

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



REVIEW OF OPERATIONS

Preserving the Future

Byblos Bank Syria (BBS) continued to operate under emergency measures in 2013, accepting a virtual freeze on new business in order to ride out the current conflict in the country in a way that preserves the interests of all stakeholders going forward.

As in 2012, the focus was on thorough follow-ups on unpaid retail and commercial loans, sustaining the high levels of service quality to which our clients are both accustomed and entitled, and living up to our reputation for reliability, transparency and customer focus.

Despite the many challenges encountered during 2013, BBS remained in full conformity with local laws and regulations, as well as with international standards, as we continued to strengthen compliance-related activities and due diligence.

Various internal measures were taken to cut expenses, but this did not prevent the Bank from extending continuous financial assistance to all staff in order to help them cope with the economic repercussions of the war. The situation is still causing many staff members to resign and leave the country of their own accord.

For the coming year, or however long Syria remains in crisis, BBS will retain its emergency stance, standing by its customers and its employees so that all of us are better-positioned to resume normal activities when stability returns.

BOARD OF DIRECTORS MEMBER PROFILES

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. Is now serving a fourth term as Chairman of the Board of the Association of Banks in Lebanon.

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 19 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.

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. 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.

BOARD OF DIRECTORS MEMBER PROFILES

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 28 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 25 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.

DR. BASEL A. SAQER

Syrian, born in 1976. Holder of a PhD in Banking and Insurance from Damascus University. Currently serves as General Manager of Adonis Insurance and Reinsurance Syria (ADIR Syria). Has more than 15 years of experience in the insurance industry and has undergone specialized insurance and reinsurance training courses in France and the United Kingdom. Has been a Member of the Board of Directors of Byblos Bank Syria since 2013.

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	Mr. Semaan F. Bassil
Members	Mr. Alain C. Tohmé
	Mr. Mohamad M. Al Hakim

RISK COMMITTEE

Chairman	Mr. André S. Abou Hamad
Members	Mr. Alain C. Tohmé
	Dr. Basel A. Saqer

NOMINATION AND COMPENSATION COMMITTEE

Chairman	Mr. Nader M. Al Kalai
Members	Dr. François S. Bassil
	Mr. André S. Abou Hamad

MANAGEMENT COMMITTEES

MANAGEMENT AND ASSETS AND LIABILITIES COMMITTEE

President	Mr. Georges Sfeir	General Manager
Members	Mr. Karam Bechara	AGM, Head of Commercial Banking
	Mrs. Hanadi Naccache*	AGM, Head of Support Functions
	Mr. Georges Bitar	Head of Finance and Administration
	Mr. Firas Mourtada	Head of Risk Control
	Mrs. Dima Abou Saab	Deputy Head of Branch Coordination
	Mr. Muhannad Haj Sharif	Chief Dealer

CREDIT COMMITTEE

President	Mr. Georges Sfeir	General Manager
Members	Mr. Karam Bechara	AGM, Head of Commercial Banking
	Mrs. Hanadi Naccache*	AGM, Head of Support Functions
		Credit Risk Representative

**Resigned from Byblos Bank Syria S.A. to join Byblos Bank S.A.L. as Head of International Support and Deputy Head of International Network Division as of 2 January 2014*

INCOME STATEMENT

Year Ended 31 December 2013

SYP	2013	2012
Interest income	1,922,986,918	2,704,504,808
Interest expense	(1,518,548,279)	(1,683,766,861)
Net interest income	404,438,639	1,020,737,947
Fee and commission income	288,798,688	252,545,401
Fee and commission expense	(31,344,947)	(51,352,200)
Net fee and commission income	257,453,741	201,193,201
Net interest, fee and commission income	661,892,380	1,221,931,148
Gains less losses arising from dealing in foreign currencies	149,051,215	187,259,728
Unrealized net foreign exchange difference on structural position	3,785,520,590	1,339,325,548
Net losses (gains) on available-for-sale financial investments	(2,784,430)	1,099,042
Other operating income	87,431,088	40,152,590
Total operating income	4,681,110,843	2,789,768,056
Personnel expenses	(470,246,435)	(411,956,866)
Depreciation of fixed assets	(110,978,184)	(129,934,558)
Amortization of intangible assets	(2,096,968)	(3,139,089)
Credit loss expense	(4,005,930,446)	(2,500,616,790)
Miscellaneous provisions	(122,062,832)	(164,630,643)
Other operating expenses	(417,488,683)	(250,565,504)
Total operating expenses	(5,128,803,548)	(3,460,843,450)
Net operating loss	(447,692,705)	(671,075,394)
Dividends from sister companies	25,511,491	21,215,455
LOSS BEFORE TAX	(422,181,214)	(649,859,939)
Income tax refund	874,784,279	492,547,969
PROFIT (LOSS) FOR THE YEAR	452,603,065	(157,311,970)
Basic earnings per share	7.4	(2.57)

STATEMENT OF FINANCIAL POSITION

As at 31 December 2013

	2013	2012	SYP
ASSETS			
Cash and balances with central banks	14,823,999,768	15,398,082,985	
Balances due from banks	11,360,687,014	5,738,964,712	
Placements due from banks	2,038,885,000	0	
Loans and advances to customers	11,807,063,877	17,049,511,988	
Financial investments – loans and receivables	0	978,186,428	
Financial investments – available for sale	2,249,440,320	1,235,482,020	
Investments in sister companies	359,476,946	350,465,455	
Premises, equipment and projects under construction	990,490,164	1,091,980,913	
Intangible assets	4,898,442	6,995,410	
Other assets	396,724,402	350,261,513	
Deferred tax assets	1,367,690,263	492,547,969	
Statutory blocked funds	1,372,175,396	839,860,958	
TOTAL ASSETS	46,771,531,592	43,532,340,351	
LIABILITIES AND EQUITY			
Liabilities			
Due to banks	5,277,606,170	2,295,997,256	
Due to customers	29,170,176,355	25,797,695,643	
Margin accounts	1,113,831,777	1,028,035,375	
Current tax liabilities	0	0	
Miscellaneous provisions	615,251,779	348,852,821	
Other liabilities	3,659,410,995	7,601,325,176	
Total Liabilities	39,836,277,076	37,071,906,271	
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	98,821,002	76,603,631	
Accumulated realized losses	(4,996,833,510)	(1,796,282,026)	
Accumulated unrealized gains	5,396,032,320	1,742,877,771	
Total Equity	6,935,254,516	6,460,434,080	
TOTAL LIABILITIES AND EQUITY	46,771,531,592	43,532,340,351	

These accounts have been approved by the Board of Directors.

Semaan F. Bassil
Chairman

Georges Sfeir
General Manager