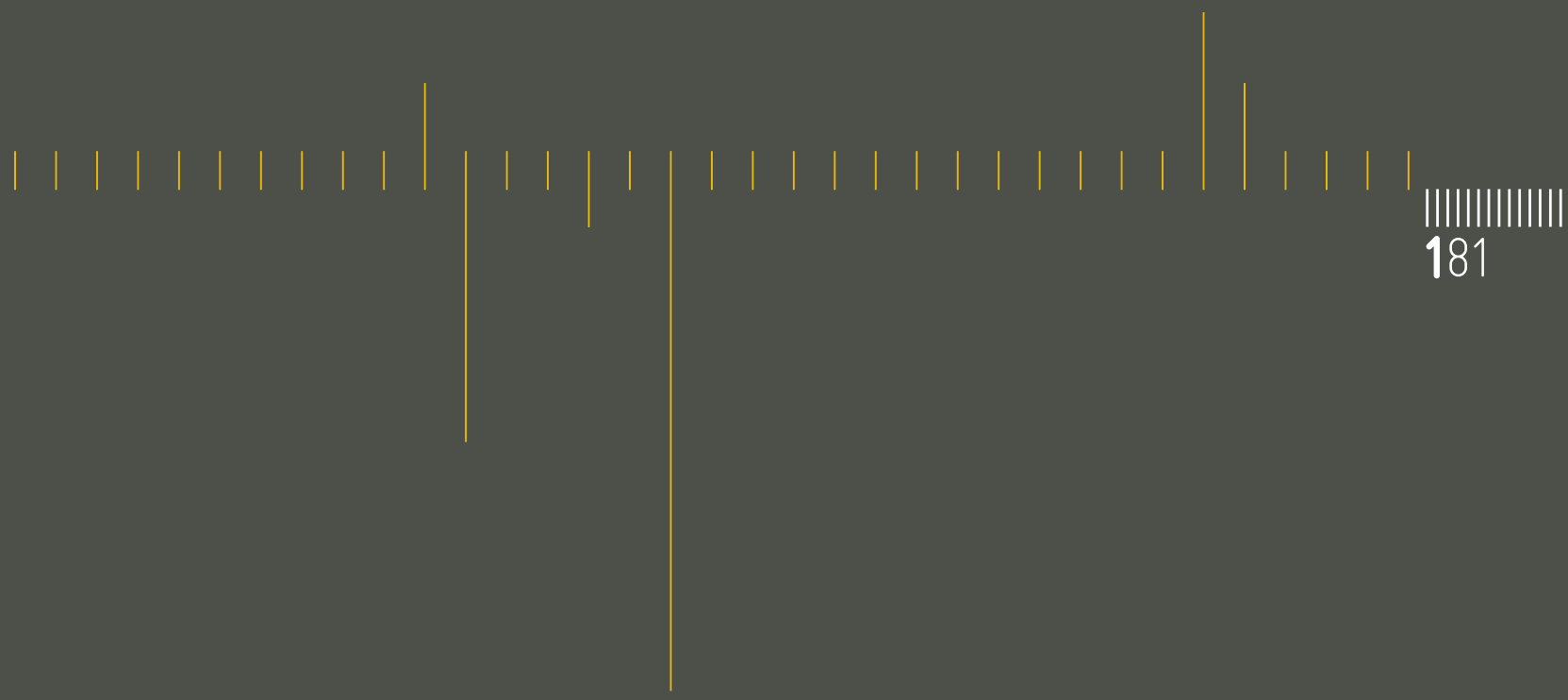




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# Byblos Bank Armenia C.J.S.C.





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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 addition, 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](http://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

		2009	2008
AMD Thousand	Interest income	1,674,237	696,393
	Interest expense	(543,468)	(153,833)
	<b>Net interest income</b>	<b>1,130,769</b>	<b>542,560</b>
	Fee and commission income	47,363	90,109
	Fee and commission expenses	(30,439)	(45,153)
	<b>Net fee and commission income</b>	<b>16,924</b>	<b>44,956</b>
	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)
	<b>Operating income</b>	<b>1,268,958</b>	<b>728,723</b>
	Impairment losses	(283,875)	(108,992)
	Personnel expenses	(438,969)	(569,097)
	Other general administrative expenses	(319,574)	(308,067)
	<b>Profit/(loss) before taxes</b>	<b>226,540</b>	<b>(257,433)</b>
	Income tax (expense)/benefit	(56,151)	28,020
	<b>Profit/(loss)</b>	<b>170,389</b>	<b>(229,413)</b>
	<b>Other comprehensive income/(loss):</b>		
	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)
	<b>Other comprehensive income/(loss), net of tax</b>	<b>1,414</b>	<b>(2,931)</b>
	<b>Total comprehensive income/(loss)</b>	<b>171,803</b>	<b>(232,344)</b>

## Balance Sheet

AMD Thousand

31 December	2009	2008
<b>ASSETS</b>		
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
<b>Total assets</b>	<b>17,588,919</b>	<b>13,704,198</b>
<b>LIABILITIES</b>		
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	-
<b>Total liabilities</b>	<b>9,206,322</b>	<b>5,493,404</b>
<b>EQUITY</b>		
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)
<b>Total equity</b>	<b>8,382,597</b>	<b>8,210,794</b>
<b>Total liabilities and shareholders' equity</b>	<b>17,588,919</b>	<b>13,704,198</b>

Dr. François S. Bassil  
Chairman

Georges Sfeir  
CEO

