



The Thirteenth Annual Report  
2009



Bank of Commerce & Development







**BANK OF COMMERCE & DEVELOPMENT**

**The Thirteenth Annual Report 2009**

**13**

**Under the Direction of:**  
**Mr. Jamal T. Abdelmalik**

**Prepared by:**  
**Mr. Tariq M. Alhadded**  
**Mr. Waseem A. Zwayee**

**Translated by:**  
**Abdulgader R. Ettaib**











## ***Bank of Commerce & Development*** ***A Joint Stock Libyan Company***

The Bank of Commerce and Development was established in accordance with statute number (1) / 1993 and its amendments concerning banks, money and credit as follows:

1. The Secretary of the General People's Committee for Planning and Finance Decree number (234) / 1993.
2. The Secretary of the General Committee for Planning, Economy and Trade Decree number (529) / 1994.
3. Commercial Registration number (9515) dated 9/11/1995

The Bank opened officially for business on 9/6/1996  
Member of the Union of Arab Banks as of 1/5/1996  
Member of the Society of Libyan Banks as of 10/8/1996  
Member of the Union of Magreb Banks as of 30/5/1998

### **Capital**

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

### **Stockholders**

Natural persons (2604)  
Juridical persons (41)



## Index

|  |    |
|--|----|
| Branches and Agencies                                  | 6  |
| The Board of Directors                                 | 8  |
| The Executive Management                               | 9  |
| Bank of Commerce and Development Vision                | 12 |
| The Board of Directors Report                          | 13 |
| The Balance Sheet                                      | 40 |
| The Income Statement                                   | 41 |
| Notes to the Financial Statements                      | 42 |
| Statement Indicating Bank Growth During Thirteen Years | 45 |
| External Auditor's Report                              | 46 |
| The Future Plan to Develop and Increase Bank's Revenue | 50 |



### Head Office – Benghazi

BOCD Tower | Gamal A/Nasir Street  
Alberka | Benghazi

**Telex:** 40298 BCD HOLY

**P.O.Box:** 9045

**Tel:** +218 - 619097300 |  
+218 - 61 - 2242111

**Service Number:** Ext 1478  
(Admin 1009 – Shareholders 1023)

**Email:** info@bcd.ly

**SWIFT:** CDBLLYLT

### Branches

#### 1. Benghazi Main Branch

Burj Almukhtar Building | Gamal A/Nasir  
Street | Benghazi

**P.O.Box:** 9160

**Tel:** +218 - 61 - 9080555 / 9097361

**Fax:** +218 61 - 9080444

#### 2. Tripoli Main Branch

Annasr Street | Bumashmasha | Tripoli

**P.O.Box:** 91210

**Tel:** +218 - 21 - 3335846 / 3335477

**Fax:** +218 - 21 - 3335846 / 3335477

#### 3. Misurata Main Branch

The Permanent Industrial Fair | Adjacent to  
Aljamia Alaali | Misurata

**P.O.Box:** 78

**Tel:** +218 - 51 - 629550 / 629551

**Fax:** +218 - 51 - 629538

#### 4. Tobruk Main Branch

BOCD Building | Tobruk

**P.O.Box:** 28/86

**Tel:** +218 - 087 - 76294025

**Fax:** +218 - 87 - 621208

#### 5. Azzawia Main Branch

Alamlak Building | Oqba Bin Nafee  
Street | Azzawia

**P.O.Box:** 120

**Tel:** +218 - 23 - 620164 / 620057

**Fax:** +218 - 23 - 620195

#### 6. Albieda Main Branch

**Tel:** +218 - 84 - 635694

**Fax:** +218 - 84 - 635694

#### 7. Zletin Main Branch

AlQyadat Ashabia Investment  
Building | Misurata Street | Zletin

**Tel:** +218 - 51 - 4627716

**Fax:** +218 - 51 - 4627720

#### 8. Dat Elemad Branch

Dat Elemad Buildings | Tower 1 |  
Tripoli

**Tel:** +218 - 21 - 3350530

**Fax:** +218 - 21 - 3350206

#### 9. Sirte Main Branch

**Tel:** +218 - 545 - 250044 / 250043

10 Derna Main Branch

**Tel:** +218 - 81 - 5373 263/ 5374 263

### Agencies

#### 1. Addawa Alislamia Agency

Addawa Alislamia Building | Benghazi

**Tel:** +218 - 61 - 9082057

**Fax:** +218 - 61 - 9081482

#### 2. Burj Alfateh Agency

Burj Alfateh | 2nd floor | Office no. 1 |  
Tripoli

**Tel:** +218 - 21 - 3351115 / 3351117

**Fax:** +218 - 21 - 3351118 / 3351119

#### 3. Gout Ashaal Agency

Zarqaa Alyamama Center | no. 2 |  
Gout Ashaal | Tripoli

**Tel:** +218 - 21 - 4838758 / 4838762

**Fax:** +218 - 21 - 4838762

#### 4. Alforosia Agency

Alforosia Investment Complex |  
Aljazeera Dist. | Benghazi

**Tel:** +218 - 61 - 9082057

**Fax:** +218 - 61 - 9081482

#### 5. Gargarish Agency

Alandalus Dist. | Tripoli

**Tel:** +218 - 21 - 4841531 / 4841532

**Fax:** +218 - 21 - 4841533





#### 6. Gasr Hamad Agency

Misurata

**Tel:** +218 - 51 - 2743024

**Fax:** +218 - 51 - 2743023

#### 7. Benina International Airport Agency

Benina International Airport | Benghazi

**Tel:** +218 - 61 - 9081483

**Fax:** +218 - 61 - 9081483

#### 8. Musaad Border Agency

Mutamar Former Building | Musaad

**Tel:** +218 - 87 - 629404

**Fax:** +218 - 87 - 629404

#### 9. Tripoli International Airport Agency

Tripoli International Airport | Tripoli

**Tel:** +218 - 22 - 634644

**Fax:** +218 - 22 - 634645

#### 10. Alberka Agency

BOCD Tower | Gamal A/Nassir Street | Benghazi

**Tel:** +218 - 61 - 2239210

**Fax:** +218 - 61 - 2239210

#### 11. Alhadaiq Agency

Alfwaihat | Benghazi

**Tel:** +218 - 61 - 2233516

**Fax:** +218 - 61 - 2239823

#### 12. Alfunduk Alkabar Agency

Alfunduk Alkabar | Tripoli

**Tel:** +218 - 21 - 3334072

**Fax:** +218 - 21 - 3334073

#### 13. Gialo Agency

Gialo City

**Tel:** +218 - 61 - 224581

**Fax:** +218 - 25 - 07657/  
+218 - 65 - 6572238

#### 14. Child Agency

Benghazi

**Tel:** +218 - 61 - 2241782

**Fax:** 218 - 61 - 2241781

#### 15. Zwara Agency

Gamal A/Nasir Street | Coastal Road | Zwara

**Tel:** +218 - 25 - 220130

**Fax:** +218 - 25 - 220134

#### 16. Adjedabia Agency

Benghazi Street | Adjedabia

**Tel:** +218 - 64 - 628670

**Fax:** +218 - 64 - 628671

#### 17. Almadar Agency

Sports City | Tripoli

**Tel:** +218 - 91 - 90539

**Fax:** +218 - 91 - 90540

#### 18. Alfwaihat Agency

Benghazi

**Tel:** +218 - 61 - 2239925

**Fax:** +218 - 61 - 2239924

#### 19. Alwahda Alarabia Agency

Benghazi

**Tel:** +218 - 61 - 2239169

**Fax:** +218 - 61 - 2239206

#### 20. Souk Aljuma Agency

Tripoli

**Tel:** +218 - 21 - 353946

**Fax:** +218 - 21 - 3513997

#### Business Centers

##### 1. Tripoli Business Center

Datelemal Buildings | Tower 1 | Tripoli

**Tel:** +218 - 21 - 3350205

**Fax:** +218 - 21 - 3350200

##### 2. Benghazi Business Center

Addawa Alislamia Building

**Tel:** +218 - 61 - 9082057

**Fax:** +218 - 61 - 9081482

## The Board of Directors



**Mr. Jamal T. Abdelmalek**  
Chairman of the Board



**Mr. Fadal Allah Faraj Fanoosh**  
Deputy Chairman of the Board



**Eng. Mohamad Mohamad Huwaidi**  
Board Member



**Mr. Ali Mansour Alasbali**  
Board Member



**Mr. Aiad Al Said Duhaime**  
Board Member



**Mr. Abdulhamid Mohamed Alraid**  
Board Member



**Mr. Wanis Mohamed AlOjli**  
Board Member



**Mr. Omar Faraj Al Lahiewel**  
Secretary of Board

## Control Committee



**Mr. Ramadan Younis Kwairi**  
Control Committee Chairman



**Mr. Abdelbasit Abdussalam Alfaituri**  
Committee Member



**Mr. Hasan Omran Haroun**  
Committee Member



## Executive Management

- . **Khalid Al-Hadi Derbee**  
Acting Banking Operations Manager
- . **Mohammed Al-Mabrouk Al-Jhany**  
Acting Banking Operations Manager
- . **Idrees Ismael A-Tashany**  
Acting Assistant General Manager
- . **Waseem Abdalla Al-Zwaey**  
Acting Administration & Personnel Manager
- . **Bashir Hassan Huti**  
Acting Systems Manager
- . **Jasser Mansour Al-Sanosi**  
Acting Credit Manager
- . **Ali Ashor AlWarfali**  
Acting Inspection Manager
- . **Khalifa Mohammad Al-Naas**  
Legal Office Manager
- . **Mohammad Rajab Boughazara**  
Acting Derna Main Branch Manager
- . **Ahmad Abdalla Bin Shatwan**  
Acting Alberka Agency Head
- . **Salah Sahlem Algomati**  
Acting Alforosia Agency Head
- . **Zainab Ahmad Azziani**  
Acting Addawa Alislamia Agency Head
- . **Abdussalam Mansour Azwayee**  
Acting Alhadaiq Agency Head
- . **Ahmad Ibrahim Al-Bshari**  
Acting Al-Atfal Agency Head
- . **Jamal Ahmad Al-Bakshishi**  
Acting Alwahda Alarabia Agency Head
- . **Osama Ahmad Ashurkasy**  
Acting Alfwaihat Agency Head
- . **Salah Sahlem Algomati**  
Acting Benina Airport Agency Head
- . **Mustafa Khamis Alhouti**  
Acting Muaad Border Agency Head
- . **Abdullatif Ali Amir**  
Acting Qasr Hamad Agency Head
- . **Abdussalm Muhamad Alosta**  
Acting Souk AlJomaa Agency Head
- . **Adel Al-Arabi Ali Qannous**  
Acting Funduk Alkabir Agency Head
- . **Khaled Al-Hadi Al-Ruqayii**  
Acting Gargarish Agency Head
- . **Oussama Bashir Al-Sharif**  
Acting Al-Madar Child Agency Head
- . **Abdurraouf Mohamad Alokhai**  
Acting Gout Ashaal Agency Head
- . **Attahir Alhadi Alammouri**  
Acting Burj Alfateh Agency Head
- . **Mohammad Khalifa Bahour**  
Acting Tripoli Airport Agency Head
- . **Abou Zayd Ahmad Moussa**  
Acting Jalo Agency Head
- . **Muftah Ali Zian**  
Acting Zwara Agency Head
- . **Baskari Attaib Baskari**  
Acting Adjedabia Agency Head

## Audit Department

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

## Branches & Agencies

- . **Jamal Musbah Nashad**  
Acting Benghazi Main Branch Manager
- . **Waleed Abdullatif Alwarfali**  
Acting Tripoli Main Branch Manager
- . **Ali Khalif Arruhaibi**  
Acting Datelemad Branch Manager
- . **Suliman Ibrahim Addarat**  
Acting Misurata Main Branch Manager
- . **Said Ahmad Zahmoul**  
Acting Azzawia Main Branch Manager
- . **Ali Ahmad Gibran**  
Acting Zletin Main Branch Manager
- . **Ali Mohamad Aiada**  
Acting In Charge Sirte Main Branch
- . **Ibrahim Said Ibrahim**  
Acting Tobruk Main Branch Manager
- . **Ramadan Khalif Fainoush**  
Acting Albaida Main Branch Manager





deposits

cash

investment  
funds



credit

leasing

loan



## ***Bank of Commerce and Development 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.

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

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

### **Our Objectives**

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

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

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

To build a sound banking institution focusing on asset quality.

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

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



## ***The Board of Directors' Thirteenth Report On the Bank's activity and financial position for the financial year ended on 31/12/2009***

**Ladies and Gentlemen,**

Shareholders of The Bank of Commerce and Development,

It gives me great pleasure to present to you the Board of Directors' Thirteenth Report on the Bank's business results and performance during the year 2009, including the financial data for the financial year ended On: 31/12/2009.

The year 2009 witnessed the re-election of the Board of Directors by the Ordinary Shareholders Meeting, held on 22/07/2009, for a three-year term that will expire at the end of financial year 2011. Four former members retained their seats, and three new members joined the Board.

The year 2009, was exemplary for the Bank of Commerce and Development, in terms of growth and profitability, in spite of the size of competition in the Libyan banking market. Total Profits Before Tax amounted to (40,910,682.339 LYD), against (35,659,172.213 LYD) for 2008, an increase of (5,251,510.126 LYD) at a rate of (15%). Total assets increased by (20%) up to an amount of (2,179,710,613.804 LYD) at the end of the year 2009, while total shareholders' equity amounted to (100,141,223.467 LYD) a growth rate of (12%) over 2008.

The Bank's commitment to achieve the best results and growth rates year after year is based on a number of factors. The most important of these is the bank's ability and high potential in dealing with the various requirements of its customers and the Libyan market conditions, as well as pursuing balanced policies consistent with the adopted strategic objectives for growth, with the lowest exposure to risk, and adoption of transparency and credibility in managing the Bank's overall activity and its banking operations. The bank is dedicated to diversify its revenue sources through the introduction of new banking services with high returns and lower risks.

The Bank has achieved a significant transition in the quantity and quality of credit facilities which were provided to the industrial, commercial and economic services sectors.

With God's help, The Bank reached this year - as of 01/04/2009-, an agreement with Al Quodra Holdings Company of Misurata to secure bills valued at more than (48,800,000.000 LYD). These bills were signed and their contracts documented with a certified notary, endorsed by the tax authorities and handed over to the bank for deduction from the company's debt. Similarly, real estate properties valued at more than (116,000,000.000 LYD) were mortgaged in favor of the Bank. These properties were sold to new buyers numbering (9) natural and juridical persons. Monthly bills against these sales were issued for payment to the Bank, while the mortgages remain standing until full payment is realized. This year –praise be to God- witnessed the end of the zero-clearing situation that developed in 2006.

The year 2009 witnessed the continuation of the geographic expansion in the Jamahiriya through opening new Bank branches. This contributed to broaden the Bank's customer base from a diversity of economic segments in various cities, as well as planning to open other branches in 2010, which will hopefully have good economic returns.

The results of the financial statements and the annual financial indicators placed the Bank among the list of best banks operating in the Jamhuria, ranking fifth out of fifteen banks. It was preceded in rank by the four major state-owned commercial banks. Our Bank was ahead of ten banks achieving a significant advantage in the size of its financial statements and indicators, confirming that the Bank of Commerce and Development is the first and largest private bank in Libya. These results captured the attention of Arab and international banking institutions, which were keen to have financial ties with it. Additionally, representatives of the Arab Banking Corporation (ABC) - based in Bahrain- with many branches in countries all over the world- visited the Bank's Head Office and a number of its branches. They expressed interest in the possibility of investing in the Bank's capital. Similarly, some officials from the Qatar National Bank (QNB), made several visits to the Bank indicating their desire to enter into a strategic partnership with the Bank of Commerce and Development. Discussion are still ongoing to gain the best offers for presentation to the Shareholders Meeting, as the decision-making body.

The Bank continued its policy of utilizing modern technology in the banking business and keeping up with the latest banking services technologies, always keen to be the first to introduce innovative banking services in the Libyan market; the latest of which was a variety of banking services employing the mobile phone.

In conclusion, my gratitude and appreciation go to all Bank's customers and shareholders for their support and trust, recognizing their contribution to its success and achievements and looking ahead to 2010, with more confidence and assurance in our ability to continue our strong performance, achieve better growth rates and succeed in providing more advanced banking services that meet all the needs of our customers. All this was realized by the hard work and dedication of our loyal employees, who expended and still expend efforts and continue their hard work for the interest of the Bank and its shareholders. To them we extend our thanks, appreciation, respect and gratitude.

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

**Jamal Attaeb Abdelmalik**  
Chairman of the Board of Directors



The Board of Directors is governed by the Libyan Banking Law No. (1) 2005. The Bank of Commerce and Development adopts the corporate governance manual to realize the principles of corporate governance, by separation of the Board of Directors from the executive management in terms of responsibilities and delegation of authority. The board of directors consists of seven members, selected by the Shareholders Meeting; their term of office extends to a period of three years.

The current Board of Directors was selected in the Ordinary Shareholders Meeting held on 22/07/2009, consisting of the following members:

1. Mr. Gamal Attaeb Abdel Malik.
2. Mr. Fadlallah Faraj Fanoush.
3. Mr. Ayad Assaid Adhim.
4. Mr. Wanees Mohamed Al Aujali.
5. Mr. Ali Mansour Asbali.
6. Eng. Mohamed Mohamed Hweidi.
7. Mr. Abdul Hamid Mohamed Alraeid.

At the first meeting of the Board of Directors held on 10/08/2009, Mr. Gamal Attaeb Abdel Malik, was selected as Chairman of the Board and Mr. Fadlallah Faraj Fanoush was selected as Deputy Chairman of the Board

The principal role of the Board of Directors:

1. Formulating the Bank's investment and credit policies.
2. Overseeing and controlling the Bank's Departments and Branches.
3. Approving the budget and financial statements.
4. Appointing the General Manager, his deputy and Assistants, and Heads of Departments and Branches.
5. Formulating internal regulations of the Bank's operations.
6. Establishing branches and agencies.
7. Determining the rules of book keeping and accounting policies.

Added to the above, other powers are vested in the Board of Directors under the provisions of the Banking Law No. (1) 2005, and the Bank's Bylaws.

Since the current Board of Directors has been selected on 22/07/2009, it held nine meetings in 2009; six of which were by the former Board of Directors and three by the new Board. All the members attended most of the Board meetings. Several resolutions were made by the Board to serve the Bank's interests and increase its returns and organize its work and its regulations.

The Ordinary Shareholders Meeting convened on 22/07/2009, to consider the following items on its agenda:

1. Examine the Board of Directors Report on the Bank's activities during the financial year ended: 31/12/2008.
2. Read the Control Committee's report.
3. Read the External Auditors' report.
4. Ratify the balance sheet, income statement and the proposed profit

appropriations for the financial year ended 31/12/2008.

5. Appoint Audit offices, which will audit the Bank accounts for the financial year ended 31/12/2009.

6. Discharge the Chairman and members of the Board of Directors for the financial year ended 31/12/2008.

7. Review a memorandum on the dispatch of the President and Members of the Board of Directors on official business trips.

8. Review a memorandum approving the Bank's joining the umbrella of the Investment Promotion Authority.

9. Appointment of members of the Board of Directors and determine their remuneration.

10. Appointment of the Control Committee Chairman and members the and two reserve members and determine their remuneration.

#### Shareholders Meeting Resolutions:

1. The Shareholders Meeting resolved to ratify the Board's Report on the Bank's activities for the financial year ended 31/12/2008.

2. The Shareholders Meeting resolved to ratify Control Committee Report, including its observations and recommendations.

3. The Shareholders Meeting resolved to ratify Auditors Report for the financial year ended 31/12/2008.

4. The Shareholders Meeting resolved to approve balance sheet, income statement and approve the profit appropriations proposed by the Board of Directors for the financial year ended 31/12/2008.

5. The Shareholders Meeting resolved appoint:

The Office of Mr. Fawzi Atloba.

Office of Mr. Ibrahim Abdullah Alhoush.

As external Auditors of Bank accounts for the financial year ending on: 31/12/2009.

6. The Shareholders Meeting resolved to approve the Discharge of Chairman and members of the Board of Directors from their obligations for the financial year ended: 31/12/2009.

7. The Shareholders Meeting resolved to approve the dispatch of Chairman and members of the Board of Directors on duty trips as required for the functioning of the Bank and as required by tasks entrusted to the Board of Directors, provided the Control Committee will submit a report to the Shareholders Meeting in this regard.

8. The Shareholders Meeting resolved to approve the Board of Directors' Memorandum to enter under the umbrella of General Investment Authority, to take advantage of benefits of Law No. (6) 2007 on capital investments.

9. The following were named as the Board of Directors membership and their remuneration was determined:

- Mr. Gamal Attaeb Abdel Malik.

- Mr. Fadlallah Faraj Fanoush.

- Mr. Ali Mansour Asbali.

- Mr. Ayad Assiad Adhim.

- Mr. Mohamed Mohamed Howeidi.

- Mr. Abdul Hamid Mohamed Alraeid.

- Eng. Wanis Mohamed Alaujali.

10. The Shareholders Meeting resolved to appoint the Control Committee as follows:

- 1. Mr. Ramadan Younis Querrey - Chairman.

- 2. Mr. Harun Hassan Omran - Full member.

- 3. Mr. Abdul Baset Abdussalam Fitouri - Full member.

- 4. Mr. Mahmoud Ali Ureybi - Reserved member.

- 5. Mr. Hassan Bashir Alhouti - Reserved member.



## I: The Bank's Financial Indicators

**1. Net Profit** | The Bank realized Net Profit After Tax for Distribution of (23,081,278.609 LYD) compared to (20,151,986.260 LYD) for the previous year, 2008, an increase of (2,929,292.349 LYD), a rate of increase of (15%).

| Items                       | 2008           | 2009           |
|-----------------------------|----------------|----------------|
| Interest Income and Revenue | 70,707,568.068 | 80,671,142.123 |
| Paid Interest and Expenses  | 35,048,395.855 | 47,259,087.965 |
| Provisions                  |                | 7,498,628.181  |



**2. Shareholders' Equity** | Total shareholders' equity on 31/12/2009 amounted to (100,141,223.467 LYD), compared to (95,263,051.628 LYD) in 2008, an increase of (4,878,171.839 LYD), a rate of increase of (5%).

**3. Assets** | Total assets on 31/12/2009 amounted to (2,179,710,613.804 LYD), compared to (1,818,524,076.899 LYD) in 2008, an increase of (361,186,536.910 LYD), a rate of increase of up to (19%).

**4. The Investment Portfolio** | The total investment portfolio on 31/12/2009 amounted to (45,069,215,540 LYD), compared to (31,645,884.360 LYD), an increase of (13,423,331.180 LYD), a rate of increase of up to (42%).

**5. Paid Interest and Expenses** | The total interest paid and expenses on 31/12/2009 amounted to (47,259,087.965 LYD), compared to (35,048,395.855 LYD) in 2008, an increase of (12,210,692.110 LYD), a rate of increase of up to (34%).

**6. Interest Income and Revenues |** The total Interest Income and Revenues on 31/12/2009 amounted to (80,671,142.123 LYD) compared to (70,707,568.068 LYD) in 2008 , an increase of (9,963,574.055 LYD), a rate of increase of up To (14%).

**7. Deposit Liabilities |** Total liabilities Depository on 31/12/2009 amounted to (2,031,411,585.750 LYD), compared to (1,676,685,005.102 LYD) in 2008, an increase of (354,726,580.648 LYD), a rate of increase of up to (20%).

**8. Taxes |** The total taxes paid since 1997, and what is due for payment on 31/12/2009 amounts to (87,649.760 LYD). This table shows the distribution of this amount since establishment and until 31/12/2009

| Year | Paid Income Tax |
|------|-----------------|
| 1997 | 229,966         |
| 1998 | 1,174,139       |
| 1999 | 1,466,637       |
| 2000 | 4,317,755       |
| 2001 | 8,493,916       |
| 2002 | 4,600,709       |
| 2003 | 5,374,961       |
| 2004 | 4,820,692       |
| 2005 | 6,636,218       |
| 2006 | 6,864,126       |
| 2007 | 10,334,053      |
| 2008 | 15,507,185      |
| 2009 | 17,829.403      |

## II: Banking Operations

In pursuit of strengthening its position and raise performance, among local and international banks, the Bank utilizes the network of its correspondents abroad, where the number of correspondent banks at the end of 2009 rose to more than (25) correspondents in all parts of the world, and in different currencies to facilitate dealing with the bank; hence the growth of international banking operations in addition to credit operations (import and export), bills for collection as well as transfers via Western Union, (the largest rapid network to send and receive money in the world).

### 1. Documentary Credits

#### a. Letters Of Credit (import):

The outstanding credit account balance (imports), on 31/12/2009 , reached the amount of (172,839,000.031 LYD), a decrease of (275,602,613.000 LYD) by (-161 %) below the financial year ended on 31/12/2008, which amounted to (448,441,613.490 LYD). This decline is attributed to the increase in the number and amounts of external bills for collection,- which is one of the types of payment- which increased in value to more than (384) million LYD, an increase of about (62%) over the previous year 2008, as well as the increase in the number and value of outward foreign transfers, -which is one of the types of payment for imports- making the increase more than (246) million LYD over the transfers in the previous year, 2008; thus the values of bills for collection and foreign transfers have offset the decrease in the amount of letters of credit.



| Currency Type | No. of Credits | Value of the Credits in Foreign Currency | Equivalent in LYD |
|---------------|----------------|--|-------------------|
| USD           | 215            | 50,361,686.01                            | 62,458,562.990    |
| EUR           | 257            | 58,750,159.47                            | 104,475,408.586   |
| GBP           | 2              | 175,954.54                               | 345,926.626       |
| TND           | 48             | 5,884,515.54                             | 5,559,101.831     |

Equivalent in LYD at the exchange rate on 31/12/2009

#### b. Letters Of Credit (export):

The outstanding letters of credit balance (export) on 31/12/2009 , amounted to (5,666,256.329 LYD), a decrease of (9,742,577.070 LYD), by (-172 %) below the financial year ended on 31/12/2008, which amounted to (15,408,783.400 LYD).

| Currency Type | No. of Credits | Value of the Credits in Foreign Currency | Equivalent in LYD |
|---------------|----------------|--|-------------------|
| EUR           | 4              | 3,186,333.19                             | 5,666,256.329     |

Equivalent in LYD at the exchange rate on 31/12/2009

#### c. Letters of Credit (local):

The value of local letters of credit (inward) on 31/12/2009 , amounted to (877,925,131.570 LYD), an increase of (704,764,084.140 LYD) over the financial year ended on 31/12/2008, which amounted to (173,161,047.430 LYD), while the value of local letters of credit (outward) on 31 / 12/2009, amounted to (19,125.000 LYD), a decrease of (219,466.000 LYD) below the financial year ended on 31/12/2008 , which amounted to (238,591.000 LYD).

**2. Foreign Bills for Collection |** The number of paid foreign bills for collection during 2009, was (2203) bills with a total value of (616,592,595.910 LYD), and thus have increased the size of foreign bills for collection value by (383,692,516.950 LYD), a rate of (164%) over the previous year 2008, in which the total of bills for collection amounted to (232,900,078.960 LYD).

| Currency Type | No. of Credits | Value of the Credits in Foreign Currency | Equivalent in LYD |
|---------------|----------------|--|-------------------|
| USD           | 1215           | 265,957,272.39                           | 329,840,209.218   |
| EUR           | 934            | 155,491,829.93                           | 276,511,121.165   |
| GBP           | 23             | 4,092,882.53                             | 8,046,607.054     |
| TND           | 31             | 2,323,127.42                             | 2,194,658.474     |

Equivalent in LYD at the exchange rate on 31/12/2009

**3. Foreign Transfer |** Due to the Bank's good reputation and excellent services characterized by speed of executing foreign transfers, sent and received through the SWIFT network; the demand of customers dealing with the Bank, such as merchants, importers, to use the foreign transfers for commercial purposes has increased. The demand of foreign companies for transacting with the Bank in foreign transfers has also increased.

#### a. Foreign Transfers (outward):

The value of outward foreign transfers at the end of 2009, amounted to (1,716,118,309.035 LYD), while at the end of 2008, they amounted to (1,470,130,078.000 LYD), an increase of (245,988,231.035 LYD), a rate of increase of (17%). The following table shows the numbers and values of outward transfers in foreign currencies and the Libyan equivalent:

| Currency Type | No. of Transfers | Value of Transfers in Foreign Currency | Equivalent in LYD |
|---------------|------------------|--|-------------------|
| USD           | 11694            | 593,922,517.52                         | 736,582,706.228   |
| EUR           | 7658             | 519,781,839.06                         | 923,794,554.400   |
| GBP           | 1325             | 24,981,670.45                          | 49,113,964.105    |
| CHF           | 8                | 69,166.00                              | 82,577.287        |
| TND           | 270              | 5,369,428.87                           | 5,072,499.453     |
| CAD           | 156              | 1,208,958.52                           | 1,424,636.720     |
| AED           | 5                | 140,274.92                             | 47,370.840        |

Equivalent in LYD at the exchange rate on 31/12/2009

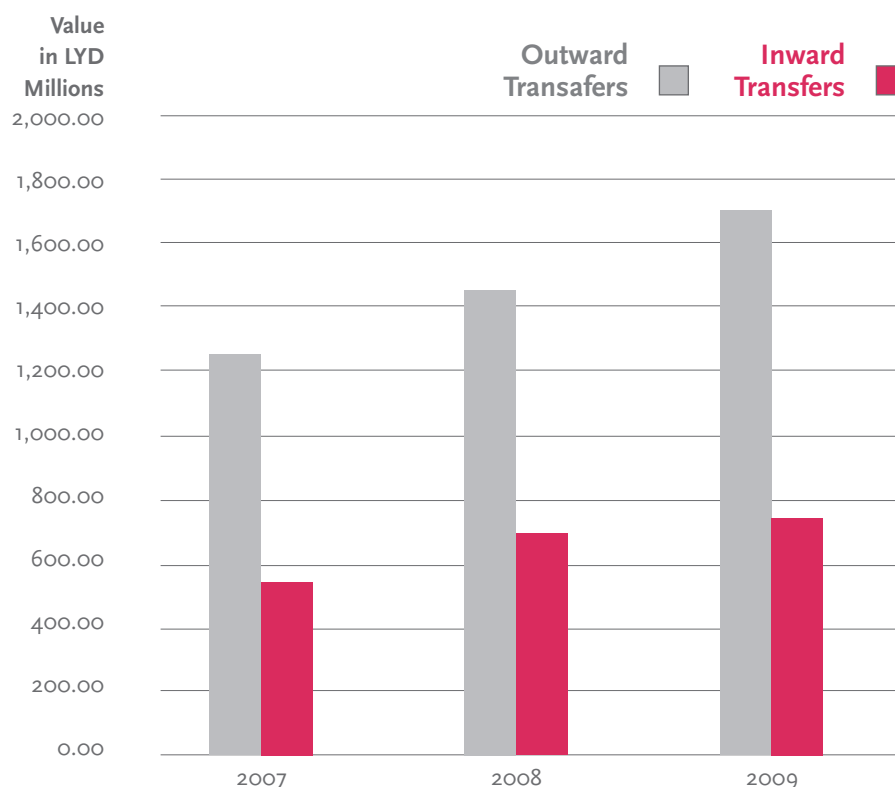
**b. Foreign transfers (inward):**

The total foreign transfers at the end of 2009, amounted to (767,262,180.040 LYD), compared to the end of 2008, which amounted to (726,621,315.310 LYD), an increase of (40,640,864.730), at (5%). It is clear that the bank has received various foreign currency transfers of over (767) million LYD in 2009. These balances were used to cover the bank's transfers, documentary credits and bills for collection and all foreign operations, leading to a decrease in the foreign currency amounts purchased from the Central Bank of Libya, by the amount of these transfers, thus saving large sums of foreign currencies. The following table shows the numbers and values of inward transfers in foreign currencies and the Libyan equivalent:

| Currency Type | No. of Transfers | Value of Transfers in Foreign Currency | Equivalent in LYD |
|---------------|------------------|--|-------------------|
| USD           | 4893             | 313,022,089.89                         | 386,269,258.92    |
| EUR           | 4057             | 200,546,757.12                         | 354,847,432.05    |
| GBP           | 449              | 11,848,902.28                          | 23,178,822.64     |
| TND           | 26               | 1,451,653.09                           | 1,724,563.87      |
| CAD           | 30               | 1,044,352.13                           | 1,224,502.87      |
| AED           | 4                | 52,380.00                              | 17,599.68         |

Equivalent in LYD at the exchange rate on 31/12/2009





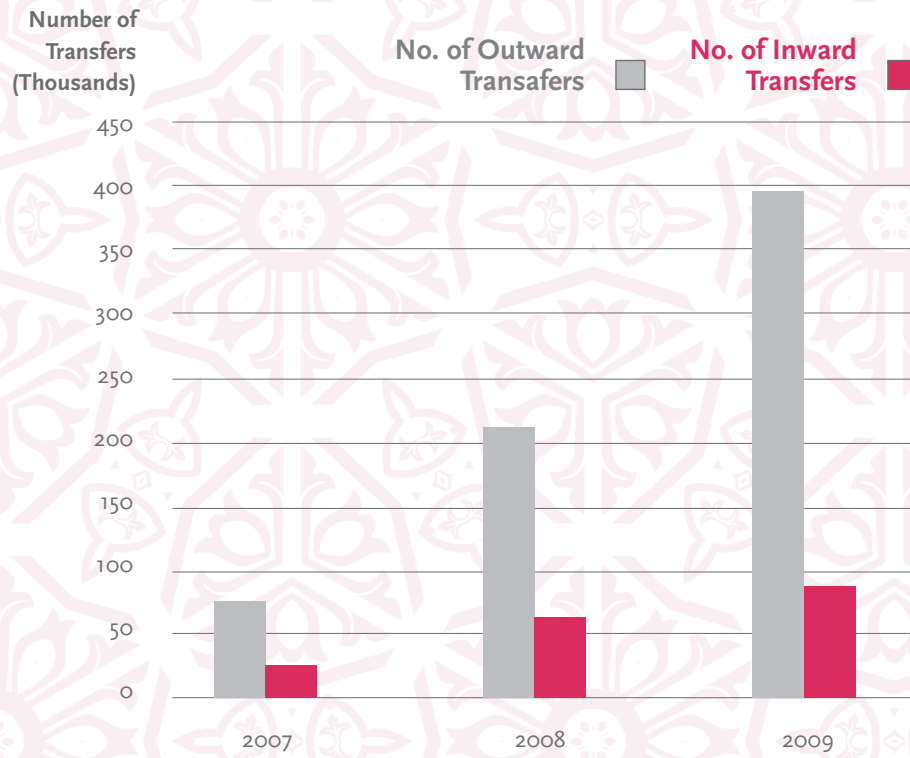
### III: Rapid Money Transfer (Western Union)

This year has seen an overwhelming demand from our Bank customers for transfers through International Western Union (Western Union), in all the branches and agencies. The money transfer service reached a number of (482319) transfers, realizing a return of (6,404,756.705 LYD), compared to (4,224,463.646 LYD), in 2008, an increase of (2,180,293.059 LYD), at a rate of (52%) as a result of these operations until 31/12/2009. Outward transfers reached a number of (395816) transfers, with (Egypt, Tunisia, Bangladesh) in the forefront. This marks an increase of (177,202) transfers over the previous year. Inward transfers reached a number of (86503) lead by (Italy Spain Britain), an increase of (26135) transfers over the year ended on 31/12/2008. This is an illustration of Inward and Outward Transfers made through Western Union Company during 2009 compared to 2008:

| Item                             | 2008            | Rate of Change |
|----------------------------------|-----------------|----------------|
| Number of Outward transfers      | 218614          | 81 %           |
| Number of Inward transfers       | 60368           | 43 %           |
| Value of Outward transfers       | 154,624,095.040 | 77 %           |
| Value of Inward transfers        | 54,224,611.310  | 11 %           |
| <b>Total Number of Transfers</b> | <b>278982</b>   | <b>73 %</b>    |

It is clear from the table that our Bank received transfers through Western Union agencies in various countries of the world of amounts in foreign currencies exceeding (60) sixty million LYD in foreign currencies, which resulted in a settlement with outward transfers, thus saving the equivalent of this amount in foreign currencies, that was not purchased from the Central Bank of Libya.

Comparison of the Numbers of Western Union Transfers





Among the new steps the Bank is endeavoring to take in the immediate future is to enter into a contract with the GPTC, by providing this service in its branches and offices numbering (350) in all the cities and villages in Libya.

Bank management continued to pursue a conservative credit policy in granting credit facilities to finance economic activities, taking into account the necessity of securing good collateral and sound economic studies of good quality for projects submitted by customers wishing to have access to these facilities.

All within the framework of Banking Law No. (1) for the year 2005, and Circulars of the Central Bank of Libya, regulating credit:

- The value of debit current accounts at the end of the financial year ended on 31/12/2009, amounted to (382,538,707.435 LYD), an increase of (74,916,445.634 LYD), over the financial year ended on 31/12/2008, which amounted to (307,622,261.801 LYD). It shall be noted that the Bank did not expand its credit facilities of all types, and the ratio of granting of these facilities did not reach more than (17%) of the deposit liabilities, which in turn, exceeded the amount of two billion and eighty million. Although the Bank is entitled to give facilities within the limits of the ratio of (70%) of its deposit liabilities, which may amount to more than one billion and four hundred and fifty million. Bearing in mind that the zero clearing debt in the City of Misurata of Al Qudra Holding Company has been addressed during the year 2009, after reaching an agreement with the officials of Al Qudra Holding Company, as follows:

1. Al Qudra Holding shall rotate all the bills collected on its behalf by banks for the benefit of the Bank valued at (25 million LYD) and due during three years, after the three year period, the Bank will collect and reduce the value of the debt owed by the company.
2. The company shall recycle all the bills that are collected in cash for the Bank valued at (23,800,000 LYD) and payable in a period of one year to (5).
3. These bills will be discounted by our Bank at an interest rate of (5.5%) for bills due from one year to three years, and at an interest rate of (5.25%) for the bills due in three years and more.
4. Sale of real estate owned by Al Qudra Holding and mortgaged for the Bank, the value of this real estate to be paid in monthly installments, such that, at the most, the full value shall be paid after (10 years), from the date of sale, while the mortgage remains in force in the Bank's favor for the sold real estate, for all the years, until full payment is made.

These actions taken by the Bank, ensured the distribution of risk on the one hand, payment of most of the company's debts, guarantee of the bank's rights through bills and mortgage debt, and avoided entering into bad and doubtful debts.

Most of the credit facilities granted by the Bank are secured by good collateral, either as mortgage, gold, jewelry, insurance policies, assignment of rights or other good guarantees. Despite the conservative credit policy pursued by the bank and good scrutiny of the granting of credit, this business is not without risk of defaulting in the payment of these facilities, and the Board of Directors is keen to pursue the recovery of Bank debt through follow-up by the Committee for Debt Collection and the Bank's lawyer.

It should be noted that there are many cases before the courts at various levels of litigation that have not been sentenced thus far, despite the passage of many years of hearing these cases. Bearing in mind that the Bank does not possess authority of Administrative Foreclosure under Law No. (152) for the year 1970, as amended by Law No. (70) of 1971, enjoyed by state-owned public sector banks which, quickly foreclose on balances of nonperforming debtors with banks and other entities with easily and swiftly. Despite several requests to the Central Bank seeking to have the law of administrative foreclosure amended, to grant private banks foreclosure authority, similar to that enjoyed by the five publicly owned banks of, or at least amend the law No. (1) of the year 2005, on Banking to introduce new articles relating to the eligibility of banks to foreclose with others without having to resort to the judiciary as the private law restricts the public law.

The provision for doubtful debts has been augmented, in accordance with the requirements of the Central Bank in the amount of (7,279,160.002 LYD) during the year 2009, such that the provision for doubtful debts amounts to (23,349,019.705 LYD), including the amount of (10,000,000 LYD) ten million LYD, for zero clearing in Africa Trade Center Agency, on instructions of the Central Bank of Libya. On the other hand the total value of local and foreign letters of guarantee issued at end of the financial year 31/12/2009, amounted to (163,388,325.550 LYD).

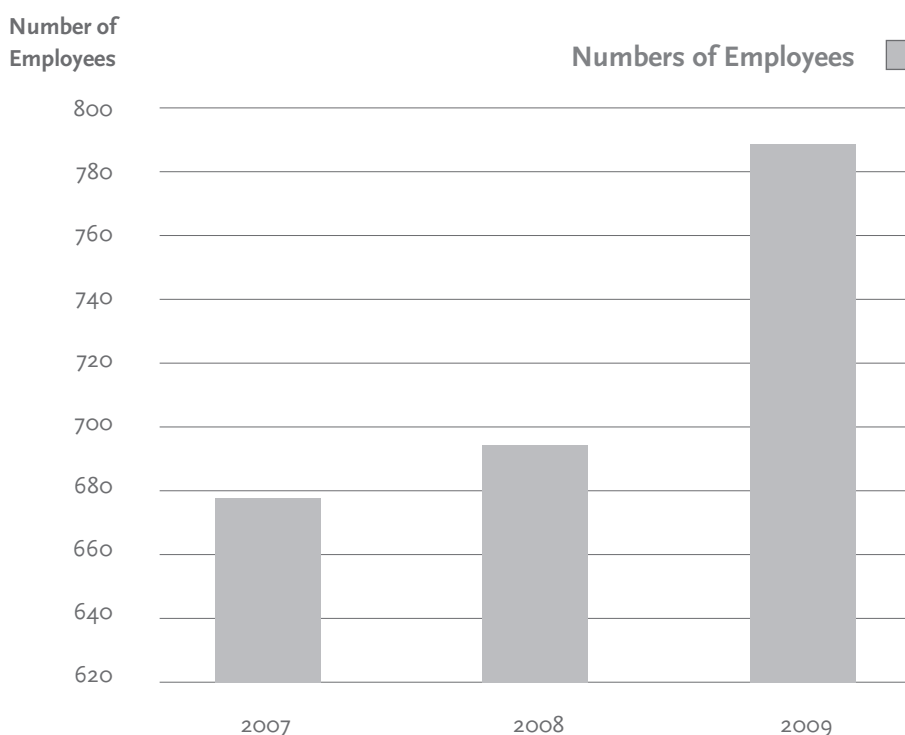
## ***V: Human Resources***

Based on the implementation and success of the future plan adopted by the Board of Directors to develop and increase Bank revenues, i.e. focusing on its most important component; (teamwork), the Bank of Commerce and Development continued to care for and develop its human resources, through practical and theoretical training, in order to meet the needs of the Bank for banking technical personnel, who are highly competent, as well as to meet its expansion needs.



The number of clerical and non-clerical staff on 31/12/2009 totaled (787), compared to (693) employees in the financial year ended on 31/12/2008. Head Office Staff represent (22%) of the grand total, while the staff of Benghazi branches represent (21%) and Tripoli area branches represent (30%), the balance of (27%) is distributed on the remaining branches and agencies scattered throughout the Jamahyria. The following table shows the number of employees during the last three years:

| 2007 | 2008 | 2009 |
|------|------|------|
| 677  | 693  | 787  |



It is worth noting, that the bank suffers from a severe shortage of competent banking staff, with long experience; due to the lack of these resources in the Libyan banking market, and the associated negative impact on the completion of administrative and technical structures in the various departments, branches, agencies, and even at the highest executive levels of management. The deficiency is obvious, and resorting to the foreign banking market , the neighboring or other countries is difficult to adopt, because of financial, psychological and moral reasons. Demands of foreign human resources are costly, and will have an impact on the Bank income and on the psychology and morale of our local staff.

The Bank is working hard to train new and existing staff, who need extended periods of time so that they can become competent, especially in areas of internal audit, documentary credit and lending.

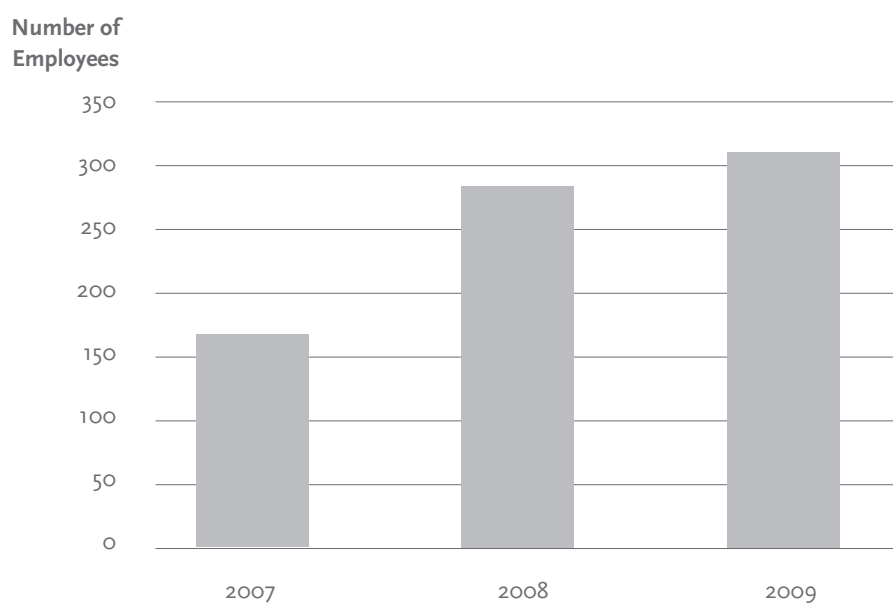
## VI: Training

The Bank Management continued developing the capacity of its staff and meeting the needs for managerial staff and competent leadership to improve performance and provide advanced and innovative services. Management focused through this strategy on holding sessions of internal training in the Training Centers in both Benghazi and Tripoli, as well as participation in local and foreign ,banking related training courses, conferences and seminars.

**Local Training and Development |** Pursuant to the practice carried out in 2008, by focusing on local training, (19) training courses were organized through the Bank owned training centers. Where (276) employees benefited from these in-house courses. The total staff who were trained locally numbered (306), which represents (38%) of the total number of employees, compared to (283) on 31/12/2008 , an of increase (8%). The following table indicates the local training courses and their knowledge areas:

| Training Area              | Number of Trainees |            |            |
|----------------------------|--------------------|------------|------------|
|                            | 2007               | 2008       | 2009       |
| Banking Operations         | 101                | 53         | 214        |
| Information Technology     | 6                  | 59         | 64         |
| English                    | 21                 | 10         | 12         |
| SWIFT System               | 4                  | 4          | 4          |
| Electronic Payment Systems | 32                 | 153        | 9          |
| Conferences and Seminars   | 1                  | 4          | 3          |
| <b>Total</b>               | <b>165</b>         | <b>283</b> | <b>306</b> |

### Comparison of Employees who Benefited from Training





The Bank continued its sponsorship and hosting of the Libyan Banks Society, the Union of Arab Banks and the Arab Academy of Financial Sciences by organizing many training courses related to banking through these entities, in the premises of the training centers owned by the Bank in Benghazi and Tripoli.

The Bank of Commerce and Development / Seminar on the Developments in the UCP 600 Rules for Documentary Credit:

Within the framework of keeping the business of banking in line with modern developments, the Bank -in cooperation with the Union of Arab Banks- held a seminar on (developments in the UCP 600 Rules for Documentary Credit) from 19 to 22/07/2009, in the Conference Hall, in Tower II, of the Head Office Building, in attendance were (45) participants from various Arab countries. This Seminar targeted to enable the participants of possessing the correct information and methods leading to the practice of documentary credit practice, in a proper and effective manner, avoiding gaps and obscure areas, when opening credits and executing letters of credit, in particular examining the documentation.

**Training and Development Abroad |** Our Bank participated in a number of courses, seminars and conferences abroad by (19) employees, in the area of banking operations of various types, Islamic services, electronic payment methods, maintenance of automatic teller machines (ATM), communication, and Western Union in Egypt, Jordan, Tunisia, Lebanon, the United Kingdom and South Africa.

## **VII: The Health Insurance Policy**

In an unprecedented first step in local banks, and in compliance with the Board of Directors' pursuit to provide a variety of incentives designed to increase the motivation of employees and their loyalty to the Bank, by extending more effort and dedicating all their time to work for the bank; The Board of Directors issued a Resolution to establish a Health Insurance Policy to provide health care to Bank employees and their families (parents, wife and children), by signing a contract with the Libyan Health Insurance Company; a company that specializes in this area, providing medical services locally and abroad starting from 01/01/ 2010, its coverage extends to Libya, Egypt and Tunisia. The Company provides its services to the Bank employees through (39) clinics in all cities of the Libyan Jamahyria, (33) clinics in Tunisia and (8) clinics in the Arab Republic of Egypt, with the possibility of increasing these Clinics in the future.

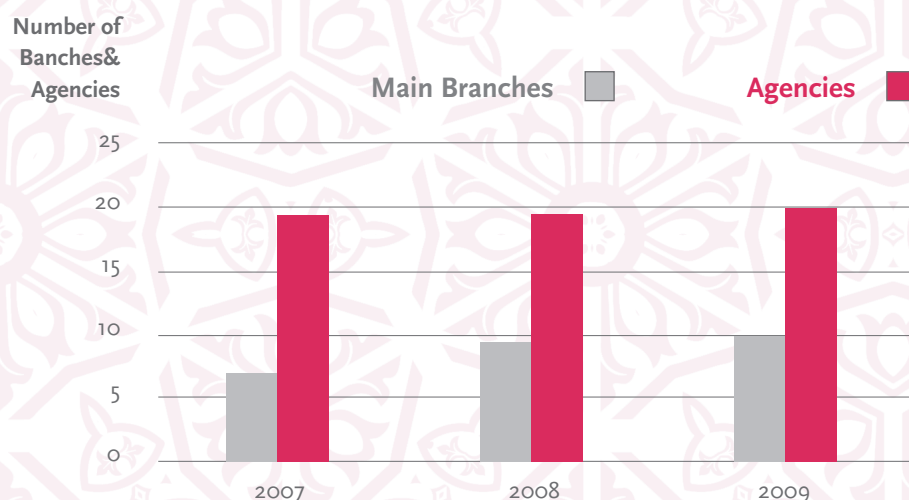
The issue of this policy is a contribution from the Bank to provide comprehensive health care for employees and their families. It represents a contribution from the bank, with the State, which is obliged to provide health care to its citizens. It is considered an augmentation by the Bank to the Public Treasury, by providing such health care payment of its expenses from its finances, resources and revenue. In this manner, the Bank is supportive of the Public Treasury and not a burden on it, like other companies, institutions and entities owned by the society.

## **VIII: New Units**

**1. Derna Main Branch |** Derna Main Branch was opened on 01/06/2010, to conduct business with the public, situated in a unique downtown location in the center of the city of Derna, where it provides its integrated banking services, in addition to utilizing connectivity with the rest of the Bank's branches and agencies scattered throughout the lands of the Jamahyria.

**2. Souk Aljoumaa Agency |** Derna Main Branch opening was preceded by Souk Aljoumaa Agency, in Tripoli, on 03/05/2009, as the new agency is located in a residential commercial neighborhood, it is expected to attract more customers, especially with the feature the new agency has; being connected with the rest of the branches and agencies. This connection enables customers of the Bank branches and agencies to conduct any banking transaction from any branch or agency, regardless of the location of their current account. Africa Commercial Center Agency, in Misurata, was relocated during 2009, to a marked location in Gasar Hamad Port area. The new premises were furnished and provided with modern equipment. The name was changed to Gasar Hamad Agency. Work is under way to complete the process for the preparation of Alkhoms Branch and Tajoora Agency, which will start operation in the beginning of 2010, God willing.

|               | Number in Year End |           |           |
|---------------|--------------------|-----------|-----------|
|               | 2007               | 2008      | 2009      |
| Main Branches | 7                  | 9         | 10        |
| Agencies      | 19                 | 19        | 20        |
| <b>Total</b>  | <b>26</b>          | <b>28</b> | <b>30</b> |



## IX: Electronic Systems

The Bank continued its attention to the area of automation and development, realizing many successes in this field, most important of which are:

**1. System Expansion |** Given the increase of the Bank's services and e-services, in addition to a steady increase in the number of branches, agencies, and the number of devices and operators as well as the increasing flow of data between branches; the Board of Directors agreed to increase the storage capacity of the system to a capacity (13 terabytes<sup>1</sup>). The following table shows the old status compared to that after expansion of the system:





website, the large number of requests that come from its visitors and the users of e-banking, the Bank website, along with all the attachments such as databases and other services, in addition to e-banking were transferred to a new main server of the latest specifications, being able to service requests from the internet of visitors to our website and users of e-banking in the fullest and fastest manner.

#### Super Protection Technology:

Additional protection for the new Bank of Commerce and Development Website dedicated server was added, through the allocation of a dedicated firewall to the main server only, with the best specifications available at the time of the upgrade.

#### Providing access to the e-bank services:

Safe use of browsing the e-banking services, through the use of Secure Sockets Layer (SSL) technology, provided by (VERISIGN) company, which is a specialist in providing electronic certificates -as the world leader in this area - has previously worked with the Bank of Commerce and Development through issuing an electronic certificate to build an electronic secure connection between the browser to the site and the Bank server. The Bank of Commerce and Development is the first customer of the (VERISIGN) Company in Libya, as the company did not deal with any Libyan customers until the present.

#### A new Website version:

The fifth version of the Bank of Commerce and Development website was launched, where the site was redesigned emulating the Bank logo colors, making it elegant and comfortable for browsing. A set of moving images that reflect the different services of the Bank was also added, where the images greatly attract the attention of the site visitor. Interactive educational lessons with the visitor distinguish the fifth version of the site, with many links that lead the visitor to a page to interact with his request, and animated visual presentations explain the various steps of each service, are provided in the lessons.

#### A new version of the e-bank:

The fifth edition of the e-bank service was launched on the new server, where many technical problems were fixed as well. This development contributed to increase the speed of response to user requests for service on the Internet. It also contributed in developing the e-bank on the side of the existing network within the bank, as the system now works efficiently to update the bank statements of the e-bank customers at the rate of one minute, in the sense that the movement carried out by the customer's bank account will be available on the Bank's website after only one minute.

## X: Prepaid Cards

After several communications with the (Master Card) company, a contract was signed under which the Bank obtained a license for the issuance of MC Company credit cards, in addition Bank owned ATM machines will accept MC Company cards. The Bank continued to issue credit cards in addition to the Kanze card type, linked to the account, and prepaid Visa cards as the number of cards issued to customers until 31/12/2009 the numbered (35249) compared to (10344) for 2008, a rate of increase of (240%). The following table shows the number of e-cards issued on 31/12/2009:

| Card Type     | Number       |
|---------------|--------------|
| Visa Gold     | 3575         |
| Visa Electron | 2164         |
| Visa Internet | 3313         |
| Visa Prepaid  | 4008         |
| Kanze         | 22189        |
| <b>Total</b>  | <b>35249</b> |

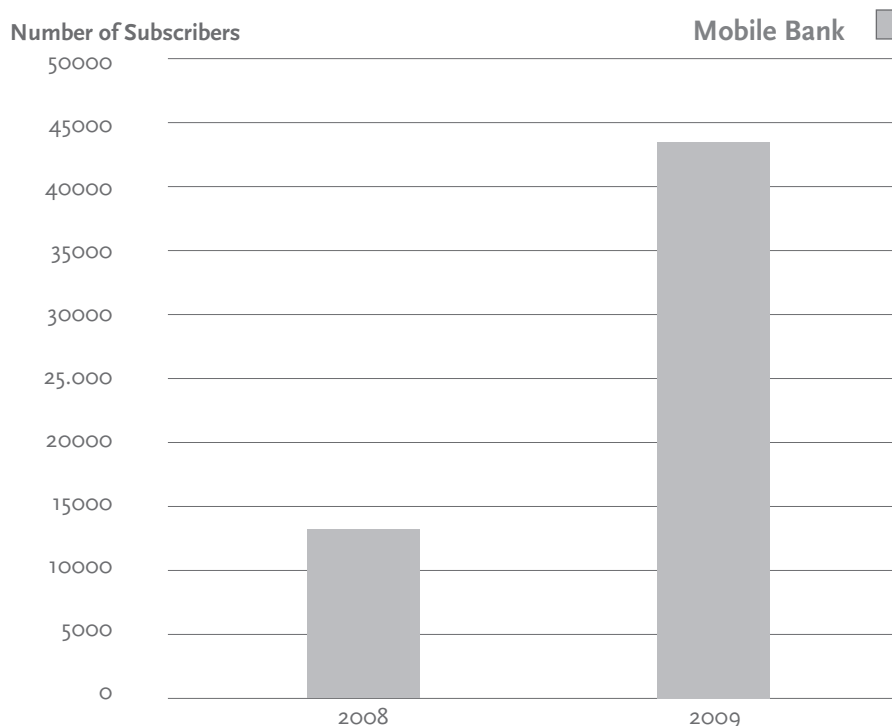
There has been an increase in automatic teller machines (ATM) and points of sale (POS) in most cities of the Libyan Jamahyria. The numbers of ATM's on 31/12/2009, was (60) machines and the number of points of sale (POS) (134) machines. It should be noted that as of the February 2009, ATM machines and POS machines were operated through the Bank owned (HOST), and all the machine accept (VISA-KANZE) cards.

## XI: Trade and Development Media

**1. Mobile and Electronic Banking |** The Bank of Commerce and Development, the first Libyan bank to introduce mobile and electronic banking, given the great demand for these services by our customers; the number of subscribers to mobile banking rose to (43138) by the end of the financial year, the subject of this report, compared to (13391) in 2008, an increase of (222%). The number of e-Bank users rose to (2576) compared to (1386), in 2008, a rate of increase of (86%).

| Main Branches | Number of Subscribers |       |
|---------------|-----------------------|-------|
|               | 2008                  | 2009  |
| Mobile Bank   | 13391                 | 43138 |
| e-Bank        | 1386                  | 2576  |

Comparison of Mobile Bank Subscribers



The (charge your balance) service, allows customers to charge prepaid cards from their bank account. This service became popular with our customers, as (9791) of them subscribed to this service by the end the financial year.

**2. e-VOUCHER Project |** The Bank introduced the recharge your balance (e-voucher Distribution) by point of sale machines, ATM's, touch screens and bank tellers, this project serves the companies that use the following prepaid cards:



The General Post, Telephone and Telecommunications Company.  
 Libyana Mobile Company  
 Almadar Aljadid Company  
 Libya Telecommunications and Technology  
 Athuria Telecommunication Company  
 Any new companies that use prepaid cards.

This system provides a base for proliferation of communications companies across a diversity of points of sale across Libya and reduces the volume of cash circulation in Libya. It also helps in the proliferation of the Bank's points of sale in shops and service companies, raising the demand for points of sale and providing greater opportunities for electronic transaction, as a payment method and start to use the national payment Kanze card. The system provides protection and security for customers and service providers from cheating and fraud that occur in pre-paid cards and provides speed of transaction.

The System is linked with the banking system of the Bank Commerce and Development through the electronic card system and electronic payment (Kanze). By (ATM) machines, by electronic debit cards or by the insertion of currency for the required value. By points of sale which accept electronic cards by directly debiting the customer's card or deducting from the distributor's account only through (GPRS). Points of sale that deal with the (e VOUCHER) system only through (GPRS).

#### **Virtual Points of Sale :**

The creation of virtual points of sale on computers across the Bank network to enable the cashiers in all branches and agencies to provide service to the bank's customers directly. Over the Internet to enable distributors and contractors with the bank to provide services to customers through (ADSL) lines or (GPRS) service of Almadar, Libyana or Athuria in remote areas.

**3. e-Wallet Project |** The multimedia used in the world of technology today are many and varied, but the most common and widespread among consumers all around the world is the mobile phone, making it the focus of our attention to activate the electronic payment services.

The project is comprised of the establishment of an e-Wallet on the subscribers mobile phone bank account, as a Virtual Bank Account, that enables the consumer access this account and execute transactions of deduction or deposit, without need to visit any building or place of this particular Bank. It suffices to deal with the Wallet directly through the mobile phone. This e-wallet is good for shopping, paying bills and buying prepaid cards for telecommunications companies and others. In addition to providing the possibility to transfer funds from this virtual account to any other account in the Bank of Commerce and Development, or to any other e-wallet on the Virtual Bank.

To expand the consumer base in this electronic environment and issue the largest number of e-wallets; a new branch was opened by the Bank of Commerce and Development by the name of the Virtual Bank, it carries No. 0123 to hold all banking transactions of e-wallet holders. The Virtual Branch of the Bank of Commerce and Development does not exist physically or has a branch manager or staff or any equipment, it exists virtually in the form of a set of systems that have been built for this purpose and will deal with its customers through their e-wallets only. Every e-wallet has a current account opened for it in the Virtual Branch 0123. Transaction on these accounts can only be conducted through the e-wallet.

**My Account System |** Based on the developing infrastructure in terms of the banking system and networking; our Bank is the only bank with these possibilities, is rather unique in the Libyan banking market. Driven by our desire to develop the electronic services and activate the Trade and Development Media, we have been building a "My

Account”, which enables companies to deal with their accounts in the Bank of Commerce and Development remotely and specifically from their company headquarters.

**The system aims to:**

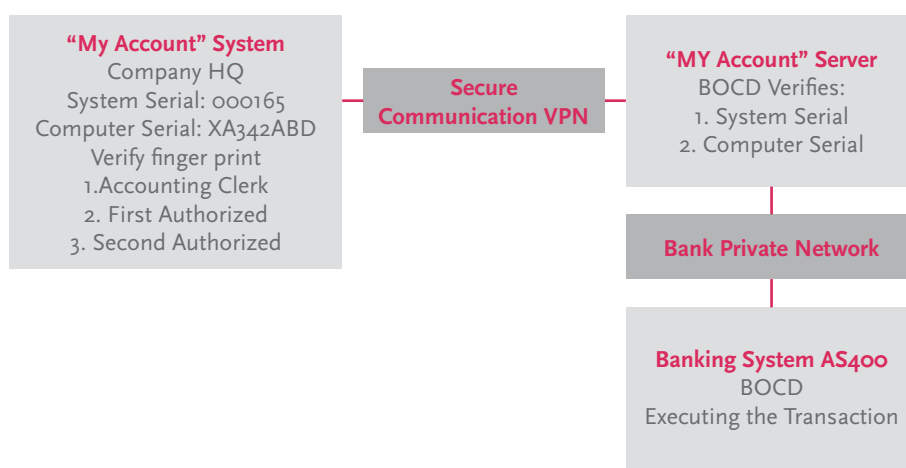
1. Attract businesses and public and private entities to open bank accounts, which give preference to customers dealing with these companies to open bank accounts.
2. Ease the burden of transaction on the companies and the branches and agencies.

The system will create a secure “My Account” that enables companies to carry out the transfer of funds from their account to do the following operations:

1. Create payroll lists to pay staff salaries.
2. Payment of invoices or payments to others who have Bank of Commerce and Development accounts.

**How “My Account” works:**

1. A serial number issued for each customer using “My Account”.
2. The “My Account” system is installed on a computer in the company headquarters. This computer is the only one that enables the company to perform operations and access the account in the Bank.
3. “My Account” System uses the internet as a medium to access the Bank, it employs the secure communications technology, Virtual Private Network, (VPN); the same system used to connect the Bank branches. Authority of access exists only for the account, and when the system starts, all open communications systems are closed, and no communication is allowed until the system is closed.
4. “My Account” System recognizes signatures through fingerprints of the staff authorized to sign the account, and recognizes them when they conduct any banking transaction.
5. “My Account” System encrypts banking transactions to the data base & sends it to the Bank.
6. When it receives customers’ requests in the “My Account” server, the following takes place:
  - Decryption of the data of the incoming banking process.
  - Checking the integrity of the incoming data to verify that it has not been subject to modification or tampering.
  - Identifying the serial number that came with the banking process and comparing it with the serial number that has been issued to the “My Account” customer.
  - Identifying the computer on which “My Account” resides in the customer headquarters, and comparing it with the serial number in the Bank.
  - “My Account” system allows the user of e-banking service to follow up operations and ensure their execution.



**Security** | Storing and the ability to extract reports and documents indicating the transactions that were conducted through the system.  
Ability to fast of audit and review.

**New Services** | Through an extensive plan, the Bank began at the end of 2009, to introduce new services that will save time and effort, as well as increase security and reduce risk, God willing, these services will be introduced in 2010:

**1.Finger Printing Service:**

By providing cashiers and service personnel instruments in the branches and agencies, to use customer finger prints, that are stored in the Bank computers, (branches, agencies and Main computer). When the customer wants to withdraw a cheque or make a deposit, his fingerprint is taken for recognition of his name and ID number by the system. This will prevent cases of false identity, similarity of names, or any other situation. Storing the fingerprints in the computers will make it possible to reprint them to be an important formal document for use when needed, to compare the fingerprints. Introducing this advanced service will provide security for the Bank, its employees and customers, preventing many false identity cases (false ID cards), theft and fraud.

**2.Introduction of Retinal Scanning:**

New equipment for Retinal Scanning will be fitted in all the branches and agencies. This system will scan and store Retinal Information of each customer or dealer with the Bank, and when needed, compare that information when cashing cheques, obtaining certified cheques, cards, receipt of cash or transfers, or any other transaction. This service will be the first in the Libyan banks, and our Bank will be in the forefront, as usual, the leading to introduce innovation to its customers.



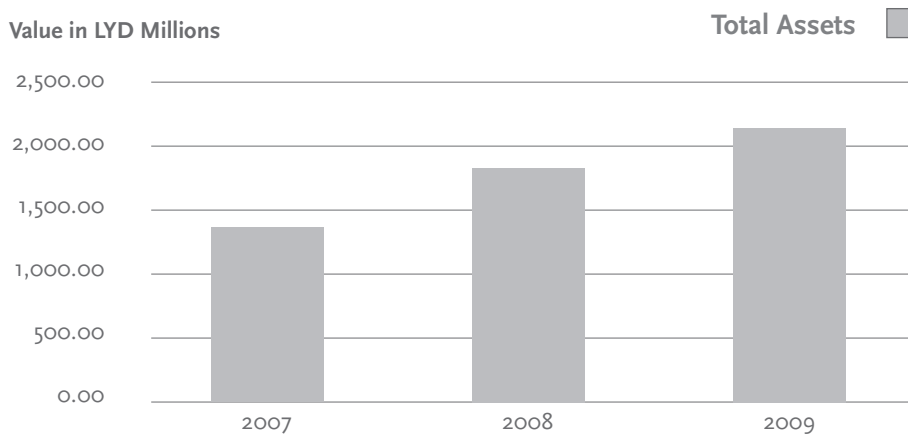


## Notes to the Financial Statements

### First: The Balance Sheet

**1. Assets** | Total assets on 31/12/2009, amounted to (2,179,710,613.804 LYD), it is noted that there is a significant increase in the size of the bank's assets of (361,186,536.910 LYD), over the financial year ended on 31/12/2008, with total assets (1,818,524,076.899 LYD), an increase of (20%).

#### Comparison of Total Assets



The following is an illustration of the most important asset classes:

#### a. Balances with Local and Foreign Banks:

The balance of the item at the end of the year 2009 a , the amount (642,887,510.071 LYD), compared to (467,734,226.809 LYD) at the end of the year 2008, an increase of (175,153,283.262 LYD), at a rate of (37%).

#### b. Deposit certificates with the Central Bank of Libya:

As the largest class assets, they reached a balance on 31/12/2009, of (857,329,210.606 LYD), compared to (740,857,581.078 LYD) for the financial year ended 31/12/2008, an increase of (16%), Bearing in mind that the returns on deposit certificates on 31/12/2009, reached (15,408,393.603 LYD), against (6,168,708.910 LYD) by the end of the year 2008, an increase (150%), meanwhile the interest rate on deposit certificates was lowered, pursuant to resolutions of the Board of Directors of the Central Bank of Libya from (2.25%) to (1.75%) to (1.25%), annually, which led to a significant shortfall in revenues and turnover of these certificates.

#### c. Deposits with Foreign Banks:

The balance of deposits with foreign banks on 31/12/2009 , amounted to (18,735,121.205 LYD), compared to (65,771,414.196 LYD) on 31/12/2008, a decrease of (47,036,292.991 LYD), by (-240%). This is a result of the Central Bank instructions, to reduce deposits with foreign banks, and to retain with them only a limited amount.

#### d. Real Estate Investment:

The total real estate investment on 31/12/2009, amounted to (38,410,757.539 LYD), compared to (28,500,000 LYD) on 31/12/2008, an increase of (9,910,757.539 LYD) by (35%).

**e. Local Investments:**

Total investments after deduction of local appropriation on 31/12/2009, amounted to (6,658,458.000 LYD), compared to (3,145,884.353 LYD) on 31/12/2008, an increase of (3,512,573.647 LYD), By (112%).

**f. Loans and Facilities after Deducting Provisions:**

The total balance of credit facilities after deducting provisions on 31/12/2009, amounted to (359,189,687.730 LYD), against (326,698,924.369 LYD), on 31/12/2008, an increase of (39,763,048.363 LYD) by (12%).

**g. Debtors and Other Debit Balances:**

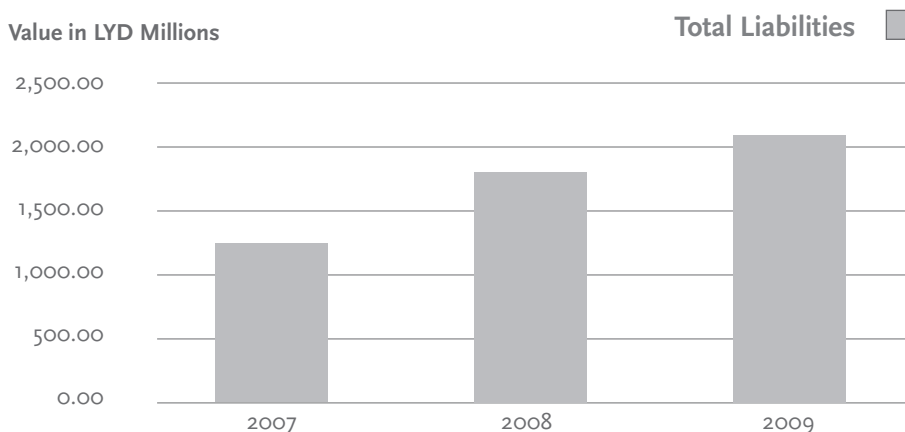
This item on 31/12/2009 totaled, (18,046,884.691 LYD), compared to (18,524,058.889 LYD) on 31/12/2008, a decrease of (477,174.198 LYD) by (-3 %).

**h. Fixed Assets:**

The total fixed assets after deducting depreciation on 31/12/2009, amounted to (42,991,076.847 LYD), compared to (34,372,018.741 LYD) on 31/12/2008, an increase of (8,619,058.106 LYD), by (24%). The following table shows assets classes, comparing 2009, with 2008:

| Transaction                                     | 2008                     | 2009                     |
|---|--------------------------|--------------------------|
| Cash in Local and Foreign Currencies            | 92,487,316.540           | 144,010,899.915          |
| Balances with Local and Foreign Banks           | 467,734,226.809          | 642,887,510.071          |
| Deposit Certificates with CBL                   | 740,857,581.078          | 857,329,210.606          |
| Deposits with Foreign Banks                     | 65,771,414.196           | 18,735,121.205           |
| Cheques in Clearance                            | 35,649,149.817           | 33,747,013.854           |
| Real Estate Investment                          | 28,500,000.000           | 38,410,757.539           |
| Local Investments after Deducting Provisions    | 3,145,884.353            | 6,658,458.000            |
| Loans and Facilities after Deducting Provisions | 326,698,924.369          | 359,189,687.730          |
| Debtors and Other Debtor Balances               | 18,524,058.889           | 18,046,884.691           |
| Head Office and Branches Accounts               | 1,264,092.981            | 16,610,087.896           |
| Net fixed Assets                                | 34,372,018.741           | 42,991,076.847           |
| Buildings Under Construction                    | 3,519,409.126            | 1,093,905.450            |
| <b>Total Assets</b>                             | <b>1,818,524,076.899</b> | <b>2,179,710,613.804</b> |

**2. Liabilities** | Liabilities on 31/12/2009, witnessed a marked increase to the amount of (2,079,569,390.337 LYD), an increase of (356,308,365.066 LYD) over the financial year ended 31/12/2008, with total liabilities (1,723,261,025.271 LYD), at a rate of (21%).

**Comparison of Total Liabilities**



The following is an illustration of the most important balance sheet items:

**a. Customer Deposits:**

Customer deposits and creditor current accounts balance in LYD and foreign currencies, (for natural and juridical persons), on 31/12/2009 amounted to (1,784,231,322.223 LYD), an increase of (419,369,728.630 LYD), over the financial year ended on 31/12/2008, totaling (1,364,861,593.593 LYD), an increase of (31%).

**b. Customer Time Deposits:**

The total time deposits balance on 31/12/2009, amounted to (91,643,130.830 LYD), compared to (162,619,570.310 LYD) for the financial year ended 31/12/2008, a decrease of (70,976,439.480 LYD) at a rate of (-77 %).

**c. Savings Deposits:**

This item represents the total of savings accounts for children and adults, on 31/12/2009, amounted to (22,226,580.713 LYD), compared to (20,209,250.950 LYD) for the financial year ended on 31/12/2008, an increase of (2,017,329.763 LYD), at (10%).

**d. Cash Securities:**

The balance of this item on 31/12/2009, amounted to (53,768,011.911 LYD), compared to (85,296,459.785 LYD), for the financial year ended on 31/12/2008, a decrease of (31,528,447.874 LYD), at (-58 %). The following table shows a comparison between the classes of liabilities for the years 2009 and 2008:

| Transaction                     | 2008                     | 2009                     |
|---------------------------------|--------------------------|--------------------------|
| Customer deposits               | 1,364,173,861.593        | 1,784,231,322.223        |
| Customer time deposits          | 162,619,570.310          | 91,643,130.830           |
| Savings deposits                | 20,209,250.950           | 22,226,580.713           |
| Cash securities                 | 85,296,459.785           | 53,768,011.911           |
| Certified cheques               | 34,074,480.201           | 51,483,995.914           |
| Other provisions                | 25,818,568.216           | 28,058,544.159           |
| Creditors and other liabilities | 31,068,834.216           | 48,157,804.587           |
| <b>Total</b>                    | <b>1,723,261,025.271</b> | <b>2,079,569,390.337</b> |

## Second: The Income Statement

**1. Revenue** | Total revenue on 31/12/2009, before deduction of expenses and taxes of (80,671,142.123 LYD), an increase of (9,963,574.055 LYD) over the financial year ended on 31/12/2008, which had a total revenue of (70,707,568.068 LYD), an increase of (14%).

| Revenue                       | 2008                  | 2009                  |
|-------------------------------|-----------------------|-----------------------|
| Interest Income               | 37,249,295.170        | 46,037,661.655        |
| Commissions and Other Revenue | 33,458,272.898        | 34,633,480.468        |
| <b>Total</b>                  | <b>70,707,568.068</b> | <b>80,671,142.123</b> |

**2. Expenses** | Total expenses on 31/12/2009, amounted to (47,259,087.965 LYD), an increase of (12,210,692.110 LYD), over the financial year ended on 31/12/2008, with a total expenses amount of (35,048,395.855 LYD), an increase of (34%).

| Expenses                             | 2008           | 2009           |
|--------------------------------------|----------------|----------------|
| Administrative and General Expenses  | 18,158,648.827 | 26,657,670.946 |
| Paid Interest                        | 13,237,797.995 | 16,224,724.429 |
| Depreciation of Fixed Assets Expense | 3,651,949.033  | 4,376,692.590  |

**4. Income** | Total income on 31/12/2009, before tax amounted to (40,910,682.339 LYD), an increase of (5,251,510.126 LYD), over the financial year ended on 31/12/2008, which was (35,659,172.213 LYD). After corporate, Jihad and stamp taxes; which amounted to (17,829,403.370 LYD), thus profits for distribution, after taxes, amounted to (23,081,278.609 LYD).

**5. Proposed Profit Appropriation** | The Bank realized, at the end of 2009, after tax, net profits of (23,081,278.609 LYD), after the addition of retained earnings for the year 2008, which amounted to (240,700.950 LYD), a total profit for distribution of (23,321,979.559 LYD). The Board of Directors proposes the following profit appropriations:

| Item                             | Amount                |
|----------------------------------|-----------------------|
| Legal reserve                    | 1,558,265.043         |
| General reserve                  | 1,400,000.000         |
| Cash dividends                   | 12,500,000.000        |
| BOD remuneration                 | 330,204.761           |
| Investment devaluation provision | 323,500.000           |
| Doubtful debts provision         | 7,175,128.181         |
| Retained earnings                | 34,881.574            |
| <b>Total</b>                     | <b>23,321,979.559</b> |

***The Balance Sheet as at 31/12/2008 compared to the  
Balance Sheet as at 31/12/2007***

| <b>Assets</b>  | <b>Notes</b> | <b>2008</b>              | <b>2009</b>              |
|--|--------------|--------------------------|--------------------------|
| Cash in Local and Foreign Currencies                                   | 1            | 92,487,316.540           | 144,010,899.915          |
| Balances in Local and Foreign Banks                                    | 2            | 467,734,226.809          | 642,887,510.071          |
| Deposit Certificates with CPL  | 3            | 740,857,581.078          | 857,329,210.606          |
| Deposits with Foreign Banks  | 4            | 65,771,414.196           | 18,735,121.205           |
| Clearance Cheques  | 5            | 35,649,149.817           | 33,747,013.854           |
| Real Estate Investment   |              | 28,500,000.000           | 38,410,757.539           |
| Local Investments after Deducting Provisions                           | 6            | 3,145,884.353            | 6,658,458.000            |
| Loans and Facilities After Deducting Provisions                        | 7            | 326,698,924.369          | 359,189,687.730          |
| Debtors and Other Debtor Balances                                      | 8            | 18,524,058.889           | 18,046,884.691           |
| Head Office and Branch Accounts  |              | 1,264,092.981            | 16,610,087.896           |
| Net Fixed Assets   | 9            | 34,372,018.741           | 42,991,076.847           |
| Buildings Under Construction   | 10           | 3,519,409.126            | 1,093,905.450            |
| <b>Total Assets</b>  |              | <b>1,818,524,076.899</b> | <b>2,179,710,613.804</b> |
| Liabilities and Shareholders Equity                                    |              |                          |                          |
| Liabilities:   |              |                          |                          |
| Customer Deposits (Current Accounts)                                   | 11           | 1,364,173,861.593        | 1,784,231,322.223        |
| Customer Time Deposits   | 12           | 162,619,570.310          | 91,643,130.830           |
| Savings Deposits   |              | 20,209,250.950           | 22,226,580.713           |
| Cash Securities  | 13           | 85,296,459.785           | 53,768,011.911           |
| Certified Cheques  |              | 34,074,480.201           | 51,483,995.914           |
| Other Provisions   | 14           | 25,818,568.216           | 28,058,544.159           |
| Creditors and Other Liabilities  |              | 31,068,834.216           | 48,157,804.587           |
| <b>Total Liabilities</b>   |              | <b>1,723,261,025.271</b> | <b>2,079,569,390.337</b> |
| Shareholders Equity:   |              |                          |                          |
| Capital  |              | 50,000,000.000           | 50,000,000.000           |
| Share Issue Premium  |              | 2,661,020.000            | -----                    |
| Appropriations   |              | 10,303,449.243           | 12,500,000.000           |
| Legal Reserve  |              | 23,135,364.410           | 27,354,649.453           |
| General Reserve  |              | 8,851,692.440            | 10,251,692.440           |
| Retained Earnings  |              | 311,525.535              | 34,881.574               |
| <b>Total Shareholders Equity</b>                                       |              | <b>95,263,051.628</b>    | <b>100,141,223.467</b>   |
| <b>Total Liabilities and Shareholders Equity</b>                       |              | <b>1,818,524,076.899</b> | <b>2,179,710,613.804</b> |
| Contingent Accounts And Other Liabilities<br>(Off Balance Sheet Items) |              |                          |                          |
| Letters of Credit (Export)   |              | 1,856,899.000            | 1,657,491.000            |
| Letters of Credit (Import)   |              | 203,961,677.000          | 83,811,441.995           |
| Inward Local Letters of Credit   |              | 173,161,047.430          | 877,925,131.570          |
| Outward Local Letters of Credit  |              | 238,591.000              | 19,125.000               |
| Inward Bills for Collection  |              | 66,347,824.000           | 113,556,597.000          |
| Local And Foreign Lettrs Of Guarantee                                  |              | 173,822,663.733          | 163,388,325.550          |
| <b>Total Contingent Accounts and Other Liabilities</b>                 |              | <b>619,388,702.163</b>   | <b>1,240,358,112.115</b> |
| <b>Grand Total</b>   |              | <b>2,437,912,779.062</b> | <b>3,420,068,725.919</b> |
| LYD Travelers Cheques in Stock   |              | 7,291,448,860.000        | 7,291,445,860.000        |



***Income statement for the year ended 31/12/2009 compared to the Income Statement for the year ended 31/12/2008***

|                                     | 2008<br>LYD           | 2009<br>LYD           |
|-------------------------------------|-----------------------|-----------------------|
| <b>Revenue</b>                      |                       |                       |
| Interest Income                     | 37,249,295.170        | 46,037,661.655        |
| Commissions and Other Revenue       | 33,458,272.898        | 34,633,480.468        |
| <b>Total Revenue</b>                | <b>70,707,568.068</b> | <b>80,671,142.123</b> |
| <b>Expenses</b>                     |                       |                       |
| Administrative and General Expenses | 18,158,648.827        | 26,657,670.946        |
| Paid Interest                       | 13,237,797.995        | 16,224,724.429        |
| Fixed Assets Depreciation Expenses  | 3,651,949.033         | 4,376,692.590         |
| Total Provisions                    | -----                 | -----                 |
| <b>Total Expenses</b>               | <b>35,048,395.855</b> | <b>47,259,087.965</b> |
| Total Income Before Tax             | 35,659,172.213        | 33,412,054.158        |
| Corporate, Jihad and Stamp Taxes    | 15,507,185.953        | 17,829,403.730        |
| Net Income After Taxes              | 20,151,986.260        | 15,582,650.428        |

## Notes to the Financial Statements

### The Balance Sheet

#### First: Assets

##### 1. Cash in Local and Foreign Currencies

|                           | 2008                  | Value in LYD<br>2009   |
|---------------------------|-----------------------|------------------------|
| Local Currencies          | 81,677,581.435        | 117,889,551.989        |
| Foreign Currencies        | 9,803,149.585         | 24,076,620.078         |
| Automatic Teller Machines | 1,006,585.520         | 2,044,727.848          |
| <b>Total</b>              | <b>92,487,316.540</b> | <b>144,010,899.915</b> |

##### 2. Balances with Local and Foreign Banks

|   | 2008                   | Value in LYD<br>2009   |
|---|------------------------|------------------------|
| Cash with Local Banks                             | 10,847,998.073         | 118,990,906.935        |
| Balances with Foreign Banks in Foreign Currencies | 79,603,396.759         | 52,443,677.605         |
| Cash with the Central Bank of Libya               | 377,282,831.977        | 471,452,925.531        |
| <b>Total</b>                                      | <b>467,734,226.809</b> | <b>642,887,510.071</b> |

##### 3. Balances with the Central Bank of Libya

|   | 2008                   | Value in LYD<br>2009   |
|---|------------------------|------------------------|
| Deposit Certificates with the Central Bank of Libya | 740,857,581.078        | 857,329,210.606        |
| <b>Total</b>  | <b>740,857,581.078</b> | <b>857,329,210.606</b> |

##### 4. Deposits with Foreign Banks

|                                  | 2008                  | Value in LYD<br>2009  |
|----------------------------------|-----------------------|-----------------------|
| Time Deposits with Foreign Banks | 65,771,414.196        | 18,735,121.205        |
| <b>Total</b>                     | <b>65,771,414.196</b> | <b>18,735,121.205</b> |

##### 4. Clearance Cheques

|                                      | 2008                  | Value in LYD<br>2009  |
|--------------------------------------|-----------------------|-----------------------|
| Request for Collection               | 22,356,962.221        | 18,265,982.419        |
| Local Request in Transit             | 12,917,294.465        | 15,469,025.338        |
| Other Foreign Sight Bills (Endorsed) | 374,893.131           | 12,006.097            |
| <b>Total</b>                         | <b>35,649,149.817</b> | <b>33,747,013.854</b> |

## 6. Local Investment

|  | 2008                  | Value in LYD         |
|--|-----------------------|----------------------|
|  |                       | 2009                 |
| Assafa Company                             | 418,500.000           | 500,000.000          |
| Attariq Company                            | 105,000.000           | 105,000.000          |
| Attaqnia Company                           | 100,000.000           | 100,000.000          |
| Marhaba Company                            | 50,000.000            | 50,000.000           |
| Libyan-Tunisian Building Materials Company | 1,000,000.000         | 1,000,000.000        |
| Assawahel Allibya Company                  | 900,000.000           | 900,000.000          |
| Real Estate Investment                     | 25,169,984.353        | -----                |
| Libyan Financing Company                   | 3,000,000.000         | 3,000,000.000        |
| Libyan Stock Market                        | 102,400.000           | 102,400.000          |
| Diyar Company                              | 800,000.000           | 800,000.000          |
| Economic Group Libyan Company (MAL)        | -----                 | 101,058.000          |
| <b>Total</b>                               | <b>31,645,884.353</b> | <b>6,658,458.000</b> |

## 7. Loans and Facilities

|   | 2008                   | Value in LYD           |
|---|------------------------|------------------------|
|   |                        | 2009                   |
| Current Debit Accounts                    | 307,622,261.801        | 131,196,445.335        |
| Granted Loans                             | 20,711,338.945         | 35,280,706.126         |
| Accrued Interest on Debit Credit Accounts | - - -                  | 195,596,835.118        |
| Employee Loans                            | 2,496,208.982          | 5,910,812.690          |
| Customer Loans                            | 11,938,974.344         | 13,977,943.001         |
| Employees Real Estate Loans               | - - -                  | 575,965.165            |
| Minus Doubtful Debts Provision            | - 16,069,859.703       | - 23,349,019.705       |
| <b>Total</b>                              | <b>326,698,924.369</b> | <b>359,189,687.730</b> |

## 8. Debtors and Other Debtor Accounts

|  | 2008                  | Value in LYD          |
|--|-----------------------|-----------------------|
|  |                       | 2009                  |
| Miscellaneous Debtors                      | 1,951,259.375         | 1,290,242.020         |
| Non Personal Accounts Under Reconciliation | 15,857,280.631        | 16,393,780.996        |
| Other Non Personal Accounts (Other Assets) | 362,861.675           | 362,861.675           |
| Non-classified Accounts                    | 352,657.208           | - - -                 |
| <b>Total</b>                               | <b>18,524,058.889</b> | <b>18,046,884.691</b> |

## 9. Fixed Assets after Deducting Depreciation

|               | 2008                  | Value in LYD          |
|---------------|-----------------------|-----------------------|
|               |                       | 2009                  |
| Furniture     | 2,453,611.842         | 4,006,474.877         |
| Equipment     | 17,466,514.617        | 31,088,256.632        |
| Vehicles      | 1,500,377.890         | 3,674,708.227         |
| Dividers      | 1,465,651.856         | 2,465,143.225         |
| Modifications | - - -                 | 20,050.000            |
| Buildings     | 9,220,299.177         | 14,454,324.534        |
| Land          | 2,224,507.500         | 2,616,665.456         |
| Carpeting     | 41,055.859            | 110,171.457           |
| Stocks        | - - -                 | 2,824,690.288         |
| <b>Total</b>  | <b>34,372,018.741</b> | <b>61,260,484.696</b> |



### 10. Buildings Under Construction

|                                      |                      | Value in LYD         |
|--------------------------------------|----------------------|----------------------|
|                                      | 2008                 | 2009                 |
| Head Office Tower (2)                | 3,505,503.676        | - - -                |
| Misurata Main Branch                 | 13,905.450           | 13,905.450           |
| Garyouns building under construction | - - -                | 1,080,000.000        |
| <b>Total</b>                         | <b>3,519,409.126</b> | <b>1,093,905.450</b> |

## Second: Liabilities

### 11. Customer Deposits (Current Accounts)

|   |                          | Value in LYD             |
|---|--------------------------|--------------------------|
|   | 2008                     | 2009                     |
| Individual Current Accounts                               | 645,522,196.676          | 990,769,454.400          |
| Companies and Partnership Current Accounts                | 381,638,611.794          | 444,559,959.643          |
| Public Entities (Companies/Partnerships) Current Accounts | 247,585,136.782          | 248,840,515.642          |
| Other Accounts in Foreign Currencies                      | 89,427,916.341           | 100,061,392.538          |
| <b>Total</b>  | <b>1,364,173,861.593</b> | <b>1,784,231,322.223</b> |

### 12. Customer Time Deposits

|   |                        | Value in LYD          |
|---|------------------------|-----------------------|
|   | 2008                   | 2009                  |
| Public Entities and Individual Deposits | 162,619,570.310        | 91,643,130.830        |
| <b>Total</b>                            | <b>162,619,570.310</b> | <b>91,643,130.830</b> |

### 13. Cash Securities

|  |                       | Value in LYD          |
|--|-----------------------|-----------------------|
|  | 2008                  | 2009                  |
| Documentary Credits / Cash Securities  | 69,164,940.620        | 35,016,493.189        |
| Letters of Guarantee / Cash Securities | 16,131,519.165        | 18,751,518.722        |
| <b>Total</b>                           | <b>85,296,459.785</b> | <b>53,768,011.911</b> |

### 14. Other Provisions

|   |                       | Value in LYD          |
|---|-----------------------|-----------------------|
|   | 2008                  | 2009                  |
| Employee Annual Leave Provision                         | 369,299.776           | 289,875.074           |
| Correspondent Banks/Currency Center Valuation Provision | 207,422.528           | - - -                 |
| Decrease in Investment Prices Provision                 | - - -                 | 405,000.000           |
| Provision for Litigations Against the Bank              | 1,000,000.000         | 1,000,000.000         |
| Tax Provision 2008 - 2009                               | 23,262,449.040        | 25,587,718.585        |
| Social Security Declaration Provision                   | 203,446.372           | - - -                 |
| Tax Declaration Provision                               | 775,950.500           | 775,950.500           |
| <b>Total</b>  | <b>25,818,568.216</b> | <b>28,058,544.159</b> |

## Statement Indicating Bank Growth During Thirteen Years

| Year  | No. of Branches & Agencies | No. of Employees | Paid Up Capital | Total Assets  | Total Deposit Liabilities | Total Shareholders Equity | Total Profits Before Taxes | Paid Taxes on Profits |
|---|----------------------------|------------------|-----------------|---------------|---------------------------|---------------------------|----------------------------|-----------------------|
| 1997  | 2                          | 43               | 4,500,000       | 51,781,758    | 47,096,936                | 4,684,822                 | 414,784                    | 229,966               |
| 1998  | 3                          | 69               | 4,500,000       | 109,934,082   | 104,533,338               | 5,400,744                 | 1,890,061                  | 1,174,139             |
| 1999  | 5                          | 80               | 4,500,000       | 174,411,174   | 168,489,154               | 5,922,020                 | 2,415,183                  | 1,466,637             |
| 2000  | 7                          | 101              | 9,000,000       | 315,183,824   | 302,501,311               | 12,682,513                | 7,051,961                  | 4,317,755             |
| 2001  | 9                          | 170              | 9,000,000       | 365,351,525   | 348,253,546               | 17,097,979                | 14,532,006                 | 8,493,916             |
| 2002  | 9                          | 230              | 9,000,000       | 396,057,865   | 376,165,136               | 19,892,729                | 10,031,795                 | 4,600,709             |
| 2003  | 14                         | 282              | 17,317,890      | 505,927,595   | 472,232,843               | 33,694,752                | 11,325,076                 | 5,374,961             |
| 2004  | 19                         | 328              | 20,000,000      | 591,993,588   | 550,790,592               | 41,202,995                | 11,534,621                 | 4,820,692             |
| 2005  | 23                         | 395              | 28,154,420      | 907,073,363   | 852,955,548               | 54,117,715                | 15,598,186                 | 6,636,218             |
| 2006  | 24                         | 560              | 36,059,256      | 1,241,061,215 | 1,162,350,692             | 78,710,522                | 16,309,638                 | 10,801,203            |
| 2007  | 26                         | 677              | 44,510,334      | 1,394,726,177 | 1,329,155,149             | 75,996,606                | 20,906,250                 | 10,334,053            |
| 2008  | 28                         | 693              | 50,000,000      | 1,818,524,076 | 1,723,261,025             | 95,263,051                | 35,659,213                 | 15,507,185            |
| 2009  | 30                         | 787              | 50,000,000      | 2,179,710,613 | 2,031,411,585             | 100,141,223               | 40,910,682                 | 17,829,403            |
| Total Paid to the Tax Department Since Bank Opening |                            |                  |                 |               |                           |                           |                            | 87,649,760            |



### **External Auditors' Report: Fawzi Mohammad Talloubah**

Messrs: **Chairman & Members of General Assembly of Bank of Commerce and Development**

We have audited the Financial Position of the Bank of Commerce & Development; (Bank of Commerce & Development, a Libyan Joint Stock Company) as at 31/12/2009 and the Income Statement for the year ended on that date. These financial statements are the responsibility of the Bank Management; our responsibility is to express opinion on these statements on the basis of our audit.

We have performed the audit process in accordance with the accepted and recognized auditing standards. These standards require that we plan and perform the audit to obtain a reasonable assurance about whether the financial statements are free of material errors and misstatement. The audit process also includes examining - on a test basis - evidence supporting amounts and disclosures in the financial statements.

The audit also includes assessing the accounting principles and significant estimates made by management, as well as, evaluating the overall presentation of the financial statements. It also included evaluation of the extent of compliance by the Bank to the application of the Banks Law No. (1) 2005. We believe our audit provides a reasonable basis for our opinion.

In our opinion the financial statements and the notes thereon fairly represent the Financial Position of the Bank of Commerce & Development as at 31/12/2009, and the results of operations for the year ended on that date, in accordance with the recognized accepted accounting principles and the requirements of the Banks Law No. (1) 2005.


**Fawzi Mohammad Talloubah's Office**  
Accountants and Auditors



## **External Auditor's Report: AlHosh's Accounting Office**

**Date: 15/03/20 10**

Messrs: **Chairman & Members of General Assembly of Bank of Commerce and Development**

Dear Sirs,

In reference to the letter of the charged general manager No. (M.A.M 16112009) dated 29/07/2009 regarding the reference of the decision of the general assembly for year 2009 issued on 22/07/2009 with our selection as the external auditor for reviewing the accounts of the bank for the elapsed year on 31/12/2009.

### **Introduction**

By our receipt to the authorization letter as external auditor, we prepared agenda for the audition period in coordination with the board of directors of your bank with the requirements specially the financial department and the transactions volume on basis of the field audition visits in addition to the agenda of the administrative audition. We took into consideration any required changed within the new procedures in the financial crisis process and as a response to the emergency cases as well as evaluation to the risks.

- We provided recommendations to the management including explanation in details to the main stages of the audition.
- We observed the environment of work at the banks and its conditions especially the treatment of the major aspects then ensuring the application extent by the management of the bank within the discussion and listening to the points of view of the executive managers and the board of directors. We will follow up the mentioned recommendation in the reports of the board of directors for ensuring that the board still have benefits from the remarks of the auditors.

### **Methodology of the Audition**

The main target of our financial audition is to provide the general assembly and the board of directors as the main user if the financial data and information to ensure that the accounts are free from the financial errors and the extent of using the expenses and funds for the targets. we got direct evidences of the audition by the work at the branches and agencies of the bank to match with the standards of the audition.

Our audition focused on getting a comprehensive reorganization of the operations inside the bank and its activities for determining the basic risks resulted from this activities. so, our method in the audition focused on the relativity and risks as well on the users need of the financial data and information. we gave great interest to the major issues however the lesser important, it was treated by the discussion with the board of directors with comprehensive evaluation to the risks for estimating the strength and weakness aspects for the applicable controllers in the automatic financial systems of the banks as well as the occurred changes in the daily procedures for determining the probability of finding any essential error. in addition to the obligation extent of the bank with the banks law no. 11 2005 and the publications of the CBL regarding the new basis for the debts classification and formation of the reserved assignments in confronting the irregular debts according to the decision of the CBL No.4712006 dated 23/11/2006 by the revision of the basis and procedures as taken by the management of the bank in raising these assignments at the date of the balance sheet. upon our point of view, it matches with the required and acceptable to the public.

### Arrangements of the running and management in the bank:

Since our re-empowerment with the task of the external audition of the bank, we did the audition for the put work plans by the board of directors as we saw to depend on a great side of the effective participation with the members of the board and the executive managers that will raise the control assurance. in addition to the high qualification of the members of the bank to their positions and their full knowledge with the banking work. the board of directors controls from time to time the extent of realizing the strategic objectives of the bank with determining clear lines of the liabilities within administrative structure for determining the weakness points if found as well the continuous audition of the payrolls of the bank and its compatibility to the culture and strategy of the bank at the long term. The audition has been conducted according to the known audition procedures which include the required tests of the accounting records and the other necessary procedures for forming a reasonable persuasion degree to enable us to give our opinion about the financial data as above mentioned.

In our point of view, the indicated financial data and the attached illustrations fairly showing, by all the major aspects, the financial situation of the commerce and development bank as on 31/12/2009 and its works results and the cash flow of the elapsed financial year in such date according to the known accounting principles.

### Detailed external reference report with remarks on branches and agencies of BCD on 31/12/2009

Through auditing process of financial lists and bank process for branches and agencies of development and commerce bank from period from 1/1/2009 up to 31/12/2009 done by tests, according to common auditing rules, for making sure of financial list that are conforming to fact of financial position of the bank and its activity of the mentioned financial period according bank law no. 1 of the year 2005 for of non-existence of essential effect on the trueness of stated process financial lists of banks . Coordination has been done with office of Mr./ Fawzi Mohamed Taluba in all auditing stages.

Auditing has included used estimation of accounting principles and important evaluations prepared by administration in addition to evaluating general offer for financial lists. Auditing has been done through testing check for amounts and declarations stated in lists through evidences reaching to the following remarks:

- We were not able to submit the required report according to article text of law no. 1/73 issued on 12/1/1973 PD and item 2 concerning half annual report of following-up financial and administrative performance of bank. in addition to the extend of its conforming to local and international bank standards for receiving entrustment on 29/7/2009 that make it possible to submit report on time.
- Stocks have been counted in all branches and agencies following-up the bank with attendance of foreign auditor. all actual balances were conforming to books 31/12/2009.
- There are some requirements of opening documentary credit un-satisfied for data that may effect on documentary credit in the future.
- Some branches have not conformed its endorsed checks balance to incoming checks balance to make sure of balance value in determined dates.
- There are some mistakes in accounts resulting from the system that have not been settled such as differences in stating treasury at Misurata branch with value of 500 dinars as this amount, in the system not with mistake from treasury account, as well as non-personal accounts under settlements with value of 14.750.765 dinars being calculated in the system . These differences should be settled.
- Not settling branches accounts with local banks as there is differences that have not been settled such as what has done in Misurata branch as accounts of the branch have not been conformed to commercial bank that resulted in paying benefits in favor of commercial bank due to existing mistakes between both accounts.
- The existence of processes that have been entered by mistake especially in Misurata branches as there was accounts of persons among branches accounts such as account /2 14059 in the name of Zayani Daw with value of 15.563.500 dinars and account 12 142 10 in the name of Faraj Bilaj with value of 13.1 17.000 dinars.
- Non-illustration of names of some accounts in the system such as @KL account, stationary commission and so on.
- Non-existence of internal reference in most branches and agencies of the bank at Tripoli region .
- Internal reference, if any, has not included branches or agency with way of the required revision for bank operations and writing report.
- Non-existence of periodical reports for internal revision addressed to general administration.

- Firstly : internal control system:**

1- The bank has not prepared estimative balance of financial year 2009. due to the importance of this manner in determining sides of financial deviation that resulted in bank beaching to publication of Libya central bank no. 212003 dated 15132003 that oblige banks estimative balance .

2- There no existence for internal auditory in many branches and agencies, if it existed, it has weak possibility from where supporting with qualified and good staff. Its work is limited to traditional tasks including documentary auditing without extending to inspection and performing studies on applied systems for developing work and applying better system.

a- taking manner of preparing estimative balances to its contribution in correct financial planning than evaluations comparison with actual numbers following-up breaches and its meaning in judging on performance efficiency .

b- supporting departments of internal revision existing in banks with required technical staff and preparing previous program fulfilling revision for all processes limited practically on traditional tasks limited in documentary revision . its work shall include inspection and check process performed according to previous program . its results listed in periodical reports submitted to directors board and establishing departments in branches and agencies that have no internal revision departments with activating this adrnistration to include revision of all financial and legal activity sides in the bank.

**Secondly : Specialized for Doubtable Debts:**

Through inspecting debt accounts and movement during the year as well as extension of restriction with credit documents, period and guarantees submitted against these debits . Through reviewing on analyzing of total of specialized value prepared by administration, it was indicated that the prepared specialized covers great side from scattered debt accounts after taking into consideration. Value of gained profits and submitted guarantee of these debits shall be included through following-up debit movement on debit accounts balances during 2009.

With best regards

Ibrahim Abdullah Al-Hosh  
Accountant and Auditor

**IBRAHIM A. ELHOSH**  
No. ( 391 )  
Chartered Accountant & Auditor



### **Future Plan**

The Board of Directors, on 27/04/2008, approved the three-year plan formulated by Mr. Jamal Al-Tayeb Abdul Malik, Chairman of the Board, to develop the operations and services of the Bank for three years (2008 to 2010). The implementation of this plan started during the year 2008, The year 2009 witnessed the implementation of a large part of this plan represented by the following:

1. The Bank has undergone a comprehensive renovation of machinery, equipment and various programs that contribute to improve its services, and speed up the process of providing services to customers in addition to providing security to prevent breaches of the different systems.
2. The year 2009 witnessed the Bank Management emphasis on developing and training staff, with the intensification of training courses for staff, holding several sessions in the Bank owned training centers in the cities of Tripoli and Benghazi.
3. There was more focus on deploying and providing ATM machines operating (24) hours, and POS machines distributed in different locations, enabling customers of the Bank to use them throughout the day. This led to less frequenting of customers to the halls of the Bank branches and agencies, enabling them to take advantage of this service outside the official working hours, holidays and religious and national festivities. In addition, there are the various mobile banking services, which enabled the bank's customers to conduct banking operations without the need to personally be present in the Bank.
4. The Bank management had a keen interest in responding to customer inquiries and complaints, which reach the bank, either through regular mail or e-mail, and do all it can to fix any mistakes or inconveniences caused to customers, and address any deficiencies in the services provided.
5. the Bank management was keen to implement and introduce banking services approved by law No. (1) 2005, on Banking Operations, including lease financing. For example, the Bank has conducted a lease/buy agreement of machinery and medical equipment with the Libyan European Hospital. The Bank attempted also to invest in the Libyan Financial Securities Market, but due to legal problems faced by the Market and the devalued securities listed on the market, -which leave no hope to realize quick returns- led to cancelling the investment in the Market at the present time. Bearing in mind that the Bank invested in the Libyan Stock Exchange to buy shares of this company, Unfortunately, the prices of these shares have depreciated, leading to the formation of a provision this year, to cope with these losses.
6. The Bank management was keen on investing the deposit liabilities, through the granting of loans, facilities and small and medium loans to finance projects and economic activities of industrial, agricultural, and tourism, as well as investing part of the deposit liabilities by giving social advance (loans) in addition to investing in deposit certificates issued by the Central Bank of Libya, where they are considered to bring good investment returns, despite lower interest rates on these certificates and reduced earnings.

This work will continue through 2010, to implement the remaining items under this plan as permitted by the laws and instructions issued by the Central Bank, and availability of competent human resources with Banking experience.