



BANK OF COMMERCE & DEVELOPMENT

THE TENTH ANNUAL REPORT

2006

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BANK OF COMMERCE & DEVELOPMENT

A JOINT STOCK LIBYAN COMPANY

THE TENTH ANNUAL REPORT

2006

PREPARE BY COMMITTEE MEMBERS

Mr. Fathi Juma Busnaina

Dr. Mohamed R. Buzakuk

Mr. Salem M. Elbarrani

TRANSLATED BY

Abdulgader R. Eттаib



BANK OF COMMERCE & DEVELOPMENT

A JOINT STOCK LIBYAN COMPANY

The Bank of Commerce and Development was established in accordance with Statute number (1) /1993 and its amendments concerning banks, money and credit as follows:

1- The Secretary of the General People's Committee for Planning and Finance Decree number (234)/1993.

2- The Secretary of the General Committee for Planning, Economy and Trade Decree number (529)/1994.

3- Commercial Registration number (9515) dated 9/11/1995.

The Bank opened officially for business on 9/6/1996.

Member of the Union of Arab Banks as of 1/5/1996.

Member of the Society of Libyan Banks as of 10/8/1996.

Member of the Union of Magreb Banks as of 30/5/1998.

Capital

(36,059,256.000 LYD)

Thirty Six Millions, Fifty Nine Thousands, Two Hundred and Fifty Six
Libyan Dinars

Stockholders

Natural persons (2342).

Legal Persons (36).



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BANK OF COMMERCE & DEVELOPMENT

Head Office

Bank of Commerce and Development Tower,
Jamal Abdennaser Street -Alberka – Benghazi - LIBYA
P. O. BOX : 9045 TELEX : 40298 BCD H.O LY
TEL. : + 218 - 61 223 2638 - 222 9630 FAX. : + 218 - 61 9097300 - 9097220
E-mail: Bankofcd@Bankofcd.net SWIFT : CDBLLYLT

BRANCHES

1- Benghazi Main Branch
Mukhtar Tower Building – Jamal Abdennaser Street
Telephones (218-61) 9097361 – 9080555
fax: (218-61) 9080444 P.O.Box 9160

2- Tripoli Main Branch
Tower 1 Dat Elemad Buildings - Tripoli
Telephones (218-21) 333 0308 – 444 5889
fax: (218-21) 333 5846 - 333 5477
P.O.Box 91210

3- Misurata Main Branch
The Permanent Industrial Fair - Misurata
Telephones (218-51) 62 9550 – 62 9551
fax: (218-51) 62 9538 P.O.Box 78

4- Tobruk Main Branch
Libya Insurance Co. Investment Building - Tobruk
Telephones (218-87) 62 8000
fax: (218-87) 62 1208 P.O.Box 28/86 Tobruk

5- Azzawia Main Branch
Alamlak Building – Ukba Bin Nafi Street - Azzawia
Telephones (218-23) 62 0057 – 62 0164
fax: (218-23) 62 0195 P.O.Box 120

6- Albaida Branch
Telephones (218-84) 63 5694
fax: (218-84) 63 5694

Agencies

1- Addawa Al-Islamia Agency - Benghazi
Islamic Call Building - Benghazi
Telephone (218 – 61) 9082057
Fax: (218 – 61) 9081482

2- Dat El-Imad Agency – Tripoli
Tower 1 Dat El-Imad – Tripoli
Telephones: (218 – 22) 3350422 – 3350424
Fax (218 – 21) 3350421

3- Alfateh Tower Agency – Tripoli
Alfateh Tower Office # 1 2nd Floor – Tripoli
Telephones: (218 – 21) 3351115 to 3351117
Fax: (218 – 21) 3351118 – 3351119

4- Gout Ashal Agency
Zarkaa Alyamama Center # 2 - Gout Ashal - Tripoli
Telephones (218-21) from 4838758 to 4838762
Phone banking (218-21) 4838758

5- Alforosia Agency
Alforosia Investment Complex - Aljazeera District - Benghazi
Telephone (218-61) 9080777
Phone banking (218-61) 90801481

6- Gargarish Agency
Alandalus District - Tripoli
Telephone (218-21) 484 1530
Fax: (218 – 21) 484 1533

7- Africa Commercial Center Agency
Africa Commercial Center – Misurata
Telephone (218 – 51) 652015
Fax: (218 – 51) 652015

8- Benina International Airport Agency
Benina International Airport – Benghazi
Telephone (218 – 61) 9081483
Fax: (218 – 61) 9081483

9- Musaad Border Agency – Musaad
Former Congress Secretariat Building – Musaad
P.O.Box 86/28
Telephone and Fax: (218 – 87) 629404

10- Tripoli International Airport Agency Tripoli
Tripoli International Airport – Tripoli
Telephone (218 – 22) 634644
Fax: (218 – 22) 634645

11- Alberka Agency – Benghazi
BOCD Tower – Jamal Abdennaser Street
- Alberka – Benghazi
Telephone and Fax: (218 – 61) 223921

12- Alhadaig Agency – Benghazi
Alfwaihat, – Benghazi
Telephone (218 – 61) 223 3516
Fax: (218 – 61) 233 9823

13- Funduk Alkabar Agency – Tripoli
Funduk Alkabar – Tripoli
Telephone (218 – 21) 444 1666
Fax: (218 – 21) 333 4073

14- Gialo Agency – Gialo
Gialo City
Telephone (218 – 61) 224 581 - (218 – 657) 2238
Fax: (218 – 657) 2507

15- Children Agency – Benghazi
Carden City
Telephone (218 – 61) 22 41 782
Fax: (218 – 61) 22 41 781

16- Children Agency – Tripoli
Tripoli Zoo - Tripoli
Telephone (218 – 21) 360 28 08 - 363 20 45
Fax: (218 – 21) 363 26 80

17- Zwara Agency – Zwara
Zwara City
Telephone (218 – 25) 220 133 - 220 130
Fax: (218 – 25) 220 134

18- Agedabia Agency – Agedabia
Agedabia City
Telephone (218 – 64) 62 8670
Fax: (218 – 64) 62 8671

Business Center

1- Business Center Tripoli
Tower # 1 Dat Elemad Buildings - Tripoli
Telephones (218-21) 3350201 - 3350205
Fax (218-21) 3350200

2- Business Center Benghazi
Islamic Call Building - Benghazi
Telephone (218-61) 9082057
Fax (218-21) 8081482





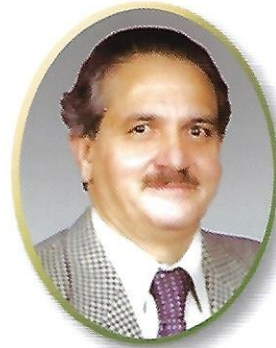


BOARD OF DIRECTORS



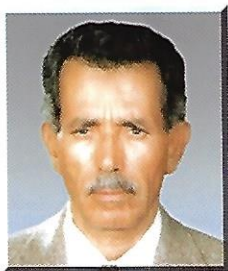
Mr. Fathi Juma Busnaina

Chairman of the Board



Eng. Mohamed A. El Sherif

Deputy Chairman of the Board



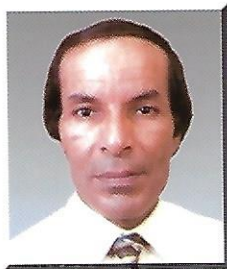
Dr. MOHAMED RAMADAN. BUZAKUK
Member



Eng. MOHAMMAD MOHAMMAD HUWAIDI
Member

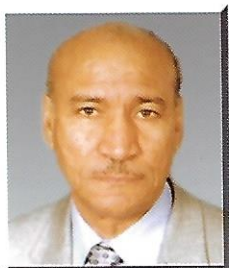


MR. FADAL ALLAH FARAJ FANOOSH
Member



MR. OMAR FARAJ AL LAHIEWEL
Secretary to the Board

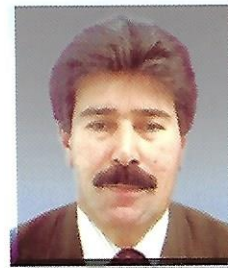
Control Committee



MR. HASSAN ABDELATI ALBARGATHI
Chairman



MR. SULAIMAN SALEM ASHOHOMI
Member



MR. RAMADAN YOUNES KWAIRI
Member





EXECUTIVE MANAGEMENT

- | | |
|--------------------------------|---|
| 1. Mr. Saied Mohamed Aladtrash | <i>General Manager</i> |
| 2. Mr. Salem Mousa Albarrani | <i>Assistant General Manager</i> |
| 3. Mr. Mohamed A. Aljehani | <i>Manager, Accounts Department</i> |
| 4. Mr. Hassan Dhafer Almadani | <i>I/C Credit Department</i> |
| 5. Mr. Ibrahim Mustafa Arrais | <i>I/C Banking Operations Department</i> |
| 6. Mr. Fawzi Mohamed Alhawaz | <i>Manager, Audit Department</i> |
| 7. Mr. Najeeb Saleh Alfazzani | <i>Manager, Administration and Personnel Department</i> |
| 8. Mr. Basheer Hassan Alhoti | <i>Deputy Manager, Systems and Electronic Services Department</i> |
| 9. Mr. Jaser Mansour Assanousi | <i>Assistant Manager, Inspection Department</i> |

BRANCHES AND AGENCIES

- | | |
|----------------------------------|---|
| 1. Mr. Abdalla Hamid Swaideg | <i>Acting Manager, Benghazi Main Branch</i> |
| 2. Mr. Attahir Mukhtar Albuaishi | <i>Acting Manager, Tripoli Main Branch</i> |
| 3. Mr. Hassan Assadeg Attomi | <i>Acting Manager, Misurata Main Branch</i> |
| 4. Mr. Ibrahim Said Ibrahim | <i>Acting Manager, Tobruk Main Branch</i> |
| 5. Mr. Said Ahmad Zahmoul | <i>Manager, Azzawia Main Branch</i> |
| 6. Mr. Ramadan Khalifa Fainous | <i>Acting Manager, Albaida Main Branch</i> |
| 7. Mr. Abdussalam M. Azzawi | <i>Acting Head, Alforosia Agency Benghazi</i> |
| 8. Mr. Salah Ali Algrari | <i>Acting Head, Addawa Agency Benghazi</i> |
| 9. Mr. Jamal Musbah Nashad | <i>Acting Head, Alhadaig Agency Benghazi</i> |
| 10. Mr. Jamal M. Albakshishi | <i>Acting Head, Alberka Agency Benghazi</i> |
| 11. Mr. Salah Salem Algomati | <i>Supervisor, Benina A/Port Agency Benghazi</i> |
| 12. Mr. Ali Khalifa Arruhaibi | <i>Acting Head, Dat Elemad Agency Tripoli</i> |
| 13. Mr. Attahir Alhadi Alamouri | <i>Acting Head, Gout Ashaal Agency Tripoli</i> |
| 14. Mr. Mohamed Abdalla Rajab | <i>Acting Head, Markaz Africa Agency Misurata</i> |
| 15. Mr. Mahmoud M. Bingarat | <i>Acting Head, Gargarish Agency Tripoli</i> |
| 16. Mr. Sulieman Isa Budaia | <i>Acting Head, Burj Alfateh Agency Tripoli</i> |
| 17. Mr. Ahmad Mahmoud Alawami | <i>Acting Head, Musaad Border Agency Musaad</i> |
| 18. Mr. Husam Salem Almabrouk | <i>Supervisor, Tripoli A/P Agency Tripoli</i> |
| 19. Mr. Abuzaid Ahamad Mousa | <i>Acting Head, Gialo Agency Tripoli</i> |
| 20. Mr. Kamel Jameel Algadhi | <i>Acting Head, Alkabir Agency Tripoli</i> |
| 21. Mz. Aisha Mohamed Attajouri | <i>Acting Head, Child Agency Benghazi</i> |
| 22. Mr. Ali Mohamed Attarhouni | <i>Acting Head, Child Agency Tripoli</i> |
| 23. Mr. Muftah Ali Zaian | <i>Acting Head, Zwara Agency Tripoli</i> |
| 24. Mr. Emazzib Assadi Emazzib | <i>Acting Head, Adjedabia Agency Tripoli</i> |





The Bank of Commerce and Development's Vision

◆ Our Vision :

- The Bank of Commerce and Development aspires to be the bank favored by everyone.

◆ Our Mission :

- To provide the best, highest quality and fastest modern banking services. And to introduce the most advanced technologies and methods in the banking industry.

- And to satisfy our customers by providing diversified products and services to meet their varied purposes, needs and activities.

◆ Our Objectives :

- To meet our customer's expectations and gain their satisfaction.
- To increase the Bank's business and multiply our financial indicators.
- To increase profits and reduce costs to increase Stockholders' equity and strengthen the Bank financial position.
- To build a sound banking institution focusing on asset quality.
- To recruit, train, motivate and reward talented leading banking personnel by providing local and foreign training programs and incentives for the distinguished among them.
- To install the single family spirit in all the branches and agencies under the leadership of the Bank's top management.





**BOARD OF DIRECTORS TENTH REPORT
ON THE BANK'S ACTIVITIES AND ITS FINANCIAL POSITION FOR THE YEAR
ENDED ON 31/12/2006**

Ladies and gentlemen,

The shareholders of the Bank of Commerce and Development

The Board of Directors is pleased to present its Tenth Annual Report on the Bank's activities and the results achieved during the financial year ended on 31/12/2006. This report is a statement of the exceptional position and the record results our Bank had realized this year. We emphasize the rational policies followed by the Bank in the areas of attracting and employing the available resources and the continuation of providing innovation in the banking business in our country, while complying with the local and international banking business standards. This is shown by the performance indicators and the financial position for the year 2006.

The profitability indicator shows the expansion and growth in the activities of attracting the resources and the quality of their employment. Although the Bank had undergone changes in its structure, the total income in the financial year ended on 31/12/2006 reached (39,127,168.145 LYD) achieving a growth rate of 73.9% leading to an increase of the total revenue by (16,626,397.450 LYD), compared to a total income in the year ended on 31/12/2005 of (22,500,770.659 LYD).

Total profits before tax and of deducting the provisions amounted to (16,309,638.041 LYD) for the year ended on 31/12/2006 compared to (15,598,186.791 LYD) for the year 2005 realizing a growth of 4.56%. Net profits after tax amounted to (5,512,705,881 LYD) compared to the year 2005 of (8,961,969.475 LYD), the large decrease in the net profits available for appropriation is attributable to the formation of provisions amounting to (7,692,155.616 LYD) in the year 2006, compared to (2,250,020.625 LYD) 2005 provisions, a rate of increase of 241.9%. This expansion in sustaining the provisions was due to the rational policy adopted by the Bank's management in deference to the external auditor's directions with the aim of strengthening the Bank's position.

Scientific analysis of the Bank's sources of income indicates that the net interest, which forms the principal income, had increased by 112.6% in the financial year ended on 31/12/2006 compared to net accrued profits in the year ended on 31/12/2006. The revenue from banking services, which is the second source of income in the Bank's activity, increased by 49.7% compared to the year 2005. The net interest in the year 2006 amounted to around 18.3 million LYD, an increase of 9.7 million LYD compared to the year 2005. The interest contribution of the total income amounted to 54.3%, the income amounted to more than 20.7 million LYD of the total revenue, an increase of 6.9 million LYD compared to the revenue in 2005. This reflects the extension, differentiation and good performance of the Bank's services, which in turn emphasize the positive role of our Bank in serving the national economy and confirms the rational policy of employing the available resources.



The growth in the total income followed by the rise in the profitability rates enabled our bank not only to strengthen its position, but also formed a continuous resource in financing the National Treasury through the payment of income and corporate taxes. The (corporate, stamp and Jihad) taxes had risen in the year 2006 to (10,801,203.224 LYD) increasing by (4,164,984.908 LYD) in comparison to the paid up taxes in the year 2005, a rate of growth of 62.8%.

The Bank management paid the value of the adjusted taxes for the years 2000 and 2001 as well as having the value of the taxes for the years 2002 and 2003 readjusted. Work is in progress to complete final value adjustment for the years 2004, 2005 and 2006.

The total funds transferred to the National Treasury from the corporate, stamp and Jihad taxes from the start of the Bank's activities until 31/12/2006 reached (49,081,956.000 LYD).

The Board of Directors had adopted continuous development as a strategic choice to fit with the international and local changes in the banking industry, especially in the area of capital adequacy. This choice was manifested in raising the paid up capital to more than 36.0 million LYD in the financial year ended on 31/12/2006. After adding the reserves, provisions and retained earnings the shareholders equity rose to (78,710,552.417 LYD) increasing by a rate of 23.8% in comparison to the year ended on 31/12/2005, this increase in the Bank's own resources proves the confidence of the Bank's customers and enables the management to follow an expansionist policy in granting credit.

During the year 2006 the Bank had contributed in a large measure in stimulating the economy in the area of financing through issue of local and foreign letters of guarantee, opening documentary credits, executing transfers, loans, credit facilities, issue of credit cards (Visa and Kanze), Hajj and Omra cards, Internet credit cards and tourist cards. Use of automatic teller machines (ATM's) was extended in many hotels, markets, restaurants and airline companies.

The policy of financial incentives was continued in the manpower and staffing areas. Wages and salaries were increased by 35%. Training and development programs were continued through participation in specialized courses and seminars both internally and externally. Introduction of modern technology, expansion of automation with the aim of improving the quality of performance was positively reflected in the rise in performance rates and returns. These results are shown by the general indicators during the year 2006.

The Bank also participated in social, cultural and economic activities in the form of many workshops, seminars and conferences, as well as the sponsorship of several social activities such as participation in the Commencement of the College of Medicine, sports, cultural and scientific events. This participation earned the Bank appreciation and resulted in marketing the Bank's services increasing the number of customers.



First: Assets and Liabilities

The increase in the Bank's total assets for the year ended 31/12/2006 amounted to (1,241,061,215.298 LYD), an increase of (333,987,951.482 LYD) over the year ended 31/12/2005, which was (907,073,263.816 LYD) a rate of increase of 36.8%.

Deposit liabilities rose to (1,162,350,692.881 LYD) over of (318,853,876.043 LYD) in the year 2005, an increase of (845,496,816.838 LYD) a rate of increase of 37.8% over the financial year 2005.

Time deposits in the financial year ended 31/12/2006 reached (55,907,181.913 LYD) an increase of (17,407,181.913 LYD) over the financial year ended 31/12/2005 which amounted to (38,500,000.000 LYD), a rate of increase of 45.2%.

Savings deposits (savings accounts) reached (19,516,806.221 LYD) during the year 2006, the value during the year 2005 was (22,648,367.468 LYD) due to the decrease in the interest rate on deposits and savings in compliance with the instructions of the Central Bank of Libya. Management continued its policy of accepting these deposits to sustain the Bank's revenue.

Transacting with the Bank had increased as indicated by the increase in opening current accounts in our branches and agencies. This is due to the Bank's services characterized by speed of performance and the electronic network connecting the branches and agencies. Current accounts increased by a rate of 25% compared to the year 2005 which was 59%. This increase reflects the confidence the Bank's clientele have in its business and services.

Accounts	Number of Accounts		Rate of increase
	31/12/2006	31/12/2005	
Individuals	71877	58781	% 22
Companies and partnerships	10820	7750	% 39
Foreign Companies	370	272	% 36
Total :	83067	66803	% 25





Second: Financing Economic Activity

The Bank management continued its approach of a moderate policy in granting credit to finance economic activities observing careful scrutiny of credit and the availability of sufficient security.

The value of facilities and commercial loans granted until the end of the year 2006 reached (66,690,860.398 LYD) against the amount of (53,771,814.507 LYD) during the previous year, an increase of 24%. The Bank's management during the year 2006 turned to granting small and medium facilities and loans to finance small projects in the various economic activities, such as industrial, agricultural, tourism, medical projects, to encourage and encourage in the economic development and create new jobs for fellow citizens. Through its branches and agencies the Bank also grants societal loans in compliance with the guidelines stipulated by the Central Bank of Libya. The ratio of granted facilities on the end of the year 2006 was (5.5%) of the deposit liabilities, which is considered a modest compared to the international ratios of granting credit.

Most of the credit facilities are secured by sufficient guarantees, such as mortgages, jewelry, insurance policies, drafts, foreign currency accounts or external letters of guarantee issued by international banks. In spite of the conservative credit policy followed by the Bank and the careful study of the granted credit, still this activity is not devoid of risk, as the non performing debts amount to (7,707.366 LYD) a rate of (12%) of the total credit facilities. In addition to the Bank management efforts to collect the Bank's debts through continued follow up from the branches, the legal office and the Bank's lawyers; it also augmented the doubtful debts provision - suggested to your shareholders meeting - by an amount of (999,101.434 LYD) during the financial year 2006. The doubtful debts provision will reach (7,249,101,434 LYD) as well as setting aside interest on some debts.

Third: Banking operations

The Bank continued performing its local and foreign operation in manner that will enhance the Bank's position among the local and international banks. Growth of operations increased; especially in the area of commercial foreign transfers which became favored by many customers, instead of documentary credits, subsequent to raising the ceiling of transfers to 500 thousand Dollars US per transfer twice a year.

The Bank's management expanded the network of correspondent banks abroad to facilitate Bank customers conducting their transaction. The following items illustrate these operations:



1- Documentary credits:

Import documentary credits during the year amounted to (280,801,282.000 LYD) a rate of decrease of (Q%) due to many customers favoring the transfer system from import which was allowed by the Central Bank of Libya as mentioned above.

Export documentary credits during 2006 amounted to (17,390,759.000 LYD), during the year 2005 were (6,981,041.100 LYD) an increase of 149%.

The following table illustrates the total documentary credits and their values in the currencies of issue and the LYD equivalent:

Import documentary Credits during 2006

Number of credits	Value in foreign currency	Equivalent in LYD
385	USD 134,815,445.00	181,173,220.000
307	EUR 57,038,859.44	96,452,711.000
11	GBP 693,073.45	1,746,545.000
3	SEK 431,891.00	80,893.000
2	JPN 43,522,000.00	471,778.000
1	AED 60,250.000	21,075.000
6	TND 865,050.00	855,060.000
721	Total	280,801,282.000

Export documentary credits during the year 2005

Number of credits	Value	Total
19	LYD	17,390,759.000



2- Foreign bills for collection

The number of foreign bills for collection had risen on 31/12/2006 to reach and amount of (124,186,708.000 LYD) and increase of 40%. In the year ended 31/12/2005 they were (88,556,672.792 LYD).

Bills for collection USD

Number of bills	Total	Equivalent in LYD
185	52,625,691.84	70,939,433.000

Bills for collection EUR

Number of bills	Total	Equivalent in LYD
330	31,352,767.87	53,017,305.000

Bills for collection TND

Number of bills	Total	Equivalent in LYD
6	67,764.990	66,985.000

Bills for collection GBP

Number of bills	Total	Equivalent in LYD
4	64,322.99	162,985.000

3- Letters of guarantee

The total value of issued letters of guarantee at financial year ended 31/12/2006 amounted to (78,840,503.875 LYD), in the year 2005 it amounted to (76,688,893.103 LYD) an increase of 3% , the modest rise of this item is attributed to the conservative policy of avoidance to probable consequential risks.



4- Inward and outward foreign transfers:

In view of the Bank's good reputation and differentiated fast services in executing inward and outward foreign transfers through the SWIFT international network, and the Central Bank of Libya's adopted policy in the area of transfers for commercial purposes of fixing the ceiling to USD 500 thousand each twice a year; clientele demand of the Bank's foreign transfers for commercial purposes of merchants and importers had increased. Similarly, foreign companies and individuals dealing with the Bank increased demand for the inward foreign transfers.

The value of the foreign outward transfers at the end of the year 2006 reached (353,889,836.700 LYD), at the end of the year 2005 it reached (191,669,172.137 LYD) an increase of (162,220,664.563 LYD) a rate of increase of 85%.

Total outward foreign transfers during 2006

Number of credits	Value in foreign currency	Equivalent in LYD
5615	USD 163,216,917.22	218,710,669.074
2835	EUR 74,989,538.33	126,732,319.777
577	GBP 2,869,872.61	7,232,078.977
103	CHF 939,042.14	991,628.500
37	CAD 190,598.47	211,564.302
2	TND 11,693.000	11,576.070
9169	Total	353,889,836.700

The inward foreign transfers at the end of the year 2006 amounted to (385,240,410.941 LYD) in the previous year 2005 they were (298,961,671.013 LYD) and increase of (86,278,738.072 LYD).

Total inward foreign transfers during 2006

Number of credits	Value in foreign currency	Equivalent in LYD
1952	USD 147,302,071.32	197,384,775.568
1889	EUR 102,399,648.00	173,055,405.120
294	GBP 5,423,661.43	13,667,626.804
53	CHF 262,837.94	277,819.703
22	CAD 768,020.86	852,503.155
1	TND 2,302.710	2,279.663
4211	Total	385,240,410.013





5- Transfers through the Western Union Network

Customers dealing with the Bank increased their demand for transfers through the Western Union International Network. (66553) transfers were made, of which (49336) were outward and (17217) were inward with a total value of (49,396,070.770) in compliance with the guidelines and directions issued by the Central Bank of Libya regulating this activity. The Bank obtained the third ranking among the agencies opened during 2005 worldwide, as well as the prize for the Quality Of Service in the area of transfers through the network.

6- Inward and outward local transfers

Customers dealing with the Bank increased their demand for outward local transfers, the number of local outward transfers was (35201) in the year ended 31/12/2006, an increase of 23%, while the number of transfers in the year 2005 was (28610).

The value of these transfers at the end of the year 2006 amounted to (738,700,398.000 LYD); an increase of 58%, while in 2005 they amounted to (465,971,256.500 LYD).

The number of inward local transfers was (51042) on 31/12/2006, while in the year 2005 were (23393), an increase of 118%, with a value at the end of the year 2006 of (786,823,017.000 LYD) and for the year 2005 the value was (477,334,741.499 LYD), a rate of increase of 64.8%.

The following illustration indicates the movement of the inward and outward transfer during the year 2006 compared to the year 2005.

Local inward and outward transfers

	31/12/2006	31/12/2005	Rate of increase
Numbers	86243	52003	% 65.0
Value in LYD	1,525,523,415.000	943,305,947.999	% 61.5



Fourth: Capital

In compliance with the Extraordinary Shareholders Meeting Resolution in its meeting hold on 16/2/2005 to increase the Bank's capital from (20,000,000 LYD) twenty million LYD to (50,000,000 LYD) fifty million LYD, such that the value of capital increase shall be paid during the three years (2005, 2006 and 2007) and adding premium of 10 LYD for the new shareholders. Underwriting the first increase started effective the date of the extraordinary shareholders meeting resolution, the fully paid up shares value until 31/12/2005, (2815442 shares) valued at (28,154,420.000 LYD). The second increase was recalled effective the beginning of the year 2006, with the fully paid up shares value on 31/12/2006 (36,059,250.000 LYD) thirty six millions, fifty nine thousands and two hundred and fifty LYD. At this end of the year ended 31/12/2006 a premium on issued shares of (1,134,320.000 LYD) one million, one hundred and thirty four and three hundred and twenty LYD, in compliance with article 17 of the Bank's bylaws.

Fifth: New Bank outlets

The Albaida Branch was opened on 1/8/2006 for business with the public. The branch is situated in the center of the city of Albaida. A plot of land was allocated on the Main Street in the city to build the Bank branch in a location adjacent to some of the commercial banks. Formalities are underway to complete the documentation of the land, and construction will commence immediately upon completion of the allocation procedure and preparation of the plans for the construction of the branch building.

Preparations are underway to open a branch for the Bank in the city of Zletin during the year 2007 after the securing a premises and a branch in the city of Sirte in addition to increasing the number of agencies to provide the banking services in the areas of Souk Eljouma, Ain Zara and Alfwaihat after securing suitable premises, as well as an agency in the Benghazi Central Hospital upon completion of the hospital outfitting. Correspondence to The Central Bank of Libya was made to the effect of opening Bank branches and agencies in the city of Tajoura, Ras Lanuf, Brega, Gasr Hamad in Misurata, Almarj, Alwahda Alarabia Street in Benghazi and Asswaihly Square in Tripoli.

Work is in progress to finish the Head Office Building adjacent to the present Head Office, where the construction is in the final stages. This new building contains meeting and conference hall in addition to accommodating the expansion in the Bank's department, while allocating one part of the building for he stock exchange and the securities operations connected via an international network to international markets.



Sixth: Technology in the Bank

The Bank continued following its policy of employing the developments of modern technology in the banking business area and keeping abreast of the advances in the technologies of the banking services. In addition to connecting the branches and agencies in Benghazi, its Main Branch in Tripoli, Alkabir Agency, Main Branch in Misurata and the Markaz Africa Center in Misurata, and in anticipation of the completion of the Fiber Optic network with the intention of connecting all the branches and agencies through this system, with the result of saving large sums instead of the subscription fees that are paid to foreign companies which manage and maintain the equipment that connect the Bank through satellite communications.

The Bank continued providing differentiated services through mobile banking and e-banking while seeking more expansion in providing electronic services.

Seventh: Electronic payment systems

The had expanded its services network of automatic teller machines ATM's and Points of Sale which rose from 131 machines to 170 machines.

Credit cards (Kanze, Visa Gold, Electron, Internet and Hajj & Omra) numbers rose during the year 2006 to reach 6365 credit cards compared to the previous year 2005 which numbered (3479) credit cards, a rate of increase of 83%.

All the tasks connected with issuing the cards such as printing and printing the Personal Identification Number (PIN) are conducted within the Bank and locally instead of depending on external sources as of the last quarter of the year 2006.

Eighth: Human resources

During 2006 the Bank continued the expended efforts in developing and qualifying its human resources through practical and theoretical training with the aim of meeting the Bank's needs of qualified technical banking work force.

Human resources are the hub of the Bank's activities as they reflect both vertical and horizontal expansion. The level of banking services is proportionately related with Bank's growth and the expansion of its activities. Staffing policies and developing human resources were a priority of the Bank's top management concerns. The total number of the clerical and non clerical employees increased at the end of 2006 to reach 560 compared with 395 employees in the year 2005. This marked an increase in the workforce amounting to 165 employees, an increase of 41.8%.

Most of the workforce increase was in the clerical employees whose number increase by 144 employees, at a rate of 36.5%, while the non clerical employees increased by no more than 21 employees, a rate of increase of 5.3%.

Distribution of employees by location of employment

Type of transfer	Clerical Jobs		Non-Clerical jobs	
	2005	2006	2005	2006
Head Office	64	88	32	46
Benghazi Main Branch	21	26	6	5
Alforosia Agency	10	23	3	3
Benina Airport Agency	2	4	-	-
Addawa Alislamia Agency	15	23	2	-
Albirka Agency	11	18	-	-
Alhadaig Agency	9	13	2	2
Child Agency – Benghazi	3	4	-	-
Tripoli Main Branch	30	52	12	12
Gout Ashaal Agency	13	15	3	2
Dat Elemad Agency	22	36	5	5
Burj Alfateh Agency	9	10	3	2
Tripoli Int. Airport Agency	4	5	-	-
Gargarish Agency	10	17	2	3
Fonduk Alkabir Agency	5	8	-	-
Child Agency – Tripoli	2	2	-	-
Misurata Main Branch	21	30	6	9
Markaz Africa Attijary Agency	4	5	-	-
Tobruk Main Branch	17	21	5	6
Musaad Border Agency	4		2	
Azzawia Main Branch	11	13	2	3
Zwara Agency	6	7	3	4
Gialo Agency	5	5	3	3
Agedabia Agency	4	6	2	2
Baida Main Branch	-	12	-	2
Total :	302	446	93	114

The increasing number of human resources of all types and since the establishment of the Bank reflects the continuous expansion in the Bank's both in the business volume and geographically. The increase in the manpower during 2006 was justified by the need to cover Albaida Branch which was opened this year, as well as the sharp shortages of manpower in all the departments and branches of the Bank and the expansion of the Audit Department after its reorganization and filling the vacancies in most departments. These needs required a qualified workforce.

Also, the filling of the vacancies in the branches and agencies as indicated in the table of manpower distribution in the various units and Head office of the Bank.

The distribution of the manpower increase in 2006 was as follows:

The share of the Head Office was 38 jobs, 24 clerical and 14 non clerical, this represents 23% of the workforce volume in this division due to the reorganization of the Internal Audit Department and filling the shortage in the other departments.

Tripoli Main Branch comes in second after the Head Office, where the workforce expanded by 22 jobs, all of which are clerical. The workforce had grown by 15.3% of the total clerical jobs.

The workforce in Dat Elemad had risen by 14 employees all of whom were clerical, representing a rate of 9.7% of the total clerical jobs, Then the Misurata Main Branch, where the number of employees increased by 12 jobs, 9 clerical, representing 7.3 of the increase in the workforce volume for the year 2006.

The new Albaida Branch had a share of 14 employees 12 of whom were clerks. This increase represents 8.5% of the new employment in the year 2006, the remaining branches and agencies received the remainder of the workforce addition in the year 2006.

The Bank did not expand in employment of external banking and managerial experts, in addition to contracting with external concerns to provide services such as guarding, security and sanitation services.





Ninth: Training

The Bank seeks to continuously develop the capabilities of its employees and prepare the needed technical qualified manpower and management leadership with the aim of improving performance and providing advanced innovative services as well as creating planning and executive skills. Management focuses its employment policy on improving the work environment as a strategy aiming at development and qualifying employees in the Bank to create the successful management leadership and prepare competent employees. To achieve the employment policies followed by the Bank, management had participated in local and foreign training courses together with seminars and conferences connected to the banking business.

Showing more concern for training, the Board of Directors formed a higher committee to develop human resources in the Bank, among its tasks was formulating annual training plans for the employees, both locally and abroad in the areas of banking, technology, management and control.

First: Local training and development

Takes place by practical and theoretical preparation of the trainees so that their training and qualification suit the needs of expansion and progress occurring in the Bank. Training is delivered in various areas of the banking business, as 50 trainees took part in courses covering various banking operations outside the Bank and 64 trainees were trained in the Bank's Training center. The Bank employees took part in the following specialist courses:

a. Within the Bank: a course was held in the Bank's Training Center in Benghazi, where the employees from the audit sections in the Eastern Region branches and the new employees on 11-12/11/2006. The course focused marketing banking services and serving customers starting with reception and they are fully served. The course was attended by 30 employees; both male and female.

A similar course was held in the Bank's Training Center in Tripoli Main Branch on 27-28/11/2006 covering the same subjects as in the course held in Benghazi. The course was attended by 34 employees; both male and female.

b. The Bank participated in some of the courses held by the Central Bank of Libya's Training Center which covered the following subjects:

SWIFT	Six courses	attended by 7 Bank employees
FOREX Foreign Exchange	One course	attended by 4 Bank employees
COMESA	One course	attended by 2 Bank employees
ENGLISH	Two courses	attended by 8 Bank employees

Each of these courses was of one day duration except the English Language courses which lasted of 8 weeks. They were held in the cities of Tripoli and Benghazi.





c. The Arab Academy for Banking and Financial Sciences organized a number of courses in the city of Tripoli which covered many banking services varying from the basics of banking, countering money laundering, Basel II, operational risks, electronic clearing as well as other banking subjects. The twelve courses held by the Academy in the city of Tripoli were attended by 13 Bank employees.

d. The Union of Arab Banks organized four courses in the city of Tripoli which were attended by 6 Bank employees. These courses covered these subjects:

- * Managing Effective Development in Banking.
- * Modern Risk Management in Banking.
- * International regulations and standards of documentary credits and standby credits.
- * Credit Risk Management in accordance Basel II committee guidelines.

e. Two courses were held in the city of Tripoli, one on the operation of the Ericsson Telephone Exchange which lasted for 14 days and started on 12/03/2006. The other was held on 01/02/2006 about the challenges facing the banking sector, 2 Bank employees attended.

f. The Bank took part in a course on marketing of banking services organized by the Society of Libyan Banks in the city of Tripoli on 16-20/4/2006, 2 Bank employees attended.

Local Training

Subject	Number Of Trainees				
	2002	2003	2004	2005	2006
Banking operations	19	14	62	79	89
Computers	1	-	6	-	8
English Language	4	1	-	30	7
SWIFT	5	2	4	5	7
Electronic Payment systems	-	-	8	11	4
Telecommunications systems	-	-	-	5	2
Conferences and seminars	9	6	7	6	-
Total :	38	23	87	136	122





Second: Training courses abroad

The Bank took part in a number of courses abroad attended by 9 Bank employees; they covered banking business as follows:

* A course on automatic tiller machines (ATM's) held in Egypt for the duration of one week started on 18/01/2006, attended by 2 Bank employees.

* A seminar on electronic banking services for the Magreb Banks held in the city of Marrakech in Morocco on 16-17/2/2006, attended by one Bank employee.

* A course on documentary credits held in the city of Tunis during the period from 28/3 to 1/4/2006, attended by one Bank employee.

FOREIGN TRAINING

Subject	Number Of Trainees				
	2002	2003	2004	2005	2006
Banking operations	11	12	16	8	1
SWIFT	1	5	-	1	-
Electronic Payment systems	-	-	7	2	2
Conferences and seminars	-	-	-	-	2
Seminars	-	-	-	-	4
Total :	12	17	23	11	9

Third: The Bank took part in a number of seminars held in and out of the country:

- Magreb Seminar on leasing held in Tripoli on 15-16/3/2006.
- The Bank took part in the annual convention of WU Company held in the city of Dubai in the Emirates during the period 28-30/3/2006.



Tenth: Internal Auditing

The Law Number (1) 2005 for Banking, Article 68, item First states that: the commercial bank shall be administered by a board of directors, item Second states that the bank shall have a general manager appointed by the boards of directors. Article 81 of Law number (1) 2005 for banks states that banks shall internal auditing, the manager of which shall be appointed by a resolution by the board of directors. Article (52) of the Bylaws as amended by ordinary and extraordinary shareholders meetings, approved by the Central Bank of Libya on 6/11/2006, that the Bank shall have an Internal Auditing Department directly subordinate to, and whose manager has been appointed by the board of directors.

1. The Audit Department was strengthened during the financial year 2006 by a number of auditors in the branches of Albaida, Misurata, Azzawia and the city of Benghazi. Work is in progress to complement the Audit Section in the Airport agencies (Benina ñ Tripoli), Zwara, Ajedabia, Gialo, Tobruk and Musaad. Additionally, Auditing will be strengthened in the departments of Accounts, Credit, Banking Operations, Electronic Systems and Services, the Swift Section and The Visa Section.

2. The Audit Department conducted daily auditing and checking of the Bank's activity through the Audit Sections which carry out their role through the simultaneous audit system, where any breach of the laws, regulations or directives are discovered by daily audits and reporting to the executive management accordingly and inclusion in the quarterly report to the Board of Directors.

3. The Audit Department also conducted audits of some activities such as opening accounts, granting loans, opening documentary credits, ascertaining reserving the value of cheques zero clearing before executing them.

4. The Audit Department conducted periodic and sudden inventories through the Audit Section in the branches and agencies of the main and secondary vaults and cashier boxes.

5. The Audit Department reported to higher management the discovered observations and requested necessary corrective actions to be taken in accordance with the Bylaws.

6. Coordination with Departments and committees which have a control function such as:

- a. The Inspection Department of the Bank's Head Office.
- b. The Central Bank of Libya (Department of Banking and Currency Control) in matters connected with inspection tours conducted by the CBL inspectors in the Bank's branches and agencies and following up on their observation as they are received.
- c. External Auditors.
- d. The Control Committee.





7. The Audit Department prepared periodic (quarterly) report of its operations to the Board of Directors when they were due.

8. The Department carried out all tasks required by the Board of Directors.

In compliance with Law Number (1) 2005 concerning Banks, auditing operations which were assigned to the Auditing and Inspection Department were separated, henceforth, the Internal Audit Department became subordinate to the Bank's Board of Directors in accordance with its resolution of 3/12/2005, while the Inspection Department became subordinate to executive management.

In addition to the Internal Audit Department's tasks outlined by the Law Number (1) 2005 concerning Banks and the Bank's Bylaws, the Inspection Group made several unannounced inspection tours of the Bank's branches and agencies and prepared its reports to the executive management in this connection. The compliance unit assigned the followed up on control instructions issued by the Central Bank of Libya to ascertain the extent of the Bank's departments' compliance and the branches with these instructions. It also follows up on compliance with the standards that regulate banking operations and the capital Adequacy as well as holding in the Bank of the legally stipulated liquidity and maintaining the compulsory reserves.

The Appropriations Account

During the financial year ended 31/12/2006 the Bank realized total profits which amount of (36,669,920.750 LYD) and net profits after tax which amounted to (5,512,705.881 LYD).

Corporate tax and Jihad and Stamp taxes amounted to (10,801,203.224 LYD) representing 40% of the total income. Total expenses amounted to 22,817,530.104 LYD) of which (20,070,852.289 LYD) were general and administrative expenses and (2,746,677.815 LYD) assets depreciation. The large expenses are attributed to charging the financial year 2006 with expenses from previous years, payment of stationary according to the actual inventory, court cases, providing for the doubtful debts, expenses of meeting the currency center, the rise in the number of personnel in the existing units, opening a Branch in the city of Albaida, support of Internal Auditing, training expenses, accommodation and transportation for the Bank personnel and the Systems technicians, raising salaries by 35% and raising the medical ceiling for the employees and their families from 600 to 1000 LYD each.

With view of the realized net profits appropriations will be as follows:

Legal Reserve at 25%	1,377,108.704
Shareholders profits at 10% of the paid up capital	3,432,095.008
Board of Directors remuneration at 3%	111,661.124
Employee's share at 4%	148,881.498
General Reserve	400,000.000
Profits carried forward	42,959.547
Total :	5,512,705.881

An amount of (2,445,780.672) was returned to the General Reserve Account in order to increase the dividends ratio to 20% which amounted to (3,432,030.992) so that the total dividends distributed to shareholders became 20% of the paid up capita, which is (6,864,126.000).

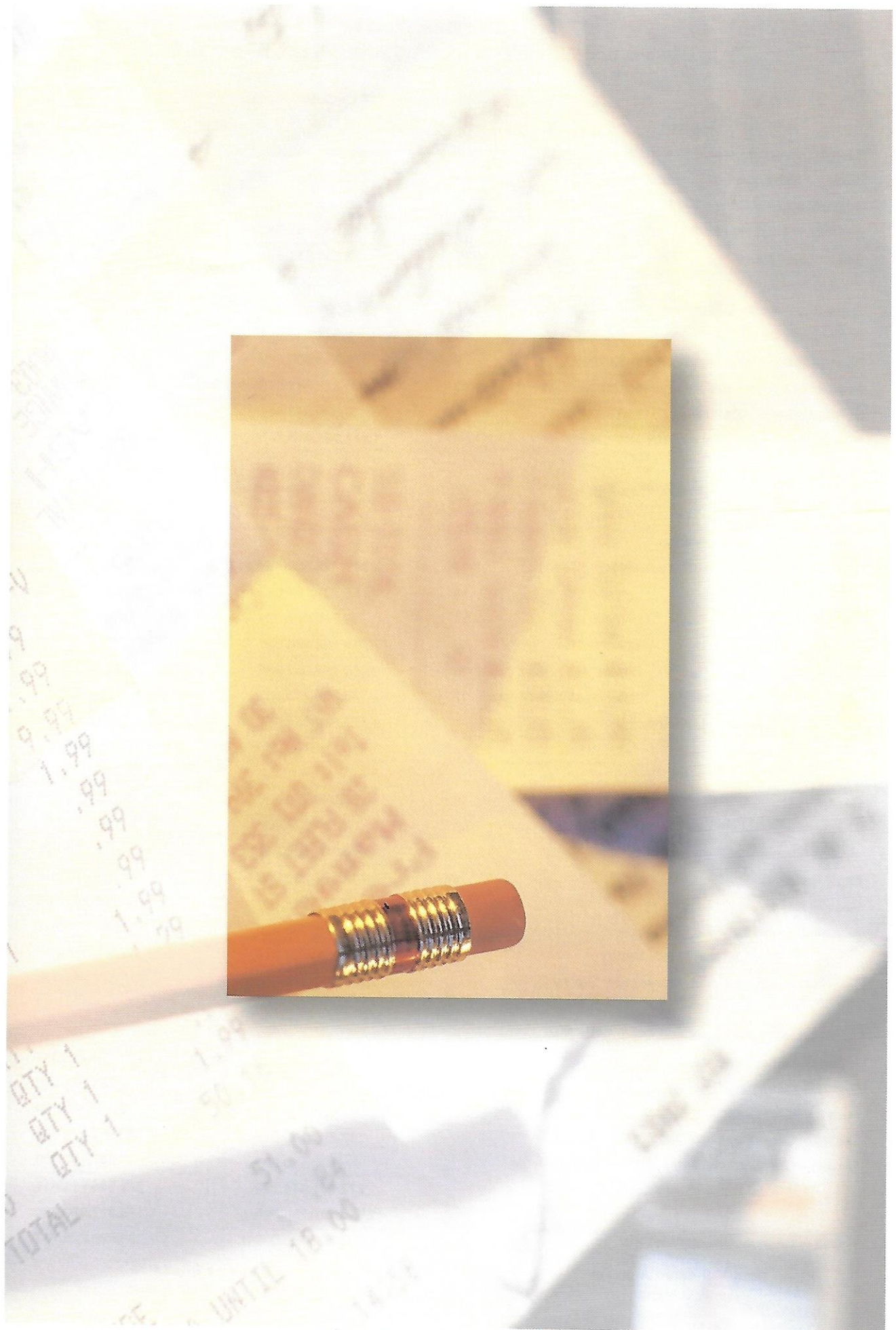


Finally, the Board of Directors takes pleasure in concluding its report by extending congratulations to all the Bank employees in the Head Office, the branches and agencies. It would also extend thanks and appreciation to the shareholders for their continued support of the Bank management to achieve more positive results one year after the other, as well as to the sister and friendly banks for their cooperation and to all the Bank customers for choosing to deal with our Bank.

With our best wishes for all

The Board of Directors
17/4/2007







The balance sheet
as on 31/12/2006 compared with 31/12/2005

	Notes	2006	2005
Assets		L. D.	L. D.
Cash in Local and Foreign Currencies	1	31,394,496.444	30,480,530.966
Balances with Local and Foreign banks	2	447,112,581.430	613,565,924.647
Deposits with the Central Bank of Libya	3	128,000,000.000	104,913,698.630
Deposits with Foreign Banks	4	242,863,656.948	0.000
Clearance Cheques	5	12,346,937.106	1,447,520.386
Local Investments	6	3,153,200.000	1,493,200.000
Loans and Advances After Deducting Provisions	7	66,690,860.398	53,771,814.507
Debtors and Other Debit Balances	8	5,927,803.491	14,283,380.091
Head Office and Branches Accounts	9	274,368,500.449	64,866,691.020
Fixed Assets After Deducting Assets Depreciation	10	26,372,831.618	21,490,945.936
Buildings Under Construction	11	2,830,347.414	759,557.633
Total Assets		1,241,061,215.298	907,073,263.816
Liabilities and Shareholders Equity			
Liabilities			
Customer Deposits (Current Accounts)	12	872,346,584.578	632,558,602.733
Customer Time Deposits	13	55,907,181.913	38,500,000.000
Savings Deposits	14	19,516,806.221	22,648,367.468
Cash Securities	15	58,489,595.381	71,749,889.718
Certified Cheques	16	109,186,091.086	42,727,676.724
Creditors and Other Liabilities	17	46,904,433.702	35,312,280.195
Total Liabilities		1,162,350,692.881	843,496,816.838
Shareholders Equity			
Capital	18	36,059,256.000	28,154,420.000
Share Issue Premium Reserve		1,134,320.000	0.000
Income Summary		16,309,638.041	15,598,703.791
Legal Reserve	19	14,077,210.000	13,283,403.199
General Reserve	20	3,437,942.760	4,289,899.363
Allocated Reserves	21	7,692,155.616	2,250,020.625
Total Shareholders Equity		78,710,522.417	63,576,446.978
Total Liabilities and Shareholder Equity		1,241,061,215.298	907,073,263.816
Contingent Accounts and Other Liabilities			
Import Documentary Credits		164,110,633.436	180,574,212.311
Export Documentary Credits		13,144,326.569	6,981,041.000
Inward Bills for Collection		12,426,414.000	8,053,443.000
Letters of Guarantee Local and Foreign		82,390,140.717	76,688,893.103
Travelers Cheques Inventory in Foreign Currency		0.000	247,130.000
Total Contingent Accounts		272,071,514.722	272,544,719.414
Grand Total		1,513,132,730.020	1,179,617,983.230
Travelers Cheques Inventory In LYD		7,285,592,760.000	7,288,626,225.747

Said Mohamed Alatrash
General Manager

Fathi Juma Busnaina
Chairman of the Board

(Notes attached from 1 to 21)



The Income statement
For the period ended 31/12/2006 compared to 31/12/2005

	Notes	2006	2005
Revenue		L. D.	L. D.
Interest Income		27,101,359.980	15,333,379.523
Interest Expense		8,740,070.522	6,699,762.147
Net Interest		18,361,289.458	8,633,617.376
Commissions and other revenue		20,765,878.687	13,867,153.283
Total revenue		39,127,168.145	22,500,770.659
Expenses			
Administrative and General Expenses		20,070,852.289	5,236,648.607
Depreciation		2,746,677.815	1,665,935.261
Total Expenses		22,817,530.104	6,902,583.868
Total income before taxes		16,309,638.041	15,598,186.791
Corporate, Jihad and Stamp taxes		10,801,203.224	6,636,218.316
Net income after taxes		5,508,434.817	8,961,968.475
Profits carried forward from previous year		4,271.064	6,577.598
Net profit		5,512,705.881	8,968,546.073
Proposed Appropriation			
Legal Reserve at 25%		1,377,108.704	793,806.801
Dividends at 25% of the Paid up capital		3,432,095.008	6,243,937.000
Board of Directors Remuneration		111,661.124	245,242.208
Provision for doubtful debts		0.000	650,000.000
Employees bonus at 4%		148,881.498	0.000
General Reserve		400,000.000	1,030,000.000
Retained earnings		42,959.547	5,561.064
Total		5,512,705.881	8,968,547.073
Said Mohamed Alatrash General Manager		Fathi Juma Busnaina Chairman of the Board	

Mohamad B. Albarghathi
M.Sc.P.A.

Authorized Public Accountant
Member of the Libyan Syndicate
of Accountants & Auditors
Member of General Arab Union
of Accountants & Auditors
Accredited by Central Bank of Libya

123 Agheeb St. Benghazi
Tel & Fax: +218619093623
P. O. Box: 1787 Benghazi
Web Site: www.barghathi.com
Email: info@barghathi.com

Auditor's Report

Date: 29/3/2007

**To the Shareholders of
Bank of Commerce and Development
Benghazi**

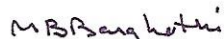
We have examined the balance sheet of the Bank of Commerce and Development as of 31 December 2006 and the related statement of income for the year then ended. We obtained all information that we considered important.

The balance sheet of the Bank of Commerce and Development as of 31/12/2006 and its income statement are the responsibility of the Bank's Board of Directors. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our examination in accordance with international Auditing Standards, which require that we plan and perform our examination to obtain reasonable assurance about whether the financial statements are free of material misstatements. Our examination covered, on a test basis, evidence supporting the amounts and disclosures in the financial statements. Our examination also included an assessment of the accounting principles used and significant estimates made, as well as evaluating the overall financial statement presentation. We believe that our examination provides a reasonable basis for our opinion.

The bank kept proper books of accounts as required by the Libyan Laws and the Bank's Articles of Association; the contents of these books are in agreement with the bank's financial statements.

In our opinion, the financial statements - read in the light of our detailed report - fairly present the financial position of the Bank as of 31 December 2006, and the results of its operations for the year then ended in accordance with Generally Accepted Accounting Principles, which the Bank follows with consistency.



Mohamed B. Barghathi
Authorized Accountant & Auditor

Copy to: The Governor, Central Bank of Libya



أ.د مصطفى بكار محمود .. محاسب ومراجع قانوني
عمارة شركة ليبيا للتأمين .. الدور الخامس .. شقة رقم (6) .. شارع جمال عبد الناصر .. بنغازي

Auditor Report

Date: 28/03/2007

To the Shareholders of the Bank of Commerce and Development Benghazi

We have examined the balance sheet of the Bank of commerce and development as of 31 Decemner 2006 and the related income statement for the year then ened. We obtained all information that we considered important.

The balance sheet of the Bank of commerce and development as of 31/12/2006 and its income statement are the responsibility of the Bank's Board of Directors. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our examination in accordance with International Auditing Stadards, which repuire that we plan and perform our examination to obtain reasonable assurance about whether the financial statements are free of material misstatements. Our examination covered, on a test basis, evidence supporting the amounts and disclosures in the financial statements. Our examination also included an assessment of the accounting principles used and significant estimates made, as well as evaluating the overal financial statements presentation. We believe that our examination provides a reasonabnle basis for our opinion.

The bank kept proper books of accounts as required by the Libyan Laws and the Bank's Articles of Association; The contents of these books are in agreement with the bank's financial statements and the Board of Directors Report.

In our opinion, the financial statements red in the light of our detailed Audit Report fairly present the financial position of the Bank as of 31 December 2006, and the results of its operations for the year then ended in accordance with Generally Accepted Accounting Principles, which the Bank follows with consistency .



Prof. Mustafa B. Mahmoud
Authorized Public Accountant

Dr. Mustafa Bakar Mahmud
Authorized Public Accountant
Benghazi - Libya

Adopted accounting policies

a. Collected and paid interest:

Collected and paid interest is calculated in accordance with the monetary accrual principle; the collected and paid interest is entered in the revenue account when they are accrued.

b. Depreciation of fixed assets:

Fixed assets appear in the value of the total cost, depreciation is calculated using the straight line method in accordance with Tax Law Number (11) 2004.

c. Investments:

All investments are kept in the value of their cost in the Bank books.

d. Foreign currencies:

All transactions conducted in foreign currencies are entered in Libyan Dinars according to the prevailing exchange rates published by the Central Bank of Libya at the time of transaction. Assets and liabilities in foreign currencies are converted to Libyan Dinars according to the exchange rates prevailing on the date of the Balance Sheet. The losses resulting from valuation of foreign currencies in the revenue and expense accounts and they are disclosed in the Balance Sheet when profits are realized.

e. Doubtful debts:

The doubtful debts provision had been increased by an amount of (3,999,101.434 LYD), three millions, nine hundred and ninety nine and one hundred and one Libyan Dinars and four hundred and forty three Dirhams. In addition t interest on some non performing debit accounts was retained.



Notes to the financial statements for the year ended 31/12/2006

The Balance Sheet

First: Assets

1- Cash in local and foreign currencies

	Value in LYD	
	2006	2005
Local currency	17,915,169.243	24,794,512.922
Foreign currencies	12,886,844.701	5,430,978.044
Automatic Tiller Machines	592,482.500	255,040.000
Total :	31,394,496.444	30,480,530.966

2-Balances with Local and Foreign banks

	Value in LYD	
	2006	2005
Cash with local banks	60,752,446.031	14,140,400.071
Balances with foreign banks in foreign currencies	58,903,075.209	464,339,160.011
Cash with the Central Bank of Libya	332,415,514.395	135,086,364.565
Total :	452,071,035.635	613,565,924.647

3-Deposits with the Central Bank of Libya

	Value in LYD	
	2006	2005
Time deposits with the Central Bank of Libya	128,000,000.000	104,913,698.630
Total :	128,000,000.000	104,913,698.630

4-Deposits with foreign banks

	Value in LYD	
	2006	2005
Time deposits with foreign banks	0.000	242,863,656.948
Total :	0.000	242,863,656.948

5-Clearance cheques

	Value in LYD	
	2006	2005
Cheques for collection	11,703,417.659	1,412,131.627
Local cheques in transit	167,483.035	- 379,795.836
Other foreign sight bills (endorsed)	476,036.412	415,184.595
Total :	12,346,937.106	1,447,520.386





6-Local investment

	Value in LYD	
	2006	2005
Almuttahida Insurance Company	588,200.000	588,200.000
Assafa Development Company	500,000.000	500,000.000
Attarig Computer Services Company	105,000.000	105,000.000
Attagnia Company	10,000.000	0.000
Marhaba Tourism Copany	50,000.000	0.000
Libyan Tunisian Tourism Company	1,000,000.000	0.000
Assawahel Allibya Company	900,000.000	300,000.000
Total :	3,153,200.000	1,493,200.000

7-Loans and Facilities

	Value in LYD	
	2006	2005
Social Advances to Employees	1,392,130.415	731,791.697
Social Advances to Customers	7,807,195.284	5,431,429.637
Granted Loans	3,268,818.048	9,723,711.055
Current Debit Accounts	60,555,421.306	40,484,882.118
Minus Doubtful Debts Provision	- 6,209,019.866	- 2,600,000.000
Total :	66,814,545.187	53,771,814.507

8-Debtors and other Debtor Balances

	Value in LYD	
	2006	2005
Foreign Banks in foreign currencies (under reconciliation)	0.000	0.000
Miscellaneous Debtors	1,887,085.415	1,618,263.564
	2,445,780.672	0.000
Non personal accounts under reconciliation	4,770,448.580	12,478,218.023
Other non personal accounts (other assets)	186,666.275	186,898.504
Foreign Banks Balances in Foreign Currencies	-4,958,454.205	0.000
	-3,485,862.240	0.000
Total :	845,664.497	14,283,380.091

9-Head Office and Branches Accounts

	Value in LYD	
	2006	2005
Head Office and Branches Accounts	274,368,500.449	64,866,691.020
Total :	274,368,500.449	64,866,691.020



10-Fixed Assets after Deducting Depreciation

	Value in LYD	
	2006	2005
Furniture	1,345,647.371	2,269,668.227
Equipment	12,726,724.591	10,858,546.267
Vehicles	685,411.163	1,478,505.804
Dividers	1,582,736.300	1,308,872.123
Buildings	8,673,986.819	8,950,160.637
Land	1,316,480.000	
Carpeting	41,845.374	81,880.370
Total :	26,372,831.618	24,947,633.428

11-Buildings under construction

	Value in LYD	
	2006	2005
Head Office Tower	2,816,441.964	745,652.183
Misurata Main Branch	13,905.450	13,905.450
Total :	2,830,347.414	759,557.633

Second: Liabilities**12-Customer Deposits (current accounts)**

	Value in LYD	
	2006	2005
Individual current accounts	458,231,133.122	353,092,867.870
Companies and partnerships current accounts	289,370,613.869	163,123,603.784
Public entities (companies/partnerships) current accounts	103,390,709.131	101,593,030.377
Non resident current accounts	0.000	2,039.628
Non resident moving current accounts	102.892	20,014.642
Frozen current accounts	822,196.338	529,587.821
Other accounts in foreign currencies	20,531,829.226	14,197,458.611
Total :	872,346,584.578	632,558,602.733

13-Customer Time Deposits

	Value in LYD	
	2006	2005
Public entity and individual deposits	55,567,000.000	38,500,000.000
Other long term deposits	340,181.913	0.000
Total :	55,907,181.913	38,500,000.000

14-Savings Deposits

	Value in LYD	
	2006	2005
Savings Deposits	19,516,806.221	22,648,367.468
Total :	19,516,806.221	22,648,367.468

15-Cash Securities

	Value in LYD	
	2006	2005
Documentary Credits Cash Securities	45,631,104.748	63,049,131.960
Letters of Guarantee Cash Securities	12,858,490.633	8,700,757.758
Total :	58,489,595.381	71,749,889.718

16-Certified Cheques

	Value in LYD	
	2006	2005
Certified Cheques	109,186,091.086	42,727,676.724
Total :	109,186,091.086	42,727,676.724

17-Creditors and Other Liabilities

	Value in LYD	
	2006	2005
Personal Accounts under Reconciliation	35,835,565.204	28,641,900.609
Various Creditors	2,288,921.943	4,056,480.761
Non Personal Accounts (Other Liabilities)	4,545,509.812	2,590,608.625
Non Classified Accounts	4,234,436.743	0.000
Foreign Banks Balances in Foreign Currencies (Credit) Under Reconciliation	0.000	23,290.200
Total :	46,904,433.702	35,312,280.195



OWNERS EQUITY

18-Capital

	Value in LYD	
	2006	2005
Bank Capital	36,059,256.000	28,154,420.000
Total :	36,059,256.000	28,154,420.000

19-Legal Reserve

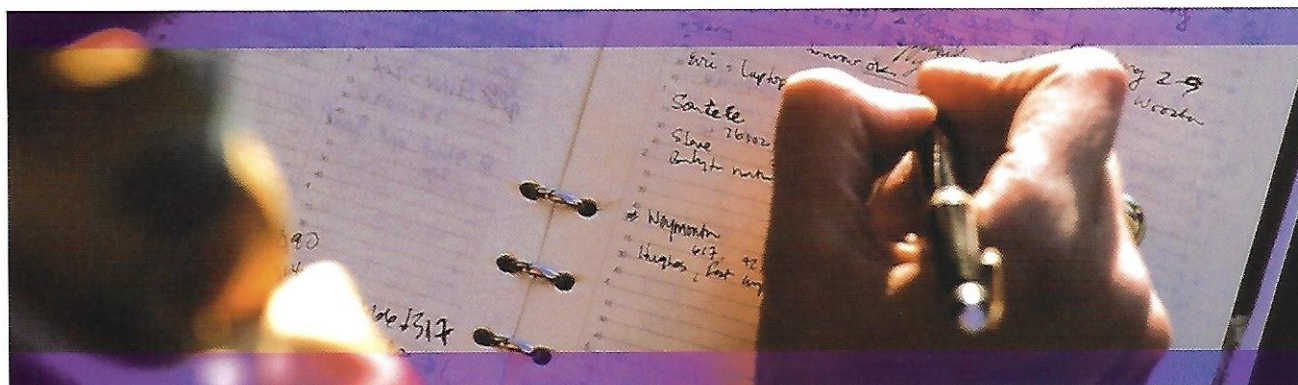
	Value in LYD	
	2006	2005
Legal Reserve	14,077,210.000	13,283,403.199
Total :	14,077,210.000	13,283,403.199

20-General Reserve

	Value in LYD	
	2006	2005
General Reserve	3,437,942.760	4,289,899.363
Total :	3,437,942.760	4,289,899.363

21-Contingent Provisions

	Value in LYD	
	2006	2005
Corporate Income Tax Provision	3,323,758.774	2,178,574.939
Tax Adjustment Provision	575,950.500	0.000
Leave Allowance Provision	523,359.093	71,445.686
Share Price Drop Provision	81,500.000	0.000
Court Cases against the Bank Provision	923,003.204	0.000
Social Security Adjustment Provision	218,460.854	0.000
Provision with Burj Alfateh	2,000.000	0.000
Correspondent Evaluation Reserve (Part of A/C 1870)	2,039,852.127	258,620.855
Profits Carried Forward	4,271.064	0.000
Total :	7,692,155.616	2,508,641.480





Geographic Distribution of Shareholders

City	Number of Shareholder	Number of Shares	Value of Shares
Augila	1	1,000	10,000
Albaida	29	6,000	60,000
Azzawia	65	66,033	660,330
Almarj	13	39,275	392,750
Brak Ashati	6	410	4,100
Benghazi	1,260	1,505,795	15,057,950
Derna	116	26,350	263,500
Sebha	19	7,100	71,000
Sirte	1	50	500
Silog	36	646,730	6,467,300
Soussa	2	25,050	250,500
Shahat	5	11,300	113,000
Surman	1	1,250	12,500
Tobruk	65	46,484	464,840
Tripoli	695	2,112,716	21,127,160
Murzog	3	251	2,510
Misurata	110	111,379	1,113,790
Total :	2,427	4,608,173	46,081,730

Distribution of Shareholders by Entity Type

Entity	Number of Shareholder	Number of Shares	Value of Shares
Individuals	2,419	3,118,768	31,187,680
Private Entities	29	717,065	7,170,650
Public Entities	7	798,750	7,987,500
Total :	2,455	4,634,583	46,345,830



Income, Jihad and Stamp Taxes
Accrued on Profits after Deduction of all Expenses on 31/12/2006

INCOME TIERS LYD		TAX PER.	TAX LYD
Tier	(1) ACCRUED CORPORATE TAX		
FIRST	200,000.000	% 15	30,000.000
SECOND	300,000.000	% 20	60,000.000
THIRD	500,000.000	% 25	125,000.000
FOURTH	500,000.000	% 30	150,000.000
FIFTH	500,000.000	% 35	175,000.000
SIXTH	ANY EXCESS AFTER		
	23,016,967.942	% 40	9,206,787.177
Total (1)			<u>9,746,787.177</u>
(2) J. TAX			
PROFITS SUBJECT TO J. Tax <u>25,016,967.942</u>			
Total (2)		% 4	<u>1,000,678.718</u>
(3) STAMP TAX			
Total (3)		% 0.005	<u>53,737.329</u>
AMOUNT ACCRUED TO TAX DEPARTMENT		Total (1, 2 AND 3)	<u>10,801,203.224</u>

Taxes paid by the Bank on gross income during the period 1997 to 2006

Year	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
Amount in LYD	229,966	1,174,139	1,466,637	4,317,755	8,493,916	4,600,709	5,374,961	4,345,849	6,636,218	10,801,203

Total :

47, 441, 353





Net profits of the Head Office, Branches and Agencies

Branch or agency	revenue	Interest revenue	expenses	Interest expenses	Net income	Ration of contribution to profit
Head Office	5,738,278.79	17,439,583.85	19,036,524.51	7,956,201.72	-3,814,863.584	-23.39%
Benghazi Branch	382,458.73	683,176.76	384,059.62	22,154.90	659,420.958	4.04%
Alforosia Agency	567,149.59	312,633.55	253,283.84	2,110.89	624,388.409	3.83%
Benina Airport Agency	119,805.01	6,773.27	28,879.49	6,420.64	91,278.151	0.56%
Addawa Alisamia Agency	943,374.57	317,068.00	163,652.16	4,819.37	1,091,971.051	6.70%
Albirka Agency	374,318.01	386,289.09	113,127.68	109.93	647,369.491	3.97%
Gialo Agency	72,894.92	48,149.84	59,655.61	0.00	61,389.147	0.38%
Alhadaig Agency	261,970.81	206,862.63	62,610.92	43.65	406,178.855	2.49%
Child Agency Benghazi	37,389.06	10,492.81	19,441.63	13.17	28,427.064	0.17%
Agedabia Agency	206,353.48	72,572.24	70,349.51	460.40	208,115.806	1.28%
Tripoli Branch	3,134,022.11	2,026,016.28	578,442.56	150,513.05	4,431,082.780	27.17%
Gout Ashaal Agency	398,487.15	736,793.33	167,011.39	8,722.27	959,546.822	5.88%
Burj Alfateh Agency	225,324.94	282,989.16	207,118.77	71,621.53	229,573.793	1.41%
Tripoli Airport Agency	243,568.03	5,525.93	60,699.68	155.21	188,239.079	1.15%
Gargarish Agency	343,900.36	379,732.71	166,961.56	0.00	556,671.505	3.41%
Dat Elimad Agency	1,948,062.37	2,328,261.92	437,537.57	186,642.12	3,652,144.598	22.39%
Fonduk Alkabr Agency	141,777.27	46,055.60	98,820.66	0.00	89,012.206	0.55%
Child Agency Tripoli	97.00	0.00	0.00	0.00	97.000	0.00%
Misurata Branch	3,317,056.11	1,116,321.94	353,699.21	3,746.19	4,075,932.650	24.99%
Markaz Africa Agency	1,471,522.09	192.01	53,487.97	310,370.78	1,107,855.361	6.79%
Tobruk Branch	349,442.56	449,339.20	243,308.96	10,567.86	544,904.929	3.34%
Musaad Agency	41,810.34	7,749.46	5,461.19	0.00	44,098.609	0.27%
Azzawia Branch	310,342.69	214,896.19	140,741.57	5,396.85	379,100.469	2.32%
Zwara Agency	68,687.69	21,766.47	66,403.32	0.00	24,050.844	0.15%
Albaida Branch	67,785.01	2,117.75	46,250.72	0.00	23,652.048	0.15%
Total :	20,765,878.69	27,101,359.98	22,817,530.10	8,740,070.52	16,309,638.041	100.00%

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