

BLOM Bank's Financial Results for the First Quarter of 2017: Steady Growth and Highest Profitability Ratios

BLOM Bank announced today its unaudited financial results for the first quarter of 2017. Despite its difficult operating conditions, BLOM Bank was not deterred from performing at its customary best. Net profit increased to \$112.03 million in the first three months of 2017, higher by 3.5% from the same period in 2016. Equally noteworthy were the Bank's rates of return on average common equity (ROAcE) and on average assets (ROAA), for ROAcE reached 15.4% and ROAA 1.5%, both the highest among listed Lebanese banks.

The bank's notable growth in profitability was also paralleled by balanced growth in its balance sheet aggregates. Assets rose to \$30.15 billion at end of March 2017; customers' deposits increased to \$25.13 billion; private loans stood at \$7.1 billion; and shareholders' equity amounted to \$2.87 billion.

It is also a sign of BLOM Bank's strong managerial efficiency and financial standing that these growth and profitability figures were attained while maintaining sound qualitative indicators. These were reflected in the Bank's cost-to-income ratio that stood at 34.2%, the lowest among listed banks; and in the Bank's strong capital adequacy ratio that reached 18.5%, against a required ratio of 14%; in addition to the Bank's solid ratios of primary liquidity and coverage of non-performing loans (by specific and collectives provisions and real guarantees) that were 62% and 154% respectively. So, once again, BLOM Bank's financial results show the success and flexibility of its conservative policy strategy in dealing with the troubled economic and political environment in the region.

28 April, 2017

Financial Results for the First Quarter of the Year 2017

Consolidated Statement of Financial Position

Assets (In USD Thousand)	31/3/2017 Unaudited	31/12/2016 Audited
Cash and balances with the Central Banks	11,942,744	11,934,440
Banks and financial institutions	2,048,450	2,109,891
Due from head office, parent, and sister banks/companies	-	-
Granted Financial Loans to Banks and Financial Institutions and reverse repurchase agreements	109,534	40,168
Derivative financial instruments	18,706	35,277
Shares and securities designated at FVTPL	117,569	122,849
Financial assets designated at FVTPL	163,466	133,640
out of which : Loans and advances designated at FVTPL	-	-
Loans and advances to customers designated at Amortised Cost ⁽¹⁾	7,092,227	7,103,410
Loans and advances to related parties designated at Amortised Cost	19,049	60,734
Bank acceptances	84,669	75,285
Shares and securities designated at fair value through other comprehensive income (FVTOCI)	2,813	2,531
Financial assets classified at Amortised Cost	7,911,520	7,293,488
Investment and loans to related parties	-	-
Assets taken in recovery of debt	31,846	33,006
Tangible fixed assets	476,393	466,627
Intangible fixed assets	1,503	1,646
Other assets	117,912	103,772
Goodwill	14,184	1,294
Total Assets	30,152,585	29,518,058

(1) After taking into consideration total provisions amounting to USD 192,616 thousand and USD 277,277 thousand as at 31/03/2017 and 31/12/2016 respectively, from total loans and advances to customers according to IAS 39; out of which collective provisions stood at USD 60,614 thousand and USD 61,272 thousand as at 31/03/2017 and 31/12/2016 respectively.

Consolidated Statement of Financial Position

Liabilities (In USD Thousand)	31/3/2017 Unaudited	31/12/2016 Audited
Due to Central Banks	352,180	346,236
Due to banks & financial institutions and repurchase agreements	380,671	391,912
Due to head office, parent, and sister banks / companies	-	-
Derivative financial instruments	18,653	22,246
Financial liabilities designated at FVTPL	-	-
out of which : Customers' Deposits at FVTPL	-	-
Customers' deposits at Amortised Cost	25,135,950	24,636,701
Related parties' deposits at Amortised Cost	116,432	174,123
Debt issued and other borrowed funds	-	-
Engagements by acceptances	84,669	75,285
Other liabilities	798,448	545,334
Provisions for risks and charges	395,410	393,799
Liabilities related to non-current assets held for sale	-	-
Total Liabilities	27,282,413	26,585,636
Shareholders' Equity		
Share capital - Common Shares	171,144	171,144
Share capital - Preferred Shares	0	15,920
Share premium on common shares	248,132	248,132
Share premium on preferred shares	0	184,080
Non distributable reserve (Legal and Obligatory)	792,362	791,146
Distributable free reserve	371,382	371,382
Treasury shares	(2,210)	(11,238)
Retained earnings	937,500	937,485
Reserves for revaluation variance-real estate	9,769	9,769
Fair value for financial assets at FVTOCI	418	365
Foreign currency translation reserve	(267,666)	(283,060)
Profit of the financial period - Profit / (Loss)	448,716	-
Non-controlling interests	49,279	48,581
out of which : Profit allocated to non-controlling interests	682	14,112
Results of the financial period - Profit / (Loss)	111,346	448,716
Total Shareholders' Equity	2,870,172	2,932,422
Total Liabilities and Shareholders' Equity	30,152,585	29,518,058

Consolidated Statement of Financial Position

Off Financial Position (In USD Thousand)	31/3/2017 Unaudited	31/12/2016 Audited
Financing commitments		
Financing commitments issued	113,303	94,813
Financing commitments received from financial intermediaries	33,632	33,960
Commitments to lend	145,614	233,132
Guarantees		
Guarantees given to financial intermediaries	76,122	78,892
out of which: credit derivatives	-	-
Guarantees received from financial intermediaries	49,798	45,510
out of which: credit derivatives	-	-
Guarantees given to customers	390,489	372,831
Guarantees received from customers	12,359,766	12,310,848
Commitments on financial assets		
Financial assets to receive	-	-
out of which: financial assets sold with an option to repurchase	-	-
Financial assets to deliver	81,400	-
out of which: financial assets bought with an option to resell	-	-
Operations in foreign currencies		
Foreign currencies to receive	2,117,497	2,055,012
Foreign currencies to deliver	2,117,903	2,050,537
Commitments on term financial instruments	993,052	868,255
Other commitments	48,833	47,451
Fiduciary deposits	166,377	134,653
Under specific instructions	166,377	134,653
Under discretionary investments	-	-
Financial assets under management	7,362,590	6,987,562
Mutual Funds	-	-
Financial assets linked to indices and financial derivatives	-	-
Bad loans fully provided for and transferred to off balance sheet during the period	145,922	(16,525)

Consolidated Income Statement

(In USD Thousand)	For the period ended	31/3/2017 Unaudited	31/3/2016 Unaudited
Interest and similar income		425,118	408,663
Interest and similar charges		(254,496)	(241,705)
Net interest income		170,622	166,958
Fees and commission income		40,861	45,956
Fees and commission expense		(8,331)	(8,045)
Net Fees and commission income		32,530	37,911
Net gain / (loss) on financial assets & liabilities designated at fair value through profit & loss		7,371	21,260
out of which : Net gain / (loss) on Interest Income		1,413	1,390
Net gain / (loss) on financial operations		2	699
Other operating income		3,832	1,498
Total operating income		214,357	228,326
Credit loss expense		314	(4,577)
out of which : Credit loss for financial instruments at amortized cost		-	-
Provisions for impairment losses on other financial investments		-	(23)
Net operating income		214,671	223,726
Personnel charges		(48,078)	(52,362)
General and other operating expenses		(25,410)	(29,735)
Depreciation of tangible fixed assets		(5,420)	(5,867)
Amortization of intangible fixed assets		(459)	(657)
Provisions for impairment loss of goodwill		-	-
Total operating expenses		(79,367)	(88,621)
Net operating profit		135,304	135,105
Share of profit of associate		-	-
Provisions for Risks & Charges		-	-
Loss on Deconsolidation		-	-
Net profit (loss) from sale or disposal of other assets		(3)	1
Net profit before taxes		135,301	135,106
Income tax		(23,273)	(26,872)
Operating profit after tax		112,028	108,234
Net profit after tax from Non-current assets held-for-sale & discontinued operations		-	-
Net profit		112,028	108,234
Attributable to equity holders of the parent		111,346	100,970
Attributable to non-controlling interests		682	7,264
EPS (Basic) in USD		0.52	0.49
EPS (Diluted) in USD		0.52	0.49

Financial Results for the First Quarter of the Year 2017

Consolidated Statement of Financial Position

Assets (In LBP Million)	31/3/2017 Unaudited	31/12/2016 Audited
Cash and balances with the Central Banks	18,003,687	17,991,169
Banks and financial institutions	3,088,039	3,180,661
Due from head office, parent, and sister banks/companies	-	-
Granted Financial Loans to Banks and Financial Institutions and reverse repurchase agreements	165,123	60,553
Derivative financial instruments	28,200	53,180
Shares and securities designated at FVTPL	177,236	185,195
Financial assets designated at FVTPL	246,425	201,463
out of which : Loans and advances designated at FVTPL	-	-
Loans and advances to customers designated at Amortised Cost ⁽¹⁾	10,691,532	10,708,390
Loans and advances to related parties designated at Amortised Cost	28,716	91,557
Bank acceptances	127,638	113,492
Shares and securities designated at fair value through other comprehensive income (FVTOCI)	4,241	3,815
Financial assets classified at Amortised Cost	11,926,617	10,994,933
Investment and loans to related parties	-	-
Assets taken in recovery of debt	48,008	49,756
Tangible fixed assets	718,162	703,440
Intangible fixed assets	2,266	2,482
Other assets	177,752	156,436
Goodwill	21,382	1,950
Total Assets	45,455,024	44,498,472

(1) After taking into consideration total provisions amounting to LL million 290,369 and LL million 417,996 as at 31/03/2017 and 31/12/2016 respectively, from total loans and advances to customers according to IAS 39; out of which collective provisions stood at LL million 91,375 and LL million 92,367 as at 31/03/2017 and 31/12/2016 respectively.

Consolidated Statement of Financial Position

Liabilities (In LBP Million)	31/3/2017 Unaudited	31/12/2016 Audited
Due to Central Banks	530,912	521,951
Due to banks & financial institutions and repurchase agreements	573,862	590,808
Due to head office, parent, and sister banks / companies	-	-
Derivative financial instruments	28,119	33,536
Financial liabilities designated at FVTPL	-	-
out of which : Customers' Deposits at FVTPL	-	-
Customers' deposits at Amortised Cost	37,892,444	37,139,827
Related parties' deposits at Amortised Cost	175,521	262,490
Debt issued and other borrowed funds	-	-
Engagements by acceptances	127,638	113,492
Other liabilities	1,203,661	822,089
Provisions for risks and charges	596,080	593,652
Liabilities related to non-current assets held for sale	-	-
Total Liabilities	41,128,237	40,077,845
Shareholders' Equity		
Share capital - Common Shares	258,000	258,000
Share capital - Preferred Shares	0	24,000
Share premium on common shares	374,059	374,059
Share premium on preferred shares	0	277,500
Non distributable reserve (Legal and Obligatory)	1,194,486	1,192,652
Distributable free reserve	559,859	559,859
Treasury shares	(3,331)	(16,941)
Retained earnings	1,413,281	1,413,258
Reserves for revaluation variance-real estate	14,727	14,727
Fair value for financial assets at FVTOCI	630	550
Foreign currency translation reserve	(403,506)	(426,713)
Profit of the previous financial period - Profit / (Loss)	676,440	-
Non-controlling interests	74,288	73,236
out of which : Profit allocated to non-controlling interests	1,028	21,274
Profit of the financial period - Profit / (Loss)	167,854	676,440
Total Shareholders' Equity	4,326,787	4,420,627
Total Liabilities and Shareholders' Equity	45,455,024	44,498,472

Consolidated Statement of Financial Position

Off Financial Position (In LBP Million)	31/3/2017 Unaudited	31/12/2016 Audited
Financing commitments		
Financing commitments issued	170,804	142,930
Financing commitments received from financial intermediaries	50,700	51,194
Commitments to lend	219,513	351,446
Guarantees		
Guarantees given to financial intermediaries	114,754	118,930
out of which: credit derivatives	-	-
Guarantees received from financial intermediaries	75,071	68,606
out of which: credit derivatives	-	-
Guarantees given to customers	588,662	562,043
Guarantees received from customers	18,632,347	18,558,604
Commitments on financial assets		
Financial assets to receive	-	-
out of which: financial assets sold with an option to repurchase	-	-
Financial assets to deliver	122,711	-
out of which: financial assets bought with an option to resell	-	-
Operations in foreign currencies		
Foreign currencies to receive	3,192,127	3,097,931
Foreign currencies to deliver	3,192,739	3,091,184
Commitments on term financial instruments	1,497,026	1,308,895
Other commitments	73,616	71,532
Fiduciary deposits	250,814	202,989
Under specific instructions	250,814	202,989
Under discretionary investments	-	-
Financial assets under management	11,099,105	10,533,750
Mutual Funds	-	-
Financial assets linked to indices and financial derivatives	-	-
Bad loans fully provided for and transferred to off balance sheet during the period	219,978	(24,911)

Consolidated Income Statement

(In LBP Million)	For the period ended	31/3/2017 Unaudited	31/3/2016 Unaudited
Interest and similar income		640,865	616,060
Interest and similar charges		(383,652)	(364,370)
Net interest income		257,213	251,690
Fees and commission income		61,598	69,278
Fees and commission expense		(12,559)	(12,128)
Net Fees and commission income		49,039	57,150
Net gain / (loss) on financial assets & liabilities designated at fair value through profit & loss		11,112	32,049
out of which : Net gain / (loss) on Interest Income		2,130	2,096
Net gain / (loss) on financial operations		3	1,053
Other operating income		5,775	2,258
Total operating income		323,142	344,200
Credit loss expense		474	(6,900)
out of which : Credit loss for financial instruments at amortized cost		-	-
Provisions for impairment losses on other financial investments		-	(34)
Net operating income		323,616	337,266
Personnel charges		(72,477)	(78,936)
General and other operating expenses		(38,305)	(44,825)
Depreciation of tangible fixed assets		(8,171)	(8,844)
Amortization of intangible fixed assets		(692)	(991)
Provisions for impairment loss of goodwill		-	-
Total operating expenses		(119,645)	(133,596)
Net operating profit		203,971	203,670
Share of profit of associate		-	-
Provisions for Risks & Charges		-	-
Loss on Deconsolidation		-	-
Net profit (loss) from sale or disposal of other assets		(5)	2
Net profit before taxes		203,966	203,672
Income tax		(35,084)	(40,510)
Operating profit after tax		168,882	163,162
Net profit after tax from Non-current assets held-for-sale & discontinued operations		-	-
Net profit		168,882	163,162
Attributable to equity holders of the parent		167,854	152,211
Attributable to non-controlling interests		1,028	10,951
EPS (Basic) in LBP		788	738
EPS (Diluted) in LBP		788	738