

Byblos Bank Announces First Half Results

Consolidated Activity Highlights as at end-June 2018:

- *USD 23.7 billion in Assets*
- *USD 18.3 billion in Customer Deposits*
- *USD 5.5 billion in Customer Loans*
- *USD 2.1 billion in Total Equity*
- *USD 67 million in Net Profit*

Byblos Bank Headquarters, Monday 30 July 2018: Byblos Bank posted satisfactory net profits of USD 67 million for the first half of 2018, improving only slightly on the USD 66 million achieved during the same period of 2017. The stagnation in profitability is primarily due to the initial effects of the “double taxation” levied on the banking sector in Lebanon. This translated into an average return on common equity, as at end-June, of 7.13%, a modest improvement on the 7.06% recorded the previous year.

Byblos Bank’s overall performance continues to reflect a risk-averse strategy, as set by its Board of Directors several years ago, that prioritizes a prudent approach rather than a maximization of short-term profitability. Accordingly, the Bank will continue to maintain its high liquidity levels, and to proactively manage its sovereign debt exposure in order to mitigate, among others, the risk of interest-rate fluctuations.

As a result of these and other conservative measures, short-term foreign currency liquidity – in the form of short-term placements with above-investment-grade institutions – stood at more than 15% of foreign currency deposits as at end-June 2018, surpassing both internal and international benchmarks. In addition, the Bank’s Basel III Capital Adequacy Ratio remained above 18%, once again easily beating the regulatory requirement of 15%.

On the customer loan portfolio front, Byblos Bank maintained adequate provisioning with a coverage ratio of 87.71% in the first six month of the year, kept its non-performing loan ratio to a low 4.25%, and worked proactively to find suitable solutions for enterprises that have been financially challenged by the weak economy.

As persistent local and regional conditions add more strains on the economy, many consumers and businesses are seeing their financial standings erode. The cost of operating a business in Lebanon remains higher than ever, due to increased taxes, costlier imports as a result of the appreciation of the Euro, a rise in energy prices, and a decline in the quality and provisioning of public sector services among others. Additional factors add to these obstacles, including fewer remittances to Lebanon from expatriates working in slumping economies in Africa and the Gulf, slower tourism traffic from the Gulf, lower levels of exports to Arab countries, and a large supply of unsold real estate properties on the local level.

It is thus becoming critical that a new government be formed as soon as possible, that effective measures be taken to launch new infrastructure projects, and that Parliament introduces key reforms to restore economic growth and improve services to consumers and businesses.

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