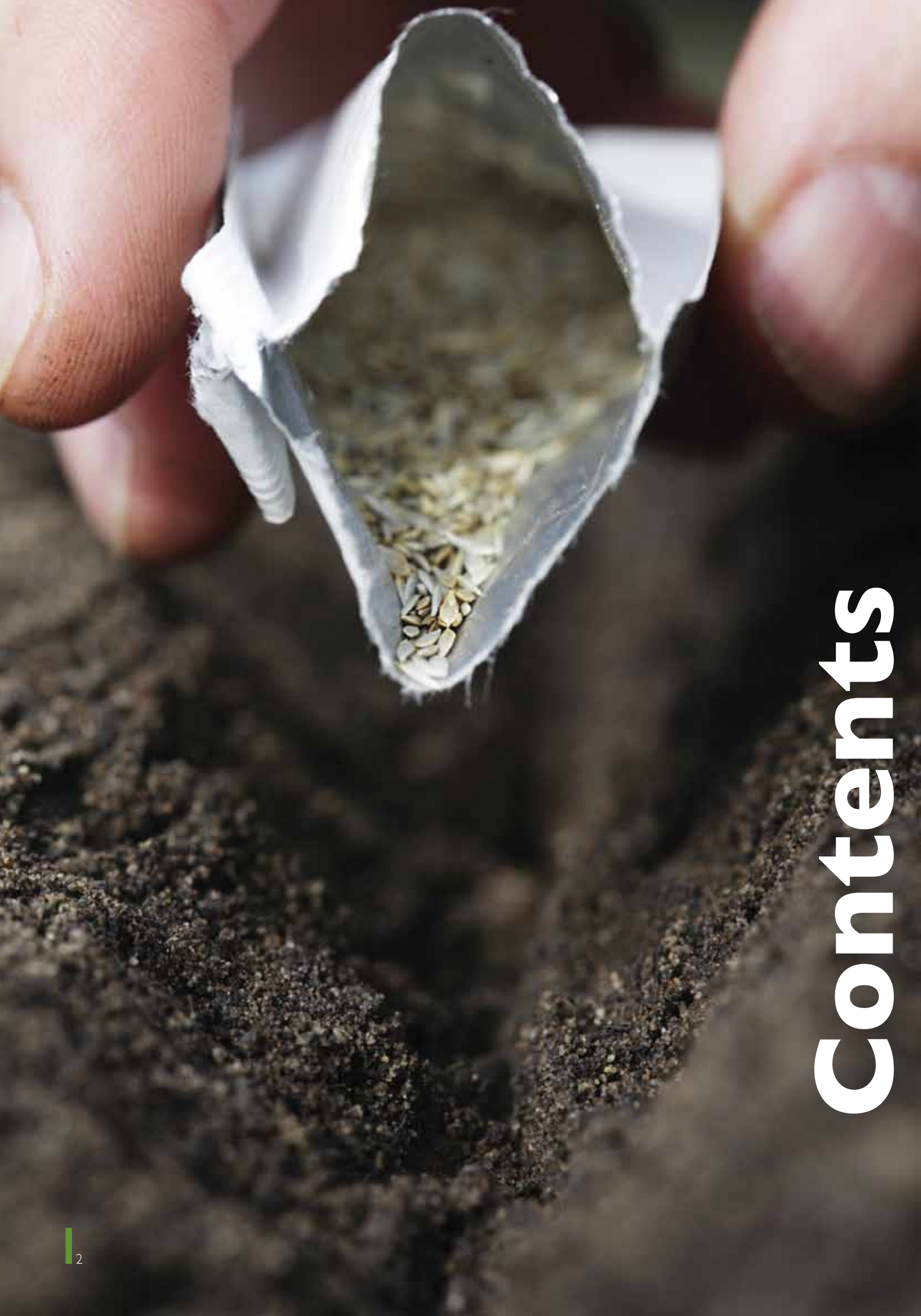


"The strongest principle of growth lies in human choice." George Elliot



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Chairman's Letter

If anything, Jammal Trust Bank's 2008 performance is an assertion that our organization has shifted to a higher gear. The extension of the 2007 success story is evident through JTB's out-performance of sector averages by between 5% and 17% in terms of deposits, assets and loans. The numbers speak mostly of our people's success – and our organization has invested considerably in its people over the past few years. They also reflect the restructuring effort that is now firmly in place, and that has essentially streamlined procedures at the customer and internal operational levels. Success in 2008 has also been the result of our renewed – though never discontinued – focus on SMEs.



The relative stability witnessed by the Lebanese economy in 2008 allowed for a positive overall growth in the country's banking sector, a growth that is considered remarkable when weighed against the few political and economic stumbling blocks that Lebanon faced and successfully overcame during the past year.

At Jammal Trust Bank SAL, we have also grown, and our steadfast efforts have come to fruition at more than one level. Aiming continuously for a steady rise that is based on those solid grounds and foundations laid back in 2005, Jammal Trust Bank SAL has performed remarkably in more than one area. We continue to aim higher with the same motivation and spirit; no limits should define the ultimate targets for success and development. At JTB, every step forward triggers a further aim. Such is the corporate spirit shared by all Jammal Trust Bank SAL members, from the Chairman all the way to every staff member at all levels.

With every client we serve, operation we execute or product we create, Jammal Trust Bank SAL strives to live up to its corporate slogan: "We Speak Your Language". Embedded in our strategic direction is an objective to reach all segments of society and to ensure that the banking service is available to all. Whether the requirement is for a small personal loan, a sizeable commercial facility or a large corporate loan, JTB aims to employ its resources for the development of all, while keeping a close monitor on technological advancements and banking sector developments.

Jammal Trust Bank SAL is determined to becoming a competitive bank, one that is at par with its peer professionals, a bank that is objective and above all transparent.

The numbers in this report reflect a JTB that is repositioned towards steady growth.

Anwar A. Jammal, Chairman

Board of Directors' Report

The Board of Directors and its Operational Mechanism

The JTB Board was keen to hold regular meetings throughout 2008, maintaining a close knowledge of operating indicators, analyzing the recommendations of the various special-purpose committees and contributing to their implementation through providing close direction to management.

The Board's efforts were concentrated on allowing a considerable margin of operations to the various committees and addressing them with the necessary recommendations in order to ensure that decisions are undertaken on a sound and transparent basis. By this, the Board aims to embed sound organizational procedures that should stand the test of time.

A note to the credit of JTB is the organization's reliance on ever-improving policies and procedures as well as Central Bank circulars and



Banking Control Commission recommendations. Such policies serve to ensure that JTB's upgraded performance remains in line with the banking sector's development, all while monitoring compliance with applicable regulations.

Protecting the Bank's Corporate Identity

Based on the JTB objective of establishing an effective and solid base for local and international development, and because such development and the adoption of technological advancement requires the protection of intellectual property rights, of which the bank's name and logo, JTB has recently registered such protection at the Ministry of the Economy & Trade. In addition to corporate identity, registration covered the slogan: "We Speak Your Language" in Lebanon as well as other major world countries of which those countries forming part of the 1982 Madrid Protocol to which many world nations are subscribed including the African OAPI countries.

In the area of Internet Technology, the bank continues to develop the JTB website (www.jtbbank.com) which contains a thorough sketch of the bank's history, present status and future prospects for growth and development. The website also provides a number of banking services that should facilitate client access to accounts within the secure and banking secrecy frameworks and levels required.

Key Legal & Administrative Improvements

Development of further JTB Branches

JTB continued to work on the renovation of various branches and their exterior facades in an effort to achieve a uniform look. This project is specifically aimed at providing JTB stakeholders with a physical view of change.

Following the inauguration of the Zouk Mosbeh branch in 2006, the Nabatieh branch witnessed a location shift which was well-received as a positive change by many of our customers. As for the Head Office building, works are expected



to see their completion by the end of 2010, thus upgrading the Bank's overall image to what is at par with modern 21st century corporate structures.

JTB has applied for the opening of a branch in Cyprus, a branch that is expected to represent the gateway for future expansion into Europe. JTB's application has been well-received by the Cypriot authorities, and we await their selection of an appropriate time for launch following due consideration of sector growth in the wake of the international economic crisis of 2008. The fourth quarter of 2009 may bring the positive news we are anticipating.

Our pursuit of presence on the African market continues, albeit at a slower pace that reflects the recent financial mayhem that has affected many world countries.

Further Empowerment of Special-Purpose Committees

JTB committees continue to record concrete success in terms of strengthening institutional cooperation. The solid foundations and goals set forth by senior management are well aligned with both the structural frameworks and specializations assigned to the various committees as well as with international standards for rational management and corporate governance.



Development of Human Resource Potential & Technologies

The employment of qualified staff and the development of human resource potentials continued during 2008, as did the administration of effective training rounds. The aim is to continuously upgrade employee understanding of the latest in terms of banking sector developments and improvements, and to ensure that knowledge and capabilities are aligned with the banking sector's requirements. More than 65 employees have undergone in excess of 560 training hours at various financial and banking institutions within and outside JTB during 2008.

In tandem with such human resource development, JTB continues to upgrade and develop automation systems. The ultimate aim is to work on a complete upgrade of all systems and technologies to what reflects the speed, security and efficiency requirements of modern banking operations.

Social Involvement and Assistance

During 2008, Jammal Trust Bank SAL has effectively contributed in the social, educational and philanthropic fields at more than one level. The bank continues to award private school and college scholarships to outstanding students at a number of eminent Lebanese schools and universities, and continues to support a series of non-profit establishments providing educational services. Today, Jammal Trust Bank SAL contributes either directly or indirectly to the education of more than 1200 students at various educational levels.

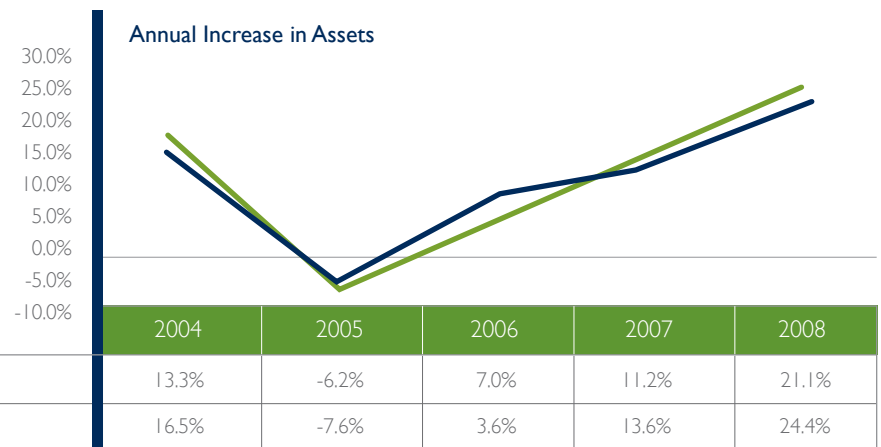
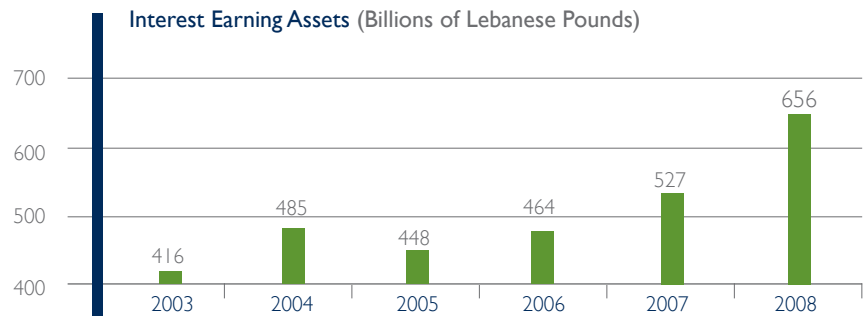
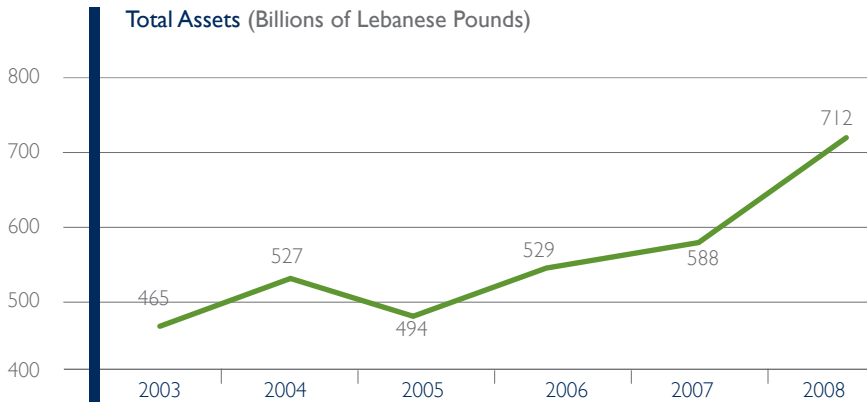


Key Financial Indicators & Results

Be it at the level of deposits, assets or loans, Jammal Trust Bank SAL has outperformed sector growth averages by at least 5 percentage points and by up to 17 percentage points during 2008.

Assets

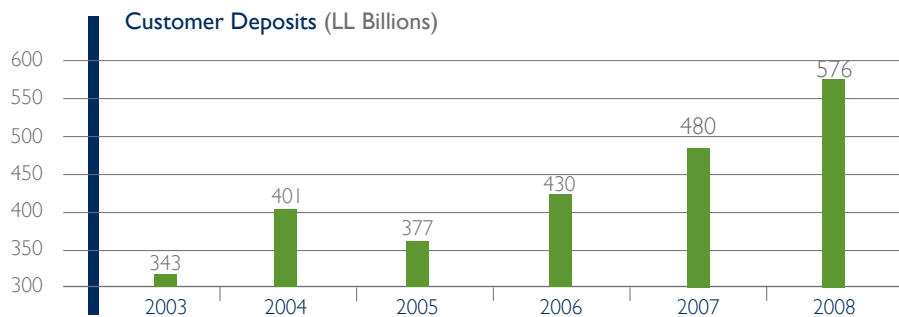
Against a 14.6% total asset growth for the Lebanese Banking sector as a whole, Jammal Trust Bank's asset base improved by 21.9% during 2008, recording LL 712 billion compared with LL 588 billion at the end of 2007. Such improvement was invested in loan portfolios in accordance with JTB's plans for the redistribution of credit portfolio risk.



	2004	2005	2006	2007	2008
— Assets (LL Billions)	13.3%	-6.2%	7.0%	11.2%	21.1%
— Interest-Earning Assets (LL Billions)	16.5%	-7.6%	3.6%	13.6%	24.4%

Deposits

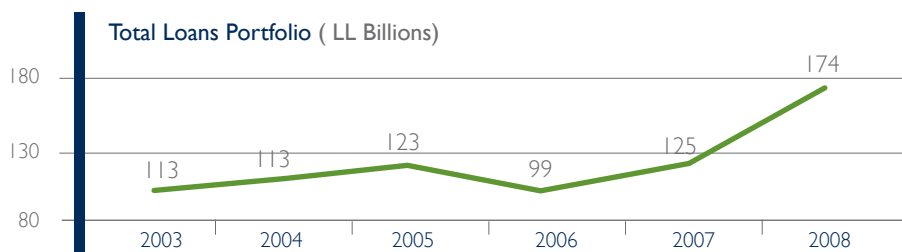
Total bank deposits recorded a 20.1% increase in 2008, growing from LL 480 billion at the end of the 2007 to LL 576 billion by the end of 2008. Such increase over-rode the rising trend recorded since 2006 and 2007, at which time customer deposits had grown by 13.9% and 11.6% respectively.



JTB's 20.1% increase in customer deposits was noticeably higher than the sector-wide improvement of 15.6% during 2008. The bulk of the increase was due to revived confidence in JTB.

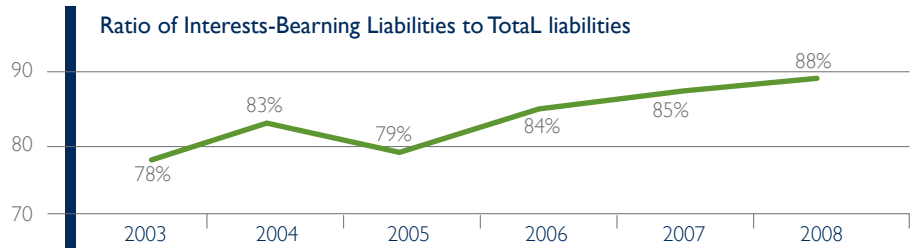
Loans

The already active credit portfolio was further supported by investment cash flows during 2008, while the shift from sovereign debt to credit has improved portfolio quality. Risk is better diversified, while the credit profile has improved significantly.



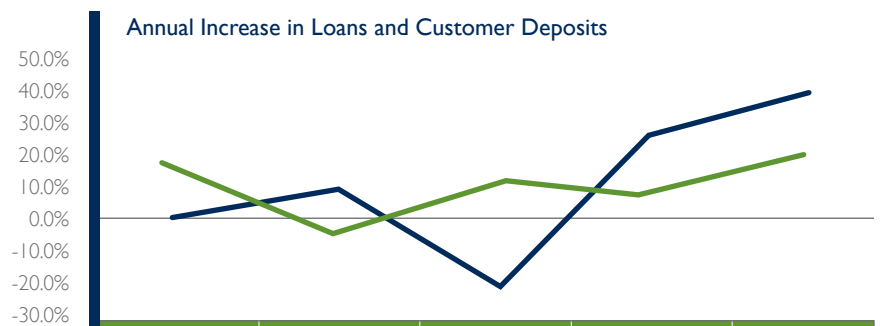


JTB's performing loans portfolio amounted to a total of LL 160 billion by the end of 2008 compared with LL 111 billion at the end of 2007, a LL 49 billion increase translating to 44.14%. This is to be compared with a 37% increase for the bank's loan portfolio in the previous year (2007), and a sector-wide improvement of 22.6% in 2008.



Following a management decision to restructure the Doubtful Debts portfolio, such loans have been reduced from LL 14.785 billion at the end of 2007 to approximately LL 11.761 billion by end 2008, being a total reduction of LL 3.024 billion representing 20.45%.

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 SAL as Lebanon's small business lending partner.



	2004	2005	2006	2007	2008
Loans	0.1%	8.6%	-19.8%	26.7%	39.3%
Customer Deposits	16.8%	-5.8%	13.9%	11.6%	20.1%

Liquidity

At the end of 2008, the bank enjoyed sufficient liquidity to cover 90% of its local currency obligations, a figure that has little wavered from the 2007 level of 92%. As for foreign currency cover, this has recorded a 5.59% increase, reaching the level of 24.99% at the end of 2008, which is equivalent to twice the ratio required by monitoring bodies.

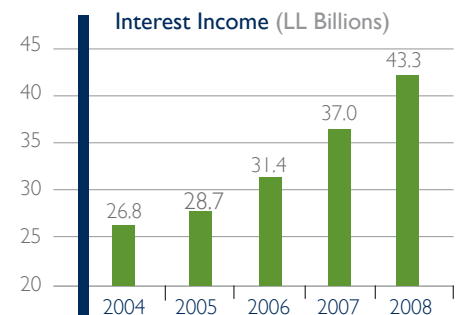
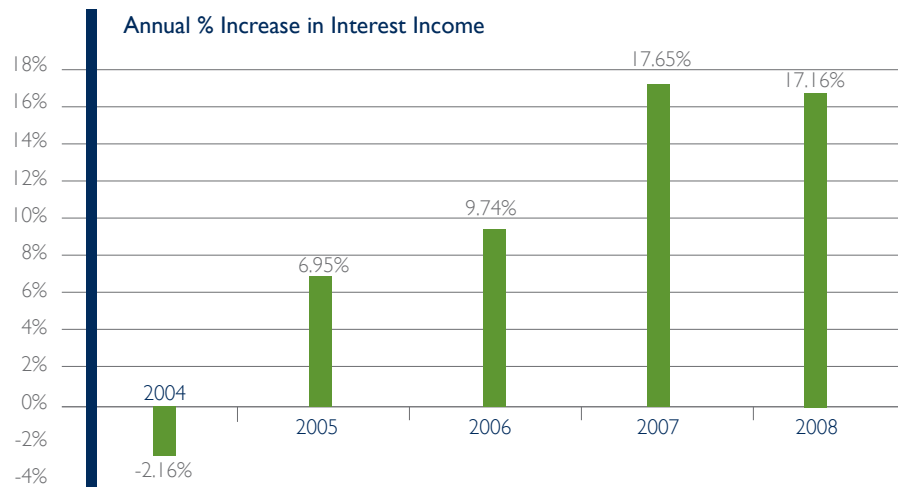
Solvency

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 17.20% at the end of 2008, 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 2008, a figure that has remained stable since 2007. JTB has therefore maintained its profitability level in spite of the economic depression that affected world markets during the fourth quarter of 2008.

Operating profits reached LL 6.158 billion at the end of 2008 compared with LL 4.117 billion for 2007, thus recording a LL 2.041 billion increase representing 50%.



Summary of Management Notes to Financial Statements

The Board hereby expresses satisfaction with the bank's promising performance of 2008, and finds that the corporate culture embedded over the past few years within JTB was the main driver behind such success. The Board commends the non-conventional approach adopted by all JTB members and their initiative towards developing the bank's operations, and supports management in its steadfast and solid motivation to advance and prosper towards what is better for JTB, its shareholders and stakeholders.

On Behalf of the Board
Anwar A. Jammal, Chairman

Independant Auditor's Report



Independent Auditors' Report

To the shareholders of
Jammal Trust Bank S.A.L.
Beirut- Lebanon

We have audited the accompanying consolidated financial statements of Jammal Trust Bank S.A.L. which comprise the consolidated balance sheet as at 31/12/2008, and the consolidated statement of income, statement of changes in shareholders' equity and cash flow statement for the year then ended, and summary of significant accounting policies and other explanatory notes. The financial statements of Egypt branches (under liquidation), branches totally owned by the bank, and the financial statements of "Real estate for Investment and Development Company SAL", a subsidiary, were audited by other auditors. These auditors issued a clean opinion on the mentioned financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Lebanese Banking Laws and Regulations. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation of financial statements that are free from material misstatements, 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 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 of material misstatement.

An audit involves performing procedures to obtain evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risk of material misstatement of the financial statements, whether due to fraud or error. In making those assessments, the auditor considers internal control relevant to the bank'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 bank's internal control. An audit also includes evaluating the appropriateness of accounting policies used and all 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 reasonable basis for our audit opinion.

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A handwritten signature in blue ink, consisting of a series of loops and a long horizontal stroke at the bottom.

-We did not receive a confirmation letter for a bank and financial institution debit account amounted to LBP 255 millions thus, we were unable to verify the existence and completeness of this account as 31/12/2008.

-“Others Operating Revenues” includes an amount of LBP 288 Millions for the year ended 31/12/2008 that represents write back of year 2007 (Provision for non-liquidated real estate acquired against debts). Thus, it reflects a noncompliance with IFRS (standard number 8) regarding the accounting treatment in applying Banking Control Commission memo dated 2/4/2008 to provide for other reserves (Provision for non-liquidated real estate acquired against debts) from the net results and not to record it in the statement of income.

-The Bank did not comply with IFRS (standard number 16), regarding the classification of “Deferred expenses” as Other Assets accounting to LBP 275 millions as of 31/12/2008 instead of being recorded as tangible or intangible fixed assets, or recorded as related year’s expenses.

-We noticed the existence of a real estate registered by the name of the Bank and not included in its accountings records, since it is included in: “The Real Estate for Investment and Development Company SAL” accounting records (a subsidiary company owned by 99.99% from the bank). The book value of this real estate amounted to LBP 267 millions as of 31/12/2008, thus we were not able to verify the completeness of the “Tangible Fixed Assets – Buildings”.

-Liabilities and expenses are overstated by an amount of LBP 44 millions as of 31/12/2008, that represents the re-insurance share to forthcoming years.

Opinion

In our opinion, except for the effects of the matters mentioned in the preceding paragraphs, the consolidated financial statements referred to above, present fairly, in all material respects, the financial position of Jammal Trust Bank S.A.L. as of 31/12/2008, its financial performance and cash flows for the year then ended in accordance with Lebanese Banking Laws and Regulations.

Emphasis of matter


Without further qualifying our opinion, we mention the followings:

-The bank has implemented BDL central council’s decision dated 20/4/2007; that approves the transfer of part of held position against Egypt branches’ compensation to a fixed position in US Dollars for the amount of USD 9,700,000 (equivalent to LBP 14.7 Billions), on the condition of decreasing the compensations for abroad branches from LBP 45.2 billion to LBP 2.3 billions; in addition to the liquidation of any excess over the maximum limit of fixed position upon the bank’s completion of liquidation of its Egypt branches. However, the bank did not record any adjusting entries to amortize the allocation of its Egypt branches in the head office records against the amortization in its Egypt branches records; since the consolidated balance sheet leads to this amortization.

Beirut, June 30, 2009
Grant Thornton



Mowafak Al Yafi, PhD
Managing Partner



2008 Audited Consolidated Financial Statements

Consolidated Balance Sheet - Statement of Assets

Jammal Trust Bank SAL - Audited Consolidated Balance Sheet as of Dec. 31, 2008			
notes	STATEMENT OF ASSETS (in 000's of LL)	2008	2007
5	Cash and Central Bank	116,795,180	95,381,996
6	Head Office, Branches, Parent Company, Sister Institutions & Subsidiaries	7,053	7,054
7	Banks & Financial Institutions	72,411,404	48,459,787
8	Loans & Advances to Customers (Net)	169,011,581	120,796,944
9	Loans & Advances to Related Parties	5,383,104	4,384,738
10	Debtors by Acceptances	7,421,523	10,290,275
11	Financial Instruments Available for Sale	25,313,049	91,678,993
12	Financial Instruments Classified as Loans and Receivables	89,870,222	-
13	Held to Maturity Financial Instruments	176,830,399	167,974,100
14	Tangible Fixed Assets	21,582,670	21,476,295
15	Intangible fixed assets	170,092	42,157
16	Non-Current Assets Held for Sale	23,071,406	23,298,994
17	Other Assets & Regularization Accounts	3,955,385	3,968,940
	Total Assets*	711,823,068	587,760,273

* After deducting LBP 18.5 billion representing the provision for doubtful debts and LBP 33.2 billion representing unrealized interest, for a total of LBP 51.7 billion

Consolidated Balance Sheet - Statement of Liabilities & Shareholders' Equity

Jammal Trust Bank SAL - Audited Consolidated Balance Sheet as of Dec. 31, 2008			
notes	STATEMENT OF LIABILITIES & SHAREHOLDERS' EQUITY (in 000's of LL)	2008	2007
	Liabilities		
18	Banks and Financial Institutions	37,769,068	11,342,057
19	Financial Assets Sold Under Repurchase Agreements	8,864,100	9,045,000
20	Customers' Deposits	575,358,618	479,181,100
21	Related Parties' Deposits	894,757	443,709
10	Liabilities by acceptances	7,421,523	10,290,275
22	Other Liabilities	8,007,834	9,795,463
22	Provisions for Contingencies & Charges	2,486,370	2,767,320
	Total Liabilities	640,802,270	522,864,924
	Shareholders' Equity		
24	Capital	58,281,972	58,281,972
	- Group Shares	58,000,000	58,000,000
	- Minority Shares	281,972	281,972
25	Capital Reserves	6,395,023	3,811,533
	- Group Shares	6,371,775	3,798,713
	- Minority Shares	23,248	12,820
26	Real Estate Revaluation Surplus	4,218,043	4,218,043
27	Financial Instruments Revaluation Reserve	327,337	(2,670,126)
28	Other Reserves	439,054	295,039
	Retained Earnings	958,888	612,342
	- Group Shares	850,173	524,941
	- Minority Shares	108,715	87,401
	Net Results for the year	400,481	346,546
	- Group Shares	310,970	327,030
	- Minority Shares	89,511	19,516
	Total Shareholders' Equity	71,020,798	64,895,349
	Total Liabilities & Shareholders' Equity	711,823,068	587,760,273
	Off-Balance Sheet	31-12-08	31-12-07
	Financial Engagements Issued To	15,891,077	34,126,449
	- Banks and Financial Intermediaries	15,891,077	34,126,449
	Engagements By Signature	368,469,568	302,618,630
	- Issued to Banks & Financial Institutions	1,342,703	125,940
	- Issued to Customers	12,685,399	11,467,866
	- Received from Customers	354,441,466	291,024,824
	Securities Engagements	27,135,000	18,119,848
	- Securities to be Received	13,567,500	9,059,924
	- Includes securities purchased under repurchase agreements	13,567,500	9,059,924
	Foreign Currency Operations	36,048	-
	- Foreign Currency Operations to be Received	43,925,277	-
	- Foreign Currency Operations to be Disbursed	(43,889,229)	-
	Claims Against Legal Cases	469,593	469,593
	- Assets Management Accounts	344,188	-
	- Bad Debts Transferred to Off-Balance Sheet	1,388,375	1,985,668

Consolidated Statement of Income

Jammal Trust Bank SAL - Audited Consolidated Income Statement for the year ended Dec. 31, 2008			
Notes	Amounts in 000's of LL	2008	2007
29	Interest & Related Revenues	43,336,555	36,988,728
30	Interest & Related Expenses	(27,028,603)	(23,052,961)
	Net Interest Revenues	16,307,952	13,935,767
	Commission Revenues	5,915,656	4,209,298
	Commission Expenses	(972,690)	(513,337)
	Net Commission Revenues	4,942,966	3,695,961
31	Net Gain / Loss on Financial Investment	94,953	465,444
	Net Gain / Loss on Trading Operations	446,197	(47,557)
32	Other Operating Revenues	1,398,115	1,481,620
	Total Operating Revenues	23,190,183	19,531,235
	Credit Losses	(895,549)	(3,252,431)
	Net Operating Revenues	22,294,634	16,278,804
34	Employee Compensation	(8,202,846)	(6,369,419)
35	Tangible Fixed Assets Depreciation	(1,450,055)	(1,409,837)
	Intangible Fixed Assets Amortization	(3,454)	(3,764)
36	Other Operating Expenses	(9,444,037)	(7,666,895)
	Total Operating Expenses	(19,100,392)	(15,449,915)
	Net Operating Profits	3,194,242	828,889
	Net Gain / Loss on the Sale or Disposal of Assets	216,255	232,075
	Pre-Tax Income	3,410,497	1,060,964
	Income Tax	(8,174)	(5,748)
	After-Tax Income	3,402,323	1,055,216
	Less: Capital Reserves	(2,562,788)	(66,770)
	Less: Other Reserves	(439,054)	(641,900)
	Net Results for the Year	400,481	346,546
	Group share	310,970	327,030
	Minority share	89,511	19,516

Consolidated Statement of Cash Flows

Jammal Trust Bank SAL - Audited Consolidated Cash Flow Statement for the year ended Dec. 31, 2008			
Notes	Amounts in 000's of LL	2008	2007
	Cash Flows From Operating Activities		
37	Pre-tax Income Results for the Year	3,410,497	1,060,964
	Adjustments	2,438,599	5,054,815
	Change in Central Bank, Banks and Financial Institutions	(23,566,919)	(11,645,828)
	Change in Loans & Advances to Customers	(49,110,186)	(33,200,449)
	Change in Loans & Advances to Related Parties	(998,366)	3,545,554
	Change in Financial Instruments Available for Sale	66,365,944	(523,069)
	Change in Financial Instruments Classified as Loans & Receivables	(89,870,222)	-
	Change in Financial Instruments Held to Maturity	(8,856,299)	(15,047,273)
	Change in Financial Assets Sold Under Repurchase Agreements	(180,900)	9,045,000
	Change in Other Assets	13,555	3,123,187
	Change in Customers' Deposits	96,177,517	52,901,596
	Change in Related Parties' Deposits	451,049	(3,168,731)
	Change in Other Liabilities	(1,795,803)	1,466,416
	Net Cash Provided From Operating Activities	(5,521,534)	12,612,182
	Cash Flows From Investment Activities		
	Proceeds From Non-Current Assets Held for Sale	858,119	317,853
	Adjustments on Tangible & Intangible Fixed Assets	(11,176)	11
	Purchase of Intangible Fixed Assets	(134,798)	(18,844)
	Purchase of Tangible Fixed Assets and Non-Current Assets Held for Sale	(2,837,906)	(972,293)
	Net Cash from Investment Activities	(2,125,761)	(673,273)
	Cash Flows From Financing Activities		
	Changes In Revaluation Reserves	2,997,463	(1,577,234)
	Retained Earnings	20,702	275,687
	Net Cash Used In Financing Activities	3,018,165	(1,301,547)
	Net (Decrease) Increase In Cash and Cash Equivalents	(4,629,130)	10,637,362
38	Cash and Cash Equivalents At the Beginning of Year	89,423,179	78,785,817
38	Cash and Cash Equivalents At End of Year	84,794,049	89,423,179

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, 2008

In 000's of LL	Capital	Risk Reserve	Real Estate Revaluation Surplus	Financial Instruments' Revaluation Reserve	Other Reserves	Retained earnings	Results for the year	Minority Interest Total (L.L 000)	Shareholder Equity Total (L.L 000)
Beginning Balance as at 31-12-2006	58,000,000	3,092,210	4,218,043	(1,093,521)	83,390	517,160	14,066	380,026	65,211,374
Results of the year - (2007)	-	-	-	-	-	-	1,055,216	-	1,055,216
Transferred to Capital Reserves	-	706,502	-	-	-	-	(708,670)	2,168	-
Closing Financial Instruments' Revaluation Reserves (2006)	-	-	-	1,093,521	-	-	-	-	1,093,521
Financial Instruments' Revaluation Reserve (2007)	-	-	-	(2,670,126)	-	-	-	-	(2,670,126)
Transferred to Other Reserves	-	-	-	-	215,759	-	-	-	215,759
Closing Other Reserves (2007)	-	-	-	-	(4,110)	-	-	-	(4,110)
Transferred to Other Retained Earnings	-	-	-	-	-	7,781	(14,186)	-	(6,405)
Change in Minority Interests	-	-	-	-	-	-	(19,396)	19,516	120
Ending Balance as at 31-12-2007	58,000,000	3,798,712	4,218,043	(2,670,126)	295,039	524,941	327,030	401,710	64,895,349
Results of the year - 2008	-	-	-	-	-	-	3,402,323	-	3,402,323
Transferred to Capital Reserves	-	2,573,063	-	-	-	-	(2,573,063)	-	-
Closing Financial Instruments' Revaluation Reserves (2007)	-	-	-	2,670,126	-	-	-	-	2,670,126
Financial Instruments' Revaluation Reserve (2008)	-	-	-	327,337	-	-	-	-	327,337
Transferred to Other Reserves	-	-	-	-	439,054	-	(439,054)	-	-
Closing Other Reserves (2007)	-	-	-	-	(295,039)	-	-	-	(295,039)
Transferred to Retained Earnings	-	-	-	-	-	325,232	(325,232)	-	-
Change in Minority Interests	-	-	-	-	-	-	(81,034)	101,736	20,702
Ending balance as at 31/12/2008	58,000,000	6,371,775	4,218,043	327,337	439,054	850,173	310,970	503,446	71,020,798



Notes to the Consolidated Financial Statements

I- 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 deposits
- 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 SAL 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 31/12/2008 (including the comparatives for the year ended 31/12/2007), were approved by Chairman /General Manager on June 30, 2009.

3- Changes in Accounting Policies

During November 2008, the IASB adjusted the IAS 39 and IFRS 7 regarding the reclassification of financial assets. These adjustments allowed the reclassification of financial assets available for sale to loans and accounts receivables after the "rare circumstances" that occurred during the second half of the year 2008.

These adjustments required additional disclosures in case of application and has been disclosed in disclosure number 12.

The bank started applying the Banking Control Commission memo dated 2/4/2008 concerning the adjustment of Central Bank of Lebanon circular number 78 in relation to changes in International Financial Reporting Standards (IFRS) regarding the accounting treatment for the deduction of real estate acquired against debts disclosed as noncurrent assets held for sale. This memo states the necessity of the net results' reserve deduction and includes it in shareholder's equity.



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.
- For test of impairment purposes, the fair value of financial assets not classified as available for sale or held to maturity is measured in accordance with local Lebanese banking requirements.

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 cannot 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.

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

Foreign currency transactions during the year including income and expenses are converted to 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 re-measurement 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:

- Held to Maturity Financial Assets
- Available for Sale Financial Assets
- Financial assets classified as loans and receivables
- Loans and Advances

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

Available for sale financial assets include treasury bills, certificates of deposits and investments in other companies. These assets 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.

Gain or Losses arising from financial assets classified as available for sale are only recognized in the income statement when they are sold or when the asset is impaired. In case of impairment, any loss previously recognized in equity is transferred to the income statement.

Available for sale financial assets not quoted is recorded at cost since its fair value cannot be measured reliably.

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

Held to maturity investments that represents treasury bills and certificate of deposits 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 deferred interest on short term bills (less than one year) plus accrued interest 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.

Any sale or reclassification for more than an insignificant amount of held to maturity financial assets at a date not so close to its maturity date, results to re-classing of all held to maturity financial assets to be available for sale and prohibiting the bank from classifying financial assets as held to maturity during the current financial year or during the two preceding financial years.

Financial Assets Classified As Loans & Receivables

These financial assets represent non derivative treasury bills and certificate of deposits with fixed or determined payments that are not quoted in an active market.

These financial assets are measured at amortized cost and any change in its value will be reflected in income statements.

Loans and Advances

The bank grants loans and advances to the customers against collateral in kind, real estate guarantees and personal 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 registered at the original unsettled 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 reassesses the provision for loans and advances on a regular basis according to its periodic review of loan collection and 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 estimations are considered subject to review and change every time the hypothesis or the information change.

4.4 Property, Plant & 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%

The carrying amounts are reviewed at each balance sheet date to assess whether they are recorded in excess of their recoverable amount. Where carrying amounts exceed the recoverable amount, assets are written down to their recoverable amount in order to reflect the impairment loss.

Gain or loss arising from disposal or extraction 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.

4.5 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.

4.6 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 non-distributable and is provided for in Lebanese pounds and foreign currencies based on the total assets weighted by risks in and off balance sheet.

4.7 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.

4.8 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.

4.9 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%.

4.10 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.

4.11 Non - current assets held for sale

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. This reserve is deducted from net results after tax and after deducting legal reserve and risk reserve in accordance with IFRS.

4.12 Intangible fixed assets

Intangible fixed assets signify key money that represents the excess paid to acquire the leased real-estate, 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%.



4.13 Revaluation variances of foreign branches

The Bank keeps a fixed foreign exchange position against the foreign branches' capital amounted to USD 30 million 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.

4.14 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.

4.15 Basis of Financial Statement Consolidation

The Consolidated financial statements are those of Jammal Trust Bank SAL 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).

4.16 Comparative Figures

Certain comparative figures have been reclassified in year 2007 to conform to current year's presentation. Such reclassifications do not affect previously reported net profit or shareholders' equity.

5- Cash & Central Bank

	2008	2007
	LL (000)	LL (000)
Cash on hand	10,645,978	7,195,274
Central Bank of Lebanon		
Current accounts	43,972,544	31,382,560
Time deposits	61,934,250	56,471,250
Accrued Interest	239,378	329,964
Cash on hand / Related Companies	3,030	2,948
Total	116,795,180	95,381,996

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-II) for the period ended 31/12/2008 amounted to LBP 39.5 billion. It should be noted that the cash reserve deposited at the Central Bank of Lebanon amounted to LBP 43.97 billion as of 31/12/2008.

The account Time Deposits with BDL includes mandatory reserves amounting to USD 37.9 million (equivalent to LBP 57.13 billion) as of 31/12/2008, representing 15% of commitments in foreign currencies that the bank receives depending on the nature of such.

The maturity dates of term deposits in the Central Bank of Lebanon as at 31/12/2008.

	Up to 1 year	1 to 3 years	Total
	LL (000)	LL (000)	LL (000)
Term of Deposits L.L.	4,800,000	-	4,800,000
Term Deposits foreign currency C/V L.L.	11,758,500	45,375,750	57,134,250
Total	16,558,500	45,375,750	61,934,250



6- Head Office, Branches, Parent Company, Sister Institutions & Subsidiaries

	2008	2007
	LL (000)	LL (000)
Head office balance/ Egypt branches	43,500,821	44,219,264
Egypt branches' balances	(43,493,768)	(44,212,210)
Total	7,053	7,054

7- Banks & Financial Institutions

	2008	2007
	LL (000)	LL (000)
Resident banks - current accounts	11,591,920	15,228,690
Non- resident banks - current accounts	10,933,308	14,616,975
Resident banks - term deposits	43,468,891	18,445,436
Non-resident banks - term deposits	6,030,000	-
Purchased checks	293,963	99,117
Interest receivable	93,322	69,569
Total	72,411,404	48,459,787

- All of the bank's term deposits as of 31/12/2008 are within maturity of a year or less.
- The balance of Non-resident banks-current accounts includes an amount of LBP 828 million representing the balance with a British bank as of 31/12/2008. This balance was blocked by the British bank as a reserve noting that there is a cash guarantee against it amounted to LBP 335 million (refer to disclosure 20).
- The balance of resident banks-current accounts includes an amount of LBP 189 million representing the balances of Egypt Branches (under liquidation).

8- Loans & Advances to Customers (Net)

	2008	2007
	LL (000)	LL (000)
Lebanon Branches		
Advances against LC	11,953,969	4,626,609
Discounted Bills	458,149	1,618,040
Advances Against Cash Guarantee	9,069,438	3,078,445
Advances Against Guarantee	8,693,334	6,781,667
Advances Against Personnel Guarantee	19,592,422	14,184,631
Unpaid Bills	957,082	880,796
Medium and Long Term Loans	45,071,123	23,611,382
Bills to the Bank Order	60,951,822	43,253,343
Creditors Accidentally Debtors	512,314	7,812,930
Doubtful Debts	55,800,879	58,174,518
Substandard Loans	4,229,057	8,610,514
Less: Unrealized Interest on Substandard Loans	(958,542)	(1,558,220)
Less: Provision for Doubtful Debts	(15,024,605)	(18,259,016)
Less: Unrealized Interest on Doubtful Debts	(32,286,004)	(32,186,302)
Less: Unearned Interest Differences	(37,346)	-
Total Loans and Advances/Lebanon Branches	168,983,092	120,629,337
Egypt Branch		
Advances	28,489	167,607
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	28,489	167,607
Grand Total Loans & Advances	169,011,581	120,796,944

The balance of Loans and advances to customers accounts includes substandard loans amounted to LBP 4.2 billion as of 31/12/2008 and LBP 8.7 billion as of 31/12/2007.

Nature of Industry	2008 (%)	2007 (%)
Trade	28.24	30.46
Construction	12.22	15.52
Manufacturing	13.24	5.79
Agriculture	12.03	13.59
Finance	7.96	3.7
Other (individual)	26.31	30.94
Total	100	100

The movement of provisions for doubtful loans and unrealized interest including that on substandard Loans for the year ended 31/12/2008 is as follows:

	2008	2007
	LL (000)	LL (000)
Beginning Balance (provisions)	21,696,855	18,755,645
Beginning Balance (unrealized interest)	32,186,302	27,049,812
Add: provisions taken during the year	1,595,015	4,191,643
Add: Unrealized interest during the year	7,568,232	5,318,582
Less :Written back provisions during the year	(699,466)	(939,212)
Less: Doubtful debts' provisions written off during the year	(11,583,700)	(493,313)
Differences	(14,915)	-
Ending balance	50,748,323	53,883,157
Of which provisions on doubtful debts	18,462,319	21,696,855
Of which unrealized interests on doubtful debts	32,286,004	32,186,302

9- Loans and advances to related parties:

	2008	2007
	LL (000)	LL (000)
Loans and advances to related parties (article 152 of c.m.c)	5,383,104	4,384,738

The bank grants loans and advances to related parties that include the shareholders, board of directors' members, and senior managers.

This balance includes an amount of LBP 96 million representing doubtful loans and advances to related parties that are fully covered with provisions; this provision is classified under Loans and advances to customers (Net) as of 31/12/2008.

In addition, this balance includes an amount of LBP 2.6 billion that represents substandard loans and advances to related parties with unrealized interests recorded under Loans and advances to customers (Net) of an amount of LBP 304 million as of 31/12/2008.

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" (refer to related party transactions disclosure number 39).

10- Debtors/ Liabilities against acceptance:

	2008	2007
	LL (000)	LL (000)
Debtors by Acceptance	7,421,523	10,290,275

This account represents engagement by acceptance resulted from documentary letters of credit committed by clients and unrealized as of 31/12/2008. These commitments are stated under the liabilities as "Liabilities by acceptance".

11- Available for sale financial instruments:

	2008	2007
	LL (000)	LL (000)
Lebanese Treasury Bills (USD)	15,319,569	5,125,005
Certificate of Deposits (USD)	8,106,630	82,990,247
Interest receivable (Treasury Bills)	132,721	1,864,048
Interest receivable (Certificate of Deposits)	136,094	81,658
Participations and Shares	1,618,035	1,618,035
Total	25,313,049	91,678,993

The maturity dates of treasury bills and certificates of deposit available for sale as of 31/12/2008 are as follows:

	Up to one year	1 Year to 3 years	Total
	LL (000)		LL (000)
Lebanese Treasury Bills (USD)	15,319,569	-	15,319,569
Certificate Of Deposits (USD)	-	8,106,630	8,106,630
	15,319,569	8,106,630	23,426,199
Add : Interest on Lebanese Treasury Bills	132,721	-	132,721
Add: Interest On Certificate Of Deposits	-	136,094	136,094
Total	15,452,290	8,242,724	23,695,014

The maturity dates of the Treasury Bills and certificate of deposits portfolio as of 31/12/2008 are as follows:

	Nominal Value	Unamortized premiums (Discounts)	Amortized Book value	Revaluation Differences	Book Value	Effective Interest Rate (Weighted Average)	Nominal Interest Rate (Weighted Average)
	LL (000)	LL (000)	LL (000)	LL (000)	LL (000)	%	%
MATURITY 2010 4th quarter							
Treasury bills -USD	646,518	(43,075)	603,443	(27,134)	576,309	6%	10.133%
MATURITY 2011 2nd quarter							
Treasury bills –USD	15,075,000	80,812	15,155,812	(412,552)	14,743,260	7.875%	7.624%
Total	15,721,518	37,737	15,759,255	(439,686)	15,319,569		
MATURITY 2015 2nd quarter							
Certificate of Deposit- USD	7,537,500	569,129	8,106,630	-	8,106,630	8.429%	10%
Total	7,537,500	569,129	8,106,630	-	8,106,630		

The nominal value of Treasury Bills - USD (maturity of 2nd quarter of year 2011) includes an amount of USD 4 million (equivalent to LBP 6 billion) that represents the nominal value of Treasury Bills taken as a guarantee from a resident bank as of 31/12/2008. Noting that an amount of USD 2 million (equivalent to LBP 3 billion) of these bills are against repurchase agreements (Repo) with this bank to provide liquidity and open Letters of credit, whereas the remaining part of these bills, was taken as an additional guarantee of an amount of USD 2 million (equivalent to LBP 3 billion) as of 31/12/2008.

The participations and shares include obligatory participations classified as held for sale, since it was not classified within other financial instruments. The participations and shares are divided as follows:

	Company's Location	Company's Shares	Owned Shares	Percentage of Contribution (Votes)	Nominal Value Per Share (L.L000)	Cost Price (L.L.000)	Book Value (L.L.000)	Company's Activity
Kafalat S.A.L	Lebanon	200,000	1,000	5.00%	100	100,000	100,000	Credit
Societe Financiere du Liban S.A.L	Lebanon	400,000	16,000	4.00%	10	160,000	160,000	Financial Institution
Banque de l'Habitat S.A.L.	Lebanon	6,250,000	167,870	2.69%	8	1,342,960	1,342,960	Credit
Total							1,602,960	

The investment in Dar Al Fikr Al Arabi represents a deposit with non – generating income which cannot be sold, but can only be redeemed of an amount of LBP 15 million.

12- Financial Instruments classified as loans and receivables

	2008	2007
	LL (000)	LL (000)
Treasury Bills - LBP	14,036,656	-
Treasury Bills - USD	45,993,479	-
Certificate of Deposits – USD	28,054,512	-
Add: Accrued Interests on Lebanese Treasury Bills	1,340,546	-
Add: Accrued Interests on Certificate Of Deposits	445,029	-
Total	89,870,222	-

The movement of Financial Assets classified as Loans & Receivables during the year 2008 is as follows:

	2008
	LL (000)
Balance as of 1/1/2008	-
Reclassification of available for sale financial assets	88,233,375
Net Premiums, discounts, fair value, and interest receivable effects	1,636,847
Balance as of 31/12/2008	89,870,222

The maturities of Financial Assets classified as Loans & Receivables are as follows:

	Above 3 Years	Total
	LL (000)	LL (000)
Treasury Bills - L.L.	14,036,656	14,036,656
Treasury Bills - USD	45,993,479	45,993,479
Certificate of Deposits - USD	28,054,512	28,054,512
Sub-Total	88,084,647	88,084,647
Add: Accrued Interests on Treasury Bills - USD	1,340,546	1,340,546
Add: Accrued Interests on Certificate of Deposits- L.L.	445,029	445,029
Total	89,870,222	89,870,222

The maturity dates of Lebanese treasury bills and certificate of deposits classified as loans and receivables portfolio as of 31/12/2008 are as follows:

	Nominal Value	Unamortized premiums (Discounts)	Book Value	Effective Interest Rate (Weighted Average)	Nominal Interest Rate (Weighted Average)
	LL (000)	LL (000)	LL (000)	%	%
MATURITY 2011 1st quarter Treasury bills -L.L.	14,000,000	36,656	14,036,656	8.927%	9.37%
MATURITY 2012 3rd quarter Treasury bills -USD	4,522,500	(48,727)	4,473,773	8.182%	7.75%
MATURITY 2014 2nd quarter Treasury bills -USD	3,015,000	161,206	3,176,206	8.445%	9%
MATURITY 2015 2nd quarter Certificate of deposits- L.L.	24,647,625	3,406,887	28,054,512	8.624%	10%
3rd quarter Treasury bills -USD	9,045,000	(7,813)	9,037,187	8.539%	8.5%
MATURITY 2016 1st quarter Treasury bills -USD	1,507,500	(21,078)	1,486,422	8.643%	8.5%
2nd quarter Treasury bills -USD	1,507,500	476,022	1,983,522	8.749%	11.62%
MATURITY 2021 2nd quarter Treasury bills -USD	27,210,375	(1,374,006)	25,836,369	8.835%	8.25%
Total	85,455,500	2,629,147	88,084,647		

The nominal value of treasury bills- USD (maturity of 2nd quarter of year 2021) includes an amount of USD 5 million (equivalent to LBP 7.5 billion) that represent the nominal value of treasury bills taken as a guarantee from a resident bank against repurchase agreement (Repo) with this bank to provide liquidity and open Letters of credit.

13- Held to maturity financial instruments:

	2008	2007
	LL (000)	LL (000)
Treasury Bills - L.L.	124,233,467	116,273,009
Certificate Of Deposits - USD	19,345,747	18,839,228
Certificate Of Deposits - L.L.	29,221,866	29,381,075
Interests Receivable (Treasury Bills) - L.L.	2,504,364	2,323,441
Interests Receivable (Certificate Of Deposits) - USD	711,867	361,364
Interests Receivable (Certificate Of Deposits) - L.L.	813,088	795,983
Total	176,830,399	167,974,100

The maturity dates of treasury bills and certificates of deposit held to maturity as of 31/12/2008 are as follows:

	Up to one Year	1 to 3 Years	Above 3 Years	Total
	LL (000)	LL (000)	LL (000)	LL (000)
Treasury Bills - L.L.	49,010,688	69,167,518	6,055,260	124,233,466
Treasury Bills – USD			19,345,747	19,345,747
Certificate Of Deposits - L.L.			29,221,866	29,221,866
Add: Interests On Treasury Bills - L.L.	1,219,210	1,176,811	108,343	2,504,364
Add: Accrued Interests On Certificate Of Deposits- USD			711,867	711,867
Add: Accrued Interests On Certificate Of Deposits - L.L.		813,088	-	813,088
Total	50,229,898	71,157,417	55,443,083	176,830,399

The maturity dates of certificate of deposits held to maturity portfolio as of 31/12/2008 are as follows:

	Nominal Value	Unamortized Premiums (Discounts)	Book Value	Effective Interest Rate (Weighted Average)	Nominal Interest Rate
	LL (000)	LL (000)	LL (000)	%	%
MATURITY 2010					
1st quarter					
Certificate of deposits- L.L.	21,000,000	293,024	21,293,024	10.048%	11.3%
2nd quarter					
Certificate of deposits- L.L.	8,000,000	(71,158)	7,928,842	12.094%	11.3%
MATURITY 2013					
1st quarter					
Certificate of deposits- USD	19,345,748	-	19,345,748	9%	9%
Total	48,345,748	221,866	48,567,614		

The maturity dates of treasury bills held to maturity portfolio as of 31/12/2008 are as follows:

	Nominal Value	Unamortized premiums (Discounts)	Book Value	Effective Interest Rate (Weighted Average)	Nominal Interest Rate
	LL (000)	LL (000)	LL (000)	%	%
MATURITY 2009					
1st quarter Treasury bills- L.L.	11,000,000	-	11,000,000	9.340%	9.34%
2nd quarter Treasury bills- L.L.	18,000,000	1,3815	18,013,815	9.361%	9.361%
4th quarter Treasury bills- L.L.	20,000,000	(3,128)	19,996,872	9.319%	9.32%
MATURITY 2010					
1st quarter Treasury bills- L.L.	3,000,000	52,532	3,052,532	9.746%	11.3%
2nd quarter Treasury bills- L.L.	24,219,070	(94,267)	24,124,803	11.27%	10.28%
4th quarter Treasury bills- L.L.	10,000,000	(3,435)	9,996,565	9.339%	9.32%
MATURITY 2011					
1st quarter Treasury bills- L.L.	8,000,000	(3,013)	7,996,987	9.339%	9.32%
2nd quarter Treasury bills- L.L.	19,000,000	(2,018)	18,997,982	9.325%	9.32%
3rd quarter Treasury bills- L.L.	5,000,000	(1,351)	4,998,649	9.091%	9.08%
MATURITY 2012					
4th quarter Treasury bills- L.L.	6,055,260	-	6,055,260	11.500%	11.5%
Total	124,274,330	(40,865)	124,233,465		



I 4- Tangible Fixed Assets

	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 2007	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 1 January 2007	(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	788	824,552
Disposals	(1,028,545)	(73,192)	(464,337)	(1,206,151)	-	(36,611)	(27,906)	(137,330)	-	(2,974,072)
Depreciation	(184,469)	(61,615)	(114,909)	(124,159)	(578,861)	(26,627)	(7,274)	-	(238,428)	(1,336,342)
Depreciation on assets disposed of	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	3,506,193	34,230,242
Accumulated Depreciation 31 Dec. 2007	(487,815)	(654,071)	(1,680,541)	(348,731)	(6,643,416)	(235,763)	(6,367)	-	(2,697,243)	(12,753,947)
Carrying amount 1 January 2008	712,867	239,994	594,586	336,229	18,565,687	42,036	31,830	144,116	808,950	21,476,295
Additions	374,643	55,647	238,280	236,403	32,189	-	49,596	1,220,617	-	2,207,375
Disposals	(36,384)	(484,148)	(1,334,956)	(1,650)	(703,400)	-	-	(77,715)	-	(2,638,253)
Adjustments	(9)	-	-	11,196	9	-	-	-	(2)	11,194
Depreciation for the year	(263,551)	(32,749)	(115,664)	(144,798)	(576,738)	(22,129)	(44,502)	-	(190,615)	(1,390,746)
Depreciation on Assets Disposed of	36,384	466,475	1,316,698	1,195	96,053	-	-	-	-	1,916,805
Carrying amount 31 December 2008	823,950	245,219	698,944	438,575	17,413,800	19,907	36,924	1,287,018	618,333	21,582,670
Gross amount 31 December 2008	1,538,932	465,564	1,178,451	930,909	24,537,901	277,799	87,793	1,287,018	3,506,191	33,810,558
Accumulated depreciation 31 Dec. 2008	(714,982)	(220,345)	(479,507)	(492,334)	(7,124,101)	(257,892)	(50,869)	-	(2,887,858)	(12,227,888)

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.

15- Intangible Fixed Assets

	Key Money	Licenses	Trademarks & Similar	Payments on Intangible Fixed Assets	Other Intangible Fixed Assets	Total
	LL (000)	LL (000)	LL (000)	LL (000)	LL (000)	LL (000)
Gross amount 1 January 2007	633,788	-	-	19,302	-	653,090
Accumulated depreciation 1 January 2007	(621,672)	-	-	(3,754)	-	(625,426)
Carrying amount January 1, 2007	12,116	-	-	15,548	-	27,664
Additions	-	-	-	18,844	-	18,844
Disposals	(233,546)	-	-	(640)	-	(3,764)
Depreciation for the year	-	-	-	(3,764)	-	(234,186)
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)
Carrying amount 31 December 2007	12,116	-	-	30,041	-	42,157
Additions (Purchases)	-	60,120	8,958	36,502	29,218	134,798
Depreciation for the year	-	(3,006)	(448)	-	(3,409)	(6,863)
Carrying amount 31 December 2008	12,116	57,114	8,510	66,543	25,809	170,092
Gross Amount 31 December 2008	400,242	60,120	8,958	74,008	29,218	572,546
Accumulated depreciation 31 December 2008	(388,126)	(3,006)	(448)	(7,465)	(3,409)	(402,454)

16- Non-Current Assets Held for Sale

		2008	2007
		LL (000)	LL (000)
Property against debts	16/1	2,948,712	3,176,300
Investment against debt	16/2	20,122,694	20,122,694
Total		23,071,406	23,298,994

16/1 - Property Against Debts	2008	2007
	LL (000)	LL (000)
Balance at the beginning of the year	3,106,577	3,855,668
Additions during the year	630,531	147,741
Disposals during the year	(848,563)	(896,832)
Sub-Total	2,888,545	3,106,577
Property against debts/Egypt	60,167	69,723
Balance at the end of the year	2,948,712	3,176,300

16/2 - Investments Against Debts	2008	2007
	LL (000)	LL (000)
Savoy Suites Company SARL	9,451,401	9,451,401
Tourism Development Company SARL	10,671,293	10,671,293
Total	20,122,694	20,122,694

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.

The bank has not recorded a yearly reserve of 5% against these investments after it was not sold within 2 years from repossession, since the bank is in the process of selling a part of "Savoy Suite company SARL" investments during year 2008. The selling process was accomplished during year 2009. Furthermore, the Bank's management considers that the treatment of "Tourism Development Company SARL" loan was finished during year 2007 in accordance with Banking Control Commission Letter dated 9/3/2007, thus a reserve will be provided against this investment during year 2009.

17- Other Assets

	2008	2007
	LL (000)	LL (000)
Sundry Creditors / Private Sector	1,500,346	1,447,025
Sundry Creditors / Public Sector	319,574	237,147
Other Receivable Revenues	-	15,000
Prepaid Expenses	1,139,268	1,176,108
Deferred Charges	275,495	90,746
Head Office And Branches In Lebanon	-	189,031
Revaluation Differences Of Fixed Position	55,990	55,990
Other Assets (Fiscal Stamps)	35,028	59,227
Other Assets (Egypt Branches)	296,750	449,707
Other Assets (Related Companies)	332,934	248,959
Total	3,955,385	3,968,940

- 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 fixed foreign currency position account represent the difference resulting from evaluating the fixed positions.
- Other assets/Egypt branches account represents prepaid rent and other sundry debtor accounts as of 31/12/2008.

18- Banks & Financials Institutions

	2008	2007
	LL (000)	LL (000)
Current Accounts	5,607,807	8,575,566
Term Deposits	32,161,261	2,766,491
Total	37,769,068	11,342,057

The balance of banks and financial institutions account represents deposits and loans balances from the banks and financial institutions as of 31/12/2008.

19- Financial Assets Sold Under Repurchase Agreements

The balance of this account represents the nominal value of liabilities against repurchase agreements (Repo) on treasury bills in USD with a resident bank to provide liquidity and open Letters of credit when needed.

20- Customers' Deposits

	2008	2007
	LL (000)	LL (000)
Current Deposits	38,769,249	34,323,438
Term Deposits	2,744,731	22,602,795
Saving Deposits	462,823,306	378,894,899
Debtors Accidentally Creditors	2,382,244	2,409,128
Blocked accounts	28,847,344	15,086,155
Public sector deposits	16,972,338	23,703,655
Payment orders	3,554,690	2,161,030
Deposits initiated by fiduciary contracts	19,264,715	-
Total	575,358,617	479,181,100

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

	2008		2007	
	LL (000)	%	LL (000)	%
Deposits - L.L.	256,710,331	44.6%	232,488,182	48.4%
Deposits - FC (Equivalent L.L.)	318,648,287	55.4%	246,692,918	51.6%
Total	575,358,618	100%	479,181,100	100%

- There is a restrain on a sum of LBP 335 million of payment orders as of 31/12/2008 representing transfers for some clients. This restrain is against the restrain of a British bank on the bank's account (refer to disclosure number 7).
- "Deposits initiated by fiduciary contracts" represents fiduciary deposits balances with resident and non- resident financial institutions.

21- Related Parties' Deposits

This balance represents the related parties' deposits account and is distributed between LBP and foreign currencies as follows:

	2008		2007	
	LL (000)	%	LL (000)	%
Deposits - L.L.	331,157	41.24%	212,514	47.89%
Deposits - FC (Equivalent L.L.)	563,600	58.76%	231,195	52.11%
Total	894,757	100%	443,709	100%

22- Other Liabilities

	2008	2007
	LL (000)	LL (000)
Sundry Creditors / Private Sector	4,182,901	5,667,083
Sundry Creditors / Public Sector	614,372	536,267
Margins on LC	788,440	2,604,442
Deferred Interest Revenues	66,327	189,614
Accrued Expenses	844,849	690,404
Head Office And Branches In Lebanon	757,293	-
Sundry Creditors / Related Companies	753,652	107,653
Total	8,007,834	9,795,463

- 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 part of the loans given to clients.
- Sundry creditors / Public sector include National Social Security Fund subscriptions in addition to taxes payables and fees collected from the customers payable to the ministries as of 31/12/2008.
- 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 31/12/2008.

23- Provision for Contingencies & Charges

	2008	2007
	LL (000)	LL (000)
Provision for Foreign Exchange Fluctuation	7,259	12,219
End of Service Indemnity Provision	2,024,375	1,257,906
Provision for Other Charges & Contingencies	383,862	1,146,375
Provision for Diminishing Fixed Positions	55,990	55,990
Provision / Related Companies	14,884	294,830
Total	2,486,370	2,767,320

The Provision for Foreign Exchange Fluctuation represents 5% of the net trading foreign exchange position as of 31/12/2008 according to the Lebanese Banking Regulations, Central Bank Circular 32 and Bank's Control Commission Circular 197 and 207. The movement of this balance during year 2008 is as follows:

	2008	2007
	LL (000)	LL (000)
Balance at the Beginning of the Year	12,219	5,643
Additions	7,259	12,219
Disposals	(12,219)	(5,643)
Balance at the End of the Year	7,259	12,219

The Provision for End of Service Indemnity represents the differences after discounting the subscriptions paid to NSSF that is earned when the ensured liquidate his compensation. The movement of this balance during year 2008 is as follows:

	2008	2007
	LL (000)	LL (000)
Balance at the Beginning of the Year	1,257,906	937,431
Additions	775,963	346,266
Disposals	(9,680)	(25,791)
Differences	186	-
Balance at the End of the Year	2,024,375	1,257,906

The Provision for Other Charges and Contingencies includes the amount of provision against NSSF lawsuit amounting to LBP 320 million to cover risks and charges against the lawsuit of objections against NSSF related to previous years held against the bank; In addition to provision against service discharging lawsuits amounting to LBP 64 million held against a number of employees as of 31/12/2008. The movement of this balance during 2008 is as follows:

	2008	2007
	LL (000)	LL (000)
Balance at the Beginning of the Year	1,146,375	1,308,367
Additions	120,000	-
Disposals – Lebanon Branches	(84,970)	(161,992)
Disposals – Egypt Branches	(797,543)	-
Balance at the End of the Year	383,862	1,146,375

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 movement of the balance during year 2008 is as follows:

	2008	2007
	LL (000)	LL (000)
Balance at the Beginning of the Year	55,990	55,990
Additions	55,990	55,990
Disposals	(55,990)	(55,990)
Balance at the End of the Year	55,990	55,990

24- Capital

	2008	2007
	LL (000)	LL (000)
Capital or capital contribution	58,281,972	58,281,972

- The capital is represented by 580 million shares of LBP 100 each, fully paid.
- The bank's equity amounts to LBP 69 billion (without taking into consideration the profit/loss of the year). It exceeds the minimum equity amount required for banks operating in Lebanon for the head office and branches amounting to LBP 22.5 billion in accordance with Central Bank of Lebanon regulation number 53.
- Capital balance includes Egypt branches (under liquidation) capital amounting to LBP 45.2 billion.
- Capital balance also includes an amount of LBP 282 million as of 31/12/2008 representing the difference between subsidiary companies' capital and their participations and shares due to consolidation. It is considered as minority shares in the subsidiary companies' capital.

25- Capital Reserves

	2008	2007
	LL (000)	LL (000)
Legal Reserve	1,542,495	1,176,869
Reserve for General Banking Risks	4,852,528	2,634,664
Total	6,395,023	3,811,533

- The Lebanese Commercial Law and the bank's articles of the association require that 10% of the net income for the year be transferred to the legal reserve and it is non-distributable. The bank has provided legal reserve for the year 2008 for an amount of LBP 366 million from the year's net result.
- 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.

26- Real Estate Revaluation Surplus

Revaluation variance	2008	2007
	LL (000)	LL (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 real estates in return. However, to date, the bank is still waiting the adjustment of the approval by changing the name of the former owner of the majority of shares.

27- Financial Instruments Revaluation Reserve

	2008	2007
	LL (000)	LL (000)
The accumulated change in fair value of available for sale financial instruments	(439,686)	(2,670,126)
Unamortized accumulated change in fair value of financial instruments classified as loans & receivables	767,023	-
Total	327,337	(2,670,126)

The movement of this balance during years 2008 and 2007 is as follows:

	2008
	LL (000)
Balance as of 1/1/2007	(1,093,521)
Unrealized losses during year 2007	(1,576,604)
Balance as of 31/12/2007	(2,670,125)
Unrealized profits during year 2008	1,392,857
Transferring of unamortized accumulated change in fair value of financial instruments reclassified during the year to Loans and Receivables	837,582
Balance as of 31/12/2008	(439,686)

The unamortized accumulated change in fair value of the financial instruments reclassified during the year to Loans and Receivables is as follows:

	2008
	LL (000)
Unrealized profit on Certificate of deposits	1,618,880
Unrealized loss on Lebanese Treasury Bills	(851,857)
Total	767,023

The movement of unamortized accumulated change in fair value of the financial instruments that was reclassified during the year to Loans and Receivables is as follows:

	2008
	LL (000)
Transfer due to reclassification	837,582
Amortization to interest revenue during year 2008	(70,559)
Balance as of 31/12/2008	767,023

28- Other Reserves

Other reserve, the reserve of real estate acquired against debts (non-current assets held for sale), 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 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 estate acquired according to Central Bank of Lebanon Circular number 41 and Banking Control Commission Circular number 241 which liquidates within the fiscal period.

29- Interests and Related Revenues

	2008	2007
	LL (000)	LL (000)
Lebanese Treasury Bills	18,821,761	17,592,740
Deposits & Related Bank Deposits Accounts	3,414,353	4,100,908
Bonds and Financial Instruments With Fixed Income	6,183,519	4,821,480
Loans & Advances to Customers	14,915,270	10,298,652
Loans & Advances to Related Parties	437	174,651
Other Revenues	1,215	297
Total	43,336,555	36,988,728

30- Interests and Related Expenses

	2008	2007
	LL (000)	LL (000)
Deposits and similar accounts from banks	1,304,325	295,289
Customers' deposits and other credit accounts	25,576,179	22,552,884
Deposits from related parties	148,099	204,788
Total	27,028,603	23,052,961

31- Net Gain / Loss on Financial Investment

This balance represents net foreign exchange operations for the year ended 31/12/2008.

32- Other Operating Revenues

	2008	2007
	LL (000)	LL (000)
Prior Year Revenues	23,308	22,983
Real Estate Rental Revenues	152,544	218,292
Cash Safe Renting Revenues	15,357	16,973
Bad Debts Settlement Revenues	22,650	43,855
Write Back of Accrued Expenses	40,107	698,403
Write Back of Interest Receivable	92,160	39,984
Write Back of Real Estate Acquired Against Debt Reserve	295,039	4,110
Revenue From Disposal of Real Estate Acquired Against Debts	326,067	16,469
Miscellaneous Revenues	26,332	55,344
Other Operating Revenues / Egypt Branches	-	69,350
Other Operating Revenues / Related Companies	404,551	295,857
Total	1,398,115	1,481,620

33- Credit Loss

This account includes provision from doubtful debts provided for during year 2008 for a total amount of LBP 1.6 billion after deducting the provision written back amounting to LBP 699 million for the year ended 31/12/2008.



34- Employee Compensation

	2008	2007
	LL (000)	LL (000)
Salaries and wages	4,626,363	3,464,510
National Social Security Fund contribution	867,777	781,330
Provision for end of service indemnity	775,964	334,078
Other employee expenses	1,217,654	1,281,559
Directors' remuneration	599,400	388,500
Employee Compensation / Related Companies	115,688	119,442
Total	8,202,846	6,369,419

35- Depreciation of Tangible Fixed Assets

	2008	2007
	LL (000)	LL (000)
Depreciation of Tangible Fixed Assets	1,005,945	897,646
Amortization of Deferred Expenses	39,543	73,506
Sub-Total	1,045,488	971,152
Depreciation of Tangible Fixed Assets / Egypt Branches	190,615	238,428
Depreciation of Tangible Fixed Assets / Related Companies	197,577	200,257
Other Depreciation	16,375	-
Total	1,450,055	1,409,837

36- Other Operating Expenses

	2008	2007
	LL (000)	LL (000)
Taxes and fees	242,944	100,132
Deposits guarantee premium	246,250	220,626
Rent and building services	535,560	541,840
Professional fees	743,812	591,149
Postage and telecommunications	918,477	817,070
Maintenance and repairs	467,825	405,216
Electricity and heating charges	497,369	359,245
Travel and accommodation	341,328	195,159
Subscription fees (newspaper and magazine)	154,196	148,766
Insurance fees	86,241	102,361
Advertising and public relations	1,814,128	1,139,099
Printings and stationery	264,896	226,690
Attendance fees	147,600	91,500
Miscellaneous expenses	2,196,734	1,628,789
Loss from selling real estate acquired against debts	69,615	215,760
Miscellaneous provisions expenses	120,000	-
Prior year expenses	132,139	505,245
Other operating expenses / Related Companies	188,024	245,583
Other operating expenses / Egypt Branches.	276,899	132,665
Total	9,444,037	7,666,895

Miscellaneous expenses include the amounts of LBP 237 million representing donations to charity institutions, LBP 258 million representing expenses related to the bank's representation office in London like electricity bills, telephones, maintenance and rent, LBP 675 million representing the value of a contract with one of the service companies (Security and Cleaning), LBP 375 million representing additional allowances to the Chairman of the Board, in addition to other sundry expenses for the year ended 31/12/2008.

37- Adjustments to Cash Flows

	2008	2007
	LL (000)	LL (000)
Depreciation and amortization of the Year	1,397,591	1,340,095
Provision for contingencies and charges	(280,950)	121,307
Provisions for loans and advances	1,595,015	4,191,643
Recovery of provisions on loans and advances	(699,466)	(939,212)
Loss on sale of Fixed assets	721,448	187,235
Revenues from write back of real estate acquired against bad debts reserve	(295,039)	-
Adjustments	-	153,747
Total	2,438,599	5,054,815

38- Cash & Cash Equivalents

	2008	2007
	LL (000)	LL (000)
Cash and Central Bank		
- Cash on hand	10,649,016	7,195,274
- Current accounts	43,972,544	31,382,561
- Term deposits	4,803,169	18,511,089
- Cash on hand / Related Companies	3,030	2,948
Banks and Financial Institutions		
- Current accounts / banks	11,183,472	15,228,690
- Current accounts / Non-resident Banks & Financial Institutions	10,933,307	14,616,975
- Term Deposits / Resident Banks & Financial Institutions	41,812,431	13,631,455
- Term deposits / Non-Resident Banks	6,041,975	-
- Banks and Financial Institutions / Egypt	408,448	189,176
- Head Office, Branches and Parent Company	7,053	7,054
Sub- Total	129,814,445	100,765,222
Banks and Financial Institutions (Liabilities)		
- Current accounts	(5,607,806)	(8,575,566)
- Time deposits / due to banks and repurchase agreements	(39,412,590)	(2,766,477)
Total	84,794,049	89,423,179

39- 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 31/12/2008:

	2008	2007
	LL (000)	LL (000)
Loans and advances	5,383,104	4,384,738
Deposits	894,757	443,709
Interest revenue - Loans and advances	437	175,131
Interest expense - Deposits	148,099	204,788

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 31/12/2008.

40- Contingent Liabilities

- The bank took a provision from an amount of LBP 320 million as of 31/12/2008 to cover risks and charges against the lawsuit of objection against the National Social Security Funds Levy related to previous years.
- The bank took a provision in the amount of LBP 64 million as of 31/12/2008 to cover risks and charges for 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 2007 and 2008. The result of this study is not yet identifiable.
- Bank's accounts for years 2007 and 2008 are subject to review by NSSF authorities and the result of this study is not yet identifiable.
- The controller's liquidation report for Egypt branch as of 31/12/2008 includes the following regarding the relation with tax authorities:
 - The total tax dues is 3,356,198 Egyptian pounds (three million three hundred fifty six thousands one hundred ninety eight Egyptian Pounds) for all taxes for the years from 1979 to 2003. An amount of 3,000,000 Egyptian Pounds (three million Egyptian Pounds) was settled on of 29/10/2008 and an amount of 356,198 (three hundred fifty six thousands one hundred ninety eight Egyptian Pounds) was settled on of 20/1/2009, other than the delay interest amounting 14% according to the law (91) for the year 2005.
 - The difference between the settled amount of 3,356,298 Egyptian pounds and the balance in the form number (9) is a restraint and order amounting to 4,365,298 Egyptian pounds and the remaining amount of 1,009,137 Egyptian pounds represents the following:

Egyptian Pounds	
Paid by check number 3487887 as of 8/7/2008.	200,000
Differences related to judgment on Mr. Ahmad Abed El-Hamid, waiting for setting the executive formula on the judgment to be done.	234,757
Differences related to Reconciliation Commission, which was agreed upon and still awaiting court judgment.	14,120
Differences of current assets tax related to Reconciliation Commission, and awaiting court judgment.	1,126
Exchange Differences wrongly calculated by the commission and is being corrected.	559,134
(One million nine thousands one hundred thirty seven Egyptian pounds) Excluding the delay penalty.	1,009,137

41- Other Contingent Liabilities

There exist blocked guarantees amounting LBP 1.2 billion as of 31/12/2008 in Trust Life Insurance Company, a subsidiary, to cover the technical reserve obliged on the company to guarantee its operations in Lebanon and abroad in accordance with the Insurance Organizations Law.

In addition, there are blocked guarantees amounting LBP 2.8 billion as of 31/12/2008 in Trust Insurance Company, a subsidiary, representing guarantees required by the Ministry of Trading and Economics to cover the technical reserve obliged on the company in accordance with the adjusted article number 26 of Insurance Organizations Law.

42- Adequacy Ratio

The bank's Adequacy Ratio as at 31/12/2008 was 17.2 % (19.95 % in 2007). This rate exceeds the minimum rate according to the laws and policies applied on the Lebanese banks.

43- Liquidity Ratio

The bank's net liquid capital in foreign currencies was 24.99% for Lebanon branches as at 31/12/2008 (19.4 % in 2007).

44- Risk Management Objectives & Policies

44.1 Market Risk

Market risk is the risk that results from fluctuation in interest rates, in liquidity and foreign currency due to changes in market conditions.

The bank has set policies to manage market risk.

Decision-making related to market risk is the responsibility of ALCO in addition to circulars and instructions given by central Bank and BCC and approved by board of directors based on suggestions raised by risk management.

Market risk in JTB is limited in its portfolio (not held for trading). The financial operations performed by JTB do not include financial instruments classified available for trade but limited to:

Treasury bills classified as :

- Held to maturity
- Loans and Receivable
- Available for Sale

In addition to Sovereign placements and placements with banks.

The bank has no trading operations in commodities or equities.

The financial risk to which JTB is exposed is that of liquidity risk and fluctuation of interest and foreign exchange.

Risk management in JTB has defined policies and procedures for management of liquidity risk, Foreign exchange and fluctuation in interest rates, as well as defined limits for interest rates and policies for exceptions.

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.

The bank is in compliance with 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 Circular.

The bank has classified its portfolio according to Basel II. Thus the bank is not exposed to market risk (Trading book).

The bank has set policy for market risk, approved by ALCO under which it sets the limits that the treasurer should abide by concerning:

- Ceiling on Liquidity ratio.



- Ceilings to banks
- Ceiling on Investments (T-bills Eurobonds)
- Ceiling on Foreign exchanges
- Ceiling on Interest Rates

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.

Since JTB is holding a Eurobond portfolio classified as available for sale, the bank on daily basis is considering the valuation of the portfolio based on market value 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.

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

A- Foreign Exchange

Foreign exchange risk is the risk that results from exchange rates on foreign currency in his financial statements and cash flows.

Currency Sensitivity

- Most of JTB's transactions are carried out in USD. Exposures to currency fluctuation resulted from selling and purchasing of foreign currency are mostly USD, GBP, Euro and Yen.
- To mitigate exposure to foreign currency risk, daily foreign exchange deals are booked in accordance with the policy set by risk management and approved by ALCO.
- The bank has set limits to exposures to foreign exchange suggested by risk management and approved by ALCO and board of directors.
- JTB abide by the limits set to foreign exchange for each currency to avoid losses based on currency volatility as set by the risk management policies and approved by Alco.

The exchange position of JTB as at 31/12/2008 was as follows:

Currency	Foreign Debit	Position Credit	Rate	L.L. Debit	L.L. Credit
USD	54,108		1,508	81,567,810	
GBP		107,253	2,186	-	234,490,451
CHF		3,632	1,428	-	5,186,859
CAD	286		1,226	350,667	-
AUD		8,901		-	-
SAR		25,435	402	-	10,224,870
SEK		71,284	195	-	13,907,508
EUR		13,154	2,137	-	28,108,520
JPY	3,589,902		17	59,951,363	-
		Total		141,869,840	291,918,209
		Net		150,048,368	

Moreover JTB abides by the limit of 1% of its equity for its daily open exchanges position as set by the risk management policies and approved by Alco, that is as the limit set by BCC as 1% of equity.

Balance sheet by currency as at 31/12/2008 and 31/12/2007

Assets	31/12/2008		31/12/2007	
	L.L.	USD	L.L.	USD
<i>In Millions L.L. and Thousands USD</i>				
Cash and central bank	48,749	45,138	46,613	32,351
Head office, branches, parent company, sister institutions and subsidiaries	-	5	-	5
Banks and financial institutions	27,154	30,022	6,770	27,655
Loans and advances to customers (Net)	51,264	78,108	33,980	57,590
Loans and advances to related parties	33	3,549	40	2,882
Debtors against acceptance	-	4,923	-	6,826
Available for sales financial instruments	-	16,791	21,791	46,360
Financial instruments classified as loans and accounts receivable	14,348	50,097	-	-
Held to maturity financial instruments	156,773	13,305	148,613	12,843
Tangible fixed assets	19,772	1,204	20,596	584
Intangible fixed assets	133	22	42	-
Non-current assets held for sale	1,680	14,190	2,316	13,919
Other assets	1,944	1,334	2,101	1,230
Total Assets	321,850	258,688	282,862	202,245

Assets	31/12/2008		31/12/2007	
	L.L.	USD	L.L.	USD
<i>In Millions L.L. and Thousands USD</i>				
Banks and financial institutions	12,271	16,914	472	7,211
Securities sold under repurchase agreements	-	5,880	-	6,000
Customers' deposits	256,710	211,375	231,650	163,886
Related parties' deposits	241	434	632	153
Liabilities against acceptances	-	4,923	-	6,826
Other liabilities	3,303	3,121	1,703	4,782
Provisions for contingencies and charges	2,486	-	3,149	529
Capital	58,281	-	58,281	-
Reserves	5,349	694	3,095	476
Other reserves	439	-	-	-
Retained earnings	959	-	612	-
Financial instruments revaluation reserve	4,218	-	4,218	-
Unrealized Profit	123	136	(931)	(1,154)
Net Results for the year	426	(283)	347	-
Total Liabilities and Shareholders' Equity	344,806	243,194	303,228	188,709

Sources and Uses Schedule	Dec 31, 2007 till Dec. 31, 2008				Dec 31, 2006 till Dec. 31, 2007			
	Sources		Uses		Sources		Uses	
<i>In Millions L.L. and Thousands USD</i>	L.L.	USD	L.L.	USD	L.L.	USD	L.L.	USD
Assets								
Cash and central bank	-	-	2,136	12,787	-	-	12,410	2,193
Head office, branches, parent company, sister institutions and subsidiaries	-	-	20,384	2,367	280	-	-	8,470
Banks and financial institutions	21,791	29,569	-	-	-	-	1,797	228
Loans and advances to Customers (Net)	-	-	14,348	50,097	-	-	-	-
Loans and advances to Related Parties	-	-	8,160	462	-	1,654	17,541	-
Debtors by acceptance	-	-	17,284	20,518	2,147	-	-	21,290
Available for sales Financial Instruments	-	-	-	667	279	2,167	-	-
Financial instruments classified as Loans and Accounts receivable	-	1,903	-	-	-	-	-	116
Held to maturity Financial Instruments	824	-	-	620	3,714	733	-	-
Tangible fixed Assets	-	-	91	22	-	-	3	-
Intangible fixed assets	636	-	-	271	-	-	713	886
Non Current Assets Held for Sale	157	-	-	104	987	1,421	-	-
Total Assets	23,408	31,472	62,403	87,915	7,407	5,975	32,464	33,183

Sources and Uses Schedule	Dec 31, 2007 till Dec. 31, 2008				Dec 31, 2006 till Dec. 31, 2007			
	Sources		Uses		Sources		Uses	
<i>In Millions L.L. and Thousands USD</i>	L.L.	USD	L.L.	USD	L.L.	USD	L.L.	USD
Liabilities and Shareholders' Equity								
Banks and financial institutions	11,799	9,703	-	-	349	-	-	930
Securities sold under repurchase agreements	-	-	-	120	-	6,000	-	-
Customers' deposits	25,060	47,489	-	-	9,419	26,448	-	-
Related parties' deposits	-	281	391	-	6,481	561	-	-
Engagements by acceptances	-	-	-	1,903	-	116	-	-
Other liabilities	1,600	-	-	1,661	668	690	-	-
Provisions for contingencies and charges	-	-	663	529	-	-	77	54
Minority Interests in capital	-	-	-	-	282	-	-	-
Reserves	2,693	218	-	-	742	-	-	-
Retained Earnings	347	-	-	-	299	-	-	-
Unrealized Profit	1,054	1,290	-	-	-	-	626	631
Net Result of The Year	79	-	-	283	-	-	6	-
Total Liabilities and Shareholders' Equity	42,632	58,981	1,054	4,496	18,240	33,815	709	1,615
Total	66,040	90,453	63,457	92,411	25,647	39,790	33,173	34,798

Break down of Assets & Liabilities by currency										Amount in Millions of LL & Thousands of USD
Currency	USD	GBP	Yen	Euro	CAD	AUD	CHF	SAR	SEK	Net
Assets	276,891	1421		5,815	140	167	105	25	71	284,550
Liabilities	264,173	1314	3,590	5,802	141	158	101			275,279
Net Position / Total in LBP	12,718	107	(3,590)	13	(1)	9	4	25	71	9,356
Fixed Position	11,193									
Foreign branch allocation	1,526									
Rate	1507.5	2,186	17	2,137	1,226	1,043	1,428	402	195	
Total	19,172	234	(60)	28	(1)	9	6	10	14	19,412

The above table illustrates the net result for the year regarding assets and liabilities and the foreign currency exchange rate at the end of the year.

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

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 is compliant with ceilings set by ALCO and BCC on daily FOREX exposures.

B- Interest Risk

Interest Rate Sensivity

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

Sensitivity to fluctuation in interest rates as at 31/12/2008 (In Millions L.L and C/V)								
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							54,621	54,621
B.D.L Placement	4,803			11,807	45,564			62,174
Banks Res. & Non Res.	67,725				760	456		68,941
Financial Institutions	3,470							3,470
Foreign Branches							7	7
Financial Instruments AFS					15,604	9,710		25,314
Financial Instruments HTM	11,212		18,414	20,386	126,818			176,830
Financial Instruments L&R					18,510	71,360		89,870
Advances	13,730	15,894	5,538	75,780	53,173	4,897		169,012
Related Party			5,383					5,383
Acceptance			7,421					7,421
Non-Current accounts							23,071	23,071
Investments								-
Fixed Assets							21,752	21,752
Regularization accounts							3,957	3,957
Total	100,940	15,894	36,756	107,973	260,429	86,423	103,408	711,823

Resources(In Millions L.L and C/V)								
Uses	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	286,557	96,766	135,615	20,474	15,419			554,831
Public Sector Deposits	1,791	7,000	8,182					16,973
Values Due for Payment	3,555							3,555
Share holders Deposits	894							894
REPO	8,864							8,864
Banks & Financial Institutions	37,770							37,770
Regularization & Misc. Creditors							8,008	8,008
Engagement by Acceptance			7,421					7,421
General Provision							2,486	2,486
Equity							71,021	71,021
Total	339,431	103,766	151,218	20,474	15,419	0	81,515	711,823
Gap	(238,491)	(87,872)	(114,462)	87,499	245,010	86,423	21,893	
Accumulated Gap	(238,491)	(326,363)	(440,825)	(353,326)	(108,316)	(21,893)		
Earning At Risk	(369)	(1,031)	(3,185)	(5,101)	(5,639)	(1,024)		

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 2.

These changes are considered to be reasonable.

C- Liquidity Risk

- Liquidity risk is the risk that results when the bank is unable to meet its commitments at maturity date due to unexpected change in the financial market or devaluation in ratings that could affect cash inflow.
- 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 within specific periods of time.
- Risk management study on daily basis, repayments as daily inflows and the liabilities due.
- JTB has determined the rules and guidelines to manage its liquidity risk in its policies and procedures as approved by Alco.
- The risk management periodically measures liquidity maturity Gap according to different periods (bands of time).
- Risk management is monitoring limits for banks on daily basis as well as cash inflow and cash outflow of liquidity and concentration with banks
- JTB manages its liquidity to provide acceptable level of liquidity with banks to meet daily needs, but under severe cases of stress conditions especially foreign currency, the bank has a financial portfolio classified as available for sale market-to-market through which it can maintain liquidity from Repo operations with banks.
- As at December 2008 JTB has no contractual maturities except, Repurchase agreements summarized as follows:

Repo	Amount 2007	Amount 2008
BOB	5 million USD	4 million USD Against L/C
BOB	2 million USD	2 million USD Against liquidity
Total	7 million USD	6 million USD

- Repo's against letter of credit was not fully utilized during year 2008 although it appeared in the financial statements.
- 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.
- Funding for long-term liquidity needs is additionally secured by an adequate amount of bonds classified available for sale based on market prices.
- Risk Management monitors concentration with banks on daily basis.
- Risk Management measures liquidity according to different scenario mainly stress test and raises the results to ALCO to take proper actions.

Risk Management measures Cash & Cash Equivalents according to liquidity needs and as follows (In Millions L.L. and C/V):

Cash & Cash Equivalents	2008	2007
Cash	10,648	7,196
Central Bank - Current Acct.	43,972	31,383
Central Bank - Time	4,803	18,511
Banks - Current Acct.	22,094	29,844
Banks - Time	44,712	13,632
Financial Institution - Current Acct.	3,470	4,884
Cairo Branches	409	189
Liabilities due to banks Financial Institution	(46,633)	(20,387)
Net Liquidity	83,475	85,252
Classes of Financial Assets	2008	2007
Held to maturity LBP	124,234	116,273
Held to maturity C/V	-	-
Available for Sale LBP	-	19,567
Available for Sale C/V	15,320	63,423
Loans and Receivables Lbp	14,037	-
Loans and Receivables C/V	45,992	-
Accrued interest	3,978	4,187
Total T-Bills & Eurobonds	203,561	203,450
Held to maturity C.D LBP	29,221	29,381
Held to maturity C.D C/V	19,345	18,840
Available for Sale LBP	-	-
Available for Sale C/V	8,107	5,125
Loans and receivables LBP	-	-
Loans and receivables C/V 28,055	28,055	-
Accrued interest	239	329
Total Certificates of Deposit	84,967	53,675
Total Financial Assets	288,528	257,125

Liquidity Gap as at 31/12/2008

Amount in Millions of LL & CV

Uses	Less than 1 Month	1-3 Months	3-6 Months	6-12 Months	1-5 Years	Above 5 Years	Total
Cash & Central Bank	54,621						54,621
Obligatory Placement	4,803			11,807	45,564		62,174
Banks Res. & Non Res.	67,725				760	456	68,941
Financial Institutions	3,470						3,470
Foreign Branches						7	7
Financial Instruments AFS					15,604	9,710	25,314
Financial Instruments HTM	11,212		18,414	20,386	126,818		176,830
Financial Instruments L&R					18,510	71,360	89,870
Advances	13,730	15,894	5,538	75,780	53,173	4,897	169,012
Related Party			5,383				5,383
Acceptance			7,421				7,421
Non-current assets						23,071	23,071
Investment							-
Fixed Assets	3,456					18,296	21,752
Regularization accounts				3,957			3,957
Total SA	159,017	15,894	36,756	111,930	260,429	127,797	711,823
Resources	Less than 1 Month	1-3 Months	3-6 Months	6-12 Months	1-5 Years	Above 5 Years	Total
Clients Deposits	286,557	96,766	135,615	20,474	15,419		554,831
Public Sector Deposits	1,791	7,000	8,182				16,973
Values Due for Payment	3,555						3,555
Shareholder's Deposits	894						894
REPO	8,864						8,864
Banks & Financial Institutions	37,770						37,770
Regularization & Misc. Creditors	754		788	6,466			8,008
Engagement by Acceptances			7421				7,421
Provisions of Risks	15					2471	2,486
Equity	1867					69,154	71,021
Total SL	342,067	103,766	152,006	26,940	15,419	71,625	711,823
Gap	(183,050)	(87,872)	(115,250)	84,990	245,010	56,172	
Accumulated Gap	(183,050)	(270,922)	(386,172)	(301,182)	(56,172)	-	

44.2 Credit Risk

Credit Risk is the risk that results when the counter party is unable to meet its obligations. The financial assets exposed to credit risk are deposits with banks, loans to customers and investment in financial papers. Credit risk may result from off balance transactions as letter of credit and letter of guarantee.

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

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 classified its credit portfolio according to Basle II and instructions of BCC as follows:

- 1- Corporate Loans: are loans given to corporate entities and institutions with a turnover exceeding 5 million USD in addition to insurance companies.
- 2- Small and Medium Enterprise: are loans granted to enterprises with turnover less than 5 million USD.
- 3- Retail are loans granted for consumption purposes with an amount not more than 100,000 USD
- 4- Housing Loans: are loans granted for purchasing or renting houses.
- 5- Commercial Loans: are loans guaranteed by commercial real- estate, so that the source of repayment is the cash flow generated by such properties.
- 6- Non-performing Loans: are loans that are due since 90 days from payment.

Limits have been set on advances for resident and non-resident clients, according to BCC instructions.

Limits have been set for exceptions on credit approval limits as 10% of credit granted to debtor upon approval from chairman.

Credit granted that exceed one million USD should be approved by Board of directors in addition to credit committee.

Retention of documents needed for credit files has been defined as per BCC circular 238.

44.3 Concentration Risk

There are different sources for concentration risk that result from trade in similar activities or in the same geographic region consequently they are exposed to the same economic factors.

The schedule below summarizes the distributions of loans according to the geographic areas as at December 2008.

Geographic Distribution (Amount in Millions LL)		
	2008	2007
Lebanon	151,947	127,413
Africa	36,786	19,405
Other	622	-
Total	189,355	146,818

The bank has classified its loan portfolio in the light of Basle II and it was classified as followed as at December 2008:

Loan portfolio as Per Basle 2 Distribution (Amount in Millions L.L. and C/V)		
	2008	2007
Corporate Loans	58,288	36,349
Housing Loans	8,015	7,590
Commercial Real Estate	16,710	7,774
Retail portfolio	44,177	35,235
SME's	47,205	38,066
Total Net	174,395	125,014

Classification of Loan portfolio as of Basle I as at December 2008:

Loan portfolio as Per Basle I (Amount in Millions L.L. and C/V)		
	2008	2007
Commercial Loans	107,121	69,498
Other	52,833	35,589
Short Term	512	7,813
Shareholders	5,383	4,385
Doubtful	8,546	7,729
Total Net	174,395	125,014

Risk management periodically monitors exception on over limits as granted credit according to approvals by credit committee and check for approvals on exceptions.

Risk management monitors excess limits for related parties and per client and per region as classified by the credit department according to related parties and regions as well as risk concentration by regions.

Classification of Loans by Risk Category

The bank has classified its loan portfolio according to B.D.L Circular 58, and monthly review these classifications and reclassify it periodically.

Amount in Millions L.L. and C/V							
Slices	2008				2007		
	Debtors		Debit Amount		Debtors		Debit Amount
	No. of Client	Percentage	Total	Percentage	No. of Client	Percentage	Total
Regular A	9,979	90.00%	145,930	75.67%	8,871	79.48%	106,409
Regular B	210	1.89%	10,865	5.63%	244	2.19%	1,858
Special Mention	156	1.41%	3,271	1.70%	264	2.37%	3,167
Total :	10,345	93.30%	160,066	83.00%	9,379	84.03%	111,434
Below Regular (Net)	264	2.38%	6,766	3.51%	354	3.17%	8,382
Doubtful (Net)	422	3.81%	25,693	13.32%	1,262	11.31%	25,796
Bad debt (Net)	57	0.51%	332	0.17%	166	1.49%	1,098
Total	743	6.70%	32,791	17.00%	1,782	15.97%	35,276
Total Net	11,088	100.00%	192,857	100.00%	11,161	100.00%	146,710
Out of Which							
Provisions on Doubtful	18,462				21,696		
Unrealized Interest	33,280				33,745		
Net After Provisions	174,395				125,014		

The total loan portfolio includes loan to related parties amounting 4,435 billion LBP.

Classification of Loans by Economic Sector and Risk Status

	Agriculture %	Industry %	Construction %	Commerce %	Financial Institutions %	Others %	Individuals %
December 08							
Active	10.51%	12.58%	9.19%	21.45%	5.77%	0.23%	23.71%
Special Mention	0.10%	0.01%		1.43%			0.12%
Below Regular	0.05%	0.38%	0.52%	2.13%		0.09%	0.27%
Doubtful	1.36%	0.27%	2.50%	3.11%	2.19%	1.01%	0.84%
Bad debt	0.00%		0.01%	0.12%		0.01%	0.03%
Total	12.02%	13.24%	12.22%	28.24%	7.96%	1.34%	24.97%

Provision Adequacy

Provisions on Doubtful loans cover 80% of doubtful loans in addition to real guarantees.

JTB continuously monitors defaults of customers and other counterparties, identified either individually or by group, and incorporates, this information into its credit risk controls in which they study the assigned loan since its classification.

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.

44.4 Operational Risk

Operational risks are losses that results from problems with IT systems, deficiency in procedures and misbehavior of employees.

The overall evaluation of JTB's operational risk is considered acceptable. The bank manages these risks through efficient internal controls and segregation of duties.

- The bank has set policies & Procedures for operational Risk.
- The bank abides by circular 252 BCC gathering loss data starting year 2005 as a base period and preparing risk matrix.
- The bank has computed operational risk according to the basic indicator approach in year 2008 according to BCC instructions.

Item	Amount In million L.L
Profit Year 2006	14,144
Profit Year 2007	17,701
Profit Year 2008	21,865
Total Profits	53,710
Number Of Year	3
Average Profits	17,903
Alfa Ratio	15%
Proper funds against operational Risk	2,686
Risk Weighted	33,569

Capital Management Policies & Procedures

JTB 's capital management objectives are:

- To ensure ability to continue as a going concern, as well as compliance with the requirements of B.D.L and BCC for capital adequacy ratio, proper funds for the bank Tier I and Tier II according to B.D.L circular 43 and the requirements of Basle II.
- To provide an adequate return to shareholders, by pricing products and services with the level of risk.

Equity Structure

Amounts in Millions L.L.	2008	2007
Tier I	61,571	61,537
Tier II	4,218	4,218
Change in fair value	327	(2,670)
Total	66,116	63,085

JTB 's goal in capital management is to maintain a capital-to-overall financing structure.

JTB sets the amount of capital in proportion to its overall financing structure, i.e. equity and financial liabilities.

JTB manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets.

The bank is in compliance with B.D.L circular 53 by providing proper funds amounting LBP 10 billion for Head-office; LBP 500 million for each branch in Lebanon; and LBP 1 billion for each branch outside Lebanon.

Capital Adequacy

The bank is in compliance with Minimum requirements of capital adequacy set by B.D.L i.e. ratio of 12% as of Basle I and 8% as of Basle II.

- The solvency ratio reached 17% based on the standardized measurement for market risk, it was 20% year 2007.
- The solvency test performed by the bank was based on applications of Basel II for year 2008, The ratio was at 13.6490 level compared to 14.8390 for the previous year.
- The decrease in solvency ratio is due to the increase in the total assets of the bank, mainly its credits.

Loan to related parties were classified as follows:

Amounts in Million L.L. and CV	L.L	CV	Total
Active loans	-	1,757	1,757
Substandard Loans	-	2,550	2,550
Doubtful Loans	11	85	96
Total	11	4,392	4,403

The loan portfolio includes loans guaranteed by Kafalat Company amounting 876 million LBP as at 31/12/2008 and 1,366 million LBP as at 31/12/2007. The loan portfolio also guaranteed with cash collateral amounted to 19,550 billion LBP and 19,605 billion LBP as at 31/12/2007 respectively.



Credit Risk Mitigation

JTB uses mortgage on real estate in addition to cash collateral to mitigate risk exposure on credit.

The guarantees used on loans are the following:

Amounts in Millions L.L.	2008	2007
Cash Collaterals	24,874	10,228
Real Guarantees	127,636	118,520
Personal Guarantees	173,735	144,573
Total	326,245	273,321

45- Authorization of the Financial Statements

No adjusting or non-adjusting events have occurred between the balance sheet date and the date of authorization on June 30, 2009 by the General Manger/Chairman.

Head Office

Jammal Trust Bank S.A.L.
Jammal Bldg., Verdun St. - Beirut, Lebanon
P.O.Box: 11-5640, Beirut - Lebanon
Tel: (961-1) 781999 (10 Lines) 860771
869147 - 800362/3 - 864161 - 860230
Fax: (961-1) 800361 - 864170
E-mail: service@jammalbank.com.lb
Website: <http://www.jammalbank.com.lb>
Phone Banking (961-1) 807675/6/7

Branches

Verdun

Jammal Trust Bank Bldg.
Rachid Karamah Str.
P.O.Box: 13-5750 Chouran,
Beirut - Lebanon
Phone: (961-1) 797367/8/9
Fax: (961-1) 807382
Established: 1979

Hamra

Ali Jammal Bldg. Al Tanoukhyeen Street,
P.O.Box: 113-5340 Beirut - Lebanon
Phone: (961-1) 346251/2 - 340607
Fax: (961-1) 346251
Established: 1979

Ghobeiry

Ne'meh Bldg. Ghobeiry Main Street,
Ghobeiry **P.O.Box:** 25-144,
Beirut - Lebanon **Phone:** (961-1) 544264
- 270294 **Fax:** (961-1) 544238
Established: 1975

Dora

George Hakim Bldg., Dora Highway
P.O.Box: 90-509, Jdaideh
Beirut - Lebanon
Phone: (961-1) 262935/6
Fax: (961-1) 260937
Established: 1979

Zouk Mousbeh

Yassou El Malak Street,
Jebara Centre
Phone: (961-9) 215437/8
Established: 2006

Ouzai

Nawwaf Sharif Bldg.
Ouzai Main Street
Phone: (961-1) 850179
Fax: (961-1) 850102
Established: 1980

Bourj El-Barajeneh

Ghazi Wehbe Bldg., Mreijeh Square
Bourj El-Barajeneh
Phone: (961-1) 471600/1/2
Fax: (961-1) 471603
Established: 1980

Mazraa

Adnan & Katar Bldg.
Corniche El-Mazraa
Phone: (961-1) 303958 -
304462 **Fax:** (961-1) 312924
Established: 1980

Saida

Jammal Trust Bank Bldg.
Riad El-Solh Street,
P.O.Box: 3, Saida - Lebanon
Phone: (961-7) 722066 -
720464/5 **Fax:** (961-7) 722550
Established: 1972

Ghazieh

Jammal Trust Bank Bldg.
Ghazieh Main Street
Phone: (961-7) 222558/9
Fax: (961-7) 222657
Established: 1979

Nabatieh

Sha'aban Bldg.
Algeria Quarter, Nabatieh Main Street
P.O.Box: 11 Nabatieh - Lebanon
Phone: (961-7) 761323 - 761004
Fax: (961-7) 761626
Established: 1984

Tyre

Al Madina Square, Tyre
P.O.Box: 100 Tyre - Lebanon
Phone: (961-7) 741161/2
Fax: (961-7) 741160
Established: 1973

Al-Buss

Jammal Trust Bank Bldg.
Al-Buss Main Street
Al-Buss, Lebanon
Phone: (961-7) 344574
Fax: (961-7) 344575
Established: 1985

Kana

Kana Main Street - Ateih Bldg.
Phone: (961-7) 430421
(961-3) 729933
Fax: (961-7) 430422
Established: 1991

Jowaya

Housseineyat Jowaya Bldg.
Jowaya Main Street
Phone: (961-7) 410151/2
Fax: (961-7) 410153
Established: 1987

Tebnine

Near Tebnine Hospital
Phone: (961-7) 325688/9 - 325690
Established: 2001

Marjeyoun

Marjeyoun Main Street
Simon & Fouad Hamra bldg.
Phone: (961-7) 830120/1/2
Established: 2001

Bint Jbeil

Bint Jbeil Main Street Aytaroun
Next to Al Tahrir Restaurant
Phone: (961-7) 450200/1
Established: 2001

Tripoli

Abdel Hamid Karame Square
P.O.Box: 399 Tripoli
Phone: (961-6) 431230 - 440830
Fax: (961-6) 431229
Established: 1973

Furzol

Ibrahim Farah Bldg.
Furzol Main Street
Phone: (961-8) 951750
Fax: (961-8) 951760
Established: 1987

Baalbeck

Ali Jaafar Bldg., Khalil Mutran Str.
Baalbeck **Phone:** (961-8) 371198
- 377575 **Fax:** (961-8) 371277
Established: 1979

Labweh

Jammal Trust Bank Bldg.
Baalbeck, Labweh - Main Street
Phone: (961-8) 230701 - 230702
Fax: (961-8) 230703
Established: 2004

Subsidiary Companies

Real Estate For Investment & Development Co. s.a.l

Jammal Bldg., Verdun Str.
P.O.Box: 13-5750, Chouran
Beirut - Lebanon
Phone: (961-1) 800360 - 805702

Trust Insurance Co s.a.l

Jammal Bldg., Verdun Str.
P.O.Box: 11-553
Beirut - Lebanon
Telefax: (961-1) 803405 - 864971

Trust Life Insurance Co s.a.l

Jammal Bldg., Verdun Str.
Beirut - Lebanon
Telefax: (961-1) 803405 - 864971

Representative Offices

Representative Office In Uk

Jammal Trust Bank S.A.L
6/7 Pollen Street - 3rd Floor
London W1s 1NJ
Phone: 0044 (20) 74939730
Fax: 0044 (20) 32142002

Bureau de Représentation en Côte d'Ivoire

Jammal Trust Bank S.A.L
SCI La Balance
Boulevard Giscard D'Estaing
Phone: 21265458 - 21268371

Representative Office In Nigeria

Jammal Trust Bank S.A.L
15A Burma Road
A papa - Lagos

