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The Fourteenth Annual Report 2010

BANK OF COMMERCE

BANK OF COMMERCE
& DEVELOPMENT

A Libyan Joint Stock Company
First and Largest Private Bank in Libya

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The Fourteenth Annual Report 2010

Supervised by

Mr. jamal Attaib Abdulmalik

Prepared by:

Mr. Tareg Muftah Alhaddad

Mr. Waseem Abdalla Zwaee

Translated by:

Abdulgader R. Ettaib

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
50,000,000 LYD (Fifty Million Libyan Dinar)

Stockholders
Natural persons (2667)
Juridical persons (37)

Table of Contents

Head Office – Benghazi
BOCD Tower - Gamal A / Nasir Str.
Alberka - Benghazi
Telex: 40298 BCD HOLY
P.O.Box: 9045
Tel: +218 - 61 - 9097300 / 2242111
Service Number: Ext 1478
(Admin 1009 - Shareholders 1023)
Email: info@bcd.ly
SWIFT: CDBLLYLT

Branches

1. Benghazi Main Branch
Burj Almukhtar Building - Gamal A /Nasir Str. - Benghazi
P.O.Box: 9160
Tel: +218 - 61 - 9080555 / 9097361
Fax: +218 61 - 9080444

2. Tripoli Main Branch
Annasr Str. - Bumashmasha - Tripoli
P.O.Box: 91210
Tel: +218 - 21 - 3335846 / 3335477
Fax: +218 - 21 - 3335846 / 3335477

3. Misurata Main Branch
The Permanent Industrial Fair - Adjacent to Aljamia Alaali - Misurata
P.O.Box: 78
Tel: +218 - 51 - 629550 / 629551
Fax: +218 - 51 - 629538

4. Tobruk Main Branch
BOCD Bldg - Tobruk
P.O.Box: 28/86
Tel: +218 - 087 -76294025
Fax: +218 - 87 - 621208

5. Azzawia Main Branch
Alamlak Bldg - Oqba Bin Nafee Str. - Azzawia
P.O.Box: 120
Tel: +218 - 23 - 620164 / 620057
Fax: +218 - 23 - 620195

6. Albieda Main Branch
Tel: +218 - 84 - 635694
Fax: +218 - 84 - 635694

7. Zletin Main Branch
AlQyadat Ashabia Investment Building - Misurata Str. I Zletin
Tel: +218 - 51 - 4627716
Fax: +218 - 51 - 4627720

8. Dat Elemad Branch
Dat Elemad Buildings - Tower 1 - Tripoli
Tel: +218 - 21 - 3350530
Fax: +218 - 21 - 3350206

9. Sirte Main Branch
Tel: +218 - 545 - 250044 / 250043

10. Derna Main Branch
Tel: +218 - 81 - 5373 263/ 5374 263

11. Al khams Main Branch
Ben Jeha Area - next to Moujamaa almahakem
Tel: +218 - 53621867 / 53260579
+218 - 532621780

Agencies

1. Addawa Alislamia Agency
Addawa Alislamia Building - Benghazi
Tel: +218 - 61 - 9082057
Fax: +218 - 61 - 9081482

2. Burj Tripoli Agency
Burj Alfateh - 2nd floor - Office no. 1 - Tripoli
Tel: +218 - 21 - 3351115 / 3351117
Fax: +218 - 21 - 3351118 / 3351119

3. Gout Ashaal Agency
Zarqaa Alyamama Center - no. 2 - Gout Ashaal - Tripoli
Tel: +218 - 21 - 4838758 / 4838762
Fax: +218 - 21 - 4838762

4. Alforosia Agency
Alforosia Investment Complex - Aljazeera Dist. - Benghazi
Tel: +218 - 61 - 9082057
Fax: +218 - 61 - 9081482

5. Gargarish Agency
Alandalus Dist. - Tripoli
Tel: +218 - 21 - 4841531 / 4841532
Fax: +218 - 21 - 4841533

6. Gasr Hamad Agency
Misurata
Tel: +218 - 51 - 2743024
Fax: +218 - 51 - 2743023

7. Benina International Airport Agency
Benina International Airport - Benghzi
Tel: +218 - 61 - 9081483
Fax: +218 - 61 - 9081483

8. Musaad Border Agency
Mutamar Former Building - Musaad
Tel: +218 - 87 - 629404
Fax: +218 - 87 - 629404

9. Tripoli International Airport Agency
Tripoli International Airport - Tripoli
Tel: +218 - 22 - 634644
Fax: +218 - 22 - 634645

10. Alberka Agency
BOCD Tower - Gamal A/Nassir Str- Benghazi
Tel: +218 - 61 - 2239210
Fax: +218 - 61 - 2239210

11. Alhadaiq Agency
Alfwaihat - Benghazi
Tel: +218 - 61 - 2233516
Fax: +218 - 61 - 2239823

12. Alfunduk Alkabir Agency
Alfunduk Alkabir - Tripoli
Tel: +218 - 21 - 3334072
Fax: +218 - 21 - 3334073

13. Gialo Agency
Gialo City
Tel: +218 - 61 - 224581
Fax: +218 - 2507657/ +218 - 6572238

14. Child Agency
Benghazi
Tel: +218 - 61 - 2241782
Fax: 218 - 61 - 2241781

15. Zwara Agency
Gamal A/Nasir Street - Coastal Road - Zwara
Tel: +218 - 25 - 220130
Fax: +218 - 25 - 220134

16. Adjedabia Agency
Benghazi Street - Adjedabia
Tel: +218 - 64 - 628670
Fax: +218 - 64 - 628671

17. Almadar Agency
Sports City - Tripoli
Tel: +218 - 91 - 90539
Fax: +218 - 91 - 90540

18. Alfwaihat Agency
Benghazi
Tel: +218 - 61 - 2239925
Fax: +218 - 61 - 2239924

19. Alwahda Alarabia Agency
Benghazi
Tel: +218 - 61 - 2239169
Fax: +218 - 61 - 2239206

20. Souk Aljuma Agency
Tripoli
Tel: +218 - 21 - 353946
Fax: +218 - 21 - 3513997

21. Tajouraa Agency
Tajouraa Alwosta - Almouzdawej Str.
Tel: +218 - 21 - 3690937
+218 - 21 - 3690137

Business Centers

1. Tripoli Business Center
Datelemal Buildings - Tower 1 - Tripoli
Tel: +218 - 21 - 3350205
Fax: +218 - 21 - 3350200

2. Benghazi Business Center
Addawa Alislamia Building
Tel: +218 - 61 - 9082057
Fax: +218 - 61 - 9081482

The Board of Directors

Jamal T. Abdelmalek
Chairman of the Board

Fadelalla Faraj Fanoush
Deputy Chairman of the Board

Mohamad Mohamad Hawidi
Board Member

Aiad Assaid Edhaim
Board Member

Ali Mansour Alasbali
Board Member

Abd elhamid Alraiid
Board Member

Waniss Mohamad Aloujali
Board Member

Omar Faraj Lahaiwel
Secretary of the Board

Control Committee

Ramadan Younis Kwairi
Control Committee Chairman

Hassan Omran Haroun
Control Committee Member

Abdelbasit Abdussalam Alfaituri
Control Committee Member

Executive Management

1. **Khaled Al-Hadi Derbee**
   Acting Banking Operations Manager
2. **Mohammed Al-Mabrouk Al-Jhany**
   Acting Banking Operations Manager
3. **Idrees Ismael A-Tashany**
   Acting Assistant General Manager
4. **Waseem Abdalla Al-Zwayey**
   Acting Administration & personnel Manager
5. **Bashir Hassan Huti**
   Acting Systems Manager
6. **Jasser Mansour Al-Sanosi**
   Acting Credit Manager
7. **Ali Ashor AlWarfali**
   Acting Inspection Manager
8. **Khalifa Mohammed Al-Naas**
   Legal Office Manager

Audit Department

1. **Bashir Hassan Huti**
   Acting Internal Audit Manager
2. **Tariq Muftah Alhaddad**
   Acting Risk Manager
3. **Fawzi Ahmad Al-Hawwaz**
   Compliance Section Head

Bank of Commerce and Development Vision

Our Vision
The bank of commerce and development aspires to be the first bank favored by everyone.

Our Mission
To provide the best, highest quality and fastest modern banking services.

To introduce the most advanced technologies and methods in the banking industry.

To satisfy our costumers 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 profits and reduce costs to increase Stockholders' equity and strengthen the Bank financial position.

To build a soud 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.

Chairman's Message

Ladies and Gentlemen,
Customers / Shareholder of the Bank of Commerce and Development

On my behalf and on behalf of the members of the Governing Council to present to you the annual report to the Trade and Development Bank for the financial year ended: 31/12/2010, including a summary of the results and financial statements of the bank, and to declare to you that your bank has achieved rates of growth and balanced results which were the results of the strategy formulated by the Board based on differentiating banking services and products and continuation of the process of development and innovation depending on technology and communications affirming once again its position as a leader in the Libyan banking sector.

The bank's total assets increased from approximately (LYD 2,179,710,613.804) In 2009, to about (LYD 2,278,030,749.338) In 2010, an increase of (LYD 98,320,135.534) at (5%). Total deposit liabilities increased from about (LYD 2,031,411,585.750) In 2009, to about (LYD 2,150,862,059.333) in 2010, a rate of increase of (6%).

Total shareholders' equity increased from about (LYD 100,141,223.467) In 2009, to (LYD 111,417,318.395) in 2010, an increase of (LYD 11,276,094.928) at (13%), meanwhile total profits amounted to (LYD 35,807,550.223).

As the bank continued to consolidate its share in the Libyan banking market, thus maintaining its fifth place among the banks operating in Libya, taking the lead over 10 commercial banks; the four major state owned banks took the four leading positions.

The Bank continued to provide more advanced banking services to a growing base of customers, through the opening of more modernized branches in Khoms and Tajoora, as well as ATM's, which cover most of the Libyan cities. In addition, internet banking services and mobile phone banking service. The latest of these were the service known as (123) and the (Wathba), which enabled blind people to deal with their current accounts through the mobile phone, and enabling customers to transfer money, buy cards, pay bills of the Telephone Company, Electricity Company, Al - Madar and Libyana.

In the area of credit facilities, the Bank worked on attracting and granting direct and indirect credit for many of the customers, following evaluation and assessment of their returns and obtaining good securities.

On the other hand, we continued to invest in our human resources. Our employees were provided sufficient care by raising their professional level through holding a number of intensive specialized training courses.

With regard to the Bank shares performance in the Libyan Stock Market, 2010 witnessed a rise in the market value of the shares, as the share price during the month of April 2010 reached (LYD 25.660), the highest among commercial banks listed on the Libyan Stock Market.

The Bank of Commerce and Development will continue its commitment growth and concentration on providing the highest quality of services, which will guarantee excellent returns to its shareholder, while taking the utmost care to achieve the highest levels of customer satisfaction.

In conclusion, the Board of Directors would like to extend its thanks to all bank customers, its staff for their dedication and devotion to work, during the year 2010, looking forward to further success and prosperity in the coming years, God willing.

May peace and God's mercy and blessings be upon you.
JAMAL ATTAIB ABDULAMALIK I Board Chairman

The Board of Directors
As the Board operations are governed Libyan Banking Law No. (1) 2005, and as the Bank of Commerce and Development has adopted the Institutional Governance Guide, aiming at attaining the principles of institutional governance by separation of top management from executive management in terms of responsibilities and delegation of authority.

Board Meetings
The Board of Directors held (10) meetings during the year 2010, which here attended by all members of the Board.

Board Committees
With reference to the Board of Directors of the Central Bank of Libya resolution No. (20) 2010, to adopt the Governance Guide in the banking sector, permanent committees were formed in compliance with the stipulations of the Governance Guide as follows:

A. The Audit Committee:

Committee Members:
1. **Mr. Fadlallah Faraj Fannosh**
   Chairman
2. **Mr. Ayad Assid Adhaim**
   Member
3. **Mr. Mohamed Wanis Alaujali**
   Member
4. **Mr. Mohamed Mohamed Howeidi**
   Member

B. Risk Management Committee:

Committee Members:
1. **Mr. Jamal Attaib Abdulmalik**
   Chairman
2. **Mr. Abdulhameed Mohamed Araeid**
   Member
3. **Mr. Mohamed Mohamed Howeidi**
   Member
4. **Mr. Ayad Assaid Dhim**
   Member

C. Employment and Compensation Committee:

Committee Members:
1. **Mr. Ali Mansour Asbali**
   Chairman
2. **Mr. Mohamed Mohamed Howeidi**
   Member
3. **Mr. Wanis Mohamed Aujali**
   Member

D. Governance Committee:

Committee Members:
1. **Mr. Fadlallah Faraj Fanosh**
   Chairman
2. **Mr.Abdulhameed Mohamed Araeid**
   Member
3. **Mr. Ali Mansour Asbali**
   Member

Additionally, the Credit Facilities Committee, consisting of:

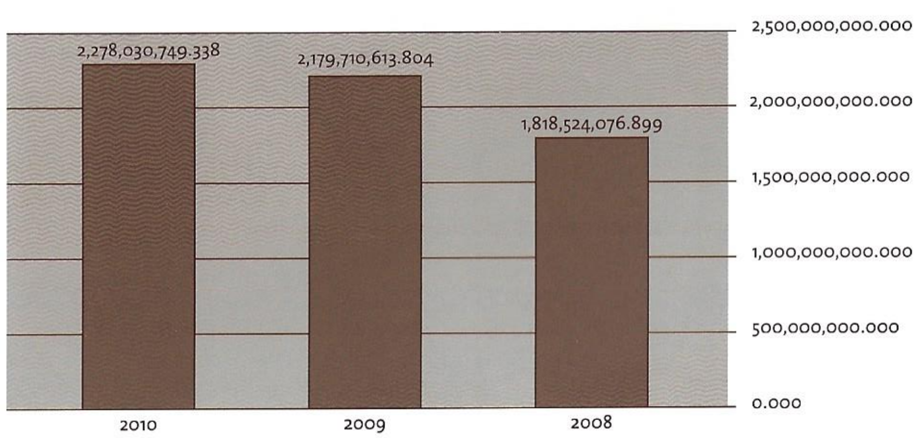
1. **Mr. Fadlallah Faraj Venosh**
   Chairman
2. **Mr. Wanis Mohamed Aujali**
   Member
3. **Mr. Khaled Hadi Derby**
   Member

I. The Most Significant Indicators in the Balance Sheet on 31/12/2010

1. Assets:

The Bank assets have shown significant growth on: 31/12/2010, amounting to a total of (LYD 2,278,030,749.338), an increase of (LYD 98,320,135.534) over the financial year ended: 31/12/2009, which had total assets of (LYD 2,179,710,613.804l), a rate of increase of (5%).

Assets



The following is a clarification of the items of the most important assets:

A. balances with local and foreign banks:
The balance of this item at the end of 31/12/2010, was (LYD 611,692,204.406) against (LYD 642,887,510.071) at the end of 2009, a decrease of (LYD 31,195,305.665), a rate of (5%), This shortage was a result of Central Bank of Libya instructions, limiting the amounts that may be held by the Bank with correspondents abroad, and compelling the Bank to maintain its balance below a certain ceiling.

B. Certificates of Deposit with the Central Bank of Libya:
The balance of Certificates of Deposit on 31/12/2010, amounted to (LYD 837,901,148.231), against the amount of (LYD 857,329,210.606), for the year ended on 31/12/2009, a decrease of (2%). Returns on the Certificates of Deposit on 31 /12/2010, amounted to (LYD 9,947,180.697), against the amount of (LYD 15,408,393.603), on 31/12/2009, this is attributed to lower interest rates on Certificates of Deposit according to the resolutions of the Board of Directors of the Central Bank of Libya, which led to a significant shortfall in revenues and returns of Certificates of Deposit.

C. Deposits with foreign banks:
The balance of deposits with foreign banks on 31/12/2010, amounted to (LYD 74,305,852.860), against the amount of (LYD 18,735,121.205), on the end of 31/12/2009, an increase of (LYD 55,570,731.655), at a rate of (300%).

The Bank assets have shown significant growth on 31/12/2010, amounting to a total of (LYD 2,282,182,110.338)

D. Local Investments:
The total Local Investment net of Provisions at the end of 31/12/2010, amounted to (LYD 6,658,458.000), against the amount of (LYD 6,658,458.000), on the end of 31/12/2009 .

E. Loans and Advances net of Provisions:
The total balance of credit facilities on: 31/12/2010, amounted to (LYD 367,794,022.360), against (LYD 359,189,687.730), on 31/12/2009, an increase of (LYD 8,604,334.630), by a rate of (3.5%).

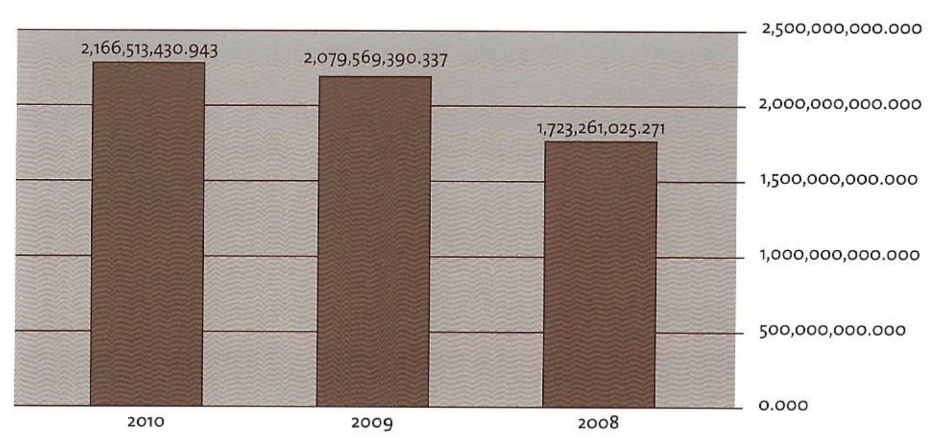
F. Receivables and other Debit Balances:
The total of this item on 31/12/2010, amounted to (LYD 15,160,724.151), against the amount of (LYD 18,046,884.691), on 31/12/2009, a decrease of (LYD 2,886,160.540), by a rate of (19%) .

G. Fixed Assets:
The total fixed assets after deducting depreciation on 31/12/2010, amounted to (LYD 51,147,037.155), against the amount of (LYD 42,991,076.847), on 31/12/2009, an increase of (LYD 8,155,960.308) by a rate of (18%).

2 Liabilities

Liabilities rose remarkably on 31/12/2010, to reach the amount of (LYD 2,166,613,430.943), an increase of (LYD 86,944,040.606), at a rate of (4%) over the financial year ended on 31/12/2009, with total liabilities amounting to (LYD 2,079,569,390.337)

Liabilities



The following is a clarification of the most important balance sheet items:

A. Customer Deposits:
Total customer deposits balances in the form of creditor current accounts, in

Libyan Dinars as well as Foreign currencies for natural and juridical persons; on 31/12/2010, amounted to (LYD 1,937,668,057.824), an increase of (153,436,735.491 LYD), by a rate of (8%), over the financial year ended on 31/12/2009, which amounted a total of (1,784,231,322.333).

B. Customer Time Deposits:
Total time deposit balances at the end of 31/12/2010, amounted to (LYD 37,623,750.000), against (LYD 91,643,130.830), for the financial year ended on 31/12/2009, a decrease of (LYD 54,019,380.830), at a rate of (-143%) .

C. Savings Deposits:
This item represents the total Savings Accounts for young and old customers, which on the end of 31/12/2010, reached the amount of (LYD27,033,797.057), (LYD 22,226,580.713), for the financial year ended on 31/12/2009, an increase of (LYD 4,807.216.344), by a rate of (22%).

D. Cash Guarantees:
The balance of this item at the end of 31/12/2010, amounted to (LYD 63,597,556.594), against (LYD 53,768,011.911), for the financial year ended on 31/12/2009, an increase of (LYD 9,829,544.683), by a rate of (18%).

During 2010 the Bank witnessed distinguished and significant growth of its foreign operations, in particular those related to bills for collection, which had a greater impact on increasing the Bank earnings

II. Banking Operations

During 2010 the Bank witnessed distinguished and significant growth of its foreign operations, in particular those related to bills for collection, which had a greater impact on increasing the Bank earnings, as demonstrated by the figures of its operations indicated by the following:

1. Documentary Credits:

A. Letters of Credit (Import):
Letters of credit (import) opened by the Bank's branches and agencies, during the year 2010, numbered (412). The value of the opened letters of credit (import) during the year 2010, amounted to (LYD 160,885,482.712), compared to the value of import letters credits from the previous year, which amounted to (LYD 172,839,000.031), a decrease of (LYD 11,953,517.319), by a rate of (-7%). The following is an illustration of the total opened letters of credit and their value in the currency of issue and the Libyan Dinar equivalent:

Letters of Credit (Import) USD

Number of L/C's	Total	LYD
203	55,518,119.12	69,802,931.170

Letters of Credit (Import) EUR

Number of L/C's	Total	LYD
205	54,235,224.27	90,307,071.932

Letters of Credit (Import) GBP

Number of L/C's	Total	LYD
1	252,850.00	492,703.510

Letters of Credit (Import) TND

Number of L/C's	Total	LYD
3	325,030.00	282,776.100

B. Letters of Credit (Export):
The balance of export letters of credit opened until 31/12/2010, amounted to (LYD 273,860.000), compared to (LYD 5,666,256.329), a decrease of (LYD 5,392,396.329), as follows:

Letters of Credit (Export) LYD

Number of L/C's	Total	LYD
2	273,860	273,860

C. Local Letters of Credit:
Local inward letters of credit at the end of 31/12/2010, amounted to (LYD 1,768,094,328.000), at the end of 31/12/2010, they amounted to (LYD 877,925,131.370), an increase of (LYD 890,169,196.630), a rate of (101%).

2. Foreign Bills for Collection:

Foreign Bills for Collection executed during the financial year ended on 31/12/2010, amounted to (LYD 1,270,193,667.771), on 31/12/2009, they amounted to (LYD 616,592,595.910), an increase of (LYD 653,601,071.861), at a rate of (106%).

Following is an illustration of the total number of inward bills for collection, executed and their value by currency and equivalent LYD:

Bills for collection USD

No of Bills	Total	LYD
1724	603,129,425.01	758,314,626.065

Bills for collection EUR

No of Bills	Total	LYD
913	305,468,826.07	508,636,140.624

Bills for collection GBP

No of Bills	Total	LYD
19	1,100,335.16	2,144,113.093

Bills for collection TND

No of Bills	Total	LYD
23	1,262,974.70	1,098,787.989

3. Letters of Guarantee:

The value of local and foreign letters of guarantee for the year ended on 31/12/2010, amounted to (LYD 147,520,482.459), a decrease of (LYD 15,867,870.091), from the year ended on 31/12/2009, which amounted to (LYD 163,388,352.550), a rate of (-10%).

4. Foreign Transfers:

A. Outward Foreign Transfers:
The year 2010 witnessed executing 20772 outward transfers in various currencies valued at the equivalent of (LYD 1,319,027,108.039), in the financial year ended on 31/12/2009, they amounted to (LYD 1,716,118,309.035), a decrease of (LYD 397,091,201.000), a rate of (-30%). This decrease was matched by a rise in the value of bills for collection which are considered a payment method for imports. The following is an illustration of the total outward foreign transfers and their value in the currency of issue and the LYD equivalent:

Outward Foreign Transfers USD

No of Transfers	Total	LYD
11575	554,735,887.34	697,469,431.153

Outward Foreign Transfers EUR

No of Transfers	Total	LYD
7142	355,786,711.96	592,420,454.085

The year 2010 witnessed executing 20772 outward transfers in various currencies valued at the equivalent of (LYD 1,319,027,108.039)

Outward Foreign Transfers GBP

No of Transfers	Total	LYD
1583	10,453,772.50	20,370,221.094

Outward Foreign Transfers CHF

No of Transfers	Total	LYD
1	3,275.58	4,381.416

Outward Foreign Transfers TND

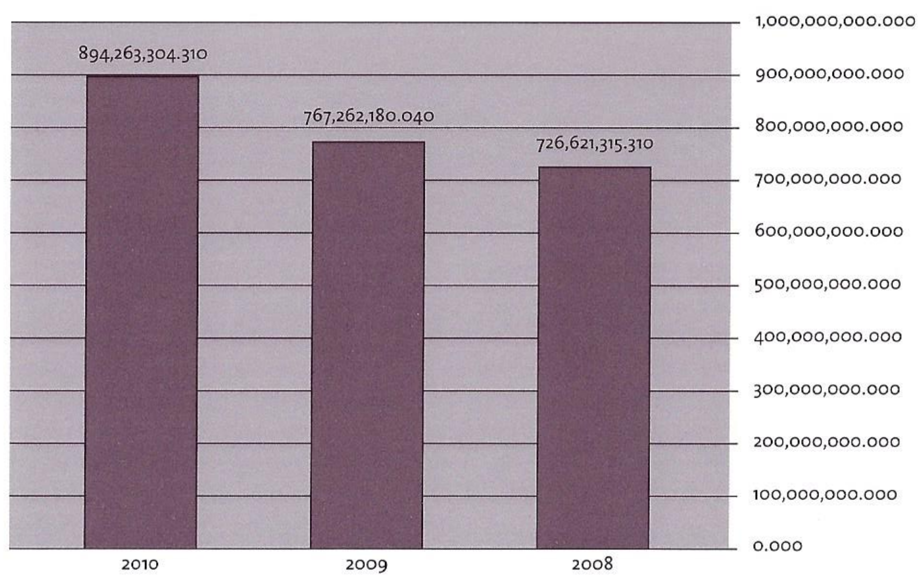
No of Transfers	Total	LYD
276	7,253,069.94	6,310,170.848

Outward Foreign Transfers CAD

No of Transfers	Total	LYD
195	1,950,413.11	2,452,449.445

B. Inward Foreign Transfers:
Inward Foreign Transfers during 2010, numbered (11552), valued at (LYD 894,263,304.310), while in the financial year ended on 31/12/2009, amounted to (LYD 767,262,180.040), an increase of (LYD 127,001,124.270), a rate of (16%).

Inward Foreign Transfers



The following illustrates the total inward foreign transfers and their value by currency and their LYD equivalent:

Inward Foreign Transfers USD

No of Transfers	Total	LYD
6084	427,631,514.72	537,661,103.46

Inward Foreign Transfers EUR

No of Transfers	Total	LYD
4879	198,619,096.89	330,720,658.23

Inward Foreign Transfers GBP

No of Transfers	Total	LYD
518	11,526,915.01	22,461,346.71

Inward Foreign Transfers CHF

No of Transfers	Total	LYD
17	105,274.11	140,814.65

Inward Foreign Transfers LYD

No of Transfers	Total	LYD
31	2,791,374.84	2,791,374.84

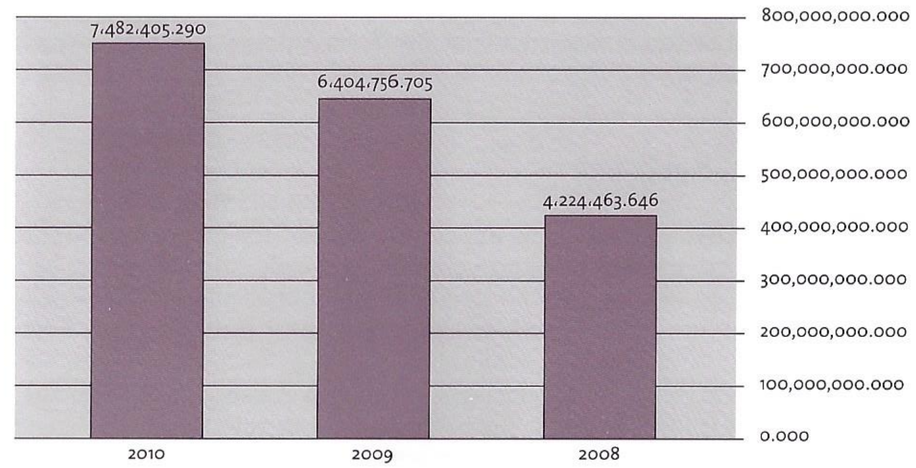
Inward Foreign Transfers CAD

No of Transfers	Total	LYD
23	388,138.41	488,006.42

5. Fast Transfers (Western Union)

The Bank of Commerce and development continued its interest in fast transfers (WESTERN UNION). This year has seen an unprecedented rise in the number of these transactions, and a high turnout of Bank customers in all the branches and agencies in both the morning and afternoon shifts.
Money transfer transactions reached a number of (620213), achieving a return of (LYD 7,482,405.290), compared to (LYD 6,404,756.705), an increase of (LYD 1,077,648.585) a rate of (17%), as a result of these operations up to 31/12/2010. Outward transfers numbered (579772), with Egypt, Bangladesh and Tunisia in the lead, with an increase (183956) transfers over the previous year. And (40441) inward transfers with Great Britain, Italy and Turkey in the lead, a decrease of (46,062) transfers, a rate of (- 53%) from 2009. The reason for decrease in transfers may be attributed to administrative procedures enacted by the State of Libya from admission of expatriate labor, especially from Africa..

Fast Transfers (Western Union)



This is an illustration of the outward and inward foreign transfers through (Western Union) for money transfers during 2010 compared to 2009.

Item	2010	2009	Rate of change
No of outward transfers	579772	395816	46 %
No of inward transfers	40441	86503	(-53 %)
Value of outward transfers	385.506.606.600	273.541.375.720	41 %
Value of inward transfers	35.410.483.680	60.116.370.720	(-41 %)
Total transfers	620213	482319	29 %

III. Credit Policy

The Board of Directors was careful to stimulate credit, leading to increased revenues for the bank, while maintaining the conservative policy pursued by the Bank in the granting of credit through the study of applications for credit and the corresponding guarantees thoroughly. It also took into consideration the market risks and the expected return on credit facilities and the continuation to maintain the diversify of the credit portfolio and its distribution to the various economic sectors of the Bank customers. The balance of the current debit accounts of the bank on 31/12/2010, was (LYD356,417,257.950), while the on 31/12/2009, it amounted to (LYD 335,840,668.025).

At a time when the bank works to grant credit, there was great effort to follow up and collect the debt through a committee formed for this purpose, and through the legal office and the Bank's lawyer. Already is through this work, part of the Bank debts the was collected, which were already fully covered by provisions. This collection resulted in the reduction of these debts from the provision for doubtful debts, bearing in mind that the balance of provisions for doubtful debts on 31/12/2010, the amount of (LYD 35,380,475.000), including the amount of (LYD 15,000,000.000) representing zero clearing debt in the agency and the bank branch in the City of Misurata, which was developed according to Central Bank instructions, at five million dinars annually to reach (LYD 25,000,000.000).

IV Electronic Systems

the Bank has increasingly paid more attention to its electronic systems and was able to achieve several successes including:

1. The New Version of the Bank of Commerce and Development Site:

Launching the sixth version of the Bank of Commerce and Development web site, using a technique known as (.net). The page design is in quiet, comfortable and from colors, with complete support from the six web browsers used worldwide, namely:
Internet Explorer, Fire Fox, Netscape Navigator, Google Chrome and Opera, as well as other browsers.

The new version includes a currency converter for buying and selling prices for all currencies, used by the bank at the exchange rate for cash or the exchange rate for public purposes.

To facilitate browsing, the site was provided with a distinctive appendix in all the site pages, which contains all the important links, as well as forms for downloading, enabling the site visitors to make full use of the Bank's services.

The site also contains video lessons explaining how the Media Services in the Bank of Commerce and Development operate, as well as a set of images which were carefully designed to advertise the various services provided by the Bank of Commerce and Development to its customers, these images on the top of the site pages.
a special page was added for managing communications, where the visitor selects the department he desires to communicate with, then he provides the page with his name and email, the subject of the communication, and the message itself and sends it. The Site will automatically direct the message to the concerned department.

Shareholder Services, is the latest added to the new site, where the shareholders find in this section of the site, news for shareholders, forms for downloading of interest to shareholders, in addition to financial and economic analysis reports

on the Bank's indicators in the stock market, along with profit calculator, which uses the number of shares to calculate the amount of annual profits. There is also an image gallery of shareholder events and contact information Shareholder Services in the Bank of
Commerce and Development.

2. Magnetized Cheque Printing and Issuing System:

The Magnetic cheque printing system was developed in accordance with the Central Bank of Libya specifications, which contain the code (MICR) printed at the bottom of the cheque. The system issues the following cheques:

- Certified cheques
- Individual personal cheques
- Company cheques

The system supports two types of printers that handle magnetic ink HP and XEROX. The cheques printed by the system were approved by the Central Bank of Libya.

3. Wathba Project:

Wathba Service was launched and activated for customers of the Bank of Commerce and Development who are New- Almadar users, the service gained customer acceptance. The service has the following capabilities::

- Charging New-Almadar mobile phones directly from the customer's Bank balance.
- Purchasing prepaid cards offered by both New-Almadar and Libyana, Libya Telecom, Landline and rural wireless telephone and others.
- Transferring funds from customer's account to the accounts of other customers of Commerce and Development Bank.

The Service is based on USSD technology, which is considered safe to use, does not keep any confidential data on mobile devices. Messaging between the customer and communications company is free. It works on all mobile devices, as Wathba does not require a advanced or sophisticated.
The service and continued its advances until it shortened the distance between the customer bill payment collection points for both New-Almadar and the Electricity Company where Wathba customers became able to:

- Inquire about New-Almadar (for users of the New-Almadar invoicing system) to provide the on the customer's mobile number or another mobile number.
- Pay the bills of New-Almadar by deducting the value of the invoice from the customer's bank account in the Bank of Commerce and development.
- Inquire about a bills of the Electricity Company by entering the service point number, value of the invoice reaches you on you mobile.

- Pay the bill for the Eectricity Company by deducting the value of the invoice from the customer's bank account in the Bank of Commerce and Development.

4. Project for executing Inward SWIFT Transfers:

The system was developed to execute the inward SWIFT inward transfers, this system added many features for the Bank of Commerce and Development, such as:

- Executing Inward transfers became a centralized process, run by the SWIFT Section in the Head Office.
- Branches and agencies role became confined to delivering the transfers to the customers.
- The rapid execution of transfers became the most important features of the Bank of Commerce and Development, as transfers are executed on the same day.
- The system provides the Bank with reports and various statistics of the inward transfers.

5. Project for deducting Visa Cards usage:

A system was built to deduct the Visa Card usage by customer of the Bank of Commerce and development, in various countrie. The system receives the 'transaction file' of customer usage, then executes it immediately on the MISYS Banking System.
Following are the most important benefits achieved by operating this system:

- Deduction is transacted on the same day, this does not occcur in any bank unless the card is a 'debit card'.
- The system to deal with Visa Cards in LYD currency as well as different foreign currencies.
- The system manages the process of releasing blockage of the reserved balance for the usage of the Visa Card and performs Deductions from it.
- The system returns the amounts returned to the customer in his Card, and blocks them in his account for use with Visa.

6. Mobile Banking and e- Banking:

As the Bank is the first among the Libyan banks to provide mobile and e-banking services in Libya, the number of subscribers in mobile banking increased to (66712) subscriber by the end of the financial year, subject of this report compared to (43138) subscribers for the year 2009, an increase of up (35 %) which represents more than (56%) of the number of bank accounts.
The number of users of e-bank reached (4497) subscribers compared to (2576), an increase of (42%).

As the Bank is the first among the Libyan banks to provide mobile and e-banking services in Libya, the number of subscribers in mobile banking increased to (66712) subscriber by the end of the financial year

Service	No of Subscribers		Rate of increase
	2009	2010	
Mobile Banking	43,138	66,712	55 %
e-Banking	2576	4497	75 %

V. Electronic payment cards

As the Bank of Commerce and Development is the leader to introduce prepaid cards in Libya as far back as 23/12/2003, where the first Visa card was issued and operated by 100% national human resources. The Bank continued to focus on this service and developed a system that helps customers who hold Visa cards to find out and perform the following without referring to the Bank.

1. Check the card balance.
2. Check the card movements.
3. Block the card in case of theft of loss.
4. Transfer funds from a card to another.
5. Discover the card draught ceiling.

All the procedures and provision of all documents were completed in relation to the final delivery of the (Master Card) license, which covers the issuance of this type of card and acceptance on the Bank's (ATM) machines.

Agreement was also agreed to enter a partnership contract with (American Express) Company, after agreement on the types and numbers of cards that will be issued during the first three years.

Agreement was obtained from Visa Company to issue Platinum cards with all its distinguished features.

The following table illustrates the numbers of electronic cards issued until 31/12/2010 compared to the previous year:

Card Type	Number		Rate of Change
	2009	2010	
Visa gold	3575	3889	9 %
Visa electron	2164	2233	3 %
Visa internet	3313	7060	113 %
Visa prepaid	4008	4996	25 %
Kanze	22189	33406	51 %

VI. New Branches

1. Akhoms main branch:

On 15/07/2010, Alkhoms Main Branch was opened to provide differentiated services to all segments of the community in the City of Alkhoms and its environs. The new branch is located in a prominent region in the heart of the city and was provided with staff and modern instruments and equipment required to provide services to customers.

2. Tajoura Agency:

On 1/11/2010, Tajoura Agency in the town of Tajoura. The new agency gained a distinct appearance through its distinctive design and decoration. The Bank management needs to focus more on the aesthetic appearance of facades and halls in its branches and agencies.

3. Musaad Border Agency:

The agency office was relocated in another building inside the border town of Musaad. The new premises are distinguished by large halls and modern equipment, especially since the agency is an outlet for our Bank on our Eastern Border with the Arab Republic of Egypt. The agency provides services to bank customers in the town of Musaad addition to other bank customers passing Assalloum border.

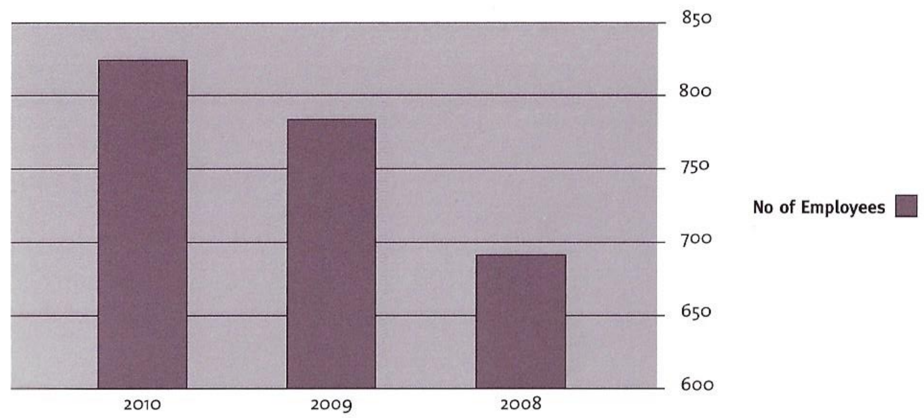
VII. Human Resources

Pursuant to our practice in 2009, the Bank of Commerce and Development continued interest and care for its human resources, by qualifying, training and providing their needs through practical and academic training, in order to meet the needs of the bank for technical banking personnel, as well as to meet the expansion in all of the Bank's business, either by opening new branches or through the creation of and introduction of innovative and advanced banking services to meet customer needs.

The number of Bank employees on 31/12/2010, reached (828) employees, divided between Head Office branches, which number (32) branches and agencies, an increase of (41) employees over the previous financial year a rate of (5%). This is attributed to meeting the needs of branches and agencies, as well as opening a the Alkhoms Main Branch and the Tajoura Agency in Tripoli.

Distribution of Employees:

2008	2009	2010
693	787	828



Another achievement in 2010, the subject of the report, was the issue of the comprehensive health insurance policy for all bank employees and their families, reflecting the Board of Directors care in providing many incentives that aim to foster employee loyalty to the bank and reduce the burdens of everyday living on them.
Entering into the contract with the Libyan Health Insurance Company, which specializes in this area, by providing medical services in the country and abroad, the coverage included Libya, Egypt and Tunisia

VIII. Training:

In 2010, the Bank of Commerce and Development focused on qualification in basic competencies at the level desired by the bank, in order to achieve its objectives. This vision supports the bank's direction towards the development of basic competency to enable better management of its human resources, especially since it continues its growth, by holding several internal courses in the Training Centers, established by the Bank for this purpose in Benghazi and Tripoli, as well as participation in training courses, meetings and seminars related to banking both locally and abroad.

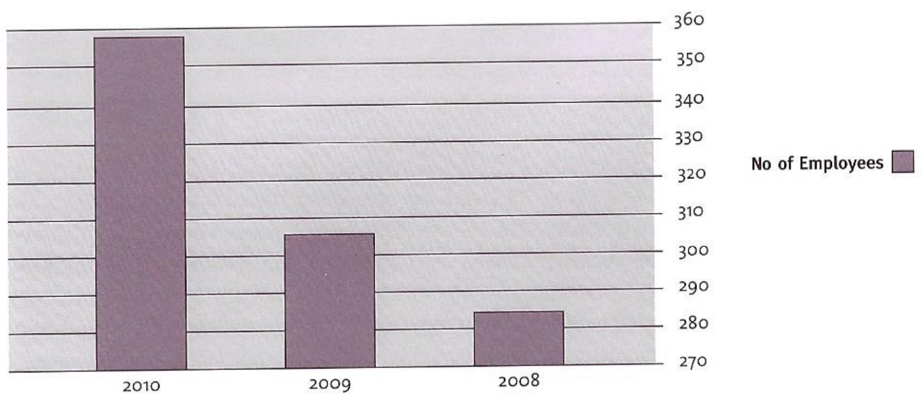
- Internal Training:

Focus on training continued in 2010, as in 2009, by organizing a large number of training courses through the Bank's training centers, where the total internally trained personnel numbered (358) employees, which represents (56%) Of the total number of staff compared to (306) employees on 31/12/2009, an increase of (17%).

The following is an illustration of these courses:

Category of training	Number of trainees		
	2008	2009	2010
Banking	53	214	80
Computer technology	59	64	35
English	10	12	21
SWIFT	4	4	38
Electronic payment systems	153	9	168
Conferences and seminars	4	3	16
Total	283	306	358

There has also been sponsorships and reception of many external organizations, such as, the Association of Libyan and the Union of Arab Banks, through which, several training courses were organized related to banking in the training facilities of the Bank in Benghazi and Tripoli. The following graph illustrates this:



- Training and Qualification Abroad:

Our bank participated in a number of sessions, meetings and seminars abroad, by (26) delegates. They covered the field of banking and various types of electronic, communications and fast transfers systems (WESTERN UNION) in Egypt, Tunisia, Lebanon, Morocco, Cyprus ... Etc..

IX. Results of business for the year ended 31/12/2010

During 2010, the Bank was able to realize net profits available for distribution which amounted to (LYD 15,139,313.814), subject to the approval of the Shareholders Meeting. These profits were realized with efforts expended in implementing the policies of the Board and the plans aimed at diversification,

During 2010, the Bank was able to realize net profits available for distribution which amounted to (LYD 34,515,522.733), subject to the approval of the Shareholders Meeting. These profits were realized with efforts expended in implementing the policies of the Board

multiplying centers of profitability and variation of banking services which generate revenues and attract new accounts. In addition to that, these results came despite stiff competition in the Libyan Banking Market, especially with the entry of foreign banks to serve this market.

1. Total revenue:

The total revenue on 31/12/2010, amounted to (LYD 83,955,811.134) compared to (LYD 80,671,142.123) on 31/12/2009, an increase of (LYD 3,284,669.011) an increase of (4%).

a. Interest Income:

Revenue	2009	2010
Over draught interest	11,896,864.980	4,058,131.899
Advances and loans interest	849,531.440	3,518,570.038
Interest on time deposits in foreign currencies	337,764.668	581,357.946
Deposit certificates interest	15,408,393.603	9,947,180.697
Interest on foreign currency accounts	626,486.248	40,042.934
Other interest income	1,400,358.269	351,524.121
Branches and agencies interest	15,271,685.818	19,362,692.603
Interest on documentary credit	246,576.629	69,782.714
Total Interest Income	46,037,661.655	37,929,282.952

b. Other commissions and revenues:

Revenue	2009	2010
Banking transactions	3,844,087.059	2,705,461.205
Currency Differential (Profit/loss)	903,865.320-	5,615,820.924
Foreign transfers commissions	8,183,364.266	6,237,509.090
Post - Fax - Telephone	1,135,762.277	1,052,485.497
Other miscellaneous revenue	2,258,510.080	2,485,113.635
e-Banking revenue	75,595.000	136,682.666
Mobile Banking revenue	645,630.500	968,365.066
Rent revenue	51,176.500	25,540.000
Inward foreign transfers commissions	2,725,829.832	2,942,045.914
Kanzee card issue commission	42,425.000	459,493.500
Letter of Guarantee commission	1,540,868.908	1,499,392.996
Commissions collected on Letters of Credit	6,270,124.306	11,108,732.396
Profits from Bank investments	47,771.162	59,795.977
Revenue from the sale of assets	2,610.430	293,098.315
Visa card revenue	1,485,152.482	1,417,779.973
123 Service and transfers revenue	---	35,877.071
e-Voucher revenue	114,708.673	393,465.171
Discounted bills commission	566,180.051	978,615.863
Point Of Sale revenue	196,322.143	29,292.578
Western Union revenue	6,351,227.119	7,581,960.345
Total Revenue	**34,633,480.468**	**46,026,528.182**

2. Expenses

a. General Administrative Expenses

The General Administrative expenses on 31/12/2010 amounted to (LYD 34,769,378.244), against (LYD 26,657,670.946), on 31/12/2009, an increase of (LYD 3,960,346.298), a rate of (30%).

b. Interest paid

Total interest paid on 31/12/2010, amounted to (LYD 20,274,936.041), against (LYD 16,224,724.429) on 31/12/2009, an increase of (LYD 4,050,211.612), a rate

By the end of the year 2010, the Bank achieved after tax net profit of (LYD 15,139,313.814)

of (24%), due to the increase in interest paid to the branches and agencies as a result of increased Deposit Liability and the opening of new branches.

c. Fixed assets depreciation expense:

The total fixed assets depreciation expense on 31/12/2010, amounted to (LYD 5,135,401.921), an increase of (LYD 758,709.331), over the financial year ended on 31/12/2009, which was (LYD 4,376,692.590) a rate of (17%).

3. Total income before taxes

The total income before taxes (corporate, jihad and stamp taxes), amounted to (LYD 35,807,550.223) while on 31/12/2009, it amounted to (LYD 33,412,054.158), an increase of (LYD 2,395,496.065), a rate of (7%).

4. Distribution:

The Bank, by the end of the year 2010, achieved after tax net profit of (LYD 15,139,313.814), after adding the retained earnings for the year 2009, of (LYD 34,818.574), the total profit available for distribution reached (LYD 15,174,195.388).

The Balance Sheet as at 31/12/2010 compared to The Balance Sheet as at 31/12/2009

	2009	2010
	LYD	
Assets		
Cash in Local & Foreign Currencies	144,010,899.915	230,906,747.023
Balances in Local & Foreign Banks	642,887,510.071	611,692,204.406
Deposit Certificates with CPL	857,329,210.606	837,901,148.231
Deposits with Foreign Banks	18,735,121.205	74,305,852.860
Clearance Cheques	33,747,013.854	27,550,682.239
Real Estate Investment	38,410,757.539	38,340,973.239
Local Investments	6,658,458.000	6,658,458.000
Loans & Facilities after Deducting Provisions	359,189,687.730	367,794,022.360
Debtors & other Debtor Balances	18,046,884.691	15,160,724.151
Net Fixed Assets	42,991,076.847	51,147,037.155
Head Office & Branch Accounts	16,610,087.896	14,431,419.174
Buildings under construction	1,093,905.450	2,141,480.450
Total Assets	**2,179,710,613.804**	**2,278,030,749.338**
Liabilities & Shareholders Equity		
Liabilities		
Customers Deposits (Current Accounts)	1,784,231,322.223	1,937,668,057.824
Customers Time Deposits	91,643,130.830	37,623,750.000
Savings Deposits	22,226,580.713	27,033,797.057
Cash Securities	53,768,011.911	63,597,556.594
Certified Cheques	51,483,995.914	51,448,705.915
Creditors & Other Liabilities	65,987,208.317	33,490,191.943
Other Provisions	10,229,140.429	15,751,371.610
Total Liabilities	**2,079,569,390.337**	**2,166,613,430.943**
Shareholders Equity		
Capital	50,000,000.000	50,000,000.000
Share Issue Premium (2009) - Income before Taxe (2010)	12,500,000.000	23,776,094.928
Legal Reserve	27,354,649.453	27,354,649.453
General Reserve	10,251,692.440	10,251,692.440
Retained Earnings	34,881.574	34,881.574
Total Shareholders Equity	**100,141,223.467**	**111,417,318.395**
Total Liabilities & Shareholders Equity	**2,179,710,613.804**	**2,278,030,749.338**
Contingent Accounts & Other Liabilities		
Letters of Credit (Export)	1,657,491.000	339,230.000
Letters of Credit (Import)	83,811,441.995	72,633,703.003
Inward Local Letters of Credit	877,925,131.570	1,759,092,129.355
Outward Local Letters of Credit	19,125.000	---
Inward Bills for Collection	113,556,597.000	104,495,185.400
Local & Foreign Letters of Guarantee	163,388,325.550	147,520,482.459
Total Contingent Accounts & Other Liabilities	**1,240,358,112.115**	**2,084,080,730.217**
Grand Total	**3,420,068,725.919**	**4,362,111,479.555**
LYD Travelers Cheques in Stock	7,291,445,860.000	7,291,401,360.000
Pre-Paid Cards Stock	---	16,220.493

Income Statment for the year ended 31/12/2010 compared to the Income Statment for the year ended 31/12/2009

	2009	2010
	درهم دينار	درهم دينار
Revenue		
Interest Income	46,037,661.655	37,929,282.952
Commissions & Other Revenue	34,633,480.468	46,026,528.182
Total Revenue	**80,671,142.123**	**83,955,811.134**
Expenses		
Administrative & General Expenses	26,657,670.946	34,769,378.244
Fixed Assets Depreciation Expenses	4,376,692.590	5,135,401.921
Paid Interest	16,224,724.429	20,274,936.041
Total Expenses	**47,259,087.965**	**60,179,716.206**
Total Income Before Tax	**33,412,054.158**	**23,776,094.928**
Corporate, Jihad & Stamp Taxes	17,829,403.730	8,636,781.114
Net Income After Taxes	15,582,650.428	15,139,313.814

Notes on the Financial Statements as on 31/12/2010

I. Assets

1. Cash in local and foreign currencies

LYD

	2009	2010
Bank notes and coins at hand	117,889,551.989	220,185,309,.972
ATM's Account	2,044,727.848	2,278,206.677
(Cash) in foreign currencies	24,076,620.078	8,443,230.374
Total	**144,010,899.915**	**230,906,747.023**

2. Balances with local and foreign banks

LYD

	2009	2010
Cash with the Central Bank of Libya	460,298,860.796	471,452,925.531
Cash with Local Banks	118,990,906.935	80,549,005.014
Foreign Banks in foreign currencies	52,443,677.605	70,844,338.596
Total	**642,887,510.071**	**611,692,204.406**

3. Deposit certificates with CBL

LYD

	2009	2010
Depost Certificates with CBL	857,329,210.606	837,901,148.231
Total	**857,329,210.606**	**837,901,148.231**

4. Deposits with foreign banks

LYD

	2009	2010
Time Deposits with Foreign Banks	18,735,121.205	74,305,852.860
Total	**18,735,121.205**	**74,305,852.860**

5. Cheques in clearance

LYD

	2009	2010
(Branch Clearing) local checks for collection	15,469,025.338	13,533,801.644
(CBL) cheques sent for collection	18,265,982.419	14,007,380.498
Other for instruments on site (endorsed)	12,006.097	9,500.097
Total	**33,747,013.854**	**27,550,682.239**

6. Real estate investment

LYD

	2009	2010
Real Estate	38,410,757.539	38,340,973.289
Total	**38,410,757.54**	**38,340,973.289**

7. Local Investments

LYD

	2009	2010
Attariq Company investment	105,000.000	105,000.000
Assafa Company investment	500,000.000	500,000.000
Assawahil Allibya Company investment	900,000.000	900,000.000
Attaqnia Company investment	100,000.000	100,000.000
Marhaba lissiaha Company investment	50,000.000	50,000.000
Allibya Attunisa Company investment	1,000,000.000	1,000,000.000
Diar Incorporated Company investment	800,000.000	800,000.000
Attamweel Allibya Company investment	3,000,000.000	3,000,000.000
Stock Market Investment	102,400.000	102,400.000
Almajmoaa Alhandasia Company investment	101,058.000	101,058.000
Total	**6,658,458.000**	**6,658,458.000**

8. Loans and Facilities after dedcting Provisions

LYD

	2009	2010
Debtor current accounts	131,196,445.335	109,593,428.198
Granted loans accounts	35,280,706.126	79,769654.722
Discounted Bills	195,596,835.118	187,324,223.531
Employees social advances accounts	5,910,812.690	7,816,108.476
Customers social advances accounts	13,977,943.001	17,589,632.272
Employee real estate loans	575,965.165	1,081,450.161
Doubtful debts provision	-23,349,019.705	-35,380,475.000
Total	**359,189,687.730**	**367,794,022.360**

9. Debtors and other debtor balances

LYD

	2009	2010
Various debtors	1,290,242.020	1,558,853.563
Non person accounts under reconciliation	16,393,780.996	13,249,111.003
Other non personal accounts (other assets)	362,861.675	352,659.585
Total	**18,046,884.691**	**15,160,724.151**

10. Fixed Assets after deducting provison for depreciation

LYD

	2009	2010
Land	2,616,665.46	3,357,414.266
Buildings	14,454,324.53	14,533,274.534
Buildings depreciation provision	2,192,964.90	2,582,369.865
Modifications / Furnishings	2,050.000	2,080,887.252
Furnishings provision	---	420,832.655
Instruments and machines	31,088,256.63	38,990,025.413
Instruments and machines depreciation provision	11,254,040.77	15,083,693.822
Furniture and safes	4,006,474.88	4,320,258.002
Furniture and safes depreciation provision	1,591,183.55	1,943,277.64
Carpeting	110,171.46	124,732.457
Carpeting depreciation provision	77,357.63	94,794.251
Automobiles	3,674,708.23	4,136,827.054
Automobiles depreciation provision	2,186,129.45	2,664,222.622
Dividers and fixtures	2,465,143.23	3,144,412.915
Dividers and fixtures depreciation provision	967,731.55	490,853.1
Assets in stock	2,824,690.5529	3,739,249.217
Total	42,991,076.85	51,147,037.155

11. Head Office and Branches Accounts

LYD

	2009	2010
Head Office and Branches accounts	16,610,087.896	14,431,419.174
Total	16,610,087.896	14,431,419.174

12. Buildings under construction

LYD

	2009	2010
Garyounis building	13,905.450	1,080,000.000
Under construction Misurata Branch	1,080,000.000	13,905.450
Head Office Tower 3	----	1,047,575.000
Total	1,093,905.450	2,141,480.450

NET ASSETS	2,179,710,613.80	2,278,030,749.388

II. Liabilities

1. (Current Accounts) customer deposits

LYD

	2009	2010
Current accounts public corporation companies and partnerships	248,840,515.642	139,486,502.677
personal current account (companies partnerships individuals)	444,559,959.643	472,467,522.822
Personal current accounts	990,769,454.400	1,157,616,760.209
Other accounts in foreign currencies	100,061,392.538	118,603,198.029
Current accounts non residents	---------	49,494,074.087
Total	1,784,231,322.223	1,937,668,057.824

2. Customer Time Deposits

LYD

	2009	2010
Time deposits	91,643,130.830	37,623,750.000
Total	91,643,130.830	37,623,750.000

3. Savings Accounts

LYD

	2009	2010
Savings accounts	22,226,580.71	27,033,797.057
Total	22,226,580.71	27,033,797.057

4. Cash Securities

LYD

	2009	2010
Letters of Credit cash securities	35,016,493.189	48,173,215.995
Letters of Guarantee cash securities	18,751,518.722	15,424,340.599
Total	53,768,011.911	63,597,556.594

5. Endorsed Cheques

LYD

	2009	2010
Endorsed cheques	51,483,995.91	51,448,705.915
Total	51,483,995.91	51,448,705.915

6. Creditors and other liabilities

LYD

	2009	2010
Non personal accounts under reconciliation	43,170,917.06	58,478,172.00
Currency center account	-4.96	---
Various creditors	4,506,335.45	3,953,959.94
Non personal account other liabilities	1,461,629.65	969,571.12
Branches operations	-981,072.62	-29,911,511.11
Total	48,157,804.59	33,490,191.945

7. Other allowances

LYD

	2009	2010
Tax allowances	25,587,718.585	14,205,743.868
Tax settlement allowance	775,950.500	775,950.500
Litigation and court decrees allowance	1,000,000.000	11,025.000
Vacation allowance	289,875.074	253,652.242
Investment allowance	405,000.000	405,000.000
Total	28,058,544.16	15,751,371.610

Total Liabilities	2,079,569,390.337	2,166,613,430.943

Illustration of the Bank growth during 14 years

Year	No. of Branches and Agencies	No. of Employees	Payed up Capital	Total Assets	Total Deposit Liabilities	Total Shareholders Equity	Total Profits before Tax	Payed Tax on Profits
1997	2	43	4,500,000	51,781,758	47,096,936	4,684,822	414,784	229,966
1998	3	69	4,500,000	109,934,082	104,533,338	5,400,744	1,890,061	1,174,139
1999	5	80	4,500,000	174,411,174	168,489,154	5,922,020	2,415,183	1,466,637
2000	7	101	9,000,000	315,183,824	302,501,311	12,682,513	7,051,961	4,317,755
2001	9	170	9,000,000	365,351,525	348,253,546	17,097,979	14,532,006	8,493,916
2002	9	230	9,000,000	396,057,865	376,165,136	19,892,729	10,031,795	4,600,709
2003	14	282	17,317,890	505,927,595	472,232,843	33,694,752	11,325,076	5,374,961
2004	19	328	20,000,000	591,993,588	550,790,592	41,202,995	11,534,621	4,820,692
2005	23	395	28,154,420	907,073,363	852,955,548	54,117,715	15,598,186	6,636,218
2006	24	560	36,059,256	1,241,061,215	1,162,350,692	78,710,522	16,309,638	6,864,126
2007	26	677	44,510,334	1,394,729,177	1,329,155,149	75,996,606	20,906,250	10,334,053
2008	28	693	50,000,000	1,818,524,076	1,676,685,005	95,263,051	35,659,213	15,507,185
2009	30	787	50,000,000	2,179,710,613	2,013,582,182	100,141,223	33,412,054	17,829,403
2010	32	828	50,000,000	2,278,030,749	2,117,371,867	111,417,318	35,807,550	8,636,781
Total collected by the Tax Department since Bank opening 96,286,541 and accrued tax for 2010								96,286,541

INDEPENDENT AUDITOR'S REPORT

Date: 18/7/2011

Messrs: **Chairman & members of General Assembly of the Bank of Commerce and Development.**

We have audited the Balance Sheet of the Bank of Commerce and Development (Libyan Joint Stock Company) as of December 31st, 2010 and the related Statement of Income for the year then ended.

The Bank's Management is responsible for the preparation of a fair presentation of the Financial Statements in accordance with the accepted financial reporting standards. Our responsibility is to express an opinion on these Financial Statements based on our audit.

An audit conducted in accordance with generally accepted auditing standards. The audit also includes assessing the accounting principles and significant estimates made by management, as well as, evaluating the overall presentation of the financial statements. It also included evaluation of the extent of compliance by the Bank to the application of the Banks Law No. (1) For the year 2005.

An audit involves performing procedures to obtain audit evidence about the amount and disclosures in the financial statements, also reasonable assurance about whether the financial statements are free of material mis - statements.
In our opinion the Financial Statements present fairly the financial position of the Bank of Commerce and Development as of December 31st, 2010 and its financial performance for the year then ended in accordance with generally accepted accounting principles and the requirements of the Banks Law No. (1) For the year 2005.

Fawzi M. Toluba
Certified Accountant & Auditor

فوزي محمد طلوبة
محاسب ومراجع قانوني

EXTERNAL AUDITOR'S REPORT: AlHosh's Accounting Office

Date: 18/6/2011

Messrs: **Chairman & members of General Assembly of the Bank of Commerce and Development.**

We have audited the Financial Position of the Bank of Commerce & Development; (Bank of Commerce & Development, a Libyan Joint Stock Company) as at 31/12/2010 and the Income Statement for the year ended on that date.

These financial statements are the responsibility of the Bank Management; our responsibility is to express opinion on these statements on the basis of our audit.

We have performed the audit process in accordance with the accepted and recognized auditing standards (outlined by the Accountants International Federation (2009/2010). These standards require that we plan and perform the audit to obtain a reasonable assurance about whether the financial statements are free of material errors and misstatement.

The audit process also includes examining - on a test basis - evidence supporting amounts and disclosures in the financial statements.

The audit also includes assessing the accounting principles and significant estimates made by management, as well as, evaluating the overall presentation of the financial statements.

It also included evaluation of the extent of compliance by the Bank to the application of the laws by the Central Bank. We believe our audit provides a reasonable basis for our opinion.

In our opinion the financial statements and the notes thereon fairly represent the Financial Position of the Bank of Commerce & Development as at 31/12/2010, and the results of operations for the year ended on that date, in accordance with the recognized accepted accounting principles and the requirements of applied bank laws.

The Bank holds regular records and documentation. The statements in the Management Board's reports agree with what is mentioned in the Bank's books and records. The audit was done in accordance with recognized and accepted regulations and principles, and there has been found no trace of rules breaching that can affect the activity of the Bank or its financial status.

Ibrahim Abdullah Al-Hosh
Accountant & Auditor