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 further information, please contact:
Ziad El Zoghbi
Head of Finance and Administration Division
Phone: +961 1335 280
Email: zelzoghbi@byblosbank.com.lb