

AUDITED CONSOLIDATED FINANCIAL STATEMENTS

As at 31 December 2019

CAPITAL LBP 689,113,198,400 FULLY PAID,
TOTAL EQUITY LBP 2,940,579,807,000
C.R.B.14150, LIST OF BANKS NO. 39, HEAD OFFICE - BEIRUT



BOARD OF DIRECTORS

Mr. Semaan F. Bassil | Chairman – General Manager
Dr. François S. Bassil | Chairman of Byblos Bank Group
Baron Guy L. Quaden | Director
Mr. Des S. O'Shea | Director
Mr. Ahmad T. Tabbara | Director
Mr. Bassam A. Nassar | Director

Mr. Faisal M. Ali Al 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.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

ASSETS

As at 31 December 2019 (LBP millions)

	31-Dec-19 Audited	31-Dec-18 Audited
Cash and balances with central banks	14,941,646	16,324,122
Due from banks and financial institutions	2,545,288	3,864,751
Loans to banks and financial institutions and reverse repurchase agreements	356,710	363,633
Derivative financial instruments	703	1,899
Financial assets at fair value through profit or loss	83,551	90,490
Net loans and advances to customers at amortized cost	6,713,825	8,178,229
Net loans and advances to related parties at amortized cost	24,556	24,931
Debtors by acceptances	154,860	362,091
Financial assets at amortized cost	7,422,536	7,776,276
Financial assets held at fair value through other comprehensive income	242,984	228,429
Property, equipment and right-of-use assets	337,006	271,963
Intangible assets	19,840	17,727
Non-current assets held for sale	71,682	51,405
Other assets	125,608	141,882
TOTAL ASSETS	33,040,795	37,697,828

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LIABILITIES AND EQUITY

As at 31 December 2019 (LBP millions)

	31-Dec-19 Audited	31-Dec-18 Audited
LIABILITIES		
Due to central banks	1,528,796	3,870,523
Due to banks and financial institutions	1,239,392	1,266,070
Derivative financial instruments	908	1,802
Customers' deposits at amortized cost	25,968,431	27,418,142
Deposits from related parties at amortized cost	225,634	421,172
Debt issued and other borrowed funds	441,828	451,301
Engagements by acceptances	155,119	362,091
Other liabilities	356,800	354,777
Provisions for risks and charges	183,307	230,423
Subordinated notes	429,792	426,418
TOTAL LIABILITIES	30,530,007	34,802,719

EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT

As at 31 December 2019 (LBP millions)

	31-Dec-19 Audited	31-Dec-18 Audited
Share capital – Common shares	684,273	684,273
Share capital – Preferred shares	4,840	4,840
Share premium – Common shares	229,014	229,014
Share premium – Preferred shares	591,083	591,083
Non-distributable reserves	1,026,565	982,040
Distributable reserves	124,998	116,652
Treasury shares	(8,967)	(7,105)
Retained earnings	96,728	77,050
Revaluation reserve of real estate	5,689	5,689
Change in fair value of financial assets at fair value through other comprehensive income	(39,909)	(15,462)
Net results of the financial period	(183,553)	238,940
Foreign currency translation reserve	(52,918)	(50,603)
	2,477,843	2,856,411
NON-CONTROLLING INTERESTS	32,945	38,698
TOTAL EQUITY	2,510,788	2,895,109
TOTAL LIABILITIES AND EQUITY	33,040,795	37,697,828

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CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2019 (LBP millions)

31-Dec-19 (Audited)	Banks	Customers	Total
Guarantees and financial liabilities			
Financial guarantees	-	147,574	147,574
Other guarantees	125,716	710,835	836,551
	125,716	858,409	984,125
Commitments			
Documentary credits	101,135	238,770	339,905
Loan commitments	-	1,130,645	1,130,645
	101,135	1,369,415	1,470,550
31-Dec-18 (Audited)	Banks	Customers	Total
Guarantees and financial liabilities			
Financial guarantees	-	238,700	238,700
Other guarantees	149,384	822,475	971,859
	149,384	1,061,175	1,210,559
Commitments			
Documentary credits	306,148	422,798	728,946
Loan commitments	-	2,198,843	2,198,843
	306,148	2,621,641	2,927,789

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CONSOLIDATED INCOME STATEMENT

Year ended 31 December 2019 (LBP million)

	31-Dec-19 Audited	31-Dec-18 Audited
Interest and similar income	2,394,344	2,038,692
Interest and similar expense	(2,032,819)	(1,543,946)
NET INTEREST INCOME	361,525	494,746
Fees and commissions income	157,205	157,483
Fees and commissions expense	(13,161)	(12,420)
NET FEES AND COMMISSIONS INCOME	144,044	145,063
Net gain on financial assets fair value through profit or loss	17,620	16,451
Net gain (loss) from derecognition of financial assets at amortized cost	11,631	(3,119)
Non-interest revenues from financial assets at fair value through other comprehensive income	2,634	5,569
Other operating income	79,700	42,539
TOTAL OPERATING INCOME	617,154	701,249
Net impairment loss on financial assets	(422,891)	(14,170)
NET OPERATING INCOME	194,263	687,079
Personnel expenses	(186,975)	(211,334)
Other operating expenses	(127,760)	(148,435)
Depreciation of property, equipment and right-of-use assets	(23,577)	(16,905)
Amortization of intangibles assets	(4,302)	(3,164)
TOTAL OPERATING EXPENSES	(342,614)	(379,838)
OPERATING (LOSS) PROFIT	(148,351)	307,241
Net gain from disposal of property, equipment and right-of-use assets	2,234	120
(LOSS) PROFIT BEFORE TAX FROM CONTINUING OPERATIONS	(146,117)	307,361
Income tax expense	(37,065)	(57,495)
(LOSS) PROFIT AFTER TAX FROM CONTINUING OPERATIONS	(183,182)	249,866
DISCONTINUED OPERATIONS		
Loss from discontinued operations, net of tax	-	(2,472)
(LOSS) PROFIT FOR THE YEAR	(183,182)	247,394
Attributable to:		
Equity holders of the parent	(183,553)	238,940
Non-controlling interests	371	8,454
	(183,182)	247,394
(Loss) Earnings per share		
Equity holders of the parent for the year:	LL	LL
Basic (loss) earnings per share	(326.42)	338.14

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CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 December 2019 (LBP million)

	31-Dec-19 Audited	31-Dec-18 Audited
(Loss) Profit for the year from continuing operations	(183,182)	249,866
Loss from discontinued operations	-	(2,472)
(LOSS) PROFIT FOR THE YEAR	(183,182)	247,394
OTHER COMPREHENSIVE INCOME (LOSS)		
Items to be reclassified to the income statement in subsequent periods:		
Net unrealized loss from debt instruments at fair value through other comprehensive income	(30,557)	(1,225)
Income tax effect	4,129	269
	(26,428)	(956)
Exchange difference on translation of foreign operations	(2,237)	(7,363)
Net other comprehensive loss to be reclassified to the income statement in subsequent periods	(28,665)	(8,319)
Items not to be reclassified to the income statement in subsequent periods:		
Net unrealized gain (loss) from equity instruments at fair value through other comprehensive income	202	(14,626)
Income tax effect	(29)	1956
	173	(12,670)
Re-measurement gains on defined benefit plans	1,839	15,975
Net other comprehensive income not to be reclassified to the income statement in subsequent periods	2,012	3,305
OTHER COMPREHENSIVE LOSS FOR THE YEAR NET OF TAX	(26,653)	(5,014)
TOTAL COMPREHENSIVE (LOSS) INCOME FOR THE YEAR, NET OF TAX	(209,835)	242,380
Attributable to:		
Equity holders of the parent	(208,453)	235,104
Non-controlling interests	(1,382)	7,276
	(209,835)	242,380

CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended 31 December 2019 (LBP million)

	31-Dec-19 Audited	31-Dec-18 Audited
OPERATING ACTIVITIES		
(Loss) profit before tax from continuing operations	(146,117)	307,361
Loss before tax from discontinued operations	-	(2,472)
(Loss) profit before tax	(146,117)	304,889
Adjustments to reconcile profit before tax to net cash flows:		
Depreciation and amortization	27,879	20,069
Net impairment loss on financial assets	422,891	14,170
Gain on disposal of property, equipment and right-of-use assets	(2,234)	(120)
Gain on disposal of non-current assets held for sale	(517)	(45)
Provisions for risks and charges, net	(42,575)	(17,787)
Unrealized fair value losses on financial instruments at fair value through profit or loss	397	7,044
Realized gains from financial assets	(27,918)	(17,239)
Loss on disposal of discontinued operations	-	2,472
Foreign currency translation losses on disposal of subsidiaries, net	-	(4,390)
Derivative financial instruments	302	(851)
Operating profit before working capital changes	232,108	308,212
Changes in operating assets and liabilities		
Due from central banks	1,375,294	(3,740,210)
Due to central banks	(2,354,373)	2,987,821
Due from banks and financial institutions	(3,023)	(56,493)
Financial assets at fair value through profit or loss	22,829	183,237
Due to banks and financial institutions	79,776	124,456
Net loans and advances to customers and related parties	1,374,882	(22,851)
Non-current assets held for sale	(20,563)	(8,205)
Proceeds from sale of non-current assets held for sale	803	1,736
Other assets	16,274	(40,136)
Customers' and related parties' deposits	(1,645,249)	702,480
Other liabilities	(29,204)	(18,581)
Cash (used in) from operations	(950,446)	421,466
Provision for risks and charges paid	(4,393)	(28,095)
Taxation paid	(54,335)	(31,828)
Net cash (used in) from operating activities	(1,009,174)	361,543
INVESTING ACTIVITIES		
Financial assets at amortized cost	172,570	396,744
Financial assets at fair value through other comprehensive income	(18,699)	(124,502)
Loans to banks and financial institutions and reserve purchase agreements	41,824	(85,019)
Purchase of property, equipment and right-of-use assets	(57,897)	(30,573)
Purchase of intangible assets	(6,419)	(8,011)
Proceeds from sale of property, equipment and right-of-use assets	8,945	3,098
Proceeds from sale of discontinued operations	-	12,060
Net cash from investing activities	140,324	163,797
FINANCING ACTIVITIES		
Debts issued and other borrowed funds	(9,473)	(2,255)
Subordinated debt	3,374	3,423
Treasury shares	(1,862)	(1,103)
Dividends paid to equity holders of the parent	(167,833)	(167,908)
Dividends paid to non-controlling interests	(4,371)	(4,164)
Lease liability payments	(6,203)	-
Net cash used in financing activities	(186,368)	(172,007)
(DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(1,055,218)	353,333
Net foreign exchange difference in respect of cash and cash equivalents	(9,802)	(7,269)
Cash and cash equivalents at 1 January	6,485,570	6,139,506
CASH AND CASH EQUIVALENTS AT 31 DECEMBER	5,420,550	6,485,570
Operational cash flows from interest and dividends		
Interest paid	(2,042,065)	(1,497,607)
Interest received	2,333,662	1,958,437
Dividend received	2,768	3,323