



(\$B)	2017	2018	% change
Total Assets	17.13	18.72	9.3%
Net Loans and Avances to Customers	6.21	6.53	5.1%
Customer Deposits	12.88	13.16	2.2%
Shareholders' Equity	1.69	1.73	2.6%
Net Profit	0.13	0.14	7.6%

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The latest BANKDATA report depicted a positive performance of Beta Banks in Lebanon throughout 2018, despite a debilitating banking sector. The number of Beta banks (commercial banks with deposits between \$500M and \$2B) steadied at 13.

Total assets at the aforementioned banks, including that of subsidiaries in foreign countries, grew by 9.25% y-o-y to stand at \$18.72B by the end of the year. In details, given the attractive financial engineering operations conducted by BDL, commercial banks' placements in the central bank have been on the rise. Cash with central bank surged by a yearly 31.37% to stand at \$5.55B. This scheme has been translated into a 25.2% yearly increase in Beta Banks' interest income to \$1.09B. Moreover, despite the overall increase in interest rates, total loans managed to register a 5.05% rise during the year, to \$6.5B. In details, loans in local currency fell by 7.7% to \$1.86B, while loans in foreign currency rose by 11.5% to \$4.84B.

Customers' deposits kept on experiencing an upward trend during the year, yet with more confidence in foreign currencies. Deposits in foreign currencies accelerated by 6.6% to \$9.30B, while deposits in domestic currency fell by an annual 7.3% to \$4.04B. As such, the dollarization rate increased from 66.67% in December 2017 to 69.7% in 2018. Worth mentioning, average rate on USD deposits reached 5.69% by the end of 2018 compared to 3.89% in 2017, and average rate on LBP deposits stood at 8.3%. As such, in the increasing rates environment, interest expense rose by 29.7% to \$753.98M.

One of the main pillars of banks, solvency, strengthened during the year. Net primary liquidity-to deposits increased from 35.45% to 44.03%. Cedrus Invest Bank ranked first with a ratio of 91.64%, followed by the Federal Bank of Lebanon and BSL Bank with respective ratios of 56.98% and 55.41%. The loans-to-deposits ratio rose from 48.59% in December 2017 to 50.25% by the end of 2018, and net provisions for credit loss decreased from \$22.42M in 2017 to \$1.93M in 2018, as banks wrote off their losses after the financial engineering conducted by BDL. MEAB, AM Bank, and Arab Bank recorded the highest loans to- deposits ratio of 73.03%, 67.71%, and 65.29%, respectively.

As for profitability, Beta Banks maintained a positive performance throughout the year. The banks' net profits rose by 7.6% to \$144.16M in 2018. Net interest income grew by 16.3% to \$339.75, while net fees and commission income fell by 11.8% to \$79.33M, respectively. Worth mentioning, most of Beta banks' profits are engendered locally, as these have minor presence internationally.

In the same context, return ratios were relatively stable during the year, with the return on average assets (ROAA) marginally dropping from 0.83% in 2017 to 0.8% and the return on average equity (ROAE) slipped from 8.56% to 8.42% in 2018. Cedrus Invest Bank recorded the highest ROAA of 2.58%, followed by Arab Bank and Bank BEMO with 1.23% and 1%, respectively. In terms of ROAE, Arab Bank ranked first with 13.38%, followed by Banque Misr Liban and Cedrus Invest Bank with respective shares of 13.68% and 12.58%.

Beta Group Banks witnessed stagnation in expansion, with the number of branches marginally increasing to 167. In details, the number of branches increased from 164 at the end of 2017 to 167 by the end of 2018, where domestic branches were the drivers behind the increase, rising from 161 to 164. Consequently, the number of employees rose from 30,554 to 31,085 by the end of the first half of the year.

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