



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

SIXTH ANNUAL REPORT

THE BOARD OF DIRECTORS

31 / 12 / 2002





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



LIBYAN STOCK COMPANY



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THE BOARD OF DIRECTORS 31/12/2002

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Translated By :
ABDULGADER R. ETTAIB



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



LIBYAN STOCK COMPANY



Incorporated according to law.

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

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

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

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

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

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

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

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

Capital :

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

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

Stockholders :

1607 Natural persons

35 Juridical persons (public and private)

Stock Holders of the Bank of Commerce and Development

On 31/12/2002 The Stock Holders numbered (1642) one thousand, six hundred and forty two; natural and legal persons.

I. Natural Persons:

Stock Holder	Number	Nu. of Shares	Value in LYD
Male	1060	458647	4,586,470
Female	547	120953	1,209,530
Total :	1607	579600	5,796,000

II. Legal Persons:

Stock Holder	Number	Nu. of Shares	Value in LYD
Legal Public	7	187500	1,875,000
Legal Private	28	132900	1,329,000
Total :	35	320400	3,204,000

III. Major Stock Holders:

Neam	Location	Nu. of Shares	Ratio of Stock
The Islamic Call Society	Tripoli	45000	%5
Libya Insurance Company	Tripoli	45000	%5
Attahadi Bldg & Const. Authoriy	Tripoli	45000	%5
General Pipe Company	Benghazi	40000	%4.44
National Investment Company	Tripoli	27000	%3
Assafa Development Co.	Benghazi	20000	%2.22
Public Company for Partnership Supplies	Tripoli	16000	%1.78





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BANK OF COMMERCE & DEVELOPMENT

Head Office

GENERAL ADMINISTRATION - FRUSIYA BUILDING FOR INVESTMENT

AL-JAZIRA GULF OF SIRTES St. - BENGHAZI - LIBYA P. O. BOX : 9045 TELEX : 40298 BCD H.O LY

TEL. : +218 - 61 9097115 - 9080230 FAX. : +218 - 61 9097300 - 9097220 E-mail: Bankofcd@Bankofcd.net SWIFT : CDBLLYLT

BRANCHES:**1. BENGHAZI MAIN BRANCH**

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

2. TRIPOLI MAIN BRANCH

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

3. MISURATA MAIN BRANCH

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

4. TOBRUK MAIN BRANCH

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

5. ZAWIA MAIN BRANCH

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

AGENCIES:**1. GHOUT ALSHAAL AGENCY**

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

2. ELFOROSIA AGENCY

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

3. AFRICA COMMERCIAL CENTER AGENCY

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

4. BENIENA INTERNATIONAL AIRPORT AGENCY

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

5. Businessmen Center Tripoli

Tower # 1 Dat Elemad Buildings - Tripoli
 TEL. : +218 21 3350201 - 3350205
 FAX. : +218 21 3350200

6. Businessmen Center Benghazi

Islamic Call Building - Benghazi
 TEL. : +218 61 9082057
 FAX. : +218 61 9081482



BANK OF COMMERCE & DEVELOPMENT

BOARD OF DIRECTORS



MR. JAMAL T. ABDULMALEK
Chairman of the Board and General Manager



FATHI JUMA BUSNAINA
Vice Chairman & Deputy General Manager



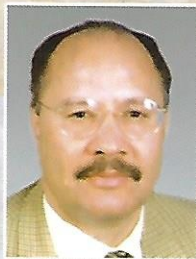
Dr. MOHAMED RAMADAN. BUZAKUK
Member



Eng. MUBARAK ABDULLAH AL SHAREEF
Member



MR. YOUSEF AWAD AL HASADY
Member



MR. ABDUL KABIR EMHEMAD SALIM
Member



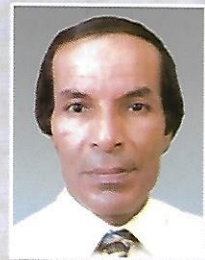
MR. HASSAN OMRAN HAROUN
Member



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



MR. FADAL ALLAH FARAJ FANOOSH
Member (on behalf of Libya Insurance Company)



MR. OMAR FARAJ AL LAHIEWEL
Secretary to the Board

The Control Committee

MR. HASSAN ABDELATI ALBARGATHI - *Chairman*

MR. RAMADAN YOUNES KWAIRI - *Member*

MR. SULAIMAN SALEM ASHOHOMI - *Member*

GENERAL MANAGEMENT

Mr. JAMAL T. ABDULMALEK	<i>Chairman & General Manager</i>
Mr. FATHI JUMA BUSNAINA	<i>Vice Chairman & Deputy General Manager</i>
Mr. ABDEL FATEH AHMAD AL FAGIH	<i>Manager Accounts Department</i>
Mr. IDRIS I. TASHANI	<i>Manager of Credit Administration</i>
Mr. ABDUSSALAM MUKHTAR ASHARKASI	<i>Manager, Operations Deptment</i>
Mr. SALEM MOUSA ALBARRANI	<i>Manager, Inspection And Audit</i>
Mr. ALI MOHAMMAD JUOUDA	<i>Deputy Manager., Administration And Personnel Department</i>
Mr. ALI RAJAB ARRUTUB	<i>Head Of General Affairs Section</i>
Mr. WAIL MOHD. BASHEER	<i>Head Of Publications And Communications Section</i>

BRANCH MANAGERS

IBRAHIM M. ELRAYES	<i>Acting Manager, Benghazi Main Branch</i>
ALI S. EL-RIHEBE	<i>Manager, Tripoli Main Branch</i>
YOUSEF A. EL-BAKOUSH	<i>Manager, Misurata Main Branch</i>
MUHSIN A. ZOGOGO	<i>Acting Manager Tobruk Main Branch</i>
SAID A. ZHMOUL	<i>Manager, Zawia, Main Branch</i>

HEADS OF AGENCIES

ASHOUR A. ASHOUR	<i>Head of Elforosia Agency</i>
SALAMA M. SALAMA	<i>Head of Ghout Alshaal Agency</i>
HASSAN A. ATTOUMI	<i>Head - Africa Center Agency</i>
ABDULSALAM M. EL-ZAWI	<i>Head - Benienna International Airport Agency</i>



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.

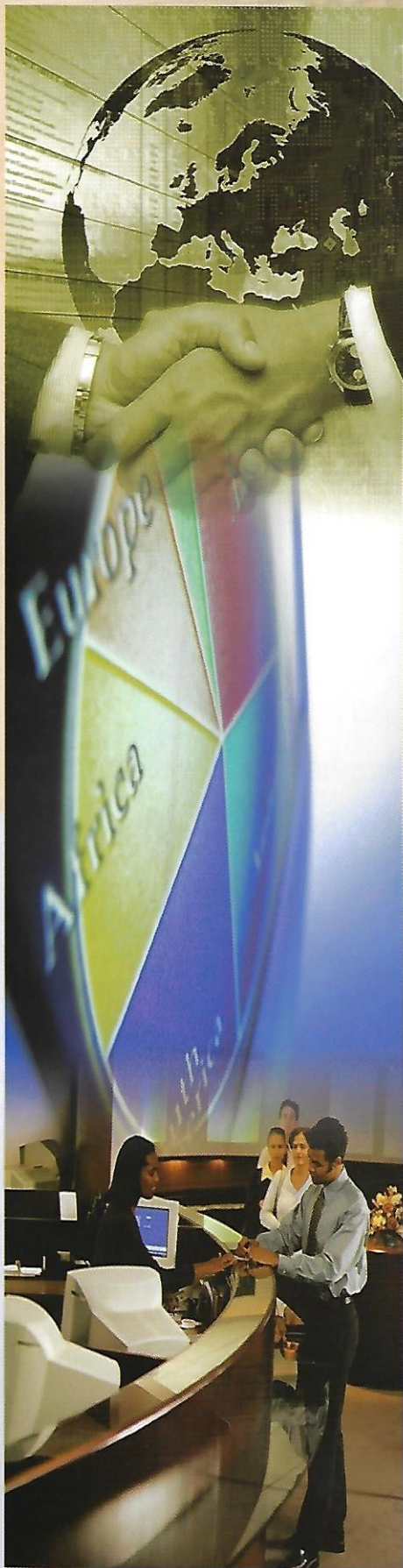
To increase the Bank's business and multiply our financial indicators.

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



"In the Name of Allah, Most Gracious, Most Merciful"

Address By the Chairman of the Board of Directors,
The General Manager

To the Sixth Ordinary Shareholders Meeting Held on 26/2/2003

Ladies and Gentlemen,

The Bank of Commerce and Development
Shareholders:

First of all with my deep respect and appreciation, it pleases me to give you a heartfelt and brotherly welcome for attending this important yearly meeting; I would like to express my sincere thanks and gratitude for your unfailing support of your bank.

I would like to report to you that all the resolutions taken by your esteems assembly in the fifth ordinary meeting held on 11/3/2002 have been carried out. We also commenced to carry out the resolution taken by your extraordinary meeting held on 11/3/2002.

The year 2002 witnessed many achievements. During the period from 1/1/2002 to 31/12/2002 the following was realized:

Inauguration of the Business Center in Tripoli.

Inauguration of the Business Center in
Benghazi.

Handover of the Tripoli Main Branch Building upon its completion. Now it is being furnished in preparation for its formal inauguration in the near future, God willing.

The Head Office Building in Benghazi is in the final stages of completion, along with the new Banking Agency which will occupy the ground

floor in the same building. The Building is considered a source of pride for the Bank of the City of Benghazi.

We established an Issue Section in the basement of the Head Office Building in the City of Benghazi after furnishing the premises with secure saves. This section started receiving cash from the Benghazi Branch, the Alforosia Agency and the Business Center. The cash is sorted, counted and prepared to be send to the Central Bank of Libya for deposit in the Banks Accounts. The Section is provided with the required personnel, instruments, equipment, and tools.

This year we completed the construction of new and modern storage facilities to keep the equipment, instruments and stationary. Additionally there is a large garage to house the Bank's automobiles.

During the year we completed the initial stages of the three story Tobruk Main Branch Building, the final stages will be completed next year.

The acquired a plot of land in the City of Misurata, it was notarized in the Real Estate Register in the Bank's Name. It will be the home of the New Misurata Main Branch on which we hope to start the construction during the coming year; 2003.



We started operating the new Banking System in the Benghazi Main Branch, Alforosia Agency and the Business Center. The three locations have been interconnected by an advanced modern communications network to form a wide area network (WAN). The system is in good working order. We hope to install the new system in our other branches and agencies in Tripoli, Misurata, Azzawia and Tobruk during 2003. We also hope to connect these branches by means of satellite communications or leased lines from the Post and Telecommunications Company.

During the year we contracted with one of the international companies to introduce the Automated Teller Machine (ATM) service which use the modern banking cash, debit or credit cards. With god's providence we will commence using these machines during the year 2003.

In spite of the difficulties which were confronted by the Bank during 2002, and with God's grace and the collective effort expended by Bank's family we have realized net profits amounting to (10,031,795.026 LYD) Ten million, thirty one thousands and seven hundred and ninety five Libyan Dinars and 026 Dirhams, after deducting all the general and administrative expenses and the depreciation of the fixed assets. This represents a ratio of (111 %) of the Capital which amounts to (9) nine million LYD. From this year's (2002) profits an amount of (4,600,709.796 LYD) four million, six hundred thousands and seven hundred and nine Libyan Dinars and 796 Dirhams will be paid to the Tax Department in corporate taxes, Jihad taxes and stamp taxes.

Your Bank which, truly embodies collective ownership indeed and not by mere words has

achieved a great deal. It has provided the State's Public Treasury, since its establishment, with the following funds:

The Bank paid and will pay a total of (20,283,121.000 LYD) twenty million, two hundred and eighty three thousands and one hundred and twenty one Libyan Dinars in corporate, Jihad and stamp taxes until the 2002 budget, which represents a ratio of (225%) of the Bank's Capital of (9) nine million Libyan Dinars.

The Bank pays salaries and benefits and bonuses to (221) staff, employees and temporary staff. These amounts are paid, not by a public entity or the Public Treasury and represent a significant contribution to the Public Treasury and job creation opportunities for this number of personnel.

In conclusion, I am honored to show my complete satisfaction with what has been achieved by the Bank in profits and growth, strengthening its financial position and increase of the owners' equity. I would like to express my thanks and gratitude to the Bank's Share Holders, our customers who chose us over the competition. My thanks and gratitude also go to the Bank's family in the Head Office and all the branches and agencies, whose distinguished members are characterized by their devotion, sincerity and dedication to the Bank and expending a great effort.

"May Allah's Peace and Blessings be with you"

Gamal T. Abdelmalek

**Chairman of the Board of Directors, &
General Manager**

The Sixth Board Of Directors Report

On the bank's activities and its financial position for the financial year ending on 31/12/2002

Ladies and Gentlemen; the esteemed stockholders,

The Board of Directors is pleased to deliver to you the sixth Annual Report. The Board starts by highlighting the most important achievements, activities and the results of its operations for the year ended on the 31st of December 2002.

The report presents the most important achievements during the period in addition to the Bank's financial report which illustrates the results attained during the financial year ended on 31/12/2002 through its balance sheet and income statement as well as the notes to financial statements.

This report presented to the Bank's Stockholders is mandated by the stipulation of Article(572) of the Libyan Commercial Law and Article (35) of the Articles of Incorporation of the Bank.

First: The Organizational Structure :

1- The employees and workforce:

The number of clerical employees in banking and administrative jobs and non-clerical employees in

the bank on 31/12/2001 was (221) staff and employees. They were distributed between the Head Office, Branches, Agencies and the new Business Centers in Tripoli and Benghazi. There is an increase of (51) employees compared to the previous year ended on 31/12/2001.

The increase reflects the activity of the important development and diversification in order to enhance the Bank's services. The Business Centers which are subordinate to the Tripoli and Benghazi Main Branches, in addition to the business growth of the Bank itself have absorbed this increase. The business growth require recruitment, selection and employment of additional personnel to fill the vacant jobs by new graduates or experienced bankers transferred from other banks. The transfers were made by the employees by their own choice out of their belief that the Bank of Commerce and Development is the right place in which they can attain their professional ambitions.

The following table illustrates the distribution of the employees on the banking, clerical and non-clerical during the year 2002 compared to the previous year 2001:

Location	Clerical jobs		Non clerical jobs	
	2001	2002	2001	2002
Head Office	21	24	7	13
Benghazi Main Branch	27	31	7	9
Tripoli Main Branch	26	37	6	8
Misurata Main Branch	15	20	2	6
Gout Ashaal Agency	8	9	--	2
Alforosia Agency	9	11	1	3
Africa Center Agency	4	5	--	1
Tobruk Main Branch	14	16	4	7
Az-Zawia Main Branch	12	12	4	4
Benina Airport Agency	3	3	--	--
Total :	139	168	31	53

-The temporary employees on fixed stipend in the Bank totalled (11) in the areas of legal, managerial and financial consultancies and night security personnel in the Head Office, Branches and Agencies.

During the year 2002 (5) five employees left the Bank's service, 4 resigned out of their own volition and the fifth -who was temporary loan- was released upon the end of the loan period.

2- Human Resources Development and Training:

Management values the importance of developing the human resources by practical as well as theoretical training in pursuit of development and to implement of the policies adopted by the Bank since its beginnings in order to improve the efficiency of its employees.

The Year 2002 witnessed extensive training activities both locally and abroad. The employees who joined various professional development training

courses numbered (50) fifty compared with (41) forty-one during the previous year 2001. The Central Bank of Libya's Training Center which undertook the local training programs for the Local Banks has only intensified the training courses during the second half of the year 2002.

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

Local training courses :

Area of Training	Number of Trainees	
	2001	2002
Banking Operations	12	19
Computers	6	1
English Language	2	4
The SWIFT	6	5
Conferences and Banking Seminars	7	9
Total :	33	38

Training Courses Abroad

Area of Training	Number of Trainees	
	2001	2002
Banking Operations	5	11
The SWIFT	3	1
Total :	8	12

New Training Centers:

Management has formulated plans to expand training by allocating the whole 8th. floor in the new Head Office Building Tower in Gamal Abdennaser Street for the Training Center to provide practical and theoretical training to the Bank employees. It has been furnished with suitable furniture and equipment and connected to the Bank's network. The Center is provided with a library of many text and reference books and journals. This center will be utilized to provide on the job training (OJT) as well as hands on traing to the employees under the supervision of department and branch managers and the section heads in Bank.

Similarly a whole floor has been allocated for the Training Center in the New Tripli Main Branch Building in Nasr Street. It has also been furnished.

Fringe benefits and incentives:

The Bank's Top Management demonstrates more concern for the development of employee incentives system, as well as medical care and social services which motivates them to provide better banking services. The Bank provides free medical care to the staff and employees and their families in all the cities where the Bank has branches or agencies through the best specialist health clinics. The Bank pays for all the medical care, diagnostic investigations, medicine and treatment abroad for difficult cases.

During this year 2002 the Bank renewed the collective insurance policy providing coverage for all the employees and the Directors against accidents and death. It provides coverage of up to three years salary payment and includes a provision to cover the end of service benefit.



The Board of Directors has enacted a resolution to establish the Bank Employees Social Fund to meet their social commitments, with the purpose of solidifying the social and human relations and emphasise the cooperative principle. It also guarantees assistance and incentives for them and enables them to develop their cultural and entertainment activities.

During the year 2002 the subject of this report, the Bank continued its tradition of naming a Model Employee in each branch and agency and among the department managers in Head Office. Rewards were paid to the winners of the Model Employee title, they also received some valuable presents. The Model Employee system is a proven effective means in creating a competitive spirit and increased productivity and dedication among the employees.

Second : New Buildings :

The Head Office Building – Benghazi

The new Head Office Building is nearing completion. It is comprised of a subterranean basement a ground-floor and (8) eight upper floors. Presently aluminium, doors, glass, painting and complimentary works are under completion. Also, two modern elevators were installed. Final handover is expected to take place before the end of March 2003. The Building has been provided with modern furniture. The ground floor hall will be occupied by a banking agency to serve the Head Office neighbourhood (Al Berka), Gamal Abdennaser Street.

This building is one of the Bank's assets which sustain its financial position. We are thankful to God for erecting this building which represents one of the Bank's ambitious numerous visions. With Gods help we will move to the new building which will become the Home of the Bank's Head Office Divisions and Departments.

Tripoli Main Branch New Building

With God's Grace we have completed the finishing works in the new building. This building is comprised of a subterranean basement for secured vaults and stationary and documentation stores, a

ground-floor to be used for banking hall for customer services (current accounts and cashier).

The third floor will be allocated for branch of the Head Office in the Western Region to oversee the branches in the west. The fourth floor will house the training and economic and banking research center. The building was equipped with the required instrumentation and implements as well as office furnishings. God willing, the move to this building will take place in early 2003. This building is another addition to the Bank's fixed assets sustaining its financial position.

Tobruk Main Branch New Building

During the year 2002 construction work in the Tobruk Main Branch Building commenced. Foundations, concrete and building works for the first floor were completed. Management envisaged the necessity of adding two new floors so that the building will have a ground-floor and three upper floors.

During the year the first phases of construction were completed, at present finishing as well as electrical works are in progress.

The ground-floor will be allocated for banking transactions, secured vaults, personal safe deposit boxes which will be rented for willing customers to keep their valuable property and documents. The first floor will be allocated for the documentary credit, foreign transfers and foreign exchange sections. The second and third floors will be allocated for the business center and the training center. We are hopeful that finishings will be completed before the end of the first quarter of the year 2003, 'God willing'.

Misurata Main Branch Building

Our Bank sourced a plot of land in excess of 1200 square meters in the commercial zone of the City of Misurata situated in Benghazi Street, one of the most important thoroughfares of the city. The property was notarized with the Real Estate Register with a final Registration Certificate in the Bank's name. In the near future the required engineering drawings will be prepared to establish a modern bank branch to absorb the expansion –now experienced by the Misurata Main Branch- and increase in the volume of its operations.



Bank Stores and Car Garage

During the year 2002 'with god's help' we completed the building works of modern stationary, equipment and publications stores. These stores were equipped with necessary storage equipment and safety implements. A large garage was also built to keep the Bank's motor vehicles. Additionally car maintenance shops and spare part storage were built along with a modern workshop to maintain the Bank's equipment and instruments. This facility resulted in saving large amounts of cash which used to be paid in rent for stores, garage and workshops.

Third: Business Centers :

During the year 2002 -with God's help- the idea of creating business centers was came into being, as the the Tripoli Business Center was inaugurated on 6/9/2002. A hall in the Dat-Elmad Buildings Tower No. 1 was rented, refurbished and prepared to serve as the appropriate premises for this Center. It was supplied with developed modern computer equipment as well as other equipment and instrumentation.

On 1/12/2002 the Benghazi Main Branch Business Center was inaugurated in a large hall in the Ground-floor of the Islamic Call Building (Addawa) in Benghazi. After maintaining and redecorating this hall and equipping it to house the Business Center and equipping it with state of the art computing and other instrumentation.

The idea of separating business account of partnerships, corporations, public companies, travel agencies, airlines, embassies, consulates, foreign companies as well as any other legal persons; has long been on our mind. In summary the business center idea is:

Separating legal person's accounts from individuals' and savings accounts and allocating a premises in which various serves can be provided to the businesses with speed, ease and without waiting.

The business center is organized into the following sections:

Current accounts.

Cashiers for paying and receiving.

Local and external transfers and foreign exchange purchase and sales.

Documentary credits and letters of guarantee.

A suitable location was provided for the General Services and Marketing Office and equipped with suitable implements (photo copiers, calculators etc..) as well computer terminals for Internet services.

Through these centers the Bank of Commerce and Development will be capable of:

Opening Libyan Dinar as well as foreign currency current accounts for those desiring this service from among the legal persons with ease. Efficient employees have been carefully trained to process the account opening, cheque book issue and conducting transactions in complete confidence characteristic of the banking business. These services are carried out through a computerized banking system of world renown introduced for the purpose of serving our clients with the utmost efficiency.

Accepting deposits (cash and cheques) and concluding all transactions accurately and quickly then handing the customer the documentary proof of the transaction.

Conducting local and foreign transfers in Libyan Dinars or foreign transfers in foreign currencies through the international SWIFT System. A system we are proud to be one of the first Libyan Banks to introduce into service to affect accurate, fast and secure transfers.

Through the Business Centers, our customers will be able to transact their documentary credit requirements with the assistance of capable employees accurately and easily.

The Bank's businessmen customers may request the issue of various letters of guarantee as well as requesting payment for Documentary Billing for Collection upon presentation of supporting documentation.

Purchase and sale of foreign currencies –whether notes or travellers' cheques- through efficient bank clerks and staff. The process involves filling in the appropriate official Currency Control Forms in accordance with current regulations governing sale and purchase of foreign currencies. These currencies may be sold in exchange of Libyan currency or depositing the foreign currencies in their own foreign currency accounts.

The Bank of Commerce and Development is differentiated from the rest of the Libyan banks through the Business Centers by providing complementary services to the regular services. The Services and General Relations Office attached to the Business Center can provide the following:

- Supply of the Bank's annual reports

- Supply of copies of the Bank's Monthly Bulletin which covers banking, economic and financial affairs to the customers.

- Supply of copies of legislation relating to business affairs such as tax, banking and foreign investment laws to customers. A customer may request a copy of any legislation or directive that has a bearing on their line of business and the Office will provide it.

- Providing national of foreign companies with copies of their commercial registration in the Department of Economy, tax declaration forms, immigration forms and other forms required by other authorities in order facilitate for them conducting their business.

- Supply of copies of the currency exchange rate lists issued by the Central Bank of Libya.

- The Relations Office avails customers of photo copier services, the bank customers are entitled to request photo copies of documents they need.

- The Relations Office in the Center provides customers with facilities to use its telephone and facsimile services.

- Customers are entitled to use the Internet services available in the Office as they wish.

- Ticketing, travel arrangements, hotel bookings locally and internationally may be conducted through the Office upon authorizing the Bank to deduct the

relevant invoices from the accounts.

Fourth: Banking Operations :

The year 2002 and since 1/1/2002 ushered the unification of the currency exchange rates pursuant to the issue of Resolution (48) on 24/12/2001 by the Board of Directors of the Central Bank of Libya, which unified the exchange rates of the foreign currencies against the Libyan Dinar. This resolution became effective on the 1st of January 2002, thus ending the era of dual prices of official and commercial foreign currency prices .

Several directives issued by the Directorate of Banking and Currencies to regulate the sale and purchase of foreign bank notes, foreign transfers and stating their purposes and values, determining selling and buying prices of bank notes and incoming and outgoing transfers for the purposes of opening letters of credit and paying documentary bills for collection documentation.

In spite of the small number of companies and corporations which transact through our Bank and the large amounts of documentary credit associated with these organizations, still, our Bank succeeded -with the help of the modern and fast services- in executing numerous external transfers as well as many documentary credit transfers for the private sector, individuals, partnerships and self employed persons.





External Operations:

Our Main Branches and our Banking Operations Department in the Head Office completed the processing of opening documentary credits and notification of correspondents abroad through the International SWIFT System operating from our Head Office in Benghazi. For the purposes of proper control and follow up of all foreign operations in the form of transfers or documentary credits and other

transactions, it was ensured that all these operations were conducted in compliance with the requirements of the Directorate of Banking and Currencies and other related authorities, and that the supporting documentation for opening the documentary credits or affecting the transfers or Cash Against Documents was audited and filed correctly. During the period 1/1/2002 until 25/12/2002 our Bank conducted the following:

a. Documentary Credits Opened (Import):

L/C's	Credits' value in foreign currency	Equivalent to LYD
168	6,134,114.40 US\$	52,394,465.880 Dinars
556	30,779,317.21 •	44,014,423.610 Dinars
1	11,147.000 Tunisian D.	11,481.410 Dinars
725	TOTAL	96,420,370.900 Dinars

b. Documentary Credits Opened (Export):

Our Bank through its five branches conducted export documentary credits which numbered (62) sixty two L/C's in different currencies as follows:

L/C's	Credits' value in foreign currency	Equivalent to LYD
49	3,145,050.00 US\$	4,560,322.500 Dinars
11	202,000.00 •	288,860.000 Dinars
2	301,000.000 Morrocan D.	43,645.000 Dinars
62	TOTAL	4,892,827.500 Dinars

c. Documentary Bills for Collection:

The branches received numerous documentary bills for collection from many correspondents. Applications were made to transfer them after authentication and validation with the Currency Control directives prior to authorizing the transfers to the correspondents. Transfers are only made centrally through the Operations Department in the Head Office by means of the International SWIFT system installed in the Head Office in Benghazi. The Documentary Bills for Collection were as follows:

Bill	Documents' value in foreign currency	Equivalent to LYD
1	1,000.00 US\$	1,500.000 Dinars
333	16,248,805.00 •	3,235,791.436 Dinars
3	101,895.50 £	224,170.100 Dinars
2	128,013.000 Tunisian D.	131,853.390 Dinars
339	TOTAL	23,593,314.926 Dinars

d. Outgoing international money orders:

Our Bank has finalized the procedures for transfer of a number of external money orders for various purposes totalling (1751) in various foreign currencies with the following details:

Orders	Documents' value in foreign currency	Equivalent to LYD
135	6,567,529.90 US\$	9,522,918.355 Dinars
1582	41,608,100.50 •	59,499,583.715 Dinars
26	321,266.38 £	706,786.036 Dinars
8	438,083.00 SF	449,500.00 Dinars
1751	TOTAL	70,178,788.106 Dinars

e. Incoming international money orders:

The Bank received through its many correspondents abroad money orders for some of the Bank's customers as beneficiaries which numbered during the year 2002 –the subject of this report- (930) money order in several foreign currencies and amounting to a LYD equivalent of (53,025,126.468) fifty three millions, twenty five thousand and one hundred and twenty six LYD (and 468 Dirhams). These orders were liquidated in favor of our customers, partnerships, corporations and foreign companies with the following details:

Orders	Orders' value according to their currency	Equivalent to LYD
477	17,268,525.54 US\$	24,175,935.756 Dinars
404	15,608,563.98 •	21,539,818.292 Dinars
28	3,143,688.20 £	6,601,745.220 Dinars
16	707,626.74 SF	707,627.200 Dinars
5	1,049,365.180 LYD	1,049,365.180 Dinars
930	TOTAL	54,074,491.648 Dinars

f. Foreign currency sales:

Our Bank sold foreign currency bank notes in US \$ and • for our different customers through all the branches and agencies during the year 2002 and accordance to purchases from the Banking Operations Department in the CBL and during a period of only (6) six months, i.e. we did not purchase these currencies throughout the months of the year; our sales were as follows:

Notes	Equivalent to LYD
72,500,000.00 US\$	105,125,000.000 Dinars
15,600,000.00 •	22,308,000.000 Dinars
TOTAL :	127,433,000.000 Dinars

2. Outgoing and Incoming local money orders:

Our Bank has differentiated itself from the other banks by the speed of executing the local money orders between the different cities in the Jamahyria. The processing of preparing and transfer of money orders to our branches and agencies in the different cities from Azzawia to Tobruk takes less than one hour including the wiring and receipt, in the meantime executing the transfers in some other banks takes five to seven full working days. This is the obvious reason for customers demand for these services from our branches and agencies, which reflects their appreciation for the speed and accuracy of their transactions. Our branches and agencies executed the following outgoing and incoming internal money orders:

16611	incoming internal money orders	419,662,485.831 LYD
15206	outgoing internal money orders	314,954,681.693 LYD

3. Certified cheques:

During the year 2002 –the subject of the report- our branches and agencies certified (30037) cheques with a total value of (LYD 721,730,380.112) seven hundred and twenty one millions, seven hundred and thirty thousands, and three hundred and eighty LYD and 112 Dirhams. These numbers indicate the confidence customers have in our Bank, especially 'praise be to Allah' that the year 2002 -similar to previous years- did not witness any counterfeiting of our safe certified cheques, which were printed in one of the bank note presses in Germany. These cheques are characterized by raised water marks that cannot be counterfeited. Meanwhile some other banks' certified cheques were counterfeited.



Fifth: External banking relationships :

The year 2002 –the subject of this report–witnessed continued, sustained and strengthened relationships between the Bank and many banks in different countries of the world, and approving them as correspondents for our bank abroad. The Bank practices extreme caution to have accurate transactions with these banks. The transfer operations are carried out swiftly and accurately with continuous follow up and fast responses to their correspondence and reconciling accounts promptly in order to guard the interests of both parties. This gained for our Bank the recognition and respect from their side and their continuous desire to work with us and furthermore favoring our Bank over the other banks.

During the year 2002 our Bank received visitors by many executives of sister and friendly banks from Arab, European and Asian countries.

Our Bank took the initiative –as usual- in introducing the International SWIFT services connectivity and thus became among the first to conduct the international banking operations through this system instead of the ordinary telex wiring machines. Our Bank stopped using the telex machines in processing its external operations, now it automatically depends on the SWIFT. This service provides many advantages among which is the fast wiring, reducing the number of errors, lowering the costs of telecommunications and additionally the assurance of secure, reliable, confidential exchange of information and minimizing the chances of counterfeiting.

During the year 2002 the SWIFT Section in the Head Office performed the following:

5383 outgoing messages to different correspondents.

5886 incoming messages from different banks.

4936 incoming messages in the form of general information and data on banks sent by the SWIFT System Corporation in Brussels, Belgium.

Our Bank is seeking to connect the SWIFT System with the new Banking System which was introduced into operation in the Bank, which will have the result of connecting all the branches and agencies with the SWIFT Section in the Head Office thus reducing the time and effort of conducting our international operations and making them simple, easy and fast.

The Bank's internet site on the world wide web:

Our Bank is still considered one of the first Libyan banks to own a site on the internet, it may be considered the first to build its page on the world wide web. This year the site www.bankofcd.com was provided with an e-mail for the bank; bankofcd.bankofcd.com as well as providing the department and branch managers and agency heads with e-mail addresses of their own.

The Bank's internet site has played an important role to publicize it both locally and internationally, both in Arabic and English. By browsing the site pages one can find information on the Bank, its branches and agencies and all the addresses. The site also shows the latest statement of financial position and income statement for the Bank. The latest list of exchange rate for foreign currencies against the LYD is also available on the site. There is on the site explanation of the services provided by the Bank such as phone banking, LYD travellers' cheques as well as the Visa Gold and Silver credit cards which are issued by the Jordan Iskan Bank for Commerce and Finance to our customers.

By browsing our pages on the internet one can view a summary of what has been published in the Bank's Bulletin which specializes in finance, business, economics and banking and which provides a publishing platform for economic, banking, financial and managerial research.

Our Bank in spite of its short existence of less than seven years succeeding in gaining recognition and respect the sister and friendly banks abroad and to earn an excellent reputation and unlimited support from these banks.



Sixth: Modern systems and technology:

In the end of the year 2001 a strategy was formulated to bolster the Banks position in the Libyan market and to assure the differentiation of this position within the units of the Libyan Banking System, this strategy was focused mainly on:

Evolving the IT Network:

With God's providence, a modern network in the Head Office and in the branches and agencies using the best and highest quality components for the infrastructure. The network was supplied by a local company from world renowned manufacturers of networking components. The networks are protected from power failure by UPS units capable of assuring continuous service on 7 x 24 basis. The networks were tested and now they are operational. Through them the New Banking System will operate, for without the network, the banking system will have no vehicle to operate it. During the year 2002 and by means of state of the art equipment, the Benghazi Main Branch was connected to the Alforosia Agency and the new Business Center in Addawa Alislamia Building utilizing point to point, line of sight, wireless telecommunications, thus eliminating the need for below or above ground cables.

The New Banking System:

The Bank entered into a contract with an International Company to provide a banking solution that covers all the banking services that are needed now or in the future. The main server for the system was imported, installed, tested and now it is successfully operational in Head Office. Another main server to operate a (DRC –data recovery center) was also imported and will be installed in the Tripoli Main Branch to assure the continuous uninterrupted transactions in the Bank at all hours.

All the applications that constitute the new international banking solution were installed with the help of God and the resoluteness of the team which was charged with this task. It is now operational in the Benghazi Main Branch, the Alforosia Agency and the New Business Center which is part of the Benghazi Main Branch. This connectivity was achieved through wireless links.

The new banking system which is radically

different from its predecessor, is now operational. All the employees in the branch, the agency and the business center have been trained extensively on the uses of new banking system. This new advanced banking system, which was a dream we had for a long time, has become a reality and is actually operational. This system will be installed in the remaining branches in Misurata, Tripoli, Azzawia and Tobruk.

We look forward to to benefit from the direct support from this banking solution, in early 2003, to all the banking services such as home banking, internet banking, automatic teller machines (ATM's), mobile phone banking as well all the other services provided by this system.

This banking system enables the trained users to design and prepare any type of report they need, in addition to the standard reports already contained in it. The periodic reports required by the Central Bank of Libya upon their requirements will also be designed and their format kept ready for speedy dispatch on a timely basis.

The Bank aspires that during the year 2003 total connectivity with all the branches and agencies will be complete either through secure satellite communications channels or leased line from the General Post and Communications Company.

modernizing the computer and printer equipment:

Our Bank succeeded in modernizing all the computer and printer equipment which were in use in the Head Office and branches. The old equipment which became out of date and does not lend itself to modernization or upgrading was completely replaced during this year –the subject of this report– in the Benghazi Main Branch, Alforosia Agency, Benghazi Business Center, the Head Office, Tripoli Main Branch, Tripoli Business Center, Azzawia Main Branch and Gout Ashaal Agency. Many modern printers were imported and were supplied to our branches and agencies to be ready for use with the new banking system in order to absorb the increased work load, which is expanding, thanks be to God, on a daily basis. Uninterruptible Power Supply installations were fitted in all our branches and agencies in order to protect our operations from power break downs which are known to be the most common cause of banking computer systems.



Out branches and agencies were also supplied with modern bank note counting machines which are capable of detecting counterfeit notes. They were also supplied with rolling, binding and packing for the different denominations of the currency. The bank spares no effort to introduce all the state of the art equipment, instruments, machines, printers and electronic computer networking components.

Seventh: The Bank's Credit Policy:

During this year 2002 –the subject of this report– after approval by the Board of Directors, the Bank granted credit facilities in the form of loans, overdrafts and financing documentary credits amounting to a total of (LYD 12,384,740.961), this amount represents what has been granted this year to make the credit facilities balance (LYD 44,860,939.638) forty four millions, eight hundred and sixty thousands and nine hundred and thirty nine and 638 Dirhams compared to (LYD 31,860,198.638) for the year ended on 31/12/2001.

It is noted that there is an increase in the credit facilities of (LYD 12,384,740.961) with a rate of increase of (39%) of which (9) millions represent new installments paid from the Bank contribution in the loan to the National Oil Corporation granted jointly with the other finve commercial banks and secured by the Central Bank of Libya. During 2002 Al Burag Airline Company was granted a loan jointly with Aljomhoria Bank of (LYD 1.5) one and a half million, representing our Bank's contribution to finance the procurment of aircraft for the Company. The Bank owns 10% of this Company's capital. The remainder of the increase in the facilities was granted

to companies and partnerships in the form of overdrafts.

It is clear that the Bank still follows a cautious and conservative policy in granting the different credit facilities. The Board of Directors did not approve all the applications for facilities. Many of them were rejected for lack of good collateral or the absense of economic feasibility studies. The Bank granted social advances to some customers in accordance with the directives issued by the Central Bank of Libya in this regard. The Bank's Management was following up on the non performing credit facilities and loans which were granted in the past. Numerous of these nonperforming facilities were prosecuted in the courts. Some cases are still under litigation in the courts, while the bank obtained favorable verdicts in others, as a result some of the borrowers scheduled payment of their loans. The Bank is hopeful that during the next year it will be able to grant secured long term loans jointly with the other commercial banks to finance the varying economic activities in the industrial, agricultural and services sectors in participation in the activation of the national economy and to earn returns which generate income for the stockholders.

Eighth: Internal Auditing and Inspection:

The Bank's Management considers the internal auditing and checking procedures of the utmost importance. It put in place tight internal control and the continuous daily checking on the oeprations of the branches and agencies, and the documentation of daily transactions and the financial positions day by day.





This means the auditing and checking of every daily movement includes the cheques, accounting entries, data and statistics to ensure the correctness of the accounting entries posted in the ledgers and the computer system, and matching them and preparing the reports which point out the errors or the lack of documentation.

The Audit and Inspection Department in the Head Office directly supervised the audit and inspection sections in the branches and agencies, laid audit programs, issued periodic directives and instructions illustrating auditing methods and techniques. The Audit Department Manager and the Heads of the Internal Audit Sections in the branches and agencies participated in the implementation of the new banking system, as well as the continuous supervision to determine the integrity of the components of the system. They also checked and audited the accounts which were posted by this system and compared it with the supporting documentation. Their continued labors have contributed to the detection of many errors on the spot, whether they mismatching of figures with the documents or posting errors. The audit and inspection team affected the necessary correction and supervised the archiving of documentation.

During this year 2002 the Bank's top management took the initiative by appointing specialized accounting firms to audit and check all the files in the branches and agencies to ensure the correctness of the documentation required in these files. The qualified accountants in these firms checked all the files with (100%) sample ratio, the checking and auditing included:

Current account files for all the companies, partnerships, corporations, establishments, foreign companies and all the legal persons to ensure the availability of the documents required for opening these accounts and the compliance of these with

the laws, codes, the Banking and Currency Control Department (CBL) directives and the Bank's Management instructions.

Credit facilities files and the presence of the Board of Directors approval as well as other required approvals.

Documentary credit and letters of guarantee files and the presence of the supporting documentation.

These firms prepared reports indicating the discrepancies they found in some files as well as separating the closed accounts files. The branches were required to fulfill the discrepancies and renewal of the lapsed approvals in some files. The firms supervised the rearranging, organizing and safekeeping the files in steel vaults which are burglarproof and fireproof.

This task which was accomplished in the year 2002 is one form of tightening internal control on the various functions within the Bank. This gives the Bank's Top Management the assurance that the utmost care and accuracy are employed in carrying out the various jobs in a manner which is correct and compatible with the laws and regulations in force.

The Audit and Internal Inspection Department inspected the branches and agencies periodically and submitted its reports on these inspections.

During the year 2002 the Central Bank of Libya's Department of Banking and Currency Control conducted its own comprehensive inspection of our Bank's branches, agencies and Head Office. Said Department inspected certain areas and specific subjects in some branches and agencies and submitted a report on the results of its findings which was presented to the Bank's Board of Directors. All the required measures in response to such circumstances were taken and the Central Bank of Libya was duly informed by the responses promptly.

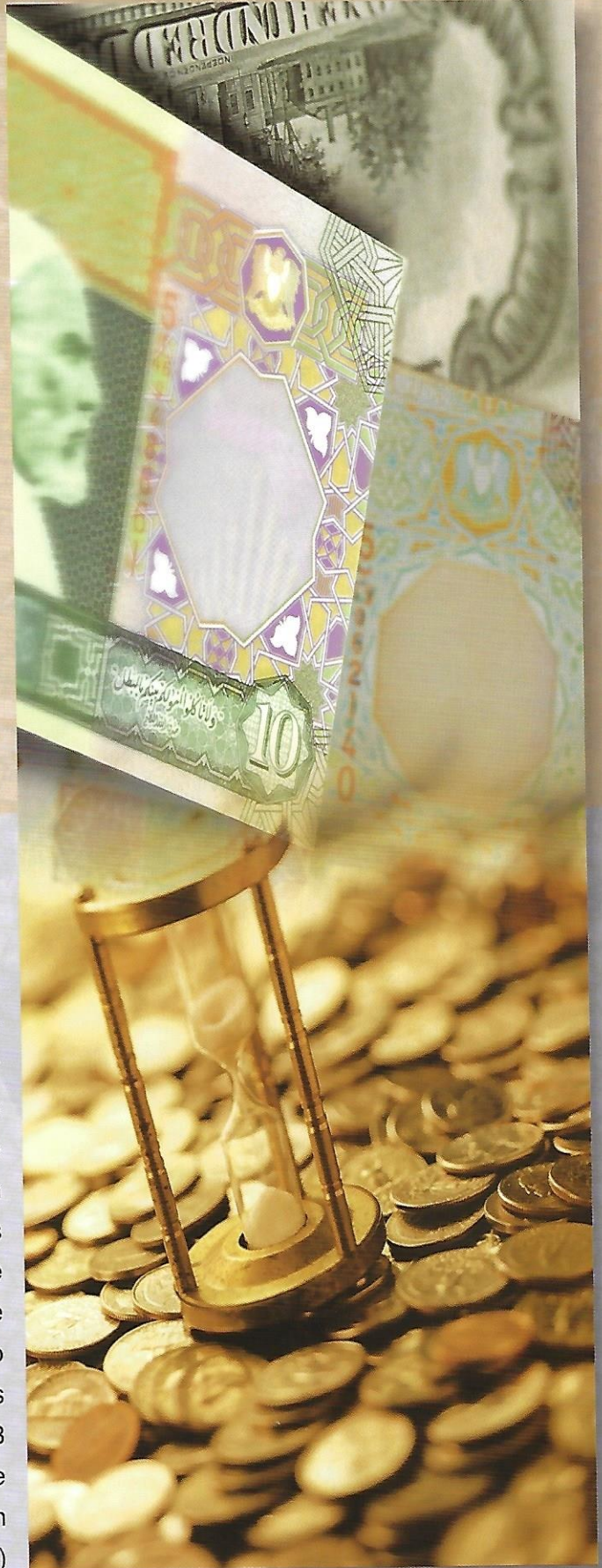




Ninth: Increasing the Bank's Capital:

In accordance with the Stockholders' Extraordinary Meeting Resolution on 11/3/2002 to increase the Bank's Capital from (LYD 9m) nine millions to (LYD 20m) twenty millions, and authorizing the Board of Directors to take the necessary measures to call the required increase (LYD 11m) eleven millions, either once or several times, and giving priority to small investors at (LYD 10.000) ten dinars per share, provided that the call is made within a period of not more than one year from the date of the Extraordinary Stockholders Meeting Resolution. The Board may invite new investors after first allowing the older investors to acquire the remaining shares which were not taken by the older investors. A suitable allowance shall be added to the nominal value of shares for the new investors equivalent to the share book value (total equity) so that old and new investors are equated in the equity.

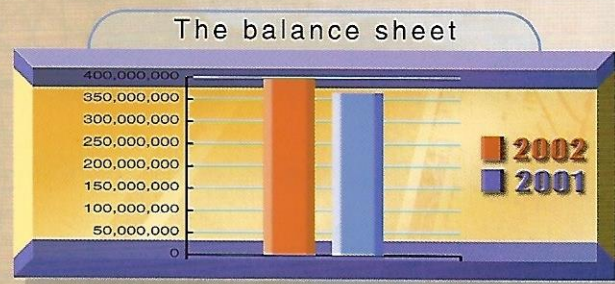
On this basis the Board of Directors held several meetings to study the implementation of the Extraordinary Stockholders Meeting Resolution. On 21/12/2002 the Board agreed in its seventeenth meeting to increase the capital to (LYD 20m) twenty millions and to prepare the necessary forms for the older investors first to provide them with a grace period in order to acquire shares from the increase and to pay 5/10ths within three months from 1/1/2003 until 31/2/2003. Then the new investors are given the chance to acquire shares at the nominal (LYD 10.000) plus the allowance. All the implementation procedures were put in place to carry out the Resolution and the Board of Directors decision. We are hopeful that during the year 2003 the capital increase would be completed to make our Bank's capital (LYD 20m) twenty millions in place of the current paid up capital of (LYD 9m) nine millions.



The balance sheet :

The Balance Sheet totaled (Total Assets and Total Liabilities and Equity) on 31/12/2002 396,057,865.840 LYD against 365,361,525.921 LYD for the year ended on 31/12/2001, an increase of 30,706,339.919 LYD and a rate of growth of approximately (8.4%).

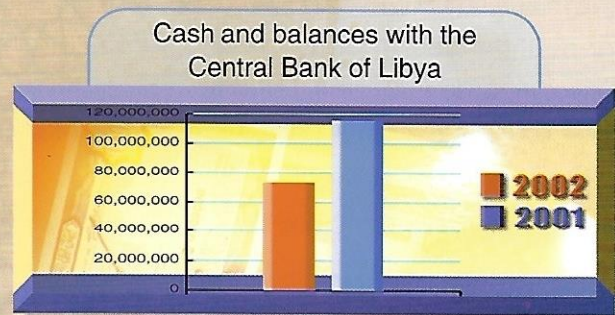
The following will illustrate the most important Balance Sheet items as on 31/12/2002 compared with the Balance Sheet figures for the financial year ended on 31/12/2001.



1 - Assets :

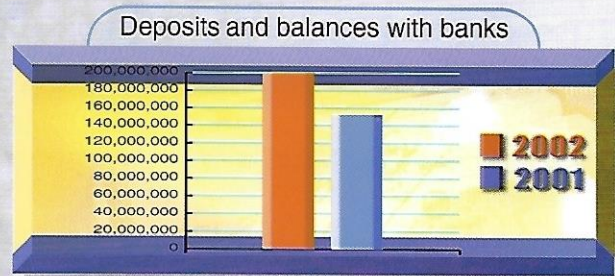
a. Cash and balances with CENTRAL BANK OF LIBYA:

The balance of this item on the end of 2002 73,466,814.462 LYD against 115,280,275.185 LYD on the end of 2001.



b. Deposits and balances with banks:

The balance of the current deposits (current accounts) and time deposits with the CENTRAL BANK OF LIBYA and the commercial banks and some foreign banks (correspondents) on the end of 31/12/2002 was 199,032,594.424 LYD Against 152,374,277.263 LYD on the end of 31/12/2001, an increase of 46,658,317.161 LYD, a rate of growth of (30.6%).



c. Investments:

The local investments balance on the end of 31/12/2001 amounted to 51,293,200.000 LYD against 50,855,000.00 LYD on the end of the year ended on 31/12/2001, an increase of 438,000.000 LYD which represent investments in the capital of:

Purchase of Treasury bills in the amount of 45,000,000.000 LYD, only forty five million LYD, which earn a tax free income of 6% annually.

Purchase of Libyan treasury bonds in the amount of 5,000,000.000 LYD, which earn a tax free income of 5% annually and represents a good and secure

investment.

Almuttahida Insurance Company; an amount of 588,200.000 LYD, only five hundred and eighty eight and two hundred LYD, in the capital of the for the purchase of 1500 fully paid up shares.

Assafaa Development Company; 10% of its capital, an amount of 500,000.000 LYD; Five hundred thousand Libyan Dinars.

Attariq Computer Services Company with 10% of its capital, and amount of 105,000.000 LYD; One hundred and five thousand Libyan Dinars 6/10ths of the nominal stock).



Alburag Airline Company 100,000.000 LYD, One hundred thousand Libyan Dinars.

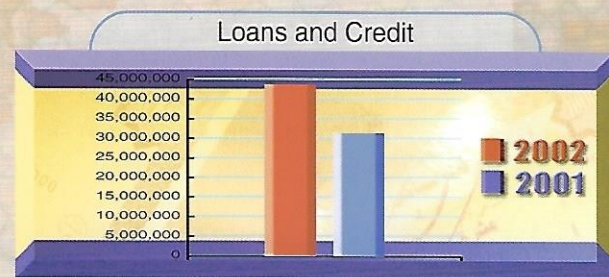


d. Loans and advances:

Loans and advances balance (credit facilities) on 31/12/2002, after deducting 1,200,000.000 LYD only one million and two hundred thousands as a provision for doubtful debts, amounted to 43,644,939.599 LYD compared to 31,260,198.638 LYD for the year ended on 31/12/ 2000. An increase of 12,384,740.961 LYD, and a rate of (39.6%).

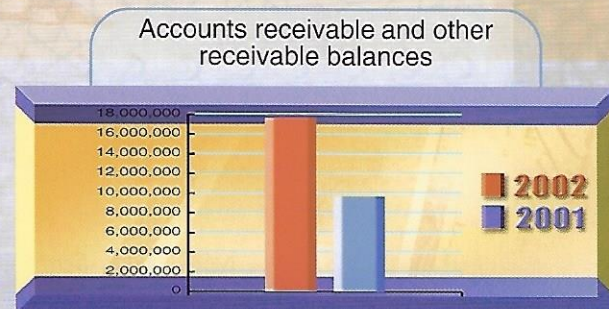
The amount of 1,200,000.000 LYD was deducted as a provision for doubtful debts from the balance of current accounts receivable which amounted before this provision to 45,844,939.599 LYD, also

the amount of 738,414.204 LYD, only seven hundred and thirty eight thousands and four hundred and fourteen LYD and 204 Dirhams, was set as interest on the non moving current accounts receivable for the period from 1/1/2002 until 31/12/2002.



e. Accounts receivable and other debtor balances:

The Accounts receivable and other debtor balances item on 31/12/2002 amounted to 17,582,470.993 LYD against 9,605,046.860 LYD on 31/12/2001, an increase of 7,977,724.860 LYD and a rate of increase of (83%).



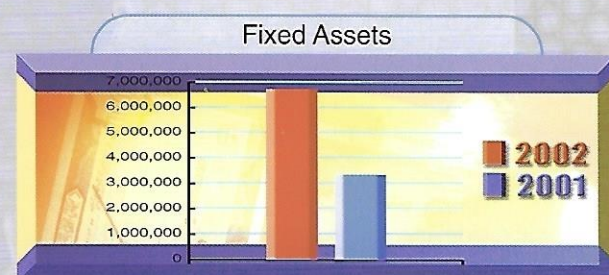
f. Buildings under construction:

The balance of this item on 31/12/2002 was 4,315,342.717 LYD which represents the New Head Office in Benghazi, the Tripoli Main Branch buildings,

the purchase of new storage facilities, the New Tobruk Main Branch building and a plot of land in Misurata against 2,653,763.206 LYD on 31/12/2001, an increase of 1,661,579.511 LYD and a rate of increase of (62.6%).

g. Fixed assets:

The total fixed assets amount after deducting depreciation on 31/12/2002 was 6,722,503.645 KYD against 3,322,964.769 LYD for the year ended on 31/12/2001, an increase of 3,399,538.876 LYD and a rate of (102%).



2 - Liabilities:

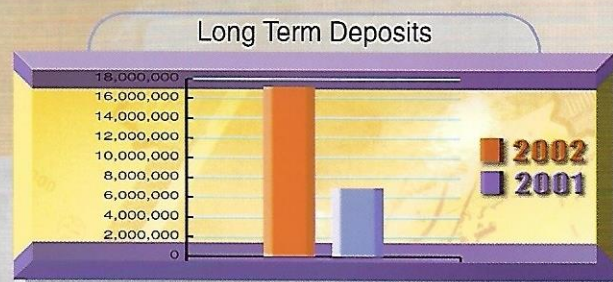
Total liabilities on 31/12/2002 amounted to 376,165,136.128 LYD agaubst 348,253,546.412 LYD on 21/12/2001, an increase of 27,911,589.716 LYD and a rate of more than (8%).



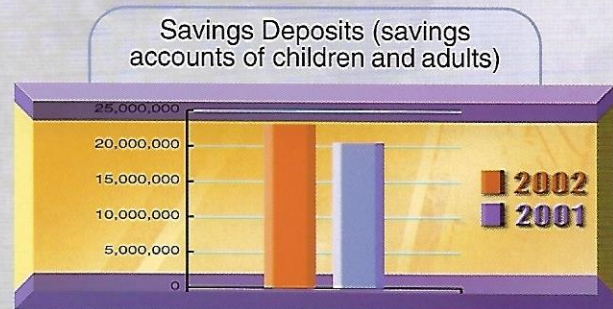
a. Customer Deposits (current accounts):
Customer deposits balances in the form of current accounts receivable in Libyan Dinars and foreign currencies, of both natural persons, legal persons, corporations and partnerships amounted to 246,753,074.030 LYD on 31/12/2002 against 235,938,119.156 LYD on 31/12/2001, an increase of 10,814,954.117 LYD and a rate of more than (4.6 %).



b. Customer Time Deposits:
Customer time deposits on 31/12/2002 amounted to 17,188,200.000 LYD against 7,000,000.00 LYD for the year ended on 31/12/2001, an increase of 10,188,200.000 LYD a rate of increase of approximately (146%).



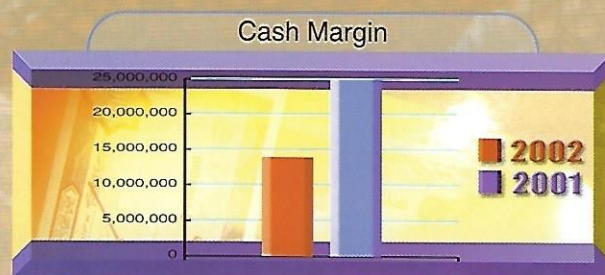
c. Savings Deposits (Adult and child savings):
The balance for this item on 31/12/2002 was 23,165,238.966 LYD against 20,572,560.002 LYD for the year ended on 31/12/2001, an increase of 2,592,678.964 LYD and a rate of increase of (12.6 %). This increase indicates that customers' demand for these accounts for themselves and their offspring in support of saving and to earn lucrative profits, especially that the interest rate varies between (6% for amounts from one LYD to 20,000 LYD) and (5% for amounts from 20,001 LYD to 100,000 LYD), in compliance with the directives issued by the Department of Banking Control of the CENTRAL BANK OF LIBYA.





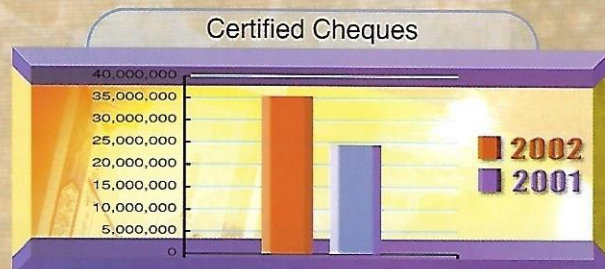
d. Cash securities

The balance of this item on 31/12/2002 13,910,878.821 LYD against 24,902,657.501 LYD for the year ended on 31/12/2001.



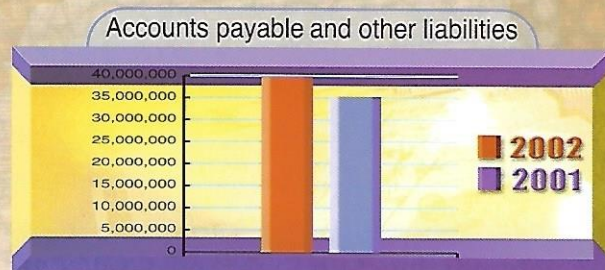
e. Certified Cheques:

The total balance of this item on 31/12/2002 was 35,505,005.000 LYD against 24,500,125.309 LYD for the year ended on 31/12/2001, an increase of 11,004,879.691 LYD, and a rate of increase of about (45%).



f. Accounts Payable and other Liabilities:

The total of this item on 31/12/2002 was 39,642,739.311 LYD against 35,340,084.438 LYD for the year ended on 31/12/2001, an increase of 4,302,654.873 LYD, and a rate of increase of approximately (12 %).



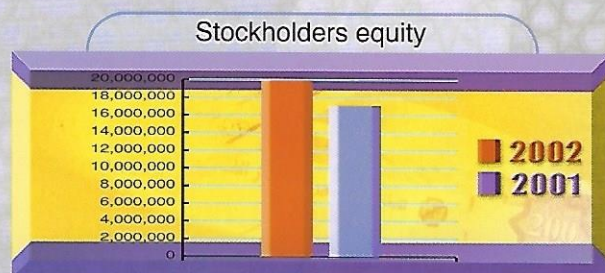
3 - Stockholders equity :

Stockholders equity balance total on 31/12/2002 was 19,892,729.712 LYD against 17,097,979.509 LYD for the year ended on 31/12/2001, an increase of 2,794,750.203 LYD, and a rate of increase of approximately (16.3 %). The increase represents the growth of the legal reserve to reach 66.2% of the paid up capital, the reserves which have been created this year, the increase of the general reserve and the increase in dividends which amounted to 20% of the capital or 1.800,000.000 LD.

The Stockholder equity balance includes the following items:

a. The Bank's Capital:

The nominal capital is 9,000,000.000 LD, only nine million Libyan Dinars divided into 900,000 shares), nine hundred thousand shares, at 10 LYD per share, and was paid up in full. The owners of these shares are (1642) stockholders of natural and legal persons. Of which (1060) are males, (547) are females and (35) are private and public organizations.



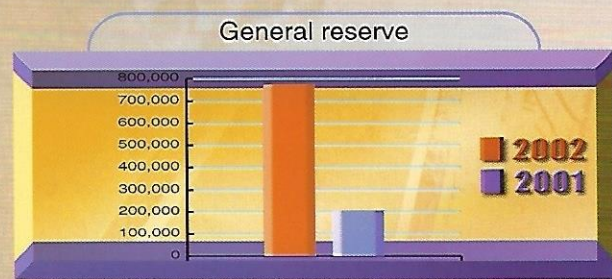
b. The Legal Reserve:

The balance for this item on 31/12/2001 was 5,959,793.812 LYD against 4,500,000.000 LYD for the year ended 31/12/2001, an increase of 1,459,793.812 LYD, and a rate of increase of (32.4%). This legal or compulsory reserve is made in compliance with Article (57) of the Statute Number(1) 1993 regulating banking and credit, which makes it compulsory to annually post -prior to declaring profits- not less than 50% of the net profit to the legal reserve until it becomes equal to half the paid up capital, then 25% of the net profit until it becomes equal to the paid up capital.



c. The General Reserve:

The General Reserve balance on 31/12/2002 was 770,848.964 LYD against 205,848.964 LYD for the year ended on 31/12/2001, an increase of 565,000.000 LYD, and a rate of increase of (274.5 %)



d. Various provision:

An amount of 600,000.000 LYD, only six hundred thousand LYD was allocated for the provision for doubtful debts in addition to 600,000.000 LYD only six hundred thousand LYD which were allocated from last year's (2001) profits and added to the provision for doubtful debts. The balance of this provision (doubtful debts) amounting to 1,200,000.000 LYD was deducted from the total current accounts receivable in accordance with known custom when preparing the balance sheet at year's end.

e. The Reserved Provisions:

This year some reserves were created to provide for various purposes with an amount of 900,000.000 LYD, only nine hundred thousand LYD. The balance of this item at the end of the financial year on 31/12/2002 was 2,153,342.500 LYD, only two millions one hundred and fifty three thousand and three hundred and fourty two LYD and 500 Dirhams. It will be allocated for the following puposes:

- To meet additional income tax and social security	250,000.000 LYD
- To meet probable losses in some stock concerns	200,000.000 LYD
- To meet the outcome of pending legal litigation	300,000.000 LYD
- Amounts to meet employees leave balances.	150,000.000 LYD

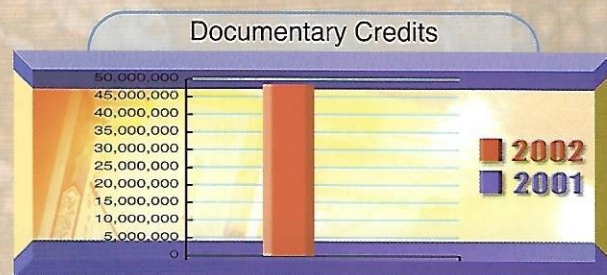


4 - Contingent Accounts and other Liabilities :

The Contingent Accounts and other Liabilities (outside the balance sheet) for the financial year ended on 31/12/2001 amounted to 7,761,610,579.840 LYD comprised of the following:

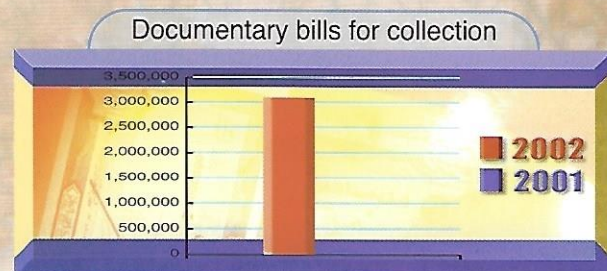
a. Documentary Credits:

The balance of this item on 31/12/2002 was 48,411,995.000 LYD, only fourty eight millions, fourhundred and eleven thusand and nine hundred and ninty five LYD.



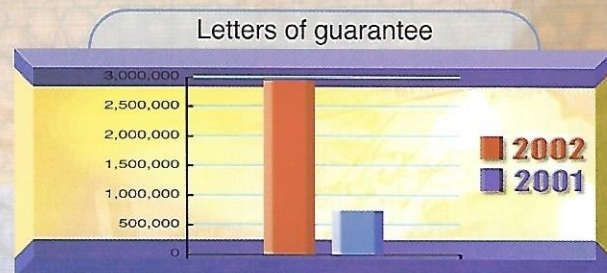
b. Documentary bills for collection:

The balance of this item on 31/12/2002 was 3,092,755.000 LYD.



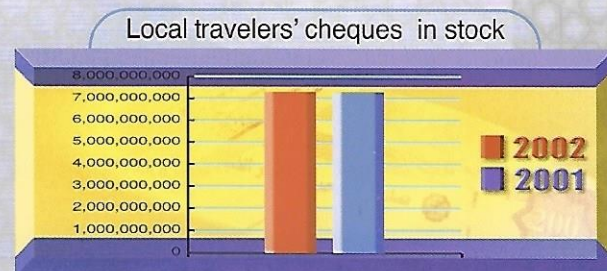
c. Letters of Guarantee:

The balance of this item on 31/12/2002 was 2,941,424.000 LYD against 742.750.000 LYD on 31/12/2001.



d. Travelers' Cheques in Stock:

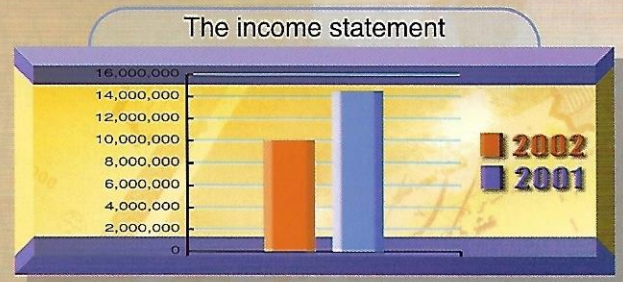
The balance of this item on 31/12/2002 was 7,310,806,540.000 LYD against 7,302,296,910.000 LYD on 31/12/2001, this balance represent the stock of local travellers' cheques in Libyan Dinars.



The income statement:

The operating income before Corporate and J. Taxes and provision on 31/12/2002 was 10,031,795.026 LYD against 14,532,006.209 LYD on 31/12/2001. after deducting all the general and administrative expenses and depreciation as well other expenses. Aafter deducting the Corporate, Jihad and Stamp Taxes all of which amounted to 4,600,709.796 LYD, four millions six hundred thousands and seven hundred and nine LYD and 796 Dirhams. Net profits after tax on 31/12/2002 were 5,421,659.248 LYD.

For more information on the components of revenue and expenses, details will be found in the accompanying tables as well as the notes to the Income Statement (notes 16-17-18-19).



The Proposed Appropriation :

The net profit after taxes and adding the profits carried forward from last year (2001) amounted to 5,431,659.248 LYD.

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

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

Your Board of Directors propose the following appropriation:

1- Legal Reserve at 25%	1,357,914.812 L. D.
2- Directors' remuneration at 5%	203,687.222 L. D.
3- Dividends at 20% of paid in capital 9m	1,800,000.000 L. D.
4- Provision for doubtful debts	600,000.000 L. D.
5- Reserve provisions	900,000.000 L. D.
6- General Reserve	565,000.000 L. D.
7- Profits carried forward to next year	5,057.214 L. D.
Total :	5,431,659.248 L. D.

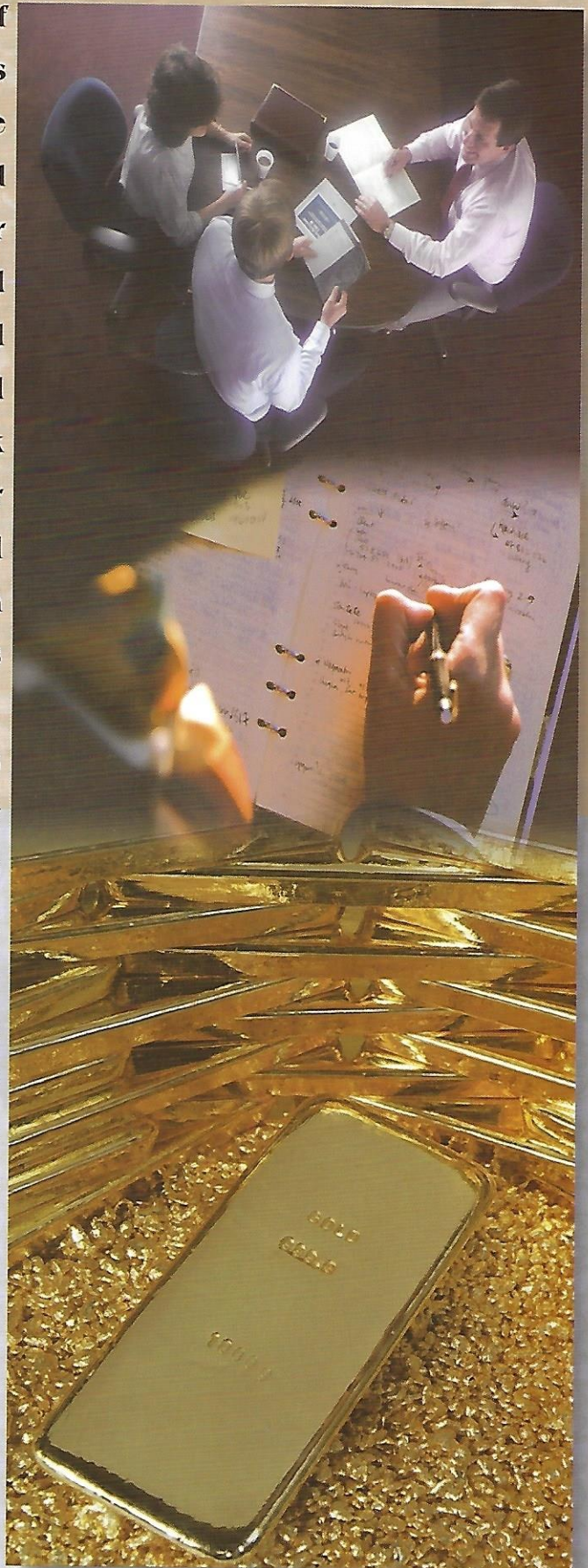


On this occasion the Board of Directors will be delighted to express sincere thanks and gratitude to the sister and friendly banks inside and outside the Jamahirya for their constructive cooperation. The Board extends gratifitute to our esteemed customers whether legal or natural persons for their choice of our Bank to conduct their business through our branches and agencies. The board highly appreciated the support given to it by the generosity of the Bank's stockholders.

Finally the Board extends its thanks to the Bank's Executive Management embodied by the Chairman of the Board and The General Manager, his Deputy, the Department managers, the Section Heads and all the employees in the Head Office and the Branches and Agencies; who contributed their effort and experience with integrity and faithfullness, exhibiting their loyalty to the Bank. God speed.

The board of directors

5/1/2003





The balance sheet :

as at 31/12/2002 compared to 31/12/2001

A S S E T S		Notes	2 0 0 2	2 0 0 1
			L . D .	L . D .
Cash and balances with CBL	1		73,466,814.462	115,280,275.185
Deposits and balances with banks	2		199,032,594.424	152,374,277.263
Investments	3		51,293,200.000	50,855,000.000
Loans and advances	4		43,644,939.599	31,260,198.638
Buildings under construction	5		4,315,342.717	2,653,763.206
Accounts receivable and other debtor balances	6		17,582,470.993	9,605,046.860
Fixed assets after deduction	7		6,722,503.645	3,322,964.769
Total assets			396,057,865.840	365,351,525.921
Liabilities & equity				
Liabilities				
Customer Deposits (current accounts)	8		246,753,074.030	235,938,119.156
Customer Time Deposits	9		17,188,200.000	7,000,000.000
Saving Deposits	10		23,165,238.966	20,572,560.002
Cash Securities	11		13,910,878.821	24,902,657.507
Certified cheques	12		35,505,005.000	24,500,125.309
Accounts payable Other liabilities	13		39,642,739.311	35,340,084.438
Total liabilities			376,165,136.128	348,253,546.412
Owners Equity				
Capital	14 A		9,000,000.000	9,000,000.000
Legal Reserve	14 B		5,959,793.812	4,500,000.000
General Reserve	14 C		770,848.964	205,848.964
Various Provisions			2,153,342.500	1,400,000.000
Various Provisions	15		2,003,687.222	1,991,556.527
Stockholders Profits and board Members remuneration	16		5,057.214	574.018
Profits carried forward				
Total Owners equity			19,892,729.712	17,097,979.509
Total liabilities & Owners equity			396,057,865.840	365,351,525.921
Contingent accounts & other liabilities				
Letters of credit import			48,411,995.000	37,086,818.000
Documentary bills for collection			3,392,755.000	-----
Local and Foreign Letters of guarantee			2,941,424.000	742,750.000
Travellers cheques in stock			7,310,806,540.000	7,302,296,910.000
Total Contingent accounts & other liabilities			7,365,552,714.000	7,340,126,478.000
Grand total			7,761,610,579.840	7,705,478,003.921

(Abdulfattah Ahmad Alfagi)
Manager Accounts Department

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

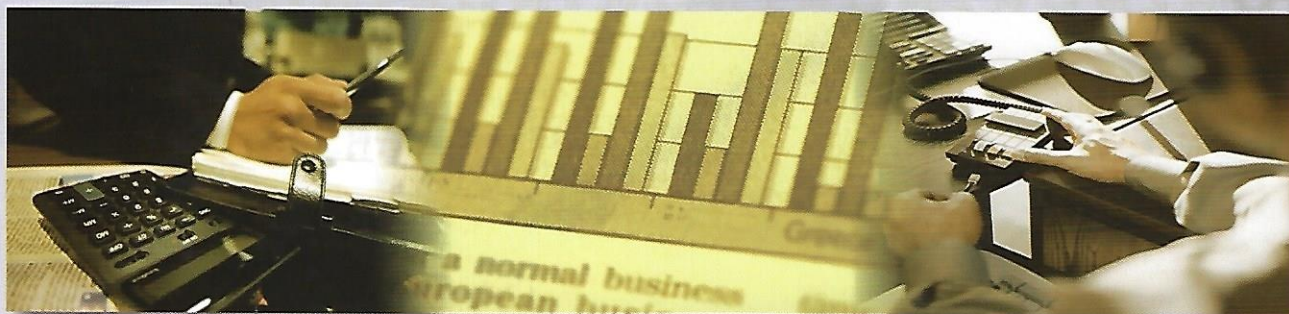
(Notes attached from (1) to (16))



Income statement

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

R e v e n u e	Notes	2 0 0 2	2 0 0 1
		L . D .	L . D .
Interest Income	17	10,985,490.672	9,164,544.559
Interest Expense	18	3,973,115.118	4,937,505.538
Net Interest		7,012,375.554	4,227,039.021
Commission And Other Revenue	19	6,501,849.251	14,666,009.476
Gross Income		13,514,224.805	18,893,048.497
Expenses			
Administrative Expenses		2,726,190.779	3,747,992.288
Depreciation		756,239.000	613,050.000
Total Expenses	20	3,482,429.779	4,361,042.288
Earnings Before Tax	21	10,031,795.026	14,532,006.209
Corporate And J. Taxes		4,600,709.796	8,493,916.910
Net Income After Tax		5,431,085.230	6,038,089.299
Plus Profits Carried Forward from 2001		574.018	1,013.588
Net Profits		5,431,659.248	6,039,102.887
Proposed Appropriation			
Legal Reserve To 25% Capital		1,357,914.812	2,207,972.342
Board Of Directors Remuneration		203,687.222	191,556.527
Stockholders Dividends		1,800,000.000	1,800,000.000
Provisions For Doubtful Debts		600,000.000	500,000.000
Provisions For Reserve		900,000.000	1,300,000.000
General Reserve		565,000.000	39,000.000
Profits Carried Forward from 2001		5,057.214	574.018
T o t a l		5,431,659.248	6,039,102.887



The balance sheet :

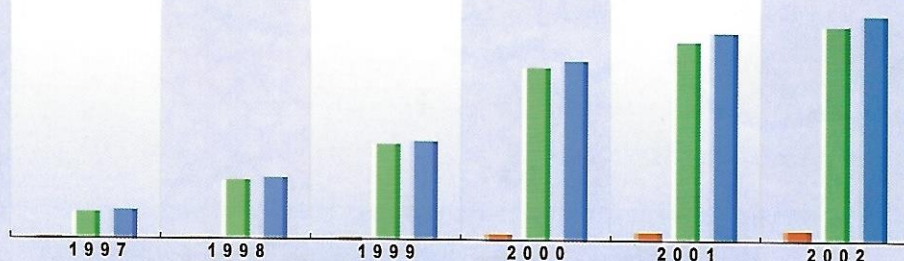
FOR THE YEARS 1997 TO 2002

Amounts (in Lipyan dinars)

A S S E T S	1997	1998	1999	2000	2001	2002
Cash and balances with CBL	11,258,857	25,123,513	36,362,726	57,045,306	115,280,275	73,466,814
Deposits and balances with banks	30,835,910	70,912,663	112,221,803	192,013,091	152,374,277	199,032,594
Investments	552,500	552,500	5,605,000	5,755,000	50,855,000	51,293,200
Loans and advances	5,722,897	8,947,902	13,294,893	21,623,517	31,260,199	43,644,939
Accounts receivable and other debtor balances	-----	-----	-----	-----	2,653,763	4,315,342
Fixed assets after deduction	1,571,296	1,996,564	3,620,335	35,126,295	12,258,810	17,582,470
Total assets	51,781,759	109,934,082	174,411,175	315,183,825	365,351,526	396,057,865
Liabilities & equity						
Liabilities						
Customer Deposits (current accounts)	31,883,020	76,258,706	116,258,956	167,816,069	235,667,063	246,753,074
Customer Time Deposits	2,800,000	4,975,000	2,700,000	11,270,000	7,000,000	17,188,200
Saving Deposits	2,482,631	5,034,643	11,009,770	12,661,202	20,572,560	23,165,238
Cash Securities	1,767,943	2,160,408	823,653	66,875,082	24,902,657	13,910,878
Accounts payable Other liabilities	8,163,343	16,104,581	37,696,776	43,878,958	60,111,266	35,505,005
Total liabilities	47,096,937	104,533,338	168,489,154	302,501,312	348,253,546	376,165,136
Owners Equity						
Capital	4,500,000	4,500,000	4,500,000	9,000,000	9,000,000	9,000,000
Legal Reserve	92,411	450,372	924,645	2,292,028	4,500,000	5,959,793
General Reserve	23,103	23,103	23,103	41,103	205,846	770,848
Various Provisions	-----	-----	-----	200,000	1,400,000	2,153,342
Stockholders Profits and board Members remuneration	69,308	427,269	474,273	1,148,369	1,991,557	2,003,687
Profits carried forward	-----	-----	559	1,014	574	5,057
Total Owners equity	4,684,822	5,400,744	5,922,020	12,682,513	17,197,980	19,892,729
Total liabilities & Owners equity	51,781,759	109,934,082	174,411,175	315,183,825	365,451,526	396,057,865
Contingent accounts & other liabilities						
Letters of credit	970,723	7881,252	3,955,542	78,430,167	37,086,818	48,411,995
Local and Foreign Letters of guarantee	-----	-----	-----	-----	-----	3,392,755
Travellers cheques in stock	138,554	193,171	412,421	565,476	742,750	2,941,424
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
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

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

Owners Equity Liabilities Assets





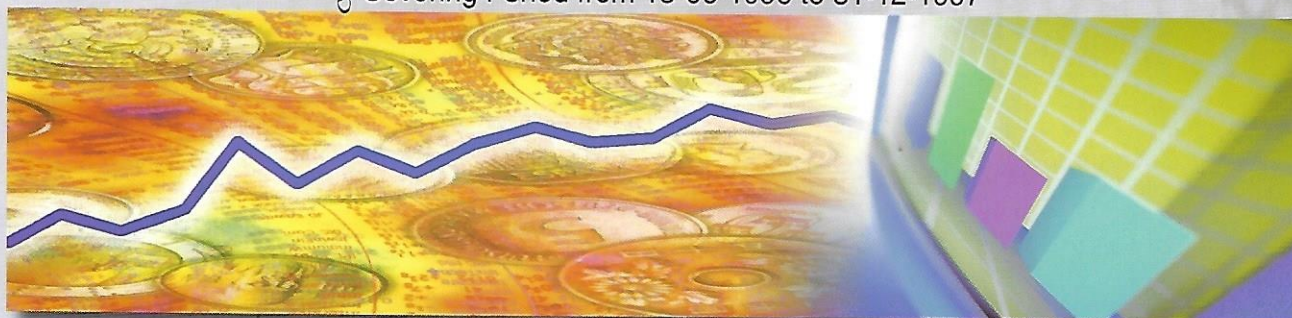
Numbers and Data :

FOR THE YEARS 1997 TO 2002

Amounts (in Lipyan dinars)

STATEMENT	1997	1998	1999	2000	2001	2002
Capital	4,500,000	4,500,000	4,500,000	9,000,000	9,000,000	9,000,000
Legal reserve	92,411	450,372	924,645	2,292,028	4,500,000	5,959,794
General reserve	23,103	23,103	23,103	41,103	205,849	770,849
Current accounts	31,883,020	76,258,706	116,258,956	167,816,069	235,667,063	246,753,074
Savings accounts	2,482,831	5,034,643	11,009,770	12,661,202	20,572,560	23,165,239
Time deposits	2,800,000	4,975,000	2,700,000	11,270,000	7,000,000	17,188,200
Loans and advances	5,722,897	8,974,902	13,294,893	21,623,517	31,260,199	43,644,940
Investments	552,500	552,500	5,605,000	5,755,000	50,855,000	51,293,200
Fixed assets	1,840,299	2,400,940	3,306,418	3,620,616	3,322,965	6,722,504
Total Assets and Liabilities	51,781,759	109,934,082	174,411,175	315,183,825	365,351,526	396,057,865
Earnings before taxes	414,784	1,890,062	2,415,183	7,051,962	14,532,006	10,031,795
Corporate and Jihad Tax	229,962	1,174,139	1,466,637	4,317,756	8,493,917	4,600,710
Net Income	184,822	715,922	948,546	2,734,765	6,038,917	5,431,085
Earnings Per Share before taxes Dinars Dirhams	0.921	4200	5.367	7.836	16.147	11.146
Profit Per Share after taxes Dinars Dirhams	0.411	1.591	2.108	3.037	6.710	6.035

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





Notes on the financial data on 31/12/2002

The important Accounting policies :

a. Foreign currencies:

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

b. Fixed assets depreciation:

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

c. Investments:

Investments are shown at cost value.

d. Doubtful Debts:

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

e. Interest income and expense:

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



Notes on the financial data

on 31/12/2002

The balance sheet :

The Balance Sheet for the financial year ended on 31/12/2002 totaled 396,057,865.840 LYD against 365,351,525.921 LYD for the previous financial period ended on 31/12/2001, an increase of 30,706,339.919 LYD, and a rate of growth of (8.4%). Following are notes on the most important balance sheet items:

First: assets:

1 - Cash and balances with the Central Bank of Libya :

	Value in LYD	
	2002/12/31	2001/12/31
Balance in local currency	4,237,851.984	9,144,553.807
Balance in foreign currency	619,687.225	33,197,719.187
Balance with CBL	63,525,953.368	64,420,339.421
Local cheques under collection	5,083,321.885	8,517,662.770
Total :	73,466,814.462	115,280,275.185

2 - Deposits and balances with banks :

	Value in LYD	
	2002/12/31	2001/12/31
Balances with local banks	3,314,570.440	834,749.050
Balances with foreign banks	21,968,023.984	37,789,528.213
Time deposits with CBL	143,750,000.000	104,750,000.000
Time deposits with local banks	30,000,000.000	9,000,000.000
Time deposits with foreign banks	-----	24,814,968.750
Total :	199,032,594.424	177,189,246.013

3 - Investments :

Investment		Value in LYD		Ratio
		2002/12/31	2001/12/31	
1	Assafaa Development Company	500,000.000	500,000.000	% 10
2	Attariq Computer Services Company	105,000.000	105,000.000	% 10
3	Libyan Treasury Bonds	5,000,000.000	5,000,000.000	-----
4	Almuttahida Insurance Company	588,200,000	150,000,000	%5.88
5	Alburag Airline Company	100,000.000	100,000.000	% 10
6	Libyan Treasury Bills Dinars	45,000,000.000	45,000,000.000	-----
Total :		51,293,200.000	50,855,000.000	

Notes on the financial data

on 31/12/2002

4 - Loans and advances :

	Value in LYD	
	2002/12/31	2001/12/31
Overdrawn accounts	17,272,548.210	16,154,840.929
Customer loans	25,841,720.000	14,979,520.000
Bank employees' advances	417,185.689	125,837.709
Customer social advances	113,485.700	-----
Total :	43,644,939.599	31,260,198.638

5 - Buildings under construction :

	Value in LYD	
	2002/12/31	2001/12/31
Buildings under construction	4,315,342.717	2,653,763.203
Total :	4,315,342.717	2,653,763.203

6 - Accounts receivable and debit accounts :

	Value in LYD	
	2002/12/31	2001/12/31
Various debit accounts (general)	769,158.203	277,462.428
Non personal accounts (current assets)	113,880.275	3,734,483.644
Non personal accounts under reconciliation	7,313,466.101	78,659.075
Local cheques in transit	6,535,959.119	1,819,838.991
Branch and agency accounts with H.O.	2,850,007.295	3,674,082.495
External sight documents	-----	20,565.227
Total :	17,582,470.993	9,605,091.860

7 - Fixed assets after depreciation :

	Value in LYD	
	2002/12/31	2001/12/31
Buildings (premises)	1,182,852.725	1,182,852.725
Equipment, machines and spares	4,816,552.718	1,915,150.743
Aluminum office dividers and fixtures	542,474.077	453,017.437
Furniture and steel vaults	1,677,407.850	757,610.789
Floor carpeting	43,216.100	32,622.400
Automobiles	969,811.024	735,282.524
Total :	9,232,314.494	5,076,536.618

Bearing in mind that the total depreciation of these asset on year's end was 2,509,810.849 LYD, calculated on the basis of the straight line method for its estimated life in accordance with the fixed ratio stipulated in the Executive Code of the Tax Law Number (64) 1973, as follows:

Buildings (premises) 3 % Per annum	Furniture and steel vaults 10 % Per annum
Equipment, machines and spares 20 % Per annum	Floor carpeting 10 % Per annum
Aluminum office dividers and fixtures 10 % Per annum	Automobiles 20 % Per annum



Notes on the financial data

on 31/12/2002

SECOND: Liabilities and owners equity

8 - Customer Deposits (current accounts) :

	Value in LYD	
	2002/12/31	2001/12/31
Current accounts for Public Organizations and Companies	53,779,901.134	37,110,566.721
Current accounts for Corporations And partnerships	44,814,460.334	32,817,737.714
Current accounts for natural individuals	134,886,519.222	161,778,335.500
Companies and Individual accounts in Foreign currencies	3,987,768.321	3,841,930.521
Non-moving current accounts	20,354.750	20,354.750
Accounts for companies under establishment	221,948.208	369,193.950
Current accounts for non-residents	42,122.061	-----
Total :	246,753,074.030	235,938,119.156

9 - Time deposits :

	Value in LYD	
	2002/12/31	2001/12/31
Customer time deposits	17,188,200.000	7,000,000.000
Total :	17,188,200.000	7,000,000.000

10 - Deposits :

	Value in LYD	
	2002/12/31	2001/12/31
Savings Deposits of children and adults	23,165,238.966	20,572,560.002
Total :	23,165,238.966	20,572,560.002

The average interest is upto (5%, 6%) in accordance with the directives issued by the Bankings and Currency Control Department in the CBL.

11 - Cash Securities :

	Value in LYD	
	2002/12/31	2001/12/31
Cash securities for letters of credit	12,811,220.289	24,623,977.207
Cash securities for letters of guarantee	1,099,658.532	278,680.000
Total :	13,910,878.821	2,902,657.207

12 - Certified cheques :

	Value in LYD	
	2002/12/31	2001/12/31
Certified cheques	35,505,005.000	24,500,125.309
Total :	35,505,005.000	24,500,125.309

Notes on the financial data

on 31/12/2002

13 - Accounts payable and other liabilities :

	Value in LYD	
	2002/12/31	2001/12/31
Various accounts payable (general)	939,331.284	1,193,050.351
Non-personal accounts (current liabilities)	14,288,946.991	21,804,082.215
Non-personal accounts under reconciliation	24,414,461.036	10,184,072.212
Provision for Taxes on profits	4,600,709.796	2,158,879.660

This item includes tax provision accrued on last year (2001) in addition to the current liabilities items which includes accrued expenses of lighting, water, post, fax, telephone, the external auditors' fees and the expenses of printing the annual report for the year 2002.

Third : Stockholders' equity

The Stockholders' equity on the end of the year 2002 amounted to 19,892,729.712 LYD against 17,097,979.5009 LYD on 31/12/2001 an increase of 2,794,750.203 LYD, a rate of increase of (16.3%) which was manifested in the increase of the legal reserve, the dividends distributed to the stockholders at 20% and the Directors remuneration. The Stockholder Equity is comprised of the following:

14 a - Capital :

	Value in LYD	
	2002/12/31	2001/12/31
The Bank's Capital	9,000,000.000	9,000,000.000

14 b - Legal reserve :

	Value in LYD	
	2002/12/31	2001/12/31
Legal reserve	5,959,793.812	4,500,000.000

According to the laws and regulation which stipulate the deduction of 50% from the net profits to build the Legal Reserve until it equals one half of the paid in capital, then 25% of the net profits are deducted annually and added to the Legal Reserve until it equals of the paid up Capital. This year the Legal Reserve was supplemented at the rate of 25% from the net profits after taxes.

14 c - The General Reserve :

	Value in LYD	
	2002/12/31	2001/12/31
The General Reserve	770,848.964	205,848.964



Notes on the financial data

on 31/12/2002

15 - Provision reserves :

	Value in LYD	
	2002/12/31	2001/12/31
To meet additional social insurance and tax estimates	250,000.000	300,000.000
To me anticipated losses in some investments.	200,000.000	400,000.000
To meet possible loss of litigation in some court cases.	300,000.000	300,000.000
Amounts allocated to purchase computer equipment	-----	400,000.000
Provision for employee leave balances	150,000.000	-----

16 - Stockholders Profits and Directors remuneration :

	Value in LYD	
	2002/12/31	2001/12/31
Directors remuneration at 5% of net profit	203,687.222	191,556.527
Profits posted (for stock holders)	1,800,000.000	1,800,000.000

The income Statement :

	Value in LYD	
	2002/12/31	2001/12/31
Buildings depreciation	35,486.000	35,485.000
equipment and instruments depreciation	412,120.000	340,906.000
Aluminum and building dividers depreciation	48,867.000	38,275.000
Furniture and steel vaults depreciation	81,345.000	65,854.000
Floor carpeting depreciation	4,112.000	2,969.000
Automobiles depreciation	174,309.000	129,561.000

STATEMENT OF REVENUE, COLLECTED INTEREST, EXPENSES, INTEREST PAID AND NET RESULT IN THE HEAD OFFICE, BRANCHES AND AGENCIES ON 31/12/2002

Location	Revenue	Interest income	Expenses	Interest paid	Net Result
Head Office	251,254.352	7,924,521.427	1,317,408.740	2,551,715.505	4,306,651.534
Benghazi Main Branch	1,250,966.818	819,663.478	459,485.366	176,419.110	1,434,725.820
Tripoli Main Branch	1,436,946.005	1,333,363.307	565,909.529	994,993.905	1,209,405.878
Misurata Main Branch	936,046.936	318,948.489	332,322.094	34,152.290	888,521.041
Tobruk Main Branch	999,405.315	67,805.761	212,486.575	50,019.195	804,705.306
Azzawia Main Branch	307,879.406	36,746.119	202,981.020	53,160.343	88,484.162
Gout Ashaal Agency Tripoli	446,203.561	273,560.089	129,383.372	79,484.040	510,896.238
Alforosia Agency Benghazi	344,580.549	205,235.395	137,385.797	28,588.788	383,841.359
Africa Center Agency Misurata	287,170.497	5,646.607	86,095.736	2,351.089	204,370.279
Benina Internation A/P Agency	241,395.812	-----	38,971.550	2,230.853	200,193.409

Notes on the financial data

on 31/12/2002

STATEMENT OF REVENUE, EXPENSES AND NET RESULT OF THE HEAD OFFICE, BRANCHES AND AGENCIES ON 31/12/2002

Branch Name	Revenue LYD			Percentage Of total		
	Expenses	Net Result	Percentage	revenue	expenses	Net result
Head Office	8,175,775.779	3,869,124.245	4,306,651.534	% 46.8	% 51.9	% 43.0
Benghazi Main Branch	2,070,630.296	635,904.476	1,434,725.820	% 11.8	% 8.5	% 14.3
Tripoli Main Branch	2,770,309.312	1,560,903.434	1,209,405.878	% 15.8	% 21.0	% 12.1
Misurata Main Branch	1,254,995.425	366,474.384	888,521.041	% 7.2	% 4.9	% 8.9
Tobruk Main Branch	1,067,211.076	262,505.770	804,705.306	% 6.1	% 3.5	% 8.0
Az-Zawia Main Branch	344,625.525	256,141.363	88,484.162	% 2.0	% 3.4	% 0.9
Gout Ashaal Agency Tripoli	719,763.650	208,867.412	510,896.238	% 4.1	% 2.8	% 5.0
Alforosia Agency Benghazi	549,815.944	165,974.585	383,841.359	% 3.1	% 2.2	% 3.8
Africa Center Agency Misurata	292,817.104	88,446.825	204,370.279	% 1.7	% 1.2	% 2.0
Benina International A/P Agency	241,395.812	41,202.403	200,193.409	% 1.4	% 0.6	% 2.0

17 - Interest income :

	Value in LYD	
	2002/12/31	2001/12/31
Interest on over draughts	560,952.590	384,903.459
Interest on deposits with CBL and local banks	3,105,021.038	3,079,270.887
Branches and agencies interest	2,458,532.385	2,957,751.366
Other interest income	42,766.453	2,345,237.800
Correspondents' interest	703,297.630	397,381.047
Social advances' interest	3,745.162	-----
Treasury bills interest	250,285.387	-----
Treasury bonds interest	2,663,013.699	-----
Interest income on NOC loan	1,161,938.828	-----
Interest income on Alburag Loan	35,937.500	-----

18 - Paid interest :

	Value in LYD	
	2002/12/31	2001/12/31
Interest on time deposits	239,546.490	323,539.966
Interest on savings deposits	1,067,270.620	793,953.797
Other paid interest	207,765.623	862,255.439
Branches and agencies interest	2,458,532.385	2,957,751.366

It may be observed from notes numbers 17 and 18 above that the value of interest income from the branches and agencies is identical to the value of interest paid to them on their accounts payable with the Head Office.



Notes on the financial data

on 31/12/2002

19 - revenue :

	Value in LYD	
	2002/12/31	2001/12/31
Commission income from banking operations	842,624.319	434,758.745
Currency differential	259,887.052	203,918.126
Post telex and telephone	430,183.972	178,262.562
Other revenue	1,050,540.526	950,203.467
sale of travelers cheques and phone banking	9,302.140	13,914.078
Revenue from sale of foreign currencies	3,793,788.074	-----
Commission income from L/C's	65,885.168	-----
Investment contribution profits	49,638.000	-----

20 - General and administrative costs :

	Value in LYD	
	2002/12/31	2001/12/31
Employee expenses	1,499,811.554	1,302,288.851
other administrative expenses	1,181,379.225	2,409,703.437
Accounts auditor fees	45,000.000	36,000.000
Assets depreciation	756,239.000	613,050.000

GENERAL AND ADMINISTRATIVE EXPENSES AND ASSETS' DEPRECIATION ON 31/12/2002

01- Rent of office space for branches and agencies	234,513.984 LD
02- Printing and stationary	121,103.300 LD
03- Publicity and advertising	182,386.919 LD
04- Insurance premiums on assets and vaults	98,251.595 LD
05- Maintenance and repair of equipment and furniture	130,138.250 LD
06- Contributions and donations	7,111.000 LD
07- Post, fax, telephone and couriers	137,102.224 LD
08- Automobile maintenance and fuel	43,232.870 LD
09- Stamp tax expenses	17,090.184 LD
10- External auditors' fees	45,000.000 LD
11- Bank software systems expenses	1,184.600 LD
12- Bank buildings maintenance expenses	27,345.020 LD
13- CENTRAL BANK OF LIBYA commissions for sale of treasury bonds	56,250.000 LD
14- Membership fees in the Unions of Arab and Almagreb Banks and the Libyan Banks Association	29,232.325 LD
15- Premises guards' expenses	48,816.000 LD
16- Lighting, airconditioning and fines expenses	14,636.306 LD
17- Litigation and penalties expenses	2,399.070 LD
18- SWIFT expenses	42,809.258 LD
19- Establishment of some branches and hospitality expenses	27,581.850 LD
20- Other administrative expenses	16,264.470 LD
21- Fixed assets' depreciation	756,239.000 LD



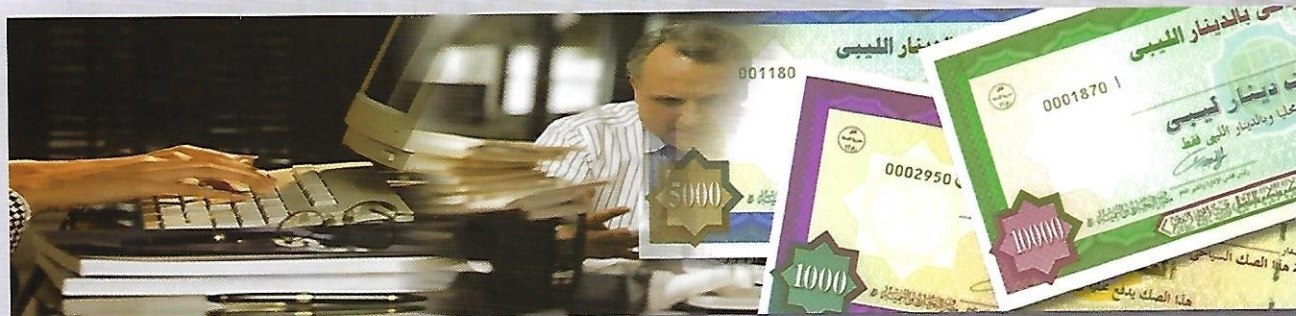
Notes on the financial data

on 31/12/2002

Gross profit after all expenses 10,031,795.026 LD

Income tax accrued on profits:

Income tiers		Tax per.	Tax amount
FIRST	10,000.000 LD	20 %	2,000.000 LD
SECOND	20,000.000 LD	25 %	5,000.000 LD
THIRD	30,000.000 LD	30 %	9,000.000 LD
FOURTH	40,000.000 LD	40 %	16,000.000 LD
FIFTH	50,000.000 LD	45 %	22,000.000 LD
(+)	9,977,295.026 LD	total	54,000.000 LD
(-)	2,913,013.699 LD	minus interest on Treasury Bills 2002	
	<u>7,064,281.327 LD</u>	Tax Value	<u>4,238,568.796 LD</u>
		Corporate Tax due	<u>4,293,068.796 LD</u>
	10,031,795.026 LD	Total -----	
(-)	2,913,013.699 LD	minus interest on Treasury Bills 2002	
	<u>7,118,781.327 LD</u>	X J. tax	<u>284,751.500 LD</u>
		Total corporate and J. tax	<u>4,577,820.296 LD</u>
		Stamp tax at	<u>22,889.500 LD</u>
		Total taxes including stamp tax	<u>4,600,709.796 LD</u>



Auditors Report

Date: 26/1/2003

To the Shareholders of
Bank of Commerce and Development
Benghazi

We have examined the balance sheet of the Bank of Commerce and Development as of 31 December 2002 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 31/12/2002 and its income statement are the responsibility of the Bank's Board of Directors. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our examination in accordance with international Standards on Auditing, which require that we plan and perform our examination to obtain reasonable assurance about whether the financial statements are free of material misstatements. Our examination covered, on a test basis, evidence supporting the amounts and disclosures in the financial statements. Our examination also included an assessment the accounting principles used and significant estimates made, as well as evaluating the overall financial statement presentation. We believe that our examination provides a reasonable basis for our opinion.

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

In our opinion, the financial statements fairly present the financial position of the Bank as of 31 December 2002, and the results of its operations for the year then ended in accordance with Generally Accepted Accounting Principles, which the Bank follows with consistency.

Ibrahim Baroni

Ibrahim Baroni
Authorized Public
Accountant

Copy to: The Governor, Central Bank of Libya



Mohamed B. Barghathi

Mohamed B. Barghathi
Authorized Public
Accountant



Dr. Mustafa B. Mahmoud

Dr. Mustafa B. Mahmoud
Authorized Public
Accountant

