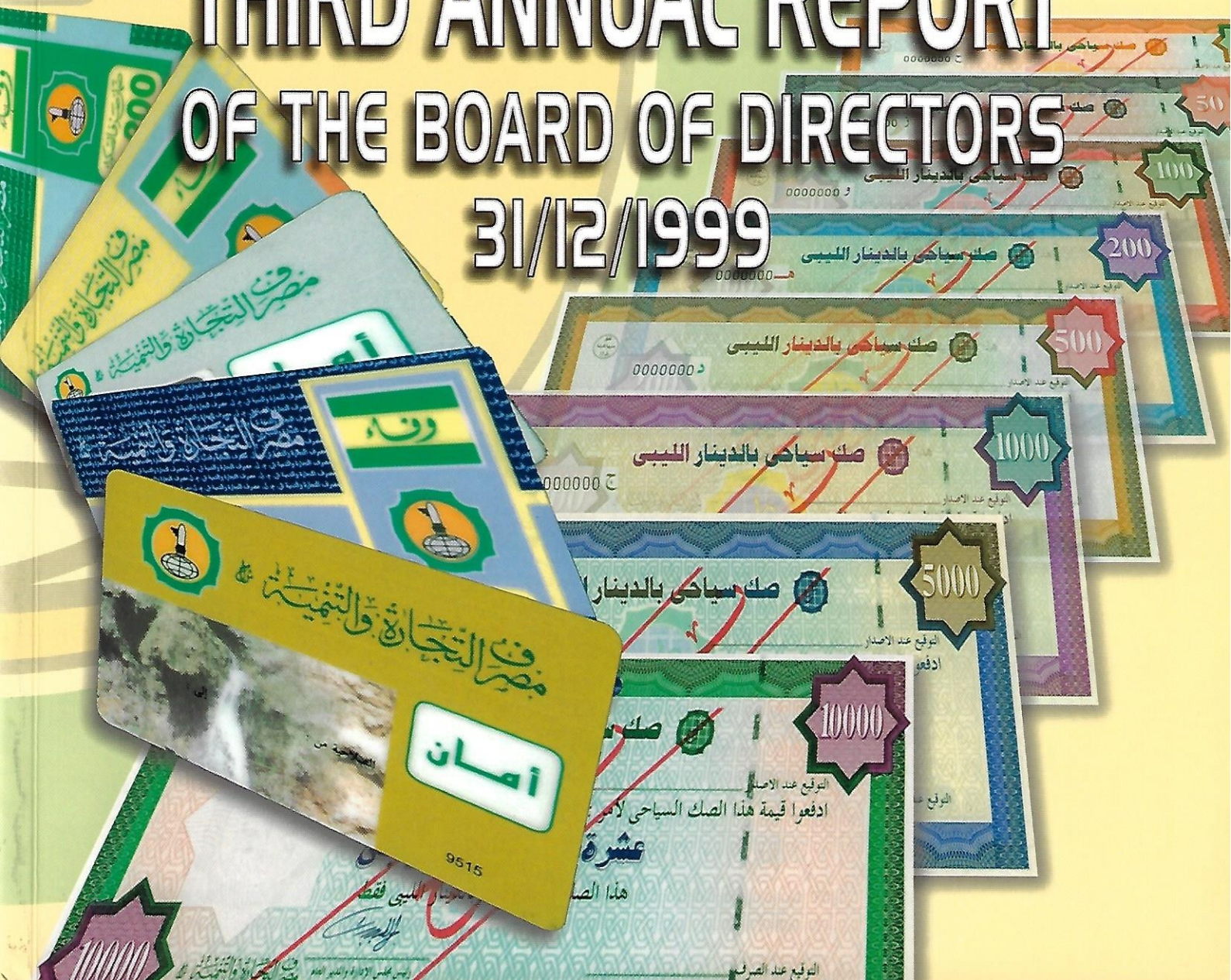




**BANK OF COMMERCE & DEVELOPMENT (L.J.S.C)**

# THIRD ANNUAL REPORT OF THE BOARD OF DIRECTORS 31/12/1999







**BANK OF COMMERCE & DEVELOPMENT (L.J.S.C.)**  
**(LIBYAN JOINT STOCK COMPANY)**

**Third ANNUAL REPORT**  
**OF**  
**THE BOARD OF DIRECTORS**  
**31/12/1999**

GENERAL ADMINISTRATION - BENGHAZI - FRUSIYA BUILDING FOR INVESTMENT AL-JAZIRA GULF OF SIRTE St.  
PHONE: (++ 218 - 61) 9080229 - 9080230 - FAX: (++ 218 - 61) 9097220 - 9097115  
TELEX: 40298 BCD H. O LY - E-mail: bankofcd@bankofcd.com

Prepared and translated by: **JAMAL T. ABDULMALEK**



## **BANK OF COMMERCE & DEVELOPMENT (L.J.S.C.)** **(LIBYAN JOINT STOCK COMPANY)**

Incorporated according to Law No. (1) Year 1993 as amended for Banks, Monetary and advances as follows.

1. Secretary, Peoples' Committee of the Planning and Financial Decision No. (234) for Year 1423 M. = 1994
2. Secretary, Peoples' Committee of the Planning, Economics and Commerce No- (529) for the Year 1424 M. = 1995
3. Commercial Regulation under No. (9515) dated 09/11/95.

The Bank officially inaugurated on 09/06/96.

Joined as a member of Union of Arab Banks on 01/05/96.

Joined as a member of Union of Magreib Banks 30/05/98.

Joined as a member of Libyan Banks Association 10/08/96.

### **\* Capital:**

<b>Authorised</b>	(LYD 9,000,000)	Libyan Dinars Nine Million
<b>Paid</b>	(LYD 4,500,000)	Libyan Dinars Four Million Five Hundred Thousand

### **\* Shareholders:**

1444	Natural Persons
34	Juridical Persons (Public and Private)



# INDEX

- BANK ADDRESSES	5
- BOARD OF DIRECTORS & EXECUTIVE COMMITTEE	6
- MANAGEMENT & BRANCH MANAGERS	7
- BOARD OF DIRECTOR'S REPORT	8
- BALANCE SHEET	19
- INCOME STATEMENT	20
- NOTES TO THE FINANCIAL & INCOME STATEMENT	21
- AUDITORS REPORT	28





# BANK OF COMMERCE & DEVELOPMENT

## HEAD OFFICE

GENERAL ADMINISTRATION - FRUSIYA BUILDING FOR INVESTMENT  
AL-JAZIRA GULF OF SIRTE St. - BENGHAZI

### BENGHAZI

P O BOX 9054

TEL: (++ 218 - 61) 9097115 - 9080230,

E-mail: bankofcd@bankofcd.com

TELEX: 40298 BCD H.O LY

FAX: (++ 218 - 61) 9097300 - 9097220

SWIFT: CDBLLY2T

## BRANCHES

1. **BENGHAZI MAIN BRANCH** INAUGURATED ON 09/06/96  
BURJ AL MUKHTAR 1ST FLOOR - SH. JAMAL ABDUNNASAR - BENGHAZI  
P O BOX: 9160  
TEL: (++ 218 - 61) 9097361 - 9080555  
PHONE BANK: (++ 218 - 61) 9090745  
TELEX: 40386 BCD BZI LY  
FAX: (++ 218 - 61) 9080444
2. **TRIPOLI MAIN BRANCH** INAUGURATED ON 06/09/97  
TOWER NO, (1) DAT EL IMAD BUILDINGS - TRIPOLI  
P O Box: 91210  
TEL: (++ 218 - 21) 3350422 - 3350423 - 3350424 - 3350530 - 3350527  
FAX: (++ 218 - 21) 3350528 - 3350421  
PHONE BANK: (++ 218 - 21) 3350529  
TELEX: 20394 BCD TRI LY
3. **MISURATA MAIN BRANCH** INAUGURATED ON 06/09/98  
MISURATA INDUSTRIAL FAIR NEAR THE HIGH MOUSQUE - MISURATA  
P O Box: 78  
TEL: (++ 218 - 51) 629550 TO 629551 - 620074  
FAX: (++ 218 - 51) 629538 - 629537  
PHONE BANK: (++ 218 - 51) 629552  
TELEX: 30191 BCD MS LY

## AGENCIES:

1. **GHOUT ALSHAAL AGENCY** INAUGURATED ON 21/04/99  
ZARKA EL YAMAMA CENTER No 2 - GHOUT ALSHAAL - TRIPOLI  
TEL: (++218 - 21) 4838758 TO 4838762  
PHONE BANK: (++218 - 21) 4838762  
FAX: (++218 - 21) 4838760
2. **ELFOROSIA AGENCY** INAUGURATED ON 09/06/99  
GENERAL ADMINISTRATION - FRUSIYA BUILDING FOR INVESTMENT AL-JAZIRA GULF OF SIRTE St. - BENGHAZI  
TEL: (++218 - 61) 9080777  
PHONE BANK: (++218 - 61) 9081481  
FAX: (++218 - 61) 9097300

## AGENCIES OPENING SOON

- \* THE GARDEN CITY AGENCY - BENGHAZI
- \* AL FOWAYHAT AGENCY - BENGHAZI
- \* AINZARA AGENCY - TRIPOLI
- \* SOUCK ELJOUMAA AGENCY - TRIPOLI



## BOARD OF DIRECTORS

MR. JAMAL T. ABDULMALEK	<i>Chairman &amp; General Manager</i>
MR. HASSAN OMRAN HAROUN(*)	<i>Vice Chairman &amp; Deputy General Manager</i>
DR. MOHAMED R. BUZAKUK	<i>Member</i>
MR. MUBARAK ABDULLAH AL SHAREEF	<i>Member</i>
MR. YOUSEF AWAD AL HASADY	<i>Member</i>
MR. ABDUIL KABIR IMHEMED SALIM	<i>Member</i>
MISS. FAWZIA SALIM KABLAN(**)	<i>Member</i>
MR. MOHD. MOHD. HUWAIDI	<i>Member (on behalf of Islamic Call Society)</i>
MR. FADAL ALLAH FARAJ FANOOSH	<i>Member (on behalf of Libyan Insurance Co)</i>
MR. OMAR FARAJ AL LAHIEWEL	<i>Secretary to the Board</i>

## EXECUTIVE COMMITTEE

MR. JAMAL T. ABDULMALEK	<i>Chairman</i>
MR. HASSAN OMRAN HAROUN	<i>Member</i>
MR. YOUSEF AWAD AL HASADY	<i>Member</i>
MR. OMAR FARAJ AL LAHIEWEL	<i>Secretary to the Executive Committee</i>

(\*) With effect from 27/03/2000 Mr. FATHI JUMA BUSNINA has been selected to the post of deputy chairman and general manager instead of Mr. HASSAN OMRAN HAROUN who terminated from 01/07/2000.

(\*\*) At the meeting of the general board on 27/03/2000 the membership of Miss. FAWZIA SALIM KABLAN replaced by Mr. HASSAN OMRAN HAROUN who transferred to Tunis as general secretary of the Union of Maghrebien Banks.





## GENERAL MANAGEMENT

MR. JAMAL T. ABDULMALEK  
MR. HASSAN OMRAN HAROUN  
MR. ABDEL FATEH AHMAD AL FAGI  
MR. IDRIS I. TASHANI  
MR. ALI RAJAB AL- RUTAB  
MR. ALI MOHD. JAWDA  
MR. WAIL MOHD. BASHEER  
MISS. UM-ELHANA I. ELMOSRATI

*Chairman & General Manager*  
*Vice Chairman & Deputy General Manager*  
*Manager Accounts Department*  
*Manager of Credit Administration*  
*Head of Public Relations*  
*Head of Administration & Personnel*  
*Head of Information & Communications*  
*head of Accounting Section*

## BRANCH MANAGERS

MR. MOHAMMED A. SHARKASI  
MR. YOUSEF S. TURKMAN  
MR. YOUSEF A. EL-BAKOUSH

*Acting Manager, Benghazi Main Branch*  
*Manager, Tripoli, Branch*  
*Acting Manager, Misurata Main Branch*

## HEADS OF AGENCIES

MR. MUSA M. ABOUBAKER  
MR. ASHOUR A. ASHOUR

*Head of Ghout Alshaal Agency*  
*Head of Elforosia Agency*



# BOARD OF DIRECTORS REPORT

To: Members of the General Assembly

The board of directors is pleased to present the third annual report of the bank for the period ending 31st December 1999, in compliance with article (35) of the articles of association.

## 1. HEAD OFFICE, BRANCHES & AGENCIES

- (a) The Bank Head Office in Benghazi was inaugurated, on 9th June 1996 and Benghazi Main Branch started operations on 15th June 1996.
- (b) Tripoli Main Branch was opened on 6th September 1997 in Dat El Imad Complex, Tower No. 1
- (c) Musrata Main Branch was opened on 6th September 1998 located on the Musrata industrial fair.

During the year, the Head Office of the Bank successfully completed operating the modern automation system in all its branches in order to cope with the increased business, and to reduce cost, to expedite services efficiently and accurately up to our customers' various expectations and demand in utilising the diverse banking technology.

- (d) Ghout Alshaal Agency Tripoli was opened and start working with effect from 21/04/1999.
- (e) Elforosia Agency Benghazi opened for working with effect from 09/06/1999.
- (f) On 01-05-1999 by the help of God the Head Office transferred from the old place in Jamal Abdelnaaser street joint with Benghazi main branch to the new building in the Gulf street Aljazera district owned by Elforosia Club prepared equipments and machines.
- (g) The Bank bought a new place for Tripoli main branch in Elnasr street to be maintained, adjusted, and rebuilt to be suitable for our Tripoli main branch as the present place in Dat Elemand is very tiny and crowded with the staff and customers.
- (h) The Bank continues to strengthen and expand its international relations through the establishment of new correspondent bank relationships and consolidating the already existing fine partnerships, it maintains with banks and financial institutions worldwide.
- (i) The Bank began to sell the domestic Libyan Dinar Travellers Cheque through some Libyan commercial banks and some national banks.

## 2. THE STAFF STRUCTURE

The total number of the Bank staff in the Head Office, Benghazi Main Branch, Tripoli Main Branch, Misurata Main Branch, Ghout Alshaal Agency and Elforosia Agency is (80) stationed as follows:-

- (a) **Head Office, Benghazi**  
Number of staff 11, four of these in the highest positions. Plus 17 a part-time staff.
- (b) **Benghazi Main Branch**  
Numbers of staff are 23 plus 6 part-time staff.
- (c) **Tripoli Main Branch**  
Numbers of staff are 20 plus 4 part-time staff.



- (d) **Misurata Main Branch**  
Numbers of staff are 14 plus 4 part-time staff.
- (e) **Ghout Alshaal Agency**  
Numbers of staff are 7.
- (f) **Elforosia Agency**  
Numbers of staff are 5.

Training & development of staff takes paramount importance of the bank concern, which is implemented through large number of in-house or external training programs, these programs are related to the banking activities in order to improve productivity and quality of service of the staff.

### 3. TRAINING

The bank also continued to participate in the courses and seminars held during the year by the Central Bank of Libya institute of banking training.

#### a) Local Training and Courses.

The bank selected 25 trainee during this year against 6 trainee during last year.

#### b) Abroad Training and Courses.

In this subject chances granted to some of the high class staff to visit some of our correspondents to make benefit of their banking system beside the sharing of our director of accounts division in the annual congress of the dealers in money markets held in Bahrain, also the sharing of our Deputy Chairman and General Manager in the Arab Banking Congress held in Beirut - Lebanon and sharing of our Chairman and General Manager in the course held in Saudi Arabia about the computer of the year 2000.

### 4. GRANTS AND BONUS TO THE STAFF

The policy of this bank token to encourage the staff to do their best building good and strong relation with their bank these benefits including:

- a) The free medical treatments for the staff and their families at the specialised clinics.
- b) Insurance policies against death and accidents.
- c) Selecting the best staff to be honoured.
- d) Annual bonus paid the staff according his production and as reported by his managers.

### 5. TECHNOLOGY AND SERVICES

Beside our special banking services as Telebank which spread through all of our branches and Credit Card "AMAN" and the Quick Transfer Transaction this year 1999 reached the better position especially:-

#### 1) The Computer Connecting Benghazi main branch and Elforosia Agency.

Which saves too much for the customers by operating their accounts in any where either Benghazi main branch and Elforosia Agency to get full banking services.

#### 2) Touch Screen Services

we are the first bank in Libya offering these services the customers could obtain many information's by touching the screen as:





- a) The Balance.
- b) To watch the statement of the account.
- c) To apply cheque book.
- d) Currencies rate.
- e) Other services done by the bank.

### 3) Drive in Bank

We are the first bank in Libya using this system.

The customer can operate his account during driving his car.

This will help the ladies and olds.

### 4) Passed the Problem of the Year 2000 Successfully

We moved from 1999 to the next year all amendments and adjustment made easily and we don't meet any difficulties through all of our branches and agencies.

### 5) The Internet

We were from the first organizations in Libya who got the conurbation in the internet and we got the approval to equipment's and the connections also pages specialized for us any contribute can use the our code [www.bankofcd.net](http://www.bankofcd.net) declared by pictures, branches, addresses last balance sheets and banking services also some tourist pictures and map of Libya our address : e-mail: [bankofcd@bankofcd.com](mailto:bankofcd@bankofcd.com).

### 6) S.W.I.F.T

Already we are member of this society "S.W.I.F.T" in BELGIUM.

After we will be provided with the equipment's we can operate all the banking transactions as letter of credits and transfers ... etc. Or other financial operations as the local clearing.

## 6. INSPECTION AND AUDITING

Even the bank passed a short period but the administration had organised a team of inspectors headed by the director of credits division who visited all the branches Benghazi main branch, Misurata, Tripoli, Ghout Elshaal and Alforsia agency, the chief of this team submitted full and clear report for every branch and agency separately also the banks control division auditors of Central Bank of Libya visited our Benghazi main branch four auditors checking and auditing the branch works which found regularly as per central bank of Libya circulars and instructions, a copy of their report we obtain from the director of banks control - Central Bank of Libya as the importance of the auditing departments in the branches to discover mistakes, already two departments established in Benghazi and Misurata main branch. These departments preparing daily reports for their auditing and checking of the daily movements showing their notices submitting a copy to the Chairman and General Manager.

## 7. LIBYAN DINAR TRAVELLERS CHEQUES

As known we are the only bank who authorised by central bank of Libya to issue these travellers cheques so we start studying this idea and designing the forms of these cheques and the stationary needed also the marketing, sales, purchases, accounting, and the designation of the control system. Already we started with the help of Central Bank of Libya making announces, marketing, contracts signed with some of local banks Whhda bank, National Commercial bank, even the instructions of Central Bank of Libya we could not contract with Sahara bank, Aljumhuria bank and Umma bank.



The result of this:

T/ Cheques sold by BCD	LYD 44,614,290.000
T/ Cheques sold by Wahda bank	LYD 1,507,550.000
T/ Cheques sold by N.C.B.	LYD 2,019,300.000
T/ Cheques sold by Ahly Bank	LYD 16,421,896.000
TOTAL OF SALES DURING THE	LYD 64,563.036.000
Period from 01-01-99 up to 31-12-99	

Only sixty four million, five hundred, sixty three thousand and thirty six dinars comparing with (LYD 6,607,100.000) during the last year 1998 sales this big increment indicating the acceptance and spread of these cheques.

## 8. FOREIGN RELATIONS

The bank continues building the good and spread relations opening new channels by connection the bank with various correspondents spread the Arab and foreign countries obtaining the trust of all of our correspondents by our good dealing covering all of our liabilities without any difficulty meeting no problems passing all of our transactions L/C's transfers, collections etc. against that we got many chances for training for our staff.

## 9. CREDITS

As mentioned about loans and facilities which amounted LYD 13,294,893.079 on 31-12-1999 showing short percentage of the liabilities total.

Taking care and keeping limits in granting the overdraft facilities and personal loans avoiding bad debts as decided by the board and to continue approving for development facilities middle and long loans to the institutions and companies who submitting official documents and economic study, offering suitable guarantees covering the bank rights in any circumstances.

As approved to grant facilities to some of real estate companies who shared in the project of 60000 apartments as per Central Bank of Libya instructions, and circulars guaranteed by real estate mortgage favouring the bank on the land and what built and constructions for five years also we shared the friend commercial banks by signing the contract of the National Institution of Oil guaranteed by central bank of Libya for six years total amount of LYD 170,900,000.000 our part in this loan is LYD 32,000,000.000 annual income of LYD 1,920,000.000 as an interest per year on good and guaranteed loan.

The above mentioned amount includes supplying some of investment projects with good guarantees (First Class Mortgage Favouring The Bank).

We trying to avoid the risks of the credit facilities by keep controlling all the granted facilities daily - weekly - monthly - seasonally - yearly.

The credit division through the following of the debtors who delays in dealing transferred to the lower of the bank opening files which includes real estate mortgage, fixed assets mortgage insurance certificates through our lawyer who always cooperhting with bank urging the debtors to settle their liabilities or refer them to the judgement.

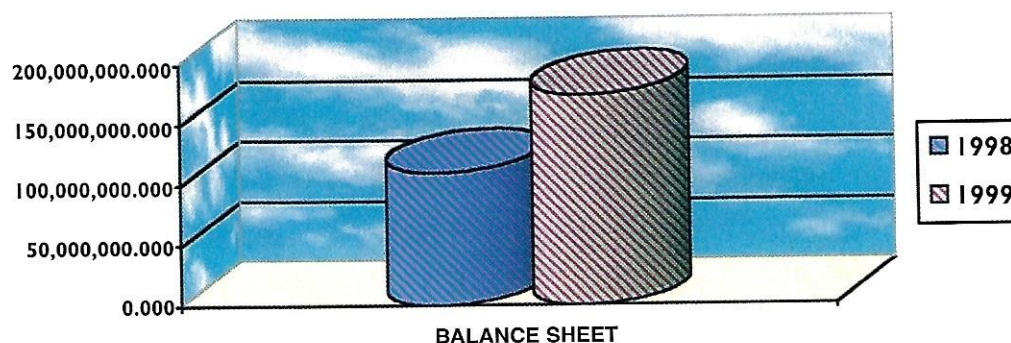
Also the bank trying to keep control on the risks of the credits by studying the loans of the projects who have high and good guarantees ignoring the credit facilities not supplied by good guarantees.





## BALANCE SHEET

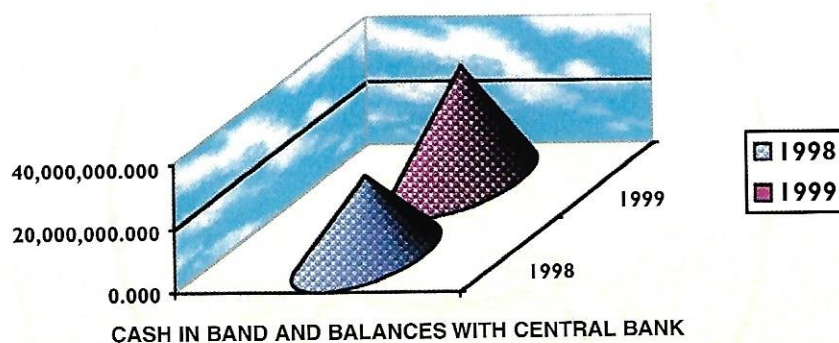
Balance sheet footings as at 31/12/1999 LYD 174,411,174.798 against LYD 109,934,082.301 at the end of 1998, an increase of LYD 64,477,092.497 a rise of 59%. The breakdown of assets and liabilities detailed as follows:-



### I. Assets

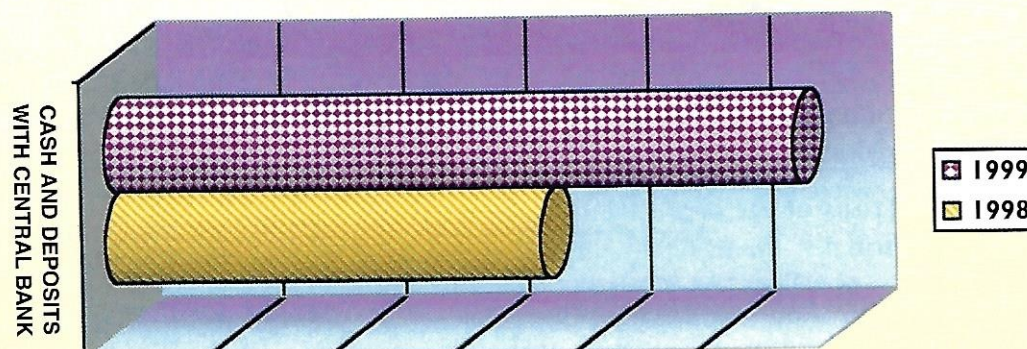
#### A) Cash in band and balances with Central Bank:

Amounted to LYD 36,362,725.798 at 31-12-1999 against LYD 25,123,512.595 at the end of 1998, an increase of LYD 11,239,213.194, arise of 45% and accounted for 21% of total assets.



#### B) Cash and deposits with Central Bank:

Fixed deposits with Central Bank of Libya and with commercial and national banks amounted to LYD 112,221,803.063 at 31-12-1999 against LYD 70,912,662.844 at the end of 1998, with an increase of LYD 41,309,140,219 , a rise of 58%.



#### C) Total Investment

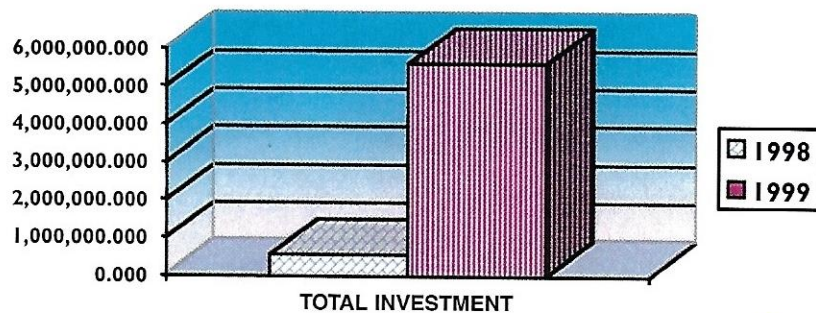
Total investment as at 31-12-1999 LYD 5,605,000.000 against LYD 552,500.000 as of 1998 and which represents treasury bonds and bank's participation in the capital of the following stock companies:



Al Safa development co: 10% of their capital LYD 500,000.000 .

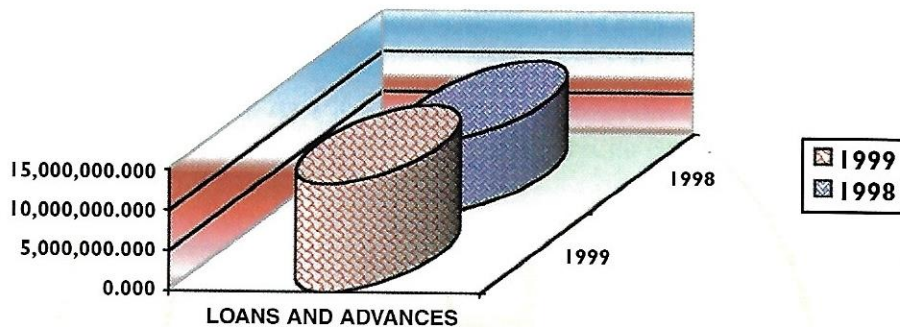
Al Tariq computer service co: 10% of their capital LYD 52,500.000 .

Libyan Treasury Bonds Invested by Interest of 5% Free of Taxes LYD 5,000,000.000.



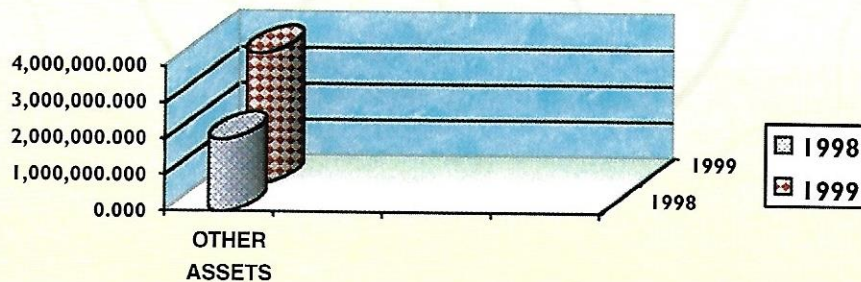
#### D) Loans and Advances

Current accounts overdraft amounted of 31-12-1999 LYD 13,294,893.079 against LYD 8,974,902.188 at 1998 with an increase of LDY 4,346,990.891, arise of 49%.



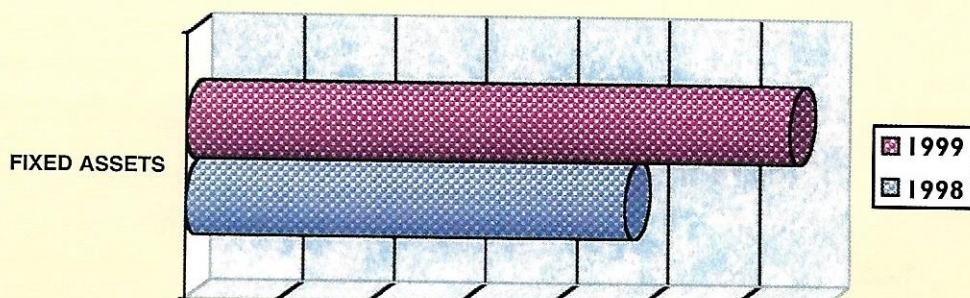
#### E) Other Assets

Other assets as of 31-12-1999 reached the amount of LYD 3,620,334.952 against the amount of LDY 1,996,564.459 as of 31-12-1998 with an increase of LYD 1,623,770.493, a rise of 81%.



#### F) Fixed Assets

Total fixed assets as of 31-12-1999 amounted LYD 3,306,417.915 against the amount of LYD 2,400,940.215 as of 31-12-1998 with an increase of LYD 905,477.700, a rise of 38 % accumulated depreciation for fixed assets as at 31-12-1998 LYD 354,092,525.

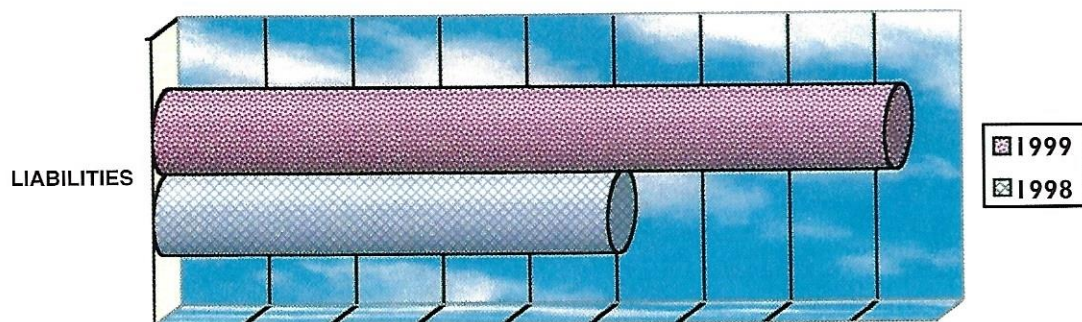




## II. Liabilities:

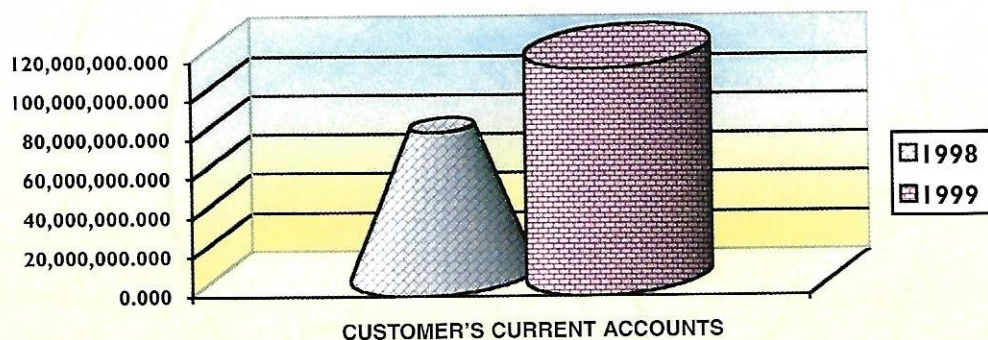
The total liabilities as of 31-12-1999 reached the amount of LYD 168,489,154.315 against LYD 104,533,335.003 at 31-12-1998 with an increase of LYD 63,955,816.312 a rise of 61%.

The liabilities detailed as follows:



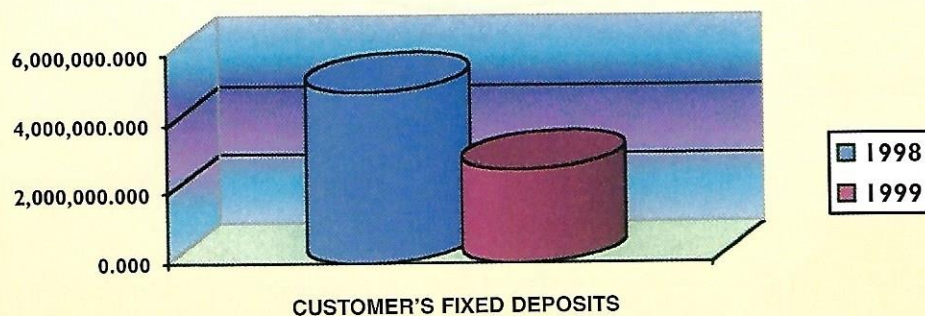
### A) Customer's Current Accounts:

Balances of current accounts for individuals, public, private stock companies reached the amount of LYD 116,258,955.595 as of 31-12-1999 comparing with an amount of LYD 76,258,706.115 at 31-12-1998 with an increase of LYD 40,000,249.480, a rise of 52% . this liability represent 66.7% from total liabilities.



### B) Customer's Fixed Deposits

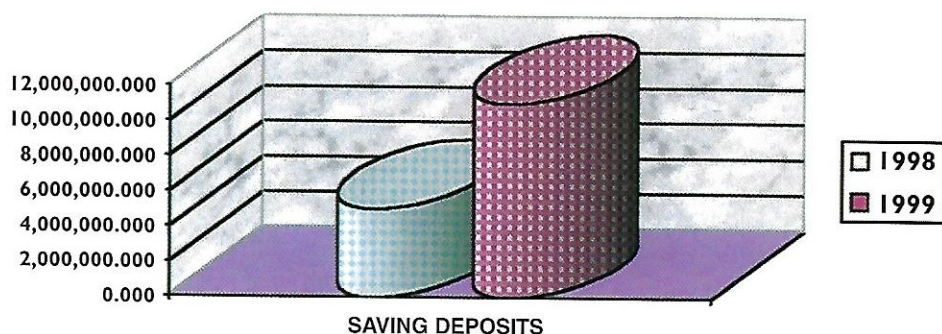
The total customers fixed deposits as of 31-12-1999 amounted to LYD 2,700,000.000 against LYD 4,975,000.000 at 31-12-1998 with decrease of LYD 2,275,000.000 less 45.7%.



### C) Saving Deposits:

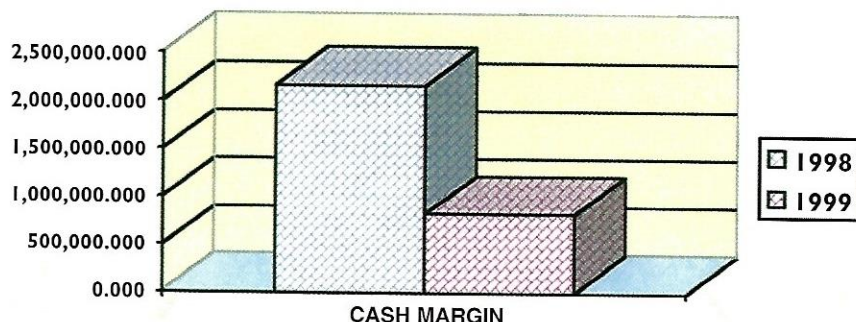
Total saving accounts as at 31-12-1999 were LYD 11,009,769.874 against LYD 5,034,642.765 as at 31-12-1998 with an increase of LYD 5,975,127.109 arise of 119%.





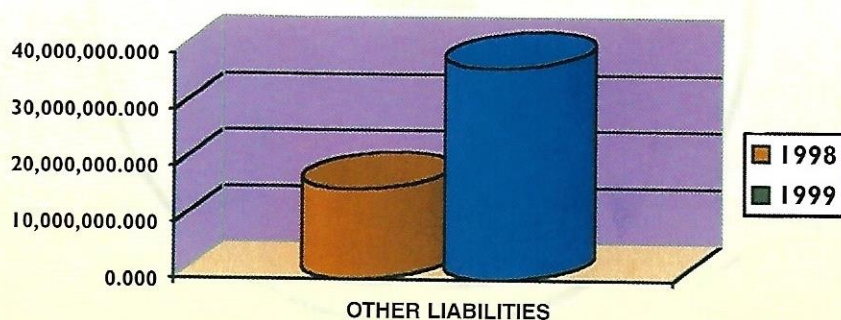
#### D) Cash Margin

Cash margin against documentary credits and letter of guaranties as of 31-12-1999 reached an amount of LYD 823,653.218 against LYD 2,160,408.001 as of 31-12-1998 with decrease of LYD 1,336,754.783.



#### E) Other Liabilities

The total amount of other liabilities amounted as of 31-12-1999 LYD 37,696,775.628 against LYD 16,104,581.122 at 31-12-1998 with an increase of LYD 21,592,194.510 a rise of 134%.



### III. Share Capital:

#### A) Capital of the Bank

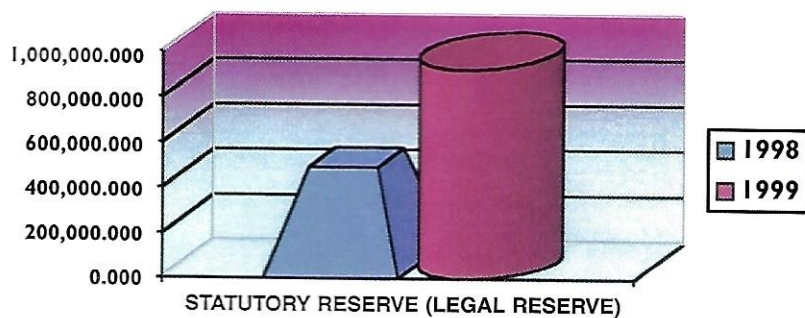
Capital of the bank, according to the article of association amounted to LYD 9,000,000.000 (Libyan Dinars nine millions) divided into 900000 shares which represent authorised capital of the bank, 50% paid up amounted LYD 4,500,000.000 (Libyan Dinars four millions five hundred thousand) shares owned by (1478) rational, public and private juridical persons. The movement of shares under release or sale from part of share holder during the period of the report and details of old and new shareholders register authenticated by special court endorsed by taxation department in accordance with commercial law.

#### B) Statutory Reserve (Legal Reserve)

The balance of the statutory reserve as of 31-12-1999 amounted to LYD 924,644.933 against LYD 450,372.148 at 31-12-1998.







#### C) General Reserve:

The balance of this reserve as of 31-12-1999 was 23,102.764, which is the same balance as of 31-12-1998 without any increase.

#### D) Dividend and Directors remuneration

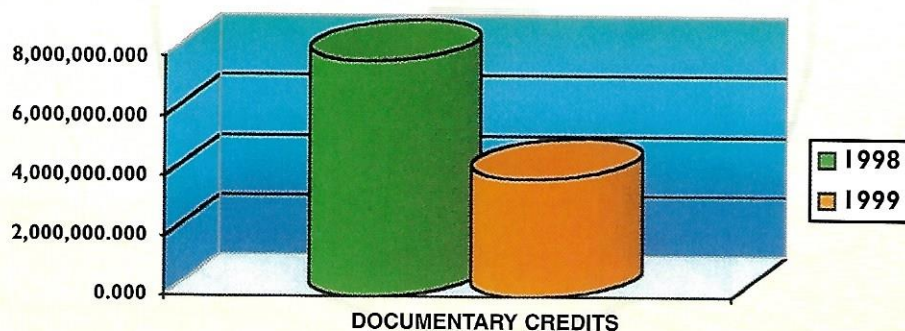
The balance of this item in 31-12-1999 amounted to LYD 474,272.786 against LYD 427,269.386 at 31-12-1998.

### IV. Contra Accounts and Other Commitments:

Outstanding total documentary credits and letter of guarantee and stock of domestic Libyan Dinar Traveler's Cheque as of 31-12-1999 amounted LYD 7,353,220,353.000 detailed as follows:

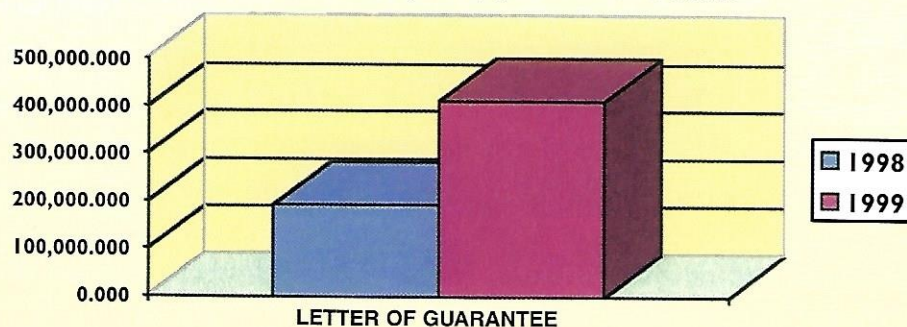
#### A) Documentary Credits:

The total amount of this contra account as of 31-12-1999 amounted LYD 3,955,542.000 against LYD 7,881,251.638 at 31-12-1998 with an increase of LYD 3,925,709.638 a rise of 712%.



#### B) Letter of Guarantee:

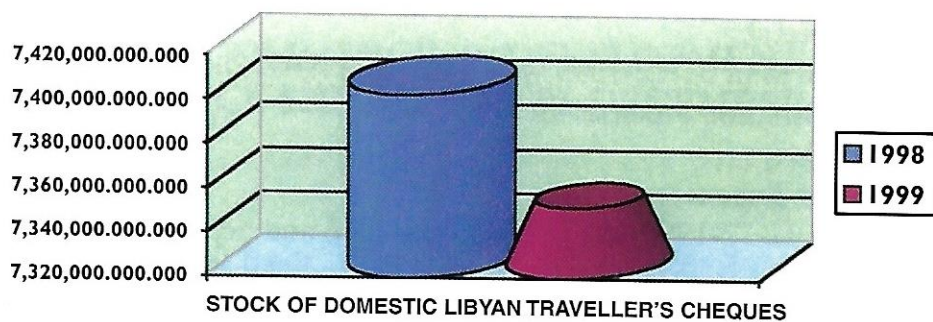
Letter of guarantee at 31-12-1999 amounted LYD 412,421.000 against LYD 193,171.024 as of 31-12-1998 with an increase of LYD 219,240.976 arise of 114%.



#### C) Stock of Domestic Libyan Traveller's Cheques:

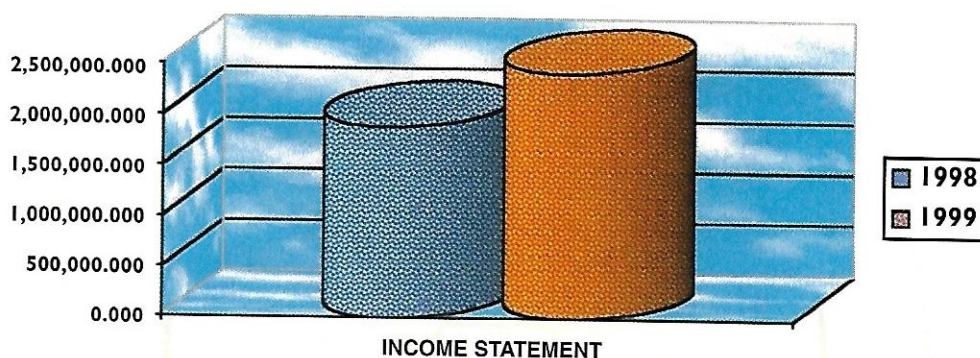
Stock of domestic traveller's cheques at 31-12-1999 amount LYD 7,348,852,390.000 against LYD 7,402,460,485.000 as of 31-12-1998.





## V. Income Statement:

Operating profit before provisions at 31-12-1999 amounted LYD 2,415,183.001 against LYD 1,890,061.616 as of 31-12-1998 with an increase of LYD 525,121.385 , a rise of 27.7%. The net profit available for appropriation amounted LYD 1,466,637.430 at 31-12-1999 against LYD 715,922.181 at 31-12-1998 with an increase of LYD 232,623.390 , a rise of 32.5%. The income statement as at 31-12-1999 distributed as follows:



### (1) Income

The balance of the interest income as at 31-12-1999 were LYD 5,674,709.769 compared to LYD 3,428,480.459 for 1998 with an increase of LYD 2,246,229.310, a rise of 65.5% this item represent interest received for our deposits and our balances at banks local and a broad.

#### (A) Interest Expense:

Interest expense of deposits and saving accounts amounted LYD 2,370,823.404 as of 31-12-1999.

#### (B) Net Interest Income:

Net interest income as of 31-12-1999 amounted LYD 3,303,886.365 compared to LYD 1,994,834.496 at 31-12-1998.

#### (C) Commission & Other Income:

Commission and other income as of 31-12-1999 amounted LYD 908,294.671 against LYD 1,327,672.664 at 31-12-1998.

### (2) Expenses:

Total expenses amounted to LYD 1,796,998.035 in 31-12-1999 against LYD 1,432,445.546 at 31-12-1998. These expenses distributed as follows:





**(A) Administrative & General:**

The balance of this item as of 31-12-1999 were LYD 1,444,540.706 represent mainly salaries, wages and other administration expenses for the period.

**(B) Depreciation & Other Expenses:**

Total depreciation as at 31-12-1999 was LYD 271,616.278 and depreciation of establishment expenses was LYD 80,841.151 at the same period which ended in 31-12-1999.

**(C) Operating Profit Before Provisions:**

Total operating profit before provisions in 31-12-1999 amounted LYD 2,415,183.001.

Provisions in 31-12-1999 were LYD 1,466,637.436 for taxation as per tax law No.64 for the year 1973.

As a result of intensive efforts in following up overdue loans, there was therefore no need for a doubtful loan provisions in 1999.

**RECOMMENDED APPROPRIATING OF NET PROFITS:**

The bank achieved net profit of LYD 948,545.571 in 31-12-1999 and according to the article no (57) of the banking No.(1) of the year 1993, a 50% of the net profit of each year should be appropriate to the legal reserves until the late reserve reached 50% of the paid up capital, therefore, an amount of LYD 474,272.785 was appropriated at 31-12-199- to the legal reserve.

The board of directories recommended appropriating the net profit as follows:

Profit available for appropriation	948,545.571
Transfer to legal reserve	<u>474,272.785</u>
	474,272.786
Proposed directors remuneration	<u>23,713.640</u>
	450,559.146
Proposed dividend	<u>450,000.000</u>
Retained earnings	559.146

Finally, the board of directors would like to pledge appreciation and thankfulness to the Central Bank of Libya and would like to express its appreciation to the shareholders, customers and correspondent banks for their confidence and support.

It also extends its gratitude to the management and staff of the bank for their efforts in achieving these excellent results.

**BOARD OF DIRECTORS**



**BANK OF COMMERCE. & DEVELOPMENT (L.J.S.C.)**  
**BALANCE SHEET AS AT 31 DECEMBER 1999**

		31/12/1999	31/12/1998
<b>ASSETS</b>	<b>NOTE</b>	<b>LYD</b>	<b>LYD</b>
Cash & Balances With Central Bank	1	36,362,725.789	25,123,512.595
Deposits & Other Balances Due from Banks	2	112,221,803.063	70,912,662.844
Investments	3	5,605,000.000	552,500.000
Loans and advances	4	13,294,893.079	8,947,902.188
Other Assets	5	3,620,334.952	1,996,564.459
Fixed Assets	6	3,306,417.915	2,400,940.215
Total Assets		174,411,174.798	109,934,082.301
<b>LIABILITIES &amp; SHAREHOLDERS EQUITY</b>			
Customers' Current Accounts	7	116,258,955.595	76,258,706.115
Customers' Fixed Deposits	8	2,700,000.000	4,975,000.000
Saving Deposits	9	11,009,769.874	5,034,642.765
Cash Margin	10	823,653.218	2,160,408.001
Other Liabilities	11	37,696,775.628	16,104,581.122
Total Liabilities		168,489,154.315	104,533,338.003
<b>SHAREHOLDERS EQUITY</b>			
Share Capital	12	4,500,000.000	4,500,000.000
Statutory Reserve		924,644.933	450,372.148
General Reserve		23,102.764	23,102.764
Retained Profit	13	474,272.786	427,269.386
Total Shareholder's Equity		5,922,020.483	5,400,744.298
Total Liabilities and Shareholders Equity		174,411,174.798	109,934,082.301
<b>CONTRA ACCOUNTS &amp; OTHER COMMITMENTS</b>			
Letters of Credit	14	3,955,542.000	7,881,251.638
Letters of Guarantee		412,421.000	193,171,024
Travellers Cheques in stock		7,348,852,390.000	7,402,460,485.000
Total Contra Accounts		7,353,220,353.000	7,410,534,907.662
<b>GRAND TOTAL</b>		<b>7,527,631,527.798</b>	<b>7,520,468,989.963</b>

(ABDUL FATTAH AHMED ELL FAGI)  
Manager Accounts Department

(HASSAN OMRAN HAROUN)  
Vice Chairman &  
Deputy General Manager

(JAMAL T. ABDULMALEK)  
Chairman & General Manager

*Accompanying Notes 1 to 19*



مصرف التجارة والتنمية



# INCOME STATEMENT YEAR ENDED 31.12.1999

		31/12/1999	31/12/1998
<b>INCOME</b>	<b>NOTE</b>	<b>LYD</b>	<b>LYD</b>
Interest Income	15	5,674,709.769	3,428,480.459
Interest Expense	16	2,370,823.404	1,433,645.961
<b>Net Interest Income</b>	17	3,303,886.365	1,994,834.498
Commission & Other Income		908,294.671	1,327,672.664
		<u>4,212,181.036</u>	<u>3,322,507.162</u>
<b>EXPENSES</b>			
Administration & General	18	1,444,540.706	1,026,494.054
Depreciation & Other Expenses	19	352,457.329	405,951.492
		<u>1,796,998.035</u>	<u>1,432,445.546</u>
Operating Profit before Provisions		2,415,183.001	1,890,061.616
Provisions		1,466,637.430	1,174,139.435
<b>Net profit available for appropriation</b>		<u>948,545.571</u>	<u>715,922.181</u>
Proposed Appropriations			
Transfer to Statutory Reserve		474,272.785	357,961.090
Share of Board of Directors		23,713.640	17,898.054
Retained Profit at end of the year		450,559.146	340,063.037
		<u>948,545.571</u>	<u>715,922.181</u>



# NOTES TO THE FINANCIAL STATEMENTS

## 31-12-1999

### I - SIGNIFICANT ACCOUNTING POLICIES

#### (A) Foreign Currencies

Foreign Currencies Transactions arising from operation are expressed in Libyan Dinars at rates of exchange prevailing and circulated by Central Bank of Libya at the date of transaction. Assets and liabilities in foreign currencies are expressed in Libyan Dinars at rate of exchange ruling at the Balance Sheet date. Resulting gains and Losses together with those arising from normal trading activities are taken to income.

#### (B) Depreciation of Fixed Assets

The cost of Fixed Assets is expressed by equal annual instalments as per executive circular of the Tax Law No (64) for the year 1973.

#### (C) Investments

Investments stated at cost value.

#### (D) Bad and Doubtful Debts

No provision allocated as Loans and Advances are Secured by guarantees.

#### (E) Interest Received and paid

Interest income and expense are recognised on a time proportion basis- commission receivable and payable included in the income statement at maturity.

#### (F) Depreciation of Establishment Expense

Establishment expenses calculated during three years.

### II - BALANCE SHEET

Balance sheet Footings as at 31-12-1999 amounted LYD 174,411,174.798 against LYD 109,934,082.301 at the end of 1998, an increase of LYD 64,477,092.497 arise of 58.7%.

#### FIRST: ASSETS:

#### NOTE No (1): CASH AND BALANCES WITH CENTRAL BANK OF LIBYA

Cash in hand and balances with Central Bank of Libya amounted to LYD 36,362,725.798 in 31-12-1999 against LYD 25,123,512.595 at 31-12-1998, an increase of LYD 11,239,213.194 arise of 44.8%. This item includes the following:

	1999 LYD	1998 LYD
Cash in Hand in Local Currency	4,599,564.082	2,251,344.554
Cash in Hand in Foreign Currency	250,634.287	411,488.145
Balance with central Bank of Libya	29,779,469.395	21,239,836.938
Cheques Under Collection	1,733,058.025	1,220,842.958
TOTAL	36,362,725.798	25,123,512.595





**NOTE No (2): DEPOSITS WITH CENTRAL BANK AND OTHER BANKS:**

Deposits with Central Bank of Libya and Local Banks and Abroad Banks as of 31-12-1999 amounted to LYD 112,221,803.063 against LYD 70,912,662.844 at 31-12-1998 with an increase of LYD 41,309,140.219 , arise of 58.3%, detailed as follows:

	1999 LYD	1998 LYD
Balances with Local Banks	83,276.068	873,556.603
Balances with Foreign Banks	3,038,526.995	2,439,106.241
Time Deposits with Central Bank of Libya	85,750,000.000	24,250,000.000
Time Deposits with Local Banks	23,350,000.000	43,350,000.000
TOTAL	112,221,803.063	70,912,662.844

**NOTE No (3): LOCAL INVESTMENTS:**

Local Investments amounted to 5,605,000.000 as of 31-12-1999 representing banks participation in the capital of the following companies:

	LYD
ALTARIQ Computer Services Co 10% of their Capital	105,000.000
ALSAFA Development Co 10% of their Capital	500,000.00
Libyan Treasury Bonds Invested by Interest of 5% Free of Taxes	5,000,000.000
TOTAL	5,605,000.000

**NOTE No (4): LOANS AND ADVANCES:**

Total loans and advances amounted as of 31-12-1999 LYD 13,294,893.079 against LYD 8,947,902.188 at the end of 1998 with an increase of LYD 4,346,990.891 , arise of 48.6%. The composition of Loans and Advances portfolio is as follows:

	1999 LYD	1998 LYD
Over Drafts to Customers	11,374,886.079	8,867,637.188
Loans to Customers	1,872,440.000	1,000.000
Staff Loans	47,567.000	79,265.000
TOTAL	13,294,893.079	8,947,902.188

**NOTE No (5): OTHER ASSETS:**

Total of other assets amounted in 31-12-1999 LYD 3,620,334.952 against LYD 1,996,564.459 at 31-12-1998 with an increase of LYD 1,623,770.493 , arise of 81.3%. The composition of other asset is as follows:



	1999 LYD	1998 LYD
Sundry Debtors (General)	161,452.720	138,071.040
Impersonal Accounts (Tangible)	48,419.075	37,515.500
Impersonal Accounts (Under Settlement)	2,211,374.357	1,152,289.824
Cheques under collection	304,921.996	384,715.976
Branches Accounts with H.O	894,166.804	283,972.119
TOTAL	3,620,334.952	1,996,564.459

#### **NOTE No (6): FIXED ASSETS:**

Balance of Fixed Assets include Bank Premise, Furniture, office machinery and equipment, partitions and motor vehicles, as of 31-12-1999 amounted to LYD 3,306,417.915 against amount LYD 2,400,940.215 at 1998 with an increase of LYD 905,477.700 , arise of 37.8%. The note Balance of the fixed assets is after deducting the depreciation which computed on a straight line method, Using the following fixed ratios according to the executive circular of the TAX LAW no (64) of the year 1973:

- Buildings	3 % per annum
- Equipment and office machinery	10 % per annum
- Furniture and Partitions	10 % per annum
- Motor Vehicles	20 % per annum

THE COMPOSITION OF THE FIXED ASSETS ARE AS FOLLOWS

	1999 LYD
Buildings	1,945,895.650
Spare Parts and Equipment and Office Machinery	923,635.060
Fitting and Partitions	282,221.347
Safes and Furniture	436,968.287
Carpets	22,222.800
Motor Vehicles	315,820.854
TOTAL	3,306,417.915

Total of the Depreciation's of these assets amounted LYD 620,346.083.

#### **SECOND: LIABILITIES AND SHAREHOLDERS EQUITY:**

#### **NOTE No (7): CUSTOMER'S CURRENT ACCOUNTS:**

Customer's current accounts and accounts in foreign currencies from individuals, public stock companies amounted in 31-12-1999 LYD 116,258,955.595 against LYD 76,258,706.115 at 31-12-1998 with an increase of LYD 40,000,249.480 arise of 52.5%. These accounts distributed as follows:





	1999 LYD	1998 LYD
Current Account for Individuals	80,949,788.171	42,762,038.408
Current Accounts for public & private Co.	34,566,835.107	32,291,492.456
Accounts for Stock Co. Under Establishments	194,108.407	163,107.563
Current Accounts in Foreign Currencies	548,223.910	1,042,067.688
TOTAL	116,258,955.595	76,258,706.115

**NOTE No (8): CUSTOMERS FIXED DEPOSITS:**

Customers deposits in 31-12-1999 amounted to LYD 2,700,000.000 against LYD 4,975,000.000 in 31-12-1998 with decrease of LYD 2,275,000.000, arise of 45.8% less.

**NOTE No (9): SAVINGS DEPOSITS:**

Total of saving Accounts for minors (Children's) and adults amounted LYD 11,009,769.874 as of 31-12-1999 against LYD 5,034,642.765 at 31-12-1998 with an increase of LYD 5,975,127.109 , arise of 118.7%.

**NOTE No (10): CASH MARGIN:**

Total balance of cash margin for the confirmed documentary credits and local letter of guarantee for the industrial and shipping sectors amounted LYD 823,653.218 as at 31-12-1999, against LYD 2,160,408.001 at the end of 1998 with decrease of LYD 1,336,754.783, arise of 62% less and the detailed of the cash margin is as follows.

	1999 LYD	1998 LYD
Cash Margin against Documentary Credits	683,050.218	2,130,115.245
Cash Margin against Letter of Guarantee	140,603.000	30,292.756
TOTAL	823,653.218	2,160,408.001

**NOTE No (11): OTHER LIABILITIES:**

Total of other liabilities amounted to LYD 37,696,775.628 in 31-12-1999 against LYD 16,104,581.122.106 in 31-12-1998 , with an increase of LYD 21,592,194.506 , arise of 134%. The other Liabilities include the followings:

	1999 LYD	1998 LYD
Sundry Creditors (General)	3,395,588.052	2,286,368.225
Foreign Banks Under Settlement	8,566.687	2,733,783.112
Impersonal Accounts (other liabilities)	28,937,770.581	9,737,819.191
Impersonal Accounts under settlement	3,301,143.155	1,346,610.594
Miscellanies Provisions	2,053,707.153	
TOTAL	37,696,775.628	16,104,581.122



## NOTE No (12): SHARHOLDERS EQUITY:

Total Shareholders Equity amounted LYD 5,922,020.483 as of 31-12-1999 against LYD 5,400,744.298 at 1998 with an increase of LYD 521,276.185, arise of (9.7%).

### (A) SHARE CAPITAL:

Capital of the Bank, according, to the articles of association, amounted to LYD 9,000,000.000 (Libyan Dinars Nine Million), divided into 900,000 shares, which represents authorized capital of the bank. 50% paid up amounted. LYD 4,500,000.000 (Libyan Dinars Four Million, Five Hundred Thousand).

Shares owned by (1478) natural persons, public and private juridical persons.

The movement of shares under release or sale from part of shareholders during the period of the report are as follows:

- 38 shareholders sold their shares
- 45 shareholders buy shares.

### (B) STATUTORY (LEGAL) RESERVE:

Statutory reserve amounted LYD 924,644.933 as of 31-12-1999 against LYD 450,372.148 at 31-12-1998 with an increase of LYD 474,272.785 , arise of 105%, as per clause No (57) of law No (1) for the year 1993 as amended.

### (C) GENERAL RESERVE:

General reserve amounted LYD 23,102.764 without any increase daring the period 1999.

## NOTE No (13): RETAINED PROFIT:

Retained profit amounted to LYD 474,272.786 as of 31-12-1999 against LYD 427,269.388 as of 31-12-1997 which distributed as follows:

	LYD
5 % Share of Board of Directors	23,713.640
Profit transfer as Dividend	450,559.146
TOTAL	474,272.786

## THIRD: INCOME STATEMENT:

Operating profit before deducting provision amounted to LYD 2,415,183.001 as in 31-12-1999 against LYD 1,890,061.616 at 31-12-1998, with an increase of LYD 525,121.385, arise of 27.8%, and after deducting provision for taxable on the profit for the year. After Jihad taxation and stamps totaling LYD 1,466,637.430, as of 31-12-1999, the remaining profit available for distribution was LYD 948,545.571 against LYD 715,922.181 at 31-12-1998 with an increase of LYD 232,623.390, arise of 32.5%.

Depreciation as at 31-12-1999 was LYD 352,457.429 against LYD 405,951.492 as at 31-12-1998, Its detailed as follows:





	1999 LYD	1998 LYD
Buildings	63,490.075	38,007.460
Equipment and Office Machinery	89,330.995	68,347.250
Fitting and Partitions	23,539.046	15,747.250
Safes and Furniture	39,661.264	31,676.305
Carpets	1,976.562	908.000
Motor Vehicles	53,618.236	23,345.085
Establishment expenses	80,841.151	227,919.410
TOTAL	352,457.429	405,951.492

#### FOURTH: CONTRA ACCOUNTS AND OTHER COMMITMENTS:

##### NOTE No (14):

Outstanding total documentary letters of credits, letter of guarantee and stock local Libyan Dinars Traveller's Cheque, amounted to LYD 7,353,220,353.000 as of 31-12-1999, against LYD 7,410,534,907.662 as of 31-12-1998, This item included:

	1999 LYD
Documentary Letter of Credits	3,955,542.000
Letter of Guarantee	412,421.000
Stock of Traveller's Cheques	7,348,852,390.000
TOTAL	7,353,220,353.000

##### NOTE No (15): INTERST INCOME :

Interest income amounted LYD 5,674,709.769 as of 31-12-1999 against 3,428,480.459 as of 31-12-1998 with an increase of LYD 2,246,229.310 , arise of 65.5%. This income includes the following:

	1999 LYD	1998 LYD
On Overdrafts	836,968.769	620,294.714
On Deposit With Central Bank of Libya and Local Banks	2,837,303.755	1,486,385.418
On Our Accounts With Breaches and Agencies	1,862,186.721	1,198,570.212
On Other Income	138,250.524	123,230.115
TOTAL	5,674,709.769	3,428,480.459

##### NOTE No (16): INTEREST EXPENSES:

Interest expenses amounted LYD 2,370,823.404 as of 31-12-1999 against LYD 1,433,645.961 as of 31-12-1998 within increase of LYD 937,177.443 , arise of 65.3%. It's detailed as follows:



	1999 LYD	1998 LYD
On Deposits	116,849.866	83,098.735
On Savings Accounts	388,115.051	148,178.682
On Overdrafts Accounts	3,671.766	3,200.948
On Branches Accounts	1,862,186.721	1,198,570.212
On Others		597.384
TOTAL	2,370,823.404	1,433,645.961

**NOTE No (17): COMMISSIONS AND OTHER INCOME:**

Commissions and other income amounted LYD 908,294.671 as of 31-12-1999 against of LYD 1,327,672.664 as of 31-12-1998 with decrease of LYD 419,377.993, of 31.6% less. The details of this income is as follows:

	1999 LYD	1998 LYD
Commission Received	324,515.048	82,554.071
Exchange Gain	262,849.770	687,064.255
Other Income	286,627.919	556,152.138
Soles Commission From Traveller's Cheques	34,271.934	1,902.200
TOTAL	908,294.671	1,327,672.664

**NOTE No (18): ADMINISTRATION AND GENERAL EXPENSES:**

Administration and general expenses amounted LYD 1,444,540.706 as of 31-12-1999, against LYD 1,026,494.054 as of 31-12-1998, With an increase of LYD 418,046.652 , arise of 40.7%. This expenses include the following:

	1999 LYD	1998 LYD
Staff Expense (Salaries, Wages..., Bonus, etc...)	699,303.047	646,877.465
Other Administration expenses	725,237.659	363,616.589
Auditors Fees	20,000.000	16,000.000
TOTAL	1,444,540.706	1,026,494.054

**NOTE No (19): DEPRECIATION AND OTHER EXPENSED:**

Depreciation and other expense amounted LYD 352,457.644 as of 31-12-1999, against LYD 405,951.492 as of 31-12-1998. This item include the following:

	1999 LYD	1998 LYD
Establishment Expenses	80,841.151	227,919.410
Depreciation Expense	271,616.278	178,032.082
TOTAL	352,457.644	405,951.492





## REPORT OF THE AUDITORS TO THE SHAREHOLDERS

Date: 18 - 3 - 2000

*We have audited the balance sheet of Bank of Commerce and Development as at 31-12-1999 and the related Income Statement. These financial statements are the responsibility of the Bank's Board of Directors.*

*Our responsibility is to express an opinion on these financial statements based on our audit.*

*We conducted our audit in accordance with international standards on auditing. Those standards require that we plan and perform our audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement. Presentation - We believe that our audit provides a reasonable basis for our opinion*

*In our opinion, the financial statements present a true and fair view of the financial position of the Bank as of 31-12-1999, and of the results of its operations for the year then ended according to the presentation and the accounting policies which the Bank follows.*

*We also confirm, that in our opinion, the financial statements are in agreement with the books of accounts which prepared in accordance of Accounting standards and accordance of the LIBYAN laws.*

**(MOHAMMED A. KANOON)**

*Authorised Public Accountant*

**(Dr. MUSTAFA B. MAHMOUD)**

*Authorised Public Accountant*

Copy to: The Governor, Central Bank of Libya.