



BANK OF COMMERCE
& DEVELOPMENT

2007

ELEVENTH
ANNUAL REPORT

11



BANK OF COMMERCE & DEVELOPMENT

A JOINT STOCK LIBYAN COMPANY

ELEVENTH ANNUAL REPORT

2007

PREPARE BY COMMITTEE MEMBERS

Chairman Mr. Idris Ismail Eltashani

Member Mr. Mohamed A. Aljehani

Member Mr. Basheer Hassan Alhoti

Member Mr. Fawzi Ahmad Alhawaz



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

(44,510,334.000 LYD)

(Forty Four Million, Five Hundred and Ten Thousand, and Three Hundred and Thirty Four Libyan Dinars)

Stockholders

Natural persons (2462).

Juridical Persons (35).





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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 HOLY
TEL. : + 218 61 22 42 111 - FAX. : + 218 61 90 97 300
E-mail: info@bcd.ly - SWIFT : CDBLLYLT

Branches

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

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

7- Zletin Main Branch
Misurata Street - Zletin
Telephones (218-51) 462 77 16
fax: (218-51) 462 77 20

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

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

8- Dat El-Imad Branch
Tower 1 Dat El-Imad - Tripoli
Telephones: (218 - 21) 3350422 - 3350424
Fax (218 - 21) 3350421

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

6- Albaida Main 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

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

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

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

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

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

19- AlFwaiht Agency
Benghazi - City
Telephone (218 - 61) 22 39925
Fax: (218 - 61) 22 39924

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

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

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

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

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

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

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

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

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

12- Funduk Alkabir Agency
Funduk Alkabir - Tripoli
Telephone (218 - 21) 444 1666
Fax: (218 - 21) 333 4073

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

18- AlMadar Agency
Sport City - Tripoli
Telephone (218 - 91) 90 539
Fax: (218 - 91) 90 540

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. Gamal L. Abdelmalek
Chairman of the Board



Eng. Mohamed A. El Sherif
Deputy Chairman of the Board



Dr. MOHAMED RAMADAN. BUZAKUK
Member



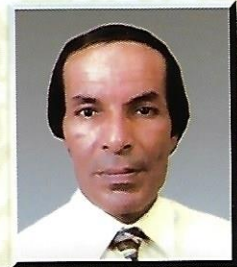
Eng. MOHAMMAD MOHAMMAD HUWAIDI
Member



MR. FADAL ALLAH FARAJ FANOOSH
Member



MR. FATHI JUMA BUSNAINA
Member



MR. OMAR FARAJ AL LAHIEWEL
Secretary to the Board

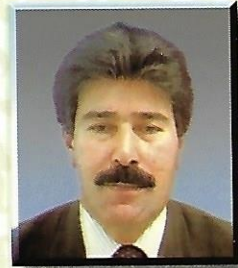
CONTROL COMMITTEE



MR. SULAIMAN SALEM ASHOHOMI
Chairman



Mr. Khalifa Mohamed Elnaas
Member



MR. RAMADAN YOUNES KWAIRI
Member





EXECUTIVE MANAGEMENT

1. *Mr. Hassan Omran Haroun* Provisional General Manager
2. *Mr. Mohamed A. Aljehani* Assistant General Manager of Accounts and Banking Operations Department
3. *Mr. Waseem Abdalla Azwayee* Provisional Manager of Administration and Personnel Department
4. *Mr. Basheer Hassan Alhoti* Provisional Manager of Systems and Electronic Services Department
5. *Mr. Ashour Khalil Algiziri* Provisional Manager of Inspection Department
6. *Mr. Ibrahim Mustafa Arrais* Credit Department Manager and Provisional Manager of Banking Operations Department

AUDIT DEPARTMENT

- | | | |
|--|--|---|
| 1. Mr. Fawzi Ahmad Alhawaz
Provisional Head of Compliance Unit | 2. Najeeb Saleh Alfazzani
Provisional Manager of Risk Department | 3. Mr. Tareg Muftah Alhaddad
Provisional Manager of Internal Audit Department |
|--|--|---|

BRANCHES AND AGENCIES

- | | | |
|---|---|---|
| 01. Mr. Abdalla Hamid Swaideg
Acting Manager, Benghazi Main Branch | 10. Mr. Muftah Assanousi Alaushaibi
Acting Head, Alhadaig Agency - Benghazi | 19. Mr. Ahmad Mahmoud Alawami
Acting Manager, Musaad Border Agency - Musaad |
| 02. Mr. Altahir Mukhtar Albuaishi
Acting Manager, Tripoli Main Branch | 11. Mr. Jamal M. Albakshishi
Acting Head, Alberka Agency - Benghazi | 20. Mr. Husam Salem Almabrouk
Supervisor, Tripoli A/Port Agency - Tripoli |
| 03. Mr. Waleed Abdullatif Alwarfalli
Acting Manager, Misurata Main Branch | 12. Mr. Salah Salem Algomati
Supervisor, Benina A/Port Agency - Benghazi | 21. Mr. Abuzaid Ahamad Mousa
Acting Head, Gialo Agency - Gialo |
| 04. Mr. Ibrahim Said Ibrahim
Acting Manager, Tobruk Main Branch | 13. Mr. Jamal Musbah Nashad
Acting Head, AlFwaih Agency - Benghazi | 22. Mr. Kamel Jaeel Algadhi
Acting Head, Fonduk Alkabir Agency - Tripoli |
| 05. Mr. Said Ahmad Zahmoul
Manager, Azzawia Main Branch | 14. Mr. Ali Khalifa Arruhaibi
Acting Head, Dat Elemad Agency - Ttipoli | 23. Mr. Aisha Mohamed Attajori
Acting Head, Child Agency Agency - Benghazi |
| 06. Mr. Ramadan Khalifa Fainous
Acting Manager, Albaida Main Branch | 15. Mr. Sulieman Isa Budaia
Acting Head, Gout Ashaal Agency - Ttipoli | 24. Mr. Muftah Ali Azzian
Acting Head, Zwara Agency Zwara |
| 07. Mr. Mukhtar Hadia Busnaina
Acting Manager, Zletin Main Branch | 16. Mr. Abdullatif Ali Amer
Acting Head, Markaz Africa Agency - Misurata | 25. Mr. Muazib Assadi Muazib
Acting Head, Agedabia Agency - Agedabia |
| 08. Mr. Abdussalam M. Azzawi
Acting Head, Alforosia Agency - Benghazi | 17. Mr. Abdurraouf Mohamed Aloukhai
Acting Head, Gargarish Agency - Ttipoli | 26. Mr. Ahmad Masoud Alhamdy
Acting Head, AlMadar Agency - Tripoli |
| 09. Mr. Salah Ali Algrari
Acting Head, Addawa Agency - Benghazi | 18. Mr. Attahir Alhadi Ahamouri
Acting Head, Burj Alfateh Agency - Ttipoli | |



BANK OF COMMERCE & DEVELOPMENT

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.*



The Board of Directors Eleventh Report

On the Bank's Activities and its Financial Position

For the Year ended 31/12/2007

Honorable ladies and gentlemen,

Band of Commerce and Development Shareholders

The Bank Board of Directors is happy to place in your hands its Eleventh Annual Report on the results of its business, its achievements and its financial data during the year ended 31/12/2007. All of which confirm the successful and effective drive started by the Bank in 1996, achieving large growth and financial results that surpassed expectations and record numbers that point to the rational and credible policy followed by management in the acquisition and use of available resources. At the same time it continued the modernization of existing banking services and introduction of the latest technologies while complying with the national and international banking standards as indicated by the performance indicators and the financial position figures for the year 2007.

The relentless work in our Bank is translated into the profitability indicators which point to the large expansion and growth in the resource acquisition activities and the effectiveness of their use. This achievement was made against challenges which confronted the Bank during its operations this year, which were overcome by board of directors and its chairman, the executive management and all its employees. The attained gross profit before taxes at the end of the financial year ended 31/12/2007 was (20,906,250.294 LYD), a rate of growth of 28% and increase of (4,596,612.23 LYD) over the financial year ended 31/12/2006, which was (16,309,638.041 LYD). Net profits after tax were (10,572,196.563 LYD) compared to (5,508,434.817 LYD) during 2006, a rate of increase of 91%, reflecting the effectiveness in the Bank's performance during the year covered by the report.

Analysis of the Bank's income resources for the year ended 31/12/2007 indicates that the net interest income in the year ended 31/12/2007 was (14,063,408.844 LYD), a decrease of (4,297,880.614 LYD) due to the setting aside of the accrued interest on debit accounts by zero clearing for the previous year, which amounted to (18,361,289.458 LYD). While revenue from other banking services, which make up the second resource of income for the Bank's activity, has increased by a rate of 19% to (24,704,743.469 LYD) representing the highest share of contribution in the gross income compared to the year 2006 which amounted to (20,765,878.687 LYD). This reflects the banking services expansion and variety as well as their quality, reconfirming the vital positive role played by the Bank in serving the national economy and the rational policy of utilization of available resources adopted by your Bank and its aiming at inclusivity.



Your Board of Directors has resolved to plan for continuous improvement as a guiding strategic choice in its work to be compatible with and keep abreast of innovation both locally and internationally in relation to advanced banking business especially in the area of capital adequacy and the actual liquidity rate. The liquidity rate reached 84.3% indicating a present liquidity to meet customers' demand at any time. While gross capital adequacy rate reached 16% compared to the internationally determined rates in accordance with Basel (I) and (II) which requires commercial banks to have a capital adequacy not less than 12%.

In the area of adequacy of performance of your leading Bank, the return on equity reached 23% compared to the previous year's ratio of 20.7%. The rate of equity to total assets reached 0.06% which indicates the development in the rate of equity to total assets and fosters the confidence of shareholders and customers.

The Bank contributed during the report year in the increase of the economic activity's financing aspect by issuing local and foreign letters of guarantee with year end balances of (170,221,284.154 LYD), while the letters of credit balances import amounted to (171,020,414,031 LYD) and export amounted to (16,217,996.699 LYD). Bills for collection amounted to (50,812,824.791 LYD) and contingent accounts and other liabilities amounted to 408,272,519.657 LYD) a rate of increase of 50% over 2006. Further details will come later in the presentation of the Bank's financial performance for the report year.

In the area of human resources and employment the Bank continued its policy of motivating and providing financial incentives to its employees. The cash rewards and allowances account amounted to (489,215.421 LYD), in addition to the payment of awards, medical benefits of (465,975.989 LYD) and training and development of (40,741.554 LYD) during the report year. The Bank also continued its training and development program through participation in local and foreign specialized courses, the introduction of modern technology and expanding automation and the distribution of points of service in tourist and service locations with the aim of providing accessible banking services, quality of performance. This was reflected positively by raising performance and positive indicators which will be clearly shown through the presentation of the indicators later in this report.

Your leading Bank took part in several social, cultural and economic activities in line with its conviction of its socioeconomic role within its working environment. The Bank participated in a number gatherings, seminars and conferences. It also sponsored social and communal activities that earned it appreciation which resulted in increased marketing of services and reinforced the Bank's stature and reliability among clientele enhancing demand on the differentiated services it provides.





I: Assets and Liabilities

The Bank's total assets increase for the financial year ended 31/12/2007 amounted to (153,664,962.218 LYD) at 12%, total assets reached (1,394,726,177.516 LYD) compared to the year ended 31/12/2006 of (1,241,061,215.298 LYD). Notwithstanding the difficulties that confronted the Bank in the form of zero clearing cheque problems, which resulted in turn in the decrease of deposit liabilities from (1,400,000.000 LYD) to (970,000.000 LYD) in the period since the start of the problem (i.e. from 4/2007 till 9/2007).

Deposit liabilities increased during the report period to reach (1,329,155,149.000 LYD) by (213,708,890.000 LYD) at a rate of 19.20 % over the year ended 31/12/2006, which had a total deposit liabilities of (1,115,446,259.000 LYD).

Time deposits increased in the financial year ended 31/12/2007 to (179,738,374.971 LYD) by (123,831,193.058 LYD) at a rate of 221.5% over the year ended 31/12/2006 which had a total time deposits of (55,907,181.913 LYD) reflecting the

efforts of the chairman and members of the Board of Directors aimed at attracting and employing investments in a very short period, i.e. from 9/2007 to 12/2007.

Savings deposits represented by savings accounts amounted to (19,446,181.034 LYD) during the year 2007, a decrease by (70,625.187 LYD) below the year ended 31/12/2006, which were (19,516,806.221 LYD) due to the decrease in the interest rate paid to savings accounts and in compliance with the Bank's policy of accepting these deposits and the probability of utilizing them.

Due to the Bank's differentiated services, fast execution of the banking service, and the wide networking connectivity of the branches and agencies, the public increased its demand to transact through it. Current accounts rose by 42% during 2007 which reflects the growing customer confidence in the Bank's activities which are keeping pace with the times.

Accounts	Number of Accounts		Rate of increase
	2007	2006	
Personal accounts	102001	71877	% 42
Companies and Partnerships	15527	10820	% 44
Foreign Companies	672	370	% 82
Total accounts :	118200	83067	% 42



II. Financing Economic Activities

The board of directors follows a moderate policy in granting bank credit to finance the various economic activities. It pays close attention to good feasibility studies and the availability of sufficient security to protect the shareholders equity and depositors funds.

Debtor current accounts increased during the year ended 31/12/2007 to (265,418,714.188 LYD) compared to (60,555,421.306 LYD) for the financial year ended 31/12/2006, an increase of (204,863,292.882 LYD) a rate of 338%. This resulted from clearing cheques which were cashed to companies and partnerships against no balances in their accounts. The former General Manager authorized this action during his tenure in the period from 13/1/2007 to 22/4/2007 when the debtor balances were discovered in the shape of zero clearing cheques, consequently these amounts were added to loans and credit facilities as an unavoidable situation. The real increase in the total loans and advances reached (12,117,621.655 LYD) during the year ended 31/12/2007 a rate of increase of 97% over the value granted during the year ended 31/12/2006. Short and medium term loans were also granted to finance small businesses in various economic activities, such as industrial, agricultural, tourism and medical projects, in the amount of (13,861,959.082 LYD), and increase of (10,593,141.034 LYD) over the year ended 31/12/2006 of (3,268,818.048 LYD) as the Bank's contribution in developing the national economy. Social advances are also granted by the Bank in accordance with the rules established by the Central Bank of Libya; in the year ended 31/12/2008 they reached (8,763,596.993 LYD), an increase of (956,401.709 LYD) a rate of 12.2%. Efforts were also continued in granting loans of facilities that return good profitability and low risks and good securities such as real state mortgages, gold, assignments, foreign currency accounts or foreign letters of guarantee. Notwithstanding the Bank's conservative policy, however, credit is fraught with risks as manifested by nonperforming debts which amounted to (10,586,288.000 LYD) a rate of 4% of the total credit granted by the Bank. In addition, the Bank's management expends a lot of continued

efforts to collect debts and follow up through the branches, the legal office and the bank's Lawyers. Management augmented the doubtful debts provision by an amount of (7,750,898.566 LYD) in addition to setting aside interest on some debts so that the balance of doubtful debts provision reached (15,000,000.000 LYD) up to 31/12/2007.

On this subject we refer to the Central Bank of Libya's circular concerning the provision for doubtful debts (2/2007 dated 4/1/2007) and the rules which were issued thereby to the effect of deducting the securities from the total debt, we refer also to the problem at the Misurata Branch and Markaz Africa concerning zero clearance and the consequential burden of approximately (205 million LYD) borne by the Bank and the effort expended by the Bank management resulting in an agreement with the companies and partnerships owners and individuals whose actions were the cause of this debt. It is also worth mentioning that most of these accounts are not frozen, as they are moving due to daily deposits as well as the existence of real estate collateral securities which were mortgaged in favor of the Bank, as well as other cashable collateral amounting to (40 million LYD) in favor of the Bank.

We refer henceforth to the agreement between the Board of Directors and the Umma Bank, through which the Bank obtained deposits of (100 million LYD) for three consecutive years, in addition to assignment by Umma Bank to our Bank of real estate properties which were mortgaged to Umma Bank and the ownership documents of a vessel under construction for these companies worth (40 million LYD). It is also worth noting that the principal value was not (204 million LYD), but a lesser amount by Umma Bank cheques, worth more than (72.4 million LYD) which were paid to them.

Management classified debts and determined their periods in accordance with the resolution by the Central Bank of Libya Board of Directors number (47/2006) in its meeting held on 23/11/2006 concerning the principles and standards of debt classification and provision of lower thresholds by debt type and term.

III. Banking Operations:

In compliance with the Bank's policy of asserting its stature and raising the standards of performance among the local and international banks, it has expanded the network of correspondents abroad, to reach (32) correspondents all over the world at the end of the report year, transacting in different currencies for the convenience of the Banks customers. The Bank's operations have grown –especially foreign operations- in area of transfers for trade purposes, in addition to the increasing growth in the documentary credits (import – export) by a ratio of 5.6% resulting in lucrative returns. Besides, the Bank provides new services in the area of transacting in foreign currencies such as Western Union transfers, which is considered the world's largest fast money transfer receipt/dispatch company. The Bank bolstered its relations with Arab and international banks, expanding its correspondent network in many Arab and foreign countries. Transfer operations totaled (1,546,050,497.310 LYD) of which (1,239,515,679.270 LYD) were for different trade purposes and (135,032,566.350 LYD) in payment of bills for collection and (171,502,251.690 LYD) for documentary credit operations.

1- Documentary Credits

Documentary credits (imports) opened by the branches and agencies during the year 2007 in the different currencies and valued in LYD numbered (496) letters of credit with a value of (171,502,251.690 LYD), these L/C's were opened in accordance with the instructions issued by the Central Bank of Libya to this effect.

The outstanding documentary credits (imports) balance until 31/12/2007 amounted to (171,020,414.013 LYD), an increase of (6,909,780.577 LYD) a rate of 4.2% over the year the financial year ended 31/12/2006 of (164,110,633.436 LYD).

* Documentary credits (exports)

The outstanding documentary credits (exports) until 31/12/2007 amounted to (16,217,996.699 LYD) an increase of (3,073,670.13 LYD) a rate of 23.3% over the year ended 31/12/2006 of (13,144,326.569 LYD).

* Documentary credits (local)

Local letters of credit during the year 2007 totaled (87,767,997.190 LYD), an increase of (76,261,874.993 LYD) a rate of 663% over the year ended 31/12/2006, the documentary credits during 2006 amounted to (11,506,122.197 LYD).

2- Foreign bills for collection

The foreign bills for collection paid during 2006 numbered (946) bills with a total value of (135,032,566.350 LYD), thus the volume of foreign bills for collection has grown by (10,845,858.350 LYD) a rate of 8.7% over the previous year 2006 which had a total value of bills for collection of (124,186,708.000 LYD).

Statement of comparative activities of Bills for collection paid in foreign currencies
During the period 1/1/2007 to 31/12/2007
Compared to payments made during the period 1/1/2006 to 31/12/2006

Year	Number of bills	USD	Equivalent in LYD	%
2006	185	52,625,691.84	70,939,433.000	
2007	654	80,330,197.15	100,918,076.400	%52.6 +

Year	Number of bills	EUR	Equivalent in LYD	%
2006	330	31,352,767.87	53,017,305.000	
2007	284	19,568,771.26	33,851,469.480	%37.5 -

Year	Number of bills	GBP	Equivalent in LYD	%
2006	4	64,322.99	162,985.000	
2007	3	30,005.76	75,565.260	%53.3 -

Year	Number of bills	CHF	Equivalent in LYD	%
2006	0	0	0	
2007	1	34,173.40	35,943.280	%100 +

Year	Number of bills	TND	Equivalent in LYD	%
2006	6	67,764.990	66,985.000	
2007	4	153,281.000	151,511.930	%126 +

Bills for collection balance as on 31/12/2008 was (50,812,824.791 LYD) an increase of (38,386,410.791 LYD) a rate of 308.9 % over the financial year ended 31/12/2006.

3- Letters of Guarantee

The letters of guarantee issued to the Bank's customers by the branches and agencies in the area of tenders and construction, such as advance payment, bid bond and performance bond letters of guarantee, for the financial year ended 31/12/2008 amounted to (170,221,284.154 LYD), a rate of increase of 107% over the year ended 31/12/2006, of (82,390,140.717 LYD) an increase in value of (87,831,143.437 LYD).



4- Outward and Inward Foreign Money Transfers

The year 2007 was characterized by a spectacular growth in the volume of foreign outward money transfer for trading purposes for several reasons, the most important of which:

- The issue of the Central Bank of Libya Board of Directors' resolution number (13/2006) on 26 July 2006 which permits money transfers to the maximum of one million USD annually for any holder of an import license.

- The Bank branches and agencies differentiated themselves by the rapid execution of money transfer and providing the best and fastest banking services.

-The interconnectivity of most of the Bank branches and agencies in different areas of Libya by the SWIFT network and system, a factor that helped in the direct and prompt execution of money transfers.

Foreign outward money transfers in the various foreign currencies - (USD, EUR, etc...) - during 2007 amounted to (1,239,515,679.270 LYD), an increase of (885,625,842.570 LYD), a rate of 250% over the value of outward foreign transfers during the previous year, 2006 of (353,889,836.700 LYD).

Statement of Outward Money Transfers in Foreign Currencies
During the period 1/1/2007 to 31/12/2007
Compared to the Outward Transfers during the period 1/1/2006 to 31/12/2006

Year	No. of transfers	USD	Equivalent in LYD	%
2006	5615	163,261,917.22	218,710,669.075	
2007	12042	605,915,124.49	761,205,511.650	%271

Year	No. of transfers	EUR	Equivalent in LYD	%
2006	2835	74,989,538.33	126,732,319.777	
2007	4919	267,926,802.65	463,479,073.950	%257

Year	No. of transfers	GBP	Equivalent in LYD	%
2006	577	2,869,872.61	7,232,078.977	
2007	846	4,233,212.53	10,660,747.110	%47.5

Year	No. of transfers	CHF	Equivalent in LYD	%
2006	103	939,042.14	991,628.500	
2007	154	2,452,192.98	2,579,191.030	%161

Year	No. of transfers	TND	Equivalent in LYD	%
2006	2	11,693.000	11,576.070	
2007	38	1,188,984.540	1,175,262.070	%100.7

Year	No. of transfers	CAD	Equivalent in LYD	%
2006	37	190,598.47	211,564.302	
2007	68	352,030.99	415,893.400	%34





Foreign inward money transfers in the various foreign currencies - (USD, EUR, etc...) - during 2007 amounted to (555,777,875.750 LYD), an increase of (170,537,465.737 LYD), a rate of 44% over the previous year, 2006 in which the foreign inward money transfers amounted to (385,240,410.013 LYD).

5- Western Union Transfers

Bank customers' demand for Western Union transfers (23 branches and agencies, from Musaad to Azzawia, with 3 more branches in 2007) increased to (112933) transactions, a revenue of (1,764,700.980 LYD) was realized due to these operations until 31/12/2007.

Outward transfers reached (86693) to (151) countries with Egypt and the Philippines in the lead. Inward transfers reached (26240) from (120) countries, with Italy and Britain as the most significant, an increase of (46,380) transfers, a rate of 69.7% over the year 2006.

Outward Foreign Transfers (Western Union System)

	2007	2006	%
No. of transfer	86,693	49,336	% 75.7 +
Value of transfers	62,542,284.000	32,745,111.000	% 91.0 +

Inward Foreign Transfers (Western Union System)

	2007	2006	%
No. of transfer	26,240	17,217	% 52.0 +
Value of transfers	23,580,622.000	16,066,355.000	% 46.7 +

6- Local outward and inward transfers

Our Bank takes the lead in prompt execution of local transfers between its branches and agencies since its establishment, using the available telecommunications resources network by means of facsimile and test codes to guarantee the security of these operations. In recent years after the branch and agency databases became standardized and interconnectivity of the network, exchange of data between these branches and agencies became possible with ease. This feature enabled withdrawals and deposits and direct transfers between customer accounts without need of facsimile, which is now used for personal receipt only. Consequently, it is worth noting that the number of these transfers became much less during the year 2007. The current number of transfers between the Bank branches and agencies executed during the year 2007 reached (82853) inward transfers valued at (439,969,859.000 LYD) and outward valued at (554,567,258.000 LYD) a total of (994,537,117.000 LYD) at a rate of decrease of 4.8% for the previous year 2006, when the inward and outward transfers reached (86243) with a total value of (1,525,523,415.000 LYD).

Local outward and inward transfers

	2007	2006	%
Number	82853	86243	% 4.09 -
Value LYD	994,537,117.000	1,525,523,415.000	% 53.0 -

IV. Capital:

In compliance with the resolution of the extraordinary shareholders meeting held on 16/2/2005 to increase the Bank's capital from (20,000,000.000 LYD) to (50,000,000.000 LYD), such that the increase in capital shall be paid within the three year period (2005-2006-2007) and with the addition of a share premium of (10 LYD) to new share buyers. The share premium balance reached (2,566,320.000 LYD) in the year ended 31/12/2007, the increase was underwritten effective the date of the above shareholders extraordinary meeting resolution. The paid up capital reached (44,510,334.000 LYD) in the year ended 31/12/2007 by share numbers as follows:

- Number of unpaid shares (287477 shares)
- Number of unsold shares (261485 shares)

The Bank shareholders number is (2497 shareholders), of which (2462) are natural persons and (35) juridical persons.

In compliance with the Bank's articles of incorporation, article 17, the share premium value was added to the share premium reserve which had a balance on 31/12/2007 of (2,566,320.000 LYD) against a balance of (1,134,320.000 LYD) on 31/12/2006.



V. New Premises

- In the Bank's quest for expanding its business and the increase of customers' demand who seek to benefit from diversified services during the first quarter of the year 2007, the AlMadar Agency in the company headquarters was opened in the locality of Gurjee in the city Tripoli and AlFwaihat Agency in the city of Benghazi on 24/12/2007.

- This was followed by the opening of the Zletin Branch on 27/12/2007 where it immediately commenced its operation by opening (243) accounts with deposits (2,664,071.000 LYD), against withdrawals of (25,942.000 LYD) in the space of only four days.

- Both the AlFwaihat Agency and the Zletin Branch are situated in commercial areas as indicated by the account movements during the first few days. The first is situated in a residential commercial neighborhood with a distinctive façade in the AlFwaihat district. The second in the Community Leadership Building branching from Misurata Street in the city of Zletin in the middle of a commercial area.

- Work is underway to complete the process of obtaining a premises to open a branch for the Bank in the city of Sirte, in addition to plans to increase the number of branches and agencies to spread the Bank's services in Souk AlJuma, and Ain Zara in Tripoli and the Benghazi Central Hospital, Sharia AlWahda AlArabia Branch in Benghazi immediately after furnishing and equipping it. Permission from the Central Bank of Libya was requested to open branches and agencies for the Bank in the cities of Derna, Tajoora, Ras Lanuf, Gasr Hamad District, the city of AlMarj and Swaihl Square in Tripoli.

- The Tower (Burj) number (2) adjacent to the (Burj) number (1) was completed, furnished with state of the art furniture and equipment before the end of the financial year. This building contains a meeting and conference hall as well as accommodating the expansion of the Bank's departments and the allocation of a part of the building for the stock market operations connected to the international market. Actions were taken to open an agency in the Libyan Stock Market where our Bank was chosen as a clearing bank in the market.

VI. Modern Banking Services Technology

- During the year 2007 the Bank continued development of banking business method and introducing modern technologies and various banking systems. These actions make our Bank the Leader in the Libyan Banking Sector in the use of the latest electronic technologies.

- The Bank's activities in the area of modern technologies and electronic systems during 2007 can be summarized in the following points:

*Networking connectivity to send and receive data between the Bank branches and agencies:

o Due to the importance of interconnectivity of the branches and agencies in operating the modern electronic systems, where the Bank of Commerce and Development is the only user of such technologies among the Libyan banks.

o During 2007 a contract was signed with a local company which specializes in the area of telecommunications and networks to connect the remaining branches and agencies and installation of security software to monitor and protect the Bank's networks.

o During 2007 the following branches and agencies were connected with the Bank's network by fiber optic cables:

1. Tobruk Main Branch	Tobruk
2. Zletin Main Branch	Zletin
3. Dat Elemad Agency	Tripoli
4. Burj Alfateh Agency	Tripoli
5. Gargarish Agency	Tripoli
6. Gout Ashaal Agency	Tripoli
7. Tripoli International Airport Agency	Tripoli
8. AlMadar Agency	Tripoli
9. AlFwaiht Agency	Benghazi

The following branches and agencies were connected by VSAT:

1. AlBieda Main Branch	AlBieda
2. Zwara Agency	Zwara

Locations in the Ras Lanuf Company Premises and the Hotel in the area were selected to install ATM's to utilize the advanced automated banking services by its employees. The Bank has also obtained agreement from the Ras Lanuf Company management to provide a suitable location to open a full bank agency to offer all the types of banking services. Steps are underway to complete the practical actions in accordance with standard procedures as required by the BOD and its Chairman in line with care and close follow up of all aspects of managing the electronic systems and services, and the issued instructions and guidance for the purposes of performance improvement.

Specialized companies were charged with connecting both the Adjedabia and Gialo agencies to the Bank's network through VSAT, in addition to connecting the Azzawia Main Branch by means of optical fiber cable belonging to the General Post Company.



VII. Electronic Systems and Electronic Payment Methods

During 2007 and under the direction and supervision of the BOD Chairman 'touch screen' inquiry systems were installed in all the Bank branches and agencies, totaling (25) machines. This equipment is a 'touch screen' device used to by the customer to inquire about account balances and transactions without involving the Bank's employees.

- This is accomplished by issuing the customer who subscribes to this service with a PIN which enables him to view all the information related to his current account as well as the various service charges in the Bank branches and agencies. This service frees the branches and enables the Bank customers to examine their balances quickly and easily without any interference from the branch or agency employees, thus saving time and effort.

- The Bank continued in 2007 to increase the numbers of Automatic Teller Machines, ATM's and Point of Sale machines POS's in locations where the staff in the Systems and Electronic Services Department, under the supervision and follow up by the BOD, can provide the required network and servers to operate these machine. Under the BOD supervision and follow up, a study is underway to operate the ATM's through the GPRS system, eliminating the need for a wired network to operate them by utilizing wireless operation. ATM machines will be installed in all the suitable locations to provide automatic teller services.

The following table indicates the numbers of ATM's and POS's as on 31/12/2007 in addition to the issued credit cards up to 31/12/2007:

Item	2007	2006	%
Automatic Teller Machines	29	23	% 22 +
Point of Sale Machines	193	146	% 32 +
Electronic Credit Cards (Kanze, Visa Gold, Visa Electron, Visa Internet, Visa Hajj-Omra, Visa Tourist)	8351	6365	% 31 +



- The Bank of Commerce and Development launched the new version of the BOCD website, after reconstruction to accomplish its desired purpose effectively and inclusively, in line with the Bank management's commitment to provide new and modern banking business services as directed by the BOD Chairman.

- The new site version is bilingual, in Arabic and English as usual to enable non Arabic speaking customers to interact with it and obtain all the banking services in the English as well as the Arabic language. The new site supports both the Fire Fox and the Internet Explorer browsers for both browsing and support of the electronic banking service management.

- The new site is rich in banking information and services provided by the Bank. It also presents news and laws and regulation relating to the Bank and the banking business in general.

Additionally, the web site provides information on foreign exchange rates, which are update on a daily basis, in addition to the foreign currency calculator. The calculator works by selecting a foreign currency and entering an amount which is then calculated to give the corresponding LYD value. The calculation is based on the current daily price used by the Bank.

- Innovations of the Electronic Banking Service

The electronic banking service received its share of innovation by adding the 'smart card statement' for customers with the possibility of analyzing these accounts, it includes the following cards:

Kanze - Visa Gold - Visa Electron - Visa Internet - Visa Hajj-Omra - Visa Tourist.

It is possible to obtain the bank statements pertaining to the cards through the electronic bank for any specified period of time. It is also possible to sort the specific movement for a given businessman or for a given automatic cash point. The statements for these smart cards show the purchases in the price of the country in which the card was used, the exchange price on the day of purchase, the value in LYD, the purchase date and the date of actual charge on the used card to enable customers to examine their purchases.

- Request for refilling prepaid Visa cards

The Bank of Commerce and Development provides a bundle of prepaid Visa cards which are extensively used in most countries of the world. Among these cards a number of prepaid Visa cards were introduced, they are:

*** Visa Internet**

*** Visa Tourist**

*** Visa Hajj-Omra**

Users of these cards realize that they have to go to the branch or agency where they have their accounts, fill in the card refill form and sign it to have the amount deducted from their account in the bank and charge the card with the requested amount.

This procedure was improved so that the customer can fill in the Visa card refill form through the electronic bank, so that the process is completed without the customer personal presence in the branch or agency.

- Zakat Calculator

One of the new services added to the electronic bank is the Zakat Calculator, which determines the value accrued on property to give Zakat (Alms).

The Calculator determines the following items:

*** Zakat on Trade**

*** Zakat on Companies**

*** Zakat on Factories and Buildings**

The price of gold is entered to calculate the value of accrual limit, then the type of year is selected; Lunar year (lunar months) or Solar year (Gregorian months). Then entries are filled in each accrual item of the Zakat branches. The calculator then determines the value for any item that exceeds the accrual limit.

- Requesting a cheque book

To save our customers' time when they want to request a cheque book, the procedure was improved so that it can be done through the electronic bank. The cheque book can be received promptly in the branch or agency in which the customer has his account.



- Communicating with the technical support team

In order to bridge the gap with the technical support team for the electronic bank, a window was made available to communicate from within the service in which the customer can type his inquiry or suggestion or any problem he faces; the response will be made on the spot by electronic bank's technical support team.

- Notification by email

Notification by email messages of any movement that was transacted on the customer's account has many benefits. Although the mobile bank service provided by the Bank of Commerce and Development is considered more useful as it provides an immediate SMS message on the customer's mobile informing him of a new movement on his account, however, when the customer is in a foreign country where his mobile does not operate poses an obstacle which was overcome by the BOCD. The solution to this problem was through receipt of email messages that provide the required information by sending an email through the email notification service automatically when a deposit or withdrawal involving the customer's account takes place giving the details of the movement on the account.

- How to Obtain the Electronic Banking Service

Anyone desiring to obtain the electronic banking service and all the features and services it provides shall do the following:

1. Open a current account in the Bank.
2. Fill in the application form to obtain the electronic banking service, sign it and present to any branch or agency.

The service will be provided to the customer and he will receive a sealed envelope containing the following data which enable him to access the service:

- ✱ Account number
- ✱ Personal Identification Number (PIN)
- ✱ Password (temporary, to be changed by the customer on the first visit to the electronic bank).

How to use

Visiting the Bank of Commerce and Development web site www.bcd.ly Then clicking the electronic bank button will show a secure window protected by high level encryption (ssl 128 bit), which receives the access data from the customer as shown above.

Transferring Funds, Electronic Transaction and Entering the Cashless World

The fund transfer service will be activated within the bundle of services provided by the electronic bank and the mobile bank, after contracting for security services for the necessary protection through internationally recognized companies which specialize in the area.

Customers who use the electronic bank and the mobile bank will be able to do the following:

- ✱ Transfer funds from their accounts in the Bank to the accounts of other customers in the same Bank.
- ✱ Use the service to refill their mobile phones with prepayment directly from their accounts.
- ✱ Use the service to pay mobile phone bills directly from their accounts.
- ✱ Use the service to determine and pay the Zakat directly from their accounts to the 'Zakat Affairs Administration'.
- ✱ Use the service to pay electricity and water bills after activation of this service.
- ✱ Use the service to refill prepaid local and international cards directly from their accounts.

The mobile bank service provides to each subscribing customer an **electronic banking employee** working to provide him immediately with the information he requests.

These services are represented by knowing the balance and the last three deposit or withdrawal movements on the account in addition to requesting a bank statement on the facsimile machine, exchange rates and requesting a cheque book. The virtual electronic banking employee provides these services in Arabic and English languages.

Funds control service (service 07) which enables the customer to monitor the movement of his account around the clock, without human intervention, was also launched.

Customers who use this service benefit from posting a **monitor or sentry on their bank accounts**. This monitor sends immediate reports on any movement on the account so that the customer is the first to know of any withdrawal or deposit movement that affects his account.



Transparency among merchants who use the fund control service will be enhanced since they know the exact times when the banking transactions affecting their accounts take place. Their confidence in the Bank that serves them outside working hours will also increase.

- During 2007 Misys company, which supports the Electronic Banking System used in most of our branches and agencies, is carrying out an update to this system by a group of experts who were dispatched by Misys for this purpose. The updating process will be completed on the main system soon. New systems were contracted for and supplied that cover the following areas:

1. Loans and advances system.
2. Letters of Credit and Letters of Guarantee system.
3. Reporting, statistics and data management system.

- During 2007 the Bank imported and installed a Main Server (IBM AS/400) and a Data Recovery Center (DRC) server of the same type. The Misys system was installed and operated on the new main server enabling a large expansion of the banking system data base, in addition to faster processing of the Bank transactions on the banking system and enhancing the possibilities of upgrading the systems and software operating in the branches and agencies.

- During the last quarter of 2007 the Bank contracted for supply and installation of software and equipment for direct connectivity of the Misys banking system and connecting the local and international credit cards to the current accounts in the branches and agencies allowing the national payment card Kanze and the international cards to be used in several ways some of which are:

- * Direct cashing from the account when the balance allows it.

- * Prepayment cards.

- Kanze card will enable conduct of electronic transaction in the form of cashing from ATM's, buying from shops which have POS and dealing with local electronic markets, using them in the electronic bank to refill mobile phones and pay for electricity and water when this service is activated.

- The Bank has also contracted for the supply of Kanze cards in (7) new designs and introduced modern smart chip according to international specifications which provide more security against attempts of forgery and fraud.

VIII. The Investment Committee

In accordance with the stipulation of the Banking Law number (1) 2005, and in view of the importance of real estate investment in harmony with the real estate investment and development program; the BOD resolved to form a committee to conduct investment and real estate activities and contribution in development by providing residential, tourism and recreational facilities. This committee commenced its activities during the last quarter of the year 2007, the following are some of its most important achievements:

- * Participation in the 'Addiar Investment Tourist Village', which is comprised of a 400 bed hotel, a residential complex, a health spa and a shopping complex and halls for events and conferences.

- * Purchase of land plots in the eastern region for tourism projects.

- * Purchase of some land plots in Benghazi and Tripoli for commercial investment and some for use as Bank premises.

This investment activity aims at realizing lucrative profits during 2008 and actual contribution in advancing economic activity and national development. On 31/12/2007 investment activity totaled (3,640,795.000 LYD).

IX. Human Resources

The Bank continued its efforts in the recruitment of banking competent personnel and human resources development. This is a continuous process to embody the Bank's strategic approach in the design and development of managerial and professional projects through extensive training. The aim of this process is reinforcing the capabilities and competencies of the employees in the banking business and motivating them to improve the level of performance and productivity in the services they provide.



In this direction the following practical steps were taken:

1- Determination of the tasks of the new management, while an organizational structure and job descriptions are being prepared. At the same time development of the human resources to keep up with the developments in the banking industry in the form of the following:

- The Globalization Phenomenon.
- Partnership between some local and foreign banks.
- The increase intensity of competition between government and private banks.
- The acceleration of information technology and telecommunications and their effects on the improvement of banking services.

2- The design of a definite program for the qualification and preparation of the middle management in the Bank, which aims at systematic qualification of a carefully picked group from the Bank employees to prepare them to carry the responsibilities of managing the branches and agencies and any other supervisory duties the Bank management sees as suitable for them. The program is comprised of the following stages:

- i. English Language Program.
- ii. Banking Skills Program.
- iii. On the Job Training Program.

3- The design and distribution of the cum vitae forms to determine the academic and work experience capabilities of the Bank employees, deduce the problems they may face performing their work, probe their inclinations and desires and use these data to prepare a training data base.

4- Preparation of specific proposals on the training courses which will be conducted during the current year and distributing them to the department and branch managers and agency heads to arrive at the actual training needs for each of them. The schedule was prepared after conducting interviews with the department and branch managers and agency heads. In these interviews the link between improved performance

and training was emphasized.

5- Invitation to hold a seminar on training to be attended by branch managers and agency heads to inform the attendees of the importance of training and raising the efficiency of the human resources in the Bank and skill development of the participants and providing them with the knowledge related to determining training needs (DTN) and preparation of training plans.

A plan was prepared and executed to develop the middle management level by establishing a framework that deals with a systematic preparation of the skills and knowledge of a selected group of Bank employees to qualify them for the responsibilities of managing Bank branches, agencies and any other responsibilities they may be charged with as the Bank's top management sees fit for them. It was comprised of the following:

i. English Language Program:

The program aims at enabling the trainees on the competent use of the English language through teaching them the following skills:

- Listening skills
- Reading skills
- Writing skills
- Thorough knowledge of banking terminology

The program has duration of 300 hours at the rate of 6 hours per week.

ii. Banking skills program:

In this program, participants are trained on banking knowledge and the various skills. Training will be conducted in English with emphasis on case studies and different applications. Due to the importance and vitality of this program it proposed to assign the task of preparing the training, provide the training material, instructors to an English establishment under the supervision of the concerned authority in Bank.

	Clerical and non-clerical jobs		
	2007	2006	2005
Total employees	677	560	395



X. Training

- The Management of the Bank of Commerce and Development strives to differentiate the Bank through the development of staff capabilities and raising managerial, accounting, credit, auditing, information technology and marketing to guard against financial and operational risks and enlisting new customers and keeping the existing customers. The Bank management through local and foreign training courses and participation in seminars and conferences endeavors also to open new horizons ahead of the banking operation to create harmony with the progressive international banking environment.

1. Local training and qualification

The Bank trained (165) trainees in different training venues, where they participated in the following specialized training courses:

S.N.	Course title	Number of trainees
1	SWIFT and the Electronic Payment and Transaction Systems	36
2	Basel II, Basel II Application, Internal Auditing in Accordance with International Standards and Combating Money Laundering	8
3	The Stock Market, Investment in Securities Transfers and Investment and Islamic Banking	27
4	Information Technology Security Techniques	6
5	Credit Risk Management and Management, Collection and Classification of Loans Methodologies	10
6	Letters of Credit and Guarantee, Bank Transfers and Exchange Rates	19
7	Financial Accounting, Reading Financial Statement and the Problems of Clearing and Exchanging of Cheques.	16
8	Method of Managing Branches and Developing Leadership and Behavioral Skills and Preparation of Reports and Correspondence.	15
9	The Future of Insurance in Libya	1
10	The Mechanism of Establishing Provisions	2
11	International Banking Relations	4
12	English Language	21

2- Training Courses Abroad

The Bank participated in the attendance of a number of external courses by (6) employees covering the following areas:

S.N.	Course title	Number of trainees
1	Skills of communication with the public (Egypt)	2
2	Operation and Maintenance of Modern Equipment (DE LA RUE) U.K.	2
3	Training on IBM Equipment (Egypt)	2

3- Seminars and conferences abroad

The Bank participated in a number of specialized conferences and seminars abroad by (25) participants in the following areas:

S.N.	Seminars And Conferences	location	Number of trainees
1	Banking Cards Development Seminar	Tunisia	2
2	Documentary Credits Seminar	Qatar	3
3	Banking Security Forum	Jordan	2
4	Union of Arab Banks Convention	Libanon	1
5	Legislation and Banking Risks Seminar	Egypt	2
6	New Rules Of Documentary Credits Seminar	Egypt	2
7	Participation in the Stock Market Dealers Arab Convention	Jordan	1
8	Systems and Performance Measurement in Banks and Financial Organizations	Jordan	2
9	Innovations in The International Accounting Standards Seminar	Egypt	2
10	The High Commerce Center Seminar	Egypt	1
11	Capital Development in The Magreb Counties Forum	Algeria	2
12	Integrated Electronic Banking Services Seminar	Egypt	1
13	Banking Operations Workshop	Egypt	4

XI. Internal Control

- Internal auditors in the Bank of Commerce and Development operate within the framework specified by Law number 1 (2005) concerning banks, money and credit, and the Bank's Articles of Incorporation. They utilize the immediate control program and following up on the different banking operations to ascertain their adequacy, efficiency and effectiveness.

- The Risk Management Department and the Compliance Unit were established to carry out their role in monitoring the Bank operations to attain efficiency of performance. In compliance with the instructions issued by the BOD to prepare a comprehensive complete manual of all the resolutions and circulars issued by the Central Bank of Libya and classifying and indexing them by subject and jurisdiction and distribution of this document to all the branches and agencies for reference when they conduct the different banking operations.

- The inspection department carries out verification of the causes which lead to violations and suggests methods of rectification through the periodic and surprise tours made by the department staff. All this lies within the accuracy of the automated systems available for documenting activities in a manner that permits the discovery of every attempt at forgery, fraud or manipulation, and identifies the perpetrators to take deterrent action against them. In addition, external control augments the internal control in the following manner:

- * Inspection tours carried out by the Banks and Money Control Department of the Central Bank of Libya to the Bank branches and agencies and following up corrections of their observations promptly.

- * External auditors who carry out documentation and accounting checks, validation and audits to selected samples to ascertain the details of the activities and are finally certified by the auditors seal on the financial statement.

- * The control committee, which carries out an effective role through auditing and checking the Bank operation and represent the shareholders eyes within you Bank.



PROFIT APPROPRIATIONS ACCOUNT

During the year ended 31/12/2007 the realized gross profits amounted to (38,768,152.313 LYD) and net profits after tax amounted to (10,572,196.563 LYD) a rate of increase of 92%, and the profits available for distribution amounted to (10,613,941.360 LYD) with the addition of the profits carried forward from 2006.

Gross income before tax during the year ended 31/12/2007 and after deduction of provisions amounted to (20,906,250.294 LYD) an increase of (4,596,612.253 LYD) a rate of 28% over the financial year ended 31/12/2006 in which the gross income amounted to (16,309,638.041 LYD).

Corporate, Jihad and Stamp taxes amounted to (10,334,053.731 LYD) which represents 26% of the gross income. Total expenses amounted to (17,861,902.019 LYD) a decrease of (4,955,628.085 LYD) by a rate of 22% from 2006. They include (11,721,403.636 LYD) in general and administrative expenses, (3,086,202.021 LYD) in fixed assets depreciation and (3,054,296.362 LYD) as total provisions.

Since its establishment, the Bank contributed to financing the Public Treasury in corporate tax

and until the financial year ended 31/12/2006 with (47,441,353.461 LYD), added to the total taxes accrued on the year ended 31/12/2007 of (10,334,053.731 LYD). This contribution is sharing by the Public Treasury in the Bank's profits by a rate that exceeds 45% with no effort, contribution or subsidy by any authority. In this respect, we demand that the unjust Tax Law be amended to grant Libyan Nationals the advantages given to foreign investors. The Bank is owned by more than 2400 Libyan investors who are more worthy of tax and customs exemptions as well as the other advantages and exceptions given to foreigners. Libya is ours –the Libyans- first before any other regardless of reasons or justifications.

Notwithstanding the stiff competition in the banking sector at this time, your Bank was able to boost its good position. Total assets in the Bank's financial position at the end of 2007 show a growth rate of 12%, accomplishing an increase of (153,664,962.218 LYD) compared to the same date in 2006, to reach a total asset amount of (1,394,726,177.516 LYD) at the end of 2007. The total return on assets was .03% and the net return on capital 23.7% during the report period.



Taxes on the total income, before deducting the provisions, were calculated as follows:

Net Income **20,906,250.294**

Add:

Supplement to doubtful debt provision 2,727,299.566

Supplement to tax provision 200,000.000

Provision for court case against the Bank 76,996.796

Supplement to Social Security 50,000.000

Net income before tax **23,960,546.656**

			23,960,546.656
First tier	200,000.000	% 15	30,000.000
Second tier	300,000.000	% 20	60,000.000
Third tier	500,000.000	% 25	125,000.000
Fourth tier	500,000.000	% 30	150,000.000
Fifth tier	500,000.000	% 35	175,000.000
Net after eliminating tiers	21,960,546.656	% 40	8,784,218.662
Total corporate tax			9,324,218.662
Jihad tax	23,960,546.656	% 04	958,421.866
Total of corporate and Jihad taxes			10,282,640.529
Stamp tax		% 0.5	51,413.203
Total accrued taxes			10,334,053.731
Net income after taxes			10,572,196.563
Deduct legal reserve		% 25	2,643,049.141
Add profits carried forward from 2006			41,744.797
Income available for distribution			7,970,892.219



Proposed Appropriations

On the basis of the net profits realized, the proposed appropriations are as follows

Item

Legal reserve at 25%	2,643,049.141 LYD
Shareholder dividends at 15% of the paid up capital	6,208,463.036 LYD
Board of Directors Remuneration at 3%	114,957.506 LYD
General Reserve	1,500,000.000 LYD
Profits Carried Forward	147,471.677 LYD
Total	10,613,941.360 LYD



The Future Vision

In view of the opening of the banking market for foreign banks and the intensifying competition between the banks, the BOD envisions that our Bank shall be in the lead to provide the best services at the lowest cost and to be a pioneer of the banking business in our nation. Following are the head lines of this vision:

* Giving the utmost priority to investing in the human resource and the establishment of banking training, development and instruction programs. The Bank has already prepared a plan for this, as well as the establishment of two banking training centers in Benghazi and Tripoli and linking them to the relevant institution locally and abroad.

* Strongly emphasizing the development of the banking services, the introduction of new ideas and technology to the operation of the banking systems and the connectivity (of which our bank was a leader) between the branches and agencies to provide customers access to our services.

* Vertical expansion of services and horizontal distribution to open agencies and branches to cover the whole country.

* Introduction of new ideas and technology in the investment world by:

☼ Establishment of investment funds managed and contributed to by the Bank to be underwritten as negotiable instruments to serve the national economy and realize profits for small investors.

☼ Expansion of other investment activities by contribution in tourism and hotel facility projects.

All of this is for the development of our Bank to make it a touring national economic citadel for the growth of our nation: ' Libya of Tomorrow'.

Finally the Board of Directors is please to end its report by congratulating all the shareholders and to extend thanks and gratitude to them for their unwavering support for the Bank management. The BOD extends thank to all the staff in Head Quarters, branches and agencies for their distinctive continuous effort to accomplish more positive results year after year. The BOD extends thanks to the Central Bank of Libya for its support and to the sister and friendly banks and to all the clientele for choosing to deal with our Bank.

Wishing everyone success.

God's piece, mercy and blessings be with you.

The Board of Directors



The balance sheet

as at 31/12/2007 compared with 31/12/2006

Item	Notes	2007	2006
Assets		L. D.	L. D.
Cash in local and foreign currencies	1	143,704,815.070	31,394,496.444
Balances with local and foreign banks	2	493,615,943.386	447,112,581.430
Deposits with the Central Bank of Libya	3	280,000,000.000	128,000,000.000
Deposits with foreign banks	4	106,252,526.329	242,863,656.948
Clearance cheques	5	22,307,216.045	12,346,937.106
Local investment	6	6,196,390.000	3,153,200.000
Loans and facilities after deducting provisions	7	275,040,605.525	66,690,860.398
Debtors and other debtor accounts	8	8,100,335.139	8,373,584.163
Head Office and branch accounts		27,773,040.992	274,368,500.449
Fixed assets after deducting depreciation	9	28,560,569.086	26,372,831.618
Buildings under construction	10	3,174,735.944	2,830,347.414
Total assets		1,394,726,177.516	1,243,506,995.970
Liabilities and shareholders equity			
Liabilities			
Customer deposits (current accounts)	11	974,171,025.643	872,346,584.578
Customer time deposits	12	179,738,374.971	55,907,181.913
Savings deposits		19,446,181.034	19,516,806.221
Cash securities	13	40,171,514.344	58,489,595.381
Endorsed cheques		31,483,223.149	109,186,091.086
Reserve provisions	14	9,298,094.895	18,489,087.776
Creditors and other liabilities	15	70,844,782.693	54,029,102.324
Total liabilities		1,325,153,196.729	1,187,964,449.279
Shareholders equity			
Capital		44,510,334.000	36,059,256.000
Share issue premium allowance		2,566,320.000	1,134,320.000
Legal reserve		18,097,367.845	15,454,318.704
General reserve		4,351,692.440	2,851,692.440
Profits carried forward		47,266.502	42,959.547
Total shareholder equity		69,572,980.787	55,542,546.691
Total liabilities and shareholders equity		1,394,726,177.516	1,243,506,995.970
Contingent accounts and other liabilities			
Letters of Credit (import)		171,020,414.013	164,110,633.436
Letters of Credit (export)		16,217,996.699	13,144,326.569
Inward bills for collection		50,812,824.791	12,426,414.000
Letter of Guarantee, local and foreign		170,221,284.154	82,390,140.717
Total contingent accounts and other liabilities		408,272,519.657	272,071,514.722
Grand total		1,802,998,697.173	1,515,578,510.692
LYD Travelers Cheques in stock		7,288,764,860.000	7,285,592,760.000

Hassan Omran Haroun
General Manager

Gamal T. Abdelmalek
Chairman of the Board

Notes attached from (1 to 15)



The income statement

for the period ended 31.12.2007

Compared to the income statement for the period ended 31/12/2006

Item	2007	2006
Revenue	L. D.	L. D.
+ Interest income	24,735,350.700	27,101,359.980
- Interest paid	10,671,941.856	8,740,070.522
Net interest	14,063,408.844	18,361,289.458
+ Commissions and other revenues	24,704,743.469	20,765,878.687
Total revenue	38,768,152.313	39,127,168.145
Expenses		
- Total general and administrative expenses	11,721,403.636	11,363,522.388
- Asset depreciation expenses	3,086,202.021	2,746,677.815
- Total provisions	3,054,296.362	8,707,329.901
Total expenses	17,861,902.019	22,817,530.104
Gross income before tax	20,906,250.294	16,309,638.041
- Corporate, Jihad and Stamp taxes	10,334,053.731	10,801,203.224
Net income after tax	10,572,196.563	5,508,434.817
+ Add profits carried forward	41,744.797	4,271.064
Net profit available for distribution	10,613,941.360	5,512,705.881

Proposed appropriations	2007	2006
Legal reserve at 25%	2,643,049.141	1,377,108.704
Shareholders dividends	6,208,668.211	3,432,095.008
BOD remuneration	114,957.506	111,661.124
Employees bonuses	100,000.000	148,881.498
General reserve	1,500,000.000	400,000.000
Profits carried forward	47,266.502	42,959.547
Total	10,613,941.360	5,512,705.881

Hassan Omran Haroun
General Manager

Gamal T. Abdelmalek
Chairman of the Board



**IBRAHIM BARUNI****Accountants & Auditors****Financial Consultants - Tax Advisers****Date: 25/09/2008****Auditor's Report**

**To: The Shareholders of
Bank of Commerce & Development
Benghazi**

We have examined the balance sheet of the Bank of commerce and Development as of 31 December 2007 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 31/12/2007 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.

Our audit was made in accordance with international and domestically Generally Accepted Auditing standards for bank accounts reviewing to ensure the statements are free from material errors that affect their fairness. The examination was also carried by direct verification of the documents, registers and supporting records to ensure the statements are in accordance with the Generally Accepted Accounting Principles and the content of the Bank's books and electronic systems. It also included checks for those matters that affect the validity of the statements for expressing an opinion about them.

The Bank keeps its accounts according to the provisions of the Law No. (1) for the year 2005 and that these accounts are consistent with what the balance sheet and the income statement show.

In our opinion the mentioned statements, our report of the Shareholders Meeting and the supplementary disclosures clearly represent the financial position of the Bank as of December 31, 2007 and the results of its operations for the year then ended in accordance to the Generally Accepted Accounting Standards which were consistently applied in prior years.



Ibrahim Baruni
IBRAHIM BARUNI

Public Accountant & Auditor**Financial Consultant - Tax Adviser**

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Date: 25/09/2008

Auditor's Report

To: The Shareholders of
Bank of Commerce & Development
Benghazi

We have examined the balance sheet of the Bank of Commerce and Development as of 31 December 2007 and the related statement of income for the year then ended. We obtained all information that we considered important.

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In our opinion the mentioned statements, our report of the Shareholders Meeting and the supplementary disclosures clearly represent the financial position of the Bank as of December 31, 2007 and the result of its operations for the year then ended in accordance to the Generally Accepted Accounting Standards which consistently applied in prior years.

Ali El Senussi
Public Account & Auditor





Notes to the financial statements for the year ended 31/12/2007

The Balance Sheet

First: Assets

1. Cash in local and foreign currencies

	Value in LYD	
	2007	2006
local currency	134,455,414.138	17,915,169.243
foreign currency	8,665,155.932	12,886,844.701
Automatic Tiller Machines	584,245.000	592,482.500
Total :	143,704,815.070	31,394,496.444

2. Balances with local and foreign banks

	Value in LYD	
	2007	2006
Cash with local banks	50,329,361.036	60,752,446.031
Balances with foreign banks in foreign currencies	108,288,793.240	58,903,075.209
Cash with the Central Bank of Libya	335,498,612.071	332,415,514.395
Credit Balances with Foreign Banks, Under Reconciliation	- 500,822.961	- 4,958,454.205
Total :	493,615,943.386	447,112,581.430

3. Deposits with the Central Bank of Libya

	Value in LYD	
	2007	2006
Time deposits with the Central Bank of Libya	280,000,000.000	128,000,000.000
Total :	280,000,000.000	128,000,000.000

4. Deposits with foreign banks

	Value in LYD	
	2007	2006
Time deposits with foreign Banks	106,252,526.329	242,863,656.948
Total :	106,252,526.329	242,863,656.948





5. Clearance cheques

	Value in LYD	
	2007	2006
Request for collection	17,340,427.302	11,703,417.659
Local request in transit	4,555,651.723	167,483.035
Other foreign sight bills (endorsed)	411,137.020	476,036.412
Total :	22,307,216.045	12,346,937.106

6. Local investment

	Value in LYD	
	2007	2006
Almuttahida Insurance Company	---	588,200.000
Assafa Development Company	500,000.000	500,000.000
Attarig Computer Services Company	105,000.000	105,000.000
Attagnia Company	100,000.000	10,000.000
Marhaba Tourism Company	50,000.000	50,000.000
Libyan Tunisian Tourism Company	1,000,000.000	1,000,000.000
Assawahel Allibya Company	900,000.000	900,000.000
Real Estate Investment Committee	3,541,390.000	---
Total :	6,196,390.000	3,153,200.000

7. Loans and facilities after deducting provisions

	Value in LYD	
	2007	2006
Current Debit Accounts	265,418,714.188	60,555,421.306
Accrued Interest on Debit Credit Accounts (Not Entered)	36,125.935	---
Granted Loans	13,861,959.082	3,268,818.048
Social Advances to Employees	1,960,209.327	1,392,130.415
Social Advances to Customers	8,763,596.993	7,807,195.284
Minus Doubtful Debts Provision	- 15,000,000.000	- 6,332,704.655
Total :	275,040,605.525	66,690,860.398

8. Debtors and other debtor accounts

	Value in LYD	
	2007	2006
Miscellaneous Debtors	2,566,609.153	1,887,085.415
Non personal accounts under reconciliation	5,345,559.711	4,770,448.580
Other non personal accounts (current assets)	188,166.275	186,666.275
Currency Position Account	---	2,445,780.672
Minus Provision for Debtors and Other Debtor Balances	---	- 3,362,177.451
Total :	8,100,335.139	5,927,803.491



9. Fixed assets after deducting depreciation

	Value in LYD	
	2007	2006
Furniture	1,629,497.009	1,345,647.371
Equipment	13,130,835.993	12,726,724.591
Vehicles	676,035.700	685,411.163
Dividers	1,416,392.385	1,582,736.300
Buildings	9,444,717.551	8,673,986.819
* Land	2,224,507.500	1,316,480.000
Carpeting	38,582.948	41,845.374
Total :	28,560,569.086	26,372,831.618

* Increase of Owned Land by Bank Purchase of the Publication and Distribution Company Land Plot.

10. Buildings under construction

	Value in LYD	
	2007	2006
Head Office Tower	3,160,830.494	2,816,441.964
Misurata Main Branch	13,905.450	13,905.450
Total :	3,174,735.944	2,830,347.414

Second: Liabilities

11. Customer deposits (current accounts)

	Value in LYD	
	2007	2006
Individual current accounts	495,680,882.548	458,231,133.122
Companies and partnerships current accounts	339,821,222.146	289,370,613.869
Public entities (companies/partnerships) current accounts	87,220,373.583	103,390,709.131
Non resident moving current accounts	102.892	102.892
Frozen current accounts	3,077,134.604	822,196.338
Other accounts in foreign currencies	48,371,309.870	20,531,829.226
Total :	974,171,025.643	872,346,584.578

12. Customer time deposits

	Value in LYD	
	2007	2006
Public entity and individual deposits	179,398,193.058	55,567,000.000
Other long term deposits	340,181.913	340,181.913
Total :	179,738,374.971	55,907,181.913





13. Cash securities

	Value in LYD	
	2007	2006
Documentary credits cash securities	29,153,049.433	45,631,104.748
Letters of guarantee cash securities	11,018,464.911	12,858,490.633
Total :	40,171,514.344	58,489,595.381

14. Contingent Provisions

	Value in LYD	
	2007	2006
Earmark Provisions		
Employee Annual Leave Provision	467,101.965	523,359.093
Correspondent Banks and Currency Center Valuation Provision	1,303,846.101	2,039,852.127
Profits Carried Forward	Separate Balance Sheet Item	4,271.064
Decrease in Investment Prices Provision	81,500.000	81,500.000
Provision for Litigation Against the Bank	1,000,000.000	923,003.204
Total :	2,852,448.066	3,571,985.488
Other Provisions		
Corporate Profit Tax Provision	5,406,249.957	3,323,758.774
Post, Cable and Telephone c/o Burj Alfateh Tower	---	2,000.000
Social Security Declaration Provision	263,446.372	218,460.854
Currency Center Provision	---	2,445,780.672
Tax Declaration Provision	775,950.500	575,950.500
Total :	6,445,646.829	6,565,950.800
* Reduction of the Currency Center Valuation (Disclosed as Deduction from Debtors and other Debtor Balances)		- 2,445,780.672
Grand Total :	9,298,094.895	7,692,155.616

15. Creditors and other liabilities

	Value in LYD	
	2007	2006
Personal accounts under reconciliation	48,024,395.352	35,835,565.204
Tax Share from the Year Profits	10,334,053.731	10,801,203.224
Various Creditors	2,658,407.995	2,288,921.943
Non-personal accounts (other liabilities)	9,249,875.425	868,975.210
Non-Classified accounts	578,050.190	4,234,436.743
Total :	70,844,782.693	54,029,102.324



Net profits of the Head Office, Branches and Agencies

Branch or agency	revenue	Interest revenue	expenses	Interest expenses	Net income	Percent
Head Office	2,985,087.925	13,117,907.145	11,855,760.456	8,762,226.775	-4,514,992.161	-21.596%
Dat Elimad Agency	3,544,390.136	3,563,901.543	562,662.919	596,316.633	5,949,312.127	28.457%
Misurata Branch	2,134,721.206	607,438.749	492,810.666	472,621.002	1,776,728.287	8.499%
Tripoli Branch	3,463,612.259	2,239,536.326	886,552.839	47,710.625	4,768,885.121	22.811%
Benghazi Branch	1,957,649.619	856,100.704	478,181.035	19,904.052	2,315,665.236	11.076%
Addawa Alislamia Agency	1,916,112.904	586,966.790	356,676.880	4,104.469	2,142,298.345	10.247%
Markaz Africa Agency	1,173,983.082	560,917.548	114,666.414	738,206.397	882,027.819	4.219%
Alforosia Agency	973,624.309	493,005.348	377,815.378	1,642.372	1,087,171.907	5.200%
Alhadaig Agency	931,550.223	273,532.524	191,835.266	294.860	1,012,952.621	4.845%
Albirka Agency	813,777.714	415,672.498	228,914.249	1,311.341	999,224.622	4.780%
Agedabia Agency	841,534.586	95,950.740	134,159.243	0.000	803,326.083	3.843%
Gout Ashaal Agency	244,788.173	565,686.484	234,830.709	6,457.680	569,186.268	2.723%
Gargarish Agency	430,581.264	305,718.006	300,726.259	0.000	435,573.011	2.083%
Burj Alfateh Agency	416,956.294	281,727.351	273,662.792	11,499.999	413,520.854	1.978%
Tobruk Branch	576,307.139	161,589.223	370,687.855	4,590.246	362,618.261	1.734%
Azzawia Branch	302,861.592	275,517.720	224,363.736	2,667.380	351,348.196	1.681%
Albaida Branch	395,364.200	130,180.462	187,411.962	2,386.931	335,745.769	1.606%
Zwara Agency	367,388.924	37,447.027	90,433.740	0.000	314,402.211	1.504%
Fonduk Alkabr Agency	475,286.908	36,329.473	233,628.587	0.428	277,987.366	1.330%
Tripoli Airport Agency	211,319.850	10,717.274	40,799.834	0.000	181,237.290	0.867%
Benina Airport Agency	160,781.605	19,763.062	58,187.943	0.666	122,356.058	0.585%
Child Agency Benghazi	135,269.550	21,476.232	60,720.843	0.000	96,024.939	0.459%
AlMadar Agency	72,350.906	25,775.644	4,538.092	0.000	93,588.458	0.448%
Musaad Agency	89,630.492	4,509.167	10,092.083	0.000	84,047.576	0.402%
Gialo Agency	85,365.252	47,983.660	91,782.239	0.000	41,566.673	0.199%
AlFwaiht Agency	2,422.247	0.000	0.000	0.000	2,422.247	0.012%
Zletin Branch	2,025.110	0.000	0.000	0.000	2,025.110	0.010%
Total :	24,704,743.469	24,735,350.700	17,861,902.019	10,671,941.856	20,906,250.294	100.000%

