

Byblos Bank Syria S.A.

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INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF BYBLOS BANK SYRIA S.A.

We have audited the accompanying financial statements of **Byblos Bank Syria S.A.** (The "Bank") which comprise the balance sheet as at 31 December 2008 and the income statement, statement of changes in equity and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Directors' Responsibility for the Financial Statements

Directors are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Bank as of 31 December 2008 and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Ernst & Young
 Date: 5 March 2009
 Damascus, Syrian Arab Republic



YEAR ENDED
31 DECEMBER 2008

Income Statement

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	2008	2007
In SYP		
Interest and similar income	1,205,579,535	776,251,758
Interest and similar expenses	(538,453,425)	(429,635,431)
Net interest income	667,126,110	346,616,327
Fee and commission income	122,210,647	79,871,414
Fee and commission expense	(1,609,520)	(597,832)
Net fee and commission income	120,601,127	79,273,582
Net interest, fee and commission income	787,727,237	425,889,909
Gains less losses arising from dealing in foreign currencies	24,750,064	11,069,837
Unrealized net foreign exchange difference on structural position	(36,295,160)	(64,050,282)
Other operating income (expenses)	(52,704)	180,044
Total operating income	776,129,437	373,089,508
Personnel expenses	(223,434,366)	(132,625,207)
Depreciation of fixed assets	(60,977,685)	(41,923,974)
Amortization of intangible assets	(2,657,082)	(1,442,060)
Credit loss expense	(36,599,803)	(19,500,000)
Other operating expenses	(162,319,240)	(128,094,595)
Total operating expenses	(485,988,176)	(323,585,836)
PROFIT BEFORE TAX	290,141,261	49,503,672
Income tax expense	(93,538,705)	(23,059,446)
PROFIT FOR THE YEAR	196,602,556	26,444,226
Basic earnings per share	49.15	6.61

	Dec / 2008	Dec / 2007	
ASSETS			In SYP
Cash and balances with the Central Bank	4,231,865,242	1,261,472,923	
Balances due from banks	5,853,715,221	5,351,394,882	
Placements due from banks	1,962,716,044	547,903,527	
Loans and advances to customers	10,561,181,599	6,592,228,305	
Financial investments – loans and receivables	2,047,466,818	500,000,000	
Financial investments – available for sale	62,500,000	1,715,024,188	
Premises, equipment and projects under construction	1,204,307,121	1,010,293,232	
Intangible assets	9,117,999	8,611,863	
Other assets	224,468,801	124,027,406	
Statutory blocked funds	184,734,686	188,364,202	
TOTAL ASSETS	26,342,073,531	17,299,320,528	
LIABILITIES AND EQUITY			
LIABILITIES			
Due to banks	2,925,447,608	1,368,637,210	
Due to customers	20,454,588,239	13,302,076,497	
Margin accounts	392,855,582	444,468,862	
Current tax liabilities	93,538,705	23,059,446	
Other liabilities	353,918,460	248,905,135	
TOTAL LIABILITIES	24,220,348,594	15,387,147,150	
EQUITY			
Share capital	2,000,000,000	2,000,000,000	
Statutory reserve	37,011,043	4,367,401	
Special reserve	37,011,043	4,367,401	
Available-for-sale reserve	(2,193,642)	(15,142,645)	
Retained earnings	202,549,636	34,939,204	
Accumulated losses related to unrealized net foreign exchange losses on structural position	(152,653,143)	(116,357,983)	
TOTAL EQUITY	2,121,724,937	1,912,173,378	
TOTAL LIABILITIES AND EQUITY	26,342,073,531	17,299,320,528	