



# 09

## Annual Report



We deliver what matters



## Working in harmony to maximize performance

Just like members of the orchestra work in sync to produce harmonious collaboration under the leadership of the experienced maestro, our team members, each in their own field of specialty, fulfill their responsibilities professionally and ably, and tune up to turn the overall performance of the group into a remarkable masterpiece.

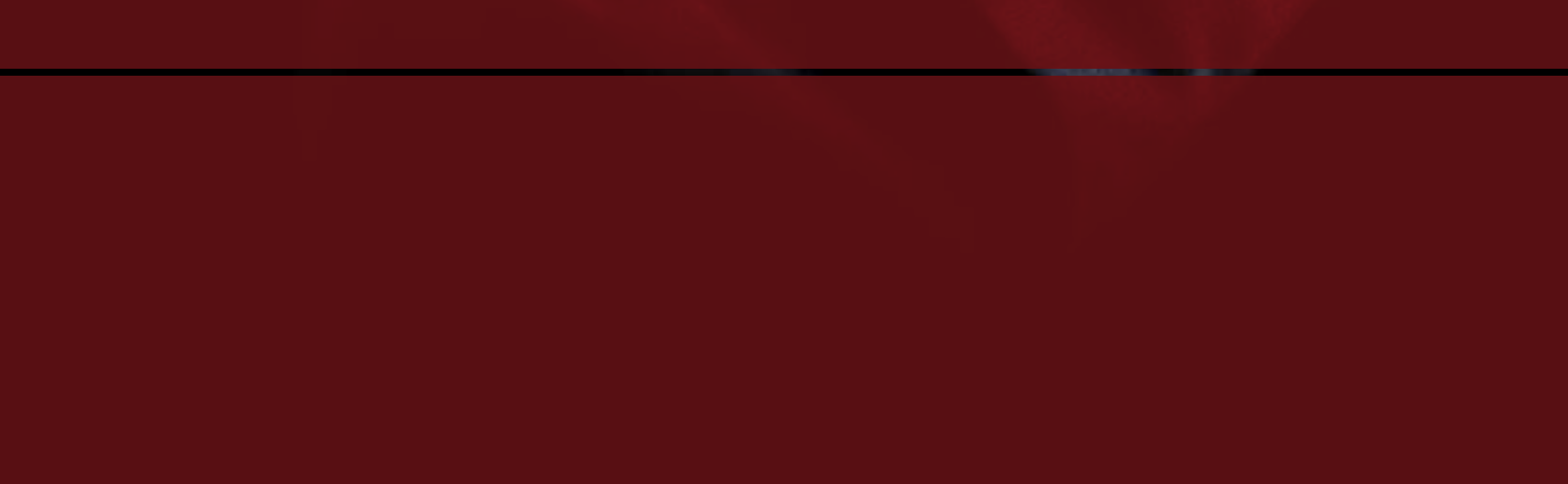
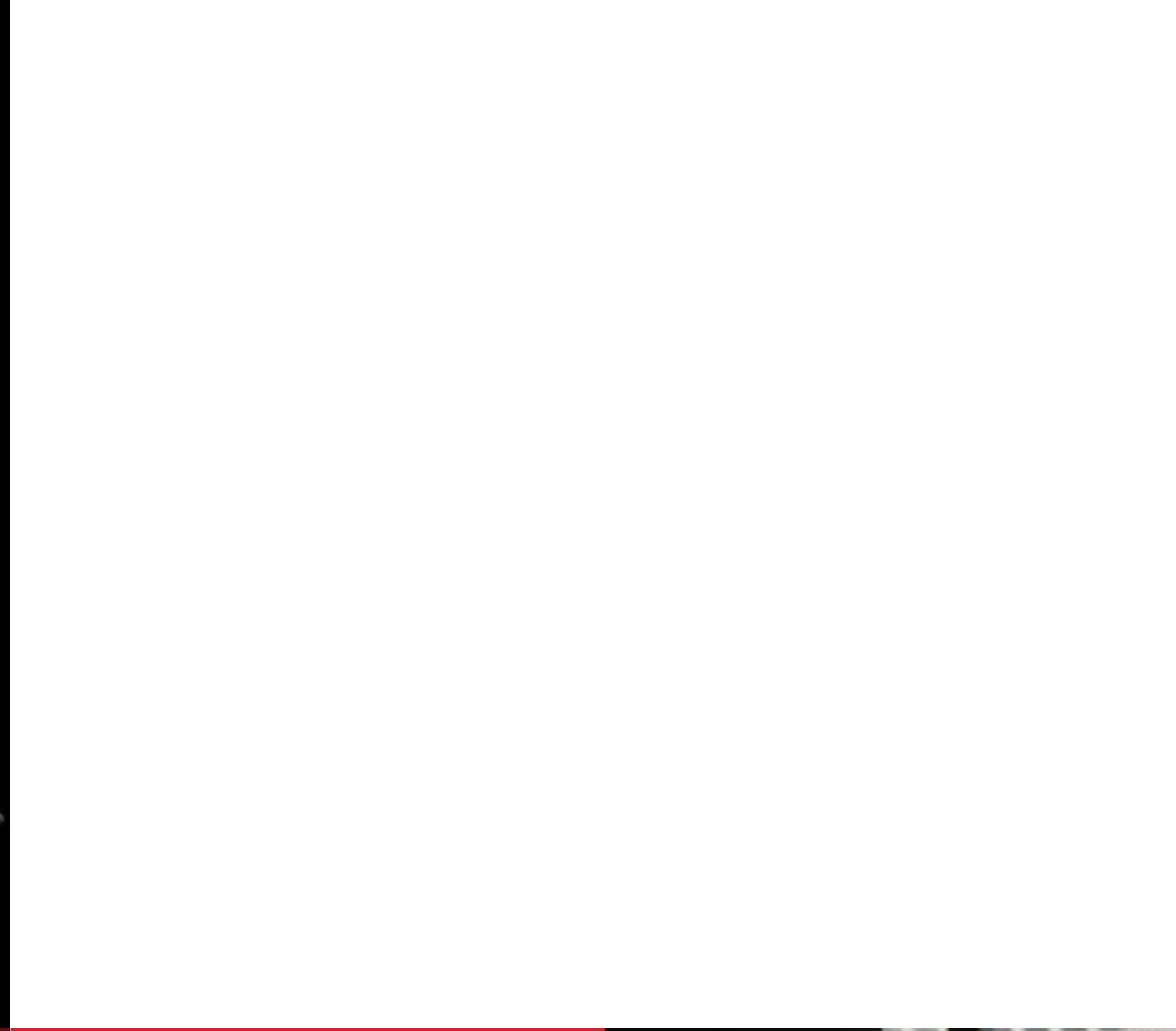
Our team strives to serve you in a way that will hopefully exceed your expectations, aiming to widen your horizons in the coming years.





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“ Four pillars will constantly guide our development and will always remain our focal point: professionalism, innovation, excellence and technology. ”

The year 2009 proved the ability of BLC Bank to achieve the goals and objectives we set and announced at the beginning of the year.

I seize this opportunity to reiterate that the US \$ 541 million (31%) increase in deposits to reach US \$ 2.27 billion reflects the trust of our established and new customers alike.

BLC Bank also demonstrated strong vitality as it injected US \$ 200 million in the private economy representing 73% increase in reinvestments.

BLC Bank also became a reference bank in the retail sector providing superior consumer lending products especially in cars and housing sectors demonstrating a remarkable sales ability of high quality products.

A further sign of our ability to post strong growth is the US \$ 11 million (49%) increase in our net profits.

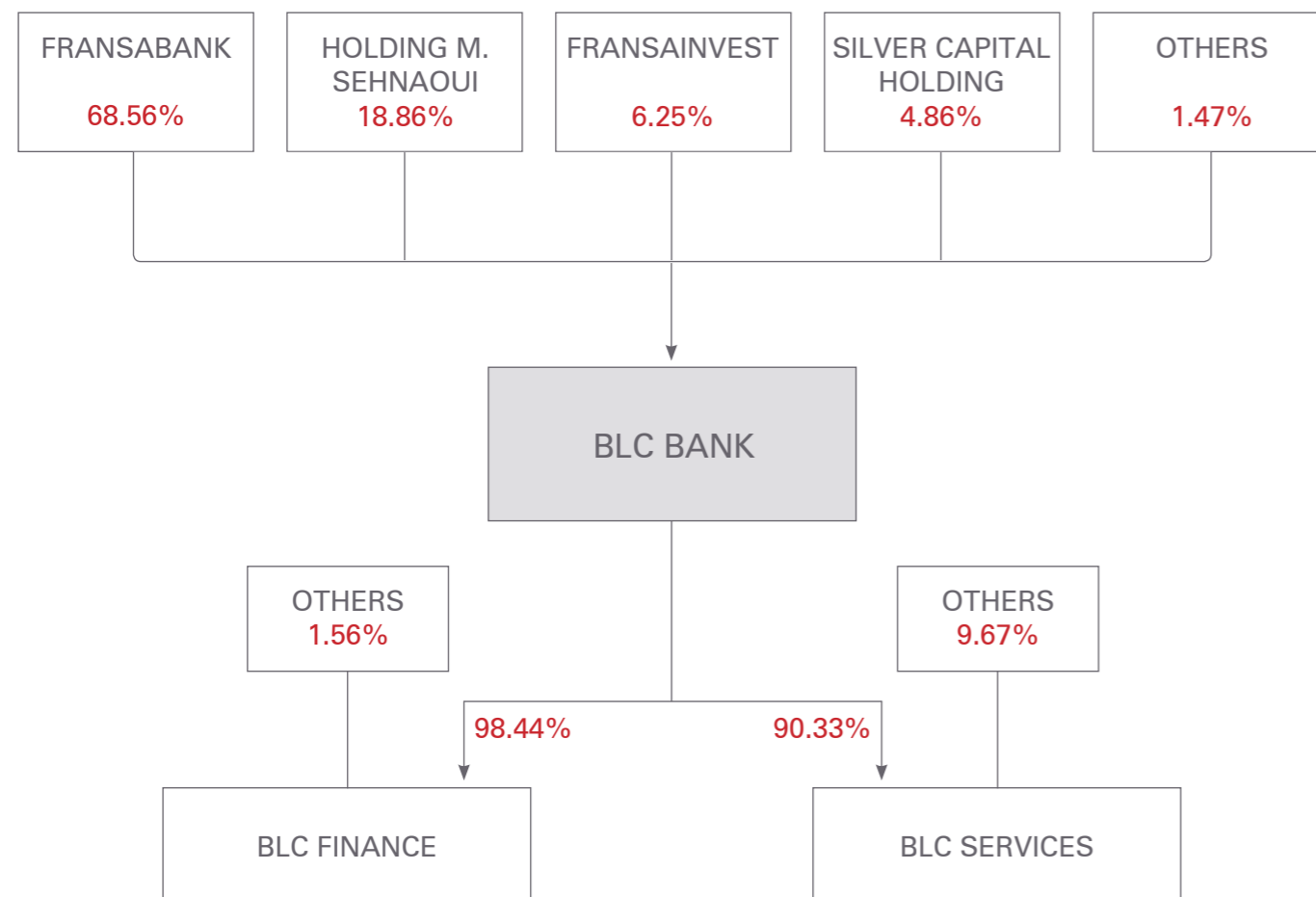
In the year 2010, we are still maintaining our high ambitions of becoming a universal bank and a bank of reference in Lebanon, with the support of our shareholders, employees and associates who all adhere to our goals.

A handwritten signature in black ink, appearing to read 'M. Sehnaoui', written over a light-colored background.

**Maurice Sehnaoui**  
Chairman General Manager



## SHAREHOLDERS' STRUCTURE



## BOARDS OF DIRECTORS

### BLC BANK GROUP

#### BLC BANK S.A.L.

Board Members

Chairman General Manager, Mr. Maurice Sehnaoui

Vice- Chairman, Mr. Nadim Kassar

Member, President Adnan Kassar

Member, Mr. Adel Kassar

Member, Mr. Nabil Kassar

Member, Me. Walid Daouk

Member, Mr. Mansour Bteish

Member, Mr. Nazem El Khoury

Member, Mr. Raoul Nehme

Member, Me. Walid Ziadeh

Member, Mr. Charles El Hage

Secretary to the Board, Me. Michel Tueni

External Auditors, Deloitte & Touche

#### BLC FINANCE S.A.L.

Board Members

Chairman and member, Mr. Shadi Karam

Member, BLC Bank SAL

Member, Me. Walid Daouk

Member, Mr. Youssef Sarrouh

Member, Holding M. Sehnaoui SAL

Member, Mr. Georges Tabet

Member, Me. Walid Ziadeh

Secretary to the Board, Me. Michel Tueni

External Auditors, Deloitte & Touche

#### BLC SERVICES S.A.L.

Board Members

Chairman and member, Mr. Nazem El Khoury

Member, BLC Bank SAL

Member, Me. Walid Daouk

Member, Mr. Khaled Salman

Member, Holding M. Sehnaoui SAL

Member, Mr. Georges Tabet

Member, Me. Walid Ziadeh

Secretary to the Board, Me. Michel Tueni

External Auditors, Deloitte & Touche



Professionalism



# MANAGEMENT

## MANAGEMENT

**Maurice SEHNAOUI**  
Chairman and General Manager

**Georges TABET**  
General Manager

**Raoul NEHME**  
General Manager

**Fouad RAHME**  
Assistant General Manager  
Corporate Banking Group

**Youssef EID**  
Assistant General Manager  
Retail Banking & Marketing Groups

**Tania MOUSSALEM**  
Assistant General Manager  
Business Development Group

## SENIOR MANAGERS, HEADS OF GROUPS

**Georges BAZ**  
Legal and Risk Management Group

**Bassam HASSAN**  
Support Group

**Souheil YOUNES**  
Human Resources Group

**Alexander ZOGHEIB**  
Chief Internal Auditor

## SENIOR MANAGERS, HEADS OF DEPARTMENTS

**Elizabeth EL-KHAZEN**  
Administration Department

**Rida MROUEH**  
Chief Financial Officer

**Georges NAMMOUR**  
Operations Department

## DEPUTY HEAD OF GROUP

**Victoria HABIB**  
Human Resources Group

## MANAGERS, HEADS OF DEPARTMENTS

**Khalil ABOU DARWICHE**  
Recovery Department

**Hania AKKAD**  
Corporate Business Development Department

**Sandra ANTYPAS**  
Resources Management Department

**Pierrot ATALLAH**  
Chief Information Officer

**Simone CHAKER**  
Small & Medium Enterprises Department

**Joseph CHAMOUN**  
Real Estate Department

**Naji ECHO**  
Treasury Department

**Samir KHOURY**  
Retail Sales Department

**Carlos LEBBOS**  
Risk Management Department

**Maya MARGIE**  
Marketing & Products Development Department

**Antoine MATAR**  
Credit Analysis Department

**Antoine MOUANES**  
Large Enterprises Department

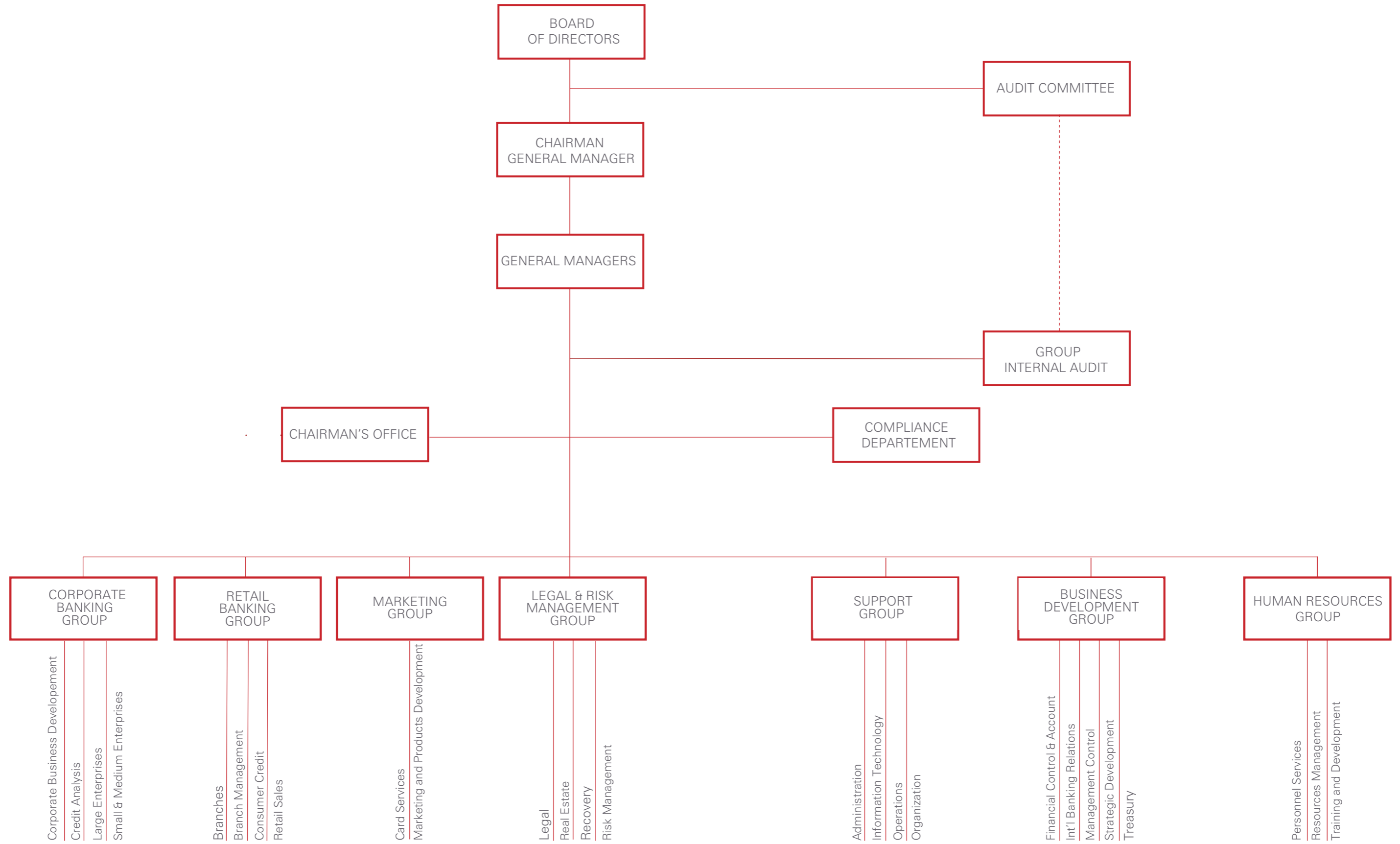
**Joseph SAAB**  
Compliance Department

**Maya WAKIM**  
Organization Department





# ORGANIZATION CHART





Excellence



# AUDITOR'S REPORT

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

We have audited the accompanying consolidated financial statements of BLC BANK S.A.L. (the "Bank") and its Subsidiaries (the "Group"), which comprise the consolidated statement of financial position as at December 31, 2009, and the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

## **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

## **Auditor's Responsibility**

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

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

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

## **Opinion**

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of the BLC Bank Group as of December 31, 2009, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards.

Beirut, Lebanon  
March 17, 2010

Deloitte & Touche



CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	December 31,	
		2009	2008
		LBP'000	
<b>ASSETS</b>			
Cash and Central Bank	5	572,929,659	466,947,333
Deposits with banks and financial institutions	6	367,263,638	166,969,533
Trading securities	7	19,338,113	17,142,330
Loans and advances to customers	8	716,886,972	415,346,781
Available-for-sale investment securities	9	1,726,076,696	1,368,050,383
Held-to-maturity investment securities	9	317,839,007	391,958,405
Customers' liability under acceptances	10	15,343,568	21,677,733
Assets acquired in satisfaction of loans	11	75,978,353	76,881,667
Property and equipment	12	54,805,262	35,547,668
Deferred receivables	13	30,588,391	-
Intangible assets	14	2,890,324	3,992,847
Other assets	15	8,318,851	7,531,059
<b>Total Assets</b>		<b>3,908,258,834</b>	<b>2,972,045,739</b>

<b>FINANCIAL INSTRUMENTS WITH OFF-BALANCE SHEET RISKS:</b>		<b>34</b>	
Letters of guarantee and standby letters of credit		97,391,479	52,360,336
Letters of credit		44,751,172	43,297,992
Forward exchange contracts		22,729,454	24,047,429

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (contd.)

	Notes	December 31,	
		2009	2008
		LBP'000	
<b>LIABILITIES</b>			
Deposits from banks	16	33,940,191	36,140,772
Customers' accounts at amortized cost	17	3,426,220,878	2,610,509,127
Customers' accounts designated at fair value through profit or loss	17	2,256,269	2,255,708
Liability under acceptances	10	15,343,568	21,677,733
Other borrowings	18	11,457,975	11,845,723
Other liabilities	19	50,272,028	26,478,051
Provisions	20	24,372,906	26,329,209
<b>Total liabilities</b>		<b>3,563,863,815</b>	<b>2,735,236,323</b>

	Notes	LBP'000	
<b>EQUITY</b>			
Capital	21	152,700,000	152,700,000
Reserves	22	43,745,608	32,044,215
Reserve for assets acquired in satisfaction of loans	22	10,858,632	8,574,485
Retained Earnings		19,610,911	12,120,415
Cumulative change in fair value of available-for-sale securities	25	65,750,077	(3,630,413)
Profit for the year (attributable to the owners of the parent)		51,500,286	34,501,144
<b>Total equity attributable to the owners of the Parent</b>		<b>344,165,514</b>	<b>236,309,846</b>
Non-controlling interest		229,505	499,570
<b>Total equity</b>		<b>344,395,019</b>	<b>236,809,416</b>
<b>Total Liabilities and Equity</b>		<b>3,908,258,834</b>	<b>2,972,045,739</b>

CONSOLIDATED INCOME STATEMENT

	Notes	Year Ended December 31,	
		2009	2008
		LBP'000	
Interest income	26	228,886,845	196,406,716
Interest expense	27	(148,804,182)	(130,599,938)
<b>Net interest income</b>		<b>80,082,663</b>	<b>65,806,778</b>
Fee and commission income	28	17,569,431	12,071,089
Fee and commission expense	29	(2,726,986)	(2,295,643)
<b>Net fee and commission income</b>		<b>14,842,445</b>	<b>9,775,446</b>
Net interest and other gain/(loss) on trading portfolio	30	3,953,193	(486,381)
Other operating income	31	5,770,296	4,608,461
<b>Net financial revenues</b>		<b>104,648,597</b>	<b>79,704,304</b>
Allowance for impairment of loans and advances	8	(1,757,065)	(1,966,219)
Write-back of impairment loss on loans and advances	8	6,943,012	8,886,760
Write-off /recovery of loans (net)		5,598	(30,384)
Write-back of discount on loan portfolio purchased	8	751,765	6,248,077
<b>Net financial revenues after net impairment loss/write-back</b>		<b>110,591,907</b>	<b>92,842,538</b>
Gain on disposal of property and equipment and properties acquired in satisfaction of loans		6,177,144	859,566
Write-back of provisions (net)	20	1,865,605	60,300
Staff costs	32	(36,581,272)	(31,117,227)
Administrative expenses		(17,587,399)	(16,631,383)
Depreciation and amortization	12,14	(3,974,451)	(4,729,436)
Profit before income tax		60,491,534	41,284,358
Income tax expense		(8,875,167)	(6,562,567)
<b>Profit for the year</b>		<b>51,616,367</b>	<b>34,721,791</b>
<b>Attributable to:</b>			
Owners of the Parent		51,500,286	34,501,144
Non-controlling interest		116,081	220,647
		<b>51,616,367</b>	<b>34,721,791</b>
<b>Earnings per share:</b>			
Basic earnings per share for the year	33	LBP338	LBP227

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Notes	Year Ended December 31,	
		2009	2008
		LBP'000	
<b>PROFIT FOR THE YEAR</b>		<b>51,616,367</b>	<b>34,721,791</b>
Other comprehensive income:			
Net change in fair value of available-for-sale investment securities		83,655,096	10,773,939
Net change in available-for-sale recycled to profit and loss	31	(2,082,278)	(763,040)
Deferred Tax		(12,192,328)	(1,534,709)
		<b>69,380,490</b>	<b>8,476,190</b>
<b>Total comprehensive income</b>		<b>120,996,857</b>	<b>43,197,981</b>
<b>Attributable to:</b>			
Owners of the Parent		120,880,776	42,977,334
Non-controlling interest		116,081	220,647
		<b>120,996,857</b>	<b>43,197,981</b>

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Attributable to Owners of the Parent					Attributable to Owners of the Parent						
	Capital	Legal Reserve	Free Reserves	Reserve for General Banking Risks	Regulatory Reserve	Special Reserves	Cumulative Change in Fair Value of Available-for-sale Securities	Retained Earnings	Profit for the year	Total	Non-Controlling Interest	Total Equity
	LBP'000	LBP'000	LBP'000	LBP'000	LBP'000	LBP'000	LBP'000	LBP'000	LBP'000	LBP'000	LBP'000	LBP'000
Balance - January 1, 2008	152,700,000	1,704,391	159,843	4,354,644	8,402,630	-	(12,106,603)	15,628,578	22,424,270	193,267,753	236,011	193,503,764
Allocation of 2007 profit	-	2,632,078	19,940,767	3,252,492	141,992	-	-	(3,543,059)	(22,424,270)	-	-	-
Transfer from regulatory reserve to retained earning	-	-	-	-	(167,382)	-	-	167,382	-	-	-	-
Other movement	-	-	-	-	197,245	-	-	(30,311)	-	166,934	42,912	209,846
Deferred tax on future dividend distribution	-	-	-	-	-	-	-	(102,175)	-	(102,175)	-	(102,175)
<b>Total comprehensive income for the year 2008</b>	-	-	-	-	-	-	<b>8,476,190</b>	-	<b>34,501,144</b>	<b>42,977,334</b>	<b>220,647</b>	<b>43,197,981</b>
<b>Balance - December 31, 2008</b>	<b>152,700,000</b>	<b>4,336,469</b>	<b>20,100,610</b>	<b>7,607,136</b>	<b>8,574,485</b>	-	<b>(3,630,413)</b>	<b>12,120,415</b>	<b>34,501,144</b>	<b>236,309,846</b>	<b>499,570</b>	<b>236,809,416</b>
Allocation of 2008 profit	-	3,258,553	6,890,146	1,375,000	2,447,864	1,570,000	-	18,959,581	(34,501,144)	-	-	-
Dividends paid	-	-	-	-	-	-	-	(13,132,200)	-	(13,132,200)	(378,477)	(13,510,677)
Transfer from legal reserve to free reserves	-	(10,651)	10,651	-	-	-	-	-	-	-	-	-
Transfer from regulatory reserve to free reserves	-	-	163,717	-	(163,717)	-	-	-	-	-	-	-
Other movement	-	1,296	12,681	-	-	-	-	(7,308)	-	6,669	(7,669)	(1,000)
Deferred tax on future dividend distribution	-	-	-	-	-	-	-	100,423	-	100,423	-	100,423
Special reserves reversal (Note 23)	-	-	-	-	-	(1,570,000)	-	1,570,000	-	-	-	-
<b>Total comprehensive income for the year 2009</b>	-	-	-	-	-	-	<b>69,380,490</b>	-	<b>51,500,286</b>	<b>120,880,776</b>	<b>116,081</b>	<b>120,996,857</b>
<b>Balance - December 31, 2009</b>	<b>152,700,000</b>	<b>7,585,667</b>	<b>27,177,805</b>	<b>8,982,136</b>	<b>10,858,632</b>	-	<b>65,750,077</b>	<b>19,610,911</b>	<b>51,500,286</b>	<b>344,165,514</b>	<b>229,505</b>	<b>344,395,019</b>

CONSOLIDATED STATEMENT OF CASH FLOWS

	Notes	Year Ended December 31,	
		2009	2008
		LBP'000	
<b>Cash Flows from operating activities:</b>			
Net profit for the year		51,616,367	34,721,791
Adjustments for:			
Write back provision for bad debts (net)	8	(5,937,712)	(13,168,618)
Write off of loans and advances to customers	8	(5,598)	30,384
Depreciation and amortization	12,13	3,974,451	4,729,436
Write back provisions for charges (net)	20	(1,941,727)	(39,595)
Provision for end-of-service indemnities		1,112,919	2,116,492
Unrealized (gain)/loss on trading portfolio	30	(2,573,533)	1,789,104
Income tax expense		8,875,167	6,562,567
Loss/(gain) on sale of property and equipment		71,174	(4,177)
Gain on disposal of property acquired in satisfaction of loans		(6,248,318)	(855,389)
Dividend income		(1,597,427)	(1,361,660)
Interest expense		148,804,182	130,599,938
Interest income (including interest on trading portfolio)		(229,860,729)	(197,296,493)
		<b>33,710,784</b>	<b>(32,176,220)</b>
Net decrease/(increase) in trading portfolio		310,624	(1,146,318)
Net increase in loans and advances to customers	35	(291,723,823)	(109,848,432)
Net increase in customers' deposits		726,258,662	381,130,889
Net increase in compulsory reserve with Central Bank	5	(20,858,480)	(30,080,344)
Net increase in term deposits with Central Bank		(26,758,125)	-
Net decrease/(increase) in pledged deposits	6	4,045,837	(203,359)
Net (increase)/decrease in other assets		(1,771,515)	8,089,082
Increase in deferred receivable	13	(30,588,391)	-
Net increase in other liabilities	35	10,540,648	8,705,576
Proceeds from disposal of assets in satisfaction of loans		11,439,329	4,213,036
Settlements made from provisions		(1,317,977)	(1,071,832)
		<b>345,866,005</b>	<b>227,612,078</b>

	Notes	Year Ended December 31,	
		2009	2008
		LBP'000	
Income tax paid		(7,135,868)	(5,265,776)
Dividends received		1,597,427	1,361,660
Interest paid		(144,398,000)	(129,680,304)
Interest received		228,070,415	195,903,863
<b>Net cash generated from operating activities</b>		<b>423,999,979</b>	<b>289,931,521</b>
Cash flows from investing activities:			
Net increase in available-for-sale investing securities	9,35	(270,420,836)	(255,194,693)
Net decrease in held-to-maturity investing securities	9	117,154,275	102,902,190
Proceeds from disposal of property and equipment		58,544	38,404
Acquisition of property and equipment	12	(17,014,596)	(18,205,302)
Acquisition of intangible assets	14	(433,927)	(1,557,064)
<b>Net cash used in investing activities</b>		<b>(170,656,540)</b>	<b>(172,016,465)</b>
Cash flows from financing activities:			
Dividends paid	24	(13,132,200)	-
Dividends paid to non-controlling interests		(378,477)	-
Decrease in non-controlling interests		(1,000)	-
Net decrease in other borrowings	18	(387,807)	(100,580,980)
<b>Net cash used in financing activities</b>		<b>(13,899,484)</b>	<b>(100,580,980)</b>
Net increase in cash and cash equivalents		239,443,955	17,334,076
Cash and cash equivalent beginning of year		451,441,543	434,107,467
Net cash received from acquiring Lati Bank S.A.L.	13	25,384,231	-
<b>Cash and cash equivalent end of year</b>	<b>35</b>	<b>716,269,729</b>	<b>451,441,543</b>

### 1. FORMATION AND ACTIVITIES OF THE BANK

BLC Bank S.A.L., (the "Bank"), is a Lebanese joint stock company registered under No. 1952 in the Lebanese Commercial Register and is listed under No. 11 on the Lebanese Banks' List. The principal activities of the Bank consist of a wide range of commercial banking activities carried on through thirty five branches in Lebanon including Head Office. During 2009, the Bank acquired 100% of Lati Bank S.A.L. having three branches in Lebanon.

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

The Bank's headquarter is located in Beirut, Lebanon.

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

#### 2.1 Standards affecting presentation and disclosure

The following new and revised Standards have been adopted in the current period in these financial statements. Details of other Standards and Interpretations adopted but that have had no effect on the financial statements are set out in section 2.2:

- IAS 1 (as revised in 2007) *Presentation of Financial Statements*: IAS 1 (2007) has introduced terminology changes (including revised titles for the financial statements) and changes in the format and content of the financial statements.
- *Improving disclosures about Financial Instruments (Amendments to IFRS 7 Financial Instruments: Disclosures)*: The amendments to IFRS 7 expand the disclosures required in respect of fair value measurements and liquidity risk.

In addition to the above, IFRS 8 "operating segments" was issued. This standard is a disclosure standard that requires re-designation of the Group's reportable segments based on the segments used by the Chief Operating Decision Maker to allocate resources and assess performance. Awaiting the finalization of the designation and identification of the operating segments and the finalization of the automated software, which process is under establishment, the Group reports these segments on a consolidated basis.

#### 2.2 Standards and Interpretations adopted with no effect on the financial statements

The following new and revised Standards and Interpretations have also been adopted in these financial statements. Their adoption has not had any significant impact on the amounts reported in these financial statements but may affect the accounting for future transactions or arrangements.

- Amendments to IFRS 2 *Share-based Payment - Vesting Conditions and Cancellations*: The amendments clarify the definition of vesting conditions for the purposes of IFRS 2, introduce the concept of 'non-vesting' conditions, and clarify the accounting treatment for cancellations.
- Amendments to IAS 32 *Financial Instruments: Presentation* and IAS 1 *Presentation of Financial Statements - Puttable Financial Instruments and Obligations Arising on Liquidation*: The revisions to IAS 32 amend the criteria for debt/equity classification by permitting certain puttable financial instruments and instruments (or components of instruments) that impose on an entity an obligation to deliver to another party a pro-rata share of the net assets of the entity only on liquidation, to be classified as equity, subject to specified criteria being met.
- IFRIC 13 *Customer Loyalty Programs*: The Interpretation provides guidance on how entities should account for customer loyalty programs by allocating revenue on sale to possible future award attached to the sale.
- IFRIC 15 *Agreements for the Construction of Real Estate*: The Interpretation addresses how entities should determine whether an agreement for the construction of real estate is within the scope of IAS 11 *Construction Contracts* or IAS 18 *Revenue* and when revenue from the construction of real estate should be recognized.
- IFRIC 16 *Hedges of a Net Investment in a Foreign Operation*: The Interpretation provides guidance on the detailed requirements for net investment hedging for certain hedge accounting designations.
- Improvements to IFRSs (2008): Amendments to IFRS 5, IAS 1, IAS 16, IAS 19, IAS 20, IAS 23, IAS 27, IAS 28, IAS 29, IAS 31, IAS 36, IAS 38, IAS 39, IAS 40 and IAS 41 resulting from the May and October 2008 *Annual Improvements to IFRSs* majority of which are effective for annual periods beginning on or after 1 January 2009.

#### 2.3 Standards and Interpretations in issue not yet effective

##### New Standards and amendments to Standards:

- IFRS 1 (revised) *First time Adoption of IFRS* and IAS 27 (revised) *Consolidated and Separate Financial Statements* – Amendment relating to Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate (effective for annual periods beginning on or after 1 July 2009)
- IFRS 3 (revised) *Business Combinations* – Comprehensive revision on applying the acquisition method and consequential amendments to IAS 27 (revised) *Consolidated and Separate Financial Statements*, IAS 28 (revised) *Investments in Associates* and IAS 31 (revised) *Interests in Joint Ventures* (effective for annual periods beginning on or after 1 July 2009)
- IAS 39 (revised) *Financial Instruments: Recognition and Measurement* – Amendments relating to Eligible Hedged Items (such as hedging Inflation risk and Hedging with options), (effective for annual periods beginning on or after 1 July 2009)



Year Ended December 31, 2009

- IFRS 2 (revised) *Share-based payment* – Amendment relating to Bank cash-settled Share-based payments (effective for annual periods beginning on or after 1 January 2010)
- IAS 32 (revised) *Financial Instruments: Presentation* – Amendments relating to classification of Rights Issue (effective for annual periods beginning on or after 1 February 2010)
- IAS 24 *Related Party Disclosures* – Amendment on disclosure requirements for entities that are controlled, jointly controlled or significantly influenced by a Government (effective for annual periods beginning on or after 1 January 2011)
- IFRS 9 Financial Instruments: *Classification and Measurement* (intended as complete replacement for IAS 39 and IFRS 7) (effective for annual periods beginning on or after 1 January 2013)
- Amendments to IFRS 2, IFRS 5, IFRS 8, IAS 1, IAS 7, IAS 17, IAS 18, IAS 36, IAS 38 and IAS 39 resulting from April 2009 *Annual Improvements to IFRSs*. (Majority effective for annual periods beginning on or after 1 January 2010).

The directors anticipate that the adoption of all of the above Standards and Interpretations will have no material impact on the financial statements of the Group in the period of initial application, except for IFRS 9 Financial instruments: “Classification and Measurement” for which directors have not yet had an opportunity to consider the potential impact of the adoption/early adoption.

### 3. SIGNIFICANT ACCOUNTING POLICIES

#### Statement of Compliance

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

#### Basis of Preparation

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

- Land and buildings acquired prior to 1999 are measured at their revalued amounts based on market prices prevailing during 1999.
- Available-for-sale financial assets are measured at fair value.
- Financial instruments at fair value through profit or loss are measured at fair value.

The principal accounting policies are set out below:

#### A. Basis of Consolidation:

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

The consolidated subsidiaries consist of the following:

NAME OF SUBSIDIARY	Percentage of Ownership December 31,		Country of Incorporation	Business Activity
	2009 %	2008 %		
BLC Finance S.A.L.	98.44	98.44	Lebanon	Financial Institution
BLC Services S.A.L.	90.33	87.00	Lebanon	Insurance Brokerage
Lati Bank S.A.L.	100.00	-	Lebanon	Commercial banking

All intra-group transactions balances, income and expenses are eliminated in full on consolidation.

Non-controlling interests in subsidiaries are identified separately from the Group’s equity therein. The interests of non-controlling shareholders may be initially measured either at fair value or at the non-controlling interests’ proportionate share of the fair value of the acquiree’s identifiable net assets.

The choice of measurement basis is made on an acquisition-by-acquisition basis. Subsequent to acquisition, the carrying amount of non-controlling interests is the amount of those interests at initial recognition plus the non-controlling interests’ share of subsequent changes in equity. Total comprehensive income is attributed to non-controlling interests even if this results in the non-controlling interests having a deficit balance.

#### B. Business Combination:

Acquisitions of subsidiaries and businesses are accounted for using the acquisition method. The consideration for each acquisition is measured at the aggregate of the fair values (at the date of exchange) of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree.

#### C. Foreign Currencies:

The financial statements are presented in Lebanese Pound which is the Group’s reporting currency. However, the primary currency of the economic environment in which the Group operates (functional currency) is the U.S. Dollar.

Transactions in currencies other than Lebanese Pound (foreign currencies) are recorded at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period each balance sheet date, monetary items denominated in foreign currencies are retranslated into Lebanese Pounds at the rates prevailing at that date the balance sheet 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 are recognised 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.

## D. Financial assets and Liabilities:

### *Recognition and Derecognition:*

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.

The Group derecognizes a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which all the risks and rewards of ownership of the financial asset are transferred.

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 reporting date 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 a financial liability when its contractual obligations are discharged, cancelled or expire.

### *Offsetting:*

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

### *Fair Value Measurement:*

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

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

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

### *Effective interest method:*

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees on points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

Income is recognised on an effective interest basis for debt instruments other than those financial assets classified as at fair value through profit and loss.

### *Designation at Fair Value Through Profit or Loss:*

The Bank has designated financial assets and liabilities at fair value through profit or loss when either:

- The assets or liabilities are managed, evaluated and reported internally on a fair value basis;
- The designation eliminates or significantly reduces an accounting mismatch which would otherwise arise; or
- The asset or liability contains an embedded derivative that significantly modifies the cash flows that would otherwise be required under the contract.

Financial assets and liabilities designated at fair value through profit or loss are initially recognized and subsequently measured at fair value.

### *Impairment of Financial Assets:*

Financial assets, other than those at fair value through profit or loss, are assessed for indicators of impairment at each 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.

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

In respect of available-for-sale investment securities, the previously accumulated losses recorded under equity are recognized in profit or loss in case of objective evidence impairment. Any increase in fair value subsequent to an impairment loss is not recognized in profit or loss for available-for-sale equity securities. Any increase in fair value subsequent to an impairment loss is recognized in profit or loss for available-for-sale debt securities.

Impairment losses on assets carried at amortized cost are measured as the difference between the carrying amount of the financial assets and the present value of estimated future cash flows discounted at the original effective interest rate. Losses are recognized in profit or loss and reduce the carrying amount of the asset to its estimated recoverable amount. 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 investment at the date the impairment is reversed does not exceed what the amortized cost would have been had the impairment not been recognized.

## E. Investment Securities:

Investment securities are initially measured at fair value plus incremental direct transaction costs, and subsequently accounted for depending on their classification as either held-to-maturity or available-for-sale.

### *Held-to-Maturity Investment Securities:*

Held-to-maturity investments are non-derivative assets with fixed or determinable payments and fixed maturity that the Group has the positive intent and ability to hold to maturity, and which are not designated at fair value through profit or loss or available-for-sale.

Held-to-maturity investments are carried at amortized cost using the effective interest method. Any sale or reclassification of a significant amount of held-to-maturity investments not close to their maturity would result in the reclassification of all held-to-maturity investments as available-for-sale, and prevent the Group from classifying investment securities as held-to-maturity for the current and the following two financial years, unless the amount of held-to-maturity is insignificant, or close to maturity, or in case of significant deterioration in the issuer credit worthiness, or change in statutory or regulatory requirement or in major business combination.

### *Available-for-Sale Investment Securities:*

Available-for-sale investments are non derivative investments that are not designated as another category of financial assets. All available-for-sale investments are carried at fair value and unrealized gains or losses are included in other comprehensive income. Foreign exchange gains or losses on available-for-sale debt security investments are recognized in profit or loss.

## F. Trading Securities:

Trading securities are initially recognized and subsequently measured at fair value. Transaction costs are included in the income statement. Subsequent changes in fair value of these securities are recognized immediately in profit or loss.

## G. 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 where applicable. Bad and doubtful debts are carried on a cash basis because of doubts and the probability of non-collection of principal and/or interest.

## H. Financial Guarantees:

Financial guarantees contracts are contracts that require the Bank 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, 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.

## I. Property and Equipment

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

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

	Years
Buildings	50
Office improvements and installations	5
Furniture, equipment and machines	12.5
Computer equipment	5
Vehicles	10

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

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

## J. Intangible Assets:

Intangible assets consisting of computer software are amortized on a straight-line basis at the rate of 20%. Computer software is subject to impairment testing.

## K. Assets acquired in satisfaction of loans:

Real estate property acquired through the enforcement of security over loans and advances is measured at cost less any accumulated impairment losses. The acquisition of such assets is regulated by the local banking authorities that 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 net income that is reflected under equity.

Year Ended December 31, 2009

## L. Impairment of Tangible and Intangible Assets:

At the end of each reporting period each balance sheet date, the Group reviews the carrying amounts of its tangible and intangible assets 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).

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

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.

The fair value of the Group's owned properties and of properties acquired in satisfaction of loans debts, is the estimated market value, as determined by real estate appraisers on the basis of market compatibility by comparing with similar transactions in the same geographical area and on the basis of the expected value of a current sale between a willing buyer and a willing seller, that is, other than in a forced or liquidation sale after adjustment of an illiquidity factor and market constraints.

## M. Provision for Employees' End-of-Service Indemnity:

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 statement of financial position 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.

## N. 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 determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

## O. Revenue and Expense Recognition:

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

Interest income and expense presented in the income statement include:

- Interest on financial assets and liabilities at amortized cost in addition to interest on deposits at fair value through profit or loss.
- Interest on available-for-sale investment securities.

Net trading income presented in the income statement includes:

- Interest income and expense on the trading portfolio.
- Dividend income on the trading equities.
- Realized and unrealized gains and losses on the trading portfolio.

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.

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

## P. Income Tax:

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

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the consolidated income statement 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.

Income tax payable is reflected in the consolidated statement of financial position net of taxes previously settled in the form of withholding tax.

Part of debt securities invested by the Group are subject to withheld tax by the issuer, and 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 financial statements 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.

## 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 if the revision affects only that period or in the period of the revision and 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:*

The Group's accounting policies provide scope for investment securities to be designated on inception into different categories in certain circumstances based on specific conditions. In classifying investment securities as held-to-maturity, the Group has determined that it has both the positive intent and ability to hold these assets until their maturity as required by in accounting policy under Note 3E. The carrying amount of the held-to-maturity financial assets is LBP 318 billion at 2009 year end. If the Group fails to keep these investments until maturity other than for the specific circumstances, it will require reclassifying the entire category as available-for-sale that will be measured at fair value with the corresponding cumulative positive change in fair value of LBP 12.4 billion at December 31, 2009 booked in other comprehensive income.

### B. Key Sources of Estimation Uncertainty:

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

#### *Allowances for Credit Losses - Loans and Advances to Customers:*

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

#### *Determining Fair Values:*

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

Where available, management has used market indicators in its mark to model approach for the valuation of the Lebanese government debt securities and Central Bank Certificates of Deposits at fair value. The IFRS fair value hierarchy allocates the highest priority to quoted prices (unadjusted) in active markets for identical assets or liabilities, and the lowest priority to unobservable inputs. The fair value hierarchy used in the determination of fair value consists of three levels of input data for determining the fair value of an asset or liability.

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

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

#### *Impairment of Available for-Sale Equity Investments:*

The Group determines that available for sale equity investments are impaired when there has been a significant or prolonged decline in the fair value below its cost. This determination requires judgment. In making this judgment the Group evaluates among other factors, the normal volatility in share price.

Year Ended December 31, 2009

5. CASH AND CENTRAL BANK

	December 31,	
	2009	2008
	LBP'000	
Cash on hand	14,934,694	21,298,242
Non-interest earning accounts:		
Current accounts (of which LBP163billion compulsory reserves at 2009 year-end, LBP141.8billion at 2008 year end)	202,180,527	141,934,068
Interest earning accounts:		
Current accounts with Central Bank of Lebanon	-	18,434,323
Term placements with Central Bank of Lebanon	355,555,625	284,917,500
Accrued interest receivable	258,813	363,200
	<b>572,929,659</b>	<b>466,947,333</b>

Compulsory deposits of LBP 163 billion at 2009 year-end (LBP 141.8 billion in 2008) are in Lebanese Pound and are not available for use in the Group's day-to-day operations and are reflected at amortized cost. These reserves are computed on the basis of 25% and 15% of the average weekly sight and term customers' deposits in Lebanese Pound in accordance with the local banking regulations.

Term placements with Central Bank of Lebanon include the equivalent in U.S. Dollar of LBP 285 billion and LBP 220 billion as at December 31, 2009 and 2008, respectively, deposited in accordance with local banking regulations which require banks to maintain interest earning placements in foreign currency to the extent of 15% of customers' deposits in foreign currencies, certificates of deposits and borrowings acquired from non-resident financial institutions.

Maturities of term placements with Central Bank of Lebanon as at December 31, 2009 and December 31, 2008 are as follows:

MATURITY	2009			
	Accounts in LBP		Accounts in F/Cy	
	Amount	Average Interest Rate	Amount	Average Interest Rate
	LBP'000	%	LBP'000	%
Year 2010:				
First quarter	68,000,000	3.11	260,797,500	1.03
Second quarter	-	-	9,045,000	0.91
Third quarter	-	-	7,537,500	0.66
Between 1 and 3 years	-	-	4,145,625	1.17
Between 3 and 5 years	-	-	6,030,000	1.67
	<b>68,000,000</b>		<b>287,555,625</b>	

MATURITY	2008			
	Accounts in LBP		Accounts in F/Cy	
	Amount	Average Interest Rate	Amount	Average Interest Rate
	LBP'000	%	LBP'000	%
First quarter 2009	-	-	284,917,500	1.94

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year Ended December 31, 2009

## 6. DEPOSITS WITH BANKS AND FINANCIAL INSTITUTIONS

	December 31,	
	2009	2008
	LBP'000	
Purchased checks	9,415,658	7,426,547
Current accounts with correspondents	50,173,884	17,040,858
Current accounts with the Parent Bank	160,250	-
Current accounts with related parties	501,928	-
	<b>60,251,720</b>	<b>24,467,405</b>
Term placements with correspondents	288,798,321	138,416,929
Term placements with Parent Bank	18,000,000	-
Pledged deposits	-	4,045,837
	<b>306,798,321</b>	<b>142,462,766</b>
Accrued interest receivable	213,597	39,362
	<b>367,263,638</b>	<b>166,969,533</b>

Pledged deposits with correspondents are blocked against banking facilities to finance documentary credit transactions (Note 36).

Maturities of term placements and pledged deposits as at December 31:

MATURITY	2009			
	Balance in LBP		Balance in F/Cy	
	Amount	Average Interest Rate	Amount	Average Interest Rate
	LBP'000	%	LBP'000	%
First quarter 2010	51,700,000	3.80	255,098,321	0.38

MATURITY	2008			
	Balance in LBP		Balance in F/Cy	
	Amount	Average Interest Rate	Amount	Average Interest Rate
	LBP'000	%	LBP'000	%
First quarter 2009	19,000,000	3.75	123,462,766	0.74

## 7. TRADING SECURITIES

	December 31,	
	2009	2008
	LBP'000	
Lebanese treasury bills	2,875,790	2,777,968
Lebanese Government bonds	5,900,468	5,650,512
Certificates of deposits issued by Central Bank of Lebanon	2,344,139	2,387,725
Equity securities - Quoted	8,003,599	6,044,882
Accrued interest receivable	214,117	281,243
	<b>19,338,113</b>	<b>17,142,330</b>

The net positive change in fair value of trading securities amounted to LBP 2.6 billion for the year ended December 31, 2009 (negative change of LBP 1.8 billion for the year 2008) - Note 30.

Accrued interest receivable consists of the following as at December 31:

	2009	2008
	LBP'000	
Lebanese treasury bills	83,995	83,242
Lebanese government bonds	120,858	131,626
Certificates of deposit issued by Central Bank of Lebanon	9,264	66,375
	<b>214,117</b>	<b>281,243</b>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year Ended December 31, 2009

## 8. LOANS AND ADVANCES TO CUSTOMERS

	2009				2008					
	Gross Amount	Unrealized Interest	Discount on Purchased Loan Book	Impairment Allowance	Carrying Amount	Gross Amount	Unrealized Interest	Discount on Loan Book	Impairment Allowance	Carrying Amount
	LBP'000	LBP'000	LBP'000	LBP'000	LBP'000	LBP'000	LBP'000	LBP'000	LBP'000	LBP'000
<b>Retail customers (standard and special monitoring):</b>										
- Housing loans	99,844,824	-	-	-	99,844,824	43,282,966	-	-	-	43,282,966
- Personal loans	213,288,684	-	-	-	213,288,684	127,955,707	-	-	-	127,955,707
- Credit cards	10,601,703	-	-	-	10,601,703	8,767,272	-	-	-	8,767,272
- Overdrafts	1,157,458	-	-	-	1,157,458	1,486,050	-	-	-	1,486,050
- Other	8,698,871	-	-	-	8,698,871	6,516,023	-	-	-	6,516,023
					<b>333,591,540</b>					<b>188,008,018</b>
<b>Staff loans</b>	<b>7,560,455</b>	-	-	-	<b>7,560,455</b>	<b>4,987,033</b>				<b>4,987,033</b>
<b>Corporate customers (standard and special monitoring):</b>										
- Corporate	217,479,167	-	-	-	217,479,167	99,987,382	-	-	-	99,987,382
- Small and medium enterprises	112,798,631	-	-	-	112,798,631	70,545,976	-	-	-	70,545,976
					<b>330,277,798</b>					<b>170,533,358</b>
<b>Low and non-performing loans and advances:</b>										
- Purchased loan book	3,677,874	-	-	-	3,677,874	4,562,025	-	-	-	4,562,025
- Substandard	326,860	(75,591)	-	-	251,269	3,929,827	(524,407)	-	-	3,405,420
- Doubtful	464,924,268	(373,174,948)	(8,059,495)	(45,945,966)	37,743,859	426,229,300	(326,518,492)	(8,345,651)	(50,887,949)	40,477,208
- Bad	116,629,029	(89,248,946)	(1,541,791)	(25,838,292)	-	154,899,767	(118,026,170)	(1,646,148)	(35,227,449)	-
					<b>41,673,002</b>					<b>48,444,653</b>
<b>Restructured loans and advances:</b>										
- Substandard	2,849,482	(120,377)	-	-	2,729,105	442,149	(96,023)	-	-	346,126
- Doubtful	13,581,907	(3,807,147)	(433,807)	(5,199,726)	4,141,227	17,664,316	(5,025,059)	(664,160)	(4,807,356)	7,167,741
					<b>6,870,332</b>					<b>7,513,867</b>
Allowance for impairment for collectively assessed loans	-	-	-	(6,109,703)	(6,109,703)	-	-	-	(5,741,972)	(5,741,972)
Accrued interest receivable	3,023,548	-	-	-	3,023,548	1,601,824	-	-	-	1,601,824
	<b>1,276,442,761</b>	<b>(466,427,009)</b>	<b>(10,035,093)</b>	<b>(83,093,687)</b>	<b>716,886,972</b>	<b>972,857,617</b>	<b>(450,190,151)</b>	<b>(10,655,959)</b>	<b>(96,664,726)</b>	<b>415,346,781</b>



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year Ended December 31, 2009

The movement of unrealized interest is as follows:

	2009	2008
	LBP'000	
<b>Balance - Beginning of year</b>	<b>(476,626,148)</b>	<b>(455,558,607)</b>
Additions	(94,563,065)	(87,164,884)
Additions from acquiring Lati Bank S.A.L.	(1,395,823)	-
Write-back	2,224,911	1,952,867
Write-off	37,914,552	49,160,788
Transfer to allowance for doubtful debts	74,951	228,300
Transfer to off-balance sheet	38,365,501	15,144,203
Transfer from/to collective impairment	(1,223)	42,030
Effect of exchange rates changes	40,020	(430,845)
	<b>(493,966,324)</b>	<b>(476,626,148)</b>
Expected contractual write-off on restructured loans	27,539,315	26,435,997
<b>Balance - End of year</b>	<b>(466,427,009)</b>	<b>(450,190,151)</b>

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

	2009	2008
	LBP'000	
<b>Balance - Beginning of year</b>	<b>(95,089,358)</b>	<b>(119,676,799)</b>
Additions	(1,757,065)	(1,478,109)
Additions from acquiring Lati Bank S.A.L.	(1,873,741)	-
Transfer from allowance for impairment for collectively assessed loans	-	(414,563)
Transfer to off-balance sheet	5,469,903	7,251,389
Write-back of provisions	6,307,758	8,784,583
Transfer from unrealized interest	(74,951)	(228,300)
Write-off	7,549,873	11,611,748
Effect of exchange rates changes	98,375	(939,307)
	<b>(79,369,206)</b>	<b>(95,089,358)</b>
Expected contractual write-off on restructured loans	2,385,222	4,166,604
<b>Balance - End of year</b>	<b>(76,983,984)</b>	<b>(90,922,754)</b>

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

	2009	2008
	LBP'000	
<b>Balance - Beginning of year</b>	<b>(11,983,337)</b>	<b>(27,516,201)</b>
Additions	-	(152,123)
Write-back	751,765	6,248,077
Write-off	653,710	9,436,910
	<b>(10,577,862)</b>	<b>(11,983,337)</b>
Contractual write-off on restructured loans	542,769	1,327,378
<b>Balance - End of year</b>	<b>(10,035,093)</b>	<b>(10,655,959)</b>

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

	2009	2008
	LBP'000	
<b>Balance - Beginning of year</b>	<b>(5,741,972)</b>	<b>(11,984,134)</b>
Additions	-	(488,110)
Additions from acquiring Lati Bank S.A.L.	(1,045,000)	-
Transfer to allowance for impairment	-	414,563
Transfer to provision for contingencies ( Note 20)	-	6,234,251
Write-off	40,792	21,311
Write-back	635,254	102,177
Transfer to/from unrealized interest	1,223	(42,030)
<b>Balance - End of year</b>	<b>(6,109,703)</b>	<b>(5,741,972)</b>

During 2004, the Group acquired a loan portfolio from Bank Al Madina, Lebanon, for a consideration of LBP 40.7 billion (USD 27 million) out of which LBP 34 billion (USD 22.5 million) was paid and booked in 2004 upon signing the agreement. In 2005, the Groups' management decided not to acquire the remaining loan portfolio amounting to USD 4.5 million. As at December 31, 2009 and 2008 purchased loans not yet transferred to the different classifications of the loans' portfolio due to the fact that related loan files have not yet been received, amounted to LBP 3.7 billion and LBP 4.5 billion respectively. The difference between the original amount of the allocated portion of the purchased loan portfolio and the consideration paid is reflected under discount on purchased loan book.

9. INVESTMENT SECURITIES:

This caption consists of the followings:

	December 31, 2009					
	Available-for-Sale			Held-to-Maturity		
	LBP	C/V of F/Cy	Total	LBP	C/V of F/Cy	Total
	LBP'000			LBP'000		
Quoted equity securities	-	11,451,941	11,451,941	-	-	-
Unquoted equity securities	4,768,964	2,355,991	7,124,955	-	-	-
Lebanese treasury bills	609,134,198	-	609,134,198	17,564,651	-	17,564,651
Lebanese government bonds	-	426,268,497	426,268,497	-	218,806,056	218,806,056
Bank Eurobonds	-	12,619,886	12,619,886	-	248,788	248,788
Certificates of deposit issued by Central Bank of Lebanon	492,647,386	110,691,608	603,338,994	-	65,488,004	65,488,004
Certificates of deposit issued by banks	-	22,032,855	22,032,855	-	7,434,190	7,434,190
Mutual Funds	-	365,579	365,579	-	-	-
Corporate bonds	-	-	-	-	2,862,576	2,862,576
Accrued interest receivable	22,871,102	10,868,689	33,739,791	450,800	4,983,942	5,434,742
	<b>1,129,421,650</b>	<b>596,655,046</b>	<b>1,726,076,696</b>	<b>18,015,451</b>	<b>299,823,556</b>	<b>317,839,007</b>

	December 31, 2008					
	Available-for-Sale			Held-to-Maturity		
	LBP	C/V of F/Cy	Total	LBP	C/V of F/Cy	Total
	LBP'000			LBP'000		
Quoted equity securities	-	11,016,273	11,016,273	-	-	-
Unquoted equity securities	4,288,798	680,430	4,969,228	-	-	-
Lebanese treasury bills	748,901,005	-	748,901,005	-	-	-
Lebanese government bonds	-	318,937,091	318,937,091	-	227,670,869	227,670,869
Certificates of deposit issued by Central Bank of Lebanon	128,814,038	104,357,806	233,171,844	94,382,179	54,827,775	149,209,954
Certificates of deposit issued by banks	-	20,662,428	20,662,428	-	7,404,439	7,404,439
Corporate bonds	-	-	-	-	358,785	358,785
Accrued interest receivable	21,266,480	9,126,034	30,392,514	2,712,000	4,602,358	7,314,358
	<b>903,270,321</b>	<b>464,780,062</b>	<b>1,368,050,383</b>	<b>97,094,179</b>	<b>294,864,226</b>	<b>391,958,405</b>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year Ended December 31, 2009

## A. Available-for-Sale Investment Securities:

	December 31, 2009					December 31, 2009				
	LBP					C/V in LBP of F/Cy				
	Amortized Cost	Allowance for Impairment	Carrying Fair Value	Cumulative Change in Fair Value	Accrued Interest Receivable	Amortized Cost	Allowance for Impairment	Carrying Fair Value	Cumulative Change in Fair Value	Accrued Interest Receivable
	LBP'000	LBP'000	LBP'000	LBP'000	LBP'000	LBP'000	LBP'000	LBP'000	LBP'000	LBP'000
Quoted equity securities	-	-	-	-	-	10,775,756	-	11,451,941	676,185	-
Unquoted equity securities	1,878,766	(170,000)	4,768,964	3,060,198	-	11,147,132	(7,532,044)	2,355,991	(1,259,097)	-
Lebanese treasury bills	587,656,615	-	609,134,198	21,477,583	14,382,649	-	-	-	-	-
Lebanese Government bonds	-	-	-	-	-	408,134,337	-	426,268,497	18,134,160	9,311,045
Banks Eurobonds	-	-	-	-	-	12,728,969	-	12,619,886	(109,083)	99,824
Certificates of deposits issued by Central Bank of Lebanon	463,817,638	-	492,647,386	28,829,748	8,488,453	106,165,446	-	110,691,608	4,526,162	1,380,192
Mutual Funds	-	-	-	-	-	541,133	-	365,579	(175,554)	-
Certificates of deposits issued by banks	-	-	-	-	-	21,834,314	-	22,032,855	198,541	77,628
	<b>1,053,353,019</b>	<b>(170,000)</b>	<b>1,106,550,548</b>	<b>53,367,529</b>	<b>22,871,102</b>	<b>571,327,087</b>	<b>(7,532,044)</b>	<b>585,786,357</b>	<b>21,991,314</b>	<b>10,868,689</b>

	December 31, 2008					December 31, 2008				
	LBP					C/V in LBP of F/Cy				
	Amortized Cost	Allowance for Impairment	Carrying Fair Value	Cumulative Change in Fair Value	Accrued Interest Receivable	Amortized Cost	Allowance for Impairment	Carrying Fair Value	Cumulative Change in Fair Value	Accrued Interest Receivable
	LBP'000	LBP'000	LBP'000	LBP'000	LBP'000	LBP'000	LBP'000	LBP'000	LBP'000	LBP'000
Quoted equity securities	-	-	-	-	-	10,775,756	-	11,016,273	240,517	-
Unquoted equity securities	1,718,766	(170,000)	4,288,798	2,740,032	-	8,174,476	(7,532,044)	680,430	37,998	-
Lebanese treasury bills	735,412,220	-	748,901,005	13,488,785	18,593,832	-	-	-	-	-
Lebanese Government bonds	-	-	-	-	-	339,688,016	-	318,937,091	(20,750,925)	7,668,213
Certificates of deposits issued by Central Bank of Lebanon	126,124,734	-	128,814,038	2,689,304	2,672,648	106,396,514	-	104,357,806	(2,038,708)	1,380,192
Certificates of deposits issued by banks	-	-	-	-	-	21,826,479	-	20,662,428	(1,164,051)	77,629
	<b>863,255,720</b>	<b>(170,000)</b>	<b>882,003,841</b>	<b>18,918,121</b>	<b>21,266,480</b>	<b>486,861,241</b>	<b>(7,532,044)</b>	<b>455,654,028</b>	<b>(23,675,169)</b>	<b>9,126,034</b>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year Ended December 31, 2009

Available-for-sale Investment with fixed maturity are segregated over remaining period to maturity as follows:

REMAINING PERIOD TO MATURITY	December 31, 2009				December 31, 2009			
	LBP				C/V of F/Cy			
	Nominal Value	Amortized Cost	Fair Value	Average Coupon	Nominal Value	Amortized Cost	Fair Value	Average Coupon
	LBP'000	LBP'000	LBP'000	%	LBP'000	LBP'000	LBP'000	%
<b>Lebanese treasury bills:</b>								
Up to one year	107,831,360	107,575,650	109,641,293	10.84	-	-	-	-
1 year to 3 years	458,123,960	458,072,171	477,045,694	8.91	-	-	-	-
3 years to 5 years	22,000,000	22,008,794	22,447,211	8.21	-	-	-	-
	<b>587,955,320</b>	<b>587,656,615</b>	<b>609,134,198</b>		-	-	-	-
<b>Lebanese Government bonds:</b>								
Up to one year	-	-	-	-	10,829,835	10,775,832	10,804,691	6.99
1 year to 3 years	-	-	-	-	84,417,092	84,541,881	84,501,363	6.87
3 years to 5 years	-	-	-	-	38,169,900	38,175,751	39,480,317	8.31
5 years to 10 years	-	-	-	-	258,975,686	269,111,363	285,569,169	9.08
Beyond 10 years	-	-	-	-	5,529,510	5,529,510	5,912,957	8.25
	-	-	-	-	<b>397,922,023</b>	<b>408,134,337</b>	<b>426,268,497</b>	
<b>Certificates of deposit issued by Central Bank of Lebanon:</b>								
Up to 1 year	6,000,000	6,024,196	6,089,126	11.30	-	-	-	-
1 year to 3 years	-	-	-	-	52,762,500	52,762,500	55,058,044	7.63
3 years to 5 years	341,000,000	341,793,442	373,535,611	10.28	31,657,500	31,657,500	33,118,412	9.00
5 years to 10 years	116,000,000	116,000,000	113,022,649	7.95	20,170,350	21,745,446	22,515,152	10.00
	<b>463,000,000</b>	<b>463,817,638</b>	<b>492,647,386</b>		<b>104,590,350</b>	<b>106,165,446</b>	<b>110,691,608</b>	
<b>Certificates of deposit issued by banks:</b>								
1 year to 3 years	-	-	-	-	<b>21,858,750</b>	<b>21,834,314</b>	<b>22,032,855</b>	<b>7.63</b>
<b>Eurobonds issued by banks:</b>								
3 years to 5 years	-	-	-	-	3,768,750	3,748,655	3,692,979	5.00
5 years to 10 years	-	-	-	-	7,537,500	7,476,506	7,404,405	7.50
Beyond 10 years	-	-	-	-	1,507,500	1,503,808	1,522,502	5.25
	-	-	-	-	<b>12,813,750</b>	<b>12,728,969</b>	<b>12,619,886</b>	
	<b>1,050,955,320</b>	<b>1,051,474,253</b>	<b>1,101,781,584</b>		<b>537,184,873</b>	<b>548,863,066</b>	<b>571,612,846</b>	

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year Ended December 31, 2009

REMAINING PERIOD TO MATURITY	December 31, 2008				December 31, 2008			
	LBP				C/V in LBP of F/Cy			
	Nominal Value	Amortized Cost	Fair Value	Average Coupon	Nominal Value	Amortized Cost	Fair Value	Average Coupon
LBP'000	LBP'000	LBP'000	%	LBP'000	LBP'000	LBP'000	%	
<b>Lebanese treasury bills:</b>								
Up to one year	294,010,560	293,999,325	296,899,583	9.33	-	-	-	-
1 year to 3 years	421,559,360	420,210,977	429,488,161	9.65	-	-	-	-
3 years to 5 years	21,295,960	21,201,918	22,513,261	11.50	-	-	-	-
	<b>736,865,880</b>	<b>735,412,220</b>	<b>748,901,005</b>		-	-	-	-
<b>Lebanese Government bonds:</b>								
Up to one year	-	-	-	-	40,352,712	40,438,387	40,016,847	7.77
1 year to 3 years	-	-	-	-	39,464,490	39,702,802	38,256,900	7.72
3 years to 5 years	-	-	-	-	51,285,457	51,133,028	46,946,775	6.31
5 years to 10 years	-	-	-	-	110,394,225	121,059,708	112,845,025	9.67
Beyond 10 years	-	-	-	-	87,614,393	87,354,091	80,871,544	8.25
	-	-	-	-	<b>329,111,277</b>	<b>339,688,016</b>	<b>318,937,091</b>	
<b>Certificates of deposit issued by Central Bank of Lebanon:</b>								
1 year to 3 years	6,000,000	6,124,734	6,243,305	11.30	-	-	-	-
3 years to 5 years	120,000,000	120,000,000	122,570,733	11.00	84,420,000	84,420,000	83,528,895	9.00
5 years to 10 years	-	-	-	-	20,170,350	21,976,514	20,828,911	10.00
	<b>126,000,000</b>	<b>126,124,734</b>	<b>128,814,038</b>		<b>104,590,350</b>	<b>106,396,514</b>	<b>104,357,806</b>	
<b>Certificates of deposit issued by banks:</b>								
3 years to 5 years	-	-	-	-	21,858,750	21,826,479	20,662,428	7.63
	-	-	-	-	<b>21,858,750</b>	<b>21,826,479</b>	<b>20,662,428</b>	
	<b>862,865,880</b>	<b>861,536,954</b>	<b>877,715,043</b>		<b>455,560,377</b>	<b>467,911,009</b>	<b>443,957,325</b>	

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year Ended December 31, 2009

## B. Held-to-Maturity Investment Securities:

	December 31, 2009			December 31, 2009		
	LBP			C/V in LBP of F/Cy		
	Amortized Cost	Accrued Interest Receivable	Fair Value	Amortized Cost	Accrued Interest Receivable	Fair Value
	LBP'000	LBP'000	LBP'000	LBP'000	LBP'000	LBP'000
Lebanese treasury bills	17,564,651	450,800	18,702,680	-	-	-
Lebanese Government bonds	-	-	-	218,806,056	4,351,513	226,873,401
Bank Eurobonds	-	-	-	248,788	6,391	234,114
Certificates of deposit issued by Central Bank of Lebanon	-	-	-	65,488,004	485,831	68,264,940
Certificates of deposits issued by banks	-	-	-	7,434,190	28,343	7,594,868
Corporate bonds	-	-	-	2,862,576	111,864	3,096,554
	<b>17,564,651</b>	<b>450,800</b>	<b>18,702,680</b>	<b>294,839,614</b>	<b>4,983,942</b>	<b>306,063,877</b>

	December 31, 2008			December 31, 2008		
	LBP			C/V in LBP of F/Cy		
	Amortized Cost	Accrued Interest Receivable	Fair Value	Amortized Cost	Accrued Interest Receivable	Fair Value
	LBP'000	LBP'000	LBP'000	LBP'000	LBP'000	LBP'000
Lebanese treasury bills	-	-	-	-	-	-
Lebanese Government bonds	-	-	-	227,670,869	4,302,009	221,171,860
Certificates of deposit issued by Central Bank of Lebanon	94,382,179	2,712,000	100,377,013	54,827,775	260,432	54,264,262
Certificates of deposits issued by banks	-	-	-	7,404,439	28,343	7,123,691
Corporate bonds	-	-	-	358,785	11,574	358,785
	<b>94,382,179</b>	<b>2,712,000</b>	<b>100,377,013</b>	<b>290,261,868</b>	<b>4,602,358</b>	<b>282,918,598</b>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year Ended December 31, 2009

Held-to-maturity investments are segregated over remaining period to maturity as follows:

Remaining Period to Maturity	December 31, 2009				December 31, 2009			
	LBP				C/V in LBP of F/Cy			
	Redemption Value	Carrying Value	Fair Value	Average Coupon	Redemption Value	Carrying Value	Fair Value	Average Coupon
	LBP'000	LBP'000	LBP'000	%	LBP'000	LBP'000	LBP'000	%
<b>Lebanese treasury bills:</b>								
Up to one year	3,600,000	3,587,710	3,777,588	9.32	-	-	-	-
1 year to 3 years	11,400,000	11,391,971	12,198,629	9.07	-	-	-	-
3 years to 5 years	2,560,000	2,584,970	2,726,463	8.54	-	-	-	-
	<b>17,560,000</b>	<b>17,564,651</b>	<b>18,702,680</b>	-	-	-	-	-
<b>Lebanese Government bonds:</b>								
Up to one year	-	-	-	-	7,839,000	7,831,900	7,835,116	7.13
1 year to 3 years	-	-	-	-	114,534,665	114,478,963	115,572,942	7.78
3 years to 5 years	-	-	-	-	47,712,375	47,706,826	50,553,853	8.98
5 years to 10 years	-	-	-	-	28,362,105	29,124,172	31,728,451	9.62
Beyond 10 years	-	-	-	-	19,805,535	19,664,195	21,183,039	8.25
	-	-	-	-	<b>218,253,680</b>	<b>218,806,056</b>	<b>226,873,401</b>	
<b>Banks Eurobonds:</b>								
Up to one year	-	-	-	-	226,125	248,788	234,114	12.00
	-	-	-	-	<b>226,125</b>	<b>248,788</b>	<b>234,114</b>	
<b>Certificates of deposit issued by Central Bank of Lebanon:</b>								
1 year to 3 years	-	-	-	-	54,827,775	54,827,775	56,984,159	7.63
3 years to 5 years	-	-	-	-	2,014,020	2,014,020	2,115,006	9.00
5 years to 10 years	-	-	-	-	8,215,875	8,646,209	9,165,775	10.00
	-	-	-	-	<b>65,057,670</b>	<b>65,488,004</b>	<b>68,264,940</b>	
<b>Certificates of deposit issued by banks:</b>								
1 year to 3 years	-	-	-	-	7,537,500	7,434,190	7,594,868	7.63
	-	-	-	-	<b>7,537,500</b>	<b>7,434,190</b>	<b>7,594,868</b>	
<b>Corporate bonds:</b>								
1 years to 3 years	-	-	-	-	148,628	148,628	217,345	6.00
3 years to 5 years	-	-	-	-	770,382	783,882	849,587	7.50
Beyond 10 years	-	-	-	-	1,940,190	1,930,066	2,029,622	9.34
	-	-	-	-	<b>2,859,200</b>	<b>2,862,576</b>	<b>3,096,554</b>	
	<b>17,560,000</b>	<b>17,564,651</b>	<b>18,702,680</b>		<b>293,934,175</b>	<b>294,839,614</b>	<b>306,063,877</b>	

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year Ended December 31, 2009

Remaining Period to Maturity	December 31, 2008				December 31, 2008			
	LBP				C/V in LBP of F/Cy			
	Redemption Value	Carrying Value	Fair Value	Average Coupon	Redemption Value	Carrying Value	Fair Value	Average Coupon
	LBP'000	LBP'000	LBP'000	%	LBP'000	LBP'000	LBP'000	%
<b>Lebanese Government bonds:</b>								
Up to one year	-	-	-	-	45,601,875	45,694,030	45,487,498	9.18
1 year to 3 years	-	-	-	-	37,687,500	37,566,746	36,592,115	7.73
3 years to 5 years	-	-	-	-	75,375,000	75,375,000	71,749,265	7.75
5 years to 10 years	-	-	-	-	54,441,855	55,401,734	54,629,069	9.33
Beyond 10 years	-	-	-	-	13,775,535	13,633,359	12,713,913	8.25
	-	-	-	-	<b>226,881,765</b>	<b>227,670,869</b>	<b>221,171,860</b>	
<b>Certificates of deposit issued by Central Bank of Lebanon:</b>								
1 year to 3 years	96,000,000	94,382,179	100,377,013	7.74	-	-	-	-
3 years to 5 years	-	-	-	-	54,827,775	54,827,775	54,264,262	9.00
	<b>96,000,000</b>	<b>94,382,179</b>	<b>100,377,013</b>		<b>54,827,775</b>	<b>54,827,775</b>	<b>54,264,262</b>	
<b>Certificates of deposit issued by banks:</b>								
3 years to 5 years	-	-	-	-	7,537,500	7,404,439	7,123,691	7.63
	-	-	-	-	<b>7,537,500</b>	<b>7,404,439</b>	<b>7,123,691</b>	
<b>Corporate bonds:</b>								
Beyond 10 years	-	-	-	-	358,785	358,785	358,785	4.75
	-	-	-	-	<b>358,785</b>	<b>358,785</b>	<b>358,785</b>	
	<b>96,000,000</b>	<b>94,382,179</b>	<b>100,377,013</b>		<b>289,605,825</b>	<b>290,261,868</b>	<b>282,918,598</b>	



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year Ended December 31, 2009

The movement of available-for-sale and held-to-maturity investment securities is summarized as follows:

	2009			
	Available-for-Sale		Held-to-Maturity	
	LBP	C/V of F/Cy	LBP	C/V of F/Cy
	LBP'000	LBP'000	LBP'000	LBP'000
<b>Balance as at January 1, 2009</b>	<b>882,003,841</b>	<b>455,654,028</b>	<b>94,382,179</b>	<b>290,261,868</b>
Acquisition	534,344,529	152,480,382	26,676,251	50,307,259
Sale	(52,170)	(26,424,788)	-	-
Redemption upon maturity	(344,958,390)	(40,283,017)	(105,000,000)	(45,601,875)
Net change in fair value	34,449,407	47,123,412	-	-
Amortization of discount/premium	763,331	(1,363,650)	1,506,221	(127,638)
Effect of exchange rates changes	-	(1,400,010)	-	-
<b>Balance as at December 31, 2009</b>	<b>1,106,550,548</b>	<b>585,786,357</b>	<b>17,564,651</b>	<b>294,839,614</b>

	2008			
	Available-for-Sale		Held-to-Maturity	
	LBP	C/V of F/Cy	LBP	C/V of F/Cy
	LBP'000	LBP'000	LBP'000	LBP'000
<b>Balance as at January 1, 2008</b>	<b>589,510,392</b>	<b>482,941,876</b>	<b>198,473,412</b>	<b>289,072,825</b>
Acquisition	484,403,197	84,139,598	-	42,210,000
Sale	(99,752,130)	(81,015,328)	-	-
Redemption upon maturity	(96,220,620)	(33,165,000)	(105,000,000)	(40,702,500)
Net change in fair value	3,837,222	6,554,397	-	-
Amortization of discount/premium	225,780	(1,762,805)	908,767	(318,457)
Effect of exchange rates changes	-	(2,122,999)	-	-
Other	-	84,289	-	-
<b>Balance as at December 31, 2008</b>	<b>882,003,841</b>	<b>455,654,028</b>	<b>94,382,179</b>	<b>290,261,868</b>

## 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 statement of financial position for the same amount.

## 11. ASSETS ACQUIRED IN SATISFACTION OF LOANS

Assets acquired in satisfaction of loans have been acquired through enforcement of security over loans and advances. These assets consist of real estate properties.

The movement of assets acquired in satisfaction of loans was as follows during 2009 and 2008:

	2009			
	Balance January 1, 2009	Additions	Disposals	Balance December 31, 2009
	LBP'000	LBP'000	LBP'000	LBP'000
Properties acquired in satisfaction of loans	87,302,707	4,287,697	(5,958,387)	85,632,017
Less: Impairment allowance	(10,421,040)	-	767,376	(9,653,664)
	<b>76,881,667</b>	<b>4,287,697</b>	<b>(5,191,011)</b>	<b>75,978,353</b>

	2008			
	Balance January 1, 2008	Additions	Disposals	Balance December 31, 2008
	LBP'000	LBP'000	LBP'000	LBP'000
Properties acquired in satisfaction of loans	88,358,372	2,311,304	(3,366,969)	87,302,707
Less: Impairment allowance	(10,627,607)	-	206,567	(10,421,040)
	<b>77,730,765</b>	<b>2,311,304</b>	<b>(3,160,402)</b>	<b>76,881,667</b>

The acquisition of assets in settlement of loans requires the approval of the banking regulatory authorities. These assets should be liquidated within 2 years. In case of non-liquidation, a reserve should be appropriated from the annual net profits over a period of 5 years. However, the intermediary circular No. 41 has allowed banks to extend yearly appropriation over a period of 20 years with respect to those assets acquired through loans' restructuring approved by Central Bank of Lebanon or with respect to the entirety of those assets acquired in settlement of loans, provided that banks restructure before 2007 year end, at least 50% of the balance of non-performing loans outstanding at June 30, 2003.

12. PROPERTY AND EQUIPMENT

	Balance January 1, 2009	Additions	Disposals and Adjustments	Balance December 31, 2009
	LBP'000	LBP'000	LBP'000	LBP'000
<b>Cost/Revaluation:</b>				
Owned properties	33,988,788	19,375,196	-	53,363,984
Computer hardware	8,477,138	1,167,573	(1,167)	9,643,544
Machine and equipment	3,000,001	237,732	(386,196)	2,851,537
Furniture and fixtures	2,664,256	355,422	-	3,019,678
Vehicles	382,604	242,137	(166,540)	458,201
Freehold and leasehold improvements	6,545,283	360,654	-	6,905,937
Key money	133,687	-	-	133,687
	<b>55,191,757</b>	<b>21,738,714</b>	<b>(553,903)</b>	<b>76,376,568</b>
Accumulated depreciation	(19,921,907)	(2,438,001)	424,185	(21,935,723)
Allowance for impairment of owned properties	(393,875)	-	-	(393,875)
	<b>(20,315,782)</b>	<b>(2,438,001)</b>	<b>424,185</b>	<b>(22,329,598)</b>
Advance payments	4,366,118	86,599	(451,200)	4,001,517
Provision allotted to advance payments	(3,694,425)	-	451,200	(3,243,225)
Net advance payments	671,693	86,599	-	758,292
<b>Net book value</b>	<b>35,547,668</b>			<b>54,805,262</b>

During the year, the Group purchased a plot of land adjacent to its headquarters' building for a total consideration of LBP14.9billion including LBP769million registration cost after obtaining Central Bank of Lebanon approval on April 9, 2009.

Additions during 2009 include LBP4billion representing property and equipment acquired from Lati Bank S.A.L.

	Balance January 1, 2008	Additions	Disposals and Adjustments	Balance December 31, 2008
	LBP'000	LBP'000	LBP'000	LBP'000
<b>Cost/Revaluation:</b>				
Owned properties	17,328,675	16,660,113	-	33,988,788
Computer hardware	8,191,164	384,887	(98,913)	8,477,138
Machine and equipment	2,756,158	258,030	(14,187)	3,000,001
Furniture and fixtures	2,520,186	145,670	(1,600)	2,664,256
Vehicles	378,787	9,497	(5,680)	382,604
Freehold and leasehold improvements	6,466,908	81,019	(2,644)	6,545,283
Key money	133,687	-	-	133,687
	<b>37,775,565</b>	<b>17,539,216</b>	<b>(123,024)</b>	<b>55,191,757</b>
Accumulated depreciation	(17,130,979)	(2,879,725)	88,797	(19,921,907)
Allowance for impairment of owned properties	(393,875)	-	-	(393,875)
	<b>(17,524,854)</b>	<b>(2,879,725)</b>	<b>88,797</b>	<b>(20,315,782)</b>
Advance payments	3,700,032	666,086	-	4,366,118
Provision allotted to advance payments	(3,694,425)	-	-	(3,694,425)
Net advance payments	5,607	666,086	-	671,693
<b>Net book value</b>	<b>20,256,318</b>			<b>35,547,668</b>

During 2008, the Group purchased its headquarters building for a total consideration of LBP16.6billion including LBP831million registration cost. This acquisition was approved by Central Bank of Lebanon on October 31, 2008.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year Ended December 31, 2009

## 13. DEFERRED RECEIVABLES

On September 8, 2009, the Group signed an agreement to acquire the shares of Bank Lati S.A.L. totaling to 10,500,000 shares with a nominal value of LBP1,000 per share for a total consideration of USD20,037,192. The preliminary approval of the Central Bank of Lebanon in relation to the acquisition of all the assets, liabilities, rights, and commitments of Bank Lati S.A.L. based on clause 10 of law number 93/192 and its amendments, was granted awaiting the final approval of the Central Council in order for the Bank to proceed with the merger. The Group will be granted a soft loan from the Central Bank of Lebanon for a period of five years to cover an approximate amount of USD25million with the possibility of increasing the loan amount to cover additional charges that will be determined in a period of six months from the date of the final approval of the merger. The loan carry a fixed interest rate of 3.5% per annum and will be invested in five years' Lebanese treasury bills. In this connection, the Group booked the excess of consideration paid over the fair value of net assets acquired as deferred receivables subject to amortization over the term of the expected soft loan.

The condensed classes of assets and liabilities of Lati Bank S.A.L. that were acquired and assumed as at December 31, 2009 are as follows:

	December 31, 2009
	LBP'000
<b>ASSETS</b>	
Cash and Banks	27,912,538
Loans and advances to customers	6,739,031
Investment securities	48,701,667
Customers' liability under acceptances	2,491,769
Property, equipment and other assets	4,953,629
<b>Total Assets</b>	<b>90,798,634</b>
<b>LIABILITIES</b>	
Deposits and borrowings from banks	2,279,562
Customers' accounts at amortized cost	85,033,147
Liability under acceptances	2,491,769
Provisions and other liabilities	739,241
<b>Total liabilities</b>	<b>90,543,719</b>
Fair value of net assets	<b>254,915</b>
Consideration paid	30,206,067
Additional acquisition costs	637,239
	<b>30,843,306</b>
<b>Excess of consideration and acquisition costs over fair value of net assets</b>	<b>30,588,391</b>

## 14. INTANGIBLE ASSETS

Intangible assets consist of computer software the movement of which was as follows during 2009 and 2008:

	2009	2008
	LBP'000	
Balance - Beginning of year	3,992,847	4,285,494
Additions	433,927	1,557,064
Amortization for the year	(1,536,450)	(1,849,711)
<b>Balance - End of year</b>	<b>2,890,324</b>	<b>3,992,847</b>

## 15. OTHER ASSETS

	December 31,	
	2009	2008
	LBP'000	
Deferred tax asset (Note 25)	-	1,126,635
Prepayments	4,445,678	3,444,460
Commission receivable	569,637	-
Sundry debtors (Net of allowance of LBP 68 million in 2009 and LBP 506 million in 2008)	3,087,509	2,879,969
Miscellaneous debit balances	214,390	79,995
Fair valuation of forward exchange contracts	1,637	-
	<b>8,318,851</b>	<b>7,531,059</b>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year Ended December 31, 2009

## 16. DEPOSITS FROM BANKS AND FINANCIAL INSTITUTIONS

	December 31, 2009			December 31, 2008		
	LBP	C/V of F/Cy	Total	LBP	C/V of F/Cy	Total
	LBP'000			LBP'000		
Current deposits of banks and financial institutions	5,313,383	5,081,082	10,394,465	332,020	2,228,178	2,560,198
Short term deposits	15,570	23,490,450	23,506,020	8,906,464	13,941,794	22,848,258
Short-term deposits - Parent bank	-	-	-	-	10,684,400	10,684,400
Accrued interest payable	902	38,804	39,706	11,487	5,266	16,753
Accrued interest payable - Parent Bank	-	-	-	-	31,163	31,163
	<b>5,329,855</b>	<b>28,610,336</b>	<b>33,940,191</b>	<b>9,249,971</b>	<b>26,890,801</b>	<b>36,140,772</b>

Deposits from banks and financial institutions are stated at their amortized cost.

The maturities of short term deposits (including Parent Bank) are as follows:

MATURITY	December 31, 2009			
	LBP Base Accounts		F/Cy Base Accounts	
	Amount	Average Interest Rate	Amount	Average Interest Rate
	LBP'000	%	LBP'000	%
First quarter 2010	15,570	3.15	23,490,450	0.81
	<b>15,570</b>		<b>23,490,450</b>	

MATURITY	December 31, 2008			
	LBP Base Accounts		F/Cy Base Accounts	
	Amount	Average Interest Rate	Amount	Average Interest Rate
	LBP'000	%	LBP'000	%
First quarter 2009	8,906,464	4.29	24,626,194	2.88
	<b>8,906,464</b>		<b>24,626,194</b>	

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year Ended December 31, 2009

## 17. CUSTOMERS' ACCOUNTS

Accounts at amortized cost:

	December 31, 2009			December 31, 2009			Grand Total
	LBP		Total	F/Cy		Total	
	Interest Bearing	Non-Interest Bearing		Interest Bearing	Non-Interest Bearing		
LBP'000	LBP'000	LBP'000	LBP'000	LBP'000	LBP'000	LBP'000	
<b>Deposits from customers:</b>							
Current/demand deposits	33,158,401	44,677,578	77,835,979	96,355,347	167,096,470	263,451,817	341,287,796
Term deposits	1,381,120,067	12,636,296	1,393,756,363	1,579,916,926	19,155,756	1,599,072,682	2,992,829,045
Collateral against loans and advances	22,619,734	609,326	23,229,060	29,277,797	1,911,821	31,189,618	54,418,678
<b>Margins and other accounts:</b>							
Margins for irrevocable import letters of credit	67,547	-	67,547	3,121,501	1,384,434	4,505,935	4,573,482
Margins on letters of guarantee	1,937,971	1,357,845	3,295,816	682,788	2,247,996	2,930,784	6,226,600
Other margins	1,360,549	9,111	1,369,660	5,895,944	875,034	6,770,978	8,140,638
Blocked accounts	14,732	357,794	372,526	164,157	1,504,577	1,668,734	2,041,260
Credit versus debit	-	-	-	211	1,593,875	1,594,086	1,594,086
Accrued interest payable	-	7,680,389	7,680,389	-	7,428,904	7,428,904	15,109,293
<b>Total</b>	<b>1,440,279,001</b>	<b>67,328,339</b>	<b>1,507,607,340</b>	<b>1,715,414,671</b>	<b>203,198,867</b>	<b>1,918,613,538</b>	<b>3,426,220,878</b>

	December 31, 2008			December 31, 2008			Grand Total
	LBP		Total	F/Cy		Total	
	Interest Bearing	Non-Interest Bearing		Interest Bearing	Non-Interest Bearing		
LBP'000	LBP'000	LBP'000	LBP'000	LBP'000	LBP'000	LBP'000	
<b>Deposits from customers:</b>							
Current/demand deposits	44,447,267	22,366,572	66,813,839	150,753,548	118,875,050	269,628,598	336,442,437
Term deposits	1,047,773,262	15,583,101	1,063,356,363	1,130,951,683	11,286,179	1,142,237,862	2,205,594,225
Collateral against loans and advances	14,590,629	313,400	14,904,029	24,165,063	2,202,706	26,367,769	41,271,798
<b>Margins and other accounts:</b>							
Margins for irrevocable import letters of credit	-	45,000	45,000	1,313,561	1,954,081	3,267,642	3,312,642
Margins on letters of guarantee	672,056	1,001,199	1,673,255	740,064	1,951,736	2,691,800	4,365,055
Other margins	1,804,638	68	1,804,706	4,602,709	591,695	5,194,404	6,999,110
Blocked accounts	-	564,732	564,732	-	1,414,065	1,414,065	1,978,797
Credit versus debit	-	-	-	98	233,836	233,934	233,934
Accrued interest payable	-	5,400,114	5,400,114	-	4,911,015	4,911,015	10,311,129
<b>Total</b>	<b>1,109,287,852</b>	<b>45,274,186</b>	<b>1,154,562,038</b>	<b>1,312,526,726</b>	<b>143,420,363</b>	<b>1,455,947,089</b>	<b>2,610,509,127</b>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year Ended December 31, 2009

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

	December 31, 2009					
	LBP			C/V of F/Cy		
	No. of customers	Total Deposits	% to Total Deposits	Total Deposits	% to Total Deposits	Total
	LBP'000	%	LBP'000	%	LBP'000	
Less than LBP 250 million	72,962	717,667,275	48	479,349,084	25	1,197,016,359
Between LBP 250 million and LBP 1,500 million	1,813	436,480,056	29	485,103,238	25	921,583,294
More than LBP 1,500 million	214	353,460,009	23	954,161,216	50	1,307,621,225
	<b>74,989</b>	<b>1,507,607,340</b>	<b>100</b>	<b>1,918,613,538</b>	<b>100</b>	<b>3,426,220,878</b>

	December 31, 2008					
	LBP			C/V of F/Cy		
	No. of customers	Total Deposits	% to Total Deposits	Total Deposits	% to Total Deposits	Total
	LBP'000	%	LBP'000	%	LBP'000	
Less than LBP 250 million	71,116	633,888,137	55	460,853,484	32	1,094,741,621
Between LBP 250 million and LBP 1,500 million	1,442	302,575,784	26	417,436,401	29	720,012,185
More than LBP 1,500 million	160	218,098,117	19	577,657,204	39	795,755,321
	<b>72,718</b>	<b>1,154,562,038</b>	<b>100</b>	<b>1,455,947,089</b>	<b>100</b>	<b>2,610,509,127</b>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year Ended December 31, 2009

Deposits from customers include at December 31, 2009 coded deposit accounts in the aggregate of LBP49billion (LBP46billion in 2008). 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 at December 31, 2009 fiduciary deposits received from resident and non-resident banks for a total amount of LBP16.6billion and LBP346.9billion respectively (LBP32billion and LBP69billion respectively in 2008).

Deposits from customers include at December 31, 2009 related party deposits for a total amount of LBP9.4billion (LBP9.3billion in 2008).

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

Year	Deposits in LBP		Deposits in F/Cy		Cost of Funds LBP
	Average Balance of Deposits	Average Interest Rate	Average Balance of Deposits	Average Interest Rate	
	LBP'000	%	LBP'000	%	
2009	1,325,615,226	6.95	1,597,535,312	3.51	147,901,520
2008	1,005,010,301	7.32	1,311,426,867	3.86	125,300,034
2007	886,770,681	7.60	1,361,150,341	4.87	133,653,634

Accounts at fair value through profit or loss:

	December 31, 2009			December 31, 2008		
	LBP			LBP		
	Interest Bearing	Non-Interest Bearing	Total	Interest Bearing	Non-Interest Bearing	Total
	LBP'000	LBP'000	LBP'000	LBP'000	LBP'000	LBP'000
Customer's accounts designated at fair value through profit and loss	2,249,997	-	2,249,997	2,249,997	-	2,249,997
Accrued interest payable	-	6,272	6,272	-	5,711	5,711
<b>Total</b>	<b>2,249,997</b>	<b>6,272</b>	<b>2,256,269</b>	<b>2,249,997</b>	<b>5,711</b>	<b>2,255,708</b>

Deposits from customers matched with an embedded derivative have been designated at fair value through profit or loss. The balance included in the statement of financial position represents an amount denominated in Lebanese pounds with option to redeem in U.S. Dollar at fixed rate of exchange. An accounting mismatch would arise if customers' deposits were accounted for at amortized cost, because the related derivative is measured at fair value with movements in the fair value taken through the income statement. By designating those deposits from customers at fair value, the movements in the fair value of these deposits are recorded in the income statement.

## 18. OTHER BORROWINGS

	December 31,	
	2009	2008
	LBP'000	LBP'000
ESFD-CDR loan funded by the European Union	11,456,600	11,844,407
Accrued interest payable	1,375	1,316
	<b>11,457,975</b>	<b>11,845,723</b>

ESFD loan is funded by European Union through the Council for Development and Reconstruction for the purpose of financing lending activities to small size enterprises. The duration of this loan is six years with a grace period of 12 months starting from the date of disbursement of the first tranche. Repayments of principal will be in quarterly installments in the remaining five years. The cost of funds is linked to the benchmark of the two-year Certificates of Deposit as issued by Central Bank of Lebanon.

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

	2009	2008
	LBP'000	LBP'000
Up to 1 year	3,221,173	1,781,997
1 to 3 years	5,143,825	3,196,185
3 to 5 years	3,092,977	6,867,541
	<b>11,457,975</b>	<b>11,845,723</b>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year Ended December 31, 2009

## 19. OTHER LIABILITIES

	December 31,	
	2009	2008
	LBP'000	LBP'000
Withheld taxes payable	1,886,981	1,412,190
Income taxes payable	3,169,794	1,430,495
Deferred tax liability on accrued interest	1,211,781	1,267,868
Deferred tax on future dividend distribution from subsidiaries	49,296	149,719
Deferred tax liability on change in fair value of available-for-sale securities (Note 25)	11,065,694	-
Due to Social Security National Fund	405,953	364,563
Checks and incoming payment orders in course of settlement	16,003,074	6,567,378
Blocked capital subscriptions for companies under incorporation	452,645	451,152
Accrued expenses	2,377,097	3,062,138
Financial guarantees	346,216	179,537
Payable to personnel and directors	4,551,614	2,871,788
Sundry accounts payable	8,391,124	8,345,257
Deferred income	360,759	271,143
Fair valuation of forward exchange contracts	-	104,823
	<b>50,272,028</b>	<b>26,478,051</b>

Additional tax assessment levied by the tax authorities during 2008 as a result of the tax examination for the year 2006 amounted to LBP 266 million.

The tax returns for the years 2007, 2008 and 2009 are still subject for review by the tax authorities and any additional tax liability depends on the outcome of such review.

## 20. PROVISIONS

Provisions consist of the following:

	December 31,	
	2009	2008
	LBP'000	LBP'000
Provision for staff end-of-service indemnity	7,846,026	7,091,464
Provision for contingencies	16,471,970	19,204,387
Provision for loss on foreign currency position	54,910	33,358
	<b>24,372,906</b>	<b>26,329,209</b>

The movement of the provision for contingencies is as follows:

	2009	2008
	LBP'000	LBP'000
Balance January 1	19,204,387	13,488,752
Write-back (net)	(1,865,605)	(60,300)
Settlements	(866,812)	(458,316)
Transfer from allowance for impairment for collectively assessed loans (Note 8 )	-	6,234,251
<b>Balance December 31</b>	<b>16,471,970</b>	<b>19,204,387</b>

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

	2009	2008
	LBP'000	LBP'000
Balance January 1	7,091,464	5,362,363
Additions (Note 32)	851,316	2,104,791
Additions from acquiring Lati Bank	185,481	-
Additions - Legal expenses	76,122	11,701
Settlements	(358,357)	(613,516)
Transfer from other Liabilities	-	226,125
<b>Balance December 31</b>	<b>7,846,026</b>	<b>7,091,464</b>



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year Ended December 31, 2009

## 21. SHARE CAPITAL

At December 31, 2009 and 2008, the Bank's ordinary share capital consists of 152,700,000 fully paid shares of LBP1,000 each.

Till year end 2009, the Bank has established a fixed exchange position in the amount of USD56,624,212 authorized by Central Bank of Lebanon to hedge its equity against exchange fluctuations within the limit of 60% of equity denominated in Lebanese Pound (USD56,624,212 till year end 2008).

## 22. RESERVES

Reserves consist of the following as at December 31, 2009 and 2008

	December 31,	
	2009	2008
	LBP'000	LBP'000
Legal reserve (a)	7,585,667	4,336,469
Reserve for general banking risks (b)	8,982,136	7,607,136
Free reserves	27,177,805	20,100,610
	<b>43,745,608</b>	<b>32,044,215</b>
Reserves for assets acquired in satisfaction of loans	10,858,632	8,574,485
	<b>54,604,240</b>	<b>40,618,700</b>

(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 10<sup>th</sup> year (2007) and 2% at the end of the 20<sup>th</sup> year.

## 23. SPECIAL RESERVE

Based on the intermediary circular 41 and the intermediary resolution 8557 in relation to the amendment of the basic resolutions 7694 dated October 18, 2000 and 7,740 dated December 31, 2000 related to constitution of provisions, liquidation of real estates, shares and participations acquired in satisfaction of loans, the Bank has allocated during 2009 an amount of LBP1.6billion to special reserve for the uncovered portion of the doubtful debts outstanding as at June 30, 2003 approved by the General Assembly held on April 8, 2009.

Based on the intermediary resolution 10339 dated December 22, 2009 in relation to the amendment of the basic circular 7694, which permits the Bank to defer the allocation of the reserve until the year end of 2012, the Bank reversed this special reserve to retained earnings, waiting for the Bank's General Assembly to issue a resolution in this regard.

## 24. DIVIDENDS PAID

The General Assembly held on April 8, 2009 resolved to distribute dividends to its shareholders of LBP13.1billion the equivalent of LBP86 per share.

## 25. CUMULATIVE CHANGE IN FAIR VALUE OF AVAILABLE-FOR-SALE SECURITIES

The cumulative change in fair value of available-for-sale investment securities consists of the following:

	December 31,	
	2009	2008
	LBP'000	LBP'000
Unrealized gain on Lebanese treasury bills	21,477,584	13,488,785
Unrealized gain/(loss) on Lebanese government bonds	18,134,160	(20,750,925)
Unrealized gain on certificates of deposit issued by Central Bank of Lebanon	33,355,910	650,596
Unrealized gain/(loss) on certificates of deposit issued by banks	198,540	(1,164,051)
Unrealized gain on unquoted equity securities	3,082,475	2,778,030
Unrealized gain quoted equity securities	676,185	240,517
Unrealized loss of banks' Eurobonds	(109,083)	-
Less: Deferred tax (Note 15,19)	(11,065,694)	1,126,635
<b>Total</b>	<b>65,750,077</b>	<b>(3,630,413)</b>

## 26. INTEREST INCOME

	2009	2008
	LBP'000	LBP'000
Deposits with Central Bank	4,862,041	8,805,287
Deposits with banks and financial institutions	2,112,478	2,590,197
Deposits with Parent Bank	82,907	2,314,238
Available-for-sale investment securities	133,554,851	108,137,348
Held-to-maturity investment securities	34,809,008	43,286,787
Loans and advances to customers	51,112,739	29,146,003
Interest recognized on impaired loans and advances to customers	2,224,911	1,952,867
Sundry interest income	127,910	173,989
	<b>228,886,845</b>	<b>196,406,716</b>

Interest income realized on impaired loans and advances to customers represent recoveries of interest. Accrued interest on impaired loans and advances is not recognized until recovery/rescheduling agreement signed with customers.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year Ended December 31, 2009

## 27. INTEREST EXPENSE

	2009	2008
	LBP'000	LBP'000
Deposits and borrowings from banks and financial institutions	154,497	714,985
Deposits and borrowings from mother bank	43,929	425,065
Customers' accounts at amortized cost	147,901,520	125,300,034
Customers' accounts designated at fair value through profit and loss	208,686	5,711
Other borrowings	495,550	4,154,143
	<b>148,804,182</b>	<b>130,599,938</b>

## 28. FEE AND COMMISSION INCOME

	2009	2008
	LBP'000	LBP'000
Commission on documentary credits	1,464,882	1,403,970
Commission on letters of guarantee	817,107	443,626
Commission on transactions with banks	43,257	94,967
Service fees on customers' transactions	6,302,987	4,959,576
Commission on loans and advances	3,957,792	2,888,680
Commission earned on insurance policies	3,860,530	1,992,040
Other	1,122,876	288,230
	<b>17,569,431</b>	<b>12,071,089</b>

## 29. FEE AND COMMISSION EXPENSE

	2009	2008
	LBP'000	LBP'000
Brokerage fees	1,730,052	1,067,212
Commission on transactions with banks and financial institutions	618,884	245,864
Other	378,050	982,567
	<b>2,726,986</b>	<b>2,295,643</b>

## 30. NET INTEREST AND OTHER GAIN/(LOSS) ON TRADING PORTFOLIO

	2009	2008
	LBP'000	LBP'000
Interest income	973,884	889,777
Dividends received	409,246	369,634
Change in fair value (net)	2,573,533	(1,789,104)
Gain/(loss) on sale	(3,470)	43,312
	<b>3,953,193</b>	<b>(486,381)</b>

## 31. OTHER OPERATING INCOME

	2009	2008
	LBP'000	LBP'000
Gain/(loss) on sale of available-for-sale securities:		
Lebanese treasury bills	946	474,469
Certificates of deposit issued by Central Bank of Lebanon	385,046	(607)
Lebanese Government bonds	1,696,286	289,178
	<b>2,082,278</b>	<b>763,040</b>
Dividends on available-for-sale securities	1,188,181	992,026
Foreign exchange gain	1,609,361	1,295,037
Miscellaneous	890,476	1,558,358
	<b>5,770,296</b>	<b>4,608,461</b>

## 32. STAFF COSTS

	2009	2008
	LBP'000	LBP'000
Salaries	20,829,860	17,538,256
Board of directors remunerations	3,392,236	2,436,620
Social Security contributions	3,220,279	2,624,794
Provision for end-of-service indemnities (Note 20)	851,316	2,104,791
Other employees' costs	8,287,581	6,412,766
	<b>36,581,272</b>	<b>31,117,227</b>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year Ended December 31, 2009

### 33. EARNINGS PER SHARE

The computation of the basic earnings per share is based on the net Group's profit before non-recurring income and the weighted average number of outstanding shares during each year held by the Group. The weighted average number of shares to compute basic earnings per share is 152,700,000 shares in 2009 and 2008.

### 34. FINANCIAL INSTRUMENTS WITH OFF-BALANCE SHEET RISKS

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

Forward exchange contracts outstanding as of December 31, 2009 and 2008 represent positions held for customers' accounts and at their risk. The Group entered into such instruments to serve the needs of customers, and these contracts are fully hedged by the Group.

### 35. CASH AND CASH EQUIVALENTS

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

	December 31,	
	2009	2008
	LBP'000	LBP'000
Cash on hand	14,934,694	21,298,242
Current accounts with Central Bank of Lebanon (excluding compulsory reserve)	39,387,979	18,434,323
Term placements with Central Bank of Lebanon	328,797,500	284,917,500
Purchased Checks	9,415,658	7,426,547
Current accounts with correspondents	50,173,884	17,040,858
Current accounts with the Parent Bank	160,250	-
Current accounts with related parties	501,928	-
Term placements with correspondents	288,798,321	138,416,929
Term placements with Parent Bank	18,000,000	-
Deposits from banks and financial institutions	(33,900,485)	(36,092,856)
	<b>716,269,729</b>	<b>451,441,543</b>

Term placements with Central Bank of Lebanon and with correspondents and Parent Bank represent inter-bank placements with an original maturity of 90 days or less.

Major non-cash transactions excluded from the cash flow statement for the year ended December 31, 2009 and 2008 are summarized as follows:

(a) Assets and liabilities acquired from Lati Bank S.A.L. excluded as at year end 2009:

	LBP'000
<b>Assets</b>	
Loans and advances	6,739,031
Available-for-sale investment securities	2,699,756
Held-to-maturity investment securities	46,001,911
Property and equipment	4,810,717
Other assets	142,912
	<b>60,394,327</b>
<b>Liabilities</b>	
Customers' accounts	85,033,147
Other liabilities	548,759
Provisions	190,482
	<b>85,772,388</b>

(b) Transfer of an allowance of LBP 6.2 billion against "Loans and Advances" to "Provisions" during 2008.

(c) Positive change in fair value of available-for-sale securities of LBP81.5billion during 2009 (Positive change of LBP 10.4 billion during 2008).

(d) Assets acquired in satisfaction of debts in the amount of LBP4.3billion during 2009 (LBP 2.3 billion during 2008).

(e) Transfer LBP 226million from accrued bonuses under "Other liabilities" to provisions during 2008.

**36. COLLATERAL GIVEN**

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

	December 31				
	2009	2008			
	Amount of Pledged Asset	Corresponding Facilities			Maturity Date
Amount of Pledged Asset		Amount of Facility	Nature of Facility		
	LBP'000	LBP'000	LBP'000		
Deposit with bank	-	3,043,251	2,864,250	Letters of guarantee	July 2, 2009
Deposit with bank	-	160,420	150,750	Letters of guarantee	July 2, 2009
Deposit with bank	-	842,166	366,298	Letters of guarantee	April and July
	-	4,045,837	3,381,298		31, 2009

**37. FINANCIAL RISK MANAGEMENT**

The Group has exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

**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, investment securities and certain accounts receivable included under other assets. 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 indicate 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 Group's 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. At a macro level, loans are segregated into two major Banks: commercial and consumer.

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 classify these commitments reflect 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 or financial statements or profitability or otherwise.

**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 rated as substandard or doubtful and where the Group has made concessions that it would not otherwise consider. Once a loan is restructured it remains in its original class.

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

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

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

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

**(b) Debt securities**

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

**3. Risk Mitigation Policies**

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

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

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

**4. Financial assets with credit risk exposure and related concentrations**

**(a) Exposure to credit risk and concentration by counterparty:**

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

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

December 31, 2009					
	LBP Base Accounts		F/Cy Base Accounts		N°. of Counterparties
	Total	%	Total	%	
	Amount (Net)	to Total	Amount (Net)	to Total	
	LBP'000	%	LBP'000	%	
Less than LBP5billion	11,223,419	21	33,915,585	11	48
From LBP5billion to LBP15billion	23,338,802	45	66,949,638	21	12
From LBP15billion to LBP30billion	18,005,178	34	183,529,918	58	10
From LBP30billion to LBP50billion	-	-	30,301,098	10	1
	<b>52,567,399</b>	<b>100</b>	<b>314,696,239</b>	<b>100</b>	<b>71</b>

December 31, 2008					
	LBP Base Accounts		F/Cy Base Accounts		N°. of Counterparties
	Total	%	Total	%	
	Amount (Net)	to Total	Amount (Net)	to Total	
	LBP'000	%	LBP'000	%	
Less than LBP5billion	6,305,340	33	21,720,878	15	40
From LBP5billion to LBP15billion	12,738,544	67	32,196,157	22	6
From LBP15billion to LBP30billion	-	-	63,351,216	43	4
From LBP30billion to LBP50billion	-	-	30,657,398	20	1
	<b>19,043,884</b>	<b>100</b>	<b>147,925,649</b>	<b>100</b>	<b>51</b>

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

December 31, 2009					
	LBP Base Accounts		F/Cy Base Accounts		N°. of Counterparties
	Total Loans	% to Total Loans	Total Loans	% to Total Loans	
	LBP'000	%	LBP'000	%	
Less than LBP500million	201,418,237	87	202,456,179	46	35,811
From LBP500million to LBP1,500million	9,595,418	4	69,321,260	16	91
More than LBP1,500million	19,481,416	9	172,180,831	38	45
	<b>230,495,071</b>	<b>100</b>	<b>443,958,270</b>	<b>100</b>	<b>35,947</b>

December 31, 2008					
	LBP Base Accounts		F/Cy Base Accounts		N°. of Counterparties
	Total Loans	% to Total Loans	Total Loans	% to Total Loans	
	LBP'000	%	LBP'000	%	
Less than LBP500million	106,821,371	91	140,672,330	57	25,269
From LBP500million to LBP1,500million	8,536,386	7	29,291,056	12	45
More than LBP1,500million	2,061,663	2	77,747,427	31	23
	<b>117,419,420</b>	<b>100</b>	<b>247,710,813</b>	<b>100</b>	<b>25,337</b>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year Ended December 31, 2009

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

	December 31, 2009					Fair Value of Collateral Received					Lesser of Individual Exposure or Total Guarantees
	Gross Exposure Net of Unrealized Interest and Discount	Allowance for Impairment	Net Exposure	Pledged Funds	Bank Guarantees	First Degree Mortgage on Properties	Equity Securities	Debt Securities	Others	Total Guarantees	
	LBP'000	LBP'000	LBP'000	LBP'000	LBP'000	LBP'000	LBP'000	LBP'000	LBP'000	LBP'000	
Regular loans and advances	674,453,341	-	674,453,341	66,532,597	20,116,698	204,729,263	48,480,250	2,479,001	295,987,456	638,325,265	394,273,653
Substandard (including restructured debts)	2,980,374	-	2,980,374	-	43,908	512,966	-	-	149,730	706,604	598,525
Doubtful (including restructured debts)	93,030,778	(51,145,692)	41,885,086	1,503	37,688	62,992,077	-	-	1,198,115	64,229,383	65,542,923
Loss (including restructured debts)	25,838,292	(25,838,292)	-	2,463	70,769	1,190,349	13,500	-	1,655,410	2,932,491	2,559,921
Loan portfolio purchased	3,677,874	-	3,677,874	-	-	-	-	-	-	-	-
Collectively impaired	-	(6,109,703)	(6,109,703)	-	-	-	-	-	-	-	-
	<b>799,980,659</b>	<b>(83,093,687)</b>	<b>716,886,972</b>	<b>66,536,563</b>	<b>20,269,063</b>	<b>269,424,655</b>	<b>48,493,750</b>	<b>2,479,001</b>	<b>298,990,711</b>	<b>706,193,743</b>	<b>462,975,022</b>

	December 31, 2008					Fair Value of Collateral Received					Lesser of Individual Exposure or Total Guarantees
	Gross Exposure Net of Unrealized Interest and Discount	Allowance for Impairment	Net Exposure	Pledged Funds	Bank Guarantees	First Degree Mortgage on Properties	Equity Securities	Debt Securities	Others	Total Guarantees	
	LBP'000	LBP'000	LBP'000	LBP'000	LBP'000	LBP'000	LBP'000	LBP'000	LBP'000	LBP'000	
Regular loans and advances	365,130,233	-	365,130,233	67,407,041	12,978,976	88,260,255	3,149,725	841,648	120,179,000	292,816,645	202,443,847
Substandard (including restructured debts)	3,751,546	-	3,751,546	1,508	618,707	3,218,754	-	-	695,808	4,534,777	4,150,136
Doubtful (including restructured debts)	103,340,254	(55,695,305)	47,644,949	1,503	37,688	64,255,175	-	-	258,804	64,553,170	64,421,919
Loss (including restructured debts)	35,227,449	(35,227,449)	-	1,062	-	1,181,537	13,500	-	1,797,978	2,994,077	2,609,546
Loan portfolio purchased	4,562,025	-	4,562,025	-	-	-	-	-	-	-	-
Collective allowance (unallocated)	-	(5,741,972)	(5,741,972)	-	-	-	-	-	-	-	-
	<b>512,011,507</b>	<b>(96,664,726)</b>	<b>415,346,781</b>	<b>67,411,114</b>	<b>13,635,371</b>	<b>156,915,721</b>	<b>3,163,225</b>	<b>841,648</b>	<b>122,931,590</b>	<b>364,898,669</b>	<b>273,625,448</b>

Overdue under regular loans and advances outstanding as at December 31, 2009 and 2008 are as follows:

	December 31,	
	2009	2008
	LBP'000	LBP'000
Between 30 and 60 days	1,591,000	973,000
Between 60 and 90 days	260,000	124,000
Between 90 and 180 days	112,000	138,000
More than 180 days	597,000	33,000

(a.5) Concentration of financial assets and liabilities by geographical location:

	December 31, 2009					
	Lebanon	Middle East and Africa	North America	Europe	Other	Total
	LBP'000	LBP'000	LBP'000	LBP'000	LBP'000	LBP'000
<b>FINANCIAL ASSETS:</b>						
Cash and Central Bank	572,929,659	-	-	-	-	572,929,659
Deposits with banks and financial Institutions	69,730,880	76,887,651	31,905,141	188,398,738	341,228	367,263,638
Trading assets	19,338,113	-	-	-	-	19,338,113
Loans and advances to customers	695,560,321	20,578,362	35,143	707,767	5,379	716,886,972
Available-for-sale investment securities	1,714,522,118	-	-	11,554,578	-	1,726,076,696
Held-to-maturity investment securities	314,258,451	-	-	3,580,556	-	317,839,007
<b>Total</b>	<b>3,386,339,542</b>	<b>97,466,013</b>	<b>31,940,284</b>	<b>204,241,639</b>	<b>346,607</b>	<b>3,720,334,085</b>
<b>FINANCIAL LIABILITIES</b>						
Deposits from banks	7,533,807	2,220,003	-	24,186,381	-	33,940,191
Customers' accounts	2,898,932,651	185,353,340	8,003,753	331,547,394	4,640,009	3,428,477,147
Other borrowings	11,457,975	-	-	-	-	11,457,975
<b>Total</b>	<b>2,917,924,433</b>	<b>187,573,343</b>	<b>8,003,753</b>	<b>355,733,775</b>	<b>4,640,009</b>	<b>3,473,875,313</b>

	December 31, 2008		December 31, 2008			
	Lebanon	Middle East and Africa	North America	Europe	Other	Total
	LBP'000	LBP'000	LBP'000	LBP'000	LBP'000	LBP'000
<b>FINANCIAL ASSETS:</b>						
Cash and Central Bank	466,947,333	-	-	-	-	466,947,333
Deposits with banks and financial Institutions	40,969,882	74,212,689	8,735,803	42,518,391	532,768	166,969,533
Trading assets	17,142,330	-	-	-	-	17,142,330
Loans and advances to customers	401,794,224	12,341,985	107	1,205,534	4,931	415,346,781
Available-for-sale investment securities	1,368,050,383	-	-	-	-	1,368,050,383
Held-to-maturity investment securities	391,588,046	-	-	370,359	-	391,958,405
<b>Total</b>	<b>2,686,492,198</b>	<b>86,554,674</b>	<b>8,735,910</b>	<b>44,094,284</b>	<b>537,699</b>	<b>2,826,414,765</b>
<b>FINANCIAL LIABILITIES</b>						
Deposits from banks	20,807,326	6,637,456	-	8,695,990	-	36,140,772
Customers' accounts	2,392,523,418	127,451,122	5,611,950	84,364,008	2,814,337	2,612,764,835
Other borrowings	11,845,723	-	-	-	-	11,845,723
<b>Total</b>	<b>2,425,176,467</b>	<b>134,088,578</b>	<b>5,611,950</b>	<b>93,059,998</b>	<b>2,814,337</b>	<b>2,660,751,330</b>

## 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 ALCO, 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 a monthly basis by ALCO. Monitoring and reporting take the form of cash flow measurement and projections. The starting point for those projections is an analysis of the contractual maturity of the financial liabilities and the expected collection data of the financial assets.

### 2. Exposure to liquidity risk

#### Regulatory requirements

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



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year Ended December 31, 2009

## Residual contractual maturities of financial assets and liabilities:

The tables below show the Group's financial assets and liabilities in Lebanese Pound and foreign currencies base accounts segregated by maturity:

	December 31, 2009				December 31, 2009			
	Lebanese Pound Base Accounts			Lebanese Pound Base Accounts				
	Not Subject to Maturity	Up to 3 Months	3 to 12 Months	1 to 3 Years	3 to 5 Years	Over 5 Years	Total	
LBP'000	LBP'000	LBP'000	LBP'000	LBP'000	LBP'000	LBP'000	LBP'000	
<b>FINANCIAL ASSETS:</b>								
Cash and Central Bank	170,620,986	68,000,000	-	-	-	-	238,620,986	
Deposits with banks and financial Institutions	867,399	51,700,000	-	-	-	-	52,567,399	
Trading securities	-	-	-	2,959,786	-	2,011,522	4,971,308	
Loans and advances to customers	16,254,562	22,850,519	33,963,170	75,860,728	37,474,895	57,146,190	243,550,064	
Available-for-sale investment securities	4,768,964	28,960,228	109,641,293	477,045,694	395,982,822	113,022,649	1,129,421,650	
Held-to-maturity investment securities	-	550,782	3,487,729	11,391,971	2,584,969	-	18,015,451	
<b>Total Assets</b>	<b>192,511,911</b>	<b>172,061,529</b>	<b>147,092,192</b>	<b>567,258,179</b>	<b>436,042,686</b>	<b>172,180,361</b>	<b>1,687,146,858</b>	
<b>FINANCIAL LIABILITIES</b>								
Deposits from banks	4,050,489	1,279,366	-	-	-	-	5,329,855	
Customers' accounts	72,526,266	1,318,229,886	116,855,039	2,252,418	-	-	1,509,863,609	
Other borrowings	-	-	3,221,173	5,143,825	3,092,977	-	11,457,975	
<b>Total Liabilities</b>	<b>76,576,755</b>	<b>1,319,509,252</b>	<b>120,076,212</b>	<b>7,396,243</b>	<b>3,092,977</b>	-	<b>1,526,651,439</b>	
<b>Maturity Gap</b>	<b>115,935,156</b>	<b>(1,147,447,723)</b>	<b>27,015,980</b>	<b>559,861,936</b>	<b>432,949,709</b>	<b>172,180,361</b>	<b>160,495,419</b>	

	December 31, 2009				December 31, 2009			
	Foreign Currencies Base Accounts			Foreign Currencies Base Accounts				
	Not Subject to Maturity	Up to 3 Months	3 to 12 Months	1 to 3 Years	3 to 5 Years	Over 5 Years	Total	
LBP'000	LBP'000	LBP'000	LBP'000	LBP'000	LBP'000	LBP'000	LBP'000	
<b>FINANCIAL ASSETS:</b>								
Cash and Central Bank	46,732,003	260,797,500	16,582,500	4,144,835	6,051,835	-	334,308,673	
Deposits with banks and financial Institutions	69,275,186	240,158,957	-	-	5,262,096	-	314,696,239	
Trading securities	8,003,598	-	1,781,933	965,796	2,180,608	1,434,870	14,366,805	
Loans and advances to customers	30,778,622	221,394,876	63,365,098	95,218,454	42,304,112	20,275,746	473,336,908	
Available-for-sale investment securities	14,173,511	20,418,485	1,254,896	161,592,262	76,291,708	322,924,184	596,655,046	
Held-to-maturity investment securities	-	12,815,842	248,787	176,889,557	50,504,728	59,364,642	299,823,556	
<b>Total Assets</b>	<b>168,962,920</b>	<b>755,585,660</b>	<b>83,233,214</b>	<b>438,810,904</b>	<b>182,595,087</b>	<b>403,999,442</b>	<b>2,033,187,227</b>	
<b>FINANCIAL LIABILITIES</b>								
Deposits from banks	5,096,614	23,513,723	-	-	-	-	28,610,337	
Customers' accounts	230,920,049	1,506,793,241	178,186,519	2,713,729	-	-	1,918,613,538	
Other borrowings	-	-	-	-	-	-	-	
<b>Total Liabilities</b>	<b>236,016,663</b>	<b>1,530,306,964</b>	<b>178,186,519</b>	<b>2,713,729</b>	-	-	<b>1,947,223,875</b>	
<b>Maturity Gap</b>	<b>(67,053,743)</b>	<b>(774,721,304)</b>	<b>(94,953,305)</b>	<b>436,097,175</b>	<b>182,595,087</b>	<b>403,999,442</b>	<b>85,963,352</b>	

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Year Ended December 31, 2009

	December 31, 2008				December 31, 2008			Total LBP'000
	Not Subject to Maturity LBP'000	Lebanese Pound Base Accounts		1 to 3 Years LBP'000	Lebanese Pound Base Accounts			
		Up to 3 Months LBP'000	3 to 12 Months LBP'000		3 to 5 Years LBP'000	Over 5 Years LBP'000		
<b>FINANCIAL ASSETS:</b>								
Cash and Central Bank	149,552,887	-	-	-	-	-	149,552,887	
Deposits with banks and financial Institutions	43,883	18,478,814	-	-	-	-	18,522,697	
Trading securities	-	149,615	-	2,076,577	2,777,968	311,148	5,315,308	
Loans and advances to customers	16,832,308	14,042,524	20,703,666	39,272,217	18,218,765	24,862,310	133,931,790	
Available-for-sale investment securities	4,288,798	105,652,188	212,513,875	435,731,466	145,083,994	-	903,270,321	
Held-to-maturity investment securities	-	2,712,000	-	94,382,179	-	-	97,094,179	
<b>Total</b>	<b>170,717,876</b>	<b>141,035,141</b>	<b>233,217,541</b>	<b>571,462,439</b>	<b>166,080,727</b>	<b>25,173,458</b>	<b>1,307,687,182</b>	
<b>FINANCIAL LIABILITIES</b>								
Deposits from banks	405,453	8,601,384	243,134	-	-	-	9,249,971	
Customers' accounts	45,279,897	1,034,164,904	75,122,948	2,249,997	-	-	1,156,817,746	
Other borrowings	-	-	1,781,997	3,196,185	6,867,541	-	11,845,723	
<b>Total</b>	<b>45,685,350</b>	<b>1,042,766,288</b>	<b>77,148,079</b>	<b>5,446,182</b>	<b>6,867,541</b>	<b>-</b>	<b>1,177,913,440</b>	
<b>Maturity Gap</b>	<b>125,032,526</b>	<b>(901,731,147)</b>	<b>156,069,462</b>	<b>566,016,257</b>	<b>159,213,186</b>	<b>25,173,458</b>	<b>129,773,742</b>	

	December 31, 2008				December 31, 2008			Total LBP'000
	Not Subject to Maturity LBP'000	Foreign Currencies Base Accounts		1 to 3 Years LBP'000	Foreign Currencies Base Accounts			
		Up to 3 Months LBP'000	3 to 12 Months LBP'000		3 to 5 Years LBP'000	Over 5 Years LBP'000		
<b>FINANCIAL ASSETS:</b>								
Cash, compulsory reserves and deposits at Central Bank	13,936,736	303,457,710	-	-	-	-	317,394,446	
Deposits with banks and financial Institutions	19,540,308	128,906,528	-	-	-	-	148,446,836	
Trading securities	6,044,882	131,628	802,258	2,666,574	1,038,345	1,143,335	11,827,022	
Loans and advances to customers	35,013,932	114,103,486	47,234,887	57,689,241	21,124,040	6,249,405	281,414,991	
Available-for-sale investment securities	11,696,703	9,126,034	40,016,847	38,256,900	151,138,098	214,545,480	464,780,062	
Held-to-maturity investment securities	-	4,602,358	45,694,030	37,566,746	137,607,214	69,393,878	294,864,226	
<b>Total</b>	<b>86,232,561</b>	<b>560,327,744</b>	<b>133,748,022</b>	<b>136,179,461</b>	<b>310,907,697</b>	<b>291,332,098</b>	<b>1,518,727,583</b>	
<b>FINANCIAL LIABILITIES</b>								
Deposits from banks	1,315,504	25,575,297	-	-	-	-	26,890,801	
Customers' accounts	138,509,212	1,191,954,233	117,522,330	7,961,314	-	-	1,455,947,089	
<b>Total</b>	<b>139,824,716</b>	<b>1,217,529,530</b>	<b>117,522,330</b>	<b>7,961,314</b>	<b>-</b>	<b>-</b>	<b>1,482,837,890</b>	
<b>Maturity Gap</b>	<b>(53,592,155)</b>	<b>(657,201,786)</b>	<b>16,225,692</b>	<b>128,218,147</b>	<b>310,907,697</b>	<b>291,332,098</b>	<b>35,889,693</b>	

**C. Market Risks**

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

**Currency risk**

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

**Exposure to foreign exchange risk:**

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

	December 31, 2009		December 31, 2009			
	LBP LBP'000	USD LBP'000	Euro LBP'000	STG LBP'000	Other LBP'000	Total LBP'000
<b>ASSETS</b>						
Cash and Central Bank	238,620,986	329,550,396	3,888,225	870,052	-	572,929,659
Deposits with banks and financial institutions	52,567,399	236,493,801	67,852,599	6,913,742	3,436,097	367,263,638
Trading securities	4,971,308	14,366,805	-	-	-	19,338,113
Loans and advances to customers	243,550,064	461,925,686	10,479,021	6,186	926,015	716,886,972
Available-for-sale investment securities	1,129,421,650	553,031,129	43,623,917	-	-	1,726,076,696
Held-to-maturity investment securities	18,015,451	299,437,912	385,644	-	-	317,839,007
Customers' liability under Acceptances	299,999	7,688,770	2,152,550	116,263	5,085,986	15,343,568
Assets acquired in satisfaction of loans	13,074,074	62,904,279	-	-	-	75,978,353
Property and equipment	54,805,262	-	-	-	-	54,805,262
Deferred charges	30,588,391	-	-	-	-	30,588,391
Intangible assets	2,832,866	57,458	-	-	-	2,890,324
Other assets	4,326,648	3,976,966	13,600	-	-	8,317,214
<b>Total assets</b>	<b>1,793,074,098</b>	<b>1,969,433,202</b>	<b>128,395,556</b>	<b>7,906,243</b>	<b>9,448,098</b>	<b>3,908,257,197</b>
<b>LIABILITIES</b>						
Deposits from banks	5,329,855	23,077,648	4,888,337	317,380	326,971	33,940,191
Customers' accounts	1,509,863,609	1,786,176,628	121,469,264	7,481,824	3,485,822	3,428,477,147
Liability under acceptances	299,999	7,688,770	2,152,550	116,263	5,085,986	15,343,568
Other borrowings	11,457,975	-	-	-	-	11,457,975
Other liabilities	22,673,861	26,697,290	892,578	2,498	5,800	50,272,027
Provisions	9,427,862	14,945,044	-	-	-	24,372,906
<b>Total liabilities</b>	<b>1,559,053,161</b>	<b>1,858,585,380</b>	<b>129,402,729</b>	<b>7,917,965</b>	<b>8,904,579</b>	<b>3,563,863,814</b>
Currency to be received	1,454,868	9,724,840	5,217,116	1,235,476	4,490,918	22,123,218
Currency to be delivered	690,480	10,801,793	4,892,211	1,235,058	4,502,039	22,121,581
	<b>764,388</b>	<b>(1,076,953)</b>	<b>324,905</b>	<b>418</b>	<b>(11,121)</b>	<b>1,637</b>
<b>Net Assets</b>	<b>234,785,325</b>	<b>109,770,869</b>	<b>(682,268)</b>	<b>(11,304)</b>	<b>532,398</b>	<b>344,395,020</b>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year Ended December 31, 2009

	December 31, 2008			December 31, 2008		
	LBP	USD	Euro	STG	Other	Total
	LBP'000	LBP'000	LBP'000	LBP'000	LBP'000	LBP'000
<b>ASSETS</b>						
Cash and Central Bank	149,552,887	315,917,259	968,617	508,570	-	466,947,333
Deposits with banks and financial institutions	18,522,697	136,309,803	3,458,255	5,189,124	3,489,654	166,969,533
Trading securities	5,315,308	11,273,041	553,981	-	-	17,142,330
Loans and advances to customers	133,931,790	275,620,779	5,080,497	123,277	590,438	415,346,781
Available-for-sale investment securities	903,270,321	406,367,069	58,412,993	-	-	1,368,050,383
Held-to-maturity investment securities	97,094,179	294,864,226	-	-	-	391,958,405
Customers' liability under acceptances	150,000	12,799,609	5,836,152	-	2,891,972	21,677,733
Assets acquired in satisfaction of loans	12,503,591	64,378,076	-	-	-	76,881,667
Property and equipment	35,547,668	-	-	-	-	35,547,668
Intangible assets	3,992,847	-	-	-	-	3,992,847
Other assets	2,830,007	4,108,783	592,269	-	-	7,531,059
<b>Total Assets</b>	<b>1,362,711,295</b>	<b>1,521,638,645</b>	<b>74,902,764</b>	<b>5,820,971</b>	<b>6,972,064</b>	<b>2,972,045,739</b>
<b>LIABILITIES</b>						
Deposits from banks	9,249,971	7,547,714	18,666,087	-	677,000	36,140,772
Customers' accounts	1,156,817,746	1,393,375,828	53,322,623	5,958,549	3,290,089	2,612,764,835
Liability under acceptances	150,000	12,799,609	5,836,152	-	2,891,972	21,677,733
Other borrowings	11,845,723	-	-	-	-	11,845,723
Other liabilities	20,846,773	4,727,771	585,566	148,734	64,385	26,373,229
Provisions	10,037,428	16,291,781	-	-	-	26,329,209
<b>Total liabilities</b>	<b>1,208,947,641</b>	<b>1,434,742,703</b>	<b>78,410,428</b>	<b>6,107,283</b>	<b>6,923,446</b>	<b>2,735,131,501</b>
Currency to be received	7,505,075	7,165,539	3,596,476	865,240	4,810,277	23,942,607
Currency to be delivered	-	15,339,176	3,233,023	723,129	4,752,101	24,047,429
	<b>7,505,075</b>	<b>(8,173,637)</b>	<b>363,453</b>	<b>142,111</b>	<b>58,176</b>	<b>(104,822)</b>
<b>Net Assets</b>	<b>161,268,729</b>	<b>78,722,305</b>	<b>(3,144,211)</b>	<b>(144,201)</b>	<b>106,794</b>	<b>236,809,416</b>

## Interest rate risk

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

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year Ended December 31, 2009

## Exposure to Interest rate risk

Below is a summary of the Group's interest rate gap position on assets and liabilities reflected at carrying amounts at year end segregated between floating and fixed interest rate earning or bearing and between Lebanese Pound and foreign currencies base accounts:

	December 31, 2009							December 31, 2009							
	Lebanese Pounds							Lebanese Pounds							
	Non-Interest Earning	Floating Interest Rate						Total	Fixed Interest Rate						Grand Total
		Up to Three Months	3 months to 1 year	1 to 3 Years	3 to 5 Years	Over 5 Years	Up to Three Months		3 Months to 1 year	1 to 3 Years	3 to 5 Years	Over 5 Years	Total		
LBP'000	LBP'000	LBP'000	LBP'000	LBP'000	LBP'000	LBP'000	LBP'000	LBP'000	LBP'000	LBP'000	LBP'000	LBP'000	LBP'000		
<b>ASSETS</b>															
Cash and central bank	170,620,986	-	-	-	-	-	-	68,000,000	-	-	-	-	68,000,000	238,620,986	
Deposits with banks and financial institutions	867,399	-	-	-	-	-	-	51,700,000	-	-	-	-	51,700,000	52,567,399	
Trading assets	87,732	-	-	-	-	-	-	-	-	2,875,790	-	2,007,786	4,883,576	4,971,308	
Loans and advances to customers	15,925,213	22,731,189	33,863,170	75,775,728	37,324,895	57,146,190	226,841,172	449,679	100,000	84,000	150,000	-	783,679	243,550,064	
Available-for-sale investment securities	27,640,066	-	-	-	-	-	-	6,089,126	109,641,293	477,045,694	395,982,822	113,022,649	1,101,781,584	1,129,421,650	
Held-to-maturity investment securities	450,800	-	-	-	-	-	-	99,982	3,487,729	11,391,971	2,584,969	-	17,564,651	18,015,451	
Banks' acceptances	299,999	-	-	-	-	-	-	-	-	-	-	-	-	299,999	
Assets acquired in satisfaction of loans	13,074,074	-	-	-	-	-	-	-	-	-	-	-	-	13,074,074	
Property and equipment	54,805,262	-	-	-	-	-	-	-	-	-	-	-	-	54,805,262	
Deferred charges	30,588,391	-	-	-	-	-	-	-	-	-	-	-	-	30,588,391	
Intangible assets	2,832,866	-	-	-	-	-	-	-	-	-	-	-	-	2,832,866	
Other assets	4,326,648	-	-	-	-	-	-	-	-	-	-	-	-	4,326,648	
<b>Total assets</b>	<b>321,519,436</b>	<b>22,731,189</b>	<b>33,863,170</b>	<b>75,775,728</b>	<b>37,324,895</b>	<b>57,146,190</b>	<b>226,841,172</b>	<b>126,338,787</b>	<b>113,229,022</b>	<b>491,397,455</b>	<b>398,717,791</b>	<b>115,030,435</b>	<b>1,244,713,490</b>	<b>1,793,074,098</b>	
<b>LIABILITIES</b>															
Deposits from banks	3,025,489	25,472	2,278,894	-	-	-	2,304,366	-	-	-	-	-	-	5,329,855	
Customers' accounts at amortized cost	72,526,272	2,692,689	25,187,967	2,121,927	-	-	30,002,583	1,290,349,257	114,733,079	2,252,418	-	-	1,407,334,754	1,509,863,609	
Liability under acceptances	299,999	-	-	-	-	-	-	-	-	-	-	-	-	299,999	
Other borrowings	-	-	3,221,173	5,143,825	3,092,977	-	11,457,975	-	-	-	-	-	-	11,457,975	
Other liabilities	22,673,861	-	-	-	-	-	-	-	-	-	-	-	-	22,673,861	
Provisions	9,427,862	-	-	-	-	-	-	-	-	-	-	-	-	9,427,862	
<b>Total liabilities</b>	<b>107,953,483</b>	<b>2,718,161</b>	<b>30,688,034</b>	<b>7,265,752</b>	<b>3,092,977</b>	<b>-</b>	<b>43,764,924</b>	<b>1,290,349,257</b>	<b>114,733,079</b>	<b>2,252,418</b>	<b>-</b>	<b>-</b>	<b>1,407,334,754</b>	<b>1,559,053,161</b>	
<b>Interest rate gap position</b>	<b>213,565,953</b>	<b>20,013,028</b>	<b>3,175,136</b>	<b>68,509,976</b>	<b>34,231,918</b>	<b>57,146,190</b>	<b>183,076,248</b>	<b>(1,164,010,470)</b>	<b>(1,504,057)</b>	<b>489,145,037</b>	<b>398,717,791</b>	<b>115,030,435</b>	<b>(162,621,264)</b>	<b>234,020,937</b>	

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year Ended December 31, 2009

	December 31, 2009						
	Foreign Currencies						
	Floating Interest Rate						
	Non-Interest Earning	Up to Three Months	3 months to 1 year	1 to 3 years	3 to 5 years	Over 5 years	Total
LBP'000	LBP'000	LBP'000	LBP'000	LBP'000	LBP'000	LBP'000	LBP'000
<b>ASSETS</b>							
Cash and Central Banks	46,732,020	-	-	-	-	-	-
Deposits with banks and financial institutions	60,388,074	959,812	-	-	-	-	959,812
Trading assets	8,129,984	-	-	-	-	-	-
Loans and advances to customers	30,778,678	217,743,545	62,502,098	94,604,454	42,221,112	20,275,746	437,346,955
Available-for-sale investment securities	25,042,200	-	-	-	-	-	-
Held-to-maturity investment securities	4,983,942	300,842	-	-	-	-	300,842
Banks' acceptances	15,043,569	-	-	-	-	-	-
Assets acquired in satisfaction of loans	62,904,279	-	-	-	-	-	-
Intangible assets	57,458	-	-	-	-	-	-
Other assets	3,990,566	-	-	-	-	-	-
<b>Total Assets</b>	<b>258,050,770</b>	<b>219,004,199</b>	<b>62,502,098</b>	<b>94,604,454</b>	<b>42,221,112</b>	<b>20,275,746</b>	<b>438,607,609</b>
<b>LIABILITIES</b>							
Deposits from banks	5,096,614	23,272	-	-	-	-	23,272
Customers' accounts at amortized cost	230,919,719	44,006,954	9,992,770	-	-	-	53,999,724
Liability under acceptances	15,043,569	-	-	-	-	-	-
Other liabilities	27,598,166	-	-	-	-	-	-
Provisions	14,945,044	-	-	-	-	-	-
<b>Total liabilities</b>	<b>293,603,112</b>	<b>44,030,226</b>	<b>9,992,770</b>	-	-	-	<b>54,022,996</b>
<b>Interest rate gap position</b>	<b>(35,552,342)</b>	<b>174,973,973</b>	<b>52,509,328</b>	<b>94,604,454</b>	<b>42,221,112</b>	<b>20,275,746</b>	<b>384,584,613</b>

	December 31, 2009						
	Foreign Currencies						
	Fixed Interest Rate						
	Up to Three months	3 Months to 1 year	1 to 3 years	3 to 5 years	Over 5 years	Total	Grand Total
LBP'000	LBP'000	LBP'000	LBP'000	LBP'000	LBP'000	LBP'000	LBP'000
	260,797,500	16,582,500	4,144,690	6,051,963	-	287,576,653	334,308,673
	248,086,253	-	-	5,262,100	-	253,348,353	314,696,239
	-	1,752,974	950,186	1,116,316	2,417,345	6,236,821	14,366,805
	3,320,651	963,124	699,185	228,315	-	5,211,275	473,336,908
	9,549,796	1,254,896	161,592,262	76,291,708	322,924,184	571,612,846	596,655,046
	7,531,058	248,787	176,889,557	50,504,728	59,364,642	294,538,772	299,823,556
	-	-	-	-	-	-	15,043,569
	-	-	-	-	-	-	62,904,279
	-	-	-	-	-	-	57,458
	-	-	-	-	-	-	3,990,566
<b>Total Assets</b>	<b>529,285,258</b>	<b>20,802,281</b>	<b>344,275,880</b>	<b>139,455,130</b>	<b>384,706,171</b>	<b>1,418,524,720</b>	<b>2,115,183,099</b>
<b>LIABILITIES</b>							
Deposits from banks	23,490,450	-	-	-	-	23,490,450	28,610,336
Customers' accounts at amortized cost	1,462,786,587	168,193,779	2,713,729	-	-	1,633,694,095	1,918,613,538
Liability under acceptances	-	-	-	-	-	-	15,043,569
Other liabilities	-	-	-	-	-	-	27,598,166
Provisions	-	-	-	-	-	-	14,945,044
<b>Total liabilities</b>	<b>1,486,277,037</b>	<b>168,193,779</b>	<b>2,713,729</b>	-	-	<b>1,657,184,545</b>	<b>2,004,810,653</b>
<b>Interest rate gap position</b>	<b>(956,991,779)</b>	<b>(147,391,498)</b>	<b>341,562,151</b>	<b>139,455,130</b>	<b>384,706,171</b>	<b>(238,659,825)</b>	<b>110,372,446</b>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year Ended December 31, 2009

	December 31, 2008						
	Lebanese Pounds						
	Floating Interest Rate						
	Non-Interest Earning	Up to Three Months	3 Months to 1 Year	1 to 3 Years	3 to 5 Years	Over 5 Years	Total
LBP'000	LBP'000	LBP'000	LBP'000	LBP'000	LBP'000	LBP'000	
<b>ASSETS</b>							
Cash, compulsory reserves and deposits at Central Bank	149,552,887	-	-	-	-	-	-
Deposits with banks and financial institutions	43,883	18,478,814	-	-	-	-	18,478,814
Trading securities	149,615	-	-	-	-	-	-
Loans and advances to customers	16,832,308	1,103,168	-	-	-	-	1,103,168
Available-for-sale investment securities	25,555,278	-	-	-	-	-	-
Held-to-maturity investment securities	2,712,000	-	-	-	-	-	-
Banks' acceptances	150,000	-	-	-	-	-	-
Assets acquired in satisfaction of loans	12,503,591	-	-	-	-	-	-
Property and equipment	35,547,668	-	-	-	-	-	-
Intangible assets	3,992,847	-	-	-	-	-	-
Other assets	2,830,007	-	-	-	-	-	-
<b>Total Assets</b>	<b>249,870,084</b>	<b>19,581,982</b>	-	-	-	-	<b>19,581,982</b>
<b>LIABILITIES</b>							
Deposits from banks	405,453	8,005,350	-	-	-	-	8,005,350
Customers' accounts	45,279,897	995,773,583	669,568	-	-	-	996,443,151
Liability under acceptances	150,000	-	-	-	-	-	-
Other borrowings	-	-	1,781,997	3,196,185	6,867,541	-	11,845,723
Other liabilities	13,341,698	-	-	-	-	-	-
Provisions	10,037,698	-	-	-	-	-	-
<b>Total liabilities</b>	<b>69,214,476</b>	<b>1,003,778,933</b>	<b>2,451,565</b>	<b>3,196,185</b>	<b>6,867,541</b>	-	<b>1,016,294,224</b>
Interest rate gap position	180,655,608	(984,196,951)	(2,451,565)	(3,196,185)	(6,867,541)	-	(996,712,242)

	December 31, 2008						
	Lebanese Pounds						
	Fixed Interest Rate						
	Up to Three Months	3 Months to 1 Year	1 to 3 Years	3 to 5 Years	Over 5 Years	Total	Grand Total
LBP'000	LBP'000	LBP'000	LBP'000	LBP'000	LBP'000	LBP'000	
Cash, compulsory reserves and deposits at Central Bank	-	-	-	-	-	-	149,552,887
Deposits with banks and financial institutions	-	-	-	-	-	-	18,522,697
Trading securities	-	-	2,076,577	2,777,968	311,148	5,165,693	5,315,308
Loans and advances to customers	12,939,356	20,703,666	39,272,217	18,218,765	24,862,310	115,996,314	133,931,790
Available-for-sale investment securities	84,385,708	212,513,875	435,731,466	145,083,994	-	877,715,043	903,270,321
Held-to-maturity investment securities	-	-	94,382,179	-	-	94,382,179	97,094,179
Banks' acceptances	-	-	-	-	-	-	150,000
Assets acquired in satisfaction of loans	-	-	-	-	-	-	12,503,591
Property and equipment	-	-	-	-	-	-	35,547,668
Intangible assets	-	-	-	-	-	-	3,992,847
Other assets	-	-	-	-	-	-	2,830,007
<b>Total Assets</b>	<b>97,325,064</b>	<b>233,217,541</b>	<b>571,462,439</b>	<b>166,080,727</b>	<b>25,173,458</b>	<b>1,093,259,229</b>	<b>1,362,711,295</b>
Deposits from banks	596,034	243,134	-	-	-	839,168	9,249,971
Customers' accounts	38,391,321	74,453,380	2,249,997	-	-	115,094,698	1,156,817,746
Liability under acceptances	-	-	-	-	-	-	150,000
Other borrowings	-	-	-	-	-	-	11,845,723
Other liabilities	-	-	-	-	-	-	13,341,698
Provisions	-	-	-	-	-	-	10,037,428
<b>Total liabilities</b>	<b>38,987,355</b>	<b>74,696,514</b>	<b>2,249,997</b>	-	-	<b>115,933,866</b>	<b>1,201,442,566</b>
Interest rate gap position	58,337,709	158,521,027	569,212,442	166,080,727	25,173,458	977,325,363	161,268,729

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year Ended December 31, 2009

	December 31, 2008						
	Foreign Currencies						
	Floating Interest Rate						
	Non-Interest Earning	Up to Three Months	3 Months to 1 Year	1 to 3 Years	3 to 5 Years	Over 5 Years	Total
LBP'000	LBP'000	LBP'000	LBP'000	LBP'000	LBP'000	LBP'000	
<b>ASSETS</b>							
Cash, compulsory reserves and deposits at Central Bank	13,936,736	302,291,065	-	-	-	-	302,291,065
Deposits with banks and financial institutions	19,540,308	121,483,311	-	-	-	-	121,483,311
Trading securities	6,176,510	-	-	-	-	-	-
Loans and advances to customers	35,013,932	75,497,154	3,143,907	-	-	-	78,641,061
Available-for-sale investment securities	20,822,737	-	-	-	-	-	-
Held-to-maturity investment securities	4,602,358	-	-	-	-	-	-
Banks' acceptances	21,527,733	-	-	-	-	-	-
Investments in subsidiaries	-	-	-	-	-	-	-
Assets acquired in satisfaction of loans	64,378,076	-	-	-	-	-	-
Property and equipment	-	-	-	-	-	-	-
Intangible assets	-	-	-	-	-	-	-
Other assets	4,701,052	-	-	-	-	-	-
<b>Total Assets</b>	<b>190,699,442</b>	<b>499,271,530</b>	<b>3,143,907</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>502,415,437</b>
<b>LIABILITIES</b>							
Deposits from banks	1,315,504	24,672,174	-	-	-	-	24,672,174
Customers' accounts	138,509,212	1,095,411,989	7,489,459	7,659,814	-	-	1,110,561,262
Liability under acceptances	21,527,733	-	-	-	-	-	-
Other borrowings	-	-	-	-	-	-	-
Other liabilities	13,136,353	-	-	-	-	-	-
Provisions	16,291,781	-	-	-	-	-	-
<b>Total liabilities</b>	<b>190,780,583</b>	<b>1,120,084,163</b>	<b>7,489,459</b>	<b>7,659,814</b>	<b>-</b>	<b>-</b>	<b>1,135,233,436</b>
Interest rate gap position	(81,141)	(620,812,633)	(4,345,552)	(7,659,814)	-	-	(632,817,999)

	December 31, 2008						
	Foreign Currencies						
	Fixed Interest Rate						
	Up to Three Months	3 Months to 1 Year	1 to 3 Years	3 to 5 Years	Over 5 Years	Total	Grand Total
LBP'000	LBP'000	LBP'000	LBP'000	LBP'000	LBP'000	LBP'000	
Cash, compulsory reserves and deposits at Central Bank	1,166,645	-	-	-	-	1,166,645	317,394,446
Deposits with banks and financial institutions	7,423,217	-	-	-	-	7,423,217	148,446,836
Trading securities	-	802,258	2,666,574	1,038,345	1,143,335	5,650,512	11,827,022
Loans and advances to customers	38,606,332	44,090,980	57,689,241	21,124,040	6,249,405	167,759,998	281,414,991
Available-for-sale investment securities	-	40,016,847	38,256,900	151,138,098	214,545,480	443,957,325	464,780,062
Held-to-maturity investment securities	-	45,694,030	37,566,746	137,607,214	69,393,878	290,261,868	294,864,226
Banks' acceptances	-	-	-	-	-	-	21,527,733
Investments in subsidiaries	-	-	-	-	-	-	-
Assets acquired in satisfaction of loans	-	-	-	-	-	-	64,378,076
Property and equipment	-	-	-	-	-	-	-
Intangible assets	-	-	-	-	-	-	-
Other assets	-	-	-	-	-	-	4,701,052
<b>Total Assets</b>	<b>47,196,194</b>	<b>130,604,115</b>	<b>136,179,461</b>	<b>310,907,697</b>	<b>291,332,098</b>	<b>916,219,565</b>	<b>1,609,334,444</b>
Deposits from banks	903,123	-	-	-	-	903,123	26,890,801
Customers' accounts	96,542,244	110,032,871	301,500	-	-	206,876,615	1,455,947,089
Liability under acceptances	-	-	-	-	-	-	21,527,733
Other borrowings	-	-	-	-	-	-	-
Other liabilities	-	-	-	-	-	-	13,136,353
Provisions	-	-	-	-	-	-	16,291,781
<b>Total liabilities</b>	<b>97,445,367</b>	<b>110,032,871</b>	<b>301,500</b>	<b>-</b>	<b>-</b>	<b>207,779,738</b>	<b>1,533,793,757</b>
Interest rate gap position	(50,249,173)	20,571,244	135,877,961	310,907,697	291,332,098	708,439,827	75,540,687



Year Ended December 31, 2009

**38. CAPITAL MANAGEMENT**

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

Central Bank of Lebanon requires each bank or banking group to hold a minimum level of regulatory capital of LBP 10 billion for the head office and LBP 500million for each local branch. Furthermore, the minimum capital adequacy ratio set by the regulator is 12% (Basel Ratio).

The Group's capital is split as follows:

Tier I capital: Comprises share capital, reserves from appropriation of profits, retained earnings (exclusive of current year's net profit).

Tier II capital: Comprises qualifying subordinated liabilities, collective impairment allowance, cumulative change in fair value of available-for-sale securities.

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

Also, various limits are applied to the elements of capital base: Qualifying Tier II capital cannot exceed Tier I capital and qualifying short term subordinated loan capital may not exceed 50% of Tier I capital. The Group has complied with imposed capital requirements throughout the period. The Group's consolidated capital adequacy ratio was as follows:

	December 31,	
	2009	2008
	Million	Million
Total regulatory capital	249,045	193,663
Risk-weighted assets	1,002,168	638,744
Risk weighted off-balance sheet items	86,246	44,616
Capital adequacy ratio	<b>22.88</b>	<b>28.34</b>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year Ended December 31, 2009

## 39. FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES

	December 31, 2009			December 31, 2009			
	Trading Assets	Available-for-Sale	Held-to-Maturity	Loans and Receivables	Other Amortized Cost	Total Carrying Value	Total Fair Value
	LBP'000	LBP'000	LBP'000	LBP'000	LBP'000	LBP'000	LBP'000
<b>FINANCIAL ASSETS:</b>							
Cash and Central Bank	-	-	-	-	572,929,659	572,929,659	572,929,659
Deposits with banks and financial Institutions	-	-	-	-	367,263,638	367,263,638	367,263,638
Trading securities	19,338,113	-	-	-	-	19,338,113	19,338,113
Loans and advances to customers	-	-	-	716,886,972	-	716,886,972	730,692,985
Available-for-sale investment securities	-	1,726,076,696	-	-	-	1,726,076,696	1,726,076,696
Held-to-maturity investment securities	-	-	317,839,007	-	-	317,839,007	311,047,819
<b>Total</b>	<b>19,338,113</b>	<b>1,726,076,696</b>	<b>317,839,007</b>	<b>716,886,972</b>	<b>940,193,297</b>	<b>3,720,334,085</b>	<b>3,727,348,910</b>
<b>FINANCIAL LIABILITIES</b>							
Deposits from banks	-	-	-	-	33,940,191	33,940,191	33,940,191
Customers' accounts	-	-	-	-	3,428,477,147	3,428,477,147	3,428,477,147
Other borrowings	-	-	-	-	11,457,975	11,457,975	11,457,975
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>3,473,875,313</b>	<b>3,473,875,313</b>	<b>3,473,875,313</b>

	December 31, 2008			December 31, 2008			
	Trading Assets	Available-for-Sale	Held-to-Maturity	Loans and Receivables	Other Amortized Cost	Total Carrying Value	Total Fair Value
	LBP'000	LBP'000	LBP'000	LBP'000	LBP'000	LBP'000	LBP'000
<b>FINANCIAL ASSETS:</b>							
Cash and Central Bank	-	-	-	-	466,947,333	466,947,333	466,947,333
Deposits with banks and financial Institutions	-	-	-	-	166,969,533	166,969,533	166,969,533
Trading securities	17,142,330	-	-	-	-	17,142,330	17,142,330
Loans and advances to customers	-	-	-	415,346,781	-	415,346,781	441,052,337
Available-for-sale investment securities	-	1,368,050,383	-	-	-	1,368,050,383	1,368,050,383
Held-to-maturity investment securities	-	-	391,958,405	-	-	391,958,405	390,609,969
<b>Total</b>	<b>17,142,330</b>	<b>1,368,050,383</b>	<b>391,958,405</b>	<b>415,346,781</b>	<b>633,916,866</b>	<b>2,826,414,765</b>	<b>2,850,771,885</b>
<b>FINANCIAL LIABILITIES</b>							
Deposits from banks	-	-	-	-	36,140,772	36,140,772	36,140,772
Customers' accounts	-	-	-	-	2,612,764,835	2,612,764,835	2,612,764,835
Other borrowings	-	-	-	-	11,845,723	11,845,723	11,845,723
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,660,751,330</b>	<b>2,660,751,330</b>	<b>2,660,751,330</b>

Year Ended December 31, 2009

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

	December 31, 2009		
	Level 1	Level 3	Total
	LBP'000	LBP'000	LBP'000
Trading securities	19,338,113	-	19,338,113
Available-for-sale investment securities	11,451,941	1,714,624,755	1,726,076,696
	<b>30,790,054</b>	<b>1,714,624,755</b>	<b>1,745,414,809</b>

	December 31, 2008		
	Level 1	Level 3	Total
	LBP'000	LBP'000	LBP'000
Trading securities	17,142,330	-	17,142,330
Available-for-sale investment securities	11,016,273	1,357,034,110	1,368,050,383
	<b>28,158,603</b>	<b>1,357,034,110</b>	<b>1,385,192,713</b>

The basis for the determination of the estimated fair values with respect to financial assets and liabilities carried at amortized cost and for which quoted market prices are not available, is summarized as follows:

(a) Deposits with Central Bank and financial institutions:

The fair value of current deposits (including non-interest earning compulsory deposits with Central Banks), and overnight deposits is their carrying amount.

(b) Loans and advances to customers and to banks:

The estimated fair value of loans and advances to customers is based on the discounted amount of expected future cash flows determined at current market rates.

(c) Held-to-maturity investment securities:

The estimated fair value of held-to-maturity investment securities is based on current yield curve appropriate for the remaining period to maturity.

(d) Deposits and borrowings from banks and customers' deposits:

The fair value of deposits with current maturity or no stated maturity is their carrying amount. The estimated fair value on other deposits is based on the discounted cash flows using interest rates for new deposits with similar remaining maturity.

(e) Other borrowings:

The estimated fair value of other borrowings is the discounted cash flow based on a current yield curve appropriate for the remaining period to maturity.

## 40. 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 and 16.

Remuneration to executive management paid during 2009 amounted to LBP 3.77 billion.

## 41. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements for the year ended December 31, 2009 were approved by the Board of Directors in its meeting held on March 17, 2010.



Technology



## BRANCHES

### MAIN BRANCH ADLIEH

Adlieh Square - BLC Bank Bldg  
T 01 387 000 / 01 429 000  
F 01 616 984  
Manager ROULA KORBANE

### ACHRAFIEH - SASSINE

Adib Ishac Street - Jerbaka Bldg  
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F 01 339 664  
Manager ROY CHOUCAIR

### ANTELIAS

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T 04 418 080  
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BRANCH MANAGEMENT

### BAABDA

Al Saha - Michel Helou Bldg  
T 05 468 084 / 05 468 085  
F 05 921 820  
Manager ELIAS GHANEM

### BATROUN

Main Road - BLC Bank Bldg  
T 06 642 166 / 06 741 599  
F 06 742 812  
Manager ELIE EL HAJJ

### BECHARREH

Main Road - Elie Geagea Bldg  
T 06 671 101 / 06 672 767  
F 06 671 585  
Manager TONY SALEH

### BEIT CHABEB

Al Blata Area - BLC Bank Bldg  
T 04 980 840  
F 04 984 298  
Manager JEAN JABR

### BIKFAYA

Al Saha - Municipality Bldg  
T 04 981 602 / 04 984 101  
F 04 986 266  
Manager MICHEL AZZAM

### BOURJ HAMMOUD

Tripoli Street - Maronite Monks Bldg  
T 01 260 855 / 01 241 689  
F 01 241 689  
Manager ALBERT BABIKIAN

### CHEKKA

Main Road - Michel El Hallal Bldg  
T 06 540 728 / 06 545 028  
F 06 542 430  
Manager FADWA GERGI

### CHIAH

Mar Maroun Street - Awad Bldg  
T 01 385 185 / 01 389 515  
F 01 387 411  
Manager HASSAN MORTADA

### CHTAURA

Damascus Main Road - BLC Bank Bldg  
T 08 545 422 / 08 545 423  
F 08 545 424  
Manager ALIA SABBOURY

### DEKWANEH

Sed El Bauchrieh Blvd - Kamar Center  
T 01 692 060 / 01 692 070  
F 01 687 647  
Manager RAYMONDE WAZEN

### DORA

Dora Highway - BLC Bank Bldg  
T 01 264 450  
F 01 260 856  
Manager GABY KIWAN

### FURN EL CHEBBAK

Damascus Main Road - Fares Younis Bldg  
T 01 613 247 / 01 613 248  
F 01 613 249  
Manager GABY KASSAB

### GHOBEIRY

Ghobeiry Blvd - Akil Berro Bldg  
T 01 272 772 / 01 548 600  
F 01 275 737  
Manager NADIM NAZZAL

### HADATH

Sahet Al Ain - Michel Kherbawi Bldg  
T 05 460 034 / 05 467 438  
F 05 460 425  
Manager ROBERT MATTA

### HAMRA

Hamra Street - Toufic Assaf Bldg  
T 01 340 450 / 01 350 060  
F 01 348 512  
Manager IMAD TABBARA

### HAZMIEH

Damascus Main Road - Michael Mansour Bldg  
T 05 454 722 / 05 455 547  
F 05 457 177  
Manager PIERRE BEJJANI

### HERMEL

Shahine Center  
T 08 201 771 / 08 201 772  
F 08 201 773  
Manager NABIL HAMADE

### JAL EL DIB

Main Road - Yachoui Bldg  
T 04 723 200 / 04 723 201  
F 04 723 203  
Manager JOSEPH ABOU KHALIL

### JBEIL

Main Road - BLC Bank Bldg  
T 09 540 150 / 09 546 956  
F 09 546 955  
Manager JEAN-CLAUDE ZAKHIA

### JOUNIEH

Main Road - Stephan Bldg  
T 09 910 800 / 09 934 558  
F 09 835 219  
Manager ELIAS NADER

### KOUSBA

Main Road - Gerges Ayoub Center  
T 06 510 125 / 06 511 132  
F 06 510 125  
BRANCH MANAGEMENT

### MAR ELIAS

Mar Elias Street - Dar El Baida Bldg  
T 01 703 805 / 01 706 248  
F 01 703 805  
Manager NADA ABDEL SAMAD

### MAR MIKHAEL

Mar Mikhael Street - BLC Bank Bldg  
T 01 565 700 / 01 565 701  
F 01 444 449  
Manager BOUTROS MOUAWAD

### MAZRAA

Corniche Mazraa - Koussa Bldg  
T 01 631 634 / 01 653 403  
F 01 663 130  
Manager MICHEL HARMOUCH

### NABATIEH

Commercial Street - Chaaban Bldg  
T 07 764 780 / 07 764 781  
F 07 760 234  
Manager MOHAMMAD ABDALLAH

### RABIEH

Bikfaya Main Road - Municipality Bldg  
T 04 410 559  
F 04 417 010  
BRANCH MANAGEMENT

### SAIDA

Riad El Solh Street - BLC Bank Bldg  
T 07 722 330 / 07 722 331  
F 07 725 330  
Manager IMAD EL AMINE

### SOUR

Al Massaref Street - Issa Bldg  
T 07 343 100 / 07 343 101  
F 07 343 313  
BRANCH MANAGEMENT

### TABARIS

Selim Bustros Street - Dakdouk Bldg  
T 01 200 992 / 01 204 551  
F 01 200 992  
Manager MARWAN YOUNAN

### TRIPOLI - EL MINA

Rue des Douanes - Daccache Bldg  
T 06 201 093 / 06 600 211  
F 06 600 211  
BRANCH MANAGEMENT

### TRIPOLI - EL TELL

Karm Al Killa Street - BLC Bank Bldg  
T 06 430 210 / 06 430 211  
F 06 432 896  
Manager TALAL YAFI

### ZOUK MIKAEL

Main Road - Antoine Akiki Center  
T 09 212 225 / 09 212 226  
F 09 211 675  
Manager DANY HARFOUCH

### SUBSIDIARIES' ADDRESSES

#### **BLC Finance s.a.l.**

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Fax +961 1 398 044  
blcservices@blcbank.com

Country	Name of Correspondent	Swift
ALGERIA	FRANSABANK EL DJAZAIR SPA	FSBK DZ AL
AUSTRALIA	AUSTRALIA AND NEW ZEALAND BANKING GROUP LIMITED	ANZB AU 3M
AUSTRIA	UNICREDIT BANK AUSTRIA AG	BKAU AT WW
CANADA	ROYAL BANK OF CANADA	ROYC CA T2
CYPRUS	MARFIN POPULAR BANK PUBLIC CO LTD	LIKI CY 2N
DENMARK	DANSKE BANK A/S	DABA DK KK
EGYPT	BANQUE MISR SAE	BMIS EG CX
FRANCE	FRANSABANK (FRANCE) SA AL KHALIJI (FRANCE) SA UNION DE BANQUES ARABES ET FRANÇAISES - UBAF	FRAF FR PP LICO FR PP UBAF 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 JORDAN KUWAIT BANK	HBHO JO AX JKBA JO AM
KUWAIT	AL AHLI BANK OF KUWAIT KSC NATIONAL BANK OF KUWAIT	ABKK KW KW NBOK KW KW
NORWAY	NORDEA BANK NORGE ASA	NDEA NO KK
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	BSAB ES BB
SRI LANKA	BANK OF CEYLON	BCEY LK LX
SWEDEN	SKANDINAVISKA ENSKILDA BANKEN AB (PUBL)	ESSE SE SS
SWITZERLAND	ZURICH CONTONAL BANK	ZKBK CH ZZ
THE PHILIPPINES	BANK OF THE PHILIPPINE ISLANDS	BOPI PH MM
TURKEY	TÜRKIYE FINANS KATILIM BANKASI ASYA KATILIM BANKASI AS TURKLAND BANK AP	AFKB TR IS ASYA TR IS TBNK TR IS
UNITED ARAB EMIRATES	AL KHALIJI (FRANCE) SA - DUBAI BRANCH MASHREQBANK PSC	LICO AE AD BOML AE AD
UNITED KINGDOM	LLOYDS TSB BANK PLC JPMORGAN CHASE BANK - LONDON	LOYD GB 2L CHAS GB 2L
UNITED STATES OF AMERICA	JPMORGAN CHASE BANK NA THE BANK OF NEW YORK MELLON STANDARD CHARTERED BANK, NEW YORK	CHAS US 33 IRVT US 3N SCBL US 33

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