



**Byblos Bank S.A.L**

**Highlights of the Board of Directors' report on  
the Audited Consolidated Financial Statements**

**as at 31/12/2018**

**to the General Assembly of Byblos Bank shareholders  
held on 17/04/2019**

## Key Performance Indicators as at 31 December 2018

USD Million	Dec-17	Dec-18	Growth Volume	Dec-18/Dec-17 %
Total Assets	22,661	25,008	2,346	10.4%
Total Deposits	18,002	18,467	465	2.6%
Total Net Loan Portfolio	5,449	5,442	(8)	-0.1%
Total NPL	229	224	(5)	-2.2%
Total Equity	2,160	2,203	44	2.0%
Total Lebanese Sovereign Exposure	5,443	5,150	(293)	-5.4%
<i>Out of which Treasury Bills</i>	3,297	3,136	(162)	-4.9%
<i>Out of which Central Bank CDs</i>	2,146	2,014	(132)	-6.1%
Total Loans / Assets	24.05%	21.76%		
Total Loans / Deposits	30.27%	29.47%		
Total NPL / Total Loans	4.06%	3.92%		
Total Provision to NPL *	82.59%	88.73%		
Coverage Ratio of non-performing loans **	60.86%	64.94%		
Leverage ratio	10.49 x	11.35 x		
Basle III Capital Adequacy Ratio	17.3%	17.8%		
Number of Employees ***	2,485	2,455	(30)	-1.2%
<i>Out of which insurance companies employees</i>	151	161	10	6.6%
Number of Branches ***	97	102	5	5.2%
Total Loans/Number of Staff	2.2	2.2		
Total Deposits/Number of Staff	7.2	7.5		
Total Assets/Number of Staff	9.1	10.2		
Net Income/Number of Staff	0.07	0.07		
Total Loans/Number of Branches	56.2	53.3		
Total Deposits/Number of Branches	185.6	181.1		
Total Assets/Number of Branches	233.6	245.2		
Net Income/Number of Branches	1.8	1.6		
USD Million	Dec-17	Dec-18	Growth Volume	Dec-18/Dec-17 %
Total Net Profit	170.1	164.1	(6.0)	-3.5%
Provision for doubtful loans (Specific & General)	25.5	38.3	12.8	50.2%
Provisions for Central Bank of Erbil****	0.0	(19.1)	(19.1)	0.0%
Recoveries	12.9	10.8	(2.1)	-16.2%
Total Corporate Taxes	32.1	38.1	6.0	18.7%
Return on Assets ROA	0.78%	0.69%		
Return on Common Equity ROCE	9.35%	8.73%		
Net Interest Margin	1.51%	1.52%		
Net Interest Spread	0.98%	0.99%		
Earning per Share EPS (common) in USD	0.24	0.22		
Price Earning P\ E (common)	6.79	6.11		
Market Price to Book Value	0.62	0.52		
Book Value per Share in USD	2.57	2.65		
General Expenses	226.8	232.3	5.5	2.4%
<i>Salaries and related staff expenses</i>	134.7	140.2	5.5	4.1%
<i>Operational Expenses</i>	78.2	78.8	0.6	0.8%
<i>Depreciation</i>	13.9	13.3	(0.6)	-4.5%
<i>Provision for risks and charges****</i>	6.3	19.7	13.4	211.5%
Cost-to-Income	50.7%	50.0%		
Operating expenses / Assets	1.06%	0.98%		

\* Provisions including specific, general, collective and reserved interests

\*\* Provisions include only specific and reserved interest on non-performing loans

\*\*\* Excluding Byblos Bank Syria & Byblos Bank Africa as at end Dec-2016

\*\*\*\* Specific provisions for \$19.2M which were constituted on the Central Bank of Erbil in 2015 were released and almost the same amount was constituted under provisions for risks and charges

## Growth

- Total assets amounted to LBP 37,699 billion (USD 25,008 million) at the end of Dec-2018 increasing by 10.4% (+LBP 3,537 billion/+ USD 2,346 million) compared to 2017.
- Cash and due from banks (including central bank) amounted to LBP 20,553 billion (USD 13,634 million) at the end of Dec-2018 increasing by 23.4% (+LBP 3,903 billion/+USD 2,589 million) from the end of Dec-2017.
- Total financial instruments amounted to LBP 8,097 billion (USD 5,371 million) at the end of Dec-2018 compared to LBP 8,520 billion (USD 5,652 million) at the end of Dec-2017, thus decreasing by 5%.
  - Lebanese sovereign exposure (Lebanese Government instruments and Central Bank CDs) decreased by 5.4% (- LBP 442 billion/ -USD 293 million) during 2018 to reach LBP 7,763 billion (USD 5,150 million) at the end of Dec-2018 representing 20.6% of total assets lower than the 24% at the end of Dec-2017.
- Net loan portfolio amounted to LBP 8,203 billion (USD 5,442 million) at the end of Dec-2018 decreasing by 0.1% compared to 2017.

The distribution of the gross loan portfolio by economic sector as the end of Dec-2018 was as follow:

<b>Loans by economic sector</b>	<b>Percentage</b>
Agriculture	1.6%
Industry	14.4%
Construction	13.8%
Trade (Wholesale & Retail)	21.2%
Services	12.1%
Others	0.5%
Retail	36.4%
- <i>Personal</i>	9.8%
- <i>Housing</i>	21.3%
- <i>Car</i>	1.6%
- <i>Credit Cards</i>	1.2%
- <i>Kafalat</i>	0.8%
- <i>Business</i>	1.5%
- <i>Others</i>	0.2%

- Total non-performing loans amounted to LBP 338 billion (USD 224 million) at the end of Dec-2018 representing 3.9% of total loans compared to 4% at the end of Dec-2017 and covered by specific provisions, collective provisions, and reserved interest by 88.7% at the end of Dec-2018 compared to 82.6% at the end of Dec-2017.
- Total customers' deposits amounted to LBP 27,839 billion (USD 18,467 million) at the end of Dec-2018 increasing by 2.6% (+LBP 701 billion/+USD 465 million) compared to 2017.
- Total equity amounted to LBP 3,322 billion (USD 2,203 million) at the end of Dec-2018 increasing by 2% (+LBP 66 billion/+USD 44 million).

## Profitability

- Net income amounted to LBP 247 billion (USD 164.1 million) in 2018 decreasing by 3.5% compared to 2017.
- ROA amounted to 0.69% at the end of Dec-2018 compared to 0.78% at the end of Dec-2017.
- ROCE amounted to 8.73% at the end of Dec-2018 compared to 9.35% at the end of Dec-2017.
- Net interest income amounted to LBP 498.5 billion (USD 330.7 million) in 2018 increasing by 10.5% compared to 2017.
  - Interest Income amounted to LBP 2,042 billion (USD 1,354.8 million) in 2018 compared to LBP 1,727 billion (USD 1,145.6 million) in 2017 increasing by 18.3%.
  - Interest Paid amounted to LBP 1,544 billion (USD 1,024.2 million) in 2018 compared to LBP 1,276 billion (USD 846.4 million) in 2017 increasing by 21%.
- Net Interest Spread reached 0.99% at the end of Dec-2018 compared to 0.98% at the end of Dec-2017.
- Net specific provisions allocated in 2018 amounted to LBP 55.5 billion (USD 36.8 million). The bank recovered LBP 16.3 billion (USD 10.8 million). General and collective provisions in 2018 amounted to LBP 2.3 billion (USD 1.5 million).
- Net commissions amounted to LBP 145 billion (USD 96.2 million) in 2018 compared to LBP 135 billion (USD 89.6 million) in 2017, therefore increasing by 7.4%.
- Net profit from financial operations (realized and unrealized) amounted to LBP -9.3 billion (USD -6.2 million) in 2018 compared to LBP 29.4 billion (USD 19.5 million) in 2017 decreasing by 132%.
- General expenses increased by 2.4% ( +LBP 8.3 billion/+USD 5.5 million) and amounted to LBP 350.2 billion (USD 232.3 million) in 2018.

- Salaries and staff expenses increased by 4.1% (+LBP 8.2 billion/+USD 5.5 million) and amounted to LBP 211.4 billion (USD 140.2 million) in 2018.
  - Other operating expenses increased by 0.8% (+LBP 0.9 billion/+USD 0.6 million) and amounted to LBP 118.8 billion (USD 78.8 million) in 2018.
- 
- Cost-to-income ratio amounted to 50.04% in 2018 compared to 50.68% in 2017.

**Income Appropriation – December 2018**

**Byblos Bank SAL**

	Distribution of Lbp 212 per Common Share Net Income		Total
	available for distribution in L.L Million	not available for distribution in L.L Million	in L.L Million
Byblos Bank Lebanon	191,696	8,322	200,018
Byblos Bank Cyprus	496		496
Byblos Bank Iraq	6,261		6,261
Less:			
<b>Appropriation to the required reserves</b>			
Appropriation to legal reserve - Iraq	(313)		(313)
Appropriation to legal reserve - Lebanon	(20,646)		(20,646)
Appropriation to Reserves for capital increase - gain on disposal of foreclosed properties as per Banking Control Commission circular no.173		(48)	(48)
Appropriation to Reserves for Foreclosed Properties	(3,326)		(3,326)
Transfer to General Reserves (non Distributable) the amount written back of deferred liabilities against IFRS 9 ECL provision constitution as per BDL circular 143		(8,274)	(8,274)
<b>Less:</b>	<b>174,168</b>	<b>0</b>	<b>174,168</b>
Dividends for Preferred Shares 2008-2009 series - (8 US\$ per share (CV Lbp 12,128 ) (Lbp 10,915.2 net of 10% distribution tax)	(48,512)		(48,512)
<b>Add:</b>	<b>125,656</b>	<b>0</b>	<b>125,656</b>
Retained earning as of 31-Dec-2018	22,835	124	22,960
Unrealized Loss on Portfolio Held at Fair Value through PL	105	(105)	0
<b>Less:</b>	<b>148,597</b>	<b>19</b>	<b>148,616</b>
Dividends for common shares (LBP 200 per share, Lbp 180 net of 10% distribution tax)	(119,889)		(119,889)
<b>Retained Earning 2019</b>	<b>28,708</b>	<b>19</b>	<b>28,727</b>

Semaan Bassil  
Chairman – General Manager  
17 April 2019