

Byblos Bank Announces Financial Results for First Half of 2019

USD Million	H1 2018	H1 2019
Net Profit	67	60
Total Assets	23,759	25,652
Customer Deposits	18,327	18,458
Net Advances to Customers	5,497	5,132
Total Equity	2,107	2,154
Net Interest Margin	1.42%	1.07%
Operating Expenses/Average Assets	1.03%	0.96%
Offshore Foreign Currency Liquidity/ FCY Customer Deposits	15.50%	15.57%
Provisioning Coverage Ratio of Doubtful Loans	87.56%	90.23%

BEIRUT, 29 JULY 2019: Amid a persistently challenging operating environment, Byblos Bank posted a net profit of USD 60 million in the first half of 2019, a drop of USD 7 million or 10.8% from the same period of 2018. These results are explained by a sharp drop in the net interest margin that is characterized by a volatile market in Lebanon in the first 6 months of 2019; and by the Bank's continued commitment to a conservative risk management strategy confirmed by high liquidity ratios.

Byblos Bank holds available accounts and short-term placements with investment-grade international banks that represent 15.57% of foreign currency customer deposits, a ratio well above internal and international benchmarks. The Bank's Basel III solvency ratio at 18.4% compared to a regulatory ratio of 15% follows the same line.

The Bank kept containing its operating costs by implementing a series of measures aimed at optimizing productivity and reducing costs. The ratio of operating expenses to average assets improved to 0.96% at end-June 2019 from 1.03% at end-June 2018.

In a relatively difficult economic environment, Byblos Bank has effectively kept on managing its credit risk, which led to lower levels of loans to customers in the first half of 2019. The Bank continued to achieve a comfortable provision coverage ratio of doubtful loans equal to 90.23% and an acceptable (gross) non-performing loan ratio of 4.37%, a number that drops to 1.43% after netting related provisions and interests reserved.

Byblos Bank remains confident in the economic future of the country, and keen on preserving the interests of its depositors, shareholders and other stakeholders.

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BYBLOS BANK ^{SAL}

CONSOLIDATED FINANCIAL STATEMENTS AS AT 30 JUNE 2019

**CAPITAL LBP 689,113,198,400
FULLY PAID, TOTAL EQUITY
LBP 3,240,748,339,000**

**C.R.B.14150, LIST OF BANKS NO. 39,
HEAD OFFICE - BEIRUT**

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2019 (LBP millions)	Unaudited 30-Jun-19	Audited 31-Dec-18
Cash and balances with central banks	17,994,365	16,324,122
Due from banks and financial institutions	3,780,016	3,864,751
Loans to banks and financial institutions and reverse repurchase agreements	293,164	363,633
Derivative financial instruments	1,269	1,899
Financial assets held at fair value through profit or loss	91,198	90,490
Net loans and advances to customers at amortized cost	7,713,137	8,178,229
Net loans and advances to related parties at amortized cost	23,867	24,931
Debtors by acceptances	295,487	362,091
Financial assets held at fair value through other comprehensive income	275,602	228,429
Financial assets held at amortized cost	7,699,615	7,776,276
Property and equipment	318,582	289,537
Intangible assets	97	153
Assets taken in settlement of debt	53,883	51,405
Other assets	121,559	141,882
TOTAL ASSETS	38,661,841	37,697,828

LIABILITIES AND EQUITY

As at 30 June 2019 (LBP millions)	Unaudited 30-Jun-19	Audited 31-Dec-18
LIABILITIES		
Due to central banks	5,032,686	3,870,523
Due to banks and financial institutions	1,274,225	1,266,070
Derivative financial instruments	1,009	1,802
Customers' deposits at amortized cost	27,534,397	27,418,142
Deposits from related parties at amortized cost	291,563	421,172
Engagements by acceptances	295,874	362,091
Debt issued and other borrowed funds	451,350	451,301
Other liabilities	335,057	354,777
Provisions for risks and charges	204,933	230,423
Subordinated notes	428,199	426,418
TOTAL LIABILITIES	35,849,293	34,802,719

EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT

As at 30 June 2019 (LBP millions)	Unaudited 30-Jun-19	Audited 31-Dec-18
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)	1,025,813	982,040
Reserves available for distribution	125,679	116,652
Treasury shares	(7,660)	(7,105)
Retained earnings	95,641	77,050
Revaluation reserve of real estate	5,689	5,689
Change in fair value of financial assets at fair value through other comprehensive income	(16,242)	(15,462)
Net results of the financial period - profit	86,291	238,940
Foreign currency translation reserve	(50,246)	(50,603)
	2,774,175	2,856,411
NON-CONTROLLING INTEREST	38,373	38,698
TOTAL EQUITY	2,812,548	2,895,109
TOTAL LIABILITIES AND EQUITY	38,661,841	37,697,828

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2019 (LBP millions)	Unaudited 30-Jun-19	Audited 31-Dec-18
OFF-BALANCE SHEET ITEMS		
Financing Commitments		
Financing commitments given to banks & financial institutions	291,928	466,236
Financing commitments received from banks & financial institutions	89,373	106,946
Engagements to customers	1,728,400	2,118,760
Bank Guarantees		
Guarantees given to banks & financial institutions	157,855	194,968
Guarantees given to customers	840,814	869,333
Guarantees received from customers	27,994,485	28,046,500
Foreign Currencies Forwards		
Foreign currencies to receive	265,841	330,105
Foreign currencies to deliver	265,659	330,010
Claims from legal cases	66,865	66,865
Fiduciary assets	193,835	193,835
Assets under management	2,568,859	2,569,033
Bad debts fully provided for	234,235	241,184

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Period ended 30 June 2019 (LBP millions)	Unaudited 30-Jun-19	Unaudited 30-Jun-18
PROFIT FOR THE PERIOD	90,280	100,851
OTHER COMPREHENSIVE INCOME (LOSS)		
Items to be reclassified to the income statement in subsequent periods:		
Exchange difference on translation of foreign operations	437	(4,760)
Net other comprehensive gain (loss) to be reclassified to the income statement in subsequent periods	437	(4,760)
Items not to be reclassified to the income statement in subsequent periods:		
Net unrealized loss from financial assets at fair value through other comprehensive income	(945)	(10,929)
Income tax effect	165	1702
	(780)	(9,227)
Net other comprehensive (loss) income not to be reclassified to the income statement in subsequent periods	(780)	(9,227)
OTHER COMPREHENSIVE LOSS FOR THE PERIOD NET OF TAX	(343)	(13,987)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD, NET OF TAX	89,937	86,864
Attributable to:		
Equity holders of the parent	85,890	85,059
Non-controlling interests	4,047	1,805
	89,937	86,864

CONSOLIDATED INCOME STATEMENT

Period ended 30 June 2019 (LBP millions)	Unaudited 30-Jun-19	Unaudited 30-Jun-18
Interest and similar income	1,222,745	986,646
Less: Tax on interest	(53,790)	(42,240)
Interest and similar income (net of tax on interest)	1,168,955	944,406
Interest and similar expense	(983,011)	(720,413)
NET INTEREST INCOME	185,944	223,993
Fees and Commissions income	76,580	77,512
Fees and Commissions expense	(6,754)	(6,463)
NET FEES AND COMMISSIONS INCOME	69,826	71,049
Net gain on financial assets at fair value through profit or loss	12,821	9,886
Revenue from financial assets at fair value through other comprehensive income	2,555	4,565
Net gain (loss) on financial assets at amortized cost	6,225	(50)
Other operating income	24,582	20,710
TOTAL OPERATING INCOME	301,953	330,153
Net impairment on financial assets	(8,266)	(24,128)
NET OPERATING INCOME	293,687	306,025
Personnel expenses	(105,612)	(105,337)
Depreciation of property and equipment	(11,146)	(10,252)
Other operating expenses	(64,940)	(63,665)
TOTAL OPERATING EXPENSES	(181,698)	(179,254)
OPERATING PROFIT	111,989	126,771
Provisions for risks and charges	(5,049)	(3,437)
Net gain from disposal of property and equipment	2,244	43
PROFIT BEFORE TAX FROM CONTINUING OPERATIONS	109,184	123,377
Income tax expense	(18,904)	(20,054)
PROFIT AFTER TAX FROM CONTINUING OPERATIONS	90,280	103,323
DISCONTINUED OPERATIONS		
Loss from discontinued operations, net of tax	-	(2,472)
PROFIT FOR THE PERIOD	90,280	100,851
Attributable to:		
Equity holders of the parent	86,291	97,904
Non-controlling interests	3,989	2,947
	90,280	100,851
Earnings per share		
Equity holders of the parent for the period:	LL	LL
Basic earnings per share	110.24	130.79
Diluted earnings per share	110.24	127.70