

Financial Results of the Four Largest Listed Lebanese Banks for Q1 2017: Steady Performance and Notable Profitability Ratios

Bank	Net Profit (\$ Million)	ROAcE (%)	ROAA (%)	Cost-to-Income (%)
BLOM	112.03	15.45	1.50	34.23
Audi	110.19	13.50	1.02	53.87
Bank of Beirut	50.24	11.01	1.18	44.11
Byblos	28.74	5.77	0.55	56.30

The non-audited financial results of the four largest listed Lebanese banks – BLOM Bank, Bank Audi, Bank of Beirut, and Byblos Bank -- for Q1 2017 reveal notable profitability ratios and financial strength, despite the economic slowdown in Lebanon and political instability in the region. The main reasons behind this performance are the banks' cautious credit and investment policies and the profitability at their domestic and foreign operations. Combined net profit for the four banks grew to \$301.21 million in Q1 2017, up by 1.78% from the same period in 2016.

In case of each bank on its own, the financial results show that BLOM Bank attained the highest net profit at \$112.03 million, up by 3.51% from Q1 2016. Bank Audi came next, with net profit reaching \$110.19 million, up by 0.02%; Bank of Beirut was third at \$50.24 million, up by 14.77%, while Byblos Bank's net profit stood at \$28.74 million, lower by 14.87%.

As to relative profitability ratios, such as the return on average common equity (ROAcE) and the return on average assets (ROAA), which measure the productivity of using capital and assets, BLOM Bank came again on top with its ROAcE reaching 15.45% and its ROAA 1.50%. Bank Audi came second with an ROAcE of 13.50% and an ROAA of 1.02%, while Bank of Beirut was third with an ROAcE of 11.01% and an ROAA of 1.18%, and Byblos' Bank ROAcE stood at 5.77% and its ROAA at 0.55%. What mainly drives BLOM Bank's best scores in profitability is its lowest cost-to-income ratio at 34.23%, compared with 44.11% for Beirut, 53.87% for Audi, and 56.30% for Byblos.

The four banks' results were also reinforced by steady performance in their balance sheet aggregates. Bank Audi's assets increased to \$43.92 billion at end of Q1 2017, higher by 7.07% from end Q1 2016; whereas its loans fell to \$17.01 billion, down by 6.06%; and its shareholders' equity were \$3.79 billion, up by 12.93%. BLOM Bank saw its assets rise to \$30.15 billion, higher by 2.90%; while its loans decreased to \$7.11 billion, down by 2.31%; and its shareholders' equity reached \$2.87 billion, higher by 2.98%. Byblos' Bank assets increased to \$21.27 billion, up by 6.12%; whereas its loans stood at \$5.19 billion, up by 6.33%; and its shareholders' equity reached \$1.83 billion, up by 5.49%. As to Bank of Beirut, its assets reached \$16.91 billion, up by 5.76%; while its loans increased to \$4.81 billion, higher by 11.22%; and its shareholders' equity rose to \$2.36 billion, up by 13.85%.

What also marks the four banks' record is their strong financial standing as reflected in a variety of crucial financial indicators. For instance, BLOM Bank's net non-performing loans stood at a low 0.4%, Bank Audi's coverage ratio (including specific and collective provisions) reached close to 158%, Byblos' Bank (Basel 3) capital adequacy ratio exceeded 18%, and Bank of Beirut 's earning per share increased by a good 9%.

Once again, the financial results of the four largest listed Lebanese banks indicate their ability to adjust to the difficult operating conditions facing them and to the soundness of their strategies. No doubt their performance would be markedly improved if the country witnesses a speedier recovery and more political stability.