ANNUAL REPORT 2015

BLC bank
FRANSABANK GROUP

We deliver what matters

OUR VISION

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

OUR MISSION

To 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.

OUR VALUES

- WE DO WHAT WE SAY
- WE DO IT WITH INTEGRITY
- WE ARE PERFORMANCE DRIVEN
- WE PROMOTE GENDER EQUALITY
- WE ARE RESPONSIBLE CORPORATE CITIZENS

FOUR PILLARS

“Four pillars will constantly guide our development and will always remain our focal point:

- **PROFESSIONALISM**
- **INNOVATION**
- **EXCELLENCE**
- **TECHNOLOGY**

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CHAIRMAN'S LETTER

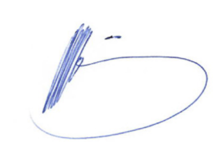
MAURICE SEHNAOUI
CHAIRMAN GENERAL MANAGER

In a continuous effort to earn our customers' trust and provide them with the services that meet their needs, we have pursued throughout 2015 the core principles on which we have founded our strategy and which have borne fruit during previous years.

Despite the political turmoil and the deteriorating macroeconomic conditions, BLC Bank achieved good results while never losing sight of the reason we are here: to serve our clients, our communities and of course, to earn a fair profit for our shareholders.
Net income reached $44.1m on a consolidated basis by the end of 2015 while total consolidated assets stood at $5.7 billion, with an increase of 6.8% compared to 2014 and total consolidated deposits stood at $4.6 billion with an increase of 6.8% compared to 2014.
In addition, BLC Bank's net spread reached 2.34% as at December 2015, standing among the best in the sector. The capital adequacy ratio reached 14.7% compared to a regulatory requirement of 12.0% as at December 31, 2015, reflecting the solidity of its capital structure.
We focused our strategic framework on four foundational pillars: Professionalism, Innovation, Excellence and Technology, which became the cornerstone of our success. BLC Bank continued during 2015 to build up on its major strategic axes, maintaining it's positioning among the leaders both on the retail and the corporate side by supporting small and medium enterprises, bringing together female entrepreneurs, and providing our clients with an exhaustive range of individual loans and state-of-the-art mobile and online banking platforms. We are now well positioned for further growth.
The Bank remained focused on building new and expanding existing relationships to create enduring, satisfied clients, by creating tangible value for women and small & medium enterprises through non-financial services, thereby expanding the role of the Bank to become a catalyst for companies' growth and not only a mere financial services provider. Through this approach we have put entrepreneurs under a national spotlight and encouraged their participation in the Lebanese economy which has had a remarkable impact reaching more than 15,000 SMEs, women and men since 2012.
At the Women segment level, the Bank reaffirmed its position as a leader in the economic empowerment of women through the We Initiative program providing a set of financial and non-financial solutions. In this context, BLC Bank became a bank of reference hosting study tours and training banks influencing the creation of women empowerment programs in no less than 15 banks around the world (Latin America, Asia, Africa and Middle East). The active role played in this area, has been recognized by the Global Banking Alliance for Women (GBA), as the Bank became the first in the region to be part of its Governing Board, and since September 2015 was voted Chair of the Board.
In this context, the Bank successfully conducted the fourth edition of the Brilliant Lebanese Awards (BLA) for 2015. The Business of the Year, Women Entrepreneur of the Year, and the People Choice Award were announced in a TV event broadcasted live taking the Bank a step forward in its commitment to honor successful men and women entrepreneurs.
We have been successfully maintaining strong credit quality, executing our control and regulatory agenda and continuing to invest in technology, infrastructure and talent — critical to the future of the Bank.
On the corporate social responsibility end, in 2015, we continued our strong commitment to community, diversity and sustainability. For we believe we have more than a mere financial role to play and consider BLC Bank as a responsible "citizen" meeting the challenges of its transformation, from traditional habits to sustainable practices, which strengthens our values and inspires us to spread our culture to all our collaborators, suppliers, clients, families and business associates, hoping this will have a positive and long lasting impact on our environment and society. Our commitment reflects in every aspect of our action, from the loans we offer to our daily life inside the Bank's premises.

As we look to 2016 and beyond, we believe growth and profitability are achieved by delivering a higher level of banking that nurtures lifelong relationships with unwavering integrity and financial prudence. We also believe in attracting, retaining and motivating our most valuable asset, our people. What they have accomplished during these often difficult circumstances has been extraordinary. It has been their dedication, fortitude and perseverance that made our success possible.

Maurice Sehnaoui



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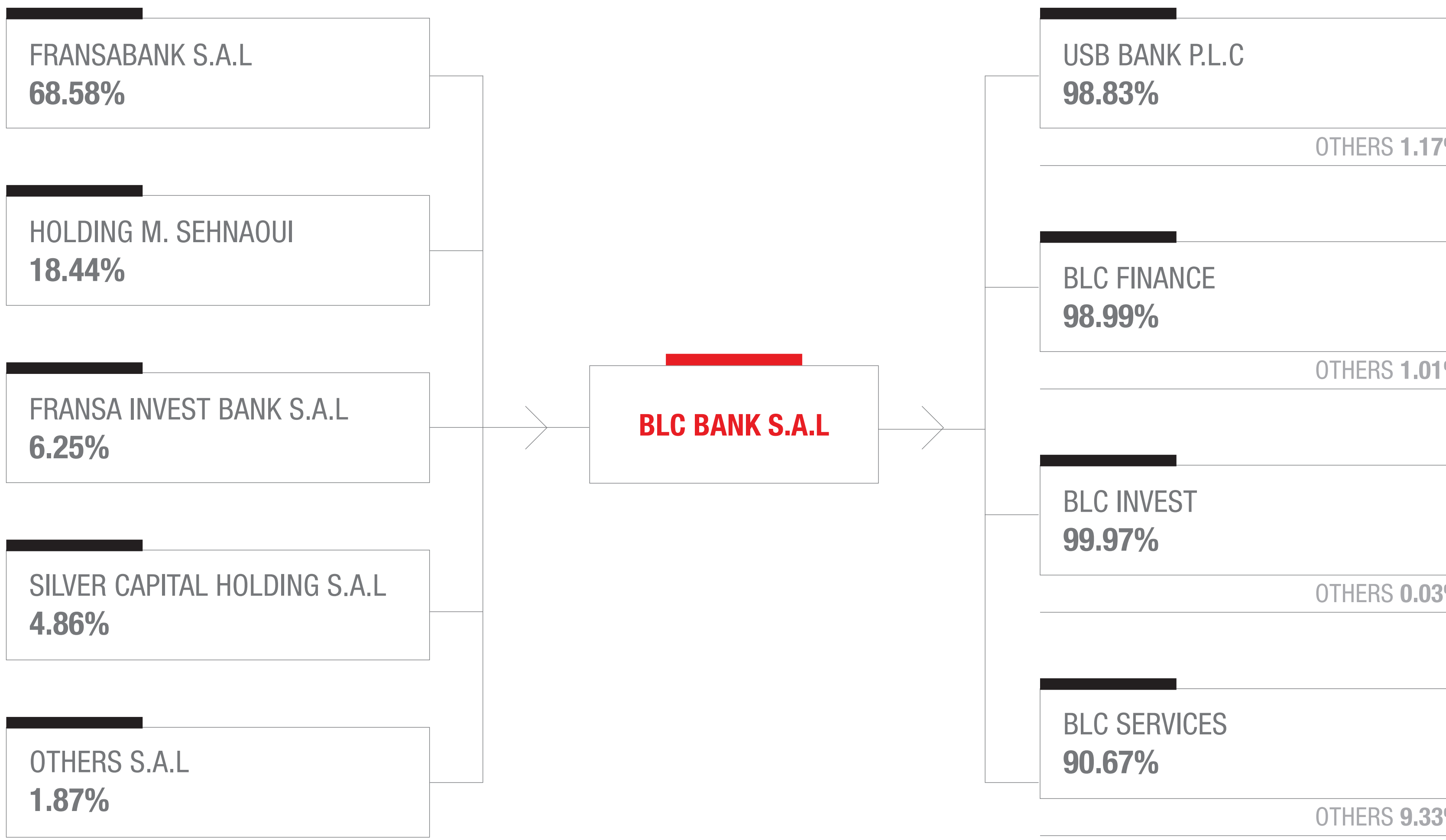
CORPORATE GOVERNANCE

SHAREHOLDERS STRUCTURE



BOARD OF DIRECTORS

CHAIRMAN GENERAL MANAGER

Mr. Maurice SEHNAOUI

DEPUTY CHAIRMAN AND GENERAL MANAGER

Mr. Nadim KASSAR

MEMBERS

Mr. Adnan KASSAR
Mr. Adel KASSAR
Mr. Nabil KASSAR
Me. Walid DAOUK
Mr. Nazem EL KHOURY
Me. Ziyad BAROUD
Me. Walid ZIADE
Ms. Youmna ZIADE
Mr. Mansour BTEISH
Mr. Henri DE COURTIVRON

SECRETARY TO THE BOARD

Me. Michel TUENI

EXTERNAL AUDITORS

Deloitte & Touche

FMO Fiduciaire du Moyen Orient

1. ROLE OF THE BOARD OF DIRECTORS

The Board of the Directors shall be composed of a mix of Executive and Independent directors in order to obtain the optimal mix of skills and experience.

The basic responsibility of the Board of Directors is to oversee the Bank's affairs, and to exercise reasonable business judgment on behalf of the Bank. Further, the Board members are responsible for the execution of the mission assigned to them, according to provisions of article 166 and the related articles of the Code of Commerce.

Directors shall have full and free access to senior management and other employees of the Bank for any information they wish to obtain.

2. MEETINGS OF THE BOARD OF DIRECTORS

During the year 2015, the Board met eight times.

The Board of Directors of BLC Bank confirms that during 2015 it has complied with the relative provisions of the Corporate Governance Code, with the only deviation being the composition of the Risk Management Committee, reference of which is made in the section relating to the Risk Management Committee of the present Report.

The Board of Directors recognizes the importance of implementing sound corporate governance policies and has taken the necessary actions to comply with the new requirements of the Central Bank.

During 2016, The Board has approved the establishment of an independent unit, in charge of implementing the policy relating to the principles of carrying out banking and financial operations with customers in compliance with BDL Circular # 134, reporting directly to the General Manager, and took all necessary decisions to procure all necessary human and technical resources for this unit to perform its tasks efficiently.

The Board has also approved the Remuneration Policy of the Bank in compliance with BDL Circular # 133 and the Policy for Credits to Related Parties in compliance with BDL circular # 132.

Composition of the Board of Directors during 2015 until today

Executive Members: four
Non-Executive and Independent Members: two
Non-Executive Members: six

NOTA: The four Executive Members include his Excellency Mr. Nazem El Khoury who is the Chairman General Manager of BLC Services SAL which is a subsidiary of BLC Bank SAL; however he does not have any Executive role in BLC Bank SAL.

3. BIOGRAPHIES

MR. MAURICE SEHNAOUI

CHAIRMAN GENERAL MANAGER

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 SAL 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

DEPUTY CHAIRMAN AND GENERAL MANAGER

Mr. Nadim Kassar is the Deputy Chairman and General Manager of BLC Bank SAL. He holds currently the following positions: Deputy Chairman and General Manager of BLC Invest SAL, 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, Vice Chairman and 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 include 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.

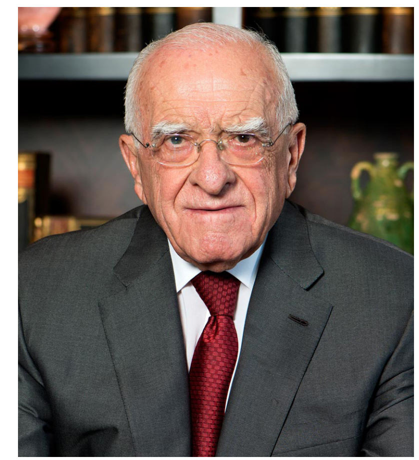
MR. ADNAN KASSAR

CHAIRMAN AND CEO OF FRANSABANK GROUP

Mr. Adnan Kassar is the Chairman and CEO of Fransabank Group . In 1980, he and his brother Adel acquired Fransabank and have lead the Bank ever since. He is also a member of the Board of Directors of BLC Bank SAL, Fransabank (France) SA, and Fransabank Syria SA. He is also the Chairman of the Supervisory Board of Fransabank OJSC in Belarus . 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. He is also former President of the Lebanese Federation of Chambers of commerce, Industry and Agriculture in Lebanon and headed this federation for over thirty years (1972 to 2002). He is 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 which groups millions of companies and associations from the 22 member Arab countries. Born in 1930, Mr. Kassar holds a Bachelor's degree in Law from Université Saint Joseph , Beirut and an Honorary Doctorate from the Lebanese American University. Mr. Kassar has received global awards and high distinguished decorations from many Heads of States and International Organizations, including the Oslo Business for Peace Award in 2014, and the "China Arab Outstanding contribution" award from China's President Xi in 2016.

MR. ADEL KASSAR

DEPUTY CHAIRMAN AND CEO OF FRANSABANK GROUP



Mr. Adel Kassar's career spans over more than six decades. He currently leads as the Deputy Chairman and Chief Executive Officer of Fransabank Group 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.

MR. NABIL KASSAR
BOARD MEMBER

Mr. Nabil Kassar holds a Bachelor's degree in Law from Université Saint Joseph. He is the General Manager of Fransabank SAL and the Chairman of the Board of Directors of Fransa Invest Bank SAL, the investment arm of Fransabank and Fransa Land SAL. Mr. Kassar is also a member of the Board of Directors of Fransabank France SA, Fransabank El Djazaïr, Fransabank Syria SA, BLC Invest SAL, Bancassurance SAL and United Real Estate Investment Co. SAL. Mr. Kassar is born in 1970.

ME. WALID DAOUK
BOARD MEMBER

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.

MR. NAZEM EL KHOURY

BOARD MEMBER

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.

ME. ZIYAD BAROUD

BOARD MEMBER

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.

ME. WALID ZIADE

BOARD MEMBER

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 Supérieure de Commerce de Paris (ESCP).

MS. YOUMNA ZIADE

BOARD MEMBER

Mrs. Youmna Ziade Karam joined BLC Bank in 2008 and has held various management positions. She is currently head of the CSR Committee and member of the Board of Directors of BLC Bank. Mrs. Karam started her career at Société Générale de Banque au Liban in 2003 where she occupied several positions within the corporate banking group.

Born in 1980, Mrs. Karam Holds a Masters degree in Law from Saint-Joseph University (2001) and a Diplôme de Sciences-Po from the Institut d'Études Politiques de Paris (2003).

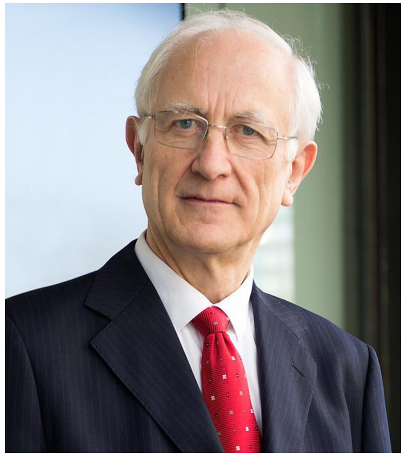
MR. MANSOUR BTEISH

BOARD MEMBER

Mr. Mansour Bteish joined Fransabank SAL in 1974. Over the course of four 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.

MR. HENRI DE COURTIVRON

BOARD MEMBER



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. In 2015, he was elected as a Consular Judge at the Paris Commercial Court. Born in 1950, Mr. Courtivron graduated from Ecole Supérieure de Commerce de Paris and holds a degree in Economic Sciences from PARIS X University.

ME. MICHEL TUENI

SECRETARY TO THE BOARD

DELOITTE & TOUCHE

EXTERNAL AUDITOR

FMO FIDUCIAIRE DU MOYEN ORIENT

EXTERNAL AUDITOR

4. CHANGES IN THE COMPOSITION DURING 2015

Mr. Raoul Nehme, an Executive Board Member, resigned in July 2015 and the Board decided on the invitation of the General Assembly to submit the proposal of the Board for electing Mrs. Youmna Ziade as new Non-Executive Board Member.

5. CLASSIFICATION CRITERIA FOR DETERMINING NON-EXECUTIVE DIRECTORS

A non-executive Board member is the one who:

a. has no executive function at the Bank;
b. is not assigned with any executive tasks in the Bank or at any of its subsidiaries in Lebanon or abroad;
c. does not currently perform any consultative work to the "Executive Senior Management" or has not carried out any assignment during the past two (2) years preceding his/her nomination as a board member.

NOTA : Under the terms of BDL circular 118, a Board Member, who is nominated at any of the Bank's foreign subsidiaries, will not be considered "Executive" in case the laws in the foreign country where this subsidiary operates, does not consider him as an executive member.

6. CLASSIFICATION CRITERIA FOR DETERMINING INDEPENDENT DIRECTORS

An independent Board member is the one who meets all of the following characteristics:

a. Is a Non-Executive Board Member
b. Is not one of the major shareholders who own, directly or indirectly, more than 5% of the Bank's total shares or voting rights related to these shares; whichever is greater.
c. Is independent of any person from the Bank's "Executive Senior Management" and of its major shareholders in the sense that there is no work relationship with anyone of them currently or during the past two years preceding his/her nomination as a Board member
d. Has no family-relationship with any of the major shareholders until the fourth degree.
e. Is not any of the Bank's debtors.

7. RESPONSIBILITIES OF THE CHAIRMAN OF THE BOARD

The Chairman shall:

- **Promote a constructive relationship between the Board of Directors and the Bank's Executive Management and between the Executive directors and the Non-Executive directors.**
- **Ensure that both Directors and Shareholders receive adequate and timely information.**
- **Ensure high standards of Corporate Governance by the bank**

SUBSIDIARIES' BOARDS

USB BANK PLC

Members:
Mr. Maurice SEHNAOUI (Chairman)
Mr. Nadim KASSAR (Vice Chairman)
Fransa Invest Bank SAL represented by Mr. Mansour BTEISH
Me. Ziyad BAROUD
Mr. Henri PIERRE JEAN GUILLEMIN
Mr. Agis TARAMIDES
Mr. George GALATARIOTIS
Mr. George STYLIANOU
Mr. Philippos PHILIS
Mr. Andreas THEODORIDES
Mr. Despo POLYCARPOU

Secretary to the board:
Ms. Panayiota CHARITONOS

Independent Auditors
Deloitte Limited
Certified Public Accountants and Registered Auditors

BLC SERVICES

Members:
Mr. Nazem EL KHOURY (Chairman)
BLC BANK SAL
HOLDING M.SEHNAOUI SAL
Me. Walid DAOUK
Me. Walid ZIADE
Mr. Khaled SALMAN

Secretary to the board:
Me. Michel TUENI

Independent Auditors
Deloitte & Touche
Mr. Elie Husni Bali

BLC FINANCE

Members:
Mr. Mansour BTEISH (Chairman)
FRANSABANK SAL
HOLDING M.SEHNAOUI SAL

Secretary to the board:
Me. Michel TUENI

Independent Auditors
Deloitte & Touche

BLC INVEST

Members:
Mr. Maurice SEHNAOUI (Chairman and General Manager)
Mr. Nadim KASSAR (Deputy Chairman and General Manager)
Me. Walid DAOUK
Mr. Nabil KASSAR
Me. Walid ZIADE
Mr. Mansour BTEISH
Mr. Youssef SARROUH

Secretary to the board:
Me. Rami KANAAN

Independent Auditors
Deloitte & Touche
Fiduciare du Moyen Orient

COMMITTEES

In the context of sound corporate governance principles as stipulated by the central bank basic circular 106 and the Organization for Economic Co-Operation and Development guidelines, the bank has established two levels of committees:

A - BOARD COMMITTEES

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

Executive Committee

Composition and service of the members of the Committee during 2015 until today:

1 Chairman & General Manager (Chairperson - Voting)	Maurice Sehnaoui	Member since 2008
2 Deputy Chairman & General Manager (Voting)	Nadim Kassar	Member since 2008
3 Executive Board Member (Voting)	Mansour Bteish	Member since 2008

Purpose of the Committee:
The Executive Committee is the highest executive body in the bank assigned by the BOD. It ensures that all directives of the board are duly executed, that the board is well informed on the activities of the bank, and that the board is duly asked to authorize all sorts of decisions falling within its mandate.

Meetings during 2015:
During the year 2015, the Executive Committee met five times.

Audit Committee

Composition and service of the members of the Committee during 2015 until today:

1 Independent Board Member (Chairperson – Voting)	Henri de Courtivron	Member since 2014
2 Non-Executive Board Member (Voting)	Walid Daouk	Member since 2008
3 Non-Executive Board Member (Voting)	Nabil Kassar	Member since 2008
4 Non-Executive Board Member (Voting)	Walid Ziade	Member since 2008
5 Head of Internal Audit (Non-voting)	Alexander Zgheib	

Purpose of the Committee:
The Audit Committee assists the board of directors in fulfilling its duties towards shareholders especially in making sure that the bank is adequately run as per the policies and procedures endorsed by the board and in full compliance with existing rules and regulations especially those stipulated by the central bank (BDL) and the bank control commission (BCC).

Meetings during 2015:
The Audit Committee met three times during the year 2015.

Risk Management Committee

Composition and service of the members of the Committee during 2015 until today:

1 Executive Board Member (Chairperson – Voting)	Nazem El-Khoury	Member since 2013
2 Deputy Chairman & General Manager (Voting)	Nadim Kassar	Member since 2015
3 Executive Board Member (Voting)	Mansour Bteish	Member since 2013
4 Non-Executive Board Member (Voting)	Walid Daouk	Member since 2008
5 Group Chief Risk Officer – Fransabank (Non-voting)	Mona Khoury	
6 Head of Risk Group (or)	Georges Baz (OR)	
Deputy Head of Risk Group (Non-voting)	Carlos Lebbos	

NOTA : According to the Central Bank directives, and BLC bank SAL corporate governance code, an independent board member should chair the risk management committee; BLC bank SAL is requesting a waiver from the Central Bank until the end of 2016 to have an independent board member to chair the committee.

Purpose of the Committee:

The Risk Management Committee assists the board of directors in maintaining an adequate risk management framework and in monitoring the risk profile of the organization making sure that it is commensurate with the risk tolerance set forth by the board of directors.

Meetings during 2015:

The Risk Management Committee met four times during the year 2015.

Corporate Governance Committee

Composition and service of the members of the Committee during 2015 until today:

1 Independent board member (Chairperson- Voting)	Ziyad Baroud	Member since 2014
2 Independent board member (Voting)	Henri de Courtivron	Member since 2014
3 Non-Executive board member (Voting)	Walid Daouk	Member since 2014
4 Non-Executive board member (Voting)	Walid Ziade	Member since 2014

Purpose of the Committee:

The Corporate Governance Committee promotes the fair and transparent relationship between the Bank, its Management, its Board of Directors, its Shareholders, customers, employees and any other Stakeholder.

Meetings during 2015:

The Corporate Governance Committee met one time during the year 2015.

Board Credit Committee

Composition and service of the members of the Committee during 2015 until today:

1 Chairman & General Manager (Chairperson- Voting)	Maurice Sehnaoui	Member since 2013
2 Executive Board Member, (DCGM Fransabank) (Voting)	Adel Kassar	Member since 2013
3 Deputy Chairman & General Manager (Voting)	Nadim Kassar	Member since 2013
4 Executive Board Member (Voting)	Mansour Bteish	Member since 2013
5 Head of Corporate Group (Non-voting)	Joe Baddour	

Purpose of the Committee:

The Board Credit Committee and by virtue of a delegation from the BOD is entitled to approve, upgrade, downgrade, transfer to recovery, or transferring to the legal desk all credit lines having a weighted risk exceeding 5.0 million USD in compliance with the General Credit Policy of the Bank.

Meetings during 2015:

The Board Credit Committee meets according to the business needs.

Remuneration Committee

Composition and service of the members of the Committee during 2015 until today:

1 Independent board member (Chairperson – Voting)	Ziyad Baroud	Member since 28/11/2014
2 Independent board member (Voting)	Henri de Courtivron	Member since 28/11/2014
3 Non-Executive board member (Voting)	Walid Daouk	Member since 28/11/2014
4 Non-Executive board member (Voting)	Walid Ziade	Member since 28/11/2014

Purpose of the Committee:

The Remuneration Committee assists 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.

Meetings during 2015:

The Remuneration Committee met two times during the year 2015.

B - MANAGEMENT COMMITTEES

The Management committees are executive in nature aiming mainly at insuring a balanced approach to running the institution avoiding excessive concentration of power in individuals or functions.
The current Management Committees in BLC Bank comprise the following:

1. Management Committee
2. Central Credit Committee
3. Junior Credit Committee
4. Watch List Committee
5. Recovery Committee
6. Junior Recovery Committee
7. Real Estate Committee
8. Asset & Liabilities Committee
9. Working Assets & Liabilities Committee
10. Affiliate Affairs Committee
11. Operational Risk Management Committee
12. Credit and Financial Risk Committee
13. IT Security Committee
14. Compliance Committee
15. IT Coordination Committee
16. Information Technology Committee
17. Products Committee
18. Human Resources Committee
19. Confirmation Committee
20. Disciplinary Committee
21. Purchasing Committee
22. Innovation Committee
23. Corporate Social Responsibility Committee
24. Marketing Committee

1. Management Committee

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

2. Central Credit Committee

1- Deputy Chairman & General Manager	Nadim Kassar	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 Corporate Banking Group (OR)	Joe Baddour (OR)	Voting member
Head of Retail Banking Group (OR)	Youssef Eid (OR)	
Head of Treasury & Financial Markets Group	Naji Echo	
6- Consultant / Corporate Group	Antoine Asmar	Voting member
7- Head of Risk Group	Georges Baz	Voting member
8- Deputy Head of Risk Group	Carlos Lebbos	Non-Voting Member-Secretary

3. Asset & Liabilities Committee

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

4. Affiliate Affairs Committee

1- Deputy Chairman & General Manager	Nadim Kassar	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 Management & Accounting Group (CFO)	Hani Denawi	Voting Member
5- Head of Financial Control & Accounting Department	Nabih Saddy	Voting Member
6- Head of International – Fransabank	Georges Andraos	Non-Voting Member
7- Deputy Head of Risk Group	Carlos Lebbos	Non-Voting Member-secretary
8- Head of Internal Audit	Alexander Zgheib	Non-Voting Member

5. Compliance Committee

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

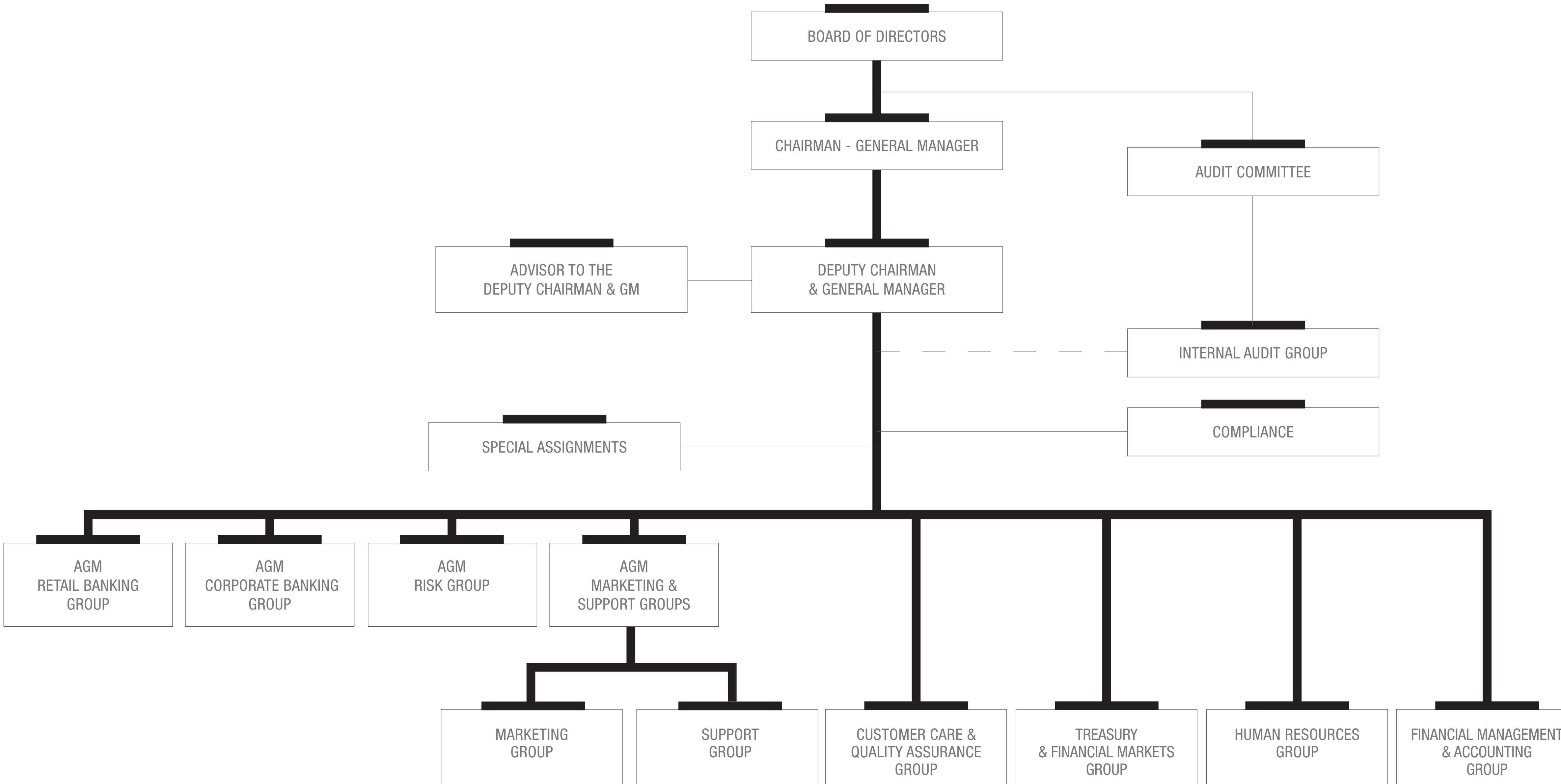
6. Information Technology Committee

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

7. IT Security Committee

1- Deputy Chairman & General Manager	Nadim Kassar	Chairperson & Voting Member
2- Head of Risk Group	George Baz	Voting Member
3- Head of Marketing & Support Groups	Tania Moussallem	Voting Member
4- Deputy Head of Risk Group	Carlos Lebbos	Voting Member
5- Head of IT Security	Eve – Marie Saba	Voting Member – Secretary
6- Chief Information Officer	Pierrot Atallah	Voting Member
7- Head of Security Department & Business Continuity – Fransabank	Adel Moubarak	Voting Member
8- Senior IT Auditor	Said Ramadan	Non – Voting Member

ORGANIZATION CHART



Note: The following organization chart was subject to a few changes in 2016.

LOANS TO RELATED PARTIES

BLC Bank has adopted a Policy on Credits to Related Parties to comply with Article # 152 of the Code of Money and Credit, BDL Circular # 132 and the Corporate Governance Code; this policy is approved by the Corporate Governance Committee and the Board of Directors.

For the purposes of this policy related parties are defined as:

1. The Shareholders or Connected Group of Shareholders owning, directly or indirectly, at least 5% of shares or voting rights in BLC Bank or less than 5% in case they have an influence due to the size of other shareholdings.
2. The Board Members in BLC Bank, in Subsidiaries in Lebanon and abroad, or in entities owning at least 20% of shares or voting rights in BLC Bank or less than 20% in case they have an influence due to the size of other shareholdings.
3. The General Managers, Deputy General Managers, Assistant General Managers, Principle Managers (such as Managers of Financial Control, Credits, Treasury...), Risk Manager, Compliance Manager and Internal Audit Manager as in point 2 above. For this category, the first housing loan for acquiring a principal residence, the car loan for one time every 5 years and the Charge cards are not considered as credits to related parties.
4. The family members of all above (parents, children, brothers and sisters) if they are depending from them.
5. The Companies owned directly or indirectly by the above starting a shareholding or voting rights from 20%, or less if they have a significant influence.
6. The individuals or companies guaranteed by any of the above.
7. The subsidiaries and associates in Lebanon or abroad excluding banks and financial institutions.

By delegation from the Board of Directors, the Board Credit Committee approves Credits to Related Parties up to an aggregate amount of 1% of consolidated Tier 1 of BLC bank Group in Lebanon after deduction of participations in Abroad Banks and Financial Institutions.

The Board of Directors shall approve the Credits to Related Parties in excess of the above 1% threshold and up to an aggregate amount of 2% of consolidated Tier 1 of BLC Bank Group in Lebanon after deduction of participations in Abroad Banks and Financial Institutions. These credits in excess of the above 1% threshold are subject to a preapproval from the shareholders assembly and should be covered with tangible guarantees or bank guarantee or a guarantee from a financial institution in Lebanon.

Where a member of the Board Credit Committee or the Board of Directors is a related party to a transaction submitted for review, he/she should declare his/her interest and should be excused from participating in the review and approval process.

In determining whether to approve, ratify, or reject a Credit to Related Party, the Board Credit Committee or the Board of Directors, as appropriate, shall take into account, among other factors whether the Credit is entered into on terms no less favorable to the Bank than the terms generally available to a non-related party under the same or similar circumstances.

The total credit exposure to related parties is within the regulatory limits as at 31.12.2015.

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INTERNAL CONTROL

RISK MANAGEMENT

The main functions of the Risk Management team at the Bank are divided amongst the "Credit and Financial Risks", the "Operational Risks" and the "Information Security".

Credit Risk

The Credit Risk function is responsible for monitoring and reviewing the Bank's credit portfolio to ensure its compliance with the Bank's credit policy and regulatory requirements. This function performs risk assessments, financial analysis and risk weighting to credit exposures in line with Basel directives and local regulations, before allocating an appropriate internal rating for each exposure.
The Credit Risk function is also responsible for preparing periodic reports to cater for concentration risk embedded in the credit portfolio, follow-up reports on clients' arrears, and monitoring margin trading for securities and derivatives transactions conducted on behalf of clients.

Financial Risk

The Financial Risk function maintains a framework for managing financial risks in accordance with Basel requirements and local regulations. This function manages various risks that the Bank is exposed to such as liquidity, interest rate risks, and foreign currency risk.
The function is also assessing contingency plans for stressful conditions affecting liquidity, earnings and capital and it assists in monitoring the capital adequacy ratio of the Bank and makes recommendations in respect thereof.

Operational Risk

The Operational Risks function has the responsibility of progressively integrating the Bank's business lines into the Bank's Operational Risk Management framework. The function has procedures for loss data collection and reporting of current incidents. It analyses the data and incidents and follows up on the implementation of actions. It ensures as well that reported issues include sufficient information to assist Management in the decision making process. Worth noting that critical matters are escalated immediately to Management; this ensures quick and proper decisions and corrective actions accordingly. The Operational Risks function has set a primary goal to continuously train the Bank's employees to apply the standard procedures of the incidents reporting system as its effectiveness depends on the collaboration of the various business units of the Bank. In addition, the ORM developed a risk and control self-assessment framework to identify, assess, and analyse in coordination with the business lines, inherent risks in the Bank's processes taking into consideration the controls in place. Moreover, the Operational risk developed business continuity plans for critical business processes during an adverse event, and the resumption of normal business activities with the least possible impact on the bank's operations and reputation.

Information Security

The Information Security function is responsible for protecting the integrity, confidentiality and availability of information, its supporting processes, systems and networks from various external and internal threats. The function works on achieving its objectives by promoting an information security culture across the Bank through an information security awareness program, setting security policies and procedures and overseeing their proper implementation, putting in place manual and automated controls to mitigate IT risks, and investigating incidents making sure that measures are taken to prevent their reoccurrence. The Information Security function also covers the disaster recovery aspect of the business continuity plans.

INTERNAL AUDIT

OVERVIEW

The Internal Audit team at the Bank is an independent appraisal function. This team was established within the Bank to examine and evaluate the activities of the Bank and to ensure that the latter's operations are conducted in accordance with International Standards and best practices.

The Internal Audit team has adopted a risk-based approach and has developed an Internal Audit Methodology that governs the procedures followed by the internal auditors in performing the internal audit work. The methodology ensures a high level standard of internal audit work that helps an organization accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control, and governance processes.

COMPLIANCE

OVERVIEW

Effective compliance risk management aims at stimulating, monitoring and controlling the observation of laws, regulations, internal rules - including the compliance principles outlined in BLC Bank's Code of Conduct - and established good business standards that are relevant to the integrity and, hence, to the reputation of BLC Bank. Integrity is the focus in managing compliance risk and therefore the driving force behind everything BLC Bank does. Controlling integrity risk is accordingly placed within the scope of the Compliance Function.

The Compliance Function of BLC Bank supports the entity and its management in managing the compliance risks and embedding and improving the compliance arrangements in all levels and structures of the entity. The compliance function therefore has the following objectives:

- To identify, assess, control, monitor, test and report on the compliance risks faced by BLC Bank.
- To assist, support and advise the Board of Directors, top and senior management of BLC Bank, in fulfilling their responsibilities to manage compliance risks.
- Foster a compliance culture among staff and enhancing compliance awareness throughout the organization.
- Implement the Compliance Program in a fashion that is in line with regulatory environment and expectations.
- Enforce Compliance Policies and Procedures which implement applicable laws and regulations and adopt industry standards and best practices.
- Advise any staff member of BLC Bank SAL with respect to their personal responsibility to manage compliance risks.

The Group Compliance team is headed by the Group Chief Compliance Officer who coordinates "overall compliance" within BLC Bank Group. He is the internal supervisor and responsible for ensuring that BLC Bank Group operates within the defined compliance framework. The Group Chief Compliance Officer is supported by a number of designated officers and controlling bodies within BLC Bank's Group organization structures.

The scope of Compliance depends on the nature, the size and the location of business activities. It generally includes:

- Legal/Regulatory Compliance including: Compliance with Rules & Regulations, FATCA Law, and Local and International Sanctions and Restrictive Measures (UN, US, EU sanctions).
- Anti-Money laundering and Combating the Financing of Terrorism including: Customer Acceptance – Know Your Customer / Customer Due Diligence, Transaction Monitoring, Investigation and Reporting.
- Capital Markets Compliance including Treatment of Confidential Information, Management of Conflicts of Interest, Prevention of Insider Trading and Market Manipulation, New Product Approval, and Fair Treatment of Customers.

GOVERNING PRINCIPLES

Anti-Money Laundering/ Combatting the Financing of Terrorism

BLC Bank Group's AML/CFT (Anti-Money Laundering/ Combatting the Financing of Terrorism) Policy primarily aims at setting, within the Group, the essential standards for fighting money laundering operations and terrorism financing. Should the applicable AML/CFT laws and regulations of any country or jurisdiction require higher standards, BLC Bank Group's overseas subsidiaries and associate banks must conform to those standards. However, in case the relevant subsidiary or associate bank comes across any applicable law that is inconsistent with the Group's policy, it must first refer to the Group's Compliance Department to resolve the conflict.

The AML/CFT Policy also encompasses the following objectives:

• Promoting a Know Your Customer (KYC) standard as a cornerstone principle for BLC Bank Group business ethics and practices:
- Prior to any transaction of any type, BLC Bank Group's entities gather and document the relevant customer identification data, along with the background information, the purpose and the intended nature of the business.
- BLC Bank Group's entities retain and document any additional customer information relevant to the assessment of the money laundering risk, by adopting a risk-based approach which triggers the proper Enhanced Due Diligence for the relevant customers.

• Enforcing the following additional due diligence measures while establishing and maintaining correspondent relations:
- Gathering sufficient documentary evidence on a respondent institution, to avoid any relationships with "shell banks";
- Enquiring about the good reputation of a respondent institution from public sources of information, including whether it has been subject to a Money Laundering or Terrorist Financing investigation or other regulatory action;
- Verifying, on a periodic basis, that the respondent institution is implementing sufficient and effective procedures to fight Money Laundering and Terrorist Financing.

• Monitoring and Reporting Suspicious Transactions/ Activity:
- BLC Bank Group's entities apply due diligence measures whenever they detect any unusual or suspicious transaction or activity, taking into account the legal framework of the concerned institution.
- All suspicious transactions or activities complying with the laws and regulations of the corresponding jurisdiction are reported.
- The Group's Compliance Department is notified of all suspicious transactions or activities when doubts arise.

• Developing an effective internal control structure where no activity with a customer is carried out without obtaining in advance all the required information relating to the customer.

• Consolidating, within the Group, the AML/CFT efforts deployed by BLC Bank entities.

• Conducting self-evaluation processes on the Compliance with the AML/CFT Policy and measures.

Consequently, the adoption of the AML/CFT Policy is crucial to ascertain that all BLC Bank Group's entities, whatever their geographic location, fully comply with the enacted AML legislation. Thus, the Group is committed to overseeing its AML/CFT strategies, objectives and guidelines on an ongoing basis, and supporting an effective AML/CFT Policy within the Group's business.

Compliance

BLC Bank Group's Compliance governing principles are as follows:

• Integrity and reputation are vital assets to maintain the healthy growth of business.
• Management is the owner of Compliance to foster the adequate enterprise-wide culture.
• The Compliance Function is independent from business lines, yet is a shared responsibility of all employees.
• A transparent and constructive relationship between BLC Bank's Group and its regulators is maintained.
• Effective monitoring of compliance risks is implemented.
• Timely, accurate and systematic Compliance reporting is provided.
• The Compliance Function will continue to improve itself by improving its governance, its measurement methods, its policies and procedures, and adopting the industry's best practice in line with local and global developments.

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CUSTOMER CARE AND QUALITY ASSURANCE

CUSTOMER CARE AND QUALITY ASSURANCE

Customer Care & Quality Assurance Group was established in 2015 reporting directly to the General Manager after merging the Quality Assurance function (created in 2012) in compliance with the requirements of BDL Circular 134 & BCC Circular 281.

Quality Assurance is responsible for the implementation and monitoring of the Quality system throughout the Bank (Internal & External Mystery Shopping Programs, Satisfaction Surveys, NPS Survey, Customer Experience, Premises Control,.....) participates in the implementation of improvement actions and drafting of the Standard Operating Policies SOPs where applicable, as well as contributes in the training program and intervenes when necessary.

The Quality program revolves around the following goals: Deliver our products and services on time, right from the first time and better every time.

The Group is also responsible for managing and handling Clients' complaints (188 complaints were received and solved in 2015)in compliance with BDL Circular 134 :Transparency, Accessibility, Equality, and Turn-around-Time.

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BLC BANK ACHIEVEMENTS

ACHIEVEMENTS ACROSS ALL GROUPS

During 2015, BLC Bank was able to uphold good results for both its balance sheet growth and profitability despite the slower economic growth.

By the end of 2015, net income had reached $44.1m on a consolidated basis.

Regarding the balance sheet, BLC Bank total consolidated deposits stood at $4.6 billion with an increase of 6.8% in comparison with 2014 while total consolidated assets stood at $5.7 billion, with an increase of 6.8% in comparison with 2014. As for consolidated customer loans, they reached $1.9 billion unchanged as compared to December 2014, mainly due to the translation effect of consolidation in light of the drop in the Euro exchange rate. However, it is worth noting that the growth scored by BLC Bank SAL in the Lebanese market was at 4.2% on customer loans and 11% on deposits.

As of December 2015, BLC Bank's net spread had reached 2.34%, standing among the best in the sector.

The Capital Adequacy Ratio stands at 14.7% compared to a regulatory requirement of 12.0% as at December 31, 2015 reflecting the solidity of the capital structure and a conservative approach to business.

Regarding our cross-boarder activities in Cyprus, USB is still witnessing a capital adequacy ratio of 9% -above the required 8%- despite the challenging economic situation in the island . As far as liquidity is concerned, USB maintained a healthy liquidity ratio of 24%, well above the 20% regulatory required ratio. Also, additional capital is budgeted, to enable the bank to cope with market changes and achieve potential growth.

This year, BLC Bank kept on nurturing its relationship with the key actors of change, namely SMEs and women. It also maintained its positioning among the leaders on both the retail and corporate sides by offering state-of-the-art products and innovative services.

CORPORATE SOCIAL RESPONSIBILITY ACHIEVEMENTS

Because numbers alone are not sufficient to make a radical transformation and attain great achievements, BLC Bank is committed to being a responsible actor of the banking sector. By carrying out and implementing actions which reflect our values and code of conduct, we aim to induce positive change which will have a long lasting effect on our business, our environment, our people and our community.

Choosing the right suppliers and business partners is a key aspect of BLC Bank's new strategy. In order to ensure an ethical and fair trading with business partners, we have established a range of policies that aims to deal with and finance the people and companies that best represent our values and what we stand for. In this vein, BLC Bank's strategy has shifted to a customer-centric approach that focuses on the client's actual needs rather than on the product itself.

In addition to this, BLC Bank was the first financial institution from the MENA to commit to the UN Women Empowerment Principles and to create a unit exclusively dedicated to supporting and serving women. The Bank thus became Lebanon's employer of choice for women by implementing a range of HR policies that promote the growth of female employees.

Our women economic empowerment program, "We Initiative", which was launched in 2012, benefits all of the Bank's stakeholders as it relies on an exhaustive approach that targets employees and customers as well as suppliers.

Through the Brilliant Lebanese Awards (BLA), the Bank also aims to recognize the achievements of SMEs and female entrepreneurs, with the yearly ceremony becoming a token of the Bank's attachment to innovation and talent.

Our SME and Women programs offer as well non-financial services dedicated at giving entrepreneurs the tools and means to succeed. Such services are not a pole of profit for the Bank and aim at enhancing the ecosystem and SMEs' ability to grow.

BLC Bank was the first bank of the MENA region to become a member of the Global Banking Alliance for women (GBA), an overarching structure including a broad range of the largest and most prestigious financial and banking institutions in the global markets collaborating in order to promote the integration of women in the business world. Moreover, BLC Bank's Assistant General Manager Mrs. Tania Moussallem was voted Chair of its Governing board in September 2015.

This came as a result of the success of our program combined with the multiple efforts invested by the Bank in spreading our culture and sharing its best practices with institutions and banks from around the world thus influencing so far the creation of more than 25 women empowerment programs around the world.

Moreover, BLC Bank is committed to preserve the environment by carrying out and promoting actions that guarantee sustainability. In this vein, we have embraced a Green Culture and have become the ambassadors of the eco-friendly corporate model in Lebanon. Our Corporate Environmental Policy encourages both our employees and the Lebanese community to "Walk the Green Path". The eco-friendly culture is now imbedded in our procedures and way of thinking, since we prioritize recyclable and reusable consumables, pay attention to energy consumption and make a responsible use of paper in our offices and branches. Based on these tangible actions, BLC Bank obtained in 2011 the ARZ Bronze certification from the ARZ Building rating system managed by the Lebanese Green Building Council - LGBC for the complete retrofit of its headquarters and thus became the first green rated commercial building in Lebanon.

Through these actions, it is the community as a whole that BLC Bank aims to impact. Its services are tailored to empower the key actors that will enable change: women, students and SMEs. This goal is also achieved by shifting our sponsorship policy and supporting NGOs and cultural events that strive towards a more responsible, eco-friendly and innovating Lebanon.

We invite you to learn more by reading our upcoming CSR report which will give you more insights on this fundamental aspect of our new strategy and leave you with a few key numbers:

- Over 15,000 SMEs benefiting from non-financial services since 2012. These include:
- Over 250 entrepreneurs reached in Beirut through Business Power Sessions
- More than 600 BLA applications received during 4 years with 52 finalists (of which 30 are women) were given nationwide exposure.
- 51% women staff
- 35% women in middle management
- 43% women in senior management
- Almost 40 tonnes of recycled papers
- 6 tonnes of steel recycled from old safes
- Minus 1,000,000 A4 papers used compared to 2014
- More than 750 recycled IT machines

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FINANCIAL HIGHLIGHTS

FINANCIAL HIGHLIGHTS

(AUDITED) IN USD MIO.	2015	2014	2013	2012	2011	2010	2009	2008
Total Assets	5,741	5,376	5,134	5,094	4,416	3,101	2,593	1,972
Net Liquid Assets (BDL & Banks-Net)	989	859	738	988	518	544	601	397
Net Loans	1,907	1,914	1,876	1,776	1,533	687	476	276
Deposits	4,582	4,289	4,300	4,292	3,622	2,604	2,274	1,733
Shareholders' Equity	506	478	441	374	361	263	228	157
Net Interest Income (Including interest on FV Securities)	130.2	134.6	123.1	111.4	97.1	64.4	53.8	44.2
Net Financial Revenues	154.8	157.4	146.4	130.3	117.9	82.7	69.4	52.9
Provision for Credit Losses (Net of Write Backs)	(24.0)	(37.4)	(40.2)	(14.1)	(3.7)	7.7	3.9	8.7
Operating Expenses	(85.2)	(85.9)	(83.9)	(81.4)	(71.9)	(44.8)	(38.6)	(34.8)
Earning Before Tax	52.0	54.0	49.5	40.0	56.8	53.5	40.1	27.4
Net Income	44.1	44.0	42.1	33.3	48.1	45.3	34.2	23.0
Dividends to Preferred Shares	10.2	9.0	7.6	6.7	2.6	-	-	-
Ratio NII to Average Total Assets	2.34%	2.56%	2.41%	2.34%	2.58%	2.26%	2.36%	2.39%
Return on Average Assets	0.79%	0.84%	0.82%	0.70%	1.28%	1.59%	1.50%	1.24%
Return on Average Equity	8.97%	9.59%	10.33%	9.06%	15.42%	18.44%	17.77%	16.14%
Capital Adequacy	14.73%	15.18%	14.47%	11.80%	10.84%	10.30%	10.99%	11.00%
Net liquid assets (BDL & Banks-Net) to Deposits	22%	20%	17%	23%	14%	21%	26%	23%
Net Loans to Deposit	42%	45%	44%	41%	42%	26%	21%	16%
Coverage ratio	65%	71%	74.4%	87.9%	89.5%	95.8%	93.2%	92.2%
Cost to Income	54.9%	53.1%	56.6%	60.1%	54.3%	49.5%	51.6%	65.1%
Growth in Total Assets	6.8%	4.7%	0.8%	15.4%	42.4%	19.6%	31.5%	13.8%
Growth in Deposits	6.8%	-0.2%	0.2%	18.5%	39.1%	14.5%	31.2%	17.1%
Growth in Loans	-0.4%	2.0%	5.6%	15.9%	122.9%	44.6%	72.6%	36.5%
Growth in Equity	5.8%	8.3%	18.0%	3.6%	37.3%	15.1%	45.4%	22.4%
Growth in Net Financial Revenues	-1.6%	7.5%	12.3%	10.5%	42.5%	19.2%	31.3%	27.7%
Branches	55	55	55	56	51	35	34	35
Staff Employed	1020	980	961	968	898	628	610	523

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AUDITOR'S REPORT

INDEPENDENT AUDITOR'S REPORT

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BT 30714/DTT

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, 2015, 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.

Auditors' 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, 2015, and its financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards.

Beirut, Lebanon
May 9, 2016

DFK Fiduciaire du Moyen Orient

Deloitte & Touche

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CONSOLIDATED STATEMENT OF FINANCIAL POSITION

ASSETS	Notes	DECEMBER 31, 2015	DECEMBER 31, 2014
		LBP'000	
Cash and central banks	5	1,026,651,610	988,206,488
Deposits with banks and financial institutions	6	465,992,845	357,950,403
Loan to a bank	7	4,939,568	5,645,220
Investment securities at fair value through profit or loss	9	193,187,329	108,085,576
Loans and advances to customers	8	2,875,196,895	2,885,464,389
Investment securities at amortized cost	9	3,684,858,178	3,355,801,348
Investment securities at fair value through other comprehensive income	9	19,381,876	15,754,751
Customers' liability under acceptances	10	29,717,093	30,903,191
Assets acquired in satisfaction of loans	11	89,800,699	88,887,519
Investment properties	11	77,443,175	56,402,506
Property and equipment	12	83,142,534	79,225,525
Intangible assets	13	2,936,097	3,646,950
Deferred assets	14	62,972,190	87,584,283
Goodwill	15	6,061,591	6,750,818
Other assets	16	32,409,952	34,350,828
TOTAL ASSETS		**8,654,691,632**	**8,104,659,795**

FINANCIAL INSTRUMENTS WITH OFF-BALANCE SHEET RISKS	37		
Letters of guarantee and standby letters of credit		223,519,326	214,486,644
Letters of credit		30,691,351	33,955,484
Forward exchange contracts		135,675,710	96,198,982
FIDUCIARY ACCOUNTS	**38**	**13,154,163**	**12,052,500**
ASSETS UNDER MANAGEMENT	**16**	**17,302,456**	**17,004,996**

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

LIABILITIES	Notes	DECEMBER 31, 2015	DECEMBER 31, 2014
		LBP'000	
Deposits from banks	17	1,127,863	51,410,251
Customers' accounts	18	6,907,917,692	6,466,234,609
Liability under acceptances	10	29,717,093	30,903,191
Other borrowings	19	848,034,636	719,222,190
Subordinated bonds	20	-	18,160,021
Other liabilities	21	97,337,474	89,850,989
Provisions	22	8,892,731	8,628,303
TOTAL LIABILITIES		**7,893,027,489**	**7,384,409,554**

EQUITY			
		LBP'000	
Capital	23	152,700,000	152,700,000
Preferred shares	24	195,975,001	195,975,001
Reserves	25	169,076,037	148,899,380
Regulatory reserve for assets acquired in satisfaction of loans	25	37,436,066	29,750,043
Brought forward retained earnings		124,147,882	118,803,357
Cumulative change in fair value of investments at fair value through other comprehensive income	9	9,695,032	6,265,831
Property revaluation surplus		169,432	-
Cumulative currency translation adjustments		(192)	(52,301)
Net profit for the year		66,599,194	66,773,035
Equity attributable to equity holders of the Bank		**755,798,452**	**719,114,346**
Non-controlling interests		5,865,691	1,135,895
Total equity		**761,664,143**	**720,250,241**
TOTAL LIABILITIES AND EQUITY		**8,654,691,632**	**8,104,659,795**

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

	Notes	DECEMBER 31, 2015	DECEMBER 31, 2014
		LBP'000	
Interest income	27	476,998,954	475,388,509
Interest expense	28	(287,207,263)	(277,828,398)
Net interest income		**189,791,691**	**197,560,111**
Fee and commission income	29	32,291,392	33,892,554
Fee and commission expense	30	(4,937,407)	(5,172,305)
Net fee and commission income		**27,353,985**	**28,720,249**
Net interest and other gain/(loss) on investment securities at fair value through profit or loss	31	7,963,776	5,498,619
Gain from derecognition of financial assets measured at amortized cost	9	2,996,538	202,560
Other operating income	32	8,000,202	5,295,288
Net financial revenues		**236,106,192**	**237,276,827**
Allowance for impairment of loans and advances (net)	8	(36,413,627)	(56,344,384)
(Direct write-off)/loans' recovery, net		(192,351)	318,805
Write-back of discount on purchased loan portfolio	8	352,865	270,600
Net financial revenues after net impairment loss/ write-back		**199,853,079**	**181,521,848**

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

	Notes	DECEMBER 31, 2015	DECEMBER 31, 2014
		LBP'000	
Change in fair value of investment properties	11	(2,388,213)	(3,135,314)
Income originated from contractual future cash flows	14(b)	11,995,957	26,163,596
Net gain on disposal of property and equipment and properties acquired in satisfaction of loans	11, 12	532,942	3,332,815
Allowance for contingencies	22	(525,938)	(307,350)
Staff costs	34	(77,356,829)	(78,590,243)
General and administrative expenses	35	(42,646,247)	(43,232,273)
Depreciation and amortization	12, 13	(8,385,775)	(7,704,570)
Other non-operating income	33	-	3,316,500
Profit before income tax		**81,078,976**	**81,365,009**
Income tax expense	21	(14,568,728)	(14,973,176)
PROFIT FOR THE YEAR		**66,510,248**	**66,391,833**

Attributable to:		
Equity holders of the Bank	66,599,194	66,773,035
Non-controlling interests	(88,946)	(381,202)
	66,510,248	**66,391,833**

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

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Notes	DECEMBER 31, 2015	DECEMBER 31, 2014
		LBP'000	
PROFIT FOR THE YEAR		**66,510,248**	**66,391,833**
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	3,568,372	1,261,367
Deferred tax liability	21	(105,662)	(489,205)
		3,462,710	**772,162**
Items that may be reclassified subsequently to profit or loss:			
Currency translation adjustments		52,024	(1,803)
		52,024	**(1,803)**
Total other comprehensive income		**3,514,734**	**770,359**
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**70,024,982**	**67,162,192**

Attributable to:			
Equity holders of the Bank		70,080,504	67,509,954
Non-controlling interests		(55,522)	(347,762)
		70,024,982	67,162,192

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

ATTRIBUTABLE TO EQUITY HOLDERS OF THE BANK

	CAPITAL	PREFERRED SHARES AND PREMIUMS	LEGAL RESERVE	FREE RESERVES AND GENERAL RESERVES FOR PERFORMING LOANS	RESERVE FOR GENERAL BANKING RISKS	SPECIAL RESERVE FOR LOANS AND ADVANCES	REGULATORY RESERVE FOR ASSETS ACQUIRED IN SATISFACTION OF LOANS	PROPERTY REVALUATION SURPLUS	CUMULATIVE CURRENCY TRANSLATION ADJUSTMENTS	CUMULATIVE CHANGE IN FAIR VALUE OF INVESTMENT SECURITIES	BROUGHT FORWARD RETAINED EARNINGS	PROFIT FOR THE YEAR	TOTAL	NON-CONTROLLING INTERESTS	TOTAL EQUITY
							LBP'000								
BALANCE - JANUARY 1, 2014	**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**
Allocation of 2014 profit	-	-	6,838,528	945,000	11,075,206	925,000	8,078,946	-	-	-	38,910,355	(66,773,035)	**-**	-	**-**
Newly acquired Subsidiary in USB Bank	-	-	-	-	-	-	-	-	-	-	-	-	**-**	4,866,153	**4,866,153**
Dividends paid – Note 26	-	-	-	-	-	-	-	-	-	-	(19,851,000)	-	**(19,851,000)**	(38,581)	**(19,889,581)**
Dividends paid to Preferred shares "A", "B" & "C" (Note 26)	-	-	-	-	-	-	-	-	-	-	(13,586,341)	-	**(13,586,341)**	-	**(13,586,341)**
Transfer to free reserves	-	-	-	392,923	-	-	(392,923)	-	-	-	-	-	**-**	-	**-**
Net dilution in non-controlling interests and other adjustments	-	-	-	-	-	-	-	-	-	-	(87,100)	-	**(87,100)**	(44,260)	**(131,360)**
Property revaluation (Net of deferred tax)	-	-	-	-	-	-	-	169,432	-	-	-	-	**169,432**	2,006	**171,438**
Deferred tax on future dividends distribution of subsidiaries	-	-	-	-	-	-	-	-	-	-	(41,389)	-	**(41,389)**	-	**(41,389)**
Total comprehensive income for the year 2015	-	-	-	-	-	-	-	-	52,109	3,429,201	-	66,599,194	**70,080,504**	(55,522)	**70,024,982**
BALANCE - DECEMBER 31, 2015	**152,700,000**	**195,975,001**	**45,758,135**	**63,762,044**	**56,852,380**	**2,703,478**	**37,436,066**	**169,432**	**(192)**	**9,695,032**	**124,147,882**	**66,599,194**	**755,798,452**	**5,865,691**	**761,664,143**

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

CONSOLIDATED STATEMENT OF CASH FLOWS

	Notes	DECEMBER 31, 2015	DECEMBER 31, 2014
		LBP'000	
Cash flows from operating activities:			
Net profit for the year		66,510,248	66,391,833
Adjustments for:			
Impairment of loans and advances to customers	8	36,060,762	56,073,784
Depreciation and amortization	12, 13	8,385,775	7,704,570
Income originated from contractual future cash flows	14(b)	(11,995,957)	(26,163,596)
Change in fair value of investment properties	11	2,388,213	3,135,314
Allowance for contingencies	22	525,938	307,350
Provision for end-of-service indemnities (net)	22	393,638	446,171
(Write-back)/provision for loss on foreign currency position	22	(53,606)	61,981
Unrealized loss on investments at fair value through profit or loss	9	1,638,914	116,053
Income tax expense		14,568,728	14,973,176
Gain on disposal of property and equipment		(1,690)	(4,443)
Gain on disposal of property acquired in satisfaction of loans		(531,252)	(3,328,372)
Dividend income		(1,388,000)	(590,826)
Interest expense	28	287,207,263	277,828,398
Interest income	27, 31	(486,199,647)	(480,746,913)
		(82,490,673)	**(83,795,520)**
Net increase in loans and advances to customers	39	(50,571,944)	(183,926,970)
Net decrease /(increase) in margins with banks		768,825	(3,346,650)
Net increase in investments at fair value through other comprehensive income	9	(60,323)	-
Net (increase)/decrease in investments at fair value through profit or loss		(85,117,360)	36,074,824
Net increase in investments at amortized cost		(328,474,579)	(61,799,301)
Net increase/(decrease) in customers' deposits		436,120,247	(14,380,042)
Net increase in compulsory deposits with central banks	39	(43,283,694)	(35,831,825)
Net increase in term deposits with banks		(357,912)	(7,462,418)
Net (increase)/decrease in term deposits with central banks		(75,375,000)	35,861,850
Net increase in term deposits with a related bank		(30,124,350)	(17,134,201)
Net (decrease)/increase in deposits from banks		(50,258,388)	49,233,205
Net decrease/(increase) in other assets		1,940,876	(6,053,495)

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

	Notes	DECEMBER 31, 2015	DECEMBER 31, 2014
		LBP'000	
Net increase in other liabilities		7,692,511	13,701,462
Proceeds from disposal of property acquired in satisfaction of loans		2,115,424	4,512,098
Settlements and other adjustment made from provisions	22	(490,848)	(146,554)
		(297,967,188)	**(274,493,537)**
Income tax paid		(14,921,805)	(10,303,832)
Dividends received from investments at fair value through profit or loss	31	369,146	176,870
Dividends received from investments at fair value through other other comprehensive income	32	1,018,854	413,956
Interest paid		(281,692,471)	(276,013,527)
Interest received		503,694,632	515,907,787
Net cash used in operating activities		**(89,498,832)**	**(44,312,283)**
Cash flows from investing activities:			
Proceeds from disposal of property and equipment		4,339	53,606
Acquisition of property and equipment	12, 39	(11,793,345)	(6,019,205)
Acquisition of intangible assets	13	(801,897)	(949,600)
Net cash used in investing activities		**(12,590,903)**	**(6,915,199)**
Cash flows from financing activities:			
Dividends paid	26	(33,437,341)	(11,459,221)
Settlement of subordinated bonds		(18,156,437)	-
Dividends paid to non-controlling interests		(38,581)	(33,053)
Net decrease in loan to a bank		700,000	700,000
Increase in non-controlling interests in the non-resident subsidiary		4,866,153	-
Non-controlling interests share in property revaluation		2,006	-
Net increase in other borrowings		128,832,906	248,520,677
Net cash generated from financing activities		**82,768,706**	**237,728,403**
Net (decrease)/increase in cash and cash equivalents		(19,321,029)	186,500,921
Effect of foreign currency fluctuation		17,147,851	17,284,166
Cash and cash equivalents beginning of year	39	586,966,297	383,181,210
Cash and cash equivalents end of year	**39**	**584,793,119**	**586,966,297**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31

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:

	DECEMBER 31, 2015	DECEMBER 31, 2014		
	OWNERSHIP INTEREST		COUNTRY OF INCORPORATION	BUSINESS ACTIVITY
	%	%		
BLC Invest S.A.L.	**99.97**	**99.97**	Lebanon	Investment Bank
BLC Finance S.A.L.	**98.99**	**98.99**	Lebanon	Financial Institution
BLC Services S.A.L.	**90.67**	**90.67**	Lebanon	Insurance Brokerage
USB Bank PLC.	**98.83**	**98.39**	Cyprus	Commercial bank

Fransabank S.A.L. 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)

The following new and revised IFRSs, which became effective for annual periods beginning on or after 1 January 2015, have been adopted in these financial statements. The application of these revised IFRSs has not had any material impact on the amounts reported for the current and prior years but may affect the accounting for future transactions or arrangements.

Annual Improvements to IFRSs 2010 - 2012 Cycle that includes amendments to IFRS 2, IFRS 3, IFRS 8, IFRS 13, IAS 16, IAS 24 and IAS 38.

Annual Improvements to IFRSs 2011 - 2013 Cycle that includes amendments to IFRS 1, IFRS 3, IFRS 13 and IAS 40.

Amendments to IAS 19 Employee Benefits to clarify the requirements that relate to how contributions from employees or third parties that are linked to service should be attributed to periods of service.

2.2 NEW AND REVISED IFRSs IN ISSUE BUT NOT YET EFFECTIVE

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

New and revised IFRSs	EFFECTIVE FOR ANNUAL PERIODS BEGINNING ON OR AFTER
IFRS 14 Regulatory Deferral Accounts.	1 January 2016
Amendments to IAS 1 Presentation of Financial Statements relating to Disclosure initiative.	1 January 2016
Amendments to IFRS 11 Joint arrangements relating to accounting for acquisitions of interests in joint operations.	1 January 2016
Amendments to IAS 16 Property, Plant and Equipment and IAS 38 Intangible Assets relating to clarification of acceptable methods of depreciation and amortization.	1 January 2016
Amendments to IAS 16 Property, Plant and Equipment and IAS 41 Agriculture relating to bearer plants.	1 January 2016
Amendments to IAS 27 Separate Financial Statements relating to accounting investments in subsidiaries, joint ventures and associates to be optionally accounted for using the equity method in separate financial statements.	1 January 2016
Amendments to IFRS 10 Consolidated Financial Statements, IFRS 12 Disclosure of Interests in Other Entities and IAS 28 Investment in Associates and Joint Ventures relating to applying the consolidation exception for investment entities.	1 January 2016
Annual Improvements to IFRSs 2012 - 2014 Cycle covering amendments to IFRS 5, IFRS 7, IAS 19 and IAS 34.	1 January 2016
IFRS 9 Financial Instruments (revised versions in 2013 and 2014)	1 January 2018

IFRS 9 issued in November 2009 introduced new requirements for the classification and measurement of financial assets. IFRS 9 was subsequently amended in October 2010 to include requirements for the classification and measurement of financial liabilities and for derecognition, and in November 2013 to include the new requirements for general hedge accounting. Another revised version of IFRS 9 was issued in July 2014 mainly to include a) impairment requirements for financial assets and b) limited amendments to the classification and measurement requirements by introducing a 'fair value through other comprehensive income' (FVTOCI) measurement category for certain simple debt instruments.

A finalized version of IFRS 9 which contains accounting requirements for financial instruments, replacing IAS 39 Financial Instruments: Recognition and Measurement. The standard contains requirements in the following areas:

- Classification and measurement: Financial assets are classified by reference to the business model within which they are held and their contractual cash flow characteristics. The 2014 version of IFRS 9 introduces a 'fair value through other comprehensive income' category for certain debt instruments. Financial liabilities are classified in a similar manner to under IAS 39, however there are differences in the requirements applying to the measurement of an entity's own credit risk.

• Impairment: The 2014 version of IFRS 9 introduces an 'expected credit loss' model for the measurement of the impairment of financial assets, so it is no longer necessary for a credit event to have occurred before a credit loss is recognized.

• Hedge accounting: Introduces a new hedge accounting model that is designed to be more closely aligned with how entities undertake risk management activities when hedging financial and non-financial risk exposures.

• Derecognition: The requirements for the derecognition of financial assets and liabilities are carried forward from IAS 39.

IFRS 7 Financial Instruments: Disclosures relating to the additional hedge accounting disclosures (and consequential amendments) resulting from the introduction of the hedge accounting chapter in IFRS 9.

When IFRS 9 is first applied

IFRS 15 Revenue from Contracts with Customers

1 January 2018

In May 2014, IFRS 15 was issued which established 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 or services. Specifically, the standard introduces a 5-step approach to revenue recognition:

- **Step 1: Identify the contract(s) with a customer.**
- **Step 2: Identify the performance obligations in the contract.**
- **Step 3: Determine the transaction price.**
- **Step 4: Allocate the transaction price to the performance obligations in the contract.**
- **Step 5: Recognize revenue when (or as) the entity satisfies a performance obligation.**

Under IFRS 15, an entity recognizes when (or as) a performance obligation is satisfied, i.e. when 'control' of the goods or services underlying the particular performance obligation is transferred to the customer. Far more prescriptive guidance has been added in IFRS 15 to deal with specific scenarios. Furthermore, extensive disclosures are required by IFRS 15.

• IFRS 16 Leases

IFRS 16 specifies how an IFRS reporter will recognise, measure, present and disclose leases. The standard provides a single lessee accounting model, requiring lessees to recognise assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value. Lessors continue to classify leases as operating or finance, with IFRS 16's approach to lessor accounting substantially unchanged from its predecessor, IAS 17.

1 January 2019

Amendments to IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures (2011) relating to the treatment of the sale or contribution of assets from and investor to its associate or joint venture.

Effective date deferred indefinitely

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:

- Has power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee);
- Has exposure, or rights, to variable returns from its involvement with the investee, and
- Has 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 Bank'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.

When necessary, 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. LEASING:

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Assets held under finance leases are initially recognized as assets of the Group at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the consolidated statement of financial position as a finance lease obligation.

Operating lease payments are recognized as an expense on a straight-line basis over the lease term.

P. 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.

Q. 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.

R. 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.

S. 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.

T. 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.

U. 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.

V. 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.

W. 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.

X. 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.

Y. 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.

Z. 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.

AA. EARNINGS PER SHARE:

The Group presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Group by the weighted average number of ordinary shares outstanding during the period.

Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares, which comprise share options granted to employees, if applicable.

4. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in Note 3, the directors are required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources.

The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

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

A. CRITICAL ACCOUNTING JUDGMENTS IN APPLYING THE GROUP'S ACCOUNTING POLICIES:

CLASSIFICATION OF FINANCIAL ASSETS:

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

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

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

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

Features considered by the Group that would be consistent with amortized cost measurement include:
- Fixed and / or floating interest rate;
- Caps, floors, collars;
- Prepayment options.

Features considered by the Group that would be inconsistent with amortized cost measurement include:
- Leverage (i.e. options, forwards and swaps);
- Conversion options;
- Inverse floaters;
- Variable rate coupons that reset periodically;
- Triggers that result in a significant reduction of principal, interest or both.

B. KEY SOURCES OF ESTIMATION UNCERTAINTY:

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

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

Determining Fair Values:
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 3R. 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, 2015		DECEMBER 31, 2014	
	BALANCE	OF WHICH COMPULSORY/ REGULATORY DEPOSITS	BALANCE	OF WHICH COMPULSORY/ REGULATORY DEPOSITS
	LBP'000		LBP'000	
Cash on hand	46,961,037	-	43,700,609	-
Current accounts with Central Bank of Lebanon	169,917,045	139,539,680	141,927,618	96,463,414
Blocked accounts with Central Bank of Lebanon under Intermediate Circular No.313	70,563,203	-	53,639,193	-
Current accounts with Central Bank of Cyprus	5,988,085	5,988,085	5,780,657	5,780,657
Term placements with Central Bank of Lebanon	710,243,750	385,506,914	625,943,750	373,843,951
Term placements with Central Bank of Cyprus	16,466,400	-	110,949,135	-
Blocked accounts with Central Bank of Lebanon	25,000	-	-	-
Accrued interest receivable	6,487,090	-	6,265,526	-
	1,026,651,610	**531,034,679**	**988,206,488**	**476,088,022**

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.

Blocked accounts with the Central Bank of Lebanon under Intermediate Circular No. 313 represent transitory deposits to be granted to the Bank's customers, pursuant to certain conditions, rules and mechanism following Central Bank of Lebanon Basic Decision No. 6116 of March 7, 1996 and its amendments against facilities granted from the Central Bank of Lebanon (Note 19). These deposits and facilities earn/bear a 1% interest rate that is computed annually.

6. DEPOSITS WITH BANKS AND FINANCIAL INSTITUTIONS

This caption consists of the following:

	DECEMBER 31, 2015	DECEMBER 31, 2014
	LBP'000	
Purchased checks	36,073,038	42,350,344
Current accounts with banks and financial institutions	139,449,086	107,874,643
Current accounts with the parent bank	3,539,254	1,528,288
Current accounts with related banks and financial institutions	20,428,431	18,543,022
	199,489,809	**170,296,297**
Term placements with banks and financial institutions	205,484,481	156,058,123
Term placements with a related bank	57,632,401	27,508,051
Blocked margins with banks and financial institutions	3,292,003	4,060,828
	266,408,885	**187,627,002**
Accrued interest receivable	94,151	27,104
	465,992,845	**357,950,403**

During the year 2015, the Bank entered in repurchase agreements with a resident financial institution. The agreement consists of loans granted to the resident financial institution, backed by Lebanese Government Bonds in US. Dollar and Lebanese Treasury Bills in LBP issued by the Central Bank of Lebanon. The loans are short term in nature and matured during the year. Interest income for the year 2015 amounted to LBP533million (LBP39million during 2014) recorded under "Interest income from deposits with banks and financial institution" in the statement of profit or loss (Note 27).

7. LOAN TO A BANK

This caption consists of the following:

	DECEMBER 31, 2015	DECEMBER 31, 2014
	LBP'000	
Regular performing account	4,900,000	5,600,000
Accrued interest receivable	39,568	45,220
	4,939,568	**5,645,220**

As a guarantee of the above loan, the borrower has pledged in favor of the Group regular and performing notes receivable against housing loans granted to its customers. The loan principal balance matures over 10 yearly payments of LBP700million each with final payment in year 2022.

8. LOANS AND ADVANCES TO CUSTOMERS

This caption consists of the following:

	DECEMBER 31, 2015					DECEMBER 31, 2014				
	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					LBP'000				
REGULAR AND WATCH LIST - RETAIL CUSTOMERS:										
- Housing loans	540,832,382	-	-	-	540,832,382	521,269,475	-	-	-	521,269,475
- Personal loans	248,885,147	-	-	-	248,885,147	241,239,194	-	-	-	241,239,194
- Car loans	157,190,483	-	-	-	157,190,483	165,450,482	-	-	-	165,450,482
- Credit cards	18,964,132	-	-	-	18,964,132	18,109,556	-	-	-	18,109,556
- Educational loans	18,389,787	-	-	-	18,389,787	18,171,871	-	-	-	18,171,871
- Staff loans	8,791,742	-	-	-	8,791,742	9,438,458	-	-	-	9,438,458
- Other	9,055,190	-	-	-	9,055,190	10,391,618	-	-	-	10,391,618
	1,002,108,863	**-**	**-**	**-**	**1,002,108,863**	**984,070,654**	**-**	**-**	**-**	**984,070,654**
REGULAR AND WATCH LIST – CORPORATE CUSTOMERS:										
- Corporate	942,631,411	-	-	-	942,631,411	919,151,178	-	-	-	919,151,178
- Small and medium enterprises	551,479,713	-	-	-	551,479,713	618,551,972	-	-	-	618,551,972
	1,494,111,124	**-**	**-**	**-**	**1,494,111,124**	**1,537,703,150**	**-**	**-**	**-**	**1,537,703,150**
Accrued interest receivable	15,357,743	-	-	-	15,357,743	18,138,744	-	-	-	18,138,744
ALLOWANCE FOR IMPAIRMENT OF COLLECTIVELY ASSESSED LOANS:										
- Regular and watch list	-	-	-	(15,155,715)	(15,155,715)	-	-	-	(14,133,773)	(14,133,773)
Total regular and watch list	**2,511,577,730**	**-**	**-**	**(15,155,715)**	**2,496,422,015**	**2,539,912,548**	**-**	**-**	**(14,133,773)**	**2,525,778,775**
NON-PERFORMING LOANS AND ADVANCES:										
- Purchased loan book	2,226,266	-	-	-	2,226,266	2,226,266	-	-	-	2,226,266
- Substandard	32,784,094	(1,322,480)	-	-	31,461,614	14,410,022	(1,468,161)	-	-	12,941,861
- Doubtful	935,127,101	(436,514,772)	(4,490,488)	(116,427,950)	377,693,891	910,106,147	(414,531,440)	(4,649,985)	(111,942,568)	378,982,153
- Bad	105,891,965	(64,652,937)	(2,255,634)	(38,983,394)	-	268,759,497	(221,441,836)	(2,559,612)	(44,757,369)	680
ALLOWANCE FOR IMPAIRMENT OF COLLECTIVELY ASSESSED LOANS:										
- Doubtful and bad	-	-	-	(32,606,891)	(32,606,891)	-	-	-	(34,465,346)	(34,465,346)
Total non-performing	**1,076,029,426**	**(502,490,189)**	**(6,746,122)**	**(188,018,235)**	**378,774,880**	**1,195,501,932**	**(637,441,437)**	**(7,209,597)**	**(191,165,283)**	**359,685,614**
	3,587,607,156	**(502,490,189)**	**(6,746,122)**	**(203,173,950)**	**2,875,196,895**	**3,735,414,480**	**(637,441,437)**	**(7,209,597)**	**(205,299,056)**	**2,885,464,389**

The carrying value of loans and advances to customers includes accidentally temporary debtors with carrying value amounting to LBP3.4billion as at December 31, 2015 (LBP5.6billion as at December 31, 2014). Loans granted to related parties amounted to LBP 11.8 billion as at December 31, 2015 (LBP5.47 billion as at December 31, 2014). In previous years, 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:

	DECEMBER 31, 2015	DECEMBER 31, 2014
	LBP'000	
Balance, January 1	**(637,441,437)**	**(717,489,187)**
Additions	(78,323,885)	(76,995,417)
Write-back through profit or loss (Note 27)	10,532,784	6,799,252
Write-off	197,540,427	92,162,813
Transfer to allowance for impairment	-	1,576,224
Transfer to off-balance sheet	-	49,050,240
Effect of exchange rates changes	5,201,922	7,454,638
Balance, December 31	**(502,490,189)**	**(637,441,437)**

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

	DECEMBER 31, 2015	DECEMBER 31, 2014
	LBP'000	
Balance, January 1	**(156,699,937)**	**(152,040,864)**
Additions through profit or loss	(37,831,472)	(56,782,254)
Write-back through profit or loss	3,811,494	3,621,921
Write-back against deferred assets (Note 14)	10,083,886	-
Transfer to off-balance sheet	4,964	2,955,495
Transfer from unrealized interest	-	(1,576,224)
Write-off	16,438,634	36,604,277
Effect of exchange rates changes	8,781,087	10,517,712
Balance, December 31	**(155,411,344)**	**(156,699,937)**

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

	DECEMBER 31, 2015	DECEMBER 31, 2014
	LBP'000	
Balance, January 1	**(48,599,119)**	**(50,315,342)**
Additions through profit or loss	(7,164,843)	(3,184,051)
Write-back through profit or loss	4,771,194	-
Write-off	11,308	651,802
Other	(209,895)	-
Effect of exchange rates changes	3,428,749	4,248,472
Balance, December 31	**(47,762,606)**	**(48,599,119)**

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

	DECEMBER 31, 2015	DECEMBER 31, 2014
	LBP'000	
Balance, January 1	**(7,209,597)**	**(9,308,109)**
Additions	-	(23,847)
Write back through profit or loss	352,865	270,600
Transfer to off-balance sheet	-	17,865
Write-off	110,610	1,833,894
Balance, December 31	**(6,746,122)**	**(7,209,597)**

9. INVESTMENT SECURITIES

This caption consists of the following:

	DECEMBER 31, 2015			
	FAIR VALUE THROUGH PROFIT OR LOSS	AMORTIZED COST	FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME	TOTAL
	LBP'000			
Quoted equity securities	4,702,753	-	-	4,702,753
Unquoted equity securities	915,436	-	19,381,876	20,297,312
Lebanese treasury bills	10,534,092	1,165,314,480	-	1,175,848,572
Lebanese Government bonds	84,218,154	956,075,791	-	1,040,293,945
Foreign Government bonds	-	224,107,169	-	224,107,169
Foreign Eurobonds	29,589,789	-	-	29,589,789
Certificates of deposit issued by Central Bank of Lebanon	56,370,751	1,219,236,690	-	1,275,607,441
Mutual Fund	3,526,818	-	-	3,526,818
Corporate bonds and asset backed securities	-	62,640,742	-	62,640,742
	189,857,793	**3,627,374,872**	**19,381,876**	**3,836,614,541**
Accrued interest receivable	3,329,536	57,483,306	-	60,812,842
	193,187,329	3,684,858,178	19,381,876	3,897,427,383

	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 and asset backed securities	-	72,060,384	-	72,060,384
	106,379,347	**3,298,794,572**	**15,754,751**	**3,420,928,670**
Accrued interest receivable	1,706,229	57,006,776	-	58,713,005
	108,085,576	3,355,801,348	15,754,751	3,479,641,675

A. INVESTMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS:

	DECEMBER 31, 2015			
	FAIR VALUE	ACCRUED INTEREST RECEIVABLE	TOTAL CARRYING VALUE	CUMULATIVE UNREALIZED GAIN/(LOSS)
	LBP'000			
Quoted equity securities	4,702,753	-	4,702,753	(3,435,643)
Unquoted equity securities	915,436	-	915,436	-
Lebanese Treasury bills	10,534,092	182,459	10,716,551	317,218
Lebanese Government bonds	84,218,154	1,544,514	85,762,668	(1,855,290)
Foreign Eurobonds	29,589,789	165,542	29,755,331	(76,388)
Certificates of deposit issued by Central Bank of Lebanon	56,370,751	1,437,021	57,807,772	2,054,706
Mutual Fund	3,526,818	-	3,526,818	24,096
	189,857,793	**3,329,536**	**193,187,329**	**(2,971,301)**

	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)**

The movement of investments at fair value through profit or loss during 2015 and 2014 was as follows:

	DECEMBER 31, 2015		
	LBP	F/CY	TOTAL
	LBP'000		
Balance, January 1	**54,765,133**	**51,614,214**	**106,379,347**
Acquisition	31,483,991	46,765,471	78,249,462
Swaps	-	43,650,629	43,650,629
Sale	(1,000,000)	(1,809,000)	(2,809,000)
Redemption upon maturity	(15,000,000)	(18,090,000)	(33,090,000)
Unrealized gain/(loss) (Note 31)	437,115	(2,076,029)	(1,638,914)
Amortization of discount/premium	(29,928)	(835,877)	(865,805)
Effects of exchange rates changes	-	(17,926)	(17,926)
Balance, December 31	**70,656,311**	**119,201,482**	**189,857,793**

	DECEMBER 31, 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**

Investments at fair value through profit or loss include an amount of LBP914million representing the Group's share in startups established based on co-sharing agreement with the regulator providing the funding.

B. INVESTMENTS AT AMORTIZED COST:

	DECEMBER 31, 2015				
	AMORTIZED COST	ACCRUED INTEREST RECEIVABLE VALUE	CARRYING VALUE	FAIR VALUE	CHANGE IN FAIR VALUE
	LBP'000				
Lebanese Treasury bills	1,165,314,480	18,915,532	1,184,230,012	1,199,964,865	15,734,853
Lebanese Government bonds	956,075,791	12,711,282	968,787,073	974,525,351	5,738,278
Foreign Government bonds	224,107,169	4,359,931	228,467,100	237,831,076	9,363,976
Certificates of deposit issued by Central Bank of Lebanon	1,219,236,690	21,359,090	1,240,595,780	1,248,634,234	8,038,454
Corporate bonds and asset backed securities	62,640,742	137,471	62,778,213	61,335,837	(1,442,376)
	3,627,374,872	**57,483,306**	**3,684,858,178**	**3,722,291,363**	**37,433,185**

	DECEMBER 31, 2014				
	AMORTIZED COST	ACCRUED INTEREST RECEIVABLE VALUE	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 and asset backed securities	72,060,384	125,873	72,186,257	72,523,527	337,270
	3,298,794,572	**57,006,776**	**3,355,801,348**	**3,394,264,289**	**38,462,941**

Lebanese treasury bills amounting to LBP402billion (LBP381.7billion in 2014) are pledged against soft loans and credit facilities funded by the Central Bank of Lebanon (Note 19).

Lebanese government bonds amounting to LBP174.3billion (LBP174.3billion in 2014) 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, 2015							
	LBP				C/V of F/Cy			
	NOMINAL VALUE	AMORTIZED VALUE	FAIR VALUE (EXCLUDING ACCRUED INTEREST RECEIVABLE)	AVERAGE COUPON RATE	NOMINAL VALUE	AMORTIZED VALUE	FAIR VALUE (EXCLUDING ACCRUED INTEREST RECEIVABLE)	AVERAGE COUPON RATE
	LBP'000			%	LBP'000			%
REMAINING PERIOD TO MATURITY								
LEBANESE TREASURY BILLS:								
Up to one year	87,765,500	87,764,191	87,941,158	6.18	-	-	-	-
1 year to 3 years	378,784,000	380,443,504	389,749,446	7.66	-	-	-	-
3 years to 5 years	257,447,074	259,038,625	257,916,698	7.37	-	-	-	-
5 years to 10 years	433,950,000	438,068,160	445,442,031	8.50	-	-	-	-
	1,157,946,574	**1,165,314,480**	**1,181,049,333**		**-**	**-**	**-**	
LEBANESE GOVERNMENT BONDS:								
Up to one year	-	-	-	-	56,388,038	57,085,083	57,407,183	11.63
1 year to 3 years	-	-	-	-	139,556,684	139,447,544	140,836,578	7.77
3 years to 5 years	-	-	-	-	139,353,659	140,811,393	137,916,516	6.14
5 years to 10 years	-	-	-	-	332,866,553	334,392,009	336,685,741	6.79
Beyond 10 years	-	-	-	-	282,380,378	284,339,762	288,968,051	6.72
	-	**-**	**-**		**950,545,312**	**956,075,791**	**961,814,069**	
FOREIGN GOVERNMENT BONDS:								
Up to one year	-	-	-	-	78,017,592	77,952,055	77,986,934	0.86
3 years to 5 years	-	-	-	-	100,626,170	100,741,059	108,304,864	4.69
5 years to 10 years	-	-	-	-	45,641,385	45,414,055	47,179,347	4.06
	-	**-**	**-**		**224,285,147**	**224,107,169**	**233,471,145**	
CERTIFICATES OF DEPOSIT ISSUED BY CENTRAL BANK OF LEBANON:								
Up to one year	171,000,000	172,639,306	173,820,680	7.91	-	-	-	
1 year to 3 years	257,000,000	257,638,632	262,174,740	7.91	-	-	-	
3 years to 5 years	42,000,000	41,693,158	42,287,698	7.60	57,888,000	56,839,242	55,982,051	5.30
5 years to 10 years	347,000,000	345,305,897	353,596,367	8.20	45,978,750	44,843,395	44,456,798	5.80
Beyond 10 years	285,000,000	286,860,310	281,482,956	8.87	13,416,750	13,416,750	13,473,854	6.50
	1,102,000,000	**1,104,137,303**	**1,113,362,441**		**117,283,500**	**115,099,387**	**113,912,703**	
CORPORATE BONDS AND ASSET BACKED SECURITIES:								
Up to one year	-	-	-	-	21,108,444	21,057,510	21,107,477	0.50
1 year to 3 years	-	-	-	-	6,586,560	6,469,733	6,591,500	0.33
3 year to 5 years	-	-	-	-	3,601,343	3,604,294	3,590,714	7.00
5 years to 10 years	-	-	-	-	31,509,205	31,509,205	29,908,675	5.57
	-	**-**	**-**	**-**	**62,805,552**	**62,640,742**	**61,198,366**	

	DECEMBER 31, 2014							
	LBP				C/V of F/Cy			
	NOMINAL VALUE	AMORTIZED VALUE	FAIR VALUE (EXCLUDING ACCRUED INTEREST RECEIVABLE)	AVERAGE COUPON RATE	NOMINAL VALUE	AMORTIZED VALUE	FAIR VALUE (EXCLUDING ACCRUED INTEREST RECEIVABLE)	AVERAGE COUPON RATE
	LBP'000			%	LBP'000			%
REMAINING PERIOD TO MATURITY								
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**	
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	492,089,930	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 AND ASSET BACKED SECURITIES:								
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
5 years to 10 years	-	-	-	-	38,454,818	38,454,818	38,454,818	5.60
	-	**-**	**-**		**72,035,633**	**72,060,384**	**72,397,654**	

The movement of investments classified at amortized cost during 2015 and 2014 is as follows:

	DECEMBER 31, 2015		
	LBP	F/CY	TOTAL
	LBP'000		
Balance, January 1	**2,274,672,239**	**1,024,122,333**	**3,298,794,572**
Acquisition	269,865,577	551,398,594	821,264,171
Swaps	-	(39,663,349)	(39,663,349)
Redemption upon maturity	(272,000,000)	(150,353,540)	(422,353,540)
Sale	-	(4,670,171)	(4,670,171)
Amortization of discount/premium	(3,086,033)	(4,006,750)	(7,092,783)
Effect of exchange rates changes	-	(18,904,028)	(18,904,028)
Balance, December 31	**2,269,451,783**	**1,357,923,089**	**3,627,374,872**

	DECEMBER 31, 2014		
	LBP	F/CY	TOTAL
	LBP'000		
Balance, January 1	**2,056,504,357**	**1,179,483,160**	**3,235,987,517**
Acquisition	451,283,981	123,927,453	575,211,434
Redemption upon maturity	(228,560,000)	(258,508,212)	(487,068,212)
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**	**1,024,122,333**	**3,298,794,572**

The Group has exchanged during 2015 certificates of deposit issued by Central Bank of Lebanon and Lebanese Government bonds with short-term maturities against certificates of deposit, Lebanese Government bonds and Lebanese treasury bills with long term maturities.

In addition, the Group executed sales transactions from the amortized cost securities portfolio in foreign currencies, resulting in a total gain of LBP3billion (LBP202million during 2014) recorded under "Gain from derecognition of financial assets measured at amortized cost" in the consolidated statement of profit or loss.

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, 2015			
	COST	ALLOWANCE FOR IMPAIRMENT	CARRYING FAIR VALUE	CUMULATIVE CHANGE IN FAIR VALUE
	LBP'000			
Unquoted equity securities	8,442,238	(300)	19,381,876	10,939,938
Deferred tax liability				(1,211,397)
Share of non-controlling interests				(33,509)
				9,695,032

	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)
Share of non-controlling interests				-
				6,265,831

The movement of investments at fair value through other comprehensive income during 2015 and 2014 is as follows:

	DECEMBER 31, 2015		
	LBP	F/CY	TOTAL
	LBP'000		
Balance, January 1	**15,084,312**	**670,439**	**15,754,751**
Additions	-	60,323	60,323
Change in fair value	491,914	3,076,458	3,568,372
Effect of exchange rates changes	-	(1,570)	(1,570)
Balance, December 31	**15,576,226**	**3,805,650**	**19,381,876**

	DECEMBER 31, 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**

On November 2, 2015, Visa Inc. and Visa Europe Ltd announced an agreement for Visa Inc. to acquire Visa Europe Ltd. Consequently, the Cypriot entity booked a positive change in fair value of its investment of EUR1.7million (C/V LBP2.9billion) recorded under "Net change in fair value of investments at fair value through other comprehensive income" in the consolidated statement of profit or loss and other comprehensive income.

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, 2015	DECEMBER 31, 2014
	LBP'000	
Assets acquired in satisfaction of loans – Lebanon	89,800,699	88,887,519
Investment properties – Foreign operations	77,443,175	56,402,506
	167,243,874	145,290,025

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, 2014	**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**
Foreclosures	2,497,352	-	2,497,352
Disposals	(1,591,640)	7,468	(1,584,172)
Balance December 31, 2015	**98,886,769**	**(9,086,070)**	**89,800,699**

Gain on disposals of assets acquired in satisfaction of loans amounted to LBP532million (LBP3.3billion in 2014).

The fair values of the assets acquired in satisfaction of loans exceed their carrying values as at December 31, 2015 and 2014, which have been determined based on 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, 2014	**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**
Foreclosures	29,478,488
Revaluation loss	(2,388,213)
Effect of exchange rates changes	(6,049,606)
Balance December 31, 2015	**77,443,175**

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

During 2015, the Group's Cypriot entity acquired 75% equity stake in an entity having a primary activity of holding and administrating a commercial property held under a long-term lease. The property and the respective finance lease obligation amounted to LBP26billion (C/V EUR16million) and LBP6.6billion (Note 21) respectively. Out of the LBP26billion, LBP7billion was classified under owned properties to be used as a new head office for the Cypriot entity (Note 12). Interest expense on Finance lease obligation during 2015 amounted to LBP325million (Note 28).

12. PROPERTY AND EQUIPMENT

The movement of property and equipment was as follows during 2015 and 2014:

	BALANCE JANUARY 1, 2015	ADDITIONS	DISPOSALS AND ADJUSTMENTS	TRANSFER BETWEEN ACCOUNTS	TRANSLATION ADJUSTMENT	TRANSFER TO INTANGIBLE ASSETS	BALANCE DECEMBER 31, 2015
	LBP'000						
COST / REVALUATION:							
Owned properties	64,411,214	-	-	-	(691,253)	-	63,719,961
Computer hardware	20,582,741	1,849,835	(363,601)	164,099	(737,733)	-	21,495,341
Machines and equipment	5,435,780	462,180	(35,861)	135,663	(55,610)	-	5,942,152
Furniture and fixtures	7,110,620	149,089	(3,764)	341,592	(207,809)	-	7,389,728
Vehicles	874,787	-	-	-	(33,972)	-	840,815
Freehold and leasehold improvements	25,550,009	1,246,479	-	2,221,605	(727,172)	-	28,290,921
Building under finance lease (Note 11.2)	-	7,162,264	-	(92,818)	(73,966)	-	6,995,480
	123,965,151	10,869,847	(403,226)	2,770,141	(2,527,515)	-	134,674,398
Accumulated depreciation	(47,809,413)	(6,946,803)	400,577	92,818	1,465,346	-	(52,797,475)
Allowance for impairment of owned properties	(65,308)	-	-	-	-	-	(65,308)
	(47,874,721)	(6,946,803)	400,577	92,818	1,465,346	-	(52,862,783)
Advance payments	3,135,095	1,092,930	-	(2,862,959)	-	(34,147)	1,330,919
Net carrying value	**79,225,525**						**83,142,534**

	BALANCE JANUARY 1, 2014	ADDITIONS	DISPOSALS AND ADJUSTMENTS	TRANSFER BETWEEN ACCOUNTS	TRANSLATION ADJUSTMENT	BALANCE DECEMBER 31, 2014
	LBP'000					
COST / REVALUATION:						
Owned properties	65,781,965	-	(462,131)	-	(908,620)	64,411,214
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
	122,201,825	5,510,657	(859,483)	277,654	(3,165,502)	123,965,151
Accumulated depreciation	(44,281,088)	(6,133,050)	745,033	-	1,859,692	(47,809,413)
Allowance for impairment of owned properties	(65,308)	-	-	-	-	(65,308)
	(44,346,396)	(6,133,050)	745,033	-	1,859,692	(47,874,721)
Advance payments	2,904,201	508,548	-	(277,654)	-	3,135,095
Net carrying value	**80,759,630**					**79,225,525**

13. INTANGIBLE ASSETS

The movement of intangible assets was as follows during 2015 and 2014:

	CARRYING VALUE JANUARY 1, 2015	ADDITIONS	TRANSFER FROM ADVANCE PAYMENTS UNDER PROPERTY AND EQUIPMENT	AMORTIZATION FOR THE YEAR	TRANSLATION ADJUSTMENT	CARRYING VALUE DECEMBER 31, 2015
	LBP'000					
Computer software	3,603,735	801,897	34,147	(1,434,952)	(107,925)	2,896,902
Key money	43,215	-	-	(4,020)	-	39,195
	3,646,950	**801,897**	**34,147**	**(1,438,972)**	**(107,925)**	**2,936,097**

	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**

14. DEFERRED ASSETS

This caption consists of the following:

	DECEMBER 31, 2015	DECEMBER 31, 2014
	LBP'000	
Deferred assets on business acquisition **(a)**	1,027,819	2,629,333
Deferred assets against future cash flows **(b)**	61,944,371	84,954,950
	62,972,190	**87,584,283**

(a) In previous years, the Group acquired the shares of Lati Bank S.A.L. for a total consideration of USD20,037,192. The merger was completed in 2010 and was accompanied by a soft loan of LBP185billion 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 for the amount of LBP48.8billion was obtained from Central Bank of Lebanon for a period of 5 years.

The soft loans' proceeds were invested in Lebanese treasury bills, pledged in favor of the Central Bank of Lebanon as collateral against the soft loans obtained. The excess consideration paid over the fair value of the net assets acquired and the related acquisition costs discussed above, amounted to LBP44.9billion. These costs were booked as deferred assets, to be amortized effectively on the starting 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 LBP185billion matured and was closed against pledged Lebanese treasury bills.

The movement of deferred assets on business acquisition during the years 2015 and 2014 was as follows:

		LBP'000
Balance, January 1, 2014		**12,079,213**
Amortization for the year		(9,449,880)
Balance, December 31, 2014		**2,629,333**
Amortization for the year		(1,601,514)
Balance, December 31, 2015		**1,027,819**

(b) Net outstanding deferred assets amounting to LBP62billion correspond to the Bank's Cypriot subsidiary carried over losses incurred since the crisis in Cyprus has occurred up to December 31, 2015. These deferred assets are offset against future economic benefits derived from the low yield funding amounting to LBP300million provided by the Central Bank of Lebanon referred to in Note 19, which were redeemed and replaced by exemption from compulsory reserves up to USD200million. Proceeds of the loan and subsequently the compulsory reserves are invested in fixed income securities. Their return is appropriated to deferred assets.

The movement of deferred assets against future cash flows during the years 2015 and 2014 was as follows:

	DECEMBER 31, 2015	DECEMBER 31, 2014
	COUNTER VALUE IN LBP	
	LBP'000	
Net carrying value as at January 1,	**84,954,950**	**84,217,433**
Deferred assets originated with offset to:		
Present value of contracted future cash flow	11,995,957	26,163,596
Write-back of provision on recovered debt (Note 8)	(10,083,886)	-
Write down during the year	(15,495,266)	(14,800,838)
Effect of foreign currency exchange differences	(9,427,384)	(10,625,241)
Net carrying value as at December 31,	**61,944,371**	**84,954,950**

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 EUR3.7million and accordingly the Group booked an impairment loss of EUR17million (c/v of LBP34billion) during 2013.

The movement of goodwill during 2015 and 2014 was as follows:

	EURO	COUNTER VALUE IN LBP
		LBP'000
Balance as at January 1, 2014	**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**
Effect of exchange rates changes	-	(689,227)
Balance as at December 31, 2015	**3,681,188**	**6,061,591**

16. OTHER ASSETS

This caption consists of the following:

	DECEMBER 31, 2015	DECEMBER 31, 2014
	LBP'000	
Prepayments	13,315,123	14,134,403
Management fees - BLC Income Fund 1	-	164,375
Commission receivable	1,210,227	858,974
Collateral on dealings with "Visa International"	1,809,462	1,809,882
Sundry debtors (Net)	11,575,140	12,871,502
Regulatory blocked deposit	4,500,000	4,500,000
Fair value of forward exchange contracts	-	11,692
	32,409,952	**34,350,828**

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 LBP164million as at December 31, 2014.

Sundry debtors are stated net of impairment allowance of LBP3.24billion as at December 31, 2015 and 2014 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, 2015	DECEMBER 31, 2014
	LBP'000	
Current deposits of banks and financial institutions	1,127,706	1,735,345
Current accounts with related parties	-	150,750
Short term deposits	157	49,500,156
Accrued interest payable	-	24,000
	1,127,863	**51,410,251**

18. CUSTOMERS' ACCOUNTS

Customers' accounts at amortized cost are detailed as follows:

	DECEMBER 31, 2015	DECEMBER 31, 2014
	LBP'000	
Deposits:		
Current/demand deposits	872,551,243	856,165,810
Term deposits	5,603,806,764	5,270,037,681
Collateral against loans and advances	282,489,226	208,952,190
Margins and other accounts:		
Margins for irrevocable import letters of credit	2,655,076	1,366,906
Margins on letters of guarantee	27,717,368	25,892,617
Other margins	71,828,512	64,592,231
Blocked accounts	6,159,827	4,080,334
Accrued interest payable	40,709,676	35,146,840
Total	**6,907,917,692**	**6,466,234,609**

Customers' deposits include related party deposits detailed as follows:

	DECEMBER 31, 2015	DECEMBER 31, 2014
	LBP'000	
Demand deposits	5,160,950	2,920,989
Term deposits	23,021,847	25,619,120
Collateral against loans and advances	1,497,395	1,493,764
Margins on letters of guarantee	11,450	1,500
Margins against futures	-	24,874
Accrued interest payable	176,113	44,532
	29,867,755	**30,104,779**

Brackets of deposits were as follows:

	DECEMBER 31, 2015				
	LBP		F/CY		
	TOTAL DEPOSITS	% TO TOTAL DEPOSITS	TOTAL DEPOSITS	% TO TOTAL DEPOSITS	TOTAL
	LBP'000	%	LBP'000	%	LBP'000
Less than LBP250million	759,661,054	30	917,620,983	21	**1,677,282,037**
Between LBP250million and LBP1.5billion	805,973,176	32	1,040,595,689	24	**1,846,568,865**
Above LBP1.5billion	988,450,088	38	2,395,616,702	55	**3,384,066,790**
	2,554,084,318	100	4,353,833,374	100	**6,907,917,692**

	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 LBP250million	748,963,713	30	933,839,914	23	**1,682,803,627**
Between LBP250million and LBP1.5billion	779,504,745	32	995,634,248	25	**1,775,138,993**
Above LBP1.5billion	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**

Deposits from customers include coded deposit accounts for an aggregate amount of LBP92billion as at December 31, 2015 (LBP133billion as at December 31, 2014). 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 LBP40billion and LBP374billion respectively as at December 31, 2015 (LBP41billion and LBP198.8billion respectively as at December 31, 2014)

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	%	
2015	2,537,000,000	5.70	4,083,000,000	3.09	**270,510,289**
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**

19. OTHER BORROWINGS

	DECEMBER 31, 2015	DECEMBER 31, 2014
	LBP'000	
Soft loans from Central Bank of Lebanon **(a)**	66,499,500	66,499,500
Facilities granted from Central Bank of Lebanon **(b)**	474,949,740	340,257,681
Revolving loan from Central Bank of Lebanon **(c)**	300,000,000	300,000,000
Other borrowings **(d)**	2,261,250	8,120,403
Accrued interest payable	4,324,146	4,344,606
	848,034,636	**719,222,190**

(a) On August 18, 2011 the Bank was granted a soft loan in the amount of LBP48.8billion 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&14).

On March 29, 2012, the Bank was granted a new soft loan in the amount of LBP17.7billion 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 USD200million out of which USD110million (C/V LBP165.8billion) have been utilized as at December 31, 2015 and 2014. 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 LBP309billion (LBP174billion as at December 31, 2014) following Central Bank of Lebanon Basic Decision No. 6116 of March 7, 1996 and its amendments including Central Bank Intermediate Circular No. 313 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 LBP300billion 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 which matured and settled subsequent to the financial position date.

(d) Other borrowings include a loan for USD5million (C/V LBP7.54billion) 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 USD500,000 each, starting July 2012 and over 5 years. USD1.5million was outstanding as at December 31, 2015 (USD2.5million as at December 31, 2014).

Other borrowings also include a facility granted from the Arab Trade Financing Program (ATFP) on January 7, 2011 with a limit of USD4million 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:

	DECEMBER 31, 2015	DECEMBER 31, 2014
	LBP'000	
Up to 1 year	520,422,146	310,203,759
1 to 3 years	753,750	216,851,750
3 to 5 years	17,734,000	17,734,000
Over 5 years	309,124,740	174,432,681
	848,034,636	**719,222,190**

20. SUBORDINATED BONDS

In its Extraordinary General Meeting held on May 28, 2015, the Cypriot entity resolved to proceed immediately with the redemption of the Capital securities, the Non-convertible and the Convertible bonds. On June 30, 2015, with the relevant approval of the Central Bank of Cyprus, the bank has completed the redemption of the Capital Securities and the bonds, in accordance with their respective terms and conditions.

21. OTHER LIABILITIES

This caption consists of the following:

	DECEMBER 31, 2015	DECEMBER 31, 2014
	LBP'000	
Withheld taxes	4,310,294	4,879,773
Deferred tax liability on accrued interest receivable	2,100,868	2,190,201
Deferred tax liability on future dividend distribution of subsidiaries	254,406	213,017
Deferred tax liability on other comprehensive income	1,211,397	1,105,735
Other deferred taxes	21,840	21,840
Other deferred income tax liability	-	61,486
Due to the National Social Security Fund	648,036	621,681
Checks and incoming payment orders in course of settlement	26,202,464	27,358,701
Blocked capital subscriptions for companies under incorporation	402,195	487,971
Accrued expenses	16,596,020	16,332,194
Financial guarantees	674,344	877,442
Payable to personnel and directors	6,841,742	6,447,386
Sundry accounts payable	23,945,320	21,435,500
Provision for income tax	7,283,916	7,636,994
Finance lease obligation (Note 11.2)	6,575,635	-
Fair value of forward exchange contracts	121,798	-
Deferred income	147,199	181,068
	97,337,474	**89,850,989**

	DECEMBER 31, 2015	DECEMBER 31, 2014
	LBP'000	
Profit before tax	**81,078,976**	**81,365,009**
Income tax on enacted applicable rates	14,606,371	14,548,490
Effect of non-deductible expense and non taxable income	(37,643)	424,686
Income tax expense	14,568,728	14,973,176
Less: Tax paid in advance	(9,849,026)	(9,718,475)
Additional recorded provision	2,564,214	2,382,293
Provision for income tax	**7,283,916**	**7,636,994**

22. PROVISIONS

Provisions consist of the following:

	DECEMBER 31, 2015	DECEMBER 31, 2014
	LBP'000	
Provision for staff end-of-service indemnity	5,650,929	5,448,341
Provision for contingencies	3,209,493	3,094,047
Provision for loss on foreign currency position	32,309	85,915
	8,892,731	**8,628,303**

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

	DECEMBER 31, 2015	DECEMBER 31, 2014
	LBP'000	
Balance January 1	**5,448,341**	**5,148,724**
Additions - net (Note 34)	345,016	389,973
Additions - Legal expenses and sundry charges	48,622	56,198
Settlements	(191,050)	(146,554)
Balance December 31	**5,650,929**	**5,448,341**

Additions are netted by LBP901million representing estimated interest income accumulated by the Lebanese National Social Security Fund (LBP863million booked under write-back accounts in 2014).

The movement of the provision for contingencies was as follows:

	DECEMBER 31, 2015	DECEMBER 31, 2014
	LBP'000	
Balance January 1	**3,094,047**	**2,929,121**
Additions	525,938	307,350
Write-off against devaluation on investment	(299,798)	-
Effect of exchange rates changes	(110,694)	(142,424)
Balance December 31	**3,209,493**	**3,094,047**

23. SHARE CAPITAL

At December 31, 2015 and 2014, the Bank's ordinary share capital consists of 152,700,000 fully paid shares of LBP1,000 par value each.

As at 2015 year-end, the Bank has a fixed exchange position in the amount of USD58,426,898, 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 (USD58,426,898 as at 2014 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 USD100 per share with a nominal value of LBP1,000 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 USD100 per share with a nominal value of LBP1,000 each.

25. RESERVES

	DECEMBER 31, 2015	DECEMBER 31, 2014
	LBP'000	
Legal reserve **(a)**	45,758,135	38,919,607
Reserve for general banking risks **(b)**	56,852,380	45,777,174
Special reserve for loans and advances **(c)**	2,703,478	1,778,478
Free reserves	62,817,044	62,424,121
General reserve for performing loans **(d)**	945,000	-
	169,076,037	148,899,380
Regulatory reserve for assets acquired in satisfaction of loans (Note 11)	37,436,066	29,750,043
	206,512,103	**178,649,423**

(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 LBP2.7billion to special reserve for the uncovered portion of its doubtful debts outstanding as at June 30, 2003 and not yet resolved.

(d) In compliance with the basic circular no. 81 issued by the Central Bank of Lebanon, the Bank is required to transfer from net profit to general reserve for performing loans the equivalent of:

- 0.5% of retail loans that are less than 30 days past due (subject to deductions of some guarantees received) to general reserve for the year 2014 in addition to a percentage of 0.5% yearly over a six year period starting 2015.
- 0.25% of performing corporate loans to general reserve as of end of 2014. This reserve should increase to 0.5% as of end of 2015, 1% as of end of 2016 and 1.5% as of end of 2017. The Bank is exempted from this general reserve if the balance of collective provision is not less than 0.25% of the performing corporate loans portfolio as of end of 2014, 0.5% as of end of 2015, 1% as of end of 2016 and 1.5% as of end of 2017.

26. DIVIDENDS PAID

The Bank's General Assembly held on May 12, 2015 resolved to distribute preferred and regular shares earnings in the amount of LBP13.6billion and LBP19.9billion respectively.

The Bank's General Assembly held on April 14, 2014 resolved to distribute preferred shares earnings in the amount of LBP11.5billion.

27. INTEREST INCOME

This caption consists of the following:

	DECEMBER 31, 2015	DECEMBER 31, 2014
	LBP'000	
Interest income from:		
Deposits with central banks	21,979,888	20,865,580
Deposits with banks and financial institutions	1,797,076	1,431,545
Deposits with a related bank	145,569	165,179
Loan to a bank	130,008	148,155
Investment securities (excluding FVTPL)	228,539,779	220,042,314
Loans and advances to customers	213,483,382	225,353,467
Loans and advances to related parties	384,459	575,717
Interest realized on non-performing loans and advances to customers (Note 8)	10,532,784	6,799,252
Other	6,009	7,300
	476,998,954	**475,388,509**

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, 2015	DECEMBER 31, 2014
	LBP'000	
Interest expense on:		
Deposits and borrowings from banks	267,525	144,401
Soft loans from Central Bank of Lebanon	1,285,513	5,414,141
Revolving loan and facilities granted from Central Bank of Lebanon	13,944,453	12,364,685
Customers' accounts	269,024,945	257,204,110
Customers' accounts - related parties	1,485,344	988,857
Capital securities and bonds issued	709,523	1,481,231
Interest on obligation under finance lease (Note 11.2)	325,744	-
Other borrowings	164,216	230,973
	287,207,263	**277,828,398**

29. FEE AND COMMISSION INCOME

This caption consists of the following:

	DECEMBER 31, 2015	DECEMBER 31, 2014
	LBP'000	
Commission on documentary credits	1,401,443	1,728,311
Commission on letters of guarantee	2,182,713	2,193,983
Commission on transactions with banks	77,832	70,966
Service fees on customers' transactions	12,721,919	12,229,364
Commission on loans and advances	8,034,197	8,340,762
Commission earned on insurance policies	5,156,699	5,343,234
Commissions on capital market customers' transactions	840,669	1,569,614
Managed Fund (Note 16)	122	164,375
Other	1,875,798	2,251,945
	32,291,392	**33,892,554**

30. FEE AND COMMISSION EXPENSE

This caption consists of the following:

	DECEMBER 31, 2015	DECEMBER 31, 2014
	LBP'000	
Brokerage fees	1,350,282	1,372,518
Commission on transactions with banks and financial institutions	768,222	687,131
Commission paid to car dealers	1,386,152	1,512,048
Other	1,432,751	1,600,608
	4,937,407	**5,172,305**

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

	DECEMBER 31, 2015	DECEMBER 31, 2014
	LBP'000	
Interest income	9,200,693	5,358,404
Dividends received	369,146	176,870
Net unrealized loss (Note 9)	(1,638,914)	(116,053)
Net realized gain	32,851	79,398
	7,963,776	**5,498,619**

32. OTHER OPERATING INCOME

This caption consists of the following:

	DECEMBER 31, 2015	DECEMBER 31, 2014
	LBP'000	
Dividend income from investments at fair value through other comprehensive income	1,018,854	413,956
Foreign exchange gain	3,795,747	3,739,844
Miscellaneous income	3,185,601	1,141,488
	8,000,202	**5,295,288**

33. OTHER NON-OPERATING INCOME

	DECEMBER 31, 2015	DECEMBER 31, 2014
	LBP'000	
Key money - old branch	-	3,316,500
	-	**3,316,500**

34. STAFF COSTS

	DECEMBER 31, 2015	DECEMBER 31, 2014
	LBP'000	
Salaries	49,316,944	50,576,425
Board of directors' remunerations	5,614,396	5,401,921
Social security contributions	6,952,331	7,117,661
Provision for staff end-of-service indemnities (Note 22)	345,016	389,973
Defined contribution plans	1,249,300	1,507,388
Other staff benefits and costs	13,878,842	13,596,875
	77,356,829	**78,590,243**

35. GENERAL AND ADMINISTRATIVE EXPENSES

This caption consists of the following:

	DECEMBER 31, 2015	DECEMBER 31, 2014
	LBP'000	
Fees and taxes	2,712,227	2,829,760
Rent and building services	4,483,556	4,579,083
Legal and professional fees	6,026,394	5,749,282
Telephone and postage	1,566,345	1,717,857
Maintenance and repairs	8,356,645	7,664,194
Electricity and water	1,267,765	1,604,888
Heat, light and power	693,956	907,421
Insurance	1,378,607	1,501,163
Advertising and publicity	5,017,204	5,592,204
Public relations and entertainment	364,170	343,552
Printing and stationery	1,169,384	998,443
Subscriptions	2,162,374	2,287,118
Travel	547,200	527,429
Donations	60,988	46,948
Software implementation fees	103,789	158,021
Credit card expenses	1,290,586	987,258
Money transport	1,341,722	894,564
Cleaning	781,529	758,248
Guards Expenses	516,887	535,955
Miscellaneous expenses	2,804,919	3,548,885
	42,646,247	**43,232,273**

Legal and professional fees include an amount of LBP226million representing various services provided by the parent bank during 2015.

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 2015 and 2014.

Basic and diluted earnings per share are LBP268 in 2015 (LBP188 in 2014).

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, 2015 and 2014 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, 2015	DECEMBER 31, 2014
	LBP'000	
Cash on hand	46,961,037	43,700,609
Deposits with central banks (excluding compulsory deposits)	100,965,568	99,103,397
Term placements with central banks (with original maturity of less than 3 months)	40,466,400	126,024,135
Purchased checks	36,073,038	42,350,344
Current accounts with correspondents	139,449,086	107,874,643
Current accounts with related banks and financial institutions	20,428,431	1,528,288
Current accounts with the parent bank	3,539,254	18,543,022
Term placements with correspondents (with original maturity of less than 3 months)	196,910,305	147,841,859
	584,793,119	586,966,297

Major non-cash transactions excluded from the statement of cash flows for the years ended December 31, 2015 and 2014 are summarized as follows:

(a) Positive change in fair value of investments as at fair value through other comprehensive income of LBP3.57billion and related deferred tax liability of LBP106million (LBP1.3billion during 2014).

(b) Assets and investment properties acquired in satisfaction of loans in the amount of LBP31.97billion (LBP10billion in 2014).

(c) Write back of provision on recovered debt recorded as deferred asset against loans and advances in the amount of LBP10billion.

(d) Property revaluation surplus recorded against property and equipment in the amount of LBP169million.

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, 2015							
	Resident					Non-Resident		
	CORPORATE BANKING	RETAIL BANKING	TREASURY	PRIVATE BANKING	OTHERS	CYPRUS ENTITY	ELIMINATION	TOTAL
	LBP'000					LBP'000		
ASSETS								
Cash and banks	855,683	36,220,931	1,343,769,162	-	-	111,798,679	-	1,492,644,455
Loan to a bank	-	-	4,939,568	-	-	-	-	4,939,568
Investments securities at FVTPL	-	-	193,187,329	-	-	-	-	193,187,329
Loans and advances to customers	1,092,798,545	1,167,612,753	-	19,855,302	11,044,325	583,885,970	-	2,875,196,895
Investments securities at amortized cost	31,937,626	2,502,467,260	-	519,395,866	372,108,524	258,948,902	-	3,684,858,178
Investments securities at FVTOCI	102,610	-	-	-	16,415,311	2,863,955	-	19,381,876
Customers' liability under acceptances	29,599,306	-	-	-	-	117,787	-	29,717,093
Goodwill	-	-	-	-	6,061,591	-	-	6,061,591
Other assets	4,683,674	288,696	-	-	244,816,797	98,915,480	-	348,704,647
Inter-segments	-	639,826,746	-	596,553,844	491,349,365	-	(1,727,729,955)	-
Total Assets	**1,159,977,444**	**4,346,416,386**	**1,541,896,059**	**1,135,805,012**	**1,141,795,913**	**1,056,530,773**	**(1,727,729,955)**	**8,654,691,632**
LIABILITIES								
Deposits from banks	-	-	1,127,863	-	-	-	-	1,127,863
Customers' accounts	603,688,809	4,208,887,377	-	1,135,805,012	-	959,536,494	-	6,907,917,692
Liability under acceptances	29,599,306	-	-	-	-	117,787	-	29,717,093
Other borrowings	173,902,570	137,529,009	165,825,000	-	370,778,057	-	-	848,034,636
Subordinated bonds								
Other liabilities and provisions	-	-	-	-	85,971,965	20,258,240	-	106,230,205
Inter-segments	352,786,759	-	1,374,943,196	-	-	-	(1,727,729,955)	-
Total Liabilities	**1,159,977,444**	**4,346,416,386**	**1,541,896,059**	**1,135,805,012**	**456,750,022**	**979,912,521**	**(1,727,729,955)**	**7,893,027,489**

	DECEMBER 31, 2014							
	Resident					Non-Resident		
	CORPORATE BANKING	RETAIL BANKING	TREASURY	PRIVATE BANKING	OTHERS	CYPRUS ENTITY	ELIMINATION	TOTAL
	LBP'000					LBP'000		
ASSETS								
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	1,094,507,323	1,085,724,909	-	15,087,444	4,681,722	685,462,991	-	2,885,464,389
Investments securities at amortized cost	38,560,539	2,370,078,642	-	390,535,556	372,206,885	184,419,726	-	3,355,801,348
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								
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	-	-	-	-	-	-	30,903,191
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**

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

40.2 DISTRIBUTION OF PROFIT AND LOSS BY SEGMENT:

	DECEMBER 31, 2015						
	Resident					Non-Resident	
	CORPORATE BANKING	RETAIL BANKING	TREASURY	PRIVATE BANKING	OTHERS	CYPRUS ENTITY	TOTAL
	LBP'000					LBP'000	
Net interest income	63,978,618	71,904,769	15,510,441	(13,859,812)	4,823,428	47,434,247	189,791,691
Net commission income	7,065,610	17,092,779	(569,127)	889,097	(69,028)	2,944,654	27,353,985
Net interest and other gain on investments at FVTPL	-	-	7,963,776	-	-	-	7,963,776
Other operating and non-operating income	111,854	60,048	7,854,419	1,006,216	842,911	1,121,292	10,996,740
Net impairment on loans and advances to customers	(637,377)	(5,057,856)	-	-	1,099,040	(31,656,920)	(36,253,113)
Income generated from contractual future cash flows	-	-	-	-	11,995,957	-	11,995,957
Change in fair value of investment properties	-	-	-	-	-	(2,388,213)	(2,388,213)
Other (expense)/income - Net	(16,319,197)	(72,630,000)	(5,131,493)	(4,890,859)	-	(29,410,298)	(128,381,847)
Income tax expense	(4,500,393)	(2,467,922)	(1,050,142)	48,214	(6,598,485)	-	(14,568,728)
	49,699,115	**8,901,818**	**24,577,874**	**(16,807,144)**	**12,093,823**	**(11,955,238)**	**66,510,248**
Inter-segment	**(28,253,744)**	**2,209,588**	**(23,557,481)**	**15,796,288**	**33,805,349**	**-**	**-**
Residual net income	**21,445,371**	**11,111,406**	**1,020,393**	**(1,010,856)**	**45,899,172**	**(11,955,238)**	**66,510,248**

	DECEMBER 31, 2014						
	Resident					Non-Resident	
	CORPORATE BANKING	RETAIL BANKING	TREASURY	PRIVATE BANKING	OTHERS	CYPRUS ENTITY	TOTAL
	LBP'000					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**	**-**	**-**
Residual net income	**13,704,464**	**6,534,613**	**2,864,775**	**(3,481,333)**	**72,903,404**	**(26,134,090)**	**66,391,833**

41. COLLATERAL GIVEN

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

	DECEMBER 31, 2015				DECEMBER 31, 2014
	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	300,000,000
Lebanese treasury bills	48,765,500	August 11, 2016	48,785,000	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	35,744,910	Revolving	309,124,740	Facilities from Central Bank of Lebanon	15,169,000

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, 2015			DECEMBER 31, 2014		
	BALANCE	% TO TOTAL	NO. OF COUNTERPARTIES	BALANCE	% TO TOTAL	NO. OF COUNTERPARTIES
	LBP'000	%		LBP'000	%	
Less than LBP5billion	40,076,868	9	38	28,635,024	8	59
From LBP5billion to LBP15billion	57,604,028	12	7	100,038,152	28	9
From LBP15billion to LBP30billion	135,407,039	29	8	197,613,207	55	9
From LBP30billion to LBP50billion	232,904,910	50	5	31,664,020	9	1
	465,992,845	100	58	357,950,403	100	78

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

	DECEMBER 31, 2015			DECEMBER 31, 2014		
	BALANCE	% TO TOTAL	NO. OF COUNTERPARTIES	BALANCE	% TO TOTAL	NO. OF COUNTERPARTIES
	LBP'000	%		LBP'000	%	
Less than LBP0.5billion	1,184,236,205	47	53,431	1,127,136,091	44	57,002
From LBP0.5billion to LBP1.5billion	256,362,071	10	323	275,480,492	10	384
More than LBP1.5billion	1,070,979,454	43	184	1,137,295,965	46	213
	2,511,577,730	100	53,938	2,539,912,548	100	57,599

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

	DECEMBER 31, 2015			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			LBP'000							
Performing	2,511,577,730	-	2,511,577,730	246,477,501	78,178,231	1,366,294,553	7,167,266	211,050	420,445,405	2,118,774,006	1,682,370,684
Substandard	31,461,614	-	31,461,614	36,853	1,540,682	25,790,415	-	-	4,415,525	31,783,475	28,452,382
Doubtful	501,273,934	(123,580,043)	377,693,891	481,779	3,550,953	342,510,148	1,003,346	-	11,437,967	358,984,193	328,498,031
Loss	38,983,394	(38,983,394)	-	34,529	1,634,762	2,066,336	-	-	12,042,920	15,778,547	9,904,990
Loan portfolio purchased	2,226,266	-	2,226,266	-	-	-	-	-	-	-	2,226,266
Collective provision	-	(47,762,606)	(47,762,606)	-	-	-	-	-	-	-	-
	3,085,522,938	**(210,326,043)**	**2,875,196,895**	**247,030,662**	**84,904,628**	**1,736,661,452**	**8,170,612**	**211,050**	**448,341,817**	**2,525,320,221**	**2,051,452,353**

	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			LBP'000							
Performing	2,539,912,548	-	2,539,912,548	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)	-	-	-	-	-	-	-	-
	3,098,728,760	**(213,264,371)**	**2,885,464,389**	**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**

Overdue but not impaired loans as at December 31, 2015 and 2014 are as follows:

	DECEMBER 31, 2015	DECEMBER 31, 2014
	LBP'000	
Between 60 and 90 days	90,928,000	40,414,000
Between 90 and 180 days	16,527,000	36,404,000
Between 180 and 360 days	3,578,000	2,272,000
Over 360 days	103,000	681,000
	111,136,000	**79,771,000**

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

	DECEMBER 31, 2015	DECEMBER 31, 2014
	LBP'000	
Lebanon	84,041,000	55,116,000
Cyprus	27,095,000	24,655,000
	111,136,000	79,771,000

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

	DECEMBER 31, 2015					
	LEBANON	MIDDLE EAST AND AFRICA	NORTH AMERICA	EUROZONE	OTHER	TOTAL
	LBP'000					
FINANCIAL ASSETS						
Cash and central banks	993,457,156	-	-	33,194,454	-	1,026,651,610
Deposits with banks and financial Institutions	101,938,256	96,943,937	42,395,438	222,355,961	2,359,253	465,992,845
Loan to a bank	4,939,568	-	-	-	-	4,939,568
Investments at fair value through profit or loss	163,431,999	-	-	29,755,330	-	193,187,329
Loans and advances to customers	2,220,015,906	51,567,475	3,749,730	596,210,142	3,653,642	2,875,196,895
Investments at amortized cost	3,425,550,491	-	-	234,314,567	24,993,120	3,684,858,178
Investments at fair value through other comprehensive income	16,517,921	-	-	2,863,955	-	19,381,876
Total	**6,925,851,297**	**148,511,412**	**46,145,168**	**1,118,694,409**	**31,006,015**	**8,270,208,301**
FINANCIAL LIABILITIES						
Deposits from banks	269,713	490,918	9,202	358,030	-	1,127,863
Customers' accounts	4,796,100,182	552,840,119	42,047,406	1,435,862,520	81,067,465	6,907,917,692
Other borrowings	845,727,797	-	-	2,306,839	-	848,034,636
Total	**5,642,097,692**	**553,331,037**	**42,056,608**	**1,438,527,389**	**81,067,465**	**7,757,080,191**

	DECEMBER 31, 2014					
	LEBANON	MIDDLE EAST AND AFRICA	NORTH AMERICA	EUROZONE	OTHER	TOTAL
	LBP'000					
FINANCIAL ASSETS						
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	2,142,153,891	40,814,268	2,936,738	695,894,023	3,665,469	2,885,464,389
Investments at amortized cost	3,171,381,622	-	24,759,721	160,055,921	-	3,355,801,348
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**
FINANCIAL LIABILITIES						
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**

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, 2015					
	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	1,127,863	-	-	-	-	1,127,863
Customers' accounts at amortized cost	5,616,348,530	1,277,577,860	12,161,540	882,299	947,463	6,907,917,692
Other borrowings	305,077,896	215,344,250	753,750	17,734,000	309,124,740	848,034,636
	5,922,554,289	**1,492,922,110**	**12,915,290**	**18,616,299**	**310,072,203**	**7,757,080,191**

	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	5,279,291,166	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
	5,340,908,554	**1,455,875,917**	**262,218,060**	**21,591,859**	**174,432,681**	**7,255,027,071**

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, 2015					
	LBP	USD	EURO	STG	OTHER	TOTAL
	LBP'000					
ASSETS						
Cash and central banks	451,798,803	536,735,681	35,710,459	2,390,905	15,762	1,026,651,610
Deposits with banks and financial institutions	47,271,297	226,311,630	158,828,316	22,592,091	10,989,511	465,992,845
Loan to a bank	4,939,568	-	-	-	-	4,939,568
Investments at fair value through profit or loss	72,275,794	120,911,535	-	-	-	193,187,329
Loans and advances to customers	721,056,154	1,571,782,811	577,453,131	1,141,510	3,763,289	2,875,196,895
Investments at amortized cost	2,307,923,885	1,124,488,577	252,445,716	-	-	3,684,858,178
Investments at fair value through other comprehensive income	15,576,327	873,818	2,931,731	-	-	19,381,876
Customers' liability under acceptances	150,000	16,150,966	7,069,935	276,921	6,069,271	29,717,093
Assets acquired in satisfaction of loans	13,466,167	76,334,532	-	-	-	89,800,699
Investment properties	-	-	77,443,175	-	-	77,443,175
Property and equipment	67,346,399	-	15,796,135	-	-	83,142,534
Intangible assets	2,025,759	-	910,338	-	-	2,936,097
Deferred assets	1,027,819	54,470,155	7,474,216	-	-	62,972,190
Goodwill	-	-	6,061,591	-	-	6,061,591
Other assets	17,184,517	12,233,201	2,959,025	17,231	15,978	32,409,952
Total Assets	**3,722,042,489**	**3,740,292,906**	**1,145,083,768**	**26,418,658**	**20,853,811**	**8,654,691,632**
LIABILITIES						
Deposits from banks	55,142	602,987	144,885	-	324,849	1,127,863
Customers' accounts	2,554,084,317	3,160,863,856	1,158,523,620	25,476,366	8,969,533	6,907,917,692
Liability under acceptances	150,000	16,150,966	7,069,935	276,921	6,069,271	29,717,093
Other borrowings	679,880,485	168,154,151	-	-	-	848,034,636
Other liabilities	44,488,372	31,441,847	20,141,441	1,110,487	33,529	97,215,676
Provisions	6,951,411	1,267,602	673,718	-	-	8,892,731
Total Liabilities	**3,285,609,727**	**3,378,481,409**	**1,186,553,599**	**26,863,774**	**15,397,182**	**7,892,905,691**
Currency to be received	-	29,962,785	66,659,046	2,623,141	36,430,738	135,675,710
Currency to be delivered	(1,514,000)	(82,535,995)	(14,443,266)	(2,232,460)	(35,071,787)	(135,797,508)
	(1,514,000)	(52,573,210)	52,215,780	390,681	1,358,951	(121,798)
Net assets	**434,918,762**	**309,238,287**	**10,745,949**	**(54,435)**	**6,815,580**	**761,664,143**

	DECEMBER 31, 2014					
	LBP	USD	EURO	STG	OTHER	TOTAL
	LBP'000					
ASSETS						
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	1,542,735,777	685,608,880	873,012	7,874,521	2,885,464,389
Investments at amortized cost	2,315,148,685	783,369,233	180,162,352	-	-	3,355,801,348
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**

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, 2015							
	WEIGHTED AVERAGE EFFECTIVE INTEREST RATE	NOT SUBJECT TO INTEREST	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						
ASSETS								
Cash and central banks	2.31	229,378,395	551,303,682	60,969,533	-	-	185,000,000	1,026,651,610
Deposits with banks and financial institutions	0.50	202,875,252	193,060,121	45,357,872	24,699,600	-	-	465,992,845
Loan to a bank	2.64	39,568	4,900,000	-	-	-	-	4,939,568
Investment securities at fair value through profit or loss	5.00	8,947,727	-	21,308,343	17,846,079	39,801,562	105,283,618	193,187,329
Loans and advances to customers	8.50	361,611,348	2,201,245,578	113,124,213	9,877,280	27,005,495	162,332,981	2,875,196,895
Investment securities at amortized cost	6.80	57,842,093	104,878,540	321,385,568	777,529,680	599,431,540	1,823,790,757	3,684,858,178
Investment securities at fair value through other comprehensive income	-	16,517,921	-	2,863,955	-	-	-	19,381,876
	-	**877,212,304**	**3,055,387,921**	**565,009,484**	**829,952,639**	**666,238,597**	**2,276,407,356**	**8,270,208,301**
LIABILITIES								
Deposits from banks and financial institutions	-	1,127,863	-	-	-	-	-	1,127,86
Customers' accounts	4.05	705,969,742	5,236,372,232	951,584,416	12,161,540	882,298	947,464	6,907,917,692
Other borrowings	1.88	4,324,146	535,079,731	308,630,759	-	-	-	848,034,636
		711,421,751	**5,771,451,963**	**1,260,215,175**	**12,161,540**	**882,298**	**947,464**	**7,757,080,191**

	DECEMBER 31, 2014							
	WEIGHTED AVERAGE EFFECTIVE INTEREST RATE	NOT SUBJECT TO INTEREST	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						
ASSETS								
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	2,147,873,833	122,337,343	8,903,584	44,541,098	198,012,226	2,885,464,389
Investment securities at amortized cost	6.38	56,901,055	230,799,049	251,855,712	885,892,649	555,191,389	1,375,161,494	3,355,801,348
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**

43. COMMITMENTS AND CONTINGENCIES

The Group is defendant in lawsuits filed by different parties amounting to around USD3.4million. 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 2015 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 LBP10billion for the head office and LBP500million 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.

	DECEMBER 31, 2015	DECEMBER 31, 2014
	LBP'million	
Common equity Tier I	478,329	433,446
Additional Tier I capital	196,359	196,205
	674,688	629,651
Tier II capital	4,848	21,512
Total regulatory capital	**679,536**	**651,163**
Credit risk	4,005,737	3,814,326
Market risk	178,039	62,128
Operational risk	429,385	411,878
Risk-weighted assets and risk-weighted off-balance sheet items	**4,613,161**	**4,288,332**
Equity Tier I ratio	10.37%	10.11%
Tier I capital ratio	14.62%	14.68%
Risk based capital ratio- Tier I and Tier II capital	**14.73%**	**15.18%**

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, 2015					
			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	4,702,753	4,702,753	-	-	4,702,753
Unquoted equity securities	9	915,436	-	-	915,436	915,436
Lebanese Treasury bills	9	10,534,092	-	10,534,092	-	10,534,092
Lebanese Government bonds	9	84,218,154	-	84,218,154	-	84,218,154
Foreign Eurobonds	9	29,589,789	-	29,589,789	-	29,589,789
Certificates of deposit issued by the Central Bank of Lebanon	9	56,370,751	-	56,370,751	-	56,370,751
Mutual Funds	9	3,526,818	-	3,526,818	-	3,526,818
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	10,851,876	-	-	10,851,876	10,851,876
		209,239,669	4,702,753	184,239,604	20,297,312	209,239,669
FINANCIAL ASSETS NOT MEASURED AT FAIR VALUE						
Term placements with Central Bank of Lebanon		185,000,000	-	192,951,248	-	192,951,248
Loans and advances (net of allowances)	8	2,875,196,895	-	2,884,381,543	-	2,884,381,543
Investments at amortized cost:						
Lebanese Treasury bills	9	1,165,314,480	-	1,181,049,333	-	1,181,049,333
Lebanese Government bonds	9	956,075,791	-	961,814,069	-	961,814,069
Foreign Government bonds	9	224,107,169	-	233,112,360	358,785	233,471,145
Certificates of deposit issued by the Central Bank of Lebanon	9	1,219,236,690	-	1,227,275,144	-	1,227,275,144
Corporate bonds and asset backed securities	9	62,640,742	-	30,975,790	30,222,576	61,198,366
		3,627,374,872	-	3,634,226,696	30,581,361	3,664,808,057
FINANCIAL LIABILITIES NOT MEASURED AT FAIR VALUE						
Other borrowings		17,734,000	-	14,371,649	-	14,371,649
		17,734,000	-	14,371,649	-	14,371,649

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.

	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	4,908,677	-	-	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
Mutual 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	-	192,036,31
Loans and advances (net of allowances)	8	2,885,464,389	-	2,895,610,412	-	2,895,610,412
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 and asset backed securities	9	72,060,384	-	33,942,836	38,454,818	72,397,654
		3,298,794,572	-	3,298,443,910	38,813,603	3,337,257,513
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

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-14&15	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-14&15	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-14&15	DCF at discount rates determined based on observable yield curves at the measurement date.	N/A
Lebanese Government bonds	31-Dec-14&15	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-14&15	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 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-14&15	Quoted prices for similar assets in active markets	N/A
Bancassurance S.A.L.	31-Dec-14&15	Multiple earnings	4.5 times earnings
Other unquoted Equities at fair value through other comprehensive income	31-Dec-14&15	N/A	N/A
Other Borrowings	31-Dec-14&15	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, 17 and 18 and in the statement of profit or loss in Notes 28, 34, and 35.

Remuneration to executive management paid during 2015 amounted to LBP5.67billion (LBP5.27billion in 2014).

47. APPROVAL OF THE CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements for the year ended December 31, 2015 were approved by the Board of Directors in its meeting held on May 5, 2016.

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BLC BANK NETWORK

BRANCHES

BRANCHES	TELEPHONE	FAX	ADDRESSES	BRANCH MANAGER'S NAME
Adlieh	961-1-387000-429000	961-1-616984	BLC Bank bldg.,Adlieh square,Beirut	Roula Korban
Achrafieh	961-1-200990-1	961-1 339664 Ext: 170	Jerbaka bldg., Adib Ishac str., Sassine square, Achrafieh	Roy Chouccair
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	Abdel Kader Captan
Aley	961-5-556025-557026-558027-556024	961-5-558027 Ext: 170	Moghtarebeen Hotel bldg., Aley main road, Aley	Abeer Salman
Antelias	961-4-418080-417230-522018	961-4-522018 Ext: 170	Antelias Square- St. Elie center, Bloc A-GF Antelias	Toufic Abi Jaoude
Baabda	961-5-468084-5	961-5-921820 Ext: 170	Michel Helou bldg., Baabda square, Baabda	Tanios Berberi
Batroun	961-6-642166-741599	961-6-742812 Ext: 170	BLC Bank bldg., main road, Batroun	Elie Hajj
Becharre	961-6-671101-672767	961-6-671101 Ext: 170	Emile Hanna Geagea bldg., main road, Becharre	Tony Saleh
Beit Chabab	961-4-980840-981348	961-4-980840 Ext: 170	BLC Bank bldg., Al Blata area, Beit Chabab	Mirna Kharrat
Bikfaya	961-4-981602-981532	961-4-986266 Ext: 170	Municipality bldg., Bickfaya square, Bickfaya	Monique Rahi
Bourj Hammoud	961-1-260855-241689	961-1-241689 Ext: 170	Maronite Monks bldg., Tripoli str., Bourj Hammoud	Albert Babikian
Chekka	961-6-540728-545028	961-6-540728 Ext: 170	Michel El Hallal bldg.,main road, Chekka	Fadwa Gergi
Chiah	961-1-389515-387411	961-1-387411 Ext: 170	Awad bldg., Old Saida road, Chiah	Mohamad Dagher
Chtoura	961-8-545422-3-4-542450	961-8-545424 Ext:170	BLC Bank bldg., Damascus main road, Chtoura	Ghassan Abou Risk
Dekwaneh	961-1-692060-692070	961-1-687647 Ext:170	Kamar center-Sed El Bauchrieh str., Dekwaneh	Raymonde Wazen
Dora	961-264450-260856	961-1-260856 Ext: 170	Dora highway, BLC Bank Bldg., Dora	Gaby Kiwan
Furn El Chebbak	961-1-613247-613248	961-1-613247 Ext: 170	Fares Younis bldg., Furn El Chebbak	Gaby Kassab
Ghobeiry	961-1-272772-548600	961-1-275737	Akil Berro bldg., Ghobeiry str.	Abdullatif El Ali
Hadath	961-5-460034-467438	961-5-460425 Ext: 170	Michel Kherbawi bldg., Al Ain square	Maria Ghanem
Hamra	961-1-340450-350060-747912-747913	961-1-348512 Ext: 170	Rassamni bldg., Hamra str., Hamra	Imad Tabbara
Hazmieh	961-5-454722-455547	961-5-457177 Ext: 170	Michael Mansour bldg., Damascus main road, Hazmieh	Pierre Bejjani
Hermel	961-8-201771-201772	961-8-201773	Chahine center, opposite Seray bldg.,Hermel	Nabil Hammadeh
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	Jeanane Abou Jaoude

BRANCHES

BRANCHES	TELEPHONE	FAX	ADDRESSES	BRANCH MANAGER'S NAME
Jbeil	961-9-546956-540150	961-9-546955 Ext: 170	BLC Bank bldg., main road, Jbeil	Jean-Claude Zakhia
Jounieh	961-9-910800-934558	961-9-835219 Ext: 170	Stephan bldg., main road, opposite municipality Jounieh	Elias Nader
Kousba	961-6-510125-511132	961-6-510125 Ext: 170	Nicolas center, main road, Kousba	Georges Chehade
Mazraa	961-1-631634-653403-702540-1	961-1-631634 Ext:170	Waef El Roum bldg., Corniche El Mazraa, Beirut	Vacant
Mazraat Yachouh	961-4-928612-3-4-5	961-4-928612 Ext:170	Hajj bldg., main road, Mazraat Yachouh	Elias Ghanem
Nabatieh	961-7-764780-764781	961-7-760234 Ext: 170	City Center bldg., Mahmoud Fakih str., Nabatieh	Mohamad Abdallah
New Jdeideh	961-1-879973-4-5-879896	961-1-879973-4-5 Ext: 170	Khoury bldg., New Jdeideh str., New Jdeideh	Charbel Geagea
Saida	961-7-722330-722331-722332-727508	961-7-722330 Ext: 170	BLC Bank bldg., Riad el Solh str., Saida	Mohamad Ghandour
Sarafand	961-70-195386-195491-195702	961-7-260417	Nour Eddine Center; Sarafand	Nadima Nazzal
Sour	961-7-343100-1	961-7-343313	Issa bldg., Al Massaref str.	Lina Kojok
Mar Elias	961-1-703805-6-706248	961-1-703805 Ext: 170	Dar El Baida bldg., Mar Elias str., Beirut	Nada Abdel Samad
Mar Mikhael	961-1-565700-1-2	961-1-565702 Ext: 5360	BLC Bank bldg., Mar Mikhael str., Beirut	Boutross Mouawad
Tabaris-Charles Malek	961-1-200210-200211	961-1-200212 Ext: 170	Tabaris 812 bldg., Charles Malek str., Achrafieh	Sami El Koreh
Tabaris-Selim Bustros	961-1-200992-204551	961-1-200992- Ext: 170	Dakdouk bldg., Selim Boustros str., Achrafieh	Vacant
Tripoli - Mina	961-1-215350-60-70	961-6-215340 Ext:170	Shoucair bldg., El Husseini hospital str., Tripoli- Mina	Georges Zablith
Tripoli - Tell	961-6-430210-1	961-6-432896 Ext: 170	BLC Bank bldg., Karm El Kellah str., facing Karameh Palace, Tripoli	Talal ElYafi
Zahle	961-8-829410-20-30-40	961-8-8259410-20 Ext:170	Lawandos center, Zahle boulevard, Hosh El Zarraina, Zahle	Alia Sabboury
Zouk Mikael	961-9-212225-6- 211473	961-9-211675 Ext:237	Main road, Presidence str., Zouk Mikael	Samia Ghosn
Zouk Mosbeh	961-9-226803-226804	961-9-226803-4 Ext:170	Charcutier Aoun bldg., main road, Zouk Mosbeh	Vacant

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CORRESPONDENT BANKS

CORRESPONDENT BANKS

COUNTRY	NAME OF CORRESPONDENT	SWIFT CODE
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	Fransabank (France) SA Al Khaliji Bank (France) SA	FRAF FR PP LICO FR PP
Germany	Commerzbank AG Deutsche Bank AG JP Morgan AG	COBA DE FF DEUT DE FF CHAS DE FX
Italy	Intesa Sanpaolo SpA Unicredit Spa	BCIT IT MM 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 National Bank of Kuwait	ABKK KW KW NBOK KW KW
Norway	Danske Bank A/S - Norway	DABA NO 22
Qatar	Qatar National Bank SAQ The Commercial Bank of Qatar QSC	QNBA QA QA ABQQ QA QA
Saudi Arabia	The National Commercial Bank	NCBK SA JE
Spain	Banco de Sabadell SA CaixaBank SA	BSAB ES BB 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 Türkiye Garanti Bankasi AS IS Bankasi AS	AKBK TR IS TGBA TR IS ISBK TR IS
United Arab Emirates	Al Khaliji Bank (France) SA - Dubai Mashreqbank psc	LICO AE AD BOML AE AD
United Kingdom	JPMorgan Chase Bank - London Lloyds TSB Bank plc	CHAS GB 2L LOYD GB 2L
United States of America	JPMorgan Chase Bank NA Standard Chartered Bank, New York The Bank of New York Mellon	CHAS US 33 SCBL US 33 IRVT US 3N

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