

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



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REVIEW OF OPERATIONS

Thirty Years of Excellence

Adonis Insurance and Reinsurance Co. (ADIR) overcame a third consecutive year of local and regional political turmoil in 2013, sustaining strong growth amid difficult market conditions and figuring among the most profitable insurers in Lebanon.

Known for its robust financial investments, prudent strategies and solid solvency ratio, the Company celebrated its 30th anniversary by posting a profit increase of more than 30% for the second year in a row, and registering a return on equity of 27%. Moreover, ADIR achieved asset growth of more than 17% to USD 200 million.

Bancassurance has long been a major strategic goal for the Company, and 2013 saw these efforts pay off in a big way. A series of workshops combined training, development and planning, using staff members' engagement and participation to increase their sense of commitment and ownership.

In parallel, ADIR also diversified its distribution channels during the year, implementing a new function designed to reach new clients and broaden the Company's portfolio with selected brokers and agents.

In 2014, ADIR's primary overall goal is to achieve a return on equity greater than 18%. The Company will rely on several initiatives to reach this target, including a drive to commercialize Group Insurance Products targeting the corporate segment. Special emphasis also will be placed on securing a share of wallet above 1.9%, with heavy focus on defined sales actions and optimized cross-selling and up-selling activities, all while tending constantly to retention and other measures of customer loyalty.

In order to continue these levels of progress and financial stability, the Company will spare no effort in identifying more attractive opportunities for its investments.

In addition, as a specialist in Bancassurance, ADIR is determined to keep developing this promising field by exploring new alternatives and identifying potential new banking networks in the Middle East and North Africa (MENA) region.

In line with the Company's mission, ADIR also will continue to invest in its human capital, reinforcing the skills and overall performance of its team of professionals by offering educational and training programs. At the same time, ADIR will expand its existing career development program, rewarding above-average performance evaluations with job reallocations and other forms of internal mobility.

BOARD OF DIRECTORS MEMBER PROFILES

MR. RENÉ A. KLAT

Lebanese, born in 1942. Holds a Bachelor's Degree in Economics from the American University of Beirut and specialized afterward in insurance and reinsurance in Germany and the UK. Has been working in the insurance sector since 1965. Has launched insurance companies in Lebanon, the UAE and Saudi Arabia. Currently serves as Chairman of the Board and General Manager of ADIR, and has been a member of the Board and Managing Director since 2001. Also serves as Chairman of Adonis Insurance and Reinsurance Company Syria.

MRS. NATHALIE BROUTÈLE

French, born in 1963. Graduated from Rouen Business School in 1986. Has been working in the insurance sector since 1986, and has been CEO of Natixis Assurances since 2006. Serves as Chairperson of the Boards of Directors of Assurances Banque Populaire Vie, Assurances Banque Populaire Prévoyance, and Natixis Assurances Partenaires, as a Member of the Executive Board of Directors of Assurances Banque Populaire IARD, as Vice-Chairperson of the French Bancassurance Companies Association (G11) and of the French Institute of Training for the Insurance Industry (IFPASS), and as a member of the Executive Committee of the Mutual Insurance Companies Association in France (GEMA). Has been a Member of the Board of Directors of ADIR since 2008.

MR. JEAN H. HLEISS

Lebanese-French, born in 1956. Holder of a DEA in Business Administration from USEK in collaboration with Paris-Dauphine and has received extensive professional training in the UK and Germany. Has been working in the insurance sector since 1977 and currently holds the position of Assistant General Manager of ADIR. Has been a Member of ADIR's Board of Directors since 2001.

MRS. PASCALE J. ASMAR

French, born in 1965. Graduated from Rouen Business School in 1987. Started working in the banking sector in 1987, and has assumed several positions in various sectors, including capital markets, asset management, engineering, and merchant banking. Is currently International Business Manager at Natixis Assurances. Has been a Member of the Board of Directors, and of the Management Committee, of ADIR since 2001.

MR. CHRISTOPHE LE PAPE

French, born in 1970. Holds an actuary diploma from IFSA and an executive MBA from HEC in Paris. Started working in the insurance sector in 1995, assuming several positions before joining Natixis Assurances in 2005. Currently serves as Natixis Assurances' Strategy, Investment, Risk and International Development Manager, and as a Member of its Executive Committee. Has been a Member of the Board of Directors of ADIR since 2012.

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 ADIR since 2013. Is also Chairman of the Board of Directors of Byblos Bank Africa. Also sits on the Boards of Byblos Bank Europe, Byblos Bank Syria, and Byblos Bank Armenia. In addition, serves as Chairman of the Board of Directors and General Manager of Byblos Invest Holding Luxembourg and as Chairman of the Human Resources, Compensation, Remuneration, Nomination and Corporate Governance Committee affiliated to the Board of Byblos Bank S.A.L. Is now serving a fourth term as Chairman of the Board of the Association of Banks in Lebanon.

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.. Also serves as Chairman of the Board of Byblos Bank Syria, Chairman and General Manager of Byblos Invest Bank S.A.L., Member of the Board of Byblos Bank Europe, Vice-Chairman of the Board of Byblos Bank Africa, and Member of the Human Resources, Compensation, Remuneration, Nomination and Corporate Governance Committee affiliated to the Board of Byblos Bank S.A.L.. Has been a Member of the Board of Directors of ADIR since 2001.

MRS. JOUMANA F. CHELALA

Lebanese, born in 1966. Holds a BA in International Business Administration from the American University of Paris, a BS in Marketing from the Lebanese American University, a Master's in Marketing from the École Supérieure des Affaires in Lebanon. Has been working in the banking sector since 1991 and currently serves as Deputy General Manager and Head of the Group Consumer Banking Division at Byblos Bank S.A.L. Has been a Member of the Board of Directors of ADIR since 2011.

MR. ALAIN F. WANNA

Lebanese, born in 1969. Holder of an MA from the American University of Beirut. Joined Byblos Bank S.A.L. in 1993 and has assumed several positions, the most recent having been Deputy General Manager, Head of Group Financial Markets and Financial Institutions. Also serves on the Boards of Byblos Invest Bank S.A.L., Byblos Bank Armenia, Byblos Bank RDC, and Byblos Bank Africa. Has been a Member of the Board of Directors of ADIR since 2011.

MR. FADI N. NASSAR

Lebanese, born in 1963. Holds a Bachelor's Degree in Civil Engineering from Saint Joseph University in Lebanon and an MBA in Management from McGill University in Canada. Has been working in the banking sector since 1991 and currently serves as Deputy General Manager and Head of the Group Commercial Banking Division at Byblos Bank S.A.L. Has been a Member of the Board of ADIR since 2011.

MANAGEMENT

MANAGEMENT COMMITTEE

President	Mr. René Klat	Chairman and General Manager of ADIR
Members	Mrs. Joumana Chelala	DGM, Head of Consumer Banking Division of Byblos Bank S.A.L.
	Mr. Gilbert Zoueïn	AGM, Head of Group Products, Segments and Marketing of Byblos Bank S.A.L.
	Mrs. Pascale Asmar	Natixis Assurances Representative, International Affairs
	Mr. Jean Hleiss	AGM, Director of ADIR
	Mrs. Carla Abdo	AGM, Head of Life, Planning and Development Division of ADIR

INVESTMENT COMMITTEE

President	Mr. René Klat	Chairman and General Manager of ADIR
Members	Mr. Alain Wanna	DGM, Head of Group Financial Markets and Financial Institutions Division of Byblos Bank S.A.L.
	Mrs. Pascale Asmar	Natixis Assurances Representative, International Affairs
	Mr. Bernard Sfeir	Head of Finance Department of ADIR
	Mrs. Eva Abou Jaoudé	Head of Finance Section of ADIR

AUDIT AND COMPENSATION COMMITTEE

President	Mr. René Klat	Chairman and General Manager of ADIR
Members	Mrs. Joumana Chelala	DGM, Head of Consumer Banking Division of Byblos Bank S.A.L.
	Mr. Alain Wanna	DGM, Head of Group Financial Markets and Financial Institutions Division of Byblos Bank S.A.L.
	Mrs. Pascale Asmar	Natixis Assurances Representative, International Affairs

REINSURERS

	Hannover Re
	Hannover Life Re
	Gen Re
	Scor Global P & C
	Swiss Re
	R+V
	C.C.R
	Mapfre Re
	QBE
	Arab Re
	AWRIS

SUBSIDIARIES

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

BOARD OF DIRECTORS

Chairman	Mr. René A. Klat
Directors	Byblos Invest Bank S.A.L. represented by Mr. Alain F. Wanna
	Mrs. Pascale J. Asmar
	Mr. André G. Abu Hamad
	Byblos Bank Syria represented by Mr. Georges B. Sfeir
	Mr. Assem S. Suleiman
	Mrs. Khoulood S. Halabi

MANAGEMENT AND INVESTMENT COMMITTEE

President	Mr. Alain F. Wanna	Chairman
Vice President	Mr. Abdel Aziz Al-Soukhni	Member
Members	Mr. Georges Sfeir	Member
	Mr. Basel Sakr	Member

ADONIS BROKERAGE HOUSE S.A.L.

BOARD OF DIRECTORS

Chairman	Mr. Nicholas Saliby
Directors	Byblos Bank S.A.L. represented by Dr. François S. Bassil
	Mr. Elias Howayek

STATEMENT OF FINANCIAL POSITION

31 December 2013

USD Thousand	ASSETS	2013	2012
	Property and equipment	1,404	1,669
	Intangible assets	22	37
	Investments in associates	3,333	3,866
	Financial investments	22,827	16,925
	Investments held to cover investment contract liabilities where the financial risk is borne by policyholders	13,378	10,032
	Investments held to cover other investment contract liabilities, at amortized cost	74,833	61,436
	Reinsurers' share in technical reserves	17,886	15,076
	Deferred policy acquisition costs	4,512	4,593
	Reinsurers' balances receivable, net	231	44
	Receivables under direct business and from intermediaries, net	2,311	1,511
	Other assets	48	38
	Term deposits	53,450	51,257
	Cash and demand deposits	6,171	3,946
	Total Assets	200,406	170,429
	EQUITY AND LIABILITIES		
	Equity		
	Capital	16,584	16,584
	Legal reserve	2,674	2,009
	General reserve	6,365	3,698
	Retained earnings	3	6
	Profit for the year	8,804	6,645
	Total Equity	34,429	28,942
	Liabilities		
	Technical reserves for insurance contracts	54,414	50,727
	Provision for employees' end-of-service benefits	1,191	789
	Investment contract liabilities where the financial risk is borne by policyholders	13,364	10,021
	Other investment contract liabilities	71,344	58,589
	Reinsurers' deposits in coverage of technical reserves	15,616	13,183
	Reinsurers' balances payable	2,427	973
	Other Liabilities	7,620	7,203
	Total Liabilities	165,977	141,486
	Total Equity and Liabilities	200,406	170,429

STATEMENT OF COMPREHENSIVE INCOME

31 December 2013

	2013	2012	USD Thousand
Gross written premium (including investments)	53,206	50,196	
Gross written premium	32,228	31,377	
Change in premium reserves	(2,808)	(3,904)	
Gross premium	29,419	27,473	
Ceded premiums	(14,804)	(13,053)	
Change in reinsurance share of premium reserves	2,627	2,415	
Net premiums	17,243	16,835	
Fee and commission income	6,534	5,474	
Investment income	10,848	8,350	
Gain on sale of investments at amortized cost	-	175	
Other revenues	185	112	
Other revenue	17,566	14,110	
Total revenue	34,809	30,944	
Gross benefits and claims paid	(11,979)	(10,414)	
Claims ceded to reinsurers	3,698	2,812	
Gross change in contract liabilities	(878)	(556)	
Gross change in reinsurance share contract liabilities	183	146	
Change in fair value of investment contract liabilities where the financial risk is borne by policyholders	(2,743)	(1,224)	
Net benefits and claims	(11,719)	(9,237)	
Provision for impairment of investments in associates	(663)	(1,493)	
Other operating and administrative expenses	(6,287)	(6,522)	
Commission expenses and other technical costs	(3,556)	(3,336)	
Finance costs	(3,219)	(2,526)	
Other expenses	(13,725)	(13,876)	
Total expenses	(25,444)	(23,113)	
Profit before tax	9,365	7,831	
Income tax expense	(562)	(1,186)	
Profit for the year	8,804	6,645	

STATEMENT OF CASH FLOWS

Year Ended 31 December 2013

USD Thousand

	2013	2012
OPERATING ACTIVITIES		
Profit before taxation	9,365	7,831
Adjustments for:		
Depreciation and amortization	466	485
Provisions for employees' end-of-service indemnities	436	398
Provision for impairment	663	1,493
Provision for doubtful debts	245	431
Gain on sale of property and equipment	-	(13)
Change in technical reserve – net	181	1,489
Fair value (gains) losses on investments for trading	(18)	(310)
Gain on sale of investments at amortized cost	-	(175)
Deferred policy acquisition costs amortized	3,188	3,336
	14,527	14,966
Investments held to cover investment contract liabilities where the financial risk is borne by policyholders	(586)	(653)
Investments at fair value through profit and loss	(186)	-
Investments held to cover other investment contract liabilities	(13,397)	(12,256)
Reinsurers' balances	1,266	(80)
Premiums receivable	(1,046)	(183)
Deferred policy acquisition costs	(3,107)	(3,700)
Changes in insurance contract liabilities	695	410
Investment contract liabilities where the financial risk is borne by policyholders	583	651
Other investment contract liabilities	12,755	11,420
Other liabilities	381	956
Other assets	(10)	6
Margin for guarantees	1	(1)
Cash from operations	11,876	11,537
Income tax paid	(526)	(708)
Employees' end-of-service benefits paid	(34)	(23)
Net cash from operating activities	11,316	10,806
INVESTING ACTIVITIES		
Purchase of property and equipment	(172)	(276)
Purchase of intangible assets	(13)	(47)
Proceeds from sale of property and equipment	-	14
Investments in associates	-	1,250
Loans to associates	(130)	(125)
Investments at amortized cost	(5,698)	(6,379)
Term deposits with maturities over three months	2,455	(7,720)
Net cash used in investing activities	(3,558)	(13,283)
FINANCING ACTIVITIES		
Dividends paid	(3,317)	(2,488)
Reinsurers' deposits in coverage of technical reserves	2,433	2,445
Net cash (used in) from financing activities	(883)	(43)
(DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	6,874	(2,520)
Cash and cash equivalents at 1 January	4,093	6,613
CASH AND CASH EQUIVALENTS AT 31 DECEMBER	10,967	4,093

GROSS WRITTEN PREMIUM

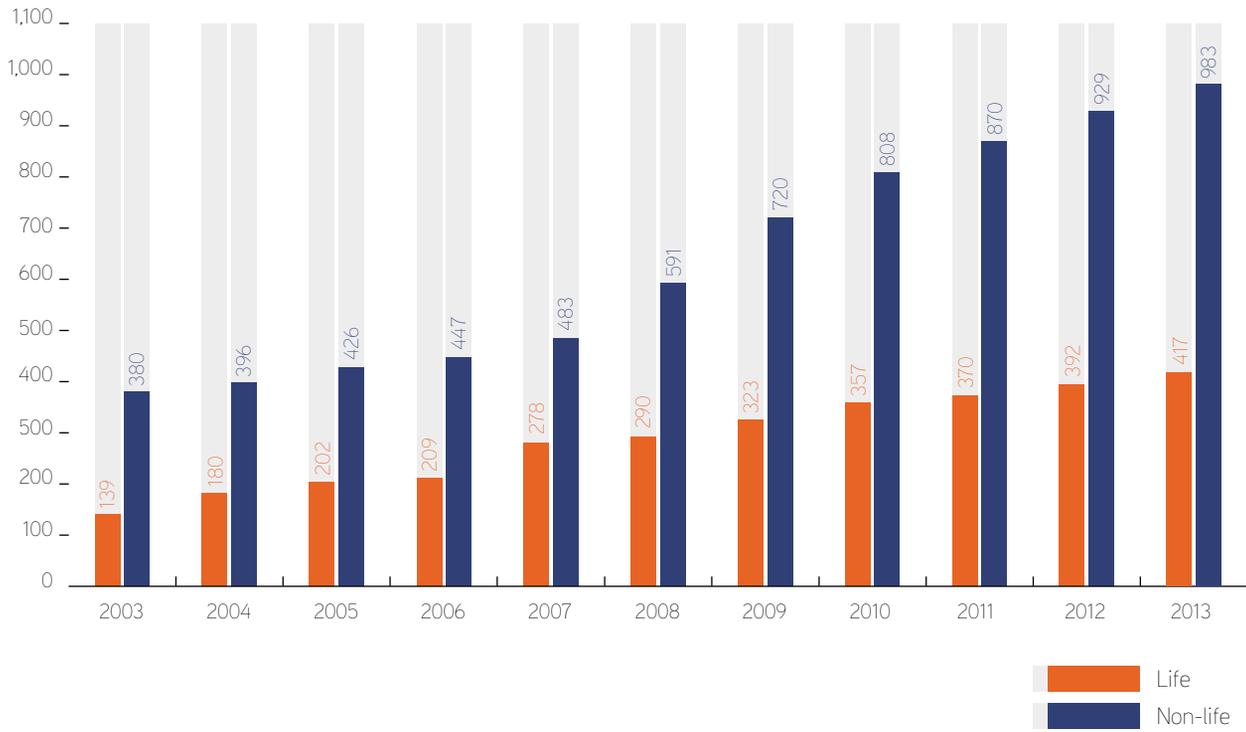
	2013	2012	USD Thousand
Life business			
Retirement and education	20,978	19,324	
Other life business	12,890	11,436	
Total life business	33,868	30,760	
Non-life business			
Fire	4,013	3,366	
Marine	604	683	
General accident	1,372	1,605	
Motor	10,621	11,499	
Medical	1,404	1,166	
Other	1,323	1,116	
Total non-life business	19,338	19,436	
Gross written premium	53,206	50,196	

KEY FIGURES

	2013	USD Thousand
Capital	16,584	
Shareholders' equity	34,429	
Total assets	200,406	
Invested assets	173,992	
Number of clients	95,348	
Number of policies in force	141,764	
Net profit	8,804	
Solvency ratio	44.47%	

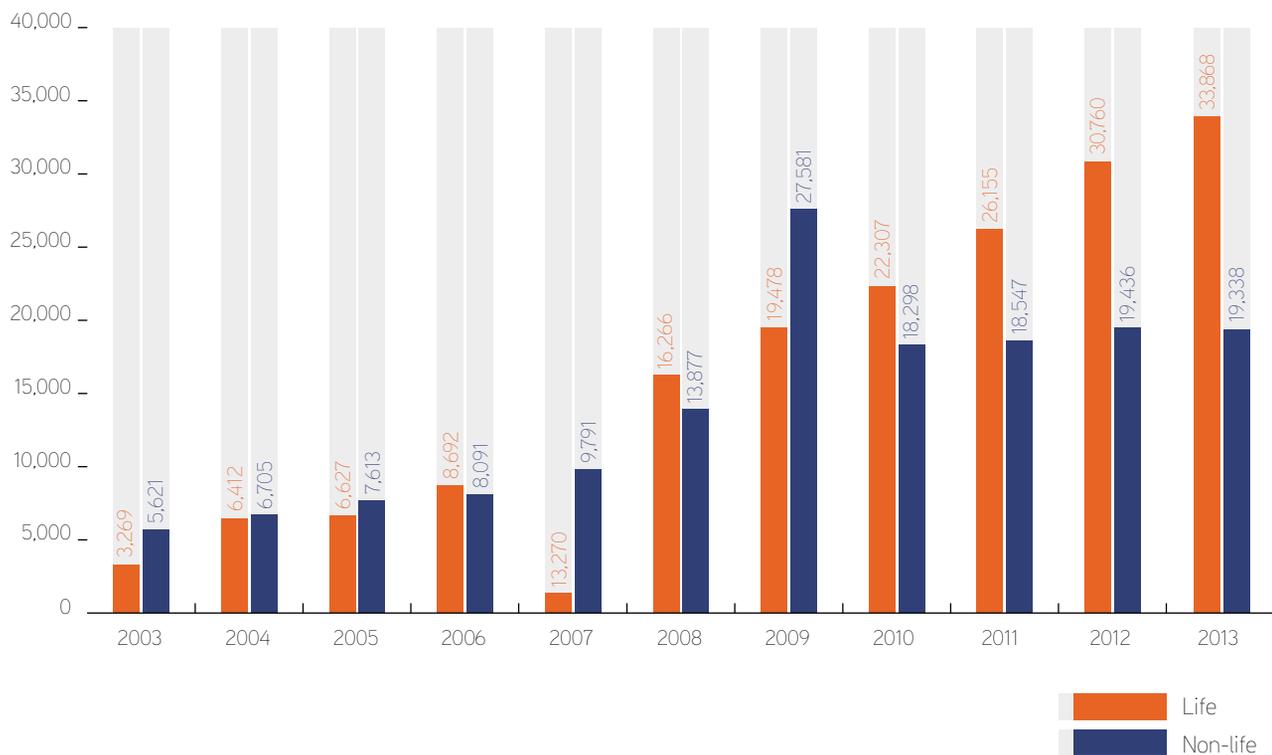
INSURANCE MARKET GROWTH IN LEBANON

USD Million



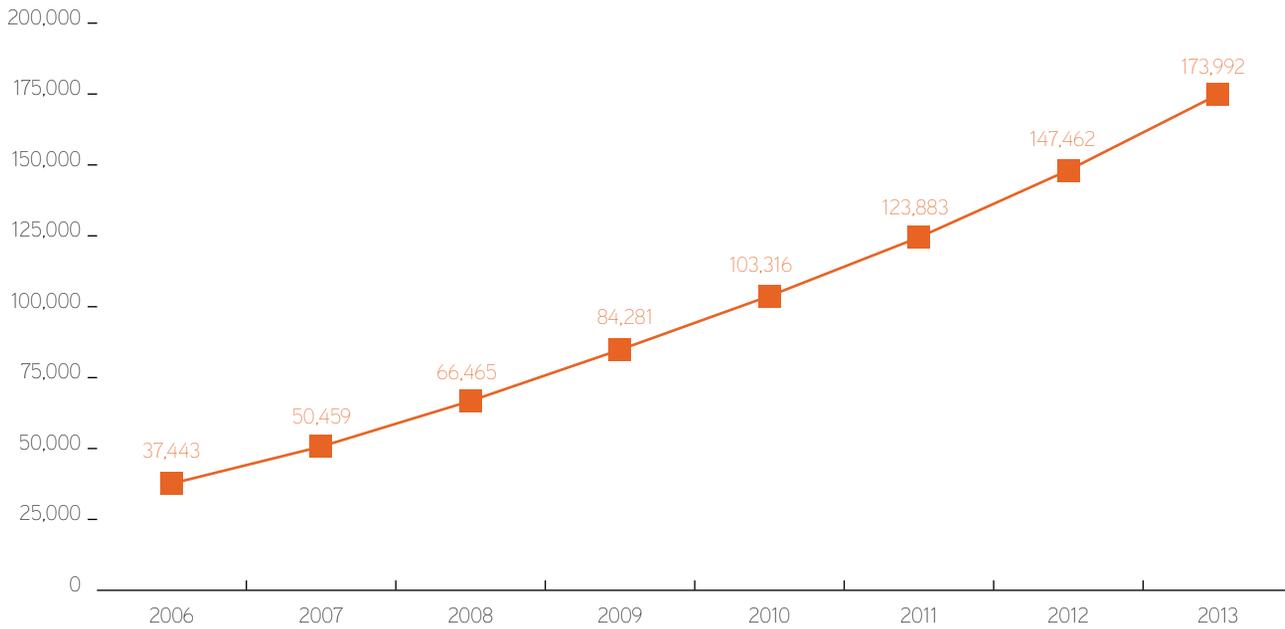
ADIR PREMIUM GROWTH

USD Thousand



EVOLUTION OF INVESTED ASSETS

USD Thousand

**EVOLUTION OF TOTAL ASSETS**

USD Thousand

