



BYBLOS BANK ^{SAL}

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

Capital LBP 494,456,935,200 Fully Paid, C.R.B.14150,
List of Banks No. 39, Head Office - Beirut

BALANCE SHEET AND CONTRA ACCOUNTS (AUDITED)

at year end (Millions of LBP)	31/Dec/05			31/Dec/06		
	LBP	C/V LBP	Total	LBP	C/V LBP	Total
ASSETS						
Cash and Central Bank	1,372,566	1,348,395	2,720,961	966,768	1,540,109	2,506,877
Lebanese treasury bills and other government bills	1,880,870	1,786,918	3,667,788	2,225,740	1,949,068	4,174,808
Bonds and financial instruments with fixed income	0	162,417	162,417	0	86,383	86,383
Marketable securities & fin.instruments with variable income	13,408	22,410	35,818	14,219	24,429	38,648
Banks and financial institutions	62,079	2,031,746	2,093,825	15,904	2,352,947	2,368,851
- Current accounts	(817)	(106,449)	(107,266)	(658)	(116,734)	(117,392)
- Time deposits	(61,262)	(1,925,297)	(1,986,559)	(15,246)	(2,236,213)	(2,251,459)
- Securities purchased under resale agreements	0		0			
H.O. & branches, parent co., sister inst. & subsidiaries	0	0	0			
- Current accounts	0	0	0			
- Time deposits	0	0	0			
Loans and advances to customers (*)	298,794	1,944,314	2,243,108	333,358	2,311,676	2,645,034
- Commercial loans	(51,962)	(1,554,145)	(1,606,107)	(60,207)	(1,756,061)	(1,816,268)
- Other loans to customers	(253,729)	(346,473)	(600,202)	(281,701)	(526,986)	(808,687)
- Overdraft accounts	(1,698)	(14,622)	(16,320)	(1,420)	(13,291)	(14,711)
- Net debtor accts / creditor accts & cash collateral		0	0			0
- Loans & advances to related parties	0	0	0			0
- Net Non Performing Loans	(5,771)	(50,313)	(56,084)	(4,637)	(39,753)	(44,390)
- General Provisions	14,366	21,239	35,605	14,607	24,415	39,022
Bank acceptances	0	205,274	205,274	0	284,106	284,106
Investment and loans to related parties	0	0	0			
Investment in related parties under equity method	0	0	0			
- Non-Financial	0	0	0			
- Financial	0	0	0			
Tangible fixed assets (including revaluation variance)	123,740	56,286	180,026	124,550	83,824	208,374
Intangible fixed assets	1,449	0	1,449	1,324		1,324
Other assets	2,722	92	2,814	2,715	376	3,091
Regularisation accounts & miscellaneous debtor accounts	10,709	20,724	31,433	19,000	36,550	55,550
Total Assets *	3,766,337	7,578,576	11,344,913	3,703,578	8,669,468	12,373,046
(*) of which substandard loans, net of reserved interest			36,740			53,966
(*) After deduction of:						
Provisions for doubtful debts			111,763			108,552
Unrealized interests on:			114,066			107,385
- Substandard loans			17,226			15,118
- Doubtful loans			96,840			92,267
Commitments by Signature Received - Financial Institutions	92	37,530	37,622	80	9,763	9,843
Commitments by Signature Received - Customers	156,622	3,187,004	3,343,626	168,520	4,394,504	4,563,024
Total contra accounts	156,714	3,224,534	3,381,248	168,600	4,404,267	4,572,867
NPLs fully provisioned transferred to Off-BS	28,947	46,513	75,460	11,507	33,916	45,423



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LIABILITIES AND SHAREHOLDERS' EQUITY (AUDITED)

at year end (Millions of LBP)	31/Dec/05			31/Dec/06		
	LBP	C/V LBP	Total	LBP	C/V LBP	Total
Central Bank	84,574	9,992	94,566	34,555	42,530	77,085
Banks and financial institutions	674	864,957	865,631	31,905	844,970	876,875
- Current accounts	(674)	(123,657)	(124,331)	(1,361)	(150,048)	(151,409)
- Time deposits	0	(741,300)	(741,300)	(30,544)	(694,922)	(725,466)
- Securities sold under repurchase agreements		0	0			0
H.O. & branches, parent co., sister inst. & subsidiaries	0	0	0	0	0	0
- Current accounts	0	0	0	0	0	0
- Time deposits	0	0	0	0	0	0
Deposits from customers	2,973,220	5,537,755	8,510,975	2,726,371	6,737,621	9,463,992
- Sight deposits	(256,262)	(840,386)	(1,096,648)	(198,894)	(889,636)	(1,088,530)
- Time deposits	(576,606)	(1,576,180)	(2,152,786)	(465,749)	(1,808,801)	(2,274,550)
- Saving accounts	(2,139,024)	(3,109,286)	(5,248,310)	(2,059,502)	(3,998,888)	(6,058,390)
- Net creditor accts / debtor accts & cash collateral	0	0	0			0
- Related parties accounts	(1,328)	(11,903)	(13,231)	(2,226)	(40,296)	(42,522)
Engagements by acceptances		205,274	205,274	0	284,106	284,106
Liabilities under financial instruments	0	266,820	266,820	0	273,519	273,519
- Certificates of deposits	0	(120,857)	(120,857)	0	(120,999)	(120,999)
- Debenture bonds	0		0			0
- Other liabilities under financial instruments	0	(145,963)	(145,963)		(152,520)	(152,520)
Other liabilities	20,450	107,540	127,990	25,221	134,150	159,371
Regularisation accounts & miscellaneous creditor accts	7,241	17,138	24,379	4,368	33,122	37,490
Provisions for risks and charges	52,373	75	52,448	65,546	1,145	66,691
Subordinated loans (or notes)	0	152,988	152,988	(222)	48,057	47,835
Revaluation variance accepted as supplementary capital	1,978		1,978	1,978		1,978
Share capital and cash contribution	494,456		494,456	494,456		494,456
Treasury shares				(366)		(366)
Reserves for general banking risks	19,038	20,821	39,859	27,338	20,821	48,159
Reserves and premiums and equity differences	159,749	154,760	314,509	170,854	172,738	343,592
Balance carried forward	5,473	(769)	4,704	18,359	465	18,824
Net income (or loss) for the year	94,521	7,573	102,094	106,340	9,049	115,389
Cumulative Changes in fair value	6,344	14,846	21,190	8,791	(21,041)	(12,250)
Foreign currency translation reserve	4,580		4,580	11,638		11,638
Revaluation variance of other fixed assets	3,711	0	3,711	3,711		3,711
Minority interest	7,142	49,619	56,761	7,937	53,014	60,951
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	3,935,524	7,409,389	11,344,913	3,738,780	8,634,266	12,373,046

CONTRA ACCOUNTS

Commitments Given:	42,616	619,510	662,126	32,337	796,798	829,135
- Guarantees	42,616	474,824	517,440	32,337	591,387	623,724
- Letters of credit Export	0	144,686	144,686	0	205,411	205,411
Financing Commitments given:	0	390,527	390,527	0	541,477	541,477
- Letters of credit import	0	390,527	390,527	0	541,477	541,477
Assets under management and fiduciary accounts	10,137	148,811	158,948	10,898	138,002	148,900

PROFIT & LOSS ACCOUNT (AUDITED)

For the year (Millions of LBP)	2005	2006
Interest and similar income	661,004	811,188
- Lebanese treasury bills	240,972	321,600
- Deposits & similar accounts in banks & fin. institutions	232,796	292,849
- Deposits in head office & branches, parent company & foreign sister financial institutions & subsidiaries		
- Bonds and financial instruments with fixed income	20,806	6,267
- Loans and advances to customers	166,430	190,139
- Loans and advances to related parties	0	333
- Other interest and similar income		
Interest and similar charges	482,979	584,265
- Deposits & similar accts from banks & fin. Institutions	28,149	49,092
- Deposits from head office & branches, parent company & foreign sister financial institutions & subsidiaries	0	
- Deposits from customers and other creditor accounts	419,410	504,099
- Deposits from related parties	3,317	1,773
- Cash contribution to capital and subordinated loans	18,093	12,492
- Certificates of deposits		
- Bonds and financial instruments with fixed income	7,796	7,785
- Other interest and similar charges	6,214	9,024
Net interest income before provisions	24,869	10,282
- Provisions for doubtful debts	32,627	18,885
- Provisions for doubtful debts no more required	7,758	8,603
Net interest received	153,156	216,641
Income from marketable securities & financial instruments with variable income	327	990
Net commissions	71,786	79,393
- Commissions received	74,309	85,156
- Commissions paid	2,523	5,763
Profit on financial operations	54,316	52,504
- Marketable securities	45,914	41,205
- Financial fixed assets	0	
- Foreign exchange transactions	8,402	11,299
- Financial instruments	0	
Loss on financial operations	1,691	27,646
- Marketable securities	1,210	25,156
- Financial fixed assets	0	
- Foreign exchange transactions	481	2,490
- Financial instruments	0	
Net profit of loss on financial operations	52,625	24,858
Other operating income	2,710	4,047
Other operating charges	4,416	10,838
General operating expenses	131,721	150,769
- Staff expenses	72,819	81,978
- Other operating expenses	58,902	68,791
Allocation to prov. & depreciation of fixed assets	17,472	17,963
Net allocation to prov. on financial fixed assets	0	
Net allocation to prov. on contra accounts	0	
Net income for the year - before taxes	126,995	146,359
Net extraordinary income - before taxes	0	0
- Extraordinary income	0	
- Extraordinary expenses	0	
Income tax	22,372	27,672
Share in results of related cos. under equity method	0	0
- Non-financial institutions	0	
- Financial institutions	0	
Net profit for the year - after taxes	104,623	118,687
Group Share	102,094	115,389
Minority Interest	2,529	3,298



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CASH FLOW STATEMENT (AUDITED)

	2005	2006
	LL million	LL million
Profit before tax and minority interest	126,995	146,359
Adjustments for:		
- Depreciation of tangible assets	12,100	12,170
- Amortization of intangible assets	125	125
- Provisions for assets acquired in recovery of debts	5,247	5,668
- Disposal of tangible fixed assets	46	(46)
- Profit on disposal of assets acquired in recovery of debts	(254)	(274)
- Profit on sale of treasury bills held for trading	(13,046)	(3,348)
- Profit on sale of non-trading treasury bills	(3,597)	(12,354)
- Loss (profit) on sale of bonds held for trading	(811)	223
- Loss on sale of non-trading bonds		705
- Profit on sale of shares held for trading		(4,221)
- Profit on sale of certificates of deposits with the Central Bank	(3,545)	(12,904)
- Changes in fair value of treasury bills held for trading	(21,887)	11,165
- Changes in fair value of shares held for trading	(1,854)	4,639
- Changes in fair value of bonds for trading	36	46
- Provision transferred to profit and loss accounts after liberation of assets	(463)	(2,070)
- Provision for doubtful debts	19,504	6,013
- Provision for doubtful banks and financial institutions (net of recoveries)	695	(35)
- Provision for other debtors (net of recoveries)	(25)	253
- General provision (net of recoveries)	2,742	3,253
- Provision for country risk (net of recoveries)	828	228
- Bad debts written off	1,125	570
- Provision for end of service indemnities	1,617	1,819
- Provision for foreign currency variances	156	12
- Provision for risk and charges (recoveries)	(603)	489
- Technical reserves of insurance company	6,465	8,297
- Provision for risk and charges (net of recoveries)	9	997
	131,605	167,779

CASH FLOW STATEMENT (AUDITED)

	2005	2006
	LL million	LL million
Changes in operating assets and liabilities		
Trading treasury bills	(1,037,448)	768,883
Trading bonds	130,569	72,782
Trading shares	(16,987)	(2,389)
Due from Central Bank	736,220	479,304
Due from banks and financial institutions	221,242	(50,509)
Loans and advances	(246,438)	(411,990)
Other assets	229	(277)
Regularisation and other debit balances	4,924	(24,370)
Due to Central Banks	9,991	32,539
Due to banks and financial institutions	(38,673)	118,376
Customer deposits	256,625	953,017
Other liabilities	5,064	30,610
Regularization and other credit balances	9,249	13,111
End of service benefits paid	(830)	(969)
Taxes paid	(16,007)	(26,901)
Cash from operating activities	149,335	2,118,996
INVESTING ACTIVITIES		
Non-trading treasury bills	(145,767)	(1,300,769)
Non-trading bonds	53,815	(2,566)
Non-trading shares	(61)	(52)
Purchase of tangible fixed assets	(31,364)	(25,648)
Properties acquired in settlement of debt	(9,427)	(24,247)
Proceeds from sale of tangible fixed assets	1,681	390
Proceeds from sale of properties acquired in settlement of debt	1,899	9,959
Cash from investing activities	(129,224)	(1,342,933)
FINANCING ACTIVITIES		
Issuance of priority shares	247,228	
Due to Central Bank	1,980	(50,020)
Liabilities under financial instruments	72,971	6,699
Subordinated loans	(2,082)	(105,153)
Treasury shares		(366)
Dividends paid	(51,644)	(52,980)
Change in minority interest	41,232	892
Write off against general reserve	(11,977)	
Cash from financing activities	297,708	(200,928)
EFFECT OF EXCHANGE RATES		
Effect of exchange rates on fixed assets	197	(652)
Foreign currency translation reserve	(2,060)	7,058
Effect of exchange rates on reserves and premium	(2,331)	2,389
Net effect of foreign exchange rates	(4,194)	8,795
Increase in cash and cash equivalents	313,625	583,930
Cash and cash equivalents – beginning of the year	1,985,368	2,298,993
Cash and cash equivalents – end of the year	2,298,993	2,882,923



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FINANCIAL HIGHLIGHTS & KEY RATIOS (AUDITED)

(in US million, except for per share Data)	Dec. 2005	Dec. 2006
Total Assets	7,526	8,208
Customer Deposits	5,646	6,278
Net Advances to Customers	1,488	1,755
Cash & Due From Banks	3,194	3,234
Total Equity	794	752
Net Book Value (1)	692	721
Net Income	69.4	78.7
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Growth in Assets	8.00%	9.06%
Growth in Customer Deposits	3.11%	11.20%
Growth in Net Advances to Customers	11.00%	17.92%
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Return on Average Assets	0.96%	1.00%
Return on Average Equity	13.49%	10.18%
Net Interest Margin	1.70%	2.00%
Cost-to-income	49.56%	51.86%
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Tier One Capital to Assets	8.92%	8.74%
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Net advances / Assets	19.77%	21.38%
Net Non-performing loans / Net Customer Loans	0.91%	0.20%
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Liquid Assets / Assets	76.20%	73.85%
1 USD =	LBP 1,507.5	LBP 1,507.5

(1) This excludes subordinated loans.

BOARD OF DIRECTORS

Dr. François S. Bassil	(Chairman & General Manager)
Mr. Semaan F. Bassil	(Vice-Chairman & General Manager)
H.E. Dr. Nasser H. Saidi	(Director)
Mr. Abdulhadi A. Shayif	(Director)
H.E. Mr. Arthur Nazarian	(Director)
Mr. Albert S. Nassar	(Director)
Mr. Bassam A. Nassar	(Director)
H.E. Dr. Samir K. Makdessi	(Director)
Mr. Ahmad T. Tabbarah	(Director)
Dr. Hasan N. Al-Mounla	(Director)
Mr. Fayçal M. Ali Tabsh	(Director)
Mr. Moussa A. Maksoud	(Director)

EXTERNAL AUDITORS

Ernst & Young
Semaan, Gholam & Co.