



Byblos Bank confirms its solid financial position at end 2017

Consolidated Activity Highlights as at end-December 2017:

- USD 22.7 billion in Assets
- USD 18 billion in Deposits
- USD 5.4 billion in Loans
- USD 2.2 billion in Total Equity
- USD 170 million in Net Profit

Byblos Bank Headquarters, Monday 29 January 2018: The domestic political crisis, during the last quarter of 2017, demonstrated Byblos Bank's wise strategy for maintaining high liquidity levels to mitigate the effects of unpredictable shocks. Given Lebanon's conditions, Byblos Bank's Board of Directors and Management remain fully committed to their conservative strategy by focusing, among others, on maintaining asset quality and protecting capital, rather than maximizing return for the short term and engaging in unnecessary risks.

Thanks to its proactive and effective management of its sovereign debt, along with its high liquidity levels in both LBP and USD, Byblos Bank's Net Interest Margin was maintained at about the same 2016 level of 1.44%. As a deposit-taking institution looking to continuously grow and diversify its loan portfolio for individuals and businesses, Byblos Bank's Net Interest Income accounted for more than 67% of its Operating Income.

Customer Deposits stood at USD 18 Billion (+5.3%) while net Customer Loans reached USD 5.4 Billion (+5.2%) as at end 2017, leaving the Bank with a strong potential to expand its lending portfolio when economic recovery picks up in Lebanon and the overseas markets where it operates. Net Profit stood at USD 170 million, slightly higher than the USD 165 million posted in 2016 (+2.91%), but in line with its low risk appetite and objective to maintain a strong and healthy loan portfolio in a persisting difficult environment. As a result, the Bank's Return on Average Assets (ROAA) and Return on Average Common Equity (ROCE) stood respectively at 0.78% and 9.35%.

Cost was maintained under strict control, with Operating Expenses to Average Total Assets improving to 1.06%. In addition, Byblos Bank, thanks to cost optimization measures, posted a steady Cost-to-Income ratio of 51%.

The newly introduced “double taxation” on banks in Lebanon, which aims to help reduce the government’s budget deficit and helps it embark on the overdue and much-needed reforms, is expected to shrink the profitability of the banking sector in 2018.

Byblos Bank’s Board of Directors and Management look forward to a 2018 in which policymakers address the painful yet necessary medium- and long-term macroeconomic reforms, in order to strengthen governance and accountability within the public administration; find ways to reduce expenditures by transparently sub-contracting a number of public-sector activities to the private sector; provide efficient services to its citizens; and ensure a politically stable environment conducive to investment, economic growth, job creation and a higher living standard to the Lebanese.

For further information, please contact:

Ziad El Zoghbi

Head of Finance

Phone: +961 1335 280

Email: zelzoghbi@byblosbank.com.lb

CONSOLIDATED FINANCIAL STATEMENTS

As at 31 December 2017

**CAPITAL LBP 689,113,198,400 FULLY PAID,
TOTAL EQUITY LBP 3,256,168,000,000 | C.R.B.14150,
LIST OF BANKS NO. 39, HEAD OFFICE - BEIRUT**



CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2017 (LBP millions)

	Unaudited 31-Dec-17	Audited 31-Dec-16
ASSETS		
Cash and balances with central banks	11,966,804	8,717,615
Due from banks and financial institutions	3,928,586	2,657,429
Loans to banks and financial institutions and reverse repurchase agreements	754,394	964,066
Financial assets given as collateral	735,962	224,044
Derivative financial instruments	2,790	4,420
Shares and participations held at fair value through profit or loss	31,834	40,065
Debt instruments and other financial assets held at fair value through profit or loss of which: Net loans and advances designated at fair value through profit or loss	224,191 -	749,107 -
Net loans and advances to customers at amortized cost*	8,192,985	7,787,274
Net loans and advances to related parties at amortized cost	22,030	20,714
Debtors by acceptances	354,023	223,883
Shares and participations held at fair value through other comprehensive income	108,552	101,305
Debt instruments held at amortized cost	7,419,388	9,416,979
Property and equipment	273,437	247,095
Intangible assets	267	380
Assets taken in settlement of debt	44,891	43,299
Other assets	102,383	110,438
TOTAL ASSETS	34,162,517	31,308,113
 (*): After Deducting:		
Reserved Interest on sub-standard, doubtful, and bad loans	53,003	53,964
Specific Provisions for doubtful and bad loans	167,178	158,278
Provisions Based on Collective Assessment	72,373	78,643

CONSOLIDATED FINANCIAL STATEMENTS

As at 31 December 2017

**CAPITAL LBP 689,113,198,400 FULLY PAID,
TOTAL EQUITY LBP 3,256,168,000,000 | C.R.B.14150,
LIST OF BANKS NO. 39, HEAD OFFICE - BEIRUT**



CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2017 (LBP millions)	Unaudited 31-Dec-17	Audited 31-Dec-16
LIABILITIES AND EQUITY		
LIABILITIES		
Due to central banks	1,374,837	267,494
Due to banks and financial institutions	972,315	774,095
Derivative financial instruments	3,544	2,106
Customers' deposits at amortized cost	26,757,716	25,415,634
Deposits from related parties at amortized cost	380,790	366,028
Engagements by acceptances	354,023	223,883
Debt issued and other borrowed funds	453,556	444,072
Other liabilities	258,632	374,911
Provisions for risks and charges	350,936	300,292
Subordinated notes	422,995	420,165
TOTAL LIABILITIES	31,329,344	28,588,680
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	229,014	229,014
Issue premium – Preferred shares	591,083	591,083
Reserves not available for distribution (legal and statutory)	924,812	843,320
Reserves available for distribution	110,616	103,246
Treasury shares	(6,002)	(5,161)
Retained earnings	52,282	67,517
Revaluation reserve of real estate	5,689	5,689
Reserve on revaluation of financial assets at fair value through OCI	(3,991)	(9,081)
Net results of the financial year - profit	248,671	232,670
Foreign currency translation reserve	(49,413)	(65,340)
	2,791,874	2,682,070
NON-CONTROLLING INTEREST	41,299	37,363
TOTAL EQUITY	2,833,173	2,719,433
TOTAL LIABILITIES AND EQUITY	34,162,517	31,308,113

CONSOLIDATED FINANCIAL STATEMENTS

As at 31 December 2017

**CAPITAL LBP 689,113,198,400 FULLY PAID,
TOTAL EQUITY LBP 3,256,168,000,000 | C.R.B.14150,
LIST OF BANKS NO. 39, HEAD OFFICE - BEIRUT**



CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2017 (LBP millions)

	Unaudited 31-Dec-17	Audited 31-Dec-16
OFF-BALANCE SHEET ITEMS		
Financing Commitments		
Financing commitments given to banks & financial institutions	504,780	401,809
Financing commitments received from banks & financial institutions	77,318	106,680
Engagement to customers	2,075,265	2,774,764
Bank guarantees		
Guarantees given to banks & financial institutions	158,498	179,274
Guarantees given to customers	872,728	913,621
Guarantees received from customers	27,135,358	25,628,287
Foreign Currencies Forwards		
Foreign currencies to receive	504,789	310,601
Foreign currencies to deliver	505,659	308,153
Claims from legal cases	44,493	44,452
Fiduciary assets	153,892	162,722
Asset under management	3,296,566	3,084,620
Bad debts fully provided for	216,576	167,558

CONSOLIDATED FINANCIAL STATEMENTS

As at 31 December 2017

**CAPITAL LBP 689,113,198,400 FULLY PAID,
TOTAL EQUITY LBP 3,256,168,000,000 | C.R.B.14150,
LIST OF BANKS NO. 39, HEAD OFFICE - BEIRUT**



CONSOLIDATED INCOME STATEMENT

Year ended 31 December 2017 (LBP millions)	Unaudited 31-Dec-17	Audited 31-Dec-16
Interest and similar income	1,704,991	1,545,922
Interest and similar expense	(1,275,994)	(1,176,124)
NET INTEREST INCOME	428,997	369,798
Fees and Commissions income	147,162	133,981
Fees and Commissions expense	(12,138)	(12,515)
NET FEES AND COMMISSIONS INCOME	135,024	121,466
Net gain from financial instruments at fair value through profit or loss	48,456	80,111
of which: interest revenues/charges	32,628	55,160
Net gain or loss on financial assets at amortized cost	36,233	417,699
Revenue from financial assets at fair value through other comprehensive income	4,444	4,413
Other operating income	33,426	27,814
TOTAL OPERATING INCOME	686,580	1,021,301
Net credit losses (gains)	(21,575)	8,925
Impairment losses on financial investments	-	(49,676)
NET OPERATING INCOME	665,005	980,550
Personnel expenses	(205,603)	(195,787)
Depreciation and amortization	(21,132)	(22,425)
Amortisation of intangibles assets	(114)	(113)
Other operating expenses	(119,759)	(123,821)
Impairment of goodwill	-	(12,427)
TOTAL OPERATING EXPENSES	(346,608)	(354,573)
OPERATING PROFIT	318,397	625,977
Provisions for risks and charges	(9,528)	(138,133)
Foreign currency translation losses on deconsolidation of subsidiaries	-	(137,890)
PROFIT BEFORE TAX	308,869	349,954
Income tax expense	(52,415)	(100,719)
PROFIT FOR THE YEAR	256,454	249,235
Attributable to:		
Equity holders of the parent	248,671	232,672
Minority interests	7,783	16,563
	256,454	249,235
Earnings per share		
Equity holders of the parent for the year:	LL	LL
Basic earnings per share	355.37	327.22
Diluted earnings per share	333.76	310.18

CONSOLIDATED FINANCIAL STATEMENTS

As at 31 December 2017

**CAPITAL LBP 689,113,198,400 FULLY PAID,
TOTAL EQUITY LBP 3,256,168,000,000 | C.R.B.14150,
LIST OF BANKS NO. 39, HEAD OFFICE - BEIRUT**



CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 December 2017 (LBP millions)	Unaudited 31-Dec-17	Audited 31-Dec-16
PROFIT FOR THE YEAR	256,454	249,235
OTHER COMPREHENSIVE INCOME (LOSS)		
Items to be reclassified to the income statement in subsequent periods:		
Exchange difference on translation of foreign operations	15,660	(68,161)
Net other comprehensive gain (loss) to be reclassified to the income statement in subsequent periods	15,660	(68,161)
Items not to be reclassified to the income statement in subsequent periods:		
Net unrealized gain (loss) from financial assets at fair value through other comprehensive income	5,988	(1,306)
Income tax effect	(898)	194
	5,090	(1,112)
Re-measurment gains (losses) on defined benefit plans	2,164	(99)
Net other comprehensive income (loss) not to be reclassified to the income statement in subsequent periods	7,254	(1,211)
OTHER COMPREHENSIVE GAIN (LOSS) FOR THE YEAR NET OF TAX	22,914	(69,372)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX	279,368	179,863
Attributable to:		
Equity holders of the parent	271,851	190,591
Non-controlling interests	7,517	(10,728)
	279,368	179,863