
Full Internet Banking
We deliver what matters
NOTES
2012
Full ATM Banking
Full Mobile Banking
BLCbank
FRANSABANK GROUP
ANNUAL REPORT
The Year of the Cloud

INTRO

In a world where convenience is everything, BLC Bank introduces Cloud Banking, a centralized and tailor-made experience, helping our customers bank when it suits them and how it suits them. From online banking to mobile banking, to a wide network of ATMs reaching across the country, Cloud Banking with BLC Bank gives our customers the power of control with the luxury of convenience.

VISION

To be a reference in the financial services industry making complex banking simple and bringing the best to you.

MISSION

Provide a wide range of state-of-the-art, innovative and competitive financial products and services, in a simple and efficient way, leveraging innovation, technology, professionalism and excellence, in order to deliver what matters to our customers, shareholders, employees and community.

CORE VALUES

We do what we say
We do it with integrity
We are performance driven
We promote gender equality
We are responsible corporate citizens.

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CHAIRMAN'S LETTER

Banks of this world are so many and they all aspire to satisfy their clients, attain more customers and offer the widest range of banking services. For our part, and like all others, we tried to offer hospitality, quality of service and innovative and tailored products, all at the best prices. Did we succeed? I think we did, and the figures are the best judges on that:

So, the travelled path is peculiarly interesting to observe during these five last years, in consolidated figures:
• BLC's Total Assets were multiplied by 2.9 times, they went from $1.7 billion to $5.1 billion.
• Similarly, Customers Deposits were multiplied by 2.9 times, they went from $1.5 billion to $4.3 billion.
• Net Loans were multiplied by 9.3 times; they went from $191 billion to $1.8 billion.
• Total Equity was multiplied by 2.9 times, it went from $128 billion to $374 billion.

These performances, following all the references and financial indicators that I just listed, systematically position us in terms of growth in the first or second place among the Alpha banks and if we only look at the year 2012, the results projection would position us in the second place in terms of deposit growth, and the fourth place in loans, which confirms the images of the past five years.

On an organizational level, the renovation of our branches continues, five of which are new and four are relocations, as I had announced last year. It appears that the public has strongly appreciated our new image and the external and internal organization of these branches.

In the field of Investment Banking, BLC Bank, accompanied by the newly established BLC Invest, has completed a major securitization operation of $200 million of receivables.
On the international front, in October we inaugurated our representative office in Abu Dhabi, a platform for our development in the domains of private banking, corporate banking and banking services for expatriates.

We have started with, once again, the support of IFC, an ambitious development plan of our small and medium enterprise or SME clientele, among which is the women segment. In figures, in four years, our loans to SMEs were multiplied by 6.9 times and our Kafalat loans were multiplied by 4.8 times, which places us at more than 7.9% of market shares.

The launch of the We Initiative program for the empowerment of women, granted us the recognition of several key players and I will especially name "The New Economy" who awarded us the prize of Women Empowerment Corporate Leadership and in respect of this matter it is remarkable that we have been selected among the 10 most leading, most prestigious companies in the world, among which: L'Oreal, Coca Cola etc…

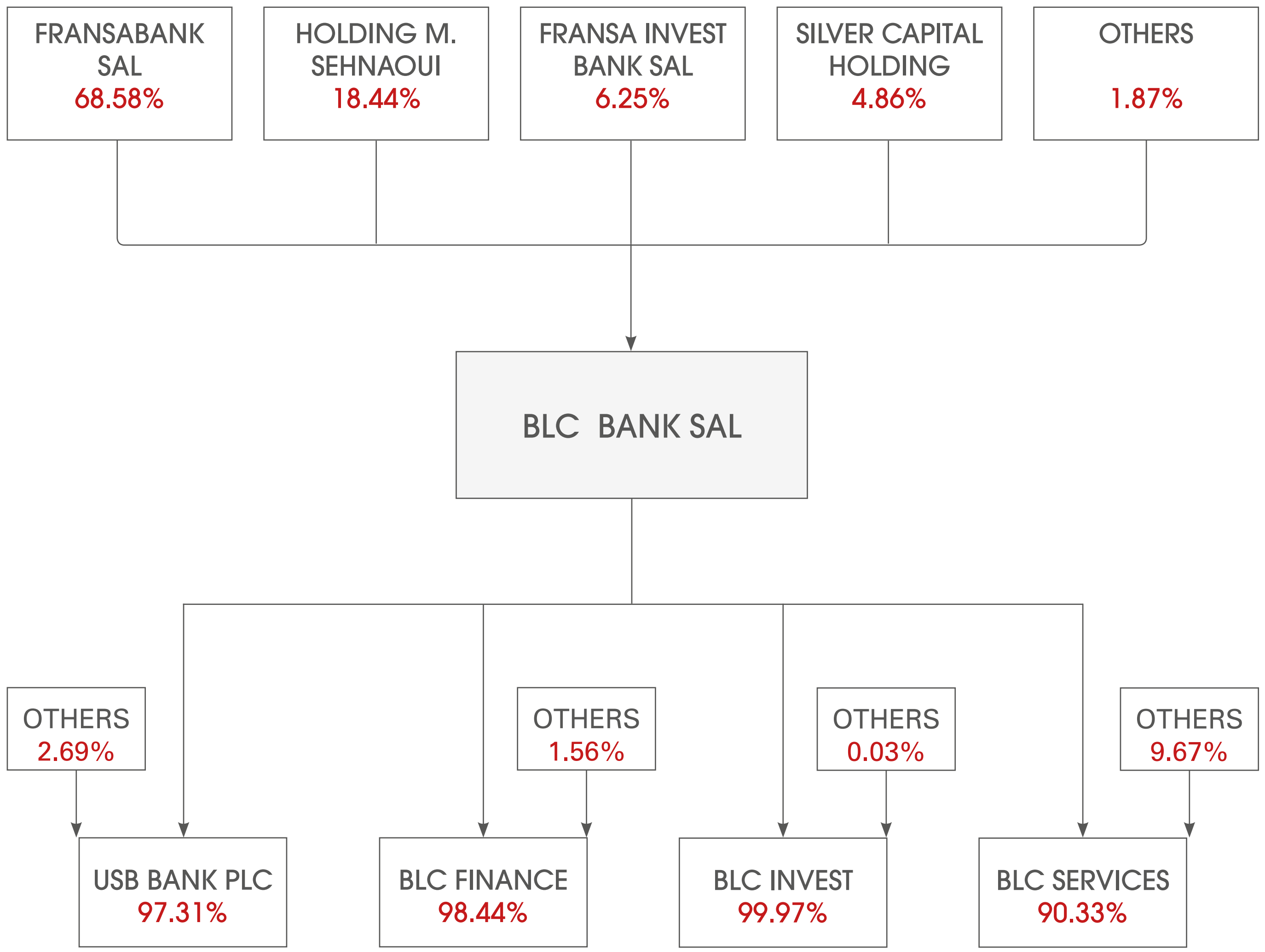
On the other hand, we have launched the "BLC Cloud" program. It is the bank of the future at our doorstep today: it offers incomparable quality, convenience, speed and a service security and at a lower cost. At a glance we will be able to perform all transactions from the computer or mobile phone in real time with especially designed functionalities whether for individuals or enterprises. We have also equipped all our branches with Smart ATMs that now accept cash and checks deposits in complete security.

No bank in Lebanon offers all these services simultaneously, I mean; the real time transactions, the computer and mobile phone, and all the ATMs for cash and checks.

I must conclude by warmly thanking all the men and women of BLC Bank for their drive, their dedication, their diligence and certainly for their efficiency. Without them, and without their adherence to our ambitious strategy, there would be no possible success.

Maurice Sehnaoui
Chairman General Manager

SHAREHOLDERS' STRUCTURE



BOARD OF DIRECTORS

BLC BANK SAL
Board Members

Chairman General Manager:
Maurice SEHNAOUI

Vice Chairman, General Manager:
Nadim KASSAR

Members:
Adnan KASSAR
Adel KASSAR
Nabil KASSAR
Walid DAOUK
Nazem EL KHOURY
Mansour BTEISH
Raoul NEHME
Walid ZIADEH
Charles EL HAGE (till 22.05.2013)
Antoine MERHEB (since 22.05.2013)

Secretary to the Board:
Michel TUENI

External auditors:
Deloitte & Touche
DFK Fiduciaire du Moyen Orient

USB BANK P.L.C.
Board Members

Chairman:
Maurice SEHNAOUI

Members:
Fransabank S.A.L.
Nadim KASSAR
Nabil KASSAR
Walid DAOUK
BLC Bank S.A.L.
Raoul NEHME
Fransa Invest Bank S.A.L.
Tania MOUSSALLEM
Yiorgos GALATARIOTIS
Philippos PHILI
Despo POLYCARPOU
Yiorgos STYLIANOU
Agis TARAMIDES

Secretary to the Board:
Andreas THEODORIDES

External auditors:
Deloitte Limited

BLC FINANCE SAL
Board Members

Chairman:
Shadi KARAM

Members:
BLC BANK S.A.L.
Holding M. SEHNAOUI S.A.L.
Walid DAOUK
Walid ZIADEH
Youssef SARROUH

Secretary to the Board:
Michel TUENI

External auditors:
Deloitte & Touche

BLC SERVICES SAL
Board Members

Chairman:
Nazem EL KHOURY

Members:
BLC BANK S.A.L.
Holding M. SEHNAOUI S.A.L.
Walid DAOUK
Walid ZIADEH
Khaled SALMAN

Secretary to the Board:
Michel TUENI

External auditors:
Deloitte & Touche

BLC INVEST SAL
Board Members

Chairman General Manager:
Maurice SEHNAOUI

Members:
Walid DAOUK
Nadim KASSAR
Nabil KASSAR
Mansour BTEISH
Raoul NEHME

Secretary to the Board:
Me. Rawi Kanaan

External auditors:
Deloitte & Touche
DFK Fiduciaire du Moyen Orient


MAURICE SEHNAOUI


NADIM KASSAR


ADNAN KASSAR


ADEL KASSAR


NABIL KASSAR


WALID DAOUK

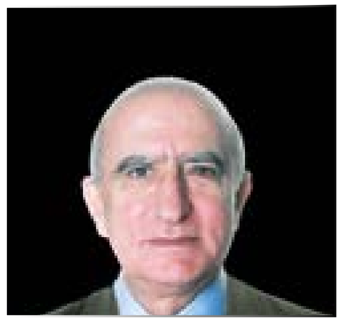

NAZEM EL KHOURY


WALID ZIADEH


RAOUL NEHME


MANSOUR BTEICH


CHARLES EL HAGE
(TILL 22.05.2013)


ANTOINE MERHEB
(SINCE 22.05.2013)

MANAGEMENT

MAURICE SEHNAOUI
CHAIRMAN GENERAL MANAGER

NADIM KASSAR
VICE CHAIRMAN, GENERAL MANAGER

RAOUL NEHME
GENERAL MANAGER

JOE BADDOUR
ASSISTANT GENERAL MANAGER
CORPORATE BANKING GROUP

YOUSSEF EID
ASSISTANT GENERAL MANAGER
RETAIL BANKING GROUP

TANIA MOUSSALLEM
ASSISTANT GENERAL MANAGER
STRATEGIC DVPT. & FINANCIAL MGT. GROUP

BASSAM HASSAN
ADVISOR TO THE VICE CHAIRMAN
& THE GENERAL MANAGER.

ELIE AZAR
ADVISOR TO THE GENERAL MANAGER

GEORGES BAZ
RISK GROUP

ANTOINE HOBEICHE
SUPPORT GROUP

MAYA MARGIE
MARKETING GROUP

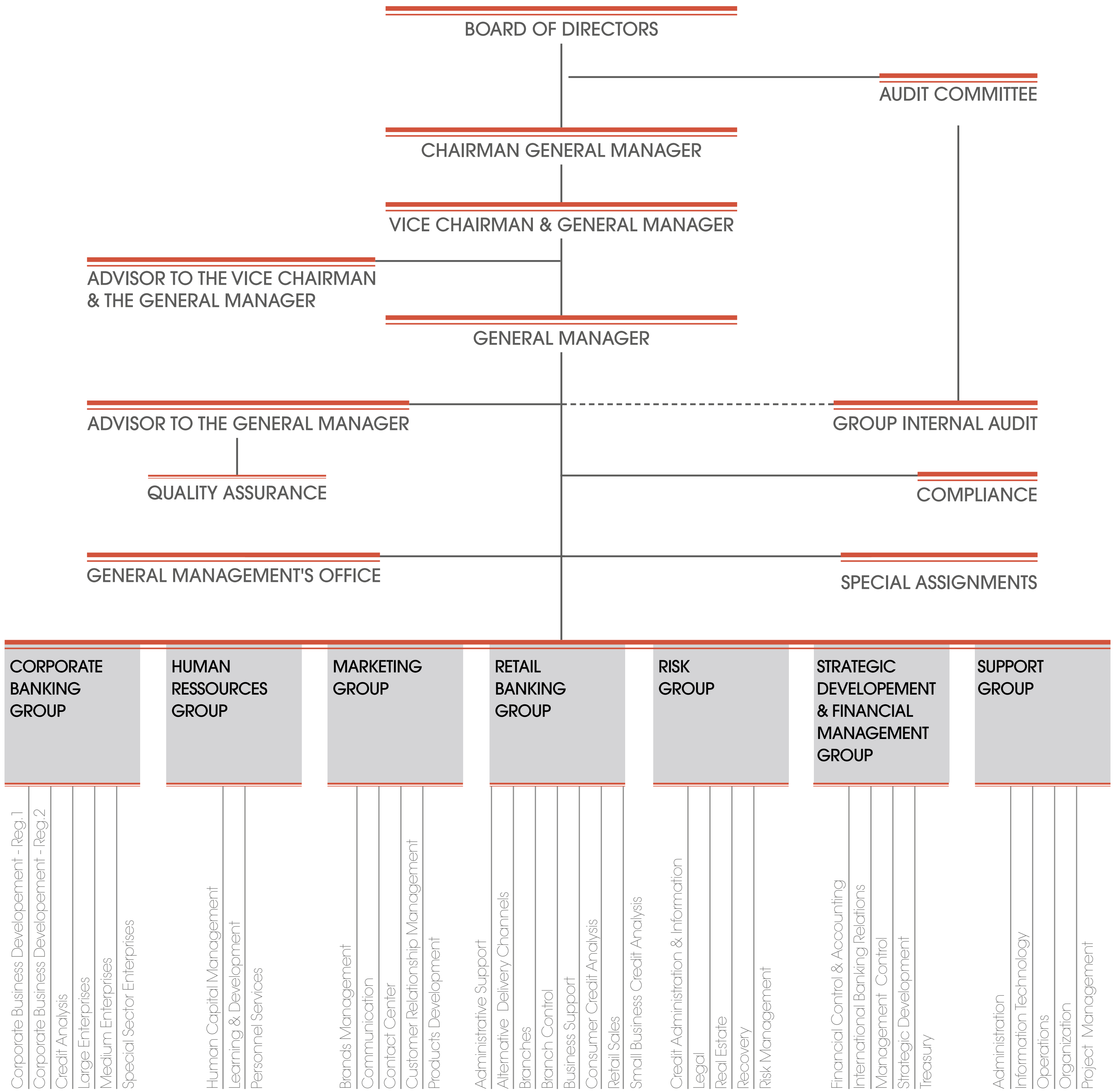
SOUHEIL YOUNES
HUMAN RESOURCES GROUP

ALEXANDER ZOGHEIB
CHIEF INTERNAL AUDITOR

For a comprehensive listing of our human resources capital, please refer to our website on http://www.blcbank.com/departments

For all board management committees, please refer to our website on http://www.blcbank.com/charters-of-committees

ORGANIZATION CHART



FINANCIAL HIGHLIGHTS

FULL INTERNET BANKING

It's prompt, flexible and real-time!

There's no need to rush to a branch anymore. You are now just a click away from accessing and managing your accounts online 24/7. BLC Bank's Full Personal and Business Internet Banking are secure and user-friendly, and allow you to:

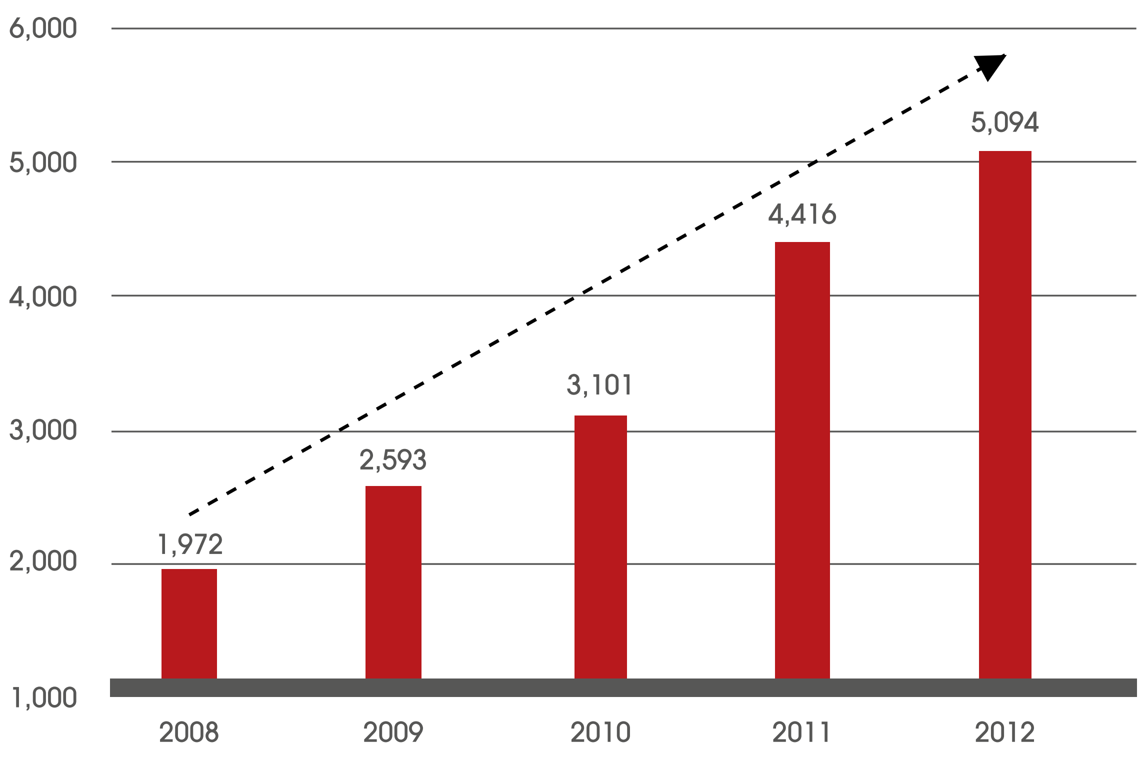
- Gain 24/7 fast and user-friendly access to your accounts.
- Perform real-time transactions in less time.
- Save money with free internet banking services & banking transactions at discounted prices.
- Multiple authentication and special encryptions to ensure maximum security for your money.
- Request transfers to any external party whether local or international.
- Make online payments on your credit cards and loans.
- Schedule and receive account alerts via free text messages to your mobile phone.
- Request checkbooks, credit cards and balance certificates.v
- Apply for loans.

FINANCIAL HIGHLIGHTS

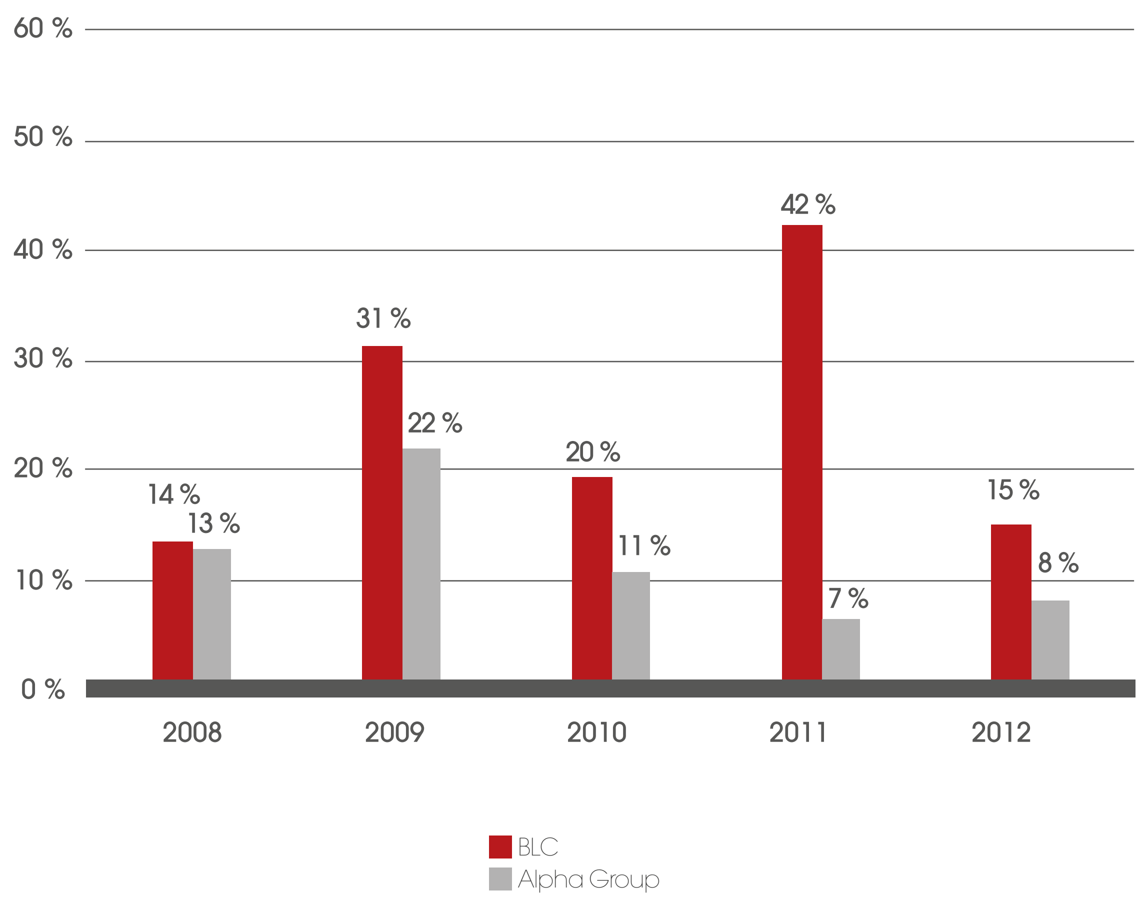
BLC Bank Vs Alpha Banks Group

TOTAL ASSETS

BLC (IN MILLION OF US$)

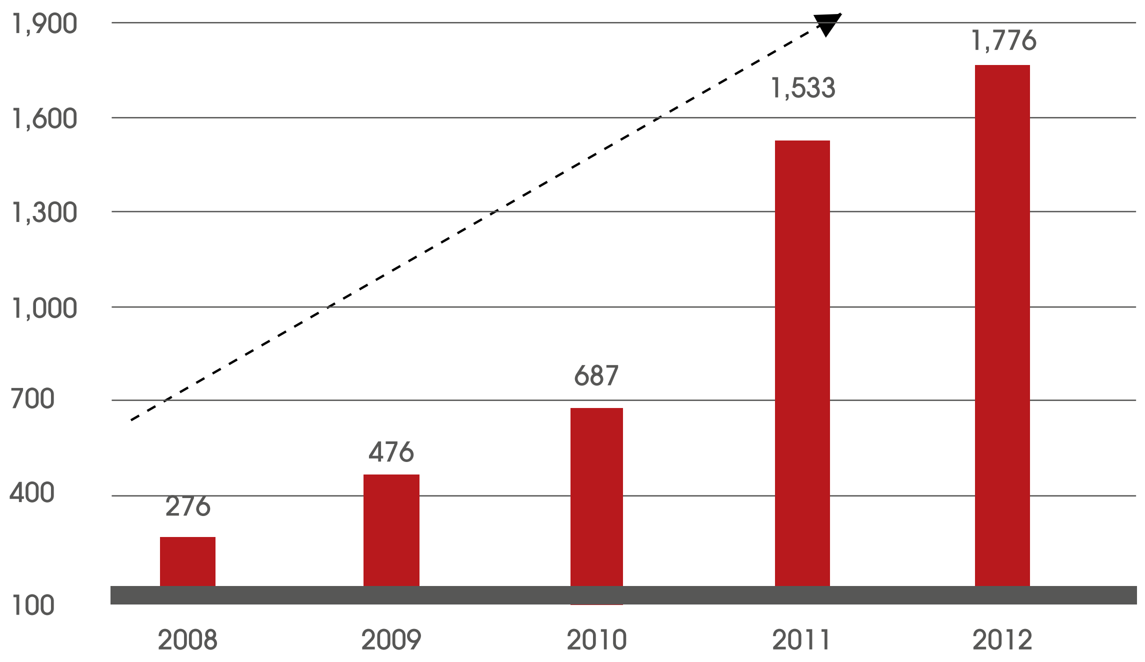


BLC GROUP VS ALPHA GROUP

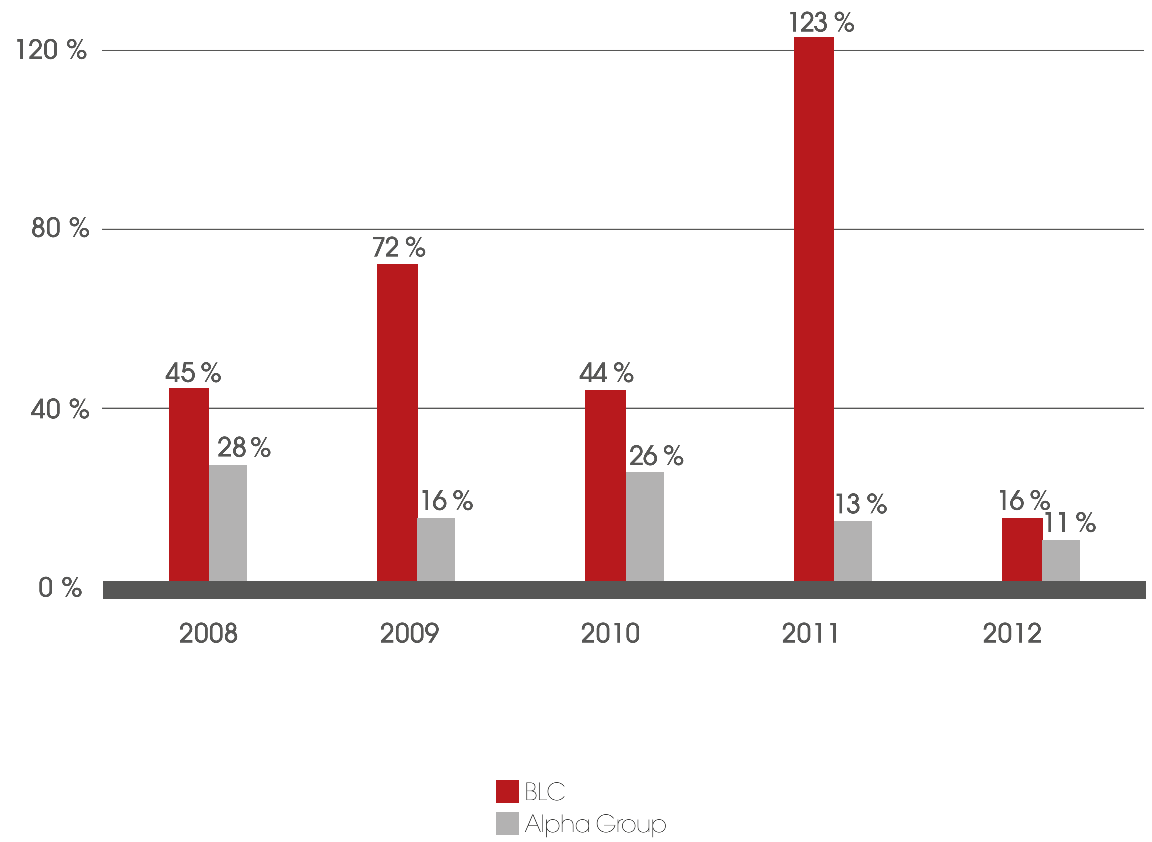


LOANS EVOLUTION

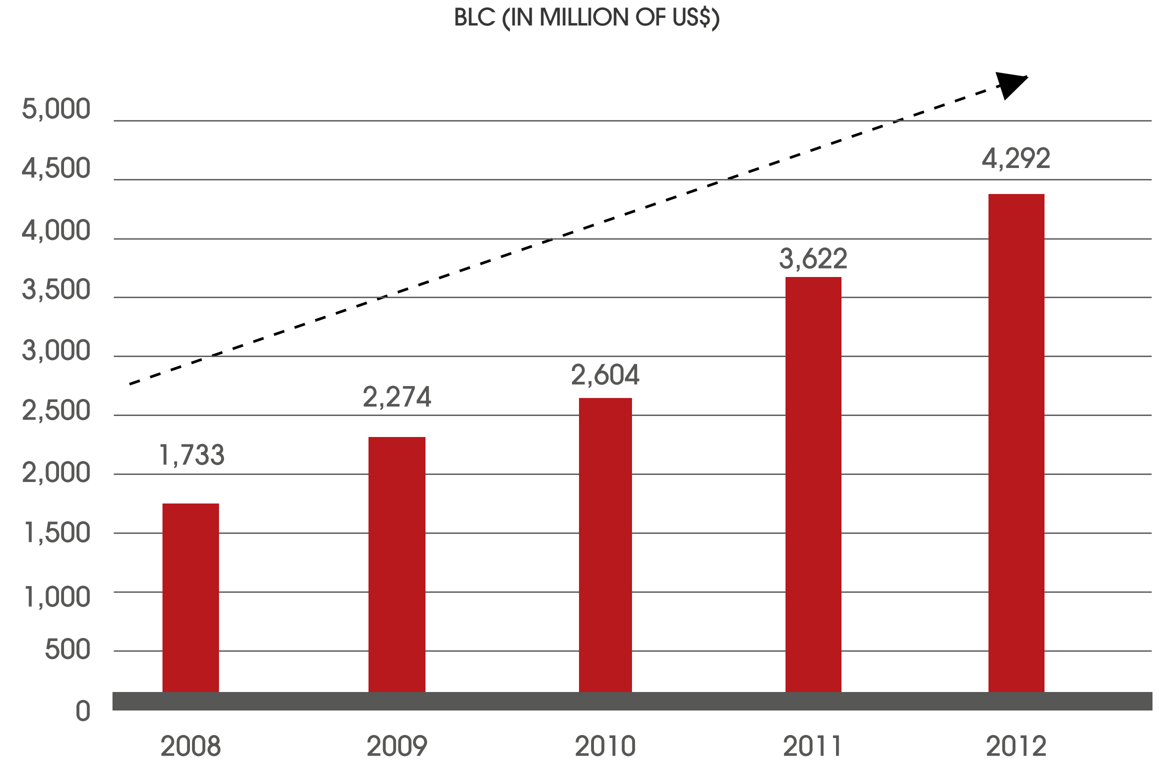
BLC (IN MILLION OF US$)

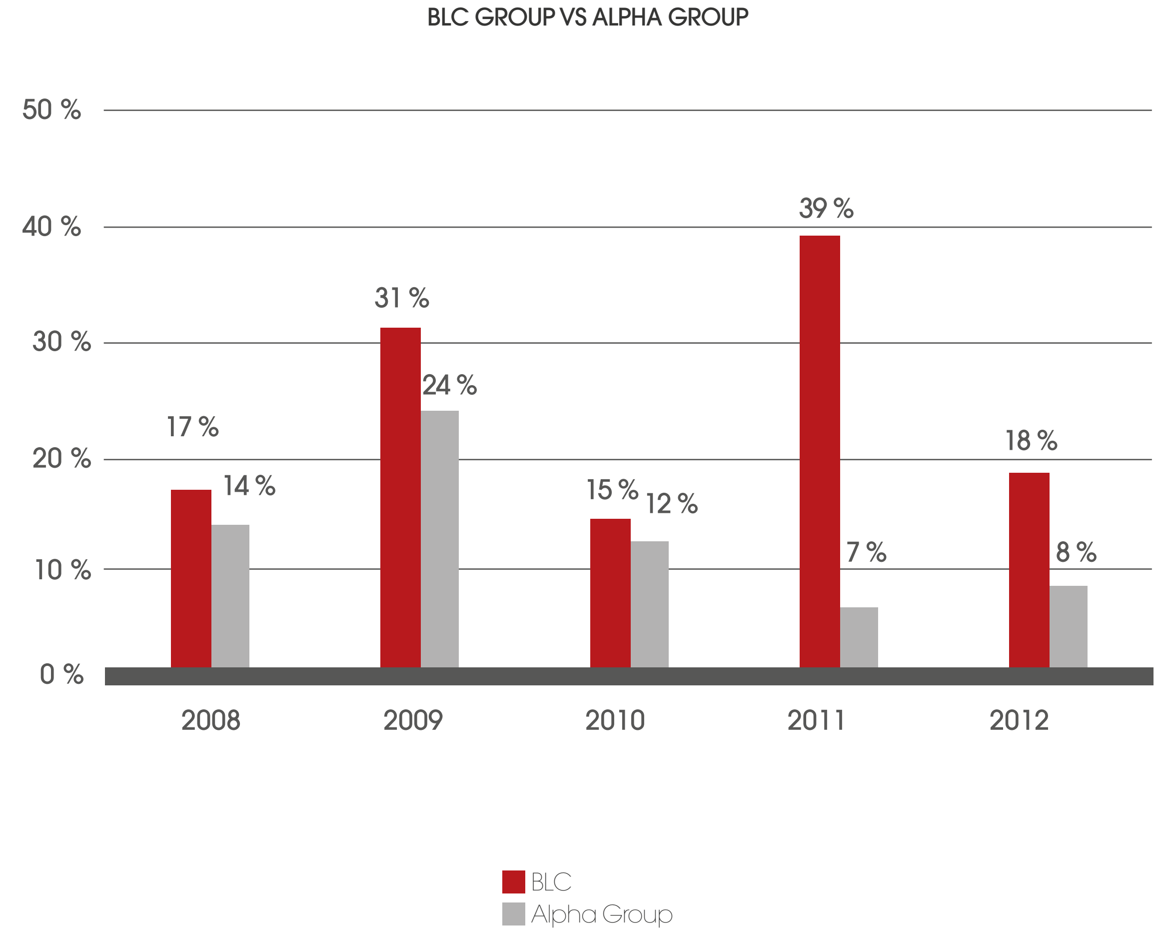


BLC GROUP VS ALPHA GROUP

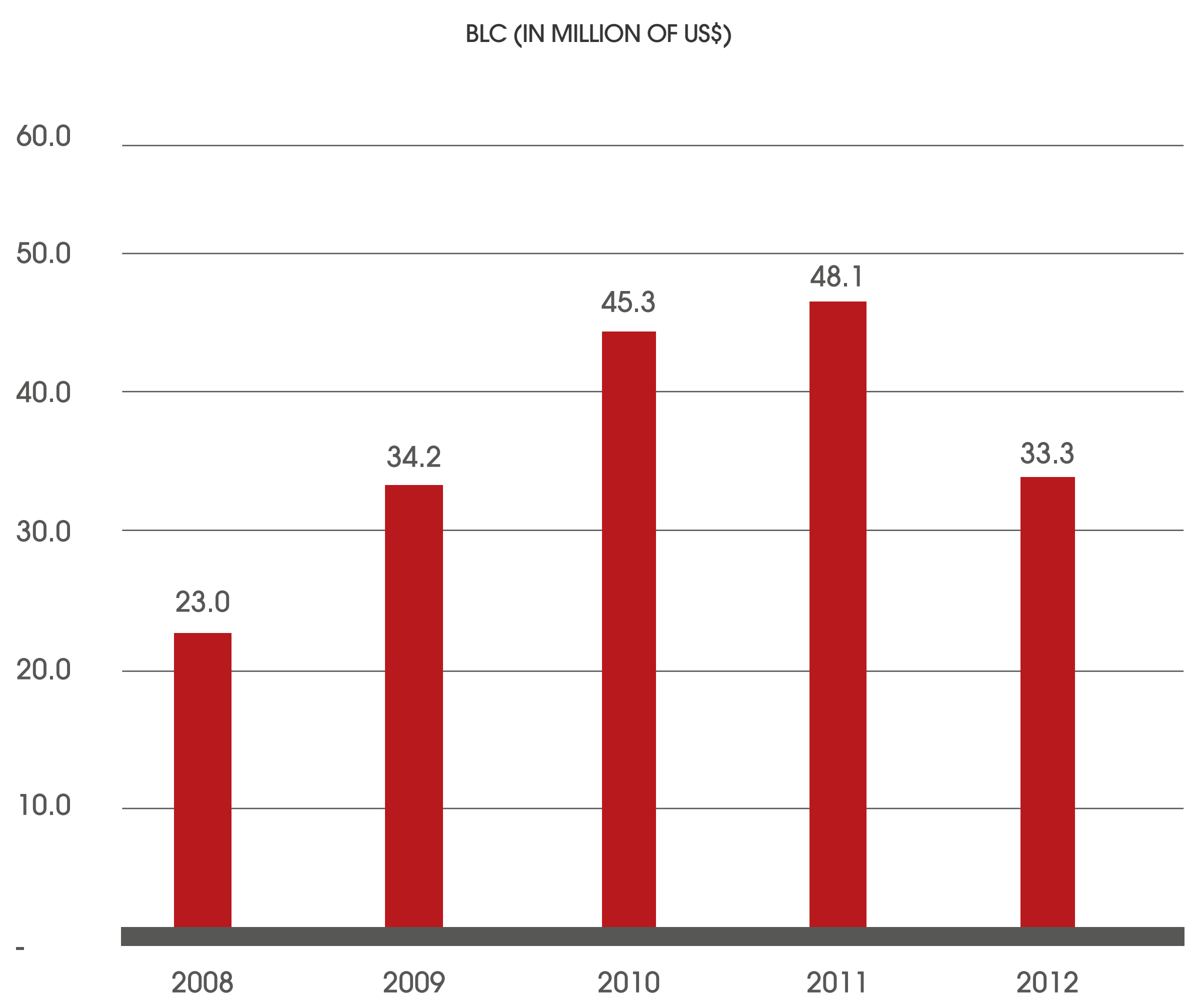


TOTAL DEPOSITS EVOLUTION

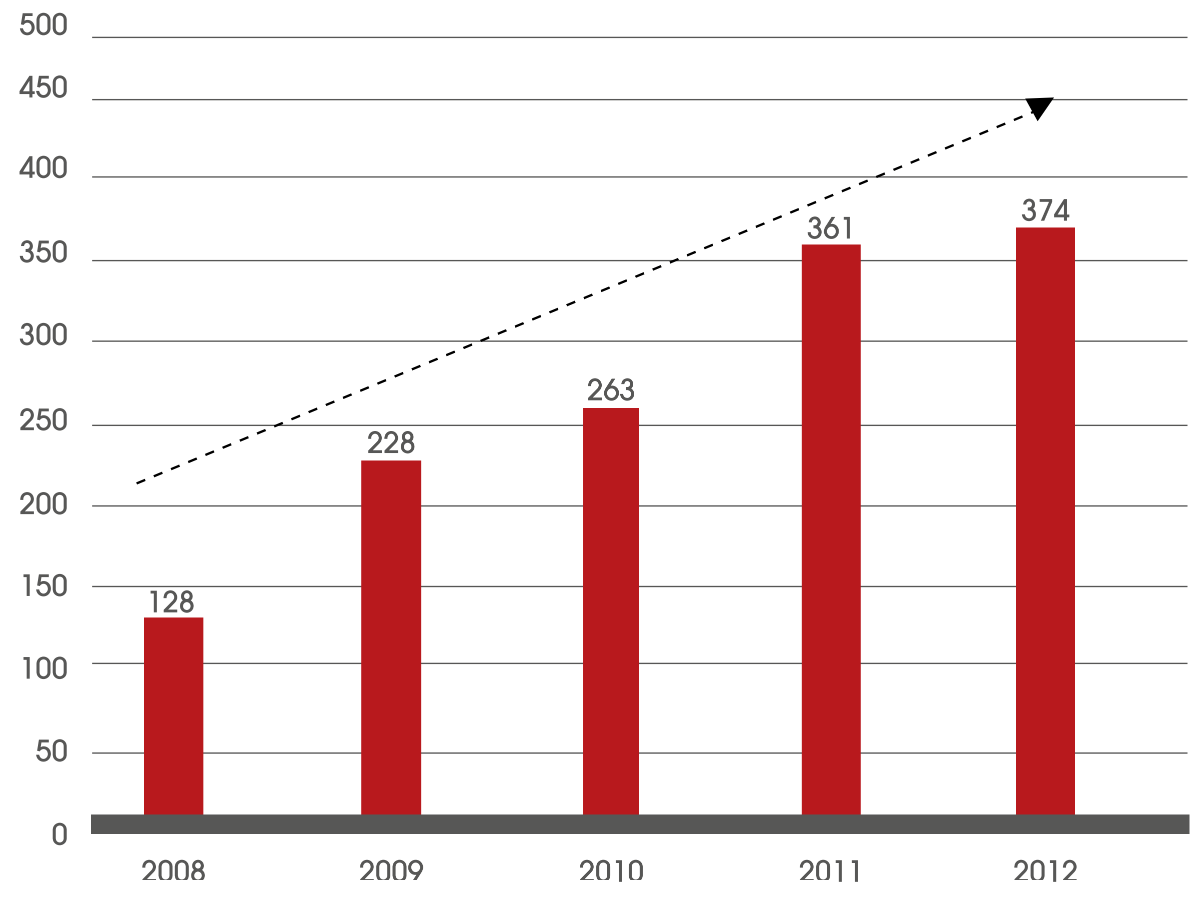




NET INCOME



SHAREHOLDERS' EQUITY



Financial Highlights & Ratios

In Million of US$	2012	2011	2010	2009	2008
Total Assets	5,094	4,416	3,101	2,593	1,972
Net Liquid Assets (BDL & Banks-Net)	988	518	544	601	397
Net Loans	1,776	1,533	687	476	276
Deposits	4,292	3,622	2,604	2,274	1,733
Shareholders' Equity	374	361	263	228	157
Net Interest Income (Including interest on FV Securities)	111.4	97.1	64.4	53.8	44.2
Non Interest Income	24.04	35.27	26.16	20.98	9.24
Net Financial Revenues	130.3	117.9	82.7	69.4	52.9
Provision for Credit Losses (Net of Write Backs)	(14.1)	(3.7)	7.7	3.9	8.7
Operating Expenses	(81.4)	(71.9)	(44.8)	(38.6)	(34.8)
Earning Before Tax	40.0	56.8	53.5	40.1	27.4
Net Income	33.3	48.1	45.3	34.2	23.0
Dividend to Preferred Shares	6.7	2.6	-	-	-
Dividend to Common Shareholders	6.6	17.7	17.7	15.1	8.7
Ratio NII to Average Total Assets	2.34%	2.58%	2.26%	2.36%	2.39%
Return on Average Assets	0.70%	1.28%	1.59%	1.5%	1.24%
Return on Average Equity	9.06%	15.42%	18.44%	17.77%	16.14%
Solvency Ratio (Basle II)	10.78%	10.84%	10.30%	10.99%	11.00%
Net liquid assets (BDL & Banks-Net) to Deposits	23%	14%	21%	26%	23%
Net Loans to Deposit	41%	42%	26%	21%	16%
Coverage ratio	87.9%	89.5%	95.8%	93.2%	92.2%
Cost to Income	60.1%	54.3%	49.5%	51.6%	65.1%
Growth in Total Assets	15.4%	42.4%	19.6%	31.5%	13.8%
Growth in Deposits	18.5%	39.1%	14.5%	31.2%	17.1%
Growth in Loans	15.9%	122.9%	44.6%	72.6%	36.5%
Growth in Equity	3.6%	37.3%	15.1%	45.4%	22.4%
Growth in Net Financial Revenues	10.5%	42.5%	19.2%	31.3%	27.7%
Branches	57	51	35	34	35
Staff Employed	968	898	628	610	523

Balance Sheet Structure (In Million of US$)

	2012	% total	2011	% total	2010	% total	2009	% total	2008	% total
Cash & Banks	996	20%	523	12%	576	19%	624	24%	421	21%
Net Loans	1,776	35%	1,533	35%	687	22%	476	18%	276	14%
Securities	2,098	41%	2,142	48%	1,684	54%	1,369	53%	1,179	60%
Other assets	225	4%	219	5%	154	5%	125	5%	97	5%
Total assets	5,094	100%	4,416	100%	3,101	100%	2,593	100%	1,972	100%
Borrowings	350	7%	325	7%	162	5%	30	1%	32	2%
Customers deposits	4,292	84%	3,622	83%	2,604	85%	2,274	88%	1,733	87%
Other liabilities	78	2%	107	2%	73	2%	60	2%	49	3%
Total liabilities	**4,720**	**93%**	**4,055**	**92%**	**2,838**	**92%**	**2,364**	**91%**	**1,814**	**92%**
Total equity	**374**	**7%**	**361**	**8%**	**263**	**8%**	**228**	**9%**	**157**	**8%**
Total liabilities and equity	5,094	100%	4,416	100%	3,101	100%	2,593	100%	1,972	100%

Net Interest Structure (In Thousand of US$)

	2012	% total	2011	% total	2010	% total	2009	% total	2008	% total
Interest income:										
Banks	12,204	4%	4,195	2%	4,071	2%	4,682	3%	9,094	7%
Investment securities	142,366	50%	135,895	55%	120,285	70%	112,330	74%	101,037	77%
loans	131,898	46%	106,136	43%	48,748	28%	35,382	23%	20,629	16%
Others	131	0%	444	0%	93	0%	85	0%	115	0%
Total interest income	**286,599**	**100%**	**246,669**	**100%**	**173,198**	**100%**	**152,478**	**100%**	**130,877**	**100%**
Interest expenses:										
Banks	4,403	3%	5,095	3%	2,288	2%	132	0%	756	1%
Deposits	167,877	95%	143,243	96%	106,237	98%	98,249	100%	83,122	96%
other	2,883	2%	1,227	1%	295	0%	329	0%	2,756	3%
Total interest expense	**175,163**	**100%**	**149,565**	**100%**	**108,820**	**100%**	**98,709**	**100%**	**86,633**	**100%**
Net interest Income	111,436		97,105		64,378		53,769		44,243	

AUDITORS' REPORT

FULL ATM BANKING

It's fast, simple and convenient!
With BLC Bank's Full ATM Banking, you can now deposit cash and checks from wherever you are in Lebanon, at more than 40 locations, 24/7 and free of charge.

Our full ATM Banking offers many benefits including:

- Quick and easy full self-service cash and check deposit at all BLC Bank ATMs.
- Deposit at your own convenience avoiding traffic and queues.
- Zero commission on cash deposits with next day value date.
- Save money with special discounts on various services.
- A supplementary ATM Deposit Card that you can delegate to anyone with restricted access to the deposit functions. You can also choose the accounts to be accessed without worrying about the confidentiality and security of your accounts as no balances or statements will be displayed and no transactions and withdrawals are allowed.

INDEPENDENT AUDITORS' REPORT

To the Shareholders
BLC Bank S.A.L.
Beirut, Lebanon

We have audited the accompanying consolidated financial statements of BLC BANK S.A.L. (the "Bank") and its Subsidiaries (the "Group"), which comprise the consolidated statement of financial position as at December 31, 2012, the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements, within the framework of local banking laws. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2012, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards.

Emphasis of Matter

Without qualifying our opinion, we draw attention to the following:

As further discussed in Notes 15 and 40 to the accompanying financial statements, the Group has foreign operations in Cyprus with an investment in equity of LBP138billion (Euro69.4million), including a goodwill component on initial acquisition of Euro20.8million (LBP41.2billion). Total assets of the subsidiary included in the accompanying financial position amounted to the equivalent of LBP1,488billion as of December 31, 2012. Subsequent to the balance sheet date, Cyprus has been exposed to a severe restructuring of its banking system led by the Troika as a condition precedent to provide the state of Cyprus a financial bailout to support servicing its foreign debts. In light of the above, there could be adverse economic consequences that may arise from the prevailing situation and that may result in an adverse impact on the financial position and results of operations of the Bank's subsidiary in Cyprus, a matter of uncertainty that cannot be determined and quantified at present.

Beirut, Lebanon
April 29, 2013

DFK Fiduciaire du Moyen Orient
Deloitte & Touche

CONSOLIDATED FINANCIAL STATEMENT

CONSOLIDATED STATEMENT OF FINANCIAL POSTION

		December 31,	
		2012	2011
ASSETS	**Notes**	**LBP'000**	
Cash and Central Banks	5	1,123,394,054	593,196,508
Deposits with banks and financial institutions	6	378,195,699	194,948,707
Loan to a bank	7	7,057,567	7,058,077
Loans and advances to customers	8	2,677,239,926	2,310,489,697
Investment securities	9	3,162,284,877	3,228,724,937
Customers' liability under acceptances	10	19,137,232	43,462,735
Assets acquired in satisfaction of loans	11	88,840,827	91,292,344
Investment properties	11.32	53,423,844	17,595,768
Property and equipment	12	80,740,716	76,301,029
Intangible assets	13	3,818,152	2,547,142
Deferred charges on business acquisition	14	22,387,239	32,172,956
Goodwill	15	41,280,604	40,683,630
Other assets	16	22,010,602	18,390,529
Total Assets		7,679,811,339	6,656,864,059

FINANCIAL INSTRUMENTS WITH OFF-BALANCESHEET RISKS:	**36**		
Letters of guarantee and standby letters of credit		202,235,388	199,956,457
Letters of credit		55,538,500	44,227,565
Forward exchange contracts		105,344,033	69,121,081
Fiduciary accounts	**37**	**18,415,658**	**19,297,995**
Assets in safekeeping and under management	**38**	**40,858,673**	**31,668,344**

		December 31,	
		2012	2011
LIABILITIES	**Notes**	**LBP'000**	
Deposits from banks	17	11,812,803	8,011,923
Customers' accounts at amortized cost	18	6,470,301,990	5,460,664,094
Liability under acceptances	10	19,137,232	43,462,735
Other borrowings	19	515,841,712	482,489,854
Subordinated bonds	20	19,684,277	19,296,044
Other liabilities	21	64,127,360	62,733,792
Provisions	22	15,153,541	36,099,355
Total liabilities		**7,116,058,915**	**6,112,757,797**

EQUITY			
Capital	23	152,700,000	152,700,000
Preferred shares	24	950,000	950,000
Premium on preferred shares	24	142,262,501	142,262,501
Reserves	25	116,626,890	88,402,460
Regulatory reserve for assets acquired in satisfaction of loans		19,890,400	14,028,871
Retained earnings		74,873,063	66,932,294
Cumulative change in fair value of investment securities	9	3,493,669	3,085,014
Cumulative currency translation adjustments		106,757	51,383
Profit for the year		50,221,660	72,498,756
Total equity atributable to equity holders of the Bank		**561,094,940**	**540,911,279**
Non-controlling interests		2,657,484	3,194,983
Total equity		**563,752,424**	**544,106,262**
Total liabilities and Equity		7,679,811,339	6,656,864,059

The accompanying notes 1 to 47 form an integral part of the consolidated financial statements.

CONSOLIDATED INCOME STATEMENT

		December 31,	
		2012	2011
	Notes	LBP'000	
Interest income	27	420,890,919	351,837,580
Interest expense	28	(264,058,148)	(225,468,738)
Net interest income		**156,832,771**	**126,368,797**
Fee and commission income	29	33,036,480	32,244,791
Fee and commission expense	30	5,428,054	(6,703,661)
Net fee and commission income		**27,608,426**	**25,541,130**
Net interest and other gain / (loss) on investment securities at fair value through profit or loss	31	7,210,888	20,380,828
Loss on investments at amortized cost	9	(3,981,392)	-
Other operating income	32	8,796,177	5,467,492
Net financial revenues		**196,466,870**	**177,758,247**
Allowance for impairment of loans and advances	8	(31,035,085)	(22,018,265)
Write-back of impairment loss on loans and advances	8	9,520,549	15,830,872
(Write-off) / Recovery of loans (net)		(34,248)	8,216
Write-back of discount on purchased loan portfolio	8	245,626	613,046
Net financial revenues after net impairment loss/write-back		**175,163,712**	**172,192,116**
Net gain on disposal of property and equipment and properties acquired in satisfaction of loans	11,12	1,790,389	20,212,262
Other non-operating income		-	1,246,825
Write-back provison no longer required	22	3,935,421	522,770
Provision (net of write-back)	22	2,081,886	(180,900)
Staff costs	33	(76,839,303)	(67,703,384)
General and administrative expenses	34	(40,749,911)	(36,037,496)
Depreciation and amortization	12,13	(5,142,522)	(4,687,491)
Profit before income tax		**60,239,672**	**85,564,702**
Income tax expense	21	(10,072,033)	(13,070,223)
Profit for the year		50,167,639	72,494,479
Attributable to:			
Equity holders of the Bank		50,221,660	72,498,756
Non-controlling interests		(54,021)	(4,277)
		50,167,639	72,494,479
Earnings per share:			
Basic and diluted earnings per share (in LBP)	35	328.5	474.7

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

		December 31,	
		2012	2011
	Notes	LBP'000	
Profit for the year		**50,167,639**	**72,494,479**
Other comprehensive income:			
Net change in fair value of investments at fair value through other comprehensive income	9	480,771	720,820
Currency translation adjustment		54,033	53,742
Deferred tax liability		(72,116)	(544,414)
		462,688	**230,148**
Total Comprehensive income		50,630,327	72,724,627
Attributable to			
Equity holders of the Bank		50,685,689	72,726,545
Non-controlling interests		(55,362)	(1,918)
		50,630,327	72,724,627

The accompanying notes 1 to 47 form an integral part of the consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Attributable to Equity Holders of the Bank												
	Capital	Preferred Shares and Premiums	Legal Reserve	Free Reserves	Reserve for General Banking Risks	Regulatory Reserve for Assets Acquired in Satisfaction of Loans	Cumulative Currency Translation Adjustment	Cumulative Change in Fair Value of Investment Securities	Retained Earnings	Profit for the year	Total	Non-Controlling Interests	Total Equity
	LBP'000												
Balance January 1, 2011	152,700,000	-	12,887,560	35,756,693	15,012,667	13,078,756	-	2,908,608	51,031,130	68,270,880	351,646,294	137,205	351,783,499
Allocation of 2010 profit	-	-	6,955,868	10,767,661	5,356,040	2,616,086	-	-	42,575,225	(68,270,880)	-	-	-
Dividends paid (Note 26)	-	-	-	-	-	-	-	-	(26,746,854)	-	(26,746,854)	(26,079)	(26,772,933)
Transfer to free reserves	-	-	-	1,665,971	-	(1,665,971)	-	-	-	-	-	-	-
Issuance of preferred shares	-	143,212,501	-	-	-	-	-	-	-	-	143,212,501	-	143,212,501
Difference of exchange	-	-	-	-	-	-	-	-	9,958	-	9,958	-	9,958
Non-controlling interests of the acquired subsidiary	-	-	-	-	-	-	-	-	-	-	-	3,085,775	3,085,775
Deferred tax on future dividend distribution of subsidiaries	-	-	-	-	-	-	-	-	62,835	-	62,835	-	62,835
Total comprehensive income for the year 2011	-	-	-	-	-	-	**51,383**	**176,406**	**-**	**72,498,756**	**72,726,545**	**(1,918)**	**72,724,627**
Balance December 31,2011	**152,700,000**	**143,212,501**	**19,843,428**	**48,190,325**	**20,368,707**	**14,028,871**	**51,383**	**3,085,014**	**66,932,294**	**72,498,756**	**540,911,279**	**3,194,983**	**544,106,262**
Allocation of 2011 profit	-	-	7,322,680	16,422,369	7,151,725	3,190,121	-	-	38,411,861	(72,498,756)	-	-	-
Dividends paid (Note 26)	-	-	-	-	-	-	-	-	(26,722,500)	-	(26,722,500)	(16,257)	(26,738,757)
Dividends paid to preferred shares "A" (Note 26)	-	-	-	-	-	-	-	-	(3,989,711)	-	(3,989,711)	-	(3,989,711)
Transfer between legal and regulatory reserve	-	-	-	(2,671,408)	-	2,671,408	-	-	-	-	-	-	-
Prior year adjustments	-	-	(936)	-	-	-	-	-	610,269	-	609,333	(808,872)	(199,539)
Difference of exchange	-	-	-	-	-	-		-	(12,102)	-	(12,102)	-	(12,102)
Non-controlling interest shares of the established subsidiary	-	-	-	-	-	-	-	-	-	-	-	9,999	9,999
Dilution in non-controlling interest shares	-	-	-	-	-	-	-	-	(332,993)	-	(332,993)	332,993	-
Deferred tax on future dividend distribution of subsidiaries	-	-	-	-	-	-	-	-	(54,055)	-	(54,055)	-	(54,055)
Total comprehensive income for the year 2012	-	-	-	-	-	-	**55,374**	**408,655**	**-**	**50,221,660**	**50,685,689**	**(55,362)**	**50,630,327**
Balance - December 31,2012	**152,700,000**	**143,212,501**	**27,165,172**	**61,941,286**	**27,520,432**	**19,890,400**	**106,757**	**3,493,669**	**74,843,063**	**50,221,660**	**561,094,940**	**2,657,484**	**563,752,424**

The accompanying notes 1 to 47 form an integral part of the consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

		December 31,	
		2012	2011
	Notes	**LBP'000**	
Cash flows from operating activities			
Net profit for the year		50,167,639	72,494,479
Adjustments for			
Provision/(write back) for bad debts (net) and write-back of discount on loan portfolio	8	21,268,910	5,574,347
Write off of loans and advances to customers		-	(8,216)
Depreciation and amortization	12,13	5,464,273	4,687,491
Write-back provision no longer required		-	(1,246,825)
Loss on investments at amortized cost	9	3,981,392	-
Change in fair value for investment properties		-	(190,805)
(Write back)/provisions, (net)	22	(2,081,886)	180,900
Provision for end-of-service indemnities (net)	22	569,310	3,824,197
(Write Back) / provision for loss on foreign currency position	22	(126,940)	103,557
Unrealized loss on investment securities at fair value through profit or loss	9	3,023,524	6,719,508
Income tax expense		10,072,033	13,070,223
Gain on sale of property and equipment		(162,573)	(1,887,545)
Gain on disposal of property acquired in satisfaction of loans		(1,627,816)	(18,324,718)
Dividend income		(641,340)	(1,718,822)
Interest expense		264,058,148	225,468,783
Interest income (including interest on investment securities at fair value through profit or loss)		(432,753,322)	(363,520,951)
		(78,788,648)	**(54,774,397)**
Net increase in loans and advances to customers	39	(420,499,091)	(641,229,260)
Net increase in margins with banks		(1,271,953)	-
Net increase in investment at fair value through other comprehensive income	9	(5,977,975)	-
Net increase in investment at fair value through profit or loss	39	(4,114,433)	230,919,592
Net decrease/(increase) in investment at amortized cost	39	79,284,861	(676,701,012)
Net increase in customers' deposits	39	992,280,905	640,475,539
Net decrease in compulsory deposits Central Banks	39	31,511,639	33,512,421
Net increase in term and blocked deposit with Banks		(646,199,332)	-
Net increase/(decrease) in deposits with banks		3,789,745	(38,919,591)
Net increase in other assets		(3,620,073)	(3,387,033)
Net increase/(decrease) in other liabilities		4,948,282	(1,227,985)
Proceeds from disposal of property acquired in satisfaction loans		5,843,603	28,595,807
Settlements made from provisions	22,39	(1,520,020)	(849,043)
		(44,332,490)	**(483,548,962)**

		December 31,	
		2012	2011
	Notes	**LBP'000**	
Income tax paid		(13,752,918)	(13.580,696)
Dividends recieved	31	641,340	1,718,822
Interest paid		(259,237,028)	(222,538,577)
Interest recieved		418,486,857	363,665,953
Net cash used in operating activities		**101,805,761**	**(354,319,460)**
Cash flows from investing activities:			
Amounts paid in business acquisition		-	(85,568,684)
Amounts and costs paid in business acquisition		-	(2,166,520)
Proceeds from disposal of property and equipment		197,650	2,143,103
Acquisition of property and equipment	39	(8,490,382)	(11,337,317)
Acquisition of intangible assets	39	(2,451,020)	(831,427)
Net cash used in investing activities		**(10,743,752)**	**(97,760,845)**
Cash flows from financing activities			
Dividends paid	26	(30,728,468)	(26,772,933)
Issuance of preffered shares	24	-	82,912,501
Effect of foreign currency fluctuation and other		(1,044,501)	63,700
Subscription of capital by the non-controlling interest		9,999	-
Net change in subordinated bond		-	(542,766)
Net increase in other borrowings	39	32,239,642	237,576,672
Net cash generated from financing activities		**476,672**	**293,237,174**
Net increase/(decrease) in cash and cash equivalents		91,538,681	(158,843,131)
Cash and cash equivalent beginning of the year	39	700,387,668	760,195,701
Cash and cash equivalent acquired from USB Bank PLC		-	99,035,098
Cash and cash equivalents end of year	39	791,926,349	700,387,668

The accompanying notes 1 to 47 form an integral part of the consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2013

1.FORMATION AND ACTIVITIES OF THE BANK

BLC Bank S.A.L., (the "Bank"), is a Lebanese joint stock company registered under No. 1952 in the Lebanese Commercial Register and is listed under No. 11 on the Lebanese Banks' List. The principal activities of the Bank consist of a wide range of commercial banking activities carried on through forty one branches in Lebanon including Head Office.

The consolidated financial statements of the Bank comprise the financial statements of the Bank and those of its subsidiaries (the "Group").

The Bank's headquarters are located in Beirut, Lebanon.

2.ADOPTION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRSs)

2.1 New and revised Standards and Interpretations effective for the current period

There are no new Standards, amendments to Standards and Interpretations that are effective for the first time for the financial year beginning on January 1, 2012 that had a material impact on the Group's financial statements.

2.2 New and revised IFRS(s) in issue but not yet effective

A number of new standards and amendments to standards and interpretations are effective for annual periods beginning after January 1, 2012 and have not been applied in preparing these consolidated financial statements, except for IFRS 9 *Financial Instruments* which was early applied by the Group during 2011 with date of initial application January 1, 2011. Those new and amended standards and interpretations which are applicable to the Group's operations or might have an effect on the consolidated financial statements of the Group in the period of initial application are set out below:

• IFRS 10 *Consolidated Financial Statements* uses control as the single basis for consolidation, irrespective of the nature of the investee and includes a new definition of control. IFRS 10 requires retrospective application subject to certain transitional provisions providing an alternative treatment in certain circumstances. IAS 27 *Consolidated and Separate Financial Statements* and IAS 28 *Associates and Joint Ventures* have been amended for the issuance of IFRS 10 and SIC-12 *Consolidation Special Purpose Entities* will be withdrawn upon the effective date of IFRS 10 (Annual periods beginning on or after January 1, 2013).

• IFRS 11 *Joint Arrangements* establishes two types of joint arrangements: Joint operations and joint ventures. The two types of joint arrangements are distinguished by the rights and obligations of the parties to the joint arrangement, rather than its legal form. Joint control involves the contractual agreed sharing of control, and arrangements subject to joint control are classified as either a joint venture or a joint operation. Joint operations arise where a joint operator has rights to the assets and obligations relating to the arrangement and therefore accounts for its share of assets, liabilities, revenues and expenses. Joint ventures arise where the joint venture has rights to the net assets of the arrangement and therefore equity accounts for its interest. Proportional consolidation of joint ventures is no longer allowed. IAS 28 *Investments in Associates and Joint Ventures* has been amended for the issuance of IFRS 11 and SIC-13 *Jointly Control Entities* will be withdrawn upon the effective date of IFRS 11 (Annual periods beginning on or after January 1, 2013).

• IFRS 12 *Disclosure of Interests in Other Entities* is a disclosure standard and is applicable to entities that have interests in subsidiaries, joint arrangements, associates and/or unconsolidated structured entities. In general, the disclosure requirements in IFRS 12 are more extensive than those in the current standards. IFRS 12 is effective for annual periods beginning on or after January 1, 2013.

• Amendment to IFRSs 10, 11 and 12 on transition guidance: These amendments provide additional transition relief to IFRSs 10, 11 and 12, limiting the requirement to provide adjusted comparative information to only the preceding comparative period. For disclosures related to unconsolidated structured entities, the amendments will remove the requirement to present comparative information for periods before IFRS 12 is first applied. Effective for annual periods beginning on or after 1 January 2013.

• IFRS 13 *Fair Value Measurement* establishes a single framework for measuring fair value, and requires disclosures about fair value measurement. The Standard defines fair value on the basis of an 'exit price' notion and uses a 'fair value hierarchy', which results in a market-based, rather than entity-specific, measurement. IFRS 13 is applicable for both financial and non-financial items for which other IFRSs require or permit fair value measurement and disclosures about fair value measurements, except in specified circumstances. IFRS 13 is effective for annual periods beginning on or after January 1, 2013.

• Amendments to IAS 32 *Financial Instruments Presentation:* relating to application guidance on the offsetting of financial assets and financial liabilities. These amendments are effective for annual periods beginning on or after January 1, 2014, with retrospective application needed.

• Amendments to IFRS 7 *Financial Instruments Disclosures:* enhancing disclosures about offsetting of financial assets and liabilities. The amendments are effective for annual periods beginning on or after January 1, 2013, and disclosures should be provided retrospectively for all comparative periods.

• IAS 27 *Separate Financial Statements* (revised 2011) includes the requirements relating to separate financial statements and outlines the accounting requirements for dividends and contains numerous disclosure requirements. IAS 27 (revised 2011) is effective for annual periods beginning on or after January 1, 2013.

• IAS 28 *Associates and Joint Ventures* (revised 2011) includes the requirements for associates and joint ventures that have to be equity accounted following the issue of IFRS 11. IAS 28 (revised 2011) is effective for annual periods beginning on or after January 1, 2013.

• Annual improvements to IFRSs 2009 – 2011 Cycle.
These include:

- **Amendment to IAS 1** *Presentation of Items of Other Comprehensive Income*. The amendment requires to group items presented in other comprehensive income on the basis of whether they are potentially reclassifiable to profit or loss subsequently. Income tax on items of other comprehensive income is required to be allocated on the same basis. Amendment is effective for annual periods beginning on or after July 1, 2012.

- **Amendments to IAS 32** *Financial Instruments*, clarify that income tax relating to distributions to holders of an equity instrument and to transaction costs of an equity transaction should be accounted for in accordance with IAS 12 Income Taxes. (Effective for annual periods beginning or after January 1, 2013).

3. SIGNIFICANT ACCOUNTING POLICIES

Statement of Compliance

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs).

Basis of Preparation

The consolidated financial statements have been prepared on the historical cost basis except for the following:

- Financial instruments designated at fair value through profit or loss;
- Investments in equities;
- Other financial assets not held in a business model whose objective is to hold assets to collect contractual cash flows or whose contractual terms do not give rise solely to payments of principal and interest;
- Derivative financial instruments measured at fair value.
- Investment properties;

The principal accounting policies are set out below:

A. Basis of Consolidation:

The consolidated financial statements of BLC Bank incorporate the financial statements of the Bank and enterprises controlled by the Bank (its subsidiaries). Control is achieved when, among other things, the Bank has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

The consolidated subsidiaries consist of the following:

Name of Subsidiary	Percentage of ownership December 31,		Country of Incorporation	Business Activity
	2012	2011		
	%			
BLC Invest S.A.L. (Est. in 2012)	99.97	-	Lebanon	Investment Bank
BLC Finance S.A.L.	98.44	98.44	Lebanon	Financial Institution
BLC Services S.A.L.	90.33	90.33	Lebanon	Insurance Brokerage
USB Bank PLC	97.31	95.61	Cyprus	Commercial Banking

Income and expenses of subsidiaries acquired or disposed of during the year are included in the consolidated statement of comprehensive income from the effective date of acquisition and up to the effective date of disposal, as appropriate. Total comprehensive income of subsidiaries is attributed to the owners of the Bank and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Adjustments are made to the financial statements of the subsidiaries to bring their accounting policies into line with those used by the Bank.

All intra - group transactions, balances, income and expenses (except for foreign currency transaction gains or loss) are eliminated on consolidation. Unrealized losses are eliminated in the same way as unrealized gains, but only to the extent that there is no evidence of impairment.

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity and attributed to owners of the Bank.

Upon the loss of control, the Group derecognizes the assets and liabilities of the subsidiary, any non-controlling interests and the other components of equity related to the subsidiary. Any surplus or deficit arising on the loss of control is recognized in profit or loss. If the Group retains any interest in the previous subsidiary, then such interest is measured at fair value at the date that control is lost.

B. Business Combinations:

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognized in profit or loss.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. When the excess is negative, a bargain purchase gain is recognized immediately in profit or loss. Where applicable, adjustments are made to provisional values of recognized assets and liabilities related to facts and circumstances that existed at the acquisition date. These are adjusted to the provisional goodwill amount. All other adjustments including above adjustments made after one year are recognized in profit and loss except to correct an error in accordance with IAS 8.

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation may be initially measured either at fair value or at the non-controlling interests' proportionate share of the recognized amounts of the acquiree's identifiable net assets. The choice of measurement basis is made on a transaction-by-transaction basis. Non-controlling interests in business acquisitions transacted so far by the Group were initially measured at the non-controlling interests proportionate share of net assets acquired.

Any contingent consideration payable is recognized at fair value at the acquisition date. If the contingent consideration is classified as equity, it is not remeasured and settlement is accounted for within equity. Otherwise, subsequent changes to the fair value of the contingent consideration are recognized in profit or loss.

C. Foreign Currencies:

In preparing the financial statements of each individual group entity, transactions in currencies other than the entity's functional currency (foreign currencies) are recognized at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.
Exchange differences on monetary items are recognized in profit or loss in the period in which they arise except for exchange differences on transactions entered into in order to hedge certain foreign currency risks, and except for exchange differences on monetary items receivable from or payable to a foreign operation for which settlement is neither planned nor likely to occur in the foreseeable future, which are recognized in other comprehensive income, and presented in the translation reserve in equity. These are recognized in profit or loss on disposal of the net investment.

For the purposes of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated into Lebanese Pound using exchange rates prevailing at the end of each reporting period. Income and expense items are translated at the average exchange rates for the period, when this is a reasonable approximation of rates at the dates of the transactions. Exchange differences arising are recognized in other comprehensive income and accumulated in equity (attributed to non-controlling interests as appropriate). Such exchange differences are recognized in profit or loss in the period in which the foreign operation is disposed of.

In addition, in relation to a partial disposal of a subsidiary that does not result in the Group losing control over the subsidiary, the proportionate share of accumulated exchange differences are re-attributed to non-controlling interests and are not recognized in profit or loss.

Goodwill and fair value adjustments on identifiable assets and liabilities acquired arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the closing rate.

D. Recognition and Derecognition of Financial assets and Liabilities:

The Group initially recognizes loans and advances, deposits, debt securities issued and subordinated liabilities on the date that they are originated. All other financial assets and liabilities are initially recognized on the trade date at which the Group becomes a party to the contractual provisions of the instrument.

Financial assets and liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognized immediately in profit or loss.

The Group derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognizes its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognize the financial asset and also recognizes a collateralized borrowing for the proceeds received.

On derecognition of a financial asset measured at amortized cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss.

Debt securities exchanged against securities with longer maturities with similar risks, and issued by the same issuer, are not derecognized because they do not meet the conditions for derecognition. Premiums and discounts derived from the exchange of said securities are deferred to be amortized as a yield enhancement on a time proportionate basis, over the period of the extended maturities.

When the Group enters into transactions whereby it transfers assets recognized on its statement of financial position and retains all risks and rewards of the transferred assets, then the transferred assets are not derecognized, for example, securities lending and repurchase transactions.

The Group derecognizes financial liabilities when, and only when, the Group's obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognized in profit or loss.

E. Classification of Financial Assets:

All recognized financial assets are measured in their entirety at either amortized cost or fair value, depending on their classification.

Debt Instruments:

Non-derivative debt instruments that meet the following two conditions are subsequently measured at amortized cost using the effective interest method, less impairment loss (except for debt instruments that are designated as at fair value through profit or loss on initial recognition):

• They are held within a business model whose objective is to hold the financial assets in order to collect the contractual cash flows, rather than to sell the instrument prior to its contractual maturity to realize its fair value changes, and
• The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Debt instruments which do not meet both of these conditions are measured at fair value through profit or loss ("FVTPL").

Even if a debt instrument meets the two amortized cost criteria above, it may be designated as at FVTPL upon initial recognition if such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise from measuring assets or liabilities or recognizing the gains and losses on them on different bases.

Equity Instruments:

Investments in equity instruments are classified as at FVTPL, unless the Group designates an investment that is not held for trading as at fair value through other comprehensive income ("FVTOCI") on initial recognition (see below).

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any gains or losses arising on re-measurement recognized in profit or loss.

On initial recognition, the Group can make an irrevocable election (on an instrument-by-instrument basis) to designate investments in equity instruments as at fair value through other comprehensive income ("FVTOCI"). Investments in equity instruments at FVTOCI are measured at fair value. Gains and losses on such equity instruments are recognized in other comprehensive income, accumulated in equity and are never reclassified to profit or loss. Only dividend income is recognized in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment, in which case it is recognized in other comprehensive income. Cumulative gains and losses recognized in other comprehensive income are transferred to retained earnings on disposal of an investment.

Designation at FVTOCI is not permitted if the equity investment is held for trading.

Reclassification:

Financial assets are reclassified between FVTPL and amortized cost or vice versa, if and only if, the Group's business model objective for its financial assets changes so its previous model assessment would no longer apply. When reclassification is appropriate, it is done prospectively from the reclassification date.

F. Financial Liabilities and Equity Instruments:

Classification as debt or equity:

Debt and equity instruments issued by a group entity are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Group are recognized at the proceeds received, net of direct issue costs.

Repurchase of the Group's own equity instruments is recognized and deducted directly in equity. No gain or loss is recognized in profit or loss on the purchase, sale, issue, or cancellation of the Group's own equity instruments.

The component parts of compound instruments (convertible notes) issued by the Group are classified separately as financial liabilities and equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument. A conversion option that will be settled by the exchange of a fixed amount of cash or another financial asset for a fixed number of the Company's own equity instruments is an equity instrument.

Financial Liabilities:

Financial Liabilities that are not held-for-trading and are not designated as at FVTPL are subsequently measured at amortized cost using the effective interest method.

Financial liabilities are classified as at FVTPL when the financial liability is either held for trading or it is designated as at FVTPL.

A financial liability other than a financial liability held for trading may be designated as at FVTPL upon initial recognition if:
• such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
• the financial liability forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
• it forms part of a contract containing one or more embedded derivatives, and the entire combined contract is designated as at FVTPL in accordance with IFRS 9.

G. Offsetting:

Financial assets and liabilities are set-off and the net amount is presented in the statement of financial position when, and only when, the Group has a legal right to set-off the amounts or intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

H. Fair Value Measurement of Financial Instruments:

Fair value is the amount agreed to exchange an asset or to settle a liability between a willing buyer and a willing seller in an arm's length transaction.

When published price quotations exist, the Group measures the fair value of a financial instrument that is traded in an active market using quoted prices for that instrument. A financial instrument is regarded as quoted in active market if quoted prices are readily and regularly available and those prices represent actual and regularly occurring market transactions on an arm's length basis.

If the market for a financial instrument is not active, the Group establishes fair value by using valuation techniques. Valuation techniques include observable market data about the market conditions and other factors that are likely to affect the instrument's fair value. The fair value of a financial instrument is based on one or more factors such as the time value of money and the credit risk of the instrument and adjusted for any other factors such as liquidity risk.

I. Impairment of Financial Assets:

Financial assets carried at amortized cost are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the asset, a loss event has occurred which has an impact on the estimated future cash flows of the financial asset.

Objective evidence that an impairment loss related to financial assets has been incurred can include information about the debtors' or issuers' liquidity, solvency and business and financial risk exposures and levels of and trends in delinquencies for similar financial assets, taking into account the fair value of collateral and guarantees.

The Group considers evidence of impairment for assets measured at amortized cost at both specific asset and collective level.

Impairment losses on assets carried at amortized cost are measured as the difference between the carrying amount of the financial assets and the corresponding estimated recoverable amounts. Losses are recognized in profit or loss. If, in a subsequent period, the amount of the impairment loss decreases, the previously recognized impairment loss is reversed through profit or loss to the extent that the carrying amount of the financial asset at the date the impairment is reversed does not exceed what the amortized cost would have been, had the impairment not been recognized.

For investments in equity securities, a significant or prolonged decline in fair value below cost is objective evidence of impairment.

J. Derivative Financial Instruments:

Derivatives are initially recognized at fair value at the date a derivative contract is entered into and are subsequently remeasured to their fair value at each reporting date. The resulting gain or loss is recognized in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship.

Embedded Derivatives:

Derivatives embedded in other financial instruments or other host contracts with embedded derivatives are treated as separate derivatives when their risks and characteristics are not closely related to those of the host contracts and the host contract:
• is not measured at fair value with changes in fair value recognized in profit or loss;
• is not an asset within the scope of IFRS 9.

Hedge Accounting:
The Group designates certain hedging instruments, which include derivatives, embedded derivatives and non-derivatives in respect of foreign currency risk, as either fair value hedges, cash flow hedges, or hedges of net investments in foreign operations. Hedges of foreign exchange risk on firm commitments are accounted for as cash flow hedges.

At the inception of the hedge relationship, the Group documents the relationship between the hedging instrument and the hedged item, along with its risk management objectives and its strategy for undertaking various hedge transactions. Furthermore, at the inception of the hedge and on an ongoing basis, the Group documents whether the hedging instrument that is used in a hedging relationship is highly effective in offsetting changes in fair values or cash flows of the hedged item.

Fair Value Hedge:
Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recognized in profit or loss immediately, together with any changes in the fair value of the hedged item that are attributable to the hedged risk. The change in the fair value of the hedging instrument and the change in the hedged item attributable to the hedged risk are recognized in the line of the income statement relating to the hedged item.

Hedge accounting is discontinued when the Group revokes the hedging relationship, the hedging instrument expires or is sold, terminated, or exercised, or no longer qualifies for hedge accounting. The adjustment to the carrying amount of the hedged item arising from the hedged risk is amortized to profit or loss from that date.

Cash Flow Hedge:
The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges are deferred in other comprehensive income. The gain or loss relating to the ineffective portion is recognized immediately in profit or loss.

Amounts previously recognized in other comprehensive income and accumulated in equity are reclassified to profit or loss in the periods when the hedged item is recognized in profit or loss, in the same line of the income statement as the recognized hedged item. However, when the hedged forecast transaction results in the recognition of a non-financial asset or a non-financial liability, the gains and losses previously recognized in other comprehensive income and accumulated in equity are transferred from equity and included in the initial measurement of the cost of the non-financial asset or non-financial liability.

Hedge accounting is discontinued when the Group revokes the hedging relationship, when the hedging instrument expires or is sold, terminated, or exercised, or when it no longer qualifies for hedge accounting. Any gain or loss recognized in other comprehensive income and accumulated in equity at that time remains in equity and is recognized when the forecast transaction is ultimately recognized in profit or loss. When a forecast transaction is no longer expected to occur, the gain or loss accumulated in equity is recognized immediately in profit or loss.

K. Loans and Advances:
Loans and advances are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and advances are disclosed at amortized cost net of unearned interest and after provision for credit losses. Non-performing loans and advances to customers are stated net of unrealized interest and provision for credit losses because of doubts and the probability of non-collection of principal and/or interest.

L. Financial Guarantees:
Financial guarantees contracts are contracts that require the Group to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the terms of a debt instrument. These contracts can have various judicial forms (guarantees, letters of credit, and credit-insurance contracts).

Financial guarantee liabilities are initially measured at their fair value, and subsequently carried at the higher of this amortized amount and the present value of any expected payment (when a payment under the guarantee has become probable). Financial guarantees are included within other liabilities.

M. Property and Equipment:
Property and equipment except for buildings acquired prior to 1999 are stated at historical cost, less accumulated depreciation and impairment loss, if any. Buildings acquired prior to 1999 are stated at their revalued amounts, based on market prices prevailing during 1999 less accumulated depreciation and impairment loss, if any.

Depreciation is recognized so as to write off the cost or valuation of property and equipment (other than advance payments on capital expenditures) over their useful lives, using the straight-line method as follows:

	%
Buildings	2 - 4
Office improvements and installations	20
Furniture, equipment and machines	8 - 20
Computer equipment	20 - 33
Vehicles	10 - 20

The estimated useful lives and depreciation method are reviewed at each year end, with the effect of any changes in estimate accounted for on a prospective basis.

The gain or loss arising on the disposal or retirement of an item of property and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in profit or loss.

N. Intangible Assets and Goodwill:
Goodwill:
Refer to Note 3B for the measurement of goodwill at initial recognition arising on the acquisition of subsidiaries. Subsequent to initial recognition, goodwill is measured at cost less accumulated impairment losses.

Other intangible assets:
Other intangible assets that are acquired by the Group and have finite useful lives are measured at cost less accumulated amortization and any accumulated impairment losses. Intangible assets other than goodwill are amortized on a straight line over their estimated useful lives as follows:

- Computer software 5 years
- Key money 15 years

Subsequent expenditures is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditures are recognized in profit or loss.

O. Assets acquired in satisfaction of loans:
Policy applicable to the Lebanese Group entities:
Real estate properties acquired through the enforcement of collateral over loans and advances are measured at cost less any accumulated impairment losses. The acquisition of such assets is regulated by the local banking authorities who require the liquidation of these assets within 2 years from acquisition. In case of default of liquidation the regulatory authorities require an appropriation of a special reserve from the yearly profits and accumulated in equity.

P. Investment Properties:
Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are measured at fair value, as at the balance sheet date. Gain or losses arising from changes in the fair values of investment properties are included in the income statement. Valuations are carried out by independent qualified valuers on the basis of current market values.

The Group's Cypriot entity acquires in its normal course of business properties in satisfaction of debts. These properties are directly held by the Group or by special purpose entities for the sole purpose of managing these properties. To reflect the substance of transactions, these are classified as investment properties and are consolidated without the entities being explicitly disclosed as subsidiaries.

Q. Impairment of Non-Financial Assets:
At the end of each reporting period, the Group reviews the carrying amounts of its non-financial, asset other than investment properties and deferred taxes, to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Goodwill is tested annually for impairment. Recoverable amount is the higher of fair value less costs to sell and value in use.

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognized immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognized immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

An impairment loss in respect of goodwill is not reversed.

R. Deferred Charges on Business Acquisition:

Deferred charges on business acquisition are stated at cost less accumulated amortization. Such deferred charges are amortized over the period of related benefits deriving from the net return of the invested funds borrowed against the cost of business acquisitions of problematic banks, where applicable.

S. Provision for Employees' End-of-Service Indemnity:

Policy applicable to the Lebanese Group entities:

The provision for staff termination indemnities is based on the liability that would arise if the employment of all the staff were voluntary terminated at the reporting date. This provision is calculated in accordance with the directives of the Lebanese Social Security Fund and Labor laws based on the number of years of service multiplied by the monthly average of the last 12 months' remunerations and less contributions paid to the Lebanese Social Security National Fund and interest accrued by the Fund.

T. Staff Retirement Benefits:

Policy applicable to the Cypriot Group entity:

The Entity and its employees contribute to the Government Social Insurance Fund based on employees' salaries. In addition the Entity operates a defined contribution scheme the assets of which are held in a separate trustee-administered fund. The scheme is funded by payments from employees and by the Entity. The Entity's contributions are expensed as incurred and are included in staff costs. The Entity has no legal or constructive obligations to pay further contributions if the scheme does not hold sufficient assets to pay all employees benefits relating to employee service in the current and prior periods.

U. Provisions:

Provision is recognized if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are discounted where the impact is material.

V. Revenue and Expense Recognition:

Interest income and expense are recognized on an accrual basis, taking account of the principal outstanding and the rate applicable, except for non-performing loans and advances for which interest income is only recognized upon realization. Interest income and expense include the amortization of discount or premium.

Interest income and expense presented in the income statement include:

- Interest on financial assets and liabilities at amortized cost.
- Changes in fair value of qualifying derivatives, including hedge ineffectiveness, and related hedged items when interest rate risk is the hedged risk.

Net interest and other gain on investment securities at fair value through profit or loss presented in the income statement, includes:

- Interest income
- Dividend income.
- Realized and unrealized fair value changes.
- Foreign exchange differences.

Fees and commission income and expense that are integral to the effective interest rate on a financial asset or liability (i.e. commissions and fees earned on the loan book) are included under interest income and expense.
Other fees and commission income are recognized as the related services are performed.

Upon derecognition of a financial asset that is classified as fair value through other comprehensive income, the cumulative gain or loss previously accumulated in the investments revaluation reserve is not reclassified to profit or loss, but is reclassified to retained earnings.

Dividend income is recognized when the shareholders' right to receive payment is established.

W. Income Tax:

Income tax expense represents the sum of the tax currently payable and deferred tax. Income tax is recognized in the income statement except to the extent that it relates to items recognized directly in other comprehensive income, in which case it is recognized in other comprehensive income.

Current tax is the expected tax payable on the taxable income for the year adjusted for effect of unamortized carry forward losses of the last three years, using rates enacted at the reporting date. Income tax payable is reflected in the statement of financial position net of taxes previously settled in the form of withholding tax.

Part of debt securities invested in by the Group is subject to withheld tax by the issuer. This tax is deducted at year-end from the corporate tax liability not eligible for deferred tax benefit, and therefore, accounted for as prepayment on corporate income tax and reflected as a part of income tax provision.

Deferred tax is recognized on differences between the carrying amounts of assets and liabilities in the statement of financial position and the corresponding tax base used in the computation of taxable profit, and are accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognized for all taxable temporary differences and deferred tax assets are recognized to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilized.

X. Fiduciary Accounts:

Fiduciary assets held or invested on behalf of individuals and others are non-discretionary basis and related risks and rewards belong to the account holders. Accordingly, these deposits are reflected as off-balance sheet accounts.

Y. Cash and Cash Equivalents:

Cash and cash equivalents comprise balances with original maturities of a period of three months including: cash and balances with the Central Bank and deposits with banks and financial institutions.

Z. Earnings per Share:

The Group presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Group by the weighted average number of ordinary shares outstanding during the period. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares, which comprise share options granted to employees, if applicable.

4. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in note 3, the directors are required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised or in the future periods if the revision affects both current and future periods.

A. Critical accounting judgments in applying the Group's accounting policies:

Classification of Financial Assets:

Business Model:

The business model test requires the Group to assess whether its business objective for financial assets is to collect the contractual cash flows of the assets rather than realize their fair value change from sale before their contractual maturity. The Group considers at which level of its business activities such assessment should be made. Generally, a business model can be evidenced by the way business is managed and the information provided to management. However the Group's business model can be to hold financial assets to collect contractual cash flows even when there are some sales of financial assets. While IFRS 9 provides some situations where such sales may or may not be consistent with the objective of holding assets to collect contractual cash flows, the assessment requires the use of judgment based on facts and circumstances.

In determining whether its business model for managing financial assets is to hold assets in order to collect contractual cash flows the Group considers:

- The frequency and volume of sales;
- The reasons for any sales;
- How management evaluates the performance of the portfolio;
- The objectives for the portfolio.

Characteristics of the Financial Asset:

Once the Group determines that its business model is to hold the assets to collect the contractual cash flows, it exercises judgment to assess the contractual cash flows characteristics of a financial asset. In making this judgment, the Group considers the contractual terms of the acquired asset to determine that they give rise on specific dates, to cash flows that solely represent principal and principal settlement and accordingly may qualify for amortized cost accounting.

Features considered by the Group that would be consistent with amortized cost measurement include:

- Fixed and / or floating interest rate;
- Caps, floors, collars;
- Prepayment options.

Features considered by the Group that would be inconsistent with amortized cost measurement include:

- Leverage (i.e. options, forwards and swaps);
- Conversion options;
- Inverse floaters;
- Variable rate coupons that reset periodically;
- Triggers that result in a significant reduction of principal, interest or both.

B. Key Sources of Estimation Uncertainty:

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Allowances for Credit Losses - Loans and Advances to Customers:

Specific impairment for credit losses is determined by assessing each case individually. This method applies to classified loans and advances and the factors taken into consideration when estimating the allowance for credit losses include the counterparty's credit limit, the counterparty's ability to generate cash flows sufficient to settle his advances and the value of collateral and potential repossession. Loans collectively assessed for impairment are determined based on losses incurred by loans portfolios with similar characteristics.

Determining Fair Values:

The determination of fair value for financial assets for which there is no observable market price requires the use of valuation techniques as described in Note 3H. For financial instruments that trade infrequently and have little price transparency, fair value is less objective, and requires varying degrees of judgment depending on liquidity, concentration, uncertainly of market factors, pricing assumptions and other risks affecting the specific instrument.

Where available, management has used market indicators in its mark to model approach for the valuation of the Lebanese government debt securities and Central Bank certificates of deposits at fair value.

The IFRS fair value hierarchy allocates the highest priority to quoted prices (unadjusted) in active markets for identical assets or liabilities, and the lowest priority to unobservable inputs. The fair value hierarchy used in the determination of fair value consists of three levels of input data for determining the fair value of an asset or liability.

Level 1 - Quoted prices for identical items in active, liquid and visible markets such as stock exchanges,
Level 2 - observable information for similar items in active or inactive markets,
Level 3 - unobservable inputs used in situations where markets either do not exist or are illiquid.

Unobservable inputs are used to measure fair value to the extent that observable inputs are not available, thereby allowing for situations in which there is little, if any, market activity for the asset or liability at the measurement date. However, the fair value measurement objective should remain the same; that is, an exit price from the perspective of a market participant that holds the asset or owes the liability. Unobservable inputs are developed based on the best information available in the circumstances, which may include the reporting entity's own data. Where practical, the discount rate used in the mark to model approach included observable data collected from market participants, including risk free interest rates and credit default swap rates for pricing of credit risk (both own and counter party), and a liquidity risk factor which is added to the applied discount rate. Changes in assumptions about any of these factors could affect the reported fair value of the Lebanese Government debt securities and Central Bank certificates of deposit.

Impairment of Goodwill:

The Group tests annually whether goodwill has suffered any impairment in accordance with the accounting policy under Note 3Q. The recoverable amount is deemed to be the value in use using a discounted cash flow model. This requires the directors to estimate the future cash flows and a suitable discount rate. Refer to Note 15 for details.

5.CASH AND CENTRAL BANKS

	December 31,	
	2012	2011
	LBP'000	
Cash on hand	34,243,664	37,435,245
Deposits with Central Banks	277,045,660	140,278,078
Term placements with Central Bank of Lebanon	722,411,502	414,628,750
Blocked deposit with Central Bank of Lebanon	-	550,000
Blocked deposit with Central Bank of Cyprus (Note 19)	83,487,180	-
Accrued interest receivable	6,206,048	304,435
	1,123,394,054	593,196,508

Deposits with Central Banks include non-interest earning compulsory deposits with Central Bank of Lebanon totaling LBP 41.9 billion as at December 31, 2012 (LBP 63 billion in 2011) denominated in Lebanese Pound. These deposits are not available for use in the Bank's day-to-day operations and are computed on the basis of 25% and 15% of the average weekly sight and term customers' deposits, respectively, in Lebanese Pound, subject to certain exemptions, in accordance with local banking regulations.
Deposits with Central Banks also include obligatory deposits for liquidity purposes totaling LBP 12.5 billion as at December 31, 2012 (LBP 22.9 billion in 2011).

Term placements with Central Bank of Lebanon as at December 31, 2012 include the equivalent in U.S. Dollar of LBP 429 billion (LBP 375 billion in 2011), deposited in accordance with local banking regulations which require banks to maintain interest earning placements in foreign currency to the extent of 15% of customers' deposits in foreign currencies, certificates of deposit and borrowings acquired from non-resident financial institutions.

6. DEPOSITS WITH BANKS AND FINANCIAL INSTITUTIONS

	December 31,	
	2012	2011
	LBP'000	
Purchased checks	32,850,870	16,952,236
Current accounts with correspondents	94,356,827	134,179,303
Current accounts with the parent bank	1,694,579	1,742,992
Current accounts with related parties	1,503,493	756,210
	130,405,769	153,630,741
Term placements with correspondents	246,462,007	41,306,594
Blocked margins	1,271,953	-
	247,733,960	41,306,594
Accrued interest receivable	55,970	11,372
	378,195,699	194,948,707

7.LOAN TO A BANK

	December 31,	
	2012	2011
	LBP'000	
Regular performing account	7,000,000	7,000,000
Accrued interest receivable	57,567	58,077
	7,057,567	7,058,077

The above loan bears an average interest rate of 2.62% per annum and matures in 2022.
As a guarantee of the above loan, the borrower has pledged in favor of the Group regular and performing notes receivable against housing loans granted to its customers.

8. LOANS AND ADVANCES TO CUSTOMERS

	December 31,2012					December 31, 2011				
	Gross Amount	Unrealized interest	Discount on Purchased Loan Book	Impairment Allowance	Carrying Amount	Gross Amount	Unrealized interest	Discount on Purchased Loan Book	Impairment Allowance	Carrying Amount
	LBP'000									
Retail customers (standard and special monitoring)										
Housing loans	527,367,182	-	-	-	527,367,182	479,330,146	-	-	-	479,330,146
Personal loans	388,707,596	-	-	-	388,707,596	368,080,052	-	-	-	368,080,052
Credit cards	20,115,960	-	-	-	20,115,960	18,422,563	-	-	-	18,422,563
Other	3,281,541	-	-	-	3,281,541	4,325	-	-	-	4,325
					939,472,279					**865,837,086**
Staff loans	8,554,500	-	-	-	8,554,500	7,913,281	-	-	-	7,913,281
Corporate customers (standard and special monitoring):										
Corporate	733,853,273	-	-	-	733,853,273	639,360,746	-	-	-	639,360,746
Small and medium enterprises	860,042,884	-	-	-	860,042,884	698,150,114	-	-	-	698,150,114
					1,593,896,157					**1,337,510,860**
Non-perfroming loans and advances										
Purchased loan book	2,199,865	-	-	-	2,199,865	2,539,933	-	-	-	2,539,933
Substandard	56,742,584	(30,900,171)	-	-	25,842,413	40,152,092	(28,620,530)	-	-	11,531,562
Doubtful	696,023,421	(491,264,625)	(6,777,855)	(102,142,020)	95,838,921	624,524,713	(433,366,208)	(7,622,551)	(105,684,271)	77,851,683
Bad	157,958,258	(121,548,396)	(2,737,304)	(33,646,059)	26,499	122,651,932	(91,958,348)	(1,202,641)	(29,490,189)	754
					123,907,698					**91,923,932**
Allowance for impairment for collectively assessed loans	-	-	-	(13,775,487)	(13,775,487)	-	-	-	(9,050,298)	(9,050,298)
Accrued interest recievable	25,184,779	-	-	-	25,184,779	16,354,836	-	-	-	16,354,836
	3,480,031,843	(643,713,192)	(9,515,159)	(149,563,566)	2,677,239,926	3,017,484,733	(553,945,086)	(8,825,192)	(144,224,758)	2,310,489,697

The movement of unrealized interest is as follows:

	2012	2011
	LBP'000	
Balance - Beginning of year	(553,945,086)	(457,475,848)
Additions from acquiring a subsidiary	-	(44,255,163)
Additions	(118,962,613)	(95,079,024)
Write-back through profit and loss (Note 27)	8,980,040	6,644,714
Write-off	3,989,123	32,721,898
Transfer (from)/to allowance for impairment	(736,385)	104,789
Transfer from allowance for collectively assessed loans	(5,087)	-
Transfer to off-balance sheet	17,935,691	8,796
Effect of exchange rates changes	(968,875)	3,384,752
Balance - End of Year	(643,713,192)	(553,945,086)

The movement of the allowance for impairment of doubtful debts is as follows:

	2012	2011
	LBP'000	
Balance - Beginning of year	(135,174,460)	(66,020,232)
Additions from acquiring a subsidiary	-	(72,281,584)
Additions	(29,024,276)	(18,788,698)
Write-back through profit and loss	8,992,924	15,461,702
Transfer to off-balance sheet	14,562,114	19,411
Transfer to/(from) unrealized interest	736,385	(104,789)
Write-off	6,331,282	2,159,669
Transfer from allowance for collectively assessed loans	(898,533)	-
Effect of exchange rates changes	(1,313,515)	4,311,757
Other	-	68,304
Balance - End of Year	(135,788,079)	(135,174,460)

The movement of the discount on purchased loan book is as follows:

	2012	2011
	LBP'000	
Balance - Beginning of year	(8,825,192)	(9,820,153)
Additions	(953,863)	(176,011)
Write-back through profit and loss	245,626	613,046
Write-off	18,270	557,926
	(9,515,159)	(8,825,192)

The movement of the allowance for impairment for collectively assessed loans and general allowances is as follows:

	2012	2011
	LBP'000	
Balance - Beginning of year	(9,050,298)	(6,189,901)
Additions	-	(1,771,313)
Provision for non-resident credit risk	(2,010,809)	(1,458,254)
Write back through profit and loss	527,625	369,170
Transfer from provision for contingencies(Note 22)	(4,145,625)	-
Transfer to allowance for impairment	898,533	-
Transfer to unrealized interest	5,087	-
Balance - End of year	(13,775,487)	(9,050,298)

Loans granted to related parties amounted to LBP 3.3 billion as at December 31, 2012 (LBP 5.6 billion as at December 31, 2011).

During 2004, the Group acquired a loan portfolio from Bank Al Madina, Lebanon. As at December 31, 2012 and 2011, purchased loans not yet transferred to the different classifications of the loans' portfolio due to the fact that related loan files have not yet been received, amounted to LBP 2.2 billion and LBP 2.5 billion respectively. The difference between the original amount of the allocated portion of the purchased loan portfolio and the consideration paid is reflected under discount on purchased loan book.

9.INVESTMENT SECURITIES

The caption consists of the following:

	December 31, 2012			
	Fair Value Through Profit or Loss	Amortized Cost (Net of Impairment Allowance)	Fair Value Through Other Comprehensive Income	Total
	LBP'000			
Quoted equity securities	9,740,169	-	-	9,740,169
Unquoted equity securities	47,343	-	12,391,631	12,438,974
Lebanese treasury bills	50,502,277	1,041,056,821	-	1,091,559,098
Lebanese Government bonds	36,491,721	593,805,075	-	630,296,796
Foreign Government bonds	3,146,582	200,996,001	-	204,142,583
Foreign Eurobonds issued by banks	6,346,403	-	-	6,346,403
Subordinated Eurobonds	761,255	-	-	761,255
Certificates of deposit issued by Central Bank of Lebanon	65,922,367	1,009,092,792	-	1,075,015,159
Corporate bonds	1,121,113	77,037,866	-	78,158,979
	174,079,230	2,921,988,555	12,391,631	3,108,459,416
Accrued interest receivable	2,756,246	51,069,215	-	53,825,461
	176,835,476	2,973,057,770	12,391,631	3,162,284,877

	December 31, 2011			
	Fair Value Through Profit or Loss	Amortized Cost (Net of Impairment Allowance)	Fair Value Through Other Comprehensive Income	Total
	LBP'000			
Quoted equity securities	10,096,574	-	-	10,096,574
Unquoted equity securities	1,024,746	-	5,932,885	6,957,631
Lebanese treasury bills	37,015,238	936,021,394	-	973,036,632
Lebanese Government bonds	37,044,030	556,196,133	-	593,240,163
Foreign Government bonds	-	370,747,273	-	370,747,273
Foreign Eurobonds issued by banks	3,843,670	-	-	3,843,670
Subordinated Eurobonds	753,722	-	-	753,722
Certificates of deposit issued by Central Bank of Lebanon	68,324,818	988,009,522	-	1,056,334,340
Certificates of deposit issued by banks	-	29,353,537		29,353,537
Corporate bonds	14,885,523	124,926,949	-	139,812,472
	172,988,321	3,005,254,808	5,932,885	3,184,176,014
Accrued interest receivable	2,450,626	42,098,297	-	44,548,923
	175,438,947	3,047,353,105	5,932,885	3,228,724,937

A. INVESTMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS:

	December 31, 2012			
	Fair Value	Accrued Interest Receivable	Total Carrying Value	Cumulitive Unrealized Gain/(Loss)
	LBP'000			
Quoted equity securities	9,740,169	-	9,740,169	(2,582,261)
Unquoted equity securities	47,343	-	47,343	-
Lebanese Treasury Bills	50,502,277	874,102	51,376,379	30,672
Lebanese Government Bonds	36,491,721	421,052	36,912,773	646,383
Foreign Eurobonds issued by banks	6,346,403	79,084	6,425,487	(24,026)
Foreign Government bonds	3,146,582	34,620	3,181,202	(17,160)
Subordinated Eurobonds	761,255	48,932	810,187	7,505
Certificates of deposit issued by Central Bank of Lebanon	65,922,367	1,297,766	67,220,133	506,611
Corporate bonds	1,121,113	690	1,121,803	(2,854,467)
	174,079,230	2,756,246	176,835,476	(4,286,743)

	December 31, 2011			
	Fair Value	Accrued Interest Receivable	Total Carrying Value	Cumulitive Unrealized Gain/(Loss)
	LBP'000			
Quoted equity securities	10,096,574	-	10,096,574	2,147,105
Unquoted equity securities	1,024,746	-	1,024,746	-
Lebanese Treasury Bills	37,015,238	646,128	37,661,366	545,539
Lebanese Government Bonds	37,044,030	418,969	37,462,999	958,546
Foreign Eurobonds issued by banks	3,843,670	50,175	3,893,845	529,703
Subordinated Eurobonds	753,722	57,972	811,694	(28)
Certificates of deposit issued by Central Bank of Lebanon	68,324,818	1,272,682	69,597,500	1,184,374
Corporate bonds	14,885,523	4,700	14,890,223	(2,891,055)
	172,988,321	2,450,626	175,438,947	(2,879,432)

The movement of investments at fair value through profit or loss during 2012 and 2011 is summarized as follows:

	2012		
	LBP	F/CY	TOTAL
	LBP'000		
Balance as at January 1,2012	81,257,598	91,730,723	172,988,321
Acquisition	15,000,000	9,808,495	24,808,495
Sale	-	(10,783,090)	(10,783,090)
Redemption upon maturity	(1,008,490)	(7,303,542)	(8,312,032)
Unrealized loss (Note 31)	(864,044)	(2,159,480)	(3,023,524)
Amortization of discount/ premium	(1,702,026)	71,944	(1,630,082)
Effect of exchange rates changes	-	31,142	31,142
Balance as at December 31, 2012	92,683,038	81,396,192	174,079,230

	2011		
	LBP	F/CY	TOTAL
	LBP'000		
Balance as at January 1, 2011	-	-	-
Transfer to fair value through profit or loss upon initial adoption of IFRS 9 from:			
Available-for-sale	400,255,315	213,312,210	613,567,525
Held-to-maturity	-	75,375,000	75,375,000
Trading securities	5,040,190	11,037,068	16,077,258
Reclassification to amortized cost	(179,768,962)	(131,359,943)	(311,128,905)
Addition from business combination (USB Bank)	-	18,666,399	18,666,399
Acquisitions	391,307	58,262,631	58,653,938
Sale	(142,837,530)	(141,434,574)	(284,272,104)
Redemption upon maturity	-	(4,391,892)	(4,391,892)
Adjustment against deferred charges on business acquisition	-	(691,517)	(691,517)
Unrealized loss (Note 31	(94,924)	(6,624,584)	(6,719,508)
Amortization of discount/ premium	(1,727,798)	(277,825)	(2,005,623)
Effect of exchange rates changes	-	(142,250)	(142,250)
Balance as at December 31, 2012	81,257,598	91,730,723	172,988,321

B. INVESTMENTS AT AMORTIZED COST:

	December 31, 2012					
	Amortized Cost	Allowance for Impairment	Accrued Interest Receivable	Carrying Value	Fair Value	Change in Fair Value
			LBP'000			
Lebanese Treasury Bills	1,041,056,821	-	17,880,980	1,058,937,801	1,058,539,954	(397,847)
Lebanese Government Bonds	593,805,075	-	10,377,427	604,182,502	632,982,073	28,799,571
Foreign Government bonds	201,996,992	(1,000,991)	5,579,941	206,575,942	159,708,216	(46,867,726)
Certificates of deposit issued by Central Bank of Lebanon	1,009,092,792	-	17,171,360	1,026,264,152	1,037,595,964	11,331,812
Corporate bonds	77,037,866	-	59,507	77,097,373	77,554,926	457,553
	2,922,989,546	(1,000,991)	51,069,215	2,973,057,770	2,966,381,133	(6,676,637)

	December 31, 2011					
	Amortized Cost	Allowance for Impairment	Accrued Interest Receivable	Carrying Value	Fair Value	Change in Fair Value
			LBP'000			
Lebanese Treasury Bills	936,021,394	-	16,077,105	952,098,499	966,084,510	13,986,011
Lebanese Government Bonds	556,196,133	-	10,277,483	566,473,616	593,310,523	26,836,907
Foreign Government bonds	386,311,815	(15,564,542)	20,106	370,767,379	312,859,314	(57,908,065)
Certificates of deposit issued by Central Bank of Lebanon	988,009,522	-	15,245,669	1,003,255,191	1,029,301,475	26,046,284
Certificates of deposit issued by banks	29,353,537	-	104,396	29,457,933	29,768,536	310,603
Corporate bonds	124,926,949	-	373,538	125,300,487	119,733,730	(5,566,757)
	3,020,819,350	(15,564,542)	42,098,297	3,047,353,105	3,051,058,088	3,704,983

Lebanese Treasury bills amounting to LBP 185 billion and LBP 48.8 billion as at December 31, 2012 are pledged against two soft loans funded by the Central Bank of Lebanon in connection with the acquisition of Lati Bank S.A.L. and whose proceeds at maturity will be utilized in 2014 and 2016, respectively, to settle the loans (Note 19).

During 2012, Lebanese Treasury bills amounting to LBP 17.7 billion as at December 31, 2012 are pledged against a soft loan funded by the Central Bank of Lebanon in connection with a debtor whose business was damaged during the 2006 war (Note 19).
During 2012, Lebanese government bonds amounting to LBP 174.3 billion as at December 31, 2012 are pledged against a standby line facility funded by the Central bank of Lebanon (Note 19).

Investment at amortized cost with fixed maturities are segregated over remaining period to maturity as follows:

	December 31, 2012							
	LBP				C/V of F/Cy			
Remaining period to maturity	Nominal Value	Amortized Cost	Fair Value	Average Coupon	Nominal Value	Amortized Cost (Net of Impairment)	Fair Value	Average Coupon
	LBP'000			%	LBP'000			%
Lebanese treasury bills:								
Up to one year	15,000,000	15,022,658	15,076,155	6.20	-	-	-	-
1 year to 3 years	418,560,000	421,455,003	425,910,967	7.44	-	-	-	-
3 years to 5 years	203,749,500	204,026,404	202,295,554	6.88	-	-	-	-
5 years to 10 years	396,900,000	400,552,756	397,376,298	7.78	-	-	-	-
	1,034,209,500	1,041,056,821	1,040,658,974		-	-	-	
Lebanese Government bonds:								
Up to one year	-	-	-	-	10,552,500	10,626,051	10,608,740	9.13
1 year to 3 years	-	-	-	-	78,076,066	78,652,066	80,496,320	8.40
3 years to 5 years	-	-	-	-	194,905,433	201,471,212	216,393,554	9.65
5 years to 10 years	-	-	-	-	233,437,883	234,297,104	243,836,958	6.89
Beyond 10 years	-	-	-	-	68,543,010	68,758,642	71,269,074	6.66
	-	-	-		585,514,892	593,805,075	622,604,646	
Certificates of deposit issued by Central Bank of Lebanon:								
Up to one year	138,000,000	138,822,056	143,725,161	11.00	10,552,500	10,599,193	10,616,404	9.00
1 year to 3 years	197,000,000	204,217,086	204,784,731	9.23	59,289,975	60,507,214	61,244,798	7.34
3 years to 5 years	476,000,000	483,998,965	489,872,284	7.97	-	-	-	-
5 years to 10 years	-	-	-	-	114,720,750	110,948,278	110,181,226	5.50
	811,000,000	827,038,107	838,382,176		184,563,225	182,054,685	182,042,428	
Foreign Government Bonds:								
Up to one year	-	-	-	-	46,713,065	44,996,749	40,140,537	3.75
1 year to 3 years	-	-	-	-	100,508,431	94,202,407	73,787,877	4.16
3 years to 5 years	-	-	-	-	1,987,790	1,957,415	1,363,823	5.50
5 years to 10 years	-	-	-	-	63,609,280	59,480,645	38,477,253	4.63
Beyond 10 years	-	-	-	-	358,785	358,785	358,785	4.75
					213,177,351	200,996,001	154,128,275	
Corporate Bonds:								
Up to one year	-	-	-	-	32,798,535	32,705,651	32,725,981	1.20
1 year to 3 years	-	-	-	-	33,166,827	32,694,327	32,912,519	1.26
3 years to 5 years	-	-	-	-	12,423,688	11,637,888	11,856,919	0.97
	-	-	-		78,389,050	77,037,866	77,495,419	

	December 31, 2011							
	LBP				C/V of F/Cy			
Remaining Period to Maturity	Nominal Value	Amortized Cost	Fair Value	Average Coupon	Nominal Value	Amortized Cost (Net of Impairment)	Fair Value	Average Coupon
	LBP'000			%	LBP'000			%
Lebanese treasury bills:								
Up to one year	148,858,360	148,948,259	150,849,569	8.46	-	-	-	-
1 year to 3 years	209,560,000	210,065,557	220,513,620	7.82	-	-	-	-
3 years to 5 years	291,765,500	295,129,858	294,827,435	6.76	-	-	-	-
5 years to 10 years	280,050,000	281,877,720	283,816,781	7.80	-	-	-	-
	930,233,860	936,021,394	950,007,405		-	-	-	
Foreign Government bonds:								
Up to one year	-	-	-	-	192,910,410	196,117,651	191,646,386	4.82
1 year to 3 years	-	-	-	-	63,329,175	53,769,134	42,775,253	4.58
3 years to 5 years	-	-	-	-	69,297,516	60,022,709	40,284,198	4.20
5 years to 10 years	-	-	-	-	62,354,880	60,478,994	37,774,586	4.63
Beyond 10 years		-	-	-	358,785	358,785	358,785	4.75
	-	-	-		388,250,766	370,747,273	312,839,208	
Lebanese Government bonds:		-	-	-				
1 year to 3 years	-	-	-	-	71,465,679	71,888,837	73,899,948	8.68
3 years to 5 years	-	-	-	-	117,048,330	125,998,224	131,072,486	9.89
5 years to 10 years	-	-	-	-	178,051,579	177,828,143	186,437,135	7.79
Beyond 10 years	-	-	-	-	181,239,188	180,480,929	191,623,471	7.46
	-	-	-		547,804,776	556,196,133	583,033,040	
Certificates of deposit issued by Central Bank of Lebanon:								
Up to one year	-	-	-	-	107,590,275	108,601,137	109,904,585	9.00
1 year to 3 years	287,000,000	299,234,832	311,287,562	10.39	39,195,000	39,439,077	38,329,547	5.71
3 years to 5 years	244,000,000	251,179,290	254,924,407	7.78	30,647,475	32,331,432	33,687,254	10.00
5 years to 10 years	255,000,000	257,223,754	265,922,451	7.91	-	-	-	-
	786,000,000	807,637,876	832,134,420		177,432,750	180,371,646	181,921,386	
Certificates of deposit issued by banks:								
Up to one year	-	-	-	-	29,396,250	29,353,537	29,664,140	7.63
	-	-	-		29,396,250	29,353,537	29,664,140	
Corporate bonds:								
Up to one year	-	-	-	-	62,646,102	62,840,350	62,466,107	1.90
1 year to 3 years	-	-	-	-	51,839,710	50,889,597	47,501,629	1.73
3 years to 5 years	-	-	-	-	3,897,180	3,462,762	2,982,902	1.99
5 years to 10 years	-	-	-	-	8,281,508	7,734,240	6,409,554	1.66
	-	-	-	-	126,664,500	124,926,949	119,360,192	

The movement of investments at amortized cost during 2012 and 2011 is summarized as follows:

	2012		
	LBP	F/CY	TOTAL
	LBP'000		
Balance as at January 1, 2012 (net of impairment)	1,743,659,270	1,261,595,538	3,005,254,808
Acquisition	282,416,391	368,647,206	651,063,597
Sale	-	(35,263,105)	(35,263,105)
Redemption upon maturity	(148,858,360)	(437,183,305)	(586,041,665)
Swap	-	(108,601,137)	(108,601,137)
Amortization of discount/premium	(9,122,373)	3,705,970	(5,416,403)
Loss on investments	-	(3,981,392)	(3,981,392)
Other movement	-	(572,223)	(572,223)
Effect of exchange rates changes	-	5,546,075	5,546,075
Balance as at December 31, 2012	**1,868,094,928**	**1,053,893,627**	**2,921,988,555**

	2011		
	LBP	F/CY	TOTAL
	LBP'000		
Balance as at January 1, 2011 (net of impairment)	-	-	-
Transfer to amortized cost category upon initial adoption of IFRS 9 from:			
Available-for-sale	972,282,723	383,598,542	1,355,881,265
Held-to-maturity	185,000,000	184,498,942	369,498,942
Reclassification from investments at fair value through profit or loss	179,768,962	131,359,943	311,128,905
Additions from business combination (USB Bank)	-	325,045,937	325,045,937
Adjustment to provisional values in business combination made against goodwill (USB Bank) (Note 15)	-	(15,564,542)	(15,564,542)
Acquisition	584,758,361	632,084,439	1,216,842,800
Redemption upon maturity	(171,876,800)	(279,160,488)	(451,037,288)
Swap	-	(68,289,750)	(68,289,750)
Amortization of discount/premium	(6,273,976)	(1,347,290)	(7,621,266)
Effect of exchange rates changes	-	(30,630,195)	(30,630,195)
Balance as at December 31, 2011	**1,743,659,270**	**1,261,595,538**	**3,005,254,808**

C. INVESTMENTS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	December 31, 2012			
	Amortized Cost	Allowance for Impairment	Carrying Value	Cumulative Change in Fair Value
	LBP'000			
Unquoted equity securities	8,281,732	(300)	12,391,631	4,110,199
Deferred tax liability				(616,530)
				3,493,669

	December 31, 2011			
	Amortized Cost	Allowance for Impairment	Carrying Value	Cumulative Change in Fair Value
	LBP'000			
Unquoted equity securities	2,303,757	(300)	5,932,885	3,629,428
Deferred tax liability				(544,414)
				3,085,014

The movement of investments at fair value through other comprehensive income during 2012 and 2011 is summarized as follows:

	2012		
	LBP	F/CY	TOTAL
	LBP'000		
Balance as at January 1, 2012	5,325,056	607,829	5,932,885
Transfer between Accounts	(150,304)	150,304	-
Acquisition (10% equity stake in Bancassurance S.A.L.)	100	6,030,000	6,030,100
Payment received from capital reduction	(49,057)	-	(49,057)
Change in fair value	469,747	11,024	480,771
Effect of exchange rates changes	-	(3,068)	(3,068)
Balance as at December 31, 2012	5,595,542	6,796,089	12,391,631

	2011		
	LBP	F/CY	TOTAL
	LBP'000		
Balance as at January 1, 2011	-	-	-
Designation at fair value through other comprehensive income upon initial adoption of IFRS 9	4,622,931	7,345,012	11,967,943
Derecognition of previous holding of USB Bank PLC upon acquiring control	-	(6,755,639)	(6,755,639)
Change in fair value	702,125	18,695	720,820
Effect of exchange rates changes	-	(239)	(239)
Balance as at December 31, 2011	5,325,056	607,829	5,932,885

10. CUSTOMERS' LIABILITY UNDER ACCEPTANCES

Acceptances represent documentary credits which the Group has committed to settle on behalf of its customers against commitments by those customers (acceptances). The commitments resulting from these acceptances are stated as a liability in the consolidated statement of financial position for the same amount.

11. ASSETS ACQUIRED IN SATISFACTION OF LOANS

This section represents real estate properties acquired by the Group's Lebanese entities through enforcement of security over loans and advances. These assets are presented at cost as approved by the Lebanese Banking Supervisory authorities less impairment allowance. The acquisition of assets in settlement of loans requires the approval of the banking regulatory authorities. These assets should be liquidated within 2 years. In case of non-liquidation, a reserve should be appropriated from the annual net profits over a period of 20 years.

The movement of assets acquired in satisfaction of loans was as follows during 2012 and 2011:

	2012			
	Balance January, 1, 2012	Additions	Disposals	Balance December 31, 2012
	LBP'000			
Cost	100,575,808	1,764,270	(4,271,301)	98,068,777
Less: Impairment allowance	(9,283,464)	-	55,514	(9,227,950)
	91,292,344	**1,764,270**	**(4,215,787)**	**88,840,827**

	2011			
	Balance January, 1. 2011	Additions	Disposals	Balance December 31, 2011
	LBP'000			
Cost	105,763,371	5,325,630	(10,513,193)	100,575,808
Less: Impairment allowance	(9,525,568)	-	242,104	(9,283,464)
	96,237,803	**5,325,630**	**(10,271,089)**	**91,292,344**

Foreclosed assets acquired by the Group's foreign entities amounted to LBP 53.4 billion as at December 31, 2012 (LBP 17.6 billion as at December 31, 2011). These are presented separately under investment properties and are measured at fair value. During year 2012 the Group's foreign entity acquired properties amounting to LBP 35.4 billion through enforcement of security over loans and advances. Positive change in the fair value of these properties amounted to LBP nil during 2012 (LBP 191 million during 2011).

12. PROPERTY AND EQUIPMENT

	Balance January, 1, 2012	Additions	Disposals and Adjustments	Transfer to Provision for Contingencies	Translation Adjustment	Balance December 31, 2012
	LBP'000					
Cost/Revaluation:						
Owned properties	66,460,745	172,458	(450,002)	-	153,933	66,337,134
Computer hardware	18,617,075	3,382,357	(2,569,163)	-	163,105	19,593,374
Machines and equipment	3,725,553	719,375	(47,617)	-	12,137	4,409,448
Furniture and fixtures	5,649,857	782,017	(31,906)	-	47,924	6,447,892
Vehicles	920,513	-	(11,259)	-	7,186	916,440
Freehold and leasehold improvements	14,716,685	3,135,835	(119,325)	-	142,212	17,875,407
	110,090,428	**8,192,042**	**(3,229,272)**	**-**	**526,497**	**115,579,695**
Accumulated depreciation	(38,691,694)	(3,940,690)	3,194,195	-	(296,674)	(39,734,863)
Allowance for impairment of owned properties	(82,308)	(321,751)	-	17,000	-	(387,059)
	(38,774,002)	**(4,262,441)**	**3,194,195**	**17,000**	**(296,674)**	**(40,121,922)**
Advance payments	4,984,603	298,340	-	-	-	5,282,943
Carrying value	76,301,029					80,740,716

	Balance January, 1, 2011	Additions in business combination (USB Bank)	Additions	Disposals	Translation Adjustment	Balance December 31, 2011
	LBP'000					
Cost/Revaluation:						
Owned properties	55,284,803	8,902,440	3,588,556	(830,523)	(484,531)	66,460,745
Computer hardware	10,363,751	7,771,043	1,474,268	(556,044)	(435,943)	18,617,075
Machines and equipment	3,082,575	756,289	252,443	(335,351)	(30,403)	3,725,553
Furniture and fixtures	3,152,343	2,366,293	293,131	(22,773)	(139,137)	5,649,857
Vehicles	575,032	332,778	226,790	(191,379)	(22,708)	920,513
Freehold and leasehold improvements	6,963,433	6,607,478	1,558,594	-	(412,820)	14,716,685
	79,421,937	**26,736,321**	**7,393,782**	**(1,936,070)**	**(1,525,542)**	**110,090,428**
Accumulated depreciation	(23,338,207)	(14,143,486)	(3,351,235)	1,303,637	837,597	(38,691,694)
Allowance for impairment of owned properties	(459,183)	-	-	376,875	-	(82,308)
	23,797,390	**(14,143,486)**	**(3,351,235)**	**1,680,512**	**837,597**	**(38,774,002)**
Advance payments	1,038,510	-	3,946,093	-	-	4,984,603
Carrying value	56,663,057					76,301,029

13. INTANGIBLE ASSETS

Intangible assets consist of computer software and key money, the movement of which was as follows during 2012 and 2011:

	Carrying Value January 1, 2012	Additions	Amortization for the year	Translation Adjustment	Carrying Value December 31, 2012
	LBP'000				
Computer software	2,491,867	2,451,020	(1,197,812)	21,822	3,766,897
Key money	55,275	-	(4,020)	-	51,255
	2,547,142	2,451,020	(1,201,832)	21,822	3,818,152

	Carrying Value January 1, 2011	Addition in Business Combination (USB Bank)	Additions	Amortization for the year	Translation Adjustment	Carrying Value December 31, 2011
	LBP'000					
Computer software	2,754,321	252,075	860,601	(1,332,236)	(42,894)	2,491,867
Key money	59,295	-	-	(4,020)	-	55,275
	2,813,616	252,075	860,601	(1,336,256)	(42,894)	2,547,142

14. DEFERRED CHARGES ON BUSINESS ACQUISITION

In previous years, the Group acquired the shares of Lati Bank S.A.L. for a total consideration of USD 20,037,192 . The merger was completed in 2010 and was accompanied by a soft loan of LBP 185 billion (Note 19) from the Central Bank of Lebanon for a period of 4.5 years, to compensate for the excess consideration paid over the fair value of the net assets acquired. During 2011, and as a result of additional costs incurred by the Group, another soft loan in the amount of LBP 48.8 billion was obtained from Central Bank of Lebanon for a period of 5 years.

The soft loans' proceeds were invested in Lebanese treasury bills, pledged in favor of the Central Bank of Lebanon as collateral against the soft loan obtained.

The excess consideration paid over the fair value of the net assets acquired and the related acquisition costs discussed above, amounted to LBP 44.9 billion in 2012 and 2011 year end respectively. These costs were booked as deferred charges, to be amortized effective the date of each related soft loan, over their respective terms. Amortization charge is treated as a yield adjustment to the interest income on the pledged Lebanese treasury bills acquired from the soft loan proceeds. The amortization charge booked in 2012 amounted to LBP 9.8 billion (LBP 8.3 billion in 2011).

The movement of deferred charges on business acquisition during the year 2012 and 2011 was as follows:

	2012	2011
	LBP'000	
Cost incurred:		
Balance as at January 1,	44,965,451	42,107,414
Fair value adjustment of investment securities acquired (Note 9)	-	691,517
Reversal of impairment on bonds realized upon disposal	-	(1,417,622)
Additional liabilities incurred and incidental cost related to acquisition	-	3,584,142
Balance as at December 31,	**44,965,451**	**44,965,451**
Accumulated amortization:		
Balance as at January 1,	(12,792,465)	(4,459,364)
Amortization for the year	(9,785,717)	(8,333,131)
Balance as at December 31,	**(22,578,212)**	**(12,792,495)**
Net carrying value as at December 31,	22,387,239	32,172,956

15. GOODWILL

Goodwill resulted from acquiring control of USB Bank PLC (Cyprus) on January 31, 2011.

Below are the details of identifiable assets acquired and liabilities assessed, consideration transferred and resulting recognized goodwill:

	January 31, 2011
	Euro
Assets	
Cash and Banks	45,743,091
Loans and advances to customers	329,719,524
Investment securities	166,990,361
Impairment adjustment on investment securities (Note 9)	(7,987,592)
Investment property	5,700,000
Property, equipment and other assets	7,794,020
Total Assets	**547,959,404**
Liabilities	
Customers' accounts at amortized cost	483,568,024
Subordinated loan	10,249,099
Other borrowings	30,033,333
Provisions and other liabilities	8,158,618
Total liabilities	**532,009,074**
Fair value of net assets	15,950,330
Capital increase subscribed by the Group	12,134,834
Total fair value of net assets	**28,085,164**
Consideration paid and value of previous holding in investee	47,380,066
Amount of non-controlling interest measured at the proportionate share of identifiable assets	1,583,595
	48,963,661
Goodwill allocated to USB Bank PLC (Cyprus)	**20,878,497**

Subsequent to the acquisition date, the capital of the bank was increased by around Euro 22 million Euro, thus bringing total investment in subsidiary to LBP 138 billion (Euro 69.4 million).

The movement of goodwill during 2012 is as follows:

	Euro	Counter Value in LBP
		LBP'000
Balance as at January 1, 2012	20,878,497	40,683,630
Adjustments	(111,412)	(217,096)
Effect of Foreign currency fluctuation	-	814,070
Balance as at December 31,2012	**20,767,085**	**41,280,604**

For the purpose of goodwill impairment testing, the recoverable amount allocated to the Cypriot banking unit has been calculated based on the value in use. Value in use was determined by discounting the future cash flows expected to be generated form the continuing use and discounted projected capital value in year five, based on the following key assumptions:

- Post tax cash flows were projected based on the actual results of operations and the five-year business plan prepared by management at 2012 year-end.
- Projected capital value in year five, was weighted at 1.4.
- Discount rate of 14% being the weighted average concluded cost of capital and post-tax cost of debt.

The key assumptions described above may change as economic and market conditions change.

The Group has considered the impact of the assumptions used based on a reasonably possible change in assumptions. Therefore in a single situation where the yearly projected cash flows is only met at 80% (other assumptions remaining unchanged), this would cause the carrying amount of goodwill to exceed recoverable amount by LBP 6 billion. Also an increase of 1% in discount rate, (other assumptions remaining unchanged), the carrying amount would exceed recoverable amount by LBP 4.6 billion.

Subsequent to the statement of financial position date, Cyprus has been exposed to a severe restructuring of its banking system led by the Troika as a condition precedent to provide the state of Cyprus a financial bailout to support servicing its foreign debts. In light of the above, there could be adverse economic consequences that may arise from the prevailing situation, a matter of uncertainty that cannot be determined at present. The assumptions related to financial projections on which impairment testing was based were not revised pending a stress test on the probable outcome of this crisis carried on by management. For more details about the Bank's financial position and operations refer to Note 40 (40.1 and 40.2).

16. OTHER ASSETS

	December 31,	
	2012	2011
	LBP'000	
Prepayments	7,710,488	8,674,556
Commission receivable	987,847	962,854
Collaterale dealings with "VISA Interantional"	1,713,879	1,804,400
Sundry debtors (Net)	6,966,856	6,740,302
Regulatory blocked deposit	4,500,000	-
Fair value of forward echange contracts	131,532	208,417
	22,010,602	18,390,529

Sundry debtors are stated net of impairment allowance of LBP 3.24 billion in 2012 and 2011 against advances made in previous years against purchases of property and equipment for the same amount.

Regulatory blocked deposit represents a non-interest earning compulsory deposit placed with the Lebanese Treasury upon the establishment of the subsidiary investment bank during 2012. This deposit is refundable in case of cease of operations, according to article 132 of the Lebanese Code of Money and Credit.

17. DEPOSITS FROM BANKS

	December 31,2012		
in LBP'000	LBP	C/V of F/CY	Total
Current deposits of banks and financial institutions	491,493	2,309,303	2,800,796
Current deposit with Parent Bank	-	-	-
Short term deposits	9,000,157	-	9,000,157
Accrued interest payable	11,508	342	11,850
	9,503,158	2,309,645	11,812,803

	December 31,2011		
in LBP'000	LBP	C/V of F/CY	Total
Current deposits of banks and financial institutions	351,022	3,177,418	3,528,440
Current deposit with Parent Bank	854	-	854
Short term deposits	-	4,481,914	4,481,914
Accrued interest payable	157	558	715
	352,033	7,659,890	8,011,923

18. CUSTOMERS' ACCOUNT

Accounts at amortized cost:

	December 31,2012		
in LBP'000	LBP	F/CY	Total
Deposits from customers:			
Current/demand deposits	144,951,133	843,803,391	988,754,524
Term deposits	2,105,087,761	3,033,292,847	5,138,380,608
Collateral against loans and advances	62,605,013	173,784,120	236,389,133
Margins and other accounts:			
Margins for irrevocable import letters of credit	94,114	2,962,866	3,056,980
Margins on letters of guarantee	17,252,602	5,685,880	22,938,482
Other margins	17,684,657	20,275,276	37,959,933
Blocked accounts	1,200,996	2,137,089	3,338,085
Accrued interest payable:	**15,726,646**	**23,757,599**	**39,484,245**
Total	2,364,602,922	4,105,699,068	6,470,301,990

	December 31,2011		
in LBP'000	LBP	F/CY	Total
Deposits from customers:			
Current/demand deposits	113,180,106	622,491,545	735,671,651
Term deposits	1,824,858,584	2,626,142,078	4,451,000,662
Collateral against loans and advances	70,641,337	137,012,278	207,653,615
Margins and other accounts:			
Margins for irrevocable import letters of credit	92,390	5,582,758	5,675,148
Margins on letters of guarantee	3,766,240	3,536,695	7,302,935
Other margins	5,924,333	8,574,028	14,498,361
Blocked accounts	957,698	2,117,418	3,075,116
Accrued interest payable:	**14,732,615**	**21,053,991**	**35,786,606**
Total	2,034,153,303	3,426,510,791	5,460,664,094

Deposits from customers at amortized cost are allocated by brackets of deposits as follows:

	December 31,2012					
		LBP		F/Cy		
	No. of Customers	Total Deposits	% to Total Deposits	Total Deposits	% to Total Deposits	Total
		LBP'000	%	LBP'000	%	LBP'000
Less than LBP 250 million	90,199	746,815,311	32	700,326,899	17	1,447,142,210
Between LBP 250 million and LBP 1,500 million	4,476	733,705,918	31	1,026,698,404	25	1,760,404,322
Above LBP 1,500 million	773	884,081,693	37	2,378,673,765	58	3,262,755,458
	95,448	2,364,502,922	100	4,105,699,068	100	6,470,301,990

	December 31,2011					
		LBP		F/Cy		
	No. of Customers	Total Deposits	% to Total Deposits	Total Deposits	% to Total Deposits	Total
		LBP'000	%	LBP'000	%	LBP'000
Less than LBP 250 million	91,396	737,103,525	36	785,690,311	23	1,523,063,836
Between LBP 250 million and LBP 1,500 million	2,988	606,398,969	30	894,347,055	26	1,500,746,024
Above LBP 1,500 million	457	690,650,809	34	1,746,203,425	51	2,436,854,234
	94,841	2,034,153,303	100	3,426,510,791	100	5,460,664,094

Deposits from customers include coded deposit accounts in the aggregate of LBP 140.3 billion (LBP 99.7 billion in 2011). These accounts are subject to the provisions of Article 3 of the Banking Secrecy Law dated September 3, 1956 which stipulates that the Bank's management, in the normal course of business, cannot reveal the identities of these depositors to third parties, including its independent public accountants.

Deposits from customers include fiduciary deposits received from resident and non-resident banks for a total amount of LBP 79.9 billion and LBP 389.7 billion respectively (LBP 68.5 billion and LBP 256.5 billion respectively in 2011).

Deposits from customers include at December 31, 2012 related party deposits for a total amount of LBP 15.4 billion (LBP 16.8 billion in 2011).

The average balance of deposits and related cost of funds over the last 3 years were as follows:

	Deposits in LBP		Deposits in F/Cy		
Year	Average Balance of Deposits	Average Interes Rate	Average Balance of Deposits	Average Interes Rate	Costs of Funds LBP
	LBP'000	%	LBP'000	%	LBP'000
2012	2,230,000,000	5.71	3,714,000,000	3.38	253,073,884
2011	1,882,000,000	5.62	3,377,000,000	3.36	215,725,761
2010	1,653,000,000	5.93	1,899,000,000	3.27	159,940,335

19. OTHER BORROWINGS

	December 31,	
	2012	2011
	LBP'000	
Soft loan from Central Bank of Lebanon (A)	251,499,500	233,765,500
Facilities granted from Central Bank of Lebanon (B)	165,825,000	22,612,500
Funding from the European Central Bank (C)	-	217,267,785
Facilities granted from Central Bank of Cyprus (D)	83,487,180	-
Other borrowings (E)	12,673,132	7,599,385
Accrued interest payable	2,356,900	1,244,684
	515,841,712	482,489,854

(A) On May 13, 2010 the Bank was granted a soft loan in the amount of LBP 185 billion from the Central Bank of Lebanon for a period of 4.5 years maturing on November 6, 2014. This loan is collateralized by Lebanese treasury bills (Refer to Note 9).

On August 18, 2011 the Bank was granted another soft loan in the amount of LBP 48.8 billion from the Central Bank of Lebanon for a period of 5 years maturing on August 11, 2016. This loan is collateralized by Lebanese treasury bills (Refer to Note 9).

On March 29, 2012, the Bank was granted a new soft loan in the amount of LBP 17.7 billion from the Central Bank of Lebanon for a period of 7 years maturing on March 21, 2019. This loan is collateralized by Lebanese treasury bills (Refer to Note 9).

(B) On July 13, 2011 the Bank obtained a Stand-by Line facility from Central Bank of Lebanon with a limit reaching USD 200 million out of which USD 110 million (C/V LBP 165.8 billion) has been utilized as at December 31, 2012 (USD 15 million C/V LBP 22.6 billion as at December 31, 2011). The facility has a maturity of up to 5 years and is collateralized by Lebanese government bonds (Refer to Note 9).

(C) Funding from the European Central Bank which was secured through credit operations in the context of monetary policy in the euro zone was settled in 2012.

(D) On March 1, 2012 the Central Bank of Cyprus granted the Group's Cypriot banking subsidiary a loan in the amount of Euro 42 million, due to the deteriorating economic conditions in Cyprus, for the purpose of creating a liquidity buffer maturing on February 26, 2015 at an interest rate ranging between 0.75% and 1% per annum. This loan was deposited with the Central Bank of Cyprus on a weekly basis and pledged as collateral (Note 5).

(E) Other borrowings include a loan for USD 5 million (C/V LBP 7.54 billion) obtained from a non-resident specialized investment fund on December 28, 2011. The proceeds of the loan are destined to fund micro, small, and medium enterprises in Lebanon and is repaid through 10 semi-annual payments of USD 500,000 each starting July 2012 and over 5 years. USD 4.5 million was outstanding as at December 31, 2012.

Other borrowings also include a facility granted from the Arab Trade Financing Program (ATFP) on January 7, 2011 with a limit of USD 4 million for unconfirmed line of credit. This facility was granted to enhance the trades between Arab countries.

The remaining contractual maturities of the borrowings above are as follows:

	2012	2011
	LBP'000	
Up to 1 year	9,753,782	216,020,536
1 to 3 years	271,502,180	191,106,357
3 to 5 years	216,851,750	75,362,961
Over 5 years	17,734,000	-
	515,841,712	482,489,854

20. SUBORDINATED BONDS

	December 31,	
	2012	2011
	LBP'000	
Tier I Capital:		
Capital Securities	1,935,915	1,897,738
Tier II Capital:		
Non-convertible bonds	15,902,320	15,588,720
Convertible bonds	1,842,104	1,805,778
	17,744,424	17,394,498
Accrued interest payable	3,938	3,808
	19,684,277	19,296,044

Capital Securities:
The Capital Securities were issued on December 30, 2005 by the Bank's subsidiary in Cyprus and were offered to professional investors and to a specific number of non-professional investors in Cyprus. The Capital Securities rank as Tier I capital and have no maturity date, however, they may be redeemed in whole at the option of the subsidiary subject to the prior consent of the Central Bank of Cyprus, at their nominal amount together with any outstanding interest payments, five years after their issue date or on any interest payment date thereafter, and provided that they will be replaced with capital of equivalent or senior ranking unless the Central Bank of Cyprus concludes that the subsidiary's capital is at a satisfactory level.

The Capital Securities bear floating interest rate, which is revised at the beginning of each period and is valid for that specific period. Interest rate is equal to the base rate of the subsidiary at the beginning of each period interest is charged plus 1.60% annually. Interest is payable every six months, on June 30 and December 31. According to the terms of issue, if the subsidiary does not proceed with the repurchase of Capital Securities within ten years from their issuance date (i.e. up to December, 31 2015), then from January 1, 2016, the Capital Securities will bear floating interest rate that will be revised at the beginning of each period in which interest will be charged and will be equal to the base rate ruling at the beginning of each period interest is charged plus 2.25% annually.

Non-convertible bonds:
On December 30, 2009 the Bank's subsidiary in Cyprus issued bonds amounting to €8,000,000 with a maturity date of December 31, 2019. The bonds constitute direct, unsecured, subordinated securities of the subsidiary and bear a fixed interest rate of 7.50% on the nominal value for the period from the issue date to December 31, 2014. From December 31, 2014 to their maturity, the bonds will bear a fixed annual interest rate of 9% on the nominal value. Excluding the first interest rate period commencing on December 22, 2009 (inclusive) and maturing on June 30, 2010 (exclusive), all subsequent interest periods will cover six months.

The subsidiary has the right to redeem fully the bonds at any time before their maturity date, in cash at their nominal value, along with any accrued interest relating to the current interest rate period, on June 30, 2015, or on any following interest payment date, upon approval from the Central Bank of Cyprus.

Convertible bonds:
On June 14, 2010, the Bank's subsidiary in Cyprus issued €1,209,060 convertible bonds maturing on June 30, 2020. The convertible debentures are direct, unsecured and subordinated obligations of the subsidiary and carry a fixed annual rate of 7.25% on the nominal value for the period from the date of issue until June 30, 2015. From July 1, 2015 until their maturity, the convertible bonds will carry fixed interest rate 8.75% annually on the nominal value. Except the first interest period commencing on May 26, 2010 (inclusive) and maturing on June 30, 2010 (exclusive), each interest period will be 6 months.

The convertible bonds may, at the option of the holder, be converted into ordinary shares of the subsidiary in the year 2012 until 2014 as follows:

- 15 - 30 March and 15 - 30 September for 2012
- 15 - 30 March and 15 - 30 September for 2013
- 15 - 30 March and 15 - 30 September for 2014

The conversion price is set at the average closing price of the share of the subsidiary on the CSE for a period of 30 days prior to the beginning of each conversion period. For the conversion periods of the years 2013 and 2014, the conversion prices are as described above, less 5% and 15% respectively.

The subsidiary in Cyprus has a right of early redemption of convertible bonds in whole, but not in part, a cash at par plus accrued interest of the current interest period on June 30, 2015 or any interest payment date, after approval from the Central Bank of Cyprus.

21. OTHER LIABILITIES

	December 31, 2012	December 31, 2011
	LBP'000	
Withheld taxes and income tax payable	6,592,031	8,841,159
Deferred tax liability on accrued interest receivable	1,835,212	1,641,857
Deferred tax liability on future dividend distribution of subsidiaries	83,803	29,748
Deferred tax liability on other comprehensive income	616,530	544,414
Deferred tax on net unrealized gain on investment portfolio	3,352,634	4,404,407
Other deferred income tax liability	142,177	345,780
Due to the National Social Security Fund	512,139	457,330
Checks and incoming payment orders in course of settlement	16,991,804	15,887,377
Blocked capital subscriptions for companies under incorporation	276,172	337,622
Accrued expenses	11,160,151	8,615,167
Financial guarantees	772,433	922,582
Payable to personnel and directors	5,659,043	6,969,944
Sundry accounts payable	16,041,703	13,519,961
Deferred income	91,528	216,444
	64,127,360	62,733,792

During 2012, the Bank's tax returns for the year from 2007 up to 2010 inclusive were reviewed by the tax authorities and resulted in an additional tax liability of approximately LBP1.5billion settled during 2013 against provision for contingencies.

The tax returns for the years 2011 and 2012 are still subject for review by the tax authorities and any additional tax liability depends on the outcome of this review.

22. PROVISIONS

	December 31, 2012	December 31, 2011
	LBP'000	
Provision for staff end-of-service indemnity	6,878,404	20,369,819
Provision for contingences	8,269,365	15,596,824
Provision for loss on foreign currency position	5,772	132,712
	15,153,541	36,099,355

The movement of the provision for staff end-of-service indemnity is as follows:

	2012	2011
	LBP'000	
Balance January 1	20,369,819	8,507,068
Transfer on business acquisition (USB Bank)	-	9,098,063
Additions (Note 33)	4,443,736	4,268,468
Additions - Legal expenses and sundry charges	60,995	78,499
Write back	(3,935,421)	(522,770)
Settlements	(407,330)	(700,133)
Transfer to trust bank (deposits)	(13,659,352)	-
Other adjustments	4,258	93,801
Effect of exchange rate fluctuations	1,699	(453,177)
Balance December 31	6,878,404	20,369,819

Write-back for the year ending December 31, 2012 represents interest accumulated by the Lebanese Social Security Fund retroactivity computed by the Group.

During 2012 the Cypriot group entity transferred its staff retirement benefits in the aggregate amount of LBP 13.7 billion to a trust fund which was deposited in the fund account opened at the Group's Cypriot banking component under "Customers' Accounts".

The movement of the provision for contingencies is as follows:

	2012	2011
	LBP'000	
Balance January 1	15,596,824	15,658,635
Additions	204,900	180,900
Write back	(2,286,786)	-
Settlements	(1,116,948)	(242,711)
Transfer from provision for devaluation of owned properties	17,000	-
Transfer to allowance for impairment for collectively assessed loans (Note 8)	(4,145,625)	-
Balance December 31	8,269,365	15,596,824

Subsequent of the reporting date the Group settled USD 3.8 million (LBP 5.7 billion) representing a lawsuit raised against the Group in previous years booked against provision for contingency account.

23. SHARE CAPITAL

At December 31, 2012 and 2011, the Bank's ordinary share capital consists of 152,700,000 fully paid shares of LBP1,000 par value each.

As at 2012 year-end, the Bank has a fixed exchange position in the amount of USD 56,624,212, authorized by the Central Bank of Lebanon, to hedge its equity against exchange fluctuations within the limit of 60% of equity denominated in Lebanese Pound (USD 56,624,212 as at 2011 year-end).

24. PREFERRED SHARES

During 2010 and 2011, the Bank issued 400,000 and 550,000 Tier I Non-Cumulative Perpetual Redeemable "Series A" and "Series B" preferred shares respectively, at an issue price of USD100 per share with a nominal value of LBP 1,000 each. Issuance of the preferred shares was approved by the Bank's General Assembly of Shareholders on July 30, 2010 and November 4, 2011 respectively.

25. RESERVES

	December 31,	
	2012	2011
	LBP'000	
Legal reserve (a)	27,165,172	19,843,428
Reserve for general banking risks (b)	27,520,432	20,368,707
Free reserves	61,941,286	48,190,325
	116,626,890	88,402,460
Regulatory reserve for assets acquiered in satisfaction of loans (Note 11)	19,890,400	14,028,871
	136,517,290	102,431,331

(a) The legal reserve is constituted in conformity with the requirements of the Lebanese Money and Credit Law on the basis of 10% of the yearly net profits. This reserve is not available for distribution.

(b) The reserve for general banking risks is constituted according to local banking regulations, from net profit, on the basis of a minimum of 2 per mil and a maximum of 3 per mil of the total risk weighted assets, off-balance sheet risk and global exchange position as defined for the computation of the solvency ratio at year-end. The cumulative reserve should not be less than 1.25% at the end of the 10th year (2007) and 2% at the end of the 20th year.

26. DIVIDENDS PAID

The Bank's General Assembly held on March 21,2012 resolved to distribute dividends to shareholders of LBP 26.7 billion equivalent of LBP 175 per share (LBP 26.7 billion in 2011) and to distribute preferred shares earnings in the amount of LBP 3.99 billion.

27. INTEREST INCOME

	2012	2011
	LBP'000	
Interest income from:		
Deposits with Central Banks	17,020,985	4,330,466
Deposits with banks and financial institutions	1,189,966	1,807,087
Loan to a bank	186,457	185,947
Investment securities (excluding FVTPL)	203,459,680	184,845,868
Loans and advances to customers	189,855,825	153,354,816
Interest realized on non-performing loans and advances to customers (Note 8)	8,980,040	6,644,714
Sundry interest income	197,966	668,682
	420,890,919	351,837,580

Interest income realized on non-performing loans and advances to customers represents recoveries of interest. Accrued interest on impaired loans and advances is not recognized until recovery/rescheduling agreements are signed with customers.

28. INTEREST EXPENSE

	2012	2011
	LBP'000	
Interest expense from:		
Deposits and borrowings from banks	458,419	2,325,151
Soft loans from Central Bank of Lebanon	6,179,201	5,355,791
Customers' accounts at amortized cost	253,073,884	215,725,761
Customers' accounts designated at fair value through profit or loss	-	212,406
Interest on capital securities and bonds issued	1,443,732	1,422,000
Other borrowings	2,902,912	427,674
	264,058,148	225,468,783

29. FEE AND COMMISSION INCOME

	2012	2011
	LBP'000	
Commission on documentary credits	1,493,203	2,032,705
Commission on letters of guarantee	2,189,873	2,073,470
Commission on transactions with banks	51,270	71,144
Service fees on customers' transactions	12,352,616	11,116,882
Commission on loans and advances	5,664,572	5,590,324
Commission earned on insurance policies	6,176,611	6,919,713
Brokerage commission	701,001	554,924
Other	4,407,334	3,885,629
	33,036,480	32,244,791

30. FEE AND COMMISSION EXPENSE

	2012	2011
	LBP'000	
Brokerage fees	1,603,307	3,239,175
Commission on transactions with banks and financial institutions	500,886	324,665
Commission paid to car dealers	1,166,458	1,671,693
Other	2,157,403	1,468,128
	5,428,054	**6,703,661**

31. NET INTEREST AND OTHER GAIN / (LOSS) ON INVESTMENT SECURITIES AT FAIR VALUE THROUGH PROFIT OR LOSS

	2012	2011
	LBP'000	
Interest income	11,156,982	20,016,502
Dividends received	641,340	1,718,822
Net unrealized loss (Note 9)	(3,023,524)	(6,719,508)
Net realized (loss)/gain	(1,563,910)	5,365,012
	7,210,888	20,380,828

32. OTHER OPERATING INCOME

	2012	2011
	LBP'000	
Gain on sale of investment securities at amortized cost	3,918,209	-
Change in fair value of investment properties (Note 11)	-	190,805
Revaluation of owned properties (Note 12)	(286,349)	-
Foreign exchange gain	4,074,843	4,185,732
Miscellaneous	1,089,474	1,090,955
	8,796,177	5,467,492

33. STAFF COSTS

	2012	2011
	LBP'000	
Salaries	47,742,282	42,460,840
Board of directors remunerations	5,002,005	5,041,402
Social security contributions	6,483,320	4,454,246
Provision for end-of-service indemnities (Note 22)	4,443,736	4,268,468
Bonuses and other staff benefits and costs	13,167,960	11,478,428
	76,839,303	67,703,384

34. GENERAL AND ADMINISTRATIVE EXPENSES

	2012	2011
	LBP'000	
Fees and taxes	2,600,136	2,103,036
Rent and building services	3,793,077	2,871,272
Legal and professional fees	4,832,855	5,772,410
Telephone and postage	1,706,295	1,441,711
Maintenance and repairs	6,441,721	5,721,565
Electricity and water	1,671,586	1,275,316
Heat, light and power	878,232	710,032
Insurance	1,614,926	1,390,401
Advertising and publicity	6,824,842	5,235,330
Public relations and entertainment	186,006	245,214
Printing and stationary	1,027,007	889,808
Subscriptions	2,089,131	1,875,345
Travel	623,297	801,916
Donations	87,307	89,827
Software implementation fees	86,470	62,366
Credit card expenses	1,026,888	986,604
Miscellaneous expenses	5,260,135	4,565,343
	40,749,911	36,037,496

35. EARNINGS PER SHARE

The computation of the basic earnings per share is based on the Group's net profit before non-recurring income and the weighted average number of outstanding shares during each year held by the Group. The weighted average number of shares to compute basic earnings per share is 152,700,000 shares in 2012 and 2011.

36. FINANCIAL INSTRUMENTS WITH OFF-BALANCE SHEET RISKS

The guarantees and standby letters of credit and the documentary and commercial letters of credit represent financial instruments with contractual amounts representing credit risk. The guarantees and standby letters of credit represent irrevocable assurances that the Group will make payments in the event that a customer cannot meet its obligations to third parties and are not different from loans and advances on the statement of financial position. However, documentary and commercial letters of credit, which represent written undertakings by the Group on behalf of a customer authorizing a third party to draw drafts on the Group up to a stipulated amount under specific terms and conditions, are collateralized by the underlying shipments documents of goods to which they relate and, therefore, have significantly less risks.

Forward exchange contracts outstanding as of December 31, 2012 and 2011 represent positions held for customers' accounts. The Group entered into such instruments to serve the needs of customers, and these contracts are fully hedged by the Group.

37. FIDUCIARY ACCOUNTS

Fiduciary deposits are mainly invested in back-to-back lending and are related to resident lenders and borrowers. The risks and rewards of the related operations belong to account holders.

38. ASSETS IN SAFEKEEPING AND UNDER MANAGEMENT

	2012	2011
	LBP'000	
Correspondent banks	5,312,270	3,819,279
Current accounts with related parties	4,372,032	-
Unrealized loss on Future Contracts - Long	(165,282)	(726,114)
Unrealized loss on Future Contracts - Short	(1,650,977)	-
Unrealized gain/(loss) on FX Spot	46,072	(87,198)
Option on futures - Short	(818,134)	(725,978)
FX Options - Short put	(268,766)	(509,956)
FX Options - Short call	(11,549)	(17,169)
Equities	28,401,139	27,755,362
Mutual Funds	95,335	149,018
Bonds	2,866,353	1,109,347
Option on Equity - Long call	978,253	581,720
Option on Equity - Short call	(4,108)	-
Option on Equity - Short put	(46,717)	(56,600)
Silver	376,118	-
Gold	1,376,634	376,633
	40,858,673	31,668,344

39. CASH AND CASH EQUIVALENTS

Cash and cash equivalents for the purpose of the statement of cash flows consist of the following:

	December 31,	
	2012	2011
	LBP'000	
Cash on hand	34,243,664	37,435,245
Deposits with Central Banks (excluding compulsory deposits)	222,623,059	54,343,838
Term placements with Central Bank of Lebanon (with original maturity of less than 3 months)	158,191,850	413,121,250
Purchased Checks	32,850,870	16,952,236
Current accounts with correspondents	94,356,827	134,179,303
Current accounts with the parent bank	1,694,579	1,742,992
Current accounts with related parties	1,503,493	756,210
Term placements with correspondents	246,462,007	41,306,594
Blocked deposit with the Central Bank of Lebanon	-	550,000
	791,926,349	700,387,668

Major non-cash transactions excluded from the statement of cash flows for the years ended December 31, 2012 and 2011 are summarized as follows:

a. Assets and liabilities acquired in business combination (USB Bank) during 2011:

	LBP'000
Assets	
Compulsory reserves with the Central Bank	13,745,247
Loans and advances	642,488,167
Investments at fair value through profit or loss	17,716,697
Investments at amortized cost	307,679,050
Investment property and property and equipment	23,014,411
Intangibles and other assets	3,279,901
	1,007,923,473
Liabilities	
Customers' accounts	942,275,816
Other borrowings	58,522,652
Subordinated loan	19,971,292
Other liabilities	7,252,915
Provisions	8,644,886
	1,036,667,561

b. Positive change in fair value of investments at fair value through other comprehensive income of LBP 481 million and related deferred tax liability of LBP 72 million (LBP 721 million and related deferred tax liability of LBP 544 million during the year 2011).

c. Assets and investment properties acquired in satisfaction of loan in the amount of LBP 37.2 billion during the year 2012 (LBP 5.3 billion during 2011).

d. Transfer of provision of LBP 4.14 billion from provision for contingencies to collective provision under loans and advances during 2012.

e. Transfer of LBP 13.7 billion from provision for end-of-service indemnity to trust Fund under customers' accounts at amortized cost.

40. SEGMENT INFORMATION

A segment is a distinguishable component of the Group that is engaged either in providing products or services (business segment), or in providing products or services within a particular economic environment (geographical segment), which is subject to risks and rewards that are different from those of other segments.

The Group's reportable segments under IFRS 8 are as follows:

Resident:

a. Corporate banking - includes services provided in relation to loans and other credit facilities and deposits and current accounts for corporate and institutional customers;

b. Retail banking - includes retail lending and deposits, banking services, insurance brokerage services, overdrafts, credit card facilities, and funds transfer facilities;

c. Treasury - includes treasury management, correspondent banking, proprietary trading, managing reserve and capital requirements, asset/liability management, and foreign exchange transactions;

d. Private banking - includes the operations with private banking clients including fiduciary deposits, equities and bonds trading, foreign exchange and others;

e. Others - includes income from sale of assets, soft loan from Central Bank of Lebanon for the purpose of compensating for the excess consideration paid over the fair value of the net assets acquired from Lati Bank, depreciation, and other income and expenses.

Non-Resident:

The Group's subsidiary in Cyprus operates in a single segment and information is provided for management on that basis.

40.1 DISTRIBUTION OF ASSETS AND LIABILITIES BY SEGMENT

	December 31, 2012							
	Resident					Non-Resident	Elimination	Total
	Corporate	Retail	Treasury	Private Banking	Other	Cyprus Entity		
	LBP'000							
Assets								
Cash and banks	100,000	23,872,888	1,203,173,470	-	-	274,443,395	-	1,501,589,753
Investments at fair value through profit or loss	-	-	175,365,114	-	-	1,470,362	-	176,835,476
Loan to a bank	-	-	7,057,567	-	-	-	-	7,057,567
Loans and advances to customers	873,443,101	925,190,787	-	17,242,701	2,305,444	859,057,893	-	2,677,239,926
Investments at amortized cost	-	2,111,476,947	-	326,803,940	251,499,501	283,277,382	-	2,973,057,770
Investments at fair value through other comprehensive income	-	-	-	-	12,391,631	-	-	12,391,631
Customers' liability under acceptances	19,047,025	90,207	-	-	-	-	-	19,137,232
Goodwill	-	-	-	-	41,280,604	-	-	41,280,604
Other assets	4,817,978	351,652	-	43,256	195,870,928	70,137,566	-	271,221,380
Inter-segments	-	717,877,993	-	581,634,393	303,272,653	-	(1,602,785,039)	-
Total Assets	**897,408,104**	**3,778,860,474**	**1,385,596,151**	**925,724,290**	**806,620,761**	**1,488,386,598**	**(1,602,785,039)**	**7,679,811,339**
Liabilities								
Deposits from banks	-	-	11,812,803	-	-	-	-	11,812,803
Customers' deposits	459,498,195	3,778,860,474	-	925,724,290	-	1,306,219,031	-	6,470,301,990
Liability under acceptances	19,137,232	-	-	-	-	-	-	19,137,232
Other borrowings	-	-	165,825,000	-	265,920,771	84,095,941	-	515,841,712
Subordinated bonds	-	-	-	-	-	19,684,277	-	19,684,277
Other liabilities and provisions	-	-	-	-	70,461,987	8,818,914	-	79,280,901
Inter-segments	418,772,677	-	1,184,012,362	-	-	-	(1,602,785,039)	-
Total Liabilities	**897,408,104**	**3,778,860,474**	**1,361,650,165**	**925,724,290**	**336,382,758**	**1,418,818,163**	**(1,602,785,039)**	**7,116,058,915**

	December 31, 2011							
	Resident					Non-Resident	Elimination	Total
	Corporate	Retail	Treasury	Private Banking	Other	Cyprus Entity		
	LBP'000							
Assets								
Cash and banks	-	27,605,109	691,493,786	318,544	-	68,727,776	-	788,145,215
Investments at fair value through profit or loss	-	-	160,093,781	-	-	15,345,166	-	175,438,947
Loan to a bank	-	-	7,058,077	-	-	-	-	7,058,077
Loans and advances to customers	738,744,948	784,789,765	-	23,110,089	13,429,222	750,415,673	-	2,310,489,697
Investments at amortized cost	-	2,027,190,581	-	337,380,406	171,528,601	511,253,517	-	3,047,353,105
Investments at fair value through other comprehensive income	-	-	-	-	5,932,885	-	-	5,932,885
Customers' liability under acceptances	43,398,110	64,625	-	-	-	-	-	43,462,735
Goodwill	-	-	-	-	40,683,630	-	-	40,683,630
Other assets	-	-	-	-	238,299,768	-	-	238,299,768
Inter-segments	-	536,708,650	-	355,091,224	375,681,473	-	(1,267,481,347)	-
Total Assets	**782,143,058**	**3,376,358,730**	**858,645,644**	**715,900,263**	**845,555,579**	**1,345,742,132**	**(1,267,481,347)**	**6,656,864,059**
Liabilities								
Deposits from banks	-	-	8,011,923	-	-	-	-	8,011,923
Customers' deposits	350,673,953	3,376,358,730	-	715,900,257	-	1,017,731,154	-	5,460,664,094
Liability under acceptances	43,398,110	64,625	-	-	-	-	-	43,462,735
Other borrowings	7,602,774	-	-	-	257,570,418	217,316,662	-	482,489,854
Subordinated bonds	-	-	-	-	-	19,296,044	-	19,296,044
Other liabilities and provisions	-	-	-	-	80,154,777	18,678,370	-	98,833,147
Inter-segments	380,403,597	-	887,077,750	-	-	-	(1,267,481,347)	-
Total Liabilities	**782,078,434**	**3,376,423,355**	**895,089,673**	**715,900,257**	**337,725,195**	**1,273,022,230**	**(1,267,481,347)**	**6,112,757,797**

The geographical distribution of assets and liabilities are disclosed in Note 42.

40.2 DISTRIBUTION OF INCOME STATEMENT BY SEGMENT

The followings is an analysis of the bank's revenue and results from continuing operations by reportable segment:

	Year Ended December 31, 2012						
	Resident					Non-Resident	Total
	Corporate	Retail	Treasury	Private Banking	Other	Cyprus Entity	
	LBP'000						
Net interest income	46,763,032	57,174,326	13,663,205	(9,719,121)	8,010,084	40,941,245	156,832,771
Net commission income	5,219,527	15,460,377	(442,181)	784,414	(289,324)	6,875,613	27,608,426
Investments at fair value through profit or loss	-	-	10,058,331	-	-	(2,847,443)	7,210,888
Impairment of investments at amortized cost	-	-	-	-	-	(3,981,392)	(3,981,392)
Other operating income	688,730	443,985	4,908,443	4,274	765,248	1,985,497	8,796,177
Provision for impairment of loans and advances	(1,552,277)	(4,727,206)	-	-	(1,710,697)	(13,312,978)	(21,303,158)
Other (expense)/income - Net	(16,407,672)	(62,491,076)	(4,051,655)	(4,579,068)	7,832,426	(35,226,995)	(114,924,040)
Income tax expense	(2,531,625)	(2,622,261)	(1,255,213)	(589,287)	(3,073,647)	-	(10,072,033)
	32,179,715	**3,238,145**	**22,880,930**	**(14,098,788)**	**11,534,090**	**(5,566,453)**	**50,167,639**
Inter-segment	(26,811,657)	5,200,199	(22,531,344)	15,501,731	28,641,071	-	-
	5,368,058	**8,438,344**	**349,586**	**1,402,943**	**40,175,161**	**(5,566,453)**	**50,167,639**

	Year Ended December 31, 2011						
	Resident					Non-Resident	Total
	Corporate	Retail	Treasury	Private Banking	Other	Cyprus Entity	
	LBP'000						
Net interest income	33,243,954	56,271,825	4,538,793	(8,392,480)	9,414,237	31,292,468	126,368,797
Net commission income	5,663,570	13,760,447	(240,036)	614,638	211,190	5,531,321	25,541,130
Investments at fair value through profit or loss	-	-	22,531,343	191,380	-	(2,341,895)	20,380,828
Other operating income	584,915	533,339	2,195,866	52,232	971,397	1,129,743	5,467,492
Other non operating income	-	-	1,769,595	-	-	-	1,769,595
Provision for impairment of loans and advances	-	-	-	-	(323,035)	(5,243,096)	(5,566,131)
Other (expense)/income - Net	(14,973,254)	(55,349,820)	(3,315,200)	(2,991,439)	19,282,436	(31,049,7 32)	(88,397,009)
Income tax expense	(1,384,745)	(1,370,254)	(2,949,678)	(12,374)	(7,353,172)	-	(13,070,223)
	23,134,440	**13,845,537**	**24,530,683**	**(10,538,043)**	**22,203,053**	**(681,191)**	**72,494,479**
Inter-segment	(18,649,230)	(10,037,636)	(15,463,603)	10,079,344	34,071,125	-	-
	4,485,210	**3,807,901**	**9,067,080**	**(458,699)**	**56,274,178**	**(681,191)**	**72,494,479**

41. COLLATERAL GIVEN

	December 31,				
	2012				2011
		Corresponding Facilities			
	Amount of Pledged Asser	Maturity Date	Amount of Facility	Nature of Facility	Amount of Pledged Assets
	LBP'000				LBP'000
Lebanese treasury bills	185,000,000	November 06, 2014	185,000,000	Soft loan from Central Bank of Lebanon	185,000,000
Lebanese treasury bills	48,765,500	August 11, 2016	48,765,500	Soft loan from Central Bank of Lebanon	48,765,500
Lebanese treasury bills	17,734,000	March 21, 2019	17,734,000	Soft loan from Central Bank of Lebanon	-
Lebanese Government bonds	174,267,000	Up to 5 years	165,825,000	Stand-by line facility from Central Bank of Lebanon	-
Blocked deposit with Central banks of Cyprus	83,487,180	February 26, 2015	83,487,180	Loan from Central Bank of Cyprus	-

42. FINANCIAL RISK MANAGEMENT

In the ordinary course of business, the Group is exposed to various risks which are managed and maintained at each Group entity level by applying its own processes of identification, measurement and monitoring.

A. Credit Risk

Credit risk is the risk of financial loss to the Group if counterparty to a financial instrument fails to discharge an obligation. Financial assets that are mainly exposed to credit risk are deposits with banks, loans and advances to customers and investment securities. Credit risk also arises from off-balance sheet financial instruments such as letters of credit and letters of guarantee.

Concentration of credit risk arises when a number of counterparties are engaged in similar business activities, or activities in the same geographic region, or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentration of credit risk indicates the relative sensitivity of the Group's performance affecting a particular industry or geographical location.

1. Management of Credit Risk

The Board of Directors has the responsibility to approve the general credit policy as recommended by the Credit Committee.

The Credit Committee has the responsibility for the development of the credit function strategy and implementing principles, frameworks, policies and limits.

2. Measurement of Credit Risk

a. Loans and advances to customers

The commercial and consumer credit extension divisions manage credit risk based on the risk profile of the borrower, repayment source and the nature of the underlying collateral given current events and conditions.

Assessment of the credit risk profile of an individual counterparty is based on an analysis of the borrower's financial position in conjunction with current industry, economic and macro geopolitical trends. As part of the overall credit risk assessment of a borrower, each credit exposure or transaction is assigned a risk rating and is subject to the Credit Committee's approval based on defined credit approval standards. Subsequent to loan origination, risk ratings are adjusted on an ongoing basis, if necessary, to reflect changes in the obligor's financial condition, cash flows or ongoing financial viability.

The Group assesses the probability of default of individual counterparties and classifies these commitments to reflect the probability of default as listed below:

Watch List: Debts that are not impaired but for which management determines that they require special monitoring due to a deficiency in the credit file regarding collateral, financial position or profitability.

Past due but not impaired: Debts where contractual interest or principal are past due but management believes that classification as impaired is not appropriate on the basis of the level of collateral available and the stage of collection of amounts owed.

Rescheduled debts: Debts that have been restructured after they have been classified as substandard or doubtful and where the Group has made concessions that it would not otherwise consider. Once a loan is restructured, the last classification as substandard or doubtful does not change.

Substandard debts: Debts that have characteristics such as significant deterioration in profitability and cash flows for a long period and in collateral, the occurrence of recurring delays in settlement of maturing payments, or the facilities are not utilized for the purpose they were intended for.

Doubtful or bad debts: Debts that have the characteristics of substandard debts, in addition to that they are considered to be at a higher degree of risk due to the continued deterioration of the debtor's situation and the adequacy of collateral, the discontinuity of deposit movement or repayment, or not respecting the maturities of the rescheduling of the debt for a period exceeding 3 months from maturity date. The debt becomes bad when the expected amount to be collected is nil or negligible.

The Group establishes an allowance for impairment that represents its estimate of incurred losses in its loan portfolio. The main components of this allowance are a specific loss component that relates to individually significant exposures and a collective loan loss allowance established in respect of losses that management considers have been increased but not been identified as loans subject to individuals assessment for impairment.

The Group writes off a loan / security balance (and any related allowances for impairment losses) when it determines it will not be collectible. This determination is reached after considering information such as the occurrence of significant changes in the borrower / issuer's financial position such as the borrower / issuer can no longer pay the obligation, or that proceeds from collateral will not be sufficient to pay back the entire exposure or financial instruments.

b. Debt securities

The risk of the debt instruments included in the investment portfolio relates mainly to sovereign risk.

3. Risk Mitigation Policies

The Group mainly employs collateral to mitigate credit risk. The principal collateral types for loans and advances are:

- Pledged deposits;
- Mortgages over real estate properties (land, commercial and residential properties);
- Bank guarantees.

Collateral generally is not held over loans and advances to banks, except when securities are held as part of reverse repurchase and securities borrowing activity. Collateral usually is not held against investment securities.

4. Financial assets with credit risk exposure and related concentrations

a. Exposure to credit risk and concentration by counterparty:

The tables below reflect the Group's exposure to credit risk by counterparty segregated between the categories of deposits with banks and financial institutions and loans and advances:

a.1. Distribution of deposits with banks and financial institutions by brackets:

	December 31,					
	2012			2011		
	Balance	% to total	No. of Counterparties	Balance	% to total	No. of Counterparts
	LBP'000	%		LBP'000	%	
Less than LBP 5 billion	27,811,499	8	71	20,986,738	11	48
From LBP 5 billion to LBP 15 billion	45,903,320	12	5	70,224,038	36	9
From LBP 15 billion to LBP 30 billion	208,440,726	55	10	103,737,931	53	5
From LBP 30 billion to LBP 50 billion	96,040,154	25	3	-	-	-
	378,195,699	100	89	194,948,707	100	62

a.2. Distribution of performing loans and advances to customers by brackets (standard and special monitoring):

	December 31,					
	2012			2011		
	Balance	% to total	No. of Counterparties	Balance	% to total	No. of Counterparts
	LBP'000	%		LBP'000	%	
Less than LBP 0.5 billion	1,060,233,359	41	59,000	942,745,624	42	51,439
From LBP 0.5 billion to LBP 1.5 billion	296,475,892	12	365	249,518,297	12	301
More than LBP 1.5 billion	1,210,398,464	47	226	1,035,352,142	46	221
	2,567,107,715	100	59,591	2,227,616,063	100	51,961

a.3. Details of the Group's exposure to credit risk with respect to loans and advances to customers:

	December 31, 2012			Fair Value of Collateral Received							Lesser of Individual Exposure or Total Guarantees
	Gross Exposure Net of Unrealized Interest and Discount	Allowance for Impairment	Net Exposure	Pledged Funds	Bank Guarantees	First Degree Mortgage on Properties	Equity Securities	Debt Securities	Others	Total Guarantees	
	LBP'000										
Performing	2,567,107,715	-	2,567,107,715	232,574,820	63,595,904	1,401,282,113	83,740,741	567,453	419,180,254	2,200,941,285	1,671,861,651
Substandard	25,842,413	-	25,842,413	3,134,509	301,179	13,676,373	-	-	3,631,762	20,743,823	16,789,377
Doubtful	197,980,941	(102,142,020)	95,838,921	824,825	706,251	72,514,627	399,479	-	10,832,148	85,277,330	70,464,797
Loss	33,672,558	(33,646,059)	26,499	529	592,192	7,226	13,500	-	1,951,957	2,565,404	1,582,031
Loan portfolio purchased	2,199,865	-	2,199,865	-	-	-	-	-	-		-
Collective provision	-	(13,775,487)	(13,775,487)	-	-	-	-	-	-	-	-
	2,826,803,492	(149,563,566)	2,677,239,926	236,534,683	65,195,526	1,487,480,339	84,153,720	567,453	435,596,121	2,309,527,842	1,760,697,856

	December 31, 2011			Fair Value of Collateral Received							Lesser of Individual Exposure or Total Guarantees
	Gross Exposure Net of Unrealized Interest and Discount	Allowance for Impairment	Net Exposure	Pledged Funds	Bank Guarantees	First Degree Mortgage on Properties	Equity Securities	Debt Securities	Others	Total Guarantees	
	LBP'000										
Performing	2,227,616,063	-	2,227,616,063	189,860,598	36,438,427	1,220,737,868	63,994,484	3,766,012	417,750,816	1,932,548,205	1,445,968,730
Substandard	11,531,562	-	11,531,562	88,054	82,480	1,479,939	51,185	-	67,272	1,768,930	1,566,964
Doubtful	183,535,954	(105,684,271)	77,851,683	417,041		65,486,577	314,756	-	7,813,905	74,032,279	53,339,449
Loss	29,490,943	(29,490,189)	754	529	43,908	884,396	78,185	301,500	1,207,196	2,515,714	1,489,181
Loan portfolio purchased	2,539,933	-	2,539,933	-	-	-	-	-	-	-	-
Collective provision	-	(9,050,298)	(9,050,298)	-	-	-	-	-	-	-	-
	2,454,714,455	(144,224,758)	2,310,489,697	190,366,222	36,564,815	1,288,588,780	64,438,610	4,067,512	426,839,189	2,010,865,128	1,502,364,324

Overdue regular loans and bills outstanding as at December 31, 2012 and 2011 for BLC Group are as follows:

	December 31,	
	2012	2011
	LBP'000	
Between 60 and 90 days	24,875,000	35,970,000
Between 90 and 180 days	34,870,000	20,589,000
Between 180 and 360 days	18,624,000	35,760,000
Over 360 days	56,424,000	40,789,000

Above overdue accounts relate to Group entities operating in the following geographic locations:

	December 31,	
	2012	2011
	LBP'000	
Lebanon	55,881,000	27,385,000
Cyprus	78,912,000	105,723,000
	134,793,000	133,108,000

a.4. Concentration of major financial assets and liabilities by geographical location:

	December 31, 2012					
	Lebanon	Middle East and Africa	North America	Eurozone	Other	Total
	LBP'000					
Assets						
Cash and Central Banks	881,010,348	-	-	242,383,706	-	1,123,394,054
Deposits with banks and financial Institutions	43,469,305	107,249,209	56,420,222	170,012,374	1,044,589	378,195,699
Investments at fair value through profit or loss	168,939,626	-	-	7,895,850	-	176,835,476
Investments at fair value through other comprehensive income	12,391,631	-	-	-	-	12,391,631
Loan to a bank	7,057,567	-	-	-	-	7,057,567
Loans and advances to customers	1,721,974,438	40,873,851	1,493,260	911,631,534	1,266,843	2,677,239,926
Investments at amortized cost	2,689,384,457	-	54,306,884	224,547,063	4,819,366	2,973,057,770
Total	5,524,227,372	148,123,060	112,220,366	1,556,470,527	7,130,798	7,348,172,123
Liabillites						
Deposits from banks	10,133,135	1,485,249	8,924	185,495	-	11,812,803
Customers' accounts at amortized cost	4,265,218,769	376,309,129	25,518,581	1,697,242,156	106,013,355	6,470,301,990
Other borrowings	418,896,941	5,918,063	-	91,026,708	-	515,841,712
Subordinated bonds	-	-	-	19,684,277	-	19,684,277
Total	4,694,248,845	383,712,441	25,527,505	1,808,138,636	106,013,355	7,017,640,782

	December 31, 2011					
	Lebanon	Middle East and Africa	North America	Eurozone	Other	Total
	LBP'000					
Assets						
Cash and Central Banks	560,454,203	-	-	32,742,305	-	593,196,508
Deposits with banks and financial Institutions	12,377,600	11,636,049	77,335,468	92,968,456	631,134	194,948,707
Investments at fair value through profit or loss	156,199,936	-	6,959,518	12,279,493	-	175,438,947
Investments at fair value through other comprehensive income	5,932,885	-	-	-	-	5,932,885
Loan to a bank	7,058,077	-	-	-	-	7,058,077
Loans and advances to customers	1,506,410,574	44,510,444	607,285	758,618,485	342,909	2,310,489,697
Investments at amortized cost	2,551,285,239	-	100,042,851	396,025,015	-	3,047,353,105
Total	4,799,718,514	56,146,493	184,945,122	1,292,633,754	974,043	6,334,417,926
Liabillites						
Deposits from banks	2,135,501	518,635	11,084	5,346,703	-	8,011,923
Customers' accounts at amortized cost	3,838,412,445	265,927,053	21,193,856	1,263,645,128	71,485,612	5,460,664,094
Other borrowings	257,570,419	62,014	-	224,857,421	-	482,489,854
Subordinated bonds	-	-	-	19,296,044	-	19,296,044
Total	4,098,118,365	266,507,702	21,204,940	1,513,145,296	71,485,612	5,970,461,915

B. Liquidity Risk

Liquidity risk is the risk that the Group will be unable to meet its net funding requirements. Liquidity risk can be caused by market disruptions or credit downgrades, which may cause certain sources of funding to dry up immediately.

1. Management of liquidity risk:

Liquidity management involves maintaining ample and diverse funding capacity, liquid assets and other sources of cash to accommodate fluctuations in asset and liability levels due to changes in their business operations or unanticipated events. Through Assets and Liabilities Committee, the Board of Directors is responsible for establishing the liquidity policy as well as approving operating and contingency procedures and monitoring liquidity on an ongoing basis. The treasury department is responsible for planning and executing their funding activities and strategy.

Liquidity management and business unit activities are managed consistent with a strategy of funding stability, flexibility and diversity. It includes:

• Day-to-day funding managed by monitoring future cash flows to ensure that requirements can bet met;
• Maintenance of a portfolio of liquid and marketable assets;
• Daily and forecast cash flow management;
• Implementation of long-term funding strategies.

The cumulative impact of these various elements is monitored on at least a monthly basis by ALCO. Monitoring and reporting take the form of cash flow measurement and projections. The starting point for those projections is an analysis of the contractual maturity of the financial liabilities and the expected collection data of the financial assets.

2. Exposure to liquidity risk:

Regulatory requirements

The Group ensures that it is in compliance with the liquidity limits in Lebanese Pound and foreign currencies as established by Central Bank of Lebanon.

The table below shows the allocation of major monetary liabilities based on the earliest possible contractual maturity (undiscounted values). The expected maturities vary significantly from the contractual maturities namely with regard to customers' deposits.

	December 31, 2012					
	Up to 3 Months	3 Months to 1 Year	1 Year to 3 Years	3 Years to 5 Years	Over 5 Years	Total
	LBP'000					
Deposits from banks	11,812,803	-	-	-	-	11,812,803
Customers' accounts at amortized cost	5,201,460,292	1,260,065,049	7,792,272	810,725	173,652	6,470,301,990
Other borrowings	9,000,032	753,750	271,502,180	216,851,750	17,734,000	515,841,712
Subordinated bonds	3,938	-	-	-	19,680,339	19,684,277
	5,222,277,065	**1,260,818,799**	**279,294,452**	**217,662,475**	**37,587,991**	**7,017,640,782**

	December 31, 2011					
	Up to 3 Months	3 Months to 1 Year	1 Year to 3 Years	3 Years to 5 Years	Over 5 Years	Total
	LBP'000					
Deposits from banks	8,011,923	-	-	-	-	8,011,923
Customers' accounts at amortized cost	4,365,710,308	1,052,625,332	3,499,535	38,828,919	-	5,460,664,094
Other borrowings	218,574,354	753,750	188,015,000	75,146,750	-	482,489,854
Subordinated bonds	3,808	-	-	-	19,292,236	19,296,044
	4,592,300,393	**1,053,379,082**	**191,514,535**	**113,975,669**	**19,292,236**	**5,970,461,915**

C. Market Risks

The market risk is the risk that the fair value or future cash flows of a financial instrument will be affected because of changes in market prices such as interest rate, equity prices, foreign exchange and credit spreads.

Currency risk:

Foreign exchange risk represents exposures to changes in the values of current holdings and future cash flows denominated in other currencies. The types of instruments exposed to this risk include investments in foreign currency-denominated loans, foreign currency denominated securities, future cash flows in foreign currencies arising from foreign exchange transactions, and foreign-currency denominated debt.

Exposure to foreign exchange risk:

Below is the carrying value of assets and liabilities segregated by major currencies to reflect Group's exposures to foreign currency exchange risk at year end:

	December 31, 2012					
	LBP	USD	Euro	STG	Other	Total
	LBP'000					
Assets						
Cash and Central Banks	339,296,542	493,906,516	288,162,909	2,000,824	27,263	1,123,394,054
Deposits with banks and financial Institutions	10,790,189	325,797,344	21,449,231	13,268,938	6,889,997	378,195,699
Investments at fair value through profit or loss	94,262,800	81,102,315	1,470,361	-	-	176,835,476
Investments at fair value through other comprehensive income	5,595,542	6,786,309	9,780	-	-	12,391,631
Loan to a bank	7,057,567	-	-	-	-	7,057,567
Loans and advances to customers	529,525,170	1,274,098,532	860,556,129	2,351,084	10,709,011	2,677,239,926
Investments at amortized cost	1,899,803,380	797,494,519	267,382,507	8,377,364	-	2,973,057,770
Investment properties	-	-	53,423,844	-	-	53,423,844
Customers' liability under acceptances	450,000	12,889,580	4,524,953	-	1,272,699	19,137,232
Assets acquired in satisfaction of loans	13,275,458	75,565,369	-	-	-	88,840,827
Property and equipment	69,090,694	-	11,650,022	-	-	80,740,716
Intangible assets	2,707,751	-	1,110,401	-	-	3,818,152
Deferred charges on business acquisition	22,387,239	-	-	-	-	22,387,239
Goodwill	-	-	41,280,604	-	-	41,280,604
Other assets	12,746,676	6,870,711	2,249,214	2,721	9,748	21,879,070
Total Assets	3,006,989,008	3,074,511,195	1,553,269,955	26,000,931	18,908,718	7,679,679,807
Liabilities						
Deposits from banks	9,503,158	2,209,787	85,795	4,796	9,267	11,812,803
Customers' accounts at amortized cost	2,364,602,922	2,635,790,785	1,436,727,635	26,428,287	6,752,361	6,470,301,990
Liability under acceptances	450,000	12,889,580	4,524,953	-	1,272,699	19,137,232
Other borrowings	252,837,599	178,908,172	84,095,941	-	-	515,841,712
Subordinated bonds	-	-	19,684,277	-	-	19,684,277
Other liabilities	27,992,778	23,300,053	12,675,303	126,621	32,605	64,127,360
Provisions	6,654,236	8,499,305	-	-	-	15,153,541
Total liabilities	2,662,040,693	2,861,597,682	1,557,793,904	26,559,704	8,066,932	7,116,058,915
Currency to be received	-	48,255,575	20,172,093	-	36,916,365	105,344,033
Currency to be delivered	22,155,463	24,457,143	19,922,645	-	38,677,250	105,212,501
	(22,155,463)	23,798,432	249,448	-	(1,760,885)	131,532
Net assets	322,792,852	236,711,945	(4,274,501)	(558,773)	9,080,901	563,752,424

	December 31, 2011					
	LBP	USD	Euro	STG	Other	Total
	LBP'000					
Assets						
Cash and Central Banks	114,184,590	442,461,779	35,306,951	1,232,899	10,289	593,196,508
Deposits with banks and financial Institutions	175,857	141,853,742	19,342,690	18,512,188	15,064,230	194,948,707
Investments at fair value through profit or loss	82,584,303	77,480,820	8,414,306	6,959,518	-	175,438,947
Investments at fair value through other comprehensive income	5,325,056	598,241	9,588	-	-	5,932,885
Loan to a bank	7,058,077	-	-	-	-	7,058,077
Loans and advances to customers	516,669,758	1,045,228,792	736,428,124	1,142,504	11,020,519	2,310,489,697
Investments at amortized cost	1,773,107,771	789,033,523	477,606,319	7,605,492	-	3,047,353,105
Investment properties	-	-	17,595,768	-	-	17,595,768
Customers' liability under acceptances	449,999	15,203,848	10,408,945	363,375	17,036,568	43,462,735
Assets acquired in satisfaction of loans	13,495,182	77,797,162	-	-	-	91,292,344
Property and equipment	64,363,696	-	11,937,333	-	-	76,301,029
Intangible assets	1,968,178	-	578,964	-	-	2,547,142
Deferred charges on business acquisition	32,172,956	-	-	-	-	32,172,956
Goodwill	-	-	40,683,630	-	-	40,683,630
Other assets	7,629,651	9,068,259	1,483,121	212	869	18,182,112
Total Assets	2,619,185,074	2,598,726,166	1,359,795,739	35,816,188	43,132,475	6,656,655,642
Liabilities						
Deposits from banks	352,033	2,352,709	5,083,215	40,656	183,310	8,011,923
Customers' accounts at amortized cost	2,034,153,303	2,308,212,151	1,067,856,273	34,929,205	15,513,162	5,460,664,094
Liability under acceptances	449,999	15,203,848	10,408,945	363,375	17,036,568	43,462,735
Other borrowings	234,939,263	30,233,929	217,316,662	-	-	482,489,854
Subordinated bonds	-	-	19,296,044	-	-	19,296,044
Other liabilities	29,419,578	25,551,911	7,700,396	6,292	55,615	62,733,792
Provisions	21,850,773	2,397,981	11,850,601	-	-	36,099,355
Total liabilities	2,321,164,949	2,383,952,529	1,339,512,136	35,339,528	32,788,655	6,112,757,797
Currency to be received	4,507,000	41,678,286	6,896,216	829,344	15,210,235	69,121,081
Currency to be delivered	225,375	25,778,624	24,900,712	1,351,331	16,656,622	68,912,664
	4,281,625	15,899,662	(18,004,496)	(521,987)	(1,446,387)	208,417
Net assets	302,301,750	230,673,299	2,279,107	(45,327)	8,897,433	544,106,262

Interest rate risk

Interest rate risk represents exposures to instruments whose values vary with the level or volatility of interest rates. These instruments include, but are not limited to, loans, debt securities, certain trading-related assets and liabilities, deposits, borrowings and derivative instruments. Interest rate repricing gap is used to estimate the impact on earnings of an adverse movement in interest rates.

Exposure to Interest rate risk

Below is a summary of the Group's interest rate gap position on major financial assets and liabilities reflected at carrying amounts at year end by repricing time bands:

	December 31, 2012							
	Weighted Average Effective Interest Rate	Not Subject to Interest	Less than 3 Months	3 Months to 1 year	1 to 3 Years	3 to 5 Years	Over 5 Years	Total
	%	LBP'000						
Assets								
Cash and Central Banks	2.00	347,312,206	526,961,848	22,612,500	1,507,500	-	225,000,000	1,123,394,054
Deposits with banks andfinancial institutions	0.42	96,029,520	279,874,600	2,291,579	-	-	-	378,195,699
Loan to a bank	2.65	-	7,057,567	-	-	-	-	7,057,567
Loans and advances to customers	7.67	110,132,210	1,926,649,441	134,772,549	85,879,371	45,074,872	374,731,483	2,677,239,926
Investment securities	6.86	23,300,910	146,941,946	261,626,084	932,688,048	906,880,317	890,847,572	3,162,284,877
		576,774,846	2,887,485,402	421,302,712	1,020,074,919	951,955,189	1,490,579,055	7,348,172,123
Liabillites								
Deposits from banks and financial institutions	2.02	1,375,781	10,025,707	411,315	-	-	-	11,812,803
Customer's deposits and credit balances	4.26	824,956,350	4,722,928,833	824,217,429	97,314,858	710,870	173,650	6,470,301,990
Other borrowings	2.07	-	171,974,806	-	269,817,441	56,184,895	17,864,570	515,841,712
Subordinated bonds	7.33	-	-	3,938	19,680,339	-	-	19,684,277
		826,332,131	4,904,929,346	824,632,682	386,812,638	56,895,765	18,038,220	7,017,640,782

	December 31, 2011							
	Weighted Average Effective Interest Rate	Not Subject to Interest	Less than 3 Months	3 Months to 1 year	1 to 3 Years	3 to 5 Years	Over 5 Years	Total
	%	LBP'000						
Assets								
Cash and Central Banks	0.85	177,408,888	414,280,120	-	1,507,500	-	-	593,196,508
Deposits with banks and financial institutions	0.66	116,118,829	78,829,878	-	-	-	-	194,948,707
Loan to a bank	2.64	-	7,058,077	-	-	-	-	7,058,077
Loans and advances to customers	7.47	82,873,636	1,711,372,555	76,066,153	49,633,817	63,776,115	326,767,421	2,310,489,697
Investment securities	6.69	24,956,253	326,944,278	315,072,913	859,921,598	720,301,745	981,528,150	3,228,724,937
		401,357,606	2,538,484,908	391,139,066	911,062,915	784,077,860	1,308,295,571	6,334,417,926
Liabillites								
Deposits from banks and financial institutions	1.46	3,222,797	4,789,126	-	-	-	-	8,011,923
Customer's deposits and credit balances	4.10	623,059,837	4,018,345,181	783,922,432	35,101,277	235,367	-	5,460,664,094
Other borrowings	1.50	-	240,009,703	-	185,704,813	49,234,450	7,540,888	482,489,854
Subordinated bonds	7.37	-	-	3,808	19,292,236	-	-	19,296,044
		626,282,634	4,263,144,010	783,926,240	240,098,326	49,469,817	7,540,888	5,970,461,915

43. COMMITMENTS AND CONTINGENCIES

The Group is a defendant in lawsuits filed by different parties amounting to around USD 5.8 million of which USD 3.8 million was settled subsequent to the reporting date (Refer to Note 22). According to the Group's legal advisors, the outcome of the remaining claims cannot be reliably assessed at present.

The tax return for the years 2011 to 2012 are still subject for review by the tax authorities and any additional tax liability depends on the outcome of this review.

44. CAPITAL MANAGEMENT

The Group manages its capital to comply with the capital adequacy requirements set by Central Bank of Lebanon.

Central Bank of Lebanon requires each bank or banking group to hold a minimum level of regulatory capital of LBP 10 billion for the head office and LBP 500 million for each local branch.

The Group's capital is split as follows:

Tier I capital: Comprises share capital (common and preferred), premium on preferred shares, reserves from appropriation of profits, retained earnings (exclusive of expected dividend distribution) after deductions for goodwill and intangible assets and other regulatory adjustments.

Tier II capital: Comprises cumulative change in fair value for investments after regulating adjustments treated differently for capital adequacy purposes at fair value through other comprehensive income, subordinated bonds and general provisions other than those related to loans and advances.

Investments in subsidiaries are deducted from Tier I and Tier II capital.

The Group's consolidated capital adequacy ratio was as follows:

	December 31,	
	2012	2011
	LBP'000	
Tier I capital	463,791	410,916
Tier II capital	21,431	36,390
Total regulatory capital	**485,222**	**447,306**
Credit risk	4,081,348	3,738,829
Market risk	100,789	130,764
Operational risk	320,713	257,188
Risk-weighted assets and risk-weighted off-balance sheet items	**4,502,850**	**4,126,781**
Risk based capital ratio - Tier I	10.30%	9.96%
Risk based capital ratio - Tier I and Tier II capital	10.78%	10.84%

45. FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES

	December 31, 2012				
	Investments at Fair Value through Profit and Loss	Investments at Fair Value through Comprehensive Income	Amortized Cost	Total Carrying Value	Total Fair Value
	LBP'000				
Assets					
Cash and Central Banks	-	-	1,123,394,054	1,123,394,054	1,123,394,054
Deposits with banks and financial institutions	-	-	378,195,699	378,195,699	378,195,699
Investments at Fair value through profit or loss	176,835,476	-	-	176,835,476	176,835,476
Investments at fair value through other comprehensive income	-	12,391,631	-	12,391,631	12,391,631
Loan to a bank	-	-	7,057,567	7,057,567	7,057,567
Loans and advances to customers	-	-	2,677,239,926	2,677,239,926	2,687,002,978
Investments at amortized cost	-	-	2,973,057,770	2,973,057,770	2,966,381,133
Total Assets	**176,835,476**	**12,391,631**	**7,158,945,016**	**7,348,172,123**	**7,351,258,538**
Liabilities					
Deposits and borrowings from banks	-	-	11,812,803	11,812,803	11,812,803
Customers' accounts	-	-	6,470,301,990	6,470,301,990	6,470,301,990
Other borrowings	-	-	515,841,712	515,841,712	515,841,712
Subordinated bonds	-	-	19,684,277	19,684,277	19,684,277
Total Liabilities	**-**	**-**	**7,017,640,782**	**7,017,640,782**	**7,017,640,782**

	December 31, 2011				
	Investments at Fair Value through Profit and Loss	Investments at Fair Value through Comprehensive Income	Amortized Cost	Total Carrying Value	Total Fair Value
	LBP'000				
Assets					
Cash and Central Banks	-	-	593,196,508	593,196,508	593,196,508
Deposits with banks and financial institutions	-	-	194,948,707	194,948,707	194,948,707
Investments at Fair value through profit or loss	175,438,947	-	-	175,438,947	175,438,947
Investments at fair value through other comprehensive income	-	5,932,885	-	5,932,885	5,932,885
Loan to a bank	-	-	7,058,077	7,058,077	7,058,077
Loans and advances to customers	-	-	2,310,489,697	2,310,489,697	2,325,817,727
Investments at amortized cost	-	-	3,047,353,105	3,047,353,105	3,051,058,088
Total Assets	**175,438,947**	**5,932,885**	**6,153,046,094**	**6,334,417,926**	**6,353,450,939**
Liabilities					
Deposits and borrowings from banks	-	-	8,011,923	8,011,923	8,011,923
Customers' accounts			5,460,664,094	5,460,664,094	5,460,664,094
Other borrowings	-	-	482,489,854	482,489,854	482,489,854
Subordinated bonds	-	-	19,296,044	19,296,044	19,296,044
Total Liabilities	**-**	**-**	**5,970,461,915**	**5,970,461,915**	**5,970,461,915**

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable:

	December 31, 2012		
	Level 1	Level 2	Level 3
	LBP'000		
Investments at fair value through profit or loss	9,740,169	167,095,307	176,835,476
Investments at fair value through other comprehensive income	-	12,391,631	12,391,631
	9,740,169	179,486,938	189,227,107

	December 31, 2012		
	Level 1	Level 2	Level 3
	LBP'000		
Investments at fair value through profit or loss	10,096,574	165,342,373	175,438,947
Investments at fair value through other comprehensive income	-	5,932,885	5,932,885
	10,096,574	171,275,258	181,371,832

46. RELATED PARTY TRANSACTIONS

In the ordinary course of business, the Group carries on transactions with subsidiaries and related parties, balances of which are disclosed in the statement of financial position in Notes 8, 18, 36 and 38.

Remuneration to executive management paid during 2012 amounted to LBP 5.47 billion (LBP 5.47 billion in 2011).

47. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements for the year ended December 31, 2012 were approved by the Board of Directors in its meeting held on April 29, 2013.

FULL MOBILE BANKING

It's banking, on the move!
Through the use of a convenient application,
banking on the go has become easier and more efficient than ever.
With BLC Bank Full Mobile banking you can:

- Enjoy a free, convenient and secure way to view and manage your accounts, 24/7.
- Perform real-time transactions in less time.
- Save money with lower charges on various services.
- Execute payments of credit cards and loans as well as checkbook request, cards and balance certificates.
- Receive free SMS and E-mail alerts to monitor your accounts' activities.
- Recharge online your mobile phone prepaid line from both Touch and Alfa operators.
- Access the ATM loacator, currency converter, loan simulators and online loan applications.

Full Mobile Banking is available for both iOS and Android systems and is completely free of charge.

OUR NETWORK

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BOURJ HAMMOUD
Maronite Monks bldg., Tripoli street
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Fax: +961 1 241689 - ext: 170

CHEKKA
Michel El Hallal bldg., main road
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Fax: +961 6 540728 - ext: 170

CHIAH
Awad bldg., Saida road
Phone: +961 1 389515 – 387411
Fax: +961 1 387411 - ext: 170

CHTAURA
BLC Bank bldg., Damascus main road
Phone: +961 8 545422 – 545423
Fax: +961 8 545424 - ext: 170

DEKWANEH
Kamar center, Sed El Bauchrieh street
Phone: +961 1 692060 – 692070
Fax: +961 1 687647 - ext: 170

DORA
BLC Bank bldg., Dora highway
Phone: +961 1 264450 – 260856
Fax: +961 1 260856 - ext: 170

FURN EL CHEBBAK
Fares Younes bldg.,
Damascus main road
Phone: +961 1 613247 – 613248
Fax: +961 1 613247 - ext: 170

GHOBEIRY
Akil Berro bldg., Ghobeiry street
Phone: +961 1 272772 – 548600/1/3
Fax: +961 1 275737

HADATH
Michel Kherbawi bldg., Al Ain square
Phone: +961 5 460034 – 467438
Fax: +961 5 460425 - ext: 170

HAMRA
Toufic Assaf bldg., Hamra street
Phone: +961 1 340450 – 350060
Fax: +961 1 348512

HAZMIEH
Michael Mansour bldg.,
Damascus main road
Phone: +961 5 454722 – 455547
Fax: +961 5 457177 - ext: 170

HERMEL
Opposite Seray bldg., Shahine center
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Fax: +961 8 201773

JAL EL DIB
Yachoui bldg., main road
Phone: +961 4 723200 – 723201
Fax: +961 4 723204 - ext: 170

JBEIL
BLC Bank bldg., main road
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Fax: +961 9 546955 - ext: 170

JOUNIEH
Stephan bldg., main road
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Fax: +961 9 835219 - ext: 170

KOUSBA
Saint Nicolas center, main road
Phone: +961 6 510125 – 511132
Fax: +961 6 510125 - ext: 170

MAR ELIAS
Dar El Baida bldg., Mar Elias street
Phone: +961 1 703805 – 703806
Fax: +961 1 703805

MAR MIKHAEL
BLC Bank bldg., Mar Mikhael street
Phone: +961 1 565700 – 565701
Fax: +961 1 444449

MAZRAA
Koussa bldg., Corniche Mazraa
Phone: +961 1 631634 – 653403
Fax: +961 1 631634 - ext: 170

MAZRAAT YACHOUH
Hajj blgd., Main Road
Phone: +961 4 928612 - 928613
Fax: + 961 4 928614 - ext: 170

NABATIEH
Khail Center, Commercial street
Phone: +961 7 764780 – 764781
Fax: +961 7 760234

NEW JDEIDEH
Khoury bldg., New Jdeideh street
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Fax: +961 1 879895 - ext: 170

SAIDA
BLC Bank bldg., Riad El Solh street
Phone: +961 7 722330 – 722331/2
Fax: +961 7 725330

SOUR
Issa bldg., Al Massaref street
Phone: +961 7 343100 – 343101
Fax: +961 7 343313

TABARIS - CHARLES MALEK
Tabaris 812 bldg., Charles Malek street
Phone: +961 1 200210 – 200211 - 333430/31
Fax: +961 1 200212

TABARIS - SELIM BUSTROS
Dakdouk bldg., Selim Boustross street
Phone: +961 1 200992 - 204551
Fax: +961 1 204405 - ext: 170

TRIPOLI - EL MINA
Shoucair bldg.,El Husseini Hospital Street
Phone: +961 6 201093 – 600211/06
Fax: +961 6 201093

TRIPOLI - EL TELL
BLC Bank bldg., Kallah Street area
Phone: +961 6 430210 – 430211
Fax: +961 6 432896 - ext: 170

ZAHLE
Lawandos Center, Zahle blvd.,
Hosh el Zarraina
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Fax: +961 8 829430 - ext: 170

ZOUK MIKAEL
Antoine Akiki center, main road
Phone: +961 9 212225 – 212226
Fax: +961 9 211675

ZOUK MOSBEH
Le Charcutier bldg - Jeita main road
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Fax: +961 9 226804 - ext:170

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Fax: +961 (1) 217 451/2/3/4
blcfinance@blcbank.com
www.blcbank.com

BLC Invest S.A.L.
Royal Tower Building
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Fax: +961 (1) 565 311

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Fax: +961 (1) 398 044

CORRESPONDANT BANKS

COUNTRY	NAME OF CORRESPONDANT	SWIFT CODE
ALGERIA	Fransabank El Djazair SPA	FSBK DZ AL
AUSTRALIA	Westpac Banking Corporation	WPAC AU 2F
AUSTRIA	UniCredit Bank Austria AG	BKAU AT WW
BELGIUM	KBC Bank NV	KRED BE 22
CANADA	JP Morgan Chase Bank - Toronto	CHAS CA TT
CYPRUS	USB Bank Plc	UNVK CY 2N
DENMARK	Danske Bank A/S	DABA DK KK
EGYPT	Banque Misr SAE	BMIS EG CX
FRANCE	Fransabank (France) SA	FRAF FR PP
	Al Khaliji Bank (France) SA	LICO FR PP
	Union de Banques Arabes et Françaises - UBAF	UBAF FR PP
GERMANY	Commerzbank AG	COBA DE FF
	Deutsche Bank AG	DEUT DE FF
	JP Morgan AG	CHAS DE FX
ITALY	Intesa Sanpaolo SpA	BCIT IT MM
	Unicredit Spa	UNCR IT MM
JAPAN	The Bank of New York Mellon- Japan Branch	IRVT JP JX
JORDAN	The Housing Bank for Trade & Finance	HBHO JO AX
KUWAIT	Al Ahli Bank of Kuwait KSC	ABKK KW KW
	National Bank of Kuwait	NBOK KW KW
NORWAY	Nordea Bank Norge ASA	NDEA NO KK
QATAR	Qatar National Bank SAQ	QNBA QA QA
	Al Khalij Commercial Bank QSC	KLJI QA QA
SAUDI ARABIA	The National Commercial Bank	NCBK SA JE
SPAIN	Banco de Sabadell SA	BSAB ES BB
SRI LANKA	Bank of Ceylon	BCEY LK LX
SWEDEN	Skandinaviska Enskilda Banken AB (Publ)	ESSE SE SS
SWITZERLAND	Zürcher Kantonalbank	ZKBK CH ZZ
THE PHILIPPINES	Bank of the Philippine Islands	BOPI PH MM
TURKEY	Türkiye Finans Katilim Bankasi	AFKB TR IS
	Asya Katilim Bankasi A S	ASYA TR IS
	Turkland Bank AP	TBNK TR IS
UNITED ARAB EMIRATES	Al Khaliji Bank (France) SA - Dubai Branch	LICO AE AD
	Mashreqbank psc	BOML AE AD
UNITD KINGDOM	JPMorgan Chase Bank - London	CHAS GB 2L
	LLOYDS TSB Bank plc	LOYD GB 2L
UNITED STATES OF AMERICA	JPMorgan Chase Bank NA	CHAS US 33
	The Bank of New York Mellon	IRVT US 3N
	Standard Chartered Bank, New York	SCBL US 33