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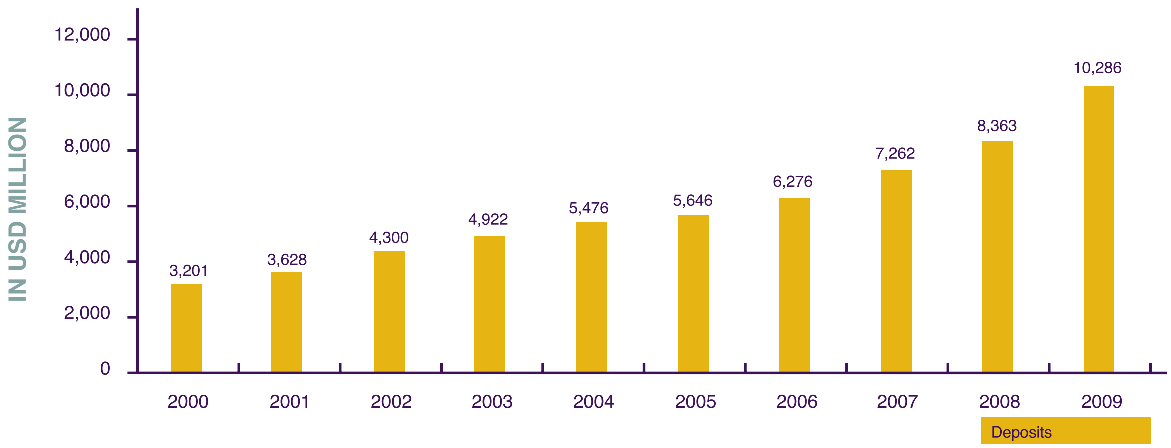
Financial Highlights

Customers' Deposits

13.85%
CAGR

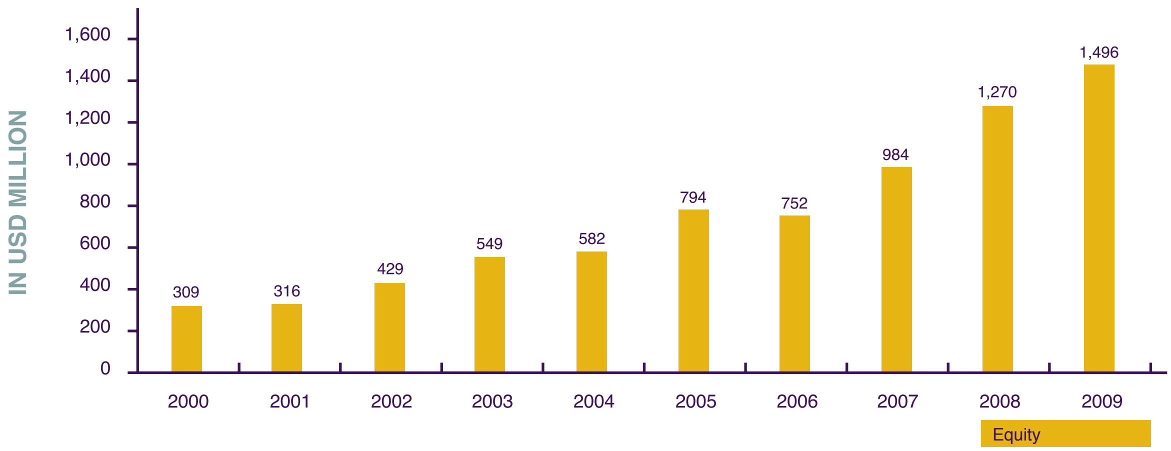
EVOLUTION OF CUSTOMERS' DEPOSITS DURING THE LAST TEN YEARS



Total Equity

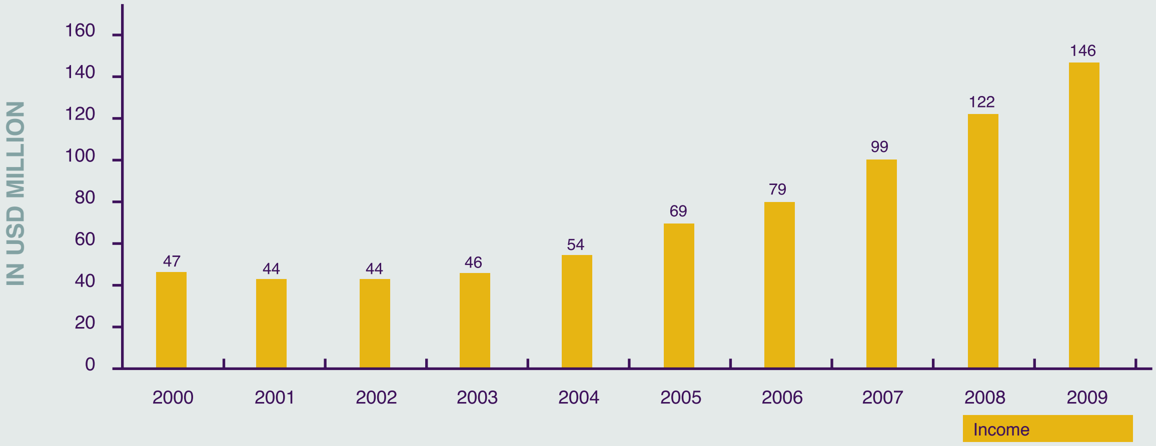
19.13%
CAGR

EVOLUTION OF TOTAL EQUITY DURING THE LAST TEN YEARS



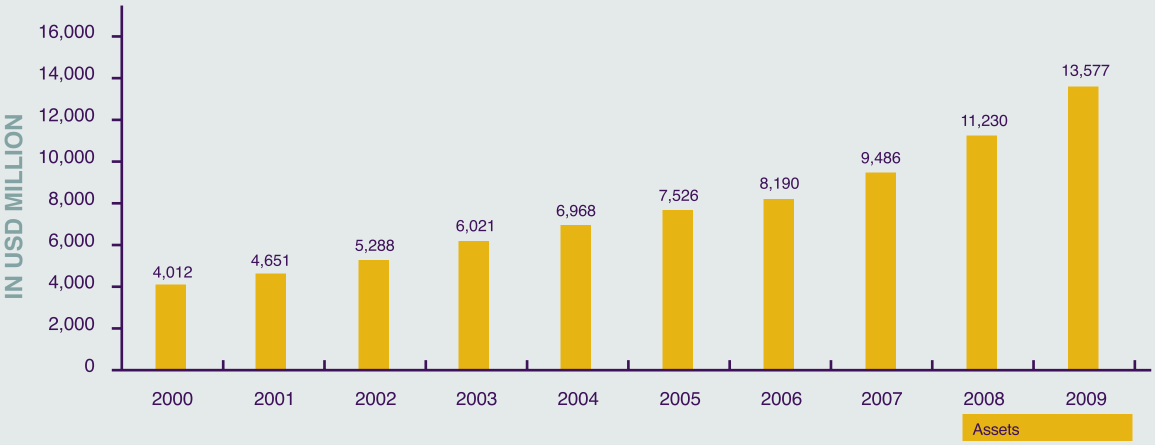
Net Income

EVOLUTION OF NET INCOME DURING LAST TEN YEARS



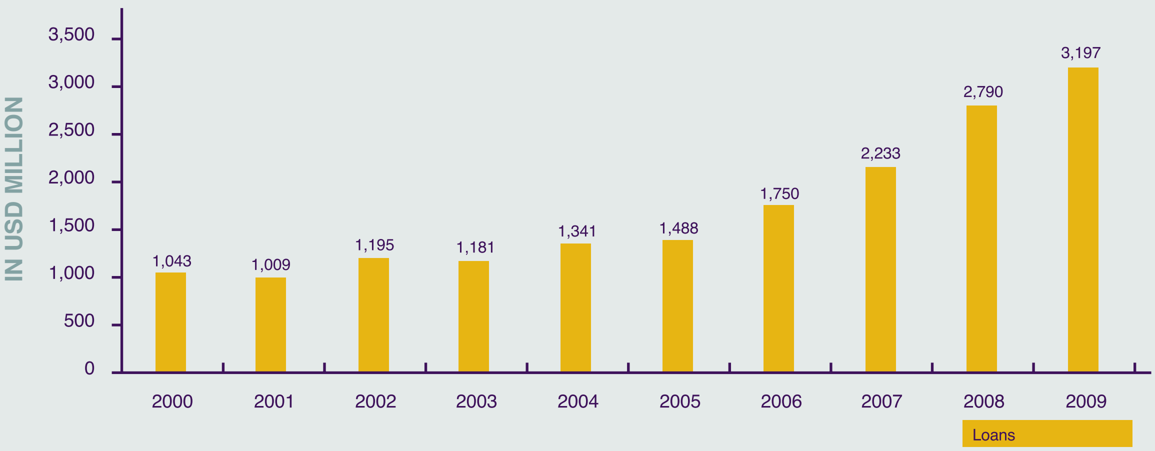
Total Assets

EVOLUTION OF TOTAL ASSETS DURING THE LAST TEN YEARS



Net Customers' Loans

EVOLUTION OF CUSTOMERS' LOANS DURING THE LAST TEN YEARS



A Message from the Chairman

DEAR STAKEHOLDERS,

The Byblos Bank Group added another extraordinary chapter to its proud history in 2009, demonstrating once again that sound business practices lead to consistently superior results. Despite continuing unease in many sectors over the after-effects of the recent global financial crisis, the Group and its subsidiaries continued to meet or beat expectations.

The financial services industry faces daunting challenges these days. The credit crunch of 2008 has been largely contained, but liquidity remains fragile in many markets, holding back consumer spending and leading to jobless recoveries in some of the world's largest economies. Fears of a so-called "double-dip" recession are widespread, and both public and private sectors are divided over how best to resume sustained growth – and how to cope with another downturn if and when it comes. Solutions are not easy to come by, particularly with so many governments heavily burdened by debt and deficits.

The Group is fortunate in that our home base, Lebanon, has largely avoided the direct consequences of the global slowdown. After a bout of poor growth wrought by political and security challenges between early 2005 and mid-2008, the Lebanese economy has rebounded with considerable vigor. Growth has been very strong, particularly in construction, tourism and our own financial sector, and while the public debt remains relatively large, the rate of its expansion has been brought down to manageable levels. The latter point is vitally important because while, traditionally, the Lebanese economy has been driven by private enterprise rather than government spending, large overhangs of public debt can soak up too much of the credit that businesses need to fund both new and existing ventures. Now that the economy is once again expanding at a faster rate than the debt is, there are fewer obstacles to sustainable growth.

Most of the international markets from which we derive an ever-increasing share of our income – principally in the Middle East and North Africa region – have likewise been spared the worst. Capital flows into some of the countries in which we operate have come under pressure, but our own investments and the business activity they help to generate are compensating for some of the shortfall. In addition, the Group has selected the markets into which it has entered with great care. In general, they are typified by under-developed financial sectors, and often by erratic service in areas such as communications. This creates strong and persistent demand for precisely the kind of experience and expertise offered by Byblos Bank, which allows us to ensure world-class banking in less-than-ideal conditions.

Perhaps most importantly, the Group has continued to thrive because of the way we do business. From personal banking and commercial banking to insurance and investment products, financial services are about trust. One repercussion of the global slowdown has been a crisis of confidence in financial companies, hobbling recovery efforts by denying them the capital they – and economies at large – need to recover. By contrast, the Byblos Bank Group still enjoys a reputation for responsible management. We never lost sight of the fact that our duty is to safeguard our stakeholders' futures, not to make headlines in tomorrow morning's newspapers. As a result, we retain the trust of the clients, partners, governments and multilateral institutions with which we do business – and that of the communities where we do it.

It is no surprise to us, then, that the Group is in such a strong position today. Our meticulously planned and adroitly executed expansion into foreign markets in recent years has not just diversified the sources of our revenue – it also has substantially increased the volume of that revenue. Our growing footholds in investment banking and insurance (including the burgeoning Bancassurance sector) confer similar advantages on the Group and its stakeholders. The Group built its current strategy around these endeavors because both of them promised powerful synergies with each other, and with our traditional fortes like retail banking and trade finance. All that potential is now being realized, and the results are highly satisfying.

The financial data contained in the 2009 Annual Report are just the latest illustration of how successful our strategy has been. As at 31 December 2009, Byblos Bank was third among all banks operating in Lebanon in terms of net profit (LBP 219.4 billion on growth of 19.3%), total assets, (LBP 20,467 billion on growth of 20.9%), shareholders' equity (LBP 1,955 billion on growth of 20.8%), advances to customers (LBP 4,819 billion on growth of 14.6%), and customers' deposits (LBP 15,506 billion on growth of 23.0%).

The same figures also offer a window on our plans for 2010: in broad strokes, we will adhere to the carefully crafted plan that has carried us from success to success, updating its details to fit changing circumstances but standing by the principles that have proved so effective in the past. Byblos Bank will continue to expand its commanding position in the highly competitive Lebanese market, while subsidiaries abroad will keep expanding our global presence to the benefit of both local economies and foreign investors. In short, we will not rest on our laurels.

All of the foregoing was made possible by the loyalty, professionalism, and hard work of everyone involved with the growing community known as the Byblos Bank Group. It is my privilege on occasion to express my gratitude to individual members of our team for their many contributions to our shared accomplishments. Here I avail myself of the opportunity to thank each and every one of you: customers and shareholders, members of our various boards of directors, executive and branch managers, analysts, administrators and traders, and particularly all of the front-line personnel who daily serve our clients and help them secure their futures. Because of you, "Your Bank for Life" is becoming just that to more and more people every day.

Sincerely Yours,

François S. Bassil
Chairman and General Manager

The Economy in 2009

LEBANESE ECONOMY

Lebanon's economic activity was characterized by three stages in 2009. The first stage spanned the first five months of the year and reflected the uncertainties prevailing at the time. The year began with apprehensions that the global recession and a marked decline in economic activity in the Gulf Cooperation Council (GCC) countries would reduce Lebanon's remittances, exports, foreign direct investment, capital inflows, and earnings from tourism, therefore leading to a slowdown in economic growth. Further, uncertainties about the parliamentary elections, scheduled for early June, kept sentiment subdued. As such, consumer confidence and investor sentiment remained hesitant and the economy entered a wait-and-see period.

The second stage covered the five months from mid-June until mid-November, beginning with a reduction in political uncertainties as the parliamentary elections took place on time and in a stable environment, while the economy and financial sector demonstrated their resilience in the face of the regional economic slowdown. This led to a record tourism season, an increase in capital inflows, a remarkable growth in bank deposits, and a rise in consumer confidence. However, the period highlighted the political risks prevailing in the country, as demonstrated by the persistent obstacles to the formation of a new Cabinet following the elections, which affected consumer confidence. The third stage covered the remainder of the year and saw the formation of a national unity Cabinet and a decline in political tensions.

Throughout most the year, political uncertainties prevented the implementation of structural and economic reforms, as the fiscal deficit remained wide and the public debt continued to increase. Accordingly, the year ended with the same set of challenges for the Lebanese economy and its financial sector: the vulnerabilities of public finances remain and have yet to be addressed by effectively reducing the government's borrowing needs. In addition, political discord continued to be an obstacle to improving the local investment climate and business environment, and to increasing the economy's overall transparency.

REAL AND EXTERNAL SECTORS

Economic activity was positive overall in 2009, with real GDP growth for the full year officially estimated at around 9%, driven mostly by construction, tourism, and financial services. The Central Bank's Coincident Indicator, a proxy for overall economic activity, rose by nearly 14% year-on-year. The trade deficit reached USD 12.75 billion in 2009, up 1% from USD 12.65 billion in 2008, as the value of imports increased by 0.7% to USD 16.24 billion in 2009 while the value of exports was unchanged at USD 3.5 billion. But the volume of exports declined by 16% to nearly 3 million tons, while that of imports increased by 17% to 14.6 million tons. The coverage ratio reached 21.5% in 2009, almost unchanged from 21.6% in 2008. In parallel, the balance of payments recorded a surplus of USD 7.9 billion in 2009, compared to a surplus of USD 3.46 billion in the previous year, due to an increase of USD 8.69 billion in the Central Bank's net foreign assets combined with a decrease of USD 794 million in the commercial banks' net foreign assets.

TOURISM SECTOR

The tourism and hospitality sector exceeded all expectations in 2009, as all related indicators posted record growth rates. As such, it demonstrated the ability of the Lebanese economy to compete regionally and internationally in attracting visitors as long as the country enjoys political stability and a favorable security situation. Indeed, incoming visitors totaled 1.9 million in 2009, constituting an increase of 39% year-on-year, the world's highest growth rate in tourist arrivals. Also, the occupancy rate at hotels in Beirut was 73% in 2009, up from 55% in 2008, constituting the highest growth in occupancy rates in the region. The average rate per room at Beirut hotels increased by 26.5% to USD 234 year-on-year and posted the highest increase among all markets in the region. Furthermore, revenues per available room were USD 172 in Beirut in 2009, up 67% year-on-year, again constituting the highest rise in the Middle East. A total of 770,000 persons used hotels and furnished apartments in the country and spent nearly two million nights in such facilities in 2009, constituting increases of 21.2% and 34.7%, respectively, from 2008 figures. As a result, clients stayed an average of 2.54 nights per person last year compared to 2.29 nights in 2008. Visitors spent a total of USD 203.4 million on lodging in hotels and furnished apartments, up 134.5% from USD 87 million in the previous year. Overall, the travel and tourism industry is estimated to have contributed directly about 9% of GDP, while its direct and indirect contribution was equivalent to nearly 25% of the overall economic activity.

FISCAL SITUATION

The fiscal situation slightly deteriorated in 2009, as the deficit reached USD 2.96 billion, up 1.3% from 2008. The deficit was equivalent to 26% of total budget and Treasury expenditures compared to 29.4% in 2008. Overall government expenditures reached USD 11.4 billion, up 14.8% year-on-year, while total revenues increased by 20.4% to USD 8.4 billion over the covered period. Debt servicing increased by 16.7% year-on-year and totaled USD 3.8 billion, accounting for 33.7% of total expenditures and 44.4% of budgetary spending. It absorbed 45.5% of overall revenues and 48% of budgetary receipts. The overall primary surplus reached USD 1.1 billion, or 9.5% of total expenditures, compared to a surplus of USD 0.6 billion, or 6% of spending a year earlier. The fiscal deficit was officially estimated at 8.4% of GDP in 2009, down from 9.7% of GDP in 2008, but still one of the highest in emerging markets.

In parallel, Lebanon's gross public debt reached USD 51.1 billion at the end of December 2009, constituting an increase of 8.7% year-on-year. Domestic currency debt increased by 15.3% to USD 29.8 billion, while foreign currency-denominated debt decreased by 0.5% to USD 21.3 billion. Net public debt, which excludes the public sector's deposits at the Central Bank and at commercial banks from overall debt figures, rose annually by 6.3% to USD 44.1 billion at the end of 2009. Local currency debt accounted for 58.4% of gross public debt at end-2009, compared to 55% a year earlier, while foreign currency-denominated debt represented 41.6% of the total at end-2009, down from 45% a year earlier. The gross public debt was officially estimated at about 148% of GDP at end-2009, down from 157% at end-2008. The decline was caused by the growth in GDP rather than by any decline in the nominal size of the debt. Commercial banks held 58.4% of the public debt at the end of 2009.

CAPITAL MARKETS

Activity on the Beirut stock market increased by 33% in 2009 compared to a 17% rise for Arab bourses, posting the fourth best performance among Arab stock markets for the year. But the bourse remained small and not relevant to the financing of economic activity in the country, as market capitalization was equivalent to about 35% of GDP for 2009, ranking in 9th place in the Arab world. Total trading volume on the Beirut Stock Exchange reached 102.6 million shares in 2009, a decrease of 3% from the previous year, while aggregate turnover amounted to USD 1 billion, down 39% from a turnover of USD 1.7 billion in 2008. Market capitalization increased by 34% to USD 12.8 billion year-on-year, of which 66.7% was in banking stocks, 30.7% in real estate stocks, 2.06% in industrial stocks, 0.3% in funds, and 0.3% in trading stocks. The market liquidity ratio was 8.1%, down from 17.8% in 2008. Lebanon's market capitalization accounted for about 1.2% of the aggregate market capitalization of Arab equity markets.

Bank stocks accounted for 67.8% of aggregate trading volume in 2009, followed by real estate stocks with 31.6% and industrial stocks with 0.5%. In terms of value of shares traded, real estate stocks accounted for 69.8% of aggregate value, followed by banking stocks with 30% and industrial stocks with 0.2%. The average daily traded volume for the year was 422,175 shares for an average daily value of USD 4.3 million. The figures reflect a decrease of 4% in volume and a decrease of 40% in value year-on-year.

In the fixed-income market, Lebanon's external debt posted the 12th highest return at 26.8% among 20 markets in the Emerging Europe, Middle East and Africa (EMEA) region in 2009, as well as the 22nd best return among 40 emerging markets. Lebanon underperformed the EMEA returns of 30.7% and the overall emerging market returns of 27.8% during the year, as well as the 36% returns posted by similarly rated sovereigns during the year. The spread on Lebanese Eurobonds ended 2009 at 320 basis points, 11th narrowest in the EMEA region and 22nd narrowest among emerging markets. It was wider than the EMEA spread of 249 basis points and the emerging markets overall spread of 277 basis points as at end-2009.

Lebanon successfully placed USD 500 million in Eurobonds in November, with proceeds to be mainly earmarked toward servicing the debt and for Treasury transfers to the money-losing state-owned Electricité du Liban. The issue had two tranches with maturities in 2015 and 2024, totaling USD 250 million each. The coupon rate on the 2015 maturity is at 5.875%, while the rate on the 2024 maturity is at 7%. The favorable rates and high demand for the current issue would help in the refinancing of Eurobonds maturing in 2010 and totaling USD 2.15 billion. In March 2009, the Finance Ministry successfully completed a voluntary debt swap for around USD 2.3 billion of maturing Eurobonds, with demand reaching 82.8% of the maturing bonds. In exchange, the government issued a three-year USD 600 million bond carrying a coupon rate of 7.5% and due in 2012, an eight-year USD 1.5 billion bond carrying a coupon rate of 9% and due in 2017, and a three-year €211 million bond with a coupon rate of 7.75% due in 2012. The bonds included USD 450 million in new issues due to high demand.

In parallel, political stability, the resilience of public finances and the strength of the banking sector convinced rating agencies to upgrade the country's sovereign ratings. In December, Standard & Poor's raised Lebanon's long-term sovereign credit rating to 'B' from 'B-' and its short-term sovereign rating to 'B' from 'C', and revised the outlook to 'positive'. Also Moody's Investors Service upgraded Lebanon's local and foreign currency sovereign bond ratings to 'B2' from 'B3' in April, and revised the outlook on the ratings to 'positive' from 'stable' in December. Furthermore, Capital Intelligence raised Lebanon's long-term foreign and local currency ratings to 'B' from 'B-' in May and maintained the outlook at 'stable'. Each of the agencies warned that the authorities need to implement structural reforms to reduce the fiscal deficit and the public debt, and expressed concern about Lebanon's significant political and economic vulnerabilities.

MONETARY SITUATION

Lebanon's monetary authorities have proved highly adept at maintaining stability in times of crisis. Indeed, the Lebanese pound's unofficial peg to the US dollar has been sustained and the Central Bank accumulated adequate resources to keep the currency stable, as gross reserves increased by 45.4% during the year to reach USD 24.8 billion at end-2009, equivalent to about 74.7% of money supply (M2), and reflecting the continuing ability of the Central Bank to meet foreign currency demand. Also, foreign reserves were equivalent to 15.7 months worth of imports, well above the four-month reference and a high level by emerging market standards. The Central Bank's assets in foreign currencies, including gold, totaled USD 38.4 billion at the end of the year, equivalent to about 113% of GDP.

INFLATION

Inflation has been under control over the past 10 years due to the authorities' monetary policy of maintaining a stable exchange rate and low inflation. Inflation dropped significantly in 2009 due to lower international oil and commodity prices. Lebanon imports most of its energy needs and has an import-based economy, as the value of imports historically has been equivalent to about five times that of exports. As such, imported inflation accounts for about 70% of inflation in the country. Overall inflation averaged 4.5% in 2009, down from 9.3% in 2008, but inflationary pressures increased at the end of the year due to the recovery in global commodity prices and the weakening of the US currency.

BANKING SECTOR

The banking sector remains the backbone of the Lebanese economy, and was profitable, highly liquid and well capitalized in 2009, unlike most banking sectors in advanced and emerging economies. The aggregate assets of banks operating in Lebanon were equivalent to about 338% of GDP and deposits equivalent to 281% of GDP at the end of 2009, among the highest such ratios in the world. Banks continued to compete aggressively for corporate and retail clients domestically, while the sector continued its asset diversification strategy by expanding regionally and in emerging markets. The sector remained resilient to global and regional financial shocks, and proved it can finance the private sector while supporting the public sector's needs, at a time when governments around the world have been forced to bail out their banking systems.

Bank assets reached USD 115.2 billion at the end of 2009, up 22.3% from end-2008, with overall foreign assets increasing by 20% year-on-year to reach USD 23 billion; while private-sector bank deposits totaled USD 95.8 billion, up 23.1% from end-2008 and reflecting continued confidence in the sector. Deposits in Lebanese pounds rose by 43.6% from end-2008 to USD 34 billion, while those in foreign currencies increased by 14.1% to USD 61.7 billion. Non-resident foreign currency deposits reached USD 14.2 billion at end-2009, increasing by 34% from end-2008. In parallel, deposits of non-resident banks reached USD 4.6 billion, up 6.9% from the end of the previous year. The dollarization rate of deposits reached 64.5% at end-2009, down from 69.6% at end-2008, reflecting the massive conversion from foreign currencies into Lebanese pounds that has been triggered by political stability and the high differential between domestic and global interest rates in both Lebanese pounds and US dollars.

Broad money supply (M3) grew by 19.5% in 2009 compared to 14.7% in 2008. Loans to the private sector amounted to USD 28.4 billion at end-2009, up 13.3% from end-2008, highlighting the sector's financing of the national economy. The dollarization rate in private sector lending reached 84%, compared to 86.6% at end-2008. The average lending rate in Lebanese pounds was 9.04% in December 2009 compared to 9.95% a year earlier, while the same average in US dollars stood at 7.28% relative to 7.47% a year earlier. In parallel, claims on the public sector stood at USD 29.1 billion, up 14.3% from end-2008, and accounted for just 25.2% of the sector balance sheet. But rating agencies continued to restrain banks' ratings to the sovereign ceiling, citing their high direct exposure to the sovereign as their most important risk factor.

Capital funds reached USD 7.94 billion, an 11.9% increase from end-2008, with core capital rising by 11% to USD 7.5 billion. The sector's capital adequacy ratio was 12.7%. Also, the ratio of loans to deposits in foreign currencies stood at 38.6%, well below the Central Bank's limit of 70%, and down from 40.1% a year earlier. In parallel, the same ratio in Lebanese pounds was 13.3% compared to 14.2% a year earlier. The ratio of total private sector loans to deposits stood at 29.6%, down from 32.2% a year earlier. In parallel, the aggregate net income of banks operating in Lebanon improved substantially, rising by 12% year-on-year to USD 1.2 billion. Also, the banks' net return on average assets was 1.1% and their net return on average equity reached 15.5% in 2009. Given the financial turmoil that swept across banking sectors in advanced and emerging economies, the profit indicators continue to reflect the resilience of the Lebanese banking sector. Furthermore, the sector's cost-to-income ratio declined to 51.6% in 2009 from 53.1% in 2008.

GLOBAL AND REGIONAL ECONOMIES

The global economy went through one of the most challenging years on record in 2009, as the worldwide financial crisis led to the deepest economic downturn in recent history. Overall, the world economy contracted by 0.8% in 2009, with advanced economies contracting by 3.2% and emerging and developing economies growing by 2.1%. But growth solidified and broadened to advanced economies in the second half of 2009, driven by extraordinary monetary and fiscal stimulus measures. Indeed, monetary policy was highly expansionary, with interest rates down to record lows in most advanced and in many emerging economies, while the balance sheets of central banks expanded to unprecedented levels in key advanced economies. Furthermore, governments in both advanced and emerging economies opted for massive fiscal stimulus in response to the deep downturn.

The impact of the crisis on the Middle East and North Africa (MENA) region, and on Sub-Saharan Africa, was of particular significance to Lebanon due to the economy's strong trade and financial links to Gulf Arab markets in particular, as well as to its dependence on the Diaspora and to the increasing activity of Lebanese banks in the two regions.

The global crisis had a direct impact on the MENA region through the decline in international oil prices and the turmoil in global financial markets. The region was also affected by the secondary effects of the crisis through declines in trade, remittances inflows, and foreign direct investment (FDI). Accordingly, economic growth slowed to 2.2% in 2009 from 5.4% in 2008, but the impact of the crisis was less severe than in other regions, as counter-cyclical policies and financial sector support measures limited the decline in output in 2009. The economies of the GCC were the most affected in the region, as the crisis impacted them directly through a negative terms-of-trade shock associated with the drop in oil prices, and a financial shock that destabilized overextended domestic banks. Growth in the GCC slowed down to about 0.8% in 2009, but governments used ample fiscal surpluses and accumulated reserves to respond quickly with monetary and fiscal measures to prevent a deeper deceleration in growth. In parallel, the MENA region's oil importers were mostly affected by the secondary effects of the crisis in trade, remittances and FDI, with growth decelerating to 4.8% in 2009. The financial sectors of oil-importing economies remained relatively unaffected by the developments in global financial markets, as banks were less overextended than those in the GCC countries.

The economies of Sub-Saharan Africa were not spared the impact of the crisis, as the region's real GDP grew by 1.6% in 2009 compared to 5.6% a year earlier. The economies most severely affected were oil-exporting countries, which are more closely integrated into the global economy, as well as middle-income countries, while the region's low-income and most fragile countries proved fairly resilient in the face of the global downturn.

The limited slowdown across the region was due to multiple factors such as the counter-cyclical macroeconomic policies that were pursued in many countries, the quick recovery in global economic activity, and the relative health of the region's economies in the mid-2000s. Also, nearly two-thirds of the countries experiencing a slowdown were able to increase government spending to support economic activity, while remittances and official aid flows remained broadly unchanged from their 2008 levels. Finally, the recovery in global demand led to a rise in commodity prices, which boosted export earnings in many of the region's economies.

Doing What We Do Best – Only Better

The Byblos Bank Group performs many functions and answers to a wide variety of stakeholders, but whatever their position or specialty, every member of our team shares at least one common goal with all of his or her colleagues: to continually improve the processes by which we deliver on our promises. In 2009, that spirit of perpetual renewal inspired numerous developments that helped us to better serve our customers – and therefore to better achieve our own goals.

PERSONAL BANKING

Nowhere was this spirit more in evidence than in the Consumer Banking Division, whose overall strategy for the year focused on profitable portfolio growth. This included several areas of emphasis, including reliance on the segmentation of retail customers, developing branch staff knowhow, product development, perfecting processes and procedures, and transferring Byblos Bank Group expertise to the subsidiaries. The Branch Development and International Retail departments, both of which were established in 2008, continued to prove their worth in this regard. The former's achievements in 2009 included ensuring that key personal performance indicators were well defined and in place, and that job descriptions and management roles were respected and in line with optimum branch structure. In addition, careful attention was paid to reinforcing the customer focus culture of branch staff, including seminars on subjects like cross-selling and increasing sales to specific market segments. International Retail, meanwhile, was provided with the added personnel and functionality required to maintain the level of support it extends to the Bank's rapidly expanding overseas subsidiaries.

Retail operations were also supported by the continual refinement of the trend-setting products and services for which Byblos Bank is known, with supplementary features added to Byblos Bank Housing Loans, Government Housing Loans, and Credit Cards. Particular emphasis was placed in 2009 on preparations for the rollout of new card products in 2010.

In addition, procedures and information technology systems relating to retail products were reviewed with an eye toward speeding up processes and minimizing costs. As in other lines of business, these measures are crucial for Byblos Bank in several ways, including faster turnaround times for credit and other applications, more and better opportunities for cross-selling and up-selling, more efficient product delivery, and lower cost-to-income ratios for all manner of activities. Process improvements also help to deepen and strengthen the long-term relationships we seek to have with our customers.

MAKING BETTER USE OF TECHNOLOGY

In terms of Non-Branch Distribution channels, we continued to study the implementation of an in-house switch in order to better manage and monitor our ATM network, provide better service to customers, and increase revenues. At the same time, the ATMs' functional menu was updated and simplified, the goal being to increase usage by 25%. In addition, Call Center services were improved, and the Banking Technology team worked on development of an effective Contact Management tool to extend the impact of the Call Center's activities.

COMMERCIAL BANKING

With world markets experiencing great volatility and uncertainty, we continue to be very close to our customers. We examine together every aspect which might affect their businesses, and look to assist them in protecting themselves against unforeseen setbacks. Our service extends beyond local borders, since today, numerous customers are now present in the same overseas markets in which we operate. We look to add value by introducing them to credible counter-parties in those common overseas markets. Furthermore, we continue the tradition of being both pioneers and leaders in dealing with international agencies, and passing on the benefits of agreements signed with those agencies, whether through long-term funding, capped pricing, or insurance coverage, among other areas, to our customers.

ADDING TO THE TEAM

Also in 2009, Byblos Bank's reputation helped attract a valuable new partner in the form of the International Finance Corporation (IFC), the private sector arm of the World Bank. In a deal announced just weeks into 2010, the IFC agreed to buy USD 100 million worth of the Bank's shares. Aside from constituting a vote of confidence in the Bank's performance, the capital increase also makes more funds available for SMEs – and for the Group's continuing expansion into new markets.

A SALUTE TO EXPATRIATES

In keeping with the traditions of Byblos Bank in particular and the Lebanese population in general, considerable care was also taken to catering for the needs of expatriates working in Europe, the Gulf, Africa and other parts of the world. As they have for generations, Lebanese expats played a variety of important roles in 2009, not only because of the remittances they send to loved ones at home but also because of the productive contributions they make to the countries in which they live and work. We strive to recognize and reward these hard-working individuals both practically and symbolically, for instance by making special credit facilities available for them in their homeland, and by planting a cedar tree in the name of every Lebanese expatriate who opens an account with Byblos Bank.

GETTING THE WORD OUT

Explaining the purposes of these and other activities is just one responsibility of the Group Communication Department, whose mission includes the development and dissemination of information for both internal and external consumption – all while maintaining high levels of accuracy, utility, and transparency. In 2009, much of the department's energy was devoted to revisiting the Group's brand strategy in preparation for the campaigns scheduled for 2010.

PERFECTING OUR MOST IMPORTANT RESOURCE

The foundation for many of these activities is provided by the Human Resources Division. In 2009, HR's primary achievements included the creation of a Competency Model and the Bank-wide implementation of competency-based management that will improve our handling and retention of High Performers. A new salary scale was introduced, and a Succession Planning Exercise was conducted, focusing on the identification of key and critical positions in all departments. In addition, Byblos Way launched its Retail School in 2009, complete with purpose-built syllabi and prerequisites for all branch positions.

In 2010, HR's strategic priorities range from softening processes and reducing paperwork to carrying out Phase II of the Succession Management Process, which will see successors designated for all key and critical positions. Some 25% of these will then commence their Individual Development Plans. Byblos Way is launching both its Credit School and its Management School, and the HR Handbook is being revised in line with our new strategy, which includes an overhaul of the welcome package for new recruits. The Code of Conduct is also being reviewed to ensure compatibility with our ongoing Culture Change.

Corporate Social Responsibility: the Bottom Line(s)

Corporate Social Responsibility (CSR) has always been a driving force of Byblos Bank's business philosophy, and if anything the tradition has only been strengthened in recent years. Our CSR strategy is informed by the spirit of the "Triple Bottom Line" as measured by people, planet and profit. Underpinned by a realization that well-conceived activities which benefit the communities we serve are an investment in our own future, this allows greater integration between traditional business activities and contributions to ecological, social and other causes. Accordingly, we have developed governance guidelines to ensure that environmental and social considerations are part of everything we do, from the procedures of individual departments to the corporate decision-making process.

Byblos Bank supports worthwhile projects in numerous fields that help improve living conditions in the communities we serve, but our good works are increasingly focused on four main pillars: Education, Culture, Health and the Environment. Taken together, these areas offer the surest routes we know of helping people and their families to secure better tomorrows. Education underpins just about everything else a society does – or wants to do; the preservation and promotion of Culture helps to spread a sense of belonging – and an appreciation of diversity; concentrating on Health gives more people a better chance of leading happier, more productive lives; and protecting the Environment helps further all of these goals by preserving our natural surroundings for future generations.

In 2009, our CSR activities took place on a variety of levels, making them too numerous to permit a comprehensive listing here. Both in whole and in part, these endeavors were a manifestation of the commitment that the Bank and its employees feel toward the communities in which they live and work.

EDUCATION FOR ALL

This was the 24th consecutive year, for instance, in which Byblos Bank provided support for Child Week, an event organized by the Association for the Protection of Lebanese Children in order to foster the artistic, cultural and educational interests of our youngsters. Our involvement with education also extended all the way to the university level, with support provided for institutions of higher learning to upgrade their buildings and other facilities – and therefore to improve the learning environment for their students. We conducted formation and orientation sessions to help youth learn more about banking services, enabling them both to take better care of their personal finances and to broaden their career horizons. We also marked the 10th anniversary of our involvement with the Lebanese Center for Special Education, which since 2000 has worked to improve access and opportunities for children with learning disabilities.

UPHOLDING CULTURE

We also marked our ninth year as the main sponsor of the Byblos International Festival, an annual musical extravaganza that has gained international acclaim for attracting world-class talent in a variety of genres. Our contributions also included the sponsorship of “Lebanon in 360HD”, a spectacular DVD using hi-tech graphics to highlight the country’s architectural, cultural and geographical jewels in all their splendor. Other recipients of Byblos Bank’s backing in 2009 included the Silk Museum in Bsous, Aley, and, as has been the case for several years, the Daraj el Fan (“Art Stairs ”) festival in Beirut’s Gemmayzeh neighborhood.

The Bank was also keen in 2009 to support activities that help sustain both the cultural and natural environments. For this purpose, it has sponsored Sourat, an event held to preserve the traditional cachet of the typical Lebanese village of Sourat, Jbeil, and also the Race Cup, a fundraising event aimed at safeguarding Beirut Hippodrome, one of the last green spots in the city.

BIG ON BOOKS

Books are an integral part of a healthy culture’s past, present and future, so Byblos Bank is proud to assist such endeavors. This past year, beneficiaries of this kind of support included “L’histoire du Liban à travers ses timbres”, a book tracing Lebanon’s history through the evolution of its postage stamps; “Creative Lives”, a tome that celebrates some of Lebanon’s most respected intellectuals and artists; and the Salon du Livre’s book-signing event in Beirut.

Also in 2009, Byblos Bank lent its support to the Red Cross by holding an in-house blood drive for employees, sponsored the Goodwill Marathon for the disabled, and undertook to pay all the medication costs of Resto du Coeur, (“Restaurant of the Heart”), which focuses on providing nourishing meals to the elderly.

Another priority for our CSR strategy has been rural development, a matter of considerable urgency for many communities. By focusing our activities on remote areas whenever and wherever appropriate, Byblos Bank aims to help these often-overlooked villages to increase their viability in a rapidly changing world, all while retaining their traditional charms.

The Bank takes very seriously the many roles it plays in the many communities it serves. To be sure, this practice builds goodwill and therefore contributes to both generating new business and retaining the loyalty of our existing customers. Just as importantly, it is consistent with the values that we espouse. For this reason, CSR is not just something we do – in many ways, it’s what we are.

Corporate Profile

Profile of the Group

OUR HISTORY

Established in Jbeil (Byblos), Lebanon, in 1950, the Byblos Bank Group is a leading financial institution focused on domestic and selected overseas markets. After nearly six decades of consistent growth, Byblos Bank now has an extensive branch network of 77 branches spread evenly across Lebanon. The Group also has expanded to several other countries, including Armenia, Belgium, Cyprus, the Democratic Republic of the Congo, France, Iraq, Nigeria, Sudan, Syria, the United Arab Emirates, and the United Kingdom.

OUR STRATEGIC GOALS

The focus of Byblos Bank's strategy is to build on our leading position in the Lebanese market while diversifying into foreign ones. To do this, we strive to be a full-service bank providing comprehensive solutions for our customers in commercial, trade and project financing, retail banking, private banking, asset management, and assorted advisory services.

OUR MAJOR LINES OF BUSINESS

--- Consumer Banking
--- Commercial Banking
--- International Banking
--- Financial Markets

OUR VALUES

--- Integrity
--- Mutual Respect
--- Professionalism
--- Accountability
--- Customer Focus
--- Teamwork

OUR MISSION

"Byblos Bank Group is a universal institution that is focused on the domestic and regional markets while striving to offer world-class services to its customers, fulfillment to its employees, and economic benefit to the communities it serves."

KEY DATES

Our past gives us vision and strength and shows us the way to better seize all available future opportunities.

1950 Establishment of Société Commerciale et Agricole Byblos Bassil Frères & Co., engaged in natural silk and leather tanning and agricultural credit activities.

1961 Company's name changed to Société Bancaire Agricole Byblos Bassil Frères & Co.

1963 Company's name changed to Byblos Bank S.A.L. and registration with Central Bank of Lebanon.

1976 Establishment of Byblos Bank Europe in Brussels (branches in Paris and London).

1983 Establishment of Adonis Insurance and Reinsurance Co. S.A.L. (ADIR).

1997 Acquisition of Banque Beyrouth pour le Commerce (BBC). Listing of 30% of its shares on the Beirut Stock Exchange.

1998 Full integration of the subsidiary in Europe as Byblos Bank Europe S.A.

1999 Acquisition of Bank of Nova Scotia's Lebanon branch.

2000 Acquisition of Wedge Bank Middle East's Lebanon branch. Acquisition of assets of ING Barings' Lebanon branch.

ADONIS INSURANCE AND REINSURANCE CO. S.A.L. (ADIR) PARTNERSHIP WITH NATIXIS ASSURANCES – FRANCE

ADIR is a subsidiary of Byblos Bank established in 1983. The company combines financial stability with an ongoing quest for product innovation and an uncompromising commitment to its customers in terms of service, coverage, and proper handling of claims. ADIR provides a comprehensive range of standard and tailored insurance products to both individual and institutional clients, including life, fire, general accident and medical coverage, among others. In 2001, Natixis Assurances, the fifth largest bancassurance group in France and an affiliate of Natixis Banque Populaire, acquired a 34% stake in ADIR, with Byblos Bank retaining a controlling interest of 64%. The Group believes that the association with the French banking giant will continue to facilitate the offering of bancassurance services to Byblos Bank customers in Lebanon and other selected markets where ADIR seeks to forge local partnerships.

BYBLOS BANK EUROPE S.A.

Byblos Bank Europe was officially founded in 1976. Legally known as Byblos Bank Belgium S.A., Byblos Bank Europe is headquartered in Brussels and has branches in London and Paris. Byblos Bank S.A.L. holds more than 99 % of the shares in Byblos Bank Europe, which specializes in short-term trade finance for selected exporting companies in Europe and offers correspondent banking services in the Middle East and North Africa. In addition, the Paris branch provides banking services to customers in French-speaking African countries, while the London branch serves clients in English-speaking countries on the same continent.

BYBLOS BANK AFRICA Ltd.

After three decades of prosperous business in Sudan via local banks and a selected customer base, the Group established Byblos Bank Africa Ltd. in 2003. Operating under Sudanese law and the Sudanese Central Bank, Byblos Bank Africa's main lines of business are consumer banking, commercial banking, private banking, and correspondent banking. Following an injection of new capital in 2008, Byblos Bank S.A.L. remains the largest shareholder in Byblos Bank Africa (56.9%), followed by the OPEC Fund for International Development (20%), the Islamic Corporation for the Development of the Private Sector (10%), and Sudanese investors (5%).

2002
Acquisition of assets and liabilities of ABN AMRO Bank N.V.'s Lebanon branch.

2003
Opening of Byblos Bank Africa Ltd. in Khartoum, Sudan.

2004
The Islamic Corporation for the Development of the Private Sector takes a 10%stake in Byblos Bank Africa, joining the OPEC Fund for International Development (20%) as a minority shareholder.

2005
Opening of a Representative Office in Abu Dhabi, UAE.
Opening of Byblos Bank Syria S.A. with Byblos Bank S.A.L. holding 41.5% of shares, the OPEC Fund 7.5% and Syrian investors 51%.

2006
Commencement of Byblos Bank S.A.L. operations in Erbil, Iraq.

2007
Acquisition of 100% stake in Armenia's International Trade Bank, renamed Byblos Bank Armenia in 2008.

2008
Opening of 75th branch of Byblos Bank S.A.L. in Lebanon.
Issuance of USD 200 million in Series 2008 Preferred Shares.
Acquisition of Unicredit Banca Di Roma's Lebanon branch.

2009
Listing on the London Stock Exchange.
Issuance of USD 200 million in Series 2009 Preferred Shares.
Opening of a Representative Office in Lagos, Nigeria.

BYBLOS INVEST BANK S.A.L.

Byblos Invest Bank was established in 2003 as a means of increasing medium- and long-term investment options for the Group's customers. Under Lebanese law and the regulations of the Central Bank and the Banking Control Commission, Byblos Invest Bank is a specialized institution: its main objectives are to allow customers to benefit from attractive interest rates on term deposits for periods longer than six months, and to provide medium- and long-term loans to new and expanding companies.

BYBLOS BANK SYRIA S.A.

Founded in 2004, Byblos Bank Syria is owned (41.5%) and managed by Byblos Bank S.A.L., with other shareholders including the OPEC Fund (7.5%) and Syrian investors (51%). Byblos Bank Syria has developed a wide range of corporate, commercial and retail banking services to meet the needs of clients in the Syrian market.

BYBLOS BANK ARMENIA C.J.S.C.

Following the 2007 acquisition of a 100% stake in Armenia's International Trade Bank, the institution was renamed Byblos Bank Armenia and commenced operations in 2008 as the Group's ninth overseas subsidiary. Byblos Bank Armenia is currently expanding its lines of business to bring them into line with those of the Byblos Bank Group.

Corporate Governance

Boards of Directors

BYBLOS BANK S.A.L.

Dr. François S. Bassil	Chairman and General Manager
Mr. Semaan F. Bassil	Vice-Chairman and General Manager
H.E. Dr. Nasser H. Saidi	Director
H.E. Mr. Arthur G. Nazarian	Director
H.E. Mr. Sami F. Haddad	Director
H.E. Dr. Samir K. Makdessi	Director
Mr. Bassam A. Nassar	Director
Mr. Faisal M. Ali Tabsh	Director
Mr. Abdulhadi A. Shayif	Director
Mr. Ahmad T. Tabbara	Director
Dr. Hassan N. Al-Mounla	Director
Mr. Moussa A. Maksoud	Director

BYBLOS BANK SYRIA S.A.

Mr. Semaan F. Bassil	Chairman
Mr. Alain Tohmé	Vice-Chairman
Dr. François S. Bassil	Director
OPEC Fund for International Development	Director
Mr. Moutazz Al Sawwaf	Director
Mr. Samir Hasan	Director
Mr. André Abou Hamad	Director
Mr. Mohammad Mourtada Mohammad Al Dandashi	Director
Mr. Nader Kalai	Director

BYBLOS BANK EUROPE S.A.

Mr. Bassam A. Nassar	Chairman
Mr. Faisal M. Ali Tabsh	Vice-Chairman
Mr. Fouad N. Trad	Managing Director and CEO
Dr. François S. Bassil	Director
Mr. Semaan F. Bassil	Director
Mr. Elie A. Bassil	Director
Mr. Najah L. Salem	Director
Mr. Daniel L. Ribant	Director
Mr. Alain Vander Stichelen	Director
Mr. Jacques De Raeymaeker	Director
Ludo Swolfs Bvba represented by Mr. Ludo Swolfs	Director

BYBLOS BANK ARMENIA C.J.S.C.

Dr. François S. Bassil	Chairman
H.E. Mr. Arthur G. Nazarian	Director
Mr. Alain Tohmé	Director
Mr. Alain Wanna	Director
Ms. Sabina Dziurman representing EBRD	Director

BYBLOS INVEST BANK S.A.L.

H.E. Mr. Sami F. Haddad	Chairman and General Manager
Dr. François S. Bassil	Director
Mr. Semaan F. Bassil	Director
Byblos Bank S.A.L.	Director
Mr. Alain Tohmé	Director
Mr. Alain Wanna	Director

ADONIS INSURANCE AND REINSURANCE CO. S.A.L. (ADIR)

H.E. Mr. Sami F. Haddad	Chairman and General Manager
Mr. René Klat	Managing Director and CEO
Mr. Jean Hleiss	Director and Assistant General Manager
Mr. Semaan F. Bassil	Director
Natixis Assurances – France	Director
Mrs. Nathalie Broutele	Director
Mrs. Pascale Asmar	Director
Mr. Bernard Colin	Director
Mr. Youssef Tohmé	Director
Mr. Alain Tohmé	Director
Mr. Mohammad Zaatari	Director
Mr. Hicham Itani	Director

BYBLOS BANK AFRICA Ltd.

Dr. François S. Bassil	Chairman
Mr. Semaan F. Bassil	Director
Opec Fund for International Development	Director
Islamic Corp. for Development of the Private Sector	Director
Mr. Mahmoud Saleh Osman Saleh	Director
Mr. Alain Wanna	Director

ADONIS INSURANCE COMPANY - SYRIA (ADIR) S.A.

Mr. René Klat	Chairman
Mr. Abdel Aziz Al-Soukhni	Vice-Chairman
Mr. André Abou Hamad	Director
Mr. Ahmed Hadaya	Director
Mr. Semaan F. Bassil	Director
Mr. Wahib Merhee	Director
Mrs. Pascale Asmar	Director

ADONIS BROKERAGE HOUSE S.A.L.

Mr. Moussa A. Maksoud	Chairman
Byblos Bank S.A.L.	Director
Mr. Elie Geara	Director

BYBLOS BANK S.A.L.

AUDIT COMMITTEE

Chairman	Mr. Moussa A. Makssoud
Member	H.E. Dr. Samir K. Makdessi
Member	Mr. Abdulhadi A. Shayif
Member	Mr. Bassam A. Nassar

RISK, COMPLIANCE, ANTI-MONEY LAUNDERING AND COMBATING THE FINANCING OF TERRORISM

Chairman	H.E. Dr. Nasser H. Saidi
Member	H.E. Mr. Sami F. Haddad
Member	Mr. Bassam A. Nassar

BYBLOS BANK AFRICA Ltd.

AUDIT COMMITTEE

Chairman	Mr. Wassim Y. Aboul Naja
Member	Mr. Alain Wanna
Member	Mr. Mahmoud Saleh Osman Saleh

RISK COMMITTEE

Chairman	Mr. Semaan F. Bassil
Member	Mr. Philippe Saleh
Member	Mr. Marwan Moharram

BYBLOS BANK ARMENIA C.J.S.C.

AUDIT COMMITTEE

Chairman	Mr. Alain Tohmé
Member	Mr. Alain Wanna
Member	Ms. Sabina Dziurman

BYBLOS INVEST BANK S.A.L.

AUDIT COMMITTEE

Chairman	Mr. Moussa A. Makssoud
Member	H.E. Dr. Samir K. Makdessi
Member	Mr. Abdulhadi A. Shayif
Member	Mr. Bassam A. Nassar

BYBLOS BANK EUROPE S.A.

AUDIT COMMITTEE

Chairman	Dr. François S. Bassil
Member/Secretary	Ludos Swolfs Bvba represented by Mr. Ludo Swolfs
Member	Mr. Jacques De Raeymaeker

BYBLOS BANK SYRIA S.A.

AUDIT COMMITTEE

Chairman	Mr. Semaan F. Bassil
Member	Mr. Samir Hasan
Member	Mr. Nader Kalai

RISK COMMITTEE

Chairman	Mr. Alain Tohmé
Member	Mr. Moutazz Al Sawwaf
Member	Mr. André Abou Hamad

NOMINATION AND COMPENSATION COMMITTEE

Chairman	Dr. François S. Bassil
Member	Mr. Samir Hasan
Member	Mr. Nader Kalai

Committees

BYBLOS BANK S.A.L.

MANAGEMENT COMMITTEE

President	Semaan Bassil	Vice-Chairman, General Manager
Vice President	Alain Tohmé	DGM, Head of Group Commercial Banking Division
Members	Joumana Chelala	AGM, Head of Group Consumer Banking Division
	Chadi Hanna	AGM, Head of Group Financial Markets Division
	Nicolas Saliby*	AGM, Head of Group Credit Risk Management Division
	Alain Wanna	AGM, Head of Group Finance and Administration Division
	Raffoul Raffoul	AGM, Head of Group Organization, Strategy and Operational Support Services
	Philippe Saleh	AGM, Head of Group Risk Management Division
Attendee	Walid Kazan	Head of Group Internal Audit Division
Secretary	Zeina Khaled	Head of Credit Administration Department

CENTRAL AND INTERNATIONAL CREDIT COMMITTEE

President	Semaan Bassil	Vice-Chairman, General Manager
Vice President	Nicolas Saliby*	AGM, Head of Group Credit Risk Management Division
Members	Alain Tohmé	DGM, Head of Group Commercial Banking Division
	Fadi Nassar	AGM, Head of Corporate Banking Department
Secretary	Zeina Khaled	Head of Credit Administration Department

INTERNAL AUDIT MANAGEMENT COMMITTEE

President/Secretary	Walid Kazan	Head of Group Internal Audit Division
Vice President	Philippe Saleh	AGM, Head of Group Risk Management Division
Members	Semaan Bassil	Vice-Chairman, General Manager
	Alain Wanna	AGM, Head of Group Finance and Administration Division
	Joumana Chelala	AGM, Head of Group Consumer Banking Division

ASSETS AND LIABILITIES COMMITTEE

President	Alain Wanna	AGM, Head of Group Finance and Administration Division
Members	Semaan Bassil	Vice-Chairman, General Manager
	Alain Tohmé	DGM, Head of Group Commercial Banking Division
	Chadi Hanna	AGM, Head of Group Financial Markets Division
	Felix Tohmé	Head of Financial Institutions Department
	Philippe Saleh	AGM, Head of Group Risk Management Division
	Joumana Chelala	AGM, Head of Group Consumer Banking Division
	Sami Haddad	Chairman,General Manager, Byblos Invest Bank
Secretary	Sharif Hachem	Head of Group Middle Office

BANKING TECHNOLOGY COMMITTEE

President	Raffoul Raffoul	AGM, Head of Group Organization, Strategy and Operational Support Services
Vice President	Elie Bassil	Head of Group Banking Technology, MIS and QA
Members	Semaan Bassil	Vice-Chairman, General Manager
	Alain Wanna	AGM, Head of Group Finance and Administration Division
	Alain Tohmé	DGM, Head of Group Commercial Banking Division
	Joumana Chelala	AGM, Head of Group Consumer Banking Division
	Philippe Saleh	AGM, Head of Group Risk Management Division
Attendee	Walid Kazan	Head of Group Internal Audit Division
Secretary	Elie Bassil	Head of Group Banking Technology, MIS and QA

HUMAN RESOURCES COMMITTEE

President	Semaan Bassil	Vice-Chairman, General Manager
Vice President	Alain Tohmé	DGM, Head of Group Commercial Banking Division
Members	Nicolas Saliby*	AGM, Head of Group Credit Risk Management Division
	Renalda Hayek	AGM, Head of Group Human Resources Division
	Joumana Chelala	AGM, Head of Group Consumer Banking Division
	Raffoul Raffoul	AGM, Head of Group Organization, Strategy and Operational Support Services
Secretary/Member	Dr. Elie Abi Chahine	Head of Group Human Resources Workforce Administration Department

RISK COMMITTEE

President/Secretary	Philippe Saleh	AGM, Head of Group Risk Management Division
Vice President	Nicolas Saliby*	AGM, Head of Group Credit Risk Management Division
Members	Semaan Bassil	Vice-Chairman, General Manager
	Alain Wanna	AGM, Head of Group Finance and Administration Division
	Alain Tohmé	DGM, Head of Group Commercial Banking Division
Attendee	Walid Kazan	Head of Group Internal Audit Division

INFORMATION SECURITY COMMITTEE

President	Philippe Saleh	AGM, Head of Group Risk Management Division
Vice President	Elie Bassil	Head of Group Banking Technology, MIS and QA
Members	Semaan Bassil	Vice-Chairman, General Manager
Attendee	Walid Kazan	Head of Group Internal Audit Division
Secretary	Jean-Michel Kawkabani	Head of Information Security Unit

INTERNATIONAL COMMITTEE

President	Raffoul Raffoul	AGM, Head of Group Organization, Strategy and Operational Support Services
Vice President	Alain Wanna	AGM, Head of Group Finance and Administration Division
Members	Semaan Bassil	Vice-Chairman, General Manager
	Alain Tohmé	DGM, Head of Group Commercial Banking Division
	Philippe Saleh	AGM, Head of Group Risk Management Division
	Elie Bassil	Head of Group Banking Technology, MIS and QA
	Joumana Chelala	AGM, Head of Group Consumer Banking Division
Attendee	Walid Kazan	Head of Group Internal Audit Division
Secretary	Layla Tohmé	Head of International Coordination Unit

ANTI-MONEY LAUNDERING — COMPLIANCE COMMITTEE

President	Philippe Saleh	AGM, Head of Group Risk Management Division
Vice President	Joumana Chelala	AGM, Head of Group Consumer Banking Division
Members	Semaan Bassil	Vice-Chairman, General Manager
	Paul Chammas	Head of Group Operations Division
Attendee	Walid Kazan	Head of Group Internal Audit Division
Secretary/Member	Antoine Dagher	Head of Group Compliance Unit

LOAN RECOVERY COMMITTEE

President	Nicolas Saliby*	AGM, Head of Group Credit Risk Management Division
Vice President	Alain Tohmé	DGM, Head of Group Commercial Banking Division
Members	Semaan Bassil	Vice-Chairman, General Manager
	Joumana Chelala	AGM, Head of Group Consumer Banking Division
Secretary/Member	Samir Helou	Head of Loan Recovery Department

OPERATIONAL RISK COMMITTEE

President	Philippe Saleh	AGM, Head of Group Risk Management Division
Vice President	Raffoul Raffoul	AGM, Head of Group Organization, Strategy and Operational Support Services
Members	Semaan Bassil	Vice-Chairman, General Manager
	Joumana Chelala	AGM, Head of Group Consumer Banking Division
	Nicolas Saliby*	AGM, Head of Group Credit Risk Management Division
	Alain Wanna	AGM, Head of Finance and Administration Division
Attendee	Walid Kazan	Head of Group Internal Audit Division
Secretary	Nada Yamout	Head of Group Operational Risk Unit

* Replaced by Mr. Marwan Moharram as of October 2009.

Committees

ADONIS INSURANCE AND REINSURANCE CO. S.A.L. (ADIR)

MANAGEMENT COMMITTEE		
President	Sami Haddad	Chairman and General Manager
Vice President	René Klat	Managing Director and CEO
Members	Semaan Bassil	Vice-Chairman and General Manager
	Joumana Chelala	Deputy Head of Consumer Banking Division
	Bernard Colin	Natixis Assurances Representative, International Affairs
	Pascale Asmar	Natixis Assurances Representative, International Affairs
	Jean Hleiss	Director and Assistant General Manager
	Alain Tohmé	DGM, Head of Commercial Banking Division
General Secretary	Roger Noujaim	Finance and Administration Manager

MANAGEMENT		
	Sami Haddad	Chairman and General Manager
	René Klat	Managing Director and CEO
	Jean Hleiss	Director and Assistant General Manager
	Roger Noujaim	Finance and Administration Manager

REINSURERS	
	Munich Re
	Hannover Re
	Gen Re
	Caisse Centrale de Réassurance (CCR)
	Mapfre
	Arab Re
	Scor re
	Allianz SE

BYBLOS BANK EUROPE S.A.

MANAGEMENT COMMITTEE		
President	Fouad N. Trad	Managing Director and CEO
Members	Daniel Ribant	Director, Deputy General Manager
	Alain Vander Stichelen	Director, Operations Manager

CREDIT COMMITTEE		
President	Fouad N. Trad	Managing Director and CEO
Members	Daniel Ribant	Director, Deputy General Manager
	Alain Vander Stichelen	Director, Operations Manager

ASSETS AND LIABILITIES COMMITTEE		
President	Fouad N. Trad	Managing Director and CEO
Members	Daniel Ribant	Director, Deputy General Manager
	Alain Vander Stichelen	Director, Operations Manager
	Sélim Haddad	Manager, Head of Commercial Banking
	Dirk Vermeiren	Finance Manager
	Charles Wood	Treasury Dealer

HUMAN RESOURCES COMMITTEE		
President	Fouad N. Trad	Managing Director and CEO
Members	Daniel Ribant	Director, Deputy General Manager
	Alain Vander Stichelen	Director, Operations Manager
	France Thiry	Administration and Human Resources Manager

ANTI-MONEY LAUNDERING — COMPLIANCE COMMITTEE

President	Fouad N. Trad	Managing Director and CEO
Members	Daniel Ribant	Director, Deputy General Manager
	Alain Vander Stichelen	Director, Operations Manager
	Bart Bogers	Compliance Officer
	Dirk Vermeiren	Finance Manager

BYBLOS BANK SYRIA S.A.

MANAGEMENT COMMITTEE

President	Walid Abdel Nour	General Manager
Members	Jean Bassil	AGM, Head of Commercial Banking
	Hanadi Naccache	AGM, Head of Support Functions
	Rabih El Dana	Head of Finance and Administration
	Marwan Sagha	Head of Branch Coordination

CREDIT COMMITTEE

Chairman	Walid Abdel Nour	General Manager
Members	Jean Bassil	AGM, Head of Commercial Banking
	Rasha Abou Samra	Relationship Manager

BYBLOS BANK AFRICA Ltd.

MANAGEMENT COMMITTEE

President	Nicolas Saliby	General Manager
Vice President	Fouad Negga	DGM, Head of Business Functions
Members	Labib Sammour	AGM, Head of Business Support
	Ghassan Cortas	Head of Corporate Banking
Secretary	Ahmed Musa	Compliance Officer

CREDIT COMMITTEE

President	Nicolas Saliby	General Manager
Vice President	Fouad Negga	DGM, Head of Business Functions
Members	Ghassan Cortas	Head of Corporate Banking
	Ahmed Musa	Compliance Officer
Secretary	Abdulilah Ghali	Head of Credit Adminstration

ASSETS AND LIABILITIES COMMITTEE

President	Nicolas Saliby	General Manager
Members	Fouad Negga	DGM, Head of Business Functions
	Labib Sammour	AGM, Head of Business Support
Secretary	Tina El Rayah	Treasury Senior Officer

PURCHASING COMMITTEE

President	Fouad Negga	DGM, Head of Business Functions
Member	Labib Sammour	AGM, Head of Business Support
Secretary	Giuseppe Cannata	Head of Retail Banking

Committees

BYBLOS BANK ARMENIA C.J.S.C.

MANAGEMENT COMMITTEE		
President	Georges Sfeir	CEO
Members	Aram Artinian	Head of Commercial Banking Department
	Haroutioun Bouldoukian	Head of Consumer Banking Department
	Karapet Melkonyan	Chief Accountant
Secretary	Anush Gevorgyan	Executive Secretary

ASSETS AND LIABILITIES COMMITTEE		
Chairman	Hayk Stepanyan	Head of Finance and Administration Division
Vice Chairman	Georges Sfeir	CEO
Members	Aram Artinian	Head of Commercial Banking Department
	Haroutioun Bouldoukian	Head of Consumer Banking Department
	Victoria Kocharyan	Head of Risk Management Department
Member/Secretary	Armen Aleksanyan	Head of Treasury Unit

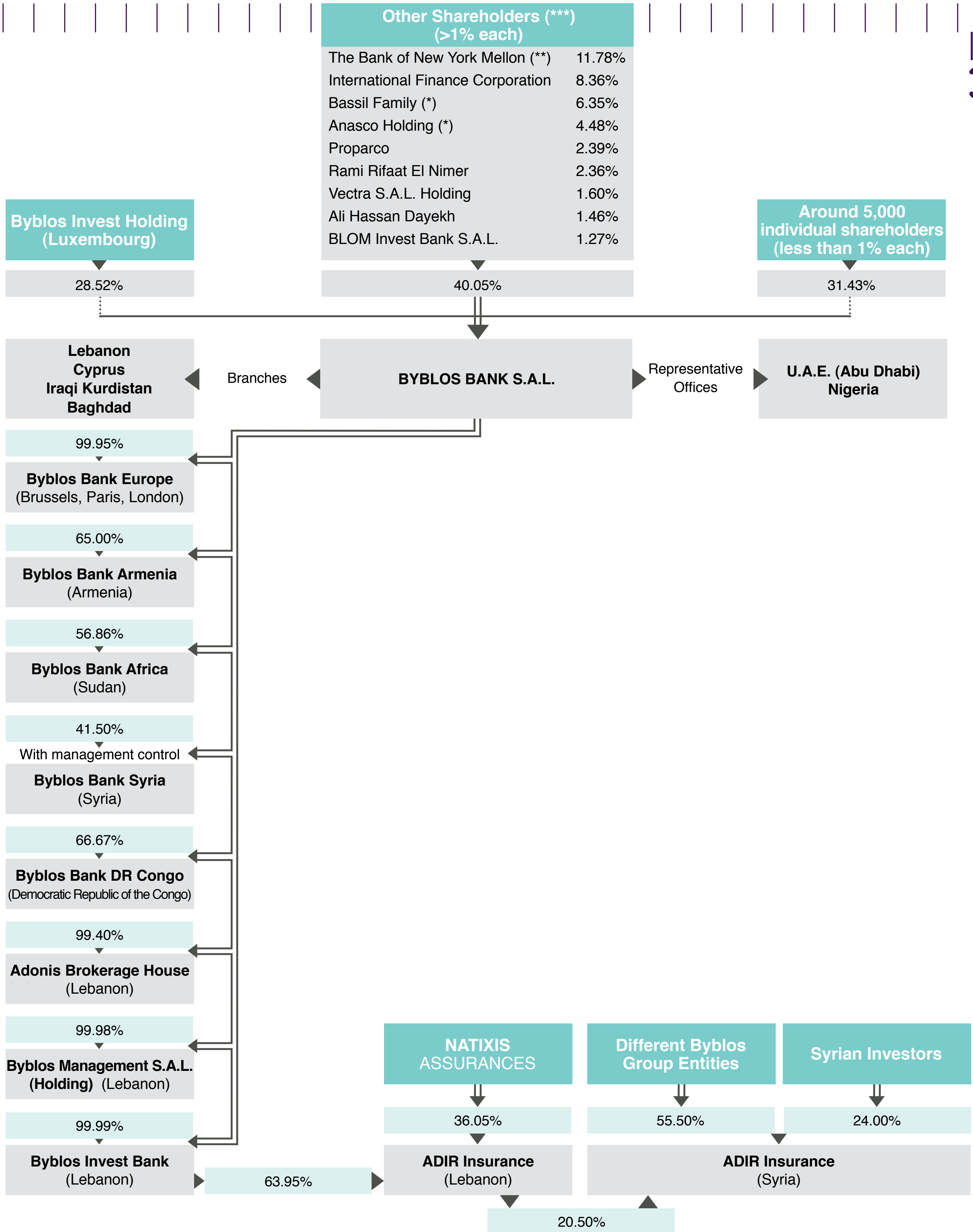
BYBLOS BANK IRAQ S.A.L.

MANAGEMENT COMMITTEE		
President	Atira Abdel Kader	Erbil Branch Manager
Members	Joseph Wehbe	Head of Finance and Administration
	Alexi Azouri	Assistant Branch Manager, Erbil Branch

ADONIS INSURANCE AND REINSURANCE SYRIA (ADIR SYRIA) S.A.

MANAGEMENT COMMITTEE		
President	René Klat	Chairman
Vice President	Abdel Aziz Al-Soukhni	Vice-Chairman
Members	Sleiman Abi Nader	General Manager
	Raja Mouawad	Assistant General Manager
	Ahmad Hadaya	Board Member
	André Abou Hamad	Board Member

Group Chart



(*) Major shareholders in Byblos Invest Holding.
(**) The Bank of New York Mellon is the depositary bank for the GDR program.
(***) Post capital increase which took place in June 2010 (including preferred shares).

Organizational Chart

- **B.O.D.**
  - **Audit Committee**
    - **Internal Audit**
  - **Chairman and General Manager**
    - **Economic Research and Analysis**
    - **Vice-Chairman and General Manager**
      - **COMMUNICATION**
        - Marketing Communication
        - Corporate Communication
        - Media and Research
        - Creative and Production
        - Corporate Social Responsibility
      - **COMMERCIAL BANKING**
        - Corporate Banking
        - International Corporate
        - Middle Market
      - **FINANCIAL MARKETS**
        - Treasury
        - Capital Markets
        - Private Banking
      - **CONSUMER BANKING**
        - Regional and Branch Distribution Channel Development
        - International Consumer Banking
        - Retail Product Development
        - Retail Customer Segmentation
        - Retail Loans Approval
      - **INTERNATIONAL NETWORK**
        - International Coordination
        - International Management
        - Foreign Subsidiaries
        - Representative Offices

Advisor to the Chairman and Secretary of the Board

Legal Support

Group Risk Management

FINANCIAL CONTROL AND ADMINISTRATION

- Administration
- Finance and Planning
- Accounting
- Fiduciary
- Middle Office
- Reconciliation
- Financial Control
- Planning and Budget Coordination

CREDIT RISK MANAGEMENT

- Corporate Credit Risk
- Middle Market Credit Risk
- International Credit Risk
- Retail Credit Risk
- Credit Administration
- Financial Institutions and Countries Credit Risk
- Credit Information
- Loan Recovery

ORGANIZATION DEVELOPMENT, INFORMATION SYSTEMS AND OPERATIONAL SUPPORT

- Organization Support and Procedures
- Banking Technology
- Operations
- Quality Assurance
- Management Information Systems
- E-Channels Development

HUMAN RESOURCES

- HR Workforce Administration
- HR Organizational Development

FINANCIAL INSTITUTIONS

Risk Governance: Running a Tight Ship

Byblos Bank has been built around transparent business practices, responsible lending policies and careful investment strategies, all which have allowed the erection of a clear and effective risk governance structure at board and management levels. Moreover, the Byblos Bank Group conducts regular reviews to ensure that its governance model remains appropriate to both regulatory requirements and market developments – and that all relevant controls are being adhered to. Our systems, codes of conduct and internal controls are designed to meet the requirements of Basel II and other international standards. They are also consistent with a determination to develop a Group-wide approach to risk that facilitates accurate assessment and successful management by individual departments.

Our Group Risk Management (GRM) function has as its mandate the implementation of the risk management programs as laid down by the Basel Committee. GRM appraises the Group's position according to several factors, including credit, operational, and market risks, as well as those associated with interest rates, liquidity, and credit concentration. These risks are assessed and discussed regularly within the year with the Bank's management and the board.

GRM works independently of the units that generate risks and reports directly to the Chairman and the Board of Directors, increasing the impartiality of its judgment and the speed and surety with which it communicates its findings to the Group's senior-most decision-makers. In turn, for all key functions relating to risk – including awareness and understanding of risks associated with the Bank's business activities, ensuring that these are managed to the most professional extent possible, endorsing the principles by which risk is measured and handled, and setting the Bank's risk appetite – ultimate responsibility lies with the Board of Directors.

Heavy importance is therefore attached to the Board Risk, Anti-Money Laundering and Compliance Committee, membership of which draws on members of the Board of Directors known for their knowledge and independence. This reflects the seriousness with which the Bank views the implementation of measures to counter all manner of risks potentially affecting the Bank, and the Board of Directors' determination to remain closely involved with this process. The committee's duties include review and approval of core risk policies, vetting the Bank's capital with regard to all the risks that might be faced, and ensuring that the Bank has – and makes full use of – the right processes and the right information to combat money laundering.

In supporting the quantification culture, the Portfolio Management and Credit Risk Analytics (PMCRA) department has started updating the Bank's credit policies and procedures manual to include frameworks for the measurement and the management of expected and unexpected credit losses. Basel II guidelines and the judgmental assessment taking account of environmental conditions are being used to put in place realistic PD and LGD scales.

The retail portfolio – which broadly includes consumer loans (personal loans and auto loans), credit cards, and housing loans, is an active segment at Byblos Bank. PMCRA has been able to build an extensive retail loss database enabling the calculation of retail PDs and LGDs, and allowing the monitoring of the different products' performance.

Operational Risk Management (ORM) sets the firm, wide framework necessary to manage this risk. A set of policies was created to outline the Bank's operational risk strategy, governance, and its approach to identify, assess, monitor and control/mitigate operational risk. These polices put in perspective the definition of operational risk and the underlying principles of the sound principles of Operational Risk Management practices that the Bank will be adopting, the roles and responsibilities of the various actors responsible for governing and managing operational risk, and the tools required to assess the Bank's vulnerability to operational risk to better understand and manage its risk profile.

Information Security provides the policies to initiate and control the implementation of information security within the Group, designs and monitors security on the Group's systems and network, and ensures there are no access violations or unauthorized attempts while taking appropriate actions in case of breaches. It also develops and maintains the Business Continuity Plan in line with the Group's strategy and regulatory requirements and coordinates the implementation of the Disaster Recovery Plan for the Group.

The AML and Compliance function focuses on examining and promoting the Bank's compliance with the rules relating to integrity in banking. These rules are those derived from the Bank's own policy and those which are provided for in banking legislation. The department develops policies, procedures and guidance that define the regulatory and fiduciary standards and requirements that apply to the Bank's activities (particularly related to Anti-Money Laundering).

2009 Performance Review

Financial Highlights

YEAR ENDED DECEMBER 31 (in USD million, except for per share data)

	2001	2002	2003	2004	2005	2006	2007	2008	2009
Total assets	4,651	5,288	6,021	6,968	7,526	8,190	9,486	11,230	13,577
Customers' deposits	3,628	4,300	4,922	5,476	5,646	6,276	7,262	8,363	10,286
Net advances to customers	1,009	1,195	1,181	1,341	1,488	1,750	2,233	2,790	3,197
Cash and due from banks	1,430	1,648	3,146	3,452	3,194	3,234	3,884	4,708	6,179
Total equity	316	429	549	582	794	752	984	1,270	1,496
Net book value (1)	309	323	444	479	690	718	762	1,071	1,294
Net income	44	44	46.4	53.7	69.4	78.7	99.2	122.0	145.6
Number of domestic branches	63	69	70	72	73	73	73	76	75
Number of foreign branches and subsidiary (2)	4	4	5	5	6	9	16	17	19
Number of ATMs	54	62	62	79	84	85	95	100	104
Number of employees	1,231	1,456	1,399	1,397	1,520	1,766	2,101	2,362	2,433
MARKET SHARES (3)									
Market share in assets	8.59%	9.23%	9.18%	9.04%	9.17%	9.30%	9.67%	9.88%	9.80%
Market share in customers' loans	6.25%	7.18%	7.11%	7.22%	7.18%	8.35%	8.78%	8.71%	8.51%
Market share in customers' deposits	8.34%	9.50%	9.55%	9.39%	9.32%	9.42%	9.55%	9.48%	9.41%
SHARE DATA									
Book value per share (4)	1.51	1.58	1.68	1.85	1.44	1.50	1.61	1.82	2.16
Earnings per common share in USD (4)	0.22	0.21	0.17	0.20	0.25	0.14	0.18	0.21	0.26
Earnings per priority share in USD (4)					0.29	0.17	0.22	0.24	0.29
Net dividend percommon share in USD (5)	0.16	0.15	0.10	0.10	0.10	0.10	0.10	0.10	0.13
Net dividend per priority share in USD (5) (6)					0.01	0.13	0.13	0.13	0.16
Dividend payout ratio	76.71%	73.12%	72.31%	62.47%	50.63%	78.32%	62.17%	57.10%	58.71%
PROFITABILITY									
Return on average assets	1.02%	0.89%	0.82%	0.83%	0.96%	1.00%	1.12%	1.18%	1.17%
Return on average equity	14.58%	13.94%	12.08%	11.62%	13.49%	11.18%	13.41%	13.31%	12.31%
Leverage multiplier	15.05	16.36	13.56	14.53	10.91	11.41	12.45	10.48	10.49
Interest on earning assets	9.26%	7.92%	7.65%	6.26%	6.32%	7.16%	7.29%	6.97%	6.38%
Funding cost	7.23%	5.99%	5.79%	5.00%	5.02%	5.66%	5.64%	4.99%	4.65%
Spread	2.03%	1.93%	1.86%	1.25%	1.30%	1.49%	1.65%	1.98%	1.73%
Net interest margin	2.51%	2.27%	2.22%	1.60%	1.70%	2.00%	2.10%	2.39%	2.16%
Cost-to-income	56.26%	56.63%	53.18%	56.49%	49.56%	53.41%	51.81%	47.38%	46.28%
CAPITAL ADEQUACY									
Capital to assets	6.80%	8.11%	9.11%	8.36%	10.55%	9.18%	10.37%	11.31%	11.02%
Tier 1 – risk weighted assets (Basel I)	14.84%	13.48%	21.03%	15.93%	21.53%	19.41%	14.85%	22.49%	20.61%
Tier 2 – risk weighted assets (Basel I)	0.43%	5.47%	6.01%	4.27%	3.52%	0.76%	5.70%	3.30%	1.52%
Capital adequacy (Basel I)	15.27%	18.95%	26.83%	19.86%	25.04%	20.17%	20.54%	25.80%	22.13%
Capital adequacy (Basel II)							11.23%	12.61%	12.62%
LIQUIDITY									
Net advances/assets	21.69%	22.59%	19.62%	19.24%	19.77%	21.36%	23.54%	24.85%	23.55%
Net advances/customers' deposits	27.80%	27.78%	24.00%	24.48%	26.36%	27.88%	30.75%	33.37%	31.08%
Customers' deposits/total resources	78.02%	81.32%	81.75%	78.58%	75.02%	76.63%	76.56%	74.47%	75.76%
Liquid assets	74.35%	73.30%	76.77%	76.16%	76.20%	74.00%	71.63%	70.69%	72.42%
ASSETS QUALITY									
Loan loss provisions (7)/ customers' loans	12.13%	12.59%	13.25%	11.86%	10.24%	8.73%	5.40%	4.19%	3.64%
Non-performing loans/customers' loans	13.22%	12.63%	13.29%	12.19%	10.47%	8.14%	4.66%	3.36%	2.63%
Loan loss provision (7)/ non-performing loans	72.70%	78.46%	84.96%	82.83%	83.61%	91.11%	95.23%	101.32%	118.61%
1 USD =	**LBP 1,507.5**	**LBP 1,507.5**	**LBP 1,507.5**	**LBP 1,507.5**	**LBP 1,507.5**	**LBP 1,507.5**	**LBP 1,507.5**	**LBP 1,507.5**	**LBP 1,507.5**

(1) Excludes subordinated loans.
(2) Includes branches of Byblos Bank Europe, Byblos Bank Africa, Byblos Bank Syria, Byblos Bank Armenia, Byblos Bank Erbil and Byblos Bank Cyprus.
(3) Market share is based on all commercial and investment banks operating in Lebanon.
(4) Based on the number of shares outstanding at the end of the period.
(5) Net of income tax (5%).
(6) Representing annual distribution for priority shares calculaetd at 4% of the nominal value in addition to dividend declared for common shares.
(7) Includes specific and general provisions, as well as reserved interest.

Management Discussion and Analysis

OVERVIEW OF THE BANK

Byblos Bank is one of the leading banks in Lebanon, providing a full range of banking services through its extensive branch network. Through its overseas banking and other subsidiaries, the Bank also conducts a wide range of commercial banking and financial activities in Europe and the Middle East and North Africa (MENA) region. As at 31 December 2009, the Bank had 2,433 employees, 600,000 active accounts, 75 branches in Lebanon, one branch in Cyprus and one in Erbil, Iraq (in January 2010, a new branch was opened in Baghdad). As at the same date, Byblos Bank Europe S.A., the Bank's 99.95% owned subsidiary, had its main branch in Brussels, one branch in London and another branch in Paris; Byblos Bank Africa Ltd., the Bank's 56.9% owned subsidiary, had one branch in Khartoum and one branch in Bahri; Byblos Bank Syria, the Bank's 41.5% owned subsidiary, had nine branches in Abu Remaneh, El Mazzeh, Homs, Aleppo, Lattakia, Tartous, Hama, Abbasiyin and Hosh Blass. Byblos Bank Armenia C.J.S.C., the Bank's 65% owned subsidiary, had three branches in Amiryan, Vanadzor and Malatia. The Bank also has a representative office in Abu Dhabi, United Arab Emirates, and another one in Lagos, Nigeria, aiming at better servicing of the Lebanese Diaspora abroad. In addition, in April 2010, the Bank bought the majority of shares of Solidaire Banque in the Republic of Congo, which will henceforth be known as Byblos Bank DR Congo.

The Bank has developed a reputation as a pioneer in the development and marketing of new products designed principally to serve the rapidly growing consumer market in Lebanon. In recent years, the Bank has undertaken a number of steps to expand its business and improve its market share and profile by setting up subsidiaries in selected MENA countries, by striving to provide tailor-made banking services to its customers in terms of retail and commercial banking, and by launching new financial products.

On 19 February 2009, the Bank listed Global Depositary Shares on the London Stock Exchange representing 26% of the Bank's common shares. The Bank of New York Mellon acts as the depositary bank of the issue. The Bank aimed through the listing to increase liquidity through the listing of Global Depositary Shares and to promote further transparency for investors. According to the London Stock Exchange, Byblos Bank is also the first Lebanese company to list on the London Stock Exchange in the past 12 years and the first bank to list on the LSE in 2009, showing resilience despite the ongoing global financial crisis.

The International Finance Corporation (IFC), a member of the World Bank Group, and Byblos Bank jointly announced in January 2010 that IFC would make an equity investment of approximately USD 100 million in Byblos Bank. The transaction, closing of which is subject to customary closing conditions, is in the form of a purchase by IFC of common shares from Byblos Invest Holdings S.A. (Luxembourg), Byblos Bank's largest shareholder, with a commitment of Byblos Invest Holdings to utilize the proceeds to subscribe to a USD 250 million capital increase by Byblos Bank, bringing the bank's consolidated total capital to over USD 1.5 billion. IFC's equity investment – the largest to date in a Lebanese bank – will assist Byblos Bank in increasing access to finance for small- and medium-sized enterprises (SMEs) in Lebanon and elsewhere, and expand its operations to frontier countries in the MENA region.

In April 2010, PROPARCO, which is partly held by the Agence Française pour le Développement (AFD), invested USD 30 million in Byblos Bank's shares, becoming one of the Bank's largest shareholders. Through this transaction, the Bank will be able to further expand its activities to frontier countries in MENA, and reinforce its already large capital base. This partnership will also enhance the lending capacity of Byblos Bank to extend financing to SMEs.

According to Bankdata, as at and for the year ended 31 December 2009, the Bank ranked third among all banks operating in Lebanon in terms of net profit of LBP 219.4 billion (USD 145.6 million), in terms of total assets of LBP 20,467 billion (USD 13,577 million), in terms of shareholders' equity of LBP 1,955 billion (USD 1,297 million), in terms of advances to customers of LBP 4,819 billion (USD 3,197 million) and in terms of customers'deposits of LBP 15,506 billion (USD 10,286 million).

The Bank has a high level of nominal liquidity, with cash, placements with central banks, interbank deposits and investments in Lebanese Treasury bills and other marketable securities representing 72.4% of total assets as at 31 December 2009. As at and for the year ended 31 December 2008, the Bank's capital adequacy ratio (Basel I) was 22.13% (excluding net income for 2009) and capital adequacy (Basel II) was 12.65%, while its return on average assets was 1.2% and its return on average equity was 12.3%.

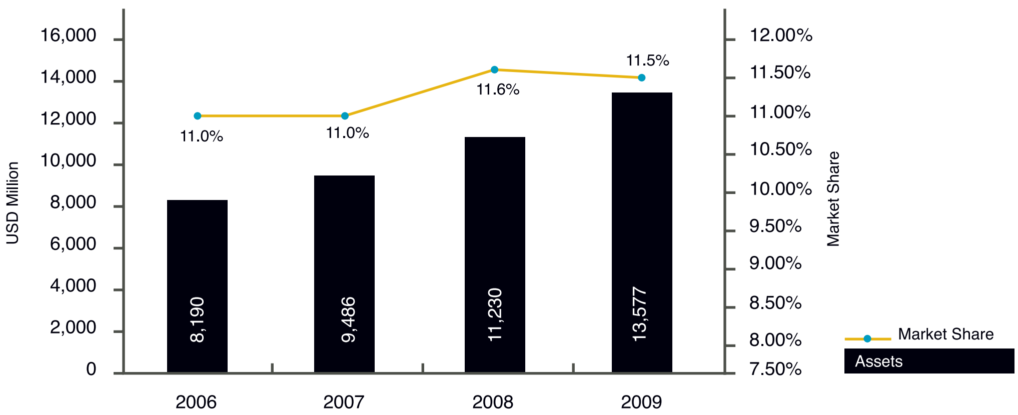
GROWTH

TOTAL ASSETS

Total assets of the Bank recorded an increase of 20.9% during the year 2009 to reach LBP 20,467 billion (USD 13,577 million) at the end of December 2009 compared to an increase of 18.4% during the year 2008, and compared to an increase of 22.1% in the Lebanese alpha group of banks. Consequently, the bank's market share in the alpha group of total assets stood at 11.5% at the end of 31 December 2009 compared to 11.6% at the end of 31 December 2008.
During the period between 31 December 2006 and 31 December 2009, total assets of the Bank grew at an average annual compounded rate of 18.4% compared to a growth of 16.9% in the Lebanese alpha group of banks, and which was reflected in the Bank's market share of total assets, which grew from 11.0% at the end of 31 December 2006 to reach 11.5% at the end of 31 December 2009.

The graph below shows the evolution of total assets and market share during the last four years:

Evolution of Total Assets During Last Four Years

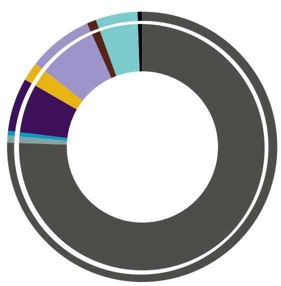


ASSET SPLIT WITHIN THE GROUP

The following graph shows the breakdown of assets in the Byblos Bank Group as at 31 December 2008 and 31 December 2009.

Asset Split within the Group 2008

Lebanon	77.1%
Cyprus	1.2%
Erbil	0.3%
Europe	7.2%
Africa	2.7%
Invest	5.2%
ADIR & ABH & ADIR Syria	0.9%
Syria	5.0%
Armenia	0.4%



Asset Split within the Group 2009

Lebanon	75.8%
Cyprus	0.8%
Erbil	0.4%
Europe	6.4%
Africa	2.3%
Invest	7.8%
ADIR & ABH & ADIR Syria	1.0%
Syria	5.2%
Armenia	0.3%

As shown above, total assets of international subsidiary banks and branches represented 15.5% of total assets at the end of 31 December 2009 compared to 16.8% at the end of 31 December 2008.

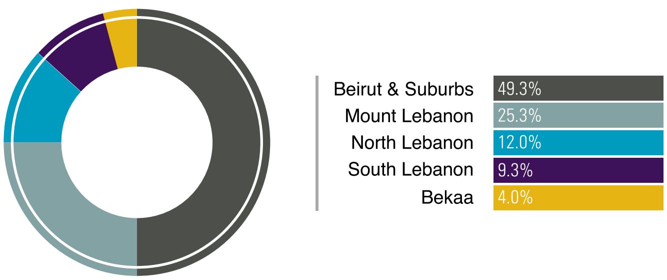
GEOGRAPHICAL DISTRIBUTION OF BRANCHES

Byblos Bank's branch network reached 75 branches inside Lebanon at the end of 2009, representing 8.5% of total branches in the Lebanese banking sector. Byblos bank's branch presence is more concentrated in rural areas as compared to the distribution in the Lebanese banking sector. Byblos Bank branches located in Mount Lebanon, 19 branches, represented 25.3% of total Byblos Bank branches at the end of December 2009 compared to just 18.1% in the Lebanese banking sector, and represented 11.9% of total branches in the Lebanese banking sector operating in Mount Lebanon. On the other hand, branches located in Beirut and its suburbs, 37 branches, represented 49.3% of total Byblos Bank branches at the end of December 2009 compared to 54.4% in the Lebanese banking sector, and it represented 7.7% of total branches operating in Beirut and its suburbs.

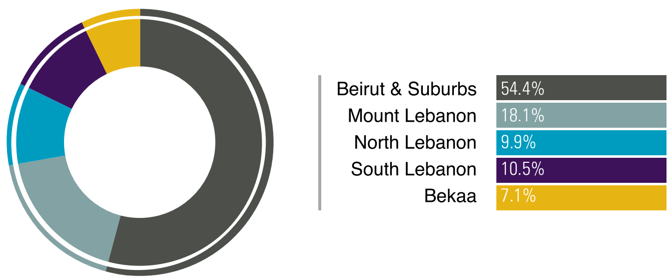
The nine branches located in the North of Lebanon represented 12.0% of total Byblos Bank branches compared to 9.9% in the Lebanese banking sector, and represented 10.2% of total branches of the Lebanese banking sector operating in North Lebanon. In South Lebanon (seven branches) and the Bekaa Valley (three branches), Byblos Bank's presence was less concentrated than the Lebanese banking sector, where Byblos Bank branches located in the South and Bekaa represented 9.3% and 4.0% of total Byblos Bank branches respectively compared to 10.5% and 7.1% respectively in the Lebanese banking sector.

The graph below shows the geographical distribution of Byblos Bank branches in Lebanon as compared to the Lebanese banking sector as at 31 December 2009.

Byblos December 2009

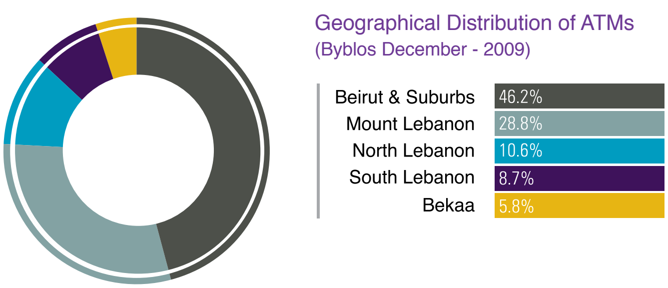


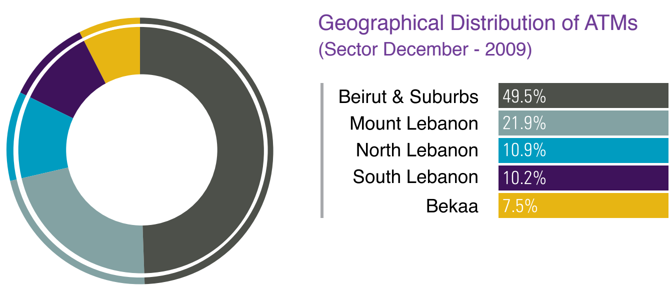
Sector December 2009



At the end of 2009, the Byblos Bank Group's presence abroad consisted of Cyprus; Erbil and Baghdad (branches of Byblos Bank S.A.L.); Brussels, London, and Paris through our subsidiary Byblos Bank Europe S.A.; Khartoum and Bahri through our subsidiary Bank Africa Ltd. (Sudan); Abu Remaneh, Aleppo, Homs, Lattakia, Mazzeh, Tartous, Hama, Abbasiyin and Hosh Blass through our subsidiary Byblos Bank Syria S.A.; and Vanadzor, Malatia, and Amirian through our subsidiary Byblos Bank Armenia.

GEOGRAPHICAL DISTRIBUTION OF AUTOMATED TELLER MACHINES (ATM)





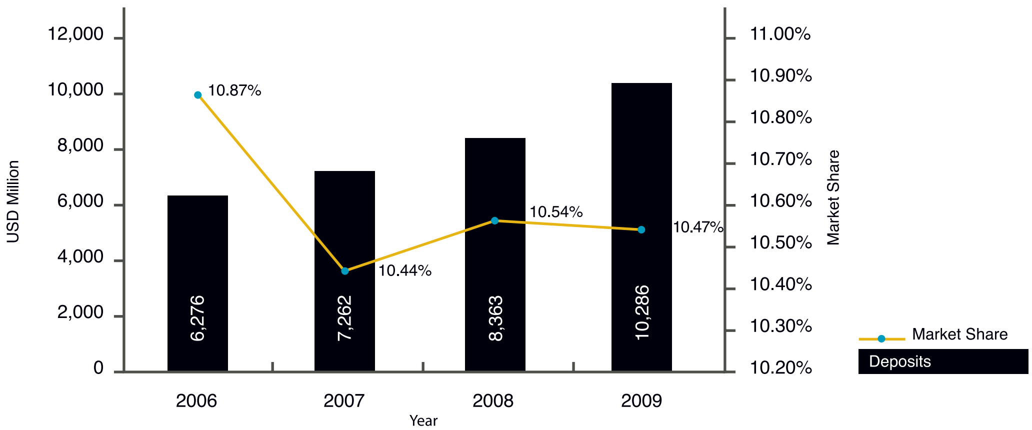
CUSTOMERS' DEPOSITS

Customers' deposits recorded an increase of 23.0% during 2009 to reach LBP 15,506 billion (USD 10,286 million) at the end of 31 December 2009 compared to an increase of 15.2% during 2008, and compared to an increase of 23.8% in the Lebanese alpha group of banks. Consequently, the Bank's market share of total customers' deposits in the Lebanese alpha group of banks stood at 10.47% at the end of 31 December 2009, slightly lower than 10.54% at the end of the previous year.

During the period between 31 December 2006 and 31 December 2009, the Bank's customers' deposits grew at an annual average compounded growth rate of 17.9% compared to a growth of 19.4% in the Lebanese alpha group banks. Consequently, the Bank's market share stood at 10.47% at the end of 31 December 2009, lower than 10.87% at the end of 31 December 2006.

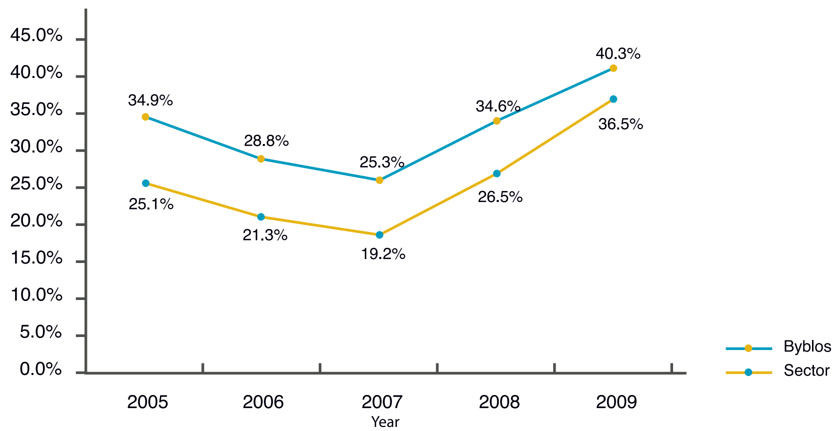
The graph below shows the evolution of customers' deposits over the last four years:

Evolution of Customers' Deposits During Last Four Years



CUSTOMERS' DEPOSITS CURRENCY STRUCTURE

LBP Customers' Deposits (Byblos vs. Sector)



Influenced by the sound financial strength of the Lebanese banking sector as well as the solid Lebanese economy, which was not affected by the worldwide financial crisis that started in 2008, customers regained their confidence in the stability of the Lebanese Pound, bearing in mind the high differential between the Lebanese Pound and foreign currency (mainly US Dollar) interest rates. Accordingly, customers' deposits denominated in LBP increased to 40.3% of total customers' deposits at the end of 31 December 2009 after it had reached a five-year low of 25.3% at the end of 2007. The decreasing trend in LBP customers' deposits between 2004 and 2007 was largely the result of economic and political tension between different parties in Lebanon during the period, as well as the assassination of former Prime Minister Rafic Hariri. Compared to the Lebanese banking sector, Byblos Bank has a higher deposit base denominated in LBP as compared to 36.5% in the sector (data for 2009 are from alpha group due to the unavailability of all Lebanese banks' data).

CUSTOMERS' DEPOSITS BY TYPE OF ACCOUNT

The following table shows the distribution of the Bank's customers' deposits by type of account as at 31 December 2007, 2008 and 2009:

	2007		2008		2009	
As at 31 December	**LBP million**	**% of total**	**LBP million**	**% of total**	**LBP million**	**% of total**
Current accounts	1,309,826	12.0	1,915,683	15.2	1,916,710	12.4
Term deposits	8,962,632	81.9	9,933,340	78.8	12,740,834	82.2
Blocked accounts	493,331	4.5	594,445	4.7	639,064	4.1
Related parties' accounts	122,906	1.1	106,472	0.8	139,814	0.9
Accrued interest	59,413	0.5	56,940	0.5	69,746	0.4
Total	**10,948,108**	**100**	**12,606,880**	**100**	**15,506,169**	**100**

The composition of customers' deposits stood almost stable throughout the last three years, during which time they were comprised mostly of term deposits, which consisted of 82.2% of total customers' deposits at the end of December 2009, as compared to 78.8% as at 31 December 2008, and to 81.9% as at 31 December 2007.

MATURITY PROFILE OF CUSTOMERS' DEPOSITS

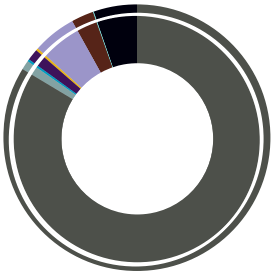
The following table shows the distribution of the Bank's customers' deposits by maturity profile as at 31 December 2007, 2008 and 2009:

	2007		2008		2009	
As at 31 December	**LBP million**	**% of total**	**LBP million**	**% of total**	**LBP million**	**% of total**
Less than 3 months	9,361,386	85.5	10,429,354	82.7	12,982,058	83.7
3 months to 1 year	1,242,934	11.4	1,762,893	14.0	1,932,889	12.5
1 year to 5 years	269,571	2.5	343,257	2.7	587,753	3.8
Over 5 years	74,217	0.7	71,376	0.6	3,467	0.0
Total	**10,948,108**	**100**	**12,606,880**	**100**	**15,506,168**	**100**

Almost all of the Bank's customers' deposits are short-term, with deposits having a remaining maturity of less than one year representing 96.2% and 96.7% of total customers' deposits as at 31 December 2009 and 31 December 2008, respectively.

CUSTOMERS' DEPOSIT SPLIT WITHIN BYBLOS BANK GROUP

The pie charts below show the split of customers' deposits in the Byblos Bank Group:



Deposits split within the Group 2008

Lebanon	83.8%
Cyprus	1.0%
Iraq	0.3%
Africa	1.3%
ADIR	0.4%
Invest	5.3%
Europe	2.6%
Armenia	0.1%
Syria	5.2%

Deposits split within the Group 2009

Lebanon	79.8%
Cyprus	0.9%
Iraq	0.4%
Africa	1.7%
ADIR	0.4%
Invest	8.7%
Europe	2.1%
Armenia	0.2%
Syria	5.8%

GEOGRAPHICAL DISTRIBUTION OF CUSTOMERS' DEPOSITS

Byblos December - 2009

Beirut & Suburbs	61.0%
Mount Lebanon	19.7%
North Lebanon	8.9%
South Lebanon	7.2%
Bekaa	3.2%

Sector December - 2009

Beirut & Suburbs	69.0%
Mount Lebanon	12.7%
North Lebanon	6.2%
South Lebanon	7.1%
Bekaa	5.0%

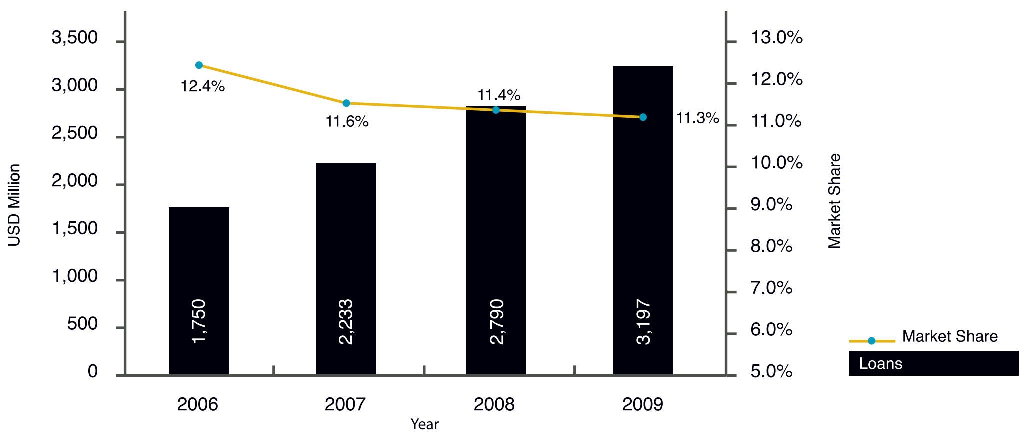
Geographical distribution of the Bank's customers' deposits is in line with the geographical distribution of its branches, with customers' deposits in branches located in Beirut and its suburbs (49.3% of total branches) representing 61.0% of total customers' deposits in the bank compared to 69.0% in the Lebanese banking sector. On the other hand, customers' deposits in branches located in Mount Lebanon (25.3% of total branches) represented 19.7% of the Bank's customers' deposits compared to 12.7% in the Lebanese banking sector; customers' deposits in branches located in North Lebanon (12.0% of total branches) represented 8.9% of the Bank's customers' deposits, higher than 6.2% in the Lebanese banking sector. In the South (9.3% of total branches), Byblos Bank's customers' deposit concentration was 7.2% compared to 7.1% in the Lebanese banking sector. In the Bekaa Valley, the Bank's customers' deposits are less concentrated than in the Lebanese banking sector, with 3.2% of the Bank's total customers' deposit are located in the Bekaa (4.0% of total branches) compared to 5.0% in the Lebanese banking sector.

CUSTOMERS' LOANS

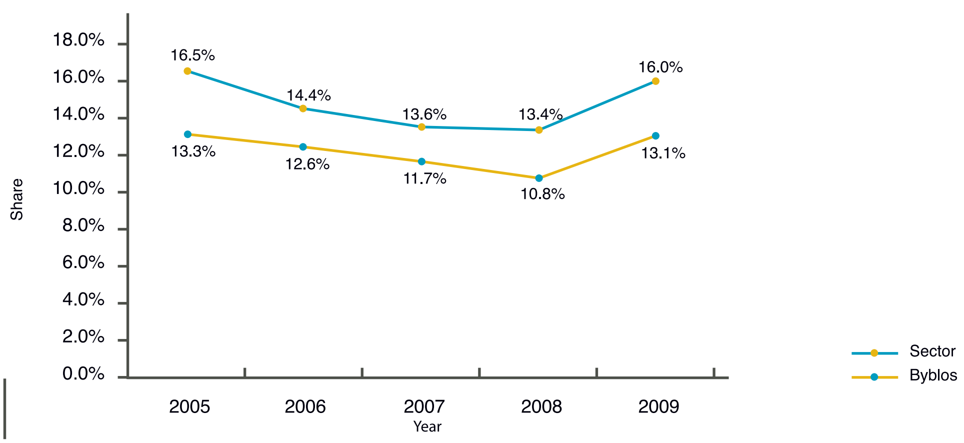
Customers' loans net of provisions (specific and collective) on doubtful loans and reserved interest on substandard and doubtful loans grew by 14.6% during the year 2009 to reach LBP 4,819 billion (USD 3,197 million) at the end of 31 December 2009 compared to growth of 25.0% in 2008, and compared to growth of 15.8% in the Lebanese alpha group banks. The lower growth in the Bank's net customers' loans in comparison with the Lebanese alpha group banks led to a small decrease in the Bank's market share of net customers' loans to 11.3% at the end of 31 December 2009, down from 11.4% at the end of 31 December 2008.
During the period between 31 December 2006 and 31 December 2009, net customers' loans increased at an average annual compounded rate of 22.2% compared to growth of 26.2% in the Lebanese alpha group banks. Consequently, the Bank's market share of net customer advances dropped from 12.4% at the end of 31 December 2006 to reach 11.3% at the end of 31 December 2009.

The chart below shows the evolution of net customers' loans and their market shares over the last four years:

Evolution of Customers' Loans During Last Four Years

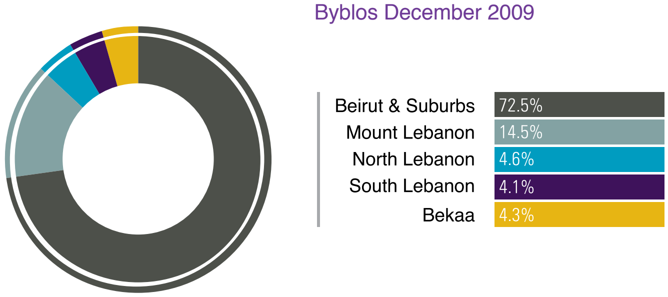


LBP Customers' Loans (Byblos vs. Sector)



CUSTOMERS' LOANS GEOGRAPHICAL DISTRIBUTION

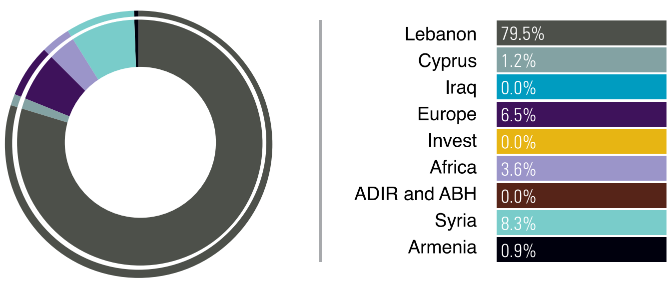
Byblos December 2009



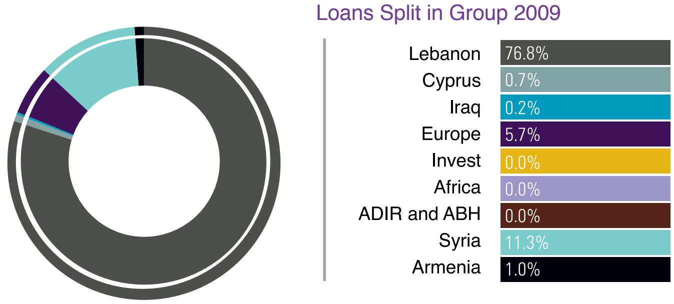
Sector December 2009

CUSTOMERS' LOANS SPLIT IN BYBLOS BANK GROUP

Loans Split in Group 2008



Loans Split in Group 2009



LOAN BREAKDOWN BY NATURE OF BORROWER

Loan Portfolio	December 2007			December 2008			December 2009		
by Nature of Borrower	LBP Million	USD 000's	% of total	LBP Million	USD 000's	% of total	LBP Million	USD 000's	% of total
Corporate	1,531,994	1,016,248	42.5%	1,689,895	1,120,992	37.8%	1,872,506	1,242,127	36.7%
International	795,266	527,539	22.0%	1,136,445	753,861	25.4%	1,324,027	878,293	25.9%
Middle Market	214,755	142,457	6.0%	262,246	173,961	5.9%	289,804	192,241	5.7%
Retail	765,175	507,579	21.2%	1,031,607	684,317	23.0%	1,280,772	849,600	25.1%
Syndication	214,496	142,286	5.9%	217,457	144,250	4.9%	155,913	103,425	3.1%
Others	85,883	56,971	2.4%	138,811	92,080	3.1%	180,337	119,627	3.5%
Total	**3,607,568**	**2,393,080**	**100.0%**	**4,476,461**	**2,969,460**	**100.0%**	**5,103,359**	**3,385,313**	**100.0%**

During 2009, Byblos Bank's gross loan portfolio increased by 14.0% (+LBP 627 billion) to reach LBP 5,103 billion (USD 3,385 million) at the end of 31 December 2009 compared to an increase of 24.1% in 2008.

COMMERCIAL LOAN PORTFOLIO

--- The corporate loan portfolio increased by 10.8% (+LBP 183 billion or USD 121 million) during the year 2009 to reach LBP 1,873 billion (USD 1,242 million) at the end of 31 December 2009 compared to an increase of 10.3% (+LBP 158 billion or USD 105 million) in 2008. Corporate loans represented 36.7% of the gross loan portfolio at the end of December 2009, compared to 37.8% at the end of 31 December 2008.

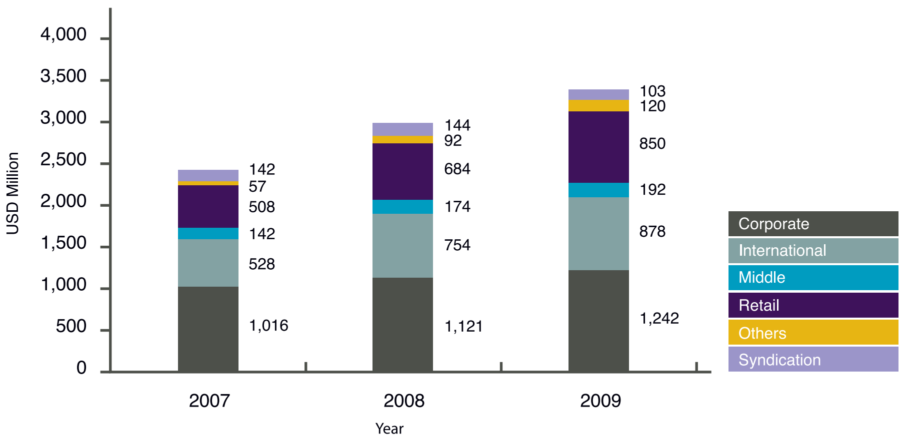
--- The international loan portfolio increased by 16.5% (LBP 188 billion or USD 124 million) during the year 2009 to reach LBP 1,324 billion (USD 878 million) at the end of 31 December 2009 compared to an increase of 42.9% (LBP 341 billion or USD 226 million) in 2008. International loans represented 25.9% of the gross loan portfolio compared to 25.4% at the end of December 2008.

--- Total exposure to syndicated loans at the end of 2009 amounted to LBP 156 billion (USD 103 million) compared to LBP 217 billion (USD 144 million) at the end of December 2008, representing 3.1% of the gross loan portfolio compared to 4.9% at the end of December 2008.

--- The middle market loan portfolio increased by 10.5% (+LBP 28 billion or USD 18 million) during the year 2009 to reach LBP 290 billion (USD 192 million) at the end of 31 December 2009 representing 5.7% of the gross loan portfolio compared to 5.9% at the end of 31 December 2008.

The chart below shows the breakdown of the loan portfolio by nature of borrower between the years 2007, 2008 and 2009:

Breakdown of Loan Portfolio by Type of Borrower

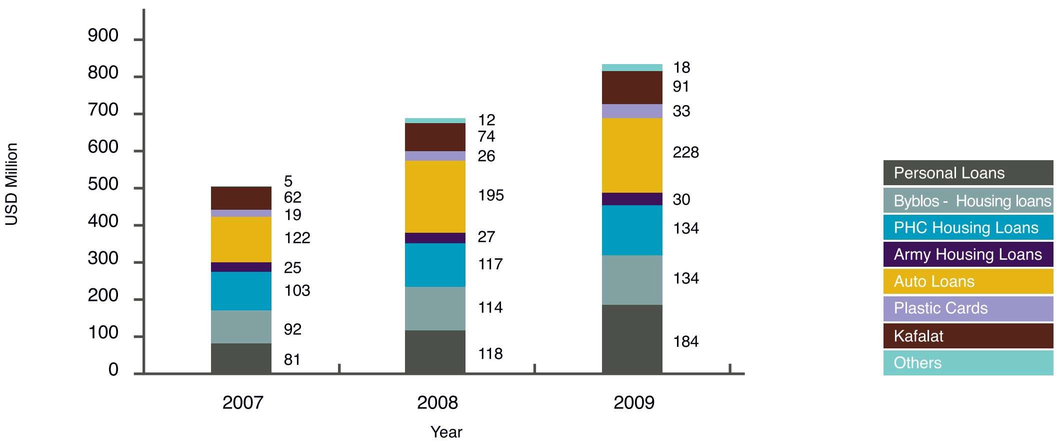


RETAIL LOAN PORTFOLIO

	December 2007			December 2008			December 2009		
	LBP Million	USD 000's	% of total	LBP Million	USD 000's	% of total	LBP Million	USD 000's	% of total
Personal Loans	121,693	80,725	15.9%	178,453	118,377	17.3%	276,940	183,708	21.6%
Byblos - Housing Loans	138,428	91,826	18.1%	171,950	114,063	16.7%	201,473	133,647	15.7%
PHC Housing Loans	155,449	103,117	20.3%	176,472	117,063	17.1%	201,335	133,556	15.7%
Army Housing Loans	37,297	24,741	4.9%	40,612	26,940	3.9%	44,579	29,571	3.5%
Auto Loans	183,385	121,648	24.0%	294,333	195,246	28.5%	343,066	227,573	26.8%
Plastic Cards	27,929	18,527	3.7%	39,571	26,249	3.8%	49,694	32,964	3.9%
Kafalat	93,107	61,763	12.2%	112,082	74,349	10.9%	136,604	90,616	10.7%
Others	7,887	5,232	1.0%	18,128	12,025	1.8%	27,082	17,965	2.1%
Total Retail	765,175	507,579	100.0%	1,031,602	684,313	100.0%	1,280,772	849,600	100.0%

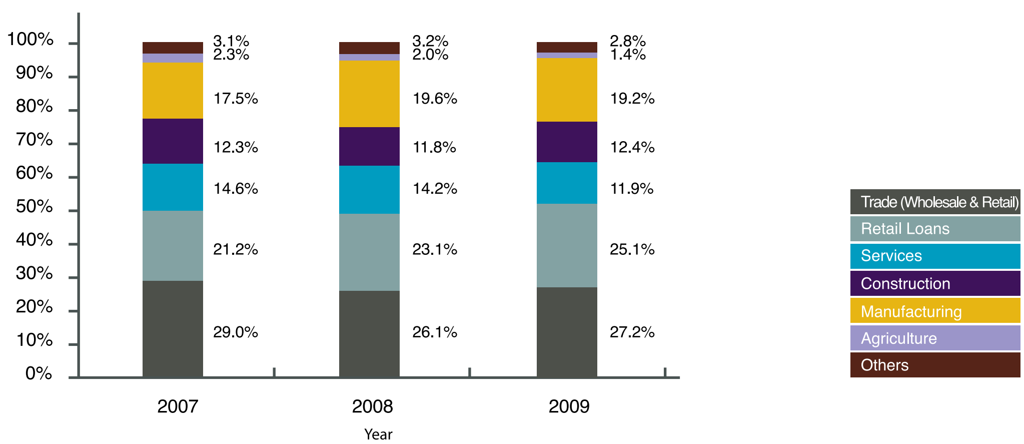
In line with the Bank's strategy to maintain Byblos Bank's leadership in retail, the retail loan portfolio increased from USD 508 million as of December 2007, to USD 684 million as of December 31 2008, and to USD 850 million as of December 31, 2009, increases of 34.8% and 24.2% respectively. The main increase in retail loans came from personal loans and credit cards, two high-yield products, whose outstanding portfolios increased between 2008 and 2009 from USD 118 million to USD 184 million, an increase of 55.2% for personal loans, and from USD 26 million to USD 33 million, an increase of 25.6%, for credit cards.
Retail loans secured by real guarantees represented 72% of the total retail portfolio.
The chart below shows the evolution of retail loans throughout the last three years:

Retail Loan Portfolio Breakdown



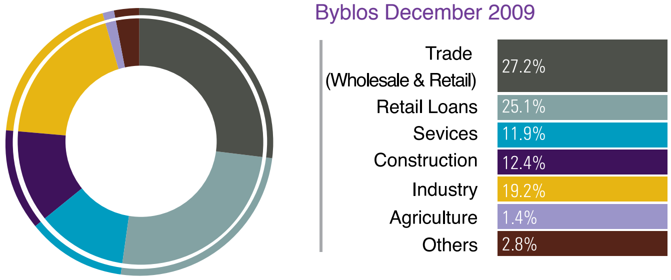
LOAN PORTFOLIO BY ECONOMIC SECTOR

In recent years, the Bank has focused its lending activities, to the extent possible, in sectors considered by management to be least affected by economic slowdowns. Loans to the trade sector (both wholesale and retail) continued to represent the major part of outstanding loans, constituting 27.2% of outstanding loans as at 31 December 2009, as compared to 26.1% as at 31 December 2008 and 29.0% as at 31 December 2007. Loans to the manufacturing sector decreased slightly to 19.2% as at 31 December 2009, as compared to 19.6% as at 31 December 2008 and 17.5% as at 31 December 2007. Loans to the construction sector increased to 12.4% as at 31 December 2009, as compared to 11.8% as at 31 December 2008 and 12.3% as at 31 December 2007, while retail loans stood at 25.1%, 23.1%, and 21.2% as at 31 December 2009, 2008 and 2007, respectively.



The pie charts below show the breakdown of the loan portfolio by economic sector as at 31 December 2009 in comparison with the Lebanese banking sector.

Byblos December 2009



Sector December 2009

LONG-TERM SOURCES OF FUNDS

As a part of the Bank's strategy to match its longer-term loan portfolio with longer-term funding sources, the Bank has tapped into several types of long-term funding resources. The following table shows the breakdown of the Bank's long-term sources of funding as at 31 December 2007, 2008 and 2009, respectively:

In USD 000's	December 2007	December 2008	December 2009
Central Bank of Lebanon	26,537	26,534	
International Finance Corporation (IFC)	4,895	1,634	
Arab Trade Finance Program	1,986	22,313	9,594
Certificates of deposit	77,921	77,920	141,600
Proparco	15,196	12,530	9,864
GSM Program	642		
Opec Fund for International Development	1,364	455	
European Investment Bank	73,865	191,844	173,012
FMO Loan	5,357	3,214	1,071
Govco Incorporated NY	45,000	43,393	74,179
Agence Française pour le Dévelopment	4,894	12,792	34,194
Citibank	5,000	4,583	9,750
Index-linked notes	49,441	49,430	
Equity-linked notes	49,410	49,414	49,414
Commodity-linked notes	6,367	6,371	
9% Subordinated Participating Notes	31,169	31,169	31,169
Convertible subordinated loans	200,000	173,000	173,000
Total Long Term Sources of Funds	**599,044**	**706,595**	**706,846**

PROFITABILITY

In LBP million	2007	2008	2009	Growth (Vol.)	Growth (%)
Net interest income	278,007	355,842	387,060	31,218	8.8%
Net allocation to provisions	(4,761)	(5,434)	(26,245)	(20,811)	383.0%
Net commission income	81,847	106,923	116,668	9,745	9.1%
Net profits on financial operations	29,380	23,854	52,153	28,299	118.6%
Impairment losses on financial investments		(37,700)	(15,279)	22,421	-59.5%
Other operating income	4,755	17,519	16,251	(1,268)	-7.2%
Total operating income (before provisions and impairment)	**393,989**	**504,138**	**572,132**	**67,994**	**13.5%**
Total operating income (after provisions and impairment)	**389,228**	**461,004**	**530,608**	**69,604**	**15.1%**
Operating expenses	(185,600)	(221,351)	(238,852)	(17,501)	7.9%
Depreciation and amortization	(18,536)	(17,530)	(25,925)	(8,395)	47.9%
Taxes	(35,574)	(38,208)	(46,410)	(8,202)	21.5%
Net Income	**149,518**	**183,915**	**219,421**	**35,506**	**19.3%**

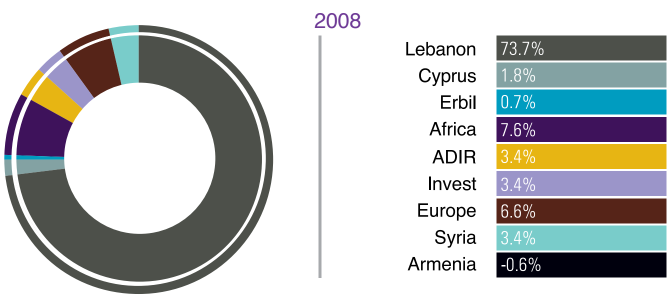
In LBP million	2007	2008	2009
Bank's share	142,550	172,285	206,628
Dividend on Preferred shares (series 2003)	(18,168)	(18,168)	
Dividend on Preferred shares (series 2008)		(10,144)	(24,032)
Dividend on Preferred shares (series 2009)			(10,063)
Priority distribution of 4 per cent. on priority shares	(9,880)	(9,882)	(9,966)
Net income related to common and priority shares	114,502	134,091	162,567
Weighted average number of common shares during the period	204,955,557	216,862,160	216,721,108
Weighted average number of priority shares during the period	205,838,523	205,875,672	205,915,830
Earnings per common share	278.73	317.19	384.65
Earnings per priority share	326.73	365.19	433.05

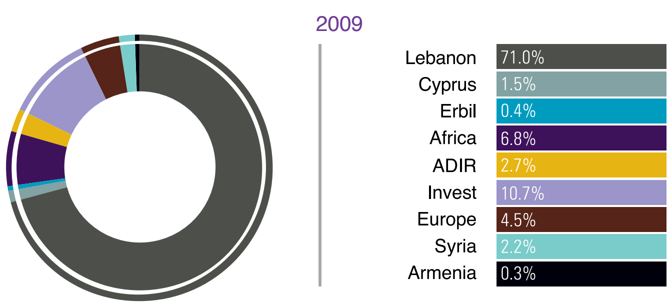
Key profitability ratios	December 2007	December 2008	December 2009
Return on average assets	1.12%	1.18%	1.17%
Return on average equity	13.41%	13.31%	12.31%
Net interest margin	2.19%	2.39%	2.16%
Cost-to-income	51.81%	47.38%	46.28%

Net income for the year 2009 amounted to LBP 219,421 million (USD 146 million), recording an increase of 19.3% (+LBP 35,506 million or USD 23.6 million) compared to LBP 183,915 million (USD 122 million) in the year 2008. The increase in net income is explained by the fact that the increase of 13.5% (+LBP 67,994 million or USD 45.1 million) in operating income was higher than the increase of 10.8% (LBP 25,896 million or USD 17.2 million) in operating expenses.
Return on average assets (ROA) slightly decreased to 1.17% at the end of December 2009 compared to 1.18% at the end of December 2008. Moreover, return on average equity (ROE) decreased to 12.31% compared to 13.31% at the end of December 2008, mainly due to the increase in preferred shares.
Earnings per common and priority shares based on the weighted average number of shares stood at LBP 384.65 (USD 0.255) and 433.05 (USD 0.287) respectively in 2009 compared to LBP 317.19 (USD 0.210) and 365.19 (USD 0.242) in 2008.

The contribution of the Bank's subsidiaries to consolidated net income is presented below:
--- Byblos Bank Africa's net income for the year 2009 amounted to LBP 17,317 million (USD 11.5 million) compared to LBP 14,381 million (USD 9.5 million) for the year 2008.
--- Byblos Bank Europe's net income for the year 2009 amounted to LBP 11,576 million (USD 7.7 million) compared to LBP 12,445 million (USD 8.3 million) for the year 2008.
--- Byblos Bank Syria's net income stood at LBP 5,706 million (USD 3.8 million) at the end of 2009 compared to LBP 6,386 million (USD 4.2 million) for the year 2008.
--- Byblos Invest Bank's net income stood at LBP 27,306 million (USD 18.1 million) at the end of 2009 compared to a net income of LBP 6,529 million (USD 4.3 million) for the year 2008.
--- Net income of the insurance companies – Adonis Insurance & Reinsurance S.A.L. (ADIR), Adonis Insurance & Reinsurance Syria, and Adonis Brokerage House – for the year 2009 amounted to LBP 6,863 million (USD 4.6 million) compared to LBP 6,392 million (USD 4.2 million) for the year 2008.

The pie chart below shows the contribution of the Bank's subsidiaries to consolidated income between the years 2008 and 2009:





NET INTEREST INCOME

Net interest income before provisions for the year 2009 amounted to LBP 387,060 million (USD 256.8 million), recording an increase of 8.8% (+ LBP 31,218 million or USD 20.7 million) compared to LBP 355,842 million (USD 236.0 million) for the year 2008. However, net interest margin decreased by 23 basis points to reach 2.16% at the end of 2009 compared to 2.39% at the end of 2008.

	2008			2009		
	Average balance LBP Million	Interest earned	Average rate %	Average balance LBP Million	Interest earned	Average rate %
ASSETS						
Interest-bearing deposits in other banks	6,476,275	315,502	4.87%	8,206,043	345,536	4.21%
Securities	253,821	24,159	9.52%	404,199	23,504	5.82%
Loans	3,786,339	314,976	8.32%	4,512,906	358,203	7.94%
Treasury Bills	4,374,894	383,158	8.76%	4,784,494	414,649	8.67%
Total interest-earning assets	**14,891,328**	**1,037,795**	**6.97%**	**17,907,642**	**1,141,893**	**6.38%**
Investments in affiliates						
Total earning assets	14,891,328	1,037,795	6.97%	17,907,642	1,141,893	6.38%
Premises and equipment	266,584	0	0.00%	297,368	0	0.00%
Other non-interest bearing assets	456,575	0	0.00%	493,120	0	0.00%
Total average assets	**15,614,486**	**1,037,795**	**6.65%**	**18,698,129**	**1,141,893**	**6.11%**
LIABILITIES						
Customers' deposits	11,768,964	577,206	4.90%	14,056,524	659,101	4.69%
Subordinate loans	313,674	27,655	8.82%	297,918	29,091	9.76%
Certificates of deposit	121,170	7,784	6.42%	213,307	14,704	6.89%
Index- and equity-linked instruments	147,544	9,367	6.35%	129,499	7,404	5.72%
Interest-bearing deposits due to banks	1,307,515	59,941	4.58%	1,617,311	44,533	2.75%
Total interest-bearing liabilities	**13,658,866**	**681,953**	**4.99%**	**16,314,559**	**754,832**	**4.63%**
Other liabilities	554,039	0	0.00%	665,158	0	0.00%
Shareholders' equity	1,385,184	0	0.00%	1,786,635	0	0.00%
Total average liabilities and equity	**15,598,089**	**681,953**	**4.37%**	**18,766,352**	**754,832**	**4.02%**
Spread (a)			**1.98%**			**1.75%**
Spread (b)			**2.27%**			**2.08%**
Interest-earning assets/Interest-bearing liabilities			**1.09**			**1.10**

(a) Average return on interest-earning assets – average cost of interest-bearing liabilities
(b) Average return on assets – average cost of liabilities and equity

PROVISIONS ALLOCATED

Net provisions allocated for doubtful loans increased by 3.8 times to LBP 26,245 million (USD 17.4 million) for the year 2009, as compared to LBP 5,434 million (USD 3.6 million) for the year 2008. This increase was mainly due to the rise in provisions on doubtful debts by LBP 18.8 billion (USD 12.5 million) in 2009 and the provision taken on doubtful banks accounts amounted to LBP 3.9 billion. Coverage of non-performing loans by specific and general provisions and reserved interest increased to 134.09% as at 31 December 2009, as compared to 115.64% as at 31 December 2008. Additional details on coverage of non-performing loans will be discussed in the section on asset quality.

In LBP million	2007	2008	2009
Provisions set up during the year			
- Doubtful debts	13,602	11,682	30,529
- Doubtful banks and financial institutions accounts			3,870
- Miscellaneous debtor accounts	50		
- Write offs	156	230	217
Total Provisions Allocated	**13,808**	**11,912**	**34,616**
Provision written back during the year:			
- Loans recovered or upgraded	(8,044)	(6,478)	(8,371)
- Excess general provisions brought forward from prior year			
- Doubtful banks and financial institutions accounts			
- Provision for country risk			
- Miscellaneous debtor recovered	(1,003)		
Total Provisions Recoveries	**(9,047)**	**(6,478)**	**(8,371)**
Net Provisions Allocated	**4,761**	**5,434**	**26,245**

NON INTEREST INCOME

In LBP million	2007	2008	2009	Growth (Vol.)	Growth (%)
Commissions on documentary credits and acceptances	35,782	46,016	47,825	1,809	3.93%
out of which in Lebanon	18,187	21,951	20,785	(1,166)	-5.31%
out of which in Byblos Europe	11,184	17,977	19,167	1,190	6.62%
out of which in Byblos Africa	5,250	4,514	6,085	1,571	34.79%
out of which in Byblos Syria	1,161	1,574	1,788	214	13.57%
Commissions on letters of guarantees	8,366	12,261	13,736	1,475	12.03%
out of which in Lebanon	6,395	9,406	9,429	23	0.24%
out of which in Byblos Europe	624	790	831	41	5.14%
out of which in Byblos Africa	588	448	349	(99)	-22.01%
out of which in Byblos Syria	759	1,574	3,083	1,509	95.89%
out of which in Byblos Armenia	0	43	44	1	1.27%
Securities Income	17,151	5,667	30,640	24,973	440.67%
Dividends	1,581	4,390	6,299	1,909	43.49%
Foreign exchange income	12,229	18,187	15,213	(2,974)	-16.35%
Other commissions on banking services	36,118	44,256	55,109	10,853	24.52%
Total Non-Interest Income (Net)*	**111,227**	**130,777**	**168,821**	**38,044**	**29.09%**

* Net commissions, plus net trading income, plus net gain or loss on financial assets.

Non-interest income for the year 2009 amounted to LBP 168,821 million (USD 112.0 million), recording an increase of 29.09% (+LBP 38,044 million) as compared to LBP 130,777 million (USD 86.8 million) in the same period of last year.

--- Commissions on documentary credits and acceptances for the year 2009 amounted to LBP 47,825 million (USD 31.7 million), recording an increase of 3.9% as compared to LBP 46,016 million (USD 30.5 million) in 2008. Trade finance activities in 2009 represented 28.3% of total non-interest income in 2009, down from 35.2% in 2008.

--- Commissions on letters of guarantees for the year 2009 amounted to LBP 13,736 (USD 9.1 million), recording an increase of 12.0% as compared to LBP 12,261 million (USD 8.1 million) in 2008.

--- Realized and unrealized gain on the securities portfolio for the year 2009 amounted to LBP 30,640 million (USD 20.3 million), recording a huge increase of 440.7% as compared to a gain of LBP 5,667 million (USD 3.8 million) in 2008, noting that the low income from securities in 2008 was mainly the result of the 2008 world economic downturn.

--- Gains on foreign exchange trading for the year 2009 amounted to LBP 15,213 million (USD 10.1 million), recording a decrease of 16.3% as compared to LBP 18,187 million (USD 12.1 million) in 2008.

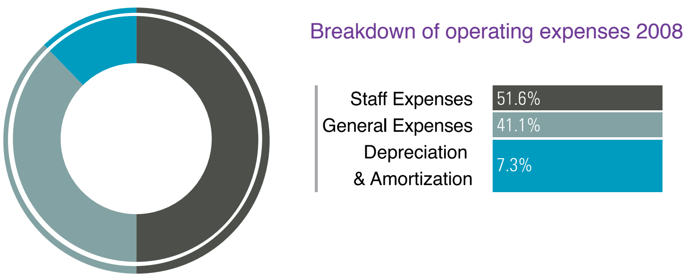
--- Dividends received on the Bank's investments in securities with variable income amounted to LBP 6,299 million in 2009, recording an increase of 43.5% compared to LBP 4,390 million in 2008.

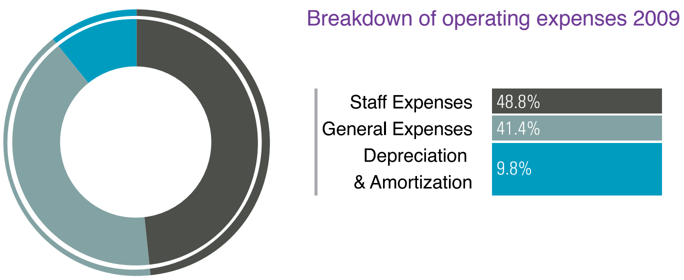
OPERATING EXPENSES

In LBP million	2007	2008	2009	Growth (Vol.)	Growth (%)
Staff expenses	98,366	123,143	129,339	6,196	5.0%
General expenses	87,234	98,208	109,513	11,305	11.5%
Depreciation and amortization	18,536	17,530	25,925	8,395	47.9%
Total Operating Expenses	**204,136**	**238,881**	**264,777**	**25,896**	**10.8%**

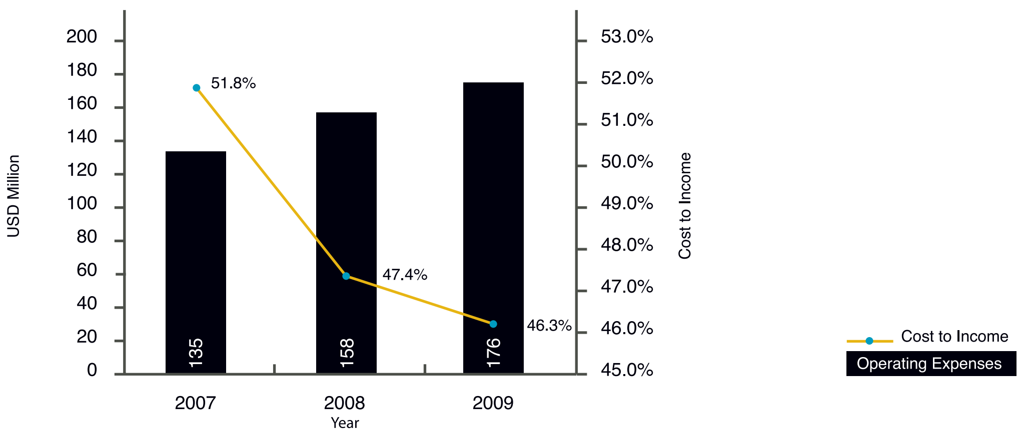
Operating expenses for the year 2009 amounted to LBP 264,777 million (USD 175.6 million), recording an increase of 10.8% (+LBP 25,896 million) as compared to LBP 238,881 million (USD 158.8 million) in 2008. Despite the increase in operating expenses, the Bank succeeded in decreasing its cost-to-income ratio to 46.3% in 2009 compared to 47.4% in 2008.

The graphs below show the breakdown of operating expenses for the last two years.





The graph below shows the evolution of operating expenses and the cost-to-income ratio over the last three years:



ASSETS QUALITY

Loan portfolio

Under Decision No. 7159 issued by Lebanon's Central Bank, the Banque du Liban (BDL), all banks and financial institutions operating in Lebanon are required to classify loans according to five categories of risk: (i) ordinary/regular accounts (sub-divided into (a) unconditional and (b) incomplete documentation); (ii) accounts to be followed up and regularized; (iii) less-than-ordinary/sub-standard accounts; (iv) doubtful accounts; and (v) bad or ailing accounts. Byblos Bank's internal classification system, which has been followed since 1992, generally incorporates and refines the requirements set out in Decision No. 7159. Because the Bank's internal classification criteria are more detailed than those of the Central Bank, no material reclassifications were required to reclassify the Bank's loans according to the applicable Central Bank regulations when they came into effect and the Bank believes that, as at 31 December 2009, it was in compliance with all related requirements. The Bank continues to adhere to its own loan classification criteria for internal purposes, although reports to the Central Bank and the Banking Control Commission are made in accordance with the Central Bank classifications.
The frequency of the Bank's review of problem loans is dependent upon the applicable classification. Loans that are classified as Classification 1 or Classification 2 are reviewed by the Bank on a monthly basis, whereas loans that are classified as Classification 3 or Classification 4 are reviewed on a quarterly basis.
When a loan is 90 days past due, interest income ceases to be accrued in the statement of income and is allocated as "reserved interest".

The tables below show the breakdown of the Bank's loan portfolio (gross and net) over the last three years:

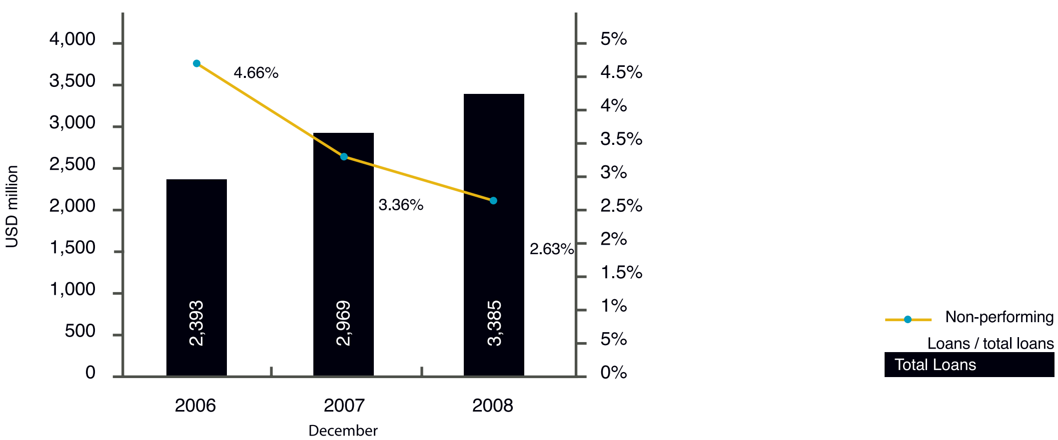
	2007		2008		2009	
As at 31 December	**LBP million**	**% of total**	**LBP million**	**% of total**	**LBP million**	**% of total**
Gross balances:						
Good loans	3,122,415	86.6	4,049,822	90.5	4,730,021	92.7
Watch loans	281,679	7.8	248,987	5.6	227,746	4.5
Substandard loans	35,495	1.0	27,027	0.6	11,204	0.2
Doubtful loans	113,968	3.2	88,049	2.0	61,066	1.2
Bad loans	54,011	1.5	62,577	1.4	73,322	1.4
Total	**3,607,568**	**100.0**	**4,476,462**	**100.0**	**5,103,359**	**100.0**

	2007		2008		2009	
As at 31 December	**LBP million**	**% of total**	**LBP million**	**% of total**	**LBP million**	**% of total**
Net balances:						
Good loans	3,122,415	90.4	4,049,822	93.4	4,730,021	94.9
Watch loans	281,679	8.2	248,987	5.7	227,746	4.6
Substandard loans	21,381	0.6	13,573	0.3	5,456	0.1
Doubtful loans	29,281	0.8	23,607	0.5	19,498	0.4
Bad loans	0	0.0	0	0.0	0	0.0
Total	**3,454,756**	**100.0**	**4,335,989**	**100.0**	**4,982,720**	**100.0**

PROVISIONING AND COVERAGE RATIOS

In LBP million	Dec-07	Dec-08	Dec-09
Substandard loans	35,495	27,027	11,204
Non-performing loans	167,979	150,626	134,388
Total Classfied Loans	**203,474**	**177,653**	**145,592**
Specific provisions for loan losses	65,690	59,668	56,800
General provisions and collective provisions	41,901	47,170	65,317
out of which general provisions for retail	20,630	21,574	20,814
Reserved interest (sub-standard loans)	14,114	13,454	5,749
Reserved interest (non-performing loans)	73,008	67,351	58,091
Total provisions and cash collateral	**194,713**	**187,643**	**185,956**
Substandard loans/total loans	0.98%	0.60%	0.22%
Non-performing loans/total loans	4.66%	3.36%	2.63%
Total classified/total loans	5.64%	3.97%	2.85%
Total provisions/total loans	5.40%	4.19%	3.64%
NPL provisions/non-performing loans (*)	107.51%	115.64%	134.09%
NPL provisions/non-performing loans (**)	95.23%	101.32%	118.61%
Total provisions/total classified loans (*)	95.69%	105.62%	127.72%

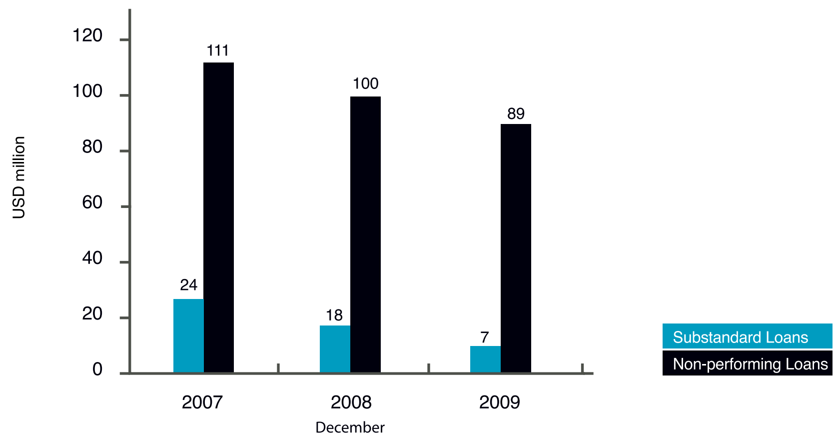
(*) Includes specific, general and collective provisions, reserved interest
(**) Excluding general provisions for retail loans

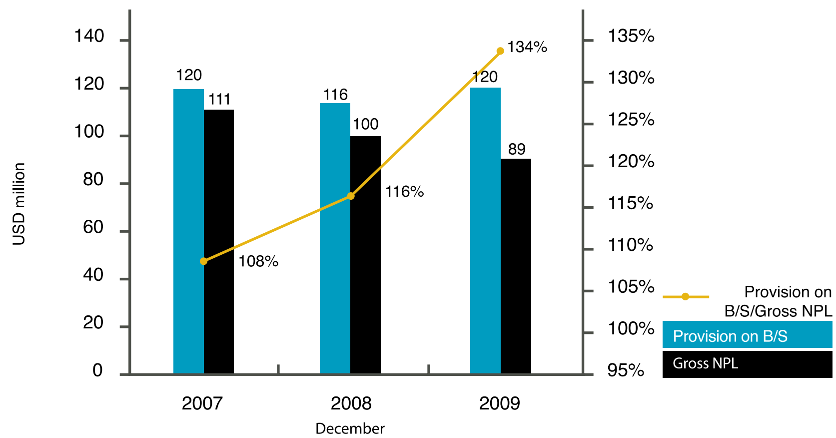


Total classified loans (substandard, doubtful, and loss) amounted to LBP 145,592 million (USD 96.6 million) at the end of 31 December 2009, representing 2.9% of the total loan portfolio compared to LBP 177,653 million (USD 117.8 million) at the end of December 2008, representing 4.0% of the total loan portfolio. Total non-performing loans (doubtful and loss) amounted to LBP 134,388 million (USD 89.1 million) as at 31 December 2009, representing 2.7% of the total loan portfolio, down from 3.4% at the end of 31 December 2008. Specific, general and collective provisions (excluding general provisions for the retail loan portfolio), as well as reserved interest on non-performing loans, amounted to LBP 159,393 million (USD 105.7 million), covering up to 118.6% of total non-performing loans as at 31 December 2009 compared to 101.3% at the end of 31 December 2008.

Substandard loans amounted to LBP 11,204 million (USD 7.4 million) at the end of 31 December 2009, representing 0.22% of the total loan portfolio compared to LBP 27,027 million (USD 17.9 million) and 0.6% respectively at the end of 31 December 2008. Substandard loans are covered up to 51.3% by reserved interest at the end of 31 December 2009 compared to 49.8% as at 31 December 2008.

Classified Loans





Investment and trading portfolio

The Bank's investment portfolio includes Lebanese Treasury Bills and other governmental bills, bonds and financial instruments with fixed incomes, and marketable securities and financial instruments with variable incomes.

The following table sets forth the breakdown of the Bank's securities portfolio by type of instrument and currency as at 31 December 2007, 2008 and 2009:

	2007		2008		2009	
As at 31 December	**LBP million**	**%**	**LBP million**	**%**	**LBP million**	**%**
Lebanese and other governmental treasury bills and bonds						
Lebanese Treasury Bills in LBP	2,134,306	39.8	2,342,233	32.5	2,865,582	32.0
Lebanese governmental bonds in foreign currency	2,130,730	39.7	2,142,518	29.7	2,218,654	24.8
Bonds and financial assets with fixed income						
Corporate bonds in foreign currency	122,316	2.3	385,326	5.3	423,072	4.7
Corporate certificates of deposit in foreign currency	38,607	0.7	25,491	0.4	42,904	0.5
Central Bank certificates of deposit in LBP and foreign currency	824,184	15.4	2,223,764	30.8	3,293,987	36.8
Shares, securities and financial assets with variable income in LBP and foreign currency	117,867	2.2	89,300	1.2	99,070	1.1
Total	**5,368,010**	**100**	**7,208,632**	**100**	**8,943,270**	**100**

LEBANESE AND OTHER GOVERNMENTAL TREASURY BILLS AND BONDS

Lebanese and other governmental treasury bills and bonds (in both LBP and foreign currencies) decreased, as a percentage of the Bank's total securities portfolio, to 56.8% as at 31 December 2009, as compared to 62.2% as at 31 December 2008 and 79.5% as at 31 December 2007. Investments in Central Bank certificates of deposit (in both LBP and foreign currencies) represented 36.8% of the Bank's portfolio as at 31 December 2009, as compared to 30.8% as at 31 December 2008 and 15.4% as at 31 December 2007.

The Bank's portfolio of securities is classified as follows:

Investments by Classification

The Bank's investment securities portfolio is divided between investments held for trading and non-trading investments and financial assets, which are further classified pursuant to IAS 39 as outlined below.

Trading Investments

Investments held for trading are initially recognized at cost and subsequently remeasured at fair value. All related realized and unrealized gains or losses are included in gains and losses arising from trading investments. Interest earned or dividends received are included in interest and similar income and dividend income respectively.

Non-trading investments and financial assets

Pursuant to IAS 39, financial assets are classified as follows:
--- **Held-to-maturity investments:** non-derivative financial assets with fixed or determinable payments and fixed maturities are classified as held-to-maturity when the Bank has the positive intention and ability to hold these investments to maturity. Investments intended to be held for an undefined period, however, are not included in this classification;
--- **Investments carried at fair value through profit and loss account:** investments are classified as fair value through profit and loss account if the fair value of the investment can be reliably measured and the classification as fair value through profit and loss account is in accordance with the documented strategy of the Bank;
--- **Investments carried at amortized cost (loans and receivables):** loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market;
--- **Available-for-sale investments:** available-for-sale financial assets are non-derivative financial assets that are designated as available-for-sale or are not classified to any of the three preceding categories.

Financial assets are initially measured at fair value, plus, in the case of investment not carried at fair value through profit or loss, directly attributable transaction costs. The Bank classifies its financial assets at the time of initial recognition and, where allowed and appropriate, re-evaluates its classifications at each financial year-end.

The following tables set forth a breakdown of the Bank's investment securities portfolio, by classification, as at 31 December 2007, 2008 and 2009:

As at 31 December 2007	**Held for trading**	**Held to maturity**	**Available for sale**	**Loans and receivables**	**Accrued interest**	**Total**
Central Bank certificates of deposit			33,164	759,666	31,354	824,184
Lebanese and other governmental treasury bills and bonds	787,967	1,646,219	1,729,875		100,975	4,265,036
Bonds and financial assets with fixed income	148	611	118,301		3,256	122,316
Shares, securities and financial instruments with variable income	28,547		89,320			117,867
Corporate certificate of deposits			21,625	15,685	1,297	38,607
Total by category	**816,662**	**1,646,830**	**1,992,285**	**775,351**	**136,882**	**5,368,010**

As at 31 December 2008	**Held for trading**	**Held to maturity**	**Available for sale**	**Loans and receivables**	**Accrued interest**	**Total**
Central Bank certificates of deposit				2,157,271	66,493	2,223,764
Lebanese and other governmental treasury bills and bonds	169,115	1,232,442	1,078,948	1,907,264	96,982	4,484,751
Bonds and financial assets with fixed income	7866	71,322	116,782	178,775	10,581	385,326
Shares, securities and financial instruments with variable income	29,954		59,346			89,300
Corporate certificate of deposits				24,652	839	25,491
Total by category	**206,935**	**1,303,764**	**1,255,076**	**4,267,962**	**174,895**	**7,208,632**

As at 31 December 2009	**Held for trading**	**Held to maturity**	**Available for sale**	**Loans and receivables**	**Accrued interest**	**Total**
Central Bank certificates of deposit				3,225,577	68,410	3,293,987
Lebanese and other governmental treasury bills and bonds	152,988	493,582	1,516,505	2,820,948	100,214	5,084,237
Bonds and financial assets with fixed income	22,565	54,224	161,668	176,061	8,553	423,072
Shares, securities and financial instruments with variable income	24,918		74,152			99,070
Corporate certificate of deposits				42,179	726	42,904
Total by category	**200,471**	**547,807**	**1,752,325**	**6,264,764**	**177,903**	**8,943,270**

LIQUIDITY

Liquid assets to total assets	December 2007	December 2008	December 2009
Cash and Central Bank	**18.27%**	**25.09%**	**28.90%**
out of which other certificates of deposit	5.76%	13.14%	16.09%
Lebanese Government Securities	**29.83%**	**26.49%**	**24.84%**
Bonds and fixed-income securities	0.86%	2.28%	2.07%
Banks and financial institutions	22.68%	16.83%	16.61%
Total Liquidity	**71.63%**	**70.69%**	**72.42%**
Liquid Assets to Customers' Deposits	**Dec-07**	**Dec-08**	**Dec-09**
Cash and Central Bank	23.90%	33.69%	38.15%
out of which other certificates of deposit	7.54%	17.64%	21.24%
Lebanese Government Securities	**39.02%**	**35.57%**	**32.79%**
Bonds and fixed-income securities	1.12%	3.06%	2.73%
Banks and financial institutions	29.66%	22.60%	21.92%
Total Liquidity	**93.70%**	**94.93%**	**95.59%**

As shown above, liquidity increased compared to the previous years, with the Bank maintaining a high level of liquid assets to meet foreseeable liability maturity requirements. As at 31 December 2009, liquid assets (comprised of cash, reserves and placements with central banks, Lebanese Government securities, placements with banks, and other fixed-income securities) represented 72.4% of total assets and 95.6% of customers' deposits compared to 70.7% and 94.9% respectively as at 31 December 2008.

CAPITAL AND CAPITAL ADEQUACY

As of 31 December 2009, the Bank's share capital is LBP 516,835 million, consisting of (i) a single class of 217,112,557 Common Shares, with a par value LBP 1,210 per share, all of which is fully paid-up; (ii) 2,000,000 Preferred Shares, with a par value of LBP 1,210 per share, which were issued on 15 August 2008 at a price of, and may, subject to certain conditions, be redeemed by the Bank at, USD 100.00 per share, all of which are fully paid-up; (iii) 2,000,000 Preferred Shares, with a par value of LBP 1,210 per share, which were issued on 4 September 2009 at a price of USD 96.00 per share, and may, subject to certain conditions, be redeemed by the Bank at USD 100.00 per share, all of which are fully paid-up; and (iv) 206,023,723 Priority Shares, with a par value of LBP 1,210, all of which are fully paid-up.

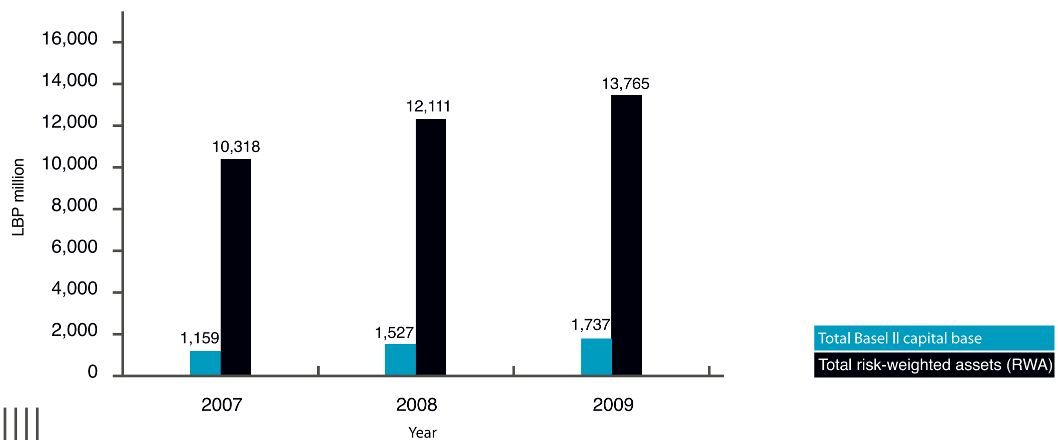
On the 19 February 2009, the Bank listed Global Depositary Shares on the London Stock Exchange representing 26% of the Bank's common shares. The Bank of New York Mellon acts as the depositary bank of the issue. The Bank aimed through the listing to increase liquidity through the listing of Global Depositary Shares and to promote further transparency for investors. According to the London Stock Exchange, Byblos Bank is also the first Lebanese company to list on the London Stock Exchange in the past 12 years and the first Bank to list on the LSE in 2009, showing resilience despite the ongoing global financial crisis.

As at 31 December		2007	2008	2009
(LBP million except ratios)	Basel II total capital adequacy ratio (Pillar1 risks)	11.23%	12.61%	12.62%
	Common equity ratio	6.64%	7.02%	6.87%
	Tier 1 capital ratio	8.64%	10.93%	10.46%
	Tier 2 capital ratio	2.59%	1.69%	2.15%
	Common equity	685,243	849,739	945,599
	Tier 1 capital (*)	891,256	1,323,183	1,440,085
	Tier 2 capital (*)	267,625	204,076	296,490
	Total capital base (*)	1,158,880	1,527,259	1,736,575
	Total risk-weighted assets (RWA)	**10,317,692**	**12,110,998**	**13,764,908**
	Credit risk RWA	9,056,612	11,246,373	12,600,294
	Market risk RWA	665,936	152,114	307,835
	Operational risk RWA	595,144	712,512	856,778

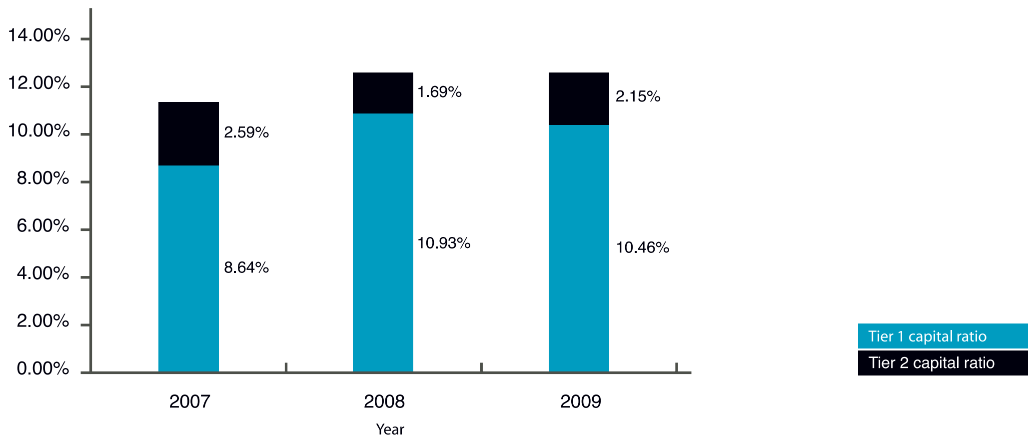
(*) After deducting:
- Unrealized losses on available-for-sale portfolio
- Investment in unconsolidated companies banks where the bank's share exceeds 10%
- Investment in Insurance companies

In view of the past two years of gradual increases of the Bank's capital, Byblos Bank Group's total capital adequacy ratio for Pillar 1 risks under the Standardized Approach of Basel II has improved from 11.23% at 31 December 2007 to 12.61% at 31 December 2008 and to 12.62% at 31 December 2009 despite a 33.4% increase in risk-weighted assets due to an increase in the consolidated balance sheet. Byblos Bank applies strictly the Basel II Pillar 1 rules and risk weights and uses the Central Bank of Lebanon's methodology for the segmentation of the loans portfolio and the application of granularity test. Therefore, the disclosed capital ratios show the Bank's capital position in a highly transparent and standard fashion, with the Bank operating with a safe cushion above the 8% minimum total capital ratio and with a satisfactory common equity ratio (6.87% at 31 December 2009) and Tier 1 capital ratio (10.46%).

The graph below shows the evolution of total capital and risk-weighted assets throughout the last three years under Basel II:



The graph below shows the evolution of capital adequacy ratios throughout the last three years under Basel II:



DIVIDEND DISTRIBUTION

The following table sets forth the high and low sale prices of Byblos Bank Common Shares, as reported on the Beirut Stock Exchange, and the cash dividends paid by the Bank on the Common Shares with respect to the periods indicated.

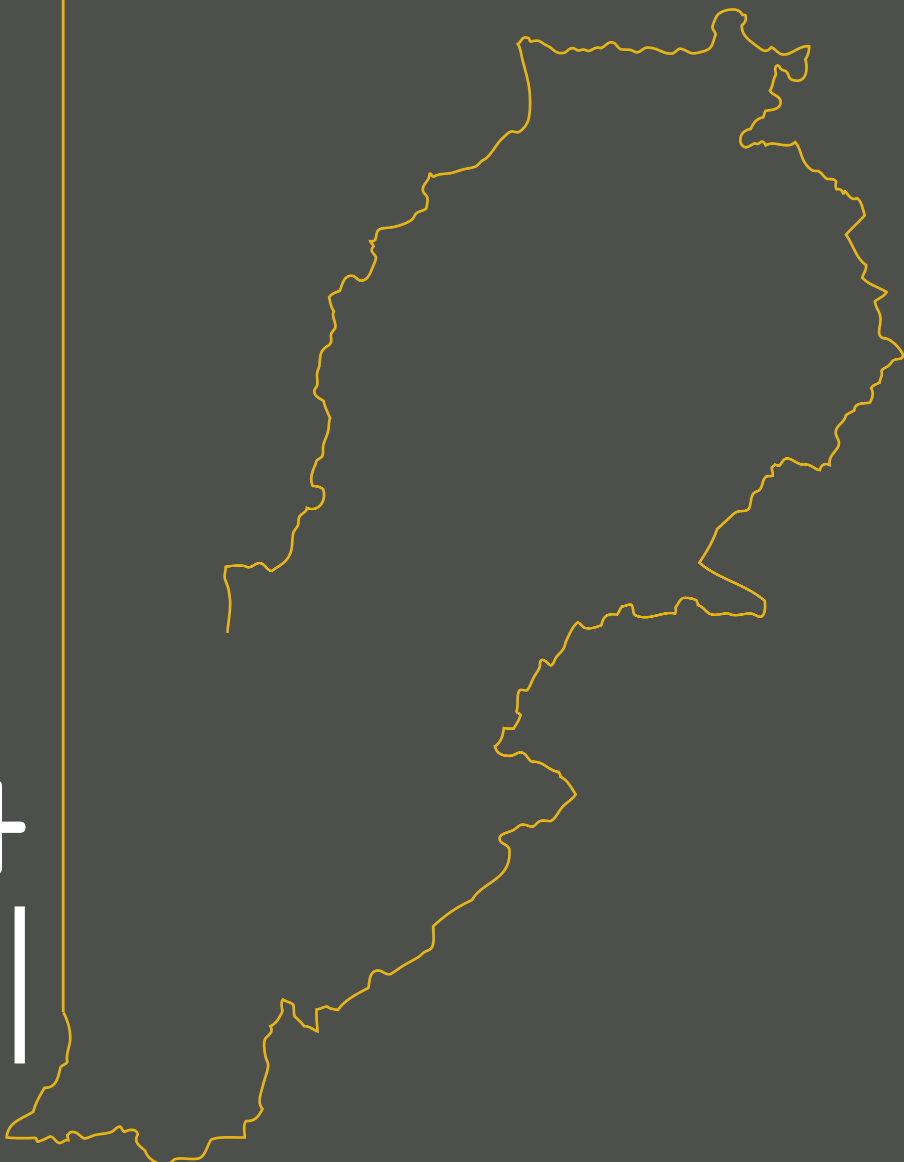
Period	High USD	Low USD	Common share dividend(1) LBP	Common share dividend(1) USD
2000	2.3750	1.6250	250.00	0.1658
2001	1.7500	1.0625	250.00	0.1658
2002	1.7813	1.0625	236.84	0.1571
2003	2.0625	1.2500	157.89	0.1047
2004	1.8100	1.4500	157.89	0.1047
2005	2.7800	1.4500	157.89	0.1047
2006	4.0000	1.4500	157.89	0.1047
2007	2.6000	1.6500	157.89	0.1047
2008	3.2300	1.5800	157.89	0.1047
2009	**2.1900**	**1.5800**	**200.00**	**0.1327**

Note:
(1) Before taxes at a rate of 5 percent

Period	High USD	Low USD	Common share dividend(1) LBP	Common share dividend(1) USD
2005	2.5100	2.1600	11.84	0.0079
2006	4.0000	1.6000	205.89	0.1366
2007	2.5900	1.6900	205.89	0.1366
2008	3.1000	1.5400	205.89	0.1366
2009	**2.2000**	**1.6000**	**248.40**	**0.1648**

Note:
(1) Before taxes at a rate of 5%
(2) Dividends include distribution of 4% on nominal value of priority shares

In addition, at its Annual General Meeting held on April 23, 2010, the Bank's shareholders approved the distribution of dividends out of the Bank's net income for the year ended December 31 2009 (before taxes of 5%) of LBP 200 (USD 0.1327) per Common Share, LBP 248.4 (USD 0.1648) per Priority Share (comprised of the regular dividend of LBP 200 (USD 0.1327) plus the priority dividend equivalent to 4% of the nominal value of the Priority Share as provided in the terms of the Priority Shares) and USD 8 per Series 2008 Preferred Share and USD 3.35 per Series 2009 Preferred Share. Total dividends paid in respect of 2009 represented 58.7% of net income for that year.



Byblos Bank S.A.L.

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INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF BYBLOS BANK SAL

We have audited the accompanying consolidated financial statements of Byblos Bank SAL (the Bank) and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at 31 December 2009 and the consolidated income statement, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Directors' Responsibility for the Financial Statements

The directors are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate for the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Group as of 31 December 2009 and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Ernst & Young

Semaan, Gholam & Co.

26 March 2010
Beirut, Lebanon

YEAR ENDED
31 DECEMBER 2009

Consolidated Income Statement

LBP Million	Notes	2009	2008
Interest and similar income	4	1,141,893	1,037,795
Interest and similar expense	5	(754,832)	(681,953)
NET INTEREST INCOME		**387,061**	**355,842**
Fee and commission income	6	129,573	116,719
Fee and commission expense	6	(12,905)	(9,796)
NET FEE AND COMMISSION INCOME		**116,668**	**106,923**
Net trading income	7	37,688	9,383
Net gain on financial assets	8	14,464	14,471
Other operating income	9	16,251	17,519
TOTAL OPERATING INCOME		**572,132**	**504,138**
Credit loss expense	10	(26,245)	(5,434)
Impairment losses on financial investments	11	(15,278)	(37,700)
NET OPERATING INCOME		**530,609**	**461,004**
Personnel expenses	12	(129,339)	(123,143)
Depreciation of property and equipment	26	(25,585)	(16,997)
Amortization of intangible assets	27	(340)	(125)
Other operating expenses	13	(109,513)	(98,208)
TOTAL OPERATING EXPENSES		**(264,777)**	**(238,473)**
OPERATING PROFIT		**265,832**	**222,531**
Impairment loss on assets held for sale	28	-	(408)
PROFIT BEFORE TAX		**265,832**	**222,123**
Income tax expense	14	(46,410)	(38,208)
PROFIT FOR THE YEAR		**219,422**	**183,915**
Attributable to:			
Equity holders of the parent		206,628	172,285
Minority interests		12,794	11,630
		219,422	**183,915**
Earnings per share			
Basic, for profit for the year attributable to ordinary equity holders of the parent – common shares	15	LBP 384.65	LBP 317.19
Basic, for profit for the year attributable to ordinary equity holders of the parent – priority shares	15	LBP 433.05	LBP 365.19
Diluted for profit for the period attributable to ordinary equity holders of the parent – common shares	15	LBP 362.97	-
Diluted for profit for the period attributable to ordinary equity holders of the parent – priority shares	15	LBP 411.37	-

The attached notes 1 to 62 form part of these consolidated financial statements.

Consolidated Statement of Comprehensive Income

YEAR ENDED 31 DECEMBER 2009

	2009	2008	
Profit for the year	**219,422**	**183,915**	LBP Million
Net gain on available-for-sale financial assets	112,073	15,987	
Income tax effect	(15,485)	-	
	96,588	**15,987**	
Exchange differences on translation of foreign operations	(5,210)	(3,065)	
Other comprehensive income for the year	**91,378**	**12,922**	
Total comprehensive income for the year	**310,800**	**196,837**	
Attributable to:			
Equity holders of the parent	297,943	184,967	
Minority interests	12,857	11,870	
	310,800	**196,837**	

The attached notes 1 to 62 form part of these consolidated financial statements.

31 DECEMBER 2009

Consolidated Statement of Financial Position

		Notes	2009	2008
	ASSETS			
LBP Million	Cash and balances with central banks	16	2,533,372	2,023,979
	Due from banks and financial institutions	17	3,142,483	2,525,830
	Financial assets given as collateral and reverse repurchase agreements	18	1,193	96,847
	Derivative financial instruments	19	12,224	30,117
	Financial assets held for trading	20	204,128	210,825
	Net loans and advances to customers	21	4,807,633	4,194,647
	Net loans and advances to related parties	46	11,515	12,017
	Debtors by acceptances	22	335,904	284,468
	Available-for-sale financial instruments	23	1,793,540	1,280,283
	Financial assets classified as loans and receivables	24	6,681,970	4,619,105
	Held to maturity financial instruments	25	564,640	1,299,646
	Property and equipment	26	266,738	243,322
	Intangible assets	27	734	1,074
	Non-current assets held for sale	28	38,567	46,108
	Other assets	29	70,545	60,874
	TOTAL ASSETS		**20,465,186**	**16,929,142**
	LIABILITIES AND EQUITY			
LBP Million	Due to central banks	30	11,704	83,656
	Due to banks and financial institutions	31	1,675,807	1,462,261
	Financial assets against securities lent and repurchase agreements		1,193	-
	Derivative financial instruments	19	11,144	28,866
	Customers' deposits	32	15,366,354	12,500,408
	Deposits from related parties	46	139,814	106,472
	Debt issued and other borrowed funds	33	281,609	267,555
	Engagements by acceptances	22	335,904	284,468
	Current tax liability	34	40,212	29,996
	Deferred tax liabilities		15,485	-
	Other liabilities	35	236,169	191,059
	Liabilities linked to held-for-sale assets	28	1,995	1,720
	Provision for risks and charges	36	66,954	30,591
	End-of-service benefits	37	28,276	27,478
	Subordinated notes	38	299,634	296,203
	TOTAL LIABILITIES		**18,512,254**	**15,310,733**
	EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT			
LBP Million	Share capital – common ordinary shares	39	262,706	260,535
	Share capital – common priority shares	39	249,289	247,228
	Share capital – preferred shares	39	4,840	3,600
	Issue premium – common ordinary shares	39	26,425	26,425
	Issue premium – preferred shares		579,035	444,704
	Capital reserves	42	384,115	334,348
	Treasury shares	39	(176)	(1,554)
	Retained earnings		24,954	15,317
	Revaluation reserve of real estate	40	5,689	5,689
	Available-for-sale reserve	41	66,026	(30,517)
	Net results of the financial period – profit		206,628	172,285
	Foreign currency translation reserve		13,394	18,604
	Other reserve	43	6,958	5,538
			1,829,883	**1,502,202**
	MINORITY INTEREST	44	**123,049**	**116,207**
	TOTAL EQUITY		**1,952,932**	**1,618,409**
	TOTAL LIABILITIES AND EQUITY		**20,465,186**	**16,929,142**

The consolidated financial statements were authorized for issue in accordance with the Board of Directors resolution on 26 March 2010.

Dr. François Bassil
Chairman/General Manager

Mr. Alain Wanna
Financial and Administrative Manager

The attached notes 1 to 62 form part of these consolidated financial statements.

LBP Million

OFF-FINANCIAL POSITION	Notes	2009	2009
Financing commitments			
Financing commitments given to banks and financial institutions	47	803,564	862,122
Financing commitments received from banks and financial institutions		244,917	184,563
Engagements to customers		403,731	276,964
Bank guarantees			
Guarantees given to banks and financial institutions	47	360,485	267,414
Guarantees given to customers	47	885,543	793,830
Foreign currency contracts			
Foreign currencies to receive		297,126	339,685
Foreign currencies to deliver		296,046	338,434
Claims from legal cases		**290,679**	**265,458**
Fiduciary assets		**116,590**	**174,558**
Assets under management		**3,835,767**	**2,604,921**
Bad debts fully provided for	**21**	**113,117**	**121,244**

The attached notes 1 to 62 form part of these consolidated financial statements.

YEAR ENDED
31 DECEMBER 2009

Consolidated Statement of Changes in Equity

LBP Million	Attributable to equity holders of the parent							
	Share capital							
	Ordinary shares	Preferred shares	Priority shares	Issue premium – common shares	Issue premium – preferred shares	Treasury shares	Legal reserve	Reserves appropriated for capital increase
Balance at 1 January 2008	**246,028**	**1,200**	**247,228**	**-**	**149,550**	**(947)**	**90,124**	**20,284**
Profit for the year	-	-	-	-		-	-	-
Other comprehensive income	-	-	-	-	-	-	-	-
Total comprehensive income	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Transfer to retained earnings	-	-	-	-	-	-	-	-
Transfer to capital reserves and other reserves	-	-	-	-	-	-	15,313	523
Increase in capital (note 39)	14,507	2,400	-	26,425	295,154	-	-	-
Capital increase of subsidiaries (notes 42 and 44)	-	-	-	-	-	-	-	-
Translation difference	-	-	-	-	-	-	(791)	-
Equity dividends paid (note 61)	-	-	-	-	-	-	-	-
Dividend paid – subsidiaries	-	-	-	-	-	-	-	-
Treasury shares (note 39)	-	-	-	-	-	(607)	-	-
Balance at 31 December 2008	**260,535**	**3,600**	**247,228**	**26,425**	**444,704**	**(1,554)**	**104,646**	**20,807**
Balance at 1 January 2009	**260,535**	**3,600**	**247,228**	**26,425**	**444,704**	**(1,554)**	**104,646**	**20,807**
Profit for the period	-	-	-	-	-	-	-	-
Other comprehensive income	-	-	-	-	-	-	-	-
Total comprehensive income	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Transfer to retained earnings	-	-	-	-	-	-	-	-
Transfer to reserves and premiums	-	-	-	-	-	-	15,770	4,921
Transfer from other reserve to general reserve (note 43)	-	-	-	-	-	-	-	-
Capital increase in 2009:								
-Redemption of Series 2003 Preferred Shares (note 39)	-	(1,200)	-	-	(149,550)	-	-	-
-Increase in par value of outstanding shares (note 39)	2,171	20	2,061	-	-	-	-	(3,052)
-Issuance of Series 2009 Preferred Shares (note 39)	-	2,420	-	-	283,881	-	-	-
Dividends paid – subsidiaries	-	-	-	-	-	-	-	-
Translation difference	-	-	-	-		-	(58)	-
Equity dividends paid (note 61)	-	-	-	-	-	-	-	-
Treasury shares (note 39)	-	-	-	-	-	1,378	-	-
Balance at 31 December 2009	**262,706**	**4,840**	**249,289**	**26,425**	**579,035**	**(176)**	**120,358**	**22,676**

The attached notes 1 to 62 form part of these consolidated financial statements.

	Capital reserves											Minority interests	Total equity
General reserve	Equity component of convertible subordinated notes	Reserve for general banking risks	Other capital reserves	Other reserve	Retained earnings	Revaluation reserve	Available-for-sale reserve	Net results of the financial period – profit	Foreign currency translation reserve	Total			
108,354	**20,809**	**56,916**	**-**	**-**	**11,127**	**5,689**	**(46,244)**	**142,550**	**21,669**	**1,074,337**	**77,622**	**1,151,959**	
-	-	-	-	-	-	-	-	172,285	-	172,285	11,630	183,915	
-	-	-	-	-	-	-	15,747	-	(3,065)	12,682	240	12,922	
-	**-**	**-**	**-**	**-**	**-**	**-**	**15,747**	**172,285**	**(3,065)**	**184,967**	**11,870**	**196,837**	
-	-	-	-	-	142,550	-	-	(142,550)	-	-	-	-	
13,558	-	9,970	-	5,538	(44,902)	-	-	-	-	-	-	-	
-	(2,769)	-	-	-	-	-	-	-	-	335,717	-	335,717	
(2,453)	-	-	6,028	-	-	-	-	-	-	3,575	31,203	34,778	
(1,518)	-	-	-	-	(497)	-	(20)	-	-	(2,826)	(2,158)	(4,984)	
-	-	-	-	-	(92,961)	-	-	-	-	(92,961)	-	(92,961)	
-	-	-	-	-	-	-	-	-	-	-	(2,330)	(2,330)	
-	-	-	-	-	-	-	-	-	-	(607)	-	(607)	
117,941	**18,040**	**66,886**	**6,028**	**5,538**	**15,317**	**5,689**	**(30,517)**	**172,285**	**18,604**	**1,502,202**	**116,207**	**1,618,409**	
117,941	**18,040**	**66,886**	**6,028**	**5,538**	**15,317**	**5,689**	**(30,517)**	**172,285**	**18,604**	**1,502,202**	**116,207**	**1,618,409**	
-	-	-	-	-	-	-	-	206,628	-	206,628	12,794	219,422	
-	-	-	-	-	-	-	96,525	-	(5,210)	91,315	63	91,378	
-	**-**	**-**	**-**	**-**	**-**	**-**	**96,525**	**206,628**	**(5,210)**	**297,943**	**12,857**	**310,800**	
-	-	-	-	-	172,285	-	-	(172,285)	-	-	-	-	
16,613	-	13,543	-	2,318	(53,165)	-	-	-	-	-	-	-	
898	-	-	-	(898)	-	-	-	-	-	-	-	-	
-	-	-	-	-	-	-	-	-	-	(150,750)	-	(150,750)	
-	-	-	-	-	(1,200)	-	-	-	-	-	-	-	
-	-	-	-	-	-	-	-	-	-	286,301	-	286,301	
-	-	-	-	-	-	-	-	-	-	-	(3,558)	(3,558)	
1,738	-	-	(606)	-	(3,270)		18			(2,178)	(2,457)	(4,635)	
-	-	-	-	-	(105,013)	-	-	-	-	(105,013)	-	(105,013)	
-	-	-	-	-	-	-	-	-	-	1,378	-	1,378	
137,190	**18,040**	**80,429**	**5,422**	**6,958**	**24,954**	**5,689**	**66,026**	**206,628**	**13,394**	**1,829,883**	**123,049**	**1,952,932**	

YEAR ENDED
31 DECEMBER 2009

Consolidated Statement of Cash Flows

LBP Million

	Notes	2009	2008
OPERATING ACTIVITIES			
Profit before tax		265,832	222,123
Adjustments to reconcile profit before tax to net cash flows:			
Depreciation and amortization		25,344	17,122
Provision for loans and advances, net		26,245	5,434
Gain on disposal of property, plant and equipment		(860)	(72)
Gain on disposal of non-current assets held for sale		(11,275)	(12,505)
Provisions for risks and charges, net		36,363	12,558
Provision for impairment of financial instruments		15,278	37,700
Provision for end-of-service benefits		3,686	7,252
Impairment provision on non-current assets held for sale		581	408
Excess of fair value of net assets acquired of Unicredit Banca di Roma SpA- Beirut Branch over cost		-	(1,353)
		361,194	**288,667**
Changes in operating assets and liabilities			
Due from central banks		126,370	(221,380)
Due from banks and financial institutions		(189,970)	108,814
Financial assets given as collateral		95,654	(5,918)
Due to banks and financial institutions		8,993	270,760
Cash collateral on securities lent and repurchase agreements		1,193	-
Derivative financial instruments		171	(1,093)
Financial assets held for trading		6,697	521,875
Net loans and advances		(638,729)	(826,190)
Other assets		(9,671)	(9,072)
Customers' and related party deposits		2,899,288	1,615,843
Other liabilities		38,911	3,550
Cash from operations		**2,700,101**	**1,745,856**
End-of-service benefits paid		(2,888)	(349)
Taxation paid		(29,996)	(25,400)
Net cash from operating activities		**2,667,217**	**1,720,107**
INVESTING ACTIVITIES			
Available-for-sale financial instruments		(416,507)	(987,470)
Financial assets classified as loans and receivables		(2,062,865)	(1,616,818)
Held-to-maturity financial instruments		735,006	352,921
Purchase of property and equipment		(52,887)	(58,757)
Proceeds from sale of property and equipment		7,277	317
Purchase of non-current assets held for sale		(772)	(5,179)
Proceeds from sale of non-current assets held for sale		19,587	22,557
Liabilities linked to held-for-sale assets		275	(419)
Acquisition of net assets of Unicredit Banca Di Roma SpA- Beirut Branch		-	(12,415)
Net cash used in investing activities		**(1,770,886)**	**(2,305,263)**

In 2008, operating and investing activities include a non-cash item representing the increase in financial assets classified as loans and receivables in the amount of LBP 1,820,022 million against decrease in trading and available-for-sale financial assets in the amount of LBP 104,071 million and LBP 1,715,951 million, respectively. No such transaction occurred in 2009.

	Notes	2009	2008
			LBP Million
FINANCING ACTIVITIES			
Issuance of ordinary common shares		-	38,479
Issuance of preferred shares		286,301	297,554
Redemption of preferred shares		(150,750)	-
Due to Central Bank		(82,516)	22,706
Debts issued and other borrowed funds		14,054	(2,317)
Subordinated notes		3,431	(37,711)
Treasury shares		1,378	(607)
Dividends paid		(105,013)	(92,961)
Gain on sale of subsidiary shares to minority interest	42	-	6,028
Change in minority interest		(5,951)	26,955
Net cash from financing activities		**(39,066)**	**258,126**
Effect of exchange rates:			
Effect of exchange rates on property and equipment		(2,530)	(866)
Foreign currency translation differences		(5,210)	(3,065)
Effect of exchange rates on reserves and premiums		(2,197)	(2,806)
Net effect of foreign exchange rates		**(9,937)**	**(6,737)**
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		**847,328**	**(333,767)**
Cash and cash equivalents at 1 January		2,651,204	2,984,971
CASH AND CASH EQUIVALENTS AT 31 DECEMBER	**45**	**3,498,532**	**2,651,204**

The attached notes 1 to 62 form part of these consolidated financial statements.

Notes to the Consolidated Financial Statements

1 CORPORATE INFORMATION

Byblos Bank S.A.L. ("the Bank"), a Lebanese joint stock company, was incorporated in 1961 and registered under No. 14150 at the commercial registry of Beirut and under No. 39 on the list of banks published by the Bank of Lebanon. The Bank's head office is located in Ashrafieh, Elias Sarkis Street, Beirut, Lebanon.

The Bank, together with its affiliated banks and subsidiaries ("the Group"), provides a wide range of banking and insurance services, through its headquarters and branches in Lebanon and eight locations abroad (Cyprus, Belgium, United Kingdom, France, Syria, Sudan, Iraq, and Armenia).

2 ACCOUNTING POLICIES

2.1 ~ BASIS OF PREPARATION

The consolidated financial statements have been prepared under the historical cost convention as modified for the restatement of: a) certain tangible real estate properties in Lebanon according to the provisions of law No. 282 dated 30 December 1993, b) and for the measurement at fair value of derivatives and financial assets held for trading, financial investments available for sale, and financial assets designated at fair value through profit and loss.

The consolidated financial statements are presented in Lebanese Lira (LBP) and all values are rounded to the nearest LBP Million except when otherwise indicated.

Statement of compliance

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Standards Board (IASB), and the regulations of the Bank of Lebanon and the Banking Control Commission ("BCC").

Financial assets and financial liabilities are offset and the net amount reported in the statement of financial position only when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the assets and settle the liability simultaneously. Income and expense will not be offset in the income statement unless required or permitted by any accounting standard or interpretation, as specifically disclosed in the accounting policies of the Bank.

Basis of consolidation

The consolidated financial statements comprise the financial statements of the Bank and its subsidiaries for the year ended 31 December. The financial statements of the Bank's subsidiaries are prepared for the same reporting year as Byblos Bank S.A.L. using consistent accounting policies.

All intra-Group balances, transactions, income and expenses are eliminated in full.

Subsidiaries are fully consolidated from the date of which control is transferred to the Bank. Control is achieved where the Bank has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. The results of subsidiaries acquired or disposed of during the year are included in the consolidated income statement from the date of acquisition or up to the date of disposal.

Minority interests represent the portion of profit or loss and net assets not owned, directly or indirectly, by the Bank and are presented separately in the consolidated income statement and within equity in the consolidated statement of financial position, separately from parent shareholder's equity. Any losses applicable to the minority interest in excess of the minority interest are allocated against the interests of the parent. Acquisitions of minority interests are accounted for using the parent entity extension method, whereby the difference between the consideration and the fair value of the share of the net assets acquired is recognized as goodwill. If the cost of acquisition is below the fair values of the identifiable net assets acquired, the difference is recognized directly in the consolidated income statement in the year of acquisition.

The consolidated financial statements comprise the financial statements of Byblos Bank S.A.L. and the following subsidiaries:

Subsidiary	Percentage of ownership 2009 %	2008 %	Principal activity	Country of incorporation
Byblos Bank Europe S.A.	**99.95**	99.95	Banking activities through its head office in Brussels and two branches in London and Paris	Belgium
Adonis Insurance and Reinsurance Co. (ADIR) S.A.L.	**63.95**	63.95	Insurance	Lebanon
Adonis Brokerage House S.A.L.	**99.40**	99.40	Insurance brokerage	Lebanon
Byblos Invest Bank S.A.L.	**99.99**	99.99	Investment banking	Lebanon
Byblos Bank Africa Ltd.	**56.86**	56.86	Commercial banking	Sudan
Byblos Bank Syria S.A .	**41.50**	41.50	Commercial banking	Syria
Byblos Bank Armenia C.J.S.C.	**65.00**	65.00	Commercial banking	Armenia
Adonis Insurance and Reinsurance (ADIR) Syria	**76.00**	76.00	Insurance	Syria
Byblos Management S.A.L. (Holding)	**99.98**	99.98	Investment	Lebanon
Byblos Ventures S.A.L. (Holding)* (under liquidation)	**50.00**	-	Investment	Lebanon

* A company established on 12 February 2009. The general assembly of Byblos Ventures S.A.L. (Holding) held on 15 February 2010 decided to dissolve the company and liquidate it.

2.2 ~ CHANGES IN ACCOUNTING POLICIES

The accounting policies adopted are consistent with those used in the previous financial year except for the following:

IAS 1 Presentation of Financial Statements
This standard requires an entity to present all owner changes in equity and all non-owner changes to be presented in either in one statement of comprehensive income or in two separate statements of income and comprehensive income. The revised standard also requires that the income tax effect of each component of comprehensive income be disclosed.

The Group has elected to present comprehensive income in two separate statements of income and comprehensive income. Information about the individual components of comprehensive income as well as the tax effects have been disclosed in the notes to the financial statements.

IAS 23 Borrowing Costs
The revised standard requires that all borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset must be capitalized.

Amendments to IFRS 7 Financial Instruments: Disclosures – Improving Disclosures about Financial Instruments

The amendments to IFRS 7 were issued in March 2009 to enhance fair value and liquidity disclosures.

With respect to fair value, the amendments require disclosure of a three-level fair value hierarchy, by class, for all financial instruments recognized at fair value and specific disclosures related to the transfers between levels in the hierarchy and detailed disclosures related to level 3 of the fair value hierarchy. In addition, the amendments modify the required liquidity disclosures with respect to derivative transactions and assets used for liquidity management.

IFRS 8 Operating Segments

The new standard which replaced IAS 14 Segment reporting requires a management approach for segment Reporting under which segment information is presented on the same basis as that used for internal reporting purposes. This has resulted in an increase in the number of reportable segments presented. In addition, the segments are reported in a manner that is more consistent with the internal reporting provided to the chief operating decision maker.

IAS 32 Financial instruments: Presentation and IAS 1 Presentation of Financial Statements, Puttable Financial Instruments and Obligations Arising on Liquidation

Amendments to IFRS 16, 19, 20, 23, 29, 39, 40 and 41 resulting from the annual improvements of the International Financial Reporting Standards issued in 2009.

In addition, the following standards and interpretations are effective for the financial year 2009.
The adoption of these standards and interpretations did not have any effect on the financial performance or position of the Bank:

- Amendments to IFRIC 9 Reassessment of Embedded Derivatives and IAS 39 Financial Instruments: Recognition and Measurement – Embedded Derivatives
- IFRIC 13 Customer Loyalty Programmes
- IFRIC 15 Agreements for the Construction of Real Estate
- IFRIC 16 Hedge of a Net Investment in a Foreign Operation

Future changes in accounting policies

Below is the list of standards issued but not yet effective for the year ended 31 December 2009:

- IFRS 2 Share-based Payment: Group Cash-settled Share-based Payment Transactions
- IFRS 3 Business Combinations (Revised), IAS 27 Consolidated and Separate Financial Statements (Amended), IAS 28 Investments in associates and IAS 31 Interest in Joint Ventures
- Amendment to IAS 39 Financial Instruments: Recognition and Measurement – Eligible Hedged items
- IFRIC 17 Distributions on Non-cash Assets to Owners

Amendments to IFRS 1, 7, 17, 18, 36, 38 and 39 resulting from the annual improvements of the International Financial Reporting Standards issued in 2009.

Management does not expect the above standards to have a significant impact on the Bank's financial statements when implemented in future years.

2.3 ~ SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Business combinations and goodwill

Business combinations are accounted for using the purchase method of accounting. This involves recognizing identifiable assets (including previously unrecognized intangible assets) and liabilities (including contingent liabilities but excluding future restructuring) of the acquired business at fair value. Any excess of the cost of acquisition over the fair values of the identifiable net assets acquired is recognized as goodwill. If the cost of acquisition is less than the fair values of the identifiable net assets acquired, the discount on acquisition is recognized directly in the consolidated income statement in the year of acquisition.

Goodwill acquired in a business combination is initially measured at cost being the excess of the cost of the business combination over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities acquired. Following initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is reviewed for impairment, annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired.

For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units or groups of units.

When subsidiaries are sold, the difference between the selling price and the net assets plus cumulative translation differences and goodwill is recognized in the consolidated income statement.

Impairment is determined by assessing the recoverable amount of the cash-generating unit (group of cash-generating units), to which the goodwill relates. Where the recoverable amount of the cash-generating unit (group of cash-generating units) is less than the carrying amount, an impairment loss is recognized. Impairment losses relating to goodwill cannot be reversed in future periods.

Financial instruments – initial recognition and subsequent measurement

Date of recognition
All financial assets and liabilities are initially recognized on the trade date, i.e. the date that the Group becomes a party to the contractual provisions of the instrument. This includes "regular way trades": purchases or sales of financial assets that require delivery of assets within the time frame generally established by regulation or convention in the market place.

Initial recognition of financial instruments
The classification of financial instruments at initial recognition depends on the purpose for which the financial instruments were acquired and their characteristics. All financial instruments are measured initially at their fair value plus, in the case of financial assets and financial liabilities not at fair value through profit or loss, any directly attributable incremental costs of acquisition or issue.

Held-for-trading financial investments
Financial assets or financial liabilities held for trading, comprising financial instruments held for trading other than derivatives, are recorded at fair value. Changes in fair value and dividend income are recognized in the consolidated income statement in "Net trading income". Interest income is recorded in "interest and similar income" according to the terms of the contract, or when the right to the payment has been established.

Included in this classification are debt securities, equities and short positions in debt securities and securities which have been acquired principally for the purpose of selling or repurchasing in the near term.

Non-trading financial instruments
Financial assets within the scope of IAS 39 are classified as follows:
• Held-to-maturity financial investments
• Investments carried at fair value through profit and loss
• Investments carried at amortized cost
• Available for sale financial assets

Held-to-maturity financial investments

Held-to-maturity financial investments are those which carry fixed or determinable payments and have fixed maturities and which the Group has the intention and ability to hold to maturity. After initial measurement, held-to-maturity financial investments are subsequently measured at amortized cost using the effective interest rate method, less allowance for impairment. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees that are an integral part of the effective interest rate. The amortization is included in "Interest and similar income" or "Interest and similar expense" in the consolidated income statement. The losses arising from impairment of such investments are recognized in the consolidated income statement as "Impairment losses on financial investments".

Fair value through profit or loss financial investments

Financial assets and financial liabilities classified in this category are designated on initial recognition when the following criteria are met:

- The designation eliminates or significantly reduces the inconsistent treatment that would otherwise arise from measuring the assets or liabilities or recognizing gains or losses on them on a different basis; or
- The assets and liabilities are part of a group of financial assets, financial liabilities or both which are managed and their performance evaluated on a fair value basis, in accordance with a documented risk management or investment strategy; or
- The financial instrument contains an embedded derivative, unless the embedded derivate does not significantly modify the cash flows or it is clear, with little or no analysis, that it would not be separately recorded.

Financial assets and financial liabilities at fair value through profit or loss are recorded at fair value. Changes in fair value are recorded in the consolidated income statement as “Net gain or loss on financial assets and liabilities designated at fair value through profit or loss”. Interest earned or incurred is accrued in interest income or expense, respectively, according to the terms of the contract.

Investments carried at amortized cost

Dues from banks, loans and advances and financial assets classified as loans and receivables are financial assets with fixed or determined payments and fixed maturities that are not quoted in an active market. They are not entered into with the intention of immediate or short-term resale and are not classified as “Financial assets held for trading”, designated as “Financial investment – available for sale” or “Financial assets designated at fair value through profit or loss”. After initial measurement, amounts due from banks, loans and advances and financial assets classified as loans and receivables are subsequently measured at amortized cost using the effective interest rate method, less allowance for impairment. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees and costs that are an integral part of the effective interest rate. The amortization is included in “Interest and similar income” in the consolidated income statement. The losses arising from impairment of due from banks and loans and advances are recognized in the consolidated income statement in “Credit loss expense” while losses arising from impairment of financial assets classified as loans and receivable of are recognized in the consolidated income statement in “Impairment losses on financial investments”.

Available-for-sale financial assets

Available-for-sale financial assets are those non-derivative financial assets that are not classified to any of the three preceding categories. After initial measurement, available-for-sale financial investments are subsequently measured at fair value. Unrealized gains and losses are recognized directly in equity in the “Available-for-sale reserve”. When the security is disposed of, the cumulative gain or loss previously recognized in equity is recognized in the consolidated income statement in “Net gain or loss on financial assets”. Interest earned whilst holding available-for-sale financial investments is reported as interest income using the effective interest rate. Dividends earned whilst holding available-for-sale financial investments are recognized in the consolidated income statement as “Net gain on financial assets” when the right of payment has been established. The losses arising from impairment of such investments are recognized in the consolidated income statement in “Impairment losses on financial investments” and removed from the available-for-sale reserve.

Reclassification of financial assets

Effective from 1 July 2008, the Group may reclassify, in certain circumstances, non-derivative financial assets out of the "Held-for-trading" category and into the "Available-for-sale", "Loans and receivables", or "Held-to-maturity" categories. From this date it may also reclassify, in certain circumstances, financial instruments out of the "Available-for-sale" category into the "Loans and receivables" category. Reclassifications are recorded at fair value at the date of reclassification, which becomes the new amortized cost.

The Group may reclassify a non-derivative trading asset out of the "Held-for-trading" category and into the "Loans and receivables" category if it meets the definition of loans and receivables and the Group has the intention and ability to hold the financial asset for the foreseeable future or until maturity. If a financial asset is reclassified and if the Group subsequently increases its estimates of future cash receipts as a result of increased recoverability of those cash receipts, the effects of that increase is recognized as an adjustment to the effective interest rate from the date of the change in estimate.

For a financial asset reclassified out of the "Available-for-sale" category, any previous gain or loss on that asset that has been recognized in equity is amortized to profit or loss over the remaining life of the investment using the effective interest rate. Any difference between the new amortized cost and the expected cash flows is also amortized over the remaining life of the asset using the effective interest rate. If the asset is subsequently determined to be impaired then the amount recorded in equity is recycled to the income statement.

Reclassification is at the election of management, and is determined on an instrument-by-instrument basis. The Group does not reclassify any financial instrument into the fair value through profit or loss category after initial recognition.

Derecognition of financial assets and financial liabilities

Financial assets

A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognized where:

- The rights to receive cash flows from the asset have expired; or
- The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement; and
- Either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its right to receive cash flows from an asset or has entered into a pass-through arrangement, and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control the asset, the asset is recognized to the extent of the Group's continuing involvement in the asset. In the case, the Group also recognizes an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement in the financial asset that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Financial liabilities

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognized in the consolidated income statement.

Repurchase and reverse repurchase agreements

Securities sold under agreements to repurchase at a specified future date ("repos") are not derecognized from the consolidated statement of financial position as the Group retains substantially all the risks and rewards of ownership. The corresponding cash received, including accrued interest, is recognized in the consolidated statement of financial position as an asset with a corresponding obligation to return it, including accrued interest, as a liability within "Cash collateral on securities lent and repurchase agreement", reflecting the transaction's economic substance as a loan to the Group. The difference between the sale and repurchase prices is treated in the consolidated income statement as interest expense and is accrued over the life of the agreement using the effective interest rate method.

Conversely, securities purchased under agreements to resell at a specified future date ("reverse repos") are not recognized in the consolidated statement of financial position. The corresponding cash paid, including accrued interest, is recognized in the consolidated statement of financial position within "financial assets given as collateral and reverse purchase agreements", reflecting the transaction's economic substance as a loan by the Group. The difference between the purchase and resale prices is treated in the consolidated income statement as interest income and is accrued over the life of the agreement using the effective interest method.

Impairment of financial assets

The Group assesses at each statement of financial position date whether there is any objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred "loss event") and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated.

Evidence of impairment may include indications that the borrower or a group of borrowers is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganization and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults. If such evidence exists, any impairment loss is recognized in the consolidated income statement.

(i)

Due from banks, loans and advances and financial assets classified as loans and receivables

For amounts due from banks, loans and advances and financial assets classified as loans and receivables carried at amortized cost, the Group first assesses individually whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Group determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognized are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not yet been incurred). Loans together with the associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realized or has been transferred to the Group. If, in a subsequent year, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognized, the previously recognized impairment loss is increased or reduced by adjusting the allowance account. If a future write-off is later recovered, the recovery is credited to the "Credit loss expense".

The present value of the estimated future cash flows is discounted at the financial asset's original effective interest rate. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate. The calculation of the present value of the estimated future cash flows of a collateralized financial asset reflects the cash flows that may result from foreclosure less costs for obtaining and selling the collateral, whether or not foreclosure is probable.

For the purpose of a collective evaluation of impairment, financial assets are grouped on the basis of the Group's internal credit grading system, that considers credit risk characteristics such as asset type, industry, geographical location, collateral type, past-due status and other relevant factors.

Future cash flows on a group of financial assets that are collectively evaluated for impairment are estimated on the basis of historical loss experience for assets with credit risk characteristics similar to those in the group.

(ii)

Held-to-maturity financial investments

For held to-maturity investments the Group assesses individually whether there is objective evidence of impairment. If there is objective evidence that an impairment loss has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows. The carrying amount of the asset is reduced and the amount of the loss is recognized in the consolidated income statement.

If, in a subsequent year, the amount of the estimated impairment loss decreases because of an event occurring after the impairment was recognized, any amounts formerly charged are credited to the "Impairment losses on financial investments" in the consolidated income statement.

(iii) *Available-for-sale financial investments*

For available-for-sale financial investments, the Group assesses at each statement of financial position date whether there is objective evidence that an investment or a group of investments is impaired.

In the case of debt instruments classified as available for sale, the Group assesses individually whether there is objective evidence of impairment based on the same criteria as financial assets carried at amortized cost. However, the amount recorded for impairment is the cumulative loss measured as the difference between the amortized cost and the current fair value, less any impairment loss on that investment previously recognized in the consolidated income statement. Future interest income is based on the reduced carrying amount and is accrued using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. The interest income is recorded as part of “Interest and similar income”. If in a subsequent period, the fair value of a debt instrument increases and the increase can be objectively related to a credit event occurring after the impairment loss was recognized in the consolidated income statement, the impairment loss is reversed through the consolidated income statement.

In the case of equity investments classified as available for sale, objective evidence would also include a “significant” or “prolonged” decline in the fair value of the investment below its cost. Where there is evidence of impairment, the cumulative loss measured as the difference between the acquisition cost and the current fair value – less any impairment loss on that investment previously recognized in the consolidated income statement – is removed from equity and recognized in the consolidated income statement. Impairment losses on equity investments are not reversed through the consolidated income statement; increases in the fair value after impairment are recognized directly in equity.

(iv) *Renegotiated loans*

Where possible, the Group seeks to restructure loans rather than to take possession of collateral. This may involve extending the payment arrangements and the arrangements of new loan conditions. Once the terms have been renegotiated, the loan is no longer considered past due. Management continuously reviews renegotiated loans to ensure that all criteria are met and that future payments are likely to occur. The loans continue to be subject to an individual or collective impairment assessment.

Determination of fair value

The fair value for financial instruments traded in active markets at the balance sheet date is based on their quoted market price or dealer price quotations (bid price for long positions and ask price for short positions), without any deduction for transaction cost.

For all other financial instruments not listed in an active market, fair value is determined by using appropriate valuation techniques. Valuation techniques include net present value techniques, comparison to similar instruments for which market observable prices exist, options pricing models and other relevant valuation models.

Property and equipment

Property and equipment are initially recorded at cost less accumulated depreciation and any impairment in value. Depreciation and amortization are provided on a straight-line basis on all property and equipment. The rates of depreciation and amortization are based upon the assets' estimated useful lives as follows:

Buildings	50 years
Office equipment and furniture	6.66 – 12.5 years
Computer equipment and software	3.33 – 5 years
General installations	5 years
Vehicles	4 years

The carrying values of property and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable. If any such indication exists where the carrying values exceeds the estimated recoverable amount, the assets are written down to their recoverable amount.

Expenditure incurred to replace a component of an item of property and equipment that is accounted for separately is capitalised and the carrying amount of the component that is replaced is written off. Other subsequent expenditure is capitalised only when it increases the future economic benefits of the related item of property and equipment. All other expenditure is recognized in the consolidated income statement as the expense is incurred.

Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and any accumulated impairment losses.

Intangible assets with finite lives are amortized over the useful economic life. The amortization period and the amortization method for an intangible asset with a finite useful life are reviewed at least at each financial year-end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for by changing the amortization period or method, as appropriate, and treated as changes in accounting estimates. The amortization expense on intangible assets with finite lives is recognized in the income statement in the expense category consistent with the function of the intangible assets.

Amortization is calculated using the straight-line method to write down the cost of intangible assets to their residual values over their estimated useful lives:

Key-money	10-15 years

Impairment of non-financial assets

The Group assesses at each reporting date or more frequently if events or changes in circumstances indicate that the carrying value may be impaired and whether there is an indication that a non-financial asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, an estimate of the asset's recoverable amount is made. Where the carrying amount of an asset (or cash-generating unit) exceeds its recoverable amount, the asset (or cash-generating unit) is considered impaired and is written down to its recoverable amount.

For assets excluding goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognized impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognized. If that is the case, the carrying amount of the asset is increased to its recoverable amount. Impairment losses relating to goodwill cannot be reversed for subsequent increases in its recoverable amount in future periods.

Assets held for sale

The Group occasionally acquires real estate in settlement of certain loans and advances in accordance with the regulatory authorities' directives. Such assets are stated at the lower of the net realizable value of the related loans and advances and the current fair value of such assets based on the instructions of the Banking Control Commission. Gains or losses on disposal and revaluation losses are recognized in the consolidated income statement for the period.

Debt issued and other borrowed funds

Debt issued and other borrowed funds represent certificates of deposit, Index-linked notes, commodity-linked notes, and equity-linked notes which are recorded at nominal value after the deduction of issuance costs and the addition of accrued interest and unamortized premiums up to the statement of financial position date. Issuance costs and premiums are amortized on a straight-line basis to their maturities in the case of the certificates of deposit and using effective interest rate in the case of the Index-linked notes, equity-linked notes, and commodity-linked notes and are taken to the consolidated income statement.

Subordinated notes

Subordinated notes issued by the Bank are recorded at the principal amount in foreign currencies after deduction of issuance costs and the addition of accrued interest up to the statement of financial position date. Premiums and discounts are amortized on straight-line basis to their maturities and are taken to interest and similar income or expense in the consolidated income statement.

A convertible subordinated note is a compound financial instrument that contains both liability and equity elements which are accounted for separately, with the equity component being assigned the residual amount after deducting from the instrument as a whole the amount separately determined as the fair value of the liability component on the date of issue.

After initial measurement, subordinated notes are subsequently measured at amortized cost using the effective interest rate method. Amortized cost is calculated by taking into account any discount or premium on the issue that are an integral part of the effective interest rate.

Provisions

Provisions are recognized when the Group has a present obligation (legal or constructive) arising from a past event, and the costs to settle the obligation are both probable and able to be reliably measured.

Employees' end-of-service benefits

For the Bank and its subsidiaries operating in Lebanon, end-of-service benefit subscriptions paid and due to the National Social Security Fund (NSSF) are calculated on the basis of 8.5% of the staff salaries. The final end-of-service benefits due to employees after completing 20 years of service, at the retirement age, or if the employee permanently leaves employment, are calculated based on the last salary multiplied by the number of years of service. The Bank is liable to pay to the NSSF the difference between the subscriptions paid and the final end-of-service benefits due to employees. The Bank provides for end-of-service benefits on that basis.

End-of-service benefits for employees at foreign branches and subsidiaries are accrued for in accordance with the laws and regulations of the respective countries in which the branches and subsidiaries are located.

Treasury shares

Own equity instruments which are acquired (treasury shares) are deducted from equity and are accounted for at weighted average cost. No gain or loss is recognized in the consolidated income statement on the purchase, sale, issue or cancellation of the Bank's own equity instruments.

Financial guarantees

In the ordinary course of business, the Group gives financial guarantees, consisting of letters of credit, guarantees and acceptances. Financial guarantees are initially recognized in the financial statements at fair value, in "Other liabilities", being the premium received. Subsequent to initial recognition, the Group's liability under each guarantee is measured at the higher of the amortized premium and the best estimate of expenditure required to settle any financial obligation arising as a result of the guarantee.

Revenue recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured.

Interest and similar income and expense
For all financial instruments measured at amortized cost and interest-bearing financial instruments classified as available-for-sale financial investments, interest income or expense is recorded at the effective interest rate, which is the rate that exactly discounts estimated future cash payments or receipts thought the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset or financial liability. The calculation takes into account all contractual terms of the financial instrument. The carrying amount of the financial asset or financial liability is adjusted if the Group revises its estimates of payments or receipts. The adjusted carrying amount is calculated based on the original effective interest rate and the change in carrying amount is recorded as interest income or expense. Interest income generated from sub-standard, doubtful and bad debts is recorded as a contra-asset account in the consolidated statement of financial position.

Fee and commission income
Fees earned for the provision of services over a period of time are accrued over that period. Loan commitment fees for loans that are likely to be drawn down and other credit-related fees are deferred (together with any incremental costs) and recognized as an adjustment to the effective interest rate on the loan. Fees or components of fees that are linked to a certain performance are recognized after fulfilling the corresponding criteria.

Dividend income
Revenue is recognized when the Group's right to receive the payment is established.

Net gain on financial assets
Net gain on financial assets includes gains and losses from re-evaluation and sale of financial instruments classified other than fair value through profit or loss, and dividend income on these financial instruments.

Net trading income
Results arising from trading activities include all gains and losses from changes in fair value and dividends for financial assets held for trading. This includes any ineffectiveness recorded in hedging transactions.

Insurance revenue
For the insurance subsidiaries, net premiums and accessories (gross premiums) are taken to income over the terms of the policies to which they relate using the prorata temporis method for non-marine business and 25% of gross premiums for marine business. The unearned premiums reserve represents the portion of the gross premiums written relating to the unexpired period of coverage.

If the unearned premiums reserve is not considered adequate to cover future claims arising on these premiums a premium deficiency reserve is created.

Cash and cash equivalents

Cash and cash equivalents as referred to in the cash flow statement comprises cash on hand, current account with central banks and amounts due from banks on demand or with an original maturity of three months or less.

Fiduciary assets

Assets held in a fiduciary capacity are not treated as assets of the Group and accordingly are recorded as off-balance sheet items.

Hedge accounting

For the purposes of hedge accounting, hedges are classified into two categories:

(a) fair value hedges which hedge the exposure to changes in the fair value of a recognized asset or liability; and
(b) cash flow hedges which hedge the exposure to variability in cash flows of a recognized asset or liability or a forecasted transaction

In relation to effective fair value hedges any gain or loss from remeasuring the hedging instrument to fair value, as well as related changes in fair value of the item being hedged, are recognized immediately in the consolidated income statement.

In relation to effective cash flow hedges, the gain or loss on the hedging instrument is recognized initially in equity and is transferred to the consolidated statement of income for the period in which the hedged transaction impacts the statement of income, or included as part of the cost of the related asset or liability.

For hedges which do not qualify for hedge accounting, any gain or loss arising from changes in the fair value of the hedging instrument are taken directly to the consolidated income statement for the period.

Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated or exercised, or no longer qualifies for hedge accounting. For fair value hedges of financial instruments with fixed maturities any adjustment arising from hedge accounting is amortized over the remaining term to maturity. For cash flow hedges, any cumulative gain or loss on the hedging instrument recognized in equity remains in equity until the hedged transaction occurs. If the hedged transaction is no longer expected to occur the net cumulative gain or loss recognized in equity is transferred to the consolidated statement of income.

Off-balance-sheet items

Off-balance-sheet balances include commitments which may take place in the Group’s normal operations such as letters of guarantees, and letters of credit, without deducting the margins collected and related to these commitments.

Foreign currency translation

The consolidated financial statements are presented in Lebanese Lira which is the Bank’s functional currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency.

Transactions and balances

Transactions in foreign currencies are initially recorded in the functional currency rate ruling at the date of the transactions.

Monetary assets and liabilities denominated in foreign currencies are translated into Lebanese Lira or other functional currencies at rates of exchange prevailing at the balance sheet date. Any gains or losses are taken to the consolidated income statement.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Any goodwill arising on the acquisition of a foreign operation and any fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition are treated as assets and liabilities of the foreign operations and translated at closing rate.

Group companies

As at the reporting date, the assets and liabilities of subsidiaries and overseas branches are translated into the Bank's presentation currency (Lebanese Lira) at the rate of exchange ruling at the balance sheet date, and their income statements are translated at the weighted average exchange rates for the year. Exchange differences arising on translation are taken directly to a separate component of equity as foreign currency translation differences. On disposal of a foreign entity, the deferred cumulative amount recognized in equity relating to that particular foreign operation is recognized in the consolidated income statement.

Following are the exchange rates used to translate assets, liabilities and statement of income items of foreign branches and subsidiaries:

	2009		2008		
	Year-end rate	***Average rate***	***Year-end rate***	***Average rate***	LBP Million
US Dollar	1,507.5	1,507.5	1,507.5	1,507.5	
Euro	2,159.95	2,104.14	2,136.88	2,225.69	
Sudanese Dinar	636.68	644.00	690.25	721.11	
Syrian Lira	33.06	32.27	32.52	32.48	
Armenian Dram	3.99	4.17	4.91	4.94	

Offsetting financial instruments

Financial assets and financial liabilities are offset and the net amount reported in the balance sheet if, and only if, there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously. This is not generally the case with master netting agreements, and the related assets and liabilities are presented gross in the balance sheet.

Taxes
Taxation is provided for in accordance with the fiscal regulations of the respective countries in which the Bank and its branches and subsidiaries operate.

(i) ***Current tax***
Current tax assets and liabilities for the current year are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the statement of financial position date.

(ii) ***Deferred tax***
Deferred tax is provided on temporary differences at the statement of financial position date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred tax liabilities are recognized for all taxable temporary differences, except:

- where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of taxable temporary differences associated with investments in subsidiaries and associates, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognized for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized except:

- Where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of deductible temporary differences associated with investments in subsidiaries and associates, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

The carrying amount of deferred tax assets is reviewed at each statement of financial position date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Unrecognized deferred tax assets are reassessed at each statement of financial position date and are recognized to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date.

Current tax and deferred tax relating to items recognized directly in equity are also recognized in equity and not in the consolidated income statement.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

2.4 ~ SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES

In the process of applying the Group's accounting policies, management has made the following judgments, apart from those involving estimations, which have the most significant effect in the amounts recognized in the financial statements:

Going concern

The Group's management has made an assessment of the Group's ability to continue as a going concern and is satisfied that the Group has the resources to continued in business for the foreseeable future. Furthermore, the management is not aware of any material uncertainties that may cast significant doubt upon the Group's ability to continue as a going concern. Therefore, the financial statements continue to be prepared on the going concern basis.

Classification of investments

Management decides on acquisition of an investment whether it should be classified as held to maturity, loans and receivables, held for trading, carried at fair value through profit and loss account, or available for sale.

For those deemed to be held to maturity, management ensures that the requirements of IAS 39 (revised) are met and in particular the Group has the intention and ability to hold these to maturity.

The Group classifies investments as trading if they are acquired primarily for the purpose of making a short term profit by the dealers.

Classification of investments as fair value through profit and loss account depends on how management monitors the performance of these investments. When they are not classified as held for trading but have readily available reliable fair values and the changes in fair values are reported as part of profit or loss in the management accounts, they are classified as fair value through profit and loss.

All other investments are classified as available for sale.

Impairment losses on loans and advances

The Group reviews its individually significant loans and advances at each statement of financial position date to assess whether an impairment loss should be recorded in the consolidated income statement. In particular, judgment by management is required in the estimation of the amount and timing of future cash flows when determining the impairment loss. In estimating these cash flows, the Group makes judgments about the borrower's financial situation and the net realizable value of collateral. These estimates are based on assumptions about a number of factors and actual results may differ, resulting in future changes to the allowance.

Loans and advances that have been assessed individually and found not to be impaired and all individually insignificant loans and advances are then assessed collectively, in groups of assets with similar risk characteristics, to determine whether provision should be made due to incurred loss events for which there is objective evidence but whose effects are not yet evident. The collective assessment takes account of data from the loan portfolio (such as credit quality, levels of arrears, credit utilization, loan to collateral ratios etc.), concentrations of risks and economic date (including levels of unemployment, real estate prices indices, country risk and the performance of different individual groups).

Impairment of available-for-sale investments

The Group reviews its debt securities classified as available-for-sale investments at each statement of financial position date to assess whether they are impaired. This requires similar judgment as applied to the individual assessment of loans and advances.

The Group also records impairment charges on available-for-sale equity investments when there has been a significant or prolonged decline in the fair value below their cost. The determination of what is "significant" or "prolonged" requires judgment. In making this judgment, the Group evaluates, among other factors, historical share price movements and the duration and extent to which the fair value of an investment is less than its cost.

Fair value of financial instruments

Where the fair values of financial assets and financial liabilities recorded on the balance sheet cannot be derived from active markets, they are determined using a variety of valuation techniques that include the use of mathematical models. The inputs to these models are derived from observable market data where possible, but where observable market data are not available, judgment is required to establish fair values. The judgments include considerations of liquidity and model inputs such as volatility for longer dated derivatives and discount rates, prepayment rates and default rate assumptions for asset backed securities.

Deferred tax assets

Deferred tax assets are recognized in respect to tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilized. Judgment is required to determined the amount of deferred tax assets that can be recognized, based upon the likely timing and level of future taxable profits, together with future tax planning strategies.

3 SEGMENTAL INFORMATION

The business segments are distinctive components of the Group that have different risks and rates of returns and which offer different products and services. The Group segments its business into consumer banking, corporate banking, treasury and capital markets, and insurance. Management treats the operations of these segments separately for the purposes of decision making, resource allocation and performance assessment.

Consumer banking

Consumer banking provides a diversified range of products and services to individuals. The range includes housing loans, consumer loans, credit cards, deposits, foreign exchange and other branch related services.

Corporate banking

Corporate banking provides a comprehensive product and service offering to business and corporate customers, including lending, deposits, trade finance and foreign exchange operations.

Treasury and capital markets

Treasury and capital markets includes treasury, investments and other defined Group activities. Treasury provides a comprehensive range of treasury services and products to its clients, and is also responsible for the bank's liquidity management and market risk.

Insurance

The Group provides insurance services through two subsidiaries operating in Lebanon and Syria.

Unallocated

This includes long-term investments and other operating income and expenses not allocated to any of the above segments in addition to other miscellaneous activities.

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss which in certain respects is measured differently from operating profit or loss in the financial statements. Income taxes are not allocated to operating segments.

Interest income is reported net since the majority of the segments' revenues are from interest. Management primarily relies on net interest revenue as a performance measure, not the gross revenue and expense amounts.

The following table presents net operating income, profit and total assets information in respect of the Group's business segments:

31 December 2009

LBP Million	Consumer banking	Corporate banking	Treasury and capital markets	Insurance	Unallocated	Total
Net interest income	153,653	109,451	122,436	1,521	-	387,061
Net fee and commission income	33,649	69,297	9,918	6,024	(2,220)	116,668
Net trading income	-	-	37,875	(187)	-	37,688
Net gain or loss on financial assets	-	-	14,464	-	-	14,464
Other operating income	-	-	-	175	16,076	16,251
Credit loss expense	(4,248)	(18,155)	(3,842)	-	-	(26,245)
Impairment losses on financial investments	-	-	(15,179)	(99)	-	(15,278)
Net operating income	**183,054**	**160,593**	**165,672**	**7,434**	**13,856**	**530,609**
Personnel and other operating expenses	(76,775)	(8,601)	(3,555)	(8,409)	(141,512)	(238,852)
Depreciation and amortization	(10,912)	(170)	(67)	(1,170)	(13,606)	(25,925)
Total operating expenses	**(87,687)**	**(8,771)**	**(3,622)**	**(9,579)**	**(155,118)**	**(264,777)**
Operating profit	**95,367**	**151,822**	**162,050**	**(2,145)**	**(141,262)**	**265,832**
Total assets	**1,280,772**	**3,874,280**	**14,933,550**	**77,039**	**299,545**	**20,465,186**
Total liabilities	**14,516,466**	**989,702**	**2,281,091**	**135,973**	**589,022**	**18,512,254**

31 December 2008

LBP Million	Consumer banking	Corporate banking	Treasury and capital markets	Insurance	Unallocated	Total
Net interest income	124,040	90,499	139,465	1,838	-	355,842
Net fee and commission income	32,408	61,664	8,184	5,923	(1,256)	106,923
Net trading income	-	-	9,495	(112)	-	9,383
Net gain or loss on financial assets	-	-	14,471	-	-	14,471
Other operating income	-	-	-	35	17,484	17,519
Credit loss expense	(1,189)	(4,245)	-	-	-	(5,434)
Impairment loss on financial investments	-	-	(37,391)	(309)	-	(37,700)
Net operating income	**155,259**	**147,918**	**134,224**	**7,375**	**16,228**	**461,004**
Personnel and other operating expenses	(66,749)	(7,571)	(6,272)	(7,400)	(133,359)	(221,351)
Depreciation and amortization	(6,474)	(151)	(63)	(667)	(10,175)	(17,530)
Total operating expenses	**(73,223)**	**(7,722)**	**(6,335)**	**(8,067)**	**(143,534)**	**(238,881)**
Operating profit	**82,036**	**140,196**	**127,889**	**(692)**	**(127,306)**	**222,123**
Total assets	**1,031,627**	**3,459,505**	**12,086,633**	**72,200**	**279,177**	**16,929,142**
Total liabilities	**11,680,817**	**926,063**	**2,138,541**	**95,101**	**470,211**	**15,310,733**

4 INTEREST AND SIMILAR INCOME

LBP Million		2009	2008
	Cash and balances with central banks	19,158	47,987
	Due from banks and financial institutions	32,958	90,864
	Financial assets given as collateral	2,606	3,105
	Financial assets – held for trading	16,245	39,841
	Financial assets – available for sale	124,862	187,858
	Financial assets – held to maturity	89,549	148,527
	Financial assets – loans and receivables	498,312	204,637
	Loans and advances to customers	357,550	314,135
	Loans and advances to related parties	653	841
		1,141,893	**1,037,795**

5 INTEREST AND SIMILAR EXPENSE

LBP Million		2009	2008
	Due to central banks	3,088	3,859
	Due to banks and financial institutions	41,445	56,082
	Customers' deposits	650,725	571,423
	Related parties' deposits	8,376	5,783
	Debt issued and other borrowed funds	22,108	17,151
	Subordinated notes	29,090	27,655
		754,832	**681,953**

6 NET FEE AND COMMISSION INCOME

LBP Million

	2009	2008
Fee and commission income:		
Loans and advances commission	14,932	12,530
Letters of guarantee commission	13,736	12,261
Acceptances commission	6,877	6,133
Letters of credit commission	40,420	39,883
Credit card commission	4,839	3,509
Domiciliation commission	1,526	1,353
Check collection commission	2,206	2,061
Maintenance of accounts commission	7,504	7,282
Closing of accounts commission	59	554
Transfer commission	4,885	5,246
Safe rental commission	472	694
Portfolio commission	2,456	2,606
Insurance premium commission	11,524	8,889
Other commissions	9,058	5,716
Refund of banking services	9,079	8,002
	129,573	**116,719**
Fee and commission expense:		
Brokerage fees	(8,556)	(5,108)
Other fees	(4,349)	(4,688)
	(12,905)	**(9,796)**
Net fee and commission income	**116,668**	**106,923**

7 NET TRADING INCOME

LBP Million

	2009	2008
Treasury bills and other governmental bills	13,392	(1,541)
Bonds and financial assets with fixed income	753	(2,880)
Shares, securities and financial assets with variable income	7,043	(6,409)
Dividend income	1,287	2,016
Gain on foreign exchange	15,213	18,197
	37,688	**9,383**

8 NET GAIN ON FINANCIAL ASSETS

LBP Million		2009	2008
	Gain on sale of certificates of deposit classified as loans and receivables	1,704	1,331
	Gain on sale of treasury bills and other governmental bonds classified as available for sale	651	10,626
	(Loss) gain on sale of bonds and investments with fixed income classified as available for sale	706	140
	Gain on sale of treasury bills and other governmental bonds classified as loans and receivables	6,391	-
	Dividend income	5,012	2,374
		14,464	**14,471**

9 OTHER OPERATING INCOME

LBP Million		2009	2008
	Net gain on sale of assets acquired in settlement of debt	11,275	12,181
	Rent income	850	842
	Net gain on sale or disposal of property and equipment	860	72
	Others	3,266	4,424
		16,251	**17,519**

10 CREDIT LOSS EXPENSE

LBP Million		2009	2008
	Provision constituted during the year:		
	- Loans and advances (note 21)	9,555	6,135
	- Doubtful bank accounts (note 17)	3,870	-
	- Country risk (note 21)	470	696
	- Collective provision (note 21)	20,504	4,851
	Bad debts written off	217	230
		34,616	**11,912**
	Provision recovered during the year against loans and advances recovered or upgraded (note 21)	**(8,371)**	**(6,478)**
		26,245	**5,434**

11 IMPAIRMENT LOSSES ON FINANCIAL INVESTMENTS

LBP Million		2009	2008
	Financial investments – available for sale:		
	- Bonds and investments with fixed income	1,117	5,503
	- Shares, securities and financial assets with variable income	6,520	31,888
	Financial investments – held to maturity:		
	- Treasury bills and other governmental bills	100	309
	- Bonds and investments with fixed income	3,773	-
	Financial investments – loans and receivables		
	- Bonds and investments with fixed income	3,768	-
		15,278	**37,700**

12 PERSONNEL EXPENSES

LBP Million		2009	2008
	Salaries and related charges	111,156	101,286
	Social security contributions	14,497	14,605
	Provision for end-of-service benefits (Note 37)	3,686	7,252
		129,339	**123,143**

13 OTHER OPERATING EXPENSES

LBP Million		2009	2008
	Taxes on interest	**8,070**	4,171
	Taxes and duties	**7,825**	4,792
	Contribution to deposit guarantee fund	**6,205**	5,422
	Rent and related charges	**6,390**	6,073
	Consulting fees	**6,235**	7,440
	Telecommunications and postage expenses	**8,640**	7,915
	Board of Directors attendance fees	**1,046**	1,150
	Maintenance and repairs	**9,939**	9,697
	Electricity and fuel	**4,787**	4,955
	Travel and entertainment	**4,630**	4,766
	Publicity and advertising	**9,150**	7,458
	Subscriptions	**2,877**	2,614
	Bonuses	**16,719**	13,585
	Legal expenses	**3,195**	2,294
	Insurance	**1,558**	1,051
	Other operating expenses	**12,247**	14,825
		109,513	**98,208**

14 INCOME TAX EXPENSE

The reconciliation of the Group's income tax for the year ended 31 December 2009 and 2008 is as follows:

LBP Million		2009	2008
	Net profit before income tax	265,831	222,123
	Non-deductible expenses	13,268	24,261
	Non-taxable revenue	(2,164)	(24,164)
	Others	-	(216)
	Taxable income	276,935	222,004
	Effective income tax rate	17.5%	17.2%
	Income tax reported in the consolidated income statement	46,410	38,208
	Less: taxes on interest	(18,337)	(16,150)
	Less: tax advances	(4,068)	-
	Net taxes due	**24,005**	**22,058**
	Current tax liability (note 34)	27,018	22,176

15 EARNINGS PER SHARE

Basic earnings per share is calculated by dividing the net profit for the year attributable to ordinary equity holders of the Bank by the weighted average number of common shares (ordinary and priority) outstanding during the year.

Diluted earnings per share is calculated by dividing the net profit attributable to common equity holders of the Bank (after adjusting for interest on the convertible subordinated notes) by the weighted average number of common shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on the conversion of all the dilutive potential ordinary shares into ordinary shares.

The following table shows the calculations of the basic earnings per share:

	2009	2008
Weighted average number of shares outstanding during the period:		
- Common shares	216,721,108	216,862,160
- Priority shares	205,915,830	205,875,672

LBP Million

	2009	2008
Net profit for the year	206,628	172,285
(Less): Proposed dividends to preferred shares	(34,095)	(28,312)
Net profit attributable to common shares (ordinary and priority)	172,533	143,973
(Less): Distribution of 4% on nominal value of priority shares (LBP 1,210) calculated on the basis of the weighted average number of priority shares outstanding during the year 205,915,830 shares (2008: 205,875,672 shares)	(9,966)	(9,882)
Net profits attributable to common shares (ordinary and priority shares)	162,567	134,091
Of which:		
Net profits attributable to priority shares (205,915,830 shares) (2008: 205,875,672 shares)	79,205	65,303
Net profits attributable to ordinary shares (216,721,108 shares) (2008: 216,862,160 shares)	83,361	68,788
Basic earnings per share in LBP:		
- Common shares	384.65	317.19
- Priority shares	433.05	365.19

The following table shows the calculations of the diluted earnings per share for the year ended 31 December 2009 for common and priority shares:

LBP Million

	2009
Net profit attributable to common shares (ordinary and priority) of the parent	162,567
Interest on convertible subordinated notes (note 38)	22,057
Less: income tax	(3,309)
Net profit attributable to common shares (ordinary and priority) of the parent adjusted for the effect of convertible subordinated notes	181,315
(Less): Net profit attributable to priority shares: 205,915,830 shares	(74,742)
Net profit attributable to ordinary shares of the parent adjusted for the effect of convertible subordinated notes	106,573
	Number of shares
Weighted average number of ordinary shares for basic earnings per share	216,721,108
Effect of dilution:	
Convertible subordinated notes (Note 38)	76,888,889
Weighted average number of ordinary shares adjusted for the effect of dilution	293,609,997
Diluted earnings per common share in LBP:	
- Ordinary shares	362.97
- Priority shares	411.37

For the year ended 31 December 2008, no figure for diluted earning per shares has been presented as the Bank's issued convertible financial instruments would have an anti-dilutive impact on earnings per share when exercised.

There were no transactions involving common shares or potential common shares between the reporting date and the date of the completion of these financial statements.

16 CASH AND BALANCES WITH CENTRAL BANKS

LBP Million		2009	2008
	Cash on hand	**115,337**	**109,623**
	Balances with the Bank of Lebanon:		
	- Current accounts	763,485	440,122
	- Time deposits	1,341,675	1,228,036
		2,105,160	**1,668,158**
	Balances with central banks in other countries:		
	- Current accounts	301,290	232,320
	- Time deposits	2,716	3,002
	- Statutory blocked funds	6,056	6,008
		310,062	**241,330**
	Accrued interest receivable	2,813	4,868
		2,533,372	**2,023,979**

In accordance with the Bank of Lebanon's rules and regulations, banks operating in Lebanon are required to deposit with the Bank of Lebanon an obligatory reserve and calculated on the basis of 25% of sight commitments and 15% of term commitments denominated in Lebanese Lira.

In addition to the above, all banks operating in Lebanon are required to deposit with the Bank of Lebanon interest-bearing placements representing 15% of total deposits in foreign currencies regardless of nature.

Deposits with the Bank of Lebanon in coverage of obligatory reserve are as follows:

LBP Million		2009			2008
		LBP million	***Foreign currencies C/V million***	***Total***	***Total***
	Current accounts	661,217	102,268	763,485	440,122
	Time deposits	-	1,341,675	1,341,675	1,228,036
		661,217	**1,443,943**	**2,105,160**	**1,668,158**

Foreign subsidiaries are also subject to obligatory reserve requirements with varying percentages, according to the banking rules and regulations of the countries in which they operate.

BALANCES WITH THE CENTRAL BANKS IN OTHER COUNTRIES

Current accounts with central banks in other countries include obligatory reserve deposits with the Central Bank of Cyprus amounting to LBP 2,659 million (2008: LBP 3,764 million).

In accordance with the requirements of Syrian law, a statutory blocked fund of LBP 6,056 million (2008: LBP 6,008 million) represents non-interest-bearing legal blocked deposit at the Central Bank of Syria.

17 DUE FROM BANKS AND FINANCIAL INSTITUTIONS

LBP Million

	2009	2008
Commercial banks:		
- Current accounts	248,618	210,212
- Time deposits	2,878,609	2,304,192
- Interest receivable	6,009	5,591
- Doubtful bank accounts	6,183	2,507
- Provision for doubtful bank accounts	(6,183)	(2,507)
	3,133,236	2,519,995
Financial institutions:		
- Current accounts	5,847	237
- Time deposits	-	2,200
- Interest receivable	-	2
	5,847	2,439
Registered exchange companies:		
- Current accounts	3,400	941
- Doubtful exchange companies accounts	2,259	2,259
- Provision for doubtful exchange companies accounts	(2,259)	(2,259)
	3,400	941
Brokerage companies:		
- Current accounts	-	2,455
	3,142,483	2,525,830

DOUBTFUL BANKS AND REGISTERED EXCHANGE COMPANIES

Following is the movement in the balances of doubtful banks and registered exchange companies and related provisions during the year:

LBP Million

	2009		**2008**	
	Doubtful balances	***Provision***	***Doubtful balances***	***Provision***
Balance at 1 January	4,766	4,766	12,916	12,916
Provision constituted	3,870	3,870	-	-
Write-off	(185)	(185)	(8,071)	(8,071)
Exchange difference	(9)	(9)	(79)	(79)
Balance at 31 December	**8,442**	**8,442**	**4,766**	**4,766**
Out of which				
- banks	6,183	6,183	2,507	2,507
- registered exchange companies	2,259	2,259	2,259	2,259
	8,442	**8,442**	**4,766**	**4,766**

18 FINANCIAL ASSETS GIVEN AS COLLATERAL AND REVERSE REPURCHASE AGREEMENTS

LBP Million		2009	2008
	Pledged time deposits	-	49,823
	Treasury bills mortgaged in favor of the Central Bank as a guarantee for loans (note 30)	-	40,474
	Governmental securities pledged under repurchase agreements	1,193	6,550
		1,193	**96,847**

19 DERIVATIVE FINANCIAL INSTRUMENTS

In the ordinary course of business the Group enters into various types of transactions that involve derivative financial instruments. A derivative financial instrument is a financial contract between two parties where payments are dependent upon movements in price in one or more underlying financial instrument, reference rate or index. Derivative financial instruments include forwards, futures, swaps and options.

The table below shows the positive and negative fair values of derivative financial instruments, together with the notional amounts. The notional amount is the amount of a derivative's underlying asset, reference rate or index and is the basis upon which changes in the value of derivatives are measured.

The notional amounts indicate the volume of transactions outstanding at the year end and are neither indicative of the market risk nor the credit risk.

	2009			2008		
LBP Million	*Assets*	*Liabilities*	*Notional amount*	*Assets*	*Liabilities*	*Notional amount*
Derivatives held for trading:						
Currency swaps	976	354	68,991	123	152	56,552
Forward foreign exchange contracts	1,811	1,217	180,300	14,478	13,761	247,781
Spot foreign exchange contracts	83	219	47,835	634	71	35,352
	2,870	**1,790**	**297,126**	**15,235**	**13,984**	**339,685**
Fair value of hedging instruments related to:						
Index-linked notes (Note 33)	-	-	-	5,683	5,683	-
Commodity-linked notes (Note 33)	-	-	-	41	41	-
Equity-linked notes (Note 33)	9,354	9,354	-	9,158	9,158	-
	9,354	**9,354**	**-**	**14,882**	**14,882**	**-**
	12,224	**11,144**	**297,126**	**30,117**	**28,866**	**339,685**

FORWARDS

Forwards are contractual agreements to either buy or sell a specified currency, commodity or financial instrument at a specific price and date in the future. Forwards are customized contracts transacted in the over-the counter market.

SWAPS

Swaps are contractual agreements between two parties to exchange movements in interest or foreign currency rates as well as the contracted upon amounts for currency swaps.

Credit risk in respect of derivative financial instruments arises from the potential for a counterparty to default on its contractual obligations and is limited to the positive market value of instruments that are favorable to the Group.

20 FINANCIAL ASSETS HELD FOR TRADING

LBP Million

	2009	2008
Treasury bills and other governmental Bills	152,988	169,115
Bonds and financial assets with fixed income	22,565	7,866
Shares, securities and financial assets with variable income	24,918	29,954
Accrued interest receivable on Treasury bills and other governmental bills	3,252	3,846
Accrued interest receivable on bonds and financial assets with fixed income	405	44
	204,128	**210,825**

The portfolio of Treasury bills and other governmental bills had the following maturities as of 31 December 2009 and 31 December 2008:

LBP Million

Maturity	**2009** ***Nominal value***	**2008** ***Nominal value***
Between one and three months	647	-
Between three months and one year	15,799	76,716
Between one and five years	82,422	57,611
More than five years	41,542	36,016
Total	**140,410**	**170,343**

The portfolio of bonds and financial assets with fixed income had the following maturities as of 31 December 2009 and 31 December 2008:

LBP Million

Maturity	**2009** ***Nominal value***	**2008** ***Nominal value***
Between three months and one year	7,990	-
Between one and five years	12,753	8,442
More than five years	2,060	126
	22,803	**8,568**

21 NET LOANS AND ADVANCES TO CUSTOMERS

Following is a comparison of loans and advances at 31 December 2009 and 2008:

		2009	2008
LBP Million	Gross loans and advances	5,091,844	4,464,445
	Accrued interest receivable	11,661	7,403
	Interest received in advance	(109,915)	(89,558)
		4,993,590	**4,382,290**
	Unrealized interest on substandard loans	(5,749)	(13,454)
	Unrealized interest on doubtful and bad loans	(58,091)	(67,351)
	Specific provision on doubtful and bad loans	(56,800)	(59,668)
	Collective provisions	(59,572)	(41,964)
	Provision for country risk	(5,745)	(5,206)
		4,807,633	**4,194,647**

LBP Million	Commercial loans	3,697,970	3,263,975
	Other loans to customers	1,248,282	1,022,817
	Substandard loans	11,204	27,027
	Bad and doubtful loans (net)	19,497	23,607
	Unrealized interest on substandard loans	(5,749)	(13,454)
	Accrued interest receivable	11,661	7,403
	Less: Interest received in advance	(109,915)	(89,558)
		4,872,950	**4,241,817**
	Less:		
	- Provision for country risk	(5,745)	(5,206)
	- Collective provision	(59,572)	(41,964)
		4,807,633	**4,194,647**
	Bad loans transferred to off-balance-sheet accounts:		
	- Gross balance	113,117	121,244

BREAKDOWN OF LOANS AND ADVANCES TO CUSTOMERS BY ECONOMIC SECTOR

LBP Million	Commercial	1,390,838	1,166,082
	Industrial	971,652	876,259
	Agriculture	73,012	91,242
	Services	600,990	635,772
	Construction	631,983	524,607
	Retail	1,280,309	1,029,389
	Other	143,060	141,094
		5,091,844	**4,464,445**

The loans and advances to customers are classified in accordance with Bank of Lebanon Main Circular No. 58 as follows:

2009

LBP Million	*Gross balance*	*Unrealized interest*	*Specific provision*	*General provision*	*Net balance*
- Good loans	4,718,506	-	-	-	4,718,506
- Watch loans	227,746	-	-	-	227,746
	4,946,252	**-**	**-**	**-**	**4,946,252**
- Substandard loans	11,204	(5,749)	-	-	5,455
- Doubtful loans	61,066	(21,087)	(20,482)	-	19,497
- Bad loans	73,322	(37,004)	(36,318)	-	-
	5,091,844	**(63,840)**	**(56,800)**	**-**	**4,971,204**
Less:					
- Provision for country risk	-	-	-	(5,745)	(5,745)
- Collective provision	-	-	-	(59,572)	(59,572)
Accrued interest receivable	11,661	-	-	-	11,661
Less: Interest received in advance	(109,915)	-	-	-	(109,915)
	4,993,590	**(63,840)**	**(56,800)**	**(65,317)**	**4,807,633**

2008

LBP Million	*Gross balance*	*Unrealized interest*	*Specific provision*	*General provision*	*Net balance*
- Good loans	4,037,805	-	-	-	4,037,805
- Watch loans	248,987	-	-	-	248,987
	4,286,792	**-**	**-**	**-**	**4,286,792**
- Substandard loans	27,027	(13,454)	-	-	13,573
- Doubtful loans	88,049	(38,671)	(25,771)	-	23,607
- Bad loans	62,577	(28,680)	(33,897)	-	-
	4,464,445	**(80,805)**	**(59,668)**	**-**	**4,323,972**
Less:					
- Provision for country risk	-	-	-	(5,206)	(5,206)
- Collective provision	-	-	-	(41,964)	(41,964)
Accrued interest receivable	7,403	-	-	-	7,403
Less: Interest received in advance	(89,558)	-	-	-	(89,558)
	4,382,290	**(80,805)**	**(59,668)**	**(47,170)**	**4,194,647**

In accordance with Banking Control Commission Circular No. 240, bad loans and related provisions and unrealized interest which fulfill certain requirements have been transferred to off-balance-sheet accounts. The gross balance of these loans amounted to LBP 113,117 million as of 31 December 2009 (2008: LBP 121,244 million).

BAD AND DOUBTFUL LOANS (NET)

LBP Million

	2009	2008
Financial position accounts:		
Gross amount of bad and doubtful loans	134,388	150,626
Unrealized interest	(58,091)	(67,351)
Specific provision	(56,800)	(59,668)
Net amount of bad and doubtful loans	**19,497**	**23,607**

21 - NET LOANS AND ADVANCES TO CUSTOMERS (continued)

Movement of unrealized interest on doubtful and bad loans during the years ended 31 December was as follows:

LBP Million	2009 Commercial loans	2009 Retail loans	2009 Total	2008 Commercial loans	2008 Retail loans	2008 Total
Balance at 1 January	**67,249**	**102**	**67,351**	**73,008**	**-**	**73,008**
Add (less):						
- Unrealized interest on doubtful and bad loans	7,405	140	7,545	12,433	97	12,530
- Recovery of unrealized interest	(12,383)	-	(12,383)	(5,363)	-	(5,363)
- Unrealized interest used to write off doubtful and bad loans	(7,899)	-	(7,899)	(10,063)	-	(10,063)
- Transfer from substandard loans				(45)	-	(45)
- Transfer to substandard loans				4,895	-	4,895
- Recovery of unrealized interest on bad loans previously transferred to off-balance-sheet	3,252	-	3,252	1,927	-	1,927
- Unrealized interest relating to bad loans transferred to off-balance-sheet accounts				(9,309)	-	(9,309)
- Difference of exchange	225	-	225	(234)	5	(229)
Balance at 31 December	**57,849**	**242**	**58,091**	**67,249**	**102**	**67,351**

Movement of provision for doubtful and bad loans during the year ended 31 December was as follows:

LBP Million	2009 Commercial loans	2009 Retail loans	2009 Total	2008 Commercial loans	2008 Retail loans	2008 Total
Balance at 1 January	**54,952**	**4,716**	**59,668**	**60,767**	**4,923**	**65,690**
Add (less):						
- Transfer from general provisions	815	-	815	(914)	-	(914)
- Provisions recorded during the year (Note 10)	6,502	3,053	9,555	5,427	708	6,135
- Provision transferred upon acquisition of the net assets of Unicredit Banca Di Roma SpA – Beirut Branch				7,439	-	7,439
- Transfer to legal fees	(192)	-	(192)			
- Provision relating to bad loans transferred to off-balance-sheet accounts	2,289	-	2,289	(9,821)	-	(9,821)
- Provisions used to write off doubtful and bad loans	(6,743)	(34)	(6,777)	(4,584)	(70)	(4,654)
- Recovery of provisions (Note 10)	(7,635)	(736)	(8,371)	(3,238)	(3,240)	(6,478)
- Recovery of provisions on bad loans previously transferred to off-balance-sheet accounts				-	2,435	2,435
- Difference of exchange	(195)	8	(187)	(124)	(40)	(164)
Balance at 31 December	**49,793**	**7,007**	**56,800**	**54,952**	**4,716**	**59,668**

The fair value of the collateral held against individually impaired loans as at 31 December 2009 amounted to LBP 54,287 million (2008: LBP 47,932 million):

COLLECTIVE PROVISION FOR CREDIT LOSSES

LBP Million		2009	2008
	Provisions accounted by Byblos Bank S.A.L.	35,306	21,574
	Provisions constituted by Byblos Bank Syria S.A.	1,073	-
	Provisions constituted by Byblos Bank Africa Ltd.	15,711	12,891
	Provisions constituted by Byblos Bank Europe S.A.	5,946	6,937
	Provisions constituted by Byblos Bank Armenia C.J.S.C.	1,536	562
		59,572	**41,964**

Movement of collective provision during the years ended 31 December

LBP Million

	2009	2008
Balance at 1 January	**41,964**	**37,203**
Add (less):		
Provisions constituted during the year (note 10)	20,504	4,851
Provisions transferred (to) from specific clients during the year	(815)	914
Transfer to provision for risks and charges	(1,065)	-
Difference of exchange	(1,016)	(1,004)
Balance at 31 December	**59,572**	**41,964**

PROVISION FOR COUNTRY RISK

LBP Million

	2009	2008
Balance at 1 January	5,206	4,698
Provision constituted during the year (Note 10)	470	696
Difference of exchange	69	(188)
Balance at 31 December	**5,745**	**5,206**

BAD LOANS TRANSFERRED TO OFF-BALANCE-SHEET ACCOUNTS IN ACCORDANCE WITH BANKING CONTROL COMMISSION CIRCULAR NO. 240

LBP Million	*Loan amount*	*Specific provision*	*Unrealized interest*	*Net balance*
Balance at 1 January 2009	**121,244**	**64,967**	**56,277**	**-**
Loans settled during the year	(5,541)	(2,289)	(3,252)	-
Interest on off-balance-sheet loans	(7,730)	(3,926)	(3,804)	-
Interest charged on off-balance-sheet loans	4,741	-	4,741	-
Difference of exchange	403	184	219	-
Balance at 31 December 2009	**113,117**	**58,936**	**54,181**	**-**
Balance at 1 January 2008	**113,690**	**61,361**	**52,329**	**-**
Loans settled during the year	(4,362)	(2,435)	(1,927)	-
Loans written off during the year	(9,743)	(4,706)	(5,037)	-
Bad loans transferred to off-balance-sheet during the year	19,130	9,821	9,309	-
Bad loans transferred upon acquisition of the net assets Unicredit Banca Di Roma SpA - Beirut Branch	2,947	1,319	1,628	-
Difference of exchange	(418)	(393)	(25)	-
Balance at 31 December 2008	**121,244**	**64,967**	**56,277**	**-**

22 BANK ACCEPTANCES

LBP Million		2009	2008
	Letters of credit payable by the Group on behalf of its customers:		
	- Acceptances discounted by the Group without recourse to the beneficiary	13,877	13,877
	- Other acceptances	322,027	270,591
		335,904	**284,468**

Customers' acceptances represent documentary credits, which the Group has committed to settle on behalf of its clients, against commitments by those clients (acceptances). The commitments resulting from these acceptances are stated as a liability in the balance sheet for the same amount.

23 AVAILABLE-FOR-SALE FINANCIAL INSTRUMENTS

LBP Million		2009	2008
	Lebanese Treasury bills and other governmental bills	1,516,505	1,072,398
	Bonds and financial assets with fixed income	161,668	116,782
	Shares, securities and financial assets with variable income	74,152	59,346
	Accrued interest receivable	41,215	31,757
		1,793,540	**1,280,283**

The portfolio of Lebanese Treasury bills and other governmental bills had the following maturities as of 31 December 2009 and 2008:

LBP Million	***Maturity***	**2009** ***Nominal value***	**2008** ***Nominal value***
	Within one month	1,708	-
	Between one and three months	4,344	7,366
	Between three months and one year	6,170	22,225
	Between one and five years	1,138,930	1,002,123
	More than five years	275,556	44,003
	Total	**1,426,708**	**1,075,717**

The portfolio of bonds and financial assets with fixed incomes had the following maturities as of 31 December 2009 and 2008:

LBP Million	***Maturity***	**2009** ***Nominal value***	**2008** ***Nominal value***
	Between three months and one year	17,882	31,685
	Between one and five years	132,893	95,940
	More than five years	9,301	6,659
	Total	**160,076**	**134,284**

24 FINANCIAL ASSETS CLASSIFIED AS LOANS AND RECEIVABLES

	2009	2008	31 December
Certificates of deposit	3,267,756	2,181,923	LBP Million
Lebanese Treasury Bills and other governmental bills	2,820,948	1,907,264	
Bonds and financial assets with fixed income	176,061	178,775	
Loans to banks and financial institutions	104,998	222,178	
Discounted acceptances	196,780	26,595	
Interest received in advance	(2,655)	(1,630)	
Accrued interest receivable	118,082	104,000	
	6,681,970	**4,619,105**	

The portfolio of certificates of deposit had the following maturities as of 31 December 2009 and 2008:

Maturity	**2009** ***Nominal value***	**2008** ***Nominal value***	
Between one and three months	22,621	-	LBP Million
Between three months and one year	11,877	157,017	
Between one and five years	2,716,733	1,888,554	
More than five years	501,474	128,526	
Total	**3,252,705**	**2,174,097**	

The portfolio of Lebanese Treasury Bills and other governmental bills, classified as loans and receivables, had the following maturities as of 31 December 2009 and 31 December 2008:

Maturity	**2009** ***Nominal value***	**2008** ***Nominal value***	
Less than one month	50,000	-	LBP Million
Between one and three months	430,600	25,000	
Between three months and one year	424,641	476,775	
Between one and five years	1,153,101	557,133	
More than five years	820,450	901,955	
Total	**2,878,792**	**1,960,863**	

The portfolio of bonds and financial assets with fixed income, classified as loans and receivables, had the following maturities as of 31 December 2009 and 2008:

Maturity	**2009** ***Nominal value***	**2008** ***Nominal value***	
Between one and five years	21,859	5,276	LBP Million
More than five years	163,112	179,693	
Total	**184,971**	**184,969**	

25 HELD-TO-MATURITY FINANCIAL INSTRUMENTS

31 December		2009	2008
LBP Million	Lebanese Treasury bills and other governmental bills	493,582	1,191,968
	Bonds and financial assets with fixed incomes	54,224	71,322
	Accrued interest receivable	16,834	36,356
		564,640	**1,299,646**

The portfolio of Lebanese Treasury bills and other governmental bills had the following maturities as of 31 December 2009 and 31 December 2008:

	Maturity	**2009** *Nominal value*	**2008** *Nominal value*
LBP Million	Within one month	-	71,000
	Between one and three months	33,094	153,244
	Between three months and one year	167,790	567,349
	Between one and five years	192,364	287,185
	More than five years	103,565	118,490
	Total	**496,813**	**1,197,268**

The portfolio of bonds and financial assets with fixed incomes had the following maturities as of 31 December 2009 and 31 December 2008:

	Maturity	**2009** *Nominal value*	**2008** *Nominal value*
LBP Million	Between three months and one year	-	14,216
	Between one and five years	29,146	28,733
	More than five years	31,356	31,356
	Total	**60,502**	**74,305**

26 PROPERTY AND EQUIPMENT

LBP Million	*Buildings*	*Motor vehicles*	*Furniture and equipment*	*Deposits*	*Advance payments*	*Total*
Cost and Revaluation:						
At 1 January 2009	**204,063**	**3,672**	**114,956**	**1,348**	**23,843**	**347,882**
Additions during the year	20,654	886	21,938	106	9,303	52,887
Transfers	9,442	-	10,346	-	(19,788)	-
Disposal of fixed assets	(1,052)	(1,009)	(1,549)	-	(49)	(3,659)
Foreign exchange difference	(1,669)	(84)	(234)	(1)	(528)	(2,516)
At 31 December 2009	**231,438**	**3,465**	**145,457**	**1,453**	**12,781**	**394,594**
Depreciation:						
At 1 January 2009	**27,973**	**1,870**	**74,718**	**-**	**-**	**104,561**
Depreciation during the year	5,760	779	18,465	-	-	25,004
Impairment of fixed assets	581	-	-	-	-	581
Related to transfers	(3)	-	3	-	-	-
Related to disposals of other fixed assets	(378)	(716)	(1,177)	-	-	(2,271)
Foreign exchange difference	(78)	(27)	86	-	-	(19)
At 31 December 2009	**33,855**	**1,906**	**92,095**	**-**	**-**	**127,856**
Net carrying value:						
At 31 December 2009	**197,583**	**1,559**	**53,362**	**1,453**	**12,781**	**266,738**

LBP Million	*Buildings*	*Motor vehicles*	*Furniture and equipment*	*Deposits*	*Advance payments*	*Total*
Cost and Revaluation:						
At 1 January 2008	**172,465**	**3,032**	**96,284**	**422**	**9,841**	**282,044**
Additions during the year	19,209	895	19,491	13	19,149	58,757
Transfers upon acquisition of net assets of Unicredit Banca Di Roma SpA – Beirut Branch	8,151	-	428	14	-	8,593
Transfers	3,850	-	615	912	(5,377)	-
Disposal of fixed assets	-	(236)	(1,204)	(5)	-	(1,445)
Foreign exchange difference	388	(19)	(658)	(8)	230	(67)
At 31 December 2008	**204,063**	**3,672**	**114,956**	**1,348**	**23,843**	**347,882**
Depreciation:						
At 1 January 2008	**23,875**	**1,540**	**64,282**	**-**	**-**	**89,697**
Depreciation during the year	4,172	493	12,332	-	-	16,997
Related to disposals of other fixed assets	-	(150)	(1,051)	-	-	(1,201)
Foreign exchange difference	(75)	(13)	(845)			(933)
At 31 December 2008	**27,972**	**1,870**	**74,718**	**-**	**-**	**104,560**
Net carrying value:						
At 31 December 2008	**176,091**	**1,802**	**40,238**	**1,348**	**23,843**	**243,322**

The cost of buildings at 31 December 2009 and 2008 include the revaluation differences of properties valued during prior years in accordance with Law 282 dated 30 December 1993, and approved by the Central Committee of the Bank of Lebanon.

Revaluation differences on property and equipment reflected as revaluation reserve of real estate in equity are as follows:

LBP Million		2009	2008
	- Revaluation difference recognized in the complementary shareholders' equity (Tier II) (note 40)	1,978	1,978
	- Revaluation difference of other fixed assets (note 40)	3,711	3,711
		5,689	**5,689**

27 INTANGIBLE ASSETS

LBP Million		2009	2008
	Key money		
	Cost:		
	At 1 January and 31 December	**1,637**	**1,637**
	Accumulated amortization:		
	At 1 January	**563**	**438**
	Amortization expense for the year	340	125
	At 31 December	**903**	**563**
	Net book value:		
	At 31 December	**734**	**1,074**

28 OTHER NON-CURRENT ASSETS HELD FOR SALE

Other non-current assets held for sale represent assets acquired in settlement of bad loans and advances to customers. Movement of other non-current assets held for sale and related impairment during the years 2009 and 2008 is as follows:

LBP Million		2009	2008
	Cost:		
	At 1 January	**51,267**	**56,140**
	Additions during the year	826	5,719
	Disposal	(8,367)	(10,592)
	At 31 December	**43,726**	**51,267**
	Impairment :		
	At 1 January	**(5,159)**	**(4,751)**
	Addition during the year	-	(408)
	At 31 December	**(5,159)**	**(5,159)**
	Net carrying value:		
	At 31 December	**38,567**	**46,108**

Liabilities linked to held-for-sale assets in the amount of LBP 1,995 million represent advance payments received in connection with future sale transactions for the above assets (2008: LBP 1,720 million).

29 OTHER ASSETS

	2009	2008	
Miscellaneous assets	-	126	LBP Million
a Obligatory financial assets	2,250	2,250	
b Blocked deposit	2,500	2,500	
c Regularization accounts	65,760	55,943	
d Doubtful debtor accounts	72	241	
Provision on doubtful debtor accounts	(37)	(186)	
	70,545	**60,874**	

a Obligatory financial assets consist of a deposit amounting to 15% of the share capital of a subsidiary bank that was blocked at incorporation as a guarantee with the Lebanese Treasury Department. This deposit shall be returned to the subsidiary bank without any interest upon liquidation of its activities.

b Blocked deposit is maintained with the Bank of Lebanon in favor of the Ministry of Finance and was transferred to the Bank upon the acquisition of the net assets of Unicredit Banca Di Roma SpA – Beirut Branch.
This deposit, which is denominated in Lebanese Pound and does not earn any interest, was released in 2010.

c Regularization accounts as of 31 December comprise of the following:

	2009	2008	
Prepaid rent	2,928	2,719	LBP Million
Printings and stationery	3,263	3,307	
Cash in automated teller machines (ATM)	22,450	24,736	
Credit card balances due from customers	7,637	5,018	
Revaluation variance of structural position	-	15	
Insurance premiums receivable	4,207	2,947	
Reinsurers' share of technical reserve of subsidiary insurance company	14,325	9,541	
Other debit balances	10,950	7,660	
	65,760	**55,943**	

d Movement of the doubtful debtors accounts and related provisions during the year is as follows:

	2009		2008		
	Balance	***Provision***	***Balance***	***Provision***	
Balance at 1 January	241	186	8,796	8,774	LBP Million
Debts recovered	(20)	-	-	-	
Write-off	(149)	(149)	(8,555)	(8,588)	
Balance at 31 December	**72**	**37**	**241**	**186**	

30 DUE TO CENTRAL BANKS

		2009	2008
LBP Million	Soft loan from the Bank of Lebanon	-	40,000
	Less: Difference from valuation at net present value of the soft loan and the Treasury Bills financed by the soft loan amortized on a straight-line basis over the loan period (81 months) in monthly installments of LBP 165 million each	-	(1,485)
		-	**38,515**
	Current account due to Central Bank of Syria	4,308	30,256
	Current account due to Central Bank of Sudan	6,250	6,700
		10,558	**36,956**
	Loan due to the Central Bank of Armenia	1,142	8,185
	Accrued interest payable	4	-
		1,146	**8,185**
		11,704	**83,656**

LBP 40 BILLION LOAN

This loan represents facilities granted on 15 November 2001 by the Central Committee of the Bank of Lebanon following the Bank's acquisition of Wedge Bank Middle East S.A.L.

This loan was originally secured by the pledge of two-year Lebanese Treasury Bills renewed on each maturity with an interest rate equivalent to 60% of the notional interest on one-year Treasury Bills acquired in the primary market. As of 31 December 2008, the loan was secured by pledged one-year Lebanese Treasury Bills with a nominal value of LBP million 43,080 and an amortized cost of LBP 40,474 million (note 18). Interest was fixed in the first two years after utilization of the loan. Starting from the third year, interest was determined according to the effective yield of one-year Treasury Bills traded in the primary market less 6.326%, provided that the interest rate did not fall below 60% of the notional interest on one-year Lebanese Treasury Bills traded in the international markets. Interest was capitalized and paid quarterly till maturity.

The eight-year loan matured and was fully settled on 15 November 2009.

31 DUE TO BANKS AND FINANCIAL INSTITUTIONS

LBP Million

	2009	2008
Commercial banks:		
- Current accounts	369,179	373,456
- Time deposits	755,553	567,013
- Medium-term loans	287,390	295,924
- Accrued interest payable	7,456	8,820
	1,419,578	**1,245,213**
Financial institutions:		
- Current accounts	13	13
- Term loans	194,470	172,485
- Time deposits	52,272	35,489
- Accrued interest payable	5,558	4,003
- Less: Cost to be amortized over the loan period	(1,122)	(1,317)
	251,191	**210,673**
Registered exchange companies:		
- Current accounts	1,632	2,955
- Time deposits	3,354	3,290
- Accrued interest Payable	52	23
	5,038	**6,268**
Brokerage Institutions:		
- Current accounts	-	107
	1,675,807	**1,462,261**

32 CUSTOMERS' DEPOSITS

LBP Million

	2009	2008
Current accounts	1,916,710	1,915,683
Term deposits	12,740,834	9,933,340
Blocked deposits	639,064	594,445
Accrued interest payable	69,746	56,940
	15,366,354	**12,500,408**

33 DEBT ISSUED AND OTHER BORROWED FUNDS

LBP Million		2009	2008
	Certificates of deposit		
	Nominal value: USD (000) 141,600 (2008: USD (000) 77,920)	213,462	117,464
	Accrued interest payable: USD (000) 26 (2008: USD (000) 2,558)	39	3,856
	Issuing cost to be amortized: USD (000) nil (2008: USD (000) 49)	-	(74)
		213,501	**121,246**
	Index-linked notes		
	Issuance value: USD (000) nil (2008: USD (000) 49,430)	-	74,516
	Discount to be amortized over the period of the notes: USD (000) nil (2008: USD (000) 4,338)	-	(6,540)
		-	**67,976**
	Equity-linked notes		
	Issuance value: USD (000) 49,414 (2008: USD (000) 49,414)	74,491	74,491
	Discount to be amortized over the period of the notes: USD (000) 4,234 (2008: USD (000) 4,932)	(6,383)	(7,435)
	Accrued interest payable: USD (000) nil (2008: USD (000) 1,676)	-	2,527
		68,108	**69,583**
	Commodity-linked notes		
	Issuance value: USD (000) nil (2008: USD (000) 6,371)	-	9,604
	Discount to be amortized over the period of the notes: USD (000) nil (2008: USD (000) 567)	-	(854)
		-	**8,750**
		281,609	**267,555**
	Interest and similar expense:		
	Certificates of deposit:		
	- Interest: USD (000) 9,754 (2008: USD (000) 5,079)	14,630	7,656
	- Add: Amortization of issuing cost: USD (000) 49 (2008: USD (000) 90)	74	136
		14,704	**7,792**
	Index-linked notes:		
	- Interest: USD (000) nil (2008: USD (000) 2,895)	-	4,364
	- Add (less): Amortization of Bank's gain resulting from the perfect hedge of the index-linked notes: USD (000) 1,830 (2008: USD (000) 56)	2,759	(84)
		2,759	**4,280**
	Equity-linked notes:		
	- Interest: USD (000) 2,194 (2008: USD (000) 3,979)	3,307	5,999
	- Add (less): amortization of the Bank's gain resulting from perfect hedge of the equity-linked notes: USD (000) 650 (2008: USD (000) 949)	980	(1,430)
		4,287	**4,569**
	Commodity-linked notes:		
	- Interest USD (000) nil (2008: USD (000) 365)	-	550
	- Add (less): amortization of the Bank's gain resulting from perfect hedge of the commodity-linked notes: USD (000) 237 (2008: USD (000) 27)	358	(40)
		358	**510**
		22,108	**17,151**

Certificates of deposit – series 2009

On 31 March 2009, Byblos Bank S.A.L. issued two series of certificates of deposit with a total nominal value of USD (000) 141,600 detailed as follows:

First series:
Amount: USD (000) 101,150
Interest: Fixed at an annual rate of 6.5% payable every three months with the first interest due on 1 July 2010, not subject to withholding taxes.
Maturity: 31 March 2012

Second series:
Amount: USD (000) 40,450
Interest: Fixed at an annual rate of 7.25% payable every three months with the first interest due on 1 July 2010, not subject to withholding taxes.
Maturity: 31 March 2014.

Certificate of deposit – series 2004

On 1 July 2004, Byblos Bank S.A.L. issued certificates of deposit in the amount of USD (000) 78,054. The certificates of deposit are subject to the following conditions:
Interest: Fixed at an annual rate of 6.5% payable every six months with the first interest due on 1 January 2005, not subject to withholding taxes.

The cost of issuing the certificates amounted to USD (000) 490, to be amortized until maturity, of which USD (000) 49 was amortized during 2009 (2008: USD (000) 90).

The certificates of deposit matured on 1 July 2009.

Index-linked notes

The index-linked notes issued on 8 October 2004 amounted to USD 50 million. The index-linked notes are subject to the following conditions:

- The notes mature on 9 October 2009;
- The notes benefit during the period of the investment from interest at an annual rate of 7% exempted from taxes and payable every six months during the first four years,
- 95% of the initial investment is guaranteed at maturity in addition to an unlimited potential return representing 50% of the positive performance of a portfolio of six international market indices.

The Bank perfectly hedged the index-linked notes. The cost of the hedge amounted to USD (000) 1,873 and the cost of issuing the index-linked notes amounted to USD (000) 250. The fair value of the hedging instrument receivable from the issuer and payable to the owners of the index-linked notes was LBP 5,683 million as of 31 December 2008. In 2009, the Bank settled to the note holders the fair value of the hedging instrument in the amount of LBP 6,491 million (USD (000) 4,306).

The gain from the perfect hedge transaction amounted to USD (000) 467 to be amortized with the interest over the period of the notes (5 years). Accordingly, the effective annual interest rate of the index-linked notes is 5.83%.

The notes matured and were settled on 9 October 2009.

Equity-linked notes

The equity-linked notes issued on 1 August 2005 by Byblos Invest Bank S.A.L. amounted to USD 50 million are subject to the following conditions:

- The notes mature on 4 August 2010,
- The notes benefit during the period of the investment from interest at an annual rate of 8% exempted from taxes and payable every six months during the first four years,
- 95% of the initial investment is guaranteed at maturity in addition to an unlimited potential return representing 50% of the positive performance of a portfolio of stocks.

The Bank perfectly hedged the equity-linked notes. The cost of the hedge amounted to USD (000) 1,764 and the cost of issuing the equity-linked notes amounted to USD (000) 169. The fair value of the hedging instrument receivable from the issuer and payable to the owners of the equity-linked notes amounted to LBP 9,354 million as at 31 December 2009 (2008: LBP 9,158 million) (note 19).

The gain from the perfect hedge transaction amounted to USD (000) 567 to be amortized with the interest over the period of the notes (5 years). Accordingly, the effective annual interest rate of the equity-linked notes is 6.67%.

Commodity-linked notes

The commodity-linked notes issued on 12 September 2006 by the Bank amounted to USD (000) 6,563. The commodity-linked notes are subject to the following conditions:

- The notes mature on 12 September 2009;
- The notes benefit during the period of the investment from interest at an annual rate of 8% exempted from taxes and payable quarterly during the first two years starting 12 December 2006,
- 95% of the initial investment is guaranteed at maturity, with an interest rate of 16% for the third year if the performance of the index of five commodities is positive.

The Bank perfectly hedged the commodity-linked notes. The cost of the hedge amounted to USD (000) 299 and the cost of issuing the commodity-linked notes amounted to USD (000) 14. The fair value of the hedging instrument receivable from the issuer and payable to the owners of the commodity-linked notes was LBP 41 million as of 31 December 2008. In 2009, the fair value of the hedging instrument was negative and accordingly the notes didn't generate any additional return to their holders.

The gain of the Bank from the perfect hedge transaction amounted to USD (000) 15 to be amortized with the interest over the period of the notes (3 years). Accordingly, the effective annual interest rate of the commodity-linked notes is 5.68%.

The notes matured and were settled on 12 September 2009.

34 CURRENT TAX LIABILITY

LBP Million		2009	2008
	Taxes payable:		
	- Income tax on profit (note 14)	27,018	22,176
	- Tax on services	669	385
	- Tax on dividends	2,207	7
	- Tax on salaries and wages	1,226	1,382
	- Tax on Board of Directors attendance fees	137	58
	- Tax on interest	4,815	4,126
	- Value added tax	350	70
	- Other taxes	3,790	1,792
		40,212	**29,996**

35 OTHER LIABILITIES

LBP Million			2009	2008
		Payables to National Social Security Fund	1,338	1,355
	a	Other creditors	73,222	92,897
		Due to shareholders	749	847
		Margins against documentary letters of credit and acceptances	160,860	95,960
			236,169	**191,059**

a OTHER CREDITORS

LBP Million		2009	2008
	Unearned commission and interest	3,177	2,386
	Other accrued charges	27,418	26,946
	Foreign currencies regularization accounts (financial instruments)	235	220
	Cash margin related to companies under establishment	1,834	3,817
	Insurance premium received in advance	1,209	18,269
	Pending balances with banks	4,310	2,821
	Partial payments received on due bills	6,715	10,561
	Withdrawals due to Automated Teller Machines (Maestro Cards)	7,598	7,194
	Other credit balances transferred upon the acquisition of Unicredit Banca Di Roma Spa – Beirut Branch	-	4,762
	Fixed asset suppliers	3,393	2,457
	Due to holders of certificates of deposit issued by the Bank and matured during 2009	4,123	-
	Certified checks issued	4,457	2,346
	Due to reinsurance companies	2,837	1,246
	Other creditors	5,916	9,872
		73,222	**92,897**

36 PROVISIONS FOR RISKS AND CHARGES

	2009	2008	
Provision for foreign currency fluctuation	782	517	LBP Million
Technical reserves of insurance company	60,571	26,953	
Other provisions	5,601	3,121	
	66,954	**30,591**	

PROVISION FOR FOREIGN CURRENCY FLUCTUATION

According to Bank of Lebanon Main Circular No. 32, the net trading foreign exchange position should not exceed 1% of the Bank's Tier I capital. In addition, the Bank should set up a provision to cover the potential loss on the net trading position calculated at 5% of the net trading foreign exchange position. The provision set up in 2009 amounted to LBP 265 million (2008: LBP 63 million).

37 END-OF-SERVICE BENEFITS

	2009	2008	
Balance at 1 January	**27,478**	**20,575**	LBP Million
Add (less):			
Provision constituted during the year (note 12)	3,686	7,252	
End-of-service benefits paid during the year	(2,888)	(349)	
Balance at 31 December	**28,276**	**27,478**	

38 SUBORDINATED NOTES

		2009	2008	
a	Convertible subordinated notes	251,379	248,061	LBP Million
b	Subordinated notes	48,255	48,142	
	Total	**299,634**	**296,203**	

a CONVERTIBLE SUBORDINATED NOTES

On 20 November 2007, the Bank signed a USD 200 million subordinated loan agreement with an international financial institution, whereby the latter acted as an issuer of USD 200 million subordinated notes convertible into Byblos Bank S.A.L. shares or GDRs according to the following terms:

Number of notes:	200
Note's issue price:	USD 1,000,000
Note's nominal value:	USD 1,000,000
Date of issue:	20 November 2007
Maturity:	30 November 2012, subject to the earlier conversion of these notes, in whole or in part, into Byblos Bank S.A.L. shares or GDRs at a price of USD 2.25 per share.
Interest rate:	Contractual interest rate of 6.5% payable semi-annually, but excluding the equity conversion option.
Rights of holders:	The noteholder has the right to convert all or portion of the subordinated notes into Byblos Bank S.A.L. shares or GDRs on any quarterly conversion date falling on 31 March, 30 June, 30 September or 31 December in any year during the term of the subordinated loan or on the loan maturity date at a conversion price of USD 2.25 per share.

38 - SUBORDINATED NOTES (continued)

The convertible subordinated notes have been recorded at initial recognition on 20 November 2007 as follows:

	LBP Million	USD (000)
Nominal value of convertible bonds	301,500	200,000
Equity component	(20,809)	(13,804)
Liability component	**280,691**	**186,196**

At 31 December, convertible subordinated notes were recorded as follows:

	2009		2008	
	LBP Million	USD (000)	LBP Million	USD (000)
Nominal value of the convertible notes	260,798	173,000	260,798	173,000
Equity component	(18,040)	(11,967)	(18,040)	(11,967)
Liability component	242,758	161,033	242,758	161,033
Add:				
- Accrued interest payable	1,931	1,281	1,931	1,281
- Amortization of discount	6,690	4,438	3,372	2,237
Amortized cost at 31 December	**251,379**	**166,752**	**248,061**	**164,551**

The equity component of the convertible subordinated notes is recorded in equity under "capital reserves" (note 42).

CONVERSION OF SUBORDINATED NOTES INTO SHARES

During 2008, convertible notes with a nominal value of USD (000) 27,000 were converted to Byblos Bank S.A.L. ordinary shares at a price of USD 2.25 per share (refer to note 39).

b SUBORDINATES NOTES

	2009		2008	
	LBP Million	USD (000)	LBP Million	USD (000)
31,169 notes at USD 1,000 each maturing on 30 June 2012 with an annual yield not to exceed 15% of the principal amount, detailed as follows:				
- Annual yield of 9% compounded and paid quarterly				
- 5% of the Bank's net income, after adding the provision constituted to settle this balance and deducting taxes	46,988	31,169	46,988	31,169
Less: Issuing cost of USD (000) 836 to be amortized till maturity	(102)	(67)	(141)	(94)
Amortized cost	46,886	31,102	46,847	31,075
Add: Yield payable	1,369	908	1,295	859
	48,255	**32,010**	**48,142**	**31,934**

The subordinated notes' original issue on 1 July 2002 was 100,000 notes at USD 1,000 each. In accordance with the decision of the ordinary general assembly held on 20 April 2006, the Bank redeemed 68,831 subordinated notes on 7 June 2006 for a consideration of USD 1,060 per note, i.e. with a premium of USD 60 per note constituting 6% of the nominal value.

LBP Million		2009	2008
	Interest and similar expense:		
	- Interest on subordinated notes	7,033	6,686
	- Interest on convertible subordinated notes and amortization of its related discount	22,057	20,969
		29,090	**27,655**

39 SHARE CAPITAL

	2009		2008	
	No. of shares	***LBP Million***	***No. of shares***	***LBP Million***
Issued shares				
Common shares:				
Ordinary shares	217,112,557	262,706	217,112,557	260,535
Priority shares	206,023,723	249,289	206,023,723	247,228
Preferred shares:				
Series 2009	2,000,000	2,420	-	-
Series 2008	2,000,000	2,420	2,000,000	2,400
Series 2003	-	-	1,000,000	1,200
	427,136,280	**516,835**	**426,136,280**	**511,363**

The capital of the Bank is divided into 427,136,280 shares of LBP 1,210 each fully paid (2008: 426,136,280 shares of LBP 1,200 each).

CAPITAL INCREASE IN 2009

On 1 August 2009, an extraordinary general assembly resolved to increase the capital of Byblos Bank S.A.L. in two phases.

In phase 1, capital was increased by the amount of LBP 3,052 million from LBP 511,363 million to LBP 514,415 million through transfers from the reserve appropriated for capital increase. In addition, the Bank redeemed and cancelled 1,000,000 Series 2003 Preferred Shares and allocated the par value of these shares amounting to LL1,200 million to increase the par value of the Bank's remaining outstanding shares from LBP 1,200 to LBP 1,210. Accordingly, by the end of phase 1, the Bank's capital was divided as follows:

	No. of shares	**LBP Million**
Issued shares		
Common shares:		
Ordinary shares	217,112,557	262,706
Priority shares	206,023,723	249,289
Preferred shares:		
Series 2008	2,000,000	2,420
	425,136,280	**514,415**

39 - SHARE CAPITAL (continued)

In phase 2, the capital of the Bank was increased by the amount of LBP 2,420 million from LBP 514,415 million to LBP 516,835 million through the issuance of 2,000,000 Tier I Series 2009 Preferred Shares of LBP 1,210 par value.

As such, the capital of the Bank was divided into 427,136,280 shares with a par value of LBP 1,210 each as of 31 December 2009.

PRIORITY SHARES

On 10 December 2005, the Bank issued 206,023,723 priority shares which have the same rights and obligations as ordinary shares, and benefit from an additional yearly distribution of 4% of the priority share's nominal value representing non-cumulative distribution of the non-consolidated net profits. Such right is established after dividend distribution to the preferred shares. The right of payment from profits is established over a period of five years starting from the year 2005, inclusive of the period from 10 December 2005 till 31 December 2005. At the end of the fifth year, priority shares are converted into ordinary shares without any further resolution by the general assembly.

CONVERSION OF SUBORDINATED NOTES INTO COMMON SHARES IN 2008

During 2008, a subordinated notes holder exercised his option and converted notes amounting to USD 27 million to 12,088,834 Byblos Bank S.A.L. common shares at a price of USD 2.25 per share (note 38).

Accordingly, an extraordinary general assembly was held on 24 January 2008 and decided to increase the Bank's capital from LBP 494,456 million to LBP 508,963 million or an increase of LBP 14,507 million through the issuance of 12,088,834 common shares with a nominal value of LBP 1,200 per share. The resulting premium on the above conversion of subordinated notes into shares was in the amount of LBP 26,425 million, of which LBP 23,656 million was transferred from the subordinated notes balance, while LBP 2,769 million was transferred from the equity component of convertible subordinated notes. On 13 February 2008, the Central Committee of the Bank of Lebanon approved the capital increase.

PREFERRED SHARES

Series 2009 Preferred Shares
On 4 September 2009, and based on the decision of the extraordinary general assembly held on 1 August 2009, the Bank issued Series 2009 Preferred Shares according to the following terms:

Number of shares:	2,000,000
Share's issue price:	USD 96
Share's nominal value:	LBP 1,210
Issue premium :	USD (000) 188,313 calculated in USD as the difference between the total issue of USD (000) 192,000 and the total par value of the issue amounting to LBP 2,420 million and after deducting issuance commissions of USD (000) 2,082
Benefits:	Non-cumulative annual dividends of USD 8.00 per share, subject to the availability of non-consolidated distributable net profits.
Repurchase right:	Redeemable (at a date subsequent to the approval of 2014 accounts by the general assembly) at the Bank's option at USD 100 plus any declared but unpaid distributions for all the years preceding the year of the call, with the condition that at least 25% of the original number of the preferred shares are called each time.

Series 2009 Preferred Shares are entitled to dividends in the amount of USD 3.35 per share relating to the remaining period of 2009.

(ii)

Series 2008 Preferred Shares

On 15 August 2008, and based on the decision of the extraordinary general assembly held on 18 July 2008, the Bank issued Series 2008 Preferred Shares, according to the following terms:

Number of shares:	2,000,000
Share's issue price:	USD 100
Share's nominal value:	LBP 1,200
Issue premium :	USD (000) 195,790 calculated in USD as the difference between USD 100 and the counter value of the par value per share (LBP 1,200).
Benefits:	Non-cumulative annual dividends of USD 8.00 per share, subject to the availability of non-consolidated distributable net profits.
Repurchase right:	Redeemable (at a date subsequent to the approval of 2013 accounts by the general assembly) at the Bank's option at the issue price plus any declared but unpaid distributions for all the years preceding the year of the call, with the condition that at least 25% of the original number of the preferred shares are called each time.

In 2009, the par value of Series 2008 Preferred Shares was increased from LBP 1,200 to LBP 1,210.

(iii)

Series 2003 Preferred Shares

Number of shares:	1,000,000
Share's issue price:	USD 100
Share's nominal value:	LBP 1,200
Issue premium :	USD (000) 99,204 calculated in USD as the difference between USD100 and the counter value of the par value per share (LBP 1,200).
Benefits:	Non-cumulative annual dividends of USD 12.00 per share, subject to the availability of non-consolidated distributable net profits.
Repurchase right:	Redeemable (at a date subsequent to the approval of 2008 accounts by the general assembly) at the Bank's option at the issue price plus any declared but unpaid distributions for all the years preceding the year of the call, with the condition that at least 25% of the original number of the preferred shares are called each time.

Series 2003 Preferred Shares were redeemed and cancelled during 2009 in accordance with the extraordinary general assembly resolution dated 1 August 2009.

39 - SHARE CAPITAL (continued)

LISTING OF SHARES

As of 31 December 2009 and 2008, all of the Bank's common and preferred shares were listed on the Beirut Stock Exchange.

On 6 February 2009, the Bank signed an agreement with a foreign bank enabling holders of the Bank's common shares to deposit their common shares for the issuance of Global Depository Shares (GDSs) at a ratio of 50 Common Shares per one GDS. The GDSs were listed on the London Stock Exchange.

TREASURY SHARES

Movement of treasury shares recognized in the balance sheet for the years 2009 and 2008 is as follows:

31 December 2009	**Ordinary shares**			**Priority shares**		
	No. of shares	***Average price USD***	***Amount USD (000)***	***No. of shares***	***Average price USD***	***Amount USD (000)***
At 1 January 2009	**444,748**	**1.77**	**790**	**221,287**	**1.08**	**240**
Acquisition of treasury shares	1,702,186	1.53	2,600	817,156	1.96	1,598
Sale of treasury shares	(1,705,088)	1.88	(3,210)	(978,371)	1.94	(1,901)
At 31 December 2009	**441,846**		**180**	**60,072**		**(63)**
In LBP Million			271			(95)
Total treasury shares (ordinary and priority) in LBP Million						**176**

31 December 2008	**Ordinary shares**			**Priority shares**		
	No. of shares	***Average price USD***	***Amount USD (000)***	***No. of shares***	***Average price USD***	***Amount USD (000)***
At 1 January 2008	**139,406**	**1.67**	**233**	**276,328**	**1.43**	**395**
Acquisition of treasury shares	1,181,725	2.34	2,760	657,255	2.48	1,628
Sale of treasury shares	(876,383)	2.48	(2,203)	(712,293)	2.50	(1,783)
At 31 December 2008	**444,748**	**1.77**	**790**	**221,290**	**1.08**	**240**
In LBP Million			1,192			362
Total treasury shares (ordinary and priority) in LBP Million						**1,554**

40 REVALUATION RESERVE OF REAL ESTATE

LBP Million

	2009	2008
Revaluation reserve recognized in the complementary equity		
Reserve resulting from the revaluation in 1996 of the Bank's owned real estate according to Law 282 dated 30 December 1993	2,577	2,577
Less: Decrease in the value of the assets revalued in prior years	(599)	(599)
	1,978	1,978
Revaluation reserve of other assets	**3,711**	**3,711**
	5,689	**5,689**

41 AVAILABLE-FOR-SALE RESERVES

Available-for-sale reserves as at 31 December relates to the following available-for-sale financial instruments:

LBP Million

	2009	2008
Certificates of deposit held with the Central Bank of Lebanon	-	1,999
Treasury bills and other governmental bills	90,914	815
Bonds and financial assets with fixed income	3,649	(14,514)
Shares, securities and financial assets with variable income	11,788	6,159
Unrealized losses on available-for-sale securities reclassified to the loans and receivables portfolio	(25,001)	(24,736)
Deferred tax liabilities	(15,306)	-
Less: minority share of cumulative changes in fair values	(18)	(240)
	66,026	**(30,517)**

Movement of available-for-sale reserve during the year was as follows:

LBP Million

	2009	2008
Balance at 1 January	(30,517)	(46,244)
Realized during the year	1,386	10,626
Impairment loss recognized during the year	6,521	-
Net changes in fair values during the year	98,780	3,719
Amortization of unrealized losses related to securities transferred to the loans and receivables portfolio	5,176	1,402
Net changes in deferred taxes	(15,306)	-
Difference on exchange	(14)	(20)
Balance at 31 December	**66,026**	**(30,517)**

42 CAPITAL RESERVES

Group Share		2009	2008
LBP Million	Legal reserve	120,358	104,646
	Reserves appropriated for capital increase	22,676	20,807
	General reserve	137,190	117,941
	Equity component of convertible subordinated bonds (note 38)	18,040	18,040
	Reserve for general banking risks	80,429	66,886
	Other capital reserves	5,422	6,028
		384,115	**334,348**

LEGAL RESERVE

During 2009, the Group appropriated LBP15,770 million from 2008 profits to the legal reserve in accordance with the General Assembly of Shareholders' resolutions.

RESERVES APPROPRIATED FOR CAPITAL INCREASE

		2009	2008
LBP Million	Reserve equivalent to realized profit on sale of assets acquired in settlement of bad debt, in accordance with BCC Circular No. 173	3,550	2,947
	Reserve equivalent to provisions recovered, in accordance with BCC Circular No. 167	9,737	8,471
	Reserve equivalent to profits realized on sale of Solidere Company shares acquired in compensation of leased property in Beirut Central District	220	220
	Reserve equivalent to profits realized on liquidation of structural foreign exchange positions, in accordance with BCC Circular No. 197.	8,870	8,870
	Others	299	299
		22,676	**20,807**

GENERAL RESERVE

During 2009, the Group appropriated LBP 16,613 million from 2008 profits to the general reserve in accordance with the General Assembly of Shareholders' resolutions.

RESERVE FOR GENERAL BANKING RISKS

According to Bank of Lebanon regulations, banks are required to appropriate from their annual net profit a minimum of 0.2% and a maximum of 0.3% of total risk-weighted assets and off-balance-sheet items based on rates specified by the Bank of Lebanon to cover general banking risks. The consolidated ratio should not be less than 1.25% of these risks at the end of year ten (2007) and 2% at the end of year 20 (2017).

The appropriation in 2009 from the profits of the year 2008 amounted to LBP 13,543 million (2008: LBP 9,970 million).

OTHER CAPITAL RESERVE

LBP Million

		2009	2008
a	Premium on capital increase of Byblos Bank Armenia C.J.S.C.	1,263	1,263
b	Premium on capital increase of Byblos Bank Africa Ltd.	4,765	4,765
		6,028	6,028
	Translation difference	(606)	-
		5,422	**6,028**

a During 2008, the capital of Byblos Bank Armenia C.J.S.C., 100% owned subsidiary as of 31 December 2007, was increased through additional subscription by minority shareholders, who obtained a 35% stake in Byblos Bank Armenia C.J.S.C. Accordingly, Byblos Bank S.A.L.'s share of Byblos Bank Armenia C.J.S.C. decreased from 100% as of 31 December 2007 to 65% as of 31 December 2008. The Group share of the premium paid by the minority shareholders in the amount of LBP 1,263 million was credited to other capital reserve.

b During 2008, the capital of Byblos Bank Africa Ltd., 65% owned subsidiary as of 31 December 2007, was increased through additional subscription by minority and existing shareholders, and transfer of LBP 2,453 million from the general reserve. Byblos Bank S.A.L.'s share in the above subsidiary decreased to 56.86% as of 31 December 2008. The Group share of the premium paid by the minority shareholders in the amount of LBP 4,765 million was credited to other capital reserve.

43 OTHER RESERVE

Other reserve represents appropriation against assets acquired in settlement of debt in accordance with the Banking Control Commission's directives. The Group transferred LBP 2,318 million to the other reserve in 2009 from 2008 profits. Appropriations against assets acquired in settlement of debt shall be transferred to the free reserves upon the liquidation of the related asset. In 2009, the Group released LBP 898 million to the general reserve relating to assets disposed of in 2009 and 2008. This amount represents release of reserves relating to assets disposed of in 2009 and 2008 for LBP 3,133 million against appropriation relating to 2009 for LBP 2,235 million.

44 MINORITY INTERESTS

LBP Million

	2009	2008
- Capital of subsidiary banks and companies	92,701	81,752
- Other reserves and premiums	13,374	13,374
- Net results of the financial period - profit	12,794	11,630
- Retained earnings (accumulated losses)	1,482	(2,882)
- Cumulative changes in fair values	63	240
- Sale of subsidiary shares to minority interests	-	10,949
- Foreign currency translation reserve	2,635	1,144
	123,049	**116,207**

During 2008 and as a result of the capital increase in Byblos Bank Armenia C.J.S.C. and Byblos Bank Africa Ltd. (disclosed in note 42), minority interests share in Byblos Bank Armenia C.J.S.C. and Byblos Bank Africa Ltd. increased by the amount of LBP 31,023 million. Meanwhile, the Group realized in 2008 a premium resulting from the above capital increase in the amount of LBP 6,028 million which was credited to the other capital reserves account.

45 CASH AND CASH EQUIVALENTS

LBP Million		2009	2008
	Cash and balances with central banks	1,812,604	1,176,842
	Deposits from banks and financial institutions	2,850,295	2,423,612
		4,662,899	3,600,454
	Less: Due to banks and financial institutions	(1,153,803)	(949,250)
	Less: Due to Central Bank	(10,564)	-
	Cash and cash equivalents at 31 December	3,498,532	2,651,204

46 RELATED PARTY TRANSACTIONS

The Group enters into transactions with major shareholders, directors, senior management, and their related concerns, and entities controlled, jointly controlled or significantly influenced by such parties in the ordinary course of business at commercial interest and commission rates. All the loans and advances to related parties are performing advances and are free of any provision for possible credit losses.

The balances with related parties included in the consolidated statement of financial position and the consolidated income statement are as follows:

Major shareholders

LBP Million		2009	2008
	Net loans and advances to related parties	11,515	12,017
	Deposits from related parties	139,814	106,472
	Shareholders' credit balances	749	847
	Interest received on loans and advances to related parties	653	841
	Interest paid on related party deposits	8,376	5,783

COMPENSATION OF THE KEY MANAGEMENT PERSONNEL OF THE GROUP

LBP Million	2009			2008		
	Chairman and board members	***Senior management***	***Total***	***Chairman and board members***	***Senior management***	***Total***
Salaries and allowances	4,178	6,185	10,363	3,660	6,262	9,922
Bonuses	5,490	2,389	7,879	4,674	2,564	7,238
Attendance fees	831	84	915	592	77	669

47 COMMITMENTS AND CONTINGENT LIABILITIES

CREDIT-RELATED COMMITMENTS

Credit-related commitments include commitments to extend credit, standby letters of credit, guarantees and acceptances that are designed to meet the requirements of the Group's customers.

Commitments to extend credit represent contractual commitments to make loans and revolving credits. Commitments generally have fixed expiration dates, or other termination clauses. Since commitments may expire without being drawn upon, the total contract amounts do not necessarily represent future cash requirements.

Letters of credit, guarantees (including standby letter of credit) and acceptances commit the Group to make payments on behalf of customers contingent upon the failure of the customer to perform under the terms of the contract.

The Group has the following credit-related commitments:

	2009	2008	
Financing commitments given to banks and financial institutions	803,564	862,122	LBP Million
Guarantees given to banks and financial institutions	360,485	267,414	
Guarantees given to customers	885,543	793,830	
Acceptances (reflected on balance sheet)	335,904	284,468	
	2,385,496	**2,207,834**	
Undrawn commitments to lend	812,871	941,822	
	3,198,367	**3,149,656**	

OPERATING LEASE COMMITTMENTS

Future minimum lease payments under non-cancellable operating leases as at 31 December are as follows:

	2009	2008	
Within one year	2,466	3,219	LBP Million
After one year but not more than five years	5,177	8,631	
More than five years	10,435	7,007	
	18,078	**18,857**	

48 CONCENTRATION OF ASSETS, LIABILITIES AND OFF-BALANCE-SHEET ITEMS

Concentrations arise when a number of counter parties are engaged in similar business activities, or activities in the same geographic region, or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations of credit risk indicate the relative sensitivity of the Group's performance to developments affecting a particular industry or geographic location.

The table below indicates the distribution of the Group's total assets, liabilities and credit commitments by geographic region:

	2009			2008		
LBP Million	*Assets*	*Liabilities and stockholders' equity*	*Credit commitments*	*Assets*	*Liabilities and stockholders' equity*	*Credit commitments*
Geographical segment:						
- Lebanon	14,289,186	15,674,371	921,674	11,851,557	13,121,677	949,951
- Europe	2,554,505	847,380	105,902	2,414,937	817,066	163,951
- Other countries	3,621,495	3,943,435	1,022,015	2,662,648	2,990,399	809,464
	20,465,186	**20,465,186**	**2,049,591**	**16,929,142**	**16,929,142**	**1,923,366**

49 CLASSIFICATION OF FINANCIAL ASSETS AND LIABILITIES

	31 December 2009					
LBP Million	***Held for trading***	***Held to maturity***	***Loans and receivables***	***Available for sale***	***Held at amortized cost***	***Total***
FINANCIAL ASSETS						
Cash and balances with central banks	-	-	-	-	2,533,372	2,533,372
Banks and financial institutions	-	-	-	-	3,142,483	3,142,483
Financial assets given as collateral on securities borrowed and reverse repurchase agreements	-	-	-	1,193	-	1,193
Derivative financial instruments	12,224	-	-	-	-	12,224
Financial assets held for trading	204,128	-		-	-	204,128
Loans and advances to customers	-	-	4,807,633	-	-	4,807,633
Loans and advances to related parties	-	-	11,515	-	-	11,515
Banks acceptances	-	-	335,904	-	-	335,904
Financial assets – available for sale	-	-	-	1,793,540	-	1,793,540
Financial assets classified as loans and receivables	-	-	6,681,970	-	-	6,681,970
Financial assets – held to maturity	-	564,640	-	-	-	564,640
	216,352	**564,640**	**11,837,022**	**1,794,733**	**5,675,855**	**20,088,602**
FINANCIAL LIABILITIES						
Due to central banks	-	-	-	-	11,704	11,704
Due to banks and financial institutions	-	-	-	-	1,675,807	1,675,807
Derivative financial instruments	11,144		-	-	-	11,144
Customers' deposits	-	-	-	-	15,366,354	15,366,354
Related parties' deposits	-	-	-	-	139,814	139,814
Debt issued and other borrowed funds	-	-	-	-	281,609	281,609
Engagements by acceptances	-	-	-	-	335,904	335,904
Liabilities related to non-current assets held for sale	-	-	-	-	1,995	1,995
Subordinated loans	-	-	-	-	299,634	299,634
	11,144	**-**	**-**	**-**	**18,112,821**	**18,123,965**

49 - CLASSIFICATION OF FINANCIAL ASSETS AND LIABILITIES (continued)

31 December 2008

LBP Million	*Held for trading*	*Held to maturity*	*Loans and receivables*	*Available for sale*	*Held at amortized cost*	*Total*
FINANCIAL ASSETS						
Cash and balances with central banks	-	-	-	-	2,023,979	2,023,979
Banks and financial institutions	-	-	-	-	2,525,830	2,525,830
Financial assets given as collateral on securities borrowed and reverse repurchase agreements	-	-	-	6,550	90,297	96,847
Derivative financial instruments	30,117	-	-	-	-	30,117
Financial assets held for trading	210,825	-	-	-	-	210,825
Loans and advances to customers	-	-	4,194,647	-	-	4,194,647
Loans and advances to related parties	-	-	12,017	-	-	12,017
Banks acceptances	-	-	284,468	-	-	284,468
Financial assets – available for sale	-	-	-	1,280,283	-	1,280,283
Financial assets classified as loans and receivables	-	-	4,619,105	-	-	4,619,105
Financial assets – held to maturity	-	1,299,646	-	-	-	1,299,646
	240,942	**1,299,646**	**9,110,237**	**1,286,833**	**4,640,106**	**16,577,764**
FINANCIAL LIABILITIES						
Due to central banks	-	-	-	-	83,656	83,656
Due to banks and financial institutions	-	-	-	-	1,462,261	1,462,261
Derivative financial instruments	28,866	-	-	-	-	28,866
Customers' deposits	-	-	-	-	12,500,408	12,500,408
Related parties' deposits	-	-	-	-	106,472	106,472
Debt issued and other borrowed funds	-	-	-	-	267,555	267,555
Engagements by acceptances	-	-	-	-	284,468	284,468
Liabilities related to non-current assets held for sale	-	-	-	-	1,720	1,720
Subordinated loans	-	-	-	-	296,203	296,203
	28,866	**-**	**-**	**-**	**15,002,743**	**15,031,609**

AMENDMENTS TO IAS 39 AND IFRS 7, "RECLASSIFICATION OF FINANCIAL ASSETS"

During 2008, the Group reclassified certain trading assets and available-for-sale financial assets to loans and receivables. The Group identified assets, eligible under the amendments, for which it had a clear change of intent to hold for the foreseeable future rather than to exit or trade in the short term. Under IAS 39 as amended, the reclassifications were made at fair value at the date of reclassification. The disclosures below detail the impact of the reclassifications to the Group.

The following table shows carrying values and fair values of the reclassified assets.

31 December 2009

LBP Million	*Carrying value at reclassification date*	*Carrying value*	*Fair value*
Trading assets reclassified to loans and receivables	54,112	55,098	59,004
Available-for-sale financial assets reclassified to loans and receivables	1,259,425	1,264,019	1,393,431
Total financial assets reclassified to loans and receivables	**1,313,537**	**1,319,117**	**1,452,435**

31 December 2008

LBP Million	*Carrying value at reclassification date*	*Carrying value*	*Fair value*
Trading assets reclassified to loans and receivables	104,071	104,299	101,249
Available-for-sale financial assets reclassified to loans and receivables	1,652,944	1,654,020	1,505,672
Total financial assets reclassified to loans and receivables	**1,757,015**	**1,758,319**	**1,606,921**

During 2009, interest income on reclassified securities recognized in the consolidated income statement amounted to LBP 119,389 million. The net gain on disposal of these securities recognized in the consolidated income statement amounted to LBP 7,390 million.

As of the reclassification date, effective interest rates on reclassified trading assets ranged from 6.79% to 10.29% with expected recoverable cash flows of LBP 134,199 million. Effective interest rates on reclassified financial assets available for sale ranged from 4.90% to 11.44% with expected recoverable cash flows of LBP 2,730,488 million.

If the reclassification had not been made, the Group's income statement for the year 2008 would have included unrealized fair value losses on the reclassified trading assets of LBP 2,759 million, and available-for-sale reserve in shareholders' equity would have included LBP 117,995 million of additional unrealized fair value losses on the reclassified financial assets available for sale.

After reclassification, the reclassified trading financial assets contributed LBP 1,558 million to income before income taxes for the year 2008 while reclassified available-for-sale financial assets contributed LBP 27,213 million to income before taxes for 2008.

For the period between 1 January 2008 and reclassification date, LBP 64 million of unrealized fair value gains on the reclassified trading assets were recognized in the consolidated income statement. For the same period, unrealized fair value losses of LBP 24,736 million on reclassified financial assets available for sale that were not impaired were recorded directly in shareholders' equity. As of the reclassification date, such unrealized fair value losses recorded directly in shareholders' equity amounted to LBP 31,272 million. This amount will be released from this position in shareholders' equity and added to the carrying value of the reclassified financial assets available for sale on an effective interest rate basis.

50 FAIR VALUE OF FINANCIAL INSTRUMENTS

The table below sets out the estimated carrying values and fair values of the financial instruments at the date of the balance sheet:

	2009			2008		
LBP Million	*Fair value*	*Book value*	*Unrealized profits (losses)*	*Fair value*	*Book value*	*Unrealized profits (losses)*
FINANCIAL ASSETS						
Cash and balances with Central Banks	2,533,372	2,533,372	-	2,025,817	2,023,979	1,838
Due from banks and financial institutions	3,147,616	3,142,483	5,133	2,527,730	2,525,830	1,900
Financial assets given as collateral on securities borrowed and reverse repurchase agreements	1,193	1,193	-	96,847	96,847	-
Derivative financial instruments	12,224	12,224	-	30,117	30,117	-
Financial assets held for trading	204,128	204,128	-	210,825	210,825	-
Net loans and advances to customers and related parties	4,826,100	4,819,148	6,952	4,219,248	4,206,664	12,584
Debtors by acceptances	335,904	335,904	-	284,468	284,468	-
Available-for-sale financial instruments	1,793,540	1,793,540	-	1,280,283	1,280,283	-
Financial assets classified as loans and receivables	6,946,263	6,681,970	264,293	4,519,426	4,619,105	(99,679)
Held-to-maturity financial instruments	587,588	564,640	22,948	1,283,737	1,299,646	(15,909)
FINANCIAL LIABILITIES						
Due to central banks	11,704	11,704	-	83,656	83,656	-
Due to banks and financial institutions	1,698,377	1,675,807	(22,570)	1,468,212	1,462,261	(5,951)
Cash collateral on securities lent and repurchase agreements	1,193	1,193	-	-	-	-
Derivative financial instruments	11,144	11,144	-	28,866	28,866	-
Deposits from customers and related parties	15,516,881	15,506,168	(10,713)	12,631,336	12,606,880	(24,456)
Debt issued and other borrowed funds	281,609	281,609	-	267,555	267,555	-
Engagements by acceptances	335,904	335,904	-	284,468	284,468	-
Liabilities linked to unquoted available for sale assets	1,995	1,995	-	1,720	1,720	-
Subordinated notes	321,036	299,634	(21,402)	254,521	296,203	41,682
			244,641			**(87,991)**

50 - FAIR VALUE OF FINANCIAL INSTRUMENTS (continued)

The Group uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique;

Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities;

Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly, and

Level 3: techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

			2009	
LBP Million	*Level 1*	*Level 2*	*Level 3*	*Total*
FINANCIAL ASSETS				
Derivative financial instruments:				
Currency swaps	976	-	-	976
Forward foreign exchange contracts	1,811	-	-	1,811
Spot foreign exchange contracts	83	-	-	83
	2,870	**-**	**-**	**2,870**
Hedging instruments related to:				
Equity-linked notes	-	-	9,354	9,354
	-	**-**	**9,354**	**9,354**
Financial assets held for trading				
Treasury bills	139,836	16,404	-	156,240
Bonds and financial assets with fixed income	15,782	-	7,188	22,970
Shares, securities and financial assets with variable income	24,918	-	-	24,918
	180,536	**16,404**	**7,188**	**204,128**
Financial assets available for sale				
Treasury bills	531,978	1,023,199	-	1,555,177
Bonds and financial assets with fixed income	99,927	64,284	-	164,211
Shares, securities and financial assets with variable income	41,253	32,899	-	74,152
	673,158	**1,120,382**	**-**	**1,793,540**
	856,564	**1,136,786**	**16,542**	**2,009,892**
FINANCIAL LIABILITIES				
Derivative financial instruments:				
Currency swaps	354	-	-	354
Forward foreign exchange contracts	1,217	-	-	1,217
Spot foreign exchange contracts	219	-	-	219
	1,790	**-**	**-**	**1,790**
Hedging instruments related to:				
Equity-linked notes	-	-	9,354	9,354
	-	**-**	**9,354**	**9,354**
	1,790	**-**	**9,354**	**11,144**

LBP Million	2008 Level 1	Level 2	Level 3	Total
FINANCIAL ASSETS				
Derivative financial instruments:				
Currency swaps	123	-	-	123
Forward foreign exchange contracts	14,478	-	-	14,478
Spot foreign exchange contracts	634	-	-	634
	15,235	**-**	**-**	**15,235**
Hedging instruments related to:				
Index-linked notes	-	-	5,683	5,683
Commodity-linked notes	-	-	41	41
Equity-linked notes	-	-	9,158	9,158
	-	**-**	**14,882**	**14,882**
Financial assets held for trading				
Treasury bills	98,451	74,510	-	172,961
Bonds and financial assets with fixed income	898	-	7,012	7,910
Shares, securities and financial assets with variable income	29,954	-	-	29,954
	129,303	**74,510**	**7,012**	**210,825**
Financial assets available for sale				
Treasury bills	109,465	991,188	-	1,100,653
Bonds and financial assets with fixed income	42,530	77,753	-	120,283
Shares, securities and financial assets with variable income	30,498	28,849	-	59,347
	182,493	**1,097,790**	**-**	**1,280,283**
	327,031	**1,172,300**	**21,894**	**1,521,225**
FINANCIAL LIABILITIES				
Derivative financial instruments:				
Currency swaps	152	-	-	152
Forward foreign exchange contracts	13,761	-	-	13,761
Spot foreign exchange contracts	71	-	-	71
	13,984	**-**	**-**	**13,984**
Hedging instruments related to:				
Index-linked notes	-	-	5,683	5,683
Commodity-linked notes	-	-	41	41
Equity-linked notes	-	-	9,158	9,158
	-	**-**	**14,882**	**14,882**
	13,984	**-**	**14,882**	**28,866**

51 RISK MANAGEMENT

Group Risk Management was established as a function handling the measurement and management of the risks.
The Group's risk management process involves identification, measurement, monitoring and controlling risks to ensure that:
• The individuals who take or manage risks clearly understand it;
• The organization's risk exposure is within the limits established by the Board of Directors;
• Risk taking decisions are in line with the business strategy and objectives set by the Board of Directors;
• The expected payoffs compensate for the risks taken;
• Risk taking decisions are explicit and clear; and
• Sufficient capital is available to act as a buffer for risks taken.

RISK MANAGEMENT – BASEL PERSPECTIVE

Group Risk Management is broadly following the guidelines of the Basel II text to measure and assess the risks identified under pillars 1 and 2, i.e., the credit, operational, and market risks, as well as the interest rate risk in the banking book, the liquidity risk, and credit concentration.

With regard to Basel II recommendations relating to best practices in risk management and its objective of capital measurement and capital adequacy, the Group adopts a phased approach to take a more sophisticated approach to credit risk and make use of internal ratings based methodology – or "IRB Approach" – to calculate its capital requirement for credit risk. In addition to the market risk capital charge, an explicit capital charge for operational risk is being accounted for. Through addressing these three risks – credit, market, and operational risks – the Group addresses Pillar I risks.

As for addressing the capital management issue in the context of Basel II, the Group is in the process of developing a comprehensive Internal Capital Adequacy Assessment Process (ICAAP), proportionate to the Group's scope and complexity of activities so as to cover all risks to which the Group is or may be exposed, as well as risk factors from the environment in which it operates. The considered key aspects of the ICAAP are qualitative (Board oversight, policies, identification of material risk, etc.) and quantitative (capital adequacy ratio, stress testing, economic capital, etc.).

GROUP RISK MANAGEMENT STRUCTURE

Risk management lies at the core of the Group's organization structure. It interfaces with all the different businesses within the Group, as well as all supporting functions. The Risk Management Organization is structured in three layers:

Strategic or supervisory level, which consists of an oversight by the Board of Directors through a Board Risk and Compliance Committee, and committees of the senior management. It includes defining the institution's risk appetite, formulating strategy and policies for managing risks and establishing adequate systems and controls to ensure that aggregate risk remains within acceptable level and the rewards compensate for the risk taken

Analytical level, which consists of the Group Risk Management (GRM) Division, with the over-arching responsibility to translate the directions of the various risk committees into policies and procedures of the Group and to identify, measure, monitor and report the risks taken by the Group in a consistent manner across all business lines and operational units.

Tactical level, which consists of the management of the risk at the source of origination of the risks, in the businesses, in treasury and banking operations divisions. It is the responsibility of these units to decide on which risks to take and which risks to mitigate within the policies and procedures set by the GRM Division.

The GRM Division has a direct reporting line to the Chairman/Board of Directors and is independent from the business units that generate risks. The Board of Directors carries the ultimate responsibility for being aware of and understanding the risks run by the Group's business activities, ensuring that they are properly managed, approving the risk principles and determining the risk appetite. The Board plays a pivotal role in ensuring a culture and an environment of sound risk management.

After having been part of the audit committee, a distinct Board Risk, Anti-Money Laundering and Compliance Committee has been established, composed of knowledgeable and independent members from the Board. This reflects the growing importance for the implementation of best risk management practices under the guidance and supervision of the Board. The committee is responsible for implementing the risk principles, including approval of core risk policies and for managing the risk profile of the Group.

Risk governance

The Group currently has five senior management committees dealing with risk-related issues – the Risk Management Committee (RMC), the Assets and Liabilities Management Committee (ALCO), the Operational Risk Management Committee (ORMC), the Anti-Money Laundering Committee (AML) and the Information Security Committee (ISC). These committees are comprised of the heads of different divisions and one executive member of the Board of Directors.

The RMC is entrusted with the responsibility of managing the credit and reputational risks. It has to frame policies and procedures relating to management of such risks and ensure that these are being complied with. The ALCO has the responsibility of managing the balance sheet (assets and liabilities) in terms of the liquidity and interest rates, ensure compliance with regulatory ratios, manage market risk and manage capital efficiently. The ORMC is entrusted with the responsibility of managing the operational risks of the Group. The AML ensures that the Group is in compliance with anti-money laundering laws, internal and regulatory requirements. The ISC is responsible for alignment of the security program with organizational objectives.

52 CREDIT RISK

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Group manages credit risk by setting limits for individual borrowers, and groups and for geographical and industry segments. The Group also monitors credit exposures and continually assesses the creditworthiness of counter parties. In addition, the Group obtains security where appropriate, enters into master netting agreements and collateral arrangements with counter parties, and limits the duration of exposures. In certain cases the Group may also close out transactions or assign them to counter parties to mitigate credit risk.

The Group seeks to manage its credit risk exposure through diversification of lending activities to avoid undue concentrations of risks with individuals or groups of customers in specific locations or businesses. It also obtains the necessary securities when appropriate.

The Group uses Moody's Risk Advisor (MRA) to classify its commercial loan portfolio according to credit risks. MRA is used to classify borrowers whether corporate or small and medium enterprises in Lebanon and abroad. The corporate portfolio includes companies with a yearly turnover exceeding USD 5 million operating in different industries. The Group Risk Management also established a comprehensive database which allows the monitoring of different retail products.

In measuring credit risk at a counterparty level the Group reflects three components – the "probability of default" (PD) by the client or counterparty on its contractual obligations; the Group's current exposure to the counterparty and its likely future development, from which the Group derives the "exposure at default" (EAD); and the likely recovery ratio on the defaulted obligations to give the "loss given default" (LGD). These components are also important parameters in determining portfolio risk, not only for internal credit risk measures but also for future regulatory capital calculations, since they are the basis of the Basel II Advanced Internal Rating Based approach, which the Group intends to adopt.

RISK CONCENTRATION OF THE MAXIMUM EXPOSURE TO CREDIT RISK

The schedule below presents the maximum exposure to credit risk before and after taking into account any collateral held or other credit enhancements.

	2009		2008	
LBP Million	***Gross maximum exposure***	***Net maximum exposure***	***Gross maximum exposure***	***Net maximum exposure***
Cash and balances with central banks	2,418,035	2,418,035	1,914,356	1,914,356
Due from banks and financial institutions	3,142,483	3,142,483	2,525,830	2,525,830
Financial assets given as collateral and reverse repurchase agreements	1,193	1,193	96,847	96,847
Derivative financial instruments	12,224	12,224	30,117	30,117
Financial assets held for trading	204,128	204,128	210,825	210,825
Net loans and advances to customers and related parties	4,819,148	3,498,046	4,206,664	3,260,993
Debtors by acceptances	335,904	335,904	284,468	284,468
Available-for-sale financial instruments	1,793,540	1,793,540	1,280,283	1,280,283
Financial asset classified as loans and receivables	6,681,970	6,681,970	4,619,105	4,619,105
Held-to-maturity financial instruments	564,640	564,640	1,299,646	1,299,646
Other assets	35,183	35,183	37,451	37,451
	20,008,448	**18,687,346**	**16,505,592**	**15,559,921**
Commitments and contingencies	2,049,591	2,049,591	1,923,366	1,923,366
Undrawn commitments to lend	812,871	812,871	941,822	941,822
Total financial commitments	**2,862,462**	**2,862,462**	**2,865,188**	**2,865,188**
Total credit risk exposure	**22,870,910**	**21,549,808**	**19,370,780**	**18,425,109**

CREDIT QUALITY PER CLASS OF FINANCIAL ASSET

The credit quality of financial assets is managed by the Group using internal credit ratings. The table below presents the credit quality by class of asset for loan-related balance sheet lines, based on the credit rating system.

2009

LBP Million	Neither past due nor impaired				
	High grade	*Standard grade*	*Past due but not impaired*	*Past due and/or impaired*	*Total*
Cash and balances with central banks	2,533,372	-	-	-	2,533,372
Due from banks and financial institutions	2,874,611	267,872	-	8,441	3,150,924
Financial assets given as collateral and reverse repurchase agreements	1,193	-	-	-	1,193
Derivative financial instruments	12,224	-	-	-	12,224
Financial assets held for trading	168,428	10,782	-	-	179,210
Loans and advances to customers and related parties					
- Commercial loans	3,485,125	198,519	37,502	131,839	3,852,985
- Other customer loans	1,040,074	7,252	91,040	13,754	1,152,120
Debtors by acceptances	335,904	-	-	-	335,904
Available-for-sale financial instruments	1,671,380	41,153	-	7,338	1,719,871
Financial assets classified as loans and receivables	6,542,462	127,782	-	15,494	6,685,738
Held-to-maturity financial instruments	549,014	3,446	-	15,947	568,407
	19,213,787	**656,806**	**128,542**	**192,813**	**20,191,948**

2008

LBP Million	Neither past due nor impaired				
	High grade	*Standard grade*	*Past due but not impaired*	*Past due and/or impaired*	*Total*
Cash and balances with central banks	2,023,979	-	-	-	2,023,979
Due from banks and financial institutions	2,379,874	145,956	-	4,766	2,530,596
Financial assets given as collateral and reverse repurchase agreements	96,847	-	-	-	96,847
Derivative financial instruments	30,117	-	-	-	30,117
Financial assets held for trading	180,871	-	-	-	180,871
Loans and advances to customers and related parties					
- Commercial loans	3,034,416	217,646	35,892	169,192	3,457,146
- Other customer loans	828,949	8,257	91,494	8,461	937,161
Debtors by acceptances	284,468	-	-	-	284,468
Available-for-sale financial instruments	1,219,262	-	-	7,178	1,226,440
Financial assets classified as loans and receivables	1,299,646	-	-	-	1,299,646
Held-to-maturity financial instruments	4,594,905	24,200	-	-	4,619,105
	15,973,334	**396,059**	**127,386**	**189,597**	**16,686,376**

Standards & Poors agency rated the Lebanese Government risks “B$^-$” as at 31 December 2009 and 2008.

MAXIMUM CREDIT RISK CONCENTRATION EXPOSURE

2009

LBP Million	*Lebanon*	*Europe*	*Other countries*	*Total*
Cash and balances with central banks	2,107,935	69,555	240,545	2,418,035
Due from banks and financial institutions	81,193	1,776,854	1,284,436	3,142,483
Financial assets given as collateral and reverse repurchase agreements	-	1,193	-	1,193
Derivative financial instruments	2,744	9,480	-	12,224
Financial assets held for trading	180,362	17,486	6,280	204,128
Net loans and advances to customers and related parties	3,320,194	234,542	1,264,412	4,819,148
Debtors by acceptances	158,983	13,834	163,087	335,904
Available-for-sale financial instruments	1,542,941	111,555	139,044	1,793,540
Financial assets classified as loans and receivables	6,320,836	112,923	248,211	6,681,970
Held-to-maturity financial instruments	418,740	311	145,589	564,640
Other assets	31,003	193	3,987	35,183
Total	**14,164,931**	**2,347,926**	**3,495,591**	**20,008,448**
Commitments and contingencies	921,675	105,902	1,022,014	2,049,591
Undrawn commitments to lend	558,297	10,812	243,762	812,871
Total financial commitments	**1,479,972**	**116,714**	**1,265,776**	**2,862,462**
Total credit risk exposure	**15,644,903**	**2,464,640**	**4,761,367**	**22,870,910**

2008

LBP Million	*Lebanon*	*Europe*	*Other countries*	*Total*
Cash and balances with central banks	1,667,274	24,023	223,059	1,914,356
Due from banks and financial institutions	73,920	1,587,644	864,266	2,525,830
Financial assets given as collateral and reverse repurchase agreements	40,474	56,373	-	96,847
Derivative financial instruments	4,880	16,113	9,124	30,117
Financial assets held for trading	197,567	7,759	5,499	210,825
Net loans and advances to customers and related parties	2,886,897	274,884	1,044,883	4,206,664
Debtors by acceptances	85,822	20,686	177,960	284,468
Available-for-sale financial instruments	1,095,403	90,110	94,770	1,280,283
Financial assets classified as loans and receivables	4,330,999	207,228	80,878	4,619,105
Held-to-maturity financial instruments	1,146,454	-	153,192	1,299,646
Other assets	37,451	-	-	37,451
Total	**11,567,141**	**2,284,820**	**2,653,631**	**16,505,592**
Commitments and contingencies	949,951	163,951	809,464	1,923,366
Undrawn commitments to lend	716,693	113,927	111,202	941,822
Total financial commitments	**1,666,644**	**277,878**	**920,666**	**2,865,188**
Total credit risk exposure	**13,233,785**	**2,562,698**	**3,574,297**	**19,370,780**

52 - CREDIT RISK (continued)
Maximum credit risk concentration exposure (continued)

An industry sector analysis of the Group's financial assets, before taking into account any collateral held or other credit enhancements, is as follows:

LBP Million		2009	2008
	Industry sector:		
	Commercial	1,657,265	1,422,039
	Industrial	947,759	821,679
	Agriculture	73,553	85,524
	Services	594,056	737,423
	Banks and other financial institutions	3,991,284	3,236,808
	Construction	592,590	472,650
	Retail	1,162,054	931,742
	Government	10,826,928	8,673,533
	Other	162,959	124,194
		20,008,448	**16,505,592**

Aging analysis of past due but not impaired loans per class of financial assets

2009

LBP Million	*Less than 90 days*	*91 to 180 days*	*181 to 365 days*	*366 to 720 days*	*More than 720 days*	*Total*
Loans and advances to customers and related parties						
- Commercial loans	24,849	7,153	5,044	457	-	37,503
- Other customer loans	65,202	8,385	5,371	5,896	6,185	91,039
Total	**90,051**	**15,538**	**10,415**	**6,353**	**6,185**	**128,542**

2008

LBP Million	*Less than 90 days*	*91 to 180 days*	*181 to 365 days*	*366 to 720 days*	*More than 720 days*	*Total*
Loans and advances to customers and related parties						
- Commercial loans	31,368	2,017	1,855	652	-	35,892
- Other customer loans	67,051	6,969	3,865	4,309	9,300	91,494
Total	**98,419**	**8,986**	**5,720**	**4,961**	**9,300**	**127,386**

The fair value of the collateral held against past due but not impaired facilities as at 31 December 2009 amounted to LBP 100,790 million (2008: LBP 70,454 million).

The outstanding balance of financial assets that were renegotiated is as follows:

LBP Million		2009	2008
	Loans and advances to customers	61,475	18,289

53 LIQUIDITY RISK

Liquidity risk is the risk that the Group will be unable to meet its liabilities when they fall due. Liquidity risk can be caused by market disruptions or credit downgrades which may cause certain sources of funding to dry up immediately. To limit this risk, management has arranged diversified funding sources, manages assets with liquidity in mind, and maintains a healthy balance of cash and cash equivalents, and readily marketable securities.

ANALYSIS OF FINANCIAL LIABILITIES BY REMAINING CONTRACTUAL MATURITIES

The table below summaries the maturity profile of the Group's financial liabilities at 31 December 2009 and 2008 based on contractual undiscounted repayment obligations. Repayments which are subject to notice are treated as if notice were to be given immediately. However, the Group expects that many customers will not request repayment on the earliest date the Group could be required to pay. The table does not reflect the expected cash flows that are in line with the Group's deposit retention history.

2009

LBP Million	*Up to 1 month*	*1 to 3 months*	*3 months to 1 year*	*1 to 5 years*	*More than 5 years*	*Total*
Due to central banks	10,564	1	8	1,404	-	11,977
Due to banks and financial institutions	764,172	392,672	81,289	246,127	310,877	1,795,137
Cash collateral on securities lent and repurchase agreements	1,193	-	-	-	-	1,193
Derivative financial instruments	1,262	404	9,478	-	-	11,144
Customers' deposits	11,188,490	1,779,117	2,007,028	675,340	5,844	15,655,819
Debt issued and other borrowed funds	-	3,534	78,907	240,210	-	322,651
Engagements by acceptances	89,747	155,700	69,629	20,828	-	335,904
Liabilities related to non-current assets held for sale	-	-	1,995	-	-	1,995
Subordinated loans	-	-	21,181	346,572	-	367,753
Total undiscounted financial liabilities	**12,055,428**	**2,331,428**	**2,269,515**	**1,530,481**	**316,721**	**18,503,573**

2008

LBP Million	*Up to 1 month*	*1 to 3 months*	*3 months to 1 year*	*1 to 5 years*	*More than 5 years*	*Total*
Due to central banks	33,004	3	51,261	1,602	-	85,870
Due to banks and financial institutions	637,625	230,851	209,426	177,305	334,636	1,589,843
Derivative financial instruments	13,984	-	5,724	-	9,158	28,866
Customers' deposits	8,788,556	1,653,748	1,827,135	380,565	74,882	12,724,886
Debt issued and other borrowed funds	-	207,815	74,259	-	-	282,074
Engagements by acceptances	67,691	156,507	59,222	1,048	-	284,468
Liabilities related to non-current assets held for sale	1,720	-	-	-	-	1,720
Subordinated notes	-	-	21,181	357,630	-	378,811
Total undiscounted financial liabilities	**9,542,580**	**2,248,924**	**2,248,208**	**918,150**	**418,676**	**15,376,538**

53 - LIQUIDITY RISK (continued)
Analysis of financial liabilities by remaining contractual maturities (continued)

The table below summarizes the maturity profile of the Group's commitments and contingencies:

2009

LBP Million	*On demand*	*Less than 3 months*	*3 to 12 months*	*1 to 5 years*	*More than 5 years*	*Total*
Commitments and contingencies	36,442	749,383	729,845	508,709	25,212	2,049,591
Undrawn commitments to lend	609,370	6	123,298	80,031	166	812,871
	645,812	**749,389**	**853,143**	**588,740**	**25,378**	**2,862,462**

2008

LBP Million	*On demand*	*Less than 3 months*	*3 to 12 months*	*1 to 5 years*	*More than 5 years*	*Total*
Commitments and contingencies	86,052	543,896	766,838	525,704	876	1,923,366
Undrawn commitments to lend	941,822	-	-	-	-	941,822
	1,027,874	**543,896**	**766,838**	**525,704**	**876**	**2,865,188**

The Group expects that not all the commitments and contingencies will be demanded before maturity.

MATURITY ANALYSIS OF ASSETS AND LIABILITIES

The table below summarizes the maturity profile of the Group's assets and liabilities based on contractual repayment arrangements. The contractual maturities of assets and liabilities have been determined on the basis of the remaining period at the balance sheet date to the contractual maturity date and do not take account of the effective maturities as indicated by the Group's deposit retention history and the availability of liquid funds. The maturity profile is monitored by management to ensure adequate liquidity is maintained.

The maturity profile of the assets and liabilities at 31 December 2009 was as follows:

2009

LBP Million	*Up to 1 month*	*1 to 3 months*	*3 months to 1 year*	*1 to 5 years*	*Over 5 years*	*Total*
ASSETS						
Cash and balances with central banks	1,419,469	393,135	2,531	717,665	572	2,533,372
Due from banks and financial institutions	1,870,210	980,085	117,800	174,200	188	3,142,483
Financial assets given as collateral and reverse repurchase agreements	1,193	-	-	-	-	1,193
Derivative financial instruments	1,453	1,281	9,490	-	-	12,224
Financial assets held for trading	614	2,552	25,367	101,947	73,648	204,128
Net loans and advances to customers and related parties	1,807,747	383,323	740,354	1,231,931	655,793	4,819,148
Debtors by acceptances	89,747	155,700	69,629	20,828	-	335,904
Available-for-sale financial instruments	9,484	25,238	36,562	1,323,634	398,622	1,793,540
Financial assets classified as loans and receivables	156,226	546,375	623,797	3,903,242	1,452,330	6,681,970
Held-to-maturity financial instruments	230	41,534	188,528	207,131	127,217	564,640
Property and equipment	-	-	-	-	266,738	266,738
Intangible assets	-	-	-	-	734	734
Non-current assets held for sale	-	-	-	-	38,567	38,567
Other assets	4,495	4,887	633	5,491	55,039	70,545
Total assets	**5,360,868**	**2,534,110**	**1,814,691**	**7,686,069**	**3,069,448**	**20,465,186**
LIABILITIES						
Due to central banks	10,563	1	7	1,133	-	11,704
Due to banks and financial institutions	755,313	398,491	73,882	213,340	234,781	1,675,807
Cash collateral on securities lent and repurchase agreements	1,193	-	-	-	-	1,193
Derivative financial instruments	1,262	404	9,478	-	-	11,144
Deposits from customers and related parties	11,221,679	1,760,379	1,932,889	587,753	3,468	15,506,168
Debt issued and other borrowed funds	39	-	68,108	213,462	-	281,609
Engagements by acceptances	89,747	155,700	69,629	20,828	-	335,904
Current tax liability	10,777	803	28,632	-	-	40,212
Deferred tax liability	63	204	324	11,259	3,635	15,485
Other liabilities	197,681	6,094	20,518	43	11,833	236,169
Liabilities linked to held-for-sale assets	-	-	1,995	-	-	1,995
Provision for risks and charges	-	-	2,193	-	64,761	66,954
End-of-service benefits	-	-	-	-	28,276	28,276
Subordinated notes	-	-	-	299,634	-	299,634
Total liabilities	**12,288,317**	**2,322,076**	**2,207,655**	**1,347,452**	**346,754**	**18,512,254**
Net liquidity gap	**(6,927,449)**	**212,034**	**(392,964)**	**6,338,617**	**2,722,694**	**1,952,932**

53 - LIQUIDITY RISK (continued)
Maturity analysis of assets and liabilities (continued)

The maturity profile of the assets and liabilities at 31 December 2008 were as follows:

2008

LBP Million	*Up to 1 month*	*1 to 3 months*	*3 months to 1 year*	*1 to 5 years*	*Over 5 years*	*Total*
ASSETS						
Cash and balances with central banks	1,011,036	166,031	2,575	774,698	69,639	2,023,979
Due from banks and financial institutions	1,851,330	486,801	167,971	15,311	4,417	2,525,830
Financial assets given as collateral and reverse repurchase agreements	56,373	-	40,474	-	-	96,847
Derivative financial instruments	15,235	-	5,724	-	9,158	30,117
Financial assets held for trading	1,169	6,278	79,829	64,715	58,834	210,825
Net loans and advances to customers and related parties	1,711,733	311,168	527,026	1,026,880	629,857	4,206,664
Debtors by acceptances	67,691	156,507	59,222	1,048	-	284,468
Available-for-sale financial instruments	13,109	14,633	56,229	1,095,692	100,620	1,280,283
Financial assets classified as loans and receivables	46,571	88,730	827,632	2,467,478	1,188,694	4,619,105
Held-to-maturity financial instruments	74,453	169,352	600,284	310,184	145,373	1,299,646
Property and equipment	-	-	-	-	243,322	243,322
Intangible assets	-	-	-	-	1,074	1,074
Non-current assets held for sale	-	-	-	-	46,108	46,108
Other assets	39,459	2,303	16,186	659	2,267	60,874
Total assets	**4,888,159**	**1,401,803**	**2,383,152**	**5,756,665**	**2,499,363**	**16,929,142**
LIABILITIES						
Due to central banks	33,004	3	49,047	1,602	-	83,656
Due to banks and financial institutions	637,402	230,584	207,969	150,503	235,803	1,462,261
Derivative financial instruments	13,984	-	5,724	-	9,158	28,866
Deposits from customers and related parties	8,781,435	1,647,919	1,762,893	343,257	71,376	12,606,880
Debt issued and other borrowed funds	-	203,872	63,683	-	-	267,555
Engagements by acceptances	67,691	156,507	59,222	1,048	-	284,468
Current tax liability	22,864	2,745	4,387	-	-	29,996
Other liabilities	21,255	5,579	145,959	18,226	40	191,059
Liabilities linked to held-for-sale assets	-	-	-	-	1,720	1,720
Provision for risks and charges	26,778	-	1,348	-	2,465	30,591
End-of-service benefits	387	-	-	-	27,091	27,478
Subordinated notes	-	-	3,227	292,976	-	296,203
Total liabilities	**9,604,800**	**2,247,209**	**2,303,459**	**807,612**	**347,653**	**15,310,733**
Net liquidity gap	**(4,716,641)**	**(845,406)**	**79,693**	**4,949,053**	**2,151,710**	**1,618,409**

54 INTEREST RATE RISK AND MARKET RISK

Market risk is the risk of loss arising from movements in market variables, including interest rates, exchange rates and equity market indices. Market risk is incurred primarily through the Group's trading and foreign exchange activities.

The market risk unit is responsible for the independent control of market risk. It ensures that all market risks are identified, establishes the necessary controls and limits, monitors positions and exposures, and ensures compliance with regulatory and internal limits as set in the market risk policy and securities portfolio investment policy.

Interest rate risk arises from the possibility that changes in interest rates will affect the fair values of the financial instruments. The Group is exposed to interest rate risk as a result of mismatches of interest rate repricing of assets and liabilities and off-balance sheet items that mature or are repriced in a given period. The Group manages the risk by matching the repricing of assets and liabilities through risk management strategies.

INTEREST RATE SENSITIVITY

The table below shows the sensitivity of interest income and shareholders' equity to reasonably possible parallel changes in interest rates, all other variables being held constant.

The sensitivity of the consolidated income statement is the effect of the assumed changes in interest rates on the net interest income for one year, based on the floating rate non-trading financial assets and financial liabilities held at year end, including the effect of hedging instruments. The sensitivity of equity is calculated by revaluing fixed-rate available-for-sale financial assets, including the effect of any associated hedges, and swaps designated as cash flow hedges, at year end for the effects of the assumed changes in interest rates. The total sensitivity of equity is based on the assumption that there are parallel shifts in the yield curve.

	LBP Million	2009		2008	
Currency	***Increase in interest rate***	***Net effect on interest income***	***Net effect on shareholders' equity***	***Net effect on interest income***	***Net effect on shareholders' equity***
LBP	+0.5%	(19,048)	66,853	(11,550)	33,085
Other currencies	+0.5%	(5,061)	68,874	(7,105)	68,806
		(24,109)	135,727	(18,655)	101,891

54 - INTEREST RATE RISK AND MARKET RISK (continued)

EFFECTIVE INTEREST RATES ON FINANCIAL INSTRUMENTS

The effective interest rate (effective yield) of a monetary financial instrument is the rate that, when used in a present value calculation, results in the carrying amount of the instrument. The rate is a historical rate for a fixed rate instrument carried at amortized cost and a current market rate for a floating rate instrument or an instrument carried at fair value.

The effective interest rates of the financial instruments denominated in Lebanese Lira and foreign currencies, primarily US Dollars, are as follows:

	2009		2008	
	Foreign currencies %	*LL %*	*Foreign currencies %*	*LL %*
ASSETS				
Cash and balances with central banks	0.96%	0.58%	2.84%	1.43%
Due from banks and financial institutions	1.10%	2.29%	3.43%	2.99%
Financial assets held for trading	8.31%	9.55%	7.40%	10.27%
Net loans and advances to customers and related parties	8.08%	7.90%	8.31%	8.37%
Available-for-sale financial instruments	5.91%	9.15%	8.65%	10.06%
Financial assets classified as loans and receivables	7.59%	10.04%	7.17%	9.25%
Held-to-maturity financial instruments	8.95%	9.30%	8.40%	9.28%
LIABILITIES				
Due to central banks	0.25%	8.94%	0.18%	9.51%
Due to banks and financial institutions	2.49%	8.29%	4.43%	8.50%
- Weighted average rate, including:				
- Deposits	0.51%	8.29%	3.48%	8.50%
- Loans	5.69%	-	6.39%	-
Customers' deposits	3.15%	7.20%	3.92%	7.32%
Debt issued and other borrowed funds	6.51%	-	6.42%	-
Subordinated notes	9.68%	-	9.00%	-

The Group's interest sensitivity position based on contractual re-pricing arrangements at 31 December 2009 was as follows:

2009

LBP Million	*Up to 1 month*	*1 to 3 months*	*3 months to 1 year*	*1 to 5 years*	*Over 5 years*	*Non-interest bearing items*	*Total*
ASSETS							
Cash and balances with central banks	1,220,938	391,978	2,531	716,063	-	201,862	2,533,372
Due from banks and financial institutions	1,868,524	978,231	115,762	173,363	-	6,603	3,142,483
Financial assets given as collateral and reverse repurchase agreements	1,193	-	-	-	-	-	1,193
Derivative financial instruments	-	-	-	-	-	12,224	12,224
Financial assets held for trading	-	647	24,224	101,947	48,141	29,169	204,128
Net loans and advances to customers and related parties	2,161,557	746,281	1,132,774	710,263	64,868	3,405	4,819,148
Debtors by acceptances	6,880	2,858	6,158	-	-	320,008	335,904
Available-for-sale financial instruments	1,715	4,324	24,036	1,323,344	324,820	115,301	1,793,540
Financial assets classified as loans and receivables	117,740	511,018	582,276	3,903,362	1,451,525	116,049	6,681,970
Held-to-maturity financial instruments	182	37,726	185,049	207,131	127,219	7,333	564,640
Property and equipment	-	-	-	-	44,899	221,839	266,738
Intangible assets	-	-	-	-	-	734	734
Non-current assets held for sale	-	-	-	-	-	38,567	38,567
Other assets	1,117	85	90	105	-	69,148	70,545
Total assets	**5,379,846**	**2,673,148**	**2,072,900**	**7,135,578**	**2,061,472**	**1,142,242**	**20,465,186**
LIABILITIES							
Due to central banks	1,814	1	7	1,133	-	8,749	11,704
Due to banks and financial institutions	1,016,433	396,561	90,913	73,531	88,309	10,060	1,675,807
Cash collateral on securities lent and repurchase agreements	1,193	-	-	-	-	-	1,193
Derivative financial instruments	-	-	-	-	-	11,144	11,144
Deposits from customers and related parties	11,139,094	1,746,735	1,916,324	581,758	3,465	118,792	15,506,168
Debt issued and other borrowed funds	-	-	68,108	213,462	-	39	281,609
Engagement by acceptances	6,880	2,858	6,158	-	-	320,008	335,904
Current tax liability	982	-	2,957	-	-	36,273	40,212
Deferred tax liability	-	-	-	-	-	15,485	15,485
Other liabilities	136,649	-	22,497	-	-	77,023	236,169
Liabilities linked to held-for-sale assets	-	-	-	-	-	1,995	1,995
Provision for risks and charges	-	-	2,193	-	-	64,761	66,954
End-of-service benefits	-	-	-	-	583	27,693	28,276
Subordinated notes	-	-	-	296,335	-	3,299	299,634
Total equity	**-**	**-**	**-**	**-**	**-**	**1,952,932**	**1,952,932**
Total liabilities and equity	**12,303,045**	**2,146,155**	**2,109,157**	**1,166,219**	**92,357**	**2,648,253**	**20,465,186**
Total interest rate sensitivity gap	**(6,923,199)**	**526,993**	**(36,257)**	**5,969,359**	**1,969,115**	**(1,506,011)**	
Cumulative interest rate sensitivity gap	**(6,923,199)**	**(6,396,206)**	**(6,432,463)**	**(463,104)**	**1,506,011**	**-**	

The Group's interest sensitivity position based on contractual re-pricing arrangements at 31 December 2008 was as follows:

2008

LBP Million	*Up to 1 month*	*1 to 3 months*	*3 months to 1 year*	*1 to 5 years*	*Over 5 years*	*Non-interest-bearing items*	*Total*
ASSETS							
Cash and balances with central banks	803,386	165,971	2,558	768,825	2,416	280,823	2,023,979
Due from banks and financial institutions	1,986,510	410,500	92,010	15,075	4,417	17,318	2,525,830
Financial assets given as collateral and reverse repurchase agreements	6,550	-	-	-	-	90,297	96,847
Derivative financial instruments	10,389	-	-	-	-	19,728	30,117
Financial assets held for trading	266	5,499	91,861	50,057	59,222	3,920	210,825
Net loans and advances to customers and related parties	1,669,296	493,120	750,780	845,398	428,448	19,622	4,206,664
Debtors by acceptances	-	1,808	-	-	-	282,660	284,468
Available-for-sale financial instruments	2,203	-	46,827	1,095,964	44,251	91,038	1,280,283
Financial assets classified as loans and receivables	98,895	116,219	692,057	2,425,235	1,179,780	106,919	4,619,105
Held-to-maturity financial instruments	71,000	153,244	583,717	310,553	145,373	35,759	1,299,646
Property and equipment	-	-	-	-	-	243,322	243,322
Intangible assets	-	-	-	-	-	1,074	1,074
Non-current assets held for sale	-	-	-	-	-	46,108	46,108
Other assets	-	-	-	-		60,874	60,874
Total assets	**4,648,495**	**1,346,361**	**2,259,810**	**5,511,107**	**1,863,907**	**1,299,462**	**16,929,142**
LIABILITIES							
Due to central banks	16,715	3	40,017	1,602	-	25,319	83,656
Due to banks and financial institutions	618,579	213,923	60,348	168,566	226,558	174,287	1,462,261
Derivative financial instruments	13,984	-	-	-	-	14,882	28,866
Deposits from customers and related parties	8,743,199	1,777,902	1,666,074	221,484	37,824	160,397	12,606,880
Debt issued and other borrowed funds	-	202,936	-	65,705	-	(1,086)	267,555
Engagement by acceptances	-	1,808	-	-	-	282,660	284,468
Current tax liability	5	2,420	-	-	-	27,571	29,996
Other liabilities	233	102	1	4	18,262	172,457	191,059
Liabilities linked to held-for-sale assets	-	-	-	-	-	1,720	1,720
Provision for risks and charges	-	-	-	-	-	30,591	30,591
End-of-service benefits	-	-	-	-	-	27,478	27,478
Subordinated notes	-	-	-	293,117	-	3,086	296,203
Total equity	**-**	**-**	**-**	**-**	**-**	**1,618,409**	**1,618,409**
Total liabilities and equity	**9,392,715**	**2,199,094**	**1,766,440**	**750,478**	**282,644**	**2,537,771**	**16,929,142**
Total interest rate sensitivity gap	**(4,744,220)**	**(852,733)**	**493,370**	**4,760,629**	**1,581,263**	**(1,238,309)**	
Cumulative interest rate sensitivity gap	**(4,744,220)**	**(5,596,953)**	**(5,103,583)**	**(342,954)**	**1,238,309**	**-**	

55 CURRENCY RISK

Currency risk arises when the value of a financial instrument fluctuates due to changes in foreign exchange rates. The Bank protects its capital and reserves by holding a foreign currency position in US Dollars representing 60% of its equity after adjustment according to specific requirements set by the Bank of Lebanon. The Bank is also allowed to hold a net trading position, debit or credit, not to exceed 1% of its net equity, as long as the global foreign position does not exceed, at the same time, 40% of its equity (Bank of Lebanon Circular No. 32).

GROUP'S SENSITIVITY TO CURRENCY EXCHANGE RATES

The table below shows the currencies to which the Group had significant exposure at 31 December on its non-trading monetary assets and liabilities and its forecast cash flows. The numbers represent the effect of a reasonably possible movement of the currency rate against the Lebanese Pound, with all other variables held constant, first on the income statement (due to the potential change in fair value of currency sensitive non-trading monetary assets and liabilities) and equity (due to the change in fair value of currency swaps and forward foreign exchange contracts used as cash flow hedges). A negative amount reflects a potential net reduction in income or equity, while a positive amount reflects a net potential increase.

			2009		**2008**	
Currency	***Change in currency rate %***	LBP Million	***Effect on profit before tax***	***Effect on equity***	***Effect on profit before tax***	***Effect on equity***
US Dollar	+5		(13,760)	13,342	(17,712)	13,514
Euro	+5		(2,329)	2,351	(2,283)	2,399
GBP	+5		(8)	1	12	-
Other currencies	+5		2,519	(5)	5,862	1,952
			(13,578)	**15,689**	**(14,121)**	**17,865**

55 - CURRENCY RISK (continued)

The following consolidated balance sheet as of 31 December 2009 is detailed in Lebanese Pounds (LBP) and foreign currencies translated into Lebanese Pounds and US Dollars (USD).

2009

LBP Million		Foreign currencies		
	LBP Million	*USD (000)*	*C/V LBP Million*	*Total LBP Million*
ASSETS				
Cash and balances with central banks	690,283	1,222,613	1,843,089	2,533,372
Due from banks and financial institutions	5,256	2,081,079	3,137,227	3,142,483
Financial assets given as collateral and reverse repurchase agreements	-	791	1,193	1,193
Derivative financial instruments	2,744	6,289	9,480	12,224
Financial assets held for trading	16,404	124,527	187,724	204,128
Net loans and advances to customers	631,916	2,769,962	4,175,717	4,807,633
Net loans and advances to related parties	-	7,638	11,515	11,515
Debtors by acceptances	-	222,822	335,904	335,904
Available-for-sale financial instruments	1,038,408	500,917	755,132	1,793,540
Financial assets classified as loans and receivables	4,619,714	1,367,997	2,062,256	6,681,970
Held-to-maturity financial instruments	153,772	272,549	410,868	564,640
Property and equipment	156,503	73,124	110,235	266,738
Intangible assets	734	-	-	734
Non-current assets held for sale	(10,723)	32,697	49,290	38,567
Other assets	71,605	(704)	(1,060)	70,545
Total assets	**7,376,616**	**8,682,301**	**13,088,570**	**20,465,186**
LIABILITIES AND EQUITY				
Due to central banks	-	7,764	11,704	11,704
Due to banks and financial institutions	50,597	1,078,083	1,625,210	1,675,807
Cash collateral on securities lent and repurchase agreements	-	791	1,193	1,193
Derivative financial instruments	1,558	6,359	9,586	11,144
Customers' deposits	6,173,403	6,098,143	9,192,951	15,366,354
Deposits from related parties	51,501	58,582	88,313	139,814
Debt issued and other borrowed funds	-	186,805	281,609	281,609
Engagement by acceptances	-	222,822	335,904	335,904
Current tax liability	29,312	7,231	10,900	40,212
Deferred tax liability	7,471	5,316	8,014	15,485
Other liabilities	60,772	116,350	175,397	236,169
Liabilities linked to held-for-sale assets	-	1,323	1,995	1,995
Provision for risks and charges	54,965	7,953	11,989	66,954
End-of-service benefits	27,652	414	624	28,276
Subordinated notes	(101)	198,829	299,735	299,634
	6,457,130	**7,996,765**	**12,055,124**	**18,512,254**
Share capital	516,835	-	-	516,835
Issue premium	-	401,632	605,460	605,460
Capital reserves	285,106	65,678	99,009	384,115
Treasury shares	-	(117)	(176)	(176)
Retained earnings	20,338	3,062	4,616	24,954
Revaluation reserve of real estate	5,689	-	-	5,689
Available-for-sale reserve	42,333	15,717	23,693	66,026
Net results of the financial period – profit	168,571	25,244	38,057	206,628
Foreign currency translation reserve	-	8,885	13,394	13,394
Other reserve	6,958	-	-	6,958
Minority Interest	10,639	74,567	112,410	123,049
Total equity	**1,056,469**	**594,668**	**896,463**	**1,952,932**
Total liabilities and equity	**7,513,599**	**8,591,433**	**12,951,587**	**20,465,186**

2008

LBP Million	LBP Million	Foreign currencies USD (000)	C/V LBP Million	Total LBP Million
ASSETS				
Cash and balances with central banks	476,622	1,026,439	1,547,357	2,023,979
Due from banks and financial institutions	28,426	1,656,653	2,497,404	2,525,830
Financial assets given as collateral and reverse repurchase agreements	40,474	37,395	56,373	96,847
Derivative financial instruments	5,087	16,604	25,030	30,117
Financial assets held for trading	74,511	90,424	136,314	210,825
Net loans and advances to customers	453,356	2,481,785	3,741,291	4,194,647
Net loans and advances to related parties	-	7,971	12,017	12,017
Debtors by acceptances	-	188,702	284,468	284,468
Available-for-sale financial instruments	1,006,434	181,658	273,849	1,280,283
Financial assets classified as loans and receivables	2,048,876	1,704,961	2,570,229	4,619,105
Held-to-maturity financial instruments	889,256	272,232	410,390	1,299,646
Property and equipment	151,134	61,153	92,188	243,322
Intangible assets	1,074	-	-	1,074
Non-current assets held for sale	(11,643)	38,309	57,751	46,108
Other assets	29,314	20,935	31,560	60,874
Total assets	**5,192,921**	**7,785,221**	**11,736,221**	**16,929,142**
LIABILITIES AND EQUITY				
Due to central banks	38,515	29,944	45,141	83,656
Due to banks and financial institutions	61,150	929,427	1,401,111	1,462,261
Derivative financial instruments	3,886	16,570	24,980	28,866
Customers' deposits	4,335,968	5,415,881	8,164,440	12,500,408
Deposits from related parties	28,100	51,988	78,372	106,472
Debt issued and other borrowed funds	-	177,483	267,555	267,555
Engagement by acceptances	325	188,486	284,143	284,468
Current tax liability	18,879	7,374	11,117	29,996
Other liabilities	44,735	97,064	146,324	191,059
Liabilities linked to held-for-sale assets	-	1,141	1,720	1,720
Provision for risks and charges	27,355	2,147	3,236	30,591
End-of-service benefits	27,054	281	424	27,478
Subordinated notes	-	196,486	296,203	296,203
	4,585,967	**7,114,272**	**10,724,766**	**15,310,733**
Share Capital	511,363	-	-	511,363
Issue Premium	-	312,523	471,129	471,129
Capital Reserves	245,708	58,799	88,640	334,348
Treasury shares	-	(103)	(1,554)	(1,554)
Retained earnings	12,874	1,621	2,443	15,317
Revaluation reserve of real estate	5,689	-	-	5,689
Available-for-sale reserve	18,315	(32,393)	(48,832)	(30,517)
Net results of the financial period – profit	133,658	25,623	38,627	172,285
Foreign currency translation reserve	1,116	11,601	17,488	18,604
Other reserve	5,538	-	-	5,538
Minority Interest	9,809	70,579	106,398	116,207
Total equity	**944,070**	**448,250**	**674,339**	**1,618,409**
Total liabilities and equity	**5,530,037**	**7,562,522**	**11,399,105**	**16,929,142**

56 EQUITY PRICE RISK

Equity price risk is the risk that the fair values of equities decrease as a result of a variation in the levels of equity indices and the value of individual stocks. The non-trading equity price risk exposure arises from the Group's investment portfolio.

The effect on equity (as a result of a change in the fair value of equity instruments held as available for sale at 31 December 2009) due to a reasonable possible change in equity indices, with all other variables held consistent, is as follows:

			2009	**2008**
Market indices	***Change in equity price %***	LBP Million	***Effect on equity***	***Effect on equity***
New York Stock Exchange	+5		194	-
Jordan Stock Exchange	+5		3,630	1,908

57 OPERATIONAL RISK

Operational risk is the risk of loss arising from systems failure, human error, fraud or external events. When controls fail to perform, operational risks can cause damage to reputation, have legal or regulatory implications, or lead to financial loss.
The Group's approach to operational risk is not designed to eliminate risk per se but, rather, to contain it within acceptable levels, as determined by senior management, and to ensure that the Group has sufficient information to make informed decisions about additional controls, adjustments to controls, or other risk responses. The Head of the GRM division is responsible for ensuring the independence, objectivity and effectiveness of the operational risk framework as prepared by the Operational Risk Management (ORM) unit for identification, assessment and measurement of operational risk across the Group. The roles and responsibilities of the ORM unit encompasses the development of ORM policies, the assistance and facilitation of the ORM programs and tools, the analysis of new products, activities and systems from an operational risk perspective. It is also responsible for promoting of the ORM culture across the Group through awareness sessions and coaching.

The business line managers are directly responsible for managing and mitigating operational risks in their areas of responsibility. Each business line/support function is assigned a "Risk Champion" who will have a dotted line reporting to the ORM unit. This structure is set to confirm the effective implementation of the operational risk framework in the business lines and to ensure transparent assessment and reporting of operational risks. Aside from the Risk Champion, all staff in the bank should play a role in the identification and management of Operational Risk.

58 PREPAYMENT RISK

Prepayment risk is the risk that the Group will incur a financial loss because its customers and counterparties repay or request repayment earlier or later than expected, such as fixed-rate mortgages when interest rates fall.

The Group's assets with fixed interest rates are not considered material with respect to the total assets. Moreover, other market risks that lead to prepayments are not material with respect to the markets where the Group operates. Accordingly, the Group considers prepayment risk on net profits as not material after considering any penalties arising from prepayments.

59 CAPITAL MANAGEMENT

The primary objectives of capital management are to ensure compliance with externally imposed capital requirements and to maintain strong credit ratings and healthy capital ratios in order to support business and to maximize shareholders' value.

The Bank manages its capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of its activities. In order to maintain or adjust the capital structure, the Bank may adjust the amount of dividend payment to shareholders, return capital to shareholders or issue capital securities. No changes were made in the objectives, policies and processes from the previous years.

Capital consists of the following as of 31 December 2009 and 2008:

LBP Million

	2009	2008
Tier 1 Capital	1,533,294	1,332,157
Tier 2 Capital	367,638	267,664
Total Capital	**1,900,932**	**1,599,821**

Tier 1 Capital consists of capital, reserves and brought forward results. Tier 2 Capital consists of revaluation variance recognized in the complementary equity, subordinated loans and cumulative changes in fair values.

60 LEGAL CLAIMS

Litigation is a common occurrence in the banking industry due to the nature of the business. The Group has an established protocol for dealing with such legal claims. Once professional advice has been obtained and the amount of damages reasonably estimated, the Group makes adjustments to account for any adverse effects which the claims may have on its financial standing. Management, after review with its legal counsel of all pending actions and proceedings, considers that the aggregate liability or loss, if any, resulting from an adverse determination would not have a material effect on the financial position of the Group.

61 DIVIDENDS PAID AND PROPOSED

LBP Million

	2009	2008
Declared and paid during the year		
Equity dividends on ordinary shares:		
Dividends for 2008: LBP 157.9 (2007: LBP 157.9)	34,281	32,373
Equity dividends on priority shares:		
Dividends for 2008: LBP 157.9 (2007: LBP 157.9)	32,531	32,531
Distributions to preferred shares – 2003 series:		
Distributions for 2008: USD 12.00 (2007: USD 12.00)	18,168	18,168
Distributions to preferred shares – 2008 series:		
Distributions for 2008: USD 3.35 (2007: USD nil)	10,144	-
Distributions to priority shares		
Interest paid at 4% of share's nominal value: LBP 48 for 2008 (2007: LBP 48)	9,889	9,889
	105,013	**92,961**
Proposed for approval at annual general meeting		
(not recognized as a liability as at 31 December)		
Equity dividends on ordinary shares:		
Dividends for 2009: LBP 200 (2008: LBP 157.9)	43,423	34,281
Equity dividends on priority shares:		
Dividends for 2009: LBP 200 (2008: LBP 157.9)	41,205	32,531
Distributions to preferred shares – 2003 series:		
Distributions for 2009: nil (2008: USD 12.00)	-	18,168
Distributions to preferred shares – 2008 series:		
Distributions for 2009: USD 8.00 (2008: USD 3.35)	24,032	10,144
Distributions to preferred shares – 2009 series:		
Distributions for 2009: USD 3.35 (2008: USD nil)	10,063	-
Distributions to priority shares:		
Interest paid at 4% of share's nominal value: LBP 48.40 for 2009 (2008: LBP 48)	9,972	9,889
	128,695	**105,013**

62 EVENTS AFTER THE STATEMENT OF FINANCIAL POSITION DATE

The extraordinary general assembly convened on 19 February 2010 approved the increase in capital of LBP 172,279 million from LBP 516,835 million to LBP 689,113 million by issuing 142,378,760 ordinary shares with a par value of LBP 1,210 each. The shares have the same rights and obligations as the Bank's common ordinary shares. Conditions for the issuance and subscription of the new shares are as follows:

- The shares will be issued at a price which includes the issue premium and the par value of the shares of LBP 1,210. The total value of the shares to be paid upon subscription.

- The issue premium is denominated in US Dollars and is equal to the difference between USD 1.75 and the US Dollar counter-value of shares' par value using the exchange rate ruling on the last day of the subscription period.

- Shareholders of the bank (including preferred shareholders) will be given priority to subscribe in the new shares at a ratio of one share for every three shares they own.

- Shareholders have the right to cede their subscription rights to other individuals, whether current shareholders or not, after the approval of the Central Bank of Lebanon.

As of the date of the audit report, no call for subscription in the above capital increase has been made.

HELD ON 23 APRIL 2010

Resolutions of the Annual Ordinary General Assembly

FIRST RESOLUTION

The General Meeting approves the reports of the Board of Directors and the Statutory Auditors and approves all the elements of the balance sheet and profit and loss account of the fiscal year 2009

SECOND RESOLUTION

The General Meeting decides to allocate the non-consolidated profits (in LBP million) of the fiscal year 2009 as follows :

2009 Non-Consolidated Net Income	186,447
Legal Reserves	(18,645)
Special Reserve for Capital Increase	(10,045)
Reserves for General Banking Risk 2008	(7,500)
Reserves for General Banking Risk 2009	(24,500)
Reconstitution of discounts for Preferred Shares Series 2009	(2,412)
Profits Carried Forward from Previous Years	9,105
Net Income Available for Distribution	132,450
Dividends Preferred Shares Series 2008	24,032
Dividends Preferred Shares Series 2009	10,063.4
Dividends Common Shares	43,423
Dividend on Priority Shares	41,205
Interest on Priority Shares (*)	9,972
Profit Carried Forward for 2010	3,754.6

(*) Annual distribution of interest calculated at 4% of the nominal value of the share

THIRD RESOLUTION

The General Meeting decides to grant discharge to the Board of Directors and to the Statutory Auditors with respect to the operations of the fiscal year 2009.

FOURTH RESOLUTION

The General Meeting decides on the following points, after reviewing the special report of the Board of Directors and the Statutory Auditors:

To approve the credits effectively used during the year 2009 by the members of the Board of Directors and/or by companies in which they own shares, as detailed in the reports of the Board of Directors and the Statutory Auditors.

The Meeting also confirms the agreement between the Bank and the companies in which some members of the Board of Directors own shares as shown in the special reports of the Board of Directors and the auditors which are attached to theses minutes as an integral part thereof.

To grant the special authorization referred to in Article /152/ of the Code of Money and Credit and in Article /158/ of the Code of Commerce to directors and/or companies in which they own shares as shown in the special report of the Board of Directors considered as an integral part of these minutes during fiscal year 2010.

To grant the special authorization referred to in Article /159/ of the Code of Commerce to allow members of the Board of Directors to be Chairmen or members of the boards of directors of other companies having similar interests.

FIFTH RESOLUTION

The General Meeting decides to fix the fees of the members of the Board of Directors to an annual gross sum of 480 million Lebanese Pounds for the year 2010, to be distributed equally among the members in four equal payments at the end of each quarter.

SIXTH RESOLUTION

The General Meeting decides to fix the fees of the external auditors, Messrs. Semaan Gholam & Co. and Messrs. Ernst & Young, at 500 million Lebanese Pounds for the fiscal year 2010.

SEVENTH RESOLUTION

The General Assembly approves the terms of the contracts of the Chairman and General Manager Dr. François Bassil, the Vice-Chairman and General Manager Mr. Semaan Bassil, the Board Member and General Manager consultant Mr. Moussa Maksoud, as shown in the special report, and grants them the special authorization referred to in Article /152/ of the Code of Money and Credit and in Article /158/ of the Code of Commerce to carry through their duties in 2010 with the same terms specified in the special report.

The General Assembly approves the compensations to be received by the members of the three Board Committees mentioned in the Special Report to the General Assembly.

Byblos Bank Europe S.A.

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Bucking the Trend

Byblos Bank Europe turned in another successful year in 2009, overcoming difficult overall economic conditions that spoiled balance sheets of other banks across the continent. Profits before and after taxes were only slightly lower than in 2008, and this in an environment that saw many financial companies having to be bailed out by governments after suffering massive losses. At the same time, the Bank achieved a substantial increase in total assets and remained in full compliance with capital adequacy requirements as established by regulations in the country where it is headquartered, Belgium.

These accomplishments were made possible by a strategy that focuses on shoring up positions in existing markets while simultaneously seeking out opportunities in new ones. Founded in 1976, Byblos Bank Europe's core business is tied to trade finance facilities and correspondent banking services with the Middle East and Africa countries. In recent years, customers with interests in Sub-Saharan countries have become an increasingly important part of the Bank's clientele. This model allows the Bank to benefit from both the stability of a European base and the dynamic growth prospects of emerging markets in Africa.

In the coming years, the Bank expects to build on its attractive position by continuing to help its clientele pursue opportunities in several emerging markets, and by modernizing the services it provides. Technological improvements will by a key element in this process, putting new and more modern tools in the hands of our customers. Preparations advanced in 2009 for the implementation of e-banking for existing clients, and the system is forecast to become fully operational in 2011.

General economic conditions in Europe are expected to remain challenging in 2010, but Byblos Bank Europe's market position gives every reason to believe its results will continue to outperform those of its peers.

Balance Sheet After Appropriation

31 DECEMBER 2009

EUR Thousand

ASSETS	2009	2008
I. Cash in hand, balances with central banks and post office banks	**28,912**	**7,468**
II. Treasury bills eligible for refinancing with central banks	**0**	**0**
III. Loans and advances to credit institutions	**422,815**	**399,732**
A. Repayable on demand	4,133	6,217
B. Other loans and advances (with agreed maturity dates or periods of notice)	418,682	393,515
IV. Loans and advances to customers	**125,715**	**122,177**
V. Debt securities and other fixed-income securities	**18,380**	**21,116**
A. Issued by public bodies	12,107	16,100
B. Issued by other borrowers	6,273	5,016
VI. Shares and other variable-yield securities	**0**	**0**
VII. Financial fixed assets	**0**	**1**
A. Participating interests in affiliated enterprises	0	0
B. Participating interests in other enterprises linked by participating interests	0	0
C. Other shares held as financial fixed assets	0	1
D. Subordinated loans to affiliated enterprises and to other enterprises linked by participating interests	0	0
VIII. Formation expenses and intangible fixed assets	**54**	**15**
IX. Tangible fixed assets	**250**	**339**
X. Own shares	**0**	**0**
XI. Other assets	**1,884**	**183**
XII. Deferred charges and accrued income	**1,405**	**2,212**
TOTAL ASSETS	**599,415**	**553,243**

LIABILITIES

EUR Thousand

	2009	2008
I. Amounts owed to credit institutions	**368,698**	**320,608**
A. Repayable on demand	40,104	50,413
B. Amounts owed as a result of the rediscounting of trade bills	0	0
C. Other debts with agreed maturity dates or periods of notice	328,594	270,195
II. Amounts owed to customers	**149,087**	**155,685**
A. Savings deposits		
B. Other debts	149,087	155,685
1) repayable on demand	34,324	17,056
2) with agreed maturity dates or periods of notice	114,763	138,629
3) as a result of the rediscounting of trade bills	0	0
III. Debts evidenced by certificates	**0**	**0**
A. Debt securities and other fixed-income securities in circulation	0	0
B. Other	0	0
IV. Other liabilities	**2,541**	**2,414**
V. Accrued charges and deferred income	**607**	**2,048**
VI. A. Provisions for liabilities and charges	**493**	**0**
1. Pensions and similar obligations	0	0
2. Taxation	0	0
3. Other liabilities and charges	493	0
B. Deferred taxes	0	0
VII. Fund for general banking risks	**0**	**0**
VIII. Subordinated liabilities	**30,000**	**30,000**
CAPITAL AND RESERVES	**47,989**	**42,488**
IX. CAPITAL	**20,000**	**20,000**
A. Subscribed capital	20,000	20,000
B. Uncalled capital (-)		
X. Share premium account	**0**	**0**
XI. Revaluation surpluses	**0**	**0**
XII. Reserves	**27,984**	**22,410**
A. Legal reserve	1,929	1,654
B. Reserves not available for distribution	66	66
1. in respect of own shares held		
2. other	66	66
C. Untaxed reserves		
D. Reserves available for distribution	25,989	20,690
XIII. Profits (losses (-)) brought forward	**5**	**78**
TOTAL LIABILITIES	**599,415**	**553,243**

Bassam A. Nassar
Chairman

Fouad N. Trad
Managing Director and CEO

31 DECEMBER 2009

Off-Balance-Sheet Items

EUR Thousand		2009	2008
	I. Contingent liabilities	**264,165**	**273,798**
	A. Non-negotiated acceptances	40,960	43,234
	B. Guarantees serving as direct credit substitutes	1,805	1,666
	C. Other guarantees	35,068	28,272
	D. Documentary credits	186,332	200,626
	E. Assets charged as collateral security on behalf of third parties	0	0
	II. Commitments which could give rise to a risk	**53,888**	**47,811**
	A. Firm credit commitments	174	0
	B. Commitments as a result of spot purchases of transferable or other securities	0	0
	C. Undrawn margin on confirmed credit lines	53,714	47,811
	D. Underwriting and placing commitments	0	0
	E. Commitments as a result of open-ended sale and repurchase agreements	0	0
	III. Assets lodged with the credit institution	**148,766**	**129,561**
	A. Assets held by the credit institution for fiduciary purposes	0	0
	B. Safe custody and equivalent items	148,766	129,561
	IV. Uncalled amounts of share capital	**0**	**0**

CHARGES (EUR Thousand)	2009	2008
II. Interest payable and similar charges	**5,647**	**17,416**
V. Commissions payable	**607**	**383**
VI. Losses on financial transactions		
A. On trading of securities and other financial instruments		
B. On disposal of investment securities		
VII. General administrative expenses	**8,487**	**8,397**
A. Remuneration, social security costs and pensions	5,692	5,494
B. Other administrative expenses	2,795	2,903
VIII. Depreciation/amortization of other write-downs on formation expenses, intangible and tangible fixed assets	**201**	**177**
IX. Increase in write-downs on receivables and in provisions for off-balance-sheet items "I. Contingent liabilities" and "II. Commitments which could give rise to a risk"	**224**	**186**
X. Increase in write-downs on the investment portfolio of debt securities, shares and other fixed-income or variable-yield securities		
XII. Provisions for liabilities and charges other than those included in the off-balance-sheet items "I. Contingent liabilities" and "II. Commitments which could give rise to a risk"	**493**	**0**
XIII. Transfer to the fund for general banking risks		
XV. Other operating charges	**1,553**	**1,270**
XVIII. Extraordinary charges	**21**	**1,453**
A. Extraordinary depreciation/amortization of and extraordinary write-downs on formation expenses, intangible and tangible fixed assets		
B. Write-downs on financial fixed assets		
C. Provisions for extraordinary liabilities and charges		
D. Loss on disposal of fixed assets		
E. Other extraordinary charges	21	1,453
XIXbis. A. Transfer to deferred taxes		
XX.A. Income taxes	**1,748**	**1,341**
XXI. Profits for the period	**5,501**	**5,592**
XXII. Transfer to untaxed reserves		
XXIII. Profits for the period available for appropriation	**5,501**	**5,592**

Income Statement

INCOME

EUR Thousand

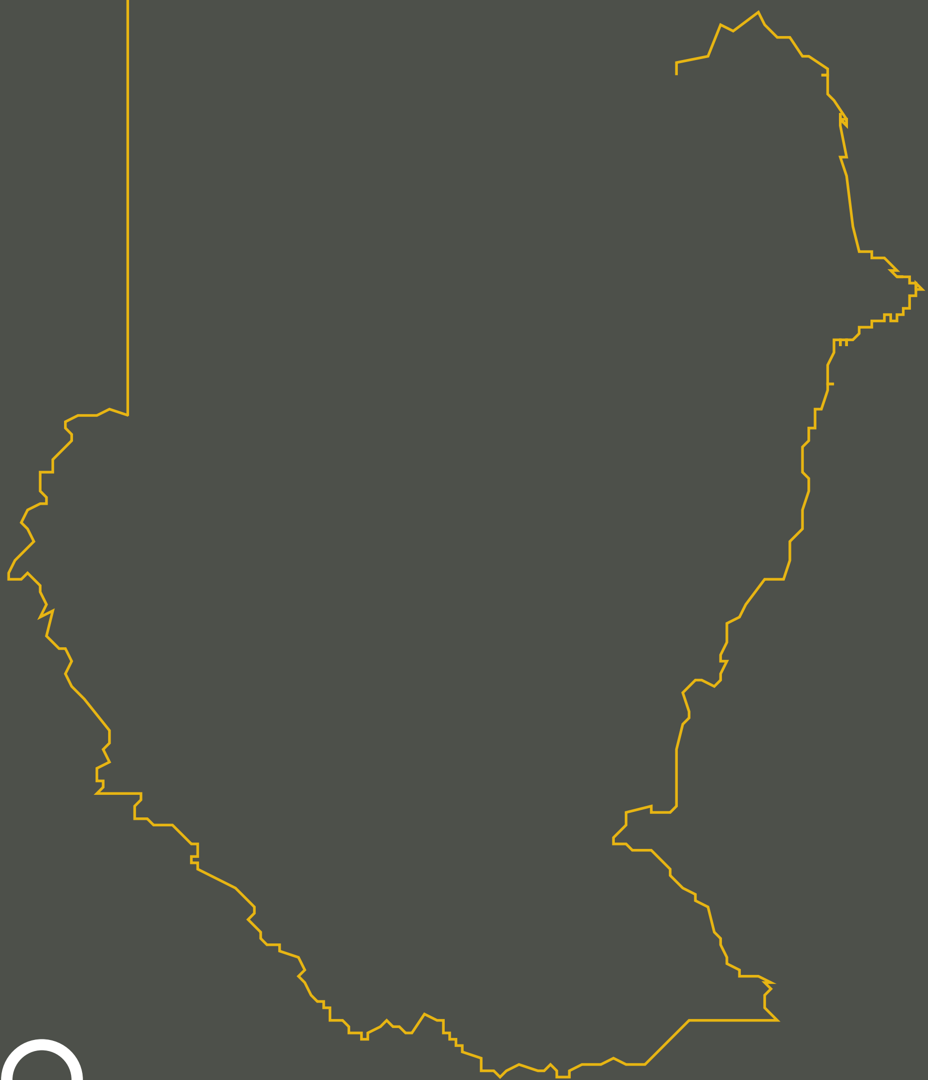
	2009	2008
I. Interest receivable and similar income	**11,278**	**25,304**
of which: from fixed-yield securities	1,161	1,201
III. Income from variable-yield securities		
A. From shares and other variable-yield securities		
B. From participating interests in affiliated enterprises		
C. From participating interests in other enterprises linked by participating interests		
D. From other shares held as financial fixed assets		
IV. Commissions receivable	**10,632**	**9,588**
VI. Profit on financial transactions	**255**	**405**
A. On trading of securities and other financial instruments	255	405
B. On disposal of investment securities	0	0
IX. Decrease in write-downs on receivables and in provisions for off-balance sheet items “I. Contingent liabilities” and “II. Commitments which could give rise to a risk”	**493**	**0**
X. Decrease in write-downs on the investment portfolio of debt securities, shares and other fixed-income or variable-yield securities		
XI. Utilization and write-backs of provisions for liabilities and charges other than those included in the off-balance sheet items “I. Contingent liabilities” and “II. Commitments which could give rise to a risk”	**0**	**66**
XIII. Transfer from the fund for general banking risks		
XIV. Other operating income	**811**	**812**
XVII. Extraordinary income	**1,009**	**40**
A. Adjustments to depreciation/amortization of and to other write-downs on intangible and tangible fixed assets		
B. Adjustments to write-downs on financial fixed assets		
C. Adjustments to provisions for extraordinary liabilities and charges		
D. Gain on disposal of fixed assets		
E. Other extraordinary income	1,009	40
XVIII. Extraordinary charges (-)		
A. Extraordinary depreciation/amortization of and extraordinary write-downs on formation expenses and intangible and tangible fixed assets		
B. Write-downs on financial fixed assets		
C. Provisions for extraordinary liabilities and charges		
D. Loss on disposal of fixed assets		
E. Other extraordinary charges		
XIXbis. B. Transfer from deferred taxes		
XX. B. Transfer from deferred taxes		
XX. B. Adjustment of income taxes and write-back of tax provisions	**3**	**0**
XXI. Losses for the period		
XXII. Transfer from untaxed reserves		
XXIII. Losses for the period available for appropriation		

APPROPRIATION ACCOUNT

EUR Thousand

	2009	2008
A. Profits (Losses (-)) to be appropriated	**5,579**	**5,658**
1. Profits (Losses (-)) for the period available for appropriation	5,501	5,592
2. Profits (Losses (-)) brought forward	78	66
B. Transfers from capital and reserves		
1. From capital and share premium account		
2. From reserves		
C. Appropriations to capital and reserves (-)	**(5,575)**	**(5,580)**
1. To capital and share premium account		
2. To legal reserve	275	280
3. To other reserves	5,300	5,300
D. Result to be carried forward		
1. Profits to be carried forward (-)	(5)	(78)
2. Losses to be carried forward		
E. Shareholders' contribution in respect of losses		
F. Distribution of profits(-)		
1. Dividends (a)		
2. Directors' entitlements (a)		
3. Other allocations (a)		

(a) Only applicable to Belgian limited liability companies



Byblos Bank Africa Ltd.

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Setting the Pace

The year 2009 was one of multiple successes for Byblos Bank Africa, maintaining the continuity of the ambitious strategy pursued since the Bank's inception in 2003. Having achieved its central goal of gaining a leading position among local and international banks in the Sudanese market, the Bank continued to expand its presence by leveraging its principal qualities: world-class services and facilities, an easy-to-access global network of Group partners and correspondent banks, and, above all else, the unique know-how of its staff. With its specialized knowledge in providing all manner of banking services in the challenging environment of a developing country, our team has not only built Byblos Bank Africa into a force to be reckoned with, but has also attracted considerable numbers of foreign investors into the Sudanese and broader African markets.

The highlights of 2009 included a 34% increase in net profit, exceeding the budgeted figure by 11% – and contributing a more than respectable 6.8% to the Group's consolidated profits. Byblos Bank Africa also moved to upgrade its premises, making significant headway in works on a new 14-floor head office in Khartoum and inaugurating a second branch in Bahri, conveniently located near numerous industrial concerns in the northern part of the capital.

At the same time, the Bank retained its market share despite the arrival of new competitors – and hired more staff with an eye toward expanding our position in the near term. A policy of intensive training and evaluation ensured that both new and existing employees were able to continually develop their skill-sets, building on Byblos Bank Africa's reputation for outstanding personalized service.

Going forward, the Bank's plans for 2010 include a move into the new head office in July or August. We also aim to increase our customer base, and therefore to diversify our sources of revenues, by opening a third branch. In addition, preparations have been made to establish a Liability Management Unit, which will focus on the accounts of non-governmental organizations, foreign embassies and investors. This will buttress our efforts to secure the largest possible share of foreign currency sources, which for the moment is the key success factor for any bank operating in Sudan. Diversification of Islamic finance products is another top priority for Byblos Bank Africa, not just to comply with the requirements of the Sudanese Central Bank but also to tap growing demand for such facilities in Sudan and other African countries.

As ever, Byblos Bank Africa also remains committed to increasing its contribution to Sudan's national GDP – and to acting as a catalyst for other businesses to grow their output as well.

YEAR ENDED 31 DECEMBER 2009

Income Statement

SDG	2009	2008
Income from deferred sales	23,661,071	16,583,684
Income from investments	25,460,580	18,624,478
TOTAL INCOME	**49,121,651**	**35,208,162**
Less: return on unrestricted investment deposits	(15,123,869)	(10,822,324)
Interest paid to correspondents	(1,013,119)	-
BANK'S SHARE ON INVESTMENT INCOME	**32,984,663**	**24,385,838**
Other fee and commission income	18,709,156	14,137,591
Other operating income	8,701,514	7,696,312
TOTAL OPERATING INCOME	**60,395,333**	**46,219,741**
Staff expenses	5,956,256	4,785,234
Depreciation and amortization	4,668,337	2,302,252
General and administration expense	10,987,280	8,660,944
Provision for investment risks	6,000,000	6,000,000
Provision for contingent liability	1,296,129	983,894
TOTAL EXPENSES	**28,908,002**	**22,732,324**
PROFIT BEFORE TAXATION AND ZAKAH	**31,487,331**	**23,487,417**
Zakah	(450,000)	(300,000)
Taxation	(4,148,319)	(3,243,105)
NET PROFIT FOR THE YEAR	**26,889,012**	**19,944,312**

SDG

	2009	2008
ASSETS		
Cash and cash equivalents	162,324,938	180,296,369
Deferred sales receivables	275,701,425	215,104,196
Short-term investments	186,021,800	172,153,948
Long-term investment	93,750	93,750
Fixed assets – net	66,197,026	33,935,184
Establishment expenses – net	187,088	50,778
Other assets	71,697,315	23,683,582
TOTAL ASSETS	**762,223,342**	**625,317,807**
LIABILITIES AND SHAREHOLDERS' EQUITY		
LIABILITIES		
Customers' current accounts	384,529,758	202,975,784
Banks and correspondents	9,750,682	71,791,682
Other liabilities	30,230,106	17,916,661
	424,510,546	**292,684,127**
Unrestricted investment accounts holders	**176,023,844**	**188,495,740**
SHAREHOLDERS' EQUITY		
Share capital	93,380,000	93,380,000
Share premium	10,621,200	10,621,200
General reserve	21,030,620	12,430,620
Legal reserves	12,171,141	9,482,240
Retained earning	24,485,991	18,223,880
TOTAL SHAREHOLDERS' EQUITY	**161,688,952**	**144,137,940**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**762,223,342**	**625,317,807**
Contra-accounts	**106,943,846**	**136,363,517**

These accounts have been approved by the Board of Directors.

Dr. François S. Bassil
Chairman

Nicolas Saliby
General Manager

Byblos Bank Syria S.A.

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Growing by Leaps and Bounds

Byblos Bank Syria advanced on several key fronts in 2009, including an expansion of its presence in the market, additions to its product line-up, and plans to substantially increase its capital base.

The Bank opened two new branches in Abbassiyeen and Hosh Blass, both located in strategically important areas of Damascus. With growing numbers of customers moving to Byblos Bank Syria to take advantage of our reputation for high-quality service, the new premises will help to both absorb existing demand and generate new business, contributing to the diversification of our sources of revenues.

New products were launched at the retail level, among them a highly competitive Doctor's Loan that quickly found a niche thanks to attractive terms and an extensive marketing campaign. The new additions also include a Travel Loan that adds value to the services we offer and therefore helps to build stronger relationships with our clients.

To keep up with current growth and prepare for that to come with new branches in Damascus and other cities, Byblos Bank Syria also recruited 95 new employees. To further this process, the Bank is also focusing on the recruitment of Syrian expatriates with valuable work experience in the Gulf, Europe, or the United States.

As for existing members of the team, the Bank conducted no fewer than 78 training sessions, with total attendance reaching 1,314 staff (as the number of employees at year-end was 287, this figure included many who took part in multiple courses). For both new and existing employees, formation covered both technical and non-technical skills, all aimed at increasing the caliber of service provided to our customers. For the next step, the Bank has identified a list of personnel with high potential who are now being trained to develop managerial skills. Other milestones related to human resources included the completion of a new performance appraisal process and the launch of a project to help staff members chart their career paths.

On the financial side, the Bank ensured at all times that it operated above the minimum required capital adequacy ratio of 8%. It also carried out preparations for two separate capital increases in 2010 and 2011 that will triple the Bank's capital to SYP 6 billion, strengthening the solvency ratio in covering Pillar 1 and Pillar 2 risks and providing a safety cushion above and beyond the 8% minimum. Apart from complying with both existing Syrian regulations and the forthcoming Basel reform proposal, these moves – approved by a General Assembly decision dated 7 January 2010 – will also open the way for Byblos Bank Syria to seize new business opportunities.

YEAR ENDED
31 DECEMBER 2009

Income Statement and Other Comprehensive Income

SYP

	2009	2008
Interest income	1,541,382,694	1,205,579,535
Interest expense	(851,254,381)	(538,453,425)
Net interest income	**690,128,313**	**667,126,110**
Fee and commission income	186,260,019	122,210,647
Fee and commission expenses	(6,496,158)	(1,609,520)
Net fee and commission income	**179,763,861**	**120,601,127**
Net interest, fee and commission income	**869,892,174**	**787,727,237**
Gain less losses arising from dealing in foreign currencies	36,035,194	27,229,203
Unrealized net foreign exchange difference on structural position	(14,945,066)	(36,295,160)
Profit from financial investments – loans and receivable	36,138,198	-
Total operating income	**927,120,500**	**778,661,280**
Personnel expenses	(291,692,150)	(223,434,366)
Depreciation of fixed assets	(109,585,868)	(60,977,685)
Amortization of intangible assets	(2,851,443)	(2,657,082)
Credit loss expense	(60,466,023)	(36,599,803)
Miscellaneous provisions	1,184,658	(2,479,139)
Other operating expenses	(199,731,656)	(162,371,944)
Total operating expenses	**(663,142,482)**	**(488,520,019)**
PROFIT BEFORE TAX	**263,978,018**	**290,141,261**
Income tax expense	(87,170,000)	(93,538,705)
PROFIT FOR THE YEAR	**176,808,018**	**196,602,556**
Basic earnings per share	**44.2**	**49.15**
Other comprehensive income		
Net gain (loss) on available-for-sale assets	3,091,085	12,949,003
Total comprehensive income for the year	**179,899,103**	**209,551,559**

Balance Sheet

	2009	2008	SYP
ASSETS			
Cash and balances with central banks	4,485,421,922	4,231,865,242	
Balances due from banks	3,653,223,757	5,853,715,221	
Placements due from banks	3,904,890,840	1,962,716,044	
Loans and advances to customers	16,285,005,596	10,561,181,599	
Financial investments – loans and receivables	2,499,698,770	2,047,466,818	
Financial investments – available for sale	62,500,000	62,500,000	
Premises, equipment and projects under construction	1,299,009,862	1,204,307,121	
Intangible assets	7,017,155	9,117,999	
Other assets	319,777,878	224,468,801	
Statutory blocked funds	183,240,179	184,734,686	
TOTAL ASSETS	**32,699,785,959**	**26,342,073,531**	
LIABILITIES AND EQUITY			
LIABILITIES AND EQUITY			
Due to banks	2,339,780,330	2,925,447,608	
Due to customers	26,857,908,557	20,454,588,239	
Margin accounts	679,410,630	392,855,582	
Current tax liabilities	87,170,000	93,538,705	
Miscellaneous provisions	1,294,481	2,479,139	
Other liabilities	432,597,921	351,439,321	
TOTAL LIABILITIES	**30,398,161,919**	**24,220,348,594**	
EQUITY			
Share capital	2,000,000,000	2,000,000,000	
Statutory reserve	64,903,351	37,011,043	
Special reserve	64,903,351	37,011,043	
Available-for-sale reserve	897,443	(2,193,642)	
Retained earnings	338,518,104	202,549,636	
Accumulated losses related to unrealized net foreign exchange losses on structural position	(167,598,209)	(152,653,143)	
TOTAL EQUITY	**2,301,624,040**	**2,121,724,937**	
TOTAL LIABILITIES AND EQUITY	**32,699,785,959**	**26,342,073,531**	

These accounts have been approved by the Board of Directors.

Semaan Bassil
Chairman

Walid Abdel Nour
General Manager

Byblos Bank Armenia C.J.S.C.

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Primed for Takeoff

Byblos Bank Armenia continued to expand its market presence in 2009, posting its first annual profit since its predecessor, International Trade Bank, was acquired in late 2007. This performance was consistent with the Bank's long-term strategy to contribute to the Group by meeting a series of core goals: becoming a leader in Armenia's retail banking market; working up sizeable positions in corporate lending; developing our human capital in order to increase productivity; providing optimal returns to all stakeholders in order to retain their loyalty and support; and providing economic benefit to the community we serve.

Specific achievements in 2009 included the completion of renovation works at the Bank's main branch on Amiryan Street, which now meets the standards of the Byblos Bank Group. In additional, the introduction of a new debit card product – with optional overdraft – helped spur development of our retail business. Management also oversaw the implementation of 18 new procedures, again designed to comply with the demanding standards of the Group. And apart from recording a profit, the Bank also enlarged its asset base by 30%, primarily by means of a 170% expansion of its customer deposit portfolio.

Thanks to this increasingly solid foundation, Byblos Bank Armenia's ability to meet the goals of its initial five-year plan looks stronger than ever. Goals set for 2010 include continued focus on Armenia's top 300 taxpayers, as well as efforts to build our position in middle market lending to help diversify our clientele. Retail priorities include introduction of both non-credit products (savings accounts and term deposits) and small business loans.

To support these and other objectives, 2010 should also see the Bank open at least one new branch (in Yerevan) and move two others (Vanadzor and Malatia) to better locations. Other plans include several retail and corporate marketing campaigns throughout the year, as well as the launch of a new website (byblosbankarmenia.am) which will provide full information about all of our products and services.

Byblos Bank Armenia also plans to upgrade its human resources in 2010, including training programs designed to enhance sales and service skills, and an incentive package aimed at enhancing motivation. In addition to ongoing in-house courses, we also hope to provide three employees with long-term training rotations in Beirut.

*YEAR ENDED
31 DECEMBER 2009*

Income Statement and Other Comprehensive Income

AMD Thousand

	2009	2008
Interest income	1,674,237	696,393
Interest expense	(543,468)	(153,833)
Net interest income	**1,130,769**	**542,560**
Fee and commission income	47,363	90,109
Fee and commission expenses	(30,439)	(45,153)
Net fee and commission income	**16,924**	**44,956**
Net foreign exchange income	87,501	144,210
Net realized loss on available-for-sale assets	-	(62)
Other operating income/(loss)	33,764	(2,941)
Operating income	**1,268,958**	**728,723**
Impairment losses	(283,875)	(108,992)
Personnel expenses	(438,969)	(569,097)
Other general administrative expenses	(319,574)	(308,067)
Profit/(loss) before taxes	**226,540**	**(257,433)**
Income tax (expense)/benefit	(56,151)	28,020
Profit/(loss)	**170,389**	**(229,413)**
Other comprehensive income/(loss):		
Revaluation reserve for assets available for sale:		
- Net change in fair value of available-for-sale assets, net of tax	1,414	(2,831)
- Net change in fair value of available-for-sale assets transferred to profit or loss, net of tax		(100)
Other comprehensive income/(loss), net of tax	**1,414**	**(2,931)**
Total comprehensive income/(loss)	**171,803**	**(232,344)**

Balance Sheet

AMD Thousand

31 December	2009	2008
ASSETS		
Cash	270,371	141,578
Due from the Central Bank of Armenia	1,195,711	772,088
Placements with banks	2,581,401	3,432,745
Loans to customers	12,048,787	7,214,117
Available-for-sale assets		
- Held by the bank	493,468	190,538
- Pledged under repurchase agreements	298,995	1,334,083
Property, equipment and intangible assets	616,464	539,792
Other assets	83,722	53,572
Deferred tax assets	-	25,685
Total assets	**17,588,919**	**13,704,198**
LIABILITIES		
Deposits and balances from banks	586,557	2,227,732
Current accounts and deposits from customers	8,496,388	3,187,072
Other liabilities	92,557	78,600
Deferred tax liabilities	30,820	-
Total liabilities	**9,206,322**	**5,493,404**
EQUITY		
Share capital	8,125,100	8,125,100
Share premium	257,149	257,149
Revaluation reserve for available-for-sale assets	631	(783)
Accumulated losses	(283)	(170,672)
Total equity	**8,382,597**	**8,210,794**
Total liabilities and shareholders' equity	**17,588,919**	**13,704,198**

Dr. François S. Bassil
Chairman

Georges Sfeir
CEO

Byblos Invest Bank S.A.L.

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Unique Advantages

One of Byblos Invest Bank's main investments in 2009 was the acquisition of an 18.8% stake in International Payment Network S.A.L. (IPN), a service provider that supports the ATM networks of its seven shareholder banks and 21 others. IPN's growth prospects are highly attractive, especially since the addition of Byblos Bank to the network means it will now account for approximately 75% of the market in Lebanon.

The investment has all the hallmarks of a successful one. Both of IPN's main revenue streams – ATM transactions with local and foreign cards – are proven performers with ample room for expansion. Cards issued domestically currently number about 1.4 million, but the market potential is estimated at more than twice that figure and IPN is currently working with the banks to accelerate issuance. Furthermore, foreign card usage, which accounts for up to 40% of activity, continues to rise in line with the general expansion of the Lebanese economy and, in particular, with the spectacular growth of the tourism sector. Overall, IPN has averaged growth of 8% per annum since inception in 1996, and this despite a period of challenging security conditions in 2005-2008.

Byblos Invest Bank continued throughout the year to make a wide range of investment banking services available to the Group's existing and new clients and played a key role in preparing the ground for Byblos Bank's proposed capital increase with important international and institutional investors such as the IFC and PROPARCO, which later participated in the capital increase.

Next year, Byblos Invest Bank expects to be involved in the Lebanese government's effort to promote public-private partnerships in various infrastructure sectors such as power, telecommunications, and water.

YEAR ENDED
31 DECEMBER 2009

Income Statement and Other Comprehensive Income

LBP Million		2009	2008
	Inrerests and revenues assimilated	120,026	53,807
	Interest and charges assimilated	(96,758)	(40,569)
	Net interest income before provisions	**23,268**	**13,238**
	Commissions received	223	226
	Commissions paid	(308)	(342)
	Net commissions	**(85)**	**(116)**
	Net trading income	8,217	(4,094)
	Net gain or loss on financial assets	5,134	839
	Other operating income	277	300
	Total operating income	**36,811**	**10,167**
	Personnel expenses	(1,236)	(1,026)
	Depreciation and provision for tangible and intangible fixed assets	(53)	(48)
	Other operating expenses	(9,799)	(3,859)
	Total operating expenses	**(11,088)**	**(4,933)**
	Operating income	**25,723**	**5,234**
	Income from subsidiaries	**1,583**	**1,295**
	Net income before taxes	**27,306**	**6,529**
	Income taxes		
	Net income	**27,306**	**6,529**
	Other comprehensive income		
	- Revaluation variance for available-for-sale securities	1,113	(483)
	- Deferred tax (expense)/benefit	(1,552)	
	Other comprehensive income	**(439)**	**(483)**
	Total net income	**26,867**	**6,046**

Balance Sheet

LBP Million

	Dec. 2009	Dec. 2008
ASSETS		
Cash and balances with central banks	29,152	2,447
Head office, mother company, sister companies and financial institutions	239,205	64,588
Derivative financial instruments	9,354	9,158
Financial investments - trading	30,892	38,943
Financial investments - available for sale	126,769	115,825
Financial assets classified as loans and receivables	1,224,967	678,108
Investments in associates	8,582	8,582
Tangible fixed assets	137	181
Other assets	2,265	2,265
Total Assets	**1,671,323**	**920,097**
LIABILITIES AND EQUITY		
Banks and financial institutions	44,435	36,556
Head office, mother company, sister companies and financial institutions	99,557	51,618
Derivative financial instruments	9,354	9,158
Deposits from customers	1,303,049	672,111
Related parties' deposits	56,694	21,509
Liabilities under financial instruments	68,920	70,467
Current tax liabilities	2,967	325
Deferred tax liabilities	1,552	
Other liabilities	22,979	1,450
Provisions for risks and charges	39	36
Provision for end-of-service indemnity	85	42
Total Liabilities	**1,609,631**	**863,272**
SHAREHOLDERS' EQUITY		
Share capital - ordinary common	30,000	30,000
Capital reserves	6,209	4,956
Retained earnings	4,383	6,107
Cumulative changes in fair value	8,794	9,233
Net profit (loss) of the year	27,306	6,529
Proposed dividend from current year profit	-15,000	
Total Equity	**61,692**	**56,825**
Total Liabilities and Equity	**1,671,323**	**920,097**

Sami Haddad
Chairman and General Manager

Adonis Insurance and Reinsurance Co. S.A.L. ADIR

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Gaining Ground

Adonis Insurance and Reinsurance Co. (ADIR) recorded several important achievements in 2009, significantly strengthening its ability to implement the strategy for 2010 and succeeding years. The overriding goal was to be among Lebanon's top 10 insurers in terms of market share while retaining our traditional focus on conservative business practices and profitability.

Special attention was paid to our Direct Sales Force, which received additional tools and resources aimed at maximizing their production in all lines of business. Simultaneously, studies were launched for the implementation of a comprehensive Animation Process aimed at securing another key objective, expanded production of Bancassurance products.

In support of these and other goals, ADIR Insurance took steps in 2009 to increase efficiency, in particular by eliminating unnecessary administrative tasks and improving workflow, including those processes that relate to Byblos Bank. Apart from the measures already taken, work was also undertaken to reorganize internal departments and ensure adequate staffing in core functions.

The end results were highly satisfactory. Among local insurance companies, ADIR finished 2009 in ninth place in terms of production; even more impressively, it remained among the top three in return on equity. And in spite of the global financial crisis, Bancassurance production turned in its best performance since its introduction in 2002.

Likewise, the implementation of process enhancement produced several major achievements in 2009, yielding significant efficiency gains for both ADIR and Byblos Bank. Among the most important of these were the inclusion of the insurance request and declaration within Byblos Bank's personal loan application, and the automation of ADIR's issuance process, which is now handled by batch treatment of Excel files extracted from the Bank's information system. Another key improvement was the launch of single premium issuance for motor coverage related to auto loans, with new policies now covering the entire period of the loan and being mailed directly to the client. The same change was also applied to renewals of previously issued policies.

Other successful undertakings in 2009 included a renovation of ADIR's premises, the creation of a mailing unit, reorganization of our claims and sales departments, and reinforcement of our staff.

For 2010, the company aims to further enhance its institutional structure, for instance by improving the decision-making process and by boosting the role of managers in strategic decisions.

On the sales front, ADIR will continue to account for any possible side-effects of global economic slowdown by following conservative principles in the writing of new business and the collection of premiums. At the same time, our team will maintain its efforts to develop its product line and to maximize sales volume.

ADIR is also committed to implementation of a joint Animation Plan with Byblos Bank which is designed to intensify Bancassurance activity, and 2010 will see efforts to take utmost advantage of the call center for the purposes of cross-selling, up-selling, and general communications. We will also continue to increase the effectiveness of workflow with the Bank by refining all pertinent processes and carrying out more informative reporting to ensure better efficiency at both ends.

31 DECEMBER 2009

Statement of Financial Position

ASSETS		2009	2008
LBP	**Intangible assets**	**49,249,319**	**41,700,265**
	Investments		
	Investment in subsidiaries and associates	8,815,901,817	8,740,673,650
	Fixed-income securities and similar investments	25,761,710,275	33,821,478,247
	Equity and similar investments	787,222,530	266,070,737
	Cash and demand deposits	5,156,076,721	5,282,153,015
	Blocked bank deposits with maturity of more than 3 months	25,056,696,236	5,889,689,567
	Bank deposits blocked in favor of Ministry of Economy and trade guarantees	8,939,395,265	8,939,395,265
	Bank deposits blocked in favor of other parties	548,178,105	542,610,512
		75,065,180,949	**63,482,070,993**
	Unit-linked contracts investments		
	Fixed-income securities and similar investments	23,415,924,999	18,463,275,832
	Equity and similar investments	8,575,122,305	5,499,411,797
	Cash and similar investments	19,997,928,180	12,751,873,578
		51,988,975,484	**36,714,561,207**
	Reinsurance share in technical reserve – life		
	Reinsurance share in premium reserves	9,575,657,412	7,343,586,997
	Reinsurance share in claims reserves	330,755,392	348,279,366
		9,906,412,804	**7,691,866,363**
	Reinsurance share in technical reserve – non-life		
	Reinsurance share in premium reserves	1,422,258,287	1,490,077,078
	Reinsurance share in claims reserves	841,151,591	359,117,307
		2,263,409,878	**1,849,194,385**
	Receivable under insurance business	**2,851,113,702**	**2,946,735,448**
	Receivable under reinsurance contracts	**1,149,599,470**	**342,028,236**
	Other assets		
	Non-investment properties	2,398,611,148	1,582,470,615
	Operating fixed assets	1,296,755,473	536,054,085
		3,695,366,621	**2,118,524,700**
	Other receivables	**251,618,932**	**18,768,940**
	Deferred acquisition cost	**4,230,476,315**	**1,929,951,960**
	Total assets	**151,451,403,474**	**117,135,402,497**

LIABILITIES AND SHAREHOLDERS' EQUITY

LBP

	2009	2008
Shareholders' equity		
Authorized and paid-up capital	5,000,000,000	5,000,000,000
Legal and general reserves	19,442,000,000	16,762,000,000
Balance carried forward	2,459,917	4,849,587
Profit for the year	5,050,812,121	5,427,610,330
	29,495,272,038	**27,194,459,917**
Life technical reserves		
Mathematical reserve	6,344,612,773	5,246,018,399
Unearned premium reserve	8,389,804,943	5,895,403,060
Outstanding claims reserve	358,054,862	527,627,153
Incurred but not reported reserve (IBNR)	144,294,723	28,161,704
Loss adjustment expenses reserve	15,070,487	6,225,285
Policyholders' dividend reserve	3,966,696,493	2,587,434,363
	19,218,534,281	**14,290,869,964**
Unit-linked technical reserves		
Mathematical reserve – unit-linked	**46,811,680,668**	**33,482,650,435**
Non-life technical reserves		
Unearned premium reserve	30,988,761,661	9,876,526,326
Outstanding claims reserve	3,598,039,679	2,688,080,019
Incurred but not reported reserve (IBNR)	142,747,719	103,202,710
Loss adjustment expenses reserve	109,295,791	73,055,129
Premium deficiency reserve	3,146,382,000	851,256,097
	37,985,226,850	**13,592,120,281**
Provision for risks and charges	**450,000,000**	**425,000,000**
Debt for funds held under reinsurance treaties	**9,929,377,000**	**7,816,835,167**
Liabilities under insurance business		
Liabilities under direct business	1,363,038,715	15,721,942,052
Liabilities under indirect business	971,807,880	829,512,824
	2,334,846,595	**16,551,454,876**
Liabilities under reinsurance contracts	**1,684,741,014**	**870,224,647**
Other liabilities		
Due to personnel	46,291,067	46,051,900
Tax due	3,209,829,781	2,469,927,628
Amounts due to related parties	75,600,000	94,403,420
	3,331,720,848	**2,610,382,948**
Adjustment items	**210,004,180**	**301,404,262**
Total liabilities and shareholders' equity	**151,451,403,474**	**117,135,402,497**
Off financial position		
Letters of guarantee	48,986,250	49,740,000

Sami Haddad
Chairman and General Manager

René Klat
Managing Director and CEO

Income Statement

LBP

	2009	2008
NET PREMIUMS		
Written and accepted premiums		
Life contracts	10,946,832,246	8,701,438,684
Other contracts	41,579,474,039	20,920,221,697
Mathematical reserve variation	-1,098,594,374	-2,253,242,927
Unearned premium reserve	-23,606,637,218	-5,683,594,426
	27,821,074,693	**21,684,823,028**
Ceded premiums		
Life contracts	-6,867,171,798	-5,557,806,489
Other contracts	-5,592,986,412	-5,182,461,242
Mathematical reserve variation	1,024,797,228	1,889,998,662
Unearned premium reserve	1,139,454,396	1,115,296,519
	-10,295,906,586	**-7,734,972,550**
Net premiums	**17,525,168,107**	**13,949,850,478**
Other revenue		
Fee and commission income	5,359,684,768	4,144,097,050
Investment income	6,590,943,021	4,620,855,719
Other revenues	840,257,322	1,307,558,374
Other revenue	**12,790,885,111**	**10,072,511,143**
Total revenue	**30,316,053,218**	**24,022,361,621**
Net benefits and claims		
Gross benefits and claims paid	-12,560,624,393	-8,656,333,197
Claims ceded to reinsurers	1,438,866,593	1,596,779,639
Gross change in contract liabilities	-3,236,277,164	-1,489,069,368
Change in contract liabilities ceded to reinsurers	464,510,310	-190,357,996
Net benefits and claims	**-13,893,524,654**	**-8,738,980,922**
Other expenses		
Other operating and administrative expenses	-6,359,078,981	-6,314,808,324
Commission paid to intermediaries	-2,340,176,698	-1,467,113,345
Finance costs	-2,191,574,939	-1,603,848,700
Other expenses	**-10,890,830,618**	**-9,385,770,369**
	-24,784,355,272	**-18,124,751,291**
Profit before tax	**5,531,697,946**	**5,897,610,330**
Income tax expense	-480,885,825	-470,000,000
Profit for the year	**5,050,812,121**	**5,427,610,330**

Statement of Cash Flows

LBP

	2009	2008
OPERATING ACTIVITIES		
Profit before taxation	5,531,697,946	5,897,610,330
Adjustments for:		
- Depreciation and amortization	627,348,953	420,202,340
- Provisions	31,971,296	517,362,888
- Write-back of provisions	-309,455,050	-1,563,641
- Gain on sale of property and equipment	-14,321,250	-
- Change in technical reserves – net	25,312,746,822	5,402,687,486
- Fair value (gains) losses on investment for trading	-94,274,525	161,320,590
- Deferred policy acquisition costs amortized	2,340,176,698	1,467,113,345
	33,425,890,890	**13,864,733,338**
- Investments held for trading	-426,877,268	-359,403,077
- Reinsurers' balances	6,945,133	-246,913,325
- Premiums receivable	95,621,746	-651,827,078
- Deferred policy acquisition costs	-4,640,701,053	-3,397,065,305
- Investment contracts liabilities	14,708,292,363	9,167,778,066
- Other liabilities	-13,821,273,438	6,818,970,638
- Other assets	-9,132,842	161,010,476
- Margin for guarantees	-5,567,593	-24,036,582
- Investment held to cover investment contracts liabilities	-15,274,414,277	-9,490,354,049
- Cash from operations	14,058,783,661	15,842,893,102
- Income tax paid	-470,000,000	-692,788,000
- Employees' end-of-service benefits paid	-6,971,296	-
- Net cash from operations activities	13,581,812,365	15,150,105,102
INVESTING ACTIVITIES		
Purchase of property and equipment	-2,142,527,046	-693,096,081
Purchase of intangible assets	-69,212,882	-74,577,533
Proceeds from sale of property and equipment	14,321,250	-
Interest from loan to an associate	-75,228,167	-68,071,675
Increase in investments held to maturity	21,468,907	-5,279,939,004
Term deposits with maturities over three months	-20,689,641,963	6,136,184,000
Net cash (used in) from investing activities	-22,940,819,901	20,499,707
FINANCING ACTIVITIES		
Dividends paid	-2,750,000,000	-2,250,000,000
Reinsurers' deposits in coverage of technical reserves	2,112,541,833	2,594,580,138
Net cash (used in) from financing activities	-637,458,167	344,580,138
(DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	**-9,996,465,703**	**15,515,184,947**
Cash and cash equivalents at 1 January	30,590,712,006	15,075,527,059
CASH AND CASH EQUIVALENT AT 31 DECEMBER	**20,594,246,303**	**30,590,712,006**

Gross Written Premium

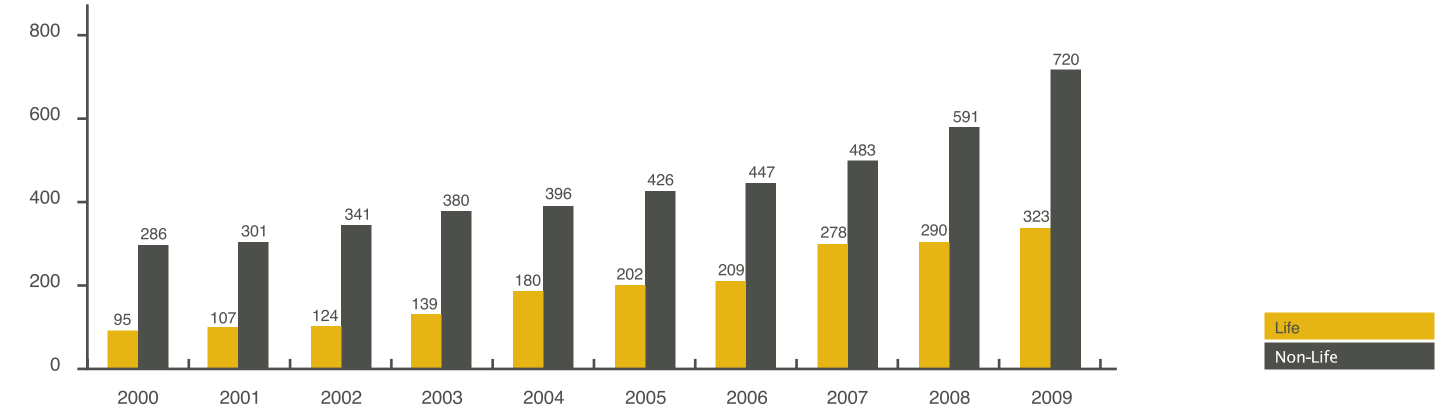
USD		2009	2008
	Life business:	USD	USD
	Retirement and education	12,488,480	10,529,894
	Other life business	6,989,169	5,735,931
	Total life business	**19,477,649**	**16,265,825**
	Non-life business:		
	Fire	2,031,833	1,902,120
	Marine	787,331	971,332
	General accident	910,922	1,023,406
	Motor	22,143,290	8,771,745
	Medical	865,491	549,771
	Other	842,873	659,053
	Total non-life business	**27,581,740**	**13,877,427**
	Gross written premiums	**47,059,389**	**30,143,252**
	Growth	**56.12%**	**30.71%**
	Number of contracts issued	**92,427**	**84,065**

Key Figures

	2009
Capital	**LBP 5,000,000,000**
Shareholders’ equity	**USD 19,565,686**
Total assets	**USD 100,483,426**
Invested assets	**USD 34,486,883**
Number of clients	**73,026**
Number of policies in force	**134,984**
Net profit	**USD 3,350,456**
Solvency ratio	**46.60%**

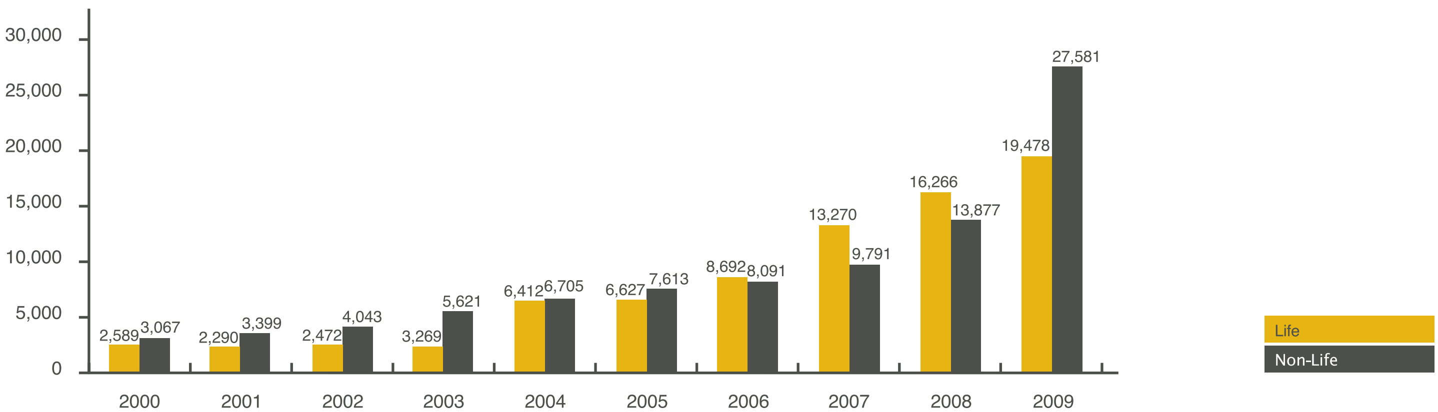
DURING THE LAST TEN YEARS
(IN USD MILLION)

Insurance Market Growth in Lebanon



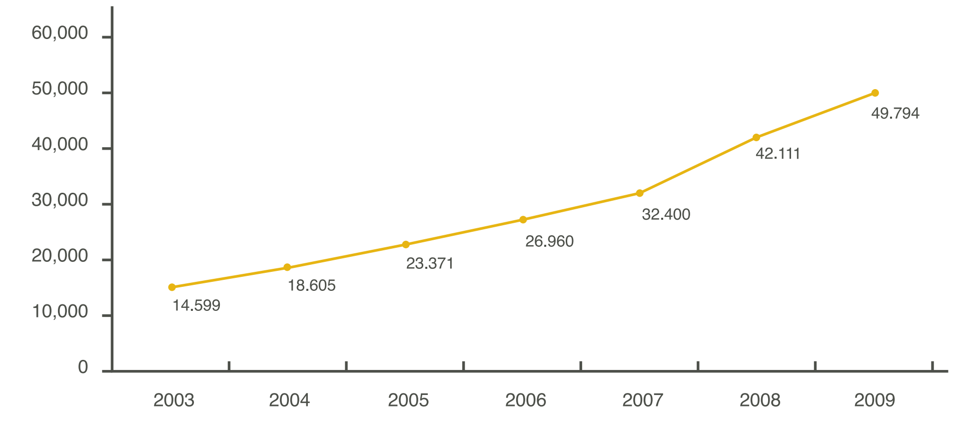
(IN USD THOUSANDS)

ADIR Premium Growth



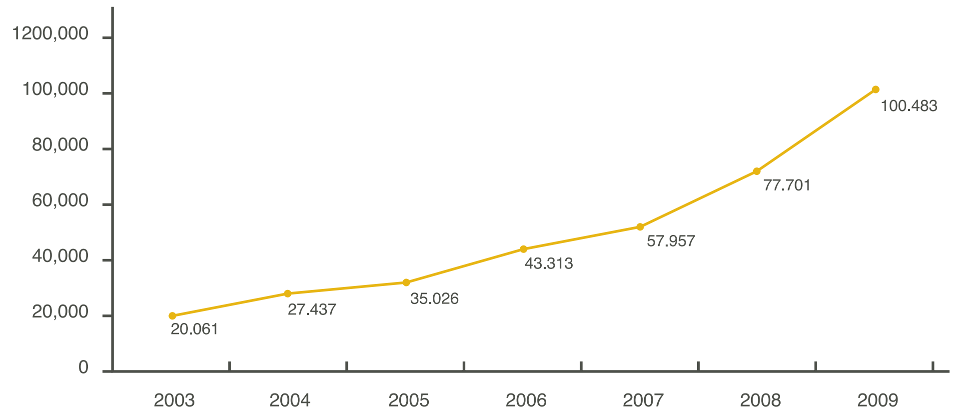
IN USD THOUSANDS

Invested Assets Evolution



DURING THE LAST SEVEN YEARS (IN USD THOUSANDS)

Total Assets Evolution



Directory

Correspondent Banks

COUNTRY	CITY	BANK NAME
Algeria	Algiers	Arab Banking Corporation Algeria/Banque Nationale d'Algérie (BNA)/ Banque de Développement Local SPA (BDL)/Crédit Populaire D'Algérie
Australia	Sydney	Westpac Banking Corporation*
Austria	Vienna	UniCredit Bank Austria AG*
Armenia	Yerevan	Byblos Bank Armenia C.J.S.C.
Bahrain	Manama	Arab Banking Corporation BSC/Gulf International Bank BSC
Belgium	Brussels	Byblos Bank Europe S.A.*/KBC Bank NV*
Brazil	Sao Paolo	Banco ABC Brasil SA/Deutsche Bank AG
Bulgaria	Sofia	UniCredit Bulbank AD
Canada	Montréal	Royal Bank of Canada*
	Toronto	Scotiabank*
China	Shanghai	Bank of China/The Bank of New York Mellon/ Commerzbank AG/ Deutsche Bank AG/Sumitomo Mitsui Banking Corporation
Cyprus	Limassol	Byblos Bank S.A.L.- Limassol Branch/Bank of Cyprus Public Company Limited
Czech Republic	Prague	Commerzbank AG
Denmark	Copenhagen	Danske Bank A/S*
Egypt	Cairo	National Bank of Egypt*/ Export Development Bank of Egypt (EDBE)/Al Watany Bank of Egypt
Ethiopia	Addis Ababa	Commercial Bank of Ethiopia*
Finland	Helsinki	Danske Bank A/S/Pohjola Bank plc
France	Paris	Byblos Bank Europe S.A. - Paris Branch */ Natixis*
Germany	Frankfurt	Commerzbank AG*/ Deutsche Bank AG*/The Bank of New York Mellon*
Ghana	Accra	Ghana Commercial Bank
Greece	Athens	National Bank of Greece SA
Hong Kong	Hong Kong	Sumitomo Mitsui Banking Corporation/Standard Chartered Bank
Hungary	Budapest	Commerzbank Zrt
India	New Delhi	State Bank of India/MashreqBank/Standard Chartered Bank
Iraq	Baghdad	Byblos Bank S.A.L. - Erbil Branch/ Trade Bank of Iraq*
Ireland	Dublin	Citibank NA
Italy	Milan	UniCredit SpA */ Intesa Sanpaolo SpA *
	Rome	Banca UBAE SpA
Japan	Tokyo	Sumitomo Mitsui Banking Corporation*/The Bank of New York Mellon*
Jordan	Amman	Jordan Ahli Bank Plc*/Arab Bank Plc/Union Bank* / The Housing Bank for Trade and Finance
K.S.A.	Jeddah	The National Commercial Bank*
	Riyadh	Riyad Bank*/Saudi Hollandi Bank*/Arab National Bank/Banque Saudi Fransi
Kuwait	Kuwait	Gulf Bank KSC*/National Bank of Kuwait SAK*

Libya	Tripoli	Sahara Bank/Libyan Foreign Bank/ Gumhouria Bank
	Baida	National Commercial Bank
Netherlands	Amsterdam	ABN AMRO Bank NV*
Nigeria	Lagos	Guaranty Trust Bank Plc/Sterling Bank Plc/Diamond Bank Plc / First Bank of Nigeria Plc*/Zenith Bank Plc
Norway	Oslo	DnB NOR BANK ASA*
Philippines	Manila	Bank of the Philippine Islands*
Poland	Warsaw	Deutsche Bank AG
Qatar	Doha	Qatar National Bank SAQ*/ The Commercial Bank of Qatar (QSC)/Al Khaliji Bank
Republic of Korea	Seoul	Sumitomo Mitsui Banking Corporation / Union de Banques Arabes et Françaises - U.B.A.F./The Bank of New York Mellon
Russian Federation	Moscow	ZAO Citibank/VTB Bank OJSC *
Singapore	Singapore	Sumitomo Mitsui Banking Corporation / Union de Banques Arabes et Françaises - U.B.A.F.
Slovakia	Bratislava	Commerzbank AG
Spain	Madrid	Banco de Sabadell SA*/Banco Bilbao Vizcaya Argentaria SA (BBVA)*/Citibank NA
Sri Lanka	Colombo	Bank of Ceylon*/People's Bank*
Sudan	Khartoum	Byblos Bank Africa Ltd *
Sultanate of Oman	Muscat	Bank Muscat SAOG
	Ruwi	Oman Arab Bank SAOC *
Sweden	Stockholm	Skandinaviska Enskilda Banken AB*/Svenska Handelsbanken AB
Switzerland	Geneva	BNP Paribas (Suisse) SA*/Banque de Commerce et de Placements SA
	Lausanne	Banque Cantonale Vaudoise
	Zurich	Credit Suisse */UBS AG*
Syria	Damascus	Byblos Bank Syria S.A.*
Tunisia	Tunis	Banque Internationale Arabe de Tunisie SA (BIAT)/ Société Tunisienne de Banque SA
Turkey	Istanbul	Albaraka Turk Participation Bank/Asya Katilim Bankasi AS/Türkiye iS Bankasi AS/ Yapi Ve Kredi Bankasi AS/Türkiye Vakiflar Bankasi TAO/Türk Ekonomi Bankasi AS/ Türkiye Halk Bankasi AS/Akbank TAS
U.A.E.	Abu Dhabi	Abu Dhabi Commercial Bank PJSC */National Bank of Abu Dhabi
	Dubai	Commercial Bank of Dubai PSC/Emirates NBD PJSC */MashreqBank PSC*
U.K.	London	Byblos Bank Europe S.A. - London Branch*/ Barclays Bank PLC*/HSBC Bank plc*/British Arab Commercial Bank Ltd*
U.S.A.	New York	The Bank of New York Mellon*/Citibank NA*/JP Morgan Chase Bank, NA */ Standard Chartered Bank*/Wachovia Bank NA*
Yemen	Sana'a	International Bank of Yemen/Saba Islamic Bank / Tadhamon International Islamic Bank

* *Byblos Bank S.A.L. maintains Nostro account(s) with this bank.*

Group Addresses

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E-mail: secretariat@byblosbank.com.lb
Customer Service: (01) 205050

Address Branch Managers

BEIRUT 1

Verdun Moussaitbeh Mr. Walid Safi (Regional Manager)		Rachid Karameh Street, Byblos Bank Bldg.	Tel: (01) 803315/803988 Fax: (01) 803299
BRANCHES			
Airport 24-hour services Ms. Joumana Ezzeddine* (Acting)	4 ATMs	Beirut, Rafic Hariri International Airport, Departure Zone	Tel: (01) 629000/629100/629111
Bechara Al Khoury Mr. Mazen Abu Daher	ATM	Bechara Al Khoury Boulevard, Andalos Bldg.	Tel: (01) 663959/663960.1
Bliss Mr. Jihad Kebbani (Acting)	ATM	Bliss Street, Mohamad F. Itani Bldg.	Tel: (01) 369238/369240
Chiyah Mr. Hussein Hayek	ATM	Al Moucharrafieh, Al Ariss Street, Saleh Bldg., Facing Ministry of Labor	Tel: (01) 556734/552499/552566/279308.9
Choueifat Mr. Ayoub Abou Hamdan	ATM	Road to Khaldeh, Freeway Center Facing Glass Line	Tel: (05) 435701.2 Fax: (05) 209473
Ghobeiry Mr. Mahmoud Bachir	ATM	Old Airport Road, Jawharat El Kasser Bldg.	Tel: (01) 837144/837160.1/824043.7
Hamra Mr. Mohamad Salam	ATM	Hamra Street, Imad Salma Bldg.	Tel: (01) 341540/345692/745672.3.4.5
Hamra Sadat Mr. Moustafa Anouty (Acting)	ATM	Hussein Talhouk Street, Nemr Bldg.	Tel: (01) 792477/801655/803738/868466
Haret Hreyk Ms. Imane Mhanna	ATM	Hadi Nasrallah Boulevard, Hazmieh Cross Road, Al Jinan Bldg.	Tel: (01) 544270/558860.1 Fax: (01) 558859
Istiklal Ms. Nada Nouwayhed	ATM	Istiklal Street, Tabsh Bldg.	Tel: (01) 736152.5
Jnah Mr. Amine Rammal (Acting)	ATM	Khalil Moutran Street, Hannawi Bldg., Near BHV	Tel: (01) 840642.3.4 Fax: (01) 840473
Mar Elias Mr. Nicolas Laylo		Mar Elias Street, Boubess Bldg.	Tel: (01) 300160/305055/305059/300893
Mazraa Mr. Mohamad Zaza	ATM	Corniche Al Mazraa, Wakef Al Roum Center	Tel: (01) 302406/310038/819399
Verdun Ms. Haifa Saleh	ATM	Rashid Karameh Street, Byblos Bank Bldg.	Tel: (01) 803775/805100/867876
Verdun Moussaitbeh Ms. Inass Sleiman Haidar	ATM	Rashid Karameh Street, Byblos Bank Bldg., Near FSI	Tel: (01) 803296 Fax: (01) 803299

BEIRUT 2

Ashrafieh St. Nicolas Mr. Nabil Choueiry (Regional Manager)		Charles Malek Avenue, The Netherlands Tower	Tel: (01) 203157.8 Fax: (01) 203159
BRANCHES			
Ain El Remmaneh Mr. Youssef Issa	ATM	Wadih Neïm Street, Mahdi Bldg.	Tel: (01) 284030/292122/293397.8
Geitawi Ms. Arlette Abrass	ATM	St. Louis Street, Bassil Bldg.	Tel: (01) 560859/561021.2/584644.5.6
Gemmayzeh Ms. Fadia Yared	ATM	Gouraud Street, Halim Naim Zeini Bldg.	Tel: (01) 566128/566134/566895
Sassine Mr. Rachid Asbahan	2 ATMs	Elias Sarkis Avenue, Byblos Bank Tower	Tel: (01) 200154/335200
St. Nicolas Ms. Soraya Yazbeck	ATM	Charles Malek Avenue, The Netherlands Tower	Tel: (01) 219200 Fax: (01) 217756

* As of 31 August 2010.

Tabaris Ms. Carine Chiniara	ATM	Chehadeh Street, Les Jardins de Tabaris Bldg.	Tel: (01) 331580.1 Fax: (01) 331582
Baabda Mr. Roy Abi Habib	ATM	Main Road, Helou Bldg.	Tel: (05) 468156/468149/468207
Baabda Cap Center Mr. Bernard Rahal	ATM	Damascus Road, Cap Center	Tel: (05) 956301.2.3.4.5.6.7.8.9.10.12 Fax: (05) 956311
Badaro Mr. Gabriel Fernaine	ATM	Sami El Solh Avenue, Cemate Bldg.	Tel: (01) 382690/399730.1 Fax: (01) 380060
Furn El Chebbak Ms. Jamale Chakhtoura	ATM	Damascus Road, Bou Rislan Bldg.	Tel: (01) 280967/281227/284060/291938
Hazmieh Ms. Dina Younes	ATM	Mar Takla Nabil Ibrahim Haddad Bldg.	Tel: (05) 455150/455356/455637.8 Fax: (05) 455567
Place de l'Etoile Ms. Liliane Fayad (Per Interim)	ATM	Place de l'Etoile, Down Town Beirut	Tel: (01) 970137.8/971000 Fax: (01) 970134
Riad El Solh Mr. Ziad Accari	ATM	Riad El Solh Street, Commercial Buildings Co. Bldg.	Tel: (01) 980190.1.2.3.5 Fax: (01) 980196
Sin El Fil Ms. Agnes Ghobril	ATM	Charles de Gaulle Avenue, Debahy Center	Tel: (01) 485240.1.2.4

METN

Dora Aya Mr. Boutros Aoun (Regional Manager)		Dora Highway, Aya Center	Tel: (01) 243255.9
BRANCHES			
Antelias1 Ms. Viviane Bou Mansour	ATM	Armenian Patriarchate Street, Pères Antonins Bldg.	Tel: (04) 417830.1.2.3
Antelias2 Mr. Selim Tahchi	ATM	Main Road, Old Tripoli Street, Antoun and George Saoud Bldg.	Tel: (04) 411267/415490
Baabdat Mr. Kamal Abou Khalil	ATM	Baabdat Main Road , Charabati Bldg.	Tel: (01) 821990.1.2.3 Fax: (04) 209486
Bourj Hammoud Mr. Hagop Kharpoutlian	ATM	Armenia Street, Mahrouk Bldg.	Tel: (01) 261253/263619/242780
Dekwaneh Mr. Armand Bassil	ATM	Internal Main Road, El Khoury Center	Tel: (01) 695210.1.2.3.4
Dora Mr. Elie Hojeily	ATM	Dora Roundabout, Tabbara Bldg.	Tel: (01) 244701.2.3/257600/257900.1.2
Dora Aya Ms. Katia Lteif	ATM	Dora Highway, Aya Center	Tel: (01) 241143.4.5.6.7.8.9 Fax: (01) 255155
Elyssar (Mazraat Yachouh) Mr. Samir Yammouni	ATM	Main Road to Bikfaya, Byblos Bank Bldg.	Tel: (04) 921640.1.2
Jal El Dib Mr. Toufic Abi Jaoude	ATM	Internal Main Road, Abou Jaoudeh Bldg.	Tel: (04) 711061.2.3.4/715176
Jdeideh1 Mr. Nazih Saadeh	ATM	Palais de Justice Direction, Tanios El Beyrouthi Bldg.	Tel: (01) 900346.7/901024.5
Jdeideh2 Ms. Denise Rameh		New Jdeideh Street, Khoury Bldg.	Tel: (01) 899089/899090.1.2/901639
Rabieh Mr. Antoine Khoury	ATM	Shukri H. Chammas Avenue, Rabiya Club	Tel: (04) 525703.5/525803

KESERWAN/JBEIL

Jounieh Sérail Mr. Antoine Matta (Regional Manager)		Sérail Street, St. Nicolas Bldg.	Tel: (09) 935502.3
BRANCHES			
Adma Ms. Adeline Dahdah	ATM	Main Road, Plaza Center, Facing Regency Palace Hotel	Tel: (09) 851324.5.6.7
Amchit Mr. Paul Khalifeh	ATM	Main Road, Michel Rouhana Bldg., Pyramid 6	Tel: (09) 620815.6/620996.8
Haret Sakhr Mr. Mario Kamar	ATM	Old Harissa Road, Said and Daher Bldg., Facing Sahel Alma Turn	Tel: (09) 831230/911356.8
Jbeil 1 Mr. Georges Mrad	ATM	Main Road, Zaarour Bldg.	Tel: (09) 540035/540172/541890/548041/945252
Jbeil 2 Mr. Georges Khoury	2 ATMs	Voie 13 , Byblos Bank Bldg.	Tel: (09) 544112.3.4.5 Fax: (09) 546586
Jounieh Sérail Mr. Elie Salloum	ATM	Sérail Street, St. Nicolas Bldg.	Tel: (09) 643993/645339.40/911836/915253/936070
Kaslik Mr. Pierre Moubarak		Sarba Boulevard, Moudabber Center	Tel: (09) 211543 Fax: (09) 211545
Kfarhbab Ms. Rita Tayeh Youssef	ATM	Maameltein, Ghazir Road, George Al Zayek Bldg.	Tel: (09) 851380.1.2.3
Mastita – Blat Mr. Joseph Ghanem	ATM	Mastita Square, Georges Atmeh Bldg.	Tel: (09) 796901.2.3.4.5
Okaybeh Mr. Elie Krim	ATM	Main Road, Chalfoun Center	Tel: (09) 444417/444475/448432
Reyfoun Mr. Sleiman Haddad	ATM	Main Road, Napoli Center	Tel: (09) 950367.8.9/950370
Zouk Mr. Marc Salameh	ATM	Jeita Main Road, Semaan Sammour Bldg.	Tel: (09) 220330.1.2/220990.1

NORTH

Tripoli Mr. Fadi Hachem (Regional Manager)		Tripoli Blvd., Abou Samra Bridge Intersection, Jamila Center	Tel: (06) 629770.1/629975/441737
BRANCHES			
Batroun Mr. Francois Hokayem	ATM	Main Road, Royal Center	Tel: (06) 642360/642370/744360/744370
Bechmezzine Mr. Elias Khoury	ATM	Amioun, Bterram Cross Road	Tel: (06) 930582.3.4/930791
Halba Mr. Ammar Rachid	ATM	Main Road Al Abdeh, Naim Center	Tel: (06) 691215/692043/693950.1
Kobayat Mr. Milad Antoun	ATM	Akkar, Zouk Kobayat, Demiane Bldg.	Tel: (06) 352800.1.2.3.4
Kousba Mr. Antoine Saba	ATM	Main Road, Byblos Bank Bldg.	Tel: (06) 510160/511079.80
Tripoli Boulevard Mr. Jamil Alameddine	ATM	Jamila Center, Abou Samra Bridge Intersection	Tel: (06) 442153.4.5
Tripoli Kobbeh Mr. Youssef El Khoury	ATM	Al Arz Street, Al Arz Complex	Tel: (06) 392800.1.2.3.4
Tripoli Mina Mr. Michel Kebbe (Acting)	ATM	Al Bawabe Street, Jabadou Bldg.	Tel: (06) 205943.4
Tripoli Tall Mr. Rabih Merhabi	ATM	Al Massaref Street, Miskawi Bldg.	Tel: (06) 430650.1.2/441752

SOUTH

Saida Mr. Majdi Hammoud (Regional Manager)		Riad El Solh Street, Al Zaatari and Dandashly Bldg.	Tel: (07) 754066.7.8
BRANCHES			
Bint Jbeil Mr. Ali Assaad	ATM	Main Road, Haydous Center	Tel: (07) 450601.2.3
Ghazieh Ms. Nada Khalife	ATM	Main Road, Sidawi Bldg.	Tel: (07) 222402.3/223255
Hlaliyeh Mr. Yasser Samia	ATM	Saida Region, Nabil Al Zaatari Bldg.	Tel: (07) 752456.7
Jezzine Mr. Youssef Nader	ATM	Al Boulevard Street, St. Antoine Center	Tel: (07) 781730.2.3
Marjayoun Mr. Karam Nehmtallah (Acting)	ATM	Jdeidet Marjayoun Boulevard, Western Passage, Al Kalaa Street	Tel: (07) 831315.36/830555
Nabatieh Ms. Souheir Nassar Daher	ATM	Al Jazaer Quarter, Youssef Bek Zein Avenue, Sabbagh Bldg.	Tel: (07) 768352.3.4 Fax: (07) 768356
Saida Ms. Carole Hajj	ATM	Riad El Solh Street, Al Zaatari and Dandashly Bldg.	Tel: (07) 722661/725709/728415.6.7/733507.8.9.10
Tyre Mr. Hassan Nesser	ATM	North Entrance, Chahine Commercial Center	Tel: (07) 348350.1.2

BEKAA

Jdita Mr. Khalil Touma (Regional Manager)		Main Road, Ghassan Nassar Bldg.	Tel: (08) 541777/544447.8
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* Replaced by Mr. Ararat Ghukasyan as of 1 August 2010.

OFF-PREMISES
ATMs

Location	Responsible Branch
Ablah, Antonine University	Zahleh Branch
Amchit, IPT Gas Station	Amchit Branch
Annaya, Saint Charbel	Amchit Branch
Baalback, Dar Al Amal Hospital	Bar Elias Branch
Badaro, Badaro Street - Chamandi Bldg.	Badaro Branch
Bchamoun, Main Road, Schools Bifurcation	Choueifat Branch
Beirut, Ashrafieh, ABC Shopping Mall, L3	Sassine Branch
Beirut, Ashrafieh, Lebanese Hospital (Geitawi)	Geitawi Branch
Beirut, Rafic Hariri International Airport	Airport Branch
Beirut, Rafic Hariri International Airport	Airport Branch
Beirut, Rafic Hariri International Airport	Airport Branch
Beirut Mall	Chiyah Branch
Bikfaya, Misk River Center	Elyssar Branh
Bint Jbeil, Tibnine Hospital	Bint Jbeil Branch
Blat, Jbeil (Byblos), Lebanese American University (LAU)	Jbeil Branch
Fayadieh, Saint Charles Hospital	Hazmieh Branch
Ghobeiry, Al Rassoul Al Azam Hospital	Ghobeiry Branch
Halate, IPT Gas Station	Amchit Branch
Jbeil, Maounat Hospital	Jbeil 2 Branch
Jeb Jennine, Jeb Jennine Hospital	Bar Elais Branch
Jnah, Ramlet El Bayda, Security Forces Location	Jnah Branch
Jounieh, Zouk Highway, Cadbury Jounieh	Sérail Branch
Kaslik, Lebanese Army Officers’ Club Jounieh	Sérail Branch
Kesrwan, Louaizeh, Notre Dame University (NDU)	Zouk Branch
Kesrwan, Louaizeh, Notre Dame School	Zouk Branch
Okaybeh, Sanita	Okaybeh Branch
Yarzeh, Ministry of Defense	Hazmieh Branch
Zghorta, Main Road, Al Aabi Area	Tripoli Kobbeh Branch
Zouk, Masterpack	Zouk Branch

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CONCEPT
Byblos Bank – Group Communication Department

DESIGN AND LAYOUT
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