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Alpha Banks' Financial Highlights (\$B)

	Dec-16	Jun-17	Change
Total Assets	216.16	222.03	2.72%
Loans and Advances	64.81	66.67	2.87%
Customers' Deposits	174.85	180.73	3.36%
Shareholders' Equity	20.24	20.32	0.40%
Net Profit	1.06	1.17	10.38%

The latest BANKDATA report depicted a positive performance of Alpha Banks in Lebanon throughout the first half of 2017, as the political and security situations remained relatively stable. In fact, the number of Alpha banks (commercial banks with deposits exceeding \$2B) steadied at 14.

Total assets at the aforementioned banks, including that of subsidiaries in foreign countries, grew by 2.72% y-t-d to stand at \$222.03B by the end of the first half of 2017. In details, assets in domestic branches, constituting 83% of total assets, rose by 2.75% to \$184.79B, hence offsetting the 7.14% decline in foreign branches' assets. Net loans and advances to customers increased by 2.87% since year start to \$66.67B, where loans in both domestic and foreign branches respectively grew by 3.51% and 1.31% to \$47.33B and \$19.34B. Moreover, the ratio of net doubtful loans to gross loans rose from 1.43% at the end of 2016 to 1.65% in H1 2017.

Customers' deposits kept on experiencing an upward trend during the first half of the year, yet with more confidence in the foreign currencies. Deposits in foreign currencies accelerated by 4.12% to \$127.28B, while deposits in domestic currency rose at a slower pace of 1.57% to \$53.46B. As such, the dollarization rate increased from 64.42% in December 2016 to 65.19% in H1 2017. Moreover, deposits in both domestic and foreign branches of Alpha Banks respectively increased by 3.80% and 0.82% to \$153.56B and \$27.17B.

One of the main pillars of banks, solvency, strengthened in the first half. Net primary liquidity-to-deposits increased from 36.49% to 37.7%. BLOM Bank ranked first in net primary liquidity-to-deposits ratio with a reading of 54.56%, followed by Byblos Bank with 49.57%, and IBL with 46.66%.

The loans-to-deposits ratio went down from 37.06% in Dec 2016 to 36.89% and net provisions for credit loss decreased from \$223.89M in H1 2016 to \$132M in H1 2017, as banks wrote off their losses after the financial engineering conducted by BDL. Creditbank recorded the highest loans-to-deposits ratio of 57.97%, followed by Bank Audi with 48.64% and Bankmed with 40.70%.

As for profitability, Alpha Banks maintained a positive performance throughout the year. The banks' net profits rose from \$1.06B in H1 2016 to \$1.17B in H1 2017. Both net interest income and net fees and commission income grew by 1.51% and 1.09% to \$2.02B and \$436.1M, respectively. Worth mentioning, Alpha banks' domestic profits substantially grew by a yearly 15% to \$962.88M, hence offsetting the 8.32% annual decline, to \$208.68M, in profits abroad.

In the same context, return ratios were relatively stable during the year, with the return on average assets (ROAA) marginally dropping from 1.08% in H1 2016 to 1.07% and the return on average equity (ROAE) slipped from 11.76% to 11.55% in H1 2017. BLOM Bank registered the highest ROAA of 1.54%, Bank Audi and IBL Bank followed with 1.40% and 1.34%, respectively. In terms of ROAE, IBL ranked first with 17.58%, tracked by BLOM Bank and Bank Audi with 16.47% and 16.39%, respectively.

On the bright side, Alpha Group Banks expanded locally and internationally. The number of branches increased from 1,188 at the end of 2016 to 1,195 by June 2017, where domestic branches increased from 832 to 835 branches, and foreign branches rose from 353 to 357. Consequently, the number of employees rose from 30,554 to 31,085 by the end of the first half of the year.

Once again, the banking sector has proved itself to be the backbone of the Lebanese economy. The performance of the banks remains on an upward trend despite the domestic and regional uncertainties, and it is still a necessity to maintain a high level of liquidity and profitability.

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