

**PERFORMANCE REVIEW OF
BYBLOS BANK SYRIA S.A.**



REVIEW OF OPERATIONS

STANDING BY OUR STAKEHOLDERS

Byblos Bank Syria (BBS) spent much of 2012 guarding the interests of both customers and shareholders as the country passed through another very difficult year. BBS focused on strong relationships with its clients, working with them for mutual benefit and thereby maintaining both its presence in the Syrian market and its image as a professional, customer service-oriented Bank. Thanks to these and other sound measures, the Bank was able to cope with a variety of challenges associated with the current situation in Syria, remaining in full conformity with local laws and regulations, as well as with international standards, by strengthening our compliance-related activities and due diligence.

BBS took a number of key steps in support of this strategy, including thorough follow-ups on unpaid commercial and retail loans, meeting with customers to identify solutions, and resolving to set aside provisions even greater than those required by law. The Bank also managed to overcome a liquidity squeeze, and reduced expenses by temporarily closing three branches and two offices. A downsizing process was initiated, but the situation caused many staff members to resign and leave the country of their own accord; overall, the Bank's staff shrank by 23 percent.

Looking ahead to 2013, so long as Syria remains in crisis, BBS will follow the survival policy that has allowed it to cope with the situation so far. This means attending to unpaid loans, maintaining the level and quality of services to which our clients are entitled, and maintaining our reputation for reliability in order to be well-situated when stability returns to the country.

PROFILES OF BOARD OF DIRECTORS MEMBERS

MR. SEMAAN F. BASSIL

Lebanese, born in 1965. Holder of a BA from Boston University in the US and an MBA from Cambridge University in the UK. Has been working in the banking sector since 1990 and currently serves as Vice-Chairman of the Board and General Manager of Byblos Bank S.A.L. Has been Chairman of the Board of Directors of Byblos Bank Syria since 2005. Also serves as a Member of the Boards of Byblos Bank Europe and Byblos Bank Africa.

DR. FRANÇOIS S. BASSIL

Lebanese, born in 1934. Holder of a Doctorate in Law from Louvain University in Belgium. Has been working in the banking sector since 1962. Contributed to establishing Byblos Bank S.A.L., where he currently holds the positions of Chairman of the Board of Directors and General Manager. Has been a Member of the Board of Directors of Byblos Bank Syria since 2005. Is also Chairman of the Board of Directors of Byblos Bank Africa, and sits on the Boards of Byblos Bank Europe and Byblos Bank Armenia. In addition, serves as Chairman of the Board of Directors and General Manager of Byblos Invest Holding Luxembourg. Has served three terms as Chairman of the Board of Directors of the Association of Banks in Lebanon and remains a Member of the Board.

OPEC FUND FOR INTERNATIONAL DEVELOPMENT (OFID)

OFID was conceived at the Conference of the Sovereigns and Heads of State of OPEC member countries held in Algiers, Algeria, in March 1975 and was established the following year as a development finance institution and collective aid channel to developing countries. OFID works in cooperation with developing country partners and the international donor community to stimulate economic growth and alleviate poverty in all disadvantaged regions of the world. In 1988, OFID established the Private Sector Facility in response to growing demand among partner countries for investment in private enterprises, which are widely accepted as the engine of economic growth. OFID's resources consist of voluntary contributions made by OPEC member countries and the accumulated reserves derived from its various operations. At the close of the year 2011, contributions pledged by the OPEC member countries totaled USD 3.435 billion, of which USD 2.463 billion were direct contributions to OFID. The Reserve Account stood at USD 3.390 billion. OFID has held a seat on the Board of Directors of Byblos Bank Syria since 2005 and is represented by Mr. Sleiman J. Al Harbach, a Saudi Arabian born in 1942. Mr. Harbach holds a Master's Degree in Economics from Trinity University in Texas, US, and has held several positions during work in the oil industry, including General Manager of many Saudi companies, in addition to the experience gained while working for OFID.

PROFILES OF BOARD OF DIRECTORS MEMBERS

MR. ALAIN C. TOHMÉ

Lebanese, born in 1962. Holder of an MBA from Boston College in the US. Started working in the banking sector in 1985. Has assumed several positions at Byblos Bank S.A.L., the most recent having been Deputy General Manager, Head of the Group Commercial Banking Division, until he resigned in 2011. Has been Vice-Chairman of the Board of Byblos Bank Syria since 2005. Also serves as Chairman of the Board of Byblos Bank Armenia and as a Member of the Boards of Byblos Bank S.A.L. and Byblos Bank RDC.

MR. MOHAMED M. AL DANDASHI

Syrian, born in 1971. Holder of a Bachelor's Degree in Economic Sciences from Aleppo University. Has some 18 years of experience in management and financial analysis, along with investment in financial markets, and management of investment portfolios. Has been a Member of the Board of Directors of Byblos Bank Syria since 2005.

MR. ANDRÉ S. ABOU HAMAD

Syrian, born in 1961. Holder of a Bachelor's Degree in Business Administration from the University of California in the US. Professional experience extends over 27 years, during which time he has assumed several positions, including that of General Manager of a shipping company. Has been a Member of the Board of Directors of Byblos Bank Syria since 2006.

MR. NADER M. KALAI

Syrian, born in 1965. Holder of a Bachelor's Degree in Business Administration. Has some 24 years of experience, during which he has worked for several well-established companies in multiple fields, including electromechanical industries, communications, tourism, and education. Has been a Member of the Board of Directors of Byblos Bank Syria since 2005.

MR. MOHAMAD M. AL HAKIM

Syrian, born in 1952. Holder of a Master's Degree in Pharmacy from the American University of Beirut. Currently serves as General Manager of several Syrian and Lebanese companies operating in the medical and pharmaceutical fields. Is also Chairman of the Board of several Lebanese companies. Has been a Member of the Board of Directors of Byblos Bank Syria since 2012.

BOARD OF DIRECTORS COMMITTEES

AUDIT COMMITTEE

Chairman	Mr. Mohamad M. Al Hakim
Members	Dr. François S. Bassil
	Mr. Nader M. Al Kalai

CORPORATE GOVERNANCE COMMITTEE

Chairman	Dr. Francois S. Bassil
Members	Mr. Alain C. Tohmé
	Mr. Mohamad M. Al Hakim

RISK COMMITTEE

Members	Mr. Alain C. Tohmé
	Mr. André S. Abou Hamad

NOMINATION AND COMPENSATION COMMITTEE

Chairman	Mr. André S. Abou Hamad
Members	Dr. François S. Bassil

MANAGEMENT COMMITTEES

MANAGEMENT COMMITTEE

President	Mr. Georges Sfeir	General Manager
Members	Mr. Jean Bassil	AGM, Head of Commercial Banking
	Mrs. Hanadi Naccache	AGM, Head of Support Functions
	Mr. Georges Bitar	Head of Finance and Administration
	Mr. Muhannad Haj Sharif	Chief Dealer

CREDIT COMMITTEE

President	Mr. Georges Sfeir	General Manager
Members	Mr. Jean Bassil	AGM, Head of Commercial Banking
	Mr. Karam Bechara	Deputy Head of Commercial Banking
	Mr. Ziad Hajjar	Acting Head of Credit Administration
	Mrs. Sareen Khajarian	Senior Credit Risk Officer

INCOME STATEMENT

Year Ended 31 December 2012

SYP	2012	2011
Interest income	2,704,504,808	2,327,220,255
Interest expense	(1,683,766,861)	(1,460,489,469)
Net interest income	1,020,737,947	866,730,786
Fee and commission income	252,545,401	238,434,057
Fee and commission expense	(51,352,200)	(3,891,030)
Net fee and commission income	201,193,201	234,543,027
Net interest, fee and commission income	1,221,931,148	1,101,273,813
Gain less losses arising from dealing in foreign currencies	187,259,728	47,048,938
Unrealized net foreign exchange difference on structural position	1,339,325,548	601,314,181
Net gains (losses) on available-for-sale financial investments	1,099,042	(40,011,946)
Other operating income	40,152,590	28,012,280
Total operating income	2,789,768,056	1,737,637,266
Personnel expenses	(411,956,866)	(357,594,124)
Depreciation of fixed assets	(129,934,558)	(135,066,316)
Amortization of intangible assets	(3,139,089)	(3,270,528)
Credit loss expense	(2,500,616,790)	(817,242,860)
Miscellaneous provisions	(164,630,643)	(326,669)
Other operating expenses	(250,565,504)	(208,301,764)
Total operating expenses	(3,460,843,450)	(1,521,802,261)
Net operating loss (income)	(671,075,394)	215,835,005
Dividends from sister companies	21,215,455	0
LOSS (PROFIT) BEFORE TAX	(649,859,939)	215,835,005
Income tax refund (expense)	492,547,969	(46,542,565)
LOSS (PROFIT) FOR THE YEAR	(157,311,970)	169,292,440
Basic earnings per share	(2.57)	2.76

STATEMENT OF FINANCIAL POSITION

As at 31 December 2012

	2012	2011	SYP
ASSETS			
Cash and balances with central banks	15,398,082,985	6,046,280,891	
Balances due from banks	5,738,964,712	7,018,503,915	
Placements due from banks	0	900,658,874	
Loans and advances to customers	17,049,511,988	23,828,142,739	
Financial investments – loans and receivables	978,186,428	5,333,163,637	
Financial investments – available for sale	1,235,482,020	1,097,047,150	
Investments in sister companies	350,465,455	0	
Premises, equipment and projects under construction	1,091,980,913	1,209,855,162	
Intangible assets	6,995,410	5,866,884	
Other assets	346,575,799	355,006,870	
Deferred tax assets	492,547,969	0	
Statutory blocked funds	839,860,958	659,562,356	
TOTAL ASSETS	43,528,654,637	46,454,088,478	
LIABILITIES AND EQUITY			
Due to banks	2,295,997,256	1,510,678,482	
Due to customers	25,785,195,643	35,636,351,804	
Margin accounts	1,040,535,375	2,011,733,162	
Current tax liabilities	0	46,397,239	
Miscellaneous provisions	348,852,821	3,962,557	
Other liabilities	7,597,639,462	685,706,125	
TOTAL LIABILITIES	37,068,220,557	39,894,829,369	
EQUITY			
Share capital	6,120,000,000	6,120,000,000	
Statutory reserve	93,013,352	93,013,352	
Special reserve	3,013,352	3,013,352	
General reserves for financing risks	221,208,000	221,208,000	
Available-for-sale reserve	76,603,631	18,116,690	
Retained earnings	(1,796,282,026)	(371,715,848)	
Accumulated gains related to unrealized net foreign exchange gains on structural position	1,742,877,771	475,623,563	
TOTAL EQUITY	6,460,434,080	6,559,259,109	
TOTAL LIABILITIES AND EQUITY	43,528,654,637	46,454,088,478	

These accounts have been approved by the Board of Directors.

Semaan F. Bassil
Chairman

Georges Sfeir
General Manager