

# AUDITED CONSOLIDATED FINANCIAL STATEMENTS As at 31 December 2015

**CAPITAL LBP 689,113,198,400 FULLY PAID,  
TOTAL EQUITY 3,000,842,578,000 | C.R.B.14150,  
LIST OF BANKS NO. 39, HEAD OFFICE - BEIRUT**



## BOARD OF DIRECTORS

**Dr. François S. Bassil** | Chairman of Byblos Bank Group\*  
**Mr. Semaan F. Bassil** | Chairman & General  
 Manager\*\*  
**H.E. Mr. Arthur G. Nazarian** | Director  
**Baron Dr. Guy L. Quaden** | Director  
**Des' S. Oshea** | Director  
**Mr. Ahmad T. Tabbarah** | Director  
**Mr. Bassam A. Nassar** | Director  
**Faysal M. Ali El Tabsh** | Director

**Dr. Henry T. Azzam** | Director  
**Mr. Alain C. Tohmé** | Director  
**Mr. Yves R. Jacquot** | Director

## AUDITING FIRMS

**Ernst & Young | BDO, Semaan, Gholam & Co.**

(\*) Dr. François S. Bassil was elected Chairman of Byblos Bank Group on 25 July 2015.

(\*\*) Mr. Semaan F. Bassil was elected Chairman and General Manager of Byblos Bank S.A.L. on 25 July 2015.

## AUDITED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2015 (LBP millions)

	31-DEC-15	31-DEC-14
<b>ASSETS</b>		
Cash and balances with central banks	7,236,237	7,048,785
Due from banks and financial institutions	2,518,365	2,913,279
Loans to banks and financial institutions and reverse repurchase agreements	1,197,047	393,712
Financial assets given as collateral	1,405	7,005
Derivative financial instruments	1,844	6,715
Shares and participations held at fair value through profit or loss	35,669	35,942
Debt instruments and other financial assets held at fair value through profit or loss	260,176	119,640
of which: Net loans and advances designated at fair value through profit or loss	-	-
Net loans and advances to customers at amortized cost*	7,399,641	7,099,163
Net loans and advances to related parties at amortized cost	35,275	28,033
Debtors by acceptances	244,705	302,939
Shares and participations held at fair value through other comprehensive income	101,907	98,718
Debt instruments held at amortized cost	10,516,514	10,260,119
Property and equipment	255,125	236,379
Intangible assets	493	652
Assets taken in settlement of debt	42,006	36,677
Other assets	108,001	106,780
<b>TOTAL ASSETS</b>	<b>29,954,410</b>	<b>28,694,538</b>

(\*) After Deducting:

Reserved Interest on sub-standard, doubtful, and bad loans	80,672	97,461
Specific Provisions for doubtful and bad loans	183,738	222,680
Provisions Based on Collective Assessment	131,448	148,135

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## AUDITED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2015 (LBP millions)

	31-DEC-15	31-DEC-14
<b>LIABILITIES AND EQUITY</b>		
<b>LIABILITIES</b>		
Due to central banks	117,412	71,146
Due to banks and financial institutions	744,554	911,173
Derivative financial instruments	2,445	5,427
Customers' deposits at amortized cost	24,658,431	23,377,789
Deposits from related parties at amortized cost	421,716	312,813
Engagements by acceptances	244,705	302,939
Debt issued and other borrowed funds	445,199	445,387
Other liabilities	147,567	163,903
Provision for risks and charges	171,538	145,429
Subordinated notes	417,400	414,580
<b>TOTAL LIABILITIES</b>	<b>27,370,967</b>	<b>26,150,586</b>
<b>EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT</b>		
Share capital – Common ordinary shares	684,273	684,273
Share capital – Common priority shares	-	-
Share capital – Preferred shares	4,840	4,840
Issue premium – Common ordinary shares	229,014	229,014
Issue premium – Preferred shares	591,083	591,083
Reserves not available for distribution (legal and statutory)	815,884	748,879
Reserves available for distribution	99,211	95,943
Treasury shares	(6,807)	(6,425)
Retained earnings	61,832	39,899
Revaluation reserve of real estate	5,689	5,689
Reserve on revaluation of financial assets at fair value through OCI	(7,961)	(7,533)
Net results of the financial period - profit	228,185	252,792
Foreign currency translation reserve	(193,842)	(164,357)
	<b>2,511,401</b>	<b>2,474,097</b>
<b>NON-CONTROLLING INTEREST</b>	<b>72,042</b>	<b>69,855</b>
<b>TOTAL EQUITY</b>	<b>2,583,443</b>	<b>2,543,952</b>
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>29,954,410</b>	<b>28,694,538</b>

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**AUDITED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

As at 31 December 2015 (LBP millions)

<b>31-Dec-15</b>	<b>Banks</b>	<b>Customers</b>	<b>Total</b>
<b>Guarantees and financial liabilities</b>			
Financial guarantees	-	205,966	205,966
Non-financial guarantees	276,315	885,162	1,161,477
	<b>276,315</b>	<b>1,091,128</b>	<b>1,367,443</b>
<b>Commitments</b>			
Documentary credits	238,008	150,647	388,655
Undrawn credit lines	-	2,355,807	2,355,807
	<b>238,008</b>	<b>2,506,454</b>	<b>2,744,462</b>
<b>31-Dec-14</b>	<b>Banks</b>	<b>Customers</b>	<b>Total</b>
<b>Guarantees and financial liabilities</b>			
Financial guarantees	-	185,758	185,758
Non-financial guarantees	356,209	993,718	1,349,927
	<b>356,209</b>	<b>1,179,476</b>	<b>1,535,685</b>
<b>Commitments</b>			
Documentary credits	328,749	236,000	564,749
Undrawn credit lines	-	2,354,802	2,354,802
	<b>328,749</b>	<b>2,590,802</b>	<b>2,919,551</b>

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## AUDITED CONSOLIDATED INCOME STATEMENT

Year ended 31 December 2015 (LBP millions)

	31-DEC-15	31-DEC-14
Interest and similar income	1,489,087	1,413,234
Interest and similar expense	(1,102,771)	(1,049,537)
<b>NET INTEREST INCOME</b>	<b>386,316</b>	<b>363,697</b>
Fees and Commissions income	134,515	149,631
Fees and Commissions expense	(12,564)	(13,767)
<b>NET FEES AND COMMISSIONS INCOME</b>	<b>121,951</b>	<b>135,864</b>
Net gain from financial instruments at fair value through profit or loss of which: interest revenues/charges	67,443 12,911	66,942 7,639
Net gain or loss on financial assets at amortized cost	86,939	104,818
Revenue from financial assets at fair value through other comprehensive income	4,383	2,736
Other operating income	21,000	21,879
<b>TOTAL OPERATING INCOME</b>	<b>688,032</b>	<b>695,936</b>
Credit loss expense	(47,908)	(39,428)
<b>NET OPERATING INCOME</b>	<b>640,124</b>	<b>656,508</b>
Personnel expenses	(180,792)	(167,617)
Depreciation and amortization	(23,466)	(24,882)
Amortisation of intangibles assets	(159)	(159)
Other operating expenses	(139,187)	(132,041)
<b>TOTAL OPERATING EXPENSES</b>	<b>(343,604)</b>	<b>(324,699)</b>
<b>PROFIT BEFORE TAX</b>	<b>296,520</b>	<b>331,809</b>
Income tax expense	(53,083)	(67,277)
<b>PROFIT FOR THE YEAR</b>	<b>243,437</b>	<b>264,532</b>
<b>Attributable to:</b>		
Equity holders of the parent	228,185	252,792
Minority interests	15,252	11,740
	243,437	264,532
<b>Earnings per share</b>		
Equity holders of the parent for the year:	LL	LL
Basic earnings per share - Common ordinary shares	319.18	363.21
Diluted earnings per share - Common ordinary shares	303.21	339.79

**AUDITED CONSOLIDATED FINANCIAL STATEMENTS**  
**As at 31 December 2015**

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**AUDITED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**

Year ended 31 December 2015 (LBP millions)	31-Dec-15	31-Dec-14
<b>PROFIT FOR THE YEAR</b>	243,437	264,532
<b>OTHER COMPREHENSIVE INCOME (LOSS)</b>		
Items to be reclassified to the income statement in subsequent periods:		
Exchange difference on translation of foreign operations	(41,114)	(47,460)
<b>Net other comprehensive loss to be reclassified to the income statement in subsequent periods</b>	<b>(41,114)</b>	<b>(47,460)</b>
Items not to be reclassified to the income statement in subsequent periods:		
Net unrealized (loss) gain from financial assets at fair value through other comprehensive income	(503)	10,657
Income tax effect	75	(1,546)
Re-measurement gains on defined benefit plans	(428)	9,111
	474	977
<b>Net other comprehensive income not to be reclassified to the income statement in subsequent periods</b>	<b>46</b>	<b>10,088</b>
<b>OTHER COMPREHENSIVE LOSS FOR THE YEAR NET OF TAX</b>	<b>(41,068)</b>	<b>(37,372)</b>
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX</b>	<b>202,369</b>	<b>227,160</b>
Attributable to:		
Equity holders of the parent	198,746	227,342
Non-controlling interests	3,623	(182)
	202,369	227,160

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### AUDITED CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended 31 December 2015 (LBP millions)	31-DEC-15	31-DEC-14
<b>OPERATING ACTIVITIES</b>		
Profit before tax	296,520	331,809
Adjustments to reconcile profit before tax to net cash flows:		
Depreciation and amortisation	23,625	25,041
Provision for loans and advances and direct write offs, net	15,266	43,361
Provision for balances with central banks, net	35,620	-
Write-back of provision for other doubtful bank accounts, net	-	(446)
Write-back of provision for financial assets at amortized cost, net	(1,571)	(3,487)
Gain on disposal of property and equipment	(65)	(20)
Gain on disposal of assets obtained in settlement of debt	(856)	(2,190)
Provisions for risks and charges, net	29,066	10,957
Unrealized fair value gains on financial instruments at fair value through profit or loss	5,200	(4,574)
Realized gains from financial assets	(86,688)	(108,936)
Derivative financial instruments	1,889	(527)
<b>Operating profit before working capital changes</b>	<b>318,006</b>	<b>290,988</b>
<b>Changes in operating assets and liabilities</b>		
Due from central banks	(508,137)	(969,530)
Due to central banks	42,483	17,911
Due from banks and financial institutions	6,866	(37,020)
Financial assets given as collateral	5,600	-
Financial assets at fair value through profit or loss	(145,714)	10,557
Due to banks and financial institutions	(37,252)	(76,022)
Net loans and advances to customers and related parties	(322,986)	(369,975)
Assets obtained in settlement of debt	(5,784)	(2,563)
Proceeds from sale of assets obtained in settlement of debt	1,311	4,455
Other assets	(4,898)	(6,648)
Customers' and related parties' deposits	1,389,545	1,455,940
Other liabilities	417	(36,796)
<b>Cash from operations</b>	<b>739,457</b>	<b>281,297</b>
Provision for risks and charges paid	(3,325)	(1,816)
Taxation paid	(65,042)	(56,494)
<b>Net cash from operating activities</b>	<b>671,090</b>	<b>222,987</b>
<b>INVESTING ACTIVITIES</b>		
Financial assets at amortized cost	(167,885)	46,379
Financial assets at fair value through other comprehensive income	(3,715)	(1,431)
Loans to banks and financial institutions and reserve purchase agreements	(386,418)	466,723
Purchase of property and equipment and intangible assets	(45,972)	(23,834)
Proceeds from sale of property and equipment	233	182
<b>Net cash from (used in) investing activities</b>	<b>(603,757)</b>	<b>488,019</b>
<b>FINANCING ACTIVITIES</b>		
Debts issued and other borrowed funds	(188)	(61,102)
Subordinated debt	2,820	2,212
Treasury shares	(394)	3,426
Dividends paid to equity holders of the parent	(161,103)	(161,012)
Dividends paid to non-controlling interests	(5,508)	(4,225)
Acquisition of additional non-controlling interests	-	(10,553)
<b>Net cash used in financing activities</b>	<b>(164,373)</b>	<b>(231,254)</b>
<b>Net effect of foreign exchange</b>	<b>(33,572)</b>	<b>(38,725)</b>
<b>(DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>(130,612)</b>	<b>441,027</b>
<b>Cash and cash equivalents at 1 January</b>	<b>4,896,812</b>	<b>4,455,785</b>
<b>CASH AND CASH EQUIVALENTS AT 31 DECEMBER</b>	<b>4,766,200</b>	<b>4,896,812</b>
<b>Operational cash flows from interest and dividends</b>		
Interest paid	(1,102,999)	(1,043,104)
Interest received	1,474,227	1,415,702
Dividend received	4,956	3,293