



JAMMAL TRUST BANK S.A.L.

2007 Annual Report



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Contents

Chairman's Letter	5
Board of Directors' Report	7
Key Legal & Administrative Improvements	7
<i>The Board of Directors and its Operational Mechanism.....</i>	<i>7</i>
<i>Amendment of JTB By-Laws and Trade Name</i>	<i>7</i>
<i>Automation Improvements</i>	<i>8</i>
<i>Further Committee Empowerment.....</i>	<i>8</i>
<i>Human Resource Development</i>	<i>8</i>
<i>Bank Branches</i>	<i>9</i>
<i>Social Involvement and Assistance.....</i>	<i>9</i>
Key Financial Indicators & Results	10
<i>Assets</i>	<i>10</i>
<i>Deposits</i>	<i>11</i>
<i>Loans.....</i>	<i>12</i>
<i>Liquidity.....</i>	<i>13</i>
<i>Solvency</i>	<i>13</i>
<i>Operating Profits.....</i>	<i>13</i>
<i>Summary of Management Notes to Financial Statements</i>	<i>14</i>
2007 Audited Consolidated Financial Statements.....	15
<i>Consolidated Balance Sheet – Statement of Assets</i>	<i>15</i>
<i>Consolidated Balance Sheet - Statement of Liabilities & Shareholders' Equity.....</i>	<i>16</i>
<i>Consolidated Statement of Income</i>	<i>17</i>
<i>Consolidated Statement of Cash Flows</i>	<i>18</i>
<i>Consolidated Statement of Changes in Shareholders' Equity</i>	<i>19</i>
<i>Notes to the Consolidated Financial Statements</i>	<i>20</i>





Chairman's Letter

The year 2007 brought significant improvements in Jammal Trust Bank's Assets, Deposits, Profitability and Total Loans Portfolio, results that are a natural consequence to the unwavering dedication of our working staff to whom a word of thanks and appreciation is much warranted. In fact, it has been due to the steadfast endeavors and true sense of belonging of Jammal Trust Bank's working cadre that the Bank has been able to fare positively amidst a cautiously growing banking sector.

Significant challenges doubtlessly accompanied JTB's growth and development. Lebanon's overall state of affairs coupled with the bank's internal operational procedures which are still undergoing improvements both collaborated to contest the drive for progress.

Nevertheless, JTB registered prime achievements across all levels, creating the solid basis required for local service upgrade and international expansion into West Africa and Europe. Among such achievements has been the laying of foundations for West African presence with JTB embarking on the procedures for obtaining licensing in 7 West African countries. Such international planning has been coupled by domestic change at the level of the individuals in charge of planning, whereby the Board of Directors has been expanded to include prominent professionals whose combination of legal and banking sector expertise promises to streamline and guide JTB's overall strategic planning efforts. Along the same lines, JTB has signed an agreement with the Overseas Private Investment Corporation during 2007 aimed at shoring up guarantees to micro-borrowers.

Internally, the Bank's 2007 performance was found to comply up to 85% with those operational risk process upgrades laid by PriceWaterhouse Coopers in 2006. The Board is now studying the possibility of co-sourcing the internal audit function to one of the leading international audit firms. Further, management and staff empowerment has continued with more than 120 JTB employees benefitting from a wide variety of training programs during 2007 aimed at ensuring upgraded understanding of latest sector developments and advancements. Tangible results in terms of enhancing service quality across all departments and business units are already being observed.

While expanding the shareholder base was a 2007 mission, the Board has decided to relegate this objective to a time when the country's political and economic profile renders its execution more rational.

On the 2008 agenda are continued growth objectives with specific reference to:

- 1- Turning un-earning assets into earning assets*
- 2- Ensuring that the small business lending portfolio that has been developed by JTB achieves the competitive positioning goals set forth by management*
- 3- Ensuring that JTB's selective corporate lending portfolio remains highly profitable,*
- 4- Maintaining an active and competitive presence in retail banking through the introduction of product varieties that are well-studied to focus on new professions and loan consolidation products*

Finally, Jammal Trust Bank would like to thank every member of this organization whose concerted efforts have contributed to the positive results contained in this Annual Report.

Anwar Ali Jammal
Chairman





Board of Directors' Report

Key Legal & Administrative Improvements

The Board of Directors and its Operational Mechanism

Efforts continued throughout 2007 to promote the Board of Directors' experience and proficiency. The Bank and its Board were honored to enlist His Excellency Dr. Hassan Rifa'at, a veteran member of the legal profession, former judge, holder of several high-level public sector positions and publisher of extensive legal studies that have enriched the banking sector's library. Dr. Rifaat's vast experience has proven to be an asset of high benefit to Jammal Trust Bank.

The Board has worked and met periodically throughout 2007 to review the Bank's situation, provide leadership guidelines, act on committee recommendations, and take the necessary decisions related to general operational policies and practical application of Central Bank circulars.

The Board has worked on establishing special-purpose committees which were entirely formed or presided by Board members. Of these are committees dealing with the study and approval of credit or banking facilities as well as internal audit committees, all functioning as per the guidelines of Central Bank circulars.

Amendment of JTB By-Laws and Trade Name

Jammal Trust Bank's by-laws, which have not been the subject of any radical change since the Bank's foundation, were the focus of competent effort and expertise throughout 2007. The need for alignment with modern legal provisions became imperative, particularly with the all-important new Law No. 308 of 2006 related to the issuance and circulation of bank shares – a law that provides for novel legal concepts that diverge markedly from those prevailing at the time of the Bank's establishment.

It also appeared that Central Bank licensing had featured an Arabic transcription of the name Jammal Trust Bank which required a slight amendment in the spelling of the word "trust".

The Bank's General Assembly held an extraordinary session to ratify the new and modernized JTB By-Laws which encompass those latest provisions and statutes governing the banking sector. The Assembly also approved of the change applied to the Arabic spelling of the Bank's name. The General Assembly decisions have been published according to applicable standards.



Automation Improvements

Prompted by Lebanon's political and security situation, Jammal Trust Bank purposefully undertook backup precautionary measures through the introduction of information centers mirroring the activities of centralized information systems. These back-up centers, which are geographically distributed to suit the bank's requirements, stand ready for use in the case of any security emergency or unexpected events. Jammal Turst Bank therefore ensures business continuity, safely providing uninterrupted banking services to customers under any circumstances.

Further Committee Empowerment

As previously mentioned in our 2006 financial report, the structure and competencies of all JTB committees were the subject of in-depth study and auditing prior to their presentation to the Board of Directors for adoption and approval.

Effectively, the scrutiny phase has been completed, and all committees have been presented to the Board of Directors, have received ratification, and their structures and objectives have been circulated to all Departments and Divisions. Committees continue to execute their endeavors within their new authority and specialization frameworks in line with Corporate Governance and modern international standards. JTB Committees are marking concrete results in terms of strengthening institutional cooperation based on solid foundations serving the goals set forth by senior management.

Human Resource Development

Human resource development and empowerment continued during the year 2007 by means of a variety of training plans that aimed to ensure an upgraded employee understanding of latest sector developments and advancements in the field of banking. More than 120 employees have undergone more than 740 training hours at various financial and banking institutions outside JTB during 2007.



Bank Branches

Work on international expansion continued with preparations for the establishment of a new branch in Cyprus and the quest for further proliferation into the African Continent where the Lebanese Diaspora resides. Procedures for obtaining licensing in 7 West African countries are now under way, and the Bank expects to make significant progress in this regard throughout 2008.

While the bank continued to prepare for the relocation of a number of local branches (such as the Nabatieh Branch, the Bank's exterior façade continued to be the subject of further renovation. The outer structure of the Head Office building as well as that of various branches received a touch of modernization and restoration.

Social Involvement and Assistance

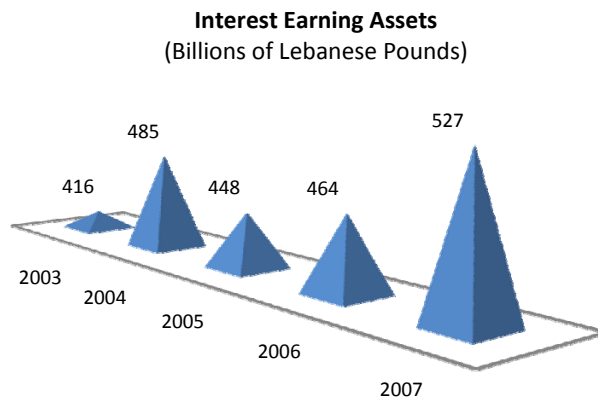
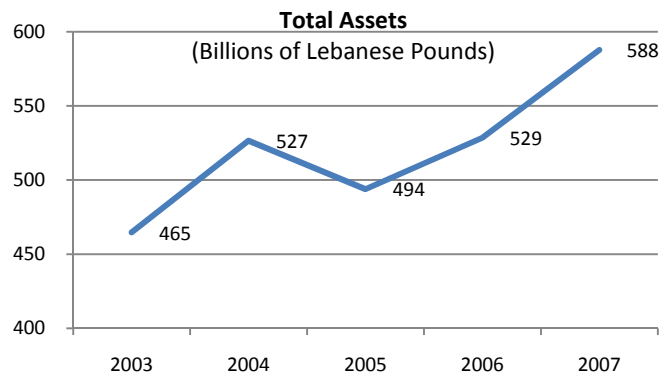
After awarding a significant number of outstanding students with private school and college scholarships, the Bank has since 2006 started providing financial support to Ali Jammal Social & Educational Institutions, a series of non-profit establishments providing educational services to more than 100 southern – Lebanese villages in cooperation with the Ministry of Higher Education. Jammal social institutions offer educational services at token school fees, enabling beneficiaries to receive an education in spite of their limited means and Lebanon's predominating living conditions. Support of these institutions will continue to increase annually as a manifestation of senior management's belief in the pillars set forth by the late Bank founder, Mr. Ali Jammal: profitable commercial enterprises should be complemented with social not-for-profit institutions serving the under-privileged. Such public service contributions will continue in memory of our late founder.

Key Financial Indicators & Results

The financial and operational restructuring exercise undertaken by JTB's new management following the bank's slight slump that followed the passing away of founder and Chairman Ali Jammal is starting to visibly bear fruit. The increase in JTB's asset base continues, while interest-earning assets and their returns continue to contribute to positive growth and reflect as an improvement in financial results.

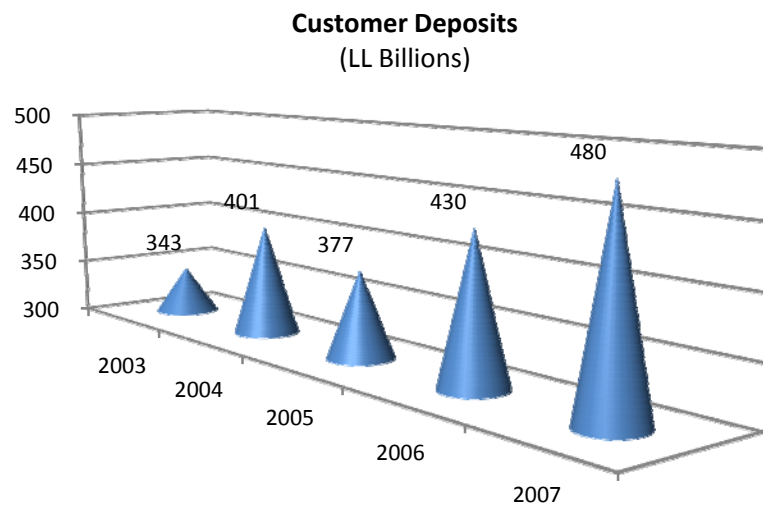
Assets

Against country-wide economic recession, Jammal Trust Bank's asset base improved by 11.36% during 2007, recording LL 588 billion compared with LL 529 billion at the end of 2006. Such increase was invested in loan portfolios in accordance with JTB's plans for the redistribution of credit portfolio risk.



Deposits

Average deposits recorded LL 480 billion at the end of the 2007 compared with LL 430 billion at the end of 2006, marking a 12% increase represented by LL 50 billion.

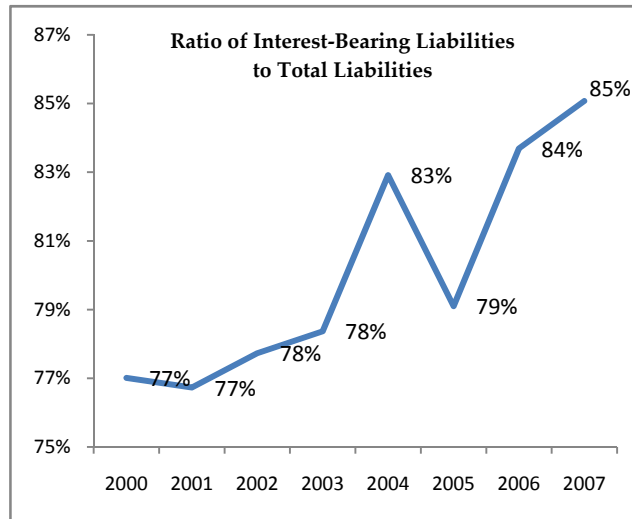


JTB 11.57% increase in customer deposits follows the sector's overall percentage improvement of 10.87% and marks a continuously rising trend for the bank in this area. The bulk of the increase came from site deposits and savings accounts, which have increased by 67% and 18% respectively, while time deposits registered a 33% drop after recording an 18% rise in 2006.

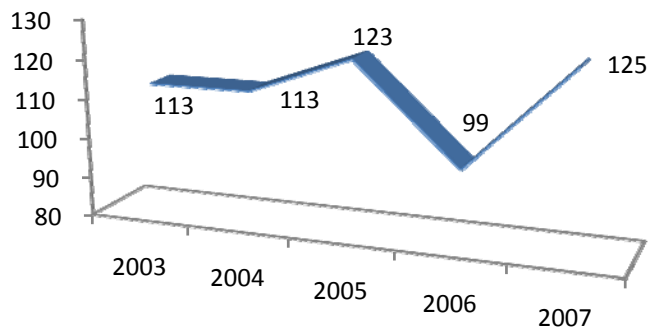
Loans

JTB's performing loans portfolio amounted to a total of LL 111 billion in 2007 compared with LL 81 billion in 2006, a LL 30 billion increase representing 37%.

Following a management decision to restructure the Doubtful Debts portfolio, such loans have been reduced from LL 9,413 billion at the end of 2006 to approximately LL 7,729 billion by end 2007, being a total reduction of LL 1,684 billion representing 18%.



Total Loans Portfolio
(LL Billions)



The Trade Finance area and the SME lending sector have both contributed to loan portfolio growth. JTB's customer base has been significantly diversified through wider-reach trade finance products, while expanded geographic presence coupled with the development and marketing of small business lending products have served to identify and position Jammal Trust Bank as Lebanon's small business lending partner.

Liquidity

At the end of 2007, the bank enjoyed sufficient liquidity to cover 92% of its local currency obligations, a figure that has little wavered from the 2006 level of 93%. As for foreign currency cover, the bank's liquidity stood at 19.40% at the end of 2007, which is equivalent to twice the ratio required by monitoring bodies.

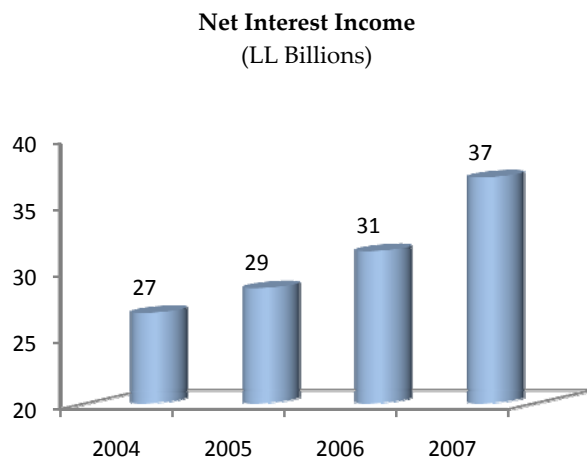
Solvency

The bank enjoys sufficient equity capital and private funding for covering its entire asset base in compliance with those weighted risk factors amended in Basel II. The solvency ratio reached 19.95% at the end of 2007, and this against an international norm of 8% and a local Central Bank requirement of 12%.

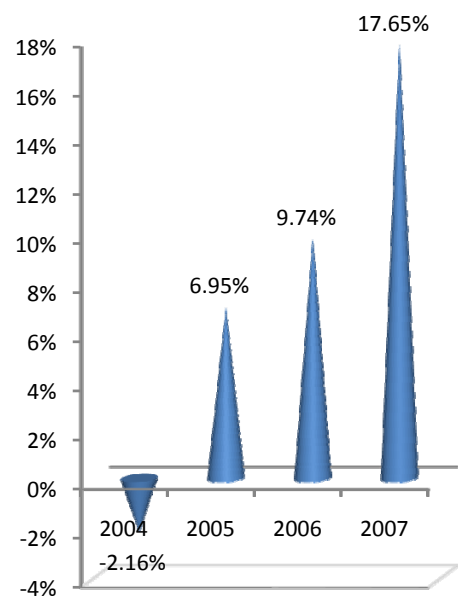
Operating Profits

Recognized profits before accounting for provisions were equivalent to LL 5 billion by the end of 2007 compared with LL 3.51 billion at the end of 2006, thus representing a 42.4% increase of LL 1.497 billion.

Operating profits of LL 4.783 billion at the end of 2007 compare with LL 2.672 billion for 2006, with a LL 2.111 billion increase representing 79%.



Annual % Increase in Interest Income





Summary of Management Notes to Financial Statements

The Board hereby expresses satisfaction with JTB's 2007 positive performance, and notes how this success has been marked in spite of Lebanon's prevalent economic and political challenges. The Board also expresses content with respect to those steadfast efforts that continue to be exerted by the Chairman and the JTB team towards the bank's development, and supports those pillars of success laid for Jammal Trust Bank a few years ago, pillars that have proven to be in support of a management with solid motivation and staff with a dedicated willingness to advance.

On Behalf of the JTB Board

Anwar Ali Jammal
Chairman



2007 Audited Consolidated Financial Statements

Consolidated Balance Sheet – Statement of Assets

Jammal Trust Bank SAL - Audited Consolidated Balance Sheet as of Dec. 31, 2007			
Notes	STATEMENT OF ASSETS (in 000's of LL)	2006	2007
5	Cash and Central Bank	130,563,087	149,966,309
6	Lebanese Treasury Bills & other government bills	192,135,323	203,450,746
7	Head Office, branches, partner company, sister institutions & subsidiaries	7,042	7,054
8	Banks and Financial Institution	42,381,258	48,459,786
	<i>Current accounts</i>	17,494,284	29,845,665
	<i>Term deposits</i>	24,886,974	18,515,004
	<i>Purchased Checks</i>		99,117
9	Loans and advances to customers	98,779,941	125,181,682
	<i>Commercial Loans</i>	52,528,072	69,666,173
	<i>Other Loans to customers</i>	28,859,575	35,588,642
	<i>Overdraft accounts</i>	48,583	7,812,930
	<i>Net Debtor account against Creditor account & Cash Collateral</i>		
	<i>Loans and advances to related parties (Art. 152 of Code of Money & Credit)</i>	7,930,292	4,384,738
	<i>Doubtful Loans, Net</i>	9,413,419	7,729,199
10	Debtors by acceptances	10,115,046	10,290,275
11	Investments in shares to related parties	1,618,035	1,618,035
12	Tangible fixed assets (including revaluation variance approved by the Central Bank)	22,174,733	21,476,295
13	Property against debts	3,986,064	3,176,300
14	Investments against debt	19,632,756	20,122,694
15	Intangible fixed assets	27,664	42,157
16	Other assets	52,500	59,227
17	Regularization & Miscellaneous debtor accounts	7,039,627	3,909,713
	TOTAL ASSETS*	528,513,076	587,760,273

* After deducting LBP 21.7 billions representing the provision for doubtful debts and LBP 32.2 billions representing unrealized interest, for a total of LBP 53.9 billions

Off-Balance Sheet	31-12-06	31-12-07
Authorized commitments received from financial intermediaries	175,348	125,940
Total Off-Balance Sheet	175,348	125,940



Consolidated Balance Sheet - Statement of Liabilities & Shareholders' Equity

Jammal Trust Bank SAL - Audited Consolidated Balance Sheet as of Dec. 31, 2007			
Notes	STATEMENT OF LIABILITIES & SHAREHOLDERS' EQUITY (in 000's of LL)	2006	2007
	LIABILITIES		
18	Banks and Financial Institutions	12,396,344	20,387,057
	<i>Current accounts</i>	5,970,444	8,575,599
	<i>Time deposits and borrowings</i>	6,425,900	11,811,458
	<i>Securities sold under repurchase agreements</i>		
19	Customers' Deposits	429,892,206	479,624,809
	<i>Sight Deposits</i>	27,460,399	45,963,249
	<i>Time Deposits</i>	77,011,594	51,929,880
	<i>Saving accounts</i>	321,807,772	381,287,971
	<i>Net Creditor against Debitor account & Cash Collateral</i>		
	<i>Related parties accounts</i>	3,612,441	443,709
10	Liabilities by acceptances	10,115,046	10,290,275
20	Other Liabilities	6,975,782	8,911,758
21	Regularization & other credit accounts	1,359,625	883,705
22	Provisions for contingencies	2,646,089	3,062,359
	TOTAL LIABILITIES	463,385,092	523,159,963
	SHAREHOLDERS' EQUITY		
	Capital	58,000,000	58,000,000
23	Reserves for general banking risks	1,992,764	2,634,664
24	Revaluation variance	4,218,043	4,218,043
25	Subordinated Loans(or notes)		
26	Legal reserve	1,392,070	1,458,840
	<i>Group Shares</i>	1,099,446	1,164,048
	<i>Minority Shares</i>	292,624	294,792
	Profit brought forward	585,008	612,342
	<i>Group Shares</i>	517,160	524,941
	<i>Minority Shares</i>	67,848	87,401
27	Unrealized Profit & Loss	(1,093,521)	(2,670,125)
	Net Results for the year	33,620	346,546
	<i>Group Shares</i>	14,066	327,030
	<i>Minority Shares</i>	19,554	19,516
	Revaluation variance of other fixed assets		
	Profit or Loss		
	TOTAL SHAREHOLDERS' EQUITY	65,127,984	64,600,310
	TOTAL LIABILITIES & SHAREHOLDERS' EQUITY	528,513,076	587,760,273
	Off-Balance Sheet	31-12-06	31-12-07
	Financial engagements issued	14,672,843	34,126,449
	<i>Financial Intermediaries</i>	14,672,843	34,126,449
	<i>Customers</i>		
	Engagements by signature issued to	10,900,443	11,843,522
37	<i>Financial Intermediaries</i>	627,331	493,024
	<i>Customers</i>	10,273,112	11,350,498
	Total Off-Balance Sheet	25,573,286	45,969,971





Consolidated Statement of Income

Jammal Trust Bank SAL - Audited Consolidated Income Statement for the year ended Dec. 31, 2007			
Notes	Amounts in 000's of LL	2006	2007
28	Interest and similar income	31,440,585	36,988,968
	<i>Lebanese treasury bills</i>	14,360,966	17,592,740
	<i>Deposits with banks and financial institutions</i>	3,109,591	4,100,908
	<i>Bonds and financial instruments with fixed income</i>	5,775,985	4,821,480
	<i>Loans and advances to customers</i>	7,839,801	10,298,652
	<i>Advances to related parties</i>	354,217	175,131
	<i>Other interests and revenues</i>	25	57
29	Interest and related expenses	(19,969,408)	(23,125,721)
	<i>Deposits and similar accounts from banks</i>	(276,315)	(635,587)
	<i>Customers' deposits and other credit accounts</i>	(19,632,864)	(22,552,884)
	<i>Deposits from related parties</i>	(60,229)	62,750
30	Net allocation to provisions	(1,592,086)	(3,252,431)
	<i>Provisions on loans and advances</i>	(2,401,477)	(4,191,643)
	<i>Provisions write-back</i>	809,391	939,212
	Net Interest Earned	9,879,091	10,610,816
	Revenues from marketable securities with variable income	138,971	72,520
	Net commissions received	2,551,456	3,695,961
	<i>Commissions received</i>	2,905,357	4,209,298
	<i>Commissions paid</i>	(353,901)	(513,337)
	Profit on financial operations	575,330	465,444
	<i>Marketable securities</i>	181,952	43,697
	<i>Foreign exchange transactions</i>	393,378	421,747
	Loss on financial operations	(137,678)	(47,557)
	<i>Marketable securities</i>	(87,323)	(33,024)
	<i>Foreign exchange transactions</i>	(50,355)	(14,533)
	Net Profit on financial operations	437,652	417,887
31	Other operating revenues	980,289	1,481,620
	Other operating expenses	(656,557)	(942,545)
	General and administrative expenses	(11,006,568)	(13,093,769)
32	<i>Salaries and related expenses</i>	(5,422,216)	(6,369,419)
33	<i>General operating expenses</i>	(5,584,352)	(6,724,350)
	Depreciation and amortization of tangible and intangible assets	(1,549,002)	(1,413,601)
	Net income for the year before taxes	775,332	828,889
	Exceptional results before taxes	(593,897)	232,075
	<i>Exceptional revenue</i>	251,313	259,912
	<i>Exceptional expenses</i>	(845,210)	(27,837)
	Income tax	(14,539)	(5,748)
	Net Income for the year (before reserve for general banking risk)	166,896	1,055,216
	<i>Less: Legal Reserve</i>	(133,276)	(66,770)
	<i>Less: Reserve for General banking risks</i>		(641,900)
	Net Results for the year	33,620	346,546
	<i>Group share</i>	14,066	327,030
	<i>Minority share</i>	19,554	19,516





Consolidated Statement of Cash Flows

Jammal Trust Bank SAL - Audited Consolidated Cash Flow Statement for the year ended Dec. 31, 2007

Notes	Amounts in 000's of LL	2006	2007
Cash Flows From Operating Activities and Working Capital			
	Net Income for the Year	166,896	1,055,216
35	Adjustments	3,625,896	5,195,374
	Lebanese Treasury Bills	(35,162,563)	(11,315,423)
	Head office, Branches, Parent Company & foreign Sister Fin. Inst. & Subsidiaries	414,330	(12)
	Loans and Advances To Customers	22,839,719	(29,654,172)
	Due From Banks and Financial Institutions	7,988,315	(17,644,642)
	Regularization and Other Debit Accounts	1,988,944	2,947,958
	Customers' Deposits	52,521,249	49,732,603
	Regularization and Other Credit Accounts	(5,435,891)	(300,691)
	Other Liabilities	(8,030,783)	1,935,976
	Net Cash Provided From (Used In) Operating Activities	40,916,112	1,952,187
Cash Flows From Investing Activities			
	Disposal of Property Against Debt	296,696	957,505
	Proceeds From Sale of Tangible Fixed Assets	126,201	-
	Purchase of Tangible Fixed Assets and Property Against Debt	(2,870,261)	(18,844)
	Increase In Intangible Fixed Assets	(640)	(971,505)
	Investments Against Debt	(19,632,756)	(489,938)
	Net Cash Used In Investing Activities	(22,080,760)	(522,782)
Cash Flows From Financing Activities			
	Changes In Unrealized Profits	(4,270,578)	(1,576,604)
	Retained Earnings	(61,226)	(6,406)
	Net Cash Used In Financing Activities	(4,331,804)	(1,583,010)
	Net (Decrease) Increase In Cash and Cash Equivalents	14,503,548	(153,605)
34	Cash and Cash Equivalents At the Beginning of Year	58,248,285	72,751,833
34	Cash and Cash Equivalents At End of Year	72,751,833	72,598,228



*Consolidated Statement of Changes in Shareholders' Equity***Jammal Trust Bank SAL - Audited Consolidated Statement of Changes in Shareholders' Equity for the year ended Dec. 31, 2007**

<i>In Millions of LL</i>	Capital	Risk Reserve	Legal Reserve	Revaluation Variance accepted in supplementary capital	Unrealized Profit / (Loss)	Retained earnings	Minority Interest	Net income for the year	Total
Beginning Balance as at 31/12/2005	58,000,000	1,992,764	973,871	4,218,043	3,177,057	343,158	292,293	235,228	69,232,414
Results of the year – 2006	-	-	-	-	-	-	-	166,896	166,896
Closing unrealized profit 2005	-	-	-	-	(3,177,057)	-	-	-	(3,177,057)
Unrealized profit 2006	-	-	-	-	(1,093,521)	-	-	-	(1,093,521)
Transferred to the legal reserve	-	-	125,575	-	-	-	7,701	(133,276)	-
Transferred to the retained earnings	-	-	-	-	-	174,002	-	(235,228)	(61,226)
Change in Minority Interests	-	-	-	-	-	-	80,032	(19,554)	60,478
Ending Balance as at 31/12/2006	58,000,000	1,992,764	1,099,446	4,218,043	(1,093,521)	517,160	380,026	14,066	65,127,984
Results of the year – 2007	-	-	-	-	-	-	-	1,055,216	1,055,216
Closing unrealized profit (Loss) 2006	-	-	-	-	1,093,521	-	-	-	1,093,521
Unrealized loss (profit) 2007	-	-	-	-	(2,670,125)	-	-	-	(2,670,125)
Transferred to the reserve of general banking risks	-	641,900	-	-	-	-	-	(641,900)	-
Transferred to the legal reserve	-	-	64,602	-	-	-	2,167	(66,770)	(1)
Transferred to the retained earnings	-	-	-	-	-	7,781	-	(14,186)	(6,405)
Change in Minority Interests	-	-	-	-	-	-	19,516	(19,396)	120
Ending Balance	58,000,000	2,634,664	1,164,048	4,218,043	(2,670,125)	524,941	401,709	327,030	64,600,310



Notes to the Consolidated Financial Statements

1) Nature of Operations

The bank performs, for its own or for others, whether in Lebanon or abroad all the banking activities in accordance with Lebanese Banking Laws and Regulations including the following:

- Loans, advances and letters of credit
- Discounting, rediscounting and circulating all commercial papers
- Issuing, sending or receiving all transfers, letters of credit and bills
- Buying or selling all shares and public notes and others
- Accepting all kinds of deposit
- Guaranteeing the execution of operations
- Acquisition and trade in auction or consensus in addition to insurance and distribution for assets in condition they would be result of banking operations.

2) General Information

The consolidated financial statements have been prepared in accordance with Lebanese Banking Laws and Regulations, local regulations require the issuance of the financial statements in accordance with International Financial Reporting Standards (IFRS).

Jammal Trust Bank S.A.L is a Lebanese company registered under commercial registration number 13578 on December 9, 1963. The Bank is registered under number 80 on the list of banks published by the Central Bank of Lebanon.

The Bank operates through 22 branches in Lebanon in addition to its main branch and 4 branches in Egypt. It is worth mentioning that the operation in Egypt's branches is in the process of liquidation starting year 2005.

The financial statements for the year ended 31/12/2007 (Including the comparatives for the year ended 31/12/2006), were approved by Chairman /General Manager on May 22, 2008.

3) Changes in Accounting Policies

During 2007, the bank changed the method used to amortize premiums and discounts on treasury bonds and certificates of deposits; to comply with the Banking Control Commission circular No' 245 (IAS 39) where the premiums and discounts are amortized using the effective interest rate method to present the balances according to amortized cost and not be amortized by using the fixed line method till maturity.

4) Summary of Accounting Policies

4.1. Overall Considerations

The main accounting policies used by the bank are explained below:

- The consolidated financial statements have been prepared according to the Lebanese Banking Laws and Regulations. The local laws and regulations in Lebanon request that the financial statements be prepared according to International Financial Reporting Standards without any conflict with the local regulatory requirements. The most significant local regulatory requirements that differ from IFRS are summarized below:
 - The financial statements are presented in accordance with local regulatory requirements
 - The interest is suspended on the doubtful loans and the substandard loans as per local regulatory requirements.
 - A provision on foreign positions is formed as per the local regulatory requirements.
 - Impairment provision on investment properties taken against debts are as per local regulatory requirements.
 - An accumulated provision for losses on advances portfolio due to July's war 2006.

- The financial statements are prepared according to the fair value of financial instruments kept as available for sale, except for those whose fair market value can not be measured.
- The other monetary and non monetary assets and liabilities are shown according to the historical cost principle, except for the revaluation of buildings approved by the Central Bank of Lebanon and the Banking Control Commission.
- The financial statements represent the consolidation of those of Lebanon and Egypt branches after the elimination of the operations and the significant balances among branches.
- All accounting estimates and assumptions that are used in preparing the financial statements are consistent with the bank's policies where applicable.
- The estimates that affect assets and liabilities at the date of the balance sheet or the revenues and expenses for the related period refer to the determination of provision for loans and advances and the evaluation of real estate against the loan.

4.2. Foreign Currency Translation

The financial statements are prepared in Lebanese pounds.

Assets and liabilities have been translated into Lebanese Pounds at the closing rate at the balance sheet date.

Foreign currency transactions during the year included income and expenses are translated into the Lebanese Pounds by using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the remeasurement of monetary balance sheet items at year-end exchange rates are recognized in the income statement.

4.3. Accounting for Financial Assets

Financial assets other than hedging instruments are divided into the following categories:

- Available for Sale Financial Assets (Treasury Bills and Certificates of Deposits)
- Held to Maturity Financial Assets (Treasury Bills and Certificates of Deposits)
- Loans and Advances

Available for Sale Financial Assets (Treasury Bills and Certificates of Deposits)

Available for sale financial assets (treasury bills and certificates of deposit) are non-derivative financial assets that do not qualify for inclusion in any of the other categories of financial assets.

Available for sale financial assets are measured at fair value, with subsequent changes in value recognized in shareholders' equity. The valuation of the financial assets is performed at the balance sheet date and the change in value is recognized in shareholders' equity.

Held to Maturity Financial Assets (Treasury Bills and Certificates of Deposits)

Held to maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturity. Investments are classified as held-to-maturity if it is the intention of the bank's management to hold them until maturity.

Held to Maturity Financial assets are measured at amortized cost using the effective interest rate. In addition, if there is objective evidence that the investment has been impaired, the financial asset is measured at the present value of estimated cash flows. Any changes to the carrying amount of the investment are recognized in income statement.

The Lebanese treasury bills and the certificates of deposit are subscribed with the Lebanese central bank.

The Lebanese treasury bills issued in Lebanese pounds and in foreign currencies are stated in the balance sheet at nominal value less interests received in advance on short term bills (less than one year) plus interests due and not received on bills (2 years or more). The premiums and discounts are amortized using the amortized cost method according to the effective interest rate.

Loans and Advances

The bank grants loans and advances to the customers against collateral in kind, real estate guarantees, personal guarantees and with no guarantees.

The ability of debtors to settle their liabilities depends on the market situation and on the general economic situation in Lebanon.

Loans and advances are recorded at the original outstanding balance net of unrealized interest and provision for doubtful debts.

The interest on the doubtful loans is recorded under unrealized interest in the balance sheet until it is collected or written off.

The written back provision on the doubtful debts are recorded in the profit and loss accounts, to be transferred later to a free reserve account, specialized to increase the capital in compliance with the banking regulatory requirements.

The bank's management reassess the provision for loans and advances on a regular basis according to its periodic review of loan collection based on the information previously gathered, the nature and size of the loan portfolio, any negative situation that could affect the debtor settlement ability, the value of the mortgaged real estate, and the economical situation. These estimation are considered subject to review and change every time the hypothesis or the information change.

4.4. Investments

Investments are long- term investments in the Lebanese companies, and are recorded using the cost method, where the amount is adjusted for any impairment. Revenues are recognized on these investments when the bank receives its dividends.

4.5. Property, plant and equipment

Property, plant and equipment are recorded at cost less any accumulated depreciation. The depreciation is calculated using the straight line method based on the estimated useful life of the tangible fixed asset using the following annual rates:

Improvements	20%
Furniture	8%
Office supplies	10%
Computer equipment	20%
Buildings	2%
Vehicles	12%
Other assets	50%

Gain or loss arising from disposal or retirement of an asset is determined as the difference between the proceeds and the carrying amount of the asset and is recognized in the income statement.

4.6. End of Service Indemnity

The subscriptions due and paid to National Social Security Fund for end of service indemnity are calculated based on the rate of 8.5% of the employees' income. Final indemnity, due upon completion of 20 years of service, or upon reaching a certain age, or when the employee quits, is calculated based on the last month salary multiplied by the years of service. The bank shall settle the difference between the amounts due and the amounts previously paid. The bank provides for these differences at the end of the concerned year.

4.7. Reserve for general banking risk

According to the circulars and policies issued by the Central Bank, the Bank provides for the risk reserve by deducting per year a minimum rate of 0.2% and a maximum rate of 0.3% of the total assets weighted by risks on

and off balance sheet as specified in the solvency ratio calculation at the end of the fiscal year provided that the accumulated percentages do not go below 1.25% of the total assets weighted by risk on and off the balance sheet at the end of the tenth year, and 2% at the end of the twentieth year.

The risk reserve is provided for in Lebanese pounds and foreign currencies based on the total assets weighted by risks in and off balance sheet.

4.8. Legal Reserve

The legal reserve is non-distributable and is in accordance with the Lebanese Commercial Law. In accordance with the Articles of Association, the Bank is required to transfer 10% of its net profit for the year to legal reserve.

4.9. Recognition of Revenues and expenses and borrowing cost

The interest on all accounts is recorded in the profit and loss statement based on maturity, except for the interest on the doubtful and substandard debts where it is not recorded in the profit and loss statements. The revenues gained during the period and the upcoming periods are recorded under the balance sheet item as a regularization account. The expenses incurred during the period and the upcoming periods are recorded in the balance sheet as a regularization account. The bank also forms a provision for all the interest and expenses incurred during the year. Interest revenues include amortization on premiums and discounts or any difference in the basic value and the market value at maturity and which is calculated on the actual rate of interest.

Borrowing costs are recognized as an expense in the period in which they are incurred.

4.10. Income taxes

The bank realizes the income taxes based on the Lebanese income tax law where the average tax rate on net income is 15%.

4.11. Cash & Cash Equivalents

Cash and cash equivalent comprise cash on hand and demand deposits, together with short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of change in value.

4.12. Properties acquired against debts

Properties acquired by the bank against debts are carried at the market value in the date of acquisition. The bank can liquidate these properties within two years from the date of acquisition in auction. If the property is not sold within two years from repossession, the bank forms a provision on property liquidation for 5 years with a rate 20% of the value of the property yearly according to the Central Bank's circular number 78 or with a rate of 5% according to circular number 41.

4.13. Intangible fixed assets

Intangible fixed assets represent key money, which is stated at cost net of accumulated amortization. Amortization is calculated using the straight-line method over five years. Moreover, this account includes computer software that is yearly amortized at a rate of 20%.

4.14. Revaluation variances of foreign branches

The Bank keeps a fixed foreign exchange position against the foreign branches' capital amounted to USD 30 millions according to its book value. This fixed position was purchased after selling the previous position and transferring the revaluation difference to the capital. The resulting positive revaluation difference from month-end closing is reflected in the regularization and other creditors' accounts caption under revaluation variance of foreign branches' capital account.

4.15. Other Provisions, Contingent Liabilities and Contingent Assets

Other provisions are recognized when present obligations will probably lead to an outflow of economic resources from the bank and they can be estimated reliably. Timing or amount of the outflow may still be uncertain. A present obligation arises from the presence of a legal or constructive commitment that has resulted from past events. Provisions are recognized when the bank has a present obligation as a result of a past event, and it is probable that the bank will be required to settle that obligation. Provisions are measured at the managements' best estimate of the expenditure required to settle the obligation at the balance sheet date.

Provisions for fluctuation of currencies rates:

In accordance with applicable local regulation, the bank takes a provision representing 5 % of the currencies net position as at the end of every month.

4.16. Basis of Financial Statement Consolidation

The Consolidated financial statements are those of Jammal Trust Bank S.A.L and its controlled subsidiaries 50% or more owned by the bank. The significant inter-company transactions, balances and the recorded profits and losses between the bank and its subsidiaries were eliminated upon consolidation.

The subsidiaries consolidated with the Bank's financial statements are: "the Real Estate for Investment and Development Company S.A.L" (99.995% owned by the Bank) and "Trust Insurance Company S.A.L." (61% owned by the Bank) and "Trust Life Insurance Company. S.A.L" (97.78% owned by the Bank).

4.17. Comparative Figures

Certain comparative figures have been reclassified in year 2006 to conform to current year's presentation. Such reclassifications do not affect previously reported net profit or shareholders' equity.

5) Cash & Central Bank

Cash & Central Bank	2007	2006
	LL(000)	LL(000)
Cash on hand	7,195,274	4,735,226
Central Bank of Lebanon		
Current accounts	31,382,560	34,658,074
Time deposits	56,471,250	40,839,750
Certificates of Deposit	53,345,307	48,854,228
Accrued Interest	1,568,969	1,472,750
Cash on hand / Related Companies	2,949	3,059
Total	149,966,309	130,563,087

In accordance with the banking regulations, the Bank is required to maintain an obligatory reserve with the Central Bank of Lebanon at specified percentages of 25% on its current accounts and 15% on its term deposits in Lebanese pound in the form of non-interest bearing deposits denominated in Lebanese pounds. The obligatory reserve on deposits according to (RO-11) for the period ended 2/1/2008 was amounted to LBP 33.56 billions.

The account Time Deposits with BDL includes mandatory reserves amounting to USD 29.5 millions (equivalent to LBP 44.47 billions) as of 31/12/2007, representing 15% of commitments in foreign currencies that the bank receives whatever its nature.

On 25/10/2007, the bank carried out two transactions of (SWAP) certificates of deposits for the amount of LBP 6 billion with a maturity during year 2010; where the discount replaced treasury bills was in the bank's favor for the amount of LBP 88 million.

The maturity dates of term deposits in the Central Bank of Lebanon as at 31/12/2007:

	Up to 1 year	1 to 3 years	Total
	LL(000)	LL(000)	LL(000)
Term Deposits L.L.	12,000,000	-	12,000,000
Term Deposits Foreign currency C/V L.L.	7,688,250	36,783,000	44,471,250
Total	19,688,250	36,783,000	56,471,250

The maturity dates of certificates of deposit as of 31/12/2007 are as follows:

	Up to 1 year	1 to 3 years	More than 3 years	Total
	LL(000)	LL(000)	LL(000)	LL(000)
Certificates of Deposits L.L.	-	29,381,075	-	29,381,075
Certificates of Deposits foreign currency C/V L.L.	18,839,228	-	5,125,004	23,964,232
Total	18,839,228	29,381,075	5,125,004	53,345,307

The maturity dates of certificate of deposits portfolio as of 31/12/2007 are as follows:

	Nominal Value	Book Value	Unamortized Premiums (Discounts)	Effective Interest Rate (Weighted Average)	Nominal Interest Rate
	LL(000)	LL(000)	LL(000)	%	%
MATURITY 2008					
<u>1st Quarter</u>					
Certificate of deposit \$	8,226,428	8,226,428	-	7.5	7.5
<u>2nd Quarter</u>					
Certificate of deposit \$	10,612,800	10,612,800	-	7.5	7.5
MATURITY 2010					
<u>1st Quarter</u>					
Certificate of deposit L.L.	21,000,000	21,510,053	(510,053)	10.07	11.3
<u>2nd Quarter</u>					
Certificate of deposit L.L.	8,000,000	7,871,022	128,978	12.76	11.3
MATURITY 2015					
<u>2nd Quarter</u>					
Certificate of deposit \$	4,735,434	5,125,004	(389,570)	8.36	10
Total	52,574,662	53,345,307	(770,645)		

The bank classifies certificates of deposits matured year 2015 as available for sale; therefore, the book value for these certificates amounting to LBP 5 billion includes an amount of LBP 213 million representing revaluation differences that was recognized as unrealized profits (losses) in the shareholders' equity.

6) Lebanese Treasury Bills and Government Bills

	2007	2006
	LL(000)	LL(000)
Treasury bills - Lebanese Pounds	135,840,178	131,072,600
Treasury bills - Foreign Currency	63,423,078	57,413,963
Add : Interest receivable	4,187,490	3,854,975
Less : Deferred interest	-	(206,215)
Total	203,450,746	192,135,323

The maturity dates of the treasury bills as of 31/12/2007 are as follows:

	Within 1 year	1 to 3 years	More than 3 years	Total
	LL(000)	LL(000)	LL(000)	LL(000)
Lebanese Treasury bills – LBP	24,010,330	86,207,419	25,622,429	135,840,178
Treasury bills – FC	13,896,681	6,095,840	43,430,557	63,423,078
Sub-Total	37,907,011	92,303,259	69,052,986	199,263,256
Add: Interest receivable	1,016,535	1,858,869	1,312,252	4,187,656
Less : Differences	-	-	-	(166)
Total	38,923,546	94,162,128	70,365,238	203,450,746

The treasury bills are classified as of 31/12/2007 as follow:

	LL (000)	Foreign Cur. Equivalent LL (000)	Total LL (000)
Treasury bills-available For sale	19,567,168	63,423,078	82,990,246
Treasury bills-held to maturity	116,273,010	-	116,273,010
Total	135,840,178	63,423,078	199,263,256



The maturity dates of the treasury bills portfolio as of 31/12/2007 are as follows:

	Nominal Value	Book Value	Unamortized Premiums (Discounts)	Effective Interest Rate (Weighted Average)	Nominal Interest Rate (Weighted Average)
	000'L.L	000'L.L	000'L.L	%	%
MATURITY 2008					
<u>1st quarter</u>					
Treasury bills L.L.	10,330	10,330	-	7.19	7.19
<u>3rd quarter</u>					
Treasury bills L.L.	4,000,000	4,000,000	-	9.34	9.34
Treasury bills \$	13,567,500	13,783,618	(216,118)	10.125	7.36
<u>4th quarter</u>					
Treasury bills L.L.	20,000,000	20,000,000	-	9.34	9.34
MATURITY 2009					
<u>1st quarter</u>					
Treasury bills L.L.	11,000,000	11,000,000	-	9.34	9.34
<u>2nd quarter</u>					
Treasury bills L.L.	7,000,000	7,072,777	(72,777)	10.3	9.4
Treasury bills L.L.	11,000,000	10,997,394	2,606	9.32	9.34
<u>4th quarter</u>					
Treasury bills L.L.	20,000,000	19,993,507	6,493	9.32	9.34
Treasury bills \$	5,276,250	5,532,814	(256,564)	10.25	7.27
MATURITY 2010					
<u>1st quarter</u>					
Treasury bills L.L.	3,000,000	3,091,421	(91,421)	11.3	9.75
<u>2nd quarter</u>					
Treasury bills L.L.	10,219,070	10,062,900	156,170	11.3	12.09
Treasury bills L.L.	14,000,000	13,994,375	5,625	9.32	9.34
<u>4th quarter</u>					
Treasury bills L.L.	10,000,000	9,995,045	4,955	9.32	9.34
Treasury bills \$	476,847	435,429	41,418	6	6.844
MATURITY 2011					
<u>1st quarter</u>					
Treasury bills L.L.	20,688,000	20,498,129	189,871	11.3	9.7
<u>2nd quarter</u>					
Treasury bills \$	15,075,000	15,187,704	(112,704)	7.875	7.63
MATURITY 2012					
<u>3rd quarter</u>					
Treasury bills \$	4,522,500	4,538,255	(15,755)	7.75	7.66
<u>4th quarter</u>					
Treasury bills L.L.	6,055,260	6,055,260	-	11.5	11.5
MATURITY 2016					
<u>1st quarter</u>					
Treasury bills \$	1,507,500	1,497,254	10,246	8.5	8.618
<u>2nd quarter</u>					
Treasury bills \$	1,507,500	1,777,670	(270,170)	11.63	8.577
MATURITY 2021					
<u>2nd quarter</u>					
Treasury bills \$	22,612,500	22,622,433	(9,933)	8.25	8.243
Less: Unrealized Loss	(2,883,059)	(2,883,059)	-		
Total	198,635,198	199,263,256	(628,058)		



7) Head Office, Branches, Parent Company, Sister Institutions & Subsidiaries

	2007	2006
	LL(000)	LL(000)
Head office balance / Egypt branches	44,219,264	42,594,474
Egypt branches' balances	(44,212,210)	(42,587,432)
Total	7,054	7,042

 8) Banks & Financial Institutions

	2007	2006
	LL(000)	LL(000)
Resident banks – current accounts	15,228,690	12,907,698
Non- resident banks – current accounts	14,616,975	4,186,463
Resident banks – term deposits	18,445,436	23,778,484
Non-resident banks – term deposits	-	1,012,151
Financial institutions with special privilege	-	400,123
Purchased checks	99,117	-
Interest receivable	69,568	96,339
Total	48,459,786	42,381,258

The entire bank's term deposits as of 31/12/2007 are matured within 1 year.

The balance of Non-resident banks-current accounts includes an amount of LBP 1 billion representing the balance with a British bank as of 31/12/2007. This balance is blocked by the British bank as a precaution noting that there is a cash guarantee against it.

9) Loans & Advances to Customers

	2007	2006
	LL(000)	LL(000)
Lebanon Branches		
Advances against LC	4,626,609	7,531,206
Discounted Bills	1,618,040	792,857
Advances Against Cash Guarantee	3,078,445	728,940
Advances Against Guarantee	6,781,667	7,964,265
Advances Against Personnel Guarantee	14,184,631	7,795,778
Unpaid Bills	880,796	2,483,480
Medium and Long Term Loans	23,611,382	16,652,678
Bills to the Bank Order	43,253,343	28,576,446
Creditors Accidentally Debtors	7,812,930	33,028
Loan for Related Parties	4,384,739	7,930,292
Doubtful Debts	58,174,514	51,781,158
Substandard Loans	8,610,514	11,600,202
Less: Unearned Interest on Substandard Loans	(1,558,220)	(3,020,365)
Less: Provision for Doubtful Debts	(18,259,016)	(15,317,930)
Less: Unearned Interest on Doubtful Debts	(32,186,299)	(27,049,809)
Total Loans and Advances/Lebanon Branches	125,014,075	98,482,226
Egypt Branch		
Advances	167,607	297,715
Doubtful Debts	3,437,715	3,437,715
Less: Provisions for Doubtful Debts	(3,437,715)	(3,437,715)
Total Loans and Advances/Egypt Branches	167,607	297,715
GRAND TOTAL LOANS & ADVANCES	125,181,682	98,779,941

Nature of Industry:	2007 (%)	2006 (%)
Trade	31.71	31.52
Construction	16.48	16.15
Manufacturing	8.86	11.22
Agriculture	10.94	6.26
Finance	6.76	5.58
Other (individual)	25.25	29.27
Total	100	100

The movement of provisions for doubtful loans and unrealized interest including that on substandard Loans for the year ended 31/12/2007 is as follow:

	2007	2006
	LL(000)	LL(000)
Beginning Balance (provisions)	18,755,645	18,770,709
Beginning Balance (unrealized interest)	27,049,809	23,395,363
Add: provisions taken during the year	4,191,643	2,401,477
Add: Unrealized interest during the year	5,318,582	5,400,455
Less : Written back provisions during the year	(939,212)	(809,391)
Less: Doubtful debts' provisions written off during the year	(493,313)	(3,353,159)
Ending balance	53,883,154	45,805,454
<i>Of which provisions on doubtful debts</i>	<i>21,696,855</i>	<i>18,755,645</i>
<i>Of which unrealized interests on doubtful debts</i>	<i>32,186,299</i>	<i>27,049,809</i>

10) Debtors by Acceptance

	2007	2006
	LL (000)	LL (000)
Debtors by Acceptance	10,290,275	10,115,046

This account represents engagement by acceptance resulted from documentary letters of credit committed by clients and unrealized as of 31/12/2007. These commitments are stated under the liabilities as “Liabilities by acceptance”.

 11) Investments & Shares in Related Parties

	2007	2006
	LL (000)	LL (000)
National Institution Depository Guarantee	100	100
Less: amortization provision of shares	(100)	(100)
Banque de l'Habitat SAL	1,342,960	1,342,960
Kafalat SAL	100,000	100,000
Societe Finaciere du Liba SAL	160,000	160,000
Investment in Dar Al Fikr Al Arabi	15,075	15,075
Foreign branches capital / Egypt	45,225,000	45,225,000
Less : Egypt branches' capital	(45,225,000)	(45,225,000)
Total	1,618,035	1,618,035

The shares are divided as follows:

	Company's Shares	Owned Shares	Percentage Contribution	Nominal Value per share	Cost	Book Value
				LL (000)	LL (000)	LL (000)
Kafalat S.A.L	200,000	1,000	%0.50	100	100,000	100,000
Societe financiere du Liban S.A.L	400,000	16,000	%4.00	100	160,000	160,000
Banque de l'Habitat S.A.L.	6,250,000	167,870	%2.69	8	1,342,960	1,342,960

The investment in Dar Al Fikr Al Arabi represents a deposit with non – generating income which cannot be sold, but it can only be redeemed.

12) Tangible fixed assets (including revaluation variance approved by the Central Bank)

	Improvements	Furniture	Office Supplies	Computer Equipment	Buildings	Vehicles	Other Assets	Payments on Fixed Assets	Fixed Assets/Egypt	Total
	LL (000)	LL (000)	LL (000)	LL (000)	LL (000)	LL (000)	LL (000)	LL (000)	LL (000)	LL (000)
Gross amount 1 January 2006	1,660,891	870,777	2,521,760	1,572,131	25,181,159	312,400	31,356	68,362	3,676,288	35,895,124
Accumulated depreciation 1 January 2006	(1,167,535)	(602,442)	(1,939,878)	(1,232,044)	(5,486,171)	(192,617)	(26,594)	-	(2,206,164)	(12,853,445)
Carrying amount 1 January 2006	493,356	268,335	581,882	340,087	19,694,988	119,783	4,762	68,362	1,470,124	23,041,679
Additions	260,878	55,118	130,142	199,667	27,944	-	-	68,968	-	742,717
Disposals	(35,620)	(4,591)	(27,967)	(15,568)	-	-	(3,450)	-	(170,883)	(258,079)
Depreciation	(198,645)	(61,342)	(121,713)	(227,376)	(578,384)	(31,243)	(1,841)	-	(252,651)	(1,473,195)
Depreciation on assets disposed of	34,801	3,983	40,737	39,804	-	-	2,286	-	-	121,611
December 2006 31 Carrying amount	554,770	261,503	603,081	336,614	19,144,548	88,540	1,757	137,330	1,046,590	22,174,733
Gross amount 31 December 2006	1,886,149	921,304	2,623,935	1,756,230	25,209,103	312,400	27,906	137,330	3,505,405	36,379,762
Accumulated depreciation 31 Dec. 2006	(1,331,379)	(659,801)	(2,020,854)	(1,419,616)	(6,064,555)	(223,860)	(26,149)	-	(2,458,815)	(14,205,029)
Carrying amount 1 January 2007	554,770	261,503	603,081	336,614	19,144,548	88,540	1,757	137,330	1,046,590	22,174,733
Additions	343,078	45,953	115,529	134,881	-	2,010	38,197	144,116	-	823,764
Disposals	(1,028,545)	(73,192)	(464,337)	(1,206,151)	-	(36,611)	(27,906)	(137,330)	-	(2,974,072)
Depreciation for the year	(184,469)	(61,615)	(114,909)	(124,159)	(578,861)	(26,627)	(7,274)	-	(237,640)	(1,335,554)
Depreciation on assets disposed off	1,028,033	67,345	455,222	1,195,044	-	14,724	27,056	-	-	2,787,424
Carrying amount 31 December 2007	712,867	239,994	594,586	336,229	18,565,687	42,036	31,830	144,116	808,950	21,476,295
Gross amount 31 December 2007	1,200,682	894,065	2,275,127	684,960	25,209,103	277,799	38,197	144,116	3,505,405	34,229,454
Accumulated depreciation 31 Dec. 2007	(487,815)	(654,071)	(1,680,541)	(348,731)	(6,643,416)	(235,763)	(6,367)	-	(2,696,455)	(12,753,159)

The Banking Control Commission has agreed on the ownership of several real estates in year 2005 against the liquidation of the bank's investment in the "Real estate for investment and development company S.A.L." However, until the present date, owning procedures were not yet executed.

13) Property Against Debts

	2007	2006
	LL (000)	LL (000)
Balance as of 1 January	3,855,668	1,948,204
Additions during the year	147,741	2,127,544
Disposals during the year	(896,832)	(220,080)
	3,106,577	3,855,668
Property against debt/Egypt	69,723	130,396
Balance at 31 December	3,176,300	3,986,064

 14) Investments Against Debts

	2007	2006
	LL (000)	LL (000)
Savoy and Suite company SARL	9,451,401	9,206,432
Tourism Development company SARL	10,671,293	10,426,324
	20,122,694	19,632,756

This item represents investments acquired against debts due to the closing of advances related to Savoy Suite Company and Tourism Development Company amounting to LBP 20.1 billion against participations according to BDL circular number 41; and this is in accordance with the approvals issued by the Central Council of Central Bank of Lebanon and the Banking Control Commission.

 15) Intangible Fixed Assets

	Key Money	Computer Systems	Total
	LL (000)	LL (000)	LL (000)
Gross amount 1 January 2006	633,788	18,662	652,450
Accumulated depreciation 1 January 2006	(621,672)	-	(621,672)
Carrying amount January 1, 2006	12,116	18,662	30,778
Additions	-	640	640
Disposals	-	(3,754)	(3,754)
Carrying amount 31 December 2006	12,116	15,548	27,664
Gross amount 31 December 2006	633,788	19,302	653,090
Accumulated depreciation 31 December 2006	(621,672)	(3,754)	(625,426)
Carrying amount 1 January 2007	12,116	15,548	27,664
Additions	-	18,844	18,844
Disposals	(233,546)	(640)	(234,186)
Depreciation for the year	-	(3,764)	(3,764)
Depreciation on assets disposed of	233,546	53	233,599
Carrying amount 31 December 2007	12,116	30,041	42,157
Gross Amount 31 December 2007	400,242	37,506	437,748
Accumulated depreciation 31 December 2007	(388,126)	(7,465)	(395,591)

16) **Other assets**

	2007	2006
	LL (000)	LL (000)
Other assets (fiscal stamps)	59,227	52,500

This item represents fiscal stamps owned by the bank as of 31/12/2007.

 17) **Regularization and other debit accounts**

	2007	2006
	LL (000)	LL (000)
Sundry debtors / private sector	1,447,025	2,043,508
Sundry debtors / public sector	237,147	171,635
Other receivable income	15,000	31,633
Prepaid expenses	1,176,108	3,071,089
Deferred charges	90,746	424,125
Head office and branches in Lebanon	189,031	139,883
Revaluation differences of fixed position	55,990	55,990
Regularization and debtors accounts / Related Companies	248,959	264,879
Regularization and debtors accounts / Egypt branches	449,707	836,885
Total	3,909,713	7,039,627

Sundry debtors / private sector include payments in advance for legal charges, deposits and other accounts for the related companies.

Sundry debtors / public sector consist of payments by the bank to its employees on the account of the NSSF (sickness and maternity, family allowances) in addition to deposits (telephone, water, electricity and others).

Revaluation differences of the fixed foreign currency position account represent the difference resulting from evaluating the mentioned positions.

 18) **Banks & Financial Institutions**

	2007	2006
	L.L(000)	L.L(000)
Current accounts	8,575,599	5,970,444
Term deposits	11,811,458	6,425,900
Total	20,387,057	12,396,344

19) Customers' Deposits

	2007	2006
	LL (000)	LL (000)
Current deposits	34,323,438	24,276,614
Term deposits	22,602,795	23,416,772
Saving deposits	378,894,899	320,069,181
Debtors accidentally creditors	2,409,128	1,797,624
Dormant accounts	15,086,155	14,035,382
Public sector deposits	23,703,655	41,420,992
Payment orders	2,161,030	1,263,200
Related parties deposits	443,709	3,612,441
Total	479,624,809	429,892,206

We list below the distribution of deposits among Local and Foreign Currencies:

	2007		2006	
	LL (000)	%	LL (000)	%
Deposits - L.L.	232,645,060	49%	222,704,159	52%
Deposits - FC (Equivalent L.L.)	246,979,749	51%	207,188,047	48%

There exists a restrain on a sum of LBP 415 millions of payment orders as of 31/12/2007 representing transfers for some clients.

 20) Other Liabilities

	2007	2006
	L.L(000)	L.L(000)
Sundry creditors / private sector	5,544,997	5,450,849
Sundry creditors / public sector	536,267	424,601
Margins on LC	2,604,442	784,705
Sundry creditors / Related Companies	103,966	122,955
Sundry creditors / Egypt Branches	122,086	192,672
	8,911,758	6,975,782

Sundry creditors / Private sector includes clients' partial settlements, amounts received in advance from clients and to be paid to insurance companies, in addition to Cooperative Housing Foundation - "Ameen" account, which represents the institution's share from the part of the loans given to clients.

Sundry creditors / Public sector include National Social Security Fund subscriptions in addition to taxes payable and fees collected from the customers payable to the ministries as of 31/12/2007.

Margins on LC account represent margins against the letter of credits as of 31/12/2007.

21) **Regularization & Other Credit Accounts**

	2007	2006
	L.L.(000)	L.L.(000)
Deferred interest revenues	189,614	572,902
Accrued Expenses	690,404	411,421
Head office and branches in Lebanon	-	363,891
Regularization and other credit accounts/ Related companies	3,687	11,411
Total	883,705	1,359,625

Deferred interest revenues represent commissions on bills to the order of clients that is recorded in the income statement when it is recognized.

Accrued Expenses represent general and administrative and legal expenses payables as of 31/12/2007.

 22) **Provision for Contingencies & Charges**

	2007	2006
	L.L.(000)	L.L.(000)
Provision for foreign exchange fluctuation	12,219	5,643
End of service indemnity provision	1,286,777	1,031,389
Provision for other charges and contingencies	319,961	335,461
Provision for diminishing fixed positions	55,990	55,990
Reserve of property taken against debt	295,039	83,390
Provision / Related Companies	294,830	255,268
Provision / Egypt branches	797,543	878,948
Total	3,062,359	2,646,089

The provision for foreign exchange fluctuation represents 5% of the net trading foreign exchange position as of 31/12/2007 according to the Lebanese Banking Regulations, Central Bank Circular 32 and Bank's Control Commission Circular 197 and 207.

The provision for other charges and contingencies includes the amount of provision against NSSF lawsuit amounting to LBP 320 million against one of the lawsuits held against the bank; In addition to provision for the branches of Egypt amounting to LBP 798 million against taxes payable that amounts to nearly Egyptian Pound 3 million as of 31/12/2007.

The provision for diminishing fixed positions amounting to approximately LBP 56 million represents the amount provided due to the reevaluation differences for the fixed positions according to the Lebanese Banking Regulations, Central Bank Circular 32 and Bank's Control Commission Circular 197 and 207.

The reserve of property taken against debt represents the provided amount starting from the expiry date of the liquidation to date. This is calculated by providing 20% per year for the real estates repossessed according to the article 154 of the code of money and credit and Central Bank of Lebanon circular number 78 dated 31/12/2001, and by providing 5% per year for the real estates acquired according to Central Bank of Lebanon circular number 41 and Banking Control Commission circular number 241 which is liquidated within the fiscal period.

23) **Capital**

	2007	2006
	L.L.(000)	L.L.(000)
Capital or capital contribution	58,000,000	58,000,000

 24) **Reserve for general banking risks**

	2007	2006
	L.L.(000)	L.L.(000)
Reserve for General Banking Risks	2,634,664	1,992,764

In accordance with the Central Bank of Lebanon regulations, the Bank has to provide a general banking risk reserve by appropriating a minimum of 0.2% and a maximum of 0.3% of the Bank's total assets weighted by risks in and off-balance sheet items as defined for the calculation of the solvency ratio at year-end. The accumulated balance of this reserve should not be lower than 1.25% at the end of the tenth year and 2% at the end of twentieth year of the total risk weighted assets and off-balance sheet items.

The above reserve is provided for the year 2007 amounting to LBP 642 millions from the year's net result by 0.2% of risk weighted assets as of 31/12/2007. This provision is not distributable to the shareholders as dividends.

 25) **Revaluation Variance**

Revaluation variance	2007	2006
	L.L.(000)	L.L.(000)
Revaluation variance of the Real Estate for Investment and Development Co. SAL	4,218,043	4,218,043

The Banking Control Commission has approved to settle this account during the year 2005 after liquidating the shares in the "Real estate for investment and development co. S.A.L." and owning estates in return. However, up to date, the bank is still awaiting the adjustment of the approval by changing the name of the former owner of the majority of shares.

 26) **Legal Reserve**

The Lebanese Commercial Law and the bank's articles of association require that 10% of the net income for the year be transferred to the legal reserve and it is non-distributable. A legal reserve for the year 2007 was provided from the year's net result.

The balance also includes an amount of LBP 282 million as of 31/12/2007 representing the difference between related companies capital and their shares due to the additions which are considered as minority share in the related companies' capital.

 27) **Unrealized Profit / Loss**

The bank has revaluated the Eurobonds classified as held for sale amounting to LBP 85.4 billion as of 31/12/2007. The result for this reevaluation generated negative differences amounting to LBP 2.7 billion and was classified as unrealized loss under shareholders' equity.

28) Interest & Related Revenues

	2007	2006
	L.L.(000)	L.L.(000)
Lebanese treasury bills	17,592,740	14,360,966
Deposits and related bank deposits accounts	4,100,908	3,109,591
Deposits at head office, branches, parent company, sister institutions and subsidiaries	4,821,480	5,775,985
Bonds and financial instruments with fixed income	10,298,652	7,839,801
Loans and advances to customers	175,131	354,217
Loans and advances to related parties	57	25
Total	36,988,968	31,440,585

The balance of this account includes the amount of LBP 134 million representing the positive effect due to the change in the accounting policy to amortize premiums and discounts (Note No' 3).

29) Interest & Related Expenses

	2007	2006
	L.L.(000)	L.L.(000)
Deposits and similar accounts from banks	635,587	276,315
Customers' deposits and other credit accounts	22,552,884	19,632,864
Deposits from related parties	(62,750)	60,229
	23,125,721	19,969,408

30) Net Allocation to Provisions

This account includes provisions taken during year 2007 for a total amount of LBP 4.2 billion after deducting the written back provisions amounting to LBP 939 million for the year ended 31/12/2007.

31) Other Operating Revenues

Other operating revenues include an amount of LBP 666 million as of 31/12/2007 representing the write back of deferred interest on blocked deposit accounts; where this amount was recorded as revenue after the withdrawal of related deposits by clients.

32) Salaries & Related Expenses

	2007	2006
	L.L.(000)	L.L.(000)
Salaries and wages	3,464,510	2,968,311
National Social Security Fund contribution	781,330	585,125
Provision for end of service indemnity	334,078	251,146
Other employees' expenses	1,281,559	1,346,880
Directors remunerations	388,500	160,900
Salaries and wages / Related Companies	119,442	109,854
Total	6,369,419	5,422,216

33) General Operating Expenses

	2007	2006
	L.L.(000)	L.L.(000)
Taxes and fees	100,132	72,486
Deposits guarantee premium	220,626	193,692
Rent and building services	541,840	488,671
Professional fees	591,149	451,207
Postage and telecommunications	817,070	661,131
Maintenance and repairs	405,216	324,756
Electricity and heating charges	359,245	315,132
Travel and accommodation	195,159	186,481
Subscription fees (newspaper and magazine)	148,766	148,593
Insurance fees	102,361	112,965
Advertising and public relations	1,139,099	863,504
Printings and stationary	226,690	214,491
Attendance fees	91,500	24,600
Miscellaneous expenses	1,627,152	1,496,769
General operating expenses / Related Companies	47,681	29,874
General operating expenses / Egypt Branches.	110,664	-
Total	6,724,350	5,584,352

Miscellaneous expenses include the amounts of LBP 191 million representing donations to charity institutions, LBP 263 million representing expenses related to the bank's representation office in London like electricity bills, telephones, maintenance and rent, LBP 495 million representing the value of a contract with one of the services companies (Security and Cleaning) in addition to other sundry expenses for the year ended 31/12/2007.

34) Cash & Cash Equivalents

	2007	2006
	L.L.(000)	L.L.(000)
Cash and Central Bank		
- Cash on hand	7,195,274	4,735,227
- Current accounts	31,382,561	34,658,074
- Term deposits	18,511,089	3,455,292
- Certificates of deposit	8,594,609	-
- Cash on hand / Related Companies	2,949	3,059
Banks and Financial Institutions		
- Current accounts / banks	8,594,609	16,785,028
- Term deposits	13,631,455	20,295,837
- Current accounts / Financial institutions	4,883,549	4,990,984
- Banks and Financial Institutions / Egypt	189,176	224,676
Banks and Financial Institutions (Liabilities)		
- Current accounts	(8,575,566)	(5,970,444)
- Time deposits / due to banks	(11,811,477)	(6,425,900)
Total	72,598,228	72,751,833

35) Adjustments to Cash Flows

	2007	2006
	L.L(000)	L.L(000)
Depreciation and amortization of the Year	1,339,318	1,476,949
Provision for contingencies and charges	416,270	562,732
Provisions for loans and advances	4,191,643	2,401,477
Recovery of provisions on loans and advances	(939,212)	(809,391)
Loss on sale of Fixed assets	187,235	10,267
Gain on sale of fixed assets	-	(76,616)
Changes in minority interest	120	60,478
Total	5,195,374	3,625,896

36) Related Party Transactions

The Bank has operations with related parties including shareholders, directors, subsidiaries and affiliates. Disclosures on related parties are made in a special report in accordance with the article 158 of the "Code of Commerce" and article 152 of the "Code of Money and Credit ". Loans, advances and deposits to related parties are recorded as separate accounts in the balance sheet.

The following is a summary of related party transactions balances as of 31/12/2007:

	2007	2006
	L.L(000)	L.L(000)
Loans and advances	4,384,739	7,930,292
Deposits	443,709	3,612,441

Other related party transactions are detailed in the special report issued according to articles 158 and 159 of the Lebanese commercial law and article 152 of law of money and credit for the year ended 31/12/2007.

37) Contingent Liabilities

The balance of "Authorized commitments received from financial intermediaries" presented as contingent assets under off-balance sheet items of the assets side for an amount of LBP 126 million as of 31/12/2007, represents guarantees issued by Kafalat S.A.L against loans granted by the bank to its clients.

The balance of "Engagement by signature issued to financial intermediaries" includes the amount of LBP 376 million representing brought forward commitments where their related entries were closed according to the recommendation of the bank's legal department.

A provision in the amount of LBP 320 million as of 31/12/2007 was taken to cover risks and charges against the lawsuit of objection against the qualification of NSSF for previous years.

A provision in the amount of LBP 29 billion as of 31/12/2007 was taken to cover risks and charges against the lawsuits held by former employees against the bank.

The bank, in the ordinary course of business, is subject to lawsuits and cases. The bank's management, after reviewing these cases with its professional legal consultants, believes that the total amount of liabilities or losses that might incur due to these cases (in case of loss) are of no significant effect on the financial position on the bank.

The bank is subject to review by tax authorities for years 2004, 2005, 2006 and 2007. The result of this study is not yet identifiable.

Bank's accounts for year 2007 are subject to review by NSSF authorities and the result of this study is not yet identifiable.

The bank branches in Egypt are in a dispute with the income tax authorities in Egypt about the taxes that were subjected to on prior years. Total taxes due as of 31/12/2007 are for the amount of 3,163,446 Egyptian pound in addition to delay interest amounting 14 % according to the law (91) for the year 2005. Provisions were made for the whole amounts.

38) Adequacy Ratio

The bank adequacy ratio as at 31/12/2007 was 19.95 % (30.76 % in 2006). This rate exceeds the minimum rate according to the laws and policies applied on the Lebanese banks.

39) Liquidity Ratio

The bank's net liquid capital in foreign currencies was 19.4% for Lebanon branches as at 31/12/2007 (21.92 % in 2006).

40) Risk Management Objectives & Policies

40.1. Market Risk

JTB is not exposed to market risk related to trading book, specifically to fluctuation of interest rate risk in the market. The Bank's risk management is in close co-operation with Treasury Department, and focuses on actively securing short to medium term cash flows, while Long term financial investments are managed to generate lasting returns.

The Bank's risk management has set policies and procedures related to market risk (Liquidity – Interest – Forex) under which it sets the limits that the treasurer should abide by concerning:

- Ceiling on Liquidity ratio.
- Ceilings to banks investments
- Ceiling on Investments (T-bills – Eurobonds – CD's)

The bank has determined the measurements needed to measure Liquidity risk such as: Liquidity Gap, Liquidity Scenarios and Stress Test.

Since JTB is holding a Eurobond portfolio classified as available for sale, the bank on daily is considering the valuation of the portfolio based on market valuation and recording the change in fair value as unrealized profit or loss on monthly basis.

This unrealized interest is recorded as Equity at the end of financial period.

As for interest risk JTB does not actively engage in the trading of financial assets for speculative purposes nor does it write options. The most significant financial risks to which the bank is exposed to are interest Rate Risk in the banking book.

The bank's risk management has set policies and procedures related to interest rate risk that ensure control of risk by identifying limits on exposures, policies for IRR exceptions on rates and properly segregate duties and responsibilities.

The bank has abide by BCC circular 250 and the bank is measuring its IRR by using Re-pricing Gap method and determining its EAR (earning at risk) due to fluctuation of 2% as set by Basle II and BCC.

The bank has set its Forex risk management policies and procedures by setting limits to its daily Forex exposures, to be monitored on daily basis by risk management.

The bank has abided on ceilings set by Alco and BCC on daily Forex exposures.

The bank's investment decisions, policies and procedures related to market risk are subject to approvals from Alco based on recommendations raised from risk manager.

JTB has changed the role of its Alco committee in light of Basle II.

The bank has measured its capital adequacy against market risk according to the standardized approach as imposed by BCC on Lebanese banks.

40.2. Foreign Currency Sensitivity

Most of JTB's transactions are carried out in USD. Exposures to currency exchange rates arise from the sale and purchases of foreign currency which are primarily denominated in USD, Euro, Stg. and Yen.

To mitigate exposure to foreign currency risk, daily foreign exchange deals are booked in accordance with JTB's risk management policies.

JTB abide by the limits set to foreign exchange for each currency to avoid loss based on currency volatility as set by the risk management policies and approved by Alco.

The exchange position of JTB as at 31/12/2007 was as follows:

Currency	Foreign Debit	Position Credit	Rate	L.L Debit	L.L Credit
USD	381,361.88	–	1,507.50	–	574,903,034.10
GBP	1,653.31	–	3,011.83	–	4,979,488.66
CHF	–	397.7	1,330.77	529,247.23	–
CAD	–	1,704.84	1,538.89	2,623,561.23	–
AUD	–	412.85	1,318.76	544,450.23	–
SAR	–	37,735.75	402	15,169,771.50	–
SEK	–	42,709.66	233.72	9,982,101.74	–
EUR	–	320,941.67	2,212.56	710,102,701.38	–
JPY	1,636,238.77	–	13.31	–	21,778,338.03
			Total	738,951,833.15	601,660,860.79
			Net	137,290,973	

Moreover, JTB abides by the limit of 0.98% of its equity for its daily open exchanges position as set by the risk management policies and approved by Alco.

JTB has no forward and future exchange contracts.

Break down of Assets & Liabilities by currency	Amount in Thousands LL & C/V							
	USD	Stg.	Yen	Euro	CAD	CHF	SAR	SEK
Assets	229,045	891	4,844	10,939	44	50	38	43
Liabilities	216,708	892	6,480	10,619	42	49	–	–
Net Position	12,337	(1)	(1,636)	320	2	1	38	43
Fixed Position	11,193	–	–	–	–	–	–	–
Foreign branch allocation	1,526	–	–	–	–	–	–	–
Rate	1,508	3,012	13	2,213	1,539	1,331	402	234
Total	(18,598)	3	22	(709)	(3)	(1)	(15)	(10)

The above table illustrates the net result for the year with regards to assets and liabilities and the foreign currency exchange rate.

Exposures to foreign exchange rates vary during the year depending on the volume of transactions.

40.3. Interest Rate Sensitivity

JTB's policy is to minimize interest rate cash flow risk exposures due to changes in market. Long-term borrowings are usually at fixed rates.

At 31 December 2007, JTB exposure to changes in market interest rates in its resources and uses were as follows:

Sensitivity to fluctuation in interest Rate as at 31/12/2007							<i>In Thousands LL & C/V</i>	
Uses	Less than 1 Month	1-3 Months	3-6 Months	6-12 Months	1-5 Years	Above 5 Years	Non interest sensitive	Total
Cash & Central Bank	12000	-	-	-	-	-	38,911	50,911
Obligatory Placement	1055	5,126	754	754	36,783	-	-	44,472
Banks Res. & Non Res.	42430	-	-	-	7	-	6,030	48,467
Lebanese Bonds	-	-	-	15,015	45,034	23,083	1,864	84,996
Treasury Bills	-	-	-	24,448	91,376	-	2,630	118,454
Certificate of Deposits	-	8,565	10,955	-	29,048	4,888	1,129	54,585
Advances	6202	16,237	7,659	51,309	26,199	3,388	14,186	125,180
Acceptance	-	-	-	10,290	-	-	-	10,290
Investment	-	-	-	-	-	-	21,741	21,741
Fixed Assets	-	-	-	-	-	-	24,695	24,695
Regularization	-	-	-	-	-	-	3,969	3,969
Total SA	61687	29,928	19,368	101,816	228,447	31,359	115,155	587,760

Resources	Less than 1 Month	1-3 Months	3-6 Months	6-12 Months	1-5 Years	Above 5 Years	Non interest sensitive	Total
Clients Deposits	212091	83,769	134,429	19,334	1,301	-	2,393	453,317
Public Sector Deposits	4096	7,000	7,065	5,000	-	-	543	23,704
Due to Banks	11332	-	-	-	-	-	9,055	20,387
Values Due for Payment	-	-	-	-	-	-	2,161	2,161
Share holders payable	444	-	-	-	-	-	-	444
Acceptance	-	-	-	10,290	-	-	-	10,290
Regularization & Misc. Creditors	-	-	-	-	-	-	7,125	7,125
Provision of Risk	-	-	-	-	-	-	3,063	3,063
Equity	-	-	-	-	-	-	67,270	67,270
Total SL	227961	90,769	141,494	34,624	1,301	-	91,611	587,760

Gap (SA-SL)	-166275	(60,841)	(122,127)	67,192	227,147	31,358
Earning At Risk	-3325	(1,217)	(2,443)	1,344	4,543	627

The table above illustrates the sensitivity of the net result of the year to a possible change in interest rates of 2% as set by Basle II.

These changes are considered to be reasonably possible based on market conditions.

40.4. Liquidity Risk

JTB has set its liquidity limits based on the bank's risk appetite. The risk management monitors liquidity funds available to meet its obligations as well as its cash inflow and cash outflow. It identifies measurement for liquidity gap analysis and concentration analysis.

JTB manages its liquidity needs by carefully monitoring scheduled debt servicing payments for long-term financial liabilities as well as cash-outflows due in day-to-day business. Liquidity needs are monitored according to various time bands, on a day-to-day basis, as well as on the basis of a 30-day projection.

JTB maintains cash and cash equivalent to meet its liquidity requirements.

	2007	2006
Cash Equivalents		Amount in Million L.&C/V
Cash	7,198	4,735
Current Accounts. Banks.	29,755	17,011
Current Accounts. B.D.L	31,383	34,658
Current Accounts. Fin Institutions.	4,884	4,991
Time Accounts. Banks.	13,632	20,295
Time Accounts. B.D.L.	18,511	3,455
C.D	8,595	-
Due to Banks	(20,387)	(12,395)
Net Cash Liquidity	93,571	72,750

Funding for long-term liquidity needs is additionally secured by an adequate amount of bonds classified available for sale based on market prices.

	2007	2006
CLASSES OF FINANCIAL ASSETS		
Held to maturity LBP (T-Bills)	116,273	111,079
Available for Sale LBP (T-Bills)	19,567	-
Available for Sale USD (T-Bills)	63,423	77,407
Total T-bills & Eurobonds	199,263	188,486
Held to maturity C.D LBP	29,381	27,000
Held to maturity C.D C/V	18,840	21,854
Available for sale C/V	5,125	-
Total certificate deposits	53,346	48,854
Total Financial Assets	252,609	237,340

As at December 2007 JTB has no contractual maturities except, Repurchase agreements.

Repo	Amount	
BOB	4 million USD	Against L/C
BOB	2 million USD	Against liquidity
Total	6 million USD	

JTB has determined the rules and guidelines to manage its liquidity risk in its policies and procedures as approved by Alco.

Risk management is monitoring limits for banks on daily basis as well as cash inflow and cash outflow of liquidity and concentration with banks.

Liquidity Gap as at 31/12/2007:						<i>Amount in thousands L.L&C/V</i>	
Uses	Less than 1 Month	1-3 Months	3-6 Months	6-12 Months	1-5 Years	Above 5 Years	Total
Cash & Central Bank	50,911	-	-	-	-	-	50,911
Obligatory Placement	1,055	5,126	754	754	36,783	-	44,472
Banks Res. & Non Res.	48,460	-	-	-	7	-	48,467
Lebanese Bonds	-	-	-	15,063	45,447	24,486	84,996
Treasury Bills	-	-	-	24,448	94,007	-	118,455
Certificate of Deposits	-	8,564	10,955	-	30,177	4,888	54,584
Advances	20,389	16,237	7,659	51,309	26,199	3,388	125,181
Acceptance	-	-	-	10,290	-	-	10,290
Investment	-	-	-	-	-	21,741	21,741
Fixed Assets	-	-	-	-	24,695	-	24,695
Regularization	-	-	699	-	3,270	-	3,969
Total SA	120,815	29,928	20,066	101,864	260,585	54,503	587,760

Resources	Less than 1 Month	1-3 Months	3-6 Months	6-12 Months	1-5 Years	Above 5 Years	Total
Clients Deposits	214,484	83,769	134,429	19,333	1,301	-	453,316
Public Sector Deposits	4,639	7,000	7,065	5,000	-	-	23,704
Due to Banks	20,387	-	-	-	-	-	20,387
Values Due for Payment	2,161	-	-	-	-	-	2,161
Shareholders' Account	-	34	-	410	-	-	444
Acceptance	-	-	-	10,290	-	-	10,290
Regularization Account	-	-	7,125	-	-	-	7,125
Provision for Risk	-	-	-	-	-	3,063	3,063
Equity	-	-	-	-	-	67,270	67,270
Total SL	241,670	90,802	148,620	35,034	1,301	70,334	587,760

Gap (SA-SL)	(120,855)	(60,875)	(128,554)	66,830	259,284	(15,831)
Earning At Risk	(2,417)	(1,217)	(2,571)	1,337	5,186	(317)

40.5. Credit Risk

JTB has set policies and procedures to identify and monitor credit risk that define type of products with term and conditions for each and the limit to be followed by.

JTB has set the policies and process for credit granting, the process of credit analysis and credit approvals.

It has set the policies for credit monitoring and administration of credit files and loan review procedures.

The bank has abide by limits set by BCC on credits granted to related parties according to article 152 CMC as well as credits granted to related groups.

The risk management department is monitoring on periodic bases, the credit over limits as set by credit committee and the necessary approvals in case of exceptions.

It is monitoring credit exposures by risk category, economic sector, exposures by related groups, type of loans, type of collateral and geographic areas.

The bank has classified its loan portfolio in the light of Basle II and it was classified as follows:

Loan portfolio	Amount in Million LBP & C/V
-Corporate Loans	36,349
- Housing Loans	7,590
- Commercial Real Estate	7,774
- Retail portfolio	35,402
- Past due	
- SME's	38,066
Total Net	125,181

	2007	2006
Commercial Loans	69,498	52,230
Other	35,756	28,860
Short term	7,813	49
Shareholders	4,385	7,930
Doubtful	7,729	9,413
Net :	125,181	98,482

Slices	31-12-2007 (in Millions)			
	Debtors		Amount	
	Clients	%	Clients	%
Active unconditional	8871	79.48%	115499	75.21%
Active	244	2.19%	2024	1.21%
Special Mention	264	2.37%	3167	2.06%
Substandard	354	3.17%	7076	4.61%
Doubtful	1262	11.31%	25803	16.80%
Bad debt	166	1.49%	162	0.11%
Total Gross:	11,161	100.00%	153,731	100.00%

JTB continuously monitors defaults of customers and other counterparties (identified either individually or by group) and incorporates this information into its credit risk controls.

JTB management considers that all the above financial assets that are not impaired for each of the reporting dates under review are of good credit quality, including those that are past due.

Classification of Loans by Economic Sector and risk status							
December 2007							
Sector	Agriculture %	Industry %	Construction %	Commerce %	Financial Institutions %	Others %	Individuals %
Status							
Active	82.40%	37.48%	57.00%	75.64%	3.64%	21.21%	95.38%
Special Mention	0.24%	17.40%	0.31%	3.15%	-	0.02%	0.81%
Below Regular	1.95%	11.62%	13.48%	3.76%	-	14.98%	2.53%
Doubtful	15.40%	33.50%	29.06%	17.37%	95.71%	63.35%	1.15%
Bad debt	0.01%	0.00%	0.15%	0.08%	0.65%	0.44%	0.13%
Total :	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%



41) **Authorization of the Financial Statements**

No adjusting or significant non-adjusting events have occurred between the balance sheet date and the date of authorization on May 22, 2008 by the bank.

Anwar Ali El Jammal
Chairman / General Manager

Antoine Kozma
Financial Manager

