

Activities

Why Our People Set Byblos Bank Apart

The Byblos Bank Group is many things, but all of its qualities are due to its people and their dedication. The financial-services industry can be intimidating for those from other walks of life, so we strive every day to help both current and future customers feel more at home. To do this, we need the best people; to recruit and retain them, we endeavor to ensure that they lack for nothing in terms of training and motivation.

Whatever their levels of responsibility or seniority, then, our people are essential for the creation of the value we seek to provide at Byblos Bank, so investing in them amounts to creating more value for the consumer. Employees with high degrees of personal motivation and job satisfaction tend to deliver better service in any setting, but in financial services, the nature of the work entails an added degree of difficulty. We handle our customers' money, their hopes and their dreams for themselves and their children, so it is not enough to be merely pleasant: the client also expects – and is entitled to expect – a universal air of competence. At Byblos Bank, we aim to provide just that. And smiles too.

This is why Byblos Bank puts so much time and energy into identifying candidates with the right mix of ambition, aptitude, education and intelligence. It is also why we never stop providing these people with the training they need to take fuller advantage of their experience – and therefore to provide more value to the client.

In 2008, the Human Resources Division came under the aegis of a new Assistant General Manager, Dr. Renalda Hayek. Under the stewardship of Dr. Hayek, an experienced HR practitioner renowned in both business and academic circles, the Division continued to play an important role in supporting all aspects of the Group's activities. Among its central priorities was a concerted effort to increase awareness among all employees of our collective goals, of their individual objectives, and of how striving to attain each of these also helps to achieve the other. Considerable effort was therefore devoted to matters of spreading a culture of service to the customer and attention to the sorts of details that differentiate Byblos Bank from its competitors.

The Division embarked on a major reorganization in 2008, reexamining a host of structures and processes in order to ensure that its function is carried out with maximum efficiency. On the strategic level, this included a comprehensive effort to sharpen HR's mission by defining clearer objectives, backed by a comprehensive three-year plan to develop its capacity to meet those objectives. Several projects were designed and launched in order to ensure successful navigation of this "roadmap" without disrupting current activities or otherwise compromising the Division's function.

This effort will require significant amounts of coordination, so one of the projects is creating new structures and molding existing ones designed specifically to support the strategy. This involves four central elements: planning and manpower; training and career development; pay and benefits; and organizational development. A parallel project

was implemented on the operational level, whereby the Division's mission and processes were revisited to increase compatibility. In addition, projects and procedures were upgraded with an eye toward improving their return on investments of time and other resources, enhancing their viability as contributors of both tangible and intangible benefits to both HR and other divisions and departments.

Thus equipped with a clear vision, a clear map, and clear steps, the Division is better-placed than ever to serve as a proactive partner to the rest of the Group.

THE BYBLOS WAY

Training was another area in which the Division accomplished major advances in 2008. Of particular importance was development of “The Byblos Way”, an ambitious concept for providing Byblos Bank employees with all the skills they need to serve our customers and build their own careers. The program has designed and produced its own calendar of courses, each with appropriate syllabi, manuals and tests. The effort is most advanced for retail banking, for which specialized studies are available for several positions, including tellers, personal bankers, branch managers, and assistant branch managers.

Progress was also achieved in terms of facilities for this in-house academy, with the final touches being put on a model branch, branded and complete with all the implements of an actual branch. The retail school is expected to become fully operational in 2009 – and to host about 500 students (some recurrent) from among approximately 850 branch employees. The management school will follow suit in 2010, with the commercial one to follow in 2011.

In addition to specialized training courses, Byblos Bank employees also benefit from constant monitoring to help them improve their abilities, provide superior advice and service to clients,

increase their contributions to the company, and broaden their career prospects. In 2008, for instance, the Human Resources Division entered the final stages of a project to define and list some 1,700 Key Performance Indicators (KPIs) that will help employees in dozens of positions and their supervisors to track, improve and multiply the ways in which they add to the Group’s bottom line. In addition, a special program has been instituted by which high-potential individuals are identified and provided with regularly updated Personal Development Plans that serve to groom them for more senior positions.

Investing in our employees has a long tradition at Byblos Bank, and the practice has paid off in many ways – both for the Group and for the communities in which it operates. The approach stems from several of the Group’s core values, including a commitment to sustainable economic development in the countries we serve, especially through partnerships with small- and medium-sized businesses (SMEs). Apart from assisting in the professional development of our personnel, therefore, the Division also seeks to inculcate these values in them. They are encouraged, for example, to think “greener and cleaner” at work, rest and play – and provided with information on how to do so. These and other activities make it more likely that they will contribute not just to the Group as model employees but also to society as conscientious citizens.

Advancement of these and other human-resources issues was made more efficient by careful planning for the implementation of industry-standard software, the effective use of which opens up myriad avenues for better management of employees. Technology enables the Division to more efficiently monitor factors like aptitude, performance, and training and development, thereby enabling it to help employees enhance their career prospects. Among other benefits, this helps limit turnover, reducing costs and enhancing the Group’s supply of experienced, knowledgeable and motivated people. The planning and preparation for the full introduction of new software has been carried out with all due care, it being essential to build awareness and acceptance of the advantages to be gained by embracing new technologies.

In many respects, the Human Resources Division served in 2008 as a prime example of how modern business theory’s approach to human resources has been coming full-circle in recent years. By combining traditional concern for an employee’s development and welfare with advanced management techniques and powerful technological tools, more value is imparted to all stakeholders by recruiting and retaining the high-quality personnel required to drive growth. For far too long, many organizations viewed their HR entities as afterthoughts at best and as deadweights at worst. Now more and more of them are absorbing a fact made clear by years of practical experience and scientific study: effective handling of employees and their development adds immense capacity to any organization, making state-of-the-art human-resources management a strategic asset that pays for itself many times over.

This approach fits squarely with the Byblos Bank Group’s way of doing business, one based on principles that include care and respect for the people who make this organization what it is. For all the complex requirements of modern HR management, doing it well boils down to a formula of startling simplicity: if you put more into your employees, you get more out of them. Putting this notion into practice is yet another way in which Byblos Bank’s values create value for customers and shareholders alike.

Retail Banking for Every Stage of Life

For Byblos Bank, “Your Bank for Life” is more than just a catchphrase; it’s a philosophy that informs everything we do. This means careful attention to the various ways in which we interact with our clients, the goal being to ensure that our products and services meet the changing needs of the market.

It is with such goals in mind that Byblos Bank has developed its networks of branches and Automated Teller Machines (ATMs), its trend-setting call center, and its telephone- and e-banking services. By extending reliable service into the home – all while maintaining the highest standards of privacy and security – we honor the confidence and trust placed in us by our clients.

With ATMs so important to the daily requirements of so many customers, Byblos Bank has spared no effort in offering easier access, broader functionality and enhanced security. In addition, the Bank has acquired ultra-modern software that improves internal controls, lowers operating costs, and makes customer operations more secure. This provides both peace of mind and seamless transactions, even as it enables Byblos Bank to provide superior service at lower cost. The next step has been a project to move from third-party management to full in-house control, which is expected to be finalized in the second half of 2009.

In order to increase the valued-added component of its products and services, the entire Byblos Bank Group works hard to help its customers derive maximum benefit from the shared and individual capabilities at our disposal. The process starts with training that emphasizes solution-oriented thinking and a comprehensive vision of financial services, and it does not end: across regional and departmental boundaries, Group employees are encouraged to think outside their respective boxes to find new ways in which our customers’ interests can be better served. This means taking the time necessary to get to know our clients and their needs, from regularly scheduled cash transfers to complicated commercial transactions.

Part of becoming and remaining “Your Bank for Life” means understanding that life takes place in stages. The products and services required by a young student will only partially overlap with those sought by an established professional, and the day-to-day priorities of a large company are bound to differ from those of a small neighborhood shop. At Byblos Bank we cater to such differences. We do this by studying our customers’ needs and preferences for a clearer picture of how our own products can be of assistance in particular circumstances. And it works: getting to know our customers – and other stakeholders – helps them get to know us, resulting in strong, lasting relationships.

One result of this approach is a steady stream of innovations aimed at giving clients and partners what they really need by designing the right products and/or providing the right incentives. The 2008 lineup included both changes to existing offerings and exciting new ones, all designed to provide the added value to which Byblos Bank stakeholders have become accustomed:

THE KEY TO OWNING YOUR OWN HOME

Nowhere does Byblos Bank make clearer its sensitivity to customers’ individual needs than in the area of Housing Loans. The Bank offers no fewer than five separate plans tailored to specific market segments, and all products are continually reviewed and updated. Byblos Bank personnel wield detailed knowledge of the real estate market, and our combination of expertise and flexibility helps customers select a Housing Loan that fits their circumstances. We even offer an Expatriate Housing Loan for those who live and work in other countries but want to build or acquire a residence back home in Lebanon. Perhaps even more importantly, our long experience and highly trained personnel mean that customers also have access to a valuable consultancy service.

LOANS TO FIT YOUR PERSONAL NEEDS

Byblos Bank’s Personal Loans are a market leader, and for several reasons. Our Personal Loans offer competitive interest rates without collateral for qualified customers with excellent credit histories. In addition, the product features a fixed payment schedule, a welcome note of predictability during periods of market fluctuation. In 2008, the principal change consisted of a new option allowing clients to borrow in Lebanese pounds as well as in dollars, yet another example of the flexibility Byblos Bank seeks to offer its customers.

STANDING UP FOR SMALL BUSINESS

In May 2008 Byblos Bank reiterated its continuing emphasis on working with small- and medium-sized enterprises (SMEs) with a campaign to publicize its Kafalat program, which provides interest-free loans to qualified entrepreneurs. Available to both existing SMEs and innovative start-ups, Kafalat has become a favorite tool of businesspeople involved in agriculture, industry, traditional crafts and technology

A VISA WITH ENDLESS BENEFITS

June 2008 saw Byblos Bank roll out its new Visa Infinite card, the ultimate status symbol – and practical spending tool – for high-end customers. The card is backed by 24-hour service and other benefits that are superior in utility and comprehensive in scope, including travel and medical insurance, high ceilings for both purchases and cash advances, and access to VIP lounges at more than 500 airports around the world. Designed to appeal to our most demanding and discerning clients, Visa Infinite also pampers cardholders with an exclusive concierge service, a variety of luxurious privileges, generous savings and special offers.

DOUBLE UP FOR CHRISTMAS

During the festive end-of-year season, Byblos Bank partnered with TSC, one of Lebanon's leading retailers, to double the loyalty points awarded on purchases made with the Bank's cards. The promotion, which applied at both TSC's Plus and Mega stores, ran throughout the month of December and was a big hit in terms of educating Byblos Bank customers about the convenience of card shopping, raising awareness of the Loyalty Program – and, of course, all those doubled point totals! The program was also a reminder of the benefits and synergies available when two big names team up to serve their common customers.

MATCHING PRODUCTS TO LOCAL REALITIES

All of the products and services extended by Byblos Bank subsidiaries abroad are first thoroughly studied and tested at Group headquarters. This prevents miscues – cultural, technical, regulatory, etc. – before they happen. It also lives up to our reputation as a specialized provider of financial services that can withstand the rigors of markets in which conditions are often less than ideal.

SPECIAL CARE FOR LEBANESE EXPATRIATES

Another natural market for Byblos Bank is to be found among Lebanese expatriates, hundreds of thousands of whom work abroad, often in places where banking services may be markedly different than those available at home. Accordingly, the Bank reached out to these communities, starting with those in the United Arab Emirates, Qatar and Nigeria, and offering tailor-made products to meet their specific needs and expectations with enough flexibility to overcome borders.

YOUTH-FOCUSED

Young people are a key part of the Byblos Bank Group's strategy for the future. One result of this approach has been "Cool", a line of credit and prepaid cards carrying preferential interest rates and/or special discounts at particular points of sale, as well as other benefits. Another has been a concerted effort by the Bank to both broaden its business profile and provide a genuine public service by giving hundreds of seminars at schools and universities, providing thousands of young people with an introduction to the often intimidating world of banking.

DESIGNING WHAT OUR CUSTOMERS WANT

Product design remained a top priority in 2008. This involved systematic research of market segments in order to refine our understanding of what the customer wants, develop our ability to fill these needs, and identify areas where we can strengthen relationships by adding value. With so many new products having been introduced of late, the central focus of the past year has been to improve existing ones. This included universal considerations like offering more competitive rates on loans and deposits, as well as highly particular goals like ensuring that our products and services are amenable to tailoring.

DELIVERING WHAT OUR CUSTOMERS NEED

Product delivery is another avenue that received vigorous attention in 2008, particularly in terms of refocusing on our network of branches in order to identify the general and specific strengths and weaknesses of each one. This will enable the formulation of improvement plans designed to address each branch's situation rather than a "one-size-fits-all" version that would waste or misdirect effort and resources. One aspect of this approach is to ensure that branch managers and employees alike have a clear understanding of their goals and the reasons therefore. In this way, we foster a unity of vision and a shared sense of purpose that are the surest routes to lasting relationships with our customers.

TOP PERFORMERS BEHIND THE WHEEL

In February 2008 the Bank once again hosted its Volant d'Or (Golden Steering Wheel) dinner reception to reward partnered car dealers and agents for their efforts in securing Byblos Bank Auto Loans for their customers over the previous year. Held at the Beirut International Exhibition and Leisure Center's Royal Pavilion, the event recognized hard work by distributing valuable prizes to the top-performing salespeople and teams thereof.

All of this attention to smoother relationships adds value in several ways. When designing a product, for instance, our employees take a holistic approach that aims to accomplish a lot more than simply adding another name to our range. Instead, they seek to produce a full package that is attractive to our customers, helps them to meet their goals, and allows them to recognize the benefits of the relationship, making it more likely that they will want to maintain it. A similar approach governs the sale or delivery of a given product. When considering a loan application, for example, our staff do not focus solely on adding to our portfolio. Instead, they concentrate on making sure that the product is the right one for a particular customer, that its terms match his or her circumstances, and that the payments will not cause undue stresses on his or her cash-flow.

The constant presence of considerations like these helps the Byblos Bank Group to earn and retain the trust of its clients. In tandem with the contributions of subsidiaries like Byblos Invest Bank and Adonis Insurance and Reinsurance toward our ongoing effort to provide a genuine "one-stop-shop", it also bolsters our standing in the market, furthering the interests of other stakeholders like investors.

How We Lead

A Trusted Partner for Commercial Customers

As an innovative organization that crosses both conceptual and physical borders to pursue new opportunities, the Byblos Bank Group derives much of its strength and vitality from relationships with active enterprises engaged in trade and other international activities. Not surprisingly, this makes Byblos Bank particularly well-equipped to help secure the necessary capital and other tools for likeminded individuals and corporations, wherever they are based.

The Group's commitment to companies specializing in imports and/or exports stems from a realization that these actors are among the primary drivers of economic growth, making them essential partners in the development of the countries and communities we serve. This commitment manifests itself in several ways, all built around our capacity to support the endeavors of our clients.

Since the Group operates in a variety of markets with very different conditions, our services are designed to fill gaps by meeting the needs of our customers wherever they are. Our long experience has provided us with significant expertise in various industries, allowing us to develop a wide range of products and services tailored to individual segments of the business market.

When it comes to trade and manufacturing finance, Byblos Bank's vast experience can be invaluable in designing custom-made solutions for corporations in virtually any sector. Products and services range from conventional and tailored credit facilities to some of the specialized programs sponsored by government entities and international institutions. In all cases, Byblos Bank professionals can help guide the customer through some very complicated application, qualification and negotiating procedures. It is no surprise, then, that Byblos Bank is the acknowledged Lebanese champion in this regard, holding approximately one-fifth of the market for trade finance.

Attracting and retaining these and other clients, and the capital they require to expand their activities and/or enter new markets, does not happen by accident. On the contrary, the Byblos Bank Group has invested significant resources in developing its ability to win new corporate clients at an early stage of their growth and then building relationships as they mature into their most productive years. The Group also has a proven track record of effectively and responsibly handling new capital, and 2008 was no exception: once again, Byblos Bank was Lebanon's largest user of foreign funds provided by development banks for lending to industry.

Relationships became even more crucial in the third and fourth quarters of 2008 as the global economic crisis made itself felt around the world, including some markets where the Group operates in one capacity or another. Although Byblos Bank was not directly affected by what many described as the "contagion" of "toxic debt", we moved quickly and rigorously to determine the impact on our customers and business partners.

One aspect of our response to the crisis has been an expansion of our monitoring processes. This includes an intensification of internal studies and consultations among different divisions and departments in order to uncover and quantify any possible indirect exposure. It also involves constant revisiting of the issue for each entity across the Group. In addition, even as the crisis bore out the virtue of Byblos Bank's risk-averse, high-liquidity approach, we opted for more of the same, finishing the year in a very strong position on both scores.

Another response has been a ramping-up of our usual policy of staying in touch with our customers. Despite a long tradition of conservative lending policies and knowing our clients, the Bank had concerns about the financial stability of its customers and has made every effort to obtain an even clearer picture of their status. This has entailed visits to individual customers, a survey of business owners, and close monitoring of their performance. Rather than waiting for the release of annual financial statements, we went straight to our clients to determine what their circumstances were and how, if necessary, we might be of assistance. We also acted as advisors, offering professional guidance on how to cope with challenging conditions.

The result? Byblos Bank corporate customers are in surprisingly good shape. Some of them were forecast to experience operating losses for 2008, but only a small number of late payments is expected. In fact, the Group has not had to reclassify a single major loan in its commercial portfolio.

The global economic downturn also highlighted the effectiveness of another key plank in Group strategy: expansion abroad. Doing business in more countries has allowed Byblos Bank to reduce its exposure to a single home market, but the endeavor has become much more than a defensive one: in 2008, overseas operations accounted for approximately one quarter of Group income.

One highlight has been the entry into the Armenian market following the late 2007 acquisition of International Trade Bank and its renaming as Byblos Bank Armenia – the first Lebanese bank to start operating in that country. Apart from tapping exciting opportunities in Armenia itself, this venture has become instrumental in better serving the needs of the Armenian Diaspora around the world, especially Europe, the United States, Lebanon and Syria. A new General Manager took over in 2008, which also saw the launch of retail products. The Group's growing international reputation enabled it to line up two separate injections of capital in Byblos Bank Armenia – one from the European Bank for Reconstruction and Development and another from the OPEC Fund for International Development.

Significant progress was also achieved at Byblos Bank Syria, which experienced a breakthrough year in many respects. An intensive training program was rolled out for employees of all branches in Syria, as was a campaign to raise awareness of Byblos Bank's growing presence in the relatively new and rapidly developing Syrian market. Both endeavors were supported by several departments at Head Office in Beirut, as was the design of retail products suited to local conditions and preferences.

The Paris Office of Byblos Bank Europe won kudos in June for its sponsorship and participation in a major event organized by the Union of Arab Banks. The Summit of International Arab Banks was aimed at improving dialogue among European and Arab banks in hopes of developing common solutions for shared challenges. Among the topics discussed were the expected effects of the new Union for the Mediterranean on financial stability, opportunities in the Arab world, and the expanding role of Islamic financing.

Business in Iraq also made major headway: the branch in the northern city of Erbil moved into its new permanent facilities, and approval was obtained from the Banque du Liban to open another branch in Baghdad.

How We Lead

32

The Representative Office in Nigeria performs similar functions, focusing on serving the local and international needs of Lebanese and other Arab expatriates, primarily with commercial and correspondent banking. In addition, the office made headway in 2008 toward adding to its consumer banking activities.

Byblos Bank also reinforced its role as a prime incubator of Lebanon's future in 2008, teaming up with Germany's Deutsche Bank and another domestic bank, BLOM Bank, to help the Lebanese Government obtain new financing. The August 2008 Eurobond issue, which raised some \$500 million, was twice-oversubscribed.

The Group was also proud of its latest major step in support of Lebanon's ambitious education sector, singlehandedly taking the full subscription in a \$75 million bond issued by the Lebanese American University (LAU). The issue was initiated in the United States in 2007 and reached the Lebanese market at the beginning of 2008, and Byblos Bank finalized its subscription in early March.

The LAU bond was a pioneering move for several reasons. For one thing, it was the first instance of a world-class institution of higher learning operating in the Middle East issuing American bonds – and this despite the extreme volatility of the US financial markets. For another, the transaction was carried out at a time of considerable political instability in Lebanon, demonstrating the continuing confidence of international ratings agencies in the country, in LAU, and in Byblos Bank. The Bank stressed that its decision to subscribe in full stemmed from a key plank of its banking mission: encouraging the private sector to further its own interests by tapping the financial markets with innovative issuances.

In addition, Byblos Bank expanded its presence in the Lebanese market in several ways. These included the opening of the Bank's 75th branch in Lebanon and the renovation of several others. In addition, 2008 saw the completion of a carefully planned project to move significant amounts of back-office administration out of the branches so that their employees can concentrate more on customers and less on paperwork. The move was made possible by the opening of a cutting-edge administrative center at Voie 13 in Jbeil. This continuing emphasis on the domestic branch network demonstrated the Group's commitment to the Lebanese market even as it grows its activities and revenues abroad.

Probably the biggest move of 2008 involved the issuance of \$200 million in preferred shares, increasing the Bank's capital base and contributing to a solid position that is expected to be sufficient to fund expansion plans for the next three years. The largest transaction of its kind for Lebanon's banking sector in 2008, this issuance was also widely viewed as a vote of confidence. Proceeds are to be used for general funding purposes, including strengthening the Bank's capital structure, external growth, and development of investment banking activities.

In November, months of planning and preparation paid off when the Bank successfully hosted the third annual Trade Finance and International Banking Conference. As Lebanon's leading bank in these fields, Byblos Bank brought together senior managers from its main correspondent banks to share its know-how and experience.

December saw the Bank finalize its acquisition of the Lebanese branch of Unicredit Banco Di Roma. By acquiring an operation with total assets of \$80 million, deposits of \$66 million, and loans of \$25.5 million as of end-2007, the Bank took yet another step in the domestic aspect of its expansion strategy. In recent years, this has also included acquisitions of the Lebanese assets of several other foreign institutions, including Wedge Bank Middle East, Bank of Nova Scotia-Lebanon, ING Barings-Lebanon, and ABN Amro Bank NV-Lebanon Branch.

Overall, the Byblos Bank Group's consolidated financial returns for 2008 are a ringing endorsement of the business values that inform its various activities and create monetary value for our customers and shareholders. We maintain comfortable levels of liquidity, especially in foreign currencies, and we tend diligently to our capital base. We originate all of our own loans, so we know our customers – and they know us.

By contrast, Byblos Bank provided an example of how prudent and professional management can overcome challenging international conditions. Net profits were up 23 percent, while assets rose by 18.5 percent, the best figures recorded by any of Lebanon's three leading banks. In addition, our capital adequacy ratio stood at 14.84 percent at year-end, almost twice the minimum standard recommended by Basel II and established by the Banque du Liban.

Committed to Communities: How We Serve

The Byblos Bank Group has a long and proud tradition of corporate social responsibility (CSR), taking 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.

The Byblos Bank approach to CSR manifests itself in numerous ways, ranging from generous support for underprivileged children and environmental organizations to sponsorship of social, cultural and sporting events, assistance for young entrepreneurs, and participation in educational initiatives. Some of our activities are high-profile, complete with publicity campaigns, while others are conducted on a less public basis. Some of our donations are financial, while others see our employees lending their financial acumen and/or organizational skills on a volunteer basis. What all of them have in common is their provenance: they flow from a basic and earnest desire to be a good neighbor by making contributions that are different from – but no less important than – our core business activities.

In 2008, these good works took place on a variety of levels and in all of the countries where the Byblos Bank Group operates, making them too numerous to permit a comprehensive listing here. Each demonstrated the commitment that the Group and its employees feel toward the communities in which they live and work.

FIGHTING FIRE WITH REFORESTATION

After wildfires scorched broad swathes of rural areas in Lebanon during the summer of 2007, Byblos Bank resolved to do something about the damage. Accordingly, a project was launched in collaboration with the Association for Forests Development and Conservation (AFDC), a prominent non-governmental organization. The campaign provided the Bank's clients with a chance to participate in the endeavor by exchanging the loyalty points paid on their debit or credit cards for trees to be planted in affected areas. Since a point is awarded with every dollar spent on a card, it did not take long for customers to accumulate the 350 points required to have a tree planted in their name. In return, each participant was presented with a certificate of appreciation. The project caught on so quickly that in March 2008, the Bank was able to announce that some 750 trees had already been planted on 1.5 hectares of land in the village of Rechmaya, one of those affected by the previous year's fires.

This particular reforestation campaign, which continued throughout the year, was the latest instance of the Group's ongoing commitment to the environment. It also follows the example established in 2004 under which a cedar tree, Lebanon's national symbol, is planted in the name of every Lebanese expatriate who opens an account at Byblos Bank.

DEVELOPING YOUNG MINDS

In June, Byblos Bank served as official sponsor for Child's Week, including a special closing ceremony designed to encourage children to show off their artistic, cultural and educational abilities. The ceremony was held at the Lebanese American University (LAU) campus in Jbeil – modern site of the ancient city of Byblos for which the Bank is named – and featured scholarships awarded to the most promising participants.

SPREADING THE HOLIDAY SPIRIT

In several countries, the Group and its subsidiaries marked the Islamic holy month of Ramadan by carrying out several ventures intended to bring out the best of the holiday season, particularly by putting smiles on the faces of less fortunate children. In Lebanon, orphans from several organizations were treated to Iftar, the traditional meal with which the daily fast is ended at sundown throughout Ramadan, in Bint Jbeil, Nabatieh, and Saida. Multiple Iftars were also hosted by Byblos Bank Syria for guests in the cities of Aleppo, Damascus, Hama, Homs, Lattakia, and Tartous. Byblos Bank Africa also invited employees and clients to a pair of Iftars in Sudan.

BEING A GOOD NEIGHBOR

Some of the countries where the Byblos Bank Group operates are beset by socioeconomic and other developmental problems, and while our support for small business contributes to the creation of badly needed jobs, we also try to help in other ways. Our Representative Office in Nigeria, for instance, lent various forms of support to several organizations and events last year, including the International Women's Organization for Charity, a program offering assistance for the elderly called "Restaurant of Heart", and a fundraiser for Our Lady of the Rosary Maronite Church in Lagos, which concerns itself with numerous good causes.

ENCOURAGING ENTREPRENEURSHIP

The Bank also took part in a special course developed for the Faculty of Engineering at the University of Saint Joseph (USJ) under which students received specialized instruction in how to take a business idea from concept to implementation. The course, "From the idea to the start-up", was designed by experts from Berytech, a business incubator in which Byblos Bank is a shareholder, to impart the necessary entrepreneurial, business, marketing and finance skills. Byblos Bank representatives conducted a session on financing start-ups and the delivery of business plans. Students were given the tools they needed to create their own business plans, which were then judged by a multidisciplinary jury that awarded gifts to top performers. The winning project was recognized with an interest-free loan under the Kafalat program to turn the concept into an actual business with the help of Berytech.

A TASTE OF HOME

In keeping with the close relationships it maintains with Lebanese expatriates living and working abroad, Byblos Bank sponsored numerous events in the United Arab Emirates in 2008, including annual balls in Abu Dhabi and Dubai held by the local campuses of LAU, USJ and the American University of Beirut (AUB). And in December, Byblos Bank hosted members of the Lebanese community for a special luncheon to mark the Muslim feast of Adha.

SOMETHING TO SING ABOUT

The Bank also extended its support for the eighth consecutive year to the Byblos International Festival, an annual musical extravaganza that fosters appreciation of several genres. The 2008 version was opened with a performance by American rock legend Patti Smith, who not only expressed her love and respect for the Lebanese on stage but also at a pre-show press conference. On the latter occasion the Bank presented her with a special gift, a book about the ancient city of Byblos. The festival also included shows by Chucho Valdés and Michel Legrand, Lumi, Mouse on Mars, and Sébastien Tellier.

PUTTING VALUES INTO ACTION

In addition to the foregoing, the Group was active in myriad other ways as well, providing different forms of assistance for events and organizations engaged in a variety of activities that contribute to society. These included support for spreading awareness about Alzheimer's Disease, encouraging employees to help raise money to fight cancer by participating in the Beirut Marathon, backing an archeology symposium about Lebanon in the Bronze and Iron Ages, supporting a program of class reunions for AUB alumni, and sponsoring Lebanese Independence Day festivities in Sudan, where Byblos Bank Africa is based.

By engaging in these and other kinds of good works, Byblos Bank puts its values into action in ways that foment better community growth, development and overall wellbeing. Considerations of the public interest are an integral part of the Group's decision-making process, a tradition that has followed each step of our domestic and international expansions.

Byblos Invest Bank: Long-Term Vision

Byblos Invest Bank continued to press forward in 2008 with both the traditional and the innovative activities from which it derives its tremendous potential. As a wholly owned subsidiary of Byblos Bank established in 2003, Byblos Invest Bank is officially registered under Lebanese law as a “medium and long-term bank”, consistent with its founding purpose of providing customers with the benefits of attractive interest rates on Term Deposits held for periods of six months or longer. It is now adding private equity to its offerings, thereby providing a gateway by which innovative companies and forward-thinking investors can find one another, in addition to traditional investment banking services such as the mobilization of equity, quasi-equity and loan funding, and the provision of advisory services.

The emphasis on SMEs is part of the Byblos tradition of backing those endeavors most capable of producing both stable employment and strong returns. On the other hand, companies in which Byblos Invest Bank takes a stake will benefit in several ways: the equity provided will strengthen their capital, and reduce their debt service burden and their own expertise will be complemented by our team’s knowledge of restructuring, corporate finance, audit, credit assessment, asset management and business valuation.

These resources are available to bolster the expansion of established companies, as well as to help innovative start-ups get off on surer ground. The companies in which Byblos Invest Bank invests thereby receive assistance that goes far beyond a simple cash injection, including: a proactive contribution based on the synthesis of skills and visions from several disciplines; close involvement with strategic planning; advice and support on new business development; and strengthening of corporate profiles.

These and other goals received a major boost in September 2008 with the installation of a new chairman and general manager for Byblos Invest Bank: Sami Haddad, a highly experienced and dynamic business leader, returned to the private sector after a 24-year career at the International Finance Corporation, followed by a stint in public life as Minister of Economy and Trade, during which time he helped successfully steer Lebanon’s economy through a variety of internal and external challenges. Mr. Haddad is keen to pursue his passion – the creation of jobs through viable investments.



ADIR Insurance: Standing Guard Against The Unexpected

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

ADIR Insurance witnessed two key milestones in 2008 – its 25th anniversary and the commencement of operations for Adonis Insurance Company - Syria (ADIR) – that marked both a continuation and an expansion of its role in providing a wide range of insurance products to meet the ever-changing needs of its current and future customers.

On the individual level, these include several types of life and personal coverage designed to build savings for retirement and education, as well as to preserve family interests in the event of difficulties. ADIR Insurance can provide effective solutions to protect property and other assets against unforeseen circumstances.

For business and professional clients, ADIR Insurance offers both standardized and tailor-made products and services, including group life insurance, retirement plans, and medical coverage. Protection can also be provided for property, liability, business interruption and other forms of specialized risks. In addition, the development of an online information system has significantly enhanced the ease with which customers can keep track of their holdings and coverages by visiting any branch of Byblos Bank in Lebanon.

The 25th anniversary manifested a gala dinner in July at Le Royal Hotel that attracted around 500 guests, including major clients and representatives of Natixis Assurances France, one of ADIR's Insurance principal shareholders. Mr. René Klat CEO and Managing Director, used the opportunity to cite his appreciation for all the stakeholders responsible for the success of the company in its first quarter-century, with special mention of its 60,000 customers.

In November, it was the turn of Adonis Insurance Company - Syria (ADIR) to celebrate its own birth with a high-profile event in Damascus. Once again, approximately 500 VIPs took part, with speakers stressing the many opportunities available in the Syrian market – and ADIR's unique placement to make the most of them. The company's shareholders reflect both continuity and diversity: Byblos Bank and ADIR Insurance Lebanon along with Byblos Bank Syria hold a majority stake, and more than 20 prominent Syrian businessmen hold the rest. Starting with initial capital of \$25 million, the company's founding goal is to reach \$7 million in annual premiums in the second year of operations.

ADIR Insurance is a key component of Byblos Bank's determination to be a "one-stop shop" proving a comprehensive selection of financial services to its customers. Having launched the Bancassurance operations in 2002, the company has helped to strengthen the Group's relationships with its clients by enabling them to access a broader range of products to meet their protection and investment requirements, all competitively priced and fitted with convenient payment facilities. Natixis has been instrumental in this process, sharing its experience and knowhow of the Bancassurance industry in general and of how to design specific products with the right elements to be competitive.

Apart from enjoying the financial stability necessary for reliable long-term protection, ADIR has also developed a reputation for excellence in product innovation and customer satisfaction. A dedicated Customer Service and Call Center have been developed with highly trained personnel and a complete suite of technological tools, enabling better speed and accuracy in processing claims and payments. These high standards are also reflected in the company's ISO 9001/2000 certification, dated April 2006 and illustrating ADIR's Insurance ability to meet or exceed its clients' highest expectations.