



Byblos Bank Posts Adequate Financial Results in First Quarter of 2018

Consolidated Activity Highlights as at 31 March 2018:

- USD 23.1 billion in Assets
- USD 18.1 billion in Deposits
- USD 5.5 billion in Net Loans
- USD 2.2 billion in Total Equity
- USD 28 million in Net Profit

Byblos Bank Headquarters, Wednesday, 25 March 2018: Byblos Bank keeps its prudent strategy unchanged by maintaining high liquidity levels in view of the state of instability in the region.

In the first quarter of 2018, the recently introduced “double taxation” on banks in Lebanon has started to adversely affect the Bank’s profitability, as net interest margin dropped by 10 basis points to 1.29%. As a measure originally intended to help the government reduce its budget deficit and enact overdue but necessary reforms, this “double taxation” is nonetheless expected to decrease the profitability of the banking sector in 2018. In the first quarter of 2018, Byblos Bank’s Net Profit stood at USD 28 million (a decrease of 3% in comparison with the first quarter of 2017).

Byblos Bank’s Board of Directors and Management is looking forward to see policymakers take concrete – and most likely painful — actions to tackle some of the most pressing policy issues and enact medium- and long-term macroeconomic reforms to improve governance and accountability within the public sector; offer efficient and affordable social services; and create a business friendly environment. The Board of Directors and Management of Byblos Bank consider CEDRE conference as a critical opportunity that offers the needed momentum for the upcoming parliament and council of ministers to resume the needed reforms and investment projects.

Meanwhile, the Bank remains fully committed to its conservative strategy by focusing, among others, on maintaining asset quality and capital protection, rather than maximizing return for the short term and engaging in unnecessary risks. It also looks to cautiously grow and diversify its loan portfolio for individuals and businesses. The Bank’s Net Interest Income will continue to account for more than 70% of its Operating Income. As at end March 2018, its Net Customer Loans reached USD 5.5 billion (+1.8% as compared to end December 2017), while its Customer

Deposits stood at USD 18.1 billion (+0.7% as compared to end December 2017), which leaves the Bank with a strong potential to expand its lending portfolio when the economic recovery picks up in Lebanon and in the overseas markets where it operates. Cost was maintained under strict control, with Operating Expenses to Average Total Assets improving to 1.06% versus 1.09% in the same period of last year.

For more information, please contact:

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BYBLOS BANK ^{SAL}

CONSOLIDATED FINANCIAL STATEMENTS AS AT 31 MARCH 2018

CAPITAL LBP 689,113,198,400
FULLY PAID, TOTAL EQUITY LBP
3,301,952,065,000

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

ASSETS

As at 31 March 2018 (LBP millions)	Unaudited 31-Mar-18	Audited 31-Dec-17
Cash and balances with central banks	12,792,614	11,966,804
Due from banks and financial institutions	3,568,790	3,928,586
Loans to banks and financial institutions and reverse repurchase agreements	606,410	754,394
Financial assets given as collateral	1,129,597	735,962
Derivative financial instruments	2,449	2,790
Shares and participations held at fair value through profit or loss	31,921	31,834
Debt instruments and other financial assets held at fair value through profit or loss	212,491	224,191
Net loans and advances to customers at amortized cost	8,342,760	8,192,985
Net loans and advances to related parties at amortized cost	23,150	22,030
Debtors by acceptances	331,424	354,023
Shares and participations held at fair value through other comprehensive income	111,836	108,552
Debt instruments held at amortized cost	7,183,243	7,419,388
Property and equipment	272,374	273,437
Intangible assets	239	267
Assets taken in settlement of debt	44,948	44,891
Other assets	135,038	102,073
TOTAL ASSETS	34,789,284	34,162,207

LIABILITIES AND EQUITY

As at 31 March 2018 (LBP millions)	Unaudited 31-Mar-18	Audited 31-Dec-17
LIABILITIES		
Due to central banks	1,740,202	1,374,837
Due to banks and financial institutions	958,513	972,315
Derivative financial instruments	2,370	3,544
Customers' deposits at amortized cost	26,961,818	26,757,716
Deposits from related parties at amortized cost	375,271	380,790
Engagements by acceptances	331,424	354,023
Debt issued and other borrowed funds	461,138	453,556
Other liabilities	281,059	258,870
Provisions for risks and charges	375,539	350,936
Subordinated notes	423,774	422,995
TOTAL LIABILITIES	31,911,108	31,329,582

EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT

As at 31 March 2018 (LBP millions)	Unaudited 31-Mar-18	Audited 31-Dec-17
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)	931,356	924,812
Reserves available for distribution	119,149	110,616
Treasury shares	(6,255)	(6,002)
Retained earnings	285,555	52,282
Revaluation reserve of real estate	5,689	5,689
Reserve on revaluation of financial assets at fair value through OCI	(2,159)	(4,538)
Net results of the financial year - profit	40,881	248,539
Foreign currency translation reserve	(44,086)	(49,847)
	2,839,340	2,790,761
NON-CONTROLLING INTEREST	38,836	41,864
TOTAL EQUITY	2,878,176	2,832,625
TOTAL LIABILITIES AND EQUITY	34,789,284	34,162,207

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2018 (LBP millions)	Unaudited 31-Mar-18	Audited 31-Dec-17
OFF-BALANCE SHEET ITEMS		
Financing Commitments		
Financing commitments given to banks & financial institutions	315,667	504,780
Financing commitments received from banks & financial institutions	105,726	77,318
Engagement to customers	2,159,462	2,075,265
Bank guarantees		
Guarantees given to banks & financial institutions	178,426	158,498
Guarantees given to customers	882,469	872,728
Guarantees received from customers	27,793,971	27,135,358
Foreign Currencies Forwards		
Foreign currencies to receive	593,809	504,789
Foreign currencies to deliver	593,506	505,659
Claims from legal cases	44,487	44,493
Fiduciary assets	172,095	153,892
Asset under management	3,425,847	3,296,566
Bad debts fully provided for	216,635	216,576

CONSOLIDATED INCOME STATEMENT

Period ended 31 March 2018 (LBP millions)	Unaudited 31-Mar-18	Unaudited 31-Mar-17
Interest and similar income	452,683	397,818
Interest and similar expense	(347,500)	(301,968)
NET INTEREST INCOME	105,183	95,850
Fees and Commissions income	40,259	35,104
Fees and Commissions expense	(3,162)	(3,033)
NET FEES AND COMMISSIONS INCOME	37,097	32,071
Net gain from financial instruments at fair value through profit or loss	7,826	16,899
of which: interest revenues/charges	3,394	11,997
Net gain or loss on financial assets at amortized cost	257	1,190
Revenue from financial assets at fair value through other comprehensive income	1,143	8
Other operating income	3,571	3,635
TOTAL OPERATING INCOME	155,077	149,653
Credit loss expense	(5,590)	(3,938)
NET OPERATING INCOME	149,487	145,715
Personnel expenses	(53,350)	(50,721)
Depreciation and amortization	(5,099)	(4,951)
Amortisation of intangibles assets	(28)	(28)
Other operating expenses	(32,968)	(30,227)
TOTAL OPERATING EXPENSES	(91,445)	(85,927)
OPERATING PROFIT	58,042	59,788
Provisions for risks and charges	(4,459)	(3,233)
PROFIT BEFORE TAX	53,583	56,555
Income tax expense	(11,597)	(13,230)
PROFIT FOR THE PERIOD	41,986	43,325
Attributable to:		
Equity holders of the parent	40,881	41,898
Minority interests	1,105	1,427
	41,986	43,325
Earnings per share		
Equity holders of the parent for the period:	LL	LL
Basic earnings per share	51.07	52.85
Diluted earnings per share	51.07	52.85

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Period ended 31 March 2018 (LBP millions)	Unaudited 31-Mar-18	Unaudited 31-Mar-17
PROFIT FOR THE PERIOD	41,986	43,325
OTHER COMPREHENSIVE INCOME		
Items to be reclassified to the income statement in subsequent periods:		
Exchange difference on translation of foreign operations	5,531	3,431
Net other comprehensive gain to be reclassified to the income statement in subsequent periods	5,531	3,431
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	5,988	4,629
Income tax effect	(898)	(694)
	5,090	3,935
Net other comprehensive income not to be reclassified to the income statement in subsequent periods	5,090	3,935
OTHER COMPREHENSIVE GAIN FOR THE PERIOD NET OF TAX	10,621	7,366
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD, NET OF TAX	52,607	50,691
Attributable to:		
Equity holders of the parent	51,543	49,371
Non-controlling interests	1,064	1,320
	52,607	50,691