

Financial Results of the Three Largest Lebanese Banks by Sep 2015: Steady Growth and Strong Financial Standing



**BLOMINVEST
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The non-audited financial results of the three largest Lebanese banks – BLOM Bank, Bank Audi, and Byblos bank – for the first three quarters of 2015 reveal steady profitability and growth, despite the political and economic instability in Lebanon and the region. The main reasons behind this performance are the three banks' cautious credit and investment policies and the rise in profits at their foreign subsidiaries. Combined net profit for the three banks grew to \$707.03 million in the first three quarters of 2015, up by 6.8% from the same period in 2014. These profits were achieved despite taking net provisions for credit losses totaling \$134.90 million, higher by 7.62%.

Bank	Net Profit (\$ Million)	ROAcE (%)	ROAA (%)	Cost-to-Income (%)
BLOM	289.77	15.20	1.36	37.03
Audi	304.18	13.81	0.96	53.53
Byblos	113.09	8.76	0.79	51.64

In case of each bank on its own, the results show that Bank Audi attained the highest absolute profits at \$304.18 million, up by 8.68% from the same period in 2014. BLOM Bank came next, with net profit reaching \$289.77 million, up by 7.59%, while Byblos Bank's net profit stood at \$113.09 million, higher by 0.26%.

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 utilizing capital and assets, BLOM Bank came on top with its ROAcE reaching 15.2% and its ROAA 1.36%. Bank Audi came second with an ROAcE of 13.81% and an ROAA of 0.96%, while Byblos' Bank ROAcE stood at 8.76% and its ROAA at 0.79%. What drives BLOM Bank's best scores in relative profitability is its lowest cost-to-income ratio at 37.03%, compared to 53.53% for Audi and 51.64% for Byblos.

The three banks' performance was also reinforced by the steady growth in their balance sheet aggregates. Bank Audi's assets increased to \$42.36 billion at end September 2015, higher by 6.19% from the same period in 2014; whereas its loans rose to \$17.01 billion, up by 6.73%; and its shareholders' equity grew to \$3.17 billion, up by 3.4%. BLOM Bank saw its assets rise to \$28.93 billion, higher by 5.2%; while its loans increased to \$7.0 billion, up by 0.56%; and its shareholders' equity reached \$2.62 billion, higher by 4.43%. As to Byblos Bank, its assets increased to \$19.35 billion, up by 1.98%; whereas its loans stood at \$4.73 billion, down by 0.19%; and its shareholders' equity reached \$1.66 billion, up by 2.03%.

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What marks the three banks' record, in addition to their decent performance in profitability and growth, is their strong financial standing as reflected in a variety of crucial financial indicators. For instance, BLOM Bank's (Basel 3) capital adequacy ratio and primary liquidity ratio stood at 17.8% and 66% respectively, while Bank Audi's net non-performing loans ratio was 0.9%, and Byblos Bank's coverage ratio for non-performing loans by specific and collective provisions reached 114.5%.

Once again, the financial results of the three largest Lebanese banks indicate their ability to adjust to the difficult operating conditions facing them and the success of their foreign expansion policies. All this makes these banks perhaps unique among Arab banks in terms of their flexibility and the soundness of their strategies; and will enable them to reap more growth and profitability once complete stability, hopefully, returns to the region in the near future.

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