



BANK OF COMMERCE & DEVELOPMENT

SEVENTH ANNUAL REPORT

THE BOARD OF DIRECTORS

31 / 12 / 2003





BANK OF COMMERCE & DEVELOPMENT

A JOINT STOCK LIBYAN COMPANY

SEVENTH ANNUAL REPORT

THE BOARD OF DIRECTORS 31/12/2003

PREPARE BY COMMITTEE MEMBERS

MR. FATHI JUMA BUSNAINA

MR. ABDELFAH A. ALFAGIH

MR. FAWZI ALI SHUEHDI

Dr. MOHAMED R. BUZAKUK

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 :
(17,317,890.000 LYD)

seventeen millions, three hundred, seventeen thousands, eight hundred and ninety Libyan Dinars.

Stockholders :

Natural persons (1867).

Public and Private Corporations and Organizations (34).

Stock Holders of the Bank of Commerce and Development

The number of Stock Holders (Legal and natural persons) totalled (1898) on 31/12/2003 as follows:

I. Natural Persons:

Stock Holder	Number	No. Of Shares	Value in LYD
Males	1242	829409	8,294,090
Females	625	211790	2,117,900
Total :	1867	1041199	10,411,990

II. Legal Persons:

Stock Holder	Number	No. Of Shares	Value in LYD
Legal Public	7	384900	3,849,000
Legal Private	27	305690	3,056,900
Total :	34	690590	6,905,900

III. Major Legal Persons Holding Stock:

Name	City	No. Of Shares	Value of shares
The Islamic Call Society	Tripoli	100000	1,000,000
The Jihad Fund	Tripoli	100000	1,000,000
Libya Insurance Company	Tripoli	100000	1,000,000
Almuttahida Insurance Company	Tripoli	80000	800,000
National Investment Company	Tripoli	59900	599,000
Attahaddi Construction Establishment	Tripoli	45000	450,000
Safa Development and Real Estate Investment	Benghazi	44000	440,000
General Pipe Company	Benghazi	40000	400,000
Directorate of Investment Activity	Benghazi	24000	240,000
Public Company for Partnerships Supplies	Tripoli	16000	160,000
Libyan Automotive Club	Benghazi	15000	150,000

BANK ADDRESSES	5
THE BOARD OF DIRECTORS	6
MANAGEMENT & BRANCH MANAGERS	7
The Bank of Commerce and Development's Vision	8
THE SPEECH OF CHAIRMAN & GENERAL MANAGER	9
BOARD OF DIRECTOR'S REPORT	11
BALANCE SHEET	23
INCOME STATEMENT	24
NOTES TO THE FINANCIAL & INCOME STATEMENT	27

Head Office

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

BRANCHES :

1- Benghazi Main Branch
(opened 9/6/1996)
Mukhtar Tower Building - First Floor - Jamal Abdennaser Street - Benghazi
P.O.Box 9160
Tlx: 40386 BCD BZL LY
Telephones (218-61) 9097361 - 9080555 fax: (218-61) 9080444
Phone banking (218-61) 9090745

2- Tripoli Main Branch
(opened 6/9/1997)
Tower 1 Dat Elemad Buildings - Tripoli
P.O.Box 91210
Tlx: 20394 BCD TRI LY
Telephones (218-21) 3350422 - 3350423 - 3350424
fax: (218-21) 3350421 - 3350428
Phone banking (218-21) 3350529

3- Misurata Main Branch
(opened 6/9/1998)
The Permanent Industrial Fair Adjacent to the High Mosque - Misurata
P.O.Box 78
Tlx: 30191 BCD MS LY
Telephones (218-51) 629837 - 629550 - 629551
fax: (218-51) 629538
Phone banking (218-51) 629552

4- Tobruk Main Branch
(opened 15/3/2001)
Libya Insurance Co. Investment Building - Tobruk
P.O.Box 28/86 Tobruk
Telephones (218-87) 628000
fax: (218-87) 621208

5- Azzawia Main Branch
(opened 6/9/2001)
Alamlak Building - Ukba Bin Nafi Street - Azzawia
P.O.Box 120
Telephones (218-23) 620023 - 6200057 - 620164
fax: (218-23) 620195

Business Center

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

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

Agencies

1- Gout Ashal Agency
(opened 15/3/1999)
Zarkaa Alyamama Center # 2 - Gout Ashal - Tripoli
Telephones (218-21) from 4838758 to 4838762
Phone banking (218-21) 4838758

2- Alforosia Agency
(opened 15/6/1999)
Alforosia Investment Complex - Aljazeera District - Benghazi
Telephone (218-61) 9080777
Phone banking (218-61) 90801481

3- Africa Commercial Center Agency
(opened 13/6/2000)
Africa Commercial Center - Misurata
Telephone (218 - 51) 652015
Fax: (218 - 51) 652015

4- Benina International Airport Agency
(opened on 1/10/2001)
Benina International Airport - Benghazi
Telephone (218 - 61) 9081483
Fax: (218 - 61) 9081483

5- Alfateh Tower Agency - Tripoli
Alfateh Tower Office # 1 2nd Floor - Tripoli
Telephones: (218 - 21) 3351115 to 3351117
Fax: (218 - 21) 3351118 - 335119

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

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

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

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

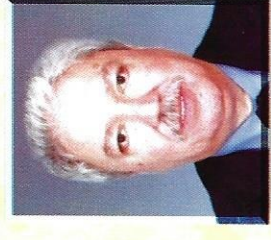
10- Alberka Agency - Benghazi
BOCD Tower - Jamal Abdennaser Street - Alberka - Benghazi
Telephone and Fax: (218 - 61) 223921

To be opened :

Alhadaik Agency - Benghazi
Zwara Agency - Zwara
Gargaresh Agency - Tripoli

Funduk Alkabar Agency - Tripoli
Almadar Agency - Tripoli
Gialo Agency - Gialo

BOARD OF DIRECTORS



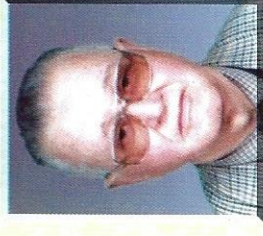
Mr. Gamal F. Abdelmalek
Chairman & General Manager



FATHI JUMA BUSNAINA
Vice Chairman & Deputy General Manager



MR. FADAL ALLAH FARAJ FANOOSH
Member



MR. YOUSEF AWAD AL HASADY
Member



MR. HASSAN OMRAN HAROUN
Member



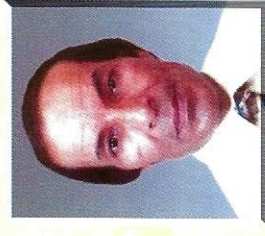
Dr. MOHAMED RAMADAN. BUZAKUK
Member



Eng. MUBARAK ABDULLAH AL SHAREEF
Member

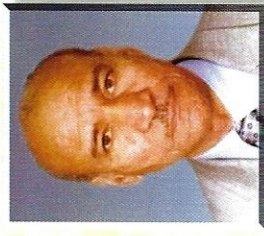


Eng. MOHAMMAD MOHAMMAD HUWAIDI
Member

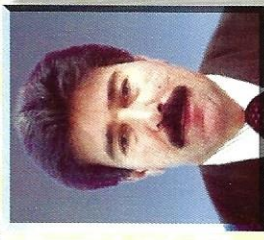


MR. OMAR FARAJ AL LAHIEWEL
Secretary to the Board

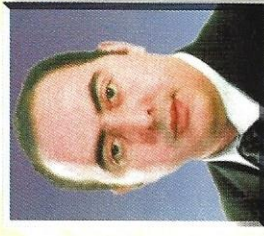
Control Committee



MR. HASSAN ABDELATI ALBARGATHI
Chairman

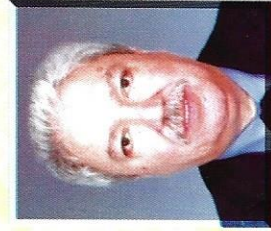


MR. RAMADAN YOUNES KWAIRI
Member



MR. SULAIMAN SALEM ASHOHOMI
Member

BOARD OF DIRECTORS



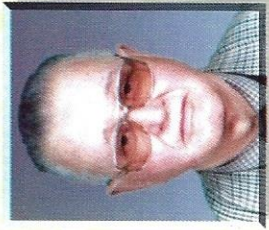
Mr. Gamal T. Abdelmalek
Chairman & General Manager



FATHI JUMA BUSNAINA
Vice Chairman & Deputy General Manager



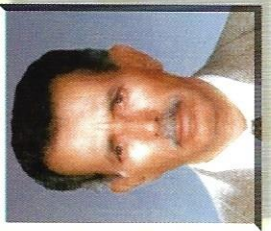
MR. FADAL ALLAH FARAJ FANOOSH
Member



MR. YOUSEF AWAD AL HASADY
Member



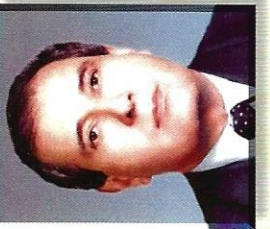
MR. HASSAN OMRAN HAROUN
Member



Dr. MOHAMED RAMADAN. BUZAKUK
Member



Eng. MUBARAK ABDULLAH AL SHAREEF
Member

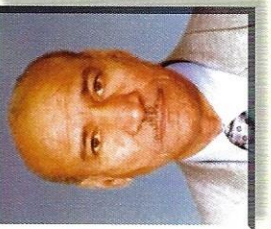


Eng. MOHAMMAD MOHAMMAD HUWAIDI
Member

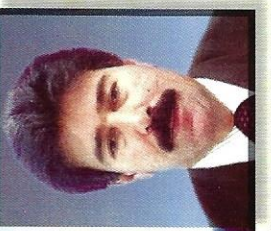


MR. OMAR FARAJ AL LAHIEWEL
Secretary to the Board

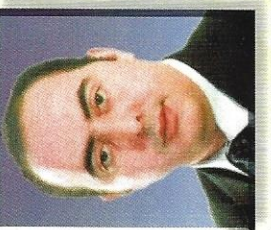
Control Committee



MR. HASSAN ABDELATI ALBARGATHI
Chairman



MR. RAMADAN YOUNES KWAIRI
Member



MR. SULAIMAN SALEM ASHOHOMI
Member

بِسْمِ اللَّهِ الرَّحْمَنِ الرَّحِيمِ

ذَكَرَ الْكَفَضُ الرَّحْمَنِ الرَّحِيمِ
وَقَدْ بَدَأَ عِلْمًا

الآية 70 من سورة النساء

THE BANK OF COMMERCE AND DEVELOPMENT'S VISION

OUR VISION :

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

OUR MISSION :

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

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

OUR OBJECTIVES :

To meet our customer's expectations and gain their satisfaction.

To increase the Bank's business and multiply our financial indicators.

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

To build a sound banking institution focusing on asset quality.

To recruit, train, motivate and reward talented leading banking personnel by providing local and foreign training programs and incentives for the distinguished among them.

To install the single family spirit in all the branches and agencies under the leadership of the Bank's top management.

EXECUTIVE MANAGEMENT

MR. JAMAL T. ABDULMALEK	Chairman & General Manager
MR. FATHI JUMA BUSNAINA	Vice Chairman & Deputy General Manager
MR. ABDELFATTAH AHMAD ALFAGIH	Assistant General Manager And Accounts Department Manager
MR. FAWZIALI SHUEHDI	Manager, Credit Department And I/C Banking Operations Department
MR. SALEM MOUSA ALBARRANI	Manager, Inspection And Audit
MR. ALI MOHAMMAD JUOUDA	Deputy Manager., Administration And Personnel Department
MR. ALI RAJAB ARRUTUB	Head Of General Affairs Section
MR. WAEEL MOHAMMAD BASHEER	Head Of Publications And Communications Section

BRANCH MANAGERS

MR. IBRAHIM MUSTAFA IRRAIS	Benghazi Main Branch
MR. IBRAHIM ALARBY SHAGLOUF	Acting, Tripoli Main Branch
MR. YOUSIF ABDALLA ALBAKOUSH	Misurata Main Branch
MR. MUHSIN ASOUR ZOGOGO	Tobruk Main Branch
MR. SAID AHMAD ZAHMOUL	Azzawia Main Branch

HEADS OF AGENCIES

MR. ABDUSSALAM MANSOUR AZZAWI	Alforosia
MR. NAJI SASSI ALMUNDULSI	Gout Ashaal
MR. AHMAD BASHIR ALAYEB	Africa Center
MR. ADEL SALAH ADDIN ALENAZI	Alberka/Benghazi International Airport
MR. ATTAHIR ALHDI ALAMOURI	Burj Alfateh
MR. OSAMA AHMAD SHABASH	International Airport Tripoli (Supervisor)
MR. AHMAD MAHMOUD ALAWAMI	Musaad Border (Supervisor)
MR. FAWZI MOHAMAD BORZAIZA	Adawa Al Islamia

The ordinary shareholders meeting convened its seventh meeting in Benghazi on 25/2/04 and passed the following resolutions:

The First Resolution

The Share-Holders Meeting approves the Board of Directors Report on the Bank activities during the year ending on 31/12/2003. It also resolves to continue the underwriting of the Bank capital in accordance with previous resolutions, considering that priority shall be given to the Bank employees in recognition of their efforts toward the Bank's success.

The Second Resolution

The Share-Holders Meeting confirms being presented with the Control Committee Report for the year ending on 31/12/2003 and to consider it a part of the minutes of meeting documentation.

The Third Resolution

The Share-Holders Meeting confirms being presented with the External Auditors' Report for the year ending on 31/12/2003 and to consider it a part of the minutes of meeting documentation.

The Fourth Resolution

The Share-Holders Meeting approves, without amendment or reservation the Balance Sheet, the Income Statement and the Proposed Remuneration Accounts for the year ending on 31/12/2003.

The Fifth Resolution

The Share-Holders Meeting appoints the Auditors Office of:

- 1- Mr. Mohamed Bashir Albargathy
Certified Accountant and Auditor
- 2- Dr. Mustafa Baccar Mahmoud
Certified Accountant and Auditor

to audit the corporate accounts for the year which will end on 31/12/2004, and determines the stipend for each at (25,000 LD), twenty five thousand LD in lieu of their services.

The Sixth Resolution

The Share-Holders Meeting absolves the Chairman and Members of the Board of Directors from any blame on their performance during the year which ended on 31/12/2003.

The Seventh Resolution

The Share-Holders Meeting resolves to select the Chairman of the Board and General Manager, the Deputy Chairman and General Manager and the Board Members -for the period stipulated in the Bank's Articles of Incorporation- as follows:

- 1- Mr. Jamal T. Abdelmalek
Chairman of the Board and General Manager
- 2- Mr. Fathi Juma Busnaina
Deputy Chairman of the Board and General Manager
- 3- Eng. Mubarak A. Sharif
Member
- 4- Dr. Mohamed R. buzakouk
Member
- 5- Mr. Hassan Omran Haroon
Member
- 6- End. Mohammad M. Hwaidi
Member
- 7- Mr. Fadhalla F. Fanoush
Member

The Shareholders Meeting determined their monthly stipends as follows

The Chairman of the Board	500 LD Five hundred LD
The Deputy Chairman of the Board	400 LD Four hundred LD
Each member of the Board	300 LD Three hundred LD

The Bank will pay any taxes that become due on these stipends. The Meeting also resolved 3% three per cent of the net profits after deduction for the Board collectively as stipulated in the Articles of Incorporation.

The Eighth Resolution

The Share-Holders Meeting resolved to reappoint the Chairman and Members of the Control Committee; they are:

- 1- Mr. Hassan A. Albargthy
Chairman
- 2- Mr. Ramadan Y. Kwairi
Working member
- 3- Mr. Sulieman S. Shohoumi
Working member

They are granted a monthly stipend of 600 LD Six hundred LD, while each shall bear the burden of any taxes that may become liable to pay.

The Share-Holders Meeting also appointed:

- 1- Mr. Khalifa M. Naas
 - 2- Mr. Fathi R. Badir
- As two Control Committee Members in reserve.

"In the Name of Allah, Most Gracious, Most Merciful" Address By the Chairman of the Board of Directors, The General Manager

To the Seventh Ordinary Shareholders Meeting Held on 25/2/2004

Ladies and Gentlemen,
Shareholders of the Bank of Commerce and Development
Please accept my appreciate and feelings of respect,

At the outset, I am pleased and honored to welcome you in your esteemed Shareholders Meeting. This annual meeting which, embodies your support and care for your bank throughout its years of existence. We take pride in the preparations and enjoy meeting you in order to reap together the fruits of the year's hard work and labor.

I would like to inform you that the resolutions which were arrived at in your sixth shareholders meeting –held on 26/3/2003- have been carried out.

During the year 2003, the Bank realized many achievements, which, make us proud and honored. They embodied non relenting and exhausting labor throughout the year. The following was achieved:

- 1- Opening the Burj Alfateh Agency in Tripoli on 16/07/2003
- 2- Opening the Musaad Border Agency on 23/09/2003
- 3- Opening the Addawa Allslamia Agency Benghazi on 07/10/2003
- 4- Opening the Tripoli International A/P Agency on 15/11/2003
- 5- Opening the Alberka Agency in Benghazi on 22/12/2003

These agencies were provide with state of the art equipment and furniture suitable for extending differentiated services to the Bank customers.

6- The new Tripoli Main Branch and the Head Office Branch building was opened in the western region in a formal celebration. This celebration was attended by representatives of sister and friendly banks, both from inside and outside Libya. In attendance, were also many personages from the economic, companies and establishments, as well as foreign and Arab Diplomats and many of the Bank shareholders and customers. The building is considered a source of pride for both the Bank and the City of Tripoli. It was equipped with ultra modern equipment, instruments and bank furnishings. A whole floor was allocated for a banking training center for our employees. The center was equipped and provided with the latest technologies, furniture and modern instrumentation.

7- With God's grace, the Bank of Commerce and Development Tower in Benghazi was opened in the City of Benghazi on 22/12/2003 as the Bank Head Office. The occasion was marked by a huge celebration, which was attended by many personages from the local authorities in Benghazi, Tripoli, Misurata, Sirte and Albutnan. A number of Diplomats from the consulates in Benghazi were also present. The first Governor of the Central Bank of Libya honored the celebration by his presence. The building is comprised of seven stories, which house the various Head Office Departments. An eighth floor was allocated to serve as a banking training center. All the floors were provided with the latest instruments, furniture and equipment. The building is truly a source of pride for the bank, the shareholders and the City of Benghazi.

8- Work was completed on the New Tobruk Branch Building, it was furnished and equipped. God willing, it will be ready for operation during the first quarter of next year 2004. Another addition to the bank's assets.

9- The Extraordinary Shareholders Meeting resolution to increase the Bank's capital from (9,000,000 LYD) nine millions, to (20,000,000 LYD) twenty millions, was carried out. New shares were issued for underwriting by old and new shareholder. The paid in capital on 31/12/2003 amounted to (17,317,900,000 LYD) seventeen millions, three hundred seventeen thousands and nine hundred LYD.

10- The Bank continued providing the modern and new technologies in the banking world. During the year 2003 and in collaboration with the Iskan Bank for Commerce and Finance in Jordan, the first VISA credit card was issued.

Notwithstanding the Central Bank of Libya's policy of continuing to refrain from selling foreign currencies to our Bank since August 2002 and throughout the year 2003, although the Bank has fulfilled all its obligations as stipulated by Law number (1) 1993 concerning banks, money and credits; yet, the collective bank employees efforts resulted in realizing net profits amounting to (11,325,076,000 LYD) eleven millions, three hundred twenty five and seventy six LYD. An increase of (1,293,281,000 LYD) from 2002, at a rate of increase of (13%). An amount of (5,347,962,000 LYD) will be paid to the Tax Department in lieu of Corporate, Jihad and Stamp Taxes. The total already paid and what will be paid to the public treasury –since it started its activities and until 31/12/2003- will reach an amount of (25,658,083,000 LYD) twenty five millions, six hundred fifty eight and eighty three LYD. This is living proof that the Bank fulfills its legal obligations toward the society, and that the public treasury is a partner in more than two thirds of the Banks annual earnings. The Bank does not burden the public coffers, on the contrary, it supports them. The Bank also pays salaries, stipends and fringe benefits to its employees, laborers and part-timers, and who number more than (280) employees and staff of both genders. This is more evidence that the bank supports the public treasury by employing to members of the society and providing them with regular incomes.

In conclusion, I would like to extend my gratitude and appreciation to the esteemed shareholder and customers who chose to use our services. My thanks and appreciation go also to the family made up by our employees in the Head Office and all the branches and agencies for the hard work and effort and perseverance, as well as their dedication to the Bank.

May Allah's peace, mercy and blessings be with you.

Gamal T. Abdelmalek

Chairman of the Board, The General Manager

The Seventh Board Of Directors Report

On the bank's activities and its financial position for the financial year ending on 31/12/2003

Ladies and Gentlemen

Esteemed Share Holders

The Board of Directors takes pleasure in presenting you with this Seventh Annual Report on the Bank's activities and results for the year ending on 31/12/2003. The year was full of achievements in the operations and developments of the Bank's business. Taking into consideration the short period since the Bank was opened, its modest share of the Libyan Banking Market, the domination of the public ownership of the Banking Sector, the weakness of the diversity of the income base and the inflexibility of the laws regulating the Banking, Money and Credit activities. Our Bank is still subject to several constraints imposed by the Central Bank of Libya; nonetheless, our Bank was capable of adopting and responding to these difficulties locally, as well as keeping abreast of the changes taking place in the international banking industry. Our Bank introduced the SWIFT System, continued the development of its human resources, modernized and automated its business in such a way that supports the transformation to comprehensive banking and the development of a good base of self financing. In the meantime the Bank remains in full compliance with the local and international banking standards in the areas of capital sufficiency and money laundering prevention.

The vigilant employment policy and the wise and serious management were reflected on the performance of the Bank of Commerce and

Development. The Bank's activities during the year 2003 indicated a remarkable growth in various areas. This establishes the Bank's standing among the operating Banks in the Libyan Economy, a fact confirmed by the results of the Bank's activities in the areas of recruiting and employing resources and the outcome of the Bank's activities which will become apparent from the following:

1. The Bank's activity was characterized by growth during the year 2003 in spite of the economic depression and the negative effects of the changes in international policies. This growth was reflected in an increase of the total assets to (505,927,595.973 LYD) indicating an increase of (109,869,720.130 LYD), with a rate of increase of 27.7 % compared to 2002 assets which were (396,057,865.840 LYD).

2. The main source of resources during the year, represented by deposits, has risen to (376,128,321.158 LYD), they are in excess of the total deposits for 2002 by (89,022,308.159 LYD) indicating a large rate of increase of (31%) compared to 2002. Personal current accounts (demand deposits) represent the major portion of (43.8%) of the total volume of deposits in the Bank, next in importance we find the current accounts of public legal persons (22%), followed by private legal persons such as companies and partnerships and businesses; with a rate of over (14.7%) of the total deposits.

The following table indicates the growth of the current accounts of all the Bank's customers.

Account Type	Number of Accounts On		Rate of Increase
	2002/12/31	2003/12/31	
Personal	21057	23643	% 12.3
Partnerships	1975	2840	% 44
Corporations	1412	1261	% 11.7 -
Public companies	208	247	% 19
Foreign companies	88	127	% 44
T o t a l :	24740	28118	% 100

On the other hand, time deposits amounted to (39,494,808.219 LYD) representing a ratio of (10.5%) of the total deposits. The time deposits during this year increased to (22,306,608.219 LYD) which shows a growth of not less than (129.7%) compared with the same period of 2002.

Savings deposits remained almost constant (23,444,766.832 LYD) during the year 2003, their value during the year 2002 was (23,165,238.966 LYD).

3. The Bank's policy of compliance with local and international standards of banking capital adequacy encouraged increasing the capital from (9,000,000,000 LYD) to (20,000,000,000 LYD) by issuing (1.1 million) shares at a nominal value of ten LYD per share. The paid up capital increased this year to (17,317,890,000 LYD), a rate of increase of (92.4%), as a result of transferring the share premium which is eight LYD per share to the legal reserve, the owners equity increased to (33,694,752,268 LYD) indicating a rate of increase of (69.4%) compared to the year 2002. This reflects a remarkable growth of the internal resources of the Bank.

4. The main source of use of the resources available to the Bank is comprised of the loans and credit facilities which it grants to finance economic activities. During this year the Bank maintained the

Type of Service	Number	Value LYD
Documentary Credit	428	117,799,230.981
Bills under collection	311	26,144,510.562

The Bank of Commerce and Development also executed documentary credits approval and financing for (86) in number L/C's with a value of (14,090,714,000 LYD) and (4) in number L/C's for the Redirection to Production Program Fund with a value of (921,452,000 LYD).

6. The Bank also executed a value of (192,192,966.327 LYD) of incoming and outgoing transfers (money transfers) during the year with the following breakdown:

Type of Service	Number	Value LYD
Incoming transfers	1524 Order	154,979,939.880
Outgoing transfers	874 Order	37,213,026.447

7. The constraints imposed on the Bank by the Central Bank of Libya on the sale of foreign currencies in Libyan Dinars remained in force for the duration of the year 2003, and our Bank was barred from the purchase of foreign currencies, notwithstanding its fulfillment of all its obligations. However, the Bank was able to depend on its banking activities to attract foreign currencies from its customers. Foreign currency sales amounted to (US \$ 65,650,000.00) and (€ 7,850,000.00).

8. Because the bank did not accrue any revenue from its contributions in the stock companies in which it has invested, management has followed a conservative policy, and the Bank did not invest in any of the companies that were offered, except increasing its share in the capital of Almutahida Insurance Company which generates a lucrative revenue.

9. The Bank paid great attention to the phenomenon of doubtful debts and the ensuing loss which affect the economy in general and the Banking establishment in particular. The phenomenon of doubtful debts does not constitute an important issue in our Bank. The Board of Directors made a number of resolutions to carry out extensive studies of credit and obtaining sufficient good guarantees, control and follow up of credit risks. The doubtful debt provision was supplemented at the end of the year 2003 with (1,000,000,000 LYD), thus the total of this provision becomes (2,200,000,000 LYD). Additional

same conservative policy it followed in the past. It took caution of the effects of economic depression on the facilities and loans it grants. This resource grew with a rate that did not exceed (12.2%) compared with the same period of the year 2002. Consequently, the value of granted facilities and loans did not exceed (51,822,233.960 LYD), 52% of which was for the National Oil Corporation loan guaranteed by the Central Bank of Libya.

5. The Bank performed remarkably in financing foreign trade. Its services extended to the various sectors of the national economy where it opened letters of credit, executed incoming bills for collection. The Bank's contribution in the foreign operation amounted to (143,943,741.543 LYD) during this year, with the following breakdown:

First: Equity :

The Bank employed continuous development as a strategic choice in order to adopt to international and local changes, especially those which are concerned with Capital Adequacy, the devaluation of the Libyan Dinar. Accordingly the Extraordinary Shareholders Meeting held on 11/3/2002 approved the capital increase from (9,000,000,000 LYD) nine million LYD to (20,000,000,000 LYD) twenty million LYD as recommended by the Bank Board of Directors.

The Shareholders Meeting Resolution was put in effect by issue of (1,100,000 shares) one hundred million shares, with a share nominal value of (10,000 LYD) ten LYD with the addition of (8,000 LYD) eight LYD to be transferred to the legal reserve in accordance with Article (12) of the Articles of Incorporation of the Bank. The current shareholders were given precedence in acquiring the new shares.

The new shares were offered to the current shareholders as of 1/1/2003, then to new investors as of 1/4/2003. At the end of 31/12/2002 (831789 shares) were sold, thus the paid up capital totalled (17,317,890,000 LYD) instead of (9,000,000,000 LYD), the value of the previous paid up capital.

The increase of the capital up to 31/12/2003 amounted to (8,317,890,000 LYD) and the number of shareholders was (1898) natural and legal persons.

The capital increased by a rate of (92%) compared with the year 2002. When we add the reserves, provisions and retained earnings to the new capital the new equity becomes (33,694,752.268 LYD) instead of (19,892,729.712 LYD) indicating a rate of increase of more than (69.4%) compared with the year 2002.

This increase in internal resources affirms the public confidence in the Bank and enables it expand the volume of credit it grants.

Second : Evolution of the services

provided by the Bank:

The Bank always aspires to provide the latest in the world of banking services. In addition to the conventional banking services and the services provided to some of the major companies, the Bank provided a bundle of differentiated new services in the Libyan banking services market in, some are:

- Phone banking in all branches and agencies.
- Travelers' cheques in Libyan Dinars.
- Safe deposit boxes.
- Internet services.
- Touch-screen services in all branches and agencies.
- Drive-in Banking
- Automatic Teller Machines.

The Bank also issued the first credit card (Visa)

in collaboration with the Jordanian Housing Bank, as a means of guaranteed payment for use outside the country, however during the last quarter of the year 2003 transaction with this card was discontinued in compliance with instructions issued by the Central Bank of Libya. Credit card services will be resumed during the year 2004 as the CPL approved transactions using debit cards.

- The Bank completed the installation of the advanced comprehensive banking system. All the Bank units in the city of Benghazi and the city of Tripoli were connected on-line. We anticipate to connect all the Bank's units in all parts of the country, with the result that all the branches, agencies, business centers will appear to the Bank's customers as a single branch regardless of which unit they are dealing with.

This banking system covers all the services we provide in the present, as well as any we contemplate in the future. The system has many features and is capable of being upgraded to provide more advanced banking services with complete ease through the following:

- Continuous upgrading and enhancement without affecting data or information.
- Control facilities are available, which management to control the branches; either through direct access to the branch accounts or through the various available reports.

The system also supports a number of services which, -god willing- we intend to introduce in the near future, such as:

- Cash Card services through Automatic Teller Machines.
- Direct connection to correspondence functions such as SWIFT.
- Internet-banking through the Internet.

The system can also be connected to the international financial markets and to the local and international banks.

- The Bank achieved the idea of providing distinguished services to national and foreign companies, partnerships and businesses who are among the Bank's customers through the two business centers in Benghazi and Tripoli.

Bank provides all these differentiated and diversified services which reflect new trends in the banking world. They also express a strategy which desires to increase the Bank's share in the market, cut costs, save time and indicate the Bank's growth and development. This strategy provides the Bank with an opportunity to expand, improve communications with its customers much more than conventional banking can provide and attain lucrative revenues.

Third: Human Resources :

The Bank continued its efforts during the year 2003 to develop, qualify and prepare its human resources through practical training and theoretical instruction with the aid of meeting the technical and ordinary manpower requirements. The manpower increased in all areas from 230 employees and workers in the year 2002 to 282 employee and worker in the year 2003, an increase of up to 22.6%, this increase in the number of employees and the number of agencies reflects the growth of services the Bank provides to its customers.

The bank created 52 new job positions during 2003, of which 29 jobs were for meeting the needs of expansion in the existing branches, agencies and business centers, and 22 jobs represent the requirements of the new

agencies which were opened during 2003.

The manpower increase to reach 282 reflects meeting the increasing demand on manpower resulting from vertical expansion and the geographical spread of the Bank in many Libyan cities, as well as the expansion and diversity of the Bank's business and services both qualitatively and quantitatively.

The Bank's demand for manpower was fed by employees joining from other banks after tending their resignations to their previous employers, as the Bank became a secure source of employment, so that many viewed it with admiration and sought to be employed by it.

In addition a number of recent university and higher institute graduates were employed to joint the Bank.

1. Manpower Structure :

Table (1) illustrates the manpower structure in the Bank and the distribution of the clerical and non clerical jobs:

Unit	Clerical		Non-clerical	
	2002	2003	2002	2003
Head Office	24	43	13	8
Benghazi Main Branch	31	29	9	9
Alforosia Agency	11	11	3	3
Benina International A/P Agency	3	3	-	-
Benghazi Business Center	9	10	1	2
Addawa Alislamia Agency	-	3	-	2
Tripoli Main Branch	37	31	8	10
Gout Asshaal Agency	9	10	2	2
Tripoli Business Center	8	10	1	2
Burj Alfateh Agency	-	7	-	2
Tripoli International A/P Agency	-	3	-	-
Misurata Main Branch	20	22	6	6
Africa Commercial Center Agency	5	5	1	1
Tobruk Main Branch	16	18	7	7
Musaad Border Agency	-	4	-	2
Azzawia Main Branch	12	13	4	4
Total :	185	222	55	60

Clerical jobs have grown noticeably during the year 2003, the total clerical jobs totalled 222, a ratio of 87.4% of the total Bank manpower, an increase of 37 clerical jobs compared with the year 2002.

Non-clerical jobs, which include ordinary labor, totalled 60 jobs, a modest increase not exceeding a rate of 9.1% compared with the Bank requirements for this type of employment in the year 2002.

The large growth, especially in clerical jobs reflects the expanding scope of the Bank's activities both vertically and horizontally, as well as the diversity of banking services, their availability and quality as well as the desire of the banking clientele to obtain these services.

2- Manpower distribution by work location :

table (2) illustrates the manpower distribution in the various Bank units between Head Office, the Branches and Agencies. The data for the year 2003 indicates that Tripoli Branches, Agencies and Business Center absorbed (77) employees and workers, a ratio of (27.3%) of the manpower in the Bank. Whereas Benghazi Branch, Agencies, and Business Center employ (72) employees and workers, a ratio of (25.5%) of the total Bank manpower.

The Head Office comes third, where it employs (51) employees and workers who represent about (18.1%) of the total manpower for this year. The remaining branches and agencies employ (82) employees and workers, a ratio of (29.1%) of the Bank total manpower.

It worth observing that the Bank still engages some part-time employee who receive fixed stipends. These comprise a number of competencies in the legal, managerial and financial consultancy areas. In addition, the Bank employs a number of ordinary labor as night guards, sanitation-laborers and drivers.

Man Power Distribution Table

Unit	2000	2001	2002	2003
Head Office	18	28	48	51
Benghazi Main Branch	22	34	35	38
Alforosia Agency	8	10	14	14
Benina International A/P Agency	-	3	3	3
Benghazi Business Center	-	-	10	12
Addawa Alislamia Agency	-	-	-	5
Tripoli Main Branch	20	31	30	41
Gout Asshaal Agency	5	8	11	12
Tripoli Business Center	-	-	9	12
Burj Alfateh Agency	-	-	-	9
Tripoli International A/P Agency	-	-	-	3
Misurata Main Branch	13	17	26	28
Africa Commercial Center Agency	4	4	5	6
Tobruk Main Branch	-	18	23	25
Musaad Border Agency	-	-	-	6
Azzawia Main Branch	-	16	16	17
Total :	90	169	230	282

3 - Training and Development :

The Bank always aspires to develop the skills of its employees, improve and prepare a competent manpower, foster planning and leadership abilities in the various Bank departments and at the different functional levels. At the same time the Bank expends a great effort toward enhancing the work environment to increase productivity and proper utilization of the available human resources. For this purpose the Bank adopts an employment policy that emphasizes building a solid manpower structure that is compatible with the quality of the banking services training and developing management leadership, which enjoy technical knowledge as well as exemplary professional behavior and experience in the banking practices.

To achieve these goals the Bank top management used meticulous selection methods in employment and placement of the best among the applicants, coupled with enhancing the efficiency of the existing manpower, and preparing all

employees to enable them to perform most effectively and efficiently and on-line with the vertical and horizontal expansion of the Bank's manpower structure. The Bank employs training and development both inside the country and abroad; in order to stay abreast of modern technological methods introduction, develop the existing banking services and present innovation in the Libyan money market. This aims at providing a comprehensive up-to-date database to assist decision makers to arrive at enlightened and well based decisions, and at the same time achieve effective banking control. Training and development are carried out through:

a. Training and instruction abroad through academic and theoretical preparation of the trainees among the Bank employees, so that they are prepared to meet the expansion requirements and growth of the services the Bank provides. Training and instruction of 17 trainees took place during the year 2003, a rate of increase of 42% compared with the year 2002.

Table Training courses abroad

Course subject	Number of trainees		
	2000	2001	2002
Banking operations	4	5	11
SWIFT	4	3	1
T o t a l :	8	8	12
			17

B. Local training in the various areas of the banking business totalled 23 trainees, the training took place in venues outside the Bank.

Additionally, on the job training is carried out during working hours to prepare the employee to perform the assignments of his job.

In the context of the increasing attention given to training and developing the employees, and at the initiative of the Chairman of the Board, the General Manager, the bank held a seminar under its auspices and in collaboration with the Union of Arab Banks, under the title "Modern Management of Retail Banking and Customer Evaluation". The seminar was held in the Fondouk Al Kabir in Tripoli

Table Local training courses

Course subject	Number of trainees			
	1999	2000	2001	2002
Banking operations	11	22	12	19
Computers	6	3	6	1
English language	-	4	2	4
SWIFT	2	3	6	5
Conferences and seminars	6	9	7	9
T o t a l :	25	41	33	38
				23

C. The Bank of Commerce and Development Training Centers:

In order to prepare and implement extensive continuous training programs, with the aim of continuous improvement of the abilities and competencies of the Bank's manpower, the Bank prepared two training centers, one in the Head Office Building in Benghazi and the other in the Tripoli Main

4 - Incentives and fringe benefits :

Incentives and fringe benefits play a great role to get employees motivated to work. This made the Bank management continue its policy since the its opening. It paid great attention to reward and recognize hard working employees, and established the model employee award to encourage employees to respect their work and take pride in it. Recognizing the employee and being attentive to him as a human resource which has priority in the employment policy and the plans for developing and modernizing services and relations in the Bank, hence management was careful to have compatibility between motivation to work and the incentives thus achieving employee job satisfaction and belonging by providing several incentives and fringe benefits such as:

a. Providing free medical care for the employee and his family, and in spite of the high costs of health care, the Bank continued the policy of providing care to the

employee and members of his family through specialized and highly efficient medical clinics.

B. In order to reinforce social and human ties, and to maintain the principles of cooperation, management started implementation of the Board of Directors resolution number (131)-2002, concerning the establishment of social assistance fund for all the Bank employees as of 1/1/2003. The establishing committee commenced reviewing the cases presented to it and paid (25,230,000 LYD) in the form of social assistance payments to a number of employees.

C. The Bank renewed the life insurance policy with the Almuttashedon Insurance Company. The policy covers accident risk and death. In addition the policy has a saving feature in that it acts as an end of service benefit.

D. The Bank grants the employees social loans for those who exceeded one year of service. The interest free loan is calculated on the basis of the total income for one year, payable in 72 installments.

Fourth : The Bank expansion and the development of its units :

1- The Bank units increased from (9) in number during the year 2002, to (14) branches and agencies on the end of the year 2003. During the year 2003 (5) agencies were opened for business, as follows :

Agency Name	Opened on
Burj Alfateh	16/07/2003
Musaad Border	23/09/2003
Addawa Alislamia	07/10/2003
Tripoli International Airport	15/11/2003
Birka - Benghazi	22/12/2003

These agencies were provided with the latest equipment and furnished in such a way as to make them suitable for offering differentiated services to the Bank customers. Although they operated only for a brief period, they generated good revenues and played a role in increasing the Bank's activities and the expansion of its services.

Work is underway to open some agencies during the year 2004. They are the Alhadeeg-Benghazi, Gialo and Gargaish-Tripoli. Suitable premises to conduct their business have been secured. Almadar-Tripoli, Alkabir-Tripoli and Zwara agencies will open for business as well.

The Bank has applied to the Central Bank of Libya for permission to open Bank branches in the city of Zleten and the city of Ajdabia.

2. With grace from Allah, the Bank completed the construction of the Head Office Building (Burj of the Bank of Commerce and Development) and provided the building with the latest equipment and furnishings. The official opening took place and started business on 22/12/2003 with a big celebration on the occasion, as well as opening the Birka Agency and the Addawa Agency. The celebration was attended by many dignitaries from the local government, diplomats from the consulates operating in Benghazi and the first governor of the Central Bank of Libya. The Bank also held a party to honour the veterans in some fields such as teaching, medicine, law, accountancy and the judiciary. The Bank also honored women by honoring the veteran females from the judiciary, medicine and the media. The committee which supervised the completion of the building was also honored.

The Head Office Building was designed to provide all the means which are conducive to perform work in the best possible way. The building which is comprised of eight floors houses the Bank Departments. It also contains a training center which was provided

by the means of training and developing the employees, a library to keep new as well as old employees abreast of the developments and innovations in the banking world.

3. The new Tripoli main branch building in Annasr Street was completed and opened on 8/12/2003. The Bank held a large celebration which was attended by guests from the banking industry, public service and the ambassadors of some friendly and brotherly nations. The Bank held the celebration in the Corinthia Hotel Hall. The Bank honored the veterans of the Central Bank of Libya, the Libyan Arab Foreign Bank, the Commercial Banks and some employees from the Tripoli Main Branch.

The building comprises a basement and four floors, it houses premises for the Tripoli Head Office, a training center provided with equipment, furniture and a library to conduct functional training in the Tripoli Branch.

We should note that the Bank on celebrating the occasion of its seventh anniversary of its establishment on 9/6/1996 held a celebration in the Tibisti Hotel Hall. In attendance there were many civil servants, the managers of banks operating in Benghazi, company managers and representatives of consulates in Benghazi. In this celebration the Bank honored the veterans of the Central Bank of Libya and some Bank employees who participated in its beginnings.

4. Work is underway to complete the Tobruk Branch, which we hope -with help from Allah- to finish during the first quarter of the year 2004, as it is in the finishing stages. It will be prepared and equipped with state of the art equipment and furniture.

5. Preliminary plans and blueprints for the Misurata Main Branch have been prepared. Work shall commence on the plot of land which the Bank obtained in a location in the commercial center of the city, with an area of 1200 m2.

Fifth : Loans and facilities :

The total credit facilities granted on 31/12/2003 totalled (51,822,233.960 LYD) against (44,844,939.599 LYD) on 31/12/2002, an increase of (6,977,294.361 LYD). These facilities were approved by the Board of Directors in the form of commercial loans, such as the National Oil Corporation loan and the Alburqa Air Transport Company loan, as well as overdrawn accounts of a variety of companies and partnerships when good collateral is provided. Comparing these balances and the available funds, which are not invested, it becomes apparent that the Bank still maintains

its cautious policy when considering credit facility applications; whether in the form of commercial loans or overdrafts. Facilities are on granted after extensive feasibility studies which indicate good returns on the project considered for financing, as well as providing good collateral such as real estate mortgages. The Bank also granted social loans in compliance with directives from the Banks and Money Control Department in the Central Bank of Libya. The Bank is also serious in prosecuting bad debts, some of them have been taken to the courts. In some cases verdicts favorable to our Bank were issued. Other cases are still pending in the courts; according to the Bank's solicitors both in Tripoli and Benghazi.

SIXTH : BANKING OPERATIONS :

Due to the modern and fast services which differentiate our Bank and the international reputation it has gained among foreign correspondents, it performed various documentary credit transactions for the different economic sectors in the Jamahyria, it also performed international money transfers.

1. International Operations :

The Banking Operations Department processed documentary credits and informed correspondents using the latest international communications systems (SWIFT). Our Bank decided that these communications pass through a central system in the Head Office to ensure that the executed credits and the money transfers are compatible with current regulations, and that all the supporting documentation for any credit, transfers or payments are made against incoming and existing foreign documents and that they have been checked. The following data illustrate the Bank's activities during the year 2003.

Documentary Credit :

Total L/C's opened during 2003

Number of L/C's	Value of L/C's in Foreign Currency	Equivalent in LYD
426	€ 72,226,168.00	117,728,653.840
1	£ 6,624.00	15,632.641
1	Tunisian Dinars 51,350.000	54,944.500
428	T o t a l :	117,799,230.981

Total L/C's opened and approved by BOCD

Number of L/C's	Currency	Total
86	\$ US	10,437,566

Production L/C's

Number of L/C's	Currency	Total
4	€	588,456

Bills for Collection:

Bills for collection 2003 in □

Number of Bills	Total	Equivalent in LYD
242	14,577,363.00	23,761,101.690

Bills for collection 2003 in Tunisian Dinars

Number of Bills	Total	Equivalent in LYD
10	192,098	205,544.860

Bills for collection 2003 in \$ US

Number of Bills	Total	Equivalent in LYD
59	1,601,370.60	2,177,864.012

International Money Transfers:
- Outgoing Money Transfers

Total Trans in year 2003

Number of money transfers	Value of L/C's in Foreign Currency	Equivalent in LYD
786	€ 22,398,453.00	36,509,478.390
9	\$ 278,130.00	378,256.800
68	£ 124,130.00	168,816.817
11	SF 246,611.00	256,474.440
874	T o t a l :	37,313,026.447

- Incoming Money transfers

Total Trans in year 2003

Number of money transfers	Value of L/C's in Foreign Currency	Equivalent in LYD
1030	€ 75,657,154.00	121,051,446.400
438	\$ 21,096,726.00	28,691,547.360
43	£ 2,004,599.00	4,770,945.620
13	SF 443,810.00	466,000.500
1524	T o t a l :	154,979,939.880

D. Foreign Currency Cash Sales:

Although the Central Bank of Libya has refrained since August 2002 and until 31/12/2003 to sell bank note foreign currencies to our Bank, still, during the year 2003 our Bank provided this banking service to its customers. The following illustration indicates the amounts sold during this period.

Currency	Total	Equivalent in LYD
Cash US \$	65,650,000.00	89,284,000.000
Cash €	7,850,000.00	12,874,000.000

These currencies were obtained against liquidation of the incoming international money transfers to the Bank customers. After crediting the balances to our accounts in foreign currencies with the Central Bank of Libya in compliance with Directive Number (a.r.m.n. /3/2003).

Incoming and Outgoing Local Money Transfers :

Because of the rapid processing of this type of money transfers by our Bank, which distinguishes it from the other banks in wiring and receipt from a main branch to another inside Libya- the public is increasingly taking advantage of this feature due to their appreciation of the importance of the time factor in these situations. The following illustrates the movement of these incoming and outgoing money transfers :

Incoming and outgoing money transfer illustration during the year 2003

Description	Number	Equivalent in LYD
Outgoing transfers	17079	316,944,864.000
Incoming transfers	16645	299,755,607.000

3. Certified cheques :

During the year 2003 the Bank Branches and Agencies, certified (36205) cheques with a total value of (533,531,424.972 LYD), these figures indicate the confidence of the public in this financial establishment. The high accuracy of preparing the certified cheques issued by the Bank prevents any attempts to counterfeit due to the utilization of a protruding water mark.

Seventh : Internal Auditing

Control is one of the important processes to ensure that actual performance is compatible with the desired plans, instructions and the systems in place. To achieve continuous control the Bank management paid attention to the auditing procedures by inspection tours, daily audits of the branch and agency operations and the journal records. As well as unannounced cashier inventories in the branches and agencies. In the branches and agencies the audit sections inspect and check the documentation in the form of cheques, entries, vouchers, data and daily reporting of errors and deficiencies.

The Audit and Inspection Department formed inspection committees to inspect the branches and agencies. They covered all the branches and agencies and submitted reports, which included their observations. These reports were forwarded by the Department to the branches for correction. The Department also issued circulars and instruction guiding the proper performance of operations and avoiding mistakes. The inspection results and the performance of the Auditing Sections in the branches and agencies highlighted the observations, which were brought to the attention of the branches and agencies by letters and circulars.

The Audit and Inspection Department, through the audit sections followed up the customs declarations for the documentary credits and the bills for collection and reporting them to the Central Bank of Libya in accordance with the current directive to this effect.

Additionally the Banks and Money Control Department of the Central Bank of Libya inspected the Bank branches and agencies during 2003 and provided us with reports containing inspection results. The Bank Management took the necessary actions and reported these actions to the Central Bank of Libya accordingly.

THE BALANCE SHEET AS ON 31/12/2003

ASSETS	Notes	2003 L. D.	2002 L. D.
Cash and balances with CBL	1	97,883,162.341	73,466,814.462
Deposits and balances with banks	2	270,263,274.997	199,032,594.424
Investments	3	51,293,200.000	51,293,200.000
Loans and advances	4	48,982,233.960	43,644,939.599
Buildings under construction	5	6,133,603.068	4,315,342.717
Accounts receivable & other debtor balances	6	23,427,200.569	17,582,470.993
Net fixed assets	7	7,944,921.038	6,722,503.645
Total assets		505,927,595.973	396,057,865.840
Liabilities & Owners equity			
Liabilities			
Customer Deposits (current accounts)	8	313,188,746.107	246,753,074.030
Customer Time Deposits	9	39,494,808.219	17,188,200.000
Saving Deposits	10	23,444,766.832	23,165,238.966
Cash Securities	11	31,863,092.919	13,910,878.821
Certified cheque	12	17,078,433.000	35,505,005.000
Accounts payable Other liabilities	13	47,162,996.628	39,642,739.311
Total liabilities		472,232,843.705	376,165,136.128
Owners Equity			
Capital	14	17,317,890.000	9,000,000.000
Legal Reserve	15	8,658,945.000	5,959,793.812
General Reserve	16	2,203,435.863	770,848.964
Various Provisions	17	2,106,892.674	2,153,342.500
Stockholders Profits and board Members remuneration	18	3,400,000.000	2,003,687.222
Profits carried forward		7,588.731	5,057.214
Total Owners equity		33,694,752.268	19,892,729.712
Total liabilities & Owners equity		505,927,595.973	396,057,865.840
Contingent accounts & other liabilities			
Letters of credit		81,415,012.000	48,411,995.000
Document under collection		3,115,546.000	3,392,755.000
Local and Foreign Letters of guarantee		10,909,493.000	2,941,424.000
Travellers cheques in stock		7,302,247,170.000	7,310,806,540.000
Total Contingent accounts & other liabilities		7,397,687,221.000	7,365,552,714.000
Grand total		7,903,614,816.973	7,761,610,579.840

(Jamal Al-Taib Abdelmalek)
Chairman & the general manager

(Abdulfattah Ahmad Alfiagi)
Manager Accounts Department

(Notes attached from (1) to (18))

Income statement

for the period ending on 31/12/2002 compared to 31/12/2001

Revenue	Notes	2003	2002
		Dnr	Drh
Interest Income	1	13,896,058.275	10,985,490.672
Interest Expense	2	5,588,890.061	3,973,115.118
Net Interest		8,307,168.214	7,012,375.554
Commission And Other Income	3	7,433,976.632	6,501,849.251
Gross Income		15,741,144.846	13,514,224.805
Expenses			
Administrative Expenses	4	2,926,014.640	2,726,190.779
Depreciation	5	1,490,053.991	756,239.000
Total Expenses		4,416,068.631	3,482,429.779
Earnings Before Tax		11,325,076.215	10,031,795.026
Corporate And J. Taxes		5,374,961.510	4,600,709.796
Net Income After Tax		5,950,114.705	5,431,085.230
Plus Profits Carried Forward		5,057.214	574.018
Net Profits		5,955,171.919	5,431,659.248
Proposed Appropriation			
Statutory Reserve Be 50% of Capital		172,583.188	1,357,914.812
Stockholders Dividends & Board Of Directors Remuneration		3,400,000.000	2,003,687.222
Provisions For Doubtful Debts		1,000,000.000	600,000.000
Provisions For Reserve		-----	900,000.000
General Reserve		1,375,000.000	565,000.000
Profits Carried Forward		7,588.731	5,057.214
Total		5,955,171.919	5,431,659.248

(Notes attached from (1) to (5))

Proposed Appropriation Of Profits :

Article (57) of Statute Number (1) 1993 regulating banks, money and credit and the Bank's bylaws governing the appropriation of net profits mandate the following:

- Deducting 50% of the net profits and adding this to legal reserve, until it reaches one half capital, hence 25% of the net profits is deducted.

The Board of Directors proposes the following appropriation :

	Net profits	5,955,171.919 lrd
*Legal Reserve		172,583.188 lrd
Dividends Directors' remuneration		3,400,000.000 lrd
Provision for doubtful debts		1,000,000.000 lrd
General Reserve		1,375,000.000 lrd
Profits carried forward		7,588.731 lrd
Total :		5,955,171.919 lrd

* To complement 50% of the nominal capital.

On this occasion the Board of Directors is please to extend thanks and appreciation to the sister and friendly banks, inside and outside the Jamahyria for the constructive cooperation. The Board also presents full gratitude to the esteemed customers for choosing our Bank to transact through its branches and agencies, for this the Board of Directors greatly values the support of the esteemed customers.

Finally the Board of Directors expresses full appreciation and thanks to the top executive management of the Bank represented by Chairman of the Board, the General Manager, his Deputy, the Department Managers, Section Heads and the Employees in the Head Office, the branches and agencies. They contributed, each in his capacity, experience and abilities, characterized by faithfulness, dedication and complete loyalty to the Bank. May God show us the path to success.

The Board of Directors

12/1/2004

IMPORTANT ACCOUNTING POLICIES

A. Collected and Paid Interests

The collected and paid interests are calculated according to the monetary accrual principle, the collected and paid interests are entered in the revenue account upon accrual.

B. Depreciation of fixed assets

The fixed assets appear with the value of their total cost, depreciation is calculated using the straight line method in accordance with the Executive Code of the Income Tax Law Number (64) 1973.

C. Investments

All investments are entered with the cost value in the Bank Ledgers.

D. Foreign currencies

All foreign currency transaction are entered in LYD according the exchange rates as issued by the Central Bank of Libya, in force at the time of the transaction. Assets and liabilities in foreign currencies are converted to LYD at the exchange rates in force on the date of Balance Sheet. The resulting foreign currency evaluation losses are entered in the revenue and expense account or are shown in the balance sheet in the of realizing profits.

E. Doubtful debts

The Bank allocated a provision for doubtful debts for this year amounting to one million LYD, although the granted credit facilities compared with the total assets represent a minor figure in comparison with the total assets, additionally the Bank reserved interest on some of the non moving accounts receivable.

ON 31/12/2003

BALANCE SHEET

The balance sheet for the year ending on 31/12/2003 totalled (505,927,595.97 LYD) against (396,057,865.840 LYD) for the year ending on 31/12/2002, an increase of (109,869,730.133 LYD) a growth rate of (27.7 %). The following is an illustration of the most important components of the balance sheet items:-

First: Assets

Note (1) Cash and balances with the Central Bank of Libya

	Value in LYD	2003/12/31	2002/12/31
Balance with CPL.		88,230,742.397	63,525,953.368
Local cheques under collection		3,323,406.135	5,083,321.885
Cash balance in local currency		5,742,378.329	4,237,851.984
Cash balance in foreign currency		586,635.480	619,687.225
Total :		97,883,162.341	73,466,814.462

Note (2) deposits and balances with banks

	Value in LYD	2003/12/31	2002/12/31
Deposits with the CBL		154,250,000.000	143,750,000.000
Deposits with local banks		30,000,000.000	30,000,000.000
Balances with foreign banks		83,616,852.737	21,968,023.984
Balances with local banks		2,396,422.260	3,314,570.440
Total :		270,263,274.997	199,032,594.424

Note (3) Local investments

	Value in LYD	2003/12/31	2002/12/31
investment profiles			
Treasury bills		45,000,000.000	45,000,000.000
Treasury bonds		5,000,000.000	5,000,000.000
Almuttaheda Insurance Company		588,200,000	588,200,000
Assafa Development Company		500,000.000	500,000.000
Attareq Computer Services Company		105,000.000	105,000.000
Alburaq Air Transport Company		100,000.000	100,000.000
Total :		51,293,200.000	51,293,200.000

Note (4) Loans and Advances

	Value in LYD	2003/12/31	2002/12/31
Loans			
* Overdrafts		27,466,798.224	25,841,720.000
Advances to Bank employees		20,739,881.309	17,272,548.210
Social advances to public		571,773.582	417,185.689
Total :		48,982,233.960	43,644,939.599

* after deducting (2,200,000.000 LYD) provision for doubtful debts

Note (5) Building under construction :

	Value in LYD	
	2003/12/31	2002/12/31
Buildings under construction	6,133,603.068	4,315,342.717
T o t a l :	6,133,603.068	4,315,342.717

Note (6) Accounts receivable and other debit accounts :

	Value in LYD	
	2003/12/31	2002/12/31
Non personal account under reconciliation	10,545,019.565	7,313,466.101
Local cheques in transit	10,508,714.341	6,535,959.119
Branch and agency accounts with H.O.	-----	2,850,007.295
Various debtors	2,214,339.138	769,158.203
Non personal accounts (current assets)	159,127.525	113,880.275
T o t a l :	23,427,200.569	17,582,470.993

Note (7) fixed assets after depreciation :

	Value in LYD	
	2003/12/31	2002/12/31
Instrument, equipment and spares	6,780,954.756	4,816,552.718
Furniture and steel vaults	1,806,270.446	1,677,407.850
Buildings (Bank premise)	1,580,973.475	1,182,852.725
Automobiles	1,050,153.624	969,811.024
Aluminum office dividers and fixtures	678,061.727	542,474.077
Floor carpeting	48,371.850	43,216.100
T o t a l :	11,944,785.878	9,232,314.494

The total of fixed assets depreciation at the end of the year amounted to (3,999,864.840 LYD), calculated on the basis of the straight line method for the estimated life of the assets, in accordance with the stipulation in the Executive Code of the Tax Law Number (64) 1973, as follows :

a. Buildings	3% Annual	d. Furniture and vaults	10% Annual
b. Instruments and equipment	20% Annual	e. Floor carpeting	10% Annual
c. Dividers and fixtures	10% Annual	f. Automobiles	20% Annual

SECOND: LIABILITIES AND SHAREHOLDERS EQUITY

Note (8) Current accounts

CURRENT ACCOUNT TYPE	Value in LYD	
	2003/12/31	2002/12/31
natural persons	164,811,622.752	143,886,519.222
public organizations and companies	82,880,361.573	53,779,901.134
corporations and partnerships	55,208,843.198	44,814,460.334
companies and individuals in foreign currencies	8,114,898.245	3,987,768.321
companies under incorporation	2,037,014.089	221,948.208
non residents	115,991.608	42,122.061
non moving	20,014.642	20,354.750
T o t a l :	313,188,746.107	246,753,074.030

Note (9) Customer time deposits

	Value in LYD	
	2003/12/31	2002/12/31
Time deposits	39,494,808.219	17,188,200.000
T o t a l :	39,494,808.219	17,188,200.000

Note (10) savings deposits

	Value in LYD	
	2003/12/31	2002/12/31
Adults and minors saving accounts	23,444,766.832	23,165,238.966
T o t a l :	23,444,766.832	23,165,238.966

The rate of interest paid to the beneficiaries lies between (5%) and (6%) in accordance with the directives issued by the Banks and Money Control Department of the Central Bank of Libya.

Note (11) Cash securities

	Value in LYD	
	2003/12/31	2002/12/31
Cash securities for letters of credit	28,055,108.345	12,811,220.289
Cash securities for letters of guarantee	3,807,984.574	1,099,658.532
T o t a l :	31,863,092.919	13,910,878.821

Note (12) Certified cheques

	Value in LYD	
	2003/12/31	2002/12/31
Certified cheques	17,087,433.000	35,505,005.000
T o t a l :	17,087,433.000	35,505,005.000

Note (13) Accounts payable and other liabilities

	Value in LYD	
	2003/12/31	2002/12/31
Non personal accounts under reconciliation	27,135,011.986	24,414,461.036
Non personal accounts (current liabilities)	8,138,608.364	10,041,989.581
Provision for taxes on profits	5,374,961.510	4,246,957.410
Various accounts payable (general)	6,514,414.768	939,331.284
T o t a l :	47,162,996.628	39,642,739.311

This item Includes 'provision for taxes on profits accrued until 31/12/2003, added to it accrued expenses of lighting, water, post, facsimile, telephones, the external auditors' fees for the year ending on 31/12/2003 and the expenses of printing the annual report for the year 2003.

THIRD : STOCKHOLDERS' EQUITY

The stock holders' equity balance on the end of the year 2003 amounted to (LYD) on 31/12/2003, and increase of (LYD), a rate of increase of (69 %). This increase is represented by, first the underwritten capital increase, then the reserve reached a ratio of 50% of the underwritten capital, the legal reserve, the stockholders dividends and the Board of Directors' remuneration. The following tables illustrate this analysis.

Note (14) Capital

	Value in LYD	
	2003/12/31	2002/12/31
Capital	17,317,890.000	9,000,000.000
T o t a l :	17,317,890.000	9,000,000.000

Note (15) Legal reserve

	Value in LYD	
	2003/12/31	2002/12/31
Capital	8,658,945.000	5,959,793.812
T o t a l :	8,658,945.000	5,959,793.812

In accordance with the laws and codes stipulating the deduction of 50% of the net profits to be added to the legal reserve until it equals one half of the paid up capital, at year end the legal reserve increased as follows:

- 1- Carrying forward the stock premium of the new stock holders until 31/12/2003 2,526,568.000 LYD
- 2- Carried forward from the net profits 172,583.188 LYD
- Total : 8,658,945.000 LYD

Note (16) General reserve

	Value in LYD	
	2003/12/31	2002/12/31
General reserve	2,203,435.863	770,848.964
T o t a l :	2,203,435.863	770,848.964

Note (17) provisions for contingencies

	Value in LYD	
	2003/12/31	2002/12/31
Lost court cases against the Bank	600,000.000	300,000.000
Final assessment of taxes and social security	403,342.500	250,000.000
Probable investment losses	600,000.000	200,000.000
Employees leave provision	103,550.174	150,000.000
Purchase of instrument and computer equipment	400,000.000	-----
T o t a l :	2,106,892.674	900,000.000

Note (18) Dividends and Board of Directors remuneration

	Value in LYD	
	2003/12/31	2002/12/31
Lost court cases against the Bank	3,200,000.000	1,800,000.000
Final assessment of taxes and social security	200,000.000	203,687.222
T o t a l :	3,400,000.000	2,003,687.222

FINANCIAL NOTES ON THE PROFIT AND LOSS ACCOUNTS FOR THE FINANCIAL YEAR ENDING ON 31/12/2003

Note (1) Collected interest

Interest Type	Value in LYD	
	2003/12/31	2002/12/31
Overdrawn accounts	600,166.961	560,952.590
Deposits with CBL and local banks	4,327,103.414	3,105,021.038
Branches and Agencies account balances	3,104,991.012	2,458,532.385
Other correspondents	1,049.597	42,766.453
Social advances	1,145,039.461	703,297.630
Treasury bills	17,682.246	3,745.162
Treasury bonds	250,000.000	250,285.387
NOC loan	2,663,013.699	2,663,013.699
Letters of credit	1,761,512.185	1,161,938.828
Alburaq loan	812.200	-----
T o t a l :	13,896,058.275	10,985,490.672

Note (2) Paid interest

Interest Type	Value in LYD	
	2003/12/31	2002/12/31
Time deposits	1,168,755.356	239,546.490
Savings accounts	1,124,702.145	1,067,270.620
Other	190,441.548	207,765.623
Branches and Agencies account balances	3,104,991.012	2,458,532.385
T o t a l :	5,588,890.061	3,973,115.118

Notes (1) and (2) indicate that the value of collected interest from the branches and agencies are exactly equivalent to the value of the interest paid to them on their accounts payable balances with the H.O. until 31/12/2003. This confirms the absence of any suspense accounts between the branches accounts, as well as between H.O. accounts and the branches accounts.

Note (3) Commissions and earnings

Type of earning	Value in LYD	
	2003/12/31	2002/12/31
Banking operations commissions	1,283,454.974	842,624.319
Currency differential	361,066.426	259,887.052
Post fax and telephone	351,070.508	430,183.972
Other earnings	1,158,286.665	1,050,540.526
Travellers cheques sales and phone banking fees	5,758.025	9,302.140
Sale of foreign currencies	3,952,924.760	3,793,788.074
Commissions collected on letters of credit	233,185.274	65,885.168
Profits from Bank investments	88,230.000	49,638.000
T o t a l :	7,433,976.632	6,501,849.251

Note (4) General and administrative expenses

	Value in LYD	
	2003/12/31	2002/12/31
Employees expenses	1,633,641.480	1,499,811.554
Other administrative expenses	1,247,373.160	1,181,379.225
Assets depreciation	1,490,053.991	756,239.000
External auditors fees	45,000.000	45,000.000
T o t a l :	4,416,068.631	3,482,429.779

Note (5) Depreciations

	Value in LYD	
	2003/12/31	2002/12/31
buildings	47,429.205	35,486.000
Instruments and equipment	1,013,041.094	412,120.000
Dividers and fixtures	59,567.050	48,867.000
Furniture and steel vaults	170,796.537	81,345.000
Floor carpeting	4,527.620	4,112.000
Automobiles	194,692.485	174,309.000
T o t a l :	1,490,053.991	756,239.000

GENERAL AND ADMINISTRATIVE EXPENSES AND ASSETS' DEPRECIATION ON 31/12/2003

01	Rent of office space for branches and agencies	351,149.616
02	Printing and stationary	162,177.810
03	Publicity and advertising	22,769.069
04	Insurance premiums on assets and vaults	75,609.031
05	Maintenance and repair of equipment and furniture	34,367.000
06	Contributions and donations	---
07	Post, fax, telephone and couriers	129,579.392
08	Automobile maintenance and fuel	41,023.945
09	Stamp tax expenses	7,704.418
10	Accounts auditors' fees	45,000.000
11	Bank software systems expenses	145,553.077
12	Bank buildings maintenance expenses	15,565.300
13	Membership fees in the Unions of Arab and Almagreb Banks and the Libyan Banks Association	13,511.865
14	Premises guards' expenses	53,870.000
15	Lighting, air-conditioning and water	31,832.427
16	Litigation expenses	17,901.522
17	SWIFT expenses	49,596.047
18	Hospitality expenses	26,354.369
19	Other administrative expenses	5,982.616
20	Fixed assets' depreciation	1,490,053.991
21	Fines	33,334.946
22	MISYS system expenses	29,490.710
	Total administrative and general and depreciation expenses	2,782,427.151

BANK EMPLOYEES' EXPENSES FOR THE PERIOD FROM 1/1/2003 UNTIL 31/12/2003

1	Salaries and wages	1,088,087.500
2	Cash compensations and allowances	169,312.800
3	Grants, payments and extra wages	40,180.000
4	Bank's Social Security contribution	102,256.989
5	Medical care expenses	43,086.825
6		3,292.311
7	Local and foreign training	6,477.733
8	Business travel expenses	77,051.322
9	Bank employees' accident and death insurance policy	103,546.119
10	Uniform for the non clerical employees and other expenses	350.000
	Total Bank Employees' Expenses	1,633,641.480

Total expenses during the year 2003 (4,416,068.631)

TABLE SHOWING THE BANK PROFITS DISTRIBUTED BETWEEN THE HEAD OFFICE AND THE BRANCHES ACCORDING TO PROFITABILITY

Bank Unit	Value in LYD	Contribution to total profits
Head Office	4,991,707.378	% 44.0
Tripoli Main Branch	2,151,640.648	% 19.0
Misurata Main Branch	943,807.939	% 09.0
Benghazi Main Branch	862,984.164	% 08.0
Tobruk Main Branch	504,377.572	% 04.0
Alforosia Agency - Benghazi	436,536.774	% 04.0
Benina Airport Agency - Benghazi	392,070.925	% 03.0
Gout Ashaal Agency - Tripoli	373,743.148	% 03.0
Africa Commercial Center Agency - Misurata	176,399.373	% 01.5
Addawa Alislamia Agency - Benghazi	127,243.993	% 01.5
Burj Alfateh Agency - Benghazi	123,294.587	% 01.0
Tripoli International Airport - Tripoli	113,825.570	% 01.0
Azzawia Main Branch	110,531.706	% 01.0
Musaad Border Agency	15,080.977	% 00.0
Alberka Agency - Benghazi	1,831.461	% 00.0
Total Profits before income tax	11,325,076.215	% 100.0

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 %	22,500.000 LD
SIXTH	ANY EXCESS AFTER DEDUCTING TREASURY BILLS INTEREST		
	8,262,062.516 LD	60 %	4,957,237.510 LD
	(1) ACCRUED CORPORATE TAX	TOTAL (1)	5,011,737.510 LD
	(2) J. TAX		
	BANK PROFITS	11,325,076.215 LD	
	TREASURY BILLS INTEREST	2,913,013.699 LD	
	PROFITS SUBJECT TO J. TAX	8,412,062.516 LD	
	J. TAX	TOTAL (2)	336,482.500 LD
	Stamp tax	TOTAL (3)	26,741.500 LD
	AMOUNT ACCRUED TO TAX DEPARTMENT	TOTAL (1,2 & 3)	5,374,961.510 LD

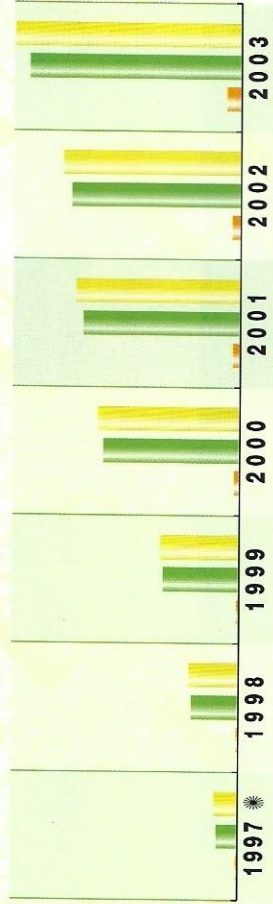
THE BALANCE SHEET

FOR THE YEARS 1997 TO 2003 Amounts (in Libyan dinars)

A S S E T S	1997 *	1998	1999	2000	2001	2002	2003
Cash and balances with CBL	11,258,857	25,123,513	36,362,726	57,045,306	115,280,275	73,466,814	97,883,162
Deposits and balances with banks	30,835,910	70,912,863	112,221,803	192,013,091	152,374,277	199,032,594	270,263,274
Investments	552,500	552,500	5,605,000	5,755,000	50,855,000	51,293,200	51,293,200
Loans and advances	5,722,897	8,947,902	13,294,893	21,623,517	31,260,199	43,644,939	48,982,233
Accounts receivable and other debtor balances	1,571,296	1,996,564	3,620,335	35,126,295	12,258,810	17,582,470	23,427,200
Fixed assets after deduction	1,840,299	2,400,940	3,306,418	3,620,616	3,322,965	6,722,503	7,944,921
Total assets	51,781,759	109,934,082	174,411,175	315,183,825	365,351,526	396,057,865	505,927,595
Liabilities & equity							
Liabilities							
Customer Deposits (current accounts)	31,883,020	76,258,706	116,258,956	167,816,069	235,938,119	246,753,074	313,188,746
Customer Time Deposits	2,800,000	4,975,000	2,700,000	11,270,000	7,000,000	17,188,200	39,494,808
Saving Deposits	2,482,631	5,034,643	11,009,770	12,661,202	20,572,560	23,165,239	23,444,766
Cash Securities	1,767,943	2,160,408	823,653	66,875,082	24,902,657	13,910,878	31,863,092
Accounts payable Other liabilities	8,163,343	16,104,581	37,696,776	43,878,958	35,340,084	39,642,740	47,162,996
Total liabilities	47,096,937	104,533,338	168,489,154	302,501,312	348,253,546	376,165,136	472,232,843
Owners Equity							
Capital	4,500,000	4,500,000	4,500,000	9,000,000	9,000,000	9,000,000	17,317,890
Legal Reserve	92,411	450,372	924,645	2,292,028	4,500,000	5,959,793	8,658,945
General Reserve	23,103	23,103	23,103	41,103	205,848	770,848	2,203,435
Various Provisions	69,308	427,269	474,273	1,148,369	1,991,557	2,153,342	2,106,892
Stockholders Profits and board Members remuneration	4,684,822	5,400,744	5,922,020	12,682,513	17,197,980	19,892,729	33,694,752
Profits carried forward	51,781,759	109,934,082	174,411,175	315,183,825	365,351,526	396,057,865	505,927,595
Total Owners equity	4,684,822	5,400,744	5,922,020	12,682,513	17,197,980	19,892,729	33,694,752
Total liabilities & Owners equity	51,781,759	109,934,082	174,411,175	315,183,825	365,351,526	396,057,865	505,927,595
Contingent accounts & other liabilities							
Letters of credit	970,723	7881,252	3,955,542	78,430,167	37,086,818	48,411,995	81,415,012
Local and Foreign Letters of guarantee	138,554	193,171	412,421	565,476	742,750	3,392,755	3,115,546
Travellers cheques in stock	63,735	7,402,460,485	7,348,852,390	7,310,303,650	7,302,296,910	7,310,806,540	7,302,247,170
Total Contingent accounts & other liabilities	1,173,012	7,410,534,908	7,353,220,353	7,389,299,293	7,340,126,478	7,365,552,714	7,397,687,221
Grand total	52,954,771	7,520,468,990	7,527,631,528	7,704,483,118	7,705,578,004	7,761,610,579	7,903,614,816

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

Owners Equity Liabilities Assets



FIGURES AND DATA

FOR THE YEARS 1997 TO 2003

Amounts (in Libyan dinars)

Y E A R S	* 1997	1998	1999	2000	2001	2002	2003
Capital	4,500,000	4,500,000	4,500,000	9,000,000	9,000,000	9,000,000	17,317,890
Legal reserve	92,411	450,372	924,645	2,292,028	4,500,000	5,959,794	8,658,945
General reserve	23,103	23,103	23,103	41,103	205,849	770,849	2,203,435
Current accounts	31,883,020	76,258,706	116,258,956	167,816,069	235,938,119	246,753,074	313,188,746
Savings accounts	2,482,831	5,034,643	11,009,770	12,661,202	20,572,560	23,165,239	23,444,766
Time deposits	2,800,000	4,975,000	2,700,000	11,270,000	7,000,000	17,188,200	39,494,808
Loans and advances	5,722,897	8,974,902	13,294,893	21,623,517	31,260,199	43,644,940	48,982,233
Investments	552,500	552,500	5,605,000	5,755,000	50,855,000	51,293,200	51,293,000

FIGURES AND DATA

FOR THE YEARS 1997 TO 2003

Amounts (in Libyan dinars)

Y E A R S	* 1997	1998	1999	2000	2001	2002	2003
Fixed assets	1,840,299	2,400,940	3,306,418	3,620,616	3,322,965	6,722,504	7,944,921
Total assets and liabilities	51,781,759	109,934,082	174,411,175	315,183,825	365,351,526	396,057,865	505,927,595
Profits before tax	414,784	1,890,062	2,415,183	7,051,962	14,532,006	10,031,795	11,325,076
Corporate and Jihad taxes	229,982	1,174,139	1,466,637	4,317,756	8,493,917	4,600,710	5,374,961
Net profits	184,822	715,922	948,546	2,734,765	6,039,103	5,431,085	5,955,171
Profits per share before tax LYD	0.921	4.200	5.367	7.836	16.147	11.146	** 6.540
Profits per share after tax LYD	0.411	1.591	2.108	3.037	6.710	6.035	** 3.439

* Covers Period from 15/6/1996 To 31/12/1997

** no. of shares increased from 9,000,000 To 17,317,789

Auditors Report

Date: 24/01/2004

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 2003 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 31/12/2003 and its income statement are the responsibility of the Banks Board of Directors. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our examination in accordance with international Auditing Standards, which require that we plan and perform our examination to obtain reasonable assurance about whether the financial statements are free of material 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.

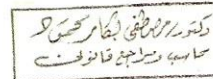
The bank kept proper books of accounts as required by the Libyan Laws and the Banks Articles of Association; the contents of these books are in agreement with the banks financial statements and the Board of Directors Report.

In our opinion, the financial statements present fairly the financial position of the Bank as of 31 December 2003, and the results of its operations for the year then ended in accordance with Generally Accepted Accounting Principles, which the Bank follows consistently.

Mohamed B. Elbarghathi
Authorized Public Accountant



Dr. Mustafa B. Mahmoud
Authorized Public Accountant



Copy to: The Governor, Central Bank of Libya