

Byblos Bank announces First Half Results

Consolidated Activity Highlights as at end-June 2018:

- *USD 23.7 billion in Assets*
- *USD 18.3 billion in Customer Deposits*
- *USD 5.5 billion in Customer Loans*
- *USD 2.1 billion in Total Equity*
- *USD 67 million in Net Profit*

Byblos Bank Headquarters, Monday 30 July 2018 : Byblos Bank posted satisfactory net profits of USD 67 million for the first half of 2018, improving only slightly on the USD 66 million achieved during the same period of 2017. The stagnation in profitability is primarily due to the initial effects of the “double taxation” levied on the banking sector in Lebanon. This translated into an average return on common equity, as at end-June, of 7.13%, a modest improvement on the 7.06% recorded the previous year.

Byblos Bank’s overall performance continues to reflect a risk-averse strategy, as set by its Board of Directors several years ago, that prioritizes a prudent approach rather than a maximization of short-term profitability. Accordingly, the Bank will continue to maintain its high liquidity levels, and to proactively manage its sovereign debt exposure in order to mitigate, among others, the risk of interest-rate fluctuations.

As a result of these and other conservative measures, short-term foreign currency liquidity – in the form of short-term placements with above-investment-grade institutions – stood at more than 15% of foreign currency deposits as at end-June 2018, surpassing both internal and international benchmarks. In addition, the Bank’s Basel III Capital Adequacy Ratio remained above 18%, once again easily beating the regulatory requirement of 15%.

On the customer loan portfolio front, Byblos Bank maintained adequate provisioning with a coverage ratio of 87.71% in the first six months of the year, kept its non-performing loan ratio to a low 4.25%, and worked proactively to find suitable solutions for enterprises that have been financially challenged by the weak economy.

As persistent local and regional conditions add more strains on the economy, many consumers and businesses are seeing their financial standings erode. The cost of operating a business in Lebanon remains higher than ever, thanks to increased taxes, costlier imports due to the appreciation of the Euro, a rise in energy prices, and a decline in the quality and provisioning of public sector services, among others. Additional factors add to these obstacles, including fewer remittances to Lebanon from expatriates working in slumping economies in Africa and the Gulf, slower tourism traffic from the Gulf, lower levels of exports to Arab countries, and a large supply of real estate properties on the local level.

It is thus becoming critical that a new government be formed as soon as possible, that effective measures be taken to launch new infrastructure projects, and that Parliament introduces key reforms to restore economic growth and improve services to consumers and businesses.

For further information, please contact:
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CONSOLIDATED FINANCIAL STATEMENTS AS AT 30 JUNE 2018

**CAPITAL LBP 689,113,198,400 FULLY PAID,
TOTAL EQUITY LBP 3,181,534,156,000 | C.R.B.14150,
LIST OF BANKS NO. 39, HEAD OFFICE - BEIRUT**



CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2018 (LBP millions)

	Unaudited 30-Jun-18	Audited 31-Dec-17
ASSETS		
Cash and balances with central banks	14,175,143	11,966,804
Due from banks and financial institutions	3,407,667	3,928,586
Loans to banks and financial institutions and reverse repurchase agreements	575,554	754,394
Financial assets given as collateral	1,207,756	735,962
Derivative financial instruments	5,471	2,790
Financial assets held at fair value through profit or loss	65,699	256,025
of which: Net loans and advances designated at fair value through profit or loss	-	-
Net loans and advances to customers at amortized cost	8,249,363	8,192,985
Net loans and advances to related parties at amortized cost	23,945	22,030
Debtors by acceptances	272,983	354,023
Financial assets held at fair value through other comprehensive income	379,887	108,552
Financial assets held at amortized cost	6,989,374	7,419,388
Property and equipment	275,481	273,437
Intangible assets	211	267
Assets taken in settlement of debt	45,288	44,891
Other assets	132,094	102,073
TOTAL ASSETS	35,805,916	34,162,207

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As at 30 June 2018 (LBP millions)	Unaudited 30-Jun-18	Audited 31-Dec-17
LIABILITIES AND EQUITY		
LIABILITIES		
Due to central banks	2,702,527	1,374,837
Due to banks and financial institutions	990,719	972,315
Derivative financial instruments	4,349	3,544
Customers' deposits at amortized cost	27,213,029	26,757,716
Deposits from related parties at amortized cost	415,938	380,790
Engagements by acceptances	272,983	354,023
Debt issued and other borrowed funds	453,447	453,556
Other liabilities	246,632	258,870
Provisions for risks and charges	324,758	350,936
Subordinated notes	424,791	422,995
TOTAL LIABILITIES	33,049,173	31,329,582
EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT		
Share capital – Common shares	684,273	684,273
Share capital – Preferred shares	4,840	4,840
Issue premium – Common shares	229,014	229,014
Issue premium – Preferred shares	591,083	591,083
Reserves not available for distribution (legal and statutory)	980,412	924,812
Reserves available for distribution	121,011	110,616
Treasury shares	(6,545)	(6,002)
Retained earnings	61,312	52,282
Revaluation reserve of real estate	5,689	5,689
Change in fair value of financial assets at fair value through other comprehensive income	489	(4,538)
Net results of the financial period - profit	97,738	248,539
Foreign currency translation reserve	(48,002)	(49,847)
	2,721,314	2,790,761
NON-CONTROLLING INTEREST	35,429	41,864
TOTAL EQUITY	2,756,743	2,832,625
TOTAL LIABILITIES AND EQUITY	35,805,916	34,162,207

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	Unaudited 30-Jun-18	Audited 31-Dec-17
OFF-BALANCE SHEET ITEMS		
Financing Commitments		
Financing commitments given to banks & financial institutions	435,334	504,780
Financing commitments received from banks & financial institutions	101,963	77,318
Engagement to customers	2,013,885	2,075,265
Bank Guarantees		
Guarantees given to banks & financial institutions	183,356	158,498
Guarantees given to customers	870,272	872,728
Guarantees received from customers	28,070,519	27,135,358
Foreign Currencies Forwards		
Foreign currencies to receive	406,236	504,789
Foreign currencies to deliver	405,022	505,659
Claims from legal cases	44,468	44,493
Fiduciary assets	175,491	153,892
Asset under management	2,997,914	3,296,566
Bad debts fully provided for	216,635	216,576

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CONSOLIDATED INCOME STATEMENT

Period ended 30 June 2018 (LBP millions)	Unaudited 30-Jun-18	Unaudited 30-Jun-17
Interest and similar income	* 943,114	809,379
Interest and similar expense	(719,168)	(615,534)
NET INTEREST INCOME	223,946	193,845
Fees and Commissions income	77,512	67,532
Fees and Commissions expense	(6,463)	(6,001)
NET FEES AND COMMISSIONS INCOME	71,049	61,531
Net gain on financial assets fair value through profit or loss	8,983	29,057
of which: interest revenues/charges	2,482	20,812
Net gain on financial assets at fair value through other comprehensive income	4,112	4,406
Net gain or loss on financial assets at amortized cost	(50)	2,531
Other operating income	14,047	14,004
TOTAL OPERATING INCOME	322,087	305,374
Credit loss expense	(17,087)	(6,912)
NET OPERATING INCOME	305,000	298,462
Personnel expenses	(105,408)	(101,851)
Depreciation of property and equipment	(10,196)	(9,908)
Amortisation of intangibles assets	(56)	(56)
Other operating expenses	(62,939)	(61,887)
TOTAL OPERATING EXPENSES	(178,599)	(173,702)
OPERATING PROFIT	126,401	124,760
Provisions for risks and charges	(3,437)	(3,671)
Loss from discontinued operations	(2,472)	(309)
PROFIT BEFORE TAX	120,492	120,780
Income tax expense	(20,054)	(20,869)
PROFIT FOR THE PERIOD	100,438	99,911
Attributable to:		
Equity holders of the parent	97,738	96,860
Non-controlling interests	2,700	3,051
	100,438	99,911
Earnings per share		
Equity holders of the parent for the period:	LL	LL
Basic earnings per share	130.50	128.89
Diluted earnings per share	127.92	126.45

(*) Net of LL 42,240 million tax on interest as per law N.64 dated 26 October 2017.

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CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Period ended 30 June 2018 (LBP millions)	Unaudited 30-Jun-18	Unaudited 30-Jun-17
PROFIT FOR THE PERIOD	100,438	99,911
OTHER COMPREHENSIVE INCOME		
Items to be reclassified to the income statement in subsequent periods:		
Exchange difference on translation of foreign operations	(4,731)	8,275
Net other comprehensive (loss) gain to be reclassified to the income statement in subsequent periods	(4,731)	8,275
Items not to be reclassified to the income statement in subsequent periods:		
Net unrealized gain from financial assets at fair value through other comprehensive income	6,235	3,718
Income tax effect	(1,208)	(548)
Net other comprehensive income not to be reclassified to the income statement in subsequent periods	5,027	3,170
OTHER COMPREHENSIVE GAIN FOR THE PERIOD NET OF TAX	296	11,445
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD, NET OF TAX	100,743	111,356
Attributable to:		
Equity holders of the parent	98,106	108,452
Non-controlling interests	2,628	2,904
	100,734	111,356