</b>	<b>18,787</b>	<b>11.04%</b>

\* including interest on financial assets & liabilities designated at FVTPL for better comparison

## Net Interest income

Description (LBP billion)	Year		Growth		Breakdown	
	2012	2013	Amount	%	2012	2013
Placements with central banks	64,615	93,055	28,440	44.01%	7.73%	9.98%
Placements with banks *	31,607	39,470	7,863	24.88%	3.78%	4.23%
Financial assets at amortized cost	319,219	386,257	67,037	21.00%	38.18%	41.43%
Financial assets at FVTPL	74,095	54,510	(19,585)	-26.43%	8.86%	5.85%
Loans to customers	346,637	358,956	12,319	3.55%	41.46%	38.50%
<b>Interest income</b>	<b>836,174</b>	<b>932,248</b>	<b>96,074</b>	<b>11.49%</b>	<b>100.00%</b>	<b>100.00%</b>
Banks and financial Institutions	7,877	17,950	10,072	127.86%	1.57%	3.10%
Customers' deposits	484,598	553,274	68,676	14.17%	96.73%	95.63%
Certificates of deposits	5,245	1,468	(3,778)	-72.02%	1.05%	0.25%
Other Borrowings	3,243	5,855	2,612	80.54%	0.65%	1.01%
<b>Interest expense</b>	<b>500,964</b>	<b>578,546</b>	<b>77,583</b>	<b>15.49%</b>	<b>100.00%</b>	<b>100.00%</b>
<b>Net Interest Income*</b>	<b>335,210</b>	<b>353,701</b>	<b>18,491</b>	<b>5.52%</b>		

\* including loans to banks

As reflected in the table above, the net interest income increased by 5.52% in year 2013. This was mainly due to the increase in interest income (+11.49%), combined with an increase in interest expenses by 15.49%.

As a result, the main spreads indicators have witnessed a notable decrease due to continuous pressure on interest margins:

Ratio	2012	2013	Variance
Interest income / average assets	5.15%	4.91%	-0.24%
Interest expense / average assets	-3.08%	-3.05%	0.04%
Interest spread (net interest income / average assets)	2.06%	1.86%	-0.20%
Interest income / average interest earning assets	5.50%	5.21%	-0.29%
Interest expense / average interest bearing liabilities	-3.72%	-3.62%	0.10%
Interest differential	1.79%	1.59%	-0.19%
Yield on earning assets	5.50%	5.21%	-0.29%
Cost of earning assets	-3.30%	-3.23%	0.06%
Interest margin	2.21%	1.98%	-0.23%
Average interest earning assets / average assets	93.54%	94.29%	0.76%
Interest expense / Interest income	59.91%	62.06%	2.15%
Net interest income / Operating income	68.44%	66.17%	-2.27%

## Non-interest income

Description (LBP billion)	Years		Growth	
	2012	2013	Amount	%
Net Fee and commission income	108,128	97,679	(10,449)	-9.66%
Dividends received	3,309	4,196	886	26.78%
Net Gain from investment securities	26,129	66,257	40,127	153.57%
Net Gain on sale of foreclosed assets	11,835	798	(11,037)	-93.26%
Share in profit of an associate	1,783	3,297	1,514	84.89%
Foreign exchange gain	8,127	14,535	6,409	78.86%
Charge on forward contract	(7,234)	(4,035)	3,199	-44.23%
Other non-interest income	2,489	(1,895)	(4,384)	-176.14%
<b>Total</b>	<b>154,568</b>	<b>180,832</b>	<b>26,264</b>	<b>16.99%</b>

The 16.99% positive annual growth rate was mainly derived from the increase in the net gain from investment securities by LBP 40.1 billion (mainly representing the gain from sale and swaps with BDL of financial assets measured at amortized cost), which contributed to compensate the decrease in the net fee income (-9.66%), and the net gain from sale of foreclosed assets (-93.26%). The non-interest income ratios witnessed a relative stability during the year 2013 as compared to year 2012:

Ratio	2012	2013	Variance
Net non interest income/average assets	0.95%	0.95%	0.00%
Non interest income/operating income	31.56%	33.83%	2.27%
Non interest income/average deposits	1.24%	1.25%	0.01%
Net commissions received/average deposits	0.87%	0.67%	-0.19%

## Other operating expenses

Description (LBP billion)	Years		Growth	
	2012	2013	Amount	%
Staff expenses	127,888	133,156	5,268	4.12%
General operating expenses	89,715	103,345	13,630	15.19%
Depreciations and amortizations	13,632	16,484	2,851	20.92%
<b>Total</b>	<b>231,235</b>	<b>252,985</b>	<b>21,750</b>	<b>9.41%</b>

The main drivers behind the 9.41% year-on-year increase in the operating expenses could be summarized by the following:

- Staff count grew by 82 during the year, mainly in Lebanon by 59 new staff.
- Increased IT investment (strategic new applications e.g. Core Banking, CRM, Online Banking, Mobile Banking, etc.) and the advertising cost (including re-branding and TV campaigns).



## Operating Efficiency

On the operating efficiency level, cost to income ratio increased slightly to 47.33% in 2013 from 47.21% in 2012, significantly less than the peer group average of 49.86%.

Ratio	Unit	2012	2013	Variance
<b>Cost ratios</b>				
Staff expenses / operating income	%	26.11%	24.91%	-1.20%
General expenses / operating income	%	18.32%	19.33%	1.02%
Depreciation / operating income	%	2.78%	3.08%	0.30%
Cost to income ratio	%	47.21%	47.33%	0.12%
Cost to average assets	%	1.42%	1.33%	-0.09%
Effective tax rate	%	15.88%	15.86%	-0.03%
<b>Operating efficiency</b>				
Number of staff	Count	1,529	1,611	82
Number of branches and banking units	Count	80	81	1
Staff per branch	Count	19.1	19.9	0.8
Average assets per average staff	LBP million	11,038	12,086	1,048
Average deposits per average staff	LBP million	8,471	9,241	769
Staff expenses per average staff	LBP million	87	85	(2)
Operating income per average staff	LBP million	333	340	8
Net income per average staff	LBP million	137	140	2
Assets per branch	LBP million	217,794	253,425	35,631
Total deposits per branch	LBP million	168,384	191,920	23,535
Operating income per branch	LBP million	6,122	6,599	477
Net income per branch	LBP million	2,523	2,707	184

As signaled in the table above, the Bank has been able to preserve most of the operating efficiency indicators within good range.

## Profitability indicators

Ratio	Year		
	2012	2013	Variance
Return on Average Assets (ROAA)	26.11%	26.11%	-1.20%
Return on Average Equity (ROAE)	26.11%	24.91%	-1.20%
Return on Average Common Equity (ROACE) *	18.32%	19.33%	1.02%
+ Yield on earning assets	2.78%	3.08%	0.30%
- Cost of earning assets	47.21%	47.33%	0.12%
= Interest margin	1.42%	1.33%	-0.09%
x Average interest earning assets / average assets	15.88%	15.86%	-0.03%
= Interest Spread	19.1	19.9	0.8
+ Net non interest income / average assets	11,038	12,086	1,048
= Asset Utilization Ratio	8,471	9,241	769
x Net operating margin	87	85	(2)
o.w. Cost to income	333	340	8
o.w. Credit Cost	137	140	2
o.w. Other provisions	217,794	253,425	35,631
o.w. Tax Cost	168,384	191,920	23,535
= Return on average assets (ROAA)	6,122	6,599	477
x Leverage (average assets/average equity)	2,523	2,707	184
= Return on average equity (ROAE)	2,523	2,707	184

\* calculated as common earnings (group share) / average common equity excluding non-controlling interest

Return on Average Assets decreased in 2013 to 1.16% from 1.24% in 2012, due mainly to the higher increase in assets; however, Bank of Beirut has been able to rank 3rd among the peer group banks in this ratio as per Bankdata report as at 31 December 2013 noting that the Average ROAA for the Alpha Group stood at 1.02% for year 2013 as compared to 1.10% for 2012.

The return on average equity (ROAE) increased to 9.90%, while the return on average common equity stood at a comfortable level of 11.83%.

## Peer Group comparison

Ratio	Year 2013			Ranking
	BOB	Peer	Variance	
Return on Average Assets (ROAA)	1.16%	1.02%	0.14%	3
Leverage (average assets/average equity)	8.56	11.55	(2.99)	1
Return on Average Equity (ROAE)	9.90%	11.79%	-1.89%	12
Interest Spread	1.86%	1.85%	0.01%	7
Net non interest income / average assets	0.95%	1.03%	-0.08%	7
Cost to income	47.33%	49.86%	-2.53%	7

## Calculation of Common Earnings

Description (LBP billion)	Years		Growth	
	2012	2013	Amount	%
Consolidated net profit (Group share)	170,241	189,028	18,787	11.04%
Dividends on non-cumulative pref. shares	56,809	55,961	(848)	-1.49%
Preferred shares series "D"	13,568	-	(13,568)	-100.00%
Preferred shares series "E"	7,236	7,236	-	0.00%
Preferred shares series "F"	9,045	9,045	-	0.00%
Preferred shares series "G"	12,714	12,714	-	0.00%
Preferred shares series "H"	14,246	14,246	-	0.00%
Preferred shares series "I"	-	12,720	12,720	
Common Earnings (group share)	113,433	133,067	19,635	17.31%

The common earnings (net profit attributable to common shareholders) recorded a positive growth of 17.31% after accounting for the preferred shares dividends

## Calculation of Earnings per common share

Description (LBP billion)	Years		Growth	
	2012	2013	Amount	%
Common earnings	113,433	133,067	19,635	17.31%
Weighted average number of common shares	50,190,089	50,151,838	(38,251)	-0.08%
Effect of dilutive potential common shares	-	-	-	
Total weighted average No. of common shares	50,190,089	50,151,838	(38,251)	-0.08%
Basic Earnings per share	LBP 2,260	2,653	393	17.40%
Diluted Earnings per share	LBP 2,260	2,653	393	17.40%

The Basic Earnings per Common Share (EPS) increased to LBP 2,653 in year 2013, from LBP 2,260 for the year 2012. The increase is mainly due to the growing common earnings (+17.31%) and a slightly lower weighted average number of common shares (-0.08%). The conversion effect of Series "G" preferred shares was excluded from the calculation of diluted earnings per share for 2013 and 2012 since they have anti-dilutive effect.

## C- CAPITALIZATION

The Bank's consolidated equity grew by LBP 164 billion, reaching LBP 2.298 billion as at 31 December 2013, an increase of 7.68% compared to 2012 year-end.

Description (LBP billion)	Balances		Growth	
	31-Dec-12	31-Dec-13	Amount	%
Ordinary share capital	68,131	68,131	-	0.00%
Shareholders' cash contribution to capital	20,978	20,978	-	0.00%
Non-cumulative preferred shares	783,825	783,825	-	0.00%
Issue premium	232,108	232,108	-	0.00%
Legal reserve	80,205	94,603	14,398	17.95%
Reserve for general banking risks	107,590	135,135	27,545	25.60%
Regulatory reserves for doubtful debts	5,722	5,249	(473)	-8.27%
Other Reserves	22,949	34,791	11,842	51.60%
Retained Earnings	196,622	198,131	1,509	0.77%
Revaluation of change in FV of forward contracts (hedging)	-	(8,969)	(8,969)	
Cumulative Change in FV of currency positions (hedging instruments)	3,045	(18,517)	(21,562)	-708.13%
Owned buildings revaluation surplus	1,669	1,669	-	0.00%
Cumulative change in fair value of investment securities	348	351	2	0.62%
Regulatory reserves for assets acquired on satisfaction of debts	5,244	6,371	1,127	21.49%
Treasury Shares	(44,614)	(45,503)	(889)	1.99%
Currency translation adjustment	(1,653)	11,217	12,870	-778.50%
Non controlling interest	481,271	588,913	107,642	22.37%
Net Income of the year - Group Share	170,241	189,028	18,787	11.04%
<b>Total</b>	<b>2,133,682</b>	<b>2,297,511</b>	<b>163,829</b>	<b>7.68%</b>

The growth in Equity was mainly derived from the increase in reserves and retained earnings (LBP 56 billion), the increase in non-controlling interests by LBP 107.6 billion due to the consolidation of mutual funds, and the revaluation of hedging instruments related mainly to the investment in Bank of Sydney.

With the achieved level of equity, Bank of Beirut was the bank which reflected the highest capitalization levels in its peer group, realizing the 1st rank among the Alpha Group banks, with "equity to asset ratio" of 11.19% as at 31 December 2013 as compared to 8.59% for the peer group.

## Capital Structure

The Bank's capital constitutes Common and Preferred Shares as follows:

Share Type	Number of Shares	
	31-Dec-12	31-Dec-13
Common shares	50,467,400	50,467,400
Preferred Shares Series "E"	2,400,000	2,400,000
Preferred Shares Series "F"	3,000,000	3,000,000
Preferred Shares Series "G"	3,570,000	3,570,000
Preferred Shares Series "H"	5,400,000	5,400,000
Preferred Shares Series "I"	5,000,000	5,000,000
<b>Total</b>	<b>69,837,400</b>	<b>69,837,400</b>

As shown in the table above, no change in the capital structure occurred during 2013.

## Preferred shares overview

Currently, the total issue values of the outstanding preferred shares stood at around USD 519.95 million, representing 34.12% of total shareholders' equity. The main features of the outstanding preferred shares are as follows:

Description	Series "E"	Series "F"	Series "G"	Series "H"	Series "I"
Number of shares	2,400,000	3,000,000	3,570,000	5,400,000	5,000,000
Issue price per share	\$25.00	\$25.00	\$35.00	\$25.00	\$25.00
Issue Size (USD 000's)	\$60,000	\$75,000	\$124,950	\$135,000	\$125,000
Issue Size (C/V LBP million)	90,450	113,063	188,362	203,513	188,438
Dividend rate p.a.	8.00%	8.00%	6.75%	7.00%	6.75%
Non-Cumulative	Yes	Yes	Yes	Yes	Yes
Perpetual	Yes	Yes	Yes	Yes	Yes
Redeemable	Yes	Yes	Yes	Yes	Yes
Convertible to common shares	No	No	Yes	No	No
Redemption price per share	\$25.00	\$25.00	\$35.00	\$25.00	\$25.00
Conversion exercise price			\$35.00		
Redemption right holder	BOB	BOB	BOB	BOB	BOB
Conversion right holder			Holder		
Issue date	13-Nov-08	8-Jul-09	29-Sep-10	30-Jun-11	19-Nov-12
Closing date	30-Dec-08	18-Sep-09	29-Dec-10	28-Sep-11	28-Dec-12
First redemption exercise date	30-Dec-13	30-Dec-14	30-Dec-16	30-Dec-16	30-Dec-17
Second redemption exercise date	30-Dec-15				
Conversion right exercise date			30-Dec-15		

## Capital Adequacy

Maintaining its position as the bank with highest capitalization level among the peer group banks, Bank of Beirut reflected a very healthy set of Capital ratios.

The high level of capital adequacy confirmed the Bank's strategy in strengthening the Capital base in order to fund its expansion strategy, in addition to complying comfortably with Basel III requirements, taking into consideration the increasing risk weights applied on the exposure to Lebanese sovereign risk.

## Capital Adequacy Ratio under Basel III

Description (LBP billion)	Balances / Ratio		Variation	
	31-Dec-12	31-Dec-13	Amount	%
Common Equity (Net)	702,575	774,868	72,293	10.29%
Additional Tier 1 Capital (Net)	783,825	786,106	2,281	0.29%
Net Tier 2 Capital	1,779	6,933	5,154	289.74%
<b>Total Regulatory Capital</b>	<b>1,488,179</b>	<b>1,567,908</b>	<b>79,729</b>	<b>5.36%</b>
RWA - Credit Risk	9,445,552	10,808,772	1,363,220	14.43%
RWA - Market Risk	345,442	129,207	(216,235)	-62.60%
RWA - Operational Risk	683,438	787,090	103,652	15.17%
<b>Total RWA</b>	<b>10,474,432</b>	<b>11,725,069</b>	<b>1,250,637</b>	<b>11.94%</b>
Total Capital Ratio	14.21%	13.37%	-0.84%	
Common Equity Ratio Tier 1 Ratio	6.71%	6.61%	-0.10%	
Tier 1 Capital Ratio	14.19%	13.31%	-0.88%	
Tier 2 Capital Ratio	0.02%	0.06%	0.04%	

Under Basel III, the Capital Adequacy ratio stood at year-end 2013 at 13.37%, down from 14.21% as at 31st December 2012, as compared to the minimum required ratio of 10.50%.

Pursuant to Central Bank Decision No 11714 dated March 3rd, 2014, with respect to the application of the Basel III regulation, all banks operating in Lebanon must gradually reach the following capital ratios:

Ratio	31-Dec-12	31-Dec-13	31-Dec-14	31-Dec-15
Common Equity Tier 1 Ratio	5.00%	6.00%	7.00%	8.00%
Tier 1 Capital Ratio	8.00%	8.50%	9.50%	10.00%
Total Capital Ratio	10.00%	10.50%	11.50%	12.00%

As shown in the tables below, Bank of Beirut is already compliant with Basel III capital requirements, more specifically, with a common equity ratio of 6.61% (as compared to 6.00% minimum required).

Minimum Regulatory Ratios (LBP billion)	Minimum Ratio		Excess Capital	
	31-Dec-12	31-Dec-13	31-Dec-12	31-Dec-13
Common Equity Tier 1 Ratio	5.00%	6.00%	178,853	71,364
Tier 1 Capital Ratio	8.00%	8.50%	648,445	564,343
Capital Ratio	10.00%	10.50%	440,736	336,775



## D- SHARE INFORMATION

### Common Share performance

Indicator	Unit	31-Dec-12	31-Dec-13	Variance
Common share market price	LBP	28,643	28,643	-
Common equity book value (1)	LBP billion	812	869	57
Common share book value	LBP	16,085	17,215	1,130
Market Capitalization (end of period)	LBP billion	1,446	1,446	-
Market Value added	LBP billion	634	577	(57)
Market Value added/Market capitalization	%	43.84%	39.90%	-3.95%
Basic EPS / Common share market price	%	7.89%	9.26%	1.37%
Price to common earnings - P/E Ratio (2)	Times	12.67	10.80	(1.88)
Price to common book value - M/B Ratio	Times	1.78	1.66	(0.12)
Price to assets	%	8.30%	7.04%	-1.25%

(1) Including the common earnings of the year & Excluding non-controlling interest (2) Calculated as basic earnings per share / common share market price.

The common share market price has been stable during 2013. Consequently, the market capitalization stood at around LBP 1,446 billion (USD 959 million), and the “price to book value” decreased to 1.61 times as compared to 1.71 times at the end of year 2012. The “price to assets” ratio stood at a very healthy level of 7.04%, one of the lowest in the market.

## E- DIVIDENDS

The Board of Directors has resolved, during its meeting held on 03 April 2014, a cash dividend per common share (DPS) at the level of LBP 859, which is higher by 19.97% over last year Dividend per Share. The year 2013 DPS upgraded the dividend yield to 3.00%, as compared to 2.50% in 2012.

Appropriation of Bank of Beirut (local and foreign branches) net profit 2013:

Description (LBP 000's)	Variance
Net profit Bank of Beirut SAL	161,791,255
Dividends on preferred shares	(55,960,850)
Legal Reserve	(16,179,126)
Reserve for General Banking Risk	(37,500,000)
Reserves on Foreclosed Assets	(1,445,631)
Total deductions	(111,085,606)
Net profit eligible for distribution	50,705,649
Number of outstanding common shares	50,467,400
Available dividend per common share	1,005
Suggested Dividend per common share	859
Total suggested dividends to common shareholders	43,351,497
Retained earnings	7,354,152

Consequently, the comparative dividend indicators on consolidated basis stood as follows:

Description (LBP billion)		Balances / Ratio		Variation	
		2012	2013	Amount	%
Dividend per common share (DPS)	(LBP)	716	859	143	19.97%
Total Dividends on common shares		36,135	43,351	7,217	19.97%
Total Dividends on non-cumulative preferred shares		56,809	55,961	(848)	-1.49%
Total Dividends (common and non-cumulative preferred)		92,943	99,312	6,369	6.85%
Dividend yield per common share (DPS/Price)		2.50%	3.00%	0.50%	
Common Sh. dividend payout ratio (% on common earnings)		31.86%	32.58%	0.72%	
Common Sh. dividend payout ratio (% of net profit after tax)		21.23%	22.93%	1.71%	
Total dividends payout ratio (Net Profit)		54.60%	52.54%	-2.06%	

## F- LIQUIDITY

The conservation of adequate liquidity has invariably been the Bank's policy to retain a high level of liquid assets and a diversified and stable funding base.

Monitored and controlled by the Asset Liability Committee (ALCO), the liquidity position of the Bank is managed on daily basis by the Treasury Department and liquidity risks are consistently measured, monitored, and scrutinized by the Risk Management Department. Ensuring low liquidity risk is evidenced by the following factors:

- Sufficient high-quality liquid assets, including high level placements with well reputed and highly rated global banks
- Diversification in the securities portfolio
- Stability in customers' deposits
- Manageable cash flow mismatching gaps
- Non-reliance on whole-sale funding

The liquidity ratios, in both local and foreign currencies, maintained the healthy levels of 2012 while the loan to deposit ratio decreased slightly to the level of 36.81%.

Ratio	31-Dec-12	31-Dec-13	Variance
Loans in LBP to deposits in LBP ratio	19.30%	21.89%	2.60%
Loans in FCY to deposits in FCY ratio	48.61%	43.90%	-4.71%
Loans to deposits ratio	38.73%	36.81%	-1.92%
Deposits (LBP) / Assets (LBP)	84.23%	78.06%	-6.18%
Deposits (FCY) / Assets (FCY)	74.21%	74.67%	0.46%
Deposits / Assets	77.31%	75.73%	-1.58%
Investment securities portfolio/Total Assets	36.32%	37.01%	0.69%
Total Liquid Assets (LBP) / Total Liabilities (LBP)	99.60%	99.75%	0.15%
Total Liquid Assets (FCY) / Total Liabilities (FCY)	66.39%	70.37%	3.98%
Total Liquid Assets / Total Liabilities	77.03%	79.52%	2.49%

## G- ASSET QUALITY

### Assets composition

The Bank's assets comprise mainly liquid assets (primary liquidity and investment securities) which represented 68.66% of total assets as at 31 December 2013, as compared 65.78% at year-end 2012.

Loans to customers represented 30.64% as at December 31, 2013 as compared to 29.19% at the end of the previous year.

Description (LBP billion)	BOB		Peer	
	31-Dec-12	31-Dec-13	31-Dec-12	31-Dec-13
Cash and deposits at central banks	19.54%	19.92%	19.92%	20.50%
Due to banks & Fis (incl. loans)	9.92%	11.73%	11.64%	10.44%
Loans and Advances	29.94%	27.88%	29.19%	30.64%
Customers' acceptance liability	2.36%	1.79%	0.75%	0.76%
Investment securities	36.32%	37.01%	35.83%	35.07%
Property and equipment	0.78%	0.69%	1.13%	1.10%
Other assets	0.63%	0.55%	1.20%	1.20%
Goodwill	0.51%	0.43%	0.35%	0.30%
<b>Total</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>
Liquid assets/Assets	65.78%	68.66%	67.39%	66.01%
Loans / Assets	29.94%	27.88%	29.19%	30.64%
Fixed Assets / Assets	0.78%	0.69%	1.13%	1.10%
Goodwill / Assets	0.51%	0.43%	0.35%	0.30%

### Loan portfolio quality

The net "Non-Performing Loans" balances recorded a significant decrease in 2013 by LBP 4 billion (-11.21%) which was mainly derived from the decline of the gross balances

Description (LBP billion)	Balances		Growth	
	31-Dec-12	31-Dec-13	Amount	%
Gross NPLs	119	115	(4)	-3.31%
Unrealized Interest	(55)	(49)	5	-9.99%
Impairment allowances	(32)	(37)	(5)	16.23%
<b>Net NPLs</b>	<b>33</b>	<b>29</b>	<b>(4)</b>	<b>-11.21%</b>

## Classification of Loans

Description (LBP billion)	Balances		Growth	
	31-Dec-12	31-Dec-13	Amount	%
Regular loans	5,208	5,732	525	10.08%
Substandard Loans	14	16	2	13.69%
Gross balances	18	22	3	18.06%
Unrealized interest	(5)	(6)	(1)	32.33%
Impairment allowances	(0)	(0)	0	
Doubtful Loans	19	13	(6)	-29.44%
Gross balances	101	93	(7)	-7.23%
Unrealized interest	(50)	(43)	7	-13.85%
Impairment allowances	(32)	(37)	(5)	16.37%
Collective Provisions	(23)	(39)	(16)	69.80%
Total Net Loans	5,217	5,722	505	9.68%

## Fair Value of Collateral received against loans to customers

Description (LBP billion)	31-Dec-13		
	Regular	NPLs	Total
Gross Balances	5,732	115	5,848
Unrealized Interest	-	(49)	(49)
Allowance for Impairment	-	(37)	(37)
Collective Provisions	(39)		(39)
Net Loans Balances	5,693	29	5,722
Pledged Funds	209	1	210
1st Degree Mortgage	3,756	18	3,773
Debt securities	51	-	51
Bank Guarantees	56	-	56
Vehicles	148	1	149
Others	281	0	282
Fair Value of Collateral	4,501	20	4,521
Collateral Coverage Ratio	79.06%	68.54%	79.01%

As reflected in the table above, the fair value of collaterals received as at 31st December 2013 represented 79% of the net exposure.

## Loan Portfolio quality ratios

Ratio	Bank of Beirut			Peer Group	
	31-Dec-11	31-Dec-12	Variance	31-Dec-11	31-Dec-12
Regular Loans / Gross Loans	97.76%	98.03%	0.27%	93.27%	93.33%
Gross SLs / Gross Loans	0.35%	0.37%	0.03%	0.59%	0.82%
Gross DLs / Gross Loans	1.89%	1.60%	-0.29%	6.15%	5.86%
Gross NPLs / Gross Loans	2.24%	1.97%	-0.27%	6.73%	6.67%
Net SLs / Net Loans	0.26%	0.27%	0.01%	0.46%	0.71%
Net DLs / Net Loans	0.36%	0.23%	-0.13%	1.35%	1.37%
Net NPLs / Net Loans	0.63%	0.51%	-0.12%	1.80%	2.08%
Unrealized Interest on SLs / Gross SLs	25.11%	27.88%	2.77%	27.13%	17.64%
Specific LLRs on DLS / Gross DLs	81.25%	85.74%	4.49%	79.37%	78.00%
Specific LLRs on NPLs / Gross NPLs	72.55%	74.79%	2.24%	74.81%	70.61%
Total LLRs / Gross NPLs	91.98%	108.92%	16.93%	89.58%	86.50%
Net NPLs / Total Assets	0.19%	0.14%	-0.05%	0.53%	0.64%
Net NPLs / Total Shareholders' Equity	1.53%	1.26%	-0.27%	60.14%	74.13%
Collective provisions / Net Loans	0.44%	0.69%	0.24%	1.06%	1.12%

**SLs:** Substandard Loans, **DLs:** Doubtful Loans, **LLRs:** Loan Loss Reserves

As shown in the table above, BOB has clearly outperformed the Peer Group loan portfolio quality ratios.

It is to be noted that Bank of Beirut ranked 1st among peer group banks as at 31st December 2013 in the following ratios:

- Gross doubtful loans to gross loans
- Gross non-performing loans to gross loans
- Net doubtful loans to gross loans
- Loan loss reserves on NPLs to Gross NPLs

## Sovereign Risk

The sovereign risk ratios registered a slight increase during year 2013. The total sovereign exposure (Treasury and Central Banks) to total assets reached 52.22% as at 31st December 2013 as compared to 50.32% as at 2012 year-end.

Description (LBP billion)	Balances		Variation		% of Total Assets	
	31-Dec-12	31-Dec-13	Amount	%	31-Dec-12	31-Dec-13
Compulsory Reserves at BDL	1,127	1,443	316	28.08%	6.47%	7.03%
Free placements at BDL	2,239	2,605	366	16.33%	12.85%	12.69%
CDs issued by BDL	1,790	1,411	(379)	-21.18%	10.28%	6.87%
Treasury bills	1,747	2,640	893	51.13%	10.03%	12.86%
Eurobonds	1,863	2,621	757	40.64%	10.69%	12.77%
<b>Total</b>	<b>8,767</b>	<b>10,720</b>	<b>1,953</b>	<b>22.28%</b>	<b>50.32%</b>	<b>52.22%</b>
<b>Peer Group</b>	<b>121,334</b>	<b>133,481</b>	<b>12,147</b>	<b>10.01%</b>	<b>50.26%</b>	<b>50.20%</b>

## Sovereign Risk

Ratio	31-Dec-11	31-Dec-12	Variance
Lebanese Treasury bills (LBP) / Assets (LBP)	32.40%	41.13%	8.73%
Lebanese Government Eurobonds / Assets (FCY)	15.49%	18.57%	3.09%
Total Exposure to Lebanese Treasury / Assets	20.72%	25.63%	4.91%
Due from BDL (LBP) / Assets (LBP) (including CDs)	47.11%	37.53%	-9.57%
Due from BDL (FCY) / Assets (FCY) (including CDs)	21.75%	21.62%	-0.13%
Due from BDL / Assets (including placements & CDs)	29.60%	26.60%	-3.00%
Total Leb. Sovereign Exposure (LBP) / Assets (LBP)	79.50%	78.66%	-0.84%
Total Leb. Sovereign Exposure (FCY) / Assets (FCY)	37.24%	40.19%	2.96%
Total Leb. Sovereign Exposure / Assets	50.32%	52.22%	1.91%

## 2013 Achievements







# Transaction Banking Services

Transaction Banking has evolved to become a key component in the overall banking industry. The deployment of tools and platforms that allow clients to effectively manage their cash flow has now developed into a necessity. Banks have made cash management one of their top priorities; as for commercial customers and financial institutions, they are seeking payments, collection and liquidity management services for their daily business banking needs.

Despite the challenging and unstable situation in our country, Bank of Beirut has expanded its business and pioneered the transaction banking services in Lebanon, which allowed the bank to position itself among local banks as the leading provider of cash management services and solutions bringing benefits to its clients with the wide range of products available.

Since its launch in June 2011, the Transaction Banking Services Department at Bank of Beirut has been developing innovative solutions and continuously enhancing its product offerings, which contribute to the increase of the total number of transactions and reflected growth in the deposit balances.

Our product suite comprises, in addition to the Business Online Banking platform, various payable and receivable solutions to facilitate the daily cash flow of the enrolled clients. Moreover, the management is committed to continuously developing business platforms to integrate new product features to serve different industries and government sectors. It is worth mentioning that Bank of Beirut is constantly aiming at further developing its cash management offerings and expanding its geographic footprints by launching Transaction Banking services in all its cross-border acquisitions.



The image is a vertical composition. The background is a photograph of the Sydney Harbour Bridge, seen through a large, ornate archway of a building. The archway is made of light-colored stone or concrete. The bridge is a steel arch bridge, and the water of the harbour is visible below it. Several sailboats are on the water. The sky is blue. On the left side, there is a geometric overlay consisting of several overlapping triangles in shades of white, light blue, and teal. The text "Information Technology" is written in a dark, sans-serif font across the middle of the image, partially overlapping the geometric shapes and the photograph.

# Information Technology

In an ever-changing Banking environment, demands for a nimbler response to customer requirements, reduction of risk while lowering operating costs continue to impact the way we conduct business today.

The IT transformation plan is currently under way to help us as a Bank to differentiate ourselves within the markets we serve and achieve significant economies of scale through centralized resources. A new Core Banking system (Bank Fusion Universal Banking - BFUB) from Misys global software vendor provider will be rolled out both domestically over the next 2 to 3 years and through a worldwide implementation in the UK, Germany, Cyprus, Oman and Australia. Across many areas, our priorities have been reshuffled to focus on the BFUB strategic high-level project requiring a higher degree of skills, directions, discipline and organization. Currently, we are gearing up our dedicated seasoned professionals towards the successful implementation of the new Core Banking.

## Reaching More Customers with Smart ATMs

We have upgraded our ATM network and features to become a fully functioned service with cash and check deposit solutions, including phone bill payment for mobile line providers... a strategic move aiming at optimizing our customers' time.

## iMobile & Online Banking

As of the first month of the year, Bank of Beirut started innovating and going deeper into the digital world, it launched iMobile, its mobile application available on Apple and Android phones as well.

iMobile is an advanced Mobile Banking solution allowing Bank of Beirut customers to perform various operations, such as balance checking and transfer of funds, through their mobile.

## One Click Is All you Need to Bank!

As of May 2013, a new milestone was added to our Online Banking; a service was launched with BoB Finance and Western Union: the Western Union - ABMT (Account Based Money Transfer) through Bank of Beirut's Consumer Online Banking. This service allows all our Consumer Online Banking customers to send/ receive money transfers from/into their accounts through Western Union. This service is exclusively available at Bank of Beirut and we are the first bank in the Middle East to offer this solution.

With our Business Online Banking, you have immediate and nonstop access to your business accounts, you can perform your urgent banking transactions in no time, you can delegate authorities to subordinates/staff and still maintain full control over transaction authorization/ approval, you can transfer money between accounts, you can wire money locally or internationally... in just a click.

## Smart Branch

Bank of Beirut, with its "B Smart", is going Beyond Borders in Banking; the Bank's global focus is on 'Digitization'. Through its offerings, state-of-the-art equipment and smart devices, "B Smart" is placing Bank of Beirut in the leading position in this area.

Aiming at providing the best to our customers and working mainly on optimizing their time, we have multiplied our online services within a protected and safe platform. We are heading towards the smart branches, a self-service branch featuring most banking operations. Our first virtual branch "B Smart", located at FOCH head office, opened its doors on December 16th, 2013.

## Digital Walls in Prime Locations

To better enhance our physical presence in prime areas and share our news and novel products and services with our customers, we have recently equipped several prime branch locations with high-tech HD digital walls and screens with a 24/7 broadcast span. The digital walls are set to show to the public our latest innovations in terms of state of the art products and services and other relevant digital videos that add value to our image.

### Automating and Accelerating Business by Going Paperless

Keeping the bank relevant, modern and competitive can mean investing into up-to-the-minute digital solutions: LaserFiche (Electronic Content Management System) solution at Bank of Beirut aims to make paper information for the management of corporate and branches easier through simplifying storage, security, version control, process routing, and retention. The benefits include improved efficiency, better control, and reduced costs through accessing and sharing customers' paperwork electronically while providing a faster service and enhanced customer experience.

### IT Maturity Assessment Study

Within the IT Maturity assessment study conducted between CapGemini and the Association of Banks in Lebanon, Information Technology at Bank of Beirut was highly rated among the 7 Alpha Banks. This assessment validates that our IT turnaround strategy is tracking well in achieving international standards and the service excellence of our innovative implementation of this application was more than significant to the Bank

We, at Bank of Beirut, know that time is money and is therefore the essence of our business.





## Staff Education and Training



Throughout 2013, we, at BoB, stayed true to our focus on quality human capital and its crucial role in the Bank's continuous success.

### Main achievements of The Academy for 2013:

2013 saw the introduction of e-learning at Bank of Beirut via one of the main regional providers of e-learning solutions. The objective in building an e-learning culture is to increase return on investment in training the Bank's workforce while at the same time minimizing time consumption.

The first milestone in that direction was the launching of the E-Academy portal with a link to it on the Intranet page of Bank of Beirut.

- The e-learning program targeted front-desk employees in branches and sales staff in the retail back office.  
The following courses were offered:
  - Sales interview best practices – PBRs and retail direct sales force
  - Handling clients' interactions – Service staff (Tellers)
  - Leadership courses – branch managers, assistants and head tellers
  - Communication skills –call center staff
- Upon the suggestion of reducing training time, The Academy launched the full mandatory Anti Money Laundering course, together with tests, on its e-learning portal.
- The e-learning portal became a means to assess training needs, and to evaluate the benefits of e-learning via online surveys.
- Within a year, Bank of Beirut was able to position itself solidly in that domain and won the "IQUAD –e-learning Startup of the year Award for 2013", proving once again to be a leader and pioneer in the Lebanese banking industry.

### Other successful initiatives in 2013:

- Extending training further to include back office employees with "The Backbone of Wowing Customer Service," a workshop offered by regional providers specialized in soft skills and executive coaching.
- Analyzing the impact of training regarding "Selling the Right Product to the Right Client" by recording their performance using teller booked sales referrals, based on the following testimonials:
  - **Cash Management Department:**  
"We have witnessed a surge in incoming applications in March / April / May. Whilst our overall numbers increased by only 20%, the incoming application proportion of the total business was almost 80%; but after the workshop the leads from branches constituted the biggest part of our business."
  - **Bob Finance:**  
"The good thing to remember about this training is that all branches got acquainted with our services and were properly guided in terms of lead quality and type of business. It is worth noting that we received in 2013 (till date) a total of 70 leads, out of which 45 were booked and are now operational as part of our network; thus, 64% success rate. In 2012, 250 leads were received, 60 of which were booked. This is only 24% success rate".



Retail and Branch Division



For 50 years, Bank of Beirut focused on exceeding its customers' expectations and strived to be a "Bank of Choice" for all citizens. Today, these efforts towards providing high-end products and unique customer service continue to flourish, bringing the Bank's suite of services to a whole new level.

### A New University Partnership

After successful partnerships with five prime Lebanese universities LAU, NDU, USJ, USEK, AUST, and abiding by its strategy in supporting education in Lebanon, Bank of Beirut signed in 2013 an additional Memorandum of Understanding with the Antonine University.

### CSR Award

2013 witnessed another achievement for Bank of Beirut which, out of 68 regional banks, received the Middle East's "Best CSR Initiative" Award from the "Banker Middle East", the leading banking industry magazine in recognition of its outstanding CSR achievement, the Young Achievers Program (YAP).

Built on the longstanding mission to empower the Lebanese youth, the Young Achievers Program (YAP), Bank of Beirut's awarded CSR initiative, is a socially responsible competition designed in partnership with Lebanon's major universities and educational institutions and aimed at recognizing and rewarding the achievements of young talented individuals.

### Embracing Segmentation

In 2013, Bank of Beirut tried to develop its segmentation strategy and meet the highest number of customer categories thanks to the deep understanding of its customers' needs. A range of competitive packages was developed targeting different segments of the society among which:

- The "**U for Youth**" that offers young university students aged between 18 and 25 a special package including flexible university and post-graduation loans tailored to their needs and capabilities, a University Account with its debit Card, an Affinity Credit Card, in addition to a multitude of discounts and free tailored trainings provided by Bank of Beirut in collaboration with AMIDEAST.
- The "**Gold Club**" that offers individuals wishing to upgrade their lifestyle the opportunity to benefit from preferential rates on lending, discounted rates on transfers, free for life Gold Club debit and credit cards, assistance from a dedicated Gold relationship representative, in addition to unlimited free utility bill domiciliation, draws to win cash prizes, free statements of accounts, a loyalty program and free cheque books.
- The "**Premium Club**", a new service line that offers our most distinguished clients preferential treatment, carefully selected benefits and high level of priority through a vast range of offers and investment opportunities.

### Supporting Businesses

Help the local businesses develop and grow by offering them specific support is one major aim of Bank of Beirut.

The year 2013 witnessed the launch of Bank of Beirut **Visa Business Credit and Debit Cards**, an efficient and convenient payment solution for businesses looking for a better way to manage their expenditures and allow their employees to make business-related purchases.



2013 was a busy year for Bank of Beirut at the level of business lending as well. After having launched **Al-Raed Loan** and **The Caritas Micro Credit Loan**, the Bank has developed the **Small Business Loan**, adding it to its existing SME offering, thus funding up to USD 100,000 for start-ups, self-employed and small businesses.

## March towards Network Expansion

In 2013, Bank of Beirut optimized its branch footprint, further expanding its presence across Lebanon. After opening branches in key Lebanese cities, the year 2013 witnessed a special ribbon cutting ceremony in Bayada, where the Bank opened its state-of-the-art contemporary branch, designed to reflect Bank of Beirut modern and innovative spirit, keep pace with technology and offer customers a unique enriched experience. The inauguration, held on Bank of Beirut 50th anniversary, was an occasion for the Chairman to announce the Bank's determination to put the 50 coming years at the service of Lebanon and the Lebanese.

## Next Generation Banking

### - B Smart Launch

Aiming at creating a new interaction model that is more aligned with its customers' lifestyle and time constraints, Bank of Beirut has redefined the whole banking experience by launching its first virtual branch "B-Smart" in the vibrant heart of Beirut, at the Foch Head Office. Fully equipped to welcome customers 24/7 and carefully designed to offer a special interactive, self-serve and on-the-go banking experience, Bank of Beirut new Smart branch offers a fully-digitized space enabling customers to perform all their banking transactions and connect with Bank of Beirut Call Center via video call and simulation to get the support needed.

Through our trailblazing "B-Smart" branch, Clients also enjoy the ability of opening an account, transferring funds, paying bills, receiving on the spot deposit cards and obtaining expert assistance on a real time basis via video chat.

### - iMobile

2013 is the year that marked the development of the Smart Banking Solutions at Bank of Beirut. The business of payment services having evolved rapidly with advanced technology, trending towards more use of electronic payments, Bank of Beirut launched iMobile, an advanced Mobile Banking solution available in phone-based applications: iPhone, Android and Blackberry, allowing customers to perform various operations through their mobile, such as balance checking, inter account transfers, statement of account inquiry, cheque book request and more. Another important feature of the iMobile application is the geographical data locator displaying all Bank of Beirut branches and ATM locations on the map. Most important, the iMobile is built on an enhanced security architecture that safeguards data and prevents any misuse of both the physical data and the application.

### - Online Banking

As technological innovations continue to advance and customers always look for comfort and the power to quickly perform their transactions wherever and whenever they want, Bank of Beirut offers its customers user-friendly Online Banking platforms, allowing them to have immediate online access to their personal or business accounts, perform urgent banking transactions in no time, and maintain complete control over their finances. With Bank of Beirut Online Banking, customers can perform financial transactions any time of the day, transfer money between their accounts or to other Bank of Beirut customers' accounts, wire money locally and internationally, request cheque books and enjoy many more features.

### - ATMs with Cash and Cheque Deposit Modules

In 2013, Bank of Beirut went beyond borders through the services promoting customers' convenience, one of which was to roll out a series of instant cash and cheque deposit ATM machines (CCDM) in strategic locations, to offer customers flexibility in depositing their cash or cheques and paying their fees any time of the day. Another unique feature of these next generation ATMs is the tuition fee payment option, which allows students to pay their tuition fee in no time through the machines installed on campuses.

## "CashBack": the Extra Mile in Customer Reward

As a token of appreciation for customers who vested their trust in us, Bank of Beirut has launched an unprecedented loyalty scheme: the CashBack. This totally new program on the market rewards customers for all their banking transactions and offers them an array of

rewards according to their need and preference.

Points are generously offered to customers upon using their cards, obtaining a loan, opening a winner account, domiciliating a salary, receiving or sending transfers, activating Online/Mobile banking, making online outgoing transfers, and subscribing to additional Bank of Beirut products. Best of all, customers have the opportunity to choose among four systematically redeemable reward options: Cash, Talk time, Lotto and Megabytes.

The background of the image is a scenic coastal view. In the foreground, a large, dark, craggy rock formation stands in the water. To the left, a sandy beach curves along the shore. The sky is a vibrant mix of pink, orange, and purple, indicating a sunset or sunrise. The water reflects these colors. In the upper left corner, there is a graphic overlay consisting of several overlapping triangles in shades of white, light blue, and teal. The text "Digital Media" is centered within one of the white triangles.

Digital Media

2013 witnessed the birth of the Digital Media Department at Bank of Beirut. In today's world, an institution can wield its own marketing and reach out to its customers through the channels of social media—Facebook, Twitter, LinkedIn, YouTube. Indeed, the platforms are innumerable. And to keep pace with modernity, Bank of Beirut expanded its presence on nearly all these fronts, even foraying into the blogosphere with its own dedicated blog.

Being a young and dynamic institution means adopting up-and-coming trends and maintaining stride with today's tech-savvy generation. In so doing, Bank of Beirut does not only foster transparency and round-the-clock assistance vis-à-vis customers existent and prospective, but it also reigns over the image it wants imparted to the public. After all, perception is key.

Here are a few of the major accomplishments of the Digital Media group over 2013.

### Building Bank of Beirut App

To mark its 50th anniversary, Bank of Beirut launched an app called Building Bank of Beirut, which reconstructs the Bank feat by feat from its inaugural year, 1963. The app, available on the Apple Store and Google Play, is replete with historical facts, interesting tidbits, and a rich collage of pictures piecing together our heritage and progress. It is the first digital profile of a financial institution in Lebanon, and it is a tribute to the 50 years that have passed and the 50 years whose threshold we stand upon.

### Checkin & Win App

This was another app created to foster awareness of Bank of Beirut's 60 branches scattered across the country. Users could check in every time they visited or passed by a branch, and each check-in donned them the opportunity to win an instantaneous cash prize. For 20 days, the app ranked first in Apple Store's entertainment category, achieving 15,000 downloads and 150,000 check-ins. 200 participants walked away as lucky winners.

### Blog

Slowly but surely, Bank of Beirut has been sailing toward the future, toward the paperless office, and into new waters that suit our time-strapped customers. The Bank has launched its Blog to connect more personally with its clients, to create a window of transparency into our operations and business, and to heighten awareness about the Bank's product suite. All of these initiatives reinforce our pillars of integrity and customer satisfaction, and we are excited about the new adventures that await us.



# Directory



## Local Directory

### Headquarters

#### Foch Street - Beirut Central District

Bank of Beirut s.a.l. Bldg.  
Tel/Fax: 961 1 972972 - 983999  
P.O. Box: 11-7354 Beirut - Lebanon  
Telex: 23640 LE - 48203 LE  
Forex: 961 1 970232 | 3 | 4 | 5 | 7 | 8 | 9 | 40 | 41  
Fax: 961 1 970236  
Reuters Dealing Code: BBDL  
Reuters Page Code: BoB 01-05  
Cable: BANBETMAL - Swift: BABELBBE

### Head Offices

#### Gefinor

Hamra, Clemenceau Street,  
Gefinor Center,  
Block A, 1st Floor  
P.O.Box: 11-7354 Beirut - Lebanon  
Tel: 961 1 750888 - 350723  
Fax: 961 1 744634

#### Jdeideh

Baouchrieh (Jdeideh), Serail Street,  
Bank of Beirut s.a.l. Bldg.  
P.O.Box: 11-7354 Beirut - Lebanon  
Tel: 961 1 888630 - 897706  
Fax: 961 1 897705

#### Riyad El Solh

Beirut, Riyadh El Solh Street,  
Bank of Beirut Bldg.  
P.O.Box: 11-7354 Beirut - Lebanon  
Tel: 961 1 980222 | 333

### Local Branches

#### Achrafieh, Saydeh

Achrafieh Saydeh - Facing Saydeh Church  
Tel/Fax: 961 1 204668 | 1 204669 | 1 204671 |  
1 323536 | 1 323537 | 1 328772  
Premium Lounge: 961 1 218126 | 7 | 1 218134 | 5

#### Achrafieh, Sioufi

Ghazalieh Street, Samaha Bldg.  
Tel/Fax: 961 1 204606 | 7 | 8

#### Ain El-Remmaneh

Camille Chamoun Blvd.,  
Ghannoum Street, Bank of Beirut s.a.l. Bldg.  
Tel: 961 1 385342 | 3 | 4  
Fax: 961 1 385341

#### Al- Nahr

Al-Nahr Street, Mar Mikhael Area,  
Khatchadourian Bldg.  
Tel/Fax: 961 1 562342 | 3 | 4 - 587226

#### Aley

Aley Main Road, Mahmoud Bldg.  
Tel: 961 5 556125 | 6  
Fax: 961 5 555924

#### Amchit

President Sleiman Street,  
Tony Michel Issa Bldg.  
Tel/Fax: 961 9 622734 | 5 | 6 | 8 | 9

#### Antelias

Antelias Square, Antelias Main Road,  
Tohme Bldg.  
Tel/Fax: 961 4 525637 | 8 | 9

#### Ballouneh

Ballouneh Main Internal Road,  
Adel Geryes El-Haddad Bldg.,  
Kesrouan, Mount Lebanon  
Temporary Mobile: 961 3 278646 - 345983 - 70 186386

#### Baouchrieh

Electricité du Liban Street,  
Yazbek & Madi Bldg.  
Tel: 961 1 871415 | 6 | 7  
Fax: 961 1 871417

#### Baouchrieh, Jdeideh

Serail Street, Bank of Beirut s.a.l. Bldg.  
Tel: 961 1 897750 | 1 | 2  
Fax: 961 1 897753

#### Baskinta

Baskinta Main Road, Georges Hobeika Bldg.  
Tel/Fax: 961 4 250881 | 2 | 3 | 4

#### Bayada - Cornet Chahwan

Bayada - Cornet Chahwan Main Road  
Near Resurrection Church, North Metn,  
Mount Lebanon  
Tel/Fax: 961 4 914958 | 4 915239 | 4 915248  
Fax: 961 76 174908

#### Beit El Chaar - Aoukar

Champville Roundabout, Tony Khoury Bldg.  
Tel/Fax: 961 4 923181 | 2 | 3 | 4 | 5

#### Bourj Hammoud

Dora Blvd., Tchaghlassian Bldg.  
Tel: 961 1 262480 - 263599  
Fax: 961 1 269401

#### Broumana

Broumana Main Road, Lodge Bldg.  
Tel: 961 4 960806 | 949 - 963029  
Fax: 961 4 960806 - 963029



### **Chehabieh**

Darb El Souk - Mtoll,  
Chehabieh Main Road,  
Khalil & Kassem Rkein Bldg.  
Tel/Fax: 961 7 412022 | 3 | 4 | 5 | 6

### **Chiyah**

Mar Mikhael Blvd., Tohme & Barrage Bldg.  
Tel/Fax: 961 1 274555 – 276042

### **Chtaura**

Chtaura - Masnaa' Main Road  
Tel/Fax: 961 8 540421 | 431 | 438

### **Corniche El Mazraa**

Saeb Salam Avenue, Moumneh Bldg.  
Tel/Fax: 961 1 318801 | 806 | 810 | 812 | 814

### **Deir El Zahrani**

Deir El Zahrani Highway, Ashraf Ahmad Jamoul Bldg.  
Nabatiyeh, South Lebanon  
Tel/Fax: 961 7 531094 | 529

### **Dekwaneh**

Slaf Street, Jean Mikhael Bldg.  
Tel: 961 1 694510 | 20 | 30 | 40 | 60  
Fax: 961 1 694570

### **Dhour El Choueir**

Dhour El Choueir Main Street,  
Elie Kassir Bldg.  
Tel/Fax: 961 4 391051 | 2 | 3 | 4 | 6

### **Dora**

Dora Square, Bank of Beirut s.a.l. Bldg.  
Tel: 961 1 256020 | 1  
Fax: 961 1 256022

### **Foch, Main Branch**

Foch Street, Beirut Central District,  
Bank of Beirut s.a.l. Bldg.  
Tel/Fax: 961 1 985327 - 985418 | 9

### **Ghazir**

Ghazir Square, near Convent St Francis  
Tel/Fax: 961 9 925740 | 840 - 926240 | 340 | 540

### **Ghobeiry**

Ghobeiry Main Road, Bdeir & Co. Bldg.  
Tel: 961 1 278717 | 9 - 552480 | 1  
Fax: 961 1 543874

### **Hamra, Gefinor**

Clemenceau Street,  
Gefinor Center, Block A, Ground Floor  
Tel: 961 1 738767  
Fax: 961 1 746563

### **Hamra, Ras Beirut**

Mme. Curie Street, Minkara Center, near Bristol Hotel  
Tel: 961 1 350168 | 9 - 354458  
Fax: 961 1 349935

### **Hamra, Saroulla**

Hamra Main Road, facing Saroulla  
Tel: 961 1 352992 - 740570 - 742182 - 750683  
Fax: 961 1 342840

### **Hamra, Sidani**

138 Sidani Street, near AUH entrance,  
Nawfal Bldg., Ground Floor  
Tel/Fax: 961 1 746724 | 8

### **Hazmieh**

Hazmieh Main Road, Accaoui Center  
Tel: 961 5 459221 - 951168 | 9  
Fax: 961 5 457272

### **Jal El-Dib**

Jal El-Dib Main Road,  
Abou Jaoude & Hachem Bldg.  
Tel: 961 4 711399 - 711517 | 8 | 9  
Fax: 961 4 711396 – 711399

### **Jal El-Dib Square**

Jal El-Dib Main Road,  
Bank of Beirut s.a.l. Bldg.  
Tel: 961 4 523624 | 626  
Fax: 961 4 523625

### **Jbeil**

Jbeil Main Road, Cordahi & Matta Center  
Tel: 961 9 546530 | 534  
Fax: 961 9 546534

### **Jounieh**

Jounieh Square, A. & F. Al-Adem Bldg.  
Tel: 961 9 637586 | 913955 | 990  
Fax: 961 9 637586 | 913990

### **Jounieh, Ghadir**

Bkerkeh Main Road, Boueri Bldg.  
Tel: 961 9 639006 | 7 | 8 | 9  
Fax: 961 9 639010

### **Kaslik**

Kaslik, University Saint Esprit Bldg.,  
Ground Floor  
Tel: 961 9 911302 | 306 | 308 | 336  
Fax: 961 9 911302 | 306

### **Kfardebian**

Kfardebian Main Street,  
facing municipality,  
Mehanna bldg.  
Tel/Fax: 961 9 711301 | 2 | 3 | 4 | 5

### Kfarsaroun

Koura, Bank of Beirut s.a.l. Bldg.  
Tel: 961 6 651516 | 7 - 952727 | 8 | 9  
Fax: 961 6 651517

### Koraytem

Takieddine Solh Street,  
Hicham Nour Eldine Itani Bldg.  
Tel/Fax: 961 1 797140 | 1 | 2 | 3

### Mansourieh

Mansourieh Main Road, Salamil Bldg.  
Tel: 961 4 409693 | 4 | 5  
Fax: 961 4 409695

### Mar Elias

Mar Elias Street, Kanafani Bldg.  
Tel/Fax: 961 1 305571 - 818148

### Mazraa, Saeb Salam Boulevard

Corniche El-Mazraa, Saeb Salam Blvd.,  
Sharikat El-Maskan Bldg.  
Tel: 961 1 313276 - 318852  
Fax: 961 1 312340

### Mazraat Yachouh - Elyssar

Mazraat Yachouh, Bikfaya Main Road,  
Bank of Beirut s.a.l. Bldg.  
Tel: 961 4 920106 | 8 - 928190 | 1 | 2  
Fax: 961 4 920105

### Palais de Justice

Adlieh Cross Point,  
Al-Ghazal Development Bldg.,  
facing The House of Lawyers  
Tel: 961 1 425842 - 426201 - 612922 | 3  
Fax: 961 1 425842

### Port of Beirut

Saifi Area, Compagnie de Gestion  
et d'Exploitation du Port de Beyrouth Bldg.  
Tel/Fax: 961 1 563514 | 537 | 570 | 577

### Rabieh

Rabiya Center,  
Chucri Chammas Street, Zone 1  
Tel/Fax: 961 4 521739 | 40 | 41 | 42 | 43

### Riyad El-Solh

Riyad El-Solh Street,  
Bank of Beirut s.a.l. Bldg.  
Tel: 961 1 980222 | 333  
Fax: 961 1 980350

### Sadat

Beirut, Hamra district, Sadat street,  
Sadat tower building  
Tel: 361 1 811913|4|5|6|7

### Sidon

Riyad El-Solh Street,  
Rizkallah Bldg., Ground Floor  
Tel/Fax: 961 7 752502 | 3 | 4 | 5

### Sin El-Fil, Horsh Tabet

Marc 1 Center, Emile Gerges Lahoud Square  
Tel: 961 1 481773 | 874  
Fax: 961 1 500352

### Sin El-Fil, Saydeh

Saydeh Street, Joseph & Michel Kahaleh Bldg.  
Tel/Fax: 961 1 480616 - 482324

### Tariq El-Jdideh

Mufti Khaled Street,  
Jamal Al Hariri & Fouad Toufik El Khawli Bldg.,  
Ground Floor, Mazraa  
Tel/Fax: 961 1 843605 | 49 | 52 | 54 | 57

### Tripoli, Abou Samra

Al-Haddadine Area, near Al-Kalaa,  
Jamal Eddine Bldg., Ground Floor  
Tel/Fax: 961 6 429500 | 1 | 2 | 3 | 4

### Tripoli, Banks' Street

Abdel Hamid Karamah Street,  
Abdel Rahman Alameddine Bldg.  
Tel: 961 6 445209 | 210  
Fax: 961 6 445210

### Tyre, Al-Ramel

Hay Al-Ramel, Bank of Beirut s.a.l. Bldg.  
Tel: 961 7 740051 - 742149  
Fax: 961 7 740051

### Tyre, Sour

Tyre Main Road, Jal El-Bahr,  
Bank of Beirut s.a.l. Bldg.  
Tel: 961 7 348232 | 3 | 4  
Fax: 961 7 348235

### Zouk Mikael

Zouk Mikael Main Road, Bsoussi Bldg.  
Tel/Fax: 961 9 224812 | 3 - 225813 | 4 | 6

### Zouk Mosbeh

Jeita Highway  
Tel/Fax: 961 9 223012 | 3 | 4

### Smart Branch

Foch Street, Beirut Central District,  
Bank of Beirut s.a.l. Bldg.

## International Directory

### Subsidiaries

#### United Kingdom

Bank of Beirut (UK) Ltd.  
17 A Curzon Street,  
London (West End) W1J 5HS, England (UK)  
Tel: +44 20 7438342 | E: [info@bankofbeirut.co.uk](mailto:info@bankofbeirut.co.uk)  
www.bankofbeirut.co.uk

#### Germany (UK subsidiary branch)

Bank of Beirut (UK) Ltd. - Frankfurt Branch  
Grüneburgweg 2, 60322 Frankfurt  
Tel: +49 69 915067710  
Fax: +49 69 915067799  
www.bankofbeirut.de

#### Australia (16 branches)

Bank of Sydney Ltd.  
Australian Head Office,  
Sydney City Branch, Laiki Bank House,  
Level 4, 219-223 Castlereagh Street,  
2000 Australia, Sydney  
Tel: +61 2 8262 9000 - Fax: +61 2 9283 7733  
www.bankofsyd.com.au

### Branches

#### Cyprus

Bank of Beirut - Cyprus Branch  
Griva Digheni Street, Maximos Plaza,  
Block E, 3rd Floor, Office No.3  
P.O. Box: 59662 - 4011, Limassol, Cyprus  
Tel: +357 25 814202 | 3 | 4 | 5 | 6 | 7 | 8  
Fax: +357 25 814209

#### Sultanate of Oman - Ghubrah

Bank of Beirut - Ghubrah Branch  
and Head Office Sultanate of Oman Head Office,  
North Ghubrah, Way No.3819,  
Bank of Beirut Bldg. No A10251, 1st Floor  
Muscat, Sultanate of Oman  
Tel: +968 24492380 - 24493818  
Fax: +968 24495086

#### Sultanate of Oman - Muscat

Bank of Beirut - Muscat Branch  
Way No. 3039, Shatti Al Qurum,  
Al Jawhara Bldg: 578, Block 3,  
P.O. Box: 221, Postal Code 114,  
Muscat, Sultanate of Oman  
Tel: +968 24896261 - 24896294  
Fax: +968 24898769

#### Sultanate of Oman - Sohar

Bank of Beirut - Sohar Branch  
Falaj Al Qubail  
P.O. Box: 487, Postal Code: 322, Sohar,  
Sultanate of Oman  
Tel: +968 26750836 | 86  
Fax: +968 38750678

### Representative Offices

#### United Arab Emirates

Bank of Beirut Dubai Representative Office  
Emirates NBD premises,  
Al West Road, Jumeirah,  
Learning & Development Entrance, 1st Floor  
P.O. Box: 93800 Dubai, United Arab Emirates  
Tel: +971 4 4053292 | 3 | 4 | 5  
Fax: +971 4 3445976

#### Nigeria

Bank of Beirut Representative Office (Nigeria) Ltd.  
5 Alfred Rewane Street (formerly Kingsway Road)  
Ikoyi, Lagos, Nigeria  
Tel: +234 1 4612688 | 9, +234 1 4622588  
Mobile: +234 803 3671134  
Fax: +234 1 4612689

#### Iraq

Bank of Beirut Baghdad Representative Office  
Baghdad, Iraq  
P.O. Box: 3284

#### Qatar

MOU Office  
Doha Bank  
Grand Hamad Avenue  
Tel/Fax: +974 44257584  
Mobile (office): +974 55767135

#### Libya

Bank of Beirut Tripoli Representative Office  
Tripoli Tower  
Tower No.2, Floor No.10, Office No. 108  
Tripoli - Libya  
Tel: +218 21 3351314 | 15  
Fax: +218 21 3351318









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