

**BLOM Bank's Financial Results for the First Half of 2018:  
Steady Profitability Amid Difficult Operating Conditions Facing the Lebanese Banking System**

BLOM Bank published today its unaudited financial results for the first half of 2018. In a difficult environment characterized by a slowing economy, higher taxes on banks, and continuing regional instability, BLOM Bank managed to maintain steady profitability, thanks to its managerial and operational efficiency. Net profit was \$243.79 million, higher by 4.39% from 1H2017, and implying the highest profitability ratios among listed banks with the rate of return on average common equity reaching 15.81% and the rate of return on average assets 1.45%.

Balance sheets aggregates also performed reasonably well. Assets rose to \$34.6 billion, up by 10.46% from end June 2017; deposits increased to \$27.1 billion, higher by 1.58%; loans stood at \$7.44 billion, down by 3.36%; and shareholders' equity (more than 99% in Tier I capital) increased to \$3.01 billion, higher by 9.87%.

BLOM's results also indicate a strong financial position for the Bank. In this respect, the capital adequacy ratio settled at 18.5%, primary liquidity at 88%, net NPLs at 0.4%, loans coverage by specific provisions and real guarantees at 136%, and the cost-to-income ratio at 36.53% which is the lowest among listed banks.

BLOM Bank's performance in 1H2018 is a testimony to the success of its conservative yet flexible business model. It is also looking forward to better operating conditions in the near future with the onset of the "Cedre" conference pledges and the formation of a new government.

31 July, 2018

# Financial Results for the First Half of the Year 2018

## Consolidated Statement of Financial Position

<b>Assets</b> (In USD Thousand)	<b>30/6/2018</b> Unaudited	<b>31/12/2017</b> Audited
Cash and balances with the Central Banks	18,788,708	16,338,634
Banks and financial institutions	2,031,871	2,363,684
Due from head office, parent, and sister banks/companies	-	-
Granted Financial Loans to Banks and Financial Institutions and reverse repurchase agreements	108,246	29,528
Derivative financial instruments	16,412	13,533
Shares and securities designated at FVTPL	132,101	131,185
Financial assets designated at FVTPL	103,617	110,085
out of which : Loans and advances designated at FVTPL	-	-
Loans and advances to customers designated at Amortised Cost	7,417,648	7,519,718
Loans and advances to related parties designated at Amortised Cost	18,455	18,670
Bank acceptances	154,819	100,027
Shares and securities designated at fair value through other comprehensive income (FVTOCI)	28,515	2,802
Financial assets classified at Amortised Cost	5,070,177	5,211,526
Investment and loans to related parties	-	-
Assets taken in recovery of debt	39,956	40,252
Tangible fixed assets	531,731	529,270
Intangible fixed assets	1,716	1,441
Other assets	159,356	132,336
Goodwill	1,309	1,324
<b>Total Assets</b>	<b>34,604,637</b>	<b>32,544,015</b>

## Consolidated Statement of Financial Position

Liabilities (In USD Thousand)	30/6/2018 Unaudited	31/12/2017 Audited
Due to Central Banks	3,074,801	1,500,635
Due to banks & financial institutions and repurchase agreements	446,229	383,871
Due to head office, parent, and sister banks / companies	-	-
Derivative financial instruments	10,244	22,811
Financial liabilities designated at FVTPL	-	-
out of which : Customers' Deposits at FVTPL	-	-
Customers' deposits at Amortised Cost	26,643,120	26,518,752
Related parties deposits at Amortised Cost	149,588	123,099
Debt issued and other borrowed funds	302,811	-
Engagements by acceptances	155,316	100,027
Other liabilities	501,338	542,221
Provisions for risks and charges	311,775	347,213
Liabilities related to non-current assets held for sale	-	-
<b>Total Liabilities</b>	<b>31,595,222</b>	<b>29,538,629</b>
<b>Shareholders' Equity</b>		
Share capital - Common Shares	213,930	213,930
Share capital - Preferred Shares	-	-
Share premium on common shares	248,132	248,132
Share premium on preferred shares	-	-
Non distributable reserve (Legal and Obligatory)	1,024,469	870,831
Distributable free reserve	439,644	398,811
Treasury shares	(8,954)	(5,621)
Retained earnings	1,054,553	1,008,597
Reserves for revaluation variance-real estate	9,769	9,769
Fair value for financial assets at FVTOCI	79	407
Foreign currency translation reserve	(265,790)	(272,067)
Non-controlling interests	51,157	50,540
out of which : Profit allocated to non-controlling interests	1,367	3,215
Profit of the financial period	242,426	482,057
<b>Total Shareholders' Equity</b>	<b>3,009,415</b>	<b>3,005,386</b>
<b>Total Liabilities and Shareholders' Equity</b>	<b>34,604,637</b>	<b>32,544,015</b>

## Consolidated Statement of Financial Position

Off Financial Position (In USD Thousand)	30/6/2018 Unaudited	31/12/2017 Audited
<b>Financing commitments</b>		
Financing commitments issued	137,117	161,676
Financing commitments received from financial intermediaries	70,453	74,030
Commitments to lend	211,049	293,872
<b>Guarantees</b>		
Guarantees given to financial intermediaries	140,945	130,133
out of which: credit derivatives	-	-
Guarantees received from financial intermediaries	46,598	51,057
out of which: credit derivatives	-	-
Guarantees given to customers	556,035	576,057
Guarantees received from customers	13,335,528	13,459,483
<b>Commitments on financial assets</b>		
Financial assets to receive	-	-
out of which: financial assets sold with an option to repurchase	-	-
Financial assets to deliver	7,297	-
out of which: financial assets bought with an option to resell	-	-
<b>Operations in foreign currencies</b>		
Foreign currencies to receive	2,224,360	2,587,326
Foreign currencies to deliver	2,218,128	2,591,693
<b>Commitments on term financial instruments</b>	<b>574,067</b>	<b>336,959</b>
<b>Other commitments</b>	<b>1,501,499</b>	<b>976,982</b>
<b>Fiduciary deposits</b>	<b>616,604</b>	<b>355,423</b>
Under specific instructions	616,604	355,423
Under discretionary investments	-	-
<b>Financial assets under management</b>	<b>7,219,083</b>	<b>7,485,800</b>
<b>Mutual Funds</b>	-	-
<b>Financial assets linked to indices and financial derivatives</b>	-	-
<b>Bad loans fully provided for and transferred to off balance sheet during the period</b>	<b>45,878</b>	<b>222,055</b>

## Consolidated Income Statement

(In USD Thousand)	For the period ended	30/6/2018 Unaudited	30/6/2017 Unaudited
Interest and similar income		1,036,155	866,737
Interest and similar charges		(641,240)	(523,392)
<b>Net interest income</b>		<b>394,915</b>	<b>343,345</b>
Fees and commission income		90,466	83,051
Fees and commission expense		(20,814)	(16,991)
<b>Net Fees and commission income</b>		<b>69,652</b>	<b>66,060</b>
Net gain (loss) on financial assets & liabilities designated at fair value through profit & loss		17,388	16,758
out of which : Net gain (loss) on Interest Income		1,396	2,364
Net gain (loss) on financial operations		297	39,297
Other operating income		12,779	9,154
<b>Total operating income</b>		<b>495,031</b>	<b>474,614</b>
Credit loss expense		(6,261)	(8,143)
out of which : Credit loss for financial instruments at amortized cost		-	-
Provisions for impairment losses on other financial investments		-	-
<b>Net operating income</b>		<b>488,770</b>	<b>466,471</b>
Personnel charges		(116,794)	(105,018)
General and other operating expenses		(60,620)	(55,252)
Depreciation of tangible fixed assets		(12,399)	(11,336)
Amortization of intangible fixed assets		(500)	(817)
Provisions for impairment loss of goodwill		-	-
<b>Total operating expenses</b>		<b>(190,313)</b>	<b>(172,423)</b>
<b>Net operating profit</b>		<b>298,457</b>	<b>294,048</b>
Provision for risk and charges		-	-
Net profit (loss) from sale or disposal of other assets		(1,157)	(11)
<b>Net profit before taxes</b>		<b>297,300</b>	<b>294,037</b>
Income tax		(53,507)	(60,499)
<b>Operating profit after tax</b>		<b>243,793</b>	<b>233,538</b>
Net profit after tax from Non-current assets held-for-sale & discontinued operations		-	-
<b>Net profit</b>		<b>243,793</b>	<b>233,538</b>
Attributable to equity holders of the parent		242,426	232,108
Attributable to non-controlling interests		1,367	1,430
EPS (Basic) in USD		1.13	1.13
EPS (Diluted) in USD		1.13	1.13