

Byblos Bank Announces 2018 Results

USD Million	2017	2018
Net Profit	170	165
Average Return on Common Equity	9.35%	8.76%
Total Assets	22,661	25,000
Customer Deposits	18,002	18,467
Net Advances to Customers	5,449	5,448
Total Equity	2,160	2,203
Net Interest Margin	1.51%	1.54%
Operating Expenses/Average Assets	1.06%	0.98%
Cost-to-Income Ratio	50.68%	49.73%
Offshore Foreign Currency Liquidity/ FCY Customer Deposits	16.45%	16.51%
Loan Provisioning Coverage Ratio	82.59%	86.95%

Byblos Bank Headquarters, Tuesday, 29 January 2019: Byblos Bank's performance for the year 2018 was in line with expectations. The Bank posted adequate net profits of USD 165 million for 2018, a decrease of 3.3% (-USD 5.6 million) from 2017 but acceptable given the adverse economic conditions. The lack of profit growth is attributable to several factors, including the effects of the first full accounting year under the "double taxation" on banks, the opportunity cost of maintaining high liquidity, as well as the increase in provisions allocated for possible loan losses due to the deteriorating financial and economic environment. As a result, average return on common equity stood at 8.76% as at end-December 2018, down from 9.35% the previous year.

Short-term foreign currency liquidity – in the form of short-term placements with above-investment-grade institutions – accounted for 16.51% of foreign currency deposits as at end-December 2018, surpassing both internal and international benchmarks. Furthermore, the Bank's Basel III Capital Adequacy Ratio remained at over 17%, once again well above the minimum regulatory requirement of 15%.

Byblos Bank also continues to efficiently manage its costs, which enabled it to reduce its ratio of operating expenses to average assets to 0.98% as at end-2018, compared to 1.06% for 2017.

Furthermore, Byblos Bank ensured sufficient loan provisioning for the year 2018, with a comfortable coverage ratio of 86.95% against an acceptable non-performing loan ratio of 4.31%. This was thanks to proactive work by the Bank's various teams in providing credit solutions to the borrowing relationships affected by the continuingly weak economic growth.

During 2019, Byblos Bank will stand by its successful policy of prudence in view of additional geopolitical challenges, and continue to consider taking any additional precautions which may be required to protect the interests of its customers and its shareholders. Last but not least, Byblos Bank's teams will continue to push technology and human resources initiatives in order to further improve services to its customers, reduce costs, and improve productivity.

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CONSOLIDATED FINANCIAL STATEMENTS AS AT 31 DECEMBER 2018

**CAPITAL LBP 689,113,198,400 FULLY PAID,
TOTAL EQUITY LBP 3,322,224,164,000 | C.R.B.14150,
LIST OF BANKS NO. 39, HEAD OFFICE - BEIRUT**



CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2018 (LBP millions)

	Unaudited 31-Dec-18	Audited 31-Dec-17
ASSETS		
Cash and balances with central banks	16,327,190	11,966,804
Due from banks and financial institutions	3,864,630	3,928,586
Loans to banks and financial institutions and reverse repurchase agreements	363,801	754,394
Derivative financial instruments	1,929	2,790
Financial assets held at fair value through profit or loss	76,061	256,025
Net loans and advances to customers at amortized cost	8,180,707	8,192,985
Net loans and advances to related parties at amortized cost	24,555	22,030
Debtors by acceptances	362,091	354,023
Financial assets held at fair value through other comprehensive income	228,441	108,552
Financial assets held at amortized cost	7,775,956	8,155,350
Property and equipment	289,600	273,437
Intangible assets	153	267
Assets taken in settlement of debt	51,405	44,891
Other assets	141,888	102,073
TOTAL ASSETS	37,688,407	34,162,207



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CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 September 2018 (LBP millions)	Unaudited 31-Dec-18	Audited 31-Dec-17
LIABILITIES AND EQUITY		
LIABILITIES		
Due to central banks	3,870,523	1,374,837
Due to banks and financial institutions	1,266,070	972,315
Derivative financial instruments	1,832	3,544
Customers' deposits at amortized cost	27,418,331	26,757,716
Deposits from related parties at amortized cost	420,983	380,790
Engagements by acceptances	362,091	354,023
Debt issued and other borrowed funds	451,301	453,556
Other liabilities	341,330	258,870
Provisions for risks and charges	233,726	350,936
Subordinated notes	426,418	422,995
TOTAL LIABILITIES	34,792,605	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	229,013	229,014
Issue premium – Preferred shares	591,083	591,083
Reserves not available for distribution (legal and statutory)	982,040	924,812
Reserves available for distribution	116,652	110,616
Treasury shares	(7,105)	(6,002)
Retained earnings	77,050	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	(15,462)	(4,538)
Net results of the financial year - profit	239,571	248,539
Foreign currency translation reserve	(50,540)	(49,847)
	2,857,104	2,790,761
NON-CONTROLLING INTERESTS	38,698	41,864
TOTAL EQUITY	2,895,802	2,832,625
TOTAL LIABILITIES AND EQUITY	37,688,407	34,162,207



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CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2018 (LBP millions)

	Unaudited 31-Dec-18	Audited 31-Dec-17
OFF-BALANCE SHEET ITEMS		
Financing commitments		
Financing commitments given to banks and financial institutions	466,236	504,780
Financing commitments received from banks and financial institutions	106,946	77,318
Engagement to customers	2,118,760	2,075,265
Bank guarantees		
Guarantees given to banks and financial institutions	194,968	158,498
Guarantees given to customers	869,333	872,728
Guarantees received from customers	28,046,500	27,135,358
Foreign currencies forwards		
Foreign currencies to receive	330,105	504,789
Foreign currencies to deliver	330,010	505,659
Claims from legal cases	44,462	44,493
Fiduciary assets	193,835	153,892
Asset under management	2,569,033	3,296,566
Bad debts fully provided for	241,184	216,576



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CONSOLIDATED INCOME STATEMENT

Year ended 31 December 2018 (LBP millions)	Unaudited 31-Dec-18	Audited 31-Dec-17
Interest and similar income	2,118,213	1,697,989
Less: Tax on interest	(93,291)	(3,780)
Interest and similar income (net of tax on interest)	2,024,922	1,694,209
Interest and similar expense	(1,543,946)	(1,275,961)
NET INTEREST INCOME	480,976	418,248
Fees and commissions income	157,483	145,645
Fees and commissions expense	(12,420)	(10,610)
NET FEES AND COMMISSIONS INCOME	145,063	135,035
Net gain on financial assets fair value through profit or loss	16,451	47,180
of which: interest revenues/charges	3,710	32,628
Revenue from financial assets at fair value through other comprehensive income	23,254	4,444
of which: interest revenues/charges	17,685	-
Net (loss) gain on financial assets at amortized cost	(3,119)	36,233
Other operating income	41,424	29,492
TOTAL OPERATING INCOME	704,049	670,632
Credit loss expense	(32,824)	(18,933)
NET OPERATING INCOME	671,225	651,699
Personnel expenses	(211,334)	(203,013)
Depreciation of property plant and equipment	(19,955)	(20,900)
Amortisation of intangibles assets	(114)	(114)
Other operating expenses	(118,758)	(117,869)
TOTAL OPERATING EXPENSES	(350,161)	(341,896)
OPERATING PROFIT	321,064	309,803
Provisions for risks and charges	(13,326)	(9,528)
Loss (gain) from discontinued operations	(2,472)	4,612
PROFIT BEFORE TAX	305,266	308,667
Income tax expense	(57,241)	(48,433)
PROFIT FOR THE YEAR	248,025	256,454
Attributable to:		
Equity holders of the parent	239,571	248,539
Non-controlling interests	8,454	7,915
	248,025	256,454
Earnings per share		
Equity holders of the parent for the year:	LL	LL
Basic earnings per share	339.27	355.14
Diluted earnings per share	319.68	333.57



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CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 December 2018 (LBP millions)	Unaudited 31-Dec-18	Audited 31-Dec-17
PROFIT FOR THE YEAR	248,025	256,454
OTHER COMPREHENSIVE INCOME (LOSS)		
Items to be reclassified to the income statement in subsequent periods:		
Exchange difference on translation of foreign operations	(7,300)	15,661
Net other comprehensive gain (loss) to be reclassified to the income statement in subsequent periods	(7,300)	15,661
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	(13,149)	6,026
Income tax effect	2,225	(1,445)
	(10,924)	4,581
Re-measurement gains on defined benefit plans	15,975	2,164
Net other comprehensive (loss) income not to be reclassified to the income statement in subsequent periods	5,051	6,745
OTHER COMPREHENSIVE (LOSS) GAIN FOR THE YEAR NET OF TAX	(2,249)	22,406
TOTAL COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX	245,776	278,860
Attributable to:		
Equity holders of the parent	238,501	270,779
Non-controlling interests	7,275	8,081
	245,776	278,860

