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BLC BANK 2014 ANNUAL REPORT

BLCbank FRANSABANK GROUP

We deliver what matters

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BLC Bank Network

Corporate Governance constitutes one of the main cornerstones of BLC Bank's responsibility towards stakeholders: shareholders, customers, employees, suppliers and regulators. We believe in the value of effective Corporate Governance and comply by the best international practices to deliver what matters, driven by our pillars: Innovation, Technology, Excellence and Professionalism.

Management Committees

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.

Four Pillars

Innovation

Technology

Excellence

Professionalism

Board Committees

Organization Chart

Values

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

Vision

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

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Chairman's Letter

A few years back, BLC Bank announced its ambition to become a bank of reference in the Lebanese landscape.

On the financial side, this has materialized in a continued and sustained growth outperforming the market over the past years. In 2014, BLC Bank pursued this trend, despite a challenging politico economical context, registering an increase of 5% in net income after tax, a net spread of 2.53% and a solid 15% of capital adequacy ratio.

This same strategic vision also confirmed the Bank's positioning among the leaders both on the Retail and the Corporate side. Leveraging on excellence, innovation and professionalism, BLC Bank continued on building up on its major strategic axes: SMEs, Women, and Innovation.

On the women segment level, BLC Bank has emerged as the leader in the economic empowerment of women, through the We Initiative program providing a set of financial and non-financial solutions. The active role played by the Bank in this area has been recognized by the Global Banking Alliance who elected a senior representative of the Bank as Vice Chair of the Organization.

On the SME's level, the Bank's market share continued growing, registering a particular peak of 16.12% in the Kafalat loans granted as at December 31, 2014.

Meanwhile, the Bank focused further on developing the offer to SME's by widening the non-financial services to Small and Medium Enterprises including the third edition of the Brilliant Lebanese Awards 2014 honoring successful men and women entrepreneurs.

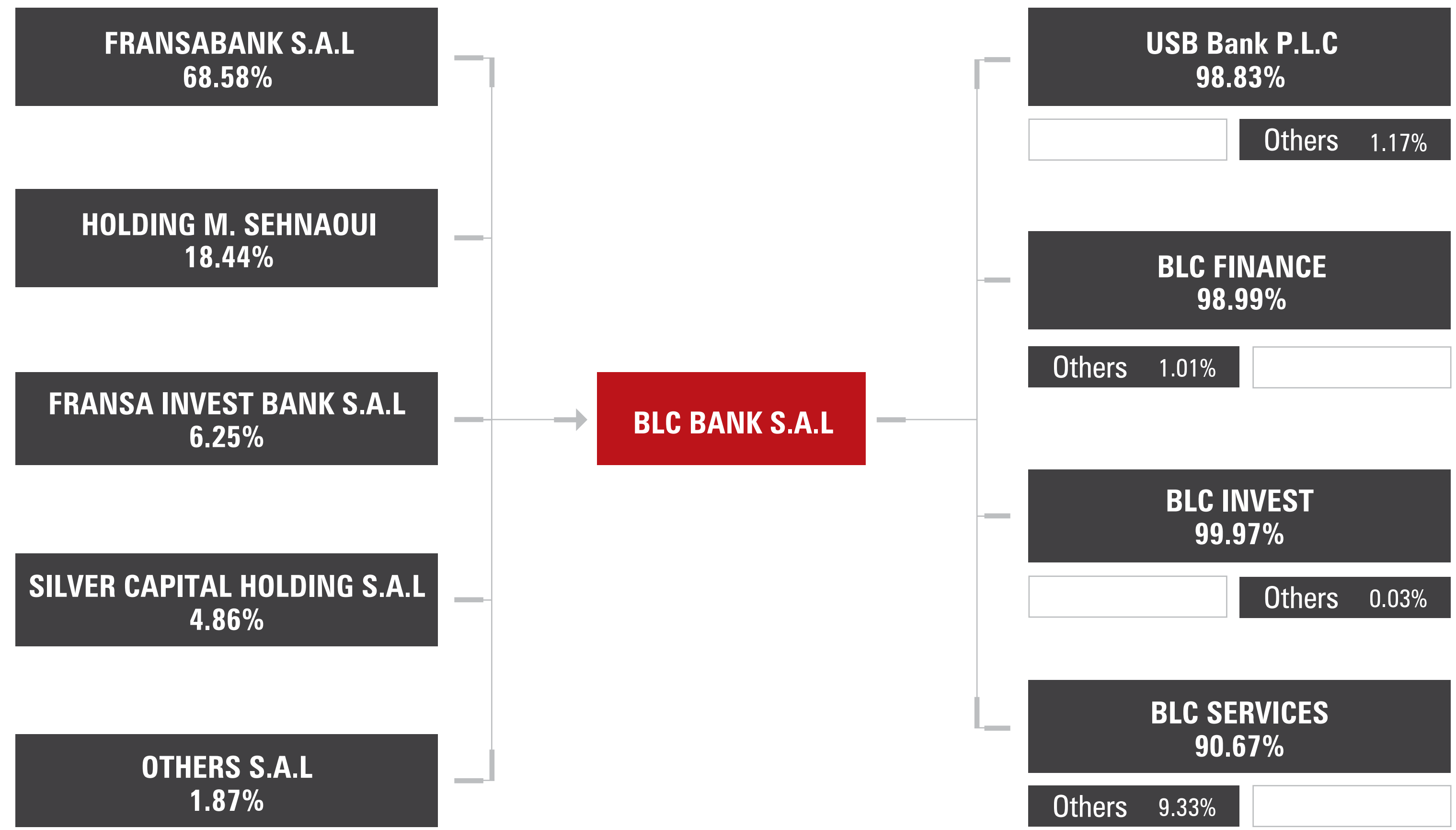
Innovation being a corner stone in our culture, we introduced in all our branches smart ATMs that accept cash and checks; and Hey! a pioneering mobile payment solution.

To conclude, I would like to thank BLC Bank's stakeholders for their confidence and all the women and men of BLC Bank for committing their talent and dedication to our success. I look forward to reporting continuous outstanding performance going forward.

Maurice SEHNAOUI
Chairman General Manager

CORPORATE GOVERNANCE

Shareholders' Structure



Board of Directors

BLC BANK S.A.L

Members:

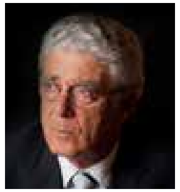
Mr. Maurice Sehnaoui (Chairman General Manager)
Mr. Nadim Kassar (Vice Chairman General Manager)
Mr. Adnan Kassar
Mr. Adel Kassar
Me.Walid Daouk
Me. Ziyad Baroud
Mr. Nazem El Khoury
Mr. Nabil Kassar
Mr. Mansour Bteish
Mr. Raoul Nehme (General Manager)
Me. Walid Ziadé
Mr. Henri De Courtivron

Secretary to the Board:

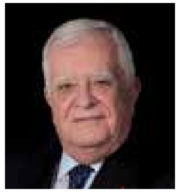
Me. Michel Tueni

External Auditors:

Deloitte & Touche
DFK Fiduciaire du Moyen Orient


Maurice SEHNAOUI


Nadim KASSAR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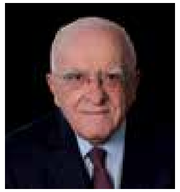
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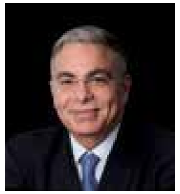
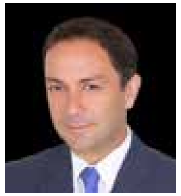
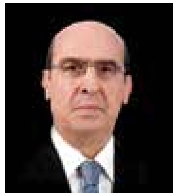

Walid DAOUK


Ziyad BAROUD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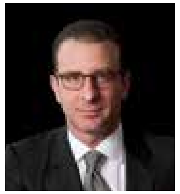
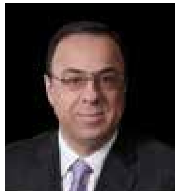
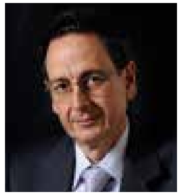
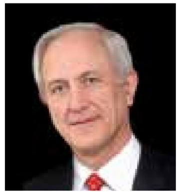

Nabil KASSAR


Mansour BTEISH


Raoul NEHME


Walid ZIADE


Henri De COURTIVRON

As of May 2015

Biographies

Mr. Maurice Sehnaoui

With over 30 years of visionary leadership, Maurice Sehnaoui, is a pioneer in the Lebanese Banking Sector and a major contributor to the Lebanese economy with his commitment to support the pillars that lay the foundation for socio-economic development such as SMEs, women and corporate social responsibility. He was a former Minister of Energy and Water from 2004 to 2005. He is on the Board in a number of companies and owns a large real estate portfolio including select buildings in the Beirut City Center.

Mr. Sehnaoui is the Chairman of the board of directors and General Manager of BLC Bank since 2008, his bold and dynamic strategic direction led the Bank to become an Alpha Bank in less than 5 years. Born in 1943, he holds a degree in Economics from the Saint Joseph University of Beirut. He is Chevalier of the French “Legion d’Honneur” and Officer of the French “Ordre National du Mérite”.

Mr. Nadim Kassar

Mr. Nadim Kassar is the Vice-Chairman and General Manager of BLC Bank SAL. He holds currently the following positions: General Manager of Fransabank SAL, Founder and Board Member of Fransa Invest Bank SAL (FIB), Founder and Chairman of Fransabank Al Djazaïr SPA, Board Member of the Association of Banks in Lebanon since 2001, Board Member of USB Bank PLC, Board Member of Lebanese International Finance Executives (LIFE), Co-Manager of A.A. Kassar (France) SARL and General Manager of A.A. Kassar SAL. Mr. Kassar also is a Board Member of the following institutions: MasterCard Incorporated Asia, Pacific, Middle East & Africa, SAMEA Regional Board of Directors since 2005, NetCommerce, Interbank Payment Network, IPN SAL, Credit Card Management, Founder and Board Member of the American Lebanese Chamber of Commerce. He holds as well the position of Deputy Chairman of Société Financière du Liban.

His social activities includes the Makassed Philantropic Islamic Association in Beirut as a Member of the Board of Trustees, a Member of the Lebanese-Chinese inter-parliamentary friendship committee, a Member of the Lebanese-Tunisian friendship committee and Treasurer of the Comité des Proprietaires-Ouyoun As Simane.

Mr. Kassar is born in 1964 and holds a Bachelor’s degree in Business Administration from the American University of Beirut.

Mr. Adnan Kassar

Mr. Adnan Kassar is the Chairman and CEO of Fransabank Group. In 1980, he and his brother Adel acquired Fransabank and have led the Bank ever since. He is also a member of the Board of Directors of Fransabank (France) SA, and Fransabank Syria SA, the Chairman of the Supervisory Board of Fransabank OJSC in Belarus and a board member of BLC Bank SAL.

Mr. Kassar also served as Minister of Economy and Trade in Lebanon from 2004 to 2005 and Minister of State in Lebanon from 2009 to 2011. He was the first Arab businessman elected Chairman of the International Chamber of Commerce and headed the World Business Organization from 1999 to 2000. In 1972, Mr. Kassar was elected as the President of the Lebanese Federation of Chambers of Commerce, Industry, and Agriculture in Lebanon and continued to head the Federation for three decades.

Currently, Mr. Kassar serves as the President of the Lebanese Economic Organizations and is the Honorary Chairman of the General Union of Chambers of Commerce, Industry, and Agriculture of the Arab Countries.
Mr. Kassar has received global awards and high distinguished decorations from many Heads of States and International Organizations with the latest in 2014 being the Oslo Business for Peace Award.

Born in 1930, Mr. Kassar holds a Bachelor’s degree in Lebanese Law from Université Saint Joseph and an honorary doctorate from the Lebanese American University.

Mr. Adel Kassar

Mr. Adel Kassar's career spans over more than six decades. He currently leads as the Deputy Chairman and Chief Executive Officer of Fransabank SAL and the Chairman of the Board of Directors of Fransabank (France) SA and Fransabank Syria SA.

He is also Chairman of the Board of Directors and General Manager of Bancassurance SAL and Lebanese Leasing Company SAL. He is a member of the Supervisory Board of Fransabank OJSC in Belarus and member of the Board of Directors of BLC Bank SAL. He is a former Chairman of the Banks Association in Lebanon and the Honorary Consul General of the Republic of Hungary in Lebanon.

Born in 1932, Mr. Kassar holds a degree in Lebanese and French Law from Université Saint Joseph.

Me. Walid Daouk

Me. Walid Daouk is an accomplished lawyer in Lebanon specializing in commercial, civil, and property laws. In 1981, he started his practice as associate in Takla & Trad law firm thereafter became a partner and Vice Chairman of the International Affairs Commission at the Beirut Bar Association, in 2005, followed by becoming a member of its Arbitration Commission, in 2008. In 2011, he was appointed Minister of Information and per interim Minister of Justice until 2014.

Today, Me. Daouk is a member of the Board of numerous local and international banking, real estate trading, and insurance corporations, including Fransabank SAL (Lebanon), Fransabank (France) SA, Fransabank El Djazaïr SPA (Algeria), BLC Bank SAL (Lebanon), USB Bank PLC (Cyprus), Tourism and Hotel Development Company SAL, Beirut Waterfront Development SAL, among many others.

In 1994, he was appointed the Commissioner of the Lebanese Government at the Beirut Stock Exchange.

Twenty years ago, Me. Daouk was one of the founders of Ajialouna and has been a member of its Board of Trustees ever since, followed by joining the board of Dar Al Aytam in 2005.

He is also a member of the board of Trustees of three major education institutions in Lebanon: College Louise Wegman since 2005, International College since 2009, and Université Saint Joseph since 2012.

He was appointed member of the board of Directors of the Council for Development and Reconstruction of Lebanon (CDR 2001-2004). Born in 1958, Me. Daouk holds a Bachelor's degree in Lebanese Law and a Master's degree in French Law from Université Saint Joseph and a degree in Business Management from Beirut University College.

Me. Ziyad Baroud

Me. Ziyad Baroud is the former Minister of Interior and Municipalities (MoIM) of the Republic of Lebanon from 2008 till 2011. Under his leadership, the MoIM was awarded the 2010 United Nations Public Service Award First Prize.

Prior to his appointment as Minister, Me. Baroud held a number of leading positions. He was elected in 2004 Secretary General of the Lebanese Association for Democratic Elections. In 2005, he was a Member of the Lebanese National Commission on Electoral Law. He has served as a Board Member of the Lebanese Chapter of Transparency International since 2006. He is also on the Board of the Lebanese Center for Policy Studies and Notre Dame University.

Me. Baroud has received several awards, including the "Grand Officier de L'Ordre National du Cèdre", "Grand Officier de L'Ordre National du Mérite de la République Française", the International Foundation for Electoral Systems (IFES) 2010 Manatt Democracy Award for his commitment to freedom and democracy, the "Officier de la Légion d'Honneur" by the French President Nicolas Sarkozy, and the "Commandeur de Numéro de l'Ordre Civil du Mérite" by the King of Spain Juan Carlos I.

A court lawyer by practice, Managing Partner at HBD-T Law Firm and arbitrator, Me. Baroud held a number of academic posts as lecturer at Université Saint Joseph and has a number of publications on subjects related to local governance, decentralization, human rights, and other political and legal issues. He also worked as a Senior Advisor with Booz and Co. and is the consultant to various UN Agencies in Lebanon.

Born in 1970, Me. Baroud has a law degree from Université Saint Joseph and pursued his doctoral studies in Paris.

Biographies

Mr. Nazem El Khoury

Mr. Nazem El Khoury served as a Parliament Member from 2000 till 2005. Three years later, he was appointed Political Advisor to the President of the Republic of Lebanon, and in 2011, he was assigned Minister of Environment. Mr. El Khoury was also the Coordinator of the Steering Committee for the National Dialogue.

Currently, he is the Founder of Harbour Insurance Company and Chairman of the Tourism and Hotel Development Company SAL and BLC Services SAL. He is also a Board Member of BLC Bank SAL and Stow Capital Partners.

Mr. El Khoury was Former Chairman of Lebanon-German Insurance Company and BLC Finance and former Board Member of Al Ahli International Bank.

Parallel to his business and political work, Mr. El Khoury was heavily engaged in social and academic activities.

He was on the Board of Trustees of several educational institutions, such as the Lebanese American University, YMCA, Notre Dame University, and the American University of Science and Technology. Mr. El Khoury also served as former Vice President of the Lebanese Cooperative for Development and former member of the board of directors of the Lebanese Red Cross and Caritas.

Born in 1946, Mr. El Khoury holds a Bachelor's degree in Political Sciences and Public Administration from the American University of Beirut, as well as an Insurance Diploma from the Chartered Insurance Institute in London.

Mr. Nabil Kassar

Mr. Nabil Kassar holds several high positions in leading financial institutions. He is currently the Secretary General of Fransabank SAL and the Chairman of the Board of Directors of Fransa Invest Bank SAL and Fransa Land SAL.

Mr. Kassar is also a member of the Board of Directors of BLC Bank SAL, United Real Estate Investment Co. SAL, Bancassurance SAL, BLC Invest SAL, Fransabank Syria SAL, and Fransabank Group (Cyprus).

Born in 1970, Mr. Kassar holds a Bachelor's degree in Law from Université Saint Joseph.

Mr. Mansour Bteish

Mr. Mansour Bteish joined Fransabank SAL in 1974. Over the course of three decades, Mr. Bteish held various management positions and headed major Central Departments until he was appointed General Manager of Fransabank SAL in 2005.

Mr. Bteish is currently a member of the Board of Directors of several subsidiaries in Lebanon and abroad, including Fransa Invest Bank, BLC Bank SAL, BLC Invest, Lebanese Leasing Company, Fransabank (France), Fransabank El Djazaïr SPA (Algeria), USB Bank PLC (Cyprus), and United Capital Bank (Sudan).

Born in 1954, Mr. Bteish holds a Bachelor's degree in Business Administration and a Master's degree in Money and Banking from Université Saint Joseph.

Biographies

Mr. Raoul Nehme

Mr. Raoul Nehme is the General Manager of BLC Bank SAL. He is a board member of several companies in Lebanon and abroad, namely USB Bank PLC (Cyprus), BLC Invest SAL, Sehnaoui Plant SAL, Holding M&N Sehnaoui, Holding M. Sehnaoui, and Holding Al Mouna SAL.

Mr. Nehme's commitment to sustainable development led him to be the Founder and President of Jouzour Loubnan, a non-profit organization whose mission is to participate in the restoration of Lebanese woodland and to promote sustainable forestation in the arid regions of Lebanon.

Mr. Nehme had formerly joined Nipson Printing Systems SA, Groupe Bull (USA & France) in 1982. Nine years later, he was appointed President of Nipson Printing Systems Inc. in the United States.

Born in 1956, Mr. Nehme holds Engineering degrees from Ecole Polytechnique de Paris with a major in Economics and from Ecole des Mines de Paris with a major in Management.

Me. Walid Ziadé

Me. Walid Ziadé is a renowned lawyer in corporate and commercial law with first-hand experience in banking, financial investment, and real estate. He runs Boutros, Ziadé & Associates Law Firm as Managing Partner. He is also a member of the Beirut Bar Association and a board member of several companies, namely BLC Bank SAL, BLC Invest SAL, and BLC Finance SAL.

Born in 1971, Me. Ziadé holds a degree in Law from Université Saint Joseph and a degree in Business Administration and Management from Ecole Supérieur de Commerce de Paris (ESCP).

Mr. Henri De Courtivron

Mr. Henri de Courtivron has over 40 years of experience in business and finance. He joined Indosuez Bank in 1977 and was appointed at various management positions within the international network of the Bank in Singapore and in London and seconded to its affiliate Bank in Saudi Arabia, Banque Saudi Fransi, before returning to the Head Office in Paris.

In 2007, he became General Manager of Fransabank (France) SA and held this role for over six years. Currently, he serves as a member of the Bank's Board, the Chairman of the Audit Committee and a member of the Corporate Governance Committee.

Born in 1950, Mr. Courtivron graduated from Ecole Supérieure de Commerce de Paris and holds a degree in Economic Sciences from PARIS X University.

Subsidiaries' Boards

USB BANK P.L.C.

Members:

Mr. Maurice Sehnaoui (Chairman)
Mr. Nadim Kassar
BLC Bank s.a.l. represented by
Mr. Youssef Eid
Fransabank s.a.l represented by
Mr. Adel Kassar
Fransa Invest Bank s.a.l represented by
Mr. Mansour Bteish
Me. Walid Daouk
Mr. George Galatariotis
Mrs. Tania Moussallem
Mr. Phlippos Philis
Mrs. Despo Polycarpou
Mr. George Stylianou
Mr. Agis Taramides
Mr. Andreas Theodorides

Secretary to the Board:

Mr. Andreas Theodorides

External Auditors:

Deloitte Limited

BLC SERVICES S.A.L

Members:

Mr. Nazem El Khoury (Chairman General Manager)
BLC Bank s.a.l represented by
Mr. Maurice Sehnaoui
Holding M. Sehnaoui represented by
Mr. Maurice Sehnaoui
Me. Walid Daouk
Mr. Khaled Salman
Me. Walid Ziadé

Secretary to the Board:

Me. Michel Tueni

External Auditors:

Deloitte & Touche

BLC FINANCE S.A.L

Members:

Dr. Shadi Karam (Chairman)
BLC Bank s.a.l. represented by
Mr. Maurice Sehnaoui
Holding M. Sehnaoui s.a.l represented by
Mr. Maurice Sehnaoui
Me. Walid Daouk
Dr. Youssef Sarrouh
Me. Walid Ziadé

Secretary to the Board:

Me. Michel Tueni

External Auditors:

Deloitte & Touche

BLC INVEST S.A.L

Members:

Mr. Maurice Sehnaoui (Chairman General Manager)
Mr. Nadim Kassar (Vice Chairman General Manager)
Mr. Mansour Bteish
Me. Walid Daouk
Mr. Nabil Kassar
Mr. Raoul Nehme
Dr. Youssef Sarrouh
Me. Walid Ziadé

Secretary to the Board:

Me. Rawi Kanaan

External Auditors:

Deloitte & Touche

Board Committees

The Board of directors is ultimately responsible for the conduct of the Bank's affairs, but for greater efficiency Board Committees have been set up with formally delegated objectives, authorities, responsibilities and tenure in the form of board committee charters or terms of reference.

These committees serve to improve the efficiency of the work of the Board of Directors and deal with complex issues. Each committee has its specific charter, below is a list of committees & their members.

The Board of Directors has established the following committees in order to assist the board in discharging its responsibilities:

1.1- Executive Committee
1.2- Audit Committee
1.3- Risk Management Committee
1.4- Corporate Governance Committee
1.5- Board Credit Committee
1.6- Remuneration Committee

1.1- Executive Committee

1	**Chairman & General Manager**	**Maurice Sehnaoui**	Chairperson & Voting Member
2	**Vice Chairman & General Manager**	**Nadim Kassar**	Voting Member
3	**General Manager**	**Raoul Nehme**	Voting Member, Secretary
4	**Executive Board Member**	**Mansour Bteish**	Voting Member

1.2- Audit Committee

1	**Independent Board Member**	**Henri De Courtivron**	Chairperson & Voting Member
2	**Non-Executive Board Member**	**Walid Daouk**	Voting Member
3	**Non-Executive Board Member**	**Nabil Kassar**	Voting Member
4	**Non-Executive Board Member**	**Walid Ziadé**	Voting Member
5	**Head of Internal Audit**	**Alexander Zgheib**	Non-voting Member, Secretary

1.3- Risk Management Committee

1	**Independent Board Member**	**Nazem El-Khoury**	Chairperson & Voting Member
2	**General Manager**	**Raoul Nehme**	Voting Member
3	**Executive Board Member**	**Mansour Bteish**	Voting Member
4	**Non-Executive Board Member**	**Walid Daouk**	Voting Member
5	**Group Chief Risk Officer - Fransabank**	**Mona Khoury**	Non-voting Member
6	**Head of Risk Group (OR)**	**Georges Baz (OR)**	Non-voting Member, Secretary
	Deputy Head of Risk Group	**Carlos Lebbos**	

1.4- Corporate Governance Committee

1	**Independent Board Member**	**Ziyad Baroud**	Chairperson & Voting Member
2	**Independent Board Member**	**Henri De Courtivron**	Voting Member
3	**Non-Executive Board Member**	**Walid Daouk**	Voting Member
4	**Non-Executive Board Member**	**Walid Ziadé**	Voting Member, Secretary

1.5- Board Credit Committee

1	**Chairman & General Manager**	**Maurice Sehnaoui**	Chairperson & Voting Member
2	**Executive Board Member (Vice Chairman & General Manager Fransabank)**	**Adel Kassar**	Voting Member
3	**Vice Chairman & General Manager**	**Nadim Kassar**	Voting Member
4	**General Manager**	**Raoul Nehme**	Voting Member, Secretary
5	**Executive Board Member**	**Mansour Bteish**	Voting Member

1.6- Remuneration Committee

1	**Independent Board Member**	**Ziyad Baroud**	Chairperson & Voting Member
2	**Independent Board Member**	**Henri De Courtivron**	Voting Member
3	**Non-Executive Board Member**	**Walid Daouk**	Voting Member
4	**Non-Executive Board Member**	**Walid Ziadé**	Voting Member, Secretary

"The Remuneration Committee was formed on 28/10/2014 to assist the Board of Directors with respect to matters related to remuneration policies and procedures with a special focus on the remuneration policy of Senior Executive Management and incentive programs.

In this respect, the Committee will be responsible for the formulation of the Remuneration Policy, its periodic review and the assessment of its efficiency. The Committee shall supervise the proper implementation of the policy and coordinate with the Risk Management Committee to ensure its adequacy to effective performance."

Board of Directors

Management Committees

Management Committees

The Bank's Management Committee is responsible for the daily operations of the Bank guided by internal policies and the interest of the Bank and its stakeholders.

In order to divide the workload of overseeing the Bank's operations and to discharge certain statutory responsibilities, several Committees were formed where decisions are made taking into account the participants' recommendations.

These committees are executive in nature aiming mainly to ensure a balanced approach to running the institution and avoiding excessive concentration of power in individuals or functions.

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

2.1 - Management Committee
2.2 - Central Credit Committee
2.3 - Assets & Liabilities Committee
2.4 - Affiliate Affairs Committee
2.5 - Compliance Committee
2.6 - Information Technology Committee
2.7 - Corporate Social Responsibility Committee

Organization Chart

BLC Bank Network

Board Committees

2.1- Management Committee

1	General Manager	Raoul Nehme	Chairperson
2	Head of Corporate Group	Joseph Baddour	
3	Head of Risk Group	Georges Baz	
4	Head of Retail Group	Youssef Eid	
5	Head of Marketing & Support Groups	Tania Moussallem	
6	Advisor to the Vice Chairman & General Manager	Bassam Hassan	
7	Advisor to the General Manager	Elie Azar	
8	Head of Financial Management & Accounting Group (CFO)	Hani Denawi	
9	Head of Treasury & Financial Markets Group	Naji Echo	
10	Head of Marketing Group	Maya Margie	
11	Head of Human Resources Group	Souheil Younes	
12	Head of Internal Audit	Alexander Zgheib	
13	Head of Special Assignments	Youmna Ziade	Secretary

2.2- Central Credit Committee

1	Vice Chairman & General Manager	Nadim Kassar	Chairperson & Voting Member
2	General Manager	Raoul Nehme	Voting Member
3	Executive Board Member (General Manager - Fransabank)	Mansour Bteish	Voting Member
4	Head of Corporate Group (OR)	Joseph Baddour (OR)	Voting Member
	Head of Retail Group (OR)	Youssef Eid (OR)	
	Head of Treasury & Financial Markets Group	Naji Echo	
5	Head of Risk Group	Georges Baz	Voting Member
6	Head of Marketing & Support Groups	Tania Moussallem	Voting Member
7	Consultant / Corporate Group	Antoine Asmar	Voting Member
8	Deputy Head of Risk Group	Carlos Lebbos	Non-Voting Member, Secretary

2.3 - Assets & Liabilities Committee

1	General Manager	Raoul Nehme	Chairperson &Voting Member
2	Executive Board member (General Manager - Fransabank)	Mansour Bteish	Voting Member
3	Group Chief Risk Officer-Fransabank	Mona Khoury	Non-Voting Member
4	Head of Financial Control & Accounting Group (CFO)	Nabih Saddy	Voting Member
5	Head of Treasury Department-Fransabank	Nabil Tannous	Voting Member
6	Head of Financial Management & Accounting Department-Fransabank	Hani Denawi	Voting Member
7	Head of Treasury & Financial Markets Group	Naji Echo	Voting Member, Secretary
8	Deputy Head of Risk Group	Carlos Lebbos	Non-Voting Member

2.4 - Affiliate Affairs Committee

1	General Manager	Raoul Nehme	Chairperson &Voting Member
2	Executive Board Member (General Manager - Fransabank)	Mansour Bteish	Voting Member
3	Head of Marketing & Support Groups	Tania Moussallem	Voting Member
4	Head of Financial Control & Accounting Department - Fransabank	Nabih Saddy	Voting Member
5	Head of International-Fransabank	Georges Andraos	Non-Voting Member
6	Head of Financial Management & Accounting Group (CFO)	Hani Denawi	Voting Member
7	Head of Internal Audit	Alexander Zgheib	Non-Voting Member
8	Deputy Head of Risk Group	Carlos Lebbos	Non-Voting Member, Secretary

2.5 - Compliance Committee

1	**General Manager**	**Raoul Nehme**	Chairperson &Voting Member
2	**Head of Corporate Group**	**Joseph Baddour**	Voting Member
3	**Head of Risk Group**	**Georges Baz**	Voting Member
4	**Head of Retail Group**	**Youssef Eid**	Voting Member
5	**Head of Marketing & Support Groups**	**Tania Moussallem**	Voting Member
6	**Head of Treasury & Financial Markets Group**	**Naji Echo**	Voting Member
7	**Head of Internal Audit**	**Alexander Zgheib**	Non-Voting Member
8	**Head of Compliance**	**Fouad Khalife**	Voting Member, Secretary
9	**Deputy Head of Risk Group**	**Carlos Lebbos**	Non-Voting Member
10	**Head of Operations**	**Georges Nammour**	Voting Member

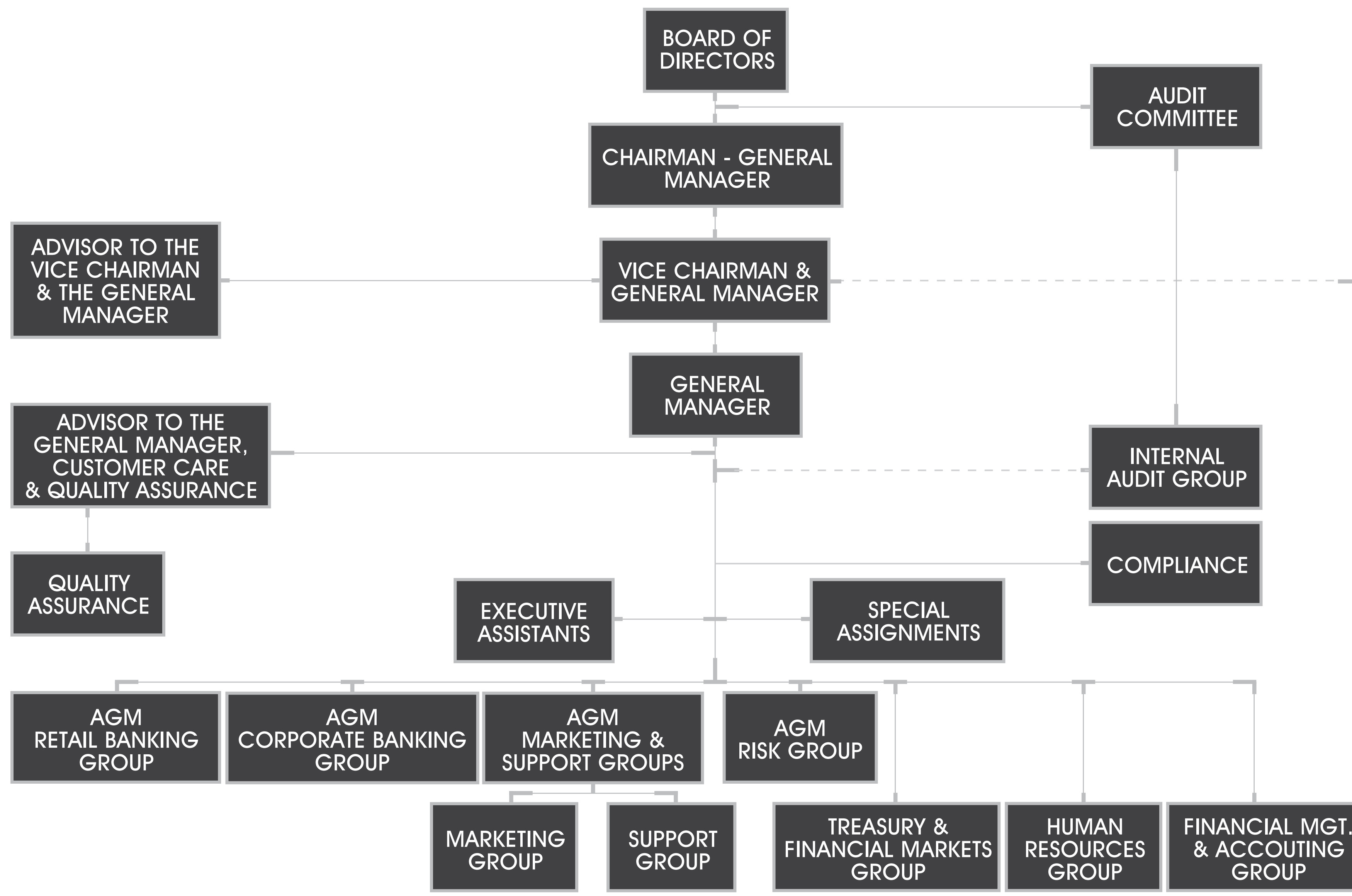
2.6 - Information Technology Committee

1	**General Manager**	**Raoul Nehme**	Chairperson & Voting Member
2	**Head of Marketing & Support Groups**	**Tania Moussallem**	Voting Member
3	**Advisor to the Vice Chairman & General Manager**	**Bassam Hassan**	Voting Member
4	**Chief Information Officer**	**Pierrot Atallah**	Voting Member, Secretary
5	**Head of IT Security**	**Eve-Marie Saba**	Non-Voting Member
6	**Head of Organization**	**Maya Wakim**	Voting Member

2.7 - Corporate Social Responsibility Committee

1	**Head of Special Assignments**	**Youmna Ziade**	Chairperson & Voting Member
2	**Head of Credit & Financial Risk**	**Rabih Abi Ammar**	Voting Member
3	**Head of Learning & Development**	**Eliane Abi Azar**	Voting Member
4	**Head of Quality Assurance**	**Joyce Abou Naoum**	Voting Member
5	**Head of Administration**	**Elizabeth El Khazen**	Voting Member
6	**Head of Administrative Support**	**Fady El Khoury**	Voting Member
7	**Head of Strategic Development**	**Hani Hoyek**	Voting Member
8	**Head of Communication**	**Joyce Kozaily**	Voting Member
9	**Senior Relationship Manager**	**Nancy Maalouf**	Voting Member, Secretary
10	**Head of Organization**	**Maya Wakim**	Voting Member

Organization Chart



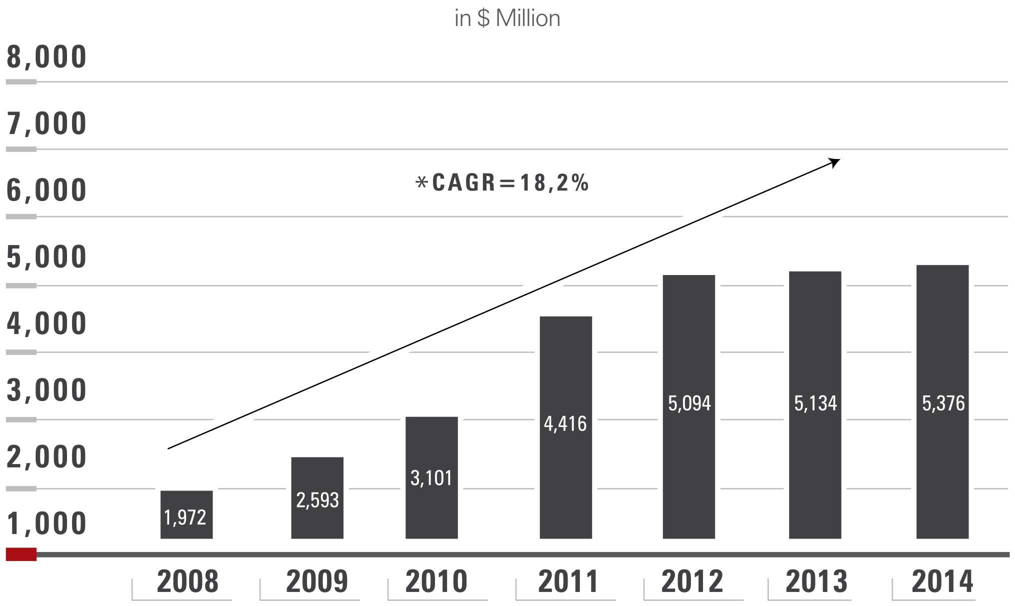
FINANCIAL HIGHLIGHTS

BLC BANK'S CONSOLIDATED FINANCIAL HIGHLIGHTS

DECEMBER 2014

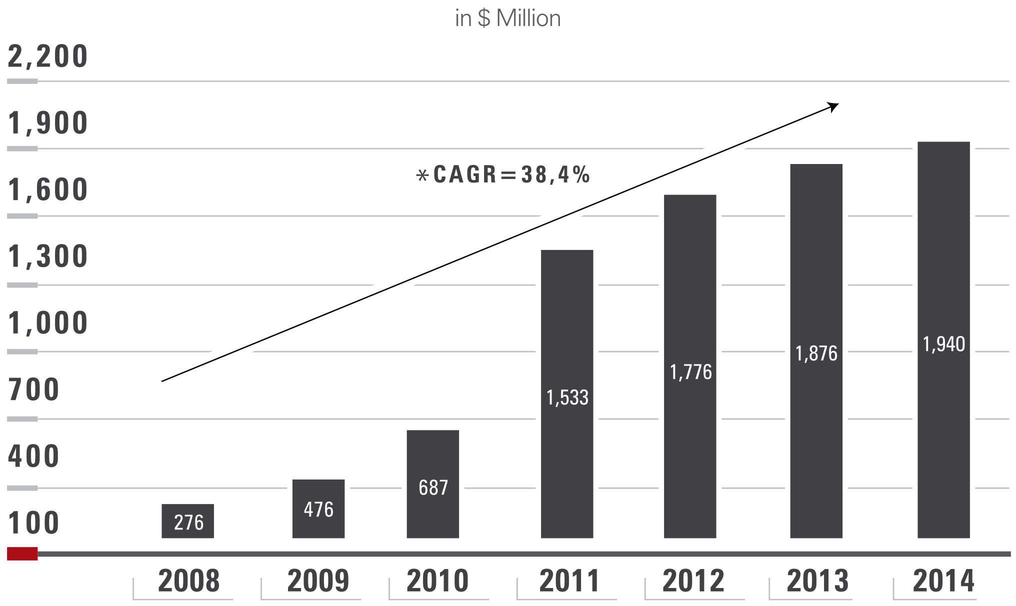
BLC Consolidated
Main Financial Highlights
December 2014

Total Assets Evolution



* As compared to a CAGR of Alpha group of 12.7% for the same period

Loans Evolution

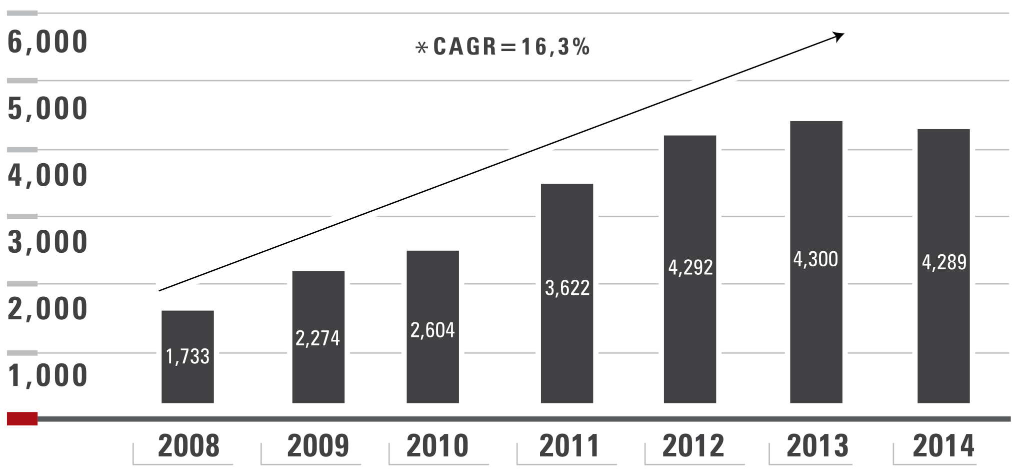


* As compared to a CAGR of Alpha group of 16.5% for the same period

BLC Consolidated
Main Financial Highlights
December 2014

Total Deposits Evolution

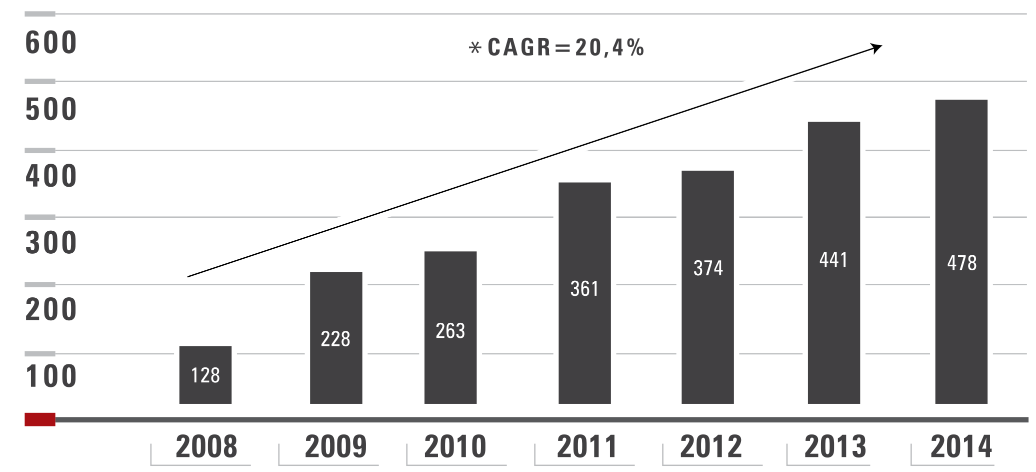
in $ Million



* As compared to a CAGR of Alpha group of 13.0% for the same period

Shareholders' Equity

in $ Million



* As compared to a CAGR of Alpha group of 12.7% for the same period

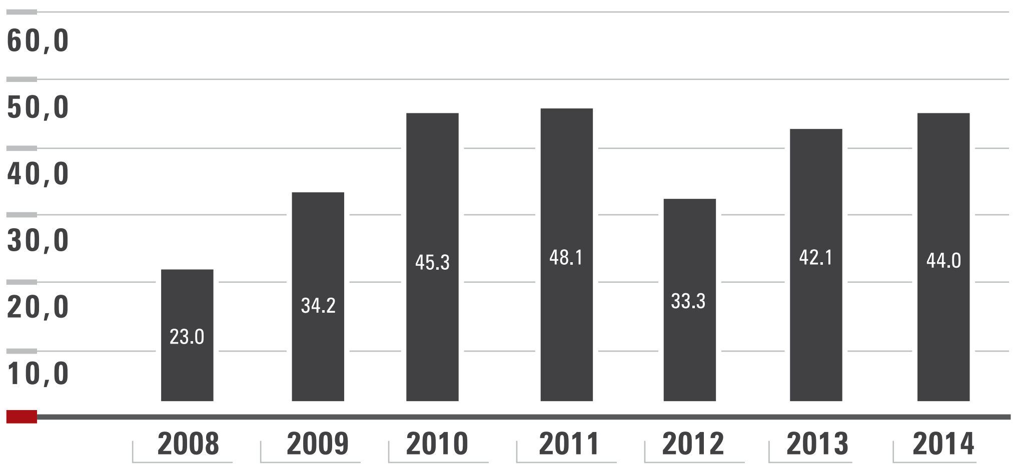
BLC Consolidated

Main Financial Highlights

December 2014

Net Income

in $ Million



FINANCIAL HIGHLIGHTS AND RATIOS (CONSOLIDATED)

Financial Highlights & Ratios (Consolidated)							
(Audited) in USD Mio.	2014	2013	2012	2011	2010	2009	2008
Total Assets	5,376	5,134	5,094	4,416	3,101	2,593	1,972
Net Liquid Assets (BDL & Banks-Net)	859	738	988	518	544	601	397
Net Loans	1,940	1,876	1,776	1,533	687	476	276
Deposits	4,289	4,300	4,292	3,622	2,604	2,274	1,733
Shareholders' Equity	478	441	374	361	263	228	157
Net Interest Income (Including interest on FV Securities)	134.6	123.1	111.4	97.1	64.4	53.8	44.2
Net Financial Revenues	157.4	146.4	130.3	117.9	82.7	69.4	52.9
Provision for Credit Losses (Net of Write Backs)	(37.4)	(40.2)	(14.1)	(3.7)	7.7	3.9	8.7
Operating Expenses	(85.9)	(83.9)	(81.4)	(71.9)	(44.8)	(38.6)	(34.8)
Earning Before Tax	54.0	49.5	40.0	56.8	53.5	40.1	27.4
Net Income	44.0	42.1	33.3	48.1	45.3	34.2	23.0
Dividend to Preferred Shares	9.0	7.6	6.7	2.6	-	-	-
Ratio NII to Average Total Assets	2.56%	2.41%	2.34%	2.58%	2.26%	2.36%	2.39%
Return on Average Assets	0.84%	0.82%	0.70%	1.28%	1.59%	1.50%	1.24%
Return on Average Equity	9.59%	10.33%	9.06%	15.42%	18.44%	17.77%	16.14%
Capital Adequacy	15.18%	14.47%	11.80%	10.84%	10.30%	10.99%	11.00%
Net liquid assets (BDL & Banks-Net) to Deposits	20%	17%	23%	14%	21%	26%	23%
Net Loans to Deposit	45%	44%	41%	42%	26%	21%	16%
Coverage ratio	71%	74.4%	87.9%	89.5%	95.8%	93.2%	92.2%
Cost to Income	53.1%	56.6%	60.1%	54.3%	49.5%	51.6%	65.1%

Financial Highlights & Ratios (Consolidated)							
(Audited) in USD Mio.	2014	2013	2012	2011	2010	2009	2008
Growth in Total Assets	4.7%	0.8%	15.4%	42.4%	19.6%	31.5%	13.8%
Growth in Deposits	-0.2%	0.2%	18.5%	39.1%	14.5%	31.2%	17.1%
Growth in Loans	3.4%	5.6%	15.9%	122.9%	44.6%	72.6%	36.5%
Growth in Equity	8.3%	18.0%	3.6%	37.3%	15.1%	45.4%	22.4%
Growth in Net Financial Revenues	7.5%	12.3%	10.5%	42.5%	19.2%	31.3%	27.7%
Branches	55	55	56	51	35	34	35
Staff Employed	980	961	968	898	628	610	523

BALANCE SHEET STRUCTURE

Balance Sheet Structure														
(Audited)	2014	% total	2013	% total	2012	% total	2011	% total	2010	% total	2009	% total	2008	% total
	(In Million of US$)													
Cash & Banks	893	17%	739	14%	996	20%	523	12%	576	19%	624	24%	421	21%
Net Loans	1,940	36%	1,876	37%	1,776	35%	1,533	35%	687	22%	476	18%	276	14%
Securities	2,283	42%	2,257	44%	2,098	41%	2,142	48%	1,684	54%	1,369	53%	1,179	60%
Other assets	260	5%	262	5%	224	4%	218	5%	154	5%	124	5%	96	5%
Total assets	5,376	100%	5,134	100%	5,094	100%	4,416	100%	3,101	100%	2,593	100%	1,972	100%
Borrowings	511	10%	312	6%	350	7%	325	7%	162	5%	30	1%	32	2%
Customers deposits	4,289	79%	4,300	83%	4,292	84%	3,622	83%	2,604	85%	2,274	88%	1,733	87%
Other liabilities	98	2%	81	2%	78	2%	108	2%	72	2%	61	2%	50	3%
Total liabilities	**4,898**	**91%**	**4,693**	**91%**	**4,720**	**93%**	**4,055**	**92%**	**2,838**	**92%**	**2,365**	**91%**	**1,815**	**92%**
Total equity	**478**	**9%**	**441**	**9%**	**374**	**7%**	**361**	**8%**	**263**	**8%**	**228**	**9%**	**157**	**8%**
Total liabilities and equity	**5,376**	**100%**	**5,134**	**100%**	**5,094**	**100%**	**4,416**	**100%**	**3,101**	**100%**	**2,593**	**100%**	**1,972**	**100%**

NET INTEREST STRUCTURE

Net Interest Structure														
(Audited)	2014	% total	2013	% total	2012	% total	2011	% total	2010	% total	2009	% total	2008	% total
	(In K of US$)													
Interest income:														
Banks	**14,999**	5%	**15,463**	5%	**12,204**	4%	**4,195**	2%	**4,071**	2%	**4,682**	3%	**9,094**	7%
Investment securities	**149,520**	47%	**143,695**	47%	**142,366**	50%	**135,895**	55%	**120,285**	70%	**112,330**	74%	**101,037**	77%
loans	**154,380**	48%	**146,963**	48%	**131,898**	46%	**106,136**	43%	**48,748**	28%	**35,382**	23%	**20,629**	16%
Others	**4**	0%	**3**	0%	**131**	0%	**444**	0%	**93**	0%	**85**	0%	**115**	0%
Total interest income	**318,903**	**100%**	**306,124**	**100%**	**286,599**	**100%**	**246,669**	**100%**	**173,198**	**100%**	**152,478**	**100%**	**130,877**	**100%**
Interest expenses:														
Banks	11,889	6%	6,917	4%	4,403	3%	5,095	3%	2,288	2%	132	0%	756	1%
Deposits	171,272	93%	174,898	95%	167,877	95%	143,243	96%	106,237	98%	98,249	100%	83,122	96%
other	1,135	1%	1,195	1%	2,883	2%	1,227	1%	295	0%	329	0%	2,756	3%
Total interest expense	**184,297**	**100%**	**183,010**	**100%**	**175,163**	**100%**	**149,565**	**100%**	**108,820**	**100%**	**98,709**	**100%**	**86,633**	**100%**
Net interest Income	**134,606**		**123,114**		**111,436**		**97,105**		**64,378**		**53,769**		**44,243**	

AUDITORS' REPORT

Consolidated Financial Statements

Independent Auditors' Report

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

Report on the Financial Statements

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, 2014, and the consolidated statements of profit or loss and other comprehensive income, 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 is 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 the existing banking laws in Lebanon. 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, 2014, and its financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards.

Beirut, Lebanon
April 18, 2015
DFK Fiduciaire du Moyen Orient
Deloitte & Touche

BLC BANK S.A.L. AND SUBSIDIARIES CONSOLIDATED STATEMENT OF FINANCIAL POSITION

ASSETS	Notes	December 31 2014	December 31 2013
		LBP'000	
Cash and central banks	5	988,206,488	856,464,504
Deposits with banks and financial institutions	6	357,950,403	257,930,277
Loan to a bank	7	5,645,220	6,350,873
Investment securities at fair value through profit or loss	9	108,085,576	144,981,838
Loans and advances to customers	8	2,924,024,928	2,828,497,672
Investment securities at amortized cost	9	3,317,240,809	3,243,374,740
Investment securities at fair value through other comprehensive income	9	15,754,751	14,494,569
Customers' liability under acceptances	10	30,903,191	23,202,175
Assets acquired in satisfaction of loans	11	88,887,519	88,799,677
Investment properties	11	56,402,506	57,989,822
Property and equipment	12	79,225,525	80,759,630
Intangible assets	13	3,646,950	4,412,372
Deferred assets	14	87,584,283	96,296,646
Goodwill	15	6,750,818	7,637,618
Other assets	16	34,350,828	28,297,333
Total Assets		**8,104,659,795**	**7,739,489,746**

FINANCIAL INSTRUMENTS WITH OFF-BALANCE SHEET RISKS:	37		
Letters of guarantee and standby letters of credit		214,486,644	222,771,207
Letters of credit		33,955,484	59,889,813
Forward exchange contracts		96,198,982	72,111,100
FIDUCIARY ACCOUNTS	38	12,052,500	16,290,083
ASSETS UNDER MANAGEMENT	16	17,004,996	-

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

LIABILITIES	Notes	December 31 2014	December 31 2013
		LBP'000	
Deposits from banks	17	51,410,251	2,153,046
Customers' accounts	18	6,466,234,609	6,481,583,888
Liability under acceptances	10	30,903,191	23,202,175
Other borrowings	19	719,222,190	467,940,933
Subordinated bonds	20	18,160,021	20,545,551
Other liabilities	21	89,850,989	70,922,088
Provisions	22	8,628,303	8,101,779
Total Liabilities		**7,384,409,554**	**7,074,449,460**

EQUITY	Notes	2014	2013
		LBP'000	
Capital	23	152,700,000	152,700,000
Preferred shares	24	1,300,000	1,300,000
Premium on preferred shares	24	194,675,001	194,675,001
Reserves	25	148,899,380	130,084,515
Regulatory reserve for assets acquired in satisfaction of loans	25	23,019,272	23,019,272
Brought forward retained earnings		118,803,357	91,591,204
Cumulative change in fair value of investments at fair value through other comprehensive income	9	6,265,831	6,265,831
Cumulative currency translation adjustments		(52,301)	(17,058)
Net profit for the year		66,773,035	64,568,577
Equity attributable to equity holders of the Bank		**719,114,346**	**663,415,180**
Non-controlling interests		1,135,895	1,625,106
Total equity		**720,250,241**	**665,040,286**
Total Liabilities and Equity		**8,104,659,795**	**7,739,489,746**

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

BLC BANK S.A.L. AND SUBSIDIARIES CONSOLIDATED STATEMENT OF PROFIT OR LOSS

Year Ended December 31

	Notes	2014	2013
		LBP'000	
Interest income	27	475,388,509	452,913,444
Interest expense	28	(277,828,398)	(275,887,228)
Net interest income		**197,560,111**	**177,026,216**
Fee and commission income	29	33,892,554	33,111,157
Fee and commission expense	30	(5,244,757)	(5,244,757)
Net fee and commission income		**28,720,249**	**27,866,400**
Net interest and other gain/(loss) on investment securities at fair value through profit or loss	31	5,498,619	5,498,619
Other operating income	32	5,497,848	5,144,643
Net financial revenues		**237,276,827**	**220,640,544**
Allowance for impairment of loans and advances (net)	8	(56,344,384)	(60,663,962)
Loans' recovery/(direct write-off), net		318,805	(38,221)
Impairment of goodwill	15	-	(34,268,905)
Write-back of discount on purchased loan portfolio	8	270,600	148,028
Net financial revenues after net impairment loss/ write-back		**181,521,848**	**125,817,484**

Year Ended December 31

	Notes	2014	2013
		LBP'000	
Income originated from contractual future cash flows	14(b)	26,163,596	77,159,472
Net gain on disposal of property and equipment and properties acquired in satisfaction of loans	11,12	3,332,815	1,342,359
Other non-operating income	33	3,316,500	-
Change in fair value of investment properties	11	(3,135,314)	(4,428,962)
Write-back of provision no longer required	22	-	1,397,846
Allowance for contingencies	22	(307,350)	(277,200)
Staff costs	34	(78,590,243)	(76,730,709)
General and administrative expenses	35	(43,232,273)	(42,585,760)
Depreciation and amortization	12,13	(7,704,570)	(7,078,542)
Profit before income tax		**81,365,009**	**74,615,988**
Income tax expense	21	(14,973,176)	(11,129,111)
Profit for the year		**66,391,833**	**63,486,877**
Attributable to:			
Equity holders of the Bank		66,773,035	64,568,577
Non-controlling interests		(381,202)	(1,081,700)
		66,391,833	**63,486,877**

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

Organization Chart

Management Committees

BLC BANK S.A.L. AND SUBSIDIARIES CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Year Ended December 31

	Notes	2014	2013
		LBP'000	
Profit for the year		**66,391,833**	**63,486,877**
Other comprehensive income:			
Items that will not be reclassified subsequently to profit or loss:			
Net change in fair value of investments at fair value through other comprehensive income	9	1,261,367	2,000,000
Deferred tax liability	21	(489,205)	-
		772,162	**2,000,000**
Items that may be reclassified subsequently to profit or loss:			
Currency translation adjustments		(1,803)	(26,261)
Total other comprehensive income		**770,359**	**1,973,739**
Total comprehensive income for the year		**67,162,192**	**65,460,616**
Attributable to:			
Equity holders of the Bank		67,509,954	66,444,762
Non-controlling interests		(347,762)	(984,146)
		67,162,192	**65,460,616**

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

BLC BANK S.A.L. AND SUBSIDIARIES 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	Special Reserve for Loans and Advances	Regulatory Reserve for Assets Acquired in Satisfaction of Loans	Cumulative Currency Translation Adjustments	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, 2013	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
Allocation of 2012 profit	-	-	5,575,346	-	7,811,834	-	3,196,931	-	-	33,637,549	(50,221,660)	-	-	-
Dividends paid (Note 26)	-	-	-	-	-	-	-	-	-	(9,925,500)	-	(9,925,500)	(15,123)	(9,940,623)
Dividends paid to Preferred shares "A" & "B" (Note 26)	-	-	-	-	-	-	-	-	-	(10,024,875)	-	(10,024,875)	-	(10,024,875)
Transfer between legal and regulatory reserve	-	-	-	68,059	-	-	(68,059)	-	-	-	-	-	-	-
Issuance of preferred shares "C"	-	52,762,500	-	-	-	-	-	-	-	-	-	52,762,500	-	52,762,500
Dilution in non-controlling-interest shares	-	-	1,596	790	-	-	-	-	-	30,610	-	32,996	(32,996)	-
Deferred tax on future dividends distribution of subsidiaries	-	-	-	-	-	-	-	-	-	(60,324)	-	(60,324)	-	(60,324)
Earnings originated from contractual future cash flows (Note 14)	-	-	-	-	-	-	-	-	-	3,164,248	-	3,164,248	-	3,164,248
Difference of exchange	-	-	-	-	-	-	-	-	-	(37,291)	-	(37,291)	-	(37,291)
Other adjustments	-	-	-	-	-	-	-	-	-	(36,276)	-	(36,276)	(113)	(36,389)
Total comprehensive income for the year 2013	-	-	-	-	-	-	-	(123,815)	2,000,000	-	64,568,577	66,444,762	(984,146)	65,460,616
Balance - December 31, 2013	**152,700,000**	**195,975,001**	**32,742,114**	**62,010,135**	**35,332,266**	**-**	**23,019,272**	**(17,058)**	**5,493,669**	**91,591,204**	**64,568,577**	**663,415,180**	**1,625,106**	**665,040,286**
Allocation of 2013 profit	-	-	6,177,377	--	10,444,908	1,778,478	7,144,076	-	-	39,023,738	(64,568,577)	-	-	-
Dividends paid	-	-	-	-	-	-	-	-	-	-	-	-	(33,053)	(33,053)
Dividends paid to Preferred shares "A", "B" & "C" (Note 26)	-	-	-	-	-	-	-	-	-	(11,459,221)	-	(11,459,221)	-	(11,459,221)
Transfer to free reserves	-	-	-	413,305	-	-	(413,305)	-	-	-	-	-	-	-
Net dilution in non-controlling interests and other adjustments	-	-	116	681	-	-	-	-	-	(235,913)	-	(235,116)	(107,618)	(342,734)
Deferred tax on future dividends distribution of subsidiaries	-	-	-	-	-	-	-	-	-	(68,890)	-	(68,890)	-	(68,890)
Other movement	-	-	-	-	-	-	-	-	-	(47,561)	-	(47,561)	(778)	(48,339)
Total comprehensive income for the year 2014	-	-	-	-	-	-	-	(35,243)	772,162	-	66,773,035	67,509,954	(347,762)	67,162,192
Balance - December 31, 2014	**152,700,000**	**195,975,001**	**38,919,607**	**62,424,121**	**45,777,174**	**1,778,478**	**29,750,043**	**(52,301)**	**6,265,831**	**118,803,357**	**66,773,035**	**719,114,346**	**1,135,895**	**720,250,241**

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

BLC BANK S.A.L. AND SUBSIDIARIES CONSOLIDATED STATEMENT OF CASH FLOWS

Year Ended December 31

	Notes	2014	2013
		LBP'000	
Cash flows from operating activities:			
Net profit for the year		66,391,833	63,486,877
Adjustments for:			
Impairment of loans and advances to customers	8	56,073,784	60,515,934
Depreciation and amortization	12,13	7,704,570	7,078,542
Impairment of goodwill	15	-	34,268,905
Income originated from contractual future cash flows	14(b)	(26,163,596)	(77,159,472)
Change in fair value of investment properties	11	3,135,314	4,428,962
Allowance for contingencies	22	307,350	277,200
Provision/(write back) for end-of-service indemnities (net)	22	446,171	(1,332,780)
Provision for loss on foreign currency position	22	61,981	18,162
Unrealized loss on investments at fair value through profit or loss	9	116,053	759,652
Income tax expense		14,973,176	11,129,111
Gain on disposal of property and equipment		(4,443)	(605,696)
Gain on disposal of property acquired in satisfaction of loans		(3,328,372)	(736,662)
Dividend income		(590,826)	(448,831)
Interest expense	28	277,828,398	275,887,228
Interest income	27,31	(480,746,913)	(461,482,361)
		(83,795,520)	**(83,915,229)**
Net increase in loans and advances to customers		(171,154,372)	(216,272,435)
Net (increase)/decrease in margins with banks		(3,346,650)	557,775
Net increase in investments at fair value through other comprehensive income		-	(102,510)
Net decrease in investments at fair value through profit or loss	12	36,074,824	30,749,354

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

	Notes	2014	2013
		LBP'000	
Net increase in investments at amortized cost		(74,571,899)	(263,779,300)
Net (decrease)/increase in customers' deposits		(14,380,042)	14,650,066
Net increase in compulsory deposits with central banks	39	(35,831,825)	(11,989,645)
Net increase in term deposits with banks		(7,462,418)	(753,846)
Net decrease in term deposits with central banks		35,861,850	976,232
Net increase in term deposits with a related bank		(17,134,201)	(10,373,850)
Net increase/(decrease) in deposits from banks		49,233,205	(9,647,907)
Net increase in other assets		(6,053,495)	(6,286,731)
Net increase in other liabilities		13,701,462	5,635,998
Proceeds from disposal of property acquired in satisfaction of loans		4,512,098	1,082,385
Proceeds from disposal of investment properties		-	228,120
Settlements made from provisions	22	(146,554)	(7,240,977)
		(274,493,537)	**(556,482,500)**
Income tax paid		(10,303,832)	(9,970,381)
Dividends received from investments at fair value through profit or loss	31	176,870	352,630
Dividends received from investments at fair value through other comprehensive income	32	413,956	96,201
Interest paid		(276,013,527)	(280,040,002)
Interest received		515,907,787	463,020,457
Net cash used in operating activities		**(44,312,283)**	**(383,023,595)**
Cash flows from investing activities:			
Proceeds from disposal of property and equipment		53,606	1,005,956
Acquisition of property and equipment	12	(6,019,205)	(5,965,603)
Acquisition of intangible assets	13	(949,600)	(1,573,919)
Net cash used in investing activities		**(6,915,199)**	**(6,533,566)**

Continued

BLC BANK S.A.L. AND SUBSIDIARIES CONSOLIDATED STATEMENT OF CASH FLOWS

		Year Ended December 31	
	Notes	2014	2013
		LBP'000	
Cash flows from financing activities:			
Dividends paid	26	(11,459,221)	(19,965,498)
Issuance of preferred shares	24	-	52,762,500
Dividends paid to non-controlling interests		(33,053)	-
Net decrease in loan to a bank		700,000	700,000
Net increase/(decrease) in other borrowings		248,520,677	(47,127,905)
Net cash generated from/(used in) financing activities		**237,728,403**	**(13,630,903)**
Net increase/(decrease) in cash and cash equivalents		**186,500,921**	**(403,188,064)**
Effect of foreign currency fluctuation		17,284,166	(5,557,075)
Cash and cash equivalents beginning of year	39	383,181,210	791,926,349
Cash and cash equivalents end of year	**39**	**586,966,297**	**383,181,210**

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

BLC BANK S.A.L. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS`
YEAR ENDED DECEMBER 31, 2014

1. General Information

BLC Bank S.A.L., (the "Bank"), is a Lebanese joint stock company registered in the Commercial Register under No. 1952 and in the Central Bank of Lebanon list of banks under No. 11. The consolidated financial statements of the Bank comprise the Bank and its subsidiaries (the "Group"). The Group is primarily involved in investment, corporate and retail banking.

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

The consolidated subsidiaries consist of the following as at December 31:

	Ownership Interest		Country of Incorporation	Business Activity
	2014	2013		
	%			
BLC Invest S.A.L.	99.97	99.97	Lebanon	Investment Bank
BLC Finance S.A.L.	98.99	98.96	Lebanon	Financial Institution
BLC Services S.A.L.	90.67	90.33	Lebanon	Insurance Brokerage
USB Bank PLC.	98.39	97.31	Cyprus	Commercial bank

Fransabank SAL is the ultimate parent of the Bank.

2. New And Revised International Financial Reporting Standards (IFRSs)

2.1 Application Of New And Revised International Financial Reporting Standards (IFRSs)

In the current year, the Group has applied the following new and revised Standards issued by the International Accounting Standards Board (IASB) that are mandatorily effective with a date of initial application of January 1, 2014 and that are applicable to the Group:

Amendments to IFRS 10, IFRS 12, and IAS 27 Investment Entities

The amendments to IFRS 10 define an investment entity and require a reporting entity that meets the definition of an investment entity not to consolidate its subsidiaries but instead measure its subsidiaries at fair value through profit or loss in its consolidated and separate financial statements. To qualify as an investment entity, a reporting entity is required to:

- Obtain funds from one or more investors for the purpose of providing them with investment management services;
- Commit to its investor(s) that its business purpose is to invest funds solely for returns from capital appreciation, investment income, or both; and
- Measure and evaluate performance of substantially all of its investments on a fair value basis.

Consequential amendments have been made to IFRS 12 and IAS 27 to introduce new disclosure requirements for investment entities. The amendments require retrospective application.

Amendments to IAS32 Offsetting
Financial Assets and Financial Liabilities

The amendments to IAS 32 clarify the requirements relating to the offset of financial assets and financial liabilities. Specifically, the amendments clarify the meaning of "currently has a legally enforceable right to set-off" and "simultaneous realization and settlement". The amendments require retrospective application.

Amendments to IAS36
Recoverable Amount Disclosures for Non-Financial Assets

The amendments to IAS 36 remove the requirement to disclose the recoverable amount of a cash-generating unit (CGU) to which goodwill or other intangible assets with definite useful lives had been allocated when there has been no impairment or reversal of impairment of the related CGU. Furthermore, the amendments introduce additional disclosure requirements applicable to when the recoverable amount of an asset or a CGU is measured at fair value less costs of disposal. These new disclosures include the fair value hierarchy, key assumptions and valuation techniques used which are in line with the disclosure required by IFRS 13 Fair Value Measurements. The amendments require retrospective application.

IFRIC 21 - Levies

IFRIC 21 addresses the issue as to when to recognize a liability to pay a levy imposed by a government. The interpretation defines a levy, and specifies that the obligating event that gives rise to the liability is the activity that triggers the payment of the levy, as identified by legislation.

The application of the above new and revised Standards did not have a material impact on the disclosures and amounts reported for the current and prior years, but may affect the accounting for future transactions or arrangements.

Management Committees
Organization Chart
Management Committees

2.2 New and revised IFRSs in issue but not yet effective

The Group has not applied the following new and revised IFRSs that have been issued but not yet effective:

	Effective for Annual Periods Beginning on or After
• Annual Improvements to IFRSs 2010-2012 Cycle that include amendments to IFRS 2, IFRS 3, IFRS 8, IFRS 13, IAS 16, IAS 38 and IAS 24.	1 July 2014
• Annual Improvements to IFRSs 2011-2013 Cycle that include amendments to IFRS 1, IFRS 3, IFRS 13 and IAS 40.	1 July 2014
• Amendment to IAS 19 *Employees Benefits* clarify the requirements that relate to how contributions from employees of third parties that are linked to service should be attributed to periods of service. In addition, the amendments permit a practical expedient if the amount of the contributions is independent of the number of years of service, in that contributions, can, but are not required, to be recognized as reduction in the the service cost in the period in which the related service is rendered.	1 July 2014
• IFRS 15 Revenue from Contracts with Customers- establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. IFRS 15 will supersede the current revenue recognition guidance including IAS 18 Revenue, IAS 11 Construction Contracts and the related interpretations when it becomes effective. The core principle of IFRS 15 is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods and services.	1 January 2017
• Amendments to IFRS 11 Accounting for Acquisitions of Interests in Joint Operations - provide guidance on how to account for the acquisition of a joint operation that constitutes a business as defined under IFRS 3 Business Combinations.	1 January 2016
• Amendments to IAS 16 and IAS 38 Classification of Acceptable Methods of Depreciation and Amortization - Amendments to IAS 16 prohibit entities from using a revenue-based depreciation method for items of property, plant and equipment. The amendments to IAS 38 introduce rebuttable presumption that revenue is not an appropriate basis for amortization of an intangible asset.	1 January 2016
• Amendments to IAS 27 Separate Financial Statements permit investments in subsidiaries, joint ventures and associates to be optionally accounted for using the equity method of accounting in separate financial statements.	1 January 2016
• Amendments to IFRS 10 and IAS 28 Sale or Contribution of Assets between an Investor and its Associate or Joint Venture clarify the treatment of the sale or contribution of assets from an investor to its associate or joint venture to (i) require full recognition in the investor's financial statements of gains and losses arising on the sale or contribution of assets that constitute a business (as defined in IFRS 3 Business Combinations), (ii) require the partial recognition of gains and losses where	1 January 2016

	Effective for Annual Periods Beginning on or After
the assets do not constitute a business; i.e. a gain or loss is recognized only to the extent of the unrelated investors' interests in that associate or joint venture. These requirements apply regardless of the legal form of the transaction, e.g. whether the sale or contribution of assets occurs by an investor transferring shares in a subsidiary that holds the assets (resulting in loss of control of the subsidiary), or by a direct sale of the assets themselves.	
• Amendments to IAS 1 Presentation of Financial Statements address perceived impediments to prepares of financial statements exercising their judgment in presenting the financial reports.	1 January 2016
• Amendments to IFRS 10 Consolidated Financial Statements, IFRS 12 Disclosure of Interests in Other Entities and IAS 28 Investments in Associates and Joint Ventures (2011) clarify certain aspects of applying the consolidation exception for investment entities.	1 January 2016
• Annual Improvements to IFRSs 2012-2014 Cycle that include amendments to IFRS 5, IFRS 7, IAS 19, and IAS 34.	1 January 2016
• IFRS 9 Financial Instruments (2013) was revised in November 2013 to incorporate a hedge accounting chapter and permit early application for presenting in other comprehensive income the own credit gains or losses on financial liabilities designated under the fair value option without early applying the other requirements of IFRS 9. The main amendments to hedge accounting are summarized by (i) The 80 - 125% rule for testing of hedge effectiveness is no longer required, (ii) hedge effectiveness is measured prospectively with no more consideration for retrospective testing, (iii) funding of foreign investments in foreign currency can be considered as a hedge and related foreign currency adjustment is deferred under equity, (iv) hedging instrument can be re-designated and periodically revisited to eliminate mismatch, and (v) cash flow hedge for fixed income securities classified at amortized cost has become eligible.	1 January 2018
• This version of the standard remains available for application if the relevant date of initial application is before 1 February 2015.	
• The final version of IFRS 9 Financial Instruments (2014) was issued in July 2014 to replace IAS 39: Financial Instruments: Recognition and Measurement. IFRS 9 (2014) incorporates requirements for classification and measurement, impairment, general hedge accounting and derecognition. The final version of IFRS 9 introduces a) new classification for debt instruments that are held to collect contractual cash flows with ability to sell, and related measurement requirement consists of "fair value through other comprehensive income" (FVTOCI), and b) impairment of financial assets applying expected loss model through 3 phases, starting by 12 month expected impairment loss to be initiated on initial recognition of the credit exposure, and life time impairment loss to be recognized upon significant increase in credit risk prior to the date the credit exposure is being impaired, and phase 3 when the loan is effectively impaired. On phase 1 and 2 income from time value is recognized on the gross amount of the credit exposure and in phase 3 income is recognized on the net exposure.	

Except for IFRS 9 on the provisioning for impairment, the Directors of the Group do not anticipate that the application of these amendments will have a significant effect on the Group's consolidated financial statements.

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 and Measurement

The consolidated financial statements have been prepared on the historical cost basis except for the following that are measured at revalued amounts or fair values at the end of each reporting period, as explained in the accounting policies below:

- Land and buildings acquired prior to 1999 are measured at their revalued amounts based on market prices prevailing during 1999, to compensate for the effect of the hyper-inflationary economy prevailing in the earlier years;
- Financial assets and liabilities at fair value through profit and loss;
- Equity securities at fair value through other comprehensive income;
- Derivative financial instruments;
- Investment properties.

Assets and liabilities are grouped according to their nature and are presented in an approximate order that reflects their relative liquidity.

Summary of significant accounting policies

Following is a summary of the most significant accounting policies applied in the preparation of these consolidated financial statements:

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) as at the reporting date. Control is achieved when the Bank is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

Specifically, the Bank controls an investee if and only if the Bank has:

• Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee);

• Exposure, or rights, to variable returns from its involvement with the investee, and
• The ability to use its power over the investee to affect its returns.

When the Bank has less than a majority of the voting or similar rights of an investee, the Bank considers all relevant facts and circumstances in assessing whether it has power over an investee; including:

• The contractual arrangement with the other vote holders of the investee;

• Rights arising from other contractual arrangements;

• The Group's voting rights and potential voting rights.

The Bank re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control.

Consolidation of a subsidiary begins when the Bank obtains control over the subsidiary and ceases when the Bank loses control of the subsidiary. Income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of comprehensive income from the date the Bank gains control until the date the Bank ceases to control the subsidiary.

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. Acquisition-related costs are expensed as incurred in profit or loss.

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:

The consolidated financial statements are presented in Lebanese Pound (LBP) which is the reporting currency of the Group. The primary currency of the economic environment in which the Group operates (functional currency) is the U.S. Dollar. The Lebanese Pound exchange rate has been constant to the U.S. Dollar since many years.

In preparing the financial statements of each individual group entity, transactions in currencies other than the entity›s reporting 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. 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.

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 as 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 entity'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 currently enforceable legal right to set-off the recognized 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 price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The fair value of an asset or a liability is measured by taking into account the characteristics of the asset or liability that if market participants would take those characteristics into account when pricing the asset or liability at the measurement date.

A fair value measurement of a non-financial asset takes into account a market participant›s ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

For financial reporting purposes, fair value measurement are categorized into level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;

- Level 2 - Inputs, other than quoted prices included within Level 1, that are observable for the asset and liability either directly or indirectly; and

- Level 3 - Inputs are unobservable inputs for the asset or liability.

I. Impairment of Financial Assets:

Financial assets carried at amortized cost are assessed for indicators of impairment at the reporting date. Financial assets 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 land and advance payments on capital expenditures less their residual values, if any, using the straight-line method over the useful lives estimated as follows:

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

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 expenditure on software assets is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is expensed as incurred.

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 financial position date. Gains or losses arising from changes in the fair values of investment properties are included in the statement of profit or loss. 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 assets, 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 Assets:

Deferred assets on business acquisition and against contractual projected cash flows are stated at amortized cost. Such deferred assets are amortized over the period of related benefits deriving from the net return of the invested funds funded through committed structured medium term debt purpose to offset exceptional impairment losses. Amortization charge is treated as a yield adjustment to the interest income of the invested funds.

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 and its employees make contributions to 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 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 discounts or premiums.

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.

Interest income and expense presented in the statement of profit or loss 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.

Interest income on financial assets measured at FVTPL is presented in the statement of profit or loss under "Net interest and other gain / (loss) on financial assets at FVTPL" (See below).

Net interest and other net gain / loss on financial assets measured at FVTPL includes:
- Interest income;
- Dividend income;
- Realized and unrealized fair value changes;
- Foreign exchange differences.

Interest expense on financial liabilities designated as at fair value through profit or loss are presented separately in the statement of profit or loss.
Dividend income is recognized when the right to receive payment is established. Dividends on equity instruments designated as at fair value through other comprehensive income in accordance with IFRS 9, are recognized in profit

or loss, unless the dividend clearly represents a recovery of part of the investment, in which case it is presented in other comprehensive income.

W. Income Tax:

Income tax expense represents the sum of the tax currently payable and deferred tax. Income tax is recognized in the consolidated statement of profit or loss 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.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the consolidated statement of profit or loss because of the items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Part of the debt securities invested 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 consolidated 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 the Group's customers on a 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 contractual maturities of a period of three months including: cash and balances with the central banks 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 theperformance 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:

When the fair values of financial instruments recorded in the statement of financial position cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques including the Discounted Cash Flow (DCF) model, as described in Note 45.

The inputs in these models are taken from observable markets where possible. 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 sovereign bonds including Central Bank certificates of deposit.

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.

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.

5. CASH AND CENTRAL BANKS

This caption consists of the following:

	December 31, 2014		December 31, 2013	
	Balance	of which Compulsory/ Regulatory Deposits	Balance	of which Compulsory/ Regulatory Deposits
	LBP'000			
Cash on hand	43,700,609	-	46,611,703	-
Current accounts with Central Bank of Lebanon	195,566,811	96,463,414	100,001,915	54,457,201
Current accounts with Central Bank of Cyprus	5,780,657	5,780,657	19,209,305	11,955,045
Term placements with Central Bank of Lebanon	625,943,750	373,843,951	622,175,000	429,777,019
Term placements with Central Bank of Cyprus	110,949,135	-	62,243,100	-
Accrued interest receivable	6,265,526	-	6,223,481	-
	988,206,488	476,088,022	856,464,504	496,189,265

Compulsory deposits under current accounts with Central Bank of Lebanon are in Lebanese Pounds and non-interest earning. These deposits are computed on the basis of 25% and 15% of the average weekly sight and term customers' deposits in Lebanese Pounds subject to certain exemptions, in accordance with local banking regulations. These deposits are not available for use in the Group's day-to-day operations.

Regulatory deposits under term placements with Central Bank of Lebanon are made 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

This caption consists of the following:

	December 31,	
	2014	2013
	LBP'000	
Purchased checks	42,350,344	35,322,980
Current accounts with banks and financial institutions	107,874,643	96,657,004
Current accounts with the parent bank	1,528,288	2,030,099
Current accounts with related banks and financial institutions	18,543,022	3,785,896
	170,296,297	**137,795,979**
Term placements with banks and financial institutions	156,058,123	109,040,900
Term placements with a related bank	27,508,051	10,373,850
Blocked margins with banks and financial institutions	4,060,828	714,178
	187,627,002	**120,128,928**
Accrued interest receivable	27,104	5,370
	357,950,403	**257,930,277**

7. LOAN TO A BANK

This caption consists of the following:

	December 31,	
	2014	2013
	LBP'000	
Regular performing account	5,600,000	6,300,000
Accrued interest receivable	45,220	50,873
	5,645,220	**6,350,873**

8. LOANS AND ADVANCES TO CUSTOMERS

This caption consists of the following:

	December 31, 2014					December 31, 2013				
	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									
Regular and Watch List - Retail Customers:										
Housing loans	521,269,475	-	-	-	521,269,475	473,257,996	-	-	-	473,257,996
Personal loans	241,239,194	-	-	-	241,239,194	225,043,277	-	-	-	225,043,277
Car loans	165,450,482	-	-	-	165,450,482	175,652,250	-	-	-	175,652,250
Credit cards	18,109,556	-	-	-	18,109,556	19,594,157	-	-	-	19,594,157
Educational loans	18,171,871	-	-	-	18,171,871	16,703,122	-	-	-	16,703,122
Staff loans	9,438,458	-	-	-	9,438,458	8,799,545	-	-	-	8,799,545
Other	10,391,618	-	-	-	10,391,618	16,768,497	-	-	-	16,768,497
	984,070,654	**-**	**-**	**-**	**984,070,654**	**935,818,844**	**-**	**-**	**-**	**935,818,844**
Regular and Watch List - Corporate customers:										
Corporate	957,605,996	-	-	-	957,605,996	827,042,566	-	-	-	827,042,566
Small and medium enterprises	618,551,972	-	-	-	618,551,972	718,867,676	-	-	-	718,867,676
	1,576,157,968	**-**	**-**	**-**	**1,576,157,968**	**1,545,910,242**	**-**	**-**	**-**	**1,545,910,242**
Accrued interest receivable	18,244,465	-	-	-	18,244,465	27,801,532	-	-	-	27,801,532
Allowance for collectively assessed loans:										
Regular and watch list	-	-	-	(14,133,773)	(14,133,773)	-	-	-	(15,413,337)	(15,413,337)
Total regular and watch list	**2,578,473,087**	**-**	**-**	**(14,133,773)**	**2,564,339,314**	**2,509,530,618**	**-**	**-**	**(15,413,337)**	**2,494,117,281**
Non-performing loans and advances:										
Purchased loan book	2,226,266	-	-	-	2,226,266	2,198,725	-	-	-	2,198,725
Substandard	14,410,022	(1,468,161)	-	-	12,941,861	5,370,923	(783,319)	-	-	4,587,604
Doubtful	910,106,147	(406,566,126)	(4,649,985)	(119,907,883)	378,982,153	927,207,803	(440,590,402)	(6,651,163)	(117,473,732)	362,492,506
Bad	268,759,497	(221,441,836)	(2,559,612)	(44,757,369)	680	313,343,110	(267,103,816)	(2,656,946)	(43,578,787)	3,561
Allowance for collectively assessed loans:										
Doubtful and bad	-	-	-	(34,465,346)	(34,465,346)	-	-	-	(34,902,005)	(34,902,005)
Total non-performing	**1,195,501,932**	**(629,476,123)**	**(7,209,597)**	**(199,130,598)**	**359,685,614**	**1,248,120,561**	**(708,477,537)**	**(9,308,109)**	**(195,954,524)**	**334,380,391**
	3,773,975,019	**(629,476,123)**	**(7,209,597)**	**(213,264,371)**	**2,924,024,928**	**3,757,651,179**	**(708,477,537)**	**(9,308,109)**	**(211,367,861)**	**2,828,497,672**

The carrying value of loans and advances to customers includes accidentally temporary debtors with carrying value amounting to LBP 5.6 billion as at December 31, 2014 (LBP 4.7 billion as at December 31, 2013).

Loans granted to related parties amounted to LBP 5.47 billion as at December 31, 2014 (LBP 16.2 billion as at December 31, 2013).

During 2004, the Group acquired a loan portfolio from a local bank. 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.

The movement of unrealized interest was as follows:

	2014	2013
	LBP'000	
Balance, January 1	(708,477,537)	(643,713,192)
Additions	(76,995,417)	(132,700,343)
Write-back through profit or loss (Note 27)	6,799,252	10,357,259
Write-off	92,162,813	38,458,913
Transfer to allowance for impairment	1,576,224	500,530
Transfer to off-balance sheet	49,050,240	21,343,921
Effect of exchange rates changes	6,408,302	(2,724,625)
Balance, December 31	**(629,476,123)**	**(708,477,537)**

The movement of the allowance for impairment of loans and advances was as follows:

	2014	2013
	LBP'000	
Balance, January 1	(211,367,861)	(149,563,566)
Additions through profit or loss	(59,966,305)	(64,345,859)
Write-back through profit or loss	3,621,921	3,681,897
Transfer to off-balance sheet	2,955,495	1,623,017
Transfer from unrealized interest	(1,576,224)	(500,530)
Write-off	37,256,078	2,500,964
Effect of exchange rates changes	15,812,525	(4,763,784)
Balance, December 31	**(213,264,371)**	**(211,367,861)**

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

	2014	2013
	LBP'000	
Balance, January 1	(9,308,109)	(9,515,159)
Additions	(23,847)	(2,528)
Write back through profit or loss	270,600	148,028
Transfer to off-balance sheet	17,865	52,048
Write-off	1,833,894	9,502
Balance, December 31	**(7,209,597)**	**(9,308,109)**

9. INVESTMENT SECURITIES

This caption consists of the following:

December 31, 2014

	Fair Value Through Profit or Loss	Amortized Cost	Fair Value Through Other Comprehensive Income	Total
	LBP'000			
Quoted equity securities	4,908,677	-	-	4,908,677
Unquoted equity securities	1,325	-	15,754,751	15,756,076
Lebanese treasury bills	15,143,377	1,272,028,472	-	1,287,171,849
Lebanese Government bonds	2,007,871	661,210,128	-	663,217,999
Foreign Government bonds	12,985,523	148,179,481	-	161,165,004
Foreign Eurobonds	31,407,082	-	-	31,407,082
Certificates of deposit issued by Central Bank of Lebanon	36,422,770	1,145,316,107	-	1,181,738,877
Mutual Fund	3,502,722	-	-	3,502,722
Corporate bonds	-	33,605,566	-	33,605,566
	106,379,347	**3,260,339,754**	**15,754,751**	**3,382,473,852**
Accrued interest receivable	1,706,229	56,901,055	-	58,607,284
	108,085,576	**3,317,240,809**	**15,754,751**	**3,441,081,136**

December 31, 2013

	Fair Value Through Profit or Loss	Amortized Cost	Fair Value Through Other Comprehensive Income	Total
	LBP'000			
Quoted equity securities	5,903,907	-	-	5,903,907
Unquoted equity securities	1,325	-	14,494,569	14,495,894
Lebanese treasury bills	15,191,427	1,142,442,532	-	1,157,633,959
Lebanese Government bonds	21,466,711	724,521,219	-	745,987,930
Foreign Government bonds	19,283,379	166,546,592	-	185,829,971
Foreign Eurobonds	44,887,599	-	-	44,887,599
Certificates of deposit issued by Central Bank of Lebanon	35,835,876	1,085,452,632	-	1,121,288,508
Corporate bonds	-	66,804,880	-	66,804,880
	142,570,224	**3,185,767,855**	**14,494,569**	**3,342,832,648**
Accrued interest receivable	2,411,614	57,606,885	-	60,018,499
	144,981,838	**3,243,374,740**	**14,494,569**	**3,402,851,147**

A. Investments at Fair Value through Profit or Loss:

December 31, 2014

	Fair Value	Accrued Interest Receivable	Total Carrying Value	Cumulative Unrealized Gain/(Loss)
	LBP'000			
Quoted equity securities	4,908,677	-	4,908,677	(3,171,122)
Unquoted equity securities	1,325	-	1,325	-
Lebanese treasury bills	15,143,377	243,750	15,387,127	143,377
Lebanese Government bonds	2,007,871	61,008	2,068,879	(33,638)
Foreign Government bonds	12,985,523	78,158	13,063,681	(20,109)
Foreign Eurobonds	31,407,082	216,821	31,623,903	(47,615)
Certificates of deposit issued by Central Bank of Lebanon	36,422,770	1,106,492	37,529,262	1,814,643
Mutual Fund	3,502,722	-	3,502,722	-
	106,379,347	**1,706,229**	**108,085,576**	**(1,314,464)**

December 31, 2013

	Fair Value	Accrued Interest Receivable	Total Carrying Value	Cumulative Unrealized Gain/(Loss)
	LBP'000			
Quoted equity securities	5,903,907	-	5,903,907	(2,989,131)
Unquoted equity securities	1,325	-	1,325	-
Lebanese treasury bills	15,191,427	241,071	15,432,498	191,427
Lebanese Government bonds	21,466,711	350,145	21,816,856	46,441
Foreign Government bonds	19,283,379	263,056	19,546,435	54,803
Foreign Eurobonds	44,887,599	458,244	45,345,843	119,986
Certificates of deposit issued by Central Bank of Lebanon	35,835,876	1,099,098	36,934,974	1,309,404
	142,570,224	**2,411,614**	**144,981,838**	**(1,267,070)**

The movement of investments at fair value through profit or loss during 2014 and 2013 was as follows:

2014

	LBP	F/CY	Total
	LBP'000		
Balance, January 1	50,715,399	91,854,825	142,570,224
Acquisition	5,110,872	29,646,135	34,757,007
Sale	(1,868,705)	(19,439,896)	(21,308,601)
Redemption upon maturity	-	(48,190,135)	(48,190,135)
Unrealized loss (Note 31)	451,767	(567,820)	(116,053)
Amortization of discount/premium	355,800	(1,688,895)	(1,333,095)
Balance, December 31	**54,765,133**	**51,614,214**	**106,379,347**

2013

	LBP	F/CY	Total
	LBP'000		
Balance, January 1	92,683,038	81,396,192	174,079,230
Acquisition	34,127,312	57,087,557	91,214,869
Sale	-	(3,063,313)	(3,063,313)
Swap	(20,609,451)	-	(20,609,451)
Redemption upon maturity	(56,500,000)	(39,993,674)	(96,493,674)
Unrealized loss (Note 31)	1,261,321	(2,020,973)	(759,652)
Amortization of discount/premium	(246,821)	(1,647,080)	(1,893,901)
Other movement	-	83,056	83,056
Effect of exchange rates changes	-	13,060	13,060
Balance, December 31	**50,715,399**	**91,854,825**	**142,570,224**

B. Investments at Amortized Cost:

December 31, 2014

	Amortized Cost	Accrued Interest Receivable	Carrying Value	Fair Value	Change in Fair Value
	LBP'000				
Lebanese treasury bills	1,272,028,472	22,402,530	1,294,431,002	1,298,797,403	4,366,401
Lebanese Government bonds	661,210,128	10,851,476	672,061,604	687,912,736	15,851,132
Foreign Government bonds	148,179,481	3,010,439	151,189,920	153,108,682	1,918,762
Certificates of deposit issued by Central Bank of Lebanon	1,145,316,107	20,616,458	1,165,932,565	1,181,921,941	15,989,376
Corporate bonds	33,605,566	20,152	33,625,718	33,962,988	337,270
	3,260,339,754	**56,901,055**	**3,317,240,809**	**3,355,703,750**	**38,462,941**

December 31, 2013

	Amortized Cost	Accrued Interest Receivable	Carrying Value	Fair Value	Change in Fair Value
	LBP'000				
Lebanese treasury bills	1,142,442,532	19,709,291	1,162,151,823	1,164,325,744	2,173,921
Lebanese Government bonds	724,521,219	11,777,841	736,299,060	736,584,841	285,781
Foreign Government bonds	166,546,592	4,746,005	171,292,597	161,494,288	(9,798,309)
Certificates of deposit issued by Central Bank of Lebanon	1,085,452,632	21,327,307	1,106,779,939	1,106,946,327	166,388
Corporate bonds	66,804,880	46,441	66,851,321	67,528,761	677,440
	3,185,767,855	**57,606,885**	**3,243,374,740**	**3,236,879,961**	**(6,494,779)**

Lebanese treasury bills amounting to LBP 381.7 billion (LBP 266.5 billion in 2013) are pledged against soft loans and credit facilities funded by the Central Bank of Lebanon (Note 19).

Lebanese government bonds amounting to LBP 174.3 billion (LBP 174.3 billion in 2013) are pledged against a stand-by line facility funded by the Central Bank of Lebanon (Note 19).

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

December 31, 2014

	LBP				C/V of F/Cy			
Remaining Period to Maturity	Nominal Value	Amortized Cost	Fair Value (Excluding Accrued Interest Receivable)	Average Coupon Rate	Nominal Value	Amortized Cost	Fair Value (Excluding Accrued Interest Receivable)	Average Coupon Rate
	LBP'000			%	LBP'000			%
Lebanese treasury bills:								
Up to one year	224,000,000	224,114,223	224,809,927	7.01	-	-	-	-
1 year to 3 years	203,749,500	203,928,604	205,488,475	6.88	-	-	-	-
3 years to 5 years	384,147,074	386,145,186	388,976,757	7.53	-	-	-	-
5 years to 10 years	129,100,000	129,695,721	130,877,739	7.90	-	-	-	-
Beyond 10 years	325,000,000	328,144,738	326,241,975	8.74	-	-	-	-
	1,265,996,574	**1,272,028,472**	**1,276,394,873**		**-**	**-**	**-**	**-**
Lebanese Government bonds:								
Up to one year	-	-	-	-	17,162,888	17,285,718	17,316,237	7.69
1 year to 3 years	-	-	-	-	194,979,922	197,797,564	205,214,287	9.65
3 years to 5 years	-	-	-	-	101,922,330	101,894,876	99,447,910	5.56
5 years to 10 years	-	-	-	-	247,089,803	249,290,896	257,123,926	7.03
Beyond 10 years	-	-	-	-	95,527,260	94,941,074	97,958,900	6.54
	-	**-**	**-**	**-**	**656,682,203**	**661,210,128**	**677,061,260**	
Foreign Government bonds:								
Up to one year	-	-	-	-	90,891,919	90,208,015	90,523,796	3.88
1 year to 3 years	-	-	-	-	1,833,870	1,821,465	1,852,209	5.00
5 years to 10 years	-	-	-	-	59,042,625	56,150,001	57,722,238	4.63
	-	**-**	**-**	**-**	**151,768,414**	**148,179,481**	**150,098,243**	

	December 31, 2014							
	LBP				C/V of F/Cy			
Remaining Period to Maturity	Nominal Value	Amortized Cost	Fair Value (Excluding Accrued Interest Receivable)	Average Coupon Rate	Nominal Value	Amortized Cost	Fair Value (Excluding Accrued Interest Receivable)	Average Coupon Rate
	LBP'000			%	LBP'000			%
Certificates of deposit issued by Central Bank of Lebanon:								
Up to one year	48,000,000	48,057,164	48,164,512	7.39	30,647,475	30,823,537	31,002,154	10.00
1 year to 3 years	478,000,000	482,345,016	92,089,930	7.97	-	-	-	-
3 years to 5 years	-	-	-	-	68,742,000	67,151,327	66,388,327	5.30
5 years to 10 years	336,000,000	332,241,587	339,176,990	8.09	45,978,750	44,697,476	44,820,745	5.80
Beyond 10 years	140,000,000	140,000,000	139,662,825	9.04	-	-	-	-
	1,002,000,000	**1,002,643,767**	**1,019,094,257**		**145,368,225**	**142,672,340**	**142,211,226**	
Corporate bonds:								
Up to one year	-	-	-	-	3,667,740	3,675,422	3,671,775	0.52
1 year to 3 years	-	-	-	-	29,913,075	29,930,144	30,271,061	0.77
	--	**-**	**-**		**33,580,815**	**33,605,566**	**33,942,836**	

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

December 31, 2013

	LBP				C/V of F/Cy			
Remaining Period to Maturity	Nominal Value	Amortized Cost	Fair Value (Excluding Accrued Interest Receivable)	Average Coupon Rate	Nominal Value	Amortized Cost	Fair Value (Excluding Accrued Interest Receivable)	Average Coupon Rate
	LBP'000			%	LBP'000			%
Lebanese treasury bills:								
Up to one year	194,560,000	194,674,263	197,988,139	7.94	-	-	-	-
1 year to 3 years	311,765,500	313,165,612	313,068,714	6.78	-	-	-	-
3 years to 5 years	378,784,000	381,651,010	385,731,303	7.66	-	-	-	-
5 years to 10 years	181,100,000	182,145,985	179,761,474	7.78	-	-	-	-
Beyond 10 years	70,300,000	70,805,662	68,066,823	8.74	-	-	-	-
	1,136,509,500	**1,142,442,532**	**1,144,616,453**		**-**	**-**	**-**	**-**
Lebanese Government bonds:								
Up to one year	-	-	-	-	60,913,179	60,910,077	61,248,053	8.60
1 year to 3 years	-	-	-	-	117,048,330	122,123,715	124,375,195	9.89
3 years to 5 years	-	-	-	-	139,502,066	139,355,689	142,137,589	7.77
5 years to 10 years	-	-	-	-	293,973,053	295,841,449	293,417,879	6.81
Beyond 10 years	-	-	-	-	106,079,760	106,290,289	103,628,284	6.59
	-	**-**	**-**	**-**	**717,516,388**	**724,521,219**	**724,807,000**	
Foreign Government bonds:								
Up to one year	-	-	-	-	43,570,170	42,230,425	42,951,889	4.69
1 year to 3 years	-	-	-	-	63,410,993	61,370,131	58,411,389	4.07
5 years to 10 years	-	-	-	-	66,392,640	62,587,251	55,026,220	4.63
Beyond 10 years					358,785	358,785	358,785	**4.75**
	-	**-**	**-**	**-**	**173,732,588**	**166,546,592**	**156,748,283**	

December 31, 2013

	LBP				C/V of F/Cy			
Remaining Period to Maturity	Nominal Value	Amortized Cost	Fair Value (Excluding Accrued Interest Receivable)	Average Coupon Rate	Nominal Value	Amortized Cost	Fair Value (Excluding Accrued Interest Receivable)	Average Coupon Rate
	LBP'000			%	LBP'000			%
Certificates of deposit issued by Central Bank of Lebanon:								
Up to one year	34,000,000	34,307,382	34,440,292	9.84	28,642,500	28,642,500	28,588,529	4.50
1 year to 3 years	269,000,000	274,333,402	275,766,604	7.93	30,647,475	31,363,155	31,577,077	10.00
3 years to 5 years	257,000,000	258,545,881	263,447,725	7.91	-	-	-	-
5 years to 10 years	326,000,000	321,875,160	320,620,596	8.09	114,720,750	111,385,152	107,043,212	5.50
Beyond 10 years	25,000,000	25,000,000	24,134,985	8.74	-	-	-	-
	911,000,000	**914,061,825**	**918,410,202**		**174,010,725**	**171,390,807**	**167,208,818**	
Corporate bonds:								
Up to one year	-	-	-	-	34,618,112	33,871,002	34,049,891	1.36
1 year to 3 years	-	-	-	-	25,415,933	25,043,401	25,266,549	0.62
3 years to 5 years	-	-	-	-	8,299,080	7,890,477	8,165,880	0.82
	--	**-**	**-**		**68,333,125**	**66,804,880**	**67,482,320**	

The movement of investments at amortized cost during 2014 and 2013 was as follows:

2014

	LBP	F/CY	Total
	LBP'000		
Balance, January 1	2,056,504,357	1,129,263,498	3,185,767,855
Acquisition	451,283,981	123,927,453	575,211,434
Redemption upon maturity	(228,560,000)	(246,743,368)	(475,303,368)
Amortization of discount/premium	(4,556,099)	2,705,737	(1,850,362)
Effect of exchange rates changes	-	(23,485,805)	(23,485,805)
Balance, December 31	**2,274,672,239**	**985,667,515**	**3,260,339,754**

2013

	LBP	F/CY	Total
	LBP'000		
Balance, January 1	1,868,094,928	1,053,893,627	2,921,988,555
Acquisition	467,049,713	163,381,238	630,430,951
Redemption upon maturity	(43,000,000)	(103,127,181)	(146,127,181)
Swap	(230,034,362)	-	(230,034,362)
Amortization of discount/premium	(5,605,922)	5,393,988	(211,934)
Effect of exchange rates changes	-	9,721,826	9,721,826
Balance, December 31	**2,056,504,357**	**1,129,263,498**	**3,185,767,855**

During 2013, debt securities swapped against securities with longer maturities with similar risks resulted in premiums which will serve as a yield enhancement of the new instruments over the extended period to maturities.

C. Investments at Fair Value through Other Comprehensive Income:

The Group has designated investments in equity securities as at fair value through other comprehensive income. The classification was chosen as the investments are expected to be held for a long time.

December 31, 2014

	Cost	Allowance for Impairment	Carrying Fair Value	Cumulative Change in Fair Value
	LBP'000			
Unquoted equity securities	8,383,485	(300)	15,754,751	7,371,566
Deferred tax liability				(1,105,735)
				6,265,831

December 31, 2013

	Cost	Allowance for Impairment	Carrying Fair Value	Cumulative Change in Fair Value
	LBP'000			
Unquoted equity securities	8,384,670	(300)	14,494,569	6,110,199
Deferred tax liability				(616,530)
				5,493,669

The movement of investments at fair value through other comprehensive income during 2014 and 2013 is as follows:

2014	LBP	F/CY	Total
	LBP'000		
Balance, January 1	7,595,542	6,899,027	**14,494,569**
Transfers	6,030,000	(6,030,000)	**-**
Change in fair value	1,458,770	(197,403)	**1,261,367**
Effect of exchange rates changes	-	(1,185)	**(1,185)**
Balance, December 31	**15,084,312**	**670,439**	**15,754,751**

2013	LBP	F/CY	Total
	LBP'000		
Balance, January 1	5,595,542	6,796,089	**12,391,631**
Acquisition	-	102,510	**102,510**
Change in fair value	2,000,000	-	**2,000,000**
Effect of exchange rates changes	-	428	**428**
Balance, December 31	**7,595,542**	**6,899,027**	**14,494,569**

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 / INVESTMENT PROPERTIES

This section represents foreclosed real estate properties acquired through enforcement of security over loans and advances to customers. For regulatory purposes foreclosed assets acquired by the Group's local operation are categorized as "Assets Acquired in Satisfaction of Loans".

	December 31, 2014	December 31, 2013
	LBP'000	
Assets acquired in satisfaction of loans – Lebanon	88,887,519	88,799,677
Investment properties – Foreign operations	56,402,506	57,989,822
	145,290,025	**146,789,499**

11.1 ASSETS ACQUIRED IN SATISFACTION OF LOANS:

According to the Lebanese banking regulations, the acquisition of assets in settlement of loans requires the approval of the banking regulatory authorities and these should be liquidated within 2 years. In case of default of liquidation, a regulatory reserve should be appropriated from the yearly net profits over a period of 5 or 20 years as applicable. These assets are carried at cost less impairment allowance.

The movement of assets acquired in satisfaction of loans was as follows:

	Cost	Impairment allowance	Carrying Value
	LBP'000		
Balance January 1, 2013	**98,068,777**	**(9,227,950)**	**88,840,827**
Foreclosures	304,573	-	304,573
Disposals	(360,825)	15,102	(345,723)
Balance December 31, 2013	**98,012,525**	**(9,212,848)**	**88,799,677**
Foreclosures	1,271,568	-	1,271,568
Disposals	(1,303,036)	119,310	(1,183,726)
Balance December 31, 2014	**97,981,057**	**(9,093,538)**	**88,887,519**

Gain on disposals of assets acquired in satisfaction of loans amounted to LBP 3.3 billion (LBP 737 million in 2013).

The fair values of the assets acquired in satisfaction of loans exceed their carrying values as at December 31, 2014 and 2013 which have been determined on the basis of real estate market values carried by independent real estate experts during the last three years.

11.2 INVESTMENT PROPERTIES:

Foreclosed assets acquired by the Group's foreign entities are presented separately under investment properties and are measured at fair value. The table below shows the reconciliation of the carrying amounts:

	LBP'000
Balance January 1, 2013	**53,423,844**
Foreclosures	6,810,935
Revaluation loss	(4,428,962)
Disposals	(228,120)
Effect of exchange rates changes	2,412,125
Balance December 31, 2013	**57,989,822**
Foreclosures	8,724,697
Revaluation loss	(3,135,314)
Effect of exchange rates changes	(7,176,699)
Balance, December 31 2014	**56,402,506**

Investment properties are categorized as Level 3 fair values since they are based on real estate market values made by independent real estate experts.

12. PROPERTY AND EQUIPMENT

The movement of property and equipment was as follows during 2014 and 2013:

	Balance January 1, 2014	Additions	Disposals and Adjustments	Transfer between Accounts	Translation Adjustment	Balance December 31, 2014
	LBP'000					
Cost/Revaluation:						
Owned properties	66,124,501	-	(396,844)	-	(953,572)	64,774,085
Computer hardware	19,991,928	1,432,207	(113,819)	212,256	(939,831)	20,582,741
Machines and equipment	5,027,303	621,165	(135,898)	(4,146)	(72,644)	5,435,780
Furniture and fixtures	6,799,957	586,698	(9,149)	-	(266,886)	7,110,620
Vehicles	938,925	95,349	(115,776)	-	(43,711)	874,787
Freehold and leasehold improvements	23,661,747	2,775,238	(22,710)	69,544	(933,810)	25,550,009
	122,544,361	**5,510,657**	**(794,196)**	**277,654**	**(3,210,454)**	**124,328,022**
Accumulated depreciation	(44,281,088)	(6,133,050)	745,033	-	1,859,692	(47,809,413)
Allowance for impairment of owned properties	(407,844)	(65,287)	-	-	44,952	(428,179)
	(44,688,932)	**(6,198,337)**	**745,033**	**-**	**1,904,644**	**(48,237,592)**
Advance payments	2,904,201	508,548	-	(277,654)	-	3,135,095
Net carrying value	**80,759,630**					**79,225,525**

Gain on disposal of property and equipment amounted to LBP 4 million (LBP 606 million in 2013).

	Balance January 1, 2013	Additions	Disposals and Adjustments	Transfer between Accounts	Transfer to Computer Software	Translation Adjustment	Balance December 31, 2013
	LBP'000						
Cost/Revaluation:							
Owned properties	66,343,559	-	(582,723)	7,995	-	355,670	66,124,501
Computer hardware	19,593,374	538,270	(881,248)	399,590	-	341,942	19,991,928
Machines and equipment	4,409,448	505,550	(80,549)	166,229	-	26,625	5,027,303
Furniture and fixtures	6,447,892	213,417	(377,378)	417,765	-	98,261	6,799,957
Vehicles	916,440	10,281	(3,610)	-	-	15,814	938,925
Freehold and leasehold improvements	17,875,407	1,342,453	(116,167)	4,227,223	-	332,831	23,661,747
	115,586,120	**2,609,971**	**(2,041,675)**	**5,218,802**	**-**	**1,171,143**	**122,544,361**
Accumulated depreciation	(39,734,863)	5,529,891	1,641,415	-	-	(657,749)	(44,281,088)
Allowance for impairment of owned properties	(393,484)	-	-	-	-	(14,360)	(407,844)
	(40,128,347)	**(5,529,891)**	**1,641,415**	**-**	**-**	**(672,109)**	**(44,688,932)**
Advance payments	5,282,943	3,355,632	-	(5,218,802)	(515,572)	-	2,904,201
Net carrying value	**80,740,716**						**80,759,630**

13. INTANGIBLE ASSETS

The movement of intangible assets was as follows during 2014 and 2013:

	Carrying Value January 1, 2014	Additions	Transfer from Advance Payments under Property and Equipment	Amortization for the Year	Translation Adjustment	Carrying Value December 31, 2014
	LBP'000					
Computer software	4,365,137	949,600	-	(1,567,500)	(143,502)	3,603,735
Key money	47,235	-	-	(4,020)	-	43,215
	4,412,372	**949,600**	**-**	**(1,571,520)**	**(143,502)**	**3,646,950**

	Carrying Value January 1, 2013	Additions	Transfer from Advance Payments under Property and Equipment	Amortization for the Year	Translation Adjustment	Carrying Value December 31, 2013
	LBP'000					
Computer software	3,766,897	1,573,919	515,572	(1,544,631)	53,380	4,365,137
Key money	51,255	-	-	(4,020)	-	47,235
	3,818,152	**1,573,919**	**515,572**	**(1,548,651)**	**53,380**	**4,412,372**

14. DEFERRED ASSETS

This caption consists of the following:

	2014	2013
	LBP'000	
Deferred assets on business acquisition (a)	2,629,333	12,079,213
Deferred assets against future cash flows (b)	84,954,950	84,217,433
	87,584,283	**96,296,646**

(a) 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 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 Bank, another soft loan in the amount of LBP 48.8 billion was obtained from the 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 loans 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. These costs were booked as deferred assets, 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 loans proceeds.

During 2014, the soft loan in the amount of LBP 185 billion matured and closed against pledged Lebanese treasury bills.

The movement of deferred assets on business acquisition during the years 2014 and 2013 was as follows:

	LBP'000
Balance January 1, 2013	**22,387,239**
Amortization for the year	(10,308,026)
Balance December 31, 2013	**12,079,213**
Amortization for the year	(9,449,880)
Balance December 31, 2014	**2,629,333**

(b) Deferred assets equivalent to EUR 53.7 million (EUR 40.6 million in 2013) correspond to the Bank's Cypriot subsidiary losses incurred since the crisis in Cyprus has occurred. These deferred assets represent net projected cash flows deriving from future positive spreads on contractual medium term revolving low yield borrowing in the amount of LBP 300 billion made available to the Group during 2013 and withdrawn in January 2014. These deferred assets are amortized effective 2014 as a yield adjustment to interest income on Lebanese treasury bills acquired from the loan proceeds and pledged in 2014.

The movement of deferred assets against future cash flows during the year 2014 and 2013 was as follows:

2014

	Euro	Counter value in LBP
		LBP'000
Net carrying value as at January 1,	40,591,214	84,217,433
Deferred assets originated with offset to:		
Present value of contractual future cash flows	13,140,388	26,163,596
Amortization offsetting to yield adjustment	(7,406,100)	(14,800,838)
Effect of foreign currency exchange differences	-	(10,625,241)
Net carrying value as at December 31,	**46,325,502**	**84,954,950**

2013

	Euro	Counter value in LBP
	LBP'000	
Net carrying value as at January 1,	-	-
Deferred assets originated with offset to:		
Present value of contractual future cash flows	38,474,892	77,159,472
Brought forward retained earnings	1,525,108	3,164,248
Provision for contingency (Note 22)	591,214	1,226,633
Effect of foreign currency exchange differences	-	2,667,080
Net carrying value as at December 31,	**40,591,214**	**84,217,433**

15. GOODWILL

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

The recoverable amount of the goodwill allocated to the Cypriot banking unit was estimated at EUR 3.7 million and accordingly the Group booked an impairment loss of EUR 17 million (c/v of LBP 34 billion) during 2013.

The movement of intangible assets was as follows during 2014 and 2013:

	Euro	Counter value in LBP
	LBP'000	
Balance as at January 1, 2013	**20,767,085**	**41,280,604**
Impairment loss	(17,087,888)	(34,268,905)
Other adjustment	1,991	3,993
Effect of exchange rates changes	-	621,926
Balance as at December 31, 2013	**3,681,188**	**7,637,618**
Effect of exchange rates changes	-	(886,800)
Balance as at December 31, 2014	**3,681,188**	**6,750,818**

16. OTHER ASSETS

This caption consists of the following:

	December 31, 2014	2013
	LBP'000	
Prepayments	14,134,403	13,265,343
Management fees - BLC Income Fund 1	164,375	-
Commission receivable	393,247	547,161
Collateral on dealings with "Visa International"	1,809,882	1,804,321
Sundry debtors (Net)	13,337,229	8,110,778
Regulatory blocked deposit	4,500,000	4,500,000
Fair value of forward exchange contracts	11,692	69,730
	34,350,828	**28,297,333**

During 2014, the Group established and managed a fixed-term open-ended Lebanese fixed income investment fund in accordance with the provisions of the Law No. 706 dated December 9, 2005. In return, a yearly management fee of 1% per annum of the Fund's net asset value is payable by the Fund, quarterly in arrears. This management fee includes the fees of the Company (Manager), the Custodian and the Administrative Agent. Receivables from this fund amounted to LBP 164 million as at December 31, 2014.

Sundry debtors are stated net of impairment allowance of LBP 3.24 billion as at December 31, 2014 and 2013 against advances made in previous years for renovation of the Bank's branches.

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

This caption consists of the following:

	December 31, 2014	2013
	LBP'000	
Current deposits of banks and financial institutions	1,735,345	2,153,046
Current accounts with related parties	150,750	-
Short term deposits	49,500,156	-
Accrued interest payable	24,000	-
	51,410,251	**2,153,046**

18. CUSTOMERS' ACCOUNTS

Customers' accounts at amortized cost are detailed as follows:

	December 31, 2014	2013
	LBP'000	
Deposits:		
Current/demand deposits	856,165,810	1,001,296,014
Term deposits	5,270,037,681	5,125,110,892
Collateral against loans and advances	208,952,190	238,779,219
Margins and other accounts:		
Margins for irrevocable import letters of credit	1,366,906	5,833,710
Margins on letters of guarantee	25,892,617	24,543,716
Other margins	64,592,231	46,262,731
Blocked accounts	4,080,334	3,641,529
Accrued interest payable:	35,146,840	36,116,077
Total	**6,466,234,609**	**6,481,583,888**

Customers' deposits include related party deposits detailed as follows:

	December 31, 2014	December 31, 2013
	LBP'000	
Demand deposits	2,920,989	7,074,851
Term deposits	40,193,990	21,717,602
Collateral against loans and advances	1,493,764	352,203
Margins on letters of guarantee	1,500	1,500
Margins against futures	24,874	-
Accrued interest payable	44,532	81,157
	44,679,649	29,227,313

Brackets of deposits were as follows:

December 31, 2014

	LBP		F/CY		
	Total Deposits	% to Total Deposits	Total Deposits	% to Total Deposits	Total
	LBP'000	%	LBP'000	%	LBP'000
Less than LBP 250 million	748,963,713	30	933,839,914	23	**1,682,803,627**
Between LBP 250 million and LBP 1.5 billion	779,504,745	32	995,634,248	25	**1,775,138,993**
Above LBP 1.5 billion	926,798,912	38	2,081,493,077	52	**3,008,291,989**
	2,455,267,370	100	4,010,967,239	100	6,466,234,609

December 31, 2013

	LBP		F/CY		
	Total Deposits	% to Total Deposits	Total Deposits	% to Total Deposits	Total
	LBP'000	%	LBP'000	%	LBP'000
Less than LBP 250 million	747,721,356	31	802,071,430	20	**1,549,792,786**
Between LBP 250 million and LBP 1.5 billion	741,075,050	31	1,076,821,507	26	**1,817,896,557**
Above LBP 1.5 billion	908,058,590	38	2,205,835,955	54	**3,113,894,545**
	2,396,854,996	100	4,084,728,892	100	6,481,583,888

Deposits from customers include coded deposit accounts in the aggregate of LBP 133 billion (LBP 136 billion as at December 31, 2013). 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 41 billion and LBP 198.8 billion respectively (LBP 81.6 billion and LBP 156.3 billion respectively as at December 31, 2013).

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 Interest Rate	Average Balance of Deposits	Average Interest Rate	Cost of Funds LBP
	LBP'000	%	LBP'000	%	LBP'000
2014	2,430,000,000	5.70	4,030,000,000	2.97	258,192,967
2013	2,401,000,000	5.67	4,022,000,000	3.15	263,658,152
2012	2,230,000,000	5.71	3,714,000,000	3.38	253,073,884

19. OTHER BORROWINGS

	December 31,	
	2014	2013
	LBP'000	
Soft loans from Central Bank of Lebanon (a)	66,499,500	251,499,500
Facilities granted from Central Bank of Lebanon (b)	340,257,681	205,121,972
Revolving loan from Central Bank of Lebanon (c)	300,000,000	-
Other borrowings (d)	8,120,403	9,735,435
Accrued interest payable	4,344,606	1,584,026
	719,222,190	467,940,933

(a) On August 18, 2011 the Bank was granted a 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 (Note 9). On May 13, 2010 the Bank was granted another soft loan in the amount of LBP 185 billion from the Central Bank of Lebanon for a period of 4.5 years that matured on November 6, 2014 and settled against the Lebanese treasury bills that were pledged as collateral.

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 (Note 9).

(b) On July 13, 2011 the Bank obtained a Stand-by Line facility from the Central Bank of Lebanon with a limit reaching USD 200 million out of which USD 110 million (C/V LBP 165.8 billion) have been utilized as at December 31, 2014 and 2013. The facility has a maturity of up to 5 years and is collateralized by Lebanese government bonds (Note 9).

Facilities granted from the Central Bank of Lebanon also include facilities in the amount of LBP 174 billion (LBP 39 billion as at December 31, 2013) following Central Bank of Lebanon Basic Decision No. 6116 of March 7, 1996 and its amendments by which the Bank benefited from credit facilities granted against loans the Bank has granted, on their own responsibility, to their customers, pursuant to certain conditions, rules and mechanism. This facility is collateralized by Lebanese treasury bills (Note 9).

(c) On December 30, 2013, the Bank obtained a revolving loan in the amount of LBP 300 billion from the Central Bank of Lebanon for a period of one year maturing on December 31, 2014 and renewable for one additional year. This loan bears an average interest rate of 2.5% per annum and is collateralized by Lebanese treasury bills (Note 9). The purpose of this loan is to provide low cost funding that allows the Bank to generate positive spread over short term facilities expandable at the request of the borrower until the purpose of the debt to offset the Bank's losses arising from its Cypriot subsidiary is achieved.

(d) 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 it is repaid through 10 semi-annual payments of USD 500,000 each, starting July 2012 and over 5 years. USD 2.5 million was outstanding as at December 31, 2014 (USD 3.5 million as at December 31, 2013).

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 all above borrowings are as follows:

	2014	2013
	LBP'000	
Up to 1 year	310,203,759	192,550,710
1 to 3 years	216,851,750	217,605,500
3 to 5 years	17,734,000	753,750
Over 5 years	174,432,681	57,030,973
	719,222,190	467,940,933

20. SUBORDINATED BONDS

This caption consists of the following:

	December 31, 2014	December 31, 2013
	LBP'000	
Capital Securities	1,786,011	2,020,625
Non-convertible bonds	14,670,960	16,598,160
Convertible bonds	1,699,466	1,922,710
Accrued interest payable	3,584	4,056
	18,160,021	**20,545,551**

Capital Securities

The Capital Securities were issued on December 1, 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 November 30, 2015), then from December 1, 2015, 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 Euro 8 million 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 30, 2014. From December 31, 2014 to their maturity, the bonds will bear a fixed annual interest rate of 9% on the nominal value.

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 Euro1,209,060 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 of 8.75% annually on the nominal value. Except for 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 subsidiary in Cyprus has a right of early redemption of convertible bonds in whole, not in part, in cash at par plus accrued interest of the current interest period on June 30, 2015 or at any interest payment date, after approval from the Central Bank of Cyprus.

21. OTHER LIABILITIES

This caption consists of the following:

	December 31,	
	2014	2013
	LBP'000	
Withheld taxes	4,879,773	5,328,868
Deferred tax liability on accrued interest receivable	2,190,201	2,090,546
Deferred tax liability on future dividend distribution of subsidiaries	213,017	144,127
Deferred tax liability on other comprehensive income	1,105,735	616,530
Deferred tax on net unrealized gain on investment portfolio	21,840	2,745,727
Other deferred income tax liability	61,486	247,406
Due to the National Social Security Fund	621,681	588,819
Checks and incoming payment orders in course of settlement	27,358,701	15,210,004
Blocked capital subscriptions for companies under incorporation	487,971	637,126
Accrued expenses	16,332,194	16,467,552
Financial guarantees	877,442	720,006
Payable to personnel and directors	6,447,386	6,101,463
Sundry accounts payable	21,435,500	16,870,638
Provision for income tax	7,636,994	2,967,650
Deferred income	181,068	185,626
	89,850,989	**70,922,088**

The Bank's tax returns for the years 2011 to 2014 and social security declarations for the years 2007 to 2014 are still subject to review by the relevant tax and social security authorities. Any additional tax liability depends on the outcome of such reviews.

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 LBP 1.5 billion booked in year 2013 against accrued expenses and provision for contingencies.

22. PROVISIONS

Provisions consist of the following:

	December 31,	
	2014	2013
	LBP'000	
Provision for staff end-of-service indemnity	5,448,341	5,148,724
Provision for contingencies	3,094,047	2,929,121
Provision for loss on foreign currency position	85,915	23,934
	8,628,303	**8,101,779**

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

	2014	2013
	LBP'000	
Balance January 1	**5,148,724**	**6,878,404**
Additions - net (Note 34)	389,973	-
Additions - Legal expenses and sundry charges	56,198	65,066
Write back	-	(1,397,846)
Settlements	(146,554)	(396,900)
Balance December 31	**5,448,341**	**5,148,724**

Additions are netted by LBP 863 million representing estimated interest income accumulated by the Lebanese National Social Security Fund(LBP 894 million booked under write-back accounts in 2013).

The movement of the provision for contingencies was as follows:

	2014	2013
	LBP'000	
Balance January 1	**2,929,121**	**8,269,365**
Additions	307,350	277,200
Additions against deferred assets (Note 14)	-	1,226,633
Settlements	-	(6,844,077)
Effect of exchange rates changes	(142,424)	-
Balance December 31	**3,094,047**	**2,929,121**

During 2013, the Bank settled USD 3.8 million (C/V LBP 5.7 billion) as a result of a lawsuit raised against the Bank in previous years booked against provision for contingencies.

23. SHARE CAPITAL

At December 31, 2014 and 2013, the Bank's ordinary share capital consists of 152,700,000 fully paid shares of LBP 1,000 par value each.

As at 2014 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 2013 year-end).

24. PREFERRED SHARES

During 2013, the Bank issued 350,000 Tier I Non-Cumulative Perpetual Redeemable "Series C" preferred shares, at an issue price of USD 100 per share with a nominal value of LBP 1,000 each.

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 USD 100 per share with a nominal value of LBP 1,000 each.

25. RESERVES

	December 31,	
	2014	2013
	LBP'000	
Legal reserve (a)	38,901,851	32,742,114
Reserve for general banking risks (b)	45,777,174	35,332,266
Special reserve for loans and advances (c)	1,778,478	-
Free reserves	62,441,877	62,010,135
	148,899,380	**130,084,515**
Regulatory reserve for assets acquired in satisfaction of loans (Note 11)	29,750,043	23,019,272
	178,649,423	**153,103,787**

(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.

(c) Based on Central Bank of Lebanon circular 73 and Banking Control Commission memo 12/2010 relating to reserve allocation for doubtful debts, the Bank has allocated an amount of LBP 1.8 billion to special reserve for the uncovered portion of its doubtful debts outstanding as at June 30, 2003 and not yet resolved.

26. DIVIDENDS PAID

The Bank's General Assembly held on April 14, 2014 resolved to distribute preferred shares earnings in the amount of LBP 11.5 billion.

The Bank's General Assembly held on May 22, 2013 resolved to distribute dividends to shareholders of LBP 9.93 billion equivalent of LBP 65 per share, and to distribute preferred shares earnings in the amount of LBP 10 billion.

27. INTEREST INCOME

This caption consists of the following:

	December 31, 2014	December 31, 2013
	LBP'000	
Interest income from:		
Deposits with central banks	20,865,580	21,457,578
Deposits with banks and financial institutions	1,431,545	1,678,403
Deposits with a related bank	165,179	6,766
Loan to a bank	148,155	167,115
Investment securities (excluding FVTPL)	220,042,314	208,053,405
Loans and advances to customers	225,929,184	211,188,939
Interest realized on non-performing loans and advances to customers (Note 8)	6,799,252	10,357,259
Other	7,300	3,979
	475,388,509	**452,913,444**

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

This caption consists of the following:

	December 31, 2014	December 31, 2013
	LBP'000	
Interest expense on:		
Deposits and borrowings from banks	144,401	446,658
Soft loans from Central Bank of Lebanon	5,414,141	6,162,318
Revolving loan and facilities granted from Central Bank of Lebanon	12,364,685	3,817,842
Customers' accounts	258,192,967	263,658,152
Capital securities and bonds issued	1,481,231	1,491,130
Other borrowings	230,973	311,108
	277,828,398	**275,887,228**

29. FEE AND COMMISSION INCOME

This caption consists of the following:

	December 31, 2014	December 31, 2013
	LBP'000	
Commission on documentary credits	1,728,311	1,612,519
Commission on letters of guarantee	2,193,983	2,087,695
Commission on transactions with banks	70,966	48,121
Service fees on customers' transactions	12,229,364	12,490,222
Commission on loans and advances	8,340,762	6,408,209
Commission earned on insurance policies	5,343,234	4,758,264
Brokerage commission	1,497,700	1,620,745
Managed Fund (Note 16)	164,375	-
Other	2,323,859	4,085,382
	33,892,554	**33,111,157**

30. FEE AND COMMISSION EXPENSE

This caption consists of the following:

	December 31, 2014	December 31, 2013
	LBP'000	
Brokerage fees	1,372,518	1,481,461
Commission on transactions with banks and financial institutions	687,131	628,096
Commission paid to car dealers	1,512,048	1,360,186
Other	1,600,608	1,775,014
	5,172,305	**5,244,757**

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

	2014	2013
	LBP'000	
Interest income	5,358,404	8,568,917
Dividends received	176,870	352,630
Net unrealized loss (Note 9)	(116,053)	(759,652)
Net realized gain	79,398	2,441,390
	5,498,619	**10,603,285**

32. OTHER OPERATING INCOME

	2014	2013
	LBP'000	
Dividend income from investments at fair value through	413,956	96,201
Net realized gain on sale of investment securities held at amortized cost	202,560	-
Foreign exchange gain	3,739,844	4,012,252
Miscellaneous income	1,141,488	1,036,190
	5,497,848	**5,144,643**

33. OTHER NON-OPERATING INCOME

	2014	2013
	LBP'000	
Key money - old branch	3,316,500	-
	3,316,500	**-**

34. STAFF COSTS

	December 31, 2014	December 31, 2013
	LBP'000	
Salaries	50,576,425	49,831,304
Board of directors' remunerations	5,401,921	4,709,538
Social security contributions	7,117,661	6,882,180
Provision for staff end-of-service indemnities (Note 22)	389,973	-
Other staff benefits and costs	15,104,263	15,307,687
	78,590,243	**76,730,709**

35. GENERAL AND ADMINISTRATIVE EXPENSES

	2014	2013
	LBP'000	
Fees and taxes	2,829,760	3,127,887
Rent and building services	4,579,083	4,424,763
Legal and professional fees	5,749,282	4,961,633
Telephone and postage	1,717,857	1,866,453
Maintenance and repairs	7,664,194	7,164,813
Electricity and water	1,604,888	1,751,455
Heat, light and power	907,421	820,035
Insurance	1,501,163	1,861,400
Advertising and publicity	5,592,204	6,343,484
Public relations and entertainment	343,552	311,814
Printing and stationary	998,443	1,089,479
Subscriptions	2,287,118	2,080,658
Travel	527,429	590,404
Donations	46,948	24,532
Software implementation fees	158,021	15,614
Credit card expenses	987,258	1,133,699
Miscellaneous expenses	5,737,652	5,017,637
	43,232,273	**42,585,760**

36. EARNINGS PER SHARE

The computation of the basic earnings per share is based on the Group's net profit before non-recurring income, net of dividends to preferred shareholders and the weighted average number of outstanding shares during each year held by the Group. The weighted average number of shares to compute basic and diluted earnings per share is 152,700,000 shares in 2014 and 2013.

Basic and diluted earnings per share are LBP 188 (LBP 60 in 2013).

37. 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 shipment documents of goods to which they relate and, therefore, have significantly less risks.

Forward exchange contracts outstanding as of December 31, 2014 and 2013 represent positions held for customers› accounts. The Group entered into such instrument to serve the needs of customers, and these contracts are fully hedged by the Group.

38. FIDUCIARY ACCOUNTS

Fiduciary deposits include deposits invested in back-to-back lending and are related to resident lenders and borrowers in addition to fiduciary deposits held or invested on behalf of the Group's customers on a non-discretionary basis. The risks and rewards of the related operations belong to the account holders.

39. CASH AND CASH EQUIVALENTS

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

	December 31, 2014	December 31, 2013
	LBP'000	
Cash on hand	43,700,609	46,611,703
Deposits with central banks (excluding compulsory deposits	99,103,397	52,798,974
Term placements with central banks (with original maturity of less than 3 months)	126,024,135	37,687,500
Purchased checks	42,350,344	35,322,980
Current accounts with correspondents	107,874,643	96,657,004
Current accounts with the parent bank	1,528,288	2,030,099
Current accounts with related parties	18,543,022	3,785,896
Term placements with correspondents (with original maturity of less than 3 months)	147,841,859	108,287,054
	586,966,297	**383,181,210**

Major non-cash transactions excluded from the statement of cash flows for the years ended December 31, 2014 and 2013 are summarized as follows:

(a) Positive change in fair value of investments as at fair value through other comprehensive income of LBP 1.3 billion and related deferred tax liability of LBP 489 million (LBP 2 billion during 2013).

(b) Assets and investment properties acquired in satisfaction of loans in the amount of LBP 10 billion (LBP 7.1billion in 2013).

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 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 and others.

e. Others - includes Group's capital, income from sale of assets, soft loans and revolving loan from Central Bank of Lebanon, 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, 2014

ASSETS	Resident					Non-Resident		
	Corporate Banking	Retail Banking	Treasury	Private Banking	Others	Cyprus Entity	Elimination	Total
	LBP'000							
Cash and banks	849,232	32,820,839	1,041,267,618	-	-	271,219,202	-	1,346,156,891
Loan to a bank	-	-	5,645,220	-	-	-	-	5,645,220
Investments securities at FVTPL	-	-	108,085,576	-	-	-	-	108,085,576
Loans and advances to customers	1,133,067,862	1,085,724,909	-	15,087,444	4,681,722	685,462,991	-	2,924,024,928
Investments securities at amortized cost	-	2,370,078,642	-	390,535,556	372,206,885	184,419,726	-	3,317,240,809
Investments securities at FVTOCI	102,610	-	-	-	15,652,141	-	-	15,754,751
Customers' liability under acceptances	30,751,247	151,944	-	-	-	-	-	30,903,191
Goodwill	-	-	-	-	6,750,818	-	-	6,750,818
Other assets	4,759,791	182,869	-	178,767	272,593,759	72,382,425	-	350,097,611
Inter-segments	-	540,044,984	-	426,733,589	608,587,402	-	(1,575,365,975)	-
Total Assets	**1,169,530,742**	**4,029,004,187**	**1,154,998,414**	**832,535,356**	**1,280,472,727**	**1,213,484,344**	**(1,575,365,975)**	**8,104,659,795**

LIABILITIES								
	LBP'000							
Deposits from banks	-	-	51,410,251	-	-	-	-	51,410,251
Customers' accounts	492,807,239	4,029,004,187	-	832,535,356	-	1,111,887,827	-	6,466,234,609
Liability under acceptances	30,903,191	-	-	-	-	-	-	719,222,190
Other borrowings	8,214,500	-	165,828,000	-	545,179,690	-	-	719,222,190
Subordinated bonds	-	-	-	-	-	18,160,021	-	18,160,021
Other liabilities and provisions	-	-	-	-	79,010,362	19,468,930	-	98,479,292
Inter-segments	637,605,812	-	937,760,163	-	-	-	(1,575,365,975)	-
Total Liabilities	**1,169,530,742**	**4,029,004,187**	**1,154,998,414**	**832,535,356**	**624,190,052**	**1,149,516,778**	**(1,575,365,975)**	**7,384,409,554**

December 31, 2013

ASSETS	Resident					Non-Resident		
	Corporate Banking	Retail Banking	Treasury	Private Banking	Others	Cyprus Entity	Elimination	Total
	LBP'000							
Cash and banks	98,428	34,841,809	937,011,399	-	-	142,443,145	-	1,114,394,781
Loan to a bank	-	-	6,350,873	-	-	-	-	6,350,873
Investments securities at FVTPL	-	-	144,981,838	-	-	-	-	144,981,838
Loans and advances to customers	955,696,140	1,023,462,578	-	7,841,383	-	841,497,571	-	2,828,497,672
Investments securities at amortized cost	-	2,384,437,794	-	365,989,142	255,182,760	237,765,044	-	3,243,374,740
Investments securities at FVTOCI	-	-	-	-	14,494,569	-	-	14,494,569
Customers' liability under acceptances	22,289,704	730,321	-	-	-	182,150	-	23,202,175
Goodwill	-	-	-	-	7,637,618	-	-	7,637,618
Other assets	4,818,456	252,130	-	36,858	276,676,888	74,771,148	-	356,555,480
Inter-segments	-	531,166,418	-	377,238,699	429,858,979	-	(1,338,264,096)	-
Total Assets	**982,902,728**	**3,974,891,050**	**1,088,344,110**	**751,106,082**	**983,850,814**	**1,296,659,058**	**(1,338,264,096)**	**7,739,489,746**

LIABILITIES								
	LBP'000							
Deposits from banks	-	-	2,153,046	-	-	-	-	2,153,046
Customers' accounts	532,142,182	3,974,891,050	-	751,106,082	-	1,223,444,574	-	6,481,583,888
Liability under acceptances	23,020,025	-	-	-	-	182,150	-	23,202,175
Other borrowings	9,842,489	-	165,825,000	-	292,273,444	-	-	467,940,933
Subordinated bonds	-	-	-	-	-	20,545,551	-	20,545,551
Other liabilities and provisions	-	-	-	-	70,208,887	8,814,980	-	79,023,867
Inter-segments	417,898,032	-	920,366,064	-	-	-	(1,338,264,096)	-
Total Liabilities	**982,902,728**	**3,974,891,050**	**1,088,344,110**	**751,106,08**	**362,482,331**	**1,252,987,255**	**(1,338,264,096)**	**7,074,449,460**

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

40.2 DISTRIBUTION OF PROFIT AND LOSS BY SEGMENT:

Year Ended December 31, 2014

	Resident					Non-Resident	
	Corporate Banking	Retail Banking	Treasury	Private Banking	Others	Cyprus Entity	Total
	LBP'000						
Net interest income	64,658,622	69,283,012	14,703,670	(14,132,502)	5,578,007	57,469,302	197,560,111
Net commission income	7,511,200	16,742,898	(577,327)	1,733,095	(982,894)	4,293,277	28,720,249
Net interest and other gain on investments at FVTPL	-	-	5,498,619	-	-	-	5,498,619
Other operating and non-operating income	624,060	398,873	2,843,122	69,384	3,998,144	880,765	8,814,348
Net impairment on loans and advances to customers	(752,256)	(3,486,597)	-	-	(644,430)	(50,871,696)	(55,754,979)
Income generated from contractual future cash flows	-	-	-	-	26,163,596	-	26,163,596
Change in fair value of investment properties	-	-	-	-	-	(3,135,314)	(3,135,314)
Other (expense)/income - Net	(18,821,203)	(69,038,524)	(3,255,261)	(4,314,288)	3,698,079	(34,770,424)	(126,501,621)
Income tax expense	(4,144,873)	(2,450,516)	(3,289,355)	-	(5,088,432)	-	(14,973,176)
	49,075,550	**11,449,146**	**15,923,468**	**(16,644,311)**	**32,722,070**	**(26,134,090)**	**66,391,833**
Inter-segment	(35,371,086)	(4,914,533)	(13,058,693)	13,162,978	40,181,334	-	-
Net income	**13,704,464**	**6,534,613**	**2,864,775**	**(3,481,333)**	**72,903,404**	**(26,134,090)**	**66,391,833**

Year Ended December 31, 2013

	Resident					Non-Resident	
	Corporate Banking	Retail Banking	Treasury	Private Banking	Others	Cyprus Entity	Total
	LBP'000						
Net interest income	54,511,399	67,400,461	16,455,827	(13,487,808)	4,099,002	48,047,335	177,026,216
Net commission income	6,828,174	15,312,658	(568,975)	1,675,808	(1,106,265)	5,725,000	27,866,400
Net interest and other gain on investments at FVTPL	-	-	10,998,627	-	-	(395,342)	10,603,285
Other operating and non-operating income	669,975	486,702	2,464,958	(40,896)	645,961	917,943	5,144,643
Net impairment on loans and advances to customers	(3,071,390)	(3,724,518)	-	-	896,452	(54,654,699)	(60,554,155)
Goodwill impairment	-	-	-		(34,268,905)	-	(34,268,905)
Income generated from contractual future cash flows	-	-	-	-	77,159,472	-	77,159,472
Change in fair value of investment properties	-	-	-	-	-	(4,428,962)	(4,428,962)
Other (expense)/income - Net	(17,593,840)	(64,299,614)	(3,162,196)	(4,476,016)	1,958,345	(36,358,685)	(123,932,006)
Income tax expense	(2,465,718)	(3,558,864)	(1,863,425)	-	(3,241,104)	-	(11,129,111)
	38,878,600	**11,616,825**	**24,324,816**	**(16,328,912)**	**46,142,958**	**(41,147,410)**	**63,486,877**
Inter-segment	(27,833,714)	2,319,281	(21,650,279)	13,489,022	33,675,690	-	-
Net income	**11,044,886**	**13,936,106**	**2,674,537**	**(2,839,890)**	**79,818,648**	**(41,147,410)**	**63,486,877**

41. COLLATERAL GIVEN

The carrying values of financial assets given as collateral are as follows:

	December 31,				
	2014				2013
		Corresponding Facilities			
	Amount of Pledged Assets	Maturity Date	Amount of Facility	Nature of Facility	Amount of Pledged Assets
	LBP'000				
Lebanese treasury bills	-	-	-	Soft loan from Central Bank of Lebanon	185,000,000
Lebanese treasury bills	300,000,000	December 31, 2015	300,000,000	Revolving loan from Central Bank of Lebanon	-
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	17,734,000
Lebanese Government bonds	174,267,000	July 13, 2016	165,825,000	Facilities from Central Bank of Lebanon	174,267,000
Lebanese treasury bills	15,169,000	Revolving	174,432,681	Facilities from Central Bank of Lebanon	15,000,000

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 which 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 being 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 no respect of 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 individual 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 a 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,

	2014			2013		
	Balance	% to Total	No. of Counterparties	Balance	% to Total	No. of Counterparties
	LBP'000	%		LBP'000	%	
Less than LBP 5 billion	28,635,024	8	59	32,488,840	13	47
From LBP 5 billion to LBP 15 billion	100,038,152	28	9	60,281,795	23	7
From LBP 15 billion to LBP 30 billion	197,613,207	55	9	134,579,700	52	7
From LBP 30 billion to LBP 50 billion	31,664,020	9	1	30,579,942	12	1
	357,950,403	**100**	**78**	**257,930,277**	**100**	**62**

(a.2) Distribution of performing loans and advances to customers by brackets (regular and watch list):

December 31,

	2014			2013		
	Balance	% to Total	No. of Counterparties	Balance	% to Total	No. of Counterparties
	LBP'000	%		LBP'000	%	
Less than LBP 0.5 billion	1,127,136,091	44	57,002	1,109,022,225	44	62,269
From LBP 0.5 billion to LBP 1.5 billion	275,480,492	10	384	295,814,289	12	365
More than LBP 1.5 billion	1,175,856,504	46	213	1,104,694,104	44	187
	2,578,473,087	**100**	**57,599**	**2,509,530,618**	**100**	**62,821**

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

	December 31, 2014			Fair Value of Collateral Received							
	Gross Exposure Net of Unrealized Interest and Discount	Allowance for Impairment	Net Exposure	Pledged Funds	Bank Guarantees	First & Second Degree Mortgage on Properties	Equity Securities	Debt Securities	Others	Total Guarantees	Lesser of Individual Exposure or Total Guarantees
	LBP'000										
Performing	2,578,473,087	-	2,578,473,087	182,567,352	76,095,468	1,350,009,513	30,434,831	705,232	478,463,056	2,118,275,452	1,599,973,785
Substandard	12,941,861	-	12,941,861	42,211	2,633,185	7,867,485	-	-	504,948	11,047,829	10,240,792
Doubtful	498,890,036	(119,907,883)	378,982,153	4,248,852	1,885,715	342,036,162	1,665,387	-	21,543,412	371,379,528	337,239,963
Loss	44,758,049	(44,757,369)	680	529	978,444	2,946,800	-	-	3,114,095	7,039,868	6,018,428
Loan portfolio purchased	2,226,266	-	2,226,266	-	-	-	-	-	-	-	2,226,266
Collective provision	-	(48,599,119)	(48,599,119)	-	-	-	-	-	-	-	-
	3,137,289,299	(213,264,371)	2,924,024,928	186,858,944	81,592,812	1,702,859,960	32,100,218	705,232	503,625,511	2,507,742,677	1,955,699,234

	December 31, 2013			Fair Value of Collateral Received							
	Gross Exposure Net of Unrealized Interest and Discount	Allowance for Impairment	Net Exposure	Pledged Funds	Bank Guarantees	First & Second Degree Mortgage on Properties	Equity Securities	Debt Securities	Others	Total Guarantees	Lesser of Individual Exposure or Total Guarantees
	LBP'000										
Performing	2,509,530,618	-	2,509,530,618	221,724,552	73,089,681	1,345,391,693	28,378,905	561,602	430,218,602	2,099,365,035	1,583,380,502
Substandard	4,587,604	-	4,587,604	-	511,648	1,183,666	-	-	322,254	2,017,568	1,619,081
Doubtful	479,966,238	(117,473,732)	362,492,506	6,636,231	1,414,782	305,290,735	38,367,650	-	15,752,157	367,461,555	283,691,651
Loss	43,582,348	(43,578,787)	3,561	529	731,777	-	13,500	-	2,640,500	3,386,306	2,389,822
Loan portfolio purchased	2,198,725	-	2,198,725	-	-	-	-	-	-	-	2,198,725
Collective provision	-	(50,315,342)	(50,315,342)	-	-	-	-	-	-	-	-
	3,039,865,533	(211,367,861)	2,828,497,672	228,361,312	75,747,888	1,651,866,094	66,760,055	561,602	448,933,513	2,472,230,464	1,873,279,781

Overdue but not impaired loans as at December 2014 ,31 and 2013 are as follows:

	December 31,	
	2014	2013
	LBP'000	
Between 60 and 90 days	40,414,000	16,716,000
Between 90 and 180 days	36,404,000	24,029,000
Between 180 and 360 days	2,272,000	13,291,000
Over 360 days	681,000	16,827,000
	79,771,000	**70,863,000**

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

	December 31,	
	2014	2013
	LBP'000	
Lebanon	55,116,000	65,369,000
Cyprus	24,655,000	5,494,000
	79,771,000	**70,863,000**

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

December 31, 2014

ASSETS	Lebanon	Middle East	North America	Eurozone	Other	Total
	LBP'000					
Cash and central banks	860,597,543	-	-	127,608,945	-	988,206,488
Deposits with banks and financial institutions	58,130,027	37,384,967	63,550,271	197,756,425	1,128,713	357,950,403
Loan to a bank	5,645,220	-	-	-	-	5,645,220
Investments at fair value through profit or loss	81,891,770	-	-	26,193,806	-	108,085,576
Loans and advances to customers	2,180,714,430	40,814,268	2,936,738	695,894,023	3,665,469	2,924,024,928
Investments at amortized cost	3,132,425,167	-	24,759,721	160,055,921	-	3,317,240,809
Investments at fair value through other comprehensive income	15,652,241	-	-	102,510	-	15,754,751
Total	**6,335,056,398**	**78,199,235**	**91,246,730**	**1,207,611,630**	**4,794,182**	**7,716,908,175**

LIABILITIES	Lebanon	Middle East	North America	Eurozone	Other	Total
	LBP'000					
Deposits from banks	50,671,343	539,612	13,802	185,494	-	51,410,251
Customers' accounts	4,487,088,592	482,114,535	40,543,231	1,358,213,775	98,274,476	6,466,234,609
Other borrowings	711,007,690	4,372,578	-	3,841,922	-	719,222,190
Subordinated bonds	-	-	-	18,160,021	-	18,160,021
Total	**5,248,767,625**	**487,026,725**	**40,557,033**	**1,380,401,212**	**98,274,476**	**7,255,027,071**

December 31, 2013

ASSETS	Lebanon	Middle East	North America	Eurozone	Other	Total
	LBP'000					
Cash and central banks	763,241,374	-	-	93,223,130	-	856,464,504
Deposits with banks and financial institutions	38,271,732	49,905,641	44,412,341	124,392,100	948,463	257,930,277
Loan to a bank	6,350,873	-	-	-	-	6,350,873
Investments at fair value through profit or loss	113,142,718	2,359,552	-	29,479,568	-	144,981,838
Loans and advances to customers	1,935,037,818	37,087,832	2,221,540	851,682,060	2,468,422	2,828,497,672
Investments at amortized cost	3,005,230,822	-	45,375,839	187,830,066	4,938,013	3,243,374,740
Investments at fair value through other comprehensive income	14,392,059	-	-	102,510	-	14,494,569
Total	**5,875,667,396**	**89,353,025**	**92,009,720**	**1,286,709,434**	**8,354,898**	**7,352,094,473**

LIABILITIES	Lebanon	Middle East	North America	Eurozone	Other	Total
	LBP'000					
Deposits from banks	1,057,050	758,170	7,092	330,734	-	2,153,046
Customers' accounts	4,498,582,950	437,126,974	33,998,518	1,401,054,780	110,820,666	6,481,583,888
Other borrowings	458,098,444	4,460,331	-	5,382,158	-	467,940,933
Subordinated bonds	-	-	-	20,545,551	-	20,545,551
Total	**4,957,738,444**	**442,345,475**	**34,005,610**	**1,427,313,223**	**110,820,666**	**6,972,223,418**

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 be 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 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 the 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, 2014

	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	51,410,251	-	-	-	-	51,410,251
Customers' accounts at amortized cost	5,297,291,166	1,137,719,274	45,366,310	3,857,859	-	6,466,234,609
Other borrowings	10,203,759	300,000,000	216,851,750	17,734,000	174,432,681	719,222,190
Subordinated bonds	3,378	18,156,643	-	-	-	18,160,021
Total	**5,340,908,554**	**1,455,875,917**	**262,218,060**	**21,591,859**	**174,432,681**	**7,255,027,071**

December 31, 2013

	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	2,153,046	-	-	-	-	2,153,046
Customers' accounts at amortized cost	5,315,209,466	1,159,180,902	5,808,708	1,384,812	-	6,481,583,888
Other borrowings	2,337,775	190,212,935	217,605,500	753,750	57,030,973	467,940,933
Subordinated bonds	3,823	-	20,541,728	-	-	20,545,551
Total	**5,319,704,110**	**1,349,393,837**	**243,955,936**	**2,138,562**	**57,030,973**	**6,972,223,418**

C. Market Risk

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 the Group's exposure to foreign currency exchange risk at year end:

December 31, 2014

ASSETS	LBP	USD	Euro	STG	Other	Total
	LBP'000					
Cash and central banks	359,284,978	497,655,556	130,041,288	1,179,971	44,695	988,206,488
Deposits with banks and financial institutions	10,744,563	191,260,975	119,859,757	29,266,355	6,818,753	357,950,403
Loan to a bank	5,645,220	-	-	-	-	5,645,220
Investments at fair value through profit or loss	56,109,846	51,975,730	-	-	-	108,085,576
Loans and advances to customers	648,372,199	1,581,296,316	685,608,880	873,012	7,874,521	2,924,024,928
Investments at amortized cost	2,315,148,685	821,929,772	180,162,352	-	-	3,317,240,809
Investments at fair value through other comprehensive income	15,084,413	661,315	9,023	-	-	15,754,751
Customers' liability under acceptances	299,999	20,515,999	6,572,492	1,398,980	2,115,721	30,903,191
Assets acquired in satisfaction of loans	13,443,041	75,444,478	-	-	-	88,887,519
Investment properties	-	-	56,402,506	-	-	56,402,506
Property and equipment	69,558,892	332	9,666,301	-	-	79,225,525
Intangible assets	2,585,314	-	1,061,636	-	-	3,646,950
Deferred assets	2,629,333	-	84,954,950	-	-	87,584,283
Goodwill	-	-	6,750,818	-	-	6,750,818
Other assets	18,299,986	12,550,798	3,461,646	11,311	15,395	34,339,136
Total Assets	**3,517,206,469**	**3,253,291,271**	**1,284,551,649**	**32,729,629**	**16,869,085**	**8,104,648,103**
LIABILITIES						
Deposits from banks	49,771,915	1,077,030	547,502	-	13,804	51,410,251
Customers' accounts	2,455,312,203	2,736,631,586	1,236,638,117	31,394,258	6,258,445	6,466,234,609
Liability under acceptances	299,999	20,515,999	6,572,492	1,398,980	2,115,721	30,903,191
Other borrowings	545,162,710	174,059,480	-	-	-	719,222,190
Subordinated bonds	-	-	18,160,021	-	-	18,160,021
Other liabilities	42,788,814	26,803,797	20,221,321	25,329	11,728	89,850,989
Provisions	6,304,319	1,239,776	1,084,208	-	-	8,628,303
Total Liabilities	**3,099,639,960**	**2,960,327,668**	**1,283,223,661**	**32,818,567**	**8,399,698**	**7,384,409,554**
Currency to be received	-	46,915,403	18,703,136	4,190,796	26,389,646	96,198,981
Currency to be delivered	6,055,000	40,153,912	18,329,413	4,190,562	27,458,402	96,187,289
	(6,055,000)	**6,761,491**	**373,723**	**234**	**(1,068,756)**	**11,692**
Net assets	**411,511,509**	**299,725,094**	**1,701,711**	**(88,704)**	**7,400,631**	**720,250,241**

December 31, 2013

ASSETS	LBP	USD	Euro	STG	Other	Total
	LBP'000					
Cash and central banks	263,151,374	495,116,385	96,649,455	1,524,602	22,688	856,464,504
Deposits with banks and financial institutions	2,660,830	166,391,650	67,208,370	13,478,870	8,190,557	257,930,277
Loan to a bank	6,350,873	-	-	-	-	6,350,873
Investments at fair value through profit or loss	52,050,041	92,931,724	73	-	-	144,981,838
Loans and advances to customers	567,965,017	1,396,896,401	849,232,139	4,740,525	9,663,590	2,828,497,672
Investments at amortized cost	2,094,450,329	918,702,588	221,605,371	8,616,452	-	3,243,374,740
Investments at fair value through other comprehensive income	7,595,542	6,888,819	10,208	-	-	14,494,569
Customers' liability under acceptances	450,000	13,196,020	7,435,294	-	2,120,861	23,202,175
Assets acquired in satisfaction of loans	13,357,999	75,441,678	-	-	-	88,799,677
Investment properties	-	-	57,989,822	-	-	57,989,822
Property and equipment	68,921,145	-	11,838,485	-	-	80,759,630
Intangible assets	3,109,950	-	1,302,422	-	-	4,412,372
Deferred assets	12,079,214	-	84,217,432	-	-	96,296,646
Goodwill	-	-	7,637,618	-	-	7,637,618
Other assets	3,107,086,730	11,391,802	1,844,549	37,130	9,706	28,227,603
Total	**3,107,086,730**	**3,176,957,067**	**1,406,971,238**	**28,397,579**	**20,007,402**	**7,739,420,016**
LIABILITIES						
Deposits from banks	568,099	1,303,599	270,966	4,911	5,471	2,153,046
Customers' accounts	2,396,854,996	2,681,876,021	1,366,852,419	28,475,857	7,524,595	6,481,583,888
Liability under acceptances	450,000	13,196,020	7,435,294	-	2,120,861	23,202,175
Other borrowings	292,152,815	175,788,118	-	-	-	467,940,933
Subordinated bonds	-	-	20,545,551	-	-	20,545,551
Other liabilities	36,352,260	24,683,079	9,740,545	22,097	124,107	70,922,088
Provisions	5,654,773	1,220,373	1,226,633	-	-	8,101,779
Total Liabilities	**2,732,032,943**	**2,898,067,210**	**1,406,071,408**	**28,502,865**	**9,775,034**	**7,074,449,460**
Currency to be received	-	36,821,908	7,624,780	-	27,664,415	72,111,103
Currency to be delivered	7,526,313	27,821,685	6,950,480	-	29,742,895	72,041,373
	(7,526,313)	**9,000,223**	**674,300**	**-**	**(2,078,480)**	**69,730**
Net Assets	**367,527,474**	**287,890,080**	**1,574,130**	**(105,286)**	**8,153,888**	**665,040,286**

Interest rate risk

Interest rate risk represents exposures to instruments whose values vary with the level of 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, 2014

ASSETS	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						
Cash and central banks	2.41	202,198,141	551,260,697	49,747,650	-	-	185,000,000	988,206,488
Deposits with banks and financial institutions	0.56	174,384,230	156,058,123	27,508,050	-	-	-	357,950,403
Loan to a bank	2.63	45,220	5,600,000	-	-	-	-	5,645,220
Investment securities at fair value through profit or loss	4.35	8,472,886	-	34,629,590	27,174,888	-	37,808,212	108,085,576
Loans and advances to customers	8.78	363,796,305	2,186,434,372	122,337,343	8,903,584	44,541,098	198,012,226	2,924,024,928
Investment securities at amortized cost	6.38	56,901,055	192,238,510	251,855,712	885,892,649	555,191,389	1,375,161,494	3,317,240,809
Investment securities at fair value through other comprehensive income	-	15,754,751	-	-	-	-	-	15,754,751
		821,552,588	**3,091,591,702**	**486,078,345**	**921,971,121**	**599,732,487**	**1,795,981,932**	**7,716,908,175**
LIABILITIES								
Deposits from banks and financial institutions	0.84	1,910,251	49,500,000	-	-	-	-	51,410,251
Customers' accounts	4.00	713,898,902	4,962,285,530	740,892,542	45,312,597	3,845,038	-	6,466,234,609
Other borrowings	2.24	4,344,606	173,945,403	300,000,000	48,765,500	17,734,000	174,432,681	719,222,190
Subordinated bonds	7.30	3,378	-	3,485,683	-	14,670,960	-	18,160,021
		720,157,137	**5,185,730,933**	**1,044,378,225**	**94,078,097**	**36,249,998**	**174,432,681**	**7,255,027,071**

December 31, 2013

ASSETS	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						
Cash and central banks	2.49	202,195,573	422,536,431	46,732,500	-	-	185,000,000	856,464,504
Deposits with banks and financial institutions	0.56	132,653,682	125,271,595	5,000	-	-	-	257,930,277
Loan to a bank	2.64	50,873	6,300,000	-	-	-	-	6,350,873
Investment securities at fair value through profit or loss	6.12	10,038,907	25,099	67,900,184	25,905,830	6,901,540	34,210,278	144,981,838
Loans and advances to customers	8.27	320,814,639	2,008,191,787	165,086,277	20,463,429	27,434,880	286,506,660	2,828,497,672
Investment securities at amortized cost	6.60	57,606,886	128,298,671	299,270,855	802,356,015	779,552,581	1,176,289,732	3,243,374,740
Investment securities at fair value through other comprehensive income	-	14,494,569	-	-	-	-	-	14,494,569
		737,855,129	**2,690,623,583**	**578,994,816**	**848,725,274**	**813,889,001**	**1,682,006,670**	**7,352,094,473**
LIABILITIES								
Deposits from banks and financial institutions	3.72	-	2,153,046	-	-	-	-	2,153,046
Customers' accounts	4.11	691,714,978	4,986,465,714	796,209,677	5,808,708	1,384,811	-	6,481,583,888
Other borrowings	2.26	1,584,026	171,101,250	189,459,185	48,765,500	-	57,030,972	467,940,933
Subordinated bonds	7.45	4,056	-	16,598,160	3,943,335	-	-	20,545,551
		693,303,060	**5,159,720,010**	**1,002,267,022**	**58,517,543**	**1,384,811**	**57,030,972**	**6,972,223,418**

43. COMMITMENTS AND CONTINGENCIES

The Group is defendant in lawsuits filed by different parties amounting to around USD 3.5 million. According to the Group's legal advisors, the outcome of these claims cannot be reliably assessed at present.

The Bank's tax returns for the years 2011 to 2014 and social security declarations for the years 2007 to 2014 are still subject to review by the relevant tax and social security authorities. Any additional tax liability depends on the outcome of such reviews.

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 after deductions for goodwill and intangible assets and other regulatory adjustments.

Tier II capital: Comprises 50% cumulative change in fair value for investments classified at fair value through other comprehensive income and subordinated bonds.

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

	December 31,	
	2014	2013
	LBP million	
Common equity Tier I	433,446	405,736
Additional Tier I capital	196,205	196,639
	629,651	**602,375**
Tier II capital	**21,512**	**23,292**
Total regulatory capital	**651,163**	**625,667**
Credit risk	3,814,326	3,848,645
Market risk	62,128	93,459
Operational risk	411,878	381,084
Risk-weighted assets and risk-weighted off-balance sheet items	**4,288,332**	**4,323,188**
Equity Tier I ratio	10.11%	9.39%
Tier I Capital Ratio	14.68%	13.93%
Risk based capital ratio - Tier I and Tier II capital	15.18%	14.47%

45. FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES

The following table shows the carrying amounts and fair values of financial assets and liabilities recognized in the consolidated financial statements, including their levels in the fair value hierarchy. It does not include financial assets and financial liabilities which are not measured at fair value and where the directors consider that the carrying amounts of these financial assets and liabilities are reasonable approximations of their fair value:

December 31, 2014

			Fair Value			
	Note	Carrying amount	Level 1	Level 2	Level 3	Total
		LBP'000				
Financial assets measured at fair value						
Investments at fair value through profit or loss:						
Quoted equity securities	9	4,908,677	4,908,67	-	-	4,908,677
Unquoted equity securities	9	1,325	-	-	1,325	1,325
Lebanese Treasury bills	9	15,143,377	-	15,143,377	-	15,143,377
Lebanese Government bonds	9	2,007,871	-	2,007,871	-	2,007,871
Foreign Government bonds	9	12,985,523	-	12,985,523	-	12,985,523
Foreign Eurobonds	9	31,407,082	-	31,407,082	-	31,407,082
Certificates of deposit issued by the Central Bank of Lebanon	9	36,422,770	-	36,422,770	-	36,422,770
Capital Funds	9	3,502,722	-	3,502,722	-	3,502,722
Unquoted equities at fair value through other comprehensive income:						
Bancassurance S.A.L	9	8,530,000	-	-	8,530,000	8,530,000
Other investments	9	7,224,751	-	-	7,224,751	7,224,751
		122,134,098	**4,908,677**	**101,469,345**	**15,756,076**	**122,134,098**
Financial assets not measured at fair value						
Term placements with Central Bank of Lebanon		185,000,000	-	192,036,310	-	192,036,310
Loans and advances (net of allowances)	8	2,924,024,928	-	2,934,170,951	-	2,934,170,951
Investments at amortized cost:						
Lebanese Treasury bills	9	1,272,028,472	-	1,276,394,873	-	1,276,394,873
Lebanese Government bonds	9	661,210,128	-	677,061,260	-	677,061,260
Foreign Government bonds	9	148,179,481	-	149,739,458	358,785	150,098,243
Certificates of deposit issued by the Central Bank of Lebanon	9	1,145,316,107	-	1,161,305,483	-	1,161,305,483
Corporate bonds	9	33,605,566	-	33,942,836	-	33,942,836
		6,369,364,682	**-**	**6,424,651,171**	**358,785**	**6,425,009,956**
Financial liabilities not measured at fair value						
Other Borrowings		66,499,500	-	60,959,531	-	60,959,531
		66,499,500	**-**	**60,959,531**	**-**	**60,959,531**

December 31, 2013

	Note	Carrying amount	Fair Value Level 1	Level 2	Level 3	Total
		LBP'000				
Financial assets measured at fair value						
Investments at fair value through profit or loss:						
Quoted equity securities	9	5,903,907	5,903,907	-	-	5,903,907
Unquoted equity securities	9	1,325	-	-	1,325	1,325
Lebanese Treasury bills	9	15,191,427	-	15,191,427	-	15,191,427
Lebanese Government bonds	9	21,466,711	-	21,466,711	-	21,466,711
Foreign Government bonds	9	19,283,379	-	19,283,379	-	19,283,379
Foreign Eurobonds	9	44,887,599	-	44,887,599	-	44,887,599
Certificates of deposit issued by the Central Bank of Lebanon	9	35,835,876	-	35,835,876	-	35,835,876
Unquoted equities at fair value through other comprehensive income:						
Bancassurance S.A.L	9	8,030,000	-	-	8,030,000	8,030,000
Other investments	9	6,464,569	-	-	6,464,569	6,464,569
		157,064,793	**5,903,907**	**136,664,992**	**14,495,894**	**157,064,793**
Financial assets not measured at fair value						
Term placements with Central Bank of Lebanon		185,000,000	-	187,520,546	-	187,520,546
Loans and advances (net of allowances)	8	2,828,497,672	-	2,845,495,643	-	2,845,495,643
Investments at amortized cost:						
Lebanese Treasury bills	9	1,142,442,532	-	1,144,616,453	-	1,144,616,453
Lebanese Government bonds	9	724,521,219	-	724,807,000	-	724,807,000
Foreign Government bonds	9	166,546,592	126,715,748	29,673,750	358,785	156,748,283
Certificates of deposit issued by the Central Bank of Lebanon	9	1,085,452,632	-	1,085,619,019	-	1,085,619,019
Corporate bonds	9	66,804,880	-	67,482,320	-	67,482,320
		6,199,265,527	**126,715,748**	**6,085,214,731**	**358,785**	**6,212,289,264**
Financial liabilities not measured at fair value						
Other Borrowings		66,499,500	-	58,998,765	-	58,998,765
		66,499,500	**-**	**58,998,765**	**-**	**58,998,765**

There have been no transfers between Level 1, Level 2 and Level 3 during the year.

The directors consider that the carrying amounts of cash, compulsory and other short term deposits with Central Bank of Lebanon, deposits from banks and accounts payable approximate their fair values due to the short-term maturities of these instruments. For customers' accounts, this is largely due to their short term contractual maturities.

Valuation techniques, significant unobservable inputs, and sensitivity of the input to the fair value

The following table gives information about how the fair values of financial instruments included in the consolidated financial statements, are determined (Level 2 and Level 3 fair values) and significant unobservable inputs used:

Financial instruments	Date of valuation	Valuation technique and Key input	Significant unobservable inputs
Lebanese treasury bills	31-Dec-13 & 14	DCF at a discount rate determined based on the yield curve applicable to Lebanese treasury bills, adjusted for illiquidity.	N/A
Certificates of deposits in LBP issued by Central Bank of Lebanon	31-Dec-13 & 14	DCF at a discount rate determined based on the yield curve applicable to Lebanese treasury bills, adjusted for illiquidity.	N/A
Certificates of deposits in foreign currencies issued by Central Bank of Lebanon	31-Dec-13 & 14	DCF at discount rates determined based on observable yield curves at the measurement date.	N/A
Lebanese Government bonds	31-Dec-13 & 14	DCF at discount rates determined based on the yield on USA treasury bills and the Credit Default Swap applicable to Lebanon subject to illiquidity factor.	N/A
Term placements with Central Bank of Lebanon	31-Dec-13 & 14	DCF at a discount rate determined based on the yield on USA treasury bills and the Credit Default Swap applicable to Lebanon subject to illiquidity factor.	N/A
		DCF at discount rates determined based on the average rate of return of the receivables bearing fixed interest rate for more than one year.	N/A
Foreign Government Bonds	31-Dec-13 & 14	Quoted prices for similar assets in active markets.	N/A
Bancassurance S.A.L.	31-Dec-13 & 14	Multiple earnings.	4.5 times earnings
Other unquoted Equities at fair value through other comprehensive income	31-Dec-13 & 14	N/A	N/A
Other Borrowings	31-Dec-13 & 14	DCF at discount rates determined based on the average rate of return of the payables bearing fixed interest rate for more than one year.	N/A

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 6, 8, 16, 18, and 21 and in the statement of profit or loss in Notes 28, 29 and 34.

Remuneration to executive management paid during 2014 amounted to LBP 5.27 billion (LBP 4.65 billion in 2013).

47. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements for the year ended December 31, 2014 were approved by the Board of Directors in its meeting held on April 18, 2015.

BLC BANK NETWORK

Shareholders' Structure

Management Committees

Correspondent Banks

Financial Highlights

Corporate Governance

Biographies

Subsidiaries' Boards

Board Committees

Board of Directors

Organization Chart

Auditors' Report

BLC Bank Network

Chairman's Letter

Branches

Branches	Telephone	Fax	Address
Adlieh	961 1 387000-429000	961 1 616984	BLC Bank bldg., Adlieh square, Beirut
Achrafieh	961 1 200990/1	961 1 200990-1 Ext: 170	Jerbaka bldg., Adib Ishac str., Sassine square, Achrafieh
Aicha Bakkar	961 1 749135/6/7/8	961 1 749135/6/7/8 Ext: 170	Tabsh bldg., intersection El Isteklal, facing Selim El Hoss residence, Beirut
Aley	961 5 556025-557026-558027	961 5 558027 Ext: 170	Moghtarebeen Hotel bldg., Aley main road, Aley
Antelias	961 4 418080-417230-522018	961 4 522018 Ext: 170	St. Elie center, Antelias
Baabda	961 5 468084/5	961 5 921820 Ext: 170	Michel Helou bldg., Baabda square, Baabda
Batroun	961 6 642166-741599	961 6 742812 Ext: 170	BLC Bank bldg., main road, Batroun
Becharre	961 6 671101-672767	961 6 671101 Ext: 170	Emile Hanna Geagea bldg., main road, Becharre
Beit Chabab	961 4 980840-981348	961 4 980840 Ext: 170	BLC Bank bldg., Al Blata area, Beit Chabab
Bikfaya	961 4 981602-981532	961 4 986266 Ext: 170	Municipality bldg., Bikfaya square, Bikfaya
Bourj Hammoud	961 1 260855-241689	961 1 241689 Ext: 170	Maronite Monks bldg., Tripoli str., Bourj Hammoud
Chekka	961 6 540728-545028	961 6 540728 Ext: 170	Michel El Hallal bldg., main road, Batroun
Chiah	961 1 389515-387411	961 1 387411 Ext: 170	Awad bldg., old Saida road, Chiah
Chtaura	961 8 545422/3/4 - 542450	961 8 545424 Ext: 170	BLC Bank bldg., Damascus main road, Chtaura
Dekwaneh	961 1 692060-692070	961 1 687647 Ext: 170	Kamar center, Sed El Bauchrieh str., Dekwaneh
Dora	961 1 264450-260856	961 1 260856 Ext: 170	Dora highway, near the bridge, Dora
Furn El Chebbak	961 1 613247-613248	961 1 613247 Ext: 170	Fares Younis bldg., Furn El Chebbak
Ghobeiry	961 1 272772-548600	961 1 275737	Akil Berro bldg., Ghobeiry str., Ghobeiry
Hadath	961 5 460034-467438	961 5 460425 Ext: 170	Michel Kherbawi bldg., Al Ain square, Hadath
Hamra	961 1 340450-350060-747912/3	961 1 348512 Ext: 170	Rassamni bldg., Hamra str., Hamra
Hazmieh	961 5 454722-455547	961 5 457177 Ext: 170	Michael Mansour bldg., Damascus main road, Hazmieh

Branches

Branches	Telephone	Fax	Address
Hermel	961 8 201771-201772	961 8 201773	Chahine center, opposite Seray bldg., Hermel
Jal El Dib	961 4 723200/1/2/4/5	961 4 723200/1/2/4/5 Ext: 170	Yachouhi bldg., main road, Jal El Dib
Jbeil	961 9 546956-540150	961 9 546955 Ext: 170	BLC Bank bldg., main road, Jbeil
Jounieh	961 9 910800-934558	961 9 835219 Ext: 170	Stephan bldg., main road, opposite municipality, Jounieh
Kousba	961 6 510125-511132	961 6 510125 Ext: 170	Nicolas center, main road, Kousba
Mazraa	961 1 631634-653403-702540/1	961 1 631634 Ext: 170	Waef El Roum bldg., Corniche El Mazraa, Beirut
Mar Elias	961 1 703805/6-706248	961 1 703805 Ext: 170	Dar El Baida bldg., Mar Elias str., Beirut
Mar Mikhael	961 1 565700/1/2	961 1 565702 Ext: 5360	BLC Bank bldg., Mar Mikhael str., Beirut
Mazraat Yachouh	961 4 928612/3/4/5	961 4 928612 Ext: 170	Hajj bldg., main road, Mazraat Yachouh
Nabatieh	961 7 764780-764781	961 7 764780 Ext: 170	City Center bldg., Mahmoud Fakih str., Nabatieh
New Jdeideh	961 1 879973/4/5 - 879896	961 1 879973/4/5 Ext: 170	Khoury bldg., New Jdeideh str., facing Gi&Lou, New Jdeideh
Saida	961 7 722330/1/2-727508	961 7 722330 Ext: 170	BLC Bank bldg., Riad el Solh str., Saida
Sour	961 7 343100/1	961 7 343313	Issa bldg., Al Massaref str., Sour
Tabaris-Charles Malek	961 1 200210/1	961 1 333430 Ext: 170	Tabaris 812 bldg., Charles Malek str., Achrafieh
Tabaris-Selim Bustros	961 1 200992-204551	961 1 200992 Ext: 170	Dakdouk bldg., Selim Bustros str., Achrafieh
Tripoli - Mina	961 1 215350/60/70	961 6 215340 Ext: 170	Shoucair bldg., Mina El Husseini hospital str., Tripoli-Mina
Tripoli - Tell	961 6 430210/1	961 6 432896 Ext: 170	BLC Bank bldg., Karm El Kellah str., facing Karameh Palace, Tripoli-Tell
Zahle	961 8 829410/20/30/40	961 8 8259410/20 Ext: 170	Lawandos center, Zahle boulevard, Hosh El Zarraina, Zahle
Zouk Mikael	961 9 212226/6-211473	961 9 211675 Ext: 237	Main road, Présidence str., Zouk Mikael
Zouk Mosbeh	961 9 226803-223710	961 9 226803/4 Ext: 170	Charcutier Aoun bldg., main road, Zouk Mosbeh

Subsidiaries

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e-mail: info@blcinvest.com

Representative Office

For all people living in the Gulf region, you may now work directly with BLC Bank through our **Abu Dhabi Representative Office:**

P.O. Box 6204, Khalidiya Park Bldg. - 1st Floor, Khalidiya Str., Abu Dhabi, UAE
Phone: +971 2 6505777 Fax: +971 2 6505778
www.blcbank.com and **blc.repad@blcbank.com**

CORRESPONDENT BANKS

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Correspondent Banks

Country	Name of Correspondent	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
Cyprus	USB Bank plc	UNVK CY 2N
Denmark	Danske Bank A/S	DABA DK KK
Egypt	Banque Misr SAE	BMIS EG CX
France	Al Khaliji Bank (France) SA	LICO FR PP
	Fransabank (France) SA	FRAF 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 - Tokyo	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	Danske Bank A/S - Trondheim	DABA NO 22

Country	Name of Correspondent	Swift Code
Qatar	Al Khalij Commercial Bank (al khaliji) QSC	KLJI QA QA
	Qatar National Bank SAQ	QNBA QA QA
	The Commercial Bank of Qatar QSC	ABQQ QA QA
Saudi Arabia	The National Commercial Bank	NCBK SA JE
Spain	Banco de Sabadell SA	BSAB ES BB
	CaixaBank SA	CAIX 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
Turkey	AKbank TAS	AKBK TR IS
	Türkiye Garanti Bankasi AS	TGBA TR IS
	Türkiye IS Bankasi AS	ISBK TR IS
United Arab Emirates	Al Khaliji Bank (France) SA - Dubai	LICO AE AD
	Mashreqbank psc	BOML AE AD
United Kingdom	JPMorgan Chase Bank - London	CHAS GB 2L
	Lloyds TSB Bank plc	LOYD GB 2L
	JPMorgan Chase Bank NA	CHAS US 33
United States of America	Standard Chartered Bank, New York	SCBL US 33
	The Bank of New York Mellon	IRVT US 3N

Chairman's Letter

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