BANK OF COMMERCE & DEVELOPMENT

EIGHTH ANNUAL REPORT

2004

BANK OF COMMERCE & DEVELOPMENT

A JOINT STOCK LIBYAN COMPANY

EIGHTH ANNUAL REPORT

2004

PREPARE BY COMMITTEE MEMBERS

MR. FATHI JUMA BUSNAINA

MR. ABDELFATTAH A. ALFAGIH

MR. SALEM M. ELBARRANI

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

(20,000,000.000 LYD)

twenty millions Libyan Dinars.

Stockholders

Natural persons (2031).

Public and Private Corporations and Organizations (37).

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BANK OF COMMERCE & DEVELOPMENT

Head Office

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

BRANCHES

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

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

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

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

5- Azzawia Main Branch
Alamlak Building – Ukba Bin Nafi Street - Azzawia
P.O.Box 120
Telephones (218-23) 620023 – 6200057 - 620164

fax: (218-23) 620195

Agencies

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

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

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

4- Gout Ashal Agency
Zarkaa Alyamama Center # 2 - Gout Ashal - Tripoli
Telephones (218-21) from 4838758 to 4838762
Phone banking (218-21) 4838758

5- Alforosia Agency
Alforosia Investment Complex - Aljazeera District - Benghazi
Telephone (218-61) 9080777
Phone banking (218-61) 90801481

6- Gargarish Agency
Alandalus District - Tripoli
Telephone (218-21) 484 1530
Fax: (218 – 21) 484 1533

7- Africa Commercial Center Agency
Africa Commercial Center – Misurata
Telephone (218 – 51) 652015
Fax: (218 – 51) 652015

8- Benina International Airport Agency
Benina International Airport – Benghazi
Telephone (218 – 61) 9081483
Fax: (218 – 61) 9081483

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

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

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

12- Alhadaig Agency – Benghazi
Alfwaihat, – Benghazi
Telephone (218 – 61) 223 3516
Fax: (218 – 61) 233 9823

13- Funduk Alkabir Agency – Tripoli
Funduk Alkabir – Tripoli
Telephone (218 – 21) 444 1666
Fax: (218 – 21) 333 4073

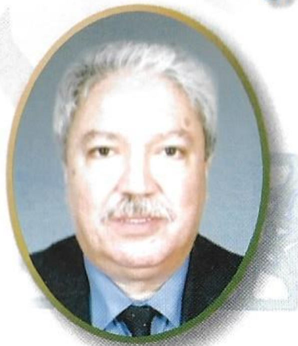
14- Gialo Agency – Gialo
Gialo City
Telephone (218 – 61) 224 581
(218 – 657) 2238
Fax: (218 – 657) 2507

Business Center

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

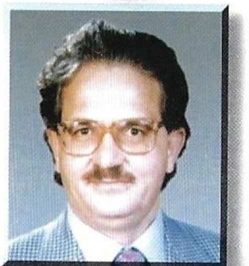
2- Business Center Benghazi
Islamic Call Building - Benghazi
Telephone (218-61) 9082057
Fax (218-21) 8081482

BOARD OF DIRECTORS

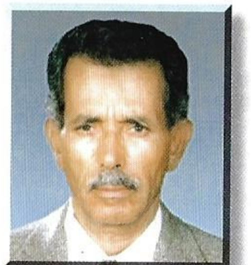


Mr. Gamal T. Abdelmalek
Chairman of the Board & GM

MR. FATHI JUMA BUSNAINA
Deputy Chairman of Board and GM



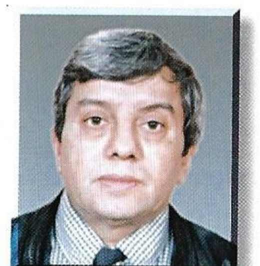
Eng. MUBARAK ABDULLAH AL SHAREEF
Member



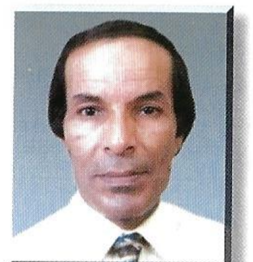
Dr. MOHAMED RAMADAN. BUZAKUK
Member

Eng. MOHAMMAD MOHAMMAD HUWAIDI
Member

MR. HASSAN OMRAN HAROUN
Member

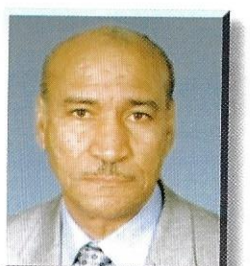


MR. FADAL ALLAH FARAJ FANOOSH
Member



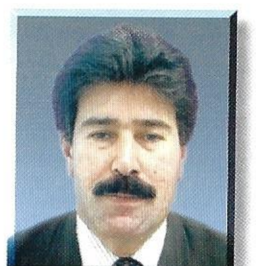
MR. OMAR FARAJ AL LAHIEWEL
Secretary to the Board

Control Committee



MR. HASSAN ABDELATI ALBARGATHI
Chairman

MR. SULAIMAN SALEM ASHOHOMI
Member



MR. RAMADAN YOUNES KWAIRI
Member

EXECUTIVE MANAGEMENT

MR. JAMAL T. ABDULMALEK	*Chairman of the Board & GM*
MR. FATHI JUMA BUSNAINA	*Deputy Chairman of Board and GM*
MR. ABDELFATTAH AHMAD ALFAGI	*Asst. Gm and Accounts Manager*
MR. FAWZI ALI SHUEHDI	*Credit and Operations Manager*
MR. SALEM MOUSA ALBARRANI	*Audit and Inspection Manager*
MR. ALI MOHAMMAD JUOUDA	*Deputy Administration and Personnel Manager*
MR. BASHIR HASSAN ALHOUTI	*Banking System Supervisor*
MR. ALI RAJAB ARRUTOB	*Head Of General Affairs Section*
MR. WAIL MOHAMED BASHIR	*Head of Publicity and Communication Section*

BRANCHES AND AGENCIES

Mr. Ashour Ali Alwarfalli	*Benghazi Main Branch Acting Manager*
Mr. Abdurraof Moh'd Okhai	*Tripoli Main Branch Acting Manager*
Mr. Yosef Abdalla Albakoush	*Misurata Main Branch Manager*
Mr. Mohsen Ashour Zogogo	*Tobruk Main Branch Manager*
Mr. Said Ahmad Zahmoul	*Azzawia Main Branch Manager*
Mr. Abdussalam Mansor Azzawi	*Alforosia Agency Acting Head - Benghazi*
Mr. Awad Salem Omami	*Addawa Agency Acting Head - Benghazi*
Mr. Fawzi Mohamed Burzaiza	*Adhadaig Agency Acting Head - Benghazi*
Mr. Jaser Mansour Assanousi	*Alberka Agency Acting Head - Benghazi*
Mr. Salah Salem Algomati	*Benina A/P Agency Acting Head - Benghazi*
Mr. Naji Salem Almondelsi	*Dat Elimad Agency Acting Head - Tripoli*
Mr. Salem Omar Ashoush	*Gout Ashaal Agency Acting Head - Tripoli*
Mr. Suleiman Omar Almjdoub	*Africa Center Agency Acting Head - Misurata*
Mr. Ahmad Masoud Alhamdy	*Gargarish Agency Acting Head - Tripoli*
Mr. Attahir Alhadi Alomori	*Burj Alfateh Agency Acting Head - Tripoli*
Mr. Ahmad Mahmoud Alawami	*Musaad Agency Acting Head - Musaad*
Mr. Osama Ahmad Shimbish	*Tripoli A/P Agency Acting Head - Tripoli*
Mr. Abdulhamid Busbu Albargathi	*Gialo Agency Acting Head - Gialo*
Mr. Mahmoud Bin Gharat	*Alkabir Agency Acting Head - Tripoli*

THE BANK OF COMMERCE AND DEVELOPMENT'S VISION

OUR VISION :

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

OUR MISSION :

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

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

OUR OBJECTIVES :

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

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

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

To build a sound banking institution focusing on asset quality.

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

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

THE ORDINARY SHAREHOLDERS MEETING RESOLUTIONS

The ordinary shareholders meeting convened its seventh meeting in Benghazi on 16/2/05 and passed the following resolutions:

Resolution 1:

The Ordinary Shareholders' Meeting of the Bank of Commerce and Development ratifies the Board of Directors' Report on the Bank's activities and financial position for the year ended 31/12/2004.

Resolution 2:

The Ordinary Shareholders' Meeting of the Bank of Commerce and Development confirms sighting the Supervisory Committee's Report for the year ended 31/12/2004, taking the Supervisory Committee's Recommendations into consideration.

Resolution 3:

The Ordinary Shareholders' Meeting of the Bank of Commerce and Development declares having fully seen the External Auditors Report for the year ended 31/12/2004. This report emphasized that the Bank's book keeping practices of accounting records are in accordance with the legal requirements and the Bank's Articles of Incorporation. These accounting records are compatible with the disclosures of the Balance Sheet and the Income Statement and the financial data appearing in the Board of Directors' Report. Also, the Balance Sheet and the Income Statement fairly express the financial position and the results of activities for the stated period.

Resolution 4:

The Ordinary Shareholders' Meeting of the Bank of Commerce and Development ratifies the Balance Sheet for the year ended 31/12/2004, ratifies the Income Statement for the financial year 2004 and approves the proposed appropriations accounts for the financial year ended on 31/12/2004 without any alternations.

Resolution 5:

The Ordinary Shareholders' Meeting of the Bank of Commerce and Development appoints for the financial year starting on 1/1/2005 until 31/12/2005 the Auditing Offices of:

1- The Office of Dr. Mustafa Bakar Mahmoud - Certified Legal Accountant/Auditor.

2- The Office of Mr. Mohammed Bashir Albargathy - Certified Legal Accountant/Auditor.

The Meeting fixes the fees of each of the named offices at 50,000 (fifty thousand) LYD for the stated period.

Resolution 6:

The Ordinary Shareholders' Meeting of the Bank of Commerce and Development clears the Chairman and Members of the Board from liability for their actions during the financial year ended on 31/12/2004.

The Chairman of the Board Speech to the Ordinary Shareholder Meeting (Feb 16th 2005)

Ladies and Gentlemen,

The Shareholders of the Bank of Commerce and Development

It gives me great pleasure to welcome you in your Eighth Annual Ordinary Shareholders' Meeting. I appreciate your continued concern and support of your Bank since its establishment. In this meeting we will highlight the Bank's activities, exchange ideas and reach resolutions. In this manner we conclude a year of hard work to achieve higher levels of performance by your Bank.

The year 2004 was characterized by more financial achievements, both locally and internationally. These achievements and results were compatible with the policies formulated and implemented with the objectives of realizing significant growth rates and positive outcomes.

During the year 2004 the following agencies were opened for business:
- Dat Elemad : after the Tripoli Main Branch moved to its new premises in Annasr Street.
- Gargarish : 03/01/2004
- Gialo : 05/04/2004
- AlHadaig : 05/04/2004
- Alkabir : 17/07/2004

As usual, these agencies were equipped with the equipment, instruments and furniture in suitable premises.

We are in the process of open the Agedabia Agency in the city of Agedabia after the local authorities agreed to allocate a plot of land measuring (1290 sq. m.). At the same time the Children Agency will be opened in Alfwaihat adjacent the AlHadaig Agency.

The Cash Issue Section in the Head Office commenced operation on 11/08/2004. This Section makes cash dispatches from Benghazi Branch and the agencies in the area, sorts the banknotes and makes deposits with the Central Bank of Libya or makes some dispatches to the branches outside the city.

With God's grace we have implemented the resolution made by the Extraordinary Shareholder Meeting to raise the share capital from nine million LYD to twenty million LYD, the offered shares were underwritten and fully acquired by old and new shareholders.

The Bank Management contracted Almuttahida Insurance Company to cover certain risks by a comprehensive insurance policy with the following coverage:

- The main and secondary vaults. - Breach of trust.
- Cheque counterfeiting. - Bank assets.

With this coverage policy the Bank has achieved protection against the most likely realistic exposure to risks.

The bank has signed an agreement with Visa International, to become the first Libyan bank to attain membership in this well known financial institution. Our Bank is a Visa International Member with the prestige conferred by this status. We commenced the launch of the Visa Electron and the Visa Gold credit cards. The first ATM. cash withdrawal took place on Tuesday, 28/12/2004, which was followed by a celebration on Wednesday 29/12/2004.

Central Bank of Libya placed constraints on our Bank barring us from the sale and purchase of foreign currencies, since August 2003, for a duration of 28 consecutive months. The CBL also the liquidated the treasury notes held by the commercial banks including our share amounting to fifty million LYD, which generated a lucrative tax exempt revenue. Despite these two events, and with God's grace, and the hard work of the Bank's management and staff; our operating profits amounted to (11,534,621.138 LYD). The after tax profits for appropriation amounted to (7,196,360.797 LYD).

Finally, I would like to express my profound thanks and appreciation to the Bank Shareholders, our Customers and the high value I place on the efforts expended by the Bank family of employees and management.

Gamal T. Abdelmalek
16/2/2005

The Board Of Directors' Report

Ladies and Gentlemen
Esteemed Share Holders
Ladies and Gentlemen: The Share Holders,
Bank of Commerce and Development

Greetings:

The Board of Directors takes pleasure in presenting you with its eighth annual report on its activities and results realized during the year ended 31/12/2004.

Although our Bank is still constrained by the Central Bank of Libya for the 28th consecutive month in the direct sale or purchase of currency, as well as the State liquidation -of the treasury notes held by the commercial banks including ours- which in our case amounted to (50 Million LYD) generating a tax exempt revenue, yet the visionary and wise policy implemented by the Bank Management in the marketing of banking services, the utilization of funds, reliance upon the modern and new in the world of the banking industry and developing its human resources was favorably reflected on the Banks performance. Your esteemed meeting will observe the growth of the Bank's business and activities and the expended continuous effort to introduce innovative services in the Libyan Market, which confirm the distinguished status that our Bank has attained locally and abroad as attested to by the various indicators of performance, some of which are:

I- ASSETS AND LIABILITIES

1- Assets for the year ended 31/12/2004 totaled (591,993,588.043 LYD) an increase of (86,065,992.070 LYD) or (17 %) from the year ended on 31/12/2003, which totaled (505,927,595.973 LYD). The quality, speed and improvement of providing the offered services, the Bank expansion, the move of the Tripoli Main Branch to Annasar Street and some new agencies all had their impact in the increase of the Bank's deposit liabilities. Additionally, many different groups from society are opening accounts in the Bank to benefit from the Network Connectivity, which is used for the first time in Libya, and will cover the remainder of our branches and agencies in Misurata, Tobruk, azzawia and Gialo as well as others to be opened in the future.

2- The main source of resources represented by current and savings accounts, certified cheques, creditors and time deposits "deposit liabilities" have grown to (550,790,592.537 LYD) by (78,558,748.832 LYD) over the deposit liabilities of (472,232,843.705 LYD) for 2003, an increase of (16.6%).

3- the time deposits at the end of the financial year 2004 amounted to (33,100,000.000 LYD), decreasing by (6,394,808.210 LYD) from the financial year ended 31/12/2004, which amounted to (39,494,808.219 LYD). This was due to the Bank's wise policy in shedding –as much as possible- the costly liabilities resulting from liquidation of the treasury notes by the CBL, which used to earn lucrative, tax exempt profits. This policy may be considered as supportive of the Bank's profits by not having to pay exorbitant interest on those deposits, thus increasing the shareholders profits. On the other hand, savings deposits (savings accounts) have totaled (24,297,867.402 LYD) during the year, while, they totaled (23,444,766.832 LYD) during 2003.

4- During the year ended 31/12/2004 the Bank achieved a jump in the number of current accounts in the different branches and agencies in all the areas in the Jamahyria, due to the expanding demand on the Bank's differentiated and varied services as a result of the Network Connectivity between the Branch and agencies in the city of Benghazi, which enabled customers to easily withdraw and deposit their funds in any branch or agency, without going directly to the place where their accounts where opened and the Network Connectivity between Tripoli Main Branch, Alkabir Agency with the Bank's branches and agencies in Benghazi, added to the well evidenced good performance of banking operations. The following table shows the increase in the number of current accounts which reached (49.2 %).

ACCOUNT	Number of Accounts 31/12/2003	31/12/2004	Rate of Increase
Individuals	23643	35574	% 50.0
Partnerships	2840	4483	% 57.0
Private Corporations	1261	1385	% 09.8
Public Corporations	247	306	% 23.0
Foreign Companies	127	205	% 61.0
Total :	***28118***	***41953***	***% 49.2***

II- CREDIT POLICY

The Bank management adopted a policy of an active credit policy to increase revenue, meanwhile maintaining the conservative character by thorough investigation of applications and relevance of guarantees, especially after one of the revenue earners in the form of tax exempt treasury bonds and notes, which amounted to (50 million LYD) were liquidated on 15/5/2004. In spite of the economic downturn, the Bank Management decided to invest a portion of the liquidated funds to earn interest for the Bank, while taking into consideration the risks that accompany lending, whether in the form of different types credit facilities, financing loans or over draughts. These granted credit facilities and commercial loans amounted to (58,378,243.611 LYD) including the load provided for the National Oil Corporation and guaranteed by the Central Bank of Libya for (48,982,233.960 LYD) during the year ended on 31/12/2003, reflecting an increase of (19 %). Taking this increase into consideration, the total provided credits amounted to (11.5 %) of the deposit liabilities. This ratio is considered small compared to the facilities provided by other banks; amounting to 70.60 %) of their deposit liabilities.

Within the framework of marketing banking services, and to embody the popular direction to encourage the role of the private sector in realizing development and financing small and medium businesses of young professionals to participate in the national economy, the Bank Management as of 01/07/2004 lowered the interest rate on personal advances and loans to (5.5 %), and on the different types of loans to (5.0 %). This decrease in the interest rates was publicized in the daily news papers, where it was met with appreciation by all sectors of society, and their numerous approaches to the Bank of Commerce and Development to benefit from this advantage offered only by our Bank and no other.

The Bank Management closely monitors the collection of the debts, some of which were taken to the courts, where judgments were obtained in the Bank's favor, while others are still until litigation. Although there are no doubtful debts, the doubtful debts provision was increased by (400,000.000 LYD) to reach (2,600,000.000 LYD), in addition to retaining interest on non-moving debit accounts as a precautionary measure.

III- OPERATIONS

With view to the distinguished modern fast services offered by the Bank and the wide network of its worldwide correspondents, it has realized a sizeable growth in its international operations as indicated below:

1- Documentary Credits

Documentary credits were processed in a fast and reliable manner and by notifying correspondents through the SWIFT system, as well as commissioning a specialist banking operations section to perform these documentary credits trnsactions. The opened credits during the year 2004 amounted to (158,330,425.792 LYD) compared with last year's amount of (117, 799,230.792 LYD), an increase of (40,531,194.811 LYD) or (39.4 %).

The following is an illustration of the total documentary credits and their values in the currency of issue and the LYD equivalent.

Total Documentary Credits Opened during 2004

no of transactions	value in foreign currency		equivalent in LYD
519	□	78,005,962.43	132,688,142.093
3	£	156,208.00	375,367.824
2	Tun D	71,500.000	104,390.000
96	US $	20,130,020.70	25,162,525.875
620		*Total :*	***158,330,425.792***

Total of Documentary Credits opened by the BOCD's Approval

no of transactions	currency	Total
15	US $	1,167,533.000

Export Documentary Credits

no of transactions	currency	Total
9	LYD	312,406.000

2- International Bills For Collection

The international bills for collection for the year ended 31/12/2004 amounted to (42,806,412.449 LYD), while, for the year ended 31/12/2033 they amounted to (26,144,510.562 LYD), a rate of increase of (63 %). The following is an illustration of the total number of external bills for collection and their values in the indicated currencies and their LYD equivalents:

Bills for collection for 2004 in Euros

No. of bills	Total	LYD equivalent
275	21,902,521.14	37,256,188.459

Bills for collection for 2004 in US $

No. of bills	Total	LYD equivalent
14	4,391,196.44	5,488,995.550

Bills for collection for 2004 in GB Pounds

No. of bills	Total	LYD equivalent
2	25,480.00	61,228.440

3- Letters of Guarantee

The issued letters of guarantee for year ended 31/12/2004 amounted to (24,080,441.505 LYD), for the previous year they amounted (10,909,493.000 LYD), and increase of (13,170,948.505 LYD), a rate of (120 %).

It is worth noting that the increase of the number and value of the opened documentary credits, inward bills for collection and the letters of guarantee by the our indicates the status attained by our Bank and the trust customers have in its efficient and fast services.

4- International Inward And Outward Transfers

a- The inward international transfers at year's end amounted to (144,820,443.159 LYD), in the previous year they amounted to (154,979,939.880 LYD).

The Total Inward International Transfers during 2004

No. of transfers	Value of transfers in foreign currency	equivalent in LYD
973	€ 63,846,144.41	108,602,291.641
516	$ 23,670,470.73	29,588,088.420
41	£ 2,738,038.43	6,579,506.347
17	SF 45,960.69	50,556.759
1547	total	***144,820,443.159***

b- The outward international transfers at year's end amounted to (87,800,510.534 LYD), in the previous year they amounted to (37,313,026.447 LYD).

The Total Outward International Transfers during 2004

No. of transfers	Value of transfers in foreign currency	equivalent in LYD
1714	€ 43,174,762.63	73,440,271.233
789	$ 10,137,600.29	12,672,012.862
60	£ 677,788.42	1,626,692.208
12	SF 55,940.21	61,534.231
2575	total	***87,800,510.534***

5- Foreign Currency Sales

During the year the foreign currency sales amounted to (13,603,648.00 US$) although the Central Bank of Libya still maintains its ban on selling Euro and US Dollar bank notes to our Bank. The sold currencies were obtained through the liquidation of inward international transfers to our customers and some amounts bought locally.

The sale of bank notes through the liquidation of inward international transfers was subjected to some constraints from the Central Bank of Libya, by limiting these sales to the Tripoli and Benghazi Main Branches and the Tripoli International and Benina Airport Agencies. The latter was banned from selling notes before it started to do so, and compelling our Bank to sell amounts it receives from international transfers to the Central Bank of Libya after averaging the Libyan Dinar then repurchasing them back at the daily listed prices. This resulted in great losses to our Bank, and consequently it halted the liquidation of transfers.

6- Local Inward And Outward Transfers

Due to distinction enjoyed by our Bank in processing local transfer with speed in wiring and receipt within the Bank's branches and agencies, and the spot processing through the network. This resulted in more demand on transacting with the Bank because the value our customers place on the time factor, as the value of the local transfers issued for the year ended 31/12/2004 amounted to (324,609,982.338 LYD), compared to their value for the previous year of (316,944,864.000 LYD), an increase of (2,4 %).

The Local inward transfers for the year ended on 31/12/2004 amounted to (489,624,939.215 LYD) compared to their value for the previous year of (299,755,607.000 LYD), an increase of (63 %).

The following illustration depicts the movement of inward and outward local transfers for 2004 in LYD:

the movement of inward and outward local transfers for 2004 in LYD

Item	Nos	value in LYD
Outward	21478	324,609,892.338
Inward	18050	489,624,939.215

IV- EQUITY AND CAPITAL

During the year 2004 the Bank's capital was fully paid up to (20,000,000.000 LYD) in (2000000 shares), after the paid up capital was (17,317,890 LYD) at the beginning of 2004. In conformance to the stipulations of the Commercial Law, and Law Number (65) 1970, actions were taken to underwrite the Bank's capital in accordance with the Shareholders' resolution in their extraordinary meeting on 11/03/2002, and after full underwriting the capital in the Commercial Register at (20,000,000. LYD).

At the completion of the Bank's Capital the number of shareholders in Bank, both natural and juridical persons reached (2068) from the different regions in the Jamahyria. At the end of 2004 the equity increased to (41,202,995.506 LYD), against (33,709,766.268 LYD) at end of 2003, an increase of (7,493,229.238 LYD), a rate of (22%).

V- NEW BRANCHES AND AGENCIES AND DEVELOPING THE BANK OUTLETS

In the vertical expansion stage of the Bank Operations by using the latest technologies of networking connectivity, a horizontal expansion in the form of opening new agencies of the Bank took place as follows:

1- Dat Elimad Agency – Tripoli

Permission of the Central Bank of Libya was obtained to open the Dat Elimad Agency in the City of Tripoli in the Dat Elimad Complex. This agency is considered an extension of the Former Tripoli Main Branch location, which was situated in these premises before it relocated in the new building at Annasr Street in Tripoli (Bumashmasha District). The popularity of this agency with customers is an indication of the good reputation the Bank has established throughout its short journey in time and big in the distinguished work it has achieved. The agency is divided into two sections; the first services all sectors of customers such as citizenry, employees, professionals and merchants, while the other section is dedicated to serving businesses such as companies, partnerships and businessmen of all trades.

2- Gargarish Agency – Tripoli

The Gargarish Agency opened for business on 3/1/2004 in the Gragarish District. Despite its proximity to the Gout Ashaal BOCD Agency, customer demand on its services became evident through the rise of deposit liabilities in this new agency which is situated in a densely populated, economically booming locality. We count on benefiting from this position through plans to connect all our agencies and branches to the network.

3- Gialo Agency

This agency opened for business on 1/3/2004 providing differentiated banking services to the town of Gialo and the adjacent region.

4- Al Hadaigh Agency

Opened for business on 5/4/2004 in a prominent Benghazi neighborhood, Al Hadaig, in Al Fwaihat District. As the agency started its operations live on the network with the rest of the Bank branches and agencies, it made transaction very convenient for many customers to access their accounts in the other branches and agencies for withdrawals, deposits, cheque certification and making transfers through it. Many customers, from different segments of society, opened accounts in this agency.

5- Al Kabir Agency – Tripoli

The Agency was opened on 17/7/2004 in the main halls of the Hotel after securing permission from the Central Bank of Libya and equipping the premises, which has been leased from the Social Security Fund; the owner of the Hotel. This agency is considered the Bank window to all nationalities that visit the Jamahyria, as commerce representatives, foreign merchants, or foreign company owners, as well as Libyan businessmen from Benghazi and other Libyan cities. The agency is connected to the Bank network to make deposits and withdrawals immediately accessing any account. Foreigners demand on the Bank's exchange services became significant due to the agency's office hours at two periods; morning and afternoon.

6- Agedabia Agency

The Central Bank of Libya granted permission to establish a BOCD agency in the city of Agedabia. A plot of land (1290 sq. m) in area was procured and is being notarized. It is hoped to equip and open this agency during the year 2005 to provide differentiated banking services.

7- The Children's Agency – Al Fwaihat

The Bank intends to open an agency adjacent to the Al Hadaigh Agency for the purpose of opening accounts for children. Specialist architects have been commissioned to adapt the building to suit the customers of this agency, the children and their parents, especially moms. It is equipped with an electronic game hall, a child library that suits children's needs and a computer hall. In addition it has a customer counter that has no match in the Libyan Market and even in many neighboring as well as some developed countries. The agency has a beautiful garden to the side and back of the building.

This agency has been, for a long time, a dream the Bank wanted to realize, at last it has come true. We anticipate this agency to have unprecedented popularity with children and parents, especially after equipping it to be a source a pride for the Bank, indicating its innovative vision, to be the first in the Libya banking market.

8-The Issue Section in the Head Office

Operations in this section –in the Head Office- started (The Main Cashier Section) on 11/8/2004. It receives cash dispatches from the Benghazi Main Branch and the agencies in the city of Benghazi, sorts the notes, and makes daily cash dispatches to the Central Bank of Libya for deposit in our account with the CBL in Benghazi. It has deposited (73,230,000.000 LYD) from its commencement date until 31/12/2004.

It sends cash dispatches also to our main branch in the city of Misurata, which amounted to (38,500,000.000 LYD) and some dispatches to the Gialo Agency. A similar section will be opened in Tripoli Main Branch to serve the branches and agencies in the city of Tripoli and its environs of Azzawia and Misurata. One may observe the increase in cash holdings in the Bank which is mainly due to the instructions issued by the CBL to withdraw from circulation the three currency issues (the second, third and fourth) resulting in the accumulation of cash as result of the withdrawal from circulation.

VI- NEW BUILDINGS

With God's grace, the work on the Tobruk Main Branch building was completed and provided with the latest equipment and furniture. It will open for business as of 1/1/2005.

Work in the Misurata Main Branch Building is under preparation. It will be built on the plot of land obtained by the Bank in a strategic location with an area of (1200 sq.m).

Plans and design for the complementary works in the Head Office adjacent building in order to start construction in 2005 to meet the requirements for space in the Head Office. The building will house modern training facilities, conference halls and offices for the management of existing and new banking operations, among which is the credit card and point of sale processing.

The Bank Management always aspires to attain customers and share holders satisfaction as well as other stakeholders from the different sectors, mainly through innovation in the banking market, and taking great care of the Bank buildings to enable the customer who frequents the branches and agencies to conduct her/his transactions most rapidly and conveniently.

VII- THE COMPREHENSIVE INSURANCE POLICY

The Bank contracted with the Almuttahida Insurance to cover the risks to which the Bank is exposed through a comprehensive policy insuring the following risks:

1- The main and branch vaults. 2- Breach of trust.

4- Bank assets. 3- Cheque counterfeiting

5- Cash transportation (dispatches between the HO, the branches and agencies and the Central Bank and vise versa.)

The Bank may be considered to have covered all the probable and least probable risks through the comprehensive policy, whether these risks threaten cash inside the main or branch vaults, during transport dispatches to and from the branches and the CBL or other risks such as breach of trust and counterfeiting.

VIII- TECHNOLOGICAL DEVELOPMENTS

Since the Bank was established attempts to introduce modern technology was initiated. These attempts started with the phone bank, a limited connectivity between the Benghazi Main Branch and Alforosia Agency then in the beginning of 2002 the internationally renowned banking system MYSIS was procured. The introduction of this system coincided with the completion of the network connectivity infrastructure between the Bank branches. This technology was met with appreciation by the Bank customers, especially those in Benghazi and Tripoli, who could easily benefit from this connectivity by using any branch or agency as if were their own. This facility has the advantage of offering some valuable customers direct access to their accounts from their own offices. The National Pharmaceuticals and Medical Equipment Company was connected in this manner so that their authorized operator can directly access and view their banking transactions and inspect the debit and credit movements of their accounts and obtain a bank statement. This facility is one of the latest worldwide and is known as home banking.

The Bank entered into a contractual agreement with VISA International to become a Principal Member and the first Libyan bank to achieve this. This status permits the Bank to act as acquirer – issuer of the VISA cards. Two VISA International cards have already been launched:

1- VISA Electron debit.

2- VISA Gold.

The launch of the local "Kanzy" cards (ATM cash cards in LYD) is imminent. They will be issued to the Bank customers upon the installation of the ATM and the Point Of Sale equipment across the Jamahyria in our branches, agencies and public facilities such as hotels and large buildings. A Wide Area Network will be utilized to operate these facilities. This equipment will accept all requests for services and VISA cards. These services include fast cash withdrawals, account balance information, bank statement requests, and a mini bank statement.

Points Of Sale operate to enable customers to purchase or pay for services in the locations where these points are located in hotels, airline and tourist offices.

Providing this type of service was one of the Bank dreams since its establishment in 1995. Communications, actions and preparations for this service were initiated and supervised by the Bank, until the first cash withdrawal from an ATM was conducted in the Hotel Tibisti in the night of 28/12/2004, and was followed by a celebration on 29/12/2004 to this occasion and the entry of the first Libyan bank among the international banks which utilize this advanced technology. The introduction of this technology was accompanied by qualifying a number of employees by training abroad on the use of this modern system under the supervision of VISA International to enable them to perform their tasks efficiently. This team of employees assumed its duties a few days prior to the launch of the system. Actual operation of these machines started in Beninia International Airport, Alkabir Hotel, our main branch lobby in Tripoli (Annasr St.) on the same date the ATM service was launched in Tibisti Hotel in the city of Benghazi.

IX- HUMAN RESOURCES

The number of clerical and non-clerical employees in the year end was (328) up by (46) employees from the previous year, or an increase of (16.3%). This increase reflects the growth of the Bank units by opening (5) new agencies in Tripoli, Alwahat and Benghazi during the year, as well as the employment of some new staff in the Head Office and the branches and agencies. The Head Office employees represent (20.5%) of the Bank total, while the employees in Benghazi, Tripoli, Misurata, Azzawia and Tobruk Main Branches make up (37%) of the Bank total. The remaining (42.5%) is distributed between the agencies which are spread all over the Jamahyria (14 in number). The following table illustrates the distribution of the clerical and non-clerical employees on the different locations:

LOCATION	CLERICAL		NON-CLERICAL	
	2003	2004	2003	2004
Head Office	43	48	8	20
Benghazi MB	29	21	9	9
Alforosia A.	11	15	3	3
Benina A/P A.	3	2	-	-
Addawa A.	13	12	4	2
Al Berka A.	-	6	-	-
Al Hadagh A.	-	7	-	2
Tripoli MB	31	26	10	12
Ashaal A.	10	11	2	4
Dat Elimad A.	10	21	2	5
Burj Alfateh A.	7	7	2	3
Tripoli A/P A.	3	4	-	-
Gargarish A.	-	8	-	3
Al Kabir A.	-	5	-	-
Misurata MB	22	16	6	6
Africa Center A.	5	4	1	-
Tobruk MB	18	15	7	5
Musaad Border A.	4	4	2	2
Azzawia MB	13	9	4	3
Gialo A.	-	5	-	3
total :	***222***	***246***	***60***	***82***

X- TRAINING

Two banking training centers were established in the Head Office, Benghazi and Tripoli Main Branch. These centers were equipped with technologically advanced instruments and equipment such as Data Show projection and audio and video appliances. Many courses and seminars were conducted in these centers as follows:

1- The Banking Training Center, situtated in the eighth floor of the Head Office building starting by receiving new recruits with no previous experience. They were trained in the center between 3/1/2004 for (8) days in the proper method of providing services to customers making deposits or withdrawals processing local or international transfers using the MYSIS Banking System. The same principle was applied in the Tripoli Training Center which was opened in the New Tripoli Branch Building in Annasr Street.

2- The conducted a seminar in documentary credits and cash banking operations in the Banking Training Center in the Head Office on the 22nd , the 23rd and the 24th of February 2004. A similar seminar was held in Tripoli on the 25th, the 26th and the 28th of February 2004. Our Bank was represented by the Credit Section Heads along with numerous delegates from the sister banks. This idea was met with success due to the constructive cooperation between our Bank and the Arab British Commercial Bank.

3- Among the activities of the Center during the first quarter of 2004 two courses were conducted :

The first titled "The Cheque Clearing System and Certified Cheques" on the 7th, the 8th and the 9th of February 2004, held in the Banking Training Center in the Head Office. It targeted the Benghazi Main Branch Manager and the Section Heads in addition to the Bank Representative in the Benghazi Clearing House.

The second course in Documentary Credits was conducted on the 21st, the 22nd and the 23rd of March 2004. it targeted the agency heads and the heads of credit sections in the Bank. These courses were successfully conducted with great benefit to the participants, which in turn, will be reflected on the development of our manpower.

A similar course, to the one conducted in Benghazi, was conducted in the Tripoli Banking Training Center on the 17th, the 18th and the 19th of April 2004 in the "Cheque System", and on the 24th, the 25 and 26th of April 2004 in "Documentary Credits"

The "Cheque Clearing System" and "Certified Cheques" course was conducted for the Misurata Africa Agency employees on 20/4/2004.

4- The Bank realizes the importance of Bank Marketing, and this resulted in conducting a seminar dealing with Marking Banking Services in collaboration with the Union of Arab Banks between the 24th – 27th of May 2004 in the Banking Training Center in the Head Office.

5- A course on "Teller Operations" was held in response to Bank's desire to increase the awareness of cashiers, whether new recruits or experienced employees, of the importance of this task, which is considered the interface between the Customers and the Bank. The course duration was two days 13th-14th of June 2004, and was held in the Banking Training Center in the Head Office Building.

A "Cashier Course" was held in the Western Region Branches on the 20th – 21st of June 2004.

6- A specialized course on "Automatic Teller machines technology" "ATM's" started on 6/12/2004 to 16/12/2004 in the Banking Training Center in the Head Office. The course was presented by CR2 Company and the supervision of Mr. Frank Quinn from that company's training department. The course covered the following subjects:

1- General introduction to ATM's.

2- Bank Cards.

3- Optimizing the use of the ATM.

4- Loading the application software.

1- In the framework of the efforts made by the Bank Management to introduce the "Electronic Payment System", and the acceptance of the Bank of Commerce and Development as the first Libyan Bank as a Member in the VISA International, (7) employees were sent to Egypt in order to take a training course between the 17th and the 24th of December 2004, in preparation to launch the VISA Card.

The following table illustrates the training topics and the numbers of trainees engaged in local and external training during the year compared with the three previous years.

LOCAL TRAINING

	Number of Trainees			
Topic	**2001**	**2002**	**2003**	**2004**
Banking Operations	12	19	14	62
Computing	6	1	-	6
English Language	2	4	1	-
SWIFT	6	5	2	4
Electronic Payment Systems	-	-	-	8
Conferences and Seminars	7	9	6	7
Total :	***33***	38	***23***	***87***

TRAINING ABROAD

	Number of Trainees			
Topic	**2001**	**2002**	**2003**	**2004**
Banking Operations	5	11	12	16
SWIFT	3	1	5	-
Electronic Payment Systems	-	-	-	7
Total :	***8***	***12***	***17***	***23***

The Bank participated in numerous local seminars and conferences, it had a prominent presence in these meetings and played an active role in their effectiveness through adaptation of several proposals relating to privatization and encouraging the private sector. The bank participated also in many international conferences and seminars in the banking business.

XI- INTRNAL AUDITING

Internal audit in the Bank operates through the internal audit sections in the branches and agencies. A companion audit system is used to audit all the input of deduction and addition entries in the personal accounts of customers, as well as corporate accounts, on a daily basis. Errors resulting from the interaction of deduction and addition are corrected on the spot. The idea of the companion audit system was adopted in response to the directions of the Chairman of the Board the General Manager and put into operation a few years ago. The audit sections send their reports to the Manager of the Audit and Inspection Department in the Head Office, where the Department staff scrutinizes the finest details of operations in the branches and agencies. Using these reports, the department issues circulars and instructions to prevent committing the errors pointed out in the reports. The companion audit system is considered the faster method of ascertaining the correctness of the operations in a fast manner, unlike the follow-up method used in many banks, which delays the discovery of errors, and in some instances even criminal acts.

The audit sections in the Bank were also charged with reviewing the documentation presented by applicants for accounts by individuals, partnerships and companies to ensure the correctness of the account opening process. This inspection is carried out without delaying the account opening in conformity with the resolution issued by the Chairman of the Board the General Manager No. (267) for the year 2003 on 11/9/2004. This resolution supports the soundness of the method of opening these accounts, it also lays the responsibility for checking the current accounts files on the staff of the audit sections' staff.

Inspection teams were formed to inspect all the branches and agencies. Their task included taking main and secondary safe inventories in the branches and agencies against their financial positions, inspecting specimens of all the personal and corporate accounts, inspecting the collateral/guarantees provided by customers against all types of facilities, following up on compliance with the Department of Banks and Currency Control circulars in the CBL and the Bank top management, and reporting the Chairman of the Board, the General Manager through the Manager of the Audit Department.

The Internal Audit Sections Staff are also given the task of participating in the annual inventory committees to check the main and secondary saves and the fixed assets in the Head Office, the branches and agencies.

The internal Auditors are also responsible for commenting on the conduct of business in all respects, and in particular conformance with the circulars issued by the Department of Currency and Banks Control concerning the reports of the Inspection Authority in CBL which deal with its inspection tours in our branches and agencies. The Head Office reviews findings in these reports and acts on them and advises the Department of Banks and Currency Control. The reports for the year ended on 31/12/2004 contained many position remarks on our Bank performance.

Finally the Board of Directors would like conclude this annual report with thanks and appreciation to the sister and friendly banks inside and outside the Jamahyria for their constructive cooperation. The Board extends its warm thanks to the Bank customers for selecting us to conduct their business. The support provided to us by our shareholders is invaluable.

The Board of Directors would like to extend its thanks and appreciation to the Bank's Executive Management represented by the Chairman of the Board, the General Manager, his Deputy, his Assistant, the Department Managers, the Section Heads, the Employees in the Head Office, Branch Managers, Agency Heads, and all the Employees who contributed, each with his/her effort, experience and abilities with sincerity and dedication, and who showed a great dealt of complete loyalty to the Bank, the fruits of which are the results of activities for the financial year ended 31/12/2004.

Godspeed

May God's Peace and Mercy be with you...

The Board of Directors
16/2/2005

The Balance Sheet
On 31/12/2004

	Notes	2004	2003
ASSETS		L. D.	L. D.
Cash and balances with CBL	1	133,508,618.617	97,883,162.341
Deposits and balances with banks	2	339,975,727.398	270,263,274.997
Investment	3	1,193,200.000	51,293,200.000
Loans and advances	4	58,378,243.611	48,982,233.960
Buildings under construction	5	2,241,375.903	6,133,603.068
Accounts receivable and debtor balances	6	39,655,009.090	23,427,200.569
Fixed assets (after depreciation)	7	17,041,413.424	7,944,921.038
TOTAL ASSETS		***591,993,588.043***	***505,927,595.973***
LIABILITIES AND SHAREHOLDERS EQUITY			
LIABILITIES			
Customer deposits (current accounts)	8	367,950,239.517	313,188,746.107
Customer time deposits	9	33,100,000.000	39,494,808.219
Savings deposits	10	24,297,867.402	23,444,766.832
Cash securities	11	69,437,685.164	31,863,092.919
Certified Cheques	12	19,584,312.000	17,078,433.000
Accounts payable and other liabilities	13	36,420,488.454	47,162,996.628
TOTAL LIABILITIES		***550,790,592.537***	***472,232,843.705***
Shareholders equity			
Capital	14	20,000,000.000	17,317,890.000
Legal reserve	15	11,828,363.199	8,658,945.000
General reserve	16	4,289,899.363	2,203,435.863
Various provisions	17	87,462.346	2,106,892.674
Shareholders Profits and %25 + Board remuneration	18	4,990,692.000	3,400,000.000
Profits carried forward		6,578.598	7,588.731
TOTAL SHAREHOLDERS EQUITY		***41,202,995.506***	***33,694,752.268***
TOTAL LIABILITIES AND SHAREHOLDERS EQUITY		***591,993,588.043***	***505,927,595.973***
CONTIGENT ACCOUNTS AND OTHER LIABILITIES			
Documentary credits - import		113,211,880.546	81,415,012.000
Inward bills for collection		3,613,446.849	3,115,546.000
Letters of guarantee –domestic/international		24,080,441.505	10,909,493.000
Travelers cheques in stock		7,292,013,090.000	7,302,247,170.000
Total contra accounts and other liabilities		***7,432,918,858.900***	***7,397,687,221.000***
Grand Total		***8,024,912,446.943***	***7,903,614,816.973***

Abdelfattah Ahmad Alfagih
Assistant General Manager

Gamal T. Abdelmalek
Chairman of the Board and GM

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

Income statement
for the period ending on 31/12/2004 compared to 31/12/2003

	Notes	2004	2003
Revenue		L. D.	L. D.
Interest Revenue	1	14,760,346.952	13,896,058.275
Interest Expense	2	6,381,079.349	5,588,890.061
Net Interest		8,379,267.603	8,307,168.214
Commissions And Other Revenue	3	7,528,782.244	7,433,976.632
Gross Income		***15,908,049.847***	***15,741,144.846***
Expenses			
Administrative Expenses	4	3,135,919.712	2,926,014.640
Depreciation	5	1,237,508.426	1,490,053.991
Total Expenses		***4,373,428.138***	***4,416,068.631***
Earnings Before Tax		11,534,621.709	11,325,076.215
Corporate And J. Tax		4,345,849.643	5,374,961.510
Net Income After Tax		7,188,772.066	5,950,114.705
Plus Profits Carried Forward in 2002		7,588.731	5,057.214
Net Profit		***7,196,360.797***	***5,955,171.919***
Proposed Appropriation			
Legal Reserve at 50% Of Capital		1,799,090.199	172,583.188
Dividends & Board Of Directors Remuneration		4,990,692.000	3,400,000.000
Provision For Doubtful Debts		400,000.000	1,000,000.000
Special Reserve		---------	---------
General Reserve		---------	1,375,000.000
Profits carried forward		6,578.598	7,588.731
Total		***7,196,360.797***	***5,955,171.919***

(Notes attached from (1) to (5)

Auditors Report

Date: 29/1/2005

To the Shareholders of
Bank of Commerce and Development
Benghazi

We have examined the balance sheet of the Bank of Commerce and Development as of 31 December 2004 and the related statement of income for the year then ended. We obtained all information that we considered important.

The balance sheet of the Bank of Commerce and Development as of 31/12/2004 and its income statement are the responsibility of the Bank's Board of Directors. Our responsibility is to express an opinion on these financial statements based on our audit.

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

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

In our opinion, the financial statements fairly present the financial position of the Bank as of 31 December 2004, and the results of its operations for the year then ended in accordance with Generally Accepted Accounting Principles, which the Bank follows with consistency.

Mohamed B. Barghathi	**Dr. Mustafa B. Mahmoud**
Authorized Public Accountant	**Authorized Public Accountant**
MOHAMED B. ELBARGHATHI AUTHORIZED PUBLIC ACCOUNTANT	دكتور/ مصطفى بكار محمود محاسب ومراجع قانوني

Copy to: The Governor, Central Bank of Libya

The Adopted accounting policies

a- Interest Revenue and Expenses

The interest revenue and expenses are calculated on the basis of the monetary accrual principle; the received and paid commissions are entered in the revenue account upon accrual.

b- Fixed Assets Depreciation

Fixed assets are state at their total cost and depreciation is calculated by the straight line method in accordance with the Income Tax Law No. (11) 2004.

c- Investments

All investment items are entered at cost in the Bank records.

d- Foreign Currencies

All transactions conducted in foreign currencies are entered in LYD equivalents at current exchange rates as published by CBL at the time of transaction. Assets and liabilities in foreign currencies are converted to LYD equivalents at current exchange rates on the Balance Sheet date. Foreign currency valuation losses are in the revenue and expense accounts or in the Balance Sheet if profit is realized.

e- Doubtful Debts

The doubtful debts provision was increased this year by (400,000.000 LYD) Four Hundred thousand LYD, although the granted facilities balance compared to the total assets is a small fraction, in addition the Bank sits aside the interest on some non moving debit accounts.

Notes to Financial Statements for the year ended 31/12/2004

(The Balance Sheet)

First: Assets

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

	Value in LYD	
	2004/12/31	2003/12/31
Cash balance with CBL	86,681,491.823	88,230,742.397
Local cheques under collection	13,394.000	3,323,406.135
Cash balance in local currency	44,300,002.481	5,742,378.329
Cash balance in foreign currency	2,513,730.313	586,635.480
Total :	***133,508,618.617***	***97,883,162.341***

Note (2) Deposits and balances with banks

	Value in LYD	
	2004/12/31	2003/12/31
Deposits with the CBL	84,000,000.000	154,250,000.000
Deposits with local banks	30,000,000.000	30,000,000.000
Balances with foreign banks	211,758,251.651	83,616,852.737
Balances with local banks	14,217,475.747	2,396,422.260
Total :	***339,975,727.398***	***270,263,274.997***

Note (3) Local investments

Investments	Value in LYD 2004/12/31	Value in LYD 2003/12/31
Treasury bills	---	45,000,000.000
Treasury bonds	---	5,000,000.000
Almuttaheda Insurance Co.	588,200,000	588,200,000
Assafa Development Co.	500,000.000	500,000.000
Attareq Computer Services Co.	105,000.000	105,000.000
Alburaq Air Transport Co.	---	100,000.000
Total :	***1,193,200.000***	***51,293,200.000***

Due to the fact that no reveries were received on this investment the 3 years, and in order to protect the bank investment this investment amounting to (100,000.000 LYD) was sold.

Note (4) Loans and Advances

	Value in LYD	
	2004/12/31	2003/12/31
Over draughts	35,104,198.768	20,739,881.309
Loans	19,571,113.862	27,466,798.224
Social advances to public	2,980,025.307	203,780.845
Advances to Bank employees	722,905.674	571,773.582
Total :	***58,378,243.611***	***48,982,233.960***

Note (5) Building under construction

	Value in LYD	
	2004/12/31	2003/12/31
Buildings under construction	2,241,375.903	6,133,603.068
Total :	2,241,375.903	6,133,603.068

Note (6) Accounts receivable and other debit accounts:

	Value in LYD	
	2004/12/31	2003/12/31
Branch and agency accounts with H.O.	27,008,507.805	---
Non personal accounts under reconciliation	11,270,178.324	10,545,019.565
Non personal accounts (current assets)	184,903.877	159,127.525
Various debtors	1,088,565.222	2,214,339.138
Local cheques in transit	102,853.857	10,508,714.341
Total :	39,655,009.090	23,427,200.569

Note (7) fixed assets after depreciation:

	Value in LYD	
	2004/12/31	2003/12/31
Instrumentation, equipment and spares	5,906,998.319	6,780,954.756
Furniture and steel vaults	1,708,435.267	1,806,270.446
Buildings (Bank premises)	7,487,719.652	1,580,973.475
Vehicles	900,218.329	1,050,153.624
Aluminum office dividers and fixtures	985,824.429	678,061.727
Floor carpeting	52,217.428	48,371.850
Total :	17,041,413.424	11,944,785.878

SECOND: LIABILITIES

Note (8) Current accounts

	Value in LYD	
	2004/12/31	2003/12/31
natural persons	222,352,495.482	164,811,622.752
public organizations and companies	60,254,951.267	82,880,361.573
corporations and partnerships	77,357,575.127	55,208,843.198
companies and individuals in foreign currencies	7,056,830.039	8,114,898.245
companies under incorporation	760,115.219	2,037,014.089
non residents	148,257.741	115,991.608
non moving	20,014.642	20,014.642
Total :	367,950,239.517	313,188,746.107

Note (9) Customer time deposits

	Value in LYD	
	2004/12/31	2003/12/31
Time deposits	33,100,000.000	39,494,808.219
Total :	33,100,000.000	39,494,808.219

Note (10) savings deposits

	Value in LYD	
	2004/12/31	2003/12/31
Adults and minors saving accounts	24,297,867.402	23,444,766.832
Total :	24,297,867.402	23,444,766.832

Note (11) Cash securities

	Value in LYD	
	2004/12/31	2003/12/31
Letters of credit cash securities	61,853,210.846	28,055,108.345
Letters of guarantee cash securities	7,584,474.318	3,807,984.574
Total :	19,584,312.000	31,863,092.919

Note (12) Certified cheques

	Value in LYD	
	2004/12/31	2003/12/31
Certified cheques	19,584,312.000	17,087,433.000
Total :	19,584,312.000	17,087,433.000

Note (13) Accounts payable and other liabilities

	Value in LYD	
	2004/12/31	2003/12/31
Non personal accounts under reconciliation	21,235,260.084	27,135,011.986
Non personal accounts (other liabilities)	9,461,760.929	8,138,608.364
Provision for taxes on profits	4,345,849.643	5,374,961.510
Various accounts payable (general)	1,377,617.798	6,514,414.768
Total :	36,420,488.454	47,162,996.628

THIRD: SHAREHOLDERS EQUITY

Note (14) Capital

	Value in LYD	
	2004/12/31	2003/12/31
Capital	20,000,000.000	17,317,890.000
Total :	20,000,000.000	17,317,890.000

Note (15) Legal reserve

	Value in LYD	
	2004/12/31	2003/12/31
Legal reserve	11,828,363.199	8,658,945.000
Total :	11,828,363.199	8,658,945.000

Note (16) General reserve

	Value in LYD	
	2004/12/31	2003/12/31
General reserve	4,289,899.363	2,203,435.863
Total :	4,289,899.363	2,203,435.863

Note (17) Provisions contingencies

	Value in LYD	
	2004/12/31	2003/12/31
Provisions contingencies	87,462.346	2,106,892.674
Total :	87,462.346	2,106,892.674

Note (18) Shareholders profits and Board of Directors

	Value in LYD	
	2004/12/31	2003/12/31
Shareholders profits and Board of Directors remuneration	4,990,692.000	3,400,000.000
Total :	4,990,692.000	3,400,000.000

Stock Holders of the Bank of Commerce and Development

Natural Persons

Stock Holder	Number	No. of Shares	Value in LYD	Percentage
Males	1,344	991,862	9,918,620	%49.593
Females	687	259,548	2,595,480	%12.977
Total :	2,031	1,251,410	12,514,100	%62.570

Legal Persons

Stock Holder	Number	No. of Shares	Value in LYD	Percentage
Juridical Persons (Public)	7	384,900	3,849,000	%19.245
Juridical Persons (Private)	30	363,690	3,636,900	%18.185
Total :	37	748,590	7,485,900	%37.430

Major Legal Persons Holding Stock

Entity	City	No. of Shares	Value in LYD	Percentage
Islamic Call Society (Addawa)	Tripoli	100,000	1,000,000	%5.000
Libya Insurance Co.	Tripoli	100,000	1,000,000	%5.000
Jihad Fund	Tripoli	100,000	1,000,000	%5.000
Almuttahida Insurance Co.	Tripoli	80,000	800,000	%4.000
National Investment Co.	Tripoli	59,900	599,000	%2.995
Red Crescent Society (Gen. Secr.)	Benghazi	47,200	472,000	%2.360
Atthaddi Bldg/Construction Author.	Tripoli	45,000	450,000	%2.250
General Pipe Co.	Benghazi	40,000	400,000	%2.000

Geographical Distribution of Shareholders

City	No. of Shareholders	No. of Shares Individuals	Private Entities	Public Entities	Total
Benghazi	1,123	497,240	156,340	64,000	717,580
Tripoli	528	586,043	198,100	320,900	1,105,043
Misurata	88	52,428	2,500	---	54,928
Tobruk	69	42,084	100	---	42,184
Marj	12	15,330	8,050	---	23,380
Derna	119	20,850	---	---	20,850
Azzawia	35	16,565	500	---	17,065
Ojila	24	10,200	---	---	10,200
Sabha	19	3,890	---	---	3,890
Beda	29	2,900	100	---	3,000
Sulog	6	830	---	---	380
Sorman	1	---	500	---	500
Shahat	4	200	---	---	200
Kufra	1	100	---	---	100
Murzog	3	100	---	---	100
Sousa	1	50	---	---	50
Brak	5	50	---	---	50
Sirte	1	50	---	---	50
Total :	2,069	1,248,910	366,190	384,900	2,000,000

FINANCIAL NOTES ON THE INCOME STATEMENT FOR THE FINANCIAL YEAR ENDING ON 31/12/2003

Note (1) Received interest

	Value in LYD	
	2004/12/31	2003/12/31
Overdrawn accounts	988,329.596	600,166.961
Deposits with CBL and local banks	5,507,782.114	4,327,103.414
Branches and Agencies account balances	4,137,499.499	3,104,991.012
Other received interest	32,991.049	1,049.597
correspondents	1,686,474.253	1,145,039.461
Social advances	32,375.427	17,682.246
Treasury notes and Treasury bonds	1,115,920.851	2,913,013.699
NOC loan	1,152,387.562	1,761,512.185
Letters of credit	33,836.601	812.200
Alburaq loan	72,750.000	24,687.500
Total :	14,760,346.652	13,896,058.275

Note (2) Paid interest

	Value in LYD	
	2004/12/31	2003/12/31
Time deposits	991,289.934	1,168,755.356
Savings accounts	1,046,059.392	1,124,702.145
Other paid interest	206,230.524	190,441.548
Branches and Agencies account balance	4,137,499.499	3,104,991.012
Total :	6,381,079.349	5,588,890.061

Note (3) Commissions and revenue

	Value in LYD	
	2004/12/31	2003/12/31
Banking operations commissions	3,464,143.182	1,283,454.974
Currency differential	1,551,620.476	361,066.426
Post fax and telephone	453,332.558	351,070.508
Other revenue	1,098,345.784	1,158,286.665
Travelers cheque sales and phone banking	1,300.000	5,758.025
Sale of foreign currencies	477,096.197	3,952,924.760
Commissions on letters of credit	356,514.579	233,185.274
Profits from Bank investments	94,112.000	88,230.000
VISA cards revenue	247.468	---
Capital gains	32,070.000	---
Total :	***7,528,782.244***	***7,433,976.632***

Note (4-a) GENERAL AND ADMINISTRATIVE EXPENSES AND ASSETS' DEPRECIATION

Item	LYD
1 Rent of office space for branches and agencies	482,832.116
2 Printing and stationary	32,401.150
3 Publicity and advertising	12,407.500
4 Insurance premiums on assets and vaults	125,065.519
5 Maintenance and repair of equipment and furniture	19,281.200
6 Post, fax, telephone and couriers	150,502.513
7 Vehicle maintenance and fuel	33,176.140
8 Stamp tax expenses	12,535.171
9 Accounts Auditors' fees	45,000.000
10 Bank software systems expenses	257,262.300
11 Bank buildings maintenance expenses	33,217.594
12 Membership fees in the Unions of Arab and Almagreb Banks and the Libyan Banks Association	19,935.481
13 Premises guards' expenses	55,153.000
14 Lighting, air-conditioning and water	38,834.514
15 Litigation expenses	2,567.315
16 SWIFT expenses	43,017.525
17 Hospitality expenses	37,700.079
18 Other administrative expenses	7,703.315
Total :	***1,408,592.432***

Note (4-b) BANK EMPLOYEES' EXPENSES FOR THE PERIOD

Item	LYD
Salaries and wages	1,180,224.446
Cash compensations and allowances	212,143.000
Grants, payments and extra wages	43,765.000
Bank's Social Security contribution	114,179.700
Medical care expenses	43,712.124
Other employee expenses	112,567.070
Business travel expenses	19,398.190
Non clerical employees' Uniforms and other expenses	1,337.750
Total :	***1,727,327.280***

Note (5) Depreciations

	Value in LYD	
	2004/12/31	2003/12/31
buildings	173,592.117	47,429.205
Instruments and equipment	613,767.142	1,013,041.094
Dividers and fixtures	64,872.243	59,567.050
Furniture and steel vaults	139,816.591	170,796.537
Floor carpeting	7,132.199	4,527.620
Vehicles	238,328.134	194,692.485
Total :	***1,237,508.426***	***1,490,053.991***

Total expenses during the year 2004 (4,373,428.138 LYD)

STATEMENT SHOWING H.O. , BRANCHES AND AGENCIES NET PROFITS AND PERCENTAGE CONTRIBUTION TO TOTAL PROFITS AS ON 31/12/2004

Bank Unit	Revenue	Received Interest	Expenses	Paid Interest	Net Income	% profit
Head Office	3,749,607.153	9,582.487.384	2,637,550.564	4,600,786.210	6,093,757.763	% 52.830
Benghazi MB	189,543.696	617,248.850	228,532.573	128,050.953	450,209.020	% 3.903
Tripoli MB	1,206,344.539	941,827.475	285,119.376	187,584.419	1,675,468.219	% 14.526
Misurata MB	794,001.868	641,694.457	185,092.708	29,610.520	1,220993.097	% 10.585
Tobruk MB	160,415.048	234,631.137	152,478.427	59,427.750	183,140.008	% 1.588
Azzawia MB	113,600.141	122,494.825	99,516.417	62,943.730	73,634.819	% 0.638
Gout Shaal	86,930.446	399,176.037	123,486.397	92,449.500	270,170.586	% 2.342
Alforosia	71,814.755	223,253.607	74,100.361	36,530.451	184,437.550	% 1.599
Dat Elimad	366,036.320	1,700,078.673	220,974.547	1,160,936.402	684,204.044	% 5.932
Benina i	32,396.439	1,884.101	23,261.674	720.791	10,298.075	% 0.089
Burj Alfateh	128,264.453	88,768.474	49,871.858	0.000	167,161.069	% 1.449
Musaad	22,667.773	11,857.185	0.000	0.000	34,524.958	% 0.299
Addawa	153,817.943	60,465.781	130,598.031	25,381	83,660.312	% 0.725
Tripoli A/P	91,544.963	92.178	22,714.932	4,747.436	64,174.773	% 0.556
Alberka	45,941.417	9,447.811	24,423.692	9,189.536	21,776.000	% 0.189
Gargarish	58,711.412	85,404.623	29,957.360	0.000	114,158.675	% 0.990
Africa C.	152,155.900	4,097.790	41,110.071	2,838.868	112,304.751	% 0.974
Gialo	29.855.165	13,669.726	7,184.142	104.820	36,235.929	% 0.314
Alkabir	30,377.362	10,709.795	12,983.000	0.000	28,104.157	% 0.244
Al Hadaig	44,522.475	10,810.285	24,472.008	4,652.848	26,207.904	% 0.227
Total :	***7,528,782.244***	***14,760,005.344***	***4,373,428.138***	***6,380,599.615***	***11,534,621.709***	***% 100.0000***

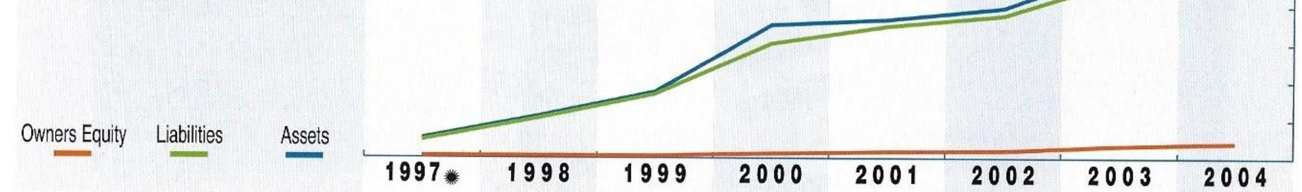
INCOME, JIHAD AND STAMP TAXES ACCRUED ON PROFITS AFTER DEDUCTION OF ALL EXPENSES ON 31/12/2004

INCOME TIERS LYD			TAX PER.	TAX LYD
	(1) ACCRUED CORPORATE TAX			
FIRST	200,000.000		% 15	30,000.000
SECOND	300,000.000		% 20	60,000.000
THIRD	500,000.000		% 25	125,000.000
FOURTH	500,000.000		% 30	150,000.000
FIFTH	500,000.000		% 35	175,000.000
SIXTH	ANY EXCESS AFTER DEDUCTING TREASURY NOTES AND BONDS INTEREST			
	8,418,700.858		% 40	3,367,480.343
		Total (1)		3,907,480.343
	(2) J. TAX			
	BANK PROFITS	11,534,621.709		
	TREASURY BILLS INTEREST	(-) 1,115,920.851		
	PROFITS SUBJECT TO J. Tax	10,418,700.858		
		Total (2)	% 4	416,748.100
	(3) STAMP TAX			
		Total (3)	% 0.005	21,621.200
	AMOUNT ACCRUED TO TAX DEPARTMENT	*Total (1 , 2 AND 3)*		4,345,849.643

THE BALANCE SHEET
FOR THE YEARS 1997 TO 2004 Amounts (in Libyan dinars)

A S S E T S	1997*	1998	1999	2000	2001	2002	2003	2004
Cash and balances with CBL	11,258,857	25,123,513	36,362,726	57,045,306	115,280,275	73,466,814	97,883,162	133,508,618
Deposits and balances with banks	30,835,910	70,912,663	112,221,803	192,013,091	152,374,277	199,032,594	270,263,274	339,975,727
Investments	552,500	552,500	5,605,000	5,755,000	50,855,000	51,293,200	51,293,200	1,193,200
Loans and advances	5,722,897	8,947,902	13,294,893	21,623,517	31,260,199	43,644,939	48,982,233	58,378,243
Buildings under construction	-----	-----	-----	-----	-----	4,315,342	6,133,603	2,241,375
Accounts receivable and other debtor balances	1,571,296	1,996,564	3,620,335	35,126,295	12,258,810	17,582,470	23,427,200	39,655,009
Fixed assets after deduction	1,840,299	2,400,940	3,306,418	3,620,616	3,322,965	6,722,503	7,944,921	17,041,413
Total assets	*51,781,759*	109,934,082	174,411,175	315,183,825	365,351,526	396,057,865	505,927,595	591,993,588
Liabilities & equity								
Liabilities								
Customer Deposits (current accounts)	31,883,020	76,258,706	116,258,956	167,816,069	235,938,119	246,753,074	313,188,746	367,950,239
Customer Time Deposits	2,800,000	4,975,000	2,700,000	11,270,000	7,000,000	17,188,200	39,494,808	33,100,000
Saving Deposits	2,482,631	5,034,643	11,009,770	12,661,202	20,572,560	23,165,239	23,444,766	24,297,867
Cash Securities	1,767,943	2,160,408	823,653	66,875,082	24,902,657	13,910,878	31,863,092	69,437,685
Certified cheques	-----	-----	-----	-----	24,500,125	35,505,005	17,078,433	19,584,312
Accounts payable Other liabilities	8,163,343	16,104,581	37,696,776	43,878,958	35,340,084	39,642,740	47,162,996	36,420,488
Total liabilities	*47,096,937*	104,533,338	168,489,154	302,501,312	348,253,546	376,165,136	472,232,843	550,790,592
Shareholders Equity								
Capital	4,500,000	4,500,000	4,500,000	9,000,000	9,000,000	9,000,000	17,317,890	20,000,000
Legal Reserve	92,411	450,372	924,645	2,292,028	4,500,000	5,959,793	8,658,945	11,828,363
General Reserve	23,103	23,103	23,103	41,103	205,848	770,848	2,203,435	4,289,899
Various Provisions	-----	-----	-----	200,000	1,400,000	2,153,342	2,106,892	87,462
Stockholders Profits and board Members remuneration	69,308	427,269	474,273	1,148,369	1,991,557	2,003,687	3,400,000	4,990,692
Profits carried forward	-----	-----	559	1,014	574	5,057	7,588	6,578
Total Shareholders Equity	*4,684,822*	5,400,744	5,922,020	12,682,513	17,197,980	19,892,729	33,694,752	41,202,995
Total liabilities & Shareholders Equity	*51,781,759*	109,934,082	174,411,175	315,183,825	365,451,526	396,057,865	505,927,595	591,993,588
CONTINGENT ACCOUNTS & OTHER LIABILITIES								
Letters of credit	970,723	7881,252	3,955,542	78,430,167	37,086,818	48,411,995	81,415,012	113,211,880
Cash against documents	-----	-----	-----	-----	-----	3,392,755	3,115,546	3,613,446
Local and Foreign Letters of guarantee	138,554	193,171	412,421	565,476	742,750	2,941,424	10,909,493	24,080,441
Travellers cheques in stock	63,735	7,402,460,485	7,348,852,390	7,310,303,650	7,302,296,910	7,310,806,540	7,302,247,170	7,292,013,090
Total Contingent accounts & other liabilities	*1,173,012*	7,410,534,908	7,353,220,353	7,389,299,293	7,340,126,478	7,365,552,714	7,397,687,221	7,432,918,858
Grand total	*52,954,771*	7,520,468,990	7,527,631,528	7,704,483,118	7,705,578,004	7,761,610,579	7,903,614,816	8,024,912,446

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



29 / 12 / 2004

THE CELEBRATION OF LAUNCHING THE E-PAYMENT SERVICES

AS THE FIRST LIBYAN BANK TO BE MEMBER IN VISA INTERNATIONAL
AND INAUGURATION THE FIRST E-CASHING OPERATION IN PRESENCE OF THE EXECUTIVE DIRECTOR OF VISA IN LIBYA