

Byblos Bank Announces 3rd Quarter Results

Consolidated Activity Highlights as at end-September 2018:

- *USD 24.4 billion in Assets*
- *USD 18.4 billion in Customer Deposits*
- *USD 5.6 billion in Customer Loans*
- *USD 2.1 billion in Total Equity*
- *USD 114 million in Net Profit*

Byblos Bank Headquarters, Monday, 29 October 2018: Byblos Bank posted adequate net profits of USD 114 million for the first nine months of 2018, falling just 0.2% from the same period of 2017 despite adverse conditions. The lack of profit growth is mainly attributable to the effects of the “double taxation” implemented earlier this year. As a result of this situation, Byblos Bank’s average return on common equity, as at end-September 2018, came to 8.06%, just shy of the 8.32% recorded the previous year.

Byblos Bank’s overall performance falls within the parameters of its risk-averse strategy, which the Board of Directors has pursued in the recent years in order to shield the Bank against uncertain events. This strategy has been successful in preserving Byblos Bank’s strong financial position despite many challenges. It involves maintaining high liquidity levels and proactively managing the Bank’s exposure to sovereign debt in order to mitigate pertinent risks, including that of interest-rate fluctuations.

Thanks to this approach and the other conservative measures it entails, short-term foreign currency liquidity – in the form of short-term placements with above-investment-grade institutions – accounted for 13.5% of foreign currency deposits as at end-September 2018, surpassing both internal and international benchmarks, as well as the 8.7% average for the Lebanese banking sector as at end-August 2018. Furthermore, Byblos Bank’s Basel III Capital Adequacy Ratio remained above 17%, once again easily beating the regulatory requirement of 15%.

The Bank also continued to carefully monitor its customer loan portfolio, maintaining adequate provisioning with a substantial coverage ratio of 90.35% for the first nine months of 2018, and keeping its non-performing loans ratio to a low 4.22%. In addition, it has remained close to its customers, working with those who have been negatively affected by slower economic growth and other adverse conditions, to help them find workable solutions.

Many of the local and regional factors that have contributed to this slowdown remain in effect, which means they will continue to erode the financial positions of companies and consumers alike. Remittances from Lebanese expatriates working in Africa and the Gulf are still stagnant, tourist arrivals from the Gulf are still well below historical averages, the Syria war is still limiting Lebanese exports to other Arab countries, and unsold properties are becoming a strain on the local real estate market. The situation is compounded, too, by the rising costs of doing business in Lebanon, including: higher taxes, costlier imports caused by the appreciation of the Euro, rises in energy prices, and deteriorating public services.

Every day, the need for a new Lebanese government to be formed becomes more urgent. It has been six months since the May 2018 elections, and the issues facing the country and its economy will not go away. A fresh Cabinet will have the mandate to undertake new infrastructure projects and other effective measures, and to work with Parliament on enacting and implementing key reforms required to improve service delivery, restore consumer and investor confidence, and revive economic growth.

For more information, please contact:

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CONSOLIDATED FINANCIAL STATEMENTS AS AT 30 SEPTEMBER 2018

CAPITAL LBP 689,113,198,400
FULLY PAID, TOTAL EQUITY LBP
3,233,094,291,000

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

ASSETS As at 30 September 2018 (LBP millions)	Unaudited	Audited
	30-Sep-18	31-Dec-17
ASSETS		
Cash and balances with central banks	15,193,423	11,966,804
Due from banks and financial institutions	2,966,357	3,928,586
Loans to banks and financial institutions and reverse repurchase agreements	869,405	754,394
Financial assets given as collateral	1,222,026	735,962
Derivative financial instruments	2,184	2,790
Financial assets held at fair value through profit or loss	77,153	256,025
Net loans and advances to customers at amortized cost	8,371,035	8,192,985
Net loans and advances to related parties at amortized cost	23,673	22,030
Debtors by acceptances	412,945	354,023
Financial assets held at fair value through other comprehensive income	238,843	108,552
Financial assets held at amortized cost	6,906,034	7,419,388
Property and equipment	278,344	273,437
Intangible assets	182	267
Assets taken in settlement of debt	47,881	44,891
Other assets	141,383	102,073
TOTAL ASSETS	36,750,868	34,162,207

LIABILITIES AND EQUITY

As at 30 September 2018 (LBP millions)	Unaudited	Audited
	30-Sep-18	31-Dec-17
LIABILITIES		
Due to central banks	3,324,963	1,374,837
Due to banks and financial institutions	1,027,370	972,315
Derivative financial instruments	1,545	3,544
Customers' deposits at amortized cost	27,297,458	26,757,716
Deposits from related parties at amortized cost	413,305	380,790
Engagements by acceptances	412,945	354,023
Debt issued and other borrowed funds	459,751	453,556
Other liabilities	261,346	258,870
Provisions for risks and charges	319,091	350,936
Subordinated notes	425,499	422,995
TOTAL LIABILITIES	33,943,273	31,329,582

EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT

As at 30 September 2018 (LBP millions)	Unaudited	Audited
	30-Sep-18	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)	981,874	924,812
Reserves available for distribution	116,652	110,616
Treasury shares	(6,798)	(6,002)
Retained earnings	60,644	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	(13,916)	(4,538)
Net results of the financial period - profit	166,997	248,539
Foreign currency translation reserve	(48,313)	(49,847)
	2,772,039	2,790,761
NON-CONTROLLING INTEREST	35,556	41,864
TOTAL EQUITY	2,807,595	2,832,625
TOTAL LIABILITIES AND EQUITY	36,750,868	34,162,207

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 September 2018 (LBP millions)	Unaudited 30-Sep-18	Audited 31-Dec-17
OFF-BALANCE SHEET ITEMS		
Financing Commitments		
Financing commitments given to banks & financial institutions	325,968	504,780
Financing commitments received from banks & financial institutions	92,373	77,318
Engagement to customers	2,136,687	2,075,265
Bank guarantees		
Guarantees given to banks & financial institutions	185,372	158,498
Guarantees given to customers	855,757	872,728
Guarantees received from customers	28,554,509	27,135,358
Foreign Currencies Forwards		
Foreign currencies to receive	393,099	504,789
Foreign currencies to deliver	392,453	505,659
Claims from legal cases	44,468	44,493
Fiduciary assets	175,536	153,892
Asset under management	2,719,496	3,296,566
Bad debts fully provided for	211,497	216,576

CONSOLIDATED INCOME STATEMENT

Period ended 30 September 2018 (LBP millions)	Unaudited 30-Sep-18	Unaudited 30-Sep-17
Interest and similar income	1,546,869	1,251,135
Less: Tax on interest	(68,054)	-
Interest and similar income (net of tax on interest)	1,478,815	1,251,135
Interest and similar expense	(1,117,186)	(941,160)
NET INTEREST INCOME	361,629	309,975
Fees and Commissions income	116,533	106,300
Fees and Commissions expense	(10,048)	(9,385)
NET FEES AND COMMISSIONS INCOME	106,485	96,915
Net gain on financial assets fair value through profit or loss	18,349	39,918
of which: interest revenues/charges	2,986	27,103
Net gain on financial assets at fair value through other comprehensive income	5,595	4,443
Net gain or loss on financial assets at amortized cost	(1,924)	31,907
Other operating income	16,160	19,676
TOTAL OPERATING INCOME	506,294	502,834
Credit loss expense	(23,703)	(21,552)
NET OPERATING INCOME	482,591	481,282
Personnel expenses	(157,116)	(153,930)
Depreciation of property plant and equipment	(15,228)	(14,997)
Amortisation of intangibles assets	(85)	(85)
Other operating expenses	(93,578)	(93,802)
TOTAL OPERATING EXPENSES	(266,007)	(262,814)
OPERATING PROFIT	216,584	218,468
Provisions for risks and charges	(4,023)	(8,317)
Loss from discontinued operations	(2,472)	-
PROFIT BEFORE TAX	210,089	210,151
Income tax expense	(37,737)	(37,500)
PROFIT FOR THE PERIOD	172,352	172,651
Attributable to:		
Equity holders of the parent	166,997	167,309
Non-controlling interests	5,355	5,342
	172,352	172,651
Earnings per share		
Equity holders of the parent for the period:	LL	LL
Basic earnings per share	231.93	232.44
Diluted earnings per share	221.86	222.08

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Period ended 30 September 2018 (LBP millions)	Unaudited 30-Sep-18	Unaudited 30-Sep-17
PROFIT FOR THE PERIOD	172,352	172,651
OTHER COMPREHENSIVE INCOME		
Items to be reclassified to the income statement in subsequent periods:		
Exchange difference on translation of foreign operations	(4,945)	12,891
Net other comprehensive (loss) gain to be reclassified to the income statement in subsequent periods	(4,945)	12,891
Items not to be reclassified to the income statement in subsequent periods:		
Net unrealized (loss) gain from financial assets at fair value through other comprehensive income	(10,608)	7,192
Income tax effect	1,230	(1,069)
Net other comprehensive (loss) income not to be reclassified to the income statement in subsequent periods	(9,378)	6,123
OTHER COMPREHENSIVE (LOSS) GAIN FOR THE PERIOD NET OF TAX	(14,323)	19,014
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD, NET OF TAX	158,029	191,665
Attributable to:		
Equity holders of the parent	155,430	186,581
Non-controlling interests	2,599	5,084
	158,029	191,665