



BANK OF COMMERCE & DEVELOPMENT

১২ম বার্ষিক রিপোর্ট
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The Twelfth Annual Report

2008





Bank Of Commerce & Development

The Twelfth Annual
Report 2008

Under the Direction of:
Mr. Jamal T. Abdelmalik

Prepared by:
Mr. Tariq M. Alhadded
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Mr. Salem M. Budajaja

Translated by:
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Bank of Commerce & Development A Joint Stock Libyan Company

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

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

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

Capital

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

Stockholders

Natural persons (2667)
Juridical persons (37)

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**Head Office – Benghazi**

BOCD Tower | Gamal A/Nasir Street

Alberka | Benghazi

Tel: +218 61 - 2242111

P.O.Box: 9045

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

Service Number: Ext 1478

(Admin 1009 – Shareholders 1023)

Email: info@bcd.ly

SWIFT: CDBLLYLT

Branches**1. Benghazi Main Branch**

Burj Almukhtar Building | Gamal A/Nasir

Street | Benghazi

P.O.Box: 9160

Tel: +218 - 61 - 9080555 / 9097361

Fax: +218 61 - 9080444

2. Tripoli Main Branch

Annasr Street | Bumashmasha | Tripoli

P.O.Box: 91210

Tel: +218 - 21 - 3335846 / 3335477

Fax: +218 - 21 - 3335846 / 3335477

3. Misurata Main Branch

The Permanent Industrial Fair | Adjacent to

Aljamia Alaali | Misurata

P.O.Box: 78

Tel: +218 - 51 - 629550 / 629551

Fax: +218 - 51 - 629538

4. Tobruk Main Branch

BOCD Building | Tobruk

P.O.Box: 28/86

Tel: +218 - 087 - 76294025

Fax: +218 - 87 - 621208

5. Azzawia Main Branch

Alamlak Building | Oqba Bin Nafee Street | Azzawia

P.O.Box: 120

Tel: +218 - 23 - 620164 / 620057

Fax: +218 - 23 - 620195

6. Albieda Main Branch

Tel: +218 - 84 - 635694

Fax: +218 - 84 - 635694

7. Zletin Main Branch

AlQyadat Ashabia Investment Building |

Misurata Street | Zletin

Tel: +218 - 51 - 4627716

Fax: +218 - 51 - 4627720

8. Dat Elemad Branch

Dat Elemad Buildings | Tower 1 | Tripoli

Tel: +218 - 21 - 3350530

Fax: +218 - 21 - 3350206

9. Sirte Main Branch

Tel: +218 - 545 - 250044 / 250043

10 Derna Main Branch

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

Agencies**1. Addawa Alislamia Agency**

Addawa Alislamia Building | Benghazi

Tel: +218 - 61 - 9082057

Fax: +218 - 61 - 9081482

2. Burj Alfateh Agency

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

Tel: +218 - 21 - 3351115 / 3351117

Fax: +218 - 21 - 3351118 / 3351119

3. Gout Ashaal Agency

Zarqaa Alyamama Center | no. 2 | Gout

Ashaal | Tripoli

Tel: +218 - 21 - 4838758 / 4838762

Fax: +218 - 21 - 4838762

4. Alforosia Agency

Alforosia Investment Complex | Aljazeera

Dist. | Benghazi

Tel: +218 - 61 - 9082057

Fax: +218 - 61 - 9081482

5. Gargarish Agency

Alandalus Dist. | Tripoli

Tel: +218 - 21 - 4841531 / 4841532

Fax: +218 - 21 - 4841533



6. Gasr Hamad Agency

Misurata

Tel: +218 - 51 - 2743024

Fax: +218 - 51 - 2743023

7. Benina International Airport Agency

Benina International Airport | Benghazi

Tel: +218 - 61 - 9081483

Fax: +218 - 61 - 9081483

8. Musaad Border Agency

Mutamar Former Building | Musaad

Tel: +218 - 87 - 629404

Fax: +218 - 87 - 629404

9. Tripoli International Airport Agency

Tripoli International Airport | Tripoli

Tel: +218 - 22 - 634644

Fax: +218 - 22 - 634645

10. Alberka Agency

BOCD Tower | Gamal A/Nassir Street | Benghazi

Tel: +218 - 61 - 2239210

Fax: +218 - 61 - 2239210

11. Alhadaiq Agency

Alfwaihat | Benghazi

Tel: +218 - 61 - 2233516

Fax: +218 - 61 - 2239823

12. Alfunduk Alkabar Agency

Alfunduk Alkabar | Tripoli

Tel: +218 - 21 - 3334072

Fax: +218 - 21 - 3334073

13. Gialo Agency

Gialo City

Tel: +218 - 61 - 224581

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

14. Child Agency

Benghazi

Tel: +218 - 61 - 2241782

Fax: +218 - 61 - 2241781

15. Zwara Agency

Gamal A/Nasir Street | Coastal Road | Zwara

Tel: +218 - 25 - 220130

Fax: +218 - 25 - 220134

16. Adjedabia Agency

Benghazi Street | Adjedabia

Tel: +218 - 64 - 628670

Fax: +218 - 64 - 628671

17. Almadar Agency

Sports City | Tripoli

Tel: +218 - 91 - 90539

Fax: +218 - 91 - 90540

18. Alfwaihat Agency

Benghazi

Tel: +218 - 61 - 2239925

Fax: +218 - 61 - 2239924

19. Alwahda Alarabia Agency

Benghazi

Tel: +218 - 61 - 2239169

Fax: +218 - 61 - 2239206

20. Souk Aljuma Agency

Tripoli

Tel: +218 - 21 - 353946

Fax: +218 - 21 - 3513997

Business Centers

1. Tripoli Business Center

Datelemal Buildings | Tower 1 | Tripoli

Tel: +218 - 21 - 3350205

Fax: +218 - 21 - 3350200

2. Benghazi Business Center

Addawa Alislamia Building

Tel: +218 - 61 - 9082057

Fax: +218 - 61 - 9081482

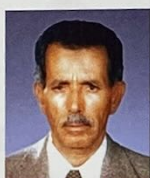
The Board of Directors



Jamal T. Abdelmalek
Chairman of the Board



Eng. Mubarak Abdalla Ashareef
Deputy Chairman of the Board



Dr. Mohamad Ramadan Buzakook
Board Member



Mohamad Mohamad Hawidi
Board Member



Fadelalla Faraj Fanoush
Board Member



Fathi Juma Busnaina
Board Member



Aiad Assaid Edhaim
Board Member



Omar Faraj Lahaiwel
Secretary of Board

Control Committee



Ramadan Younis Kwairi
Control Committee Chairman



Ali Mansour Alasbali
Committee Member



Abdelbasit Abdussalam Alfaituri
Committee Member

Executive Management

- . **Idris Ismael Attashani**
Acting Assistant General Manager
- . **Waseem Abdalla Azwae**
Acting Administration & Personnel Manager
- . **Bashir Hasan Alhouti**
Acting Systems Manager
- . **Jasir mansour Assanousi**
Acting Credit Manager
- . **Mohamed Almabrouk Aljehani**
Acting Banking Operations Manager
- . **Abdalla Hamid Swaidig**
Acting Inspection Manager
- . **Ramadan Khalif Fainoush**
Acting Albaida Main Branch Manager
- . **Ahmad Abdalla Bin Shatwan**
Acting Alberka Agency Head
- . **Abdussalam Mansour Azwayee**
Acting Alforosia Agency Head
- . **Zainab Ahmad Azziani**
Acting Addawa Alislamia Agency Head
- . **Moftah Assanousi Alashaibe**
Acting Agency Head
- . **Aisha Mohamed Attajoory**
Acting Alhadaiq Child Agency Head
- . **Salah Sahlem Algomati**
Acting Benina Airport Agency Head

Audit Department

- . **Fowzi Ahmad Alhawaz**
Acting Internal Audit Manager
- . **Ashour Ali Alwarfalli**
Acting Risk Manager
- . **Tariq Muftah Alhaddad**
Compliance Section Head
- . **Waleed Abdullatif Alwarfalli**
Acting Alwahda Alarabia Agency Head
- . **Osama Ahmad Ashurkasy**
Acting Alfwaihat Agency Head
- . **Mustafa Khamis Alhouti**
Acting Muaad Border Agency Head
- . **Abdullatif Ali Amir**
Acting Markaz Afriqia Agency Head

Branches & Agencies

- . **Jamal Musbah Nashad**
Acting Benghazi Main Branch Manager
- . **Ali Khalif Arruhaibi**
Acting Tripoli Main Branch Manager
- . **Laila Ahmad Alfeel**
Acting Datelemad Branch Manager
- . **Suliman Ibrahim Addarat**
Acting Misurata Main Branch Manager
- . **Said Ahmad Zahmoul**
Acting Azzawia Main Branch Manager
- . **Mukhtar Hadia Busnaina**
Acting Zletin Main Branch Manager
- . **Ali Mohamad Aiada**
Acting In Charge Sirte Main Branch
- . **Ibrahim Said Ibrahim**
Acting Tobruk Main Branch Manager
- . **Khaled Ahmad Alfeel**
Acting Funduk Alkabir Agency Head
- . **Abdussalm Muhammad Alost**
Acting Gout Ashaal Agency Head
- . **Attahir Alhadi Alammouri**
Acting Burj Alfateh Agency Head
- . **Hosam Salem Almabrouk**
Acting Tripoli Airport Agency Head
- . **Abdurraouf Mohamad Alokhai**
Acting Gargarish Agency Head
- . **Baskari Attaib Baskari**
Acting Adjedabia Agency Head
- . **Muftah Ali Zian**
Acting Zwara Agency Head



Bank of Commerce and Development Vision

Our Vision

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

Our Mission

To provide the best, highest quality and fastest modern banking services.

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

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

Our Objectives

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

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

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

To build a sound banking institution focusing on asset quality.

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

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

The Board of Directors Twelfth Report on the Bank's activities and its Financial Position for the year ended 31/12/2008

Ladies and Gentlemen:

Shareholders of the Bank of Commerce and Development,

The Board of Directors takes pleasure in presenting to you its twelfth report on the activities and results realized during the financial year ended 31/12/2008. We consider it an exceptionally good year for our Bank, as we achieved distinctive results and significant growth in all aspects.

The year 2008 was a turning point in the Bank's progress manifested by full payment of share capital (50,000,000 LYD). This full payment of capital serves to bolster shareholders equity, fulfill internal and external expansion requirements, increase the Bank's ability to finance large scale projects and enhance its capital adequacy.

The financial results achieved by the Bank during the year 2008 were exceptional in all areas. Total profits before tax amounted to (35,659,172.213 LYD) against (20,906,250.294 LYD) in 2007, an increase of (14,752,921.919 LYD) (70%). Total assets increased by (30%) to (1,818,524,076.899 LYD) at the end of 2008, while shareholders equity amounted to (95,263,051.628 LYD) growing by (25%) more than 2007.

During 2008 the Bank has largely contributed to financing foreign trade transactions by opening documentary credits and executing foreign transfers and bills for collection. These transactions, both inward and outward, amounted to (2,893,501,869.160 LYD) at the end of 31/12/2008, an increase of (775,455,499.410 LYD) over the year ended 31/12/2007, a rate of increase of (36%).

Dear Shareholders,

In light of these significant results, the Board of Directors recommends the distribution of profits at (20%) for 2008 against (15%) for 2007.

The Board of Directors expresses its thanks and gratitude to the Bank's customers for entrusting it with their business and assures them that it will work to achieve continuous improvement, raise the standards of focusing on our customers and provide the best services. Similarly the Board of Directors is thankful and appreciative of the efforts expended by the Bank staff and employees in their endeavor to realize more positive results year after year.



I: Assets and Liabilities

1. Assets | Examination of the Bank's balance sheet as at 31/12/2008, we observe a significant increase of assets to (1,818,524,076.899 LYD), an increase of (423,797,899.380 LYD) over the year ended 31/12/2007, when total assets amounted to (1,394,726,177.516 LYD) a rate of increase of (30%).

The following illustrates the most important assets:

a. Balances with Local and Foreign Banks:

The balance of this item at the end of 2008 amounted to (467,734,226.809 LYD) against (493,615,943.386 LYD) at the end of 2007, a decrease of (-25,881,716.577 LYD) (-5%), this decrease was due to the Central Bank of Libya's instructions limiting the amounts retained by the Bank with correspondents abroad to a certain balance.

b. Deposit Certificates with the Central Bank of Libya:

After publication of the Central Bank of Libya's Board of Directors Resolution No- (67 – 2007) concerning the issue of deposit certificates, allowing banks to underwrite them and discontinuing time deposits with the Central Bank of Libya; we commenced implementation of this resolution beginning in May 2008. The Bank's investments in deposit certificates on 31/12/2008 amounted to (740,857,581.078 LYD); these certificates realized a return of (6,168,708.910 LYD).

c. Deposits with Foreign Banks:

Deposits with foreign banks as at 31/12/2008 amounted to (65,771,414.196 LYD) against (106,252,526.329 LYD) as at 31/12/2007, a decrease of (-40,481,112.133 LYD), at a rate of decrease of (-38%), this is due to the Central Bank of Libya's instructions to lower foreign deposits and retain only a limited amount.

d. Local Investments:

Total local investments as at 31/12/2008 amounted to (31,645,884.353 LYD), against (6,196,390.000 LYD) as at 31/12/2007, an increase of (25,449,494.353 LYD), at a rate of increase of (41%).

e. Loans and Facilities after Deducting Provisions:

Total credit facilities balance as at 31/12/2008 amounted to (326,698,924.369 LYD) against (275,040,605.525 LYD) as at 31/12/2007, an increase of (51,658,318.844 LYD), a rate of increase of (19%).

f. Creditors and other Creditor Balances:

This item as at 31/12/2008 amounted to (18,524,058.889 LYD), against (8,100,335.139 LYD) as at 31/12/2007, an increase of (10,423,723.750 LYD), a rate of (128%).

g. Fixed Assets:

Fixed assets as at 31/12/2008, after deducting depreciation, amounted to (34,372,018.741 LYD) against (28,560,569.086 LYD) as at 31/12/2007, an increase of (5,811,448.881 LYD), a rate of (20%).



2-Liabilities | Liabilities as at 31/12/2008, indicated a significant increase to (1,723,261,025.271 LYD), by (404,531,454.259 LYD), at a rate of (31%) over the financial year ended on 31/12/2007; when the total liabilities amounted to (1,318,729,571.012 LYD).

The following illustrates the most important liabilities:

a. Customer Deposits:

Customer deposits in the form of current debtor accounts in Libyan Dinars and foreign currencies for private and juridical persons on 31/12/2008 amounted to (1,364,173,861.593 LYD), an increase of (390,117,793.456 LYD) over the year ended on 31/12/2007, which totaled (974,056,068.137 LYD), at a rate of increase of (40%). This increase was realized due to the increase in the balances of personal, company, private partnerships and foreign company accounts. It is worth mentioning that the Bank was prohibited by the Secretariat of the General People's Committee on Finance from opening current accounts and managing accounts of public entities and public companies, which used to keep their accounts with the Central Bank. These entities were allowed to select the bank of their choice; needless to say, most of these entities (Secretariats, companies, authorities and public establishments) selected to open their account and credits with the Sahara, Aljomhoria, Attijary Alwatani and Alwahda Banks, although our Bank is a commercial registered bank licensed by the Central Bank of Libya to conduct all commercial business authorized by Law No- 1 – 2005.

Accounts	Number of Accounts On		Rate of Increase
	31/12/2008	31/12/2007	
Individuals	111192	102001	9%
Juridical Persons	16381	16199	1%
Total	127573	118200	10%

b. Customer Time Deposits:

Time deposit balances as at 31/12/2008 amounted to (162,619,570.310 LYD), against (179,738,374.971 LYD) as at 31/12/2007, a decrease of (17,118,804.661 LYD), at rate of (-10%).

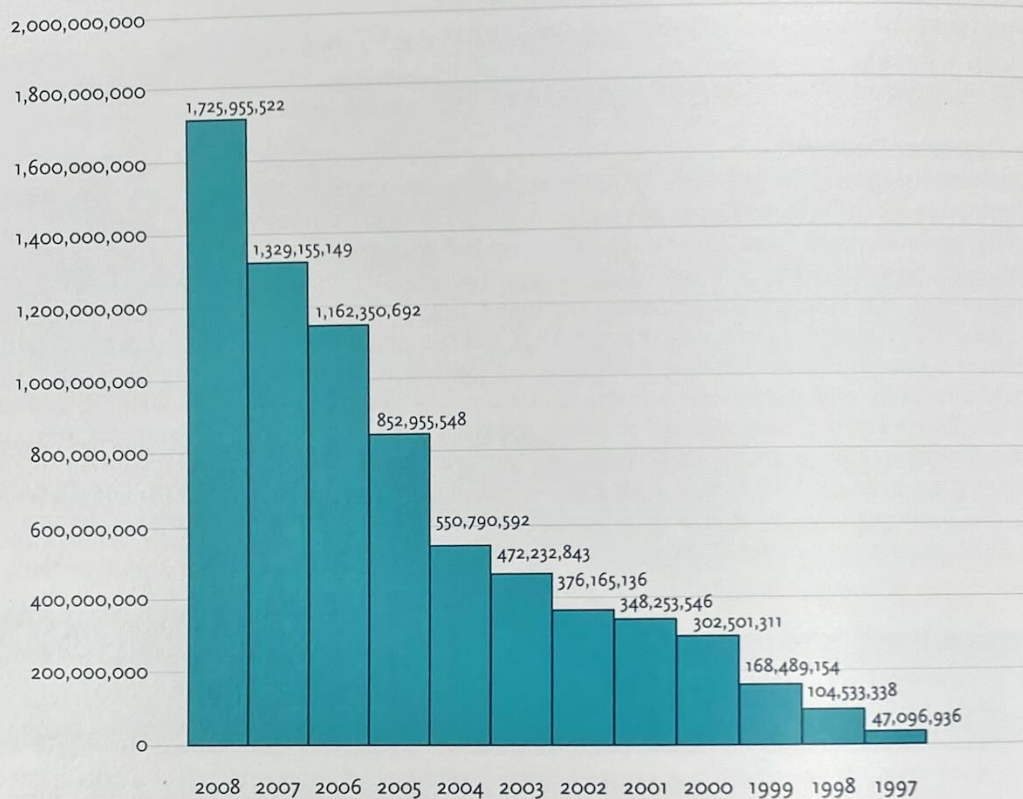
c. Savings Deposits:

This item represents total savings accounts balances for youngsters and adults, as at 31/12/2008 amounted to (20,209,250.950 LYD), against (19,446,181.034 LYD) as at 31/12/2007, an increase of (763,069.916 LYD) at a rate of (4%).

d. Cash Securities:

The balance of this item as at 31/12/2008 amounted to (85,296,459.785 LYD), against (40,171,514.344 LYD) as at 31/12/2007, an increase of (45,124,945.441 LYD), a rate of (112%).

Chart Indicating the Total Deposit Liabilities



II: Banking Operations

During year 2008, the Bank witnessed significant distinction and growth in its foreign operations, both those connected to foreign transfers, opening documentary credits or bills for collection, thus increasing revenue as will be shown by the following operations:

1. Documentary Credits

a. Documentary Credits (Imports):

The volume of documentary credits (imports) opened through Bank branches and agencies during 2008 rose by (735) letters of credit; such that the value of these opened (import) credits amounted to (448,441,613.490 LYD) compared to the value of the previous year of (171,502,251.690 LYD), at (161%). The following illustration shows total opened documentary credits and their value by currency of issue and LYD equivalents.

Documentary Credits (imports) in USD

Number of Credits	Total	LYD Equivalent
49	32,749,601, 31	40,887,877.240

Documentary Credits (imports) in EUR

Number of Credits	Total	LYD Equivalent
651	226,779,886.98	399,155,279.070

Documentary Credits (imports) in GBP

Number of Credits	Total	LYD Equivalent
15	784,114.01	1,419,089.540

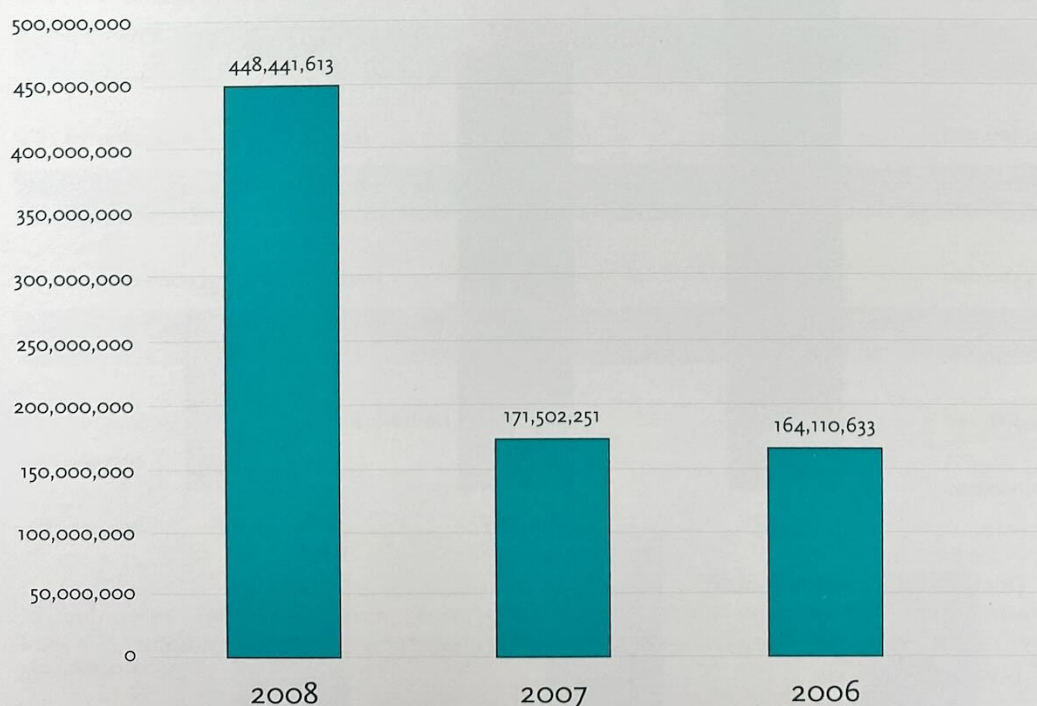
Documentary Credits (imports) in CHF

Number of Credits	Total	LYD Equivalent
5	4,180,958.22	4,945,237.380

Documentary Credits (imports) in TND

Number of Credits	Total	LYD Equivalent
12	2,152,291.04	2,034,130.260

Chart Indicating Documentary Credits (Imports)



b. Documentary Credits (Exports):

The documentary credits balance (Exports) opened until 31/12/2008 amounted to (15,408,783.400 LYD), compared to (14,746,373.480 LYD) for 2007, an increase of (662,409.92 LYD) at (4%), following are the details:

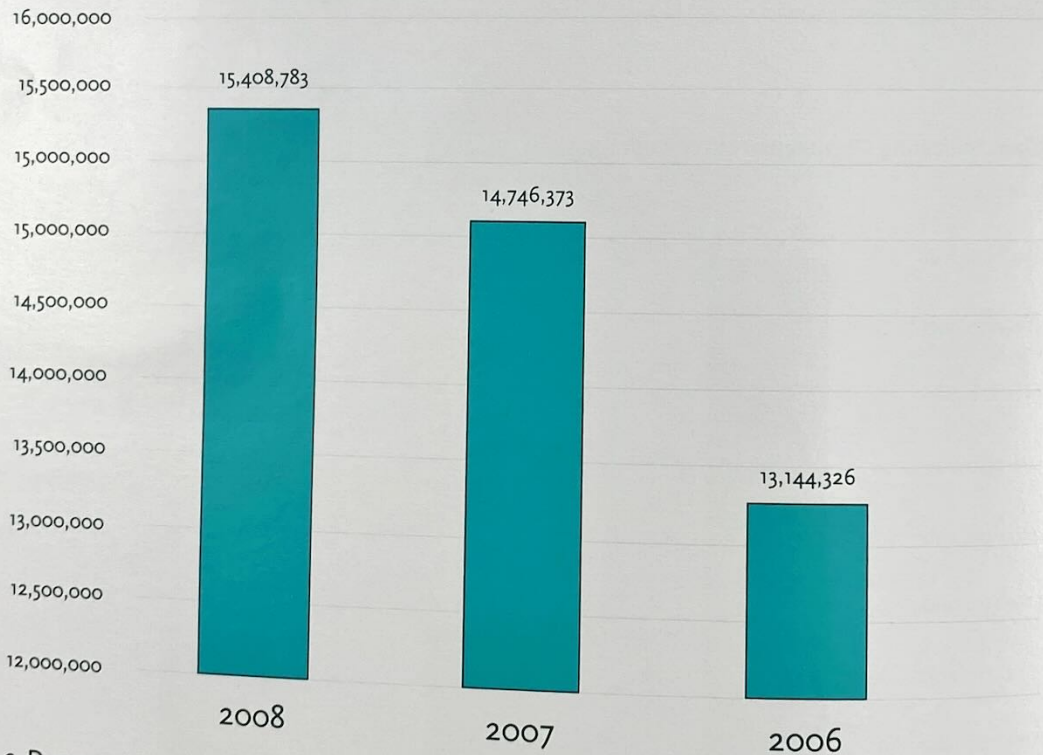
Documentary Credits (exports) in USD

Number of Credits	Total	LYD Equivalent
2	224,400.00	280,163.400

Documentary Credits (exports) in EUR

Number of Credits	Total	LYD Equivalent
7	8,595,318.45	15,128,620.000

Chart Indicating Documentary Credits (Exports)



c. Documentary Credits (Local):

Inward local documentary credits as at 31/12/2008, numbered (109) amounted to (173,161,047.430 LYD). Outward local documentary credits, numbered (3) amounted to a total of (238,591.000 LYD).

2. Foreign Bills for Collection | During the financial year ended 31/12/2008 the executed bills for collection amounted to (232,900,078.960 LYD), on 31/12/2007 they amounted to (135,032,566.350 LYD), an increase of (97,867,512.610 LYD), a rate of increase of (72%).

Following is an illustration showing total inward bills for collection executed and their values by currency and LYD equivalents:

Bills for collection in USD

Number of Bills	Total	LYD Equivalent
127	22,238,771.31	27,765,105.980

Bills for collection in EUR

Number of Bills	Total	LYD Equivalent
1172	113,365,666.14	199,534,908.970

Bills for collection in GBP

Number of Bills	Total	LYD Equivalent
18	1,824,776.72	3,302,480.910

Bills for collection in CHF

Number of Bills	Total	LYD Equivalent
2	111,969.20	132,437.170

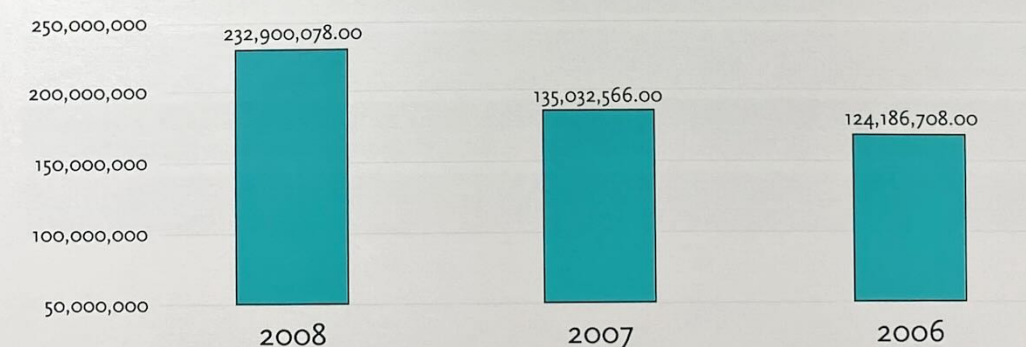
Bills for collection in TND (Tunisia)

Number of Bills	Total	LYD Equivalent
30	2,264,523.13	2,140,200.810

Bills for collection in AED (Emirates)

Number of Bills	Total	LYD Equivalent
1	73,368.00	24,945.120

Chart Indicating Foreign Bills for Collection



3. Foreign Transfers:

a. Outward Foreign Transfers:

During year 2008 (18359) outward transfers were executed in various currencies, equivalent to (1,470,130,078.000 LYD), whereas, in 2007 they amounted to (1,239,515,679.270 LYD), an increase of (230,614,398.730 LYD), a rate of (18%).

Following is an illustration showing outward foreign transfers and their values by currency and LYD equivalent:

Outward Foreign Transfers in USD

Number of Transfers	Total	LYD Equivalent
3493	209,787,117.88	261,919,216.670

Outward Foreign Transfers in EUR

Number of Transfers	Total	LYD Equivalent
12803	542,986,581.01	955,710,681.240

Outward Foreign Transfers in GBP

Number of Transfers	Total	LYD Equivalent
1279	44,856,382.46	81,181,080.980

Outward Foreign Transfers in CHF

Number of Transfers	Total	LYD Equivalent
275	71,104,118.85	84,101,951.780

Outward Foreign Transfers in TND

Number of Transfers	Total	LYD Equivalent
77	8,035,226.49	7,594,092.560

Outward Foreign Transfers in CAD

Number of Transfers	Total	LYD Equivalent
251	2,369,462.01	2,417,562.090

Outward Foreign Transfers in AED

Number of Transfers	Total	LYD Equivalent
181	227,074,978.50	77,205,492.690

Chart Indicating Foreign Transfers (Outward)



b. Inward Foreign Transfers:

Inward foreign transfers during 2008 numbered (7131) transfers, amounted to (726,621,315.310 LYD), while in year end 31/12/2007 they amounted to (555,777,875.750 LYD), an increase of (170,843,439.560 LYD), a rate of (31%).

Following is an illustration showing the total inward foreign transfers, their values by currency and LYD equivalents.

Inward Foreign Transfers in USD

Number of Transfers	Total	LYD Equivalent
2408	258,050,975.03	322,176,642.320

Inward Foreign Transfers in EUR

Number of Transfers	Total	LYD Equivalent
3189	217,081,884.11	382,085,824.220

Inward Foreign Transfers in GBP

Number of Transfers	Total	LYD Equivalent
485	11,381,910.99	20,598,982.510

Inward Foreign Transfers in CHF

Number of Transfers	Total	LYD Equivalent
23	448,756.78	510,819.840

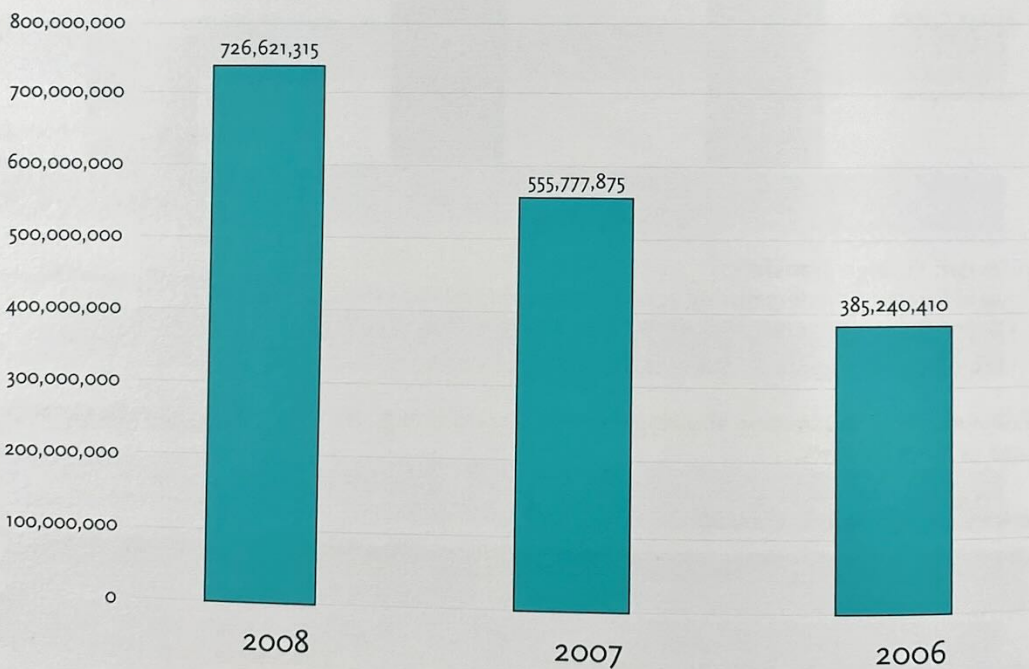
Inward Foreign Transfers in AED

Number of Transfers	Total	LYD Equivalent
5	127,500.00	43,350.000

Inward Foreign Transfers in CAD

Number of Transfers	Total	LYD Equivalent
21	1,181,707.74	1,205,696.410

Chart Indicating Inward Foreign Transfers



These transfers from foreign companies engaged in projects in Libya, as the Bank cashed some of these transfers in LYD using a part of its deposit liabilities and the remainder was maintained in foreign currency current accounts for the owners of these transfers.

It is worth mentioning that the Bank's revenue was severely affected after Central Bank of Libya had issued instructions to liquidate the Bank's foreign currency deposits with foreign correspondent banks in return for lucrative profits realizing good revenue. The Central Bank of Libya compelled our Bank to retain an amount of not more than (200%) of the total of its own funds when Central Bank of Libya's Board of Directors issued resolution number (46 – 2008) on 18/6/2008 article, where in Article 11 it states that "The total balances in foreign currency retained by the bank with

foreign correspondents shall not exceed a ratio of (200%), i.e. double its own net funds, etc...).

Bearing in mind that the Bank's own funds do not exceed (75) million, it follows that according to this resolution; our Bank is entitled to retain a balance in foreign currencies not more than (150) million only, while the amounts transferred through the Bank by foreign companies, individuals and others exceed (725) million LYD. These foreign currency transfer amounts were not cashed, on the contrary, some customers require that the balances remain in foreign currency accounts and be handled in accordance with the stipulations of Article numbers (42, 43, 44 and 45) of the Banks Law No- (1 – 2005), without specifying a certain ceiling, consequently this constraint has curtailed the increase in the Bank's revenue.

4. Transfers (Western Union) | This year saw increased demand by our clientele for conducting money transfers through (Western Union) using our (28) branches and agencies from Musaad in the East to Zwara in the West, an increase of (5) more retail outlets over 2007. This service is now available in all the Bank's branches and agencies for the first time. The money transfers service reached (276982) transfers, realizing a return of (4,224,463.646 LYD), compared to (1,764,700.980 LYD) in 2007, an increase of (2,459,762.666 LYD), at (129%) as a result of these operations up to 31/12/2008.

Outward transfers reached (218614) transfers, with Egypt, Sudan and Tunisia at the top, an increase of (131921) transfers over the previous year, and (60368) inwards transfers, with Italy, Britain and Spain at the top, an increase of (34128) transfer over the year ended 31/12/2007.

Following is an illustration indicating outward and inward money transfers through Western Union for money transfers in 2008 in comparison to 2007:

Item	2007	2008	Variation rate
Outward Transfers No.	86693	218614	152 %
Inward Transfers No.	26240	60368	130 %
Outward Transfers Value	62,542,284.000	154,624,095.040	147 %
Inward Transfers Value	23,580,622.000	54,224,611.310	130 %
Total no. of Transfers	112933	127573	147%

III. Credit Policy

The Board of Directors has paid considerable attention to credit activities through direct oversight of granting credit facilities by means of specially formed committees which decide on credit facility and loan application. These committees were composed of Board Members; one of them considers applications from the Eastern Region, the other from the Western Region. A Senior Committee considers facility applications in the range of (12,000,000 LYD) twelve million LYD.

These committees approve loans and facilities after thorough consideration to ensure generating lucrative profitability with good securities in the form of real estate property mortgages, jewelry, assignment of rights or foreign letters of guarantee issued by international banks (many applications were not accepted for lack of these securities).

Debtor current accounts in year end 31/12/2008 amounted to (307,622,261.801 LYD), an increase of (42,203,547.613 LYD) over the year ended 31/12/2007. These accounts included the zero clearance debts for Misurata branches which on 31/12/2008 totaled (218,831,120.403 LYD).

It is worth knowing that there were interests set aside as part of the components of this balance which, on 31/12/2008 amounted to (17,823,191.723 LYD).

The Board of Directors is concerned with these debts and continuously follows them up. The BOD approved the establishment of an office under its direct supervision, appointed a head for this office and all the required resources were provided for its operation. The office actually, achieved numerous results within a short period. After continuous communication with the Public Prosecution Office it obtained written agreement of the Public Prosecution Office to register in the Bank's name all the mortgaged real estate properties against the company debts. On the other hand the Bank continued granting 'social advances' for its customers and raising the ceiling of the advances to customers to the total of two years' salaries, in compliance with the Central Bank of Libya instructions.

The value of outward local and foreign letters of guarantee as at 31/12/2008 amounted to (173,822,663.733 LYD), an increase of (3,601,379.579 LYD) over the year ended 31/12/2007 when it amounted to (170,221,284.154 LYD), a rate of (2%).

In implementation of the resolution of Ordinary Shareholders Meeting of 8/10/2008 agreeing to write off some non performing debts; the amount of (3,953,411.646 LYD) was writing. This amount represents the debts agreed by the Shareholder Meeting to be written off and continue claims for payment.

A provision for doubtful debt was established at (11,069,859.703 LYD) in conformity with Central Bank of Libya circulars concerning provisions, in addition to (5,000,000 LYD), as a provision for the zero clearance debt in Markaz Afrikia Attijary, after securing the agreement of His Excellency, the Governor of CBL to pay the provision for this debt in installments over five years, at five million LYD per annum, starting in the financial year ended 31/12/2008 and until the year ending 31/12/2012. In consequence, the total doubtful debt for the year 2008 was (16,069,859.703 LYD), bearing in mind that the Bank's Management is expending huge efforts to collect these debts and continually follow them up, both through the debt collection committee, formed in 2008, or through the Legal Office and Bank's Attorney.

It is worth noting here that the absence of financial prosecution and judicial court circuit resulted in non sentencing of cases brought before the courts since 1998 until now. For more than ten years these cases remained in the judicial halls, no final sentences have been passed till present. Added to this, our Bank along with private banks does not enjoy the feature of administrative seizure; granted by the Administrative Seizure Law No- (152 – 1970) to state banks and not private or joint stock banks. This resulted in depriving us from collection of our non performing debt by means of administrative seizures with other banks, although this Law compels us to disclose our custody to other banks, thus causing us to lose a great deal of time in receiving administrative seizure orders on almost daily basis from (6) state banks and some other administrative entities authorized by said Law to proceed with administrative seizures with our bank, such as the courts, the Retirement Fund and the Tax Department among others.

Our Bank conducts follow up on these seizures, prepares correspondence to branches and agencies to make the disclosures, prepare responses to banks and seizing entities stating the existence or non-existence of current or other accounts belonging to the subject of the seizure and prepares and sends certified cheques to beneficiaries of the seizures, either banks or those entities previously mentioned. All efforts made by our Bank, the Legal Office in Head Office,

no less than (28) employees in the various branches and agencies, stationary, salaries and other expenses is provided free of charge to all these entities. At the time when our Bank is denied equal treatment by other banks which are entitled to the right of seizure in accordance with the aforesaid Law, in spite of our numerous requests to the Central Bank of Libya amend Law No- (152 – 1970) to include all the operating licensed banks.

IV. Electronic Systems and Electronic Payment Systems:

The Bank continued its concern with automation and development achieving several successes in this area, the most significant of which are:

- Completion of connectivity of all Bank branches and agencies through fiber optic network when Gialo Agency was connected on 1/7/2008 to join the rest of branches and agencies. This feature enabled our customers to conduct their banking transactions in any branch or agency regardless of where the account is located. The completion of connectivity makes the Bank of Commerce and Development the first Libyan bank to connect branches and agencies scattered from Musaad in the East to Zwara in the West and Gialo in the South with a single banking system through fiber optic network and satellite connectivity.
- Modernizing and development of the SWIFT system hardware and software by introducing automation in the execution of transfers through this system by connecting all branches and agencies to the system's central location. Data is entered and financial transactions are conducted in the branch, then they are transferred to the central location in Head Office to execute the transfer. This method saved a great deal of time reduced the expenses of stationary and communications.
- The "Kanze" card issued by the Bank was connected to customers' accounts enabling the bearer of this card to withdraw from his/her account from any of the ATM's distributed on the branches and agencies. This service is available outside office hours including holidays. This card is also used in purchases from commercial outlets which maintain POS (Point of Sale) equipment.
- Started using the National Payment System for completion of local transfers between banks operating in the Jamahyria.
- Started using the intranet connected to the MISYS Banking System enabling its users to obtain reports and data on the bank's customer accounts.

1. Credit Cards | After making several communications with VISA International Corporation and MSCC Company which supports the Bank's Cards and ATM's and POS machines, upon obtaining devices and equipment and purchasing and installing the software in the VISA Section in Tripoli, our Bank obtained the VISA license which will enable the Bank to connect all the VISA cards of all types and our Bank's local payment card "Kanze" to the banking system with the customer's current account enabling him/her to withdraw of the Bank's ATM's and POS available in many hotels, restaurants, commercial and services outlet to pay immediately for the service provided and prompt automatic deduction from the account with the Bank. This will enhance security and trust for the seller and buyer and eliminate the use of cheques and cash. Our ATM's and POS's will be managed by our Bank's VISA Section, without any support from outside the country. Our bank can provide this service to many local, African and international banks by servicing their ATM's or POS's, as we are the first bank to achieve this service among all the other banks.

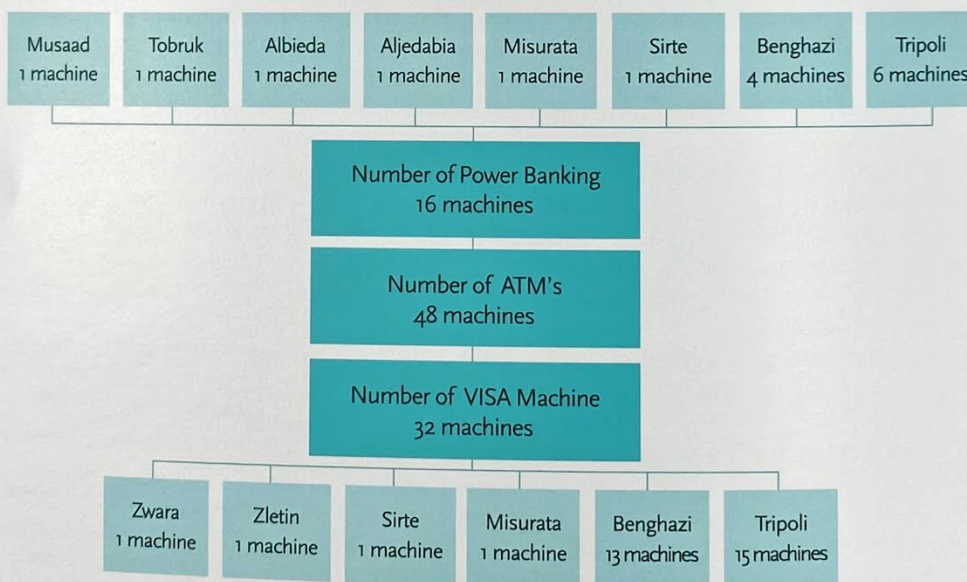
The Bank continued to issue various types of electronic cards (VISA Gold - VISA Electron –

VISA internet – Tourist VISA), Kanze local card. The number of issued cards of various types as at 31/12/2008 reached (10344) compared to (8351) for 2007, a rate of increase of (24%). The following table indicates the numbers of electronic cards issued up to 31/12/2008:

Number	Card Type
2227	VISA GOLD
1262	VISA ELECTRON
2018	VISA INTERNET
2	VISA TRAVEL
4835	KANZE
10344	Total

It is worth mentioning that the number of Kanze Cards connected to customer accounts reached (2578) cards.

2. ATM and Point of Sale Machines | The number of ATM's and POS machines was increased all over the Jamahyria. Automatic Teller Machines distributed on the Bank's branches and agencies, hotels, commercial centers airports to 48 compared to 29 in 2007, an increase of (65%).



The number of Point Of Sale machines POS's situated in hotels, restaurants and commercial centers rose to reach (226) machines compared with (193) machines in 2007, an increase of (17%).

3. Mobile and Electronic Banking | Among the differentiated service provided by the Bank to service our customers, Mobile and Electronic Banking have the Chairman of the Boards direct attention. Mobile Banking Service subscribers rose to (13391) subscribers at the end of the report year, compared to (2214) in 2007, a difference of (11177) subscribers and a rate of increase of (505 %). The number of Electronic Banking users rose to (1386) users compared

to (371) in 2007, a difference of (1015) users and an rate of increase of (273 %).

Service	2007	2008
Mobile	2214	13391
Electronic Banking	371	1386

4. The Intranet | Based on the Chairman of the Board's instruction the Bank's own Intranet project was launched and connected to MISYS System. The purpose of Intranet is to raise employees' competency and facilitate the banking business by means of the following services:

- Customer's bank statement for a one year period directly from the banking system.
- A new archiving system for the Bank's data was established, it works automatically after completing the closings of the banking system. From the new archive, (the archive bank statement) was launched and it enables the branches and agencies to issue bank statements for durations longer than one year. When this statement is issued, an amount of (250 DHM) is deducted from the customer's account for each paper automatically, the deduction are deposited in a special account in Head Office.
- The Mobile Banking Subscription System was launched to enable the branches and agencies to make subscriptions directly without referring to the concerned section in Head Office. Through this system the Password and the value of deduction from the customer are sent automatically.
- The (Reconciliations) System was launched for the Audit Department associated with the (Reconciliations Control) system, to monitor all branches and agencies which were reconciliated daily.
- The currency Exchange Rate System was completed to enable branches and agencies to view prices on a daily basis after these prices are entered by the Banking Operation Department for display on Exchange Rate Screens in branches and agencies connected to Head Office.
- Enabling branches and agencies to recognize new account numbers by means of old account numbers.
- Launching the Customer Search System, to search for any Bank customer using any part of the name in all branches and agencies.
- Launching the Name Correction System in the Banking System and adding the name in Latin letters.
- Launching the Accounts Overdrawn without credit facility.
- Started Work on a Statistical System; (5%) completed.

5. SWIFT | Preparation of the SWIFT was completed enabling the SWIFT Section to post inward foreign transfer directly and automatically in customer accounts and inform branches and agencies accordingly. This is a solution to the delay in posting inward transfers using regular mail.

The System was designed and built to deal with several problems facing the execution of SWIFT inward transfers and it features:

- 1.Operation on existing internet platform.
- 2.Immediate execution of SWIFT transfers with directing to branches and agencies.
- 3.Avoidance of delay due to mail and non execution of transfers by employees.
- 4.Execution of commission calculation entries and posting them in the "inward foreign-transfers revenue/automatic from SWIFT" account.
- 5.Opening accounts in the inward transfer currency for the customer in MISYS System immediately if no account exists.

6. All these transactions are executed through pressing one button, i.e. "transfer execution".
7. Avoidance of misdirection of commission posting in other than the "inward foreign-transfers revenue from SWIFT" account.

2. Electronic Certificate | The Bank of Commerce and Development obtains an electronic certificate from (VERISIGN) Company for the encryption process of customer data when utilizing the service functions on the internet.

(VERISIGN) Company grants electronic certificates to be for data encryption using the (SECURE SOCKET LAYERS), better known as (SSL), this technology is used in encryption of any sensitive data of importance when transferred through insecure networks such as the internet, thus ensuring the data security and protection because breaking this encryption is impossible.

The Bank's certificate provider, (VERISIGN) Company, is the top electronic certificate granting companies and it is considered the first trusted brand the world over, on the internet. The company does not grant the certificate unless all its terms are met, including identification of the establishment, its size, and those in charge, in addition to conducting its own investigations from its private source of the establishments applying for its certificates.

Establishments that obtain electronic certificates from (VERISIGN) Company obtain the (VERISIGN) Logo as a source of confidence on their sites. Visitors to the site who do not know the establishment will use the site with full confidence as a third party has carried out the investigation and validated its identity, this third party is (VERISIGN) Company.

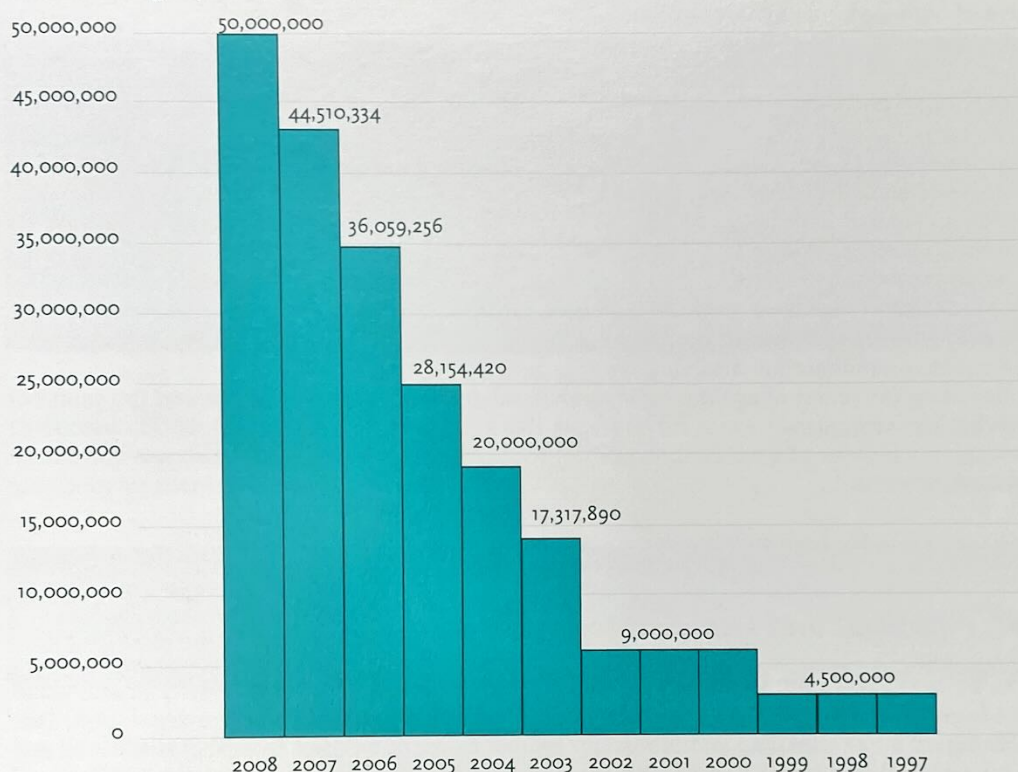
The Bank of Commerce and Development is the first Libyan establishment which obtains an electronic certificate from (VERISIGN) Company with these specifications:

SECURE SITE PRO WITH EV
TRUE 128-BIT EXTENDED VALIDATION SSL

V. Capital

During 2008 the Bank's capital of (50,000,000 LYD) fifty million LYD was paid in full, in compliance with the Extraordinary Shareholder Meeting held on 16/2/2005, stipulating the increase of the Bank's capital from (20,000,000 LYD) to (50,000,000 LYD). The Bank shareholders on 31/12/2008 numbered (2704), of whom, (2667) were individuals and (37) juridical persons, distributed over the different cities and regions of the Jamahyria. Shareholders equity rose to (95,263,051.628 LYD), against (75,996,606.504 LYD) at the end of 2007, an increase of (19,266,445.124 LYD), a rate of (25%). Share premium until 31/12/2008 amounted to (2,661,020.000 LYD).

Chart indicating Capital Growth of the Bank



Collective Live Insurance Policy for the Bank of Commerce and Development Shareholders

In a step that can be truly considered qualitative in the history of joint stock companies, a collective life insurance policy was issued for the Bank Shareholder. Agreement reached between the Bank and Commerce and Development and Athiga Littameen Company, whereas the Company provides round the clock insurance protection as a pioneering service representing the protection of Shareholders and giving them an advantage to be considered a first in the Libyan joint stock companies. As required by the Central Bank of Libya, the subject policy was brought before the Ordinary Shareholders Meeting held on 8/10/2008 and approved.

In accordance with this policy, Athiga Company undertakes to provide insurance coverage for the following risks round the clock anywhere in the world:

1. Basic Coverage:
Death due to any cause, i.e. death occurring
2. Additional Coverage:
 - a. Accidental death
 - b. Total accidental disability such as:
Complete loss of sight, loss of both arms or hands, total permanent hearing loss, removal of

the complete lower jaw, loss of an arm and a leg, loss of a hand and a leg, loss of both legs, loss of both feet, mental impairment.
c. Permanent accidental partial disability.

Notification of claims for compensation

A written notification shall be presented with a period no more than (30 days) from the date of the shareholders' death or injury or illness resulting in the claim.

Termination of Insurance

The insurance is terminated in the following cases:

- 1-At the termination of shareholding in the Bank.
- 2-Proof of permanent full disability.
- 3-Reaching (65 years) of age during insurance validity for accident coverage and (70 years) of age for life insurance.

Insurance Value

(10,000 LYD), for each shareholder

VI. Financial and Real Estate Investments

The Bank Management's diligence in diversification of sources that realize more profits led to the formation of a real estate investment committee by a Board of Directors Resolution. This committee purchased land and real estate properties in the cities of Benghazi and Tripoli and a land plot in the Easter Region with the objective of using them for tourist or commercial investments, in addition to the possibility of utilizing them as future Bank branches. The total investment in this aspect amounted to (25,969,984.353 LYD), twenty five million, nine hundred and sixty nine thousand and nine hundred and eighty four LYD and 3539 Dirhams.

The Bank, after obtaining the Central Bank of Libya approval established a real estate investment company at (60%) of the shares, fully paid and with a capital of (5,000,000 LTD), the following are the shareholders:

- The Bank of Commerce and Development (60%)
- The Company of Commerce and Development for Contracting (10%)
- The Private Banking Establishment (10%)
- The Highway Services Company (10%)
- Buaatny Beverages Company (10%)

The company commenced its activities by holding its first Board of Directors meeting on 30/11/2007. The company is trusted to realize lucrative profits as it is projected that it will have large real estate investments that return profits for the Bank shareholders.

Additionally the Bank bought shares in the capital of Libyan Stock Market numbered (10,000 shares) valued at (102,400 LYD)

The following is a statement of the Bank's investments as at 31/12/2008

Item	Balance
Attariq Company	105,000.000
Assafa Company of deducting the Provision	418,500.000
Assawahil Company	900,000.000
Attaqnia Company	100,000.000
Marhaba Company	50,000.000
Libyan-Tunisian Building Materials Company	1,000,000.000
Real Estate Investment	25,969,984.353
Libyan Financing Company	3,000,000.000
Libyan Stock Market	102,400.000
Total	31,645,884.353

The Board of Directors decided to establish a loss provision for some investments that did not realize any revenues since the beginning of contribution and resolved to establish a decline provision for them as follows:

Item	Balance
Assafa Compnay (provision increase)	68,000.000
Attariq Computers	105,000.000
Marhaba Company	50,000.000
Total	223,000.000

This is subject to agreement and approval of the appropriations calculations by the Bank's Shareholders Meeting.

VII. Building and New Branches and Agencies

1. The new Head Office | On 7/1/2007 the Head Office Building No- (2) in Benghazi was opened by a celebration attended by many community, official and banking delegations in Libya. The building was allocated to house the Board of Directors and several departments, in addition to hall for conducting Western Union money transfers. The building also contains a conference hall for conferences and seminars and a floor dedicated as a restaurant.

2. Alwahda Alarabia Agency | On 15/5/2008 Alwahda Alarabia Agency in Benghazi was opened on Alwahda Alarabia Street, which is considered one of the major commercial streets in the City of Benghazi. The Agency was connected with the rest of the Bank's branches and agencies. This made it easy for many customers to deal with the new agency through their account in these branches and agencies for withdrawals, deposits and cheques certification. The agency also conducts the remainder banking operations such as money transfers through Western Union. The building housing the agency is completely owned by the Bank as one of its assets.

3. Sirte Main Branch | On 12/10/2008 the Sirte Main Branch was opened to commence business in premises that was modified and equipped by all the required devices and equipment.

The opening of the new branch comes as a result of the demand of customers to deals with our Bank and the desire of Sirte authorities to open a branch in the City of Sirte. This was a result of the reputation enjoyed by the Bank through its brief but, huge march of distinctive achievement. The branch was connected with the rest of Bank's branches and agencies to enable our customers to conduct their transactions from any branch or agency without need to physically be present in the branch where they have their accounts.

4. Benina Airport Agency | On 1/6/2008 the new hall for Benina International Airport Agency was opened. It was equipped and furnished to cope with the increased work load. In addition, the agency is considered the Bank's window one people from different nationalities who arrive in the Jamahyria through Benina International Airport. The agency features connectivity to the rest of the branches and agencies and full work schedule during the morning and evening periods as well as holidays.

5. Gout Ashaal Agency | Due to the increased demand on conducting money transfers through the Western Union network, a new hall in Gout Ashaal Agency was opened to conduct these transfers.

6. Datelemaad Branch | After complying with the terms laid down by the Central Bank of Libya, the Datelemaad Agency was transformed into a branch, in accordance with the Board of Directors of the Central Bank of Libya Resolution No- (4 – 2008), published on 23/1/2008. Thus Datelemaad Branch started conducting all the banking business and services within the Bank's purpose as stipulated in its Articles of Association, and in compliance with Article (65) of the Banks Law.

7. Souk Aljumaa Agency | The Bank leased suitable premises in a strategic location in the Souk Aljumaa Area in Tripoli. It is now being equipped and prepared with means of telecommunications. A large portion of the premises will be used to keep the archives of many branches and agencies in the Western Region, as well as preparation of a hall for Western Union money transfer operations.

8. The Bank's Guest House in Tripoli | In order to reduce costs related to hotel residence and associated accommodation expenses, a two story building in the City of Tripoli was purchased for use as a guest house for the Bank employees on traveling on duty trips to Tripoli, in addition utilizing the ground floor as garage for the Bank's vehicles. The guest house was equipped for comfort and provision of accommodation, cooks to prepare meals for the guests from Head Office and other branches and agencies. The guest helped large saving of funds that used to be paid to hotels for accommodation and meals. Hospitality expenses were down in 2008 to (196,109.660 LYD) against (288,833.895 LYD) in 2007, a difference of (92,724.235 LYD).

Item	No. at Year End 2006	No. at Year End 2007	No. at Year End 2008
Main Branches	6	7	9
Agencies	18	19	19
Total	24	26	28

VIII. Human Resources:

In spite of the shortage of banking competencies and experience, especially in higher executive jobs in the Libyan market, and in spite of more than (15,000) employees working in the Banking Sector in Libya, which includes around (20) commercial and specialized banks, which also suffer from this shortage and they lack the qualified experienced banking personnel, our Bank attempted to employ some staff from the neighboring countries to overcome the shortage in banking competencies, however, it was confronted with several difficulties, most significant were the high salaries and incentives requested by these individuals, whilst many of them refuse to work away from their home countries.

The Bank continued its endeavors to attract national banking competencies and develop its human resources through continuous training to raise the banking and managerial competencies and improving employee productivity at the different job levels and by increasing salaries and granting other special incentives, after making comparisons with what the other banks have done, and guarding our Bank's interest by preventing current employees to seek other employers, and acquiring individuals with experience in the banking sector, additionally promoting job security among our employees to expend more effort, which undoubtedly manifests itself in performance.

For these reasons the Board of Directors issued a resolution to increase the salaries of clerical and non-clerical employees by (60%) making the Bank of Commerce and Development salaries among the highest in the Libyan Banking Sector.

The Board of directors also agreed to grant car loans within (12,000.000 LYD), and (5) years repayment period. It also agreed to grant housing loans within (100,000.000 LYD) for purchase or maintenance according to the following terms:

1. (40,000.000 LYD) interest free.
2. (60,000.000 LYD) at interest 1% less than interest collected from customers.

In granting these loans; a loan shall be repaid before the employee reaches retirement age, consideration of net salary in addition to other terms.

Employees, both clerical and non clerical, as at 31/12/2008, reached (693) employees, compared to (677) in the financial year ended 31/12/2007. Head Office employees represent a ratio of (22%) of the grand total, Benghazi Branch and its agencies (23%), Tripoli Main Branch and Datelemaad Branch and remaining agencies in Tripoli (30%) and remaining (25%) is distributed between the rest of the branches and agencies all over Jamahyria. The following table indicates the numbers of employees during the last three years:

Annual Numbers of Employees

2006	2007	2008
560	677	693

It is worth mentioning that our Bank has renewed life insurance policies, covering all employees, clerical and otherwise, with a comprehensive coverage for life and against accidents and disaster, with a savings feature to be paid to the employee at the end of service, whether he/she resigned, retired or opted out of the insurance policy.

The company pays attractive amounts for end of service benefits, calculated based on salary and years of service. This is one of many incentives provided by the Bank its employees.

IX. Training

1. Local Training | The Bank of Commerce and Development in its continuous effort to develop and enhance its employee's capabilities towards the goal of improving performance and providing innovative and modern services, Management participated in local and foreign training , along with participation in seminars and conferences related to Banking.

Emphasis was placed on local training due to its lower cost, and benefiting a larger number of Bank employees by holding these courses in the Bank's Training Centers in both Benghazi and Tripoli. During 2008, (283) employees participated in local courses, compared with (165) in 2007, a rate of increase of (72%). The following table indicates the local training courses and their subjects:

Training Type	Number of Trainees	
	2007	2008
Banking	101	53
Computers	6	59
English	21	10
SWIFT	4	4
Electronic Payment systems	32	153
Seminars and conferences	1	4
Total	165	283

2. Training Abroad | The Bank participated in a number of courses, seminars and conferences abroad by number of (17) delegates in the following areas:

Sn	Courses , Seminars and Conferences	Location	No. of
			Participants
1.	Reduction of Credits Risks and Modeling of Credit Portfolios	Lebanon	1
2.	Productivity and Profitability Management within Operational Risks	Syria	2
3.	The Role of Banks in Financing Investment Projects	Egypt	1
4.	New Approved Systems for Employee Performance Evaluation	Egypt	1
5.	SWIFT	Tunisia	2
6.	Western Union's Annual Convention	Morocco	2
7.	SWIFT Convention	Egypt	1
8.	Training Course in Electronic Cards	Egypt	1
9.	Smart Cards EMV and method of Selecting these Cards	Egypt	2
10.	The Role of Arab Banks in Financing Arab Investment Projects	Egypt	1
11.	The Other Side of the International Financial Upheaval	France	1
12.	Training Course on VISA Cards	Emirates	2

It is worth mentioning that training centers in both Benghazi and Tripoli had executed (32) training courses during 2008 in collaboration with specialist training institutions, most important are The Libyan Banks Society and the Arab Academy of Financial and Banking Sciences.

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

Assets	Notes	2007	2008
Cash in Local and Foreign Currencies	1	143,704,815.070	92,487,316.540
Balances in Local and Foreign Banks	2	493,615,943.386	467,734,226.809
Deposit Certificates with CBL		--	740,857,581.078
Deposits with CBL	3	280,000,000.000	--
Deposits with Foreign Banks	4	106,252,526.329	65,771,414.196
Clearance Cheques	5	22,307,216.045	35,649,149.817
Local Investments after Deducting Provisions	6	6,196,390.000	31,645,884.353
Loans and Facilities After Deducting Provisions	7	275,040,605.525	326,698,924.369
Debtors and Other Debtor Balances	8	8,100,335.139	18,524,058.889
Head Office and Branch Accounts		27,773,040.992	1,264,092.981
Net Fixed Assets	9	28,560,569.086	34,372,018.741
Buildings Under Construction	10	3,174,735.944	3,519,409.126
Total Assets		1,394,726,177.516	1,818,524,076.899
Liabilities and Shareholders Equity			
Liabilities:			
Customer Deposits (Current Accounts)	11	974,056,068.137	1,364,173,861.593
Customer Time Deposits	12	179,738,374.971	162,619,570.310
Savings Deposits		19,446,181.034	20,209,250.950
Cash Securities	13	40,171,514.344	85,296,459.785
Certified Cheques		31,483,223.149	34,074,480.201
Other Provisions	14	9,298,094.895	25,818,568.216
Creditors and Other Liabilities		64,636,319.657	31,068,834.216
Total Liabilities		1,318,829,776.187	1,723,261,025.271
Shareholders Equity:			
Capital		44,510,334.000	50,000,000.000
Share Premium Allowance		2,566,320.000	2,661,020.000
Legal Reserve		18,097,367.845	23,135,364.410
General Reserve		4,351,692.440	8,851,692.440
Appropriations for the BOD Remuneration&Shareholder Dividends		6,323,420.542	10,303,449.243
Profits Carried Forward		47,266.502	311,525.535
Total shareholders equity		75,896,401.329	95,263,051.628
Total Liabilities and Shareholders Equity		1,394,726,177.516	1,818,524,076.899
Contingent Accounts and Other Liabilities			
Foreign Documentary Credits (Export)		16,217,996.699	1,856,899.000
Foreign Documentary Credits (Import)		171,020,414.013	203,961,677.000
Inward Local Credits		--	173,161,047.430
Outward Local Credits		--	238,591.000
Inward Bills for Collection		50,812,824.791	66,347,824.000
Letters of Guarantee – Local and Foreign		170,221,284.154	173,822,663.733
Total Contingent Accounts and Other Liabilities		408,272,519.657	619,388,702.163
Grand Total		1,802,998,697.173	2,437,912,779.062
Travelers Cheques in Storage (LYD)		7,285,592,760.000	7,291,448,860.000

***Income statement for the year ended 31/12/2008 compared to the
Income Statement for the year ended 31/12/2007***

	2007 LYD	2008 LYD
Revenue		
Interest Income	24,735,350.700	37,249,295.170
Commissions and Other Revenue	24,704,743.469	33,458,272.898
Total Revenue	49,440,094.169	70,707,568.068
Expenses		
Administrative and General Expenses	11,721,403.636	18,158,648.827
Interest Expense	10,671,941.856	13,237,797.995
Fixed Assets Depreciation Expenses	3,086,202.021	3,651,949.033
Total Provisions	3,054,296.362	-----
Total Expenses	28,533,843.875	35,048,395.855
Total Income before Taxes	20,906,250.294	35,659,172.213
Corporate, Jihad and Stamp Taxes	10,334,053.731	15,507,185.953
Net Income after Taxes	10,572,196.563	20,151,986.260
Appropriations after Approval by the Shareholders Meeting	2007 LYD	2008 LYD
Legal Reserve at 25%	2,643,049.141	5,037,996.565
Add Profits Carried Forward	41,744.797	985.083
Distributable Income	7,970,892.219	15,114,974.778
Dividends at 20%	6,208,668.211	10,000,000.000
Board of Directors Remuneration	114,957.506	303,449.243
Employees Bonuses	100,000.000	-----
General Reserve	1,500,000.000	4,500,000.000
Profits Carried Forward	47,266.502	311,525.535

Haitham Ahmad Egjam | Deputy Accounts Manager

Jamal Attaieb Abdelmalik | Chairman of the Board of Directors

Notes to the Financial Statements for the year ended 31/12/2008

The Balance Sheet

First: Assets

1. Cash in Local and Foreign Currencies

	2007	Value in LYD 2008
Local Currencies	134,455,414.138	81,677,581.435
Foreign Currencies	8,665,155.932	9,803,149.585
Automatic Tiller Machines	584,245.000	1,006,585.520
Total	143,707,815.070	92,487,316.540

2. Balances with Local and Foreign Banks

	2007	Value in LYD 2008
Cash with Local Banks	50,329,361.036	10,847,998.073
Balances with Foreign Banks in Foreign Currencies	108,288,793.240	79,603,396.759
Cash with the Central Bank of Libya	335,498,612.071	377,282,831.977
Credit Balances with Foreign Banks, Under Reconciliation	500,822.961	---
Total	493,615,943.386	467,734,226.809

3. Deposits with the Central Bank of Libya

	2007	Value in LYD 2008
Time Deposits with the Central Bank of Libya	280,000,000.000	---
Deposit Certificates with the Central Bank of Libya	---	740,857,581.078
Total	280,000,000.000	740,857,581.078

4. Deposits with Foreigns Banks

	2007	Value in LYD 2008
Time Deposits with Foreign Banks	106,252,526.329	65,771,414.196
Total	106,252,526.329	65,771,414.196

5. Clearance Cheques

	2007	Value in LYD 2008
Request for Collection	17,340,427.302	22,356,962.221
Local Request in Transit	4,555,651.723	12,917,294.465
Other Foreign Sight Bills (Endorsed)	411,137.020	374,893.131
Total	22,307,216.045	35,649,149.817

6. Local Investment

	2007	Value in LYD 2008
Assafa Development Company	500,000.000	418,500.000
Attarig Computer Services Company	105,000.000	105,000.000
Attagnia Company	100,000.000	100,000.000
Marhaba Tourism Company	50,000.000	50,000.000
Libyan Tunisian Tourism Company	1,000,000.000	1,000,000.000
Assawahel Allibya Company	900,000.000	900,000.000
Real Estate Investment Committe	3,541,390.000	25,169,984.353
Libyan Financing Company	---	3,000,000.000
Libyan Stock Market	---	102,400.000
Diyar Company	---	800,000.000
Total	6,196,390.000	31,645,884.353

7. Loans and Facilities after Deducting Provisions

	2007	Value in LYD 2008
Current Debit Accounts	265,418,714.188	307,622,261.801
Accrued Interest on Debit Credit Accounts (Not Entered)	36,125.935	---
Granted Loans	13,861,959.082	20,711,338.945
Social Advances to Employees	1,960,209.327	2,496,208.982
Social Advances to Customers	8,763,596.993	11,938,974.344
Minus Doubtful Debts Provision	-15,000,000.000	16,069,859.703-
Total	275,040,605.525	326,698,924.369

8. Debtors and Other Debtor Accounts

8. مدينون وأرصدة مدينة أخرى

	2007	Value in LYD 2008
Miscellaneous Debtors	2,566,609.153	1,951,259.375
Non Personal Accounts Under Reconciliation	5,345,559.711	15,857,280.631
Other Non Personal Accounts (Other Assets)	188,166.275	362,861.675
Non-classified Accounts	---	352,657.208
Total	8,100,335.139	18,524,058.889

9. Fixed Assets after Deducting Depreciation

	2007	Value in LYD 2008
Furniture	1,629,497.009	2,453,611.842
Equipment	13,130,835.993	17,466,514.617
Vehicles	676,035.700	1,500,377.890
Dividers	1,416,392.385	1,465,651.856
Buildings	9,444,717.551	9,220,299.177
Land	2,224,507.500	2,224,507.500
Carpeting	38,582.948	41,055.859
Total	28,560,569.086	34,372,018.741

10. Buildings Under Construction

		Value in LYD
	2007	2008
Head Office Tower (2)	3,160,830.494	3,505,503.676
Misurata Main Branch	13,905.450	13,905.450
Total	3,174,735.944	3,519,409.126

Second: Liabilities

11. Customer Deposits (Current Accounts)

		Value in LYD
	2007	2008
Individual Current Accounts	495,565,925.042	645,522,196.676
Companies and Partnership Current Accounts	339,821,222.146	381,638,611.794
Public Entities (Companies/Partnerships) Current Accounts	87,220,373.583	247,585,136.782
Non Resident Moving Current Accounts	102.892	---
Frozen Current Accounts	3,077,134.604	---
Other Accounts in Foreign Currencies	48,371,309.870	89,427,916.341
Total	974,056,068.137	1,364,173,861.593

12. Customer Time Deposits

		Value in LYD
	2007	2008
Public Entities and Individual Deposits	179,398,193.058	162,619,570.310
Other Long-term Deposits	340,181.913	---
Total	179,738,374.971	162,619,570.310

13. Cash Securities

		Value in LYD
	2007	2008
Documentary Credits Cash Securities	29,153,049.433	69,164,940.620
Letters of Guarantee Cash Securities	11,018,464.911	16,131,519.165
Total	40,171,514.344	85,296,459.785

14. Other Provisions

		Value in LYD
Earmark Provisions	2007	2008
Employee Annual Leave Provision	467,101.965	369,299.776
Correspondent Banks Currency Center Valuation Provision	1,303,846.101	207,422.528
Decrease in Investment Prices Provision	81,500.000	---
Provision for Litigation Against the Bank	1,000,000.000	1,000,000.000
Tax Provision 2007 - 2008	---	23,262,449.040
Corporate Profit Tax Provision	5,406,249.957	---
Social Security Declaration Provision	263,446.372	203,446.372
Currency Center Provision	---	---
Tax Declaration Provision	775,950.500	775,950.500
Total	9,298,094.895	25,818,568.216

[illegible]

Total Paid to the Tax Department Since Bank Opening

External Auditor's Report: AlHosh's Accounting Office

Date 17/02/2009

Chairman and Members of the Shareholders Meeting of the Bank of Commerce & Development

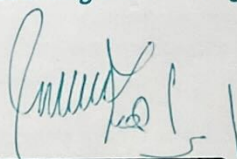
The office of Ibrahim Abdallah Alhosh, Accountants and Auditors Commerce and Development, a Libyan Joint Stock Company as at 31/12/2008 and the related Income Statement for the period ended on 31/12/2008 in light of the documents, data and the Bank's Operating System, which was inspected in the Branches and Agencies, an inspection we considered necessary for the audit process to form an opinion.

Whereas, the data in the Operating System and all the data in the documents and records presented to us are the responsibility of the Bank, our responsibility is to express our opinion on these data.

The audit process on the Bank's accounts was conducted by means of examinations performed in accordance with the recognized local and international audit rules, to ensure the correctness of the financial statements and their conformity to the Bank's financial position and its activities for the financial year from 1/1/2008 to 31/12/2008, and in accordance with the Banks Law No. (1) 2005, and ascertaining that no material errors, that can have an effect on the correctness of the data appearing in the financial statements, are present. The audit process includes also assessing the employed accounting principles and the significant estimations prepared for them by Management, added to that, evaluating the general presentation of the financial statements.

In our opinion, the financial statements (Balance Sheet and Income Statement) represent the financial position of the Bank of Commerce & Development on 31/12/2008, and they were prepared in accordance with the recognized rules and accepted accounting principles and the requirements of the Banks Law No. (1) 2005.

Ibrahim Abdallah Alhosh's Office
Accounting and Auditing



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

Alhosh's Accounting Office:

Airport Road | **Tel:** +218 - 21 - 5826959 | **Fax:** +218 - 25 - 5622637 | Tripoli

External Auditors' Report: Dr. Idris Esherif's Office

Date 17/02/2009

Shareholders' Meeting of the Bank of Commerce & Development,

We have audited the Financial Position of the Bank of Commerce & Development; (Bank of Commerce & Development, a Libyan Joint Stock Company) as at 31/12/2008 and the Income Statement for the year ended on that date. These financial statements are the responsibility of the Bank Management; our responsibility is to express opinion on these statements on the basis of our audit.

We have performed the audit process in accordance with the accepted and recognized auditing standards. These standards require that we plan and perform the audit to obtain a reasonable assurance about whether the financial statements are free of material errors and misstatement. The audit process also includes examining - on a test basis - evidence supporting amounts and disclosures in the financial statements. The audit also includes assessing the accounting principles and significant estimates made by management, as well as, evaluating the overall presentation of the financial statements. It also included evaluation of the extent of compliance by the Bank to the application of the Banks Law No. (1) 2005. We believe our audit provides a reasonable basis for our opinion.

In our opinion the financial statements and the notes thereon fairly represent the Financial Position of the Bank of Commerce & Development as at 31/12/2008, and the results of operations for the year ended on that date, in accordance with the recognized accepted accounting principles and the requirements of the Banks Law No. (1) 2005.

Dr. Idris Abdelhamid Esherif's Office Auditors
Accountant and Auditors



Dr. Idris Esherif's Office:

Benghazi | Ahmad Rafiq Street (The Cornisch) | Alwassia Tower | 5 Floor | Tel: 0914935423

The Future Plan to Develop and Increase Bank's Revenue

Due to huge ambitions of the Libyan Economy and the flow of local and foreign investments in various activities, and whereas, the Central Bank allowed to introduction of foreign participation in some Libyan Banks, namely, Wahda and Sahara Banks through the Jordanian Arab Bank and Paribas Bank, Paris, because these banks have the expertise, large resources and capability to take over a large share of the local Libya banking market. Mr. Jamal Attaeb Abdelmalik has presented a tertiary plan to develop the Bank's business and services for a 3 year period (2008 – 2010). This plan was presented to the Board of Directors on 27/4/2008, when the Board issued its resolution number (342/4) approving and launching the plan.

The most important element for the success of plan is team work (work with team spirit), and an executive management of good caliber highly qualified and experienced, characterized by flexibility, rapid decision making and follow up on execution.

Previously, reference was made to the existence of ambitious economic plans in various areas of economic development which are expected to pay large sums in foreign currencies for investment within the country, estimated in billions. Therefore, the situation required banks that provide the foreign companies a variety of services that are characterized by speed and ease, making it necessary to give branches and agencies the required authority, and working on the following:

1. Modernizing equipment, devices, means of telecommunications and banking, accounting and administration systems.
2. Employing competent personnel who are capable of speaking different language, and providing them with practical, professional and technical training, both locally and abroad, on various banking operations.
3. Paying more attention to the Marketing of banking services.
4. Emphasizing the Quality of Service and fast delivery and providing all means that lead to the rapid execution of all banking operations. As well as providing Withdrawal and Deposit machines, ATM's and Point of Sale POS machines, in large number and in different locations to reduce the number of customers visiting branches and agencies to conduct transactions.
5. Establishment of specialized units to handle inquiries and complaints from customers.
6. Paying more attention to larger depositors and granting priority and speed of providing services and studying the possibility of allocating a portion of the profit to appropriated as return to the larger depositors.
7. Manifestation of Bank's participation in social work.

Companies' Service Department | Bank business development requires the establishment of a department for serving companies, to meet the needs of larger local and foreign companies, establishments, authorities and embassies for banking services. This department will provide its services through the following:

1. Opening current accounts in LYD and foreign currencies.
2. Opening deposit accounts in different currencies.
3. Accepting documentary credits account opening.
4. Handling payable banking instruments.
5. Making local and foreign transfers.
6. Issuing letters of guarantee of all types.

In addition to the above, the Companies Department provides financing required for various purposes, most significant of which:

1. Financing contractor contracts, both mobilization expenses for the project such as letters of credit, deferred sales and issuing letters of guarantee required by entities contracted with.
2. Financing industrial projects both intermediate and long term.
3. Financing commercial sectors, such as financing local purchases, exports and financing import contracts for various entities.
4. Financing services sector, short, intermediate or long term.
5. Financing projects and joint financing, through direct financing by the Bank in the limits permitted by the Law.
6. Support by the Companies Department and coordination with the group of companies, departments and sections to solve problems related to company customers and training of customers from the employers of these companies.
7. Providing electronic banking services to companies through the internet, in the form of electronic banking, so that companies are enabled to execute different transactions on their accounts. The advantages of this service include saving time and effort, and completing most banking transactions by subscribing to this service without need to be physically present in the Bank premises.

Introduction of Banking Services Authorized by Law No-1 2005 Concerning Banks

Most significant of these services:

1. Purchase and sale of debts.
2. Lease-buy financing.
3. Dealing with The Currency Market Instruments, The Capital Market Instruments; both selling and buying, whether for the Bank or on behalf of its customers.
4. Dealing in foreign currencies in spot and futures markets.
5. Management of financial instruments, issue and underwriting.
6. Management and safe keeping of financial instruments and precious items.
7. Providing the services of trustee or financial adviser.

Activation of Marketing Incentives Program | It is necessary to activate the Marketing Incentives Program which was approved by the Ordinary Shareholders Meeting on 8/10/2008. This will lead to an increase of the Bank's revenue through expanding the marketing of various banking services; additionally it will realize a return for those who do the marketing.

Investment of Bank's Deposit Liabilities | From practical application and banking experience and as banks would agree, deposit owners (current accounts, savings...etc) withdraw (30%) of their balances and keep (70%) as balances in their accounts. Therefore, it is possible to invest a large portion of the deposit liabilities as follows:

1. Granting personal social loans (advances) secured by salaries and other guarantors, within a ceiling not exceeding two years salary, with (5%) interest rate. The annual return for these loans will be within (11 million LYD).
2. Activation of Promissory Notes Sections in the branches and agencies which discount these Bills and collect them against an interest rate of up to (6%).
3. Granting loans and facilities secured by insurance policies against loan or credit facility risks.
4. Granting facilities to open letters of credit, letters of guarantee and loans at interest rate of up to (6%), it is anticipated this will generate profits not less than (12 million LYD).
5. Investing in real estate by buying properties and land and site preparation for sale within less than a year, it is anticipated this will generate profits of (15 to 20 million LYD).
6. Investing in financial instruments through the Libyan Stock Market, by allocating (20 million LYD), by dealing in profitable shares which earn guaranteed interest and avoiding speculation and risk in failed companies.

