

Byblos Bank Announces Its Financial Results For 2019

Byblos Bank Headquarters, Tuesday, 4 August 2020: Several dramatic factors have come together for the first time since Lebanon's independence 75 years ago and caused the Lebanese banking sector to suffer unprecedented losses in 2019. These factors include a substantial level of cumulated budget deficit by the government, an unsustainable level of public debt, an increasing cost of living and nation-wide protests that started in October 2019. These factors, coupled with customers rushing to withdraw their deposits and cash, strained the liquidity levels of banks and compelled them to impose capital control measures to avoid a liquidity crisis. In addition, Lebanon's credit rating was downgraded and the prices of Lebanese Eurobonds dropped drastically, which pushed regulatory authorities to require banks to allocate important provisions for possible losses.

Consequently, Byblos Bank recorded in 2019 a total of USD 122 million in losses for the first time since its inception around 60 years ago. These losses are mainly due to the allocation of "collective provisions" for the Bank's expected credit losses on its portfolio of Lebanese Eurobonds; on its foreign-currency placements with the Central Bank of Lebanon; and on its customer loan portfolio.

Total assets dropped in 2019 by 12% to USD 21,918 million, resulting mainly from the decrease in customer deposits by 5.9% to USD 17,376 million. Furthermore, net customer loans dropped by 18% to USD 4,470 million, due to the deterioration of the economic and financial conditions in the country. Total equity dropped by 13% to USD 1,950 million, resulting from the losses incurred in that year.

Offshore liquidity was sustained at an acceptable level in light of the prevailing situation, which validates the board's conservative strategy throughout the last years always favoring liquidity and asset quality over short-term profit. In addition, over the past few years, Byblos Bank was prudently taking "general provisions", which are still unused and can be readily deployed to absorb any additional losses in the years ahead. These "general provisions" stood at approximately USD 93 million as at end-2019.

Although the current economic and financial conditions are extremely difficult and the future remains uncertain, Byblos Bank will maintain its policy of prudence in anticipation of additional challenges, and its teams will continue to look for ways to protect as much as possible, its customers, its employees, and its shareholders.

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