



**BANK OF COMMERCE
& DEVELOPMENT (L. J. S. C.)**

FIFTH ANNUAL REPORT

THE BOARD OF DIRECTORS

31 / 12 / 2001





БАНКЪОМЪЕРЪ
(Л.Д.С.С.)



Des.: mostafa El-kordi
AL-Salam printing Tel.: +218 61 909 39 53-90 80 594 Benghazi - Libya



LIBYAN STOCK COMPANY
BANK OF COMMERCE & DEVELOPMENT (L. J. S. C.)

بنك التجارة والتطوير



FIFTH ANNUAL REPORT
31 / 12 / 2001

PREPARED AND TRANSLATED BY :
JAMAL T. ABDELMALEK

البنك التجاري والتطوير



مصرف التجارة والتنمية



BANK OF COMMERCE & DEVELOPMENT (L. J. S. C.)



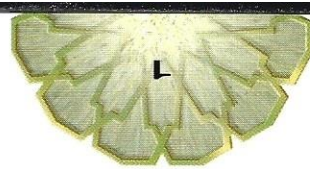
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البيان السنوي الخامس

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LIBYAN STOCK COMPANY



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BANK OF COMMERCE & DEVELOPMENT (L. J. S. C.)

LIBYAN STOCK COMPANY

Incorporated according to law.

Established in accordance to the Statute Number (1) for the Year 1993 and its amendments regulating banks, currency and credit as follows:

The decree by the Secretary to the General Popular Committee for Planning and Finance Number (234) for the year 1994.

The decree by the Secretary to the General Popular Committee for Planning, Finance, Economy and Commerce Number (529) for the year 1994.

Registered in the Commercial Register under number (9515) on 09/11/1995.

The Bank Of Commerce and Development opened officially on 09/06/1996.

Joined as a member of the Union of Arab Banks on 01/05/1996.

Joined as a member of the Association of Libyan Banks on 10/08/1996.

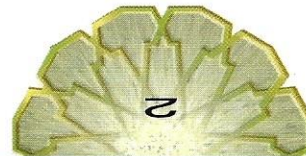
Joined as a member of the Union of Al-Magreb Banks on 30/05/1998.

Capital :

Nominal	(LYD 9,000,000)	LD NINE MILLION LIBYAN DINARS
Paid in	(LYD 9,000,000)	LD NINE MILLION LIBYAN DINARS

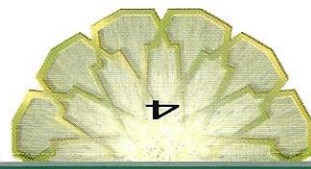
Stockholders :

1609	Natural persons
37	Juridical persons (public and private)





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Head Office

GENERAL ADMINISTRATION - FRUSIYA BUILDING FOR INVESTMENT
AL-JAZIRA GULF OF SIRTES St. - BENGHAZI - LIBYA
P.O. BOX : 9045 TELEX : 40298 BCD H.O LY
TEL. : + 218 - 61 9097115 - 9080230 FAX. : + 218 - 61 9097300 - 9097220
E-mail: Bankofcd@Bankofcd.net SWIFT : CDBLLYLT

BRANCHES :

1. BENGHAZI MAIN BRANCH

INAUGURATED ON 09/06/96
BURJ AL MUKHTAR 1ST. FLOOR - SH.
JAMAL ABDUNNASAR - BENGHAZI
P O Box : 9160
TELEX : 40386 BCD BZILY
TEL : (+218 - 61) 9097361 - 9080555
FAX : (+218 - 61) 9080444
PHONE BANK : (+218 - 61) 9090745

2. TRIPOLI MAIN BRANCH

INAUGURATED ON 06/09/97
TOWER NO, (1) DAT EL IMAD BUILDINGS -
TRIPOLI
P O Box : 91210
TELEX : 20394 BCD TRI LY
TEL : (+218 21) 3350422 - 3350423 - 3350424
FAX : (+218 21) 3350528 - 3350421
PHONE BANK : (+218 21) 3350529

3. MISURATA MAIN BRANCH

INAUGURATED ON 06/09/98
MISURATA INDUSTRIAL FAIR NEAR THE
HIGH MOUSQUE - MISURATA
P.O. Box. : 78
TELEX : 30191 BCDMSLY
TEL. : (+218 51) 629550 TO 629551 - 620074
FAX. : (+218 51) 629538 - 629537
PHONE BANK : (+218 51) 629552

4. TOBRUK MAIN BRANCH

INAUGURATED ON 15/03/01
LIBYA INSURANCE INVESTMENT BUILDING
- TOBRUK
P O Box : 28/86 TOBRUK
TEL : (+218 87) 628000
FAX : (+218 87) 621208

5. ZAWIA MAIN BRANCH

INAUGURATED ON 06/09/01
UQBA BIN NAFIA St - ZAWIA
P O Box : 120
TEL : (+218 23) 620057 - 620023
FAX : (+218 23) 620195

AGENCIES:

1. GHOUT ALSHAAL AGENCY

INAUGURATED ON 21/04/99
ZARKA EL YAMAMA CENTER No 2 - GHOUT
ALSHAAL - TRIPOLI
TEL : (+218 21) 4838758 TO 4838762
FAX : (+218 21) 4838760
PHONE BANK : (+218 21) 4838762

2. ELFOROSIA AGENCY

INAUGURATED ON 09/06/99
GENERAL ADMINISTRATION - FRUSIYA
BUILDING FOR INVESTMENT AL-JAZIRA
GULF OF SIRTES St. - BENGHAZI
TEL : (+218 61) 9080777
FAX : (+218 61) 9097300
PHONE BANK : (+218 61) 9081481

3. AFRICA COMMERCIAL CENTER AGENCY

INAUGURATED ON 13/06/00
AFRICA COMMERCIAL CENTER - MISURATA
TEL : +218 51 652015
FAX. : +218 51 652015

4. BENIENA INTERNATIONAL AIRPORT AGENCY

INAUGURATED ON 01/10/01
BENIENA INTERNATIONAL AIRPORT - BENGHAZI
TEL. : +218 61 9081483
FAX. : +218 61 9081483



BOARD OF DIRECTORS

JAMAL T. ABDULMALEK
Chairman of the Board and General Manager

FATHI JUMA BUSNAINA
Vice Chairman & Deputy General Manager

Dr. MOHAMED R. BUZAKUK
Member

Eng. MUBARAK ABDULLAH AL SHAREEF
Member

YOUSSEF AWAD AL HASADY
Member

ABDUIL KABIR IMHEMED SALIM
Member

HASSAN OMIRAN HAROUN
Member

Eng. MOHDAMMAD MOHDAMMAD HUWAIDI
Member (on behalf of Islamic Call Society)

FADAL ALLAH FARAJ FANOOSH
Member (on behalf of Libyan Insurance Co)

OMAR FARAJ AL LAHIEWEL
Secretary to the Board

OMAR FARAJ AL LAHIEWEL
Secretary to the Board

The Control Committee

Hassan Abdelati Albargathi
Chairman

Ramadan Younes Kwairi
Member

Sulaiman Salem Ashohomi
Member

GENERAL MANAGEMENT

Mr. JAMAL T. ABDULMALEK
Chairman & General Manager

Mr. FATHI JUMA BUSNAINA
Vice Chairman & Deputy General Manager

Mr. ABDEL FATEH AHMAD AL FAGI
Manager Accounts Department

Mr. IDRIS I. TASHANI
Manager of Credit Administration

Mr. ALI RAJAB AL- RUTAB
Head of Public Relations

Mr. ALI MOHD. JAWDA
Head of Administration & Personnel

Mr. WAIL MOHD. BASHEER
Head of Information & Communications

BRANCH MANAGERS

IBRAHIM M. ELRAYES
Acting Manager, Benghazi Main Branch

MOHAMED A. ALGHRIANI
Manager, Tripoli Main Branch

YOUSSEF A. EL-BAKOUSH
Manager, Misurata Main Branch

MUHSIN A. ZOGOGO
Acting Manager Tobruk Main Branch

SAID A. ZHMOUL
Manager, Zawia, Main Branch

HEADS OF AGENCIES

ASHOUR A. ASHOUR
Head of Elforosia Agency

ADNAN A. AL-AZABI
Head of Ghout Alshaal Agency

HASSAN A. ATTOUMI
Head - Africa Center Agency



www.bankofcd.com). Through these sites the Bank was able to provide new services and publish and update its monthly Bulletin. The

foreign currency exchange rates are also posted and updated daily as they arrive from the Central Bank of Libya. They also contain numerous data, statistics and information on the Libyan Banking Sector. The Bank's balance sheet, income statement, branch and agency addresses are shown on these sites. Ours is the first and only Bank in Libya to own two sites on the Internet.

Thanking god's grace, it pleases me to inform you that your Bank has realized during this financial year net profits after general and administrative expenses and depreciation amounting to (14,532,006 LD) fourteen million, five hundred and thirty two thousand and six Libyan Dinars. The ratio of profits to capital (9 million LD) is 162%.

We will pay (8,493,917 LD) eight million, four hundred and ninety three thousand and nine hundred and seventeen Libyan Dinars in corporate, Jihad and Stamp taxes. Referring to what has been paid and what will be paid to the Tax Department, the total taxes will amount to (15,682,411 LD) Fifteen million, six hundred and eighty two thousand and four hundred and eleven Libyan Dinars. This represents a 174% rate of the Bank's paid up capital (9 million LD).

This emphasizes that your Bank which, embodies the direct collective ownership, was never a burden on the State's Public Treasury since its establishment on 9/11/1995. On the contrary it has been a source of support to the Treasury by payment of taxes. The employees in the Bank, who number (186), receive their salaries, fringe benefits and incentives from the

Bank, not from the Public Treasury or any other public entity. Our Bank was never subsidized by anyone whomsoever.

It pleases me to report in this address my full satisfaction with the numbers and profits realized by the Bank, and the visible growth it attained. I pray to God in complete faith that our Bank will our customers' favorite, and that we will provide services that are the best, fastest and of the highest quality. To help us meet our customers' needs and satisfaction, I also pray that He may help us to employ the best and foremost technological equipment and methods available in the banking and financial markets. And that our business grows, our indicators multiply and our profits increase so that we may distribute hefty returns to our shareholders every year and strengthen our financial position by various reserves and provisions.

Finally, I extend my warmest thanks and gratitude to the Bank's esteemed shareholders and customers for their backing. I highly appreciate the effort expended by the Top and Executive Management, the Head Office Staff

Finally, I extend my warmest thanks and gratitude to the Bank's esteemed shareholders and customers for their backing. I highly appreciate the effort expended by the Top and Executive Management, the Head Office Staff and Employees and the Staff and Employees of the branches and agencies who exhibited at all times the utmost sincerity and loyalty to the Bank.

May God's peace and mercy be with you,

Jamal T. Abdelmalik

Chairman of the Board, the General

Manager



The Fifth Board Of Directors Report

On the bank's activities and its financial position for the year ending 31/12/2001

Ladies and Gentlemen; the esteemed stockholders,

The Board of Directors is pleased to deliver to you the Fifth Annual Report containing the most important achievements and the Bank's activities, the results of its operation for the year ended on the 31st of December 2001.

In addition to the balance sheet and the income, statement the report contains notes of the final accounts prepared in accordance with the accounting standards.

This report presented to the Bank's

Stockholders is mandated by Article (572) of the Libyan Commercial Law and Article (35) of the Bank's Articles of incorporation. The Following are the most important operation and achievements during this year 2001.

First : Human Resources :

Staff and employees:

The number of clerical and non-clerical

employees in the bank on 31/12/2001 was (170) staff and employees. They were distributed between the Head Office, Branches and Agencies, which constitute 9 locations, an increase of (69) staff and employees over last year. The increase is attributed to the inauguration of two new branches: Tobruk and AL-Zawia main branches and the Benina International Airport Agency. Additionally a number of new staff were directly hired or transferred from other banks.

The following table illustrating the distribution of the staff and employees in the Head Office and the branches and Agencies in comparison with the three preceding years 1998 – 1999 – 2000. (16) Temporary staff in the areas of legal, managerial and information technology consultancy as well as Night guards for the Head office and the Branches.

During the year 2001 (8) employees left the bank by resignation out of their own accord.

Location	Clerical jobs			Non clerical jobs		
	98	99	00	01	98	99
Head office	13	10	16	21	--	1
Benghazi M. Branch	18	21	20	27	2	2
Tripoli Main Branch	18	16	26	26	4	4
Misurata Main Branch	13	14	12	15	1	--
Tobruk Main Branch	--	7	5	8	--	--
AL-Zawia Main Branch	--	5	8	9	--	--
Gout Ashaal agency	--	--	4	4	--	--
Alforosia agency	--	--	--	14	--	--
Africa Center agency	--	--	--	12	--	--
Benina Airport Agency	--	--	--	3	--	--
Total :	62	73	91	139	7	10

**Training and Development:**

The Bank's Management pays a great deal of attention to practical as well as theoretical training. Managerial and human resources development is a continuous process and it comes in the light of the strategic concerns for this and the coming years.

With the realization that the banking capabilities and skills are of the most important factors in providing banking services, the executive management pursued its interest in the human element.

The bank participated in numerous courses

and seminars conducted by the Training Center run by the CENTRAL BANK OF LIBYA, the British Arab Commercial Bank, The Union of Al-Magreb Banks, The Union of Arab Banks and the Association of Libyan Banks.

Our Bank contributed to training budget and paid its share to the CENTRAL BANK OF LIBYA's Banking Training Center in equality with the other Commercial Banks.

The following table illustrates the training areas and the numbers of trainees during the year in comparison with the three preceding years:

Local Training Programs :

Area of Training	Number of Trainees			
	1998	1999	2000	2001
Banking Operations	5	11	22	12
Computers	1	6	3	6
English Language	--	--	4	2
The SWIFT	--	2	3	6
Conferences and Banking Seminars	--	6	9	7
Total :	6	25	41	33

The Bank was unable to send the targeted number of trainees abroad because no budget for the year was allocated by the CENTRAL BANK OF LIBYA for this purpose. The training abroad was limited to a few opportunities that

were made available by some of the Bank's Correspondents in line the mutual cooperation. The following table illustrates the number and areas of training during 2001 compared with 2000.

Abroad Training Programs :

Area of Training	Number of Trainees	
	2000	2001
Banking Operations	5	5
The SWIFT	4	3
Total :	9	8

Fringe benefits and incentives

The Bank provides free medical care to the staff and employees and their families and pays for the medications. The Bank also provided opportunities for abroad medical treatment for some of the cases that could not be treated locally. The Bank bought a collective insurance policy providing coverage for all the employees and the Directors against accidents and death.

Three years salaries are paid in varying ratios in the case of accidents and death in addition to saving feature in the policy, which is the payment of an end of service benefit upon resigning or termination.

At year's end the Bank paid annual bonuses in accordance with efficiency and performance reports. Additionally the Bank continued its policy of naming the Model Employee in each branch and agency and the department managers in the Head Office, which has proved to be worthwhile in creating a competitive spirit and increasing productivity, proficiency and dedication amongst the Bank's employees.

Second : New Branches :

During 2001 with god's grace the Bank Inaugurated two new branches in the cities of Tobruk and AL-Zawia as well as a new agency in Benina International Airport in Benghazi.

On 15/3/2001 the Tobruk Main Branch was officially opened in a ceremony attended by numerous personages from the popular, official,

financial and banking sectors as well as the local Popular Committee Members, Bank Managers, public sector and public and private company executives. The Branch opened for business and attained lucrative profits during the period and until the end of the current year. We hope that next year we will establish an agency to this branch in the Tobruk Harbor to provide banking services.

On 6/9/2001 Our fifth branch AL-Zawia Main Branch was inaugurated in AL-Zawia in a ceremony attended by the popular and official authorities as well numerous personages who have interest in finance and banking. The branch opened for business in a premises that was modified and equipped with machines and furniture to serve the public. This branch attained lucrative returns in its short existence during the last four months of this year.

On 1/10/2001 a small agency was opened in Benina International Airport in Benghazi after permission was granted be CENTRAL BANK OF LIBYA. It started operations and in the brief period since it was opened, it generated revenues that covered all costs as well as some profits.

The Bank intends to open a new agency in Tripoli International Airport after the permission from CENTRAL BANK OF LIBYA was granted this year. we hope this agency will be opened in first few months of 2002 as soon as the premises is allocated for this purpose by the Tripoli International Airport Authority.



Third : New Bank Buildings :

The new Head Office Building in Benghazi

This first phase of the new Head Office Building in Jamal Abdelnasser St. In Alberka District was completed. This phase comprised the concrete structure and buildings. The building is an eight story structure with a basement and a ground floor. The upper floors will be occupied by the Bank's departments, while the ground floor will house a new agency to serve our customers in the Alberka District. The building is now under completion with July 2002 as a target to finish all the works. Thus the Bank will add a new building to its assets.

The new Tripoli Main Branch Building

Before the end of this financial year, all the concrete works and building for the Tripoli Main Branch were completed. This building is a four story structure with a basement (to be used a secure safe) and a ground floor. The finishing works were assigned to a local company, and the work is progressing at a fast pace. We expect the building to be handed over before the end of June 2002. This will give the Tripoli Main Branch ample space, while the third floor will be occupied by the Western Region Head Office Branch, while the fourth floor will be earmarked for a training center and an economics and banking research and study section to train our employees and carry out the required studies.

The Tobruk Main Branch Building

Our Bank obtained a plot of land in the

commercial center in the City of Tobruk and a desirable location. It was registered in the Real Estate Register as property for the Bank. An Engineering office specializing in architectural design was employed to prepare the required engineering drawings for the Bank's Branch. A construction company was contracted to carry out the building works. The construction commenced before the end of this year 2001 with the foundations, we hope the building will be complete before the end of 2002.

These buildings are among our ambitions to construct new banking premises, which are both modern and up-to-date. They will be equipped with the latest telecommunications technology and instrumentation, thus they will become assets for the Bank supporting its financial position and increasing its revenues and profits god willing.

Stores and car garage

This year the Bank bought a plot of land with an area of (11,000) eleven thousand square meters with some buildings and stores. It is intended to house the Bank's stores and a garage for its automobiles to meet the expanding operations and the need for more storage for the branch stationary, equipment and printed materials. This location will be utilized as a garage for automobiles, stationary, equipment and equipment stores. Car and equipment maintenance shops will be built to serve the Bank's maintenance needs and save large amounts of expenses, which used to be spent on rent for storage and garages and on maintenance shops.

Fourth : The New Banking System:

In order to keep with the development of the world banking industry in the field of information technology and electronic telecommunications through the use of modern banking systems. The Bank's Management took steps to obtain modern systems. Several proposals of systems offered by international companies were evaluated in order to procure an integrated system of the latest technologies used in international banks. The objective is to harness the modern information technology to increase the efficiency of the services provided to customers and reduce the costs across the board, and in the mean time maintain the leading role in the Libyan Banking Sector by improving the quality of customers services and making more profits for the stock holders. In this process, the Bank's network and its administration will be based on the best available infrastructure in order to support the Bank's present and future objectives.

Before the end of 2001, a contract was signed with an international company to provide the Bank with a banking system that covers all the bank's present and future services. This company with which we entered into contract provides services to more than 1600 banks in more than 110 countries and it has branches and offices and support centers in more than 33 countries.

The new banking system will allow our branches to operate as one bank, where for

example a customer's account in one branch is an account in the whole bank, at the same time the branch operates as an independent unit.

The new system will store all the banking transactions in the main server in the HO and in the Data Recovery Center in another location to maintain uninterrupted operations in cases of emergency.

The new system will provide direct support to all the modern banking services provided to customers such as:

Phone banking

Internet banking

ATM cash services

Direct connection to electronic

correspondence media e.g. SWIFT

Preparedness for e-commerce

The new system will have these features:

Updating without affecting data or information

Arabic and English bilingual support

Changing the parameters without need for programming

Design of new reports in addition to main reports

Design of new applications in addition to main applications

Production of data and information in graphic format

Handling most types of ATM machines

Fast authentication of customers

Compatibility with local and international banking



Most importantly is the availability of local support services 24 hours a day 365 days a year to guarantee the continuity of banking services in any of the bank's branches or the ATM machines. This support is provided by local engineers. We are hopeful that by the second half of the year 2002 this advanced system will be operative after all our employees in the HO and the branches are trained on the use of the system.

We are also hopeful that before the end of 2002 all our branches and agencies will be interconnected by means of leased lines, satellite communications to operate the Bank's network which was procured, and its components are already in our stores.

The Bank is expending great efforts during the coming year to upgrade all the computer equipment, the printer and all other equipment and instruments used in providing banking services to be of a quality equaling the most modern in the computing technology which progresses every day. Additionally, systems for the protection of the networks and the systems such as voltage regulation and power back up will be installed, to prevent stoppages due to power irregularities or blackouts, which are the most common cause of data loss and system failures.

Fifth : External Relations :

During this year the Bank bolstered its

position, enhanced the sphere of transacting and strengthened work relationships with various sister and friendly banks in many of the Arab, African and Foreign countries by introducing communications methods that were not applied in previous years, namely:

The SWIFT System:

The Bank achieved connection to the (International) SWIFT System in its quest to benefit from the international developments in modern telecommunications and the accelerating worldwide banking activities coupled with the ever-increasing rate of computer introduction in the execution of the daily operations. This system replaced older telecommunications systems such as the post, telegrams and telex, which were costly and slow. We achieved connection to the main center of the (International) SWIFT in the City of Brussels in Belgium on 2/9/2001 and since this date, all our foreign transactions are processed through this system with perfect ease and security. We exchange all transactions with our correspondents by means of this system, which was installed in the HO. The SWIFT Section processes all the transfers and letters of credit to correspondents after it receives the messages from the different branches. We hope that before the end of 2002 all our branches and agencies will be automatically connected to the SWIFT System.

Using SWIFT has many advantages among which is the fast service, reduced errors and instruction ambiguity, lower costs (compared

with conventional methods) and safety and security of the process resulting in the confidentiality of information and cutting down on fraud. Our Bank has been registered and issued the code CDBLLYLT with the International Organization.

Internet Web Pages:

During this year the design and construction of two Internet sites by subscription, our Bank is among the first Libyan Banks, which have two sites on the internet, although it is not the only one. Our sites are

www.bankofcd.net and www.bankofcd.com

By visiting these sites and browsing the Bank's pages in Arabic or English, the first pages provides information about the Bank and its branches and their addresses and also the latest annual report, balance sheet and income statement as well as foreign currency exchange rate listing against the Libyan Dinar. It also presents a full explanation of the services provided by the bank. The other page shows some of the services the Bank provides through the Internet, the prospective customer may open a current or savings account or tie deposits with our Bank just by filling the appropriate forms designed for the purpose on this page. This applies to natural (individuals) as well as legal (corporations or organizations) persons. This is an advanced banking service introduced by our Bank for the first time in the Jamhriya. The page also includes information on the Libyan Dinar exchange rate against various

other currencies. This list is updated daily so that Internet users worldwide may know these rates on demand. This service is the first of its kind in Jamahiriya.

The page also contains a section summarizing what was published in the Bank's Bulletin whether they are Articles, Studies or research. This bulletin is a recent publication produced by the Bank of Commerce and Development and it is the first of its kind in Jamhriya, with its focus mainly on finance, business and banking news. In this bulletin studies and research pertaining to the business of banking and other finance, management, economics business are published. It is published on a monthly basis produced, edited and printed un the Bank's supervision.

The Bank also obtained e-mail addresses for its HO and all its branches and agencies on the Internet, and these modern means our Bank was capable of improving its communications links with its correspondents abroad and with the sister and friendly banks. Our Bank earned praise and respectability for employing these new methods and thus attained a good reputation, which increased the volume of our business and activities.

Sixth: The Bank's Credit Policy :

The Bank still adopts a policy of caution and conservatism in granting the different credit facilities, loans and advances. This policy



manifests the Board and Management's safeguarding the stockholders profits from being eroded by annual provision for doubtful debts, which result from granting improper credit facilities.

The Bank is convinced that the main function of a commercial bank is granting loans, credit facilities, and the investment of a portion of its deposit liabilities in short and long term loans to generate lucrative revenues. However, the Bank still adopted its cautious policy during the year in granting credit. Facilities were granted only after requests were thoroughly studied and were supported by feasibility studies and sufficient guarantees. The Board of Directors approved the accepted requests in accordance with memoranda prepared by the concerned department.

With reference to the Balance Sheet as on 31/12/2001 it is clear that the gross loans and advances granted during the year 2001 is 31,860,198.638 LD, only (thirty one millions, eight hundred and sixty thousands and one hundred and ninety eight Libyan Dinars and 638 Dirhams. Against 21,623,516.517 LD for the year ended on 31/12/2000.

The total loans and advances balance includes about 15 million Dinars paid to the National Oil Corporation from the 32 million Dinars syndicated loan with the other five commercial banks and guaranteed by the CENTRAL BANK OF LIBYA.

The Bank Management follows up on the

non-performing credit facilities and loans, which were granted in the past; payment agreements have been concluded with some debtors, some balances as well as whole facilities were paid up during the year.

Compared to other banks, ours did not grant credit facilities in the required volume that its financial position supports. The practice in other banks, whether international or local, is to grant loan ratios ranging from 50% to 70% of the total deposit liabilities. Our Bank on the other hand, by adhering to its conservative policy granting 9.9% (less than 10%) of its deposit liabilities which amount to 312 million LD during the year ended on 31/12/2002.

The entertain the idea to grant secured long-term loans jointly with the other commercial banks to finance various economic activities; agricultural, industrial and services, which will generate guaranteed returns for the stockholders. It is known that the bank can -in accordance with its deposit liabilities- grant gross loans in excess of 150 million which represent 50% of the deposit liabilities, a rate generally accepted worldwide.

A provision of 600,000 LD six hundred thousand Libyan Dinars from the loans and advances balance was set aside as non-performing debts provision, which makes the net loans and advances balance for the financial year ended on 31/12/2002 amount to 31,260,198.638 LD.

Seventh : Internal Auditing and Inspection :

The Executive Management, realizing the importance of internal auditing and periodic inspections of the branches and agencies, placed a great emphasis on the internal auditing procedures. Because of the distinct nature of banking compared with other types of business, due to the diversity of its operations and the variety of its services. These operations and services are directly connected with cash and monetary balances. Consequently a large volume of statistics and accounting information is required to be prepared daily, weekly, biweekly, monthly, periodically and semiannually as well as the end of period accounts and the statement of financial position. The Executive Management established internal auditing sections in the various branches and agencies and organized extensive training courses on internal auditing and the operation of the bank's systems for the personnel charged with the function of internal auditing.

All the daily documentation and financial positions for the Benghazi and Misurata branches were audited during the period from 1/1/2001 to 31/12/2001; as a result numerous errors were corrected, many omissions were adjusted in the accounting and documentary records. The Control Committee carried out periodic inspection on some branches and agencies during this year. A team from the Banking and Currency Control Department from the CENTRAL BANK OF LIBYA inspected some branches and made

certain types of banking operations subject to full inspection.

Because of the importance of inspection of the operations of all branches and agencies the Audit and Inspection Department was provided with highly qualified and competent staff.

Eighth : Charity :

The Bank contributed during this year by cash donations to some private charity societies. This drive was motivated by the belief that the Bank's role is not merely providing banking services to its customers and making profit in return. The Bank's Management firmly believes and realizes that its social role dictates that it contribute and participate in alleviating the burdens and extending a helping hand to those who have needs and require assistance. For all this the Bank this year donated some amounts to the following non-profit organization:

The Annour Society for the Blind – Benghazi

Anwar al Khair Society for Caring for Orphans – Misurata

The Libyan National Society for Combating Narcotics

The Society for the Friends of the People with Mental Disabilities – Benghazi

Al-Hana Cahrity Society – AL-Zawia

The Libyan Society for the Disabled – Tripoli

The Boys Scouts and Girl Guides Movement – Benghazi

The board of directors hopes that these deeds with be met with God's blessing, and that we donate for charity and social assistance.

The balance sheet :

The balance sheet total (the assets, liabilities and equity) on 31/12/2000 has reached The Balance Sheet totaled (Total Assets and Total Liabilities and Equity) on 31/12/2001 (365,361,525.921) LD against (315,183,824.947) LD for the year ended on 31/12/2000, an increase of (50,167,700.979) LD and a rate of increase of approximately (16%).

The following will illustrate the most important Balance Sheet items as on 31/12/2001 compared with the Balance Sheet numbers for the financial year ended on 31/12/2000.

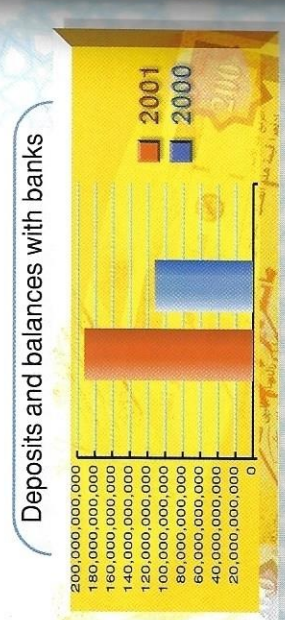
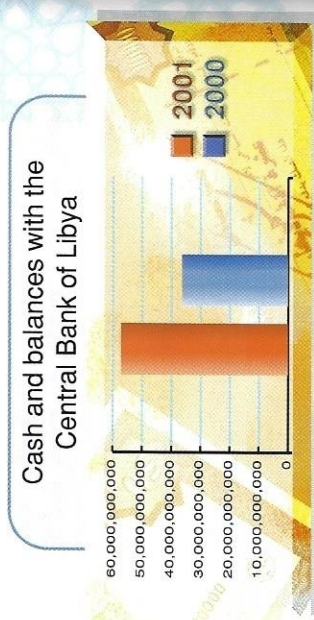
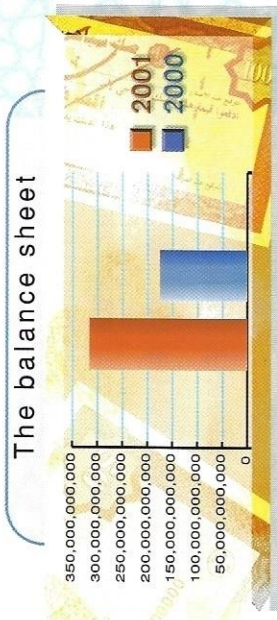
1 - Assets :

I. Cash and balances with CENTRAL BANK OF LIBYA:

The balance of this item on the end of 2001 115,280,275.185 LD against (57,045,306.493) LD on the end of 2000, an increase of (58,234,968.692) LD and a rate of (102 %)

II. Deposits and balances with banks:

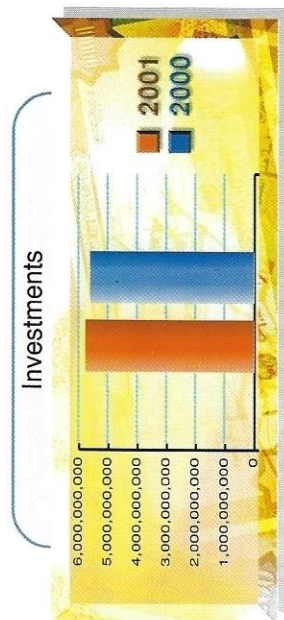
The balance of the current deposits (current accounts) and time deposits with the CENTRAL BANK OF LIBYA and the commercial banks and some foreign banks (correspondents) on the end of 2001 (152,374,277.260) LD against (192,013,090.674) LD on the end of 2000, a decrease of (39,638,813.411) LD, the decrease is attributed to the purchase of 45 million Libyan Dinars worth of Treasury Bills during the year (on 15/8/2001).



III. Investments

The local investments balance on the end of 2001 amounted to (50,855,000.000) LD against (5,755,000.000) LD on the end of 2000, an increase of (45,100,000.000) LD which represent investments in the capital of:

- Assafaa Development Company with 10% of its capital, an amount of (500,000.000) LD; Five hundred thousand Libyan Dinars.
- Attariq Computer Services Company with 10% of its capital, and amount of (105,000.000) LD; One hundred and five thousand Libyan Dinars 6/10ths of the nominal stock)
- (5,000,000.000) LD, five million Libyan Dinars invested in Libyan Treasury Bonds, which yield 5% annually of legally tax exempt income;

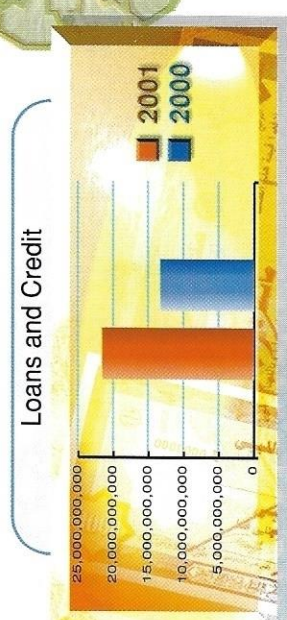


IV. Loans and credit

Loans and credit balance (credit facilities) on year end, after deducting (600,000.000) LD as a provision for doubtful debts, amounted to (31,260,198.638) LD compared to (21,623,516.510) LD on the end of 2000. An increase of (9,636,682.121) LD, and a rate of (45%). This item is composed of:

- Debited current accounts 16,154,840.929 LD
- Loan to NOC 14,979,520.000 LD
- Social Loans to employees 125,837.709 LD

An amount of (600,000.000) LD has been deducted as a provision for doubtful debts from the balance of debited current accounts. Before this provision amounted to (16,754,840.929) LD as well as the earmarking of (752,039.203)



LD in interests on the debited non-moving accounts set aside for the period from 1/1/2001 until 31/12/2001.

The NOC loan had balance on 31/12/2001 of (14,979,520.000) LD, this is a syndicated loan granted jointly with the other five commercial banks. It is a six-year loan guaranteed by the CENTRAL BANK OF LIBYA, with an annuity of 6%. Our Bank's share in this loan is about 31 Million LD.

**V. Accounts receivable and other debtor balances:**

This item amounted to (9,605,046.860) LD on 31/12/2001 against (35,623,516.517) LD on the end of 2000.

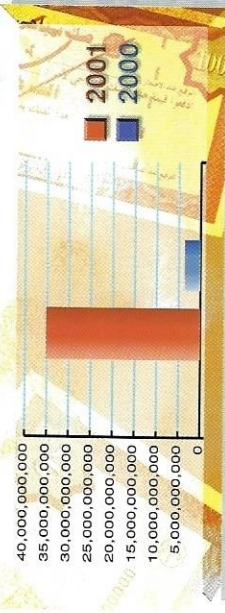
Buildings under construction:

The balance of this item on 31/12/2001 was (2,653,763.210) LD which represents the New Head Office in Benghazi, the Tripoli Main Branch buildings, the purchase of new storage facilities and the New Tobruk Main Branch building.

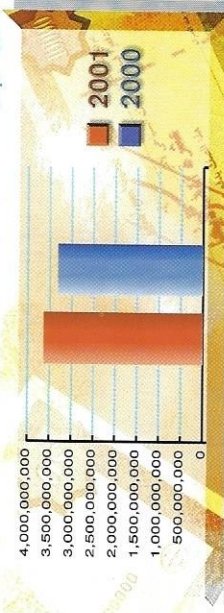
VI. Fixed assets:

The fixed assets after deducting depreciation total on 31/12/2001 was (3,322,964.769) LD against (3,620,616.035) LD for the year ended on 31/12/2000.

Accounts receivable and other receivable balances



Fixed Assets

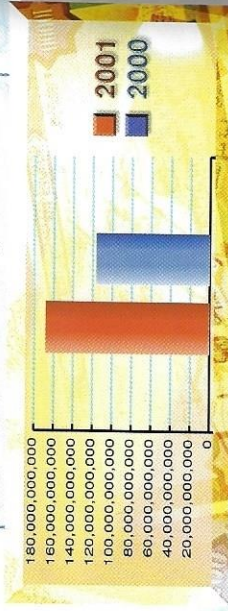
**2 - Liabilities:**

Total liabilities on 31/12/2001 amounted to (348,253,546.412) LD against (302,451,311.801) LD on 21/12/2000, an increase of (45,752,234.611) LD.

I. Customer Deposits (current accounts):

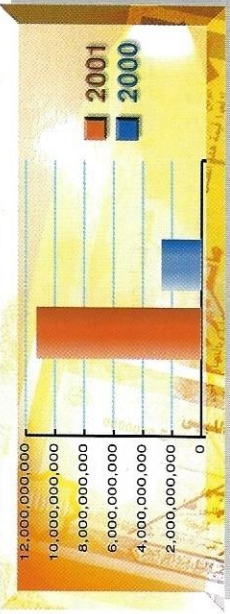
Customer deposits balances in the form of creditor current accounts in Libyan Dinars and foreign currencies, of both natural persons, legal persons, corporations and partnerships amounted to (235,938,119.156) LD on 31/12/2001 against (167,816,069.382) LD for the year ended on 31/12/2000, an increase of (68,122,049.774) LD and a rate of more than (40 %), this item accounted for approximately (41 %) of the total Liabilities.

Customer Deposits (current accounts)

**II. Customer Time Deposits:**

Customer time deposits on 31/12/2001 amounted to (7,000,000.000) LD against (11,270,000.000) LD for the year ended on 31/12/2000.

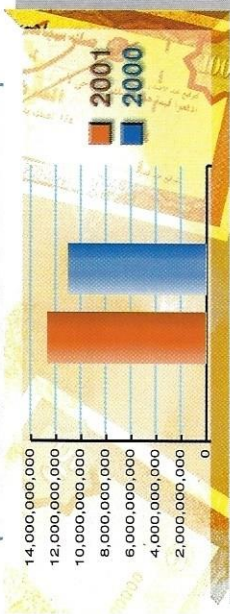
Long Term Deposits

**III. Savings Deposits (Adult and child savings):**

The balance for this item on 31/12/2001 was (20,572,560.002) LD against (12,611,202.134) LD for the year ended on 31/12/2000, an increase of (7,961,357.868) LD and a rate of about (63 %).

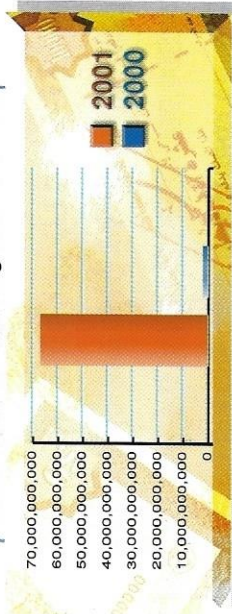
This increase indicates that customers' willingness to open these accounts for themselves and their offspring in support of saving and to obtain profit, especially that the interest rate varies between 5 and 6 % in compliance with instruction from the Department of Banking Control of the CENTRAL BANK OF LIBYA.

Savings Deposits (savings accounts of children and adults)

**IIII. Cash Margins**

The balance of this item on 31/12/2001 was (24,902,657.501) LD against (66,875,082.350) LD for the year ended on 31/12/2000.

Cash Margin

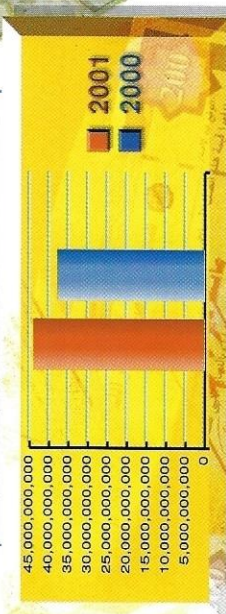
**V. Certified Cheques:**

The total balance of this item on 31/12/201 was (24,500,125.309) LD.

VI. Accounts Payable and other Liabilities:

The total of this item on 31/12/2001 was (15,340,084.438) LD against (43,878,957.935) LD for the year ended on 31/12/2000. an increase of (4,538,873.497) LD, and a rate of approximately (19 %).

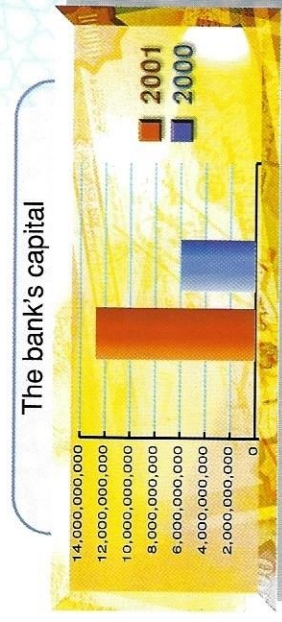
Accounts payable and other liabilities





3 - Stockholders equity :

Stockholders equity balance total on 31/12/2001 was (17,097,979.509) LD against (12,682,513.146) LD for the year ended on 31/12/2000, an increase of (4,515,466.146) LD, and a rate of approximately (36%). The increase represents the growth of the legal reserve to reach 50% of the paid up capital, the reserves provided which have been created this year, the increase of the general reserve and the increase in dividends which amounted to 20% of the capital or (1.800,000.000) LD. The Stockholder equity includes the following items:



I. The Bank's Capital:

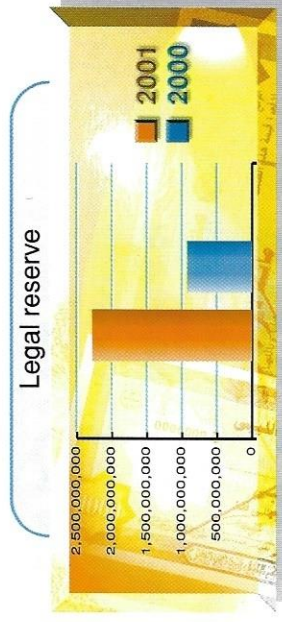
The nominal capital is (9,000,000.000) LD, only nine million Libyan Dinars divided into 900,000 shares), nine hundred thousand shares, at 10 LD per share. This capital was paid up in full by payment of the remaining (4,500,000.000) LD during the year 2000. The owners of these shares are 1646 stockholders of both sexes 1046 males and 545 females), natural and legal persons 37 private and public organizations).

II. The Legal Reserve:

The balance for this item on 31/12/2001 was (4,500,000.000) LD against (2,292,027.658) LD for the year ended 31/12/2000, an increase of (2,207,972.342) LD, and a rate of (96%).

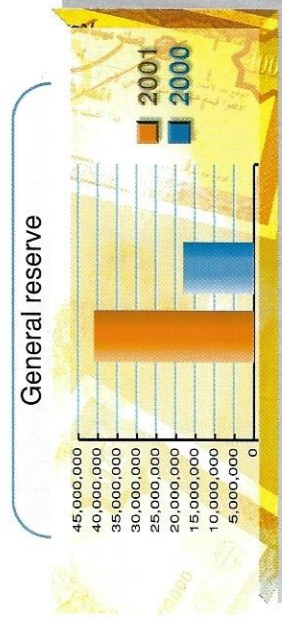
This legal or compulsory reserve is made in

compliance with Article 57) of the Statute Number 1) 1993 regulating banking and credit, which makes it an obligation to annually post -prior to declaring profits- not less than 50% of the net profit to the legal reserve until it becomes equal to half the paid up capital, then 25% of the net profit until it becomes equal to the paid up capital. This means that we have posted to this legal reserve half the capital, consequently, starting next year we will deduct 25% of the net profit to post to this reserve until it equals the paid up capital.



III. The General Reserve:

The General Reserve balance on 31/12/2001 was (205,848.964) LD against (41,102.764) LD for the year ended on 31/12/2000, an increase of (164,746.200) LD, and a rate of (400 %).



V. The General Reserve:

(500,000.000) LD only five hundred thousand Libyan Dinars from the profits of this year 2001 were allocated as a provision for doubtful debts in addition to (100,000.000) LD only one hundred thousand Libyan Dinars that were allocated from last year's profits (2000) and added to the provision for doubtful debts. The balance of this provision (provision for doubtful debts of (600,000.000) LD was deducted from the total debtor current accounts as is customary when preparing the balance sheet at the end of the year.

Last year (2000) an amount of (100,000.000) LD, only one hundred thousand Libyan Dinars, was posted this year to the reserved provisions account.



VI. The Reserved Provisions:

This year some reserves were created to provide for various purposes with an amount of (1,300,000.000) LD, one million and three hundred thousand Libyan Dinars. An amount of (100,000.000) LD, one hundred thousand Libyan Dinars which was allocated last year (2000) was added to the previous amount. The balance of this item at the end of the financial year on 31/12/2001 was (1,400,000.000) LD, one million and four hundred thousand Libyan Dinars which will be provided for the following purposes:

- To meet additional income tax and social security ... 300,000.000 LD
- To meet probable losses in some stock concerns ... 400,000.000 LD
- To meet the outcome of pending legal litigation ... 300,000.000 LD
- Amounts earmarked for the purchase of equipment ... 400,000.000 LD

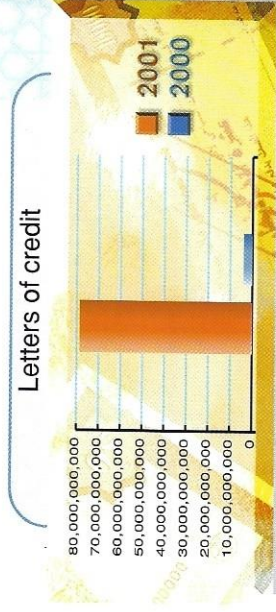
And advanced computer systems.

4 - Contingent Accounts and other Liabilities :

The Contingent Accounts and other Liabilities (outside the balance sheet) for the financial year ended on 31/12/2001 amounted to (7,340,126,478.000) LD composed of the following:

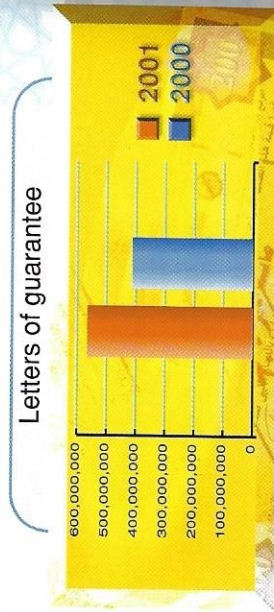
Letters of Credit:

The balance of this item on 31/12/2001 was (37,086,818.000) LD, only thirty-seven millions eighty six thousand and eight hundred and eighteen Libyan Dinars.



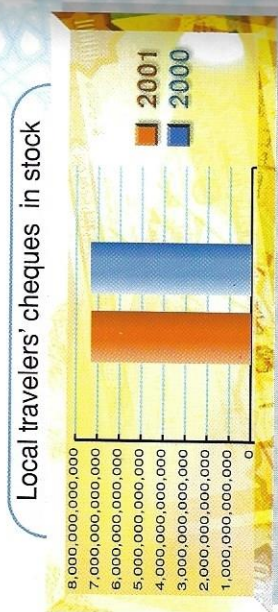
Letters of Guarantee:

The balance of this item on 31/12/2001 was (742,750.000) LD against (565,476.000) LD on 31/12/2000.



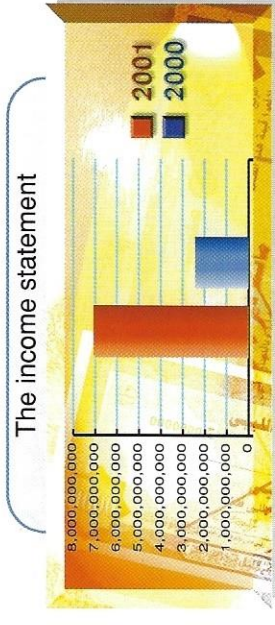
Travelers' Cheques in Stock:

The balance of this item on 31/12/2001 was (7,302,296,910.000) LD against (7,310,303,650.000) LD on 31/12/2000, this stock represent the stock of local travellers' cheques in Libyan Dinars.



The income statement :

The operating income before Corporate and J. Taxes and provision on 31/12/2001 was (14,532,006.209) LD against (7,051,961.956) LD on 31/12/2000, an increase of (7,480,044.253) LD, and a rate of (106%) after deducting all the general and administrative expenses and depreciation as well other expenses. After deducting the Corporate and Jihad Taxes (8,493,916.910) LD, accrued on the year's profits, the net profits after tax on 31/12/2001 were (6,038,089.299) LD against (2,734,206.303) on 31/12/2000, an increase of (3,303,882.996) LD, and a rate of increase of (121%). The financial year ended on



The Proposed Appropriation :

The net profit after taxes and adding the profits carried forward from last year (2000) (6,093,102.887) LD only six million, ninety three hundred thousand and one hundred and two Libyan Dinars and 887 Dirhams.

According to Article 57 (of the Statute Number 1) 1993 regulating banking, currency and credit, and in accordance with the articles

of association of the Bank; an annual deduction of 50% of the net profits shall be added to the Legal Reserve until the last equals one half of the paid in capital, then 25% of the net profits are deducted annually and added to the legal reserve until the Legal Reserve equals 100% of the Capital.

Your Board of Directors propose the following appropriation:

- 1- Legal Reserve to reach 50% of the Capital 2,207,972.342 L. D.
- 2- The Board of Directors' remuneration 191,556.527 L. D.
- 3- Dividends at 20% of paid in capital 9 M) 1,800,000.000 L. D.
- 4- Provision for doubtful debts. 500,000.000 L. D.
- 5- Appropriate Reserve 1,300,000.000 L. D.
- 6- General Reserve 39,000.000 L. D.
- 7- Profits carried forward to next year 574,018 L. D.

Total :

6,039,102.887 L. D.



On this the Board of Directors will be honored and pleased to express its sincere thanks and gratitude to the sister and friendly banks inside and outside the Jamahiriya for the constructive cooperation. The Board expresses special thanks to the Central Bank of Libya for the support, guidance and supervision it afforded to the Bank throughout the year. The board expresses its gratitude to our esteemed customers both, natural as well as legal persons, for choosing our Bank to conduct their business through our branches and agencies. The Board highly appreciates the support of the investors, the Bank's Stockholders.

Finally the Board expresses its thanks and gratitude to the top executive management of the Bank, represented by the Chairman of the Board the General Manager, His Deputy, The Departmental Managers, The Section Heads and all the employees who expended efforts and participated with expertise, all of which was done with dedication and loyalty to our Bank. Wishing you all success on the path of righteousness. GodsPEED!

The board of directors

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The balance sheet :

as at 31/12/2001 compared to 31/12/2000

A S S E T S	Notes	2 0 0 1	2 0 0 0
		L. D.	L. D.
Cash and balances with CBL	1	115,280,275.185	57,046,306.493
Deposits and balances with banks	2	152,374,277.263	192,013,090.674
Investments	3	50,855,000.000	5,755,000.000
Loans and advances	4	31,260,199.638	21,623,516.517
Buildings under construction	5	2,653,763.206	-----
Accounts receivable and other debtor balances	6	9,605,046.860	35,126,295.228
Fixed assets after deduction	7	3,322,964.769	3,620,616.035
Total assets		365,351,525.921	315,183,824.947

Liabilities & equity

Liabilities			
Customer Deposits (current accounts)	8	235,938,119.156	167,816,069.382
Customer Time Deposits	9	7,000,000.000	11,270,000.000
Saving Deposits	10	20,572,560.002	12,611,202.134
Cash Securities	11	24,902,657.507	66,875,082.350
Certified cheques	12	24,500,125.309	-----
Accounts payable Other liabilities	13	35,340,084.438	43,878,957.935
Total liabilities		348,253,546.412	302,501,311.801

Owners Equity

Capital	14 A	9,000,000.000	9,000,000.000
Legal Reserve	14 B	4,500,000.000	2,292,027.658
General Reserve	14 C	205,848.964	41,102,764
Various Provisions		-----	200,000.000
Various Provisions	15	1,400,000.000	-----
Stockholders Profits and board Members remuneration	16	1,991,556.527	1,148,369.136
Profits carried forward		574.018	1,013.588
Total Owners equity		17,097,979.509	12,682,513.146
Total liabilities & Owners equity		365,351,525.921	315,183,824.947

Contingent accounts & other liabilities

Letters of credit		37,086,818.000	78,430,146.000
Local and Foreign Letters of guarantee		742,750.000	565,476.000
Travellers cheques in stock		7,302,296,910.000	7,310,303,650.000
Total Contingent accounts & other liabilities		7,340,126,478.000	7,389,299,293.000
Grand total		7,705,478,003.921	7,704,483,117.947

(Abdulfattah Ahmad Alfagi)
Manager Accounts Department

(Jamal Al-Taib Abdelmalek)
Chairman of the Board and GM

(Notes attached from (1) to (16))



Income statement

for the period ending on 31/12/2001 compared to 31/12/2000

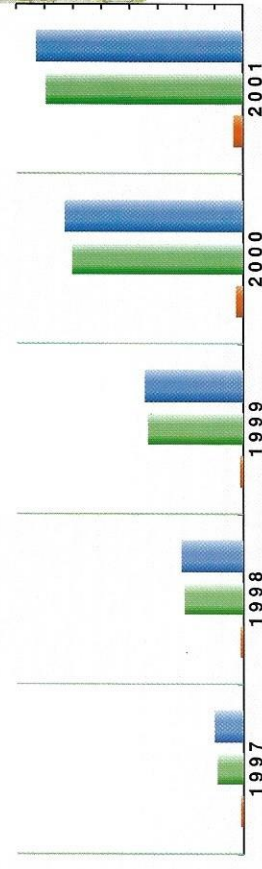
R e v e n u e	Notes	2 0 0 1	2 0 0 0
		L. D.	L. D.
Interest Income	17	9,164,544.559	6,752,277.020
Interest Expense	18	4,937,505.538	3,317,254.262
Net Interest		4,227,039.021	3,435,022.758
Commission And Other Revenue	19	14,666,009.476	6,471,857.901
Gross Income		18,893,048.497	9,906,880.659
Expenses			
Administrative Expenses	20	3,747,992.288	2,323,742.937
Depreciation		613,050.000	531,175.766
Total Expenses		4,361,042.288	2,854,918.703
Earnings Before Tax		14,532,006.209	7,051,961.956
Corporate And J. Taxes	21	8,493,916.910	4,317,755.653
Net Income After Tax		6,038,089.299	2,734,206.303
Plus Profits Carried Forward from 2000		1,013.588	559.146
Net Profits		6,039,102.887	2,734,765.449
Proposed Appropriation			
Legal Reserve To 50% Capital		2,207,972.342	1,367,382.725
Board Of Directors Remuneration		191,556.527	68,369.136
Stockholders Dividends		1,800,000.000	1,080,000.000
Provisions For Doubtful Debts		500,000.000	200,000.000
Provisions For Reserve		1,300,000.000	-----
General Reserve		39,000.000	18,000.000
Profits Carried Forward from 2001		574.018	1,013.588
T o t a l		6,039,102.887	2,734,765.449

The balance sheet :

As on 31/12/2001 compared with 31/12/2001 Amounts (in Lipyan dinars)

A S S E T S	* 1997	1998	1999	2000	2001
Cash and balances with CBL	11,258,857	25,123,513	36,362,726	57,045,306	115,280,275
Deposits and balances with banks	30,835,910	70,912,663	112,221,803	192,013,091	152,374,277
Investments	552,500	552,500	5,605,000	5,755,000	50,855,000
Loans and advances	5,722,897	8,947,902	13,294,893	21,623,517	31,260,199
Accounts receivable and other debtor balances	1,571,296	1,996,564	3,620,335	35,126,295	12,258,810
Fixed assets after deduction	1,840,299	2,400,940	3,306,418	3,620,616	3,322,965
Total assets	51,781,759	109,934,082	174,411,175	315,183,825	365,351,526
Liabilities & equity					
Liabilities					
Customer Deposits (current accounts)	31,883,020	76,258,706	116,258,956	167,816,069	235,667,063
Customer Time Deposits	2,800,000	4,975,000	2,700,000	11,270,000	7,000,000
Saving Deposits	2,482,631	5,034,643	11,009,770	12,611,202	20,572,560
Cash Securities	1,767,943	2,160,408	823,653	66,875,082	24,902,657
Accounts payable Other liabilities	8,163,343	16,104,581	37,696,776	43,878,958	60,111,266
Total liabilities	47,096,937	104,533,338	168,489,154	302,311,801	348,253,546
Owners Equity					
Capital	4,500,000	4,500,000	4,500,000	9,000,000	9,000,000
Legal Reserve	92,411	450,372	924,645	2,292,028	4,500,000
General Reserve	23,103	23,103	23,103	41,103	205,848
Various Provisions				200,000	1,400,000
Stockholders Profits and board Members remuneration	69,308	427,269	474,273	1,148,369	1,991,557
Profits carried forward			559	1,014	574
Total Owners equity	4,684,822	5,400,744	5,922,020	12,682,513	17,097,980
Total liabilities & Owners equity	51,781,759	109,934,082	174,411,175	315,183,825	365,351,526
Contingent accounts & other liabilities					
Letters of credit	970,723	7881,252	3,955,542	78,430,166	37,086,818
Local and Foreign Letters of guarantee	138,554	193,171	412,421	565,476	742,750
Travellers cheques in stock	63,735	7,402,460,485	7,348,852,390	7,310,303,650	7,302,296,910
Total Contingent accounts & other liabilities	1,173,012	7,410,534,908	7,353,220,353	7,389,299,293	7,340,126,478
Grand total	52,954,771	7,520,468,990	7,527,631,528	7,704,433,096	7,705,478,004

* 1997 - Covering Period from 15-06-1996 to 31-12-1997



Owners Equity Liabilities Assets



Numbers and Data :

As on 31/12/2001 compared with 31/12/2001 Amounts (in Libyan dinars)

	1997	1998	1999	2000	2001
Capital	4,500,000	4,500,000	4,500,000	9,000,000	9,000,000
Legal reserve	92,411	450,372	924,645	2,292,028	4,500,000
General reserve	23,103	23,103	23,103	41,103	205,849
Current accounts	31,883,020	76,258,706	116,258,956	167,816,069	235,667,063
Savings accounts	2,482,831	5,034,643	11,009,770	12,661,202	20,572,560
Time deposits	2,800,000	4,975,000	2,700,000	11,270,000	7,000,000
Loans and advances	5,722,897	8,974,902	13,294,893	21,623,517	31,260,199
Investments	552,500	552,500	5,605,000	5,755,000	50,855,000
Fixed assets	1,840,299	2,400,940	3,306,418	3,620,616	3,322,965
Total Assets and Liabilities	51,781,759	109,934,082	174,411,175	315,183,825	365,351,526
Earnings before taxes	414,784	1,890,062	2,415,183	7,051,962	14,532,006
Corporate and Jihad Tax	229,962	1,174,139	1,466,637	4,317,756	8,493,917
Net Income	184,822	715,922	948,546	2,734,765	6,038,917
Earnings Per Share before taxes	0.921	4200	5.367	7.836	16.147
Profit Per Share after taxes	0.411	1.591	2.108	3.037	6.710

* Covering Period from 15-06-1996 to 31-12-1997

Notes on the financial data

on 31/12/2001

The important Accounting

policies :

I. Foreign currencies:

The transactions in foreign currencies are recorded in Libyan Dinars at the exchange rates issued and published by the Central Bank of Libya at the time of the transaction. Assets and liabilities in foreign currencies are converted to Libyan Dinars at the exchange rates in force on the date of the Balance Sheet. Profits and losses resulting from valuation and from normal commercial activities are included in the revenue and expense accounts and are shown on the Balance Sheet when profits are realized.

II. Fixed assets depreciation:

Fixed assets are shown with their total cost, depreciation is calculated according to the straight line method according to the Executive Code of the Tax Law Number 64) 1973.

III. Investments:

Investments are shown with their cost value.

IV. Doubtful Debts:

A provision for doubtful debts was created, although the granted facilities is a minor figure in comparison with the total assets, and despite the practice of not calculating interest on non-moving debit accounts.

V. Interest income and expense:

Interest income and expense are based on the principle of historical accrual and commissions collected and paid are entered in the revenue account when they accrue.



Notes on the financial data

on 31/12/2001

The balance sheet :

The Balance Sheet for the financial year ended on 31/12/2001 totaled (365,351,525.921) LD against (315,183,824.947) LD for the previous financial period ended on 31/12/2000, an increase of (50,167,700.974) LD, and a rate of 16%). Following are notes of the most important items:

First: assets:

- Note no. (1)

The Cash balance in the vaults and with CENTRAL BANK OF LIBYA on 31/12/2001 was (115,280,275.185) LD against (57,045,306.493) LD for the year ended on 31/12/2000, and a rate of increase of approximately (102%). This item includes the following:

Balance in local currency

9,144,553.807 LD

Balance in foreign currency

33,197,719.187 LD

Balance with CENTRAL BANK OF LIBYA

64,420,339.421 LD

Local cheques under collection

8,517,662.770 LD

- Note no. (2)

The deposits with CENTRAL BANK OF LIBYA and the local and foreign banks on 31/12/2001 were (152,374,277.263) LD against (192,013,090.674) LD for the year ended on 31/12/2000, this item includes the following:

Balances with local banks

834,749.050 LD

Balances with foreign banks

37,789,528.213 LD

Time deposits with CENTRAL BANK OF LIBYA

104,750,000.000 LD

Time deposits with local banks

9,000,000.000 LD

- Note no. (3)

The total balance of local investments on 31/12/2001 was (5,855,000.000) LD against (5,755,000.000) LD for the year ended on 31/12/2000, an increase of (45,100,000.000) LD. The following table illustrates these investments :-

No.	Name of investment	Value in LD	Ratio
1-	Assafaa Development Company	500,000.000	10 %
2-	Attariq Computer Services Company	105,000.000	10 %
3-	Libyan Treasury Bonds	5,000,000.000	-----
4-	Almuttahida Insurance Company	150,000.000	1.5 %
5-	Alburag Airline Company	100,000.000	10 %
6-	Libyan Treasury Bills Dinars	45,000,000.000	-----
Total :		50,855,000.000	

Notes on the financial data

on 31/12/2001

- Note no. (4)

The Loans and advances total balance granted on 31/12/2001 was (31,260,198.638) LD against (21,623,561.517) LD for the year ended on 31/12/2000, an increase of (9,636,682.121) LD, and a rate of (45%). This item includes the following:

Overdrawn accounts 16,154,840.929 LD

Customer loans 14,979,520.000 LD

Employee loans 125,837.709 LD

- Note no. (5)

The balance of the fixed assets on 31/12/2001 was (2,653,763.206) LD, which represents the New Head Office in Benghazi, Tripoli and Tobruk Main Branches buildings and the purchase of new storage premises.

- Note no. (6)

The Accounts Receivable and other Debit Accounts total balance on 31/12/2001 was (9,605,046.860) LD against (35,126,295.228) LD for the year ended on 31/12/2000. This item includes the following balances:

Various accounts receivable 277,462.428 LD

Non-personal accounts (current assets)

..... 3,734,483.644 LD

Non-personal accounts under reconciliation

..... 78,659.075 LD

Local cheques in transit 1,819,838.991 LD

Branches and agencies account with HO

..... 3,674,082.495 LD

Cash against documents 20,565.227 LD

- Note no. (7)

The total net balance of the fixed assets after depreciation on 31/12/2001 was (3,322,964.769) LD against (3,620,616.035) LD for the year ended on 31/12/2000. This item includes the following :

Buildings (premises) 1,182,852.725 LD

Equipment, machines and spares 1,915,150.743 LD

Aluminum office dividers and fixtures ... 453,017.437 LD

Furniture and steel vaults 757,610.789 LD

Floor carpeting 32,622.400 LD

Automobiles 735,282.524 LD

Total fixed assets 5,076,536.618 LD

Bearing in mind that the total depreciation of these asset on 31/12/2001 was (1,753,571.849) LD, calculated on the basis of the straight line method for its estimated useful life in accordance with the fixed ratio stipulated in the Executive Code of the Tax Law Number 64) 1973, as follows :

Buildings (premises) 3 % ANNUALLY

Equipment, machines and spares 20 % ANNUALLY

Aluminum office dividers and fixtures 10 % ANNUALLY

Furniture and steel vaults 10 % ANNUALLY

Floor carpeting 10 % ANNUALLY

Automobiles 20 % ANNUALLY



Notes on the financial data

Notes on the financial data

on 31/12/2001

on 31/12/2001

Second : liabilities and owners equity:- Note no. (8)

Customer balances in the form of current accounts payable in local and foreign currencies for both natural and legal persons (public and private), corporations and partnerships was (235,938,119.156) LD on 31/12/2001 against (167,816,069.382) LD for the year ended on 31/12/2000, an increase of (68,122,049.774) LD, and a rate of (40 %). The following is an note of the composition of this item:

Current accounts for Public Organizations and Companies 37,110,566.721 LD
Current accounts for Corporations And partnerships 32,817,737.714 LD
Current accounts for natural individuals 161,778,335.500 LD
Companies and Individual accounts in Foreign currencies 3,841,930.521 LD
Non-moving current accounts 20,354,750 LD
Frozen current accounts 369,193.950 LD

- Note no. (9)

The total customer deposits on 31/12/2001 was (7,000,000.000) LD against (11,270,000.000) LD for the year ended on 31/12/2000.

- Note no. (10)

The total balance of children and adult saving accounts on 31/12/2001 was (20,572,560.002)

LD against (12,661,202.134) LD for the year ended on 31/12/2000, an increase of (7,961,357.868), and a rate of (63 %). The interest rate for savers is (5% - 6%) in accordance with the directives issues by the Banking Control Department of CENTRAL BANK OF LIBYA.

- Note no. (11)

The balance of the cash guarantees on confirmed letters of credit and local letters of guarantee for some industrial, construction and shipping agencies on 31/12/2001 was (24,902,657.507) LD against (66,875,082.350) LD for the year ended on 31/12/2000. This item includes the following:

Cash guarantees on letters of credit 24,623,977.207LD
Cash guarantees on letters of guarantee 278,680.300LD

- Note no. (12)

Certified cheques balance on 31/12/2001 was (24,500,125.309) LD.

- Note no. (13)

The Accounts payable and other liabilities total on 31/12/2001 was (35,340,084,438) LD against (43,878,957.935) LD for the year ended on 31/12,2000. This item includes the following accounts:

Various accounts payable (general) ... 1,193,050.351 LD
Non-personal accounts (current liabilities)

..... 21,804,082.215 LD

Non-personal accounts under reconciliation

..... 10,184,072.212 LD

Provision for Taxes on profits 2,158,879.660 LD

This item includes tax provision accrued on last year (2000) in addition to the current liabilities items which includes accrued expenses of lighting, water, post, fax, telephone, the external auditors' fees and the expenses of printing the annual report for the year 2001.

- Note no. (14 A)

The total Stockholders Equity on 31/12/2001 was (17,197,979.509) LD against (12,682,513.146) LD on 31/12/2000, an increase of (4,515,466.363) LD, and a rate of (36 %).

Not clear

I. Nominal capital in accordance with the articles of incorporation is (9,000,000.000) LD divided into (900,000) shares - all were paid in before 31/12/2000. The owners of these shares are 1646 stockholders 1046 males and 545 females, natural and legal persons 37 private and public organizations.

- Note no. (14 B)

The legal reserve on 31/12/2001 was (4,500,000.000) LD against (2,292,027.658)

- Note no. (14 C)

The general reserve on 31/12/2001 was (205,848.964) LD against (41,102.764) on 31/12/2000, an increase of (164,746.200) LD, and a rate of (400%).

- Note no. (15)

Total special reserve was (1,400,000.000)LD To cover:
300,000.000LD For any new income taxed and insdrnce expenses.
400,000.000LD To Face any Future Investment

Loses.

300,000.000LD For Legal expenses.

400,000.000LD Reserve to Purches New equipment.

- Note no. (16)

Profits appropriated to Stockholders and Board of Directors' remuneration amounted to(1,991,556.527) LD as follows:

Board of Directors' remuneration at 5 % of the net profits, an amount of (191,556.527) LD

Stockholders dividends, an amount of

(1,800,000.000) LD.



Notes on the financial data

on 31/12/2001

The income

Statement :

The operating profit before deducting the provisions on 31/12/2001 was 14,532,006.209 LD against (7,051,961.956) LD on 31/12/2000, an increase of (7,480,044.253) LD, and a rate of (106 %). After deducting the provision for the taxes accrued on the year's profits, the net profit was (6,038,089.299) against (2,734,206.303) LD on 31/12/2000, an increase of (3,303,882.996) LD, and a rate of (121 %).

The year ended on 31/12/2001 was charged with (613,050.000) LD as assets depreciation composed for the following:

Buildings	35,485.000 LD
Equipment, machines and spares	340,906.000 LD
Aluminum office dividers and fixtures	38,275.000 LD
Furniture and steel vaults	5,854.000 LD
Floor carpeting	2,969.000 LD
Automobiles	129,561.000 LD

- Note no. (17)

The total interest income on 31/12/2001 was (9,164,544.559) LD against (6,752,277.020) LD for 31/12/2000, an increase of (2,412,267.539) LD, and a rate of (36%). This

item includes the interest income from the overdwan accounts, deposits with CENTRAL BANK OF LIBYA and the local banks and other interest income as follows:

Interest on overdrawn accounts	384,903.459 LD
Interest on deposits with CENTRAL BANK OF LIBYA and local banks	3,079,270.887 LD
Branches and agencies interest	2,957,751.366 LD
Other interest income	2,345,237.800 LD
Correspondent's interest	397,381.047 LD

- Note no. (18)

The total interest expenses on 31/12/2001 was (4,937,505.538) against (3,317,254.262) LD on 31/12/2000, an increase of (1,620,251.276) LD, and a rate of (49%). This item includes interest paid on customer deposits, savings accounts, interest paid to the branches and other interest as follows:

Time deposits interest	323,539.966 LD
Savings accounts interest	793,958.767 LD
Other paid interest	862,255.439 LD
Branches and agencies interest	2,957,751.366 LD

It is noted from notes 17 and 18 that the value of the interest income from the branches and agencies is exactly equivalent to the interest expenses paid to them for their accounts payable balances with the Head Office.

Notes on the financial data

on 31/12/2001

- Note no. (19)

REVENUE

The total for this item on 31/12/2001 was (14,666,009.476) LD against (6,471,857.901) LD on 31/12/2000, an increase of (8,194,151.575) LD, and a rate of (127%). This item includes commissions collected on letters of credit, local and foreign transfers, letters of guarantee, currency differential from international operations, and revenue from the sale of foreign currency and other various revenues:

Commissions collected	434,758.745LD
Currency differential	203,918.126LD
Post, telex and telephone	178,262.562LD
Other revenue	950,203.467LD
Employees' expenses	1,302,288.851 LD
Other administrative expenses	2,409,703.437 LD
External auditors's fees	36,000.000 LD
Assets' depreciation	613,050.000 LD

Revenue from the sale of travellers' Cheques, phone banking and credit cards 13,914.078LD

- Note no. (20)

GENERAL AND ADMINISTRATIVE EXPENSES

The total for this item one 31/12/2001 was (4,361,042.288) LD against (2,854,918.703) LD for 31/12/2000, an increase of (1,506,123.585) LD, and a rate of (52.8%). This item includes the following :

BANK EMPLOYEES' EXPENSES FOR THE PERIOD FROM 1/1/2001 UNTIL 31/12/2001

01- Salaries and wages	817,461.506 LD
02- Cash compensations and allowances	262,579.335 LD
03- Grants, payments and extra wages	33,544.000 LD
04- Bank's Social Security contribution	91,892.251 LD
05- Medical care expenses	35,519.813 LD
06- Local and foreign training	18,367.812 LD
07- Business travel expenses	33,483.634 LD
08- Bank employees' accident and death insurance policy	63,074.700 LD
09- Uniform for the non clerical employees and other expenses	9,440.500 LD
Total Bank Employees' Expenses	1,365,363.551 LD



Notes on the financial data

on 31/12/2001

GENERAL AND ADMINISTRATIVE EXPENSES AND ASSETS' DEPRECIATION ON 31/12/2001

01- Rent of office space for branches and agencies	524,841.720 LD
02- Printing and stationary	182,984.668 LD
03- Publicity and advertising	144,753.000 LD
04- Insurance premiums on assets and vaults	170,929.673 LD
05- Maintenance and repair of equipment and furniture	130,789.750 LD
06- Contributions and donations	153,550.000 LD
07- Post, fax, telephone and couriers	59,277.515 LD
08- Automobile maintenance and fuel	31,687.755 LD
09- Stamp tax expenses	32,244.118 LD
10- External auditors' fees	36,000.000 LD
11- Bank software systems expenses	750,000.000 LD
12- Bank buildings maintenance expenses	23,440.000 LD
13- CENTRAL BANK OF LIBYA commissions for sale of treasury bonds	56,250.000 LD
14- Membership fees in the Unions of Arab and Almagreb Banks and the Libyan Banks Association	20,822.674 LD
15- Premises guards' expenses	30,323.364 LD
16- Lighting, airconditioning and fines expenses	38,823.604 LD
17- Litigation and penalties expenses	4,118.874 LD
18- Travel tickets, local and abroad	15,602.450 LD
19- Establishment of some branches and hospitality expenses	55,635.185 LD
20- Other administrative expenses	20,554.387 LD
21- Fixed assets' depreciation	613,050.000 LD
Total administrative and general and depreciation expenses	3,095,678.737 LD

- Note no. (21)

Calculating the corporate and Jihad taxes on the Bank's profit for the year ended on 31/12/2001

Branch or Agency	Amount Libyan Dinars	Percentage of contribution to total profit
Head Office	-356,508.278	(- 2.4 %)
Benghazi Main Branch	3,484,777.004	23.9 %
Tripoli Main Branch	3,352,335.796	23.1 %
Misurata Main Branch	1,335,683.377	9.2 %
Tobruk Main Branch	3,883,487.109	26.7 %
Az-Zawia Main Branch	258,903.050	1.8 %
Gout Ashaal Agency Tripoli	760,018.657	5.2 %
Alforosia Agency Benghazi	909,614.690	6.3 %
Africa Center Agency Misurata	882,051.604	6.1 %
Benina Internation A/P Agency	21,643.200	0.1 %
Total :	14,532,006.209	100 %

The total profits during the financial year ended on 31/12/2001 was fourteen million, five hundred and thirty thousand and six Libyan Dinars and 209 Dirhams, subject to the corporate tax, J. tax and stamp tax according to the laws in force. It is worth noting that the Tobruk Main Branch, Az-Zawia Main Branch and the Benina International Airport Agency were opened on 13/3/2001, 6/9/2001 and 1/10/2001 respectively, nonetheless all them generated profits after deducting all the administrative, general, establishment and depreciation expenses. The following is a detailed note of the calculation of the corporate, J. and stamp taxes:

Notes on the financial data

on 31/12/2001

Gross profit after all expenses 14,532,006.209 LD

Income tax accrued on profits:

Income tiers	Tax per.	Tax amount
FIRST	20 %	2,000.000 LD
SECOND	25 %	5,000.000 LD
THIRD	30 %	9,000.000 LD
FOURTH	40 %	16,000.000 LD
FIFTH	45 %	22,000.000 LD
(+) 14,382,006.209 LD	remainder	54,000.000 LD
(-) 1,270,821.974 LD	minus interest on Treasury Bills 2001	
13,111,184.235 LD	Tax Value	7,866,710.541 LD
	Corporate Tax due	7,921,210.541 LD
14,532,006.209 LD	Total -----	
(-) 1,270,821.974 LD	minus interest on Treasury Bills 2001	
13,261,184.235 LD	X J. tax	530,447.369 LD
	Total corporate and J. tax	8,451,657.910 LD
	Stamp tax at 0.005 %	42,259.000 LD
	Total taxes including stamp tax	8,493,916.910 LD



Notes on the financial data

on 31/12/2001

GENERAL AND ADMINISTRATIVE EXPENSES AND ASSETS' DEPRECIATION ON 31/12/2001

01- Rent of office space for branches and agencies	524,841.720 LD
02- Printing and stationary	182,984.668 LD
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11- Bank software systems expenses	750,000.000 LD
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13- CENTRAL BANK OF LIBYA commissions for sale of treasury bonds	56,250.000 LD
14- Membership fees in the Unions of Arab and Almagreb Banks and the Libyan Banks Association	20,822.674 LD
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17- Litigation and penalties expenses	4,118.874 LD
18- Travel tickets, local and abroad	15,602.450 LD
19- Establishment of some branches and hospitality expenses	55,635.185 LD
20- Other administrative expenses	20,554.387 LD
21- Fixed assets' depreciation	613,050.000 LD
Total administrative and general and depreciation expenses	3,095,678.737 LD

- Note no. (21)

Calculating the corporate and Jihad taxes on the Bank's profit for the year ended on 31/12/2001

Branch or Agency	Amount Libyan Dinars	Percentage of contribution to total profit
Head Office	-356,508.278	(- 2.4 %)
Benghazi Main Branch	3,484,777.004	23.9 %
Tripoli Main Branch	3,352,335.796	23.1 %
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Tobruk Main Branch	3,883,487.109	26.7 %
Az-Zawia Main Branch	258,903.050	1.8 %
Gout Ashaal Agency Tripoli	760,018.657	5.2 %
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Africa Center Agency Misurata	882,051.604	6.1 %
Benina Internation A/P Agency	21,643.200	0.1 %
Total :	14,532,006.209	100 %

The total profits during the financial year ended on 31/12/2001 was fourteen million, five hundred and thirty thousand and six Libyan Dinars and 209 Dirhams, subject to the corporate tax, J. tax and stamp tax according to the laws in force. It is worth noting that the Tobruk Main Branch, Az-Zawia Main Branch and the Benina International Airport Agency were opened on 13/3/2001, 6/9/2001 and 1/10/2001 respectively, nonetheless all them generated profits after deducting all the administrative, general, establishment and depreciation expenses.

The following is a detailed note of the calculation of the corporate, J. and stamp taxes:

Notes on the financial data

on 31/12/2001

Gross profit after all expenses 14,532,006.209 LD

Income tax accrued on profits:

Income tiers	Tax per.	Tax amount
FIRST 10,000.000 LD	20 %	2,000.000 LD
SECOND 20,000.000 LD	25 %	5,000.000 LD
THIRD 30,000.000 LD	30 %	9,000.000 LD
FOURTH 40,000.000 LD	40 %	16,000.000 LD
FIFTH 50,000.000 LD	45 %	22,000.000 LD
(+) 14,382,006.209 LD	remainder	54,000.000 LD
(-) 1,270,821.974 LD	minus interest on Treasury Bills 2001	
13,111,184.235 LD	Tax Value	7,866,710.541 LD
	Corporate Tax due	7,921,210.541 LD
14,532,006.209 LD	Total -----	
(-) 1,270,821.974 LD	minus interest on Treasury Bills 2001	
13,261,184.235 LD	X J. tax 4 %	530,447.369 LD
	Total corporate and J. tax	8,451,657.910 LD
	Stamp tax at 0.005 %	42,259.000 LD
	Total taxes including stamp tax	8,493,916.910 LD



Auditors Report

Date: 11/2/2002

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 December 2001 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 31/12/2001 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 Standards on Auditing, which require that we plan and perform our examination to obtain reasonable assurance about whether the financial statements are free of material misstatement. Our examination covered, on a test basis, evidence supporting the amounts and disclosures in the financial statements. Our examination also included the assessment of the accounting principles used and the significant estimates made, as well as evaluating the overall financial statements 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 and the Board of Directors' Report.

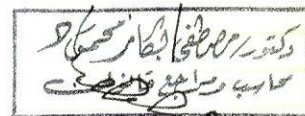
In our opinion, the financial statements present fairly the financial position of the Bank as of 31 December 2001, and the results of its operations for the year then ended in accordance with Generally Accepted Accounting Principles, which the Bank follows consistently.



Ibrahim Baroni
Authorized Public Accountant



Mohamed B. Barghathi
Authorized Public Accountant



Dr. Mustafa B. Mahmoud
Authorized Public Accountant

Copy to: The Governor, Central Bank of Libya