



**BANK OF COMMERCE
& DEVELOPMENT**

16

2012

The Sixteenth Annual Report



**BANK OF COMMERCE
& DEVELOPMENT**

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



The sixteenth Annual Report 2012

2012

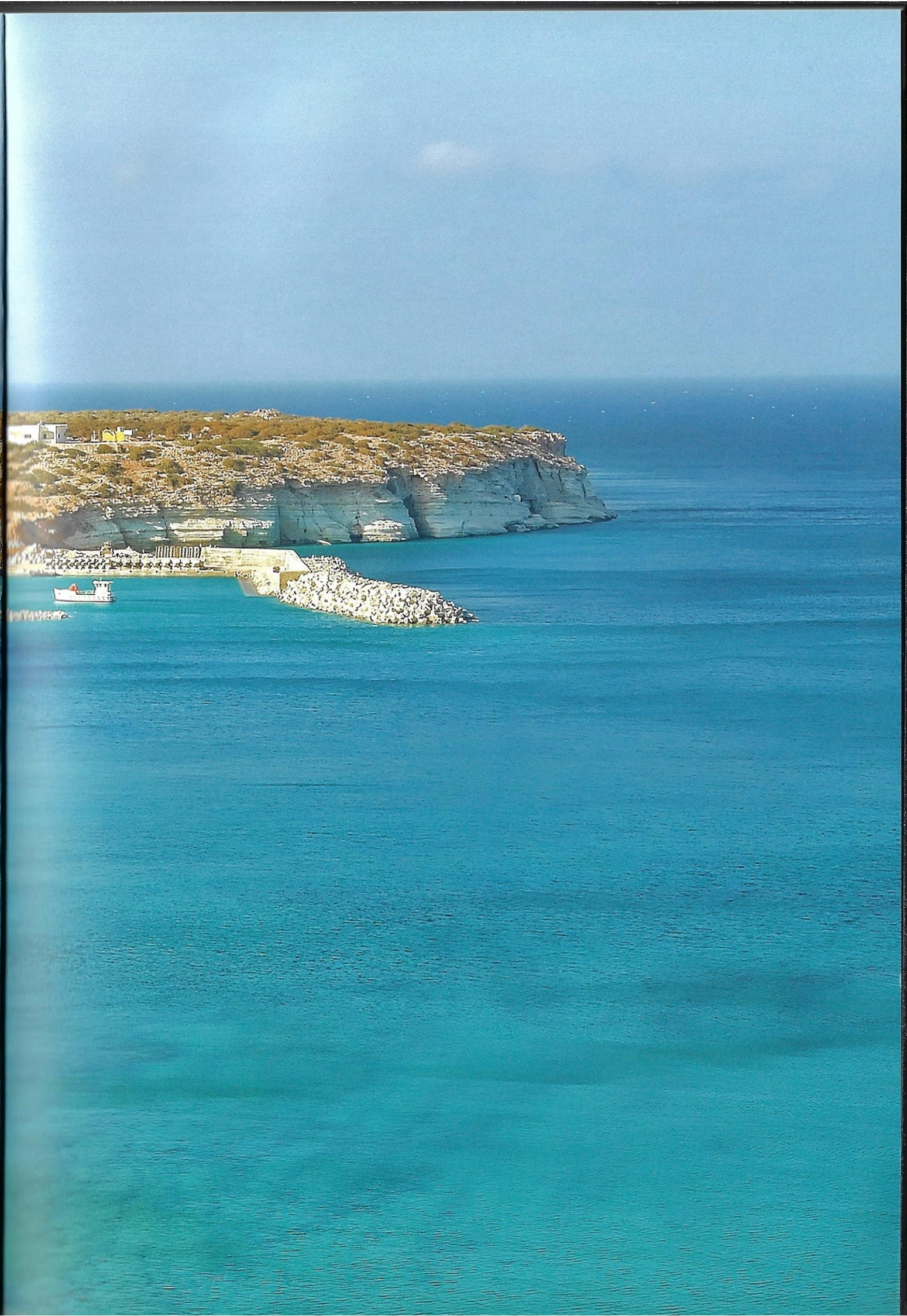
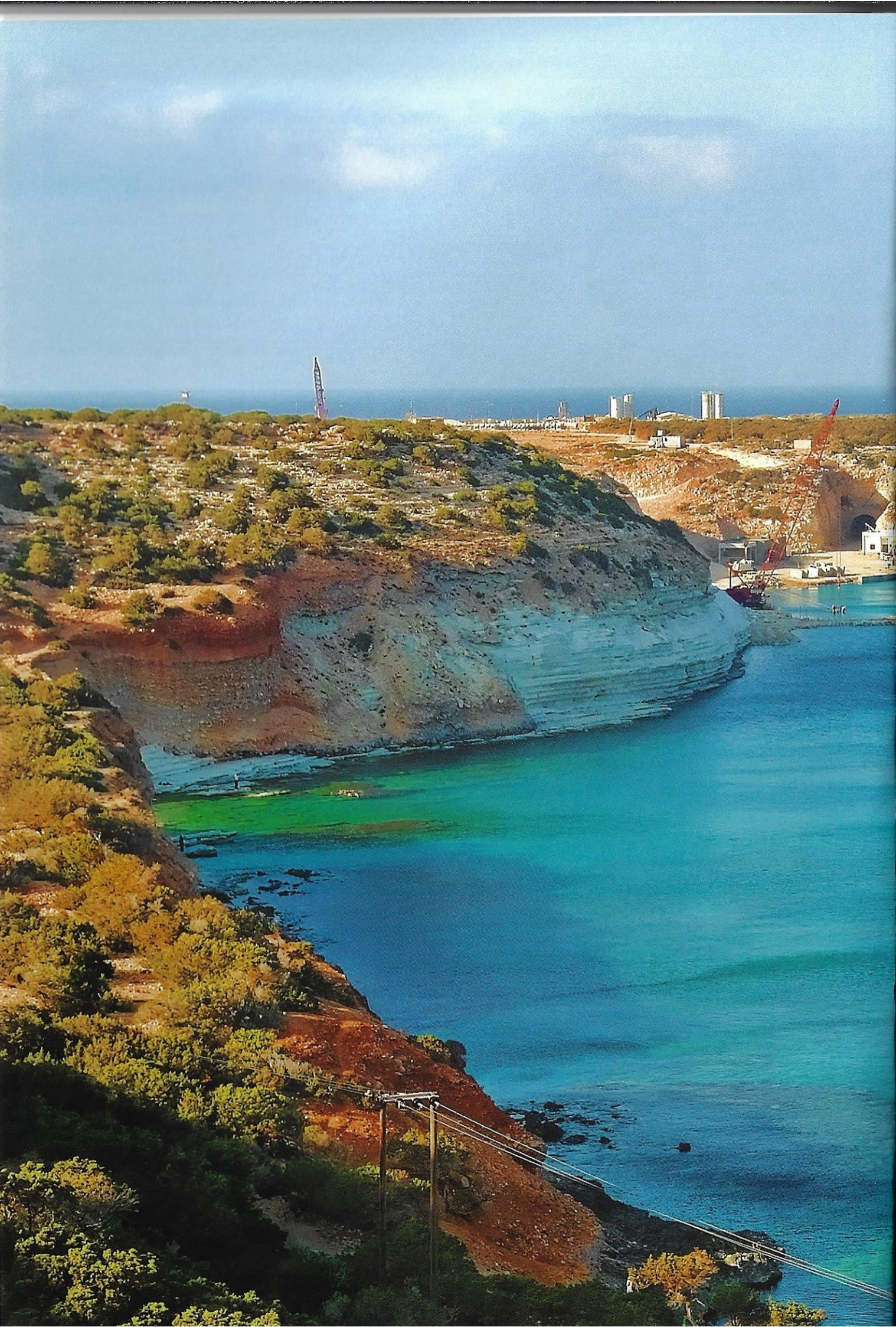
Supervised by

Mr. Gamal Attaeb Abdelmalik

Prepared by:

Mr. Tarek Muftah Alhaddad

Mr. Waseem Abdalla Azwayee



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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)

**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

Amlak 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. | 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 - Benghazi

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

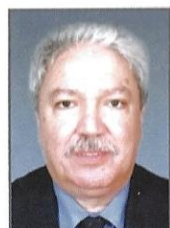
2. Benghazi Business Center

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



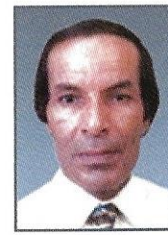
Abd elhamid Alraiid

Board Member



Waniss Mohamad Aloujali

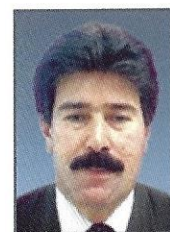
Board Member



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. Mohamed Almabrouk Al-Jhany | Acting Banking Operations Manager
3. Idris Ismael Attashani | Acting Assistant General Manager
4. Waseem Abdalla Azwaee | Acting Administration & Personnel Manager
5. Bashir Hasan Alhouti | Acting Systems Manager
6. Jasser mansour Al-Sanosi | Acting Credit Manager
7. Ali Ashor Al Warfali | 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 | Head of of the Sub-Unit of Financial Information

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 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 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.

I Chairman's Message

Honorable, Ladies and Gentlemen

Shareholders of the Bank of Commerce and Development

We are pleased to present you with the annual report of the Bank of Commerce and Development, for the financial year ended on 31 /12 /2012.

Ladies and Gentlemen:

The war imposed by the former regime on its people upon the uprising of the glorious 17th February Revolution and the use of its war machine to suppress the uprising, had a tremendous impact on the economic sector in general, and banking in particular, due to sanctions imposed by the UN Security Council freezing Libyan assets abroad, interruption of work in banks and restriction of banking transactions, mostly to cash withdrawals, as a consequence to the reluctance of citizens to deposit their money in banks. All these circumstances had a significant impact on operations in the banking sector in general and on the Bank of Commerce and Development in particular. However, and because of God's grace, and the efforts of the Board of Directors and executive management, the Bank was able to pass this period with success.

In 2012, the procedures for introducing the contribution of the foreign strategic partner Qatar National Bank in 49% of the Bank's capital were completed after the General Assembly unanimously accepted the Qatari Bank's offer in its Extraordinary Meeting, and the financial procedures related to the transaction were completed through the Libyan stock market.

The total Bank assets rose on 31 /12 /2012 to approximately (LYD 3,993,267,214.548), while total assets at 31 /12 /2011 were (LYD 2,526,895,794), an increase of (LYD 1,466,371,420.000).

Total liabilities also rose from approximately (LYD 2,435,316,495.346) at the end of 2011 to approximately (LYD 3,761,702,904.906) at the end of 2012, an increase of (LYD 1,326,386,409.281).

Despite the events experienced in Libya and the economic difficulties associated with the Revolution, your Bank was able -praise be to God- to realize total profits of (LYD 19,972,386.252).

Moreover, 2012 also witnessed the opening of a new agency in the city of Awjila and the introduction of the mobile banking service with equipped vehicles that enable customers to access banking services beyond the official business hours of branches and agencies. The Bank also obtained the approval of the Central Bank to open new branches in the cities of Brega and Ras Lanuf, where premises are currently being furnished.

The Bank has started issuing American Express cards, as it is always eager to provide additional banking services to its customers. This service enables cardholders to take advantage of the features and flexibility of their cards, which are widely accepted by millions of shops, hotels and restaurants around the world.

Finally, the Board of Directors would like to thank the Bank's customers for their confidence in the bank and extend its gratitude to all the employees of the Bank of Commerce and Development for their efforts during the financial year that ended on 31.12.2012.

May peace and God's mercy and blessings be upon you

JAMAL ATTAEB ABDELMALIK
Board Chairman

Governance Report

The work of the Board of Directors is governed by Libyan Bank Law No. 1 of 2005. The Bank of Commerce and Development adopts the Governance in the Banking Sector Guide issued by Decision No. 20 of 2010 of the Board of Directors of the Central Bank of Libya. It aims to achieve the principles of institutional governance and separation between the Board of Directors and executive management, as well as the delegation of powers.

Board of Directors

Consisting of seven members who are selected from the Bank's General Assembly, the Board of Directors shall have a term of three years. It shall have the ultimate responsibility for the Bank's activities and financial standing, as the Board sets the Bank's strategies and policies. It also supervises the Bank's executive management and commitment to such policies. The Board sets strategic objectives, monitors executive management, and ensures the efficiency of internal control systems.

Meetings of the Board of Directors

The Board of Directors consists of seven members, which held 4 meetings during 2011.

Committees of the Board of Directors

1. The Governance Committee

1. Fadelalla Faraj Fanoush I Deputy Chairman of the Board I Chairman
2. Ali Mansour Alasbali I Member of the Board of Directors I Member
3. Abd Elhamid Mohamad Alraiid I Member of the Board of Directors I Member

2. The Audit Committee

1. Fadelalla Faraj Fanoush I Deputy Chairman of the Board I Chairman
2. Iyad AISayd Dahim I Member of the Board of Directors I Member
3. Waniss Mohamad Aloujali I Member of the Board of Directors I Member
4. Mohamad Mohamad Hawidi I Member of the Board of Directors I Member

3. The Risk Management Committee

1. Jamal Altayib Abdelmalek I Chairman of the Board I Chairman
2. Abdel Hamid Alraiid I Member of the Board of Directors I Member
3. Mohamad Mohamad Hawidi I Member of the Board of Directors I Member
4. Iyad AISayd Dahim I Member of the Board of Directors I Member

4. The Appointment and Remuneration Committee

1. Ali Mansour Alasbali I Member of the Board of Directors I Chairman
2. Mohamad Mohamad Hawidi I Member of the Board of Directors I Member
3. Waniss Mohamad Aloujali I Member of the Board of Directors I Member

5. The Credit Facilities Committee

1. Fadelalla Faraj Fanoush I Deputy Chairman of the Board I Chairman
2. Waniss Mohamad Aloujali I Member of the Board of Directors I Member
3. Khaled Al-Hady Derbee I Member of the Board of Directors I Member

The Regulatory Environment

Providing an appropriate environment consisting of internal control systems, a compliance unit and an internal audit department is an objective basis for evaluating management performance. Therefore, the Board has given special attention to this issue.

1. Internal Audit Department

The Board of Directors gives special attention to internal audit functions and internal control systems by discussing all reports and notes drafted by the Internal Audit Department in a timely manner and tasking senior management to take appropriate and prompt action to process the observations contained in the reports and notes.

2. Compliance Unit

This unit aims to ensure the Bank's compliance with all laws, regulations, instructions and orders issued by the Board of Directors and the Central Bank. This unit is subordinate to the Board of Directors, to which it submits its reports on a periodic basis. In turn, the Board refers such reports to the Executive Management to address any non-compliance issues.

Shareholders Affairs

Shareholders Affairs Division

The Board of Directors of the Bank is keen to maintain constant communication with its shareholders and ensures they attend the General Assembly meetings and are able to access the quarterly financial statements, which are posted on the Bank's website. The Board also provides the Libyan Stock Exchange with such statements so that shareholders and traders may access them for transparency purposes and be informed of any material facts that may affect share values.

All this is done through the Shareholders Affairs Division of the general administration or through the Bank's main branch in Tripoli, where the division provides shareholders with data or responds to their inquiries about their shares.

Foreign Strategic Partner (QNB)

After lengthy negotiations with the Qatar National Bank (QNB) management, an agreement was reached for the Qatari bank to contribute in 49% of the capital of the Bank of Commerce and Development and the General Assembly consequently held its Extraordinary Meeting on 12.04.2012 in which it decided as follows:

1. To unanimously approve the introduction of Qatar National Bank as a strategic partner in the capital of the Bank of Commerce and Development.
2. To approve the sale of 1,000,000 of the Bank's shares to Qatar National Bank as well as the procedures relating to the sale.
3. To approve the issuance of 2,840,000 new shares worth 10 dinars each, with a total value of 28,400,000,000 dinars, which are fully subscribed to by QNB.
4. To approve the issuance of bonus shares distributed by 51% to the shareholders of the Bank of Commerce and Development and by 49% to QNB with a full legal reserve coverage.
5. To approve amendments made to the Bank's Articles of Association in accordance with the Bank's status in the next stage after QNB became a strategic partner and in compliance with the terms and conditions set by the Central Bank of Libya and the partnership agreement with QNB. The amendments were made to Articles 1, 5, 6, 31,

27, 19, 41, 35, 46, 49, 51. On 1.8.2012, the Libyan Stock Exchange implemented the operation automatically according to the market system after the the value of shares purchased by QNB was paid to shareholders and all financial matters relating to the transaction were settled.

Financial indicators of the Bank

1. Realized profit

The Bank realized a total profit of (LYD 19,972,386.252) on 31 /12 /2012, compared to the amount of (LYD 2,071,648.550) on 31 /12 /2011, an increase of (LYD 17,900,737.702).

2. Shareholders' equity

The shareholders' equity amounted to (LYD 231,564,310.173) on 31 /12 /2012, compared to the amount of (LYD 91,579,298.921) on 31 /12 /2011, an increase of (LYD 139,985,011.252).

3. Paid Interest and expenses

The total balance of paid Interests and expenses on 31 /12 /2012 amounted to (LYD 66,699,380.642), compared to the amount of (LYD 51,600,672.127) on 31 /12 /2011, an increase of (LYD 15,098,672.129).

4. Collected interests and revenues

The total balance of Collected interests and revenues on 31 /12 /2012 amounted to (LYD 86,671,766.894), compared to the amount of (LYD 53,672,320.677) on 31 /12 /2011, an increase of (LYD 32,999,446.277).

5. Deposit liabilities

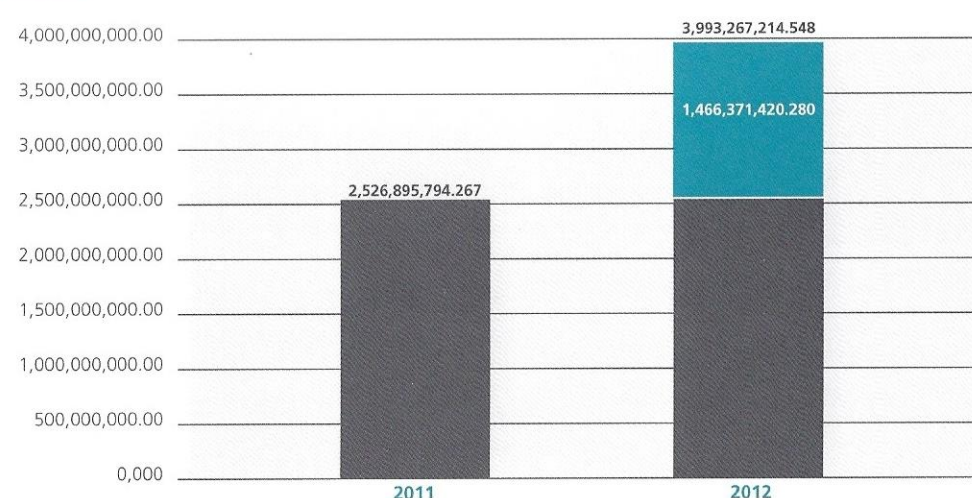
The total balance of Deposit liabilities on 31 /12 /2012 amounted to (LYD 3,761,702,904.375), compared to the amount of (LYD2,435,316,495.346) on 31 /12 /2011, an increase of (LYD 1,326,386,409.030).

I. Bank Assets and Liabilities:

1. Assets

The Bank's assets have seen a significant rise on 31 /12 /2012, with a balance of (LYD 3,993,267,214.548), an increase of (LYD 1,466,371,420.280) over the financial year ended on 31 /12 /2011, with total assets of (LYD 2,526,895,794.267).

Assets



The following is a statement of the most important assets' items:

A. Balances with Local and Foreign Banks:

The balance of this item at the end of the year on 31 /12 /2012 amounted to (LYD 1,390,278,491.754), compared to the amount of (LYD 712,245,819.427) at the end of the year 2011, an increase of (LYD 678,032,672.330) a rate of (95%).

B. Certificates of Deposit with the Central Bank of Libya:

The balance of certificates of deposit on 31 /12 /2012 amounted to (LYD 1,645,894,896.311), against the amount of (LYD 1,107,239,485.120) for the financial year ended on 31 /12 /2012, an increase of (LYD 538,655,411.190), a rate of (48%). The returns on the certificates of deposit on 31 /12 /2012 amounted to (LYD 13,238,638.574), compared to the amount of (LYD 10,061,204.978) on 31 /12 /2011, an increase of (LYD 3,177,433.596).

C. Deposits with Foreign Banks:

The balance of deposits with foreign banks on 31 /12 /2012 amounted to (LYD 104,343,507.518), against the amount of (LYD 42,945,268.944), an increase of (LYD 61,398,238.574), a rate of (142%).

D. Domestic Investments:

The domestic investments after deduction of provisions total on 31 /12 /2012 amounted to (LYD 6,658,458.000), which is the same value for the financial year ended on 31 /12 /2011.

E. Loans and Facilities After Deducting Provisions:

The total balance of credit facilities on 31 /12 /2012 amounted to (LYD 390,471,543.498), against (LYD 374,366,600.712) on 31 /12 /2011, an increase of (LYD 16,104,942.786), a rate of (4%).

F. Accounts Receivable and other Debit Balances:

The total balance of accounts receivable and other debit balances on 31 /12 /2012 amounted to (LYD 12,981,961.644), compared to the amount of (LYD 14,100,537.741) on 31 /12 /2011, a decrease of (LYD 1,118,576.097), a rate of (8%).

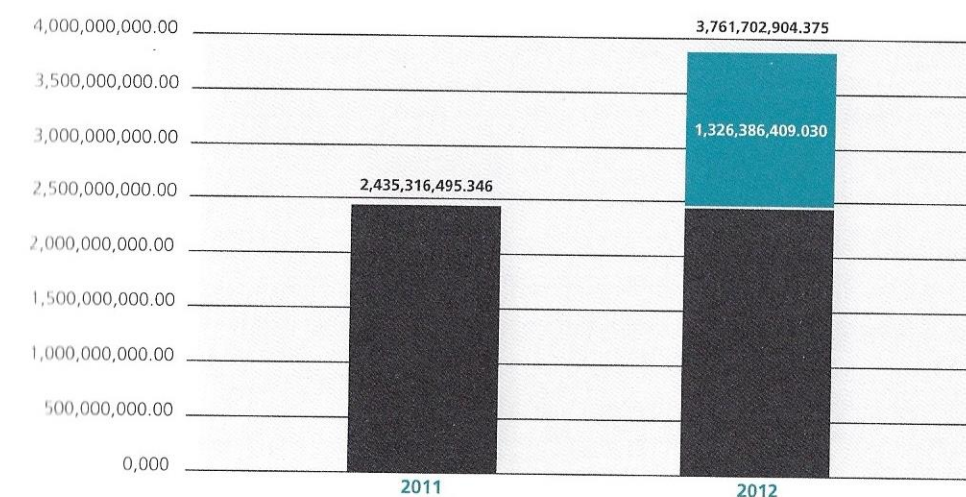
G. Fixed Assets:

The total of Fixed Assets after depreciation on 31 /12 /2012 amounted to (53,085,338.362), compared to the amount of (LYD 47,348,199.121) at 31 /12 /2011 an increase of (LYD 5,737,139.241) rate of decrease of (12%).

2. Liabilities

Liabilities rose to reach a remarkable increase on 31 /12 /2012 amounted to (LYD 3,761,702,904.375), an increase of (LYD 1,326,386,409.030), over the financial year ended on 31 /12 /2011 with a total amount of liabilities of (LYD 2,435,316,495.346), a rate of (60%).

Liabilities



The following is a statement of the most important liabilities' items

A. Customer deposits:

The balance of customer deposits on 31 /12 /2012 amounted to (LYD 3,006,975,488.024), an increase of (LYD 846,941,365.400) over the financial year ended on 31 /12 /2011, with a total of (LYD 2,160,034,124.010), a rate of (39%).

B. Customer Time Deposits:

Time deposits balances on 31 /12 /2012 amounted to (LYD 435,073,750.000), against the amount of (LYD 35,373,750.000) for the financial year ended on 31 /12 /2011, an increase of (LYD 399,700,000.000).

C. Savings Deposits:

This item represents the total savings accounts of the young and old, which on 31 /12 /2012 amounted to (LYD 35,671,708.656) compared to the amount of (LYD 29,901,129.071), for the financial year ended on 31 /12 /2011, an increase of (LYD 5,770,579.585), a rate of (19%).

E. Cash Margins:

The balance of this item on 31 /12 /2012 amounted to (LYD 88,526,763.967), against the amount of (LYD 72,847,616.254), for the financial year ended on 31 /12 /2011, an increase of (15,679,147.713) a rate of (21%).

F. Creditors and other liabilities:

The balance of this item on 31 /12 /2012 amounted to (LYD 75,568,530.314), against the amount of (LYD 49,850,390.350), for the financial year ended on 31 /12 /2011, an increase of (25,718,139.964) a rate of (75%).

II. Banking Operations

External banking operations witnessed a remarkable development in performance through the profits achieved in 2012 and the volume of operations executed through most of the Bank's branches and agencies as well as through the swift and accurate implementation of customer requirements and needs. Moreover, 2012 saw an improvement in the volume of external operations compared to 2011, which witnessed the 17 February revolution. No Western Union transfers had been made since the Bank started offering this service to its customers, and hereafter is a statement of the external operations that were implemented during the year.

1. Letters of Credit

A. Letters of Credit (Export):

The balance of letters of credit (export) until 31 /12 /2012 amounted to (LYD 400,492,945.903), against (LYD 67,888,693.220) on 31 /12 /2011 an increase of (LYD 332,604,252.683).

Currency	Number of Credits	Value of Credits in foreign currency	LYD equivalent
USD	716	233,830,405.30	294,532,778.516
EUR	351	62,725,078.33	104,217,717.645
GBP	13	800,137.14	1,628,519.121
CHF	1	19,099.55	26,288.621
TND	3	108,000.000	87,642.000
AED	3	322,080	110,441.232

B. Letters of Credit (Import):

The number of letters of credit (import) opened during the fiscal year ended on 31 /12 /2012 was (17) documents with a total value of (LYD 25,143,236.98), against the value of the documentary credits opened during the year ended on 31 /12 /2011 valued at (LYD 67,070.000), an increase of (LYD 25,076,166.980).

Currency	Number of Credits	Value of Credits in foreign currency	LYD equivalent
USD	5	2,042,581.02	2,559,966.79
EUR	4	6,391,910.79	10,567,106.92
TND	8	12,016,163.27	12,016,163.27

C. Local Letters of Credit:

The value of local letters of credit (import) on 31 /12 /2012 amount to (LYD 1,876,723,668.937), while on 31 /12 /2011 they amounted to (LYD 1,850,397,379.178), an increase of (LYD 26,326,289.760). While the value of local letters of credit (export) on 31 /12 /2012 amount to (LYD 756,459.000), knowing that on 31 /12 /2011 it was zero.

2. External Bills for Collection

The value of external bills for collection transacted during the financial year ended on 31 /12 /2012 amounted to (LYD 402,350,329.260), while on 31 /12 /2011 they amounted (LYD 165,657,557.400), an increase of (LYD 236,692,771.860).

Currency	Number of Bills	Value of Bills in foreign currency	LYD equivalent
USD	494	253,736,507.70	319,606,505.099
EUR	494	48,441,379.55	80,485,352.122
GBP	11	1,093,505.73	2,225,612.212
TND	1	40,492.70	32,859.826

3. Foreign Transfers

Foreign remittances did not witness a major development during 2012 due to the restrictions, even interruptions, imposed by the Central Bank on remittances. This led to a decrease in the number and value of remittances, although there has been a marked increase in the number and value executed remittances compared to the financial year that ended on 31.12.2011, the same year that witnessed the 17 February revolution.

A. Foreign transfers (outward)

During the year a number of (4005) outward transfers were issued in different currencies valued at (LYD 299,208,747.955), during 2011 they totaled (LYD 180,035,060.453) an increase of (LYD 119,173,687.502).

Currency	Number of Transfers	Value of Transfers in foreign currency	LYD equivalent
USD	2421	150,023,959.70	188,970,179.638
EUR	1390	62,888,673.22	104,489,530.555
GBP	181	2,735,654.80	5,567,878.214
CHF	3	66,133.00	90,997.933
TND	3	65,084.85	52,816.356
CAD	6	25,161.00	31,858.858
AED	1	16,000.00	5,486.400

B. Foreign transfers (inward)

The number of foreign transfers received during the year 2012 numbered (4776), the amount to (LYD 346,409,148.42), while the value on 31 /12 /2011 was (LYD 211,561,140.740), an increase of (LYD 134,848,007.680) a rate of (63%).

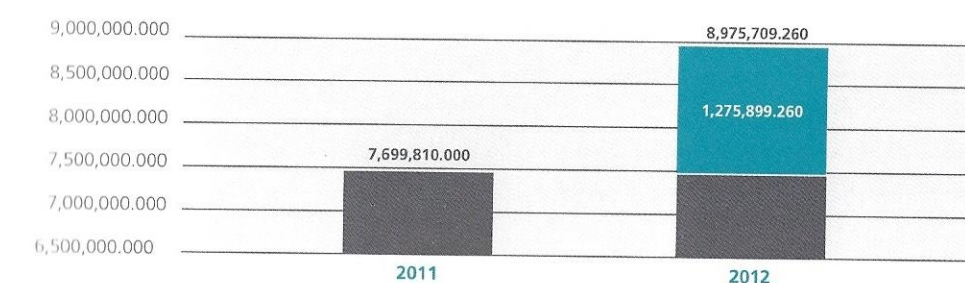
Currency	Number of Transfers	Value of Transfers in foreign currency	LYD equivalent
USD	3034	190,537,844.70	238,801,080.76
EUR	1484	58,148,499.58	96,131,099.51
GBP	213	4,370,088.29	8,849,865.80
CHF	24	992,317.37	1,358,978.64
CAD	19	844,654.34	1,064,180.000
LYD	2	203,943.72	203,943.72

5. Fast Transfers (Western Union)

The Commerce and Development Bank is the first Libyan bank to introduce the Western Union transfer service to Libya, knowing that it holds the largest share of the Libyan market. This year witnessed a significant increase in the number of financial operations and an unprecedented large turnout by customers in all the Bank's branches and agencies all day long.

The money transfer services were made available to a number of (613223) customers, to achieve a return that amounted to (LYD 8,975,709.260), compared to (LYD 7,699,810.000) for the previous year. The rate of increase was (14.2%) over the previous year, with (593300) outward transfers, Egypt, Tunisia, Morocco and Bangladesh come at the top of the list, an increase of (407,470) transfers, and (19923) inward transfers, Great Britain, the United States and the United Arab Emirates come on top of this list, an increase of (12014) transfers.

The Bank's management has taken several steps to ensure the success of this service at the level of the Libyan market, including the provision of substitute employees in all branches and agencies as well as Internet service via Tooway, WiMax or DSL.



III. Credit

Following the decision of the former National Transitional Council to stop the land registry from conducting any transactions related to real estate affairs, it was not possible to complete any mortgage-related procedures. Thus, it was not possible to expand the granting of credit facilities, which include the provision of real estate as collateral for payment of such facilities, although the Credit Committee formed by a decision of the Bank's Board of Directors of the Bank continued to study credit applications, especially those related to opening letters of credit and letters of guarantee. The value of current accounts reached 134,221,330,119 Dinars by December 31, 2012, while the value of loan accounts amounted to 83,725,602,482 Dinars. As for the social advances accounts of the Bank's customers, they amounted to 19,892,540,066 Dinars.

IV. Electronic Payment Cards

The bank of commerce and development was the first bank to introduce the electronic payment cards' service in Libya as far back as 23 /12 /2003, when the first Visa card that works in Libya was issued.

- Start issuing American Express cards
- Purchase 10 ATM machines from NCR for installation in vital locations within Libya.
- Purchase a sophisticated printer from Horizon.

The following table shows the number of electronic cards issued up to 31/ 12/ 2012 compared to the previous year:

Card Type	Number		Rate of Change
	2011	2012	
Visa Gold	3904	4873	25%
Visa Electron	2250	2686	19%
Visa Net	721	4245	488%
Kanze	37626	52268	46%
American Express Green	--	7	--
American Express Gold	--	12	--
American Express Platinum	--	5	--

Since the GPRS system has not yet been activated, there are only 42 operating ATM machines out of 200 machines located at the Bank's branches and agencies in addition to some hotels and other vital locations.

V. Mobile Bank and e-Bank

The bank of commerce and development was the first bank to introduce the Mobile Bank and e-Bank in Libya. By the end of 2012, the number of subscribers reached (124052) compared to (77679) in 2011, an increase of (46373), a rate of (60%) of the number of bank accounts.

Service	Number of subscribers		Rate of Change
	2011	2012	
Mobile Bank	77679	124052	60 %
e-Bank	5108	6553	22 %

VI. Human Resources

The Bank Management continued implementing the policies of the Board of Directors in terms of care for human resources through practical and theoretical training in order to develop an exemplary bank employee.

The Bank also ensured the provision of health care through a health insurance policy for them and their families including an individual's parents, spouse, and children, both in Libya and abroad (Tunisia and Egypt). More than 3,500 people were thus insured, and the bank continued to renew the life insurance of all employees.

The number of staff reached (858) on 31 /12 /2012 compared to the number of (820) employees for the financial year ended on 31 /12 /2011, a rate of (4.6%).

The following table shows the number of employees for the last three years

2010	2011	2012
828	820	858

It is noteworthy that the Bank is still suffering from a shortage of skilled people with an extensive experience in banking due to the lack of such competencies in the Libyan labor market. Therefore, it relies on young graduates who are trained on the Bank's procedures before beginning to work there.

Training

The Bank has conducted a number of training courses for its employees in the bank's training halls in both of its Head Quarters towers. The main objective of these courses was development based competencies at Bank level. The emphasis has been on the actual needs to overcome the weaknesses of the staff.

The following table illustrates the training courses and their areas:

Area of Training	Number of Trainees		
	2010	2011	2012
Banking	80	70	127
Computing	35	40	14
English	21	15	21
SWIFT	38	18	--
d-payment systems	168	11	--
Conferences and seminars	16	7	50
Total	358	168	212

Moreover, 48 employees from the Bank also participated in several training programs, forums, seminars, and meetings abroad (Egypt, Lebanon, United Arab Emirates, and Tunisia).

The Bank also sponsored many meetings and seminars with individuals from the Union of Arab Banks, the Libyan Banks Association, and many local training centers in Benghazi and Tripoli.

VII. New Branches

1 Awjila Agency

The Awjila Agency was inaugurated on 25.07.2012 in Al Wahat district. The premises were graciously offered by the Awjila local council for twenty years and were fully equipped and furnished. Staff members were trained to conduct all the services offered by the Bank.

2. Money Transfer Office (Gout al-Shaal)

On 10.06.2012, a Western Union office opened in the area of Gout al-Shaal, after it was fully renovated, equipped, and furnished in order to provide this service in the city of Tripoli from morning to evening.

3. A New Space in Ajdabia Agency

In order to ease congestion in the Ajdabia agency, a new space was inaugurated on 28.12.2012 after being fully equipped and furnished to help cope with the expansion of the agency's business due to the high demand for banking services.

4. Mobile Banking Vehicles

Since the Bank's management wishes to diversify and provide banking services beyond the official business hours set by the Central Bank, five fully equipped vehicles were introduced. These vehicles were designed to be used for banking, especially fast transfers (Western Union) in addition to being equipped with an ATM machine. They were distributed as follows: two vehicles in Benghazi, two in Tripoli, and one in Misurata. This service has been very popular among customers.

It should also be noted that the mobile banking vehicle has responded to the request of some companies with a large proportion of foreign workers by coming to their workplace to help them conduct their banking operations.

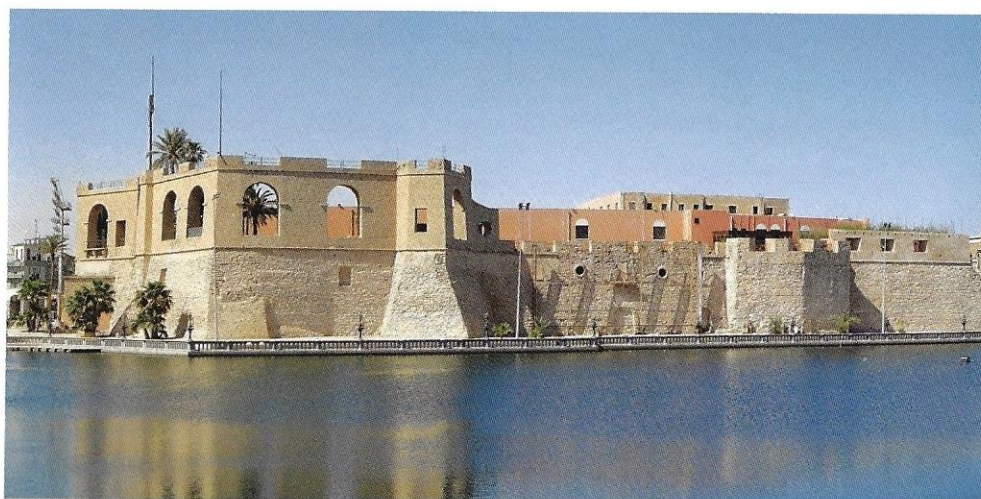
V. Results Of The Financial Year Ended on 31 /12 /2012

Total revenue on 31 /12 /2012 amounted to (LYD 86,671,766.894), compared to the amount of (LYD 53,672,320.677) on 31 /12 /2011.

1. Total Revenues

A. Interest Income

Revenue	2011	2012
Over draughts	3,929,213.753	1,993,152.093
Interest on advances and loans	2,588,672.039	2,405,664.213
Interest on time deposits in foreign currencies	677,224.119	4,008,182.669
Interest on certificates of deposit	10,061,204.978	13,238,638.574
Interest on accounts in foreign currencies	3,087.726	25,864.380
Other interest income	211,784.811	255,252.839
Branch and agency interest	15,086,220.573	25,003,303.741
Interest on letters of credit	547.000	000
Total interest income	32,557,954.999	46,930,058.509



B. Commissions and other Income

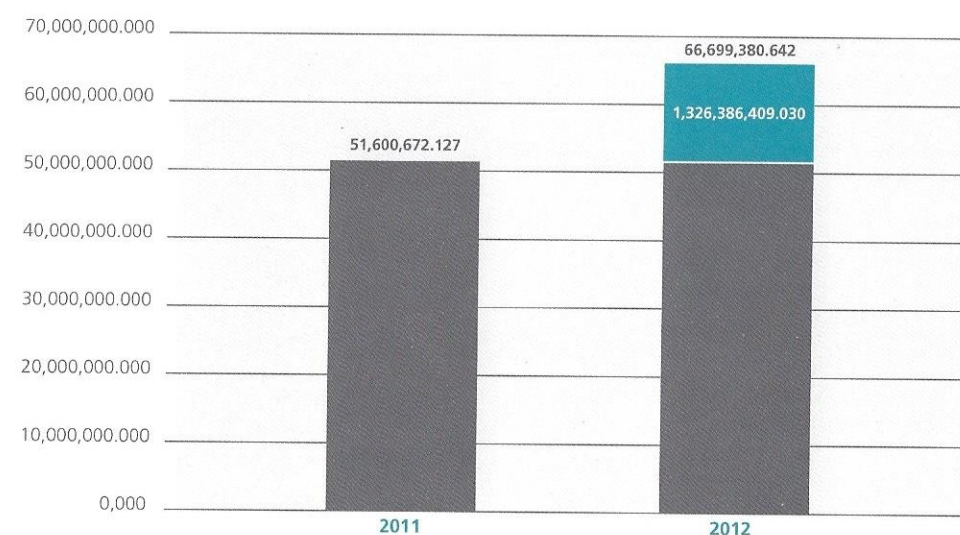
Revenue	2011	2012
Banking operations	1,678,333.907	2,835,283.532
Currency deferential	3,887,711.766	9,903,849.085
Foreign currency valuation losses	210,218.352	-1,565,379.769
Currency sales revenue	175,460.728	
Foreign transfers commission	731,896.827	1,512,233.227
Post – fax – telephone	193,034.654	392,936.119
Other miscellaneous revenues	475,588.065	1,813,125.696
e-Bank revenue	56,323.000	186,374.000
Mobile Bank revenue	480,555.000	1,686,843.500
Inward foreign transfer commission	554,191.385	972,687.193
Kanze Card issue commission	104,550.000	458,976.500
Letter of guarantee commission	1,329,968.447	1,081,433.096
Letters of credit commission income	3,189,972.611	4,953,406.878
Bank investment profits	000	52,871.290
Revenue from sale of assets	10,710.837	65,053.288
Visa card revenues	721,959.550	1,223,081.147
123 service and transfers revenues	3,560.639	23,510.842
e-Voucher revenues	70,047.926	131,162.929
Discounted bills commission	000	16,800.210
Point of Sale revenue	1,524.388	271.707
Western Union revenue	7,699,810.738	8,975,709.260
Real Estate Sale Revenues	000	5,007,185.260
Rental Income	000	14,292.000
Total Revenues	21,114,365.678	39,741,708.385

2. Expenses

Total expenses on 31 / 12 / 2012 amounted to (LYD 66,699,380.642), compared to (LYD 51,600,672.127) on 31 / 12 / 2011 an increase of (LYD 15,098,708.515).

Statement	2011	2012
General administrative expenses	31,115,923.823	34,604,925.533
Fixed asset depreciation expenses	5,037,311.733	4,997,237.542
Interest paid	15,447,436.571	27,097,217.567
Total	51,600,672.127	66,699,380.642

Expenses



3. Total Income Before Taxes

Total income before taxes was (LYD 19,972,386.252), while on 31 / 12 / 2011 it amounted to (LYD 2,071,648.550), an increase of (LYD 17,900,737.702).

Income Statment for the year ended 31/12/2012 compared to the Income Statment for the year ended 31/12/2011

	2011	2012
	LYD	LYD
Revenue		
Interest Income	32,557,954.999	46,930,058.509
Commissions & Other Revenue	21,114,365.678	39,741,708.385
Total Revenue	53,672,320.677	86,671,766.894
Expenses		
Administrative & General Expenses	31,115,923.823	34,604,925.533
Fixed Assets Depreciation Expenses	5,037,311.733	4,997,237.542
Paid Interest	15,447,436.571	27,097,217.567
Total Expenses	51,600,672.127	66,699,380.642
Total Income before Tax	2,071,648.550	19,972,386.252
Taxes due	499,681.630	4,817,339.564
Net Income After Taxes	1,571,966.920	16,155,046.688



Illustration of the Bank growth during 15 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	4,820,692
2004	19	328	20,000,000	591,993,588	550,790,592	41,202,995	11,534,621	5,374,961
2005	23	395	28,154,420	907,073,363	852,955,548	54,117,715	15,598,186	4,820,692
2006	24	560	36,059,256	1,241,061,215	1,162,350,692	78,710,522	16,309,638	6,636,218
2007	26	677	44,510,334	1,394,729,177	1,329,155,149	75,996,606	20,906,250	6,864,126
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
2011	32	820	50,000,000	2,526,895,794,267	2,370,191,991	93,650,947	2,071,648,550	499,681,630
2012	33	858	105,000,000	3,993,267,214	3,761,762,904	231,564,301	19,972,386	4,479,659
Total collected by the Tax Department since Bank opening for 2012								101,265,882

The Balance Sheet as at 31/12/2012 compared to The Balance Sheet as at 31/12/2011

	2011 LYD	2012 LYD
Assets		
Cash in Local & Foreign Currencies	146,521,401.934	295,513,799.207
Balances in Local & Foreign Banks	712,245,819.427	1,390,278,491.754
Deposit Certificates with CPL	1,107,239,485.120	1,645,894,896.311
Deposits with Foreign Banks	42,945,268.944	104,343,507.518
Clearance Cheques	29,831,813.464	32,522,997.925
Real Estate Investment	38,340,973.289	23,325,891.265
Local Investments	6,658,458.000	6,658,458.000
Loans & Facilities after Deducting Provisions	374,366,600.712	390,471,543.498
Debtors & other Debtor Balances	14,100,537.741	12,981,961.644
Net Fixed Assets	47,348,199.121	53,085,338.362
Head Office & Branch Accounts	4,305,956.065	33,447,298.614
Buildings under construction	2,991,280.450	4,743,030.450
Total Assets	2,526,895,794.267	3,993,267,214.548
Liabilities & Shareholders Equity		
Liabilities		
Customers Deposits (Current Accounts)	2,160,034,124.010	3,006,975,488.024
Customers Time Deposits	35,373,750.000	435,073,750.000
Savings Deposits	29,901,129.071	35,671,708.656
Cash Securities	72,847,616.254	88,526,763.967
Certified Cheques	71,974,837.143	109,081,521.637
Creditors & Other Liabilities	47,778,741.800	75,568,530.314
Other Provisions	15,334,648.518	10,805,141.777
Total Liabilities	2,433,244,846.796	3,761,702,904.375
Shareholders Equity		
Capital	50,000,000.000	105,000,000.000
Share Issue Premium (2010) - Income before Tax (2011)	2,071,648.550	19,972,386.252
Legal Reserve	29,898,603.666	105,000,000.000
General Reserve	11,631,692.440	1,530,296.106
Retained Earnings	49,002.815	61,627.815
Total Shareholders Equity	93,650,947.471	231,564,310.173
Total Liabilities & Shareholders Equity	2,526,895,794.267	3,993,267,214.548
Contingent Accounts & Other Liabilities		
Letters of Credit (Export)	67,070.000	126,449.000
Letters of Credit (Import)	67,888,693.220	122,996,988.455
Inward Local Letters of Credit	1,850,397,379.178	1,876,723,668.937
Outward Local Letters of Credit	---	756,459.00000
Inward Bills for Collection	165,657,557.400	185,571,181.775
Local & Foreign Letters of Guarantee	133,876,105.552	144,898,311.886
Total Contingent Accounts & Other Liabilities	2,084,080,730.217	2,331,073,059.053
Grand Total	4,744,782,599.617	6,324,340,273.601
LYD Travelers Cheques in Stock	7,291,108,360.000	7,291,108,360.000

INDEPENDENT AUDITOR'S REPORT

Date: 8 / 5 / 2014

Messrs:

Chairman & members of General Assembly of the Bank of Commerce & Development.

We have audited the Balance Sheet of the Commerce & Development Bank (Libyan Joint Stock Company) as of December 31st, 2012 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, which we conducted in accordance with generally accepted auditing standards.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the Financial Statements, also reasonable assurance about whether the Financial Statements are free of material mis-statements.

An audit includes assessing the accounting principles used and the Company's compliance with the Banks' Law No. 1 for the year 2005.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

In our opinion the Financial Statements present fairly the financial position of the Bank Commerce & Development as of December 31st, 2012 and its financial performance and its cash flows for the year then ended in accordance with generally accepted accounting principles.



Fawzi M. Toluba
Certified Accountant & Auditor

**EXTERNAL AUDITOR'S REPORT: KASHADAH & PARTNERS**

Date: 16 /12/ 2013

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 of 31 /12 /2012 and the Income Statement, Shareholders' equity and cash flow for the year ended on that date.

These financial statements are the responsibility of the Bank Management in accordance with the 226 statement of the Commerce law No. 23 of the year 2010; our responsibility is to express opinion on these statements on the basis of our audit. 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.

We have performed the audit process in accordance with the accepted and recognized auditing standards (outlined by the Accountants International Federation (2009 /20 10). 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.

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 /2012, and the results of operations for the year ended on that date, and the cash flow in accordance with the recognized accepted accounting principles and the requirements of applied bank laws.

Our report was amended in accordance with Libyan Central Bank's requirement on provisions.