

BLOM Bank's Financial Results for 2018 Steady Profitability in Difficult Operating Conditions

BLOM Bank published today its unaudited financial results for 2018. In a difficult environment characterized by a slowing economy, higher taxes, and continuing political paralysis, BLOM Bank managed to maintain steady profitability, thanks to its managerial efficiency and its profitable operations in Lebanon and abroad. Net profit was \$510.42 million, higher by 5.18% from 2017, and implying the highest profitability ratios among listed banks, with the rate of return on average common equity reaching 16.49% and the rate of return on average assets 1.47%.

Balance sheet aggregates also performed reasonably well. Assets rose to \$36.74 billion, up by 12.91% from 2017; deposits increased to \$27.21 billion, higher by 2.17%; loans stood at \$7.16 billion, down by 4.98%; and shareholders' equity increased to \$3.26 billion, higher by 8.75%.

BLOM's results also indicate a solid financial position for the Bank amid the economic and financial instability witnessed in 2018. In this respect, the capital adequacy ratio settled at 18.92%; primary liquidity at 83.34%; loans coverage by specific provisions and real guarantees at 143%; and the cost-to-income ratio at 35.26%, which is the lowest among listed banks.

BLOM Bank's performance in 2018 is a testimony to the success of its conservative yet flexible business model. It hopes to see better operating conditions in 2019, ushered first and foremost by a speedy formation of a reforming government.

30 January, 2019

Financial Results for the year 2018

Consolidated Statement of Financial Position

Assets (In USD Thousand)	31/12/2018 Unaudited	31/12/2017 Audited
Cash and balances with the Central Banks	21,980,370	16,338,634
Banks and financial institutions	1,569,994	2,363,684
Due from head office, parent, and sister banks/companies	-	-
Granted Financial Loans to Banks and Financial Institutions and reverse repurchase agreements	25,117	29,528
Derivative financial instruments	12,439	13,533
Shares and securities designated at FVTPL	126,430	131,185
Financial assets designated at FVTPL	93,788	110,085
out of which : Loans and advances designated at FVTPL	-	-
Loans and advances to customers designated at Amortised Cost ⁽¹⁾	7,147,258	7,519,718
Loans and advances to related parties designated at Amortised Cost	15,887	18,670
Bank acceptances	127,026	100,027
Shares and securities designated at fair value through other comprehensive income (FVTOCI)	29,092	2,802
Financial assets classified at Amortised Cost	4,916,300	5,211,526
Investment and loans to related parties	-	-
Assets taken in recovery of debt	38,657	40,252
Tangible fixed assets	533,208	529,270
Intangible fixed assets	3,311	1,441
Other assets	125,085	132,336
Goodwill	1,317	1,324
Total Assets	36,745,279	32,544,015

Financial Results for the year 2018

Consolidated Statement of Financial Position

Liabilities (In USD Thousand)	31/12/2018 Unaudited	31/12/2017 Audited
Due to Central Banks	4,737,677	1,500,635
Due to banks & financial institutions and repurchase agreements	574,500	383,871
Due to head office, parent, and sister banks / companies	-	-
Derivative financial instruments	15,006	22,811
Financial liabilities designated at FVTPL	-	-
out of which : Customers' Deposits at FVTPL	-	-
Customers' deposits at Amortised Cost	26,808,486	26,518,752
Related parties` deposits at Amortised Cost	108,672	123,099
Debt issued and other borrowed funds	302,679	-
Engagements by acceptances	127,847	100,027
Other liabilities	568,687	542,221
Provisions for risks and charges	233,244	347,213
Liabilities related to non-current assets held for sale	-	-
Total Liabilities	33,476,798	29,538,629
Shareholders' Equity		
Share capital - Common Shares	213,930	213,930
Share capital - Preferred Shares	-	-
Share premium on common shares	248,132	248,132
Share premium on preferred shares	-	-
Non distributable reserve (Legal and Obligatory)	1,024,335	870,831
Distributable free reserve	433,538	398,811
Treasury shares	(9,000)	(5,621)
Retained earnings	1,055,281	1,008,597
Reserves for revaluation variance-real estate	9,769	9,769
Fair value for financial assets at FVTOCI	(330)	407
Foreign currency translation reserve	(266,756)	(272,067)
Profit of the previous financial period - Profit / (Loss)	-	-
Non-controlling interests	52,480	50,540
out of which : Profit allocated to non-controlling interests	3,322	3,215
Profit of the financial period - Profit / (Loss)	507,102	482,057
Total Shareholders' Equity	3,268,481	3,005,386
Total Liabilities and Shareholders' Equity	36,745,279	32,544,015

Consolidated Income Statement

(In USD Thousand)	31/12/2018 Unaudited	31/12/2017 Audited
Interest and similar income	2,339,624	1,861,621
Less: tax on interest income	(105,003)	(15,171)
Interest and similar income, net of tax	2,234,621	1,846,450
Interest and similar charges	(1,391,883)	(1,108,809)
Net interest income	842,738	737,641
Fees and commission income	183,941	174,472
Fees and commission expense	(41,846)	(37,969)
Net Fees and commission income	142,095	136,503
Net gain (loss) on financial assets & liabilities designated at fair value through profit & loss	22,436	25,242
out of which : Net gain (loss) on Interest Income	3,143	3,790
Net gain (loss) on financial operations	(2,943)	40,306
Other operating income	23,276	85,833
Total operating income	1,027,602	1,025,525
Credit loss expense	(12,411)	(12,671)
Provisions for impairment losses on other financial investments	-	-
Net operating income	1,015,191	1,012,854
Personnel charges	(231,064)	(210,692)
General and other operating expenses	(126,962)	(113,033)
Depreciation of tangible fixed assets	(24,984)	(23,461)
Amortization of intangible fixed assets	(1,251)	(1,329)
Provisions for impairment loss of goodwill	-	(59,516)
Total operating expenses	(384,261)	(408,031)
Net operating profit	630,930	604,823
Share of profit of associate	-	-
Provisions for Risks & Charges	-	-
Loss on Deconsolidation	-	-
Net profit (loss) from sale or disposal of other assets	(833)	(267)
Net profit before taxes	630,097	604,556
Income tax	(119,673)	(119,284)
Operating profit after tax	510,424	485,272
Net profit after tax from Non-current assets held-for-sale & discontinued operations	-	-
Net profit	510,424	485,272
Attributable to equity holders of the parent	507,102	482,057
Attributable to non-controlling interests	3,322	3,215
EPS (Basic) in USD	2.37	2.25
EPS (Diluted) in USD	2.37	2.25

Consolidated Statement of Financial Position

(In USD Thousand)	31/12/2018 Unaudited	31/12/2017 Audited
Financing commitments		
Financing commitments issued	159,667	161,676
Financing commitments received from financial intermediaries	60,241	74,030
Commitments to lend	245,737	293,872
Guarantees		
Guarantees given to financial intermediaries	152,474	130,133
out of which: credit derivatives	-	-
Guarantees received from financial intermediaries	44,931	51,057
out of which: credit derivatives	-	-
Guarantees given to customers	601,200	576,057
Guarantees received from customers	13,629,295	13,459,483
Commitments on financial assets		
Financial assets to receive	-	-
out of which: financial assets sold with an option to repurchase	-	-
Financial assets to deliver	-	-
out of which: financial assets bought with an option to resell	-	-
Operations in foreign currencies		
Foreign currencies to receive	2,683,906	2,587,326
Foreign currencies to deliver	2,686,419	2,591,693
Commitments on term financial instruments	1,075,012	336,959
Other commitments	1,589,754	976,982
Fiduciary deposits	866,520	355,423
Under specific instructions	866,520	355,423
Under discretionary investments	-	-
Financial assets under management	7,068,047	7,485,800
Mutual Funds	-	-
Financial assets linked to indices and financial derivatives	-	-
Bad loans fully provided for and transferred to off balance sheet during the period	65,473	222,055