



BYBLOS BANK SAL

Phone: (01) 335200, Fax: (01) 339436, Web: [http:// www.byblosbank.com.lb](http://www.byblosbank.com.lb)

**Capital LBP 246.028.467.600 Fully paid, C.R.B.14150,
List of Banks No. 39, Head Office - Beirut**

AUDITED CONSOLIDATED BALANCE SHEET

In LBP Million	December 2001			December 2002		
	LBP	C/V LBP	Total	LBP	C/V LBP	Total
ASSETS						
Cash & Central Bank	210,478	611,367	821,845	213,460	716,663	930,123
Lebanese Government Securities	1,759,107	1,214,720	2,973,827	1,970,767	1,330,453	3,301,220
Bonds & Other Fixed Income Securities	0	83,772	83,772	0	57,336	57,336
Equities & Securities With Variable Income	5,683	2,801	8,484	5,428	1,911	7,339
Banks & Financial Institutions	4,914	1,328,281	1,333,195	23,501	1,521,744	1,545,245
- Current Accounts	(185)	(93,154)	(93,339)	(35)	(60,369)	(60,404)
- Time Deposits	(4,729)	(1,235,127)	(1,239,856)	(23,466)	(1,461,375)	(1,484,841)
Head Office & Branches, Parent Companies, and Foreign Sister Financial Institutions	0	0	0	0	0	0
- Current Accounts	0	0	0	0	0	0
- Time Deposits	0	0	0	0	0	0
Net Advances To Customers (*)	146,277	1,374,573	1,520,850	203,076	1,609,760	1,812,836
- Commercial Loans	(35,028)	(650,691)	(685,719)	(38,618)	(954,988)	(993,606)
- Other Loans Granted to Customers	(106,864)	(662,985)	(769,849)	(166,347)	(596,184)	(762,531)
- Overdrafts	(1,512)	(11,297)	(12,809)	(1,883)	(9,714)	(11,597)
- Related Parties	0	0	0	0	0	0
- Net Non Performing Loans	(5,380)	(70,491)	(75,871)	(5,109)	(69,114)	(74,223)
- General Provisions on the Loan Portfolio	2,507	20,891	23,398	8,881	20,240	29,121
- Debtor Accounts Against Creditor Accounts	0	0	0	0	0	0
Bank Acceptances	0	119,923	119,923	7	120,575	120,582
Investment in Companies Under the Cost Method			0	0	0	0
Investment in Companies Under the Equity Method			0	0	0	0
Tangible Fixed Assets	86,924	9,553	96,477	94,555	44,366	138,921
Intangible Fixed Assets	0	0	0	0	0	0
Sundry Debtor	359	1,188	1,547	428	318	746
Regularization & Miscellaneous Debtor Accounts	23,638	11,079	34,717	10,739	29,244	39,983
Goodwill		16,265	16,265	0	19,813	19,813
TOTAL ASSETS	2,237,380	4,773,522	7,010,902	2,521,961	5,452,183	7,974,144

31/12/2001 31/12/2002

(*) Loans that are not classified doubtful and non-performing include:

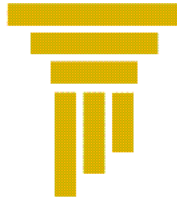
- Substandard loans net of reserved interest	65,890	87,578
Reserved Interest on Substandard Loans	33,412	44,165

(*) After deduction of:

- Specific provisions of doubtful and non-performing loans	129,645	120,507
- Reserved Interest	91,489	111,374

CONTRA ACCOUNTS

Commitments by signature received - Financial institutions	2,703	13,103	15,806	474	78,259	78,733
Commitments by signature received - Customers	99,845	1,868,210	1,968,055	126,745	2,428,576	2,555,321
Total Commitments by signature received	102,548	1,881,313	1,983,861	127,219	2,506,835	2,634,054
Irrecoverable Loans Transferred to Off-BS	23,218	26,452	49,670	22,473	21,647	44,120



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AUDITED CONSOLIDATED BALANCE SHEET

In LBP Million	December 2001			December 2002		
	LBP	C/V LBP	Total	LBP	C/V LBP	Total
LIABILITIES						
Central Bank	111,000	485	111,485	97,636	1,669	99,305
Banks & Financial Institutions	1,458	534,353	535,811	1,507	474,507	476,014
- Current Accounts	(1,458)	(154,615)	(156,073)	(498)	(127,282)	(127,780)
- Time Deposits		(379,738)	(379,738)	(1,009)	(347,225)	(348,234)
Head Office & Branches, Parent Companies, and Foreign Sister Financial Institutions	0	0	0	0	0	0
- Current Accounts	0	0	0	0	0	0
- Time Deposits	0	0	0	0	0	0
Customer Deposits	1,826,113	3,643,706	5,469,819	2,111,462	4,370,814	6,482,276
- Sight Deposits	(120,164)	(291,400)	(411,564)	(165,214)	(438,034)	(603,248)
- Time Deposits	(122,179)	(683,044)	(805,223)	(244,990)	(1,175,360)	(1,420,350)
- Saving Deposits	(1,583,413)	(2,600,718)	(4,184,131)	(1,700,751)	(2,693,364)	(4,394,115)
- Related Parties	(357)	(45,487)	(45,844)	(507)	(40,782)	(41,289)
- Net Creditor & Cash Collateral Accounts						
Against Debtor Accounts		(23,057)	(23,057)	0	(23,274)	(23,274)
Bank Acceptances	0	119,923	119,923	7	120,575	120,582
Bonds & Other Short Term Debt Instruments	0	189,123	189,123	0	12,308	12,308
- Certificates of Deposits	0	(189,123)	(189,123)	0	(12,308)	(12,308)
- Debt Securities	0	0	0	0	0	0
Sundry Liabilities	20,790	53,895	74,685	23,144	76,013	99,157
Regularization & Miscellaneous Creditor Accounts	7,687	8,739	16,426	13,847	8,146	21,993
Provisions For Risk & Charges	17,063	133	17,196	15,558	157	15,715
Subordinated loans	0	10,708	10,708	0	159,551	159,551
Revaluation Variance Accepted in Tier Two Capital	5,689	0	5,689	5,689	0	5,689
Issued & Paid Up Capital	246,028	0	246,028	246,028	0	246,028
Reserves for General Banking Risk	15,760	0	15,760	16,333	3,910	20,243
Reserves and Premiums	119,741	5,754	125,495	127,490	10,086	137,576
Profit Carried Forward	2,082	(1,070)	1,012	1,816	508	2,324
Net Income for the Year	62,020	3,938	65,958	61,256	4,231	65,487
Translation Adjustment	0	784	784	0	1,047	1,047
Goodwill	(11)	0	(11)	3,454	0	3,454
Minority Interest	4,993	18	5,011	5,372	23	5,395
TOTAL LIABILITIES AND EQUITY	2,440,413	4,570,489	7,010,902	2,730,599	5,243,545	7,974,144
CONTRA ACCOUNTS						
Engagements by Signature - Financial institutions	6,092	196,276	202,368	3,818	202,974	206,792
Engagements by Signature - Customers	36,940	265,187	302,127	42,136	323,693	365,829
Engagements by Financial instruments		4,145	4,145		3,392	3,392
TOTAL CONTRA ACCOUNTS	43,032	465,608	508,640	45,954	530,059	576,013

AUDITED CONSOLIDATED STATEMENT OF INCOME

In LBP Million	2001	2002
- Lebanese Government Securities	357,055	361,161
- Banks and Financial Institutions	76,295	79,752
- Head Office & Branches, Parent Company & Foreign Sister Financial Institutions & Subsidiaries	0	0
- Bonds and Other Fixed-Income Securities	8,656	6,428
- Advances to Customers	140,590	121,815
- Advances to Related Parties	2	37
Total Interest Income	582,598	569,193
- Banks and Financial Institutions	30,110	23,633
- Head Office & Branches, Parent Company & Foreign Sister Financial Institutions & Subsidiaries	0	0
- Customer Deposits and Other Creditor Accounts	373,627	364,858
- Related Parties Deposits	3,409	963
- Subordinated and Permanent Loans	1,218	9,114
- Certificates of Deposits	16,104	7,140
Total Interest Expenses	424,468	405,708
Net Interest Income Before Provisions	158,130	163,485
- Provisions for Doubtful Loans	17,621	10,212
- Recoveries from Provisions for Doubtful Loans	(7,910)	(3,649)
Net Provisions for Doubtful Loans	9,711	6,563
Net Interest Income After Provisions	148,419	156,922
Shares, participations and other financial instruments with variable revenue	474	630
- Commission Received	29,034	33,240
- Commission Paid	900	2,166
Net Commissions Received	28,134	31,074
- Gain on Trading Securities	473	2,784
- Gain on Investment Securities	0	0
- Gain on Foreign Exchange	3,660	5,454
Total Gain From Financial Operations	4,133	8,238
- Loss on Trading Securities	113	560
- Loss on Investment Securities	0	0
- Loss on Foreign Exchange	1,550	6
Total Loss From Financial Operations	1,663	566
Net Profit or Loss from Financial Operations	2,470	7,672
Other Operating Income	999	1,015
Other Operating Expenses	0	0
- Salaries and Employee Benefits	59,349	60,701
- Other Operating Expenses	33,895	39,449
Operating Expenses	93,244	100,150
Depreciation, Amortization, and Provision for Tangible and Intangible Assets	13,772	15,299
Net Provisions on Financial Fixed Assets	0	0
Net Operating Income	73,480	81,864
- Extraordinary Income	11,999	864
- Extraordinary Expenses	5,335	1,146
Net Extraordinary Income	6,664	(282)
Income Taxes	13,328	15,175
- Financial Companies	0	0
- Non Financial Companies	0	0
Dividends Received	0	0
NET INCOME	66,816	66,407

AUDITED CONSOLIDATED CASH FLOW STATEMENT

In LBP Million	2001	2002
OPERATING ACTIVITIES		
Net profit before taxation	80,144	81,582
Adjustments for:		
Depreciation	12,360	13,138
Amortization of Goodwill	698	1,480
Provision for collateral pending sale	714	681
Provisions on Non-Performing Loans, net of recoveries	9,711	6,563
Amortization of soft loan discount	0	1,253
Provision for employees' end of service benefits	3,821	1,045
Provision for foreign currency fluctuation	0	46
Loss (Gain) from sale of premises and equipment	(3,458)	264
Gain on sale of equity investments	(7,495)	0
Other provisions	(1,008)	0
Effect of foreign exchange fluctuation	(119)	(172)
Operating profit before working capital changes	95,368	105,880
(Increase) in cash and balances with Central Bank	(494,460)	(52,865)
(Increase) decrease in placement with Banks & other financial institutions	9,005	(17,402)
(Increase) decrease in loans and advances to customers	42,018	(298,549)
Decrease in portfolio held for trading	11,861	(1,321)
Decrease (increase) in other assets	(1,091)	801
Variation in order and regularisation accounts	(14,186)	(391)
(Decrease) increase in due to banks and other financial institutions	27,059	(18,522)
Increase in customers' deposits	644,126	1,012,457
Decrease in certificates of deposits	(2,819)	(176,815)
Decrease (increase) in other liabilities	18,102	23,147
Provision for termination indemnity transferred from merged bank	0	1,085
Cash from operations	334,983	577,505
Employees' end of service benefits paid during the year	(3,288)	(3,681)
Taxes Paid	(16,743)	(13,850)
Net cash from operating activities	314,952	559,974
INVESTING ACTIVITIES		
Purchase of non-trading investments, net	(113,932)	(296,532)
Proceeds on sale of tangible fixed assets	11,601	133
Purchase of premises and equipment	(25,316)	(28,230)
Sale of participations in companies	8,573	0
Goodwill	(22,337)	(18,953)
Fixed assets transferred from a merged bank	0	(28,234)
Net cash from investing activities	(141,411)	(371,816)
FINANCING ACTIVITIES		
Increase of Capital	151	0
Tax deducted from reserves	(350)	0
Proceed from soft loan	40,000	0
Proceed from other loans	485	0
Increase (Decrease) of term loans	(4,766)	148,843
Dividends paid	(51,225)	(51,893)
Effect of exchange on shareholders' equity	0	5,044
Net cash used in financing activities	(15,705)	101,994
Increase (decrease) in cash and cash equivalents	157,836	290,152
Cash and cash equivalents at 1 January	1,120,068	1,277,904
Cash and cash equivalents as at 31 December	1,277,904	1,568,056



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AUDITED CONSOLIDATED FINANCIAL HIGHLIGHTS & KEY RATIOS

(in US million, except for per share Data)	Dec-01	Dec-02
Total Assets	4,651	5,290
Customer Deposits	3,628	4,300
Net Advances to Customers	1,009	1,203
Cash & Due From Banks	1,430	1,642
Total Equity	316	429
Net Book Value (1)	309	323
Net Income	44.3	44.1
Number of shares outstanding	205,023,723	205,023,723
Earnings Per Share	0.22	0.21
Book Value Per Share	1.51	1.58
Growth in Assets	15.92%	13.74%
Growth in Customer Deposits	13.35%	18.51%
Growth in Net Advances to Customers	-3.29%	19.20%
Return on Average Assets	1.02%	0.89%
Return on Average Equity	14.58%	13.94%
Net Interest Margin	2.51%	2.27%
Cost-to-income	56.42%	56.80%
Tier One Capital to Assets	6.56%	6.00%
Net advances / Assets	21.69%	22.73%
Net Non-performing loans / Net Customer Loans	3.45%	2.49%
Liquid Assets / Assets	74.35%	73.16%
1 USD =	LBP 1,507.5	LBP 1,507.5

(1) This excludes subordinated loans.

The General assembly meeting conducted on the 24th of April 2003, declared and distributed before tax dividends of LL 236.84 per share.

Board of Directors

Dr. Francois S. Bassil	Chairman - General Manager
Mr. Semaan F. Bassil	Vice Chairman - General Manager
Mr. Albert S. Nassar	Member
Dr. Samir A. Makdessi	Member
Mr. Ahmad T. Tabbarah	Member
Dr. Hassan N. Mounla	Member
Mr. Bassam A. Nassar	Member
Mr. Faisal M.A. Tabsh	Member

External Auditors

Ernst & Young - Siman & Co.