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Alpha Group Main Financial Highlights (in \$B)

	Jun-14	Jun-15	Change
Total assets	184.41	198.37	7.57%
Loans and Advances to Customers	57.75	60.39	4.56%
Customers Deposits	153.91	164.53	6.90%
Shareholders' Equity	15.58	17.19	10.34%
Net Profit (in \$M)	911.33	993.75	9.04%

Source: Bank Data Alpha Report

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Despite the tough economic and political challenges that Lebanon has been facing since 2011, the banking sector stayed hale and hearty, with assets exceeding 350% of GDP.

The Alpha Group of Banks, the top 14 Lebanese banks whose deposits exceed \$2B, displayed intact yearly progresses in the first half (H1) of 2015.

Alpha Banks' total assets, including that of subsidiaries in foreign countries, stood at \$198.37B end of June 2015, posting a 7.57% year-on-year (y-o-y) growth. Assets in domestic branches expanded by an annual 7.07% to \$158.96B, whereas those in foreign branches grew by 9.65% to \$39.41B by June 2015. In details, net loans and advances to customers increased by 4.56% to \$60.39B, where loans of domestic branches added 4.66% to \$41.64B, while loans of foreign branches inched up by 4.35% to \$18.75B end of H1 2015. Debt instruments at amortized costs increased by 8.41%, during the same period, to \$61.82B. Part of the increase in debt instruments could be attributed to the subscription of the banks in the \$2.2B Eurobonds issuance in February 2015. However, the ratio of Lebanese sovereign Eurobonds held by Alpha banks to deposits in foreign currency declined from 14.22% to 13.87% in June 2015.

Customers continued to show confidence in the sector, as their deposits, which are the anchor of the banking sector, increased by 6.90% to \$164.53B. In details, deposits in foreign currency increased by 5.98% to \$115.18B, while that in local currency grew at a faster pace of 9.12% to \$49.35B. Moreover, deposits in domestic branches of Alpha Banks augmented by 6.80% y-o-y to \$134.86B, where the dollarization rate dropped from 64.19% in H1 2014 to 63.41% in H1 2015. Foreign branches saw a higher growth in deposits of 7.36% to \$29.66B end of June 2015.

Solvency, one of the main pillars of banks, progressed, as net primary liquidity-to-deposits increased from 32.22% in H1 2014 to 32.31% in H1 2015. In addition, the loans-to-deposits ratio went down from 37.52% to 36.70% in June 2015. In terms of net primary liquidity to deposits ratio, BLOM Bank ranked the first with a ratio of 46.76% followed by Byblos Bank and Bank Audi with respective ratios of 40.90% and 31.35%.

Looking at profitability, it stayed buoyant with the Alpha Group's net profit surging by 9.04% y-o-y to \$993.75M. Net interest income increased by 7.77% to \$1.71B, offsetting the 1.25% drop in net fees and commission income to \$417.46M. Domestically, Alpha banks posted a minor 1.37% yearly rise in net profit to \$777.39M, however, their profits abroad expanded by 49.78%, from \$144.45M in H1 2014, to \$216.36M in H1 2015.

Return ratios remained relatively stable as return on average asset (ROAA) steadied at 1.01%, while return on average equity (ROAE) slipped from 11.81% to 11.57%. In terms of ROAA, BLOM Bank had the highest among the Alpha Group with a ratio of 1.35%, followed by SGBL with a ROAA of 1.20%. In terms of ROAE, the highest ratios were that of IBL Bank (18.31%) and BLOM Bank (15.05%).

Ranking by Return on Average Assets

Bank	Ratio
BLOM Bank	1.34%
SGBL	1.20%
IBL Bank	1.13%
Bank of Beirut	1.13%
Bank Audi	1.01%
BankMed	1.01%
Lebanon and Gulf Bank	1.01%
Banque Libano-Francaise	0.95%
BBAC	0.91%
Fransabank	0.86%
Creditbank	0.82%
Byblos Bank	0.75%
First National Bank	0.74%
Credit Libanais	0.64%

Source: Bank Data Alpha Report

The Alpha Group continued to be conservative as shown by the \$64.24M annual increase in net provisions for credit losses to \$197.41M end of H1 2015.

Asset quality remained almost the same, where the ratio of net doubtful and substandard loans to gross loans inched up marginally from 2.01% in H1 2014 to 2.02% in H1 2015. Equity to assets ratio went up from 8.45% to 8.66%.

Banks have been adopting cost control measures, as shown by the cost-to-income ratio that contracted from 50.85% to 49.45% in June 2015. In fact, the 5.04% yearly increase in staff expenses, which represents 55% of total operating expenses, was outpaced by the 9.02% y-o-y rise in net operating income.

In spite of the global economic slowdown, Alpha Group maintained its expansion and diversification efforts, as shown by the increase in the number of branches from 1,166 to 1,215. In details, 24 new branches were opened in Lebanon as compared to 25 new branches abroad. Moreover, the number of staff employed grew from 28,529 in June 2014 to 30,163 by June 2015.

Once again, the banking sector has proved to be adamant towards the political and security obstacles that Lebanon faces, maintaining a high level of liquidity and profitability.

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