

ANNUAL
REPORT

2015





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Credit Libanais' Identity

Vision

Credit Libanais' purpose is to enhance shareholder, customer and employee value.

Core Values

Credit Libanais' core values are customer focus, innovation, teamwork, ethics and integrity as well as reward for performance.

Mission

Credit Libanais is the preferred bank in Lebanon for customers and employees.

Credit Libanais is primarily a retail bank and serves selected corporate customers.

Credit Libanais' Business Principles

We deliver superior customer service. We gain customer satisfaction with service that exceeds customers' expectations.

We Serve

We are action-oriented and encourage personal initiative. Can Do and Will Do are basic attitudes of all employees.

We Act

We increase productivity each year. Ethics and Profit per employee are key measures for Bank performance.

We Perform

We embrace change. We continuously seek better solutions to problems for the customer and the Bank.

We Improve

We function as a team. Cooperation among individuals and units is fundamental in delivering the whole Bank to the customers.

We Cooperate

We are open. We encourage continual dialogue across all units and levels.

We Communicate

We emphasize delegation. Acceptance of personal accountability permeates our corporate culture.

We Empower

We continuously upgrade our skills. Commitment to self-development and training are the cornerstones of our competitive advantage.

We Build

We value each other's ideas. We treat colleagues fairly, sincerely and courteously regardless of differences in background.

We Respect



Statement of the CHAIRMAN GENERAL MANAGER

In 2015, Lebanon continued to show **resilience** in the face of the multitude of challenges and adverse conditions arising from geopolitical conflicts, the large Syrian refugee inflows, the prolonged presidential void and the sluggish overall local macroeconomic performance.

In the banking sector, Lebanese banks' success story continued despite the local and regional stalemate, posting a healthy annual increase of 5.86% in their balance sheet to \$185.99 billion as at end of December 2015, a rise of 4.95% in customer deposits to \$154.95 billion, and some 6.53% growth in the loans' portfolio to \$54.22 billion. The sector remained highly liquid in the year 2015, enjoying a primary liquidity ratio of 78.22%. In parallel, the deposit dollarization rate in the banking sector fell to 64.88% at year-end 2015, compared to 65.71% a year before, proving once again the ever-existing confidence in the Lebanese Pound despite the prevailing political and security tensions.

In these difficult local and regional operating conjunctures, **Credit Libanais Group** maintained a sound activity growth and continued to achieve solid results, with major indicators reporting healthy increases in 2015: consolidated assets reached USD 9.9 billion, revealing a y-o-y increase of 8.44%, customer deposits neared USD 8.41 billion, posting a y-o-y increase of 8.62%, customer loans reached USD 2,97 billion, demonstrating a y-o-y increase of 3.94%, loans-to-deposits ratio firmed at 35.31%, pre-tax return on average equity (ROaE) stood at 11.18%, pre-tax return on average assets (ROaA) reached 0.81%, while net profits amounted to USD 66.61 million.

Furthermore, CL Group preserved strong asset quality metrics in its lending portfolio, as non-performing loans (NPL) ratio remained at comfortable levels in 2015, well below the average reported by peers.

The Bank also enjoys robust capitalization profile while maintaining a healthy balance sheet growth, as solvency ratios were among the strongest in the sector with the Bank's Capital Adequacy Ratio reaching 15.47% at year-end 2015 and shareholders' equity (including profits of the year) nearing USD 836 million. Similarly to most banks in the Lebanese banking sector, Group CL enjoys sound liquidity ratio of 78.95%.

Also, net interest income stood at USD 151.78 million, with net fees and commission income expanding to USD 36.64 million, increasing net financial revenues to USD 194.27 million. These results were recorded across CL Group network comprising 73 branches in Lebanon, Cyprus, Bahrain and Iraq, as well as a representative office in Montreal, Canada and a subsidiary bank in Senegal. As a matter of fact, Credit International SA. (CISA) is the only Lebanese bank currently present in the West African Monetary Union ("WAMU") which inaugurated its first branch in Dakar in 2011 and opened its second branch in 2015.

In addition, with the **role of compliance** in banks and financial institutions jumping to the front seat, Credit Libanais Group continues to **be compliant** with all international best practice standards including Basel II and III frameworks as well as the local regulatory requirements. Moreover, the latest version of a turnkey application for the Foreign Account Tax Compliance Act (FATCA) was successfully deployed across the Group entities, to further strengthen the compliance function. Also the Bank continuously conducts extensive training programs to familiarize all staff with the constantly evolving new procedures and ensure proper implementation.

In line with the newly issued BDL circular 134, a Consumer Protection Unit was established to ensure that customers are consistently dealt with in a fair, equitable and transparent manner. Independent from the operations execution, the newly established Unit is entrusted with applying said-mission across CL banking Group entities by spreading financial awareness among customers and employees, particularly those who deal directly with consumers and fostering the culture of a suitable relationship with customers through training, capacity building and enhancement of professional experience.

On the corporate banking level, we have further spread the preventive risk mitigation best practices and boosted our lending portfolio quality. In parallel, Credit Libanais Group benefits from Banque Du Liban (BDL) stimulus packages to spur lending activities and revitalize various sectors of the economy. Moreover, various financial partnerships with international finance bodies such as the IFC, BEI, and ADFP allow for supporting customers' financing needs through long-term loans at affordable conditions.

On the retail banking level, we continued to focus on the yield management strategy, while moving forward in our digital journey, striving to remain flexible and dynamic enough to move through the fast changes and provide a value-added customer experience across all touchpoints and channels of communication. Our e-outreach encompasses 10,000 electronic point-of-sale, 24/7 secure online banking services and, a sophisticated customer service center, 96 ATMs, CL e-bank applications, to name but a few.

The Bank also plays a major role in **financial inclusion** through various SME and Micro SME schemes developed to stimulate growth in the economy and create jobs. No matter what the size of the business is, our team of Account Managers is dedicated to provide advisory services and tailor facilities according to the needs of the customers.

Our partnerships with international and local institutions (BDL, ESFD, Kafalat, Arab Fund, VITAS...) allow us to support these needs with competitive rates that are affordable to sustain the growth of our customers. With the growing environmental challenges, the Retail Commercial Lending is increasing its focus on financing long term energy efficiency projects through various BDL sponsored schemes. In this perspective, SME outstanding facilities achieved a y-o-y growth of 10%.

In 2015, CL reaffirmed its leading role in **supporting stability** in the lives of Lebanese families, by extending various affordable housing loans schemes, which recorded a growth in the performing portfolio of over 32%, while the military housing schemes registered a growth in performing portfolio of 23%. Furthermore, CL signed a protocol of cooperation with the Beirut Bar Association to provide competitive housing loans at preferential interest rates to registered lawyers.

The results of the past year were clearly supported by the CL Group **human resources** capital, whereby 85% of our workforce is composed of university graduates and 45% are women. We therefore continue to retain and attract the best talents and consistently reward our people for good performance and high ethical values.

The year 2015 also witnessed the convergence of head offices to the landmark reference Head Office Tower in the banking sector in the country. Equipped with a most technologically advanced data center that handles all the functions of the Bank, we have improved our efficiency ratios and productivity metrics across all operations. Indeed, Credit Libanais Group new Head Office Tower clearly signals the Bank's long-term goal of cementing its presence in Lebanon while pursuing the expansion abroad.

By the same token, in the cards business, we were proudly the first bank in Lebanon to become fully compliant with Payment Application Data Security Standards (PA-DSS), providing our cardholders with the highest international security standards with regards to their transactions and data protection.

In recognition of outstanding **achievements** in terms of high precision and quality for processing international banking transactions, Citibank and JPMorgan re-awarded Credit Libanais' in the elapsed year with the "2015 Quality Recognition Award for Outstanding Achievement of Best-in-Class Straight Through Processing (STP) Rate 98.25%."

Also in 2015, Credit Libanais officially joined the United Nations Global Compact Network, the world's largest **corporate responsibility** initiative with over 8000 business and 4000 non-business participants in 170 countries. This clearly highlights our firm commitment to conducting business with high ethical standards and sustainability in mind.

Moving forward with resilience and firm steps in intricate operating conditions, the Bank continues to rely on a prudent strategy, embedded risk management, vigilant compliance, professionalism of staff and management and a thorough corporate governance culture. We shall move forward with our priorities of driving growth and expanding into niche markets, all the while complying with regulations.

On a final note, I would like to thank our customers and shareholders for their support during 2015 and above all our great people for their utmost dedication and motivation.

Dr. Joseph Torbey
Chairman General Manager

**MOVING FORWARD WITH RESILIENCE IN INTRICATE
OPERATING CONDITIONS, THE BANK CONTINUES TO CREATE
VALUE AND DRIVE GROWTH.**

Financial Highlights

As at 31 December

(millions LBP)

	2015	2014	2013	2012
Balance Sheet				
Total assets	14,978,191	13,812,327	12,602,250	11,981,081
Customer deposits	12,671,622	11,665,846	10,790,958	10,493,393
Shareholders' equity	1,260,677	1,197,015	1,148,350	933,205
Liquid assets	10,004,584	8,951,213	8,165,539	8,128,316
Loans & advances to customers	4,474,881	4,305,329	3,918,607	3,368,166
Income Statement				
Net interest income	228,808	210,612	206,292	189,222
Net financial income	292,859	284,663	288,423	276,387
Net profit for the year	100,418	96,829	103,218	92,072
Liquidity ratio	78.95%	76.73%	75.67%	77.46%
Return on Average Assets (ROA)*	0.81%	0.84%	0.84%*	1.00%*
Return on Average Equity (ROE)*	11.18%	11.17%	12.06%*	16.04%*
Growth				
Total Assets	8.44%	9.60%	5.18%	10.79%
Customer deposits	8.62%	8.11%	2.84%	10.62%
Solvency ratio (As per Basel II)	15.47%	15.77%	16.63%	13.65%
Growth of loans	3.94%	9.87%	16.34%	13.05%
Loan to deposit	35.31%	36.91%	36.31%	32.10%
Liquidity/Assets	66.79%	64.81%	64.79%	67.84%

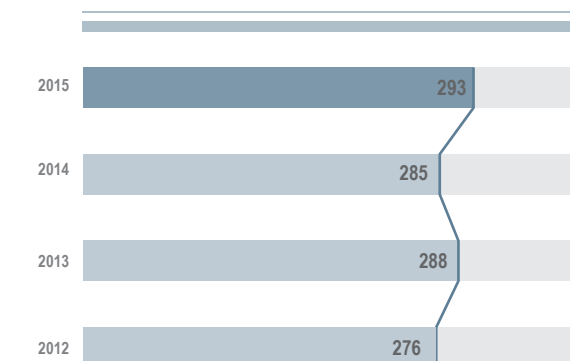
11.18%
pre-tax
Return On average
Equity (ROaE)

15.47%
Capital
Adequacy Ratio
(as per Basel II)

8.44%
Growth
in Total
Assets

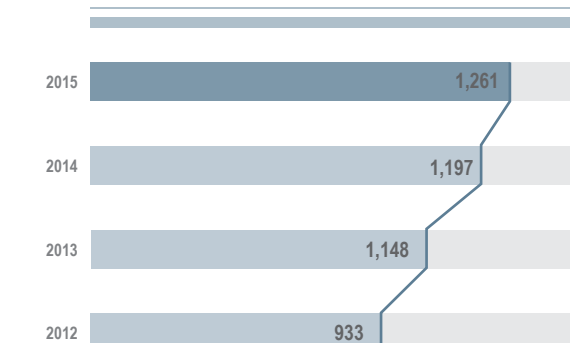
Sustainable Profitability and Value Creation

Net Financial Income (billion LBP)

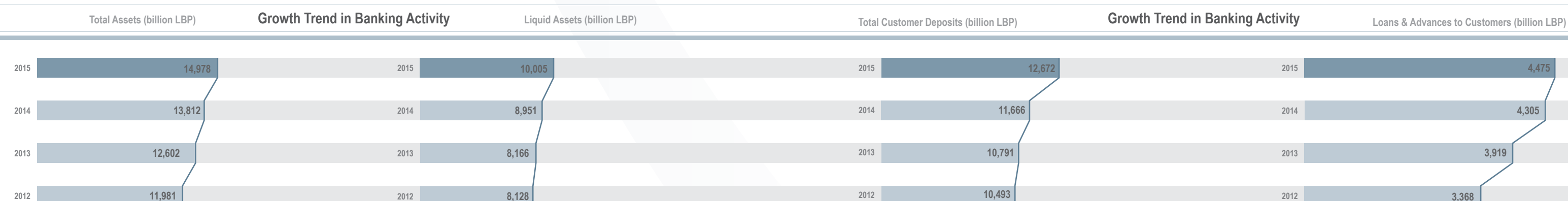


Strong Capital Base

Shareholders' Equity (billion LBP)



* Excluding extraordinary items



Facts and Figures

www.creditlibanais.com
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International: +961 1 607 100

Credit Libanais Group

Four Banks

- Credit Libanais sal
- Credit Libanais Investment Bank sal
- Lebanese Islamic Bank sal
- Credit International S.A. Senegal

One Financial Institution

- Credilease sal

One Insurance Company

- Credit Libanais d'Assurances et de Reassurances (CLA) sal

IT, E-Banking and E-Commerce Companies

- Credit Card Management sal
- International Payment Network sal
- Net Commerce sal
- Soft Management sal

Real Estate Company

- Cedars Real Estate sal

Large Network

- 5th largest network in Lebanon
- 73 branches including Cyprus, Bahrain, Iraq
- A representative office in Canada
- A subsidiary bank in Senegal (2 branches in Dakar)

Customers & Accounts

- 525,000 accounts
- ~300,000 customers

Extensive E-Outreach

- 10,040 electronic POS
- 150,000 banking cards distributed
- 96 ATMs
- A state-of-the-art customer service
- 24/7 online banking services

6 Countries of Geographical Outreach

- Lebanon
- Bahrain
- Canada
- Cyprus
- Iraq
- Senegal

International and Local Awards

2015-JP Morgan and Citibank recognize Credit Libanais SAL with the USD Payments Straight Through Processing (STP) Excellence Awards.



- 2015 - JP Morgan recognizes Credit Libanais with the STP Excellence Award.
- Citibank recognizes Credit Libanais with the STP Excellence Award.
- 2014 - Cross Knowledge E-learning Iquad Solutions recognizes Credit Libanais with the Best E-learning Roll-out Academy Awards.
- Citibank recognizes Credit Libanais with the USD Payments STP Excellence Award.
- Deutsche Bank recognizes Credit Libanais with the Euro STP Excellence Award.
- Standard Chartered grants Credit Libanais the STP USD Clearing Excellence Award.
- The Social Economic Award (SEA) grants Credit Libanais the National and Social Impact Award.
- 2013 - Standard Chartered grants Credit Libanais the STP USD Clearing Excellence Award.
- JP Morgan recognizes Credit Libanais with the USD Clearing Elite Quality Recognition Award.
- World Finance Banking Awards names Credit Libanais the Best Commercial Bank in Lebanon.
- The World Confederation of Businesses, the awarding body of the Bizz Awards, grants Credit Libanais the Peak of Success Award.
- 2012 - The Social Economic Award (SEA) grants Credit Libanais the Housing loans Category Award for financing stability in the lives of Lebanese families.



CL Group Medium-Term Strategy

With the Medium-Term Strategy 2018, Credit Libanais reaffirms its commitment to remain a leading global universal Bank, in its home market and in selected captive markets, in the Middle East and West Africa. The Bank will maintain its plans for further capital enhancement, organic growth and acquisitions, operational excellence and culture changes, in order to differentiate and reposition itself against its local peers. The strategy and goals of the Bank are based on a number of key assumptions, taking into consideration that the political uncertainty in Lebanon and regional tensions, in particular the Syrian outbreak, will continue to weigh on the economic growth in the medium term with a conservative projected local GDP growth in the range of 1.5% to 2% according to the IMF and World Bank for the period under review, the limited policymakers and Government's ability to address medium and long term economic reforms, the dynamic changes in the local and international regulatory frameworks and the continuous challenging globalization, and technical progress.

In addition, the strategy of the Bank is based on assumptions of the stability of the value of the Lebanese Pound mainly supported by the significant foreign currency reserves and gold levels held by the BDL, the low and moderate increase in interest rate levels and the continued inflow of deposits which bolsters Banks' liquidity and funding positions.

The Bank believes that its business pillars are well established to balance its earnings mix and to satisfy increasingly complex and global customer needs. The strategy is set in close coordination with the Management to fulfill the Bank's directions and objectives for the upcoming three years. It outlines the path towards creating distinctive client centric approach and innovative banking services and products, tailored to our target markets, while maintaining firm risk management and compliance culture, combined with the best corporate governance practices. This shall be accompanied by an adequate enhancement of the Bank's operational efficiencies, by improving the support functions and heightening the importance of IT in partnering with the Business. In parallel, the Bank will also keep striving towards enhancing the management and development of its human capital resources, adopting improved approaches to link reward to long term risk-adjusted performance. Furthermore, the Bank has also a major responsibility to contribute to the sustainable financial stability of the communities where it operates, by setting high standards for corporate social responsibility in its activities.

Certainly, the targets ahead are challenging amid tough operating conditions, with reduced revenues and squeezed margins in competitive markets and limited lending and investment opportunities, however, we at Credit Libanais are committed to maintaining our aim towards excellence and value creation to all our stakeholders. In Strategy 2018, we will strengthen and redirect our focus onto **eight major strategic pillars**:

- 1- Drive Growth, Expansion and Business Diversification locally and abroad (Middle East and West Africa).
- 2- Maintain Sound Profitability Management improving Fee Income and Follow Responsible Cost Efficiency Management.
- 3- Optimize capital allocation and preserve Sound Capital and Liquidity Management.
- 4- Maintain embedded prudent Risk Management, Compliance Culture and Corporate Governance Strategy.
- 5- Maintain a Strategic Marketing vision based on Resources Optimization.
- 6- Focus on Sustainable Technological Growth and Engage in Digital Customer Journey.
- 7- Optimize People Capital, linking reward to long-term risk based performance; and
- 8- Engage in a Transversal Corporate Social Responsibility Strategy, to ensure Sustainability across the People, Planet and Profit Dimensions.



MOVING FORWARD
ON SOUND GOVERNANCE PRACTICES

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CORPORATE GOVERNANCE



Corporate Governance Framework

Credit Libanais Group is committed to safeguarding the interests of all stakeholders and recognizes the importance of good Corporate Governance for its sustainable success. In this respect, CL Group reviewed its Code of Corporate Governance aiming at complying with the changing local and international Corporate Governance standards. The Code is disseminated to all staff and made available on the Bank's website.

The Board of Directors oversees the implementation of the Bank's governance framework and periodically reviews that it remains appropriate, in the light of any material changes to the Bank's size, complexity, geographical footprint, business strategy, markets and regulatory requirements.

As part of the overall corporate governance framework, the Board and Senior Executive Management (SEM) establish and make decisions related to the Bank's strategy and risk approach, articulate and monitor adherence to risk appetite and risk limits, capital, financial plans, remuneration policy, and identify, measure and control risks. Therefore, CL Group continued to increase focus on risk and the establishment of effective risk governance framework, which includes identifying the responsibilities of concerned parties for addressing and managing risk. This is referred to as the "three lines of defence":

The **first line of defence** consists the **business lines**, which have "ownership" of risk, whereby they acknowledge and manage the risk incurred while conducting their activities.

The **second line of defence**, which is independent from the first line of defence, includes:

- the **Risk Management Function**, which is responsible for further identifying, measuring, monitoring and reporting risk on a group-wide basis,
- the **Finance Function**, which plays a critical role in ensuring that business performance and profit and loss results are accurately captured and reported to the Board, management and Business Lines,
- the **Compliance Function**, which routinely monitors compliance with laws, corporate governance rules, regulations, codes and policies, and
- the **Consumer Protection Unit**, which ensures banking and financials operations with customers are conducted according to regulations and standards.

The **third line of defence** includes the **Internal Audit Function**, which is an independent, objective assurance and consulting activity designed to evaluate and improve the effectiveness of the bank's internal control and governance processes.

Board of Directors' Own Structure and Practices

The Board defines appropriate governance structures and practices for its own work, and puts in place the means for such practices to be followed and periodically reviewed for ongoing effectiveness. The Board structures itself in terms of leadership, size, frequency of meetings and the use of its committees to effectively carry out its oversight role and other responsibilities.

Remuneration Policy and System

The Bank's Remuneration Policy supports sound corporate governance and risk management. The Remuneration System forms a key component of the governance and incentive structure through which the Board and Senior Executive Management (SEM) promote good performance, convey acceptable risk-taking behaviour and reinforce the Bank's operating and risk culture. The Board is responsible for the overall oversight of the management's implementation of the Remuneration System for the entire Bank. In addition, the Board regularly monitors and reviews outcomes in order to assess whether the Bank-wide Remuneration System is creating the desired incentives for managing risk, capital and liquidity. The Board reviews the remuneration plans, processes and outcomes at least once annually. The Board established a Board Remuneration Committee as an integral part of its governance structure and organisation, to recommend and oversee the Remuneration System's design and operation. As reported in the Bank's financial statements, key management personnel compensation for the year 2015 consisting of short-term benefits amounted to LBP 10.4 billion.

Assets and Liabilities Management (ALM)

ALM function supports the capital and liquidity management process, governed by the Group Asset and Liability Committee (ALCO). ALM is responsible for the development of the Group's investment policies, market risk, interest rate risk and liquidity risk, in addition to the hedging of foreign exchange exposures of capital investments abroad, managing capital ratios, and the Group-wide capital requirements.

Capital and Liquidity Adequacy as per Basel III requirements

CL Group abides by national and international requirements in terms of capital adequacy regulatory framework, internal capital adequacy assessment process, Basel III, liquidity coverage ratio, loan impairment, related specific and collective provisions as well as general reserve for the loan portfolio. CL Group abides by the quantitative and qualitative requirements of the third pillar of the Basel accord and its subsequent updates.

Audit, Risk Management, Compliance, Consumer Protection and other Internal Controls

The Bank's Audit, Risk Management, Compliance, Consumer Protection, and other Internal Control functions have the necessary authority, stature, independence, resources and access to the Board to carry out their duties, in an independent and transparent manner. Those functions keep pace with changes related to the Bank's risk profile, including its organic and international growth. An open and timely internal communication within the Bank is ensured, both across the organization and through reporting to the Board and (SEM.)

Anti-Money Laundering and Counter Financing of Terrorism (AML/CFT)

On November 24, 2015, the Lebanese Parliament ratified the Law 42 on the declaration of amounts of carried cash at the border, Law 43 on the exchange of tax information, Law 53 on the International Convention for the Suppression of the Financing of Terrorism, Law 44 on AML/CFT, and consequently the BDL issued BDL Basic Circular No. 136 related to the implementation of FATF Recommendation 6 concerning UN Security Council Resolutions 1267 (1999), 1988 (2011), 1989 (2011), and any related successor resolutions.

In the increasingly interconnected and risky business world, CL Banking Group provides particular attention to AML/CFT and complies with all the national and international laws and regulations issued, across all entities of the Group, financial institutions, correspondents and customers, especially those seeking to engage in cross-border transactions or to utilize correspondent banks.

The Foreign Account Tax Compliance Act (FATCA)

FATCA was enacted into United States (US) law on March 18, 2010 and the related regulations were issued on January 17, 2013. FATCA requires Foreign Financial Institutions (FFIs) to report to the US Internal Revenue Services (IRS) information about financial accounts held by U.S. taxpayers, or by foreign entities in which U.S. taxpayers hold a substantial ownership interest. Lebanese banks like all FFIs worldwide comply with FATCA since July 1, 2014. Therefore, CL Group has the responsibility of identifying US tax payers among its customers for reporting to the US Internal Revenue Service (IRS) names and accounts' information. In this contest, and CL Group only undertakes business relations with FATCA compliant FFIs.

CL Group Reporting

CL Group reporting is made in accordance with International Financial Reporting Standards (IFRS), providing for a high degree of transparency and facilitating comparability with international peers. Complying with regulatory requirements, CL Group's Annual Report has become richer in terms of disclosures and information.

Internal Communications

To optimize top-down and bottom-up channels of communication between staff and management, the Corporate Publishing department ensures the publication of the Group's newsletter in two languages: Arabic and English. The goal of internal publications is to disseminate informative, argumentative, educative, financial and economic articles among staff members. Publications also feature financial education articles, CR initiatives, staff latest news as well as various events.

Moreover, employees receive regular updates related to the latest developments in the banking industry, through the FX and Market Snapshots, Weekly Market Watch, Monthly Economic Wrap, and CL Indices. This plethora of information is communicated via various internal and external e-channels.

CL Group Employee Handbook

The handbook elaborates on the rights and duties of employees. It also incorporates the Bank's code of conduct, business ethics and requirements to ensure that activities are conducted with integrity and honesty and is made available

to all staff on the Bank's intranet portal. In case of breaches to Credit Libanais' core principles and values, a disciplinary council takes corrective action to ensure that CL culture of trust is well preserved and respected by all staff.

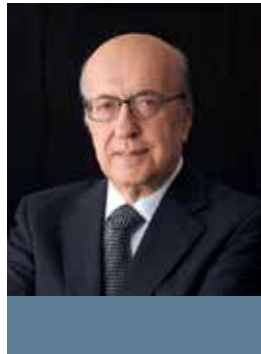
CL on the Internet and Social Media

The Bank's internet website makes available all CL activities, products and services at the fingertips of customers on-the-go. It is continuously updated with pertinent information relevant to all stakeholders. Credit Libanais' social media platforms are rapidly gaining ground to cater to the more demanding virtual customers.

Corporate Citizenship and Responsibility

Cognizant of its important role in the community, CL Group has embarked on a strategic Corporate Responsibility (CR) Project to ensure that sustainability is embedded in all aspects of our business. CR initiatives are reported in the internal newsletter as well as in the Annual Report.

Biographies of the Board of Directors



Chairman General Manager

Dr. Joseph Torbey is the Chairman General Manager of Credit Libanais Group. After graduating from university, he held numerous public functions, including Controller at the Lebanese Audit Court and the Ministry of Finance, where he headed the Income Tax Department. Very active on the professional level, he currently serves as Chairman of the Association of Banks in Lebanon which represents the banking profession and defends the interests of the Lebanese banking sector; and serves as Chairman of the World Union of Arab Bankers, the premier Arab professional organization for Arab bankers and finance professionals. He is also Chairman of the Executive Committee of the Union of Arab Banks (UAB), a Union which Board he chaired for two consecutive mandates, and which is the regional organization that comprises more than 320 Arab financial and banking institutions; On the academic front, he is the co-founder and first Chairman of the Institut Supérieur d'Études Bancaires (ISEB) at St Joseph University (Beirut); serves as member of the Executive Committee of the Arab Academy for Banking and Financial Sciences (Jordan) since 2001; and is an Honorary Professor at the University of Vienna. Dr. Torbey has a number of publications in taxation, economics and banking.



H. E. Mr. Marwan Hamade served in various capacities in different cabinets in Lebanon, including Minister of Telecommunications, Minister of Economy and Trade, Minister of Tourism, Minister of Health and Minister of the Displaced. He started his career as an economic and political columnist in an-Nahar and L'Orient-Le-Jour daily newspapers before serving as an-Nahar Group President and Director. He also served as member of the Higher Council of the Lebanese Press; Consultant for the World Organization of Health for the Middle East; member of the International Committee of Bioethics at UNESCO and is currently member of the Strategic Council of St Joseph University, Beirut.



Mr. Efstratios Arapoglou is a Corporate Advisor with a long international executive career in Corporate and Investment banking, International Capital Markets and in managing, restructuring and advising Financial Institutions. He has been the CEO of Commercial Banking at EFG Hermes Holding SAE Group, operating in the Middle East and Africa, and served as Chairman and CEO of the National Bank of Greece Group, Chairman of the Hellenic Banks Association and Managing Director and Global Head of the Banks and Securities Industry for Citigroup. Mr. Arapoglou served on several Boards of publicly listed companies in Europe, the Middle East and Africa, as well as on Boards of Educational Foundations, including the Institute of Corporate Culture affairs in Frankfurt as Chairman. He is the Chairman of the International Advisory Board of Tufts University in Boston, Ma. and member of the Business Advisory Council for the International MBA program of Athens University of Economics and Business.

Members



Mr. Karim Awad is the Chief Executive Officer and Board member of EFG Hermes Holding SAE, the leading investment bank of the Arab world. Since assuming leadership of the firm in 2013, Mr. Awad has led EFG Hermes' return to profitability by building a regional advisory pipeline. He enjoys a long track record advising major corporations on equity offerings, mergers and acquisitions transactions. Prior to assuming his current role, Mr. Awad was the Chief Executive Officer of the Investment Banking platform with an overall responsibility for managing the firm's investment banking, securities brokerage, research, asset management and private equity divisions.



Mr. Mohamad Wajih El-Bizri is an influential Lebanese businessman. He is the President of SIPES Group, one of the largest paint manufacturers in the Middle East, having production facilities in six Arab countries. Mr. El-Bizri serves as the Honorary Consul of the Republic of South Africa in Lebanon. He is also President of the International Chamber of Commerce in Lebanon, Vice President of the Association of Lebanese Industrialists and Vice President of the Business in the Community Association in Lebanon.



CIH Bahrain International Holding sal Represented by Mr. Abdullah Saudi

Mr. Abdullah Saudi, a world-renowned and respected international banker. Founder of the Libyan Arab Foreign Bank, where he served as Executive Chairman establishing branches of the Bank worldwide. Founder of the Arab Banking Corporation, Bahrain where he served as President and Chief Executive. In addition to being voted one of the most Innovative Bankers by the representatives of governments and international commercial bankers attending the IMF and World Bank meetings in 1980, Mr. Saudi has won many international accolades, including an Award at Georgetown University and the Award of Best Banker from the Association of Arab American Banks in New York in 1991. He was the first to receive the Arab Banker of the Year Award in 1993 from the Union of Arab Banks. In recognition of his role in the development of banking relationships between Arab and European countries, Mr. Saudi received several awards, amongst which are those awarded in 1977 by the King of Spain and the President of Italy and that given to him by the President of Tunisia in 1996. He is currently the Executive Chairman of ASA Consultants W.L.L., Bahrain.



Mr. Sarkis Demerdjian is a civil engineer and a prominent Lebanese businessman. He is the Chairman of Demco Group, Lebanon's leading steel supplier, trading and servicing company established in 1922, which has also ventured in the real estate industry, engaging various construction projects while preserving and respecting the environment. Mr. Demerdjian is member of the Council of Trustees of AGBU (Armenian General Benevolent Union) established in 1906 and present in many countries around the world.



Mr. Mohamad Abdel-Halim Arafa served as the Chief Financial Controller at EFG Hermes, where he led or participated in numerous transactions across EFG Hermes Group. He enjoys a long career and an extensive experience of over 23 years in financial markets, both as Senior Executive and as Financial Advisor.



Ms. Fatma Lotfy is an experienced banker in the fields of commercial and investment banking. She assumed leadership positions at several Egyptian banks including the Commercial International Bank, the Egyptian American Bank, NBK Egypt, and Bank of Alexandria.



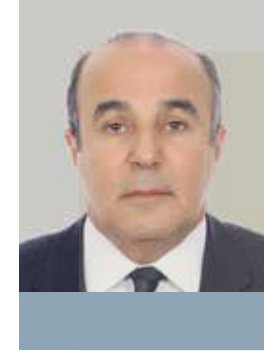
Dr. Michel Khadige is a prominent and well known Lebanese banker, who has been serving Credit Libanais since 1988. He heads the Corporate Banking and Financial Institutions Division at the Bank and sits on a number of Senior Committees at the Bank. Dr. Khadige is member of the General Rules and Banking Regulations Committee at the Association of Banks in Lebanon.



Mr. Philip Khoury is the co-founder of Impera Capital, Turkey, focusing on portfolio management in Frontier Markets. He served as the Head of Research and member of the Executive Committee at EFG Hermes. He also served as Assistant to the late Vice-Governor of the Central Bank of Lebanon, Mr. Mohamad Chatah. Mr. Khoury spent 5 years at Merrill Lynch, where he was active in equity analysis.



Mr. Mostapha Nasser holds a university degree in Literature and Philosophy from the Lebanese University in Beirut; he is a journalist and writer in several newspapers and advisor to Zeidan Group in Saudi Arabia. He was also advisor to some former prime ministers in Lebanon.



Secretary of the Board of Directors

Me. Adel Macaron currently serves as the Head of the Legal Department at Credit Libanais. He is member of the Beirut Bar Association since 1973 and serves as Credit Libanais SAL Secretary of the Board of Directors.

Composition of the Board of Directors

CL is governed by a Board consisting of twelve members, who are leading bankers and businessmen enjoying wide and diverse expertise in Lebanon and the region. Board members are elected by the General Assembly of shareholders for a term of three years.

The Board is of an appropriate size to oversee the Bank's businesses, with a suitable diversity of backgrounds and a mix of experience and expertise to maximize efficiency. To fulfill its duties, the Board has put in place a governance structure which contributes to the effective oversight of all activities across branches in Lebanon and internationally.

During 2015, the following changes occurred to the Board of Directors' composition: (i) the ordinary General Assembly accepted the resignation of Mr. Yasser El Mallawany, Mr. Rabah Jaber and Mr. Rabah Idriss, and elected three new Directors: Mr. Mohamed Abdel-Halim Arafa, Ms. Fatma Lotfy and Mr. Philip Khoury, effective April 30, 2015 for three years and (ii) reelected the other nine Directors, which remain in office until the term of the current Board, which expires upon the convening of the General Assembly (expected in 2018) that examines the accounts of the financial year 2017.

Shareholding structure

The following table sets out the composition of the holders of the Common Shares, as of December 31, 2015.

Shareholders / Group of Shareholders	Country (Ultimate Economic Ownership)	Percentage Ownership ⁽¹⁾
EFG Hermes CL Holding SAL ⁽²⁾	Lebanon	63.74%
CIH Bahrain International Holding SAL ⁽³⁾	Lebanon	23.52%
Over 1,000 shareholders ⁽⁴⁾	Majority Lebanese	12.74%
Total Shareholding		100%

⁽¹⁾ Percentage ownership figures represent both Common Shares owned by the named Shareholders and are expressed as a percentage of the total number of Common Shares issued and outstanding.

⁽²⁾ EFG Hermes CL Holding SAL is the major shareholder.

⁽³⁾ CIH Bahrain International Holding SAL, majority owned by Capital Investment Holding Manama Bahrain (99%).

⁽⁴⁾ More than 1000 other shareholders, mainly executives and employees of the Bank, each with less than five per cent.

Dividend Policy

Upon recommendation of the Board and approval of the General Assembly, Credit Libanais Group has enjoyed a constant track record of dividend payments on common shares for the past 18 years, demonstrating the Bank's sustainability and value creation to shareholders.

Board Committees

Corporate Governance Structure



The Board of Directors is supported by 4 committees:

The Corporate Governance, Nominations, Human Resources and Remuneration Committee (CGNHRR Committee), the Audit Committee, the Risk Committee, and the Credit Policy Committee. Each Committee has an approved charter that sets out its mandate, scope and working procedures in order to support the Board in its duties.

The Board of Directors is kept informed of all the decisions governing the Bank's overall activities, as submitted and recommended by the various committees.

*Corporate Governance, Nominations, Human Resources and Remuneration Committee

The CGNHRR Committee is composed of one Non-Executive Director and three Independent Directors, one of whom acts as its Chairman. The CGNHRR Committee's main mission is to: (i) oversee Senior Executive Management's implementation of the Bank's Corporate Governance Framework, principles and corporate values, including the Code of Conduct; (ii) provide recommendations to the Board for the nomination of new Directors and members of Senior Executive Management; (iii) oversee the Human Resources Policies; (iv) prepare and review periodically the Bank's Remuneration Policy and System ensuring their alignment with the Bank's strategy and the development of its operations; (v) set a Performance Evaluation System to evaluate the performance of all-level employees in an objective and transparent manner; and (vi) ensure that the compensation is effectively aligned with prudent risk-taking, consistent with the Bank's strategy adjusted for all types of risk. The CGNHRR Committee Charter satisfies BDL Basic Circulars No.106 and No. 133. CGNHRRC meets at least twice a year, or more frequently as needed.

Audit Committee

The Audit Committee is composed of one Non-Executive Director and three Independent Directors, one of whom acts as its Chairman. The Audit Committee's main mission is to assist the Board in its responsibilities, in terms of: adequacy of accounting, financial reporting policies, internal control and compliance system. The Audit Committee also recommends the appointment, compensation, effectiveness and dismissal of external auditors; ensures the independence and effectiveness of the internal audit function; reviews

and approves the scope and frequency of audits; and ensures that Senior Executive Management is taking the necessary corrective actions in a timely manner to address control weaknesses, non-compliance with policies, laws and regulations and other problems identified by internal and external auditors. In addition, the Audit Committee oversees the establishment of accounting policies and practices by the Bank. The Audit Committee Charter complies with BDL Basic Circular No. 118 dated July 21, 2008.

External auditors are appointed for a renewable period of three years, with the partner rotation principle applying for a maximum period of five years in line with BDL Basic Circular No. 122 dated August 13, 2009. The Audit Committee meets at least once quarterly, or more frequently as needed.

Risk Committee

The Risk Committee is composed of one Non-Executive Director and three Independent Directors, one of whom acts as its Chairman. The Risk Committee's main mission is to advise the Board on the Bank's overall current and future risk tolerance/appetite and strategy, and provides oversight of Senior Executive Management's activities in implementing group-wide risk management policies for capital and liquidity management, as well as credit, market, operational, compliance, reputational and other risks of Group CL. The effectiveness of the Risk Committee is further enhanced by receiving formal and informal communication from the Bank's Risk Management and Chief Risk Officer (CRO). The Risk Committee Charter satisfies BDL Basic Circular N°118. The Risk Committee meets at least once quarterly, or more frequently as needed.

Credit Policy Committee

The Credit Policy Committee is headed by the Chairman - General Manager, and includes one Executive Director - the Group Head of Corporate Banking and Financial Institutions Division, the Group Head of Retail Banking and Branches Division, the Group Head of Risk Management and Strategy Division and the Group Head of Finance Division. The General Controller - Group Head of Internal Audit Division participates as an observer. The Credit Policy Committee's main mission is to set the Bank's lending policies at the level of CL Group, in line with the Board's objectives. The Credit Policy Committee defines credit risk strategies, policies and limits for the efficient management of the various counterparty risk exposures, industries, aggregate exposures by product, segment of activity and country exposure on a stand-alone and consolidated basis. The Committee meets at least once a year, or more frequently as needed.

Senior Committees at Management Level

Each Committee has an approved charter that sets out its mandate, scope and working procedures in order to support the Chairman - General Manager in its duties. The Committees' respective authorities are of a decisive and consultative nature, where all recommendations that require Board approval are submitted through the Chairman - General Manager for review, decision-making or ratification. The Board is kept informed of all the major decisions governing the Bank's overall activities as submitted and recommended by the various committees.

SENIOR COMMITTEES AT MANAGEMENT LEVEL	
Management Committee	
Foreign Entities Committee	Asset and Liability Committee
Human Resources and Training Committee	Credit Committees
Sales and Business Development Committee	Financial Institutions and Country Credit Committee
Information Technology Steering Committee	Compliance, Anti-Money Laundering and Counter-Financing of Terrorism Committee
Business Continuity Planning Committee	Information Security Committee
The Bank's various committees are established with clear missions, authorities and responsibilities.	Recommendations made by any committees that require the Board of Directors' approval are submitted through the Chairman General Manager for review, decision-making or ratification.

Management Committee

The Management Committee regularly reviews the growth and performance of the Bank and ensures the execution of the Bank's medium-term strategy, policies and procedures as approved by the Board. The Management Committee plays a key role in ensuring the participation of key employees in managerial decision-making through regular communication and liaison with all regional managers. This Committee meets at least quarterly or more frequently as needed.

CL Management Committee

Chairman	Dr. Joseph Torbey	Chairman General Manager
Dr. Michel Khadige	BOD member and Deputy General Manager - Corporate Banking and Financial Institutions	
Mr. Michele Cherenti	Deputy General Manager - Retail Banking and Branches	
Mr. Georges Gerios	Deputy General Manager - Operations and Support Services	
Mr. Elie Abimrad	General Controller - Internal Audit	
Mr. Alexandre Salem	Deputy General Manager - Treasury, Global Markets, Asset Mgt and Private Banking	
Mrs. Nada Awad Rizkallah	Deputy General Manager - Risk Management and Strategy	
Mr. Georges Karkabi	Deputy General Manager - Investment Banking	
Mr. Anthony Ussher	Deputy General Manager - E-Banking	
H.E. Dr. Alain Hakim	Assistant General Manager - Marketing and Business Development	
Mr. Badih Azzi	Assistant General Manager - Human Resources	
Mr. Najib Ghanem	Assistant General Manager - Information Technology	
Mr. Charbel Mourad	Assistant General Manager - Finance	
Secretary	Mrs. Nina Elhadj Srour	Head of Consumer Protection and Corporate Publishing - CEO Office

Foreign Entities Committee

The Foreign Entities Committee approves the medium-term strategy and annual business plans of foreign entities, reviews their business performance and evaluates their risk exposure. The Foreign Entities Committee also ensures the compliance of foreign entities with applicable laws and regulations. The Committee places emphasis on the ongoing monitoring of risk management, anti-money laundering, counter terrorism of financing and information security in foreign entities, and convenes at least quarterly or more frequently as needed.

Human Resources and Training Committee

The Human Resources (HR) and Training Committee is responsible for establishing the policies and procedures pertaining to human resources management and overseeing the execution of HR plans. The Committee also supervises orientation and training programs for both existing and new staff. It reviews the Remuneration Policy and System, the Performance Evaluation System and the annual budget for training and development then submit them for the CGNHRR Committee approval. This Committee convenes quarterly or more frequently as needed.

Sales and Business Development Committee

The Sales and Business Development Committee ensures the introduction, maintenance and promotion of the Bank's various products and services to the market. Moreover, it introduces new and profitable products and services and ensures adequate funding and analysis of the risk-adjusted-return on capital of such products and services. The Committee coordinates and implements the Bank's overall advertising strategy, and monitors results and feedback. The Sales and Business Development Committee meets quarterly or more frequently as needed.

Information Technology Steering Committee

The Banking Group Information Technology Steering Committee sets the general strategies and policies for developments relating to banking information technology, in accordance with the Bank's master strategic plan. The Committee's main objective is to ensure the adequate functioning and development of information technology systems in line with the continuous development of systems, applications and services to support the Bank's expansion plans. This Committee convenes quarterly or more frequently as needed.

Business Continuity Planning Committee

The Business Continuity Planning (BCP) Committee ensures continuity of service to the Bank's customers and stakeholders in an efficient and timely manner in case of an eventual event that might disrupt the Bank's regular activities. The BCP Committee proposes policies, recommends priorities, establishes plans to meet business continuity requirements and ensures that adequate communication and training are maintained at Bank. The BCP Committee meets at least quarterly or more frequently as needed.

Asset and Liability Committee

The Group Asset and Liability Committee (ALCO) is responsible for managing and controlling the Bank's balance sheet and income statements and formulating the general financial strategy of each business unit. ALCO reviews all activities of the Bank which impact balance sheet items. It focuses on risks and strategic issues related to interest rate monitoring, liquidity management and market risks, as well as their control and mitigation. The ALCO reviews and validates all relevant policies and procedures and ensures their compliance with regulatory guidelines pertaining to liquidity risks, investment portfolio risks, interest rate and foreign exchange risks, market risks, political and country risks, risks relating to the pricing of loans and deposits, profitability risks, and risks of unrealized gains and losses resulting from long-term positions, prior to submitting such policies and procedures to the Risk Committee and the Board for final approval. The ALCO meetings are held on a monthly basis, or more frequently as needed.

Credit Committees

The Bank has a number of Credit Committees with different levels of lending authority, depending on the business segments concerned and the exposure. Credit Committees are responsible for ensuring the adequacy of the Bank's lending policies and compliance of lending activities with the Bank's credit policy and applicable laws and regulations. The Credit Committees meet regularly and ensure the implementation and monitoring of their decisions by the business owners under the supervision and control of the Credit Administration and Control departments that report to the Credit Risk Management Department. The presence of a member of the Risk Management Division is an integral part of the credit approval process and the monitoring of the Credit Committees' decisions.

Financial Institutions and Country Credit Committee

The Financial Institutions and Country Credit Committee approves the banks and financial institutions whom the Bank deals with or intends to deal with. The Committee defines the credit lines to be granted for each banking and financial institution counterparty in compliance with applicable laws and regulations, and in line with the Board's strategic objectives and the Group's financial institutions credit policy. Risk Management is an integral part of the approval process of the banks and financial institutions, and the monitoring of the Committee's decisions. This Committee meets on a monthly basis or more frequently as need be.

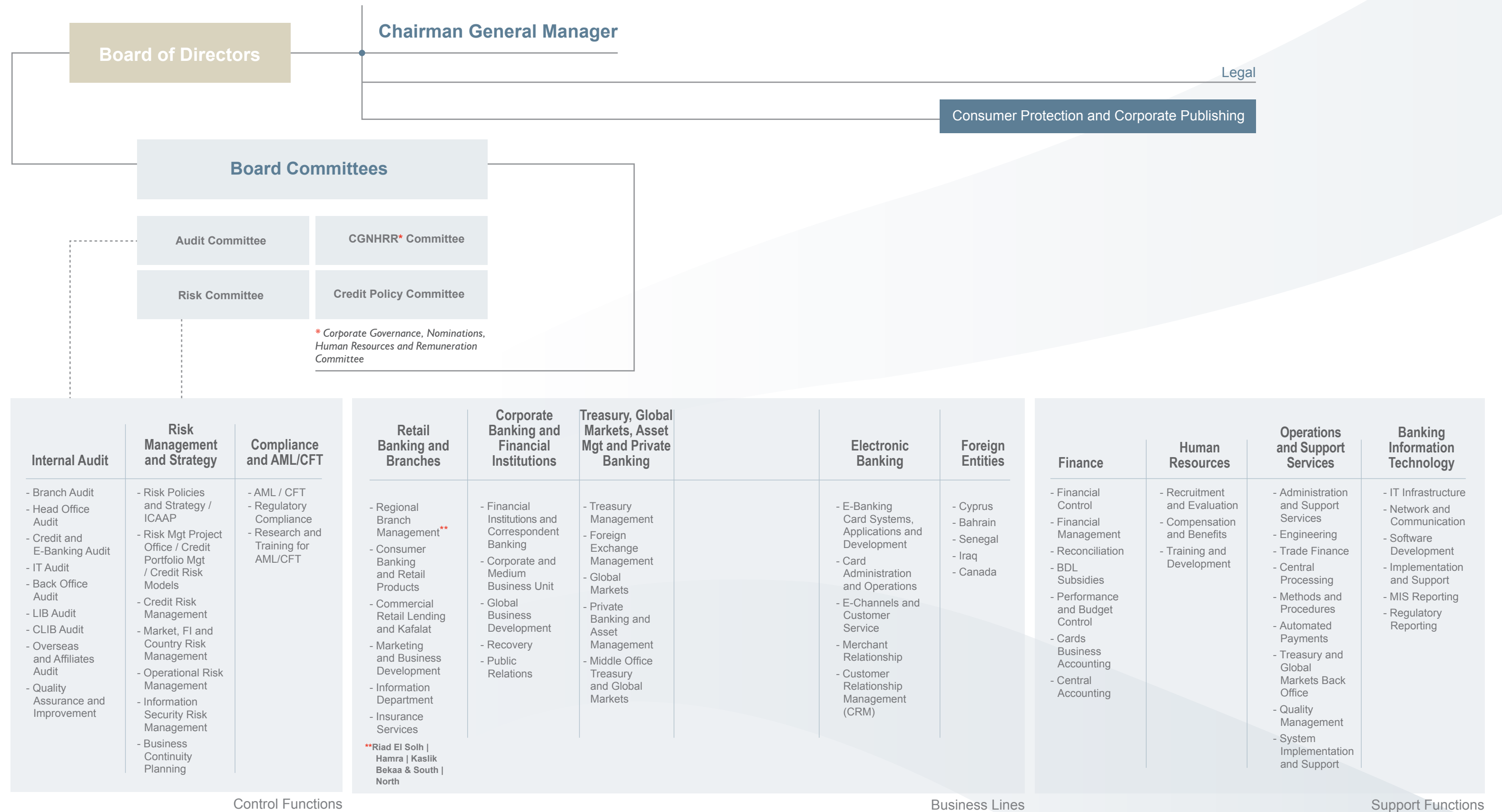
Compliance, Anti-Money Laundering and Counter-Financing of Terrorism Committee

The Compliance, Anti-Money Laundering and Counter-Financing of Terrorism (AML/CFT) Committee reviews all relevant policies and procedures, in accordance with local and international laws and regulations. It reviews the AML/CFT systems adopted by the Bank and ensures that adequate measures are implemented to check the Bank's customers and transactions. It closely monitors suspicious cases and takes pro-active steps to prevent AML/CFT fraudulent activities at Group level. The Committee reports suspicious cases to the Special Investigation Commission at the BDL. It is also responsible for FATCA implementation and compliance. This Committee meets at least once quarterly, or on a need basis.

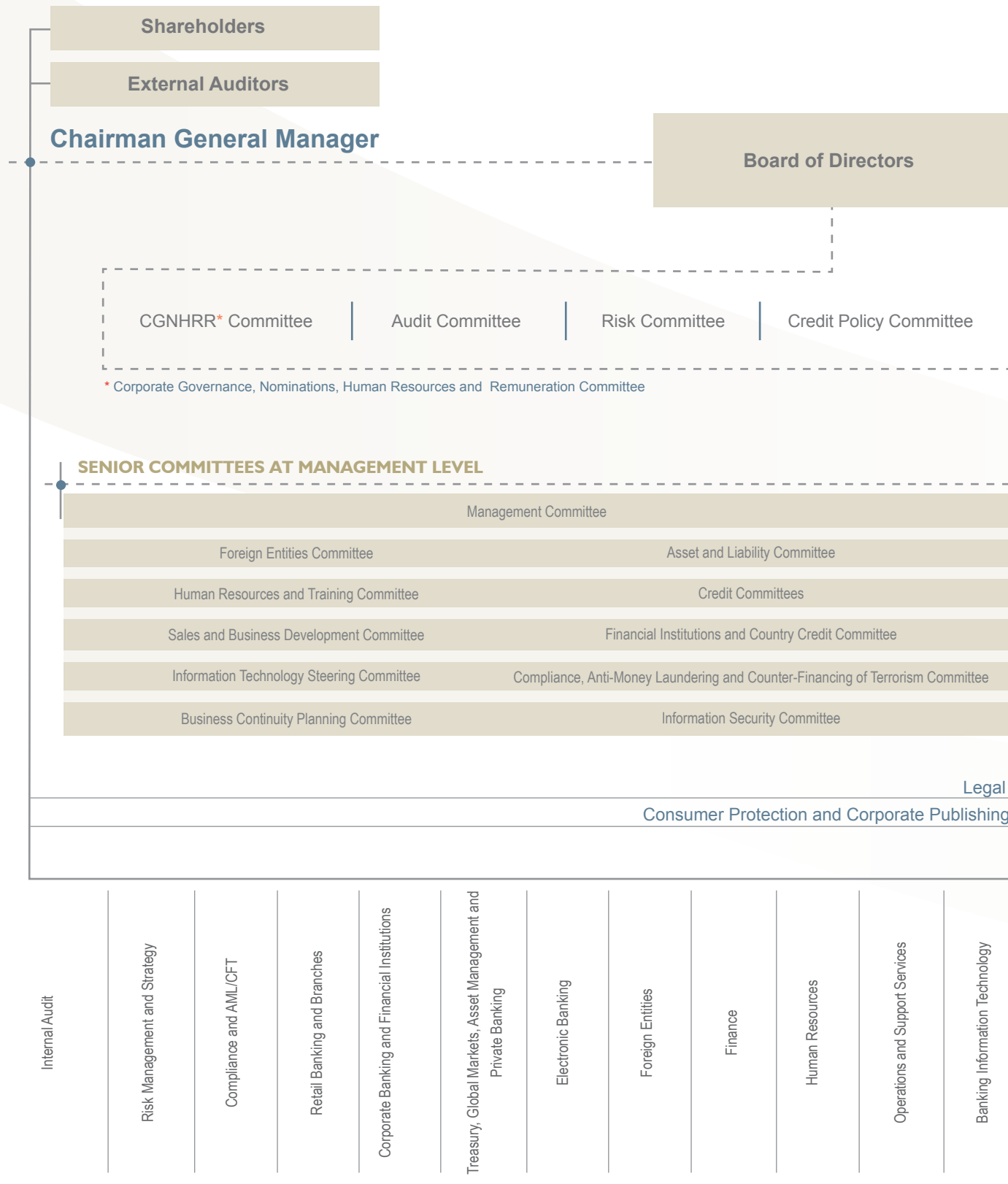
Information Security Committee

The Information Security Committee reviews and approves CL Group's information security strategy, sets security policies and procedures and submits them for the approval of the Risk Committee and the Board. This Committee also reviews and approves the scope of security programs and related budgets; oversees the implementation of the security programs throughout the Bank and its affiliates; and provides solutions on how to deal with security breaches or control overrides. This Committee also recommends security training programs for the Bank's staff and convenes at least once quarterly.

Organizational Structure



High Level Structure



Group Entities and Geographical Presence

Credit Libanais SAL All subsidiaries are incorporated in Lebanon, except for Credit International SA, which is incorporated in Senegal.

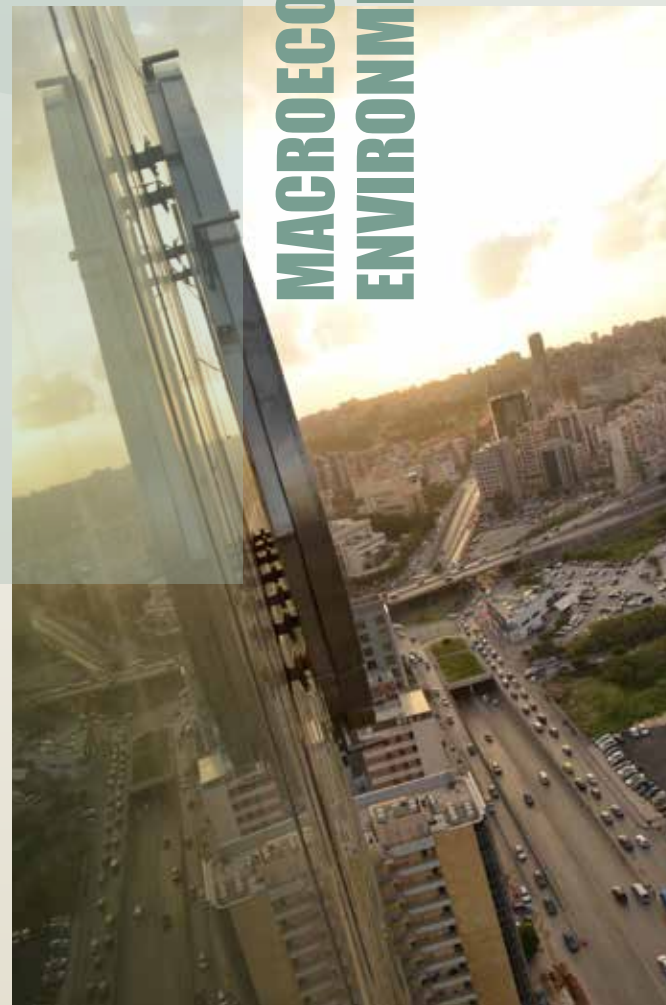
Credit Libanais Investment Bank SAL	99.86%	Banking
Lebanese Islamic Bank SAL	99.84%	Banking
Credit International SA - Senegal	87.82%	Banking
Cedars Real Estate SAL	99.92%	Real Estate
Société Hermes Tourism & Travel SAL	99.99%	Tourism and Ticketing
Soft Management SAL	47.00%	IT Solutions
Credit Libanais d'Assurances et de Réassurances SAL	66.97%	Insurance
Business Development Center SARL	98.62%	Advertising
Capital Real Estate SAL	98.00%	Real Estate
Credilease SAL	99.26%	Financial Institutions
Collect SAL	44.94%	Collection Services of Receivables

During 2015, the Group sold 50,000 shares in Credit International SA reducing its ownership from 92.82% to 87.82%.

Geographical Presence

Credit Libanais Group			
Lebanon	Credit Libanais SAL Credit Libanais Investment Bank SAL	Credilease SAL Lebanese Islamic Bank SAL	Credit Libanais d'Assurances et de Réassurances SAL
Cyprus	Limassol Branch		
Senegal	Credit International SA - CISA (2 branches in Dakar)		
Bahrain	Manama Branch		
Canada	Representative Office - (Montreal)		
Iraq	Baghdad and Erbil Branches		

MACROECONOMIC OPERATING ENVIRONMENT



Macroeconomic Operating Environment

In 2015, Lebanon continued to defy the odds despite the multitude of challenges, adorned with the continuous inflow of remittances from the Lebanese Diaspora to their mother country, an exceptionally solid banking sector, and a shrinking balance of trade deficit in light of the more favorable Euro currency exchange rate and the uninterrupted drop in international oil prices. In parallel, Banque Du Liban (BDL) went on to introduce another set of stimulus packages to spur lending activities and revitalize various sectors of the economy. Nevertheless, the Lebanese economy continued to suffer from the ongoing political bickering, the prolonged presidential void and the swelling number of Syrian refugees on the Lebanese territories.

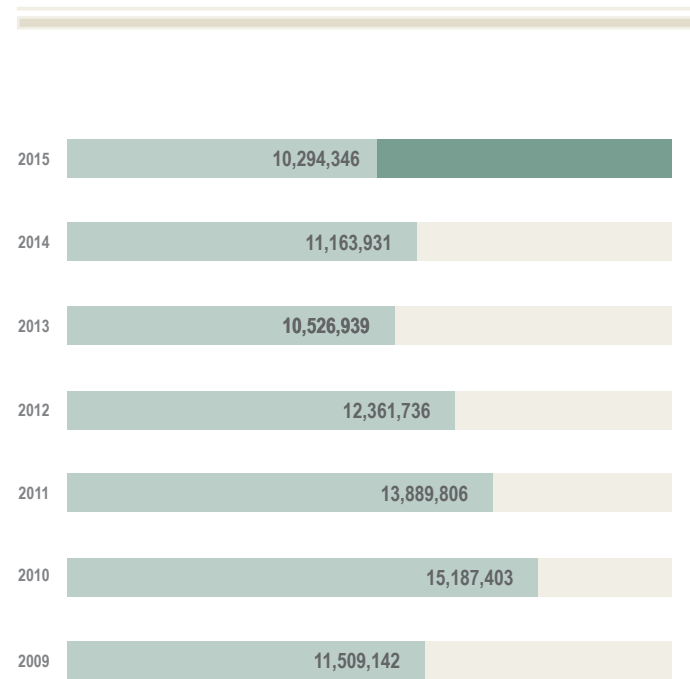
Such mixed signs prompted the International Monetary Fund (IMF) to downwardly revise its growth estimates for Lebanon for the year 2015 from 2% in its October 2015 World Economic Outlook (WEO) report to 1% in its April 2016 WEO report. The IMF, however, maintained its projections of a moderate correction in growth for the years 2016 (i.e. 1%) through 2021 (i.e. 3.0%) amid a myriad of factors casting a glimpse of hope into the future of the Lebanese economy. These growth figures pale however when compared to the 9.2% average growth recorded during the 2007-2010 period, which was mirrored by the modest performance of many sectors.

For instance, the Lebanese real estate sector felt the pinch of the stuttering economic activity, suffering from a double-digit (10.37%) contraction in the number of real estate transactions to 63,386 in the year 2015, from 70,721 transactions in 2014. Concurrently, the aggregate value of real estate transactions shed nearly \$1 billion (10.54%) y-o-y to \$8.01 billion in 2015, compared to \$8.95 billion a year before. In a related context, Lebanon's construction permits, which reflect the level of future supply in the real estate sector, dropped by 7.79% in 2015 to 10,294,346 square meters, with cement deliveries contracting by 8.59% annually to 5,042,867 tons.

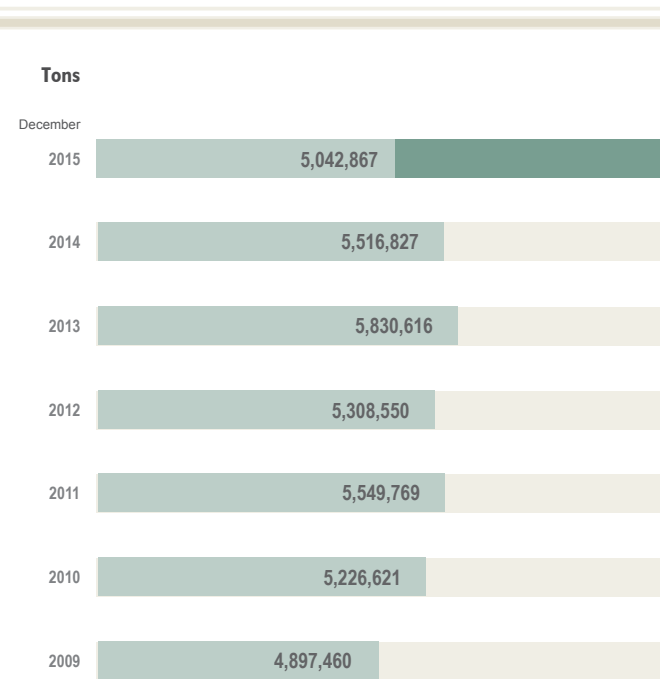
Real Estate Transactions	For the Year		YOY % Change
	2015	2014	
Number of Sale Transactions	63,386	70,721	-10.37%
Value of Transactions (USD Billion)	8.01	8.95	-10.54%
Average Value per Transaction (USD)	126,313	126,575	-0.21%

Source: General Directorate of Land Registry and Cadastre, Credit Libanais Economic Research Unit

Evolution of Cumulative Construction Permits (sqm)



Yearly Evolution of Cement Deliveries



Source: BDL, Credit Libanais Economic Research Unit

Lebanon's industrial sector did not escape the claws of the Syrian crisis which limited land export activity. Accordingly, industrial exports came in 6.16% lower year-on-year at \$2.96 billion. Industrial imports also felt the bite of the sluggish economic situation and weakening local demand, the thing which was reflected by a 12.89% y-o-y drop in industrial imports of equipment and machinery to \$234.4 million at end of 2015, compared to \$269.1 million a year earlier.

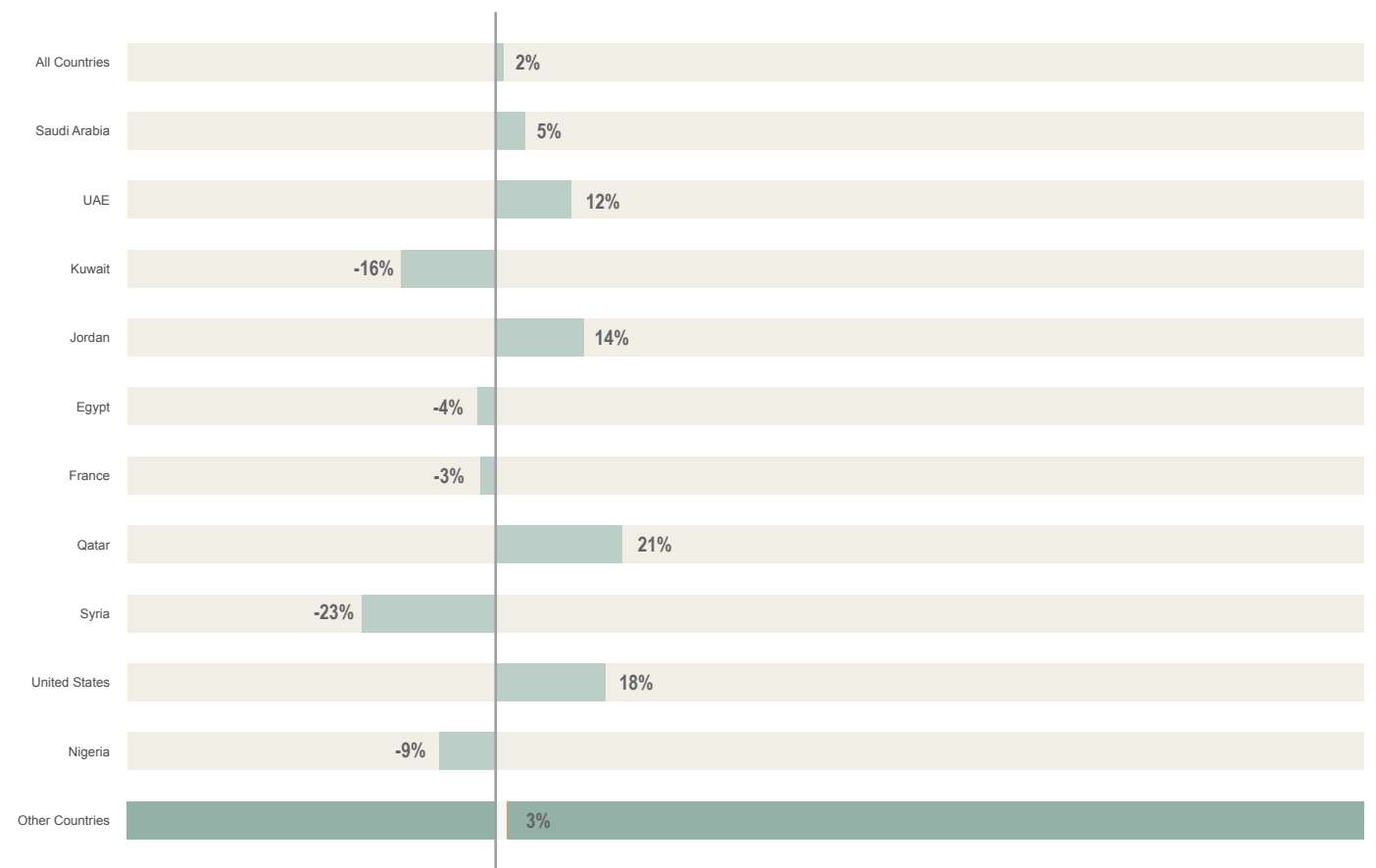
	For the Year		YOY % Change
	2015	2014	
Industrial Exports	2,955.8	3,149.8	-6.16%
Industrial Imports of Equipment & Machinery	234.4	269.1	-12.89%

Source: Lebanese Ministry of Industry, Credit Libanais Economic Research Unit

The scenery was rather bleak for Lebanon's agricultural sector in the year 2015, with the prevailing war in Syria paralyzing land export activity, noting that Gulf Cooperation Council countries are considered as the largest consumer of Lebanese agricultural exports. On a positive note, the year 2015 earmarked the launching of a new strategy extending until the year 2019, which will focus on resolving a number of issues facing the agricultural sector. It is worth highlighting that the Lebanese agricultural sector detains the largest number of guarantees extended by the government-subsidized program "KAFALAT", amassing a stake of 46.82% (317 guarantees) of total Kafalat-guaranteed projects in the full year 2015, followed by the industrial sector (35.60%) and the tourism sector (10.49%).

As far as tourism activity is concerned, the year 2015 witnessed a 14.13% hike in the number of tourists flooding into the country to 1,394,340 visitors as at end of November. Similarly, the total number of passengers travelling through the Beirut International Airport (BIA) soared by 10.21% to 7,240,388 (including transit travelers) in 2015. In the same context, the occupancy rate at Beirut's four and five-star hotels rose by 4.0 percentage points in the year 2015 to 56%, with the average rooms' rate and yield adding 1.1% and 8.8% on a respective basis. Tax-free spending in Lebanon also managed to increase by 2% y-o-y during the full year 2015, with spending by Qatari tourists rallying by 21% and spending by U.S. tourists increasing by 18%, followed by Jordanian tourists (+14%) and U.A.E. tourists (+12%).

Annual Growth in Spending in 2015



Source: Global Blue, Credit Libanais Economic Research Unit

As for Lebanon's energy sector, data on onshore seismic surveys that were conducted by Petroserv company was delivered to the Lebanese government during the month of June 2015, with the report including important findings on Lebanon's onshore oil and gas reserves. The bidding process was also postponed on several occasions, leading to no palpable progress in Lebanon's hydrocarbon sector, while neighboring countries took long strides in this respect, putting as such Lebanon's hydrocarbon wealth in jeopardy.

From a public finance standpoint, the Lebanese government continued to bear the additional costs of hosting over 1 million Syrian refugees on its territories, the thing which has been exerting more pressure on its health, education, and infrastructure expenses. Consequently, Lebanon's gross public debt burden grew heavier in 2015, adding \$3.74 billion to attain \$70.31 billion at end of year. Domestic borrowing remained the government's main source of financing

in the year 2015 (61.51% of gross public debt), particularly from banks (around 53.76% of gross public debt), in an attempt to finance the recurrent budget deficits and roll over maturing debt. Nevertheless, and despite the prevalence of such a burden, Lebanon managed to tame, to some extent, its debt-to-GDP ratio to an estimated 132% by the end of 2015, from nearly 133% in the year 2014 according to the IMF.

Public Debt	December	billion USD	2015	2014	YOY % Change
Gross Public Debt			70.31	66.57	5.62%
- Domestic Debt			43.25	40.96	5.58%
- External Debt			27.06	25.61	5.69%
Public Sector Deposits			8.77	9.26	-5.28%
Net Public Debt			61.54	57.31	7.38%

Source: The Association of Banks in Lebanon, Credit Libanais Economic Research Unit

Also from a public finance perspective, the Ministry of Finance issued on several occasions throughout the year 2015 ten-year Treasury notes carrying an attractive annual yield of 7.98%. Concurrently, the Lebanese government successfully completed a voluntary debt exchange offer during the month of November 2015 with a participation rate of 42.44%. In figures, government notes maturing in November 2015 and worth some \$750 million were exchanged for longer tenure notes. In total, the transaction resulted in bond issues worth some \$1.6 billion, split between notes maturing in 2024 (\$500 million), 2028 (\$500 million tap) and 2035 (\$600 million tap). The 2024, 2026, and 2035 notes carried respective coupon rates of 6.25%, 6.65% and 7.05% per annum, compared to a coupon rate of 8.50% for the maturing Eurobonds. This highlights Lebanon's capability to refinance its debt at lower costs notwithstanding the prevailing political instability and serves as an indication of trust in Lebanon's capabilities to honor its debt obligations.

Local investors accounted for 90.0% of total subscriptions, with foreign demand constituting 10%.

From another angle, Lebanon's snowballing public debt burden remains tamed by the robust reserves portfolio at Banque Du Liban (BDL), with the ratio of total reserves (gold and foreign currencies) to gross public debt nearing the 70% mark as at end of year 2015. It is worth noting that total reserves at BDL depreciated by \$1.87 billion in 2015 to reach \$46.94 billion, with the foreign assets (foreign currency reserves) portfolio edging lower by 2.11% y-o-y to \$37.09 billion. The value of gold reserves, moreover, shed \$1.10 billion (10.04%) in 2015 to \$9.85 billion, as gold prices tumbled in the international market amid the interest rate hike in the U.S. Lebanon, however, preserved its 19th rank in the world and 3rd in the region in terms of gold reserves (286.8 tons) in 2015 according to the World Gold Council, trailing behind Saudi Arabia (322.9 tons) and Turkey (515.5 tons).

End of year (billion USD)	2015	2014	2013	2012	2011	2010	2009
Gold	9.85	10.95	11.10	15.31	14.40	13.01	10.06
Foreign Assets	37.09	37.86	35.29	35.74	32.24	30.60	28.30
Total Reserves	46.94	48.81	46.40	51.05	46.64	43.61	38.36

Source: Banque Du Liban, Credit Libanais Economic Research Unit

On the other hand, and from a budget angle, Lebanon's budget deficit continued to be a drain on the government, notwithstanding the sizeable drop in oil prices. More specifically, Lebanon's fiscal deficit (budgetary & treasury) widened to just over \$3.95 billion in 2015, up from \$3.07 billion a year earlier on the back of some 11.98% annual slump in government revenues to nearly \$9.58 billion, outweighing the 3.04% y-o-y drop in government expenditures (including debt service) to around \$13.53 billion.

	million USD	For the Year		
Public Finance		2015	2014	YOY % Change
Revenues		9,576	10,879	-11.98%
Expenditures (including debt servicing)		13,528	13,952	-3.04%
Debt servicing		4,677	4,380	6.78%
Total deficit		(3,952)	(3,073)	28.62%
Total Primary Surplus / (Deficit)		724	1,307	-44.58%
Deficit / Total Expenditures		29.22%	22.02%	

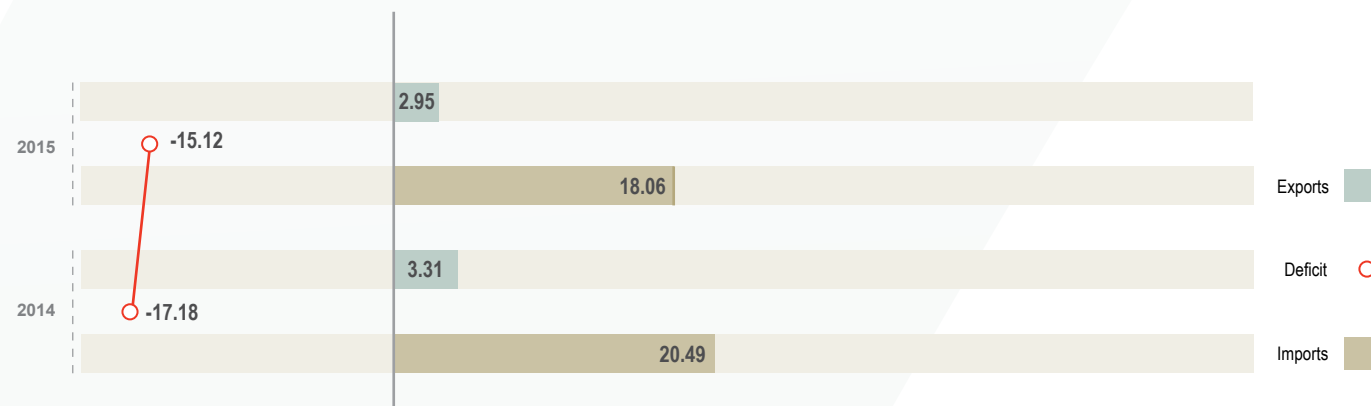
Source: The Lebanese Ministry of Finance, Credit Libanais Economic Research Unit

On the current account side of the balance of payment, Lebanon's balance of trade deficit narrowed to \$15.12 billion as at the end of 2015, compared to deficit of \$17.18 billion a year earlier. In fact, the imports' bill dropped significantly on the back of the drop in oil prices and the depreciation of the Euro currency against the U.S. Dollar, ending the year 2015 down by 11.83% at \$18.07 billion. On the other hand, Lebanon's exports activity suffered a severe blow with the closing of al Nassib border crossing between Syria and Jordan, the thing which served as the final nail in the coffin of land routes for Lebanese exports forcing exporters as such to resort to costlier maritime exports. The government attempted to remedy the situation by providing a \$21 million subsidy for maritime exports, yet its efforts had little effect as Lebanese exports ended the year 2015 10.89% lower at \$2.95 billion.

Balance of Trade	million USD	For the Year		YOY % Change
		2015	2014	
Exports		2,952	3,313	-10.89%
Imports		18,069	20,494	-11.83%
Trade Balance		(15,117)	(17,181)	-12.01%

Source: Higher Customs Council, Credit Libanais Economic Research Unit

Cumulative Balance of Trade (billion USD)



Source: Higher Customs Council, Credit Libanais Economic Research Unit

In related news, the Beirut port freight activity slowed by a shy 0.77% in the year 2015 to 8,217 thousand tons, while that of the Tripoli port soared by 40.52% on an annual basis to 1,886 thousand tons, thanks to the much improved security situation in Tripoli in comparison with last year.

Nevertheless, and in light of the overall sluggish macroeconomic activity throughout the year 2015, the international rating agency, Standard & Poor's (S&P) changed Lebanon's outlook from "Stable" to "Negative" in its September 11, 2015 rating update, while maintaining the long-term and short-term foreign and local currency sovereign ratings unchanged at "B-" and "B" respectively. The agency attributed its decision to lower Lebanon's outlook to the bleak local and

regional political picture and its potential repercussions on the country's economic growth for the next three years. The agency also cited the ongoing inflow of Syrian refugees, which have reached around 1.1 million (registered) up to August 2015, as an additional drain on Lebanon's public finances and infrastructure. On a more positive note, however, S&P praised the sustained level of deposit inflows to the banking sector, which help fund the government's financing needs, highlighting that deposit growth reached 6% during the year 2014, a rate that is expected to be maintained in 2015. Furthermore, the agency hailed BDL's ample foreign exchange reserves, which can cover around 80% of local currency money supply, and the encouraging interest rate levels when compared to those in the U.S. In its turn, Fitch Ratings, the

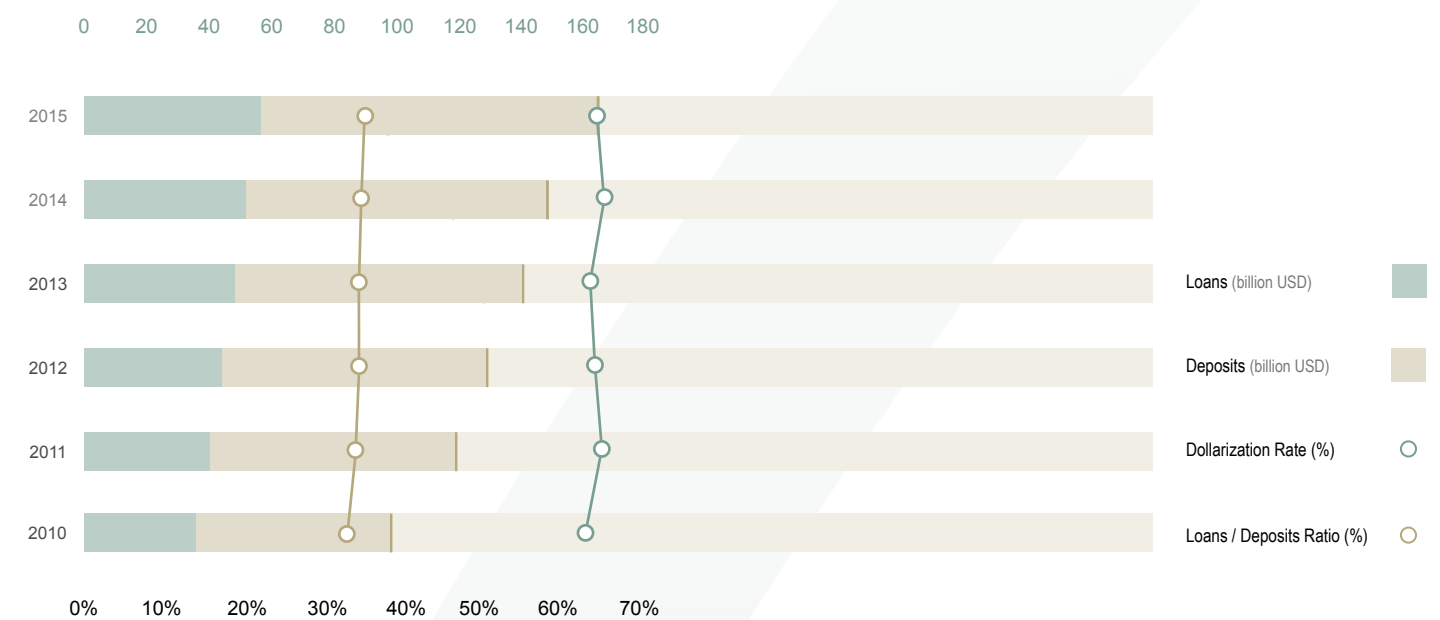
international rating agency, affirmed on December 11, 2015 Lebanon's "Negative" Outlook and the country's long-term local and foreign currency Issuer Default Rating (IDR) at "B". The agency mainly attributed its decision to the political repercussions of the ongoing war in neighboring Syria along with Lebanon's very weak public finances and frail economic performance. In fact, the agency cited Lebanon's presidential void together with the prevailing governmental paralysis and noted that it is unlikely to witness a political improvement in the event the Syrian war persists. The agency added that public debt is expected to reach higher grounds in the years 2016-2017 amid the shortage of fiscal reforms and high current spending. In addition, the agency envisages a 1.2% real economic growth in 2015, ruling out any eventual improvement in economic prospects in the absence of a political consensus in Syria.

As far as inflation is concerned, the sizeable drop in Lebanon's consumer price index (CPI) can be explained by the aforementioned drop in fuel prices and the depreciation of the Euro currency in the

year 2015. More specifically, the average price of a Lebanese-consumer good-basket fell by 3.40% y-o-y to 95.92 in December 2015, down from 99.29 a year before, according to the Central Administration of Statistics (CAS).

In the banking sector, Lebanese banks' success story continued despite the local and regional stalemate, posting a healthy annual increase of 5.86% in their balance sheet to \$185.99 billion as at end of December 2015, a rise of 4.95% in customer deposits to \$154.95 billion, and some 6.53% growth in the loans' portfolio to \$54.22 billion. The sector remained highly liquid in the year 2015, enjoying a primary liquidity ratio of 78.22%. In parallel, the deposit dollarization rate in the banking sector fell to 64.88% at year-end 2015, compared to 65.71% a year before, proving once again the ever-existing confidence in the Lebanese Pound despite the prevailing political and security tensions.

Activity in the Lebanese Banking Sector



Source: ABL, Credit Libanais Economic Research Unit

The high exposure of the banking sector to the sovereign, however, prompted Standard & Poor's (S&P) Ratings Services to downwardly revise the outlook of 3 Lebanese banks, namely Bank Audi, BankMed, and BLOM Bank from "Stable" to "Negative" in its September 16, 2015 rating update. On its part, Fitch Ratings affirmed on December 15, 2015 the Issuer Default Rating (IDR) of 2 Lebanese Banks, namely Bank Audi and Byblos Bank at "B" for both long-term and short-term IDRs, and maintained a "Negative" outlook on the long-term IDRs for both banks. The agency also kept the banks' viability rating, support rating and support rating floor unchanged at "b", "5" and "CCC" respectively. Similarly, Moody's Investors Service affirmed in its June 3, 2015 rating action the long-term deposit rating of 3 Lebanese

banks, namely Bank Audi, BLOM Bank, and Byblos Bank, at "B2" for both local and foreign currency deposits, and maintained a "Negative" outlook for all three banks.

Also in the banking sector, interest rate levels increased in general in the year 2015, with the average interest rate on Lebanese Pound denominated deposits remaining flat at 5.56% in December 2015 when compared to December 2014's reading. Concurrently, the average interest rate on U.S. Dollar denominated deposits rose to 3.17% in December 2015, from 3.07% in the same month in 2014. Commercial banks' discount and lending rate stood at 7.45% on LBP denominated loans and 7.06% on USD denominated loans.

Interest Rate Levels	December 2015		November 2015		December 2014	
	LBP	USD	LBP	USD	LBP	USD
Average Rate on Deposits	5.56%	3.17%	5.56%	3.17%	5.56%	3.07%
Term Savings & Deposits Rate	5.97%	3.64%	5.97%	3.62%	5.93%	3.54%
Discount & Loans Rate	7.45%	7.06%	6.93%	7.15%	7.49%	6.97%

Source: Banque du Liban, Credit Libanais Economic Research Unit

Further on Lebanon's interest rate environment, the ABL lifted the Beirut Reference Rate on lending in Lebanese Pounds on several occasions during the year 2015, raising the LBP/BRR rate by 9 basis points (bps) to 8.80% as at end of year, from 8.71% as of January 1, 2015. The ABL has similarly advocated banks to raise the U.S. Dollar lending benchmark rate sequentially throughout the year, with the Beirut Dollar Reference Rate upwardly revised by 9 bps y-o-y to 6.23%.

	Rates as of January 1, 2016	Rates as of January 1, 2015	Change (bps)
BRR on LBP Lending	8.80%	8.71%	+9
BRR on USD Lending	6.23%	6.12%	+9

Source: ABL, Credit Libanais Economic Research Unit

On the Beirut Bourse front, activity was shy during the year 2015 in the light of the strained political situation. In figures, traded volume receded by 51.98% y-o-y to around 74.64 million shares, while traded value improved shyly by 4.35% to \$628.97 million. The BSE's valuation multipliers also showed mixed performances during the year 2015 with the weighted average Price to Earning (P/E) ratio improving to 6.84x and the weighted average Price to Book (P/BV) ratio dropping to 0.85x.

Analysis of the BSE Activity in the Year

	2015	2014	YOY % Change
Traded Value (\$ 000)	628,968	602,776	4.35%
Traded Volume (000)	74,637	155,427	-51.98%
Market Capitalization (\$ Million)	11,220	11,222	-0.02%
Traded Value/Market Capitalization	5.61%	5.37%	
Turnover Ratio	4.28%	8.98%	
Weighted Average P/E	6.84	5.73	
Weighted Average P/BV	0.85	0.91	

Source: BSE, Credit Libanais Economic Research Unit



MOVING FORWARD

AND LEVERAGING STRENGTHS FOR CAPITAL OPTIMIZATION



Retail Banking Activities

In 2015, yield-management contemporary banking was further highlighted by the various and agile adjustments dictated by the intricate market conditions that put more stress on the lending activity growth and development. In such a difficult environment, our retail banking activities focused on responding to customers' needs in all life cycles on a 24/7 basis, and continued to grow based on the solid grounds of consistently delivering great value to stakeholders all the while supporting the Lebanese economy.

Credit Libanais' retail activities are characterized by:

- the innovative power with countless firsts in the sector in Lebanon
- a stable and extensive broad funding base
- sustainable profitability in terms of net income to assets engaged
- a robust capital structure
- superior asset quality
- low non-performing loans
- potential for faster growth owing to the low leverage.

With goals to:

- achieve long term sustainable ROE
- lead the Lebanese Banking sector in terms of key market shares in strategic economic sectors
- be the Bank in Lebanon for customer experience and satisfaction
- create and enlarge molecular economies in all geographical areas
- serve the constant evolution of customers' needs in an ever evolving market.

Credit Libanais is one of the strongest retail banks in Lebanon with a widespread network of 73 branches, 96 ATMs and more than 10,000 electronic point-of-sale.

The Bank has traditionally focused on retail banking operations, with retail originated loans and SMEs representing around 50% of the Bank's total loan portfolio.

The Bank serves 520,000 accounts and covers some 300,000 customers of highly diversified backgrounds.

The Bank's strong profile in the retail banking market in Lebanon is based on its technologically-advanced services, its strong distribution network and solid management expertise.

The Bank has a multi-dimensional approach to the segmentation of the retail market.

Through its inked partnerships with governmental bodies, the Bank services a considerable segment of public sector employees (the Lebanese Army, the Internal Security Forces, etc.)

2015 in Review

Amid the adverse market conditions, the molecular geographical presence of the Bank through 69 branches spread on five territorial regional managements allowed retail banking, both through commercial lending and products, to record another year of good results.

Total lending classified as Retail Banking activities' and SMEs originated around 50% of the Bank's total performing loans (products and commercial lending).

Strategic thinking together with swift adaptation to critical market conditions were the key success factors. In addition, the use of modelling and analysis of "situations to be" allowed the Bank to propose in advance appropriate solutions to customers for weathering the economic prevailing conditions.

The one-to-one banking philosophy is an all-encompassing financial service that offers various advantages in banking-integrated products and nonbanking services for customers, for companies and individuals through dedicated Account Managers. Expanding in scope across Lebanon, Credit Libanais' one-to-one privileged banking model offers a diversified basket of products and an agile service that responds to the growing customers financial needs. Moreover, customers also have a privileged access to a rich array of investment products.

Encouraging Saving, Growing Deposits

The volume of deposits increased in 2015 as the Bank's consolidated total deposits reached [LBP 12,671,622 million or YOY growth of 8.62%]. This healthy deposit composition, a large share of which is comprised of individual customer deposits in the 69 domestic branches, diversifies risk and provides the Bank with flexibility in funding its lending activities as well as room for maneuvering for the efficient utilization of its resources.

Leveraging the advantage of its branch network, the Bank continues to conduct effective deposit marketing activities throughout Lebanon, emphasizing opportunities presented by local market conditions.

Retail Commercial Lending

In 2015, growth of 12% on performing loans was achieved, with a special focus on green loans,

which encompass energy efficient projects, renewable energy investments including solar and energy projects in general. In addition, in 2015, Retail Commercial Lending gained in speed and efficiency by simplifying a large number of business processes, redesigned to deliver a most suitable service to customers both locally and in international markets, leveraging its extensive correspondent network in the global markets. Aiming at creating value for customers and ensuring their profitable and sustainable growth in the Middle East and Gulf Region or who see these regions as part of their growth strategy, we continued to offer a comprehensive range of solutions to meet customers' needs in the medium to long term project financing, strategic advisory and management. By the same token, the different services of CL Group are also offered and include insurance, leasing, cards management services and e-payment gateways, to name but a few.

As part of this effort, Credit Libanais proactively identifies financial and non-financial needs of customers on an individual basis, develops solutions and helps them enhance their competitiveness. Retail Commercial Lending maintains close and regular relations with customers through frequent on site visits. In addition, new opportunities are constantly sought to further explore economic potentials.

The Bank plays a major role in financial inclusion through various SME and Micro SME schemes developed to stimulate growth in the economy and create jobs. No matter what the size of the business is, our team of Account Managers is dedicated to provide advisory services and tailor facilities according to the needs of the clients.

Our partnerships with international and local institutions (IFC, BDL, ESFD, Kafalat, Arab Fund, VITAS...) allow us to support these needs with competitive rates that are affordable to sustain the growth of our clients. With the growing environmental challenges, the Retail Commercial Lending is increasing its focus on financing long term energy efficiency projects through the various BDL sponsored schemes.

ESFD (Economic and Social Fund for Development), the Governmental Institution in partnership with Retail Commercial Lending, grew by 24%.

Housing Loans

In spite of the severe market conditions in the country and at its borders, the Bank maintained a leading position in housing loans in Lebanon. In the performing loans portfolio, housing loans recorded a growth of over 32% in 2015, further anchoring the stability of families in Lebanon. The growth of the housing product tailored for military personnel was also remarkable: a remarkable growth of 23% was achieved in the performing loans portfolio.

Consumer Banking

During 2015, Credit Libanais focused on acquiring new creditworthy customers and achieve a healthy combined products growth of 6% with a broad customer base. We continued to team up with many major brands in the Lebanese retail market by offering consumer loans at the mega and large stores selected according to strategic criteria. Cognizant of the significance of lending procedures and loan disbursement speed in consumer loans, we re-engineered our processes to respond to customers' needs in terms of agility and mobility.

Savings Products

Creating the discipline to save with flexible maturities, Credit Libanais offers products that facilitate the savings behavior in order to lend a concrete support to expanding the savings base. Customers make regular contributions to their savings plans and benefit from the wide array of products and services offered by the Bank.

Growing Product Portfolio

As the search for yield in the investment world channels investors to product types that are very different from the past, Credit Libanais offers alternative yield through portfolio opportunities put together for investors who present distinct risk profiles. We continue to offer retail investors a full array of options in investment funds including equities, fixed-income securities in domestic and international markets, traditional investment vehicles and commodities according to their specific demand.

Bancassurance

Credit Libanais has made maximizing customer experience and satisfaction a strategic priority. As part of the bancassurance program launched several years ago, the Bank caters to customers' needs and expectations through the right channel by offering the suitable insurance product or service in a transparent manner, and in line with the regulatory requirements.

In this perspective, a large variety of insurance products and services are offered throughout the Bank's network of branches easily accessible in every corner of Lebanon, supported by a 24/7 customer care center, and a revamped, secure and sophisticated internet portal. Leveraging on the Bank's key role in increasing the accessibility and spreading the use of alternative distribution channels, a considerable number of life and non-life insurance products and services are made available; those cover a wide variety of plans as retirement, education, life, automotive, fire, trade, travel and much more.

Marketing and Business Development

Marketing and Business Development concentrates its resources on the optimal opportunities with the aim of increasing sales and achieving sustainable competitive advantages.

Our core values rely on the highest standards of integrity and focus on the professionalism built around team spirit and quality, thus guiding the decisions we make and how we interact with our customers. We preserve a business environment that highlights pride in the organization, confirm the value of long-term relationships, and give each individual the opportunity to better reach their professional goals.

Our mission is to consistently and predictably support the corporate and retail sales and profit goals through efficient sales and servicing efforts, while providing the highest degree of customer satisfaction.

We work hard to strengthen the awareness of new electronic banking products in view of creating a constant stream of new products and delivering value-added services using innovative sale techniques through the Bank's various distribution channels.

Products Development

The continuous development of new products and services are intended to satisfy Credit Libanais customers and cover different and new sectors and segments. In 2015, Visa Signature Euro card was among the new products to join Credit Libanais' wide range of products and services.

The new card provides added privileges to customers travelling to the Eurozone, such as flight reservations, concierge, Loungekey services, free access to airport lounges, to name but a few.

Building on its strong presence in the private sector market and its leading position in extending loans to customers according to BDL financing programs, the Bank signed in 2015 a protocol of cooperation with the Beirut Bar Association to provide housing loans at preferential interest rates to lawyers, pursuant to the regulations of the Central Bank of Lebanon.



Our Bank has been instrumental in setting up electronic payment systems in Lebanon's syndicates and some government ministries, by undertaking the following leading initiatives:

- Lawyers who are members of the Beirut Bar Association, can pay their annual subscription fees via the Beirut Bar Association website www.bba.org.lb using any Credit Libanais MasterCard or Visa card or any other local or international bank cards.

- Moreover, Engineers and Architects who are members of the Order of Engineers and Architects in Beirut can also settle their annual subscription and insurance fees via the Order of Engineers and Architects website www.oea.org.lb using any card issued by a local or international bank.
- This service is also available for pharmacists to pay their annual subscription fees to the Order of Pharmacists in Lebanon through www.opl.org.lb.
- In addition, all customers can settle their built property tax online with their cards through the Ministry of Finance's website www.finance.gov.lb or by direct transfer from their online banking accounts through www.creditlibanais.com.



Loyalty Program and Visa Campaigns

In view of rewarding customers for their loyalty, we offer cardholders a tremendous opportunity for easy rewards through the loyalty program. When using their cards in Lebanon and around the world, cardholders can redeem loyalty points collected for travel packages, insurance services, domiciled phone and electricity bills payments, as well as numerous valuable gifts and rewards available on Credit Libanais website www.creditlibanais.com. Moreover, points are convertible into travel miles redeemable with any airline company, to any chosen destination. For greater rewards, points collected on various Credit Libanais cards can be collected.

Every year, new merchants join our loyalty program with the purpose of granting cardholders exceptional privileges and rewards. In 2015, redemption rate increased by 17%.

Credit Libanais was once again part of the campaign launched by Visa International from April 1st to May 31st 2015, giving its customers using their cards abroad, the chance to win a 2016 Mini Cooper car. The lucky Credit Libanais customer, received his prize during a ceremony held at Bassoul Hneineh showroom, in the presence of the Bank's General Management and Visa International representatives.

Customer Relation Management (CRM)

Credit Libanais' Customer Relation Management System provides a well-defined platform to interact with customers in a highly efficient manner. Synergistic marketing strategies are part of the CRM system for developing high-end marketing business by assembling the best possible combination of these strategies to meet the needs of customers and maximize marketing growth. Sales campaigns are continuously initiated through the CRM/CMS system.

Sales Force Team

In 2015, the Sales Force Team recorded another successful year by improving the cross-selling ratio and continuing to fulfill the customers' growing needs and satisfaction. Being a major contributor to the Bank's overall group sales results and owing to its experience and expertise, the sales force team was highly engaged in corporate and retail lending to private companies and individuals, which reached a total volume of \$30,707,000, achieving an increase of 14% compared to last year's results. The Team was also dynamically present in the buoyant real estate sector.

The Public Sector

During 2015, Credit Libanais increased its emphasis on the Public Sector which has always been a priority for the Bank. The Bank attained a high volume of salary domiciliation by implementing its marketing strategy on a medium and long term basis, and by launching extensive domiciliation campaigns mainly targeting the ISF, Lebanese Army, General Security and other military institutions and covering most of the Lebanese territory.

Moreover, the Sales Force Team introduced the Bank's special housing loans for the military institutions (Internal Security Forces, General Security and Army) with a resulting volume of more than \$22 million during 2015.

Moreover, the Bank continued to promote Iskan loans to the military institutions and as such, an agreement was signed with the General Security Forces aiming at granting housing loans to its members; it is worth noting that other institutions have also joined the Housing Protocol such as the Customs whereby a protocol of cooperation offering housing loans with special terms to the members of the Lebanese Customs was signed.

Following the previous launching of the first electronic payment service in the country for settling taxes online over the internet, Credit Libanais is constantly joining its efforts with a large number of ministries to ride the wave of technological advancement and participate in the modernization of governmental services in Lebanon.

The Mystery Shopper Program

This program was implemented in coordination with IPSOS-Lebanon for the ninth consecutive year in order to provide objective feedback with regards to all our touchpoints. Feedback received resulted in sounder scores and more meticulous and credible views about our level of customer service, and consequently customer satisfaction and loyalty. During 2015, the revised Mystery Shopper program expanded our ability to recognize and diagnose our weaknesses and strengths. Consequently, we were able to better direct our staff on ways to enhance performance, services, product knowledge and sales skills, which should gradually result in improved customer satisfaction and retention levels.

The Marketing Intelligence Unit

The Marketing Intelligence Unit's main mission is to prepare well-informed reports to support marketing decisions by acquiring, classifying, storing, retrieving and analyzing relevant data and information collected from diverse sources, internally and from the entire competitive environment on an on-going basis.

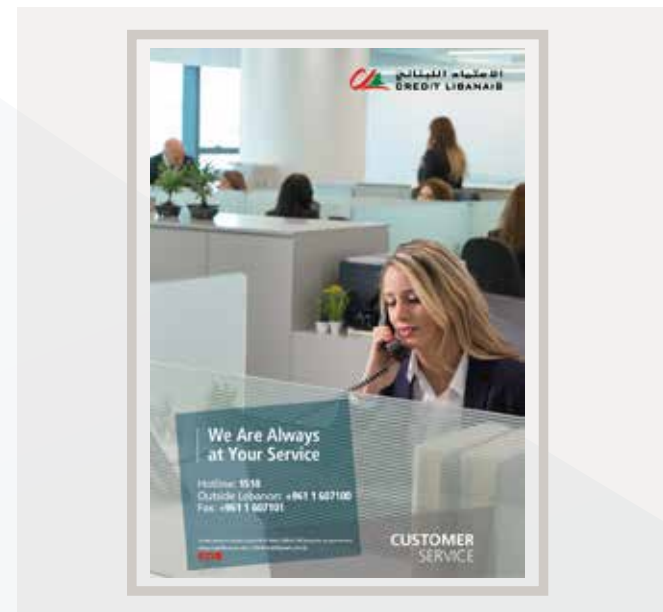
In 2015, the Unit employed and managed several tools and was backed by data collected from the Mystery Shopper Program, Customer Service Center, Customer Relation Management

(CRM), internal resources, and external research partners such as IPSOS and INFOPRO among others. Reports were made accessible to employees at different levels of the Bank and sister companies. This wider reach gave the group staff the ability to review performance and make more informed decisions.

Communication Strategy

Credit Libanais' communication and advertising strategy is based on a mix of communications. It consists of investing in the right resources by optimizing their weight in the Value Chain of the institution and by using the right tactics, in order to generate an added value in terms of message, layout and therefore, image, brand awareness and corporate identity.

The communication strategy guarantees a presence in the media through efficient and consistent above-the-line advertising on the major local TV stations during high rated shows in terms of audience reach and peak time programs. The communication at this level aims at creating and increasing awareness mainly on the Corporate Social Responsibility role of the Bank with the aim of generating positivity and cooperation in Lebanese society. With long-term sustainability in mind, the key message centered around Credit Libanais' new headquarters that embraces modernism while sourcing environmentally friendly material, and reducing the Bank's carbon footprint. Below-the-line advertising is a big part of Credit Libanais' communication strategy. In 2015, the Bank worked on enhancing its image and identity, reconsidering its communication style with the aim of pursuing the new market trends.



Electronic Banking

Credit Libanais holds a strong position in the e-banking and e-commerce business in Lebanon

- The IT platform enables the Bank to provide systems, logistics and marketing for ATM and POS networks as well as payment gateway solutions for e-commerce.
- The Bank is a pioneer in the history of Lebanese banking technology, introducing products and services, point-of-sale technologies, ATMs, payment platforms and internet banking innovations.
- The Bank has a track record for innovation, from the launch of the first commercial plastic card in Lebanon to the introduction of the first internet payment gateway.
- Growth of internet usage represents an important opportunity to capture new clients, both in Lebanon and within the Lebanese Diaspora.



Credit Libanais owns and manages high-end banking and payment technology companies that serve the Group as well as other leading banks.

- This synergy boosts developments within the Bank and across the Lebanese market.

Credit Libanais controls a solid 50% of the Visa acquiring market share in Lebanon, with the Bank's card portfolio including more than 150,000 cards and still growing.

The E-Banking Division strives to provide the Bank's customers with a smooth and pleasurable banking experience through existing and new digital channels in an effort to target each customer segment through its preferred media.

In 2015, and in line with our mission to stay closer to our customers, we focused efforts on several electronic channels, to meet the different needs and service expectations of the retail customer segments across branch and digital channels.

The numerous and various available electronic channels allow us to be accessible to customers feedback and complaints and follow up with the concerned departments and branches to ensure that customers are treated in a suitable and transparent manner. We are also looking to push ahead with our multi e-channel services to fit the future interplay of physical and digital banking that reflects modern financial services as applied to the demands of our different customers.

Online Banking

Several enhancements were applied to the online banking application in 2015:

- The online banking application was upgraded to a higher technology that requires customers to install the latest browser in order to increase security and reduce potential risks.
- Enhancements were brought to the online banking application allowing the customer to access it through any device other than the PC such as mobiles.
- Through the CL e-bank mobile app for Android and App Store, customers are now able to access the Online Banking section, Private Banking and Loyalty Points Balance of CL cards.

- A new online service was introduced to automatically help customers who have forgotten their online passwords. By simply clicking on “lost your password” and answering some security questions to authenticate their identity, the online application automatically generates a new password and sends it to an email address previously provided by the customer.
- To simplify loyalty points accumulation, customers can now have a summary view of all the loyalty points accumulated whether through their debit or credit card in one single statement.
- Through the online statement and before executing a payment, credit card holders can view, in addition to the minimum amount due and total statement amount, the total outstanding amount of their card.

ATM Network Innovations

In 2015, our large network of ATMs offers value added services to customers in terms of cash and check deposits and withdrawals, 24/7.

Customers can access their accounts with their own debit card and deposit cash, free of charge and with the same value date, as well as deposit their checks in their accounts through the ATM deposit slots.

In addition, an “ATM deposit” card is available to allow another segment of customers, mainly companies, to deposit cash and checks into predefined and pre-approved accounts with the branch. The employee with the card uses the pin to access the ATM and deposit cash or checks.

Social Media

CL has been very active in 2015 on social media, whereby a significant segment of our customers are actively present. In fact, our corporate Facebook page likes reached 79 000, and several interactive campaigns were launched, such as the Beirut Marathon campaign, the Close to you video campaign, Mother’s day activation and Christmas campaigns.

Digital Signage and Queuing Solutions

In 2015, we have installed the Digital Signage and advanced queuing solutions in selected CL branches, in addition to improving the queuing dispensers experience in several branches, by adding sound system or checking related segmentation.

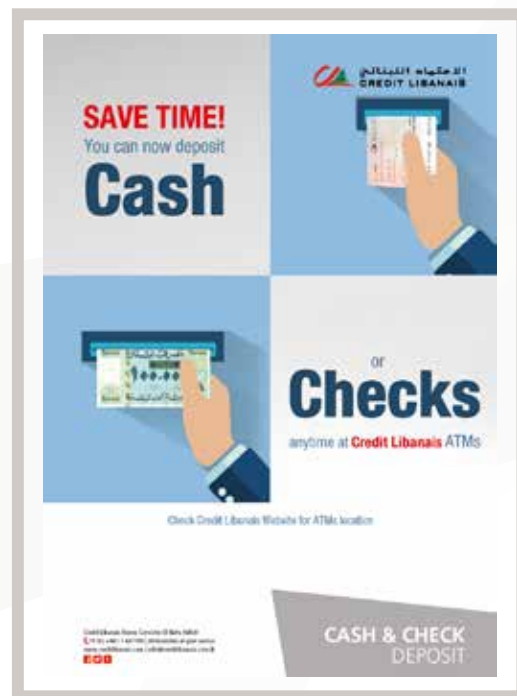
CL Digital Strategy

Over the past year, we further followed the implementation of the digital strategy in addition to performing online campaigns related to unused credit cards, launched through diversified online channels (email, SMS, Facebook, Google, website and outbound) to ensure an omnichannel experience of CL, and for information about the numerous advantages of CL cards.

Card Fraud and Management Control

We at Credit Libanais, are delighted to be the first bank in Lebanon to achieve PCI PADSS compliance - a worldwide data standard developed and monitored by the major card payment companies - as part of our ongoing efforts to enhance our data protection and stay ahead of the more sophisticated fraud environment.

In addition, we are in the process of installing new card transaction monitoring software which uses artificial intelligence technology to detect and prevent card fraud in real time. Combined with our existing SMS alerts, Verified By Visa and 3D SecureCode, Fraud Management and Control is well equipped to monitor, detect and block fraudulent transactions as they happen. In parallel, fraud awareness among our staff is a key component to controlling fraud risks – to that end, we continue to offer periodic workshops to our branch and head office staff keeping them up to date with fraudsters’ tactics and the countermeasures we are employing against them.



Corporate Banking

In a year that was perceived to be one of the toughest in a decade characterized by a marginal GDP growth, a constantly low PMI (Purchasing Managers Index), a slowdown in remittances from abroad and a downgrade of the country’s outlook, the corporate banking further extended its proven conservative lending approach.

We see Credit Libanais as the financial institution of choice for high net worth corporate customers and we seek to achieve leadership in our primary markets. In parallel, our mission is to maximize the shareholders’ value, boost our portfolio growth trend, reinforce customer loyalty, maintain the highest portfolio quality rating and continuously develop our human capital.

Our core values remain the cornerstone of our business conduct: compliance, integrity, responsibility, responsiveness and efficiency, win-win culture, stretching capabilities and continuous improvement.

In 2015, by keeping an eye on the market, the Bank successfully deployed the lending policy. In fact, corporate banking management had predicted the slowdown in the real estate and construction sectors, and therefore limited its exposure to the sector by being selective, while continuing to grow its loans portfolio in the wholesale and retail trade, as well as in the manufacturing industries sectors.

In parallel, we further extended the preventive risk mitigation best practices, boosting our lending portfolio quality by seeking real guarantees such as mortgages, fire and life insurance policies and assignment of proceeds, scrutinizing the compliance with financial and non-financial covenants, cash flows, customer management succession planning and the guarantors’ wealth sufficiency; moreover, we have further developed our risk based pricing methodology in line with the capital adequacy requirements of the Basel III framework.

2015 in Review

In 2015, without losing focus of the market aspirations, the corporate banking division targeted safe, stable and profitable economic sectors and posted a yearly growth above the industry average.

In this context, two new e-products and services were developed: the Corporate Online Banking and the Corporate Credit Card. Those aim at facilitating the banking experience of our corporate customers.

Moreover, we stretched our financing capabilities, benefiting from the subsidized BDL lines of credit as well as from our financial partnerships with the Arab Trade Finance Program (ATFP), the European Investment Bank (EIB), the International Finance Corporation (IFC) and others.

In 2015, cross selling of products such as salaries domiciliation, POS services, fire and life insurances, personal loans, car loans, credit cards, housing loans in addition to the investment banking corporate finance and advisory services, such as securitization, mergers and acquisitions and others, remained a strong performance indicator for the division.

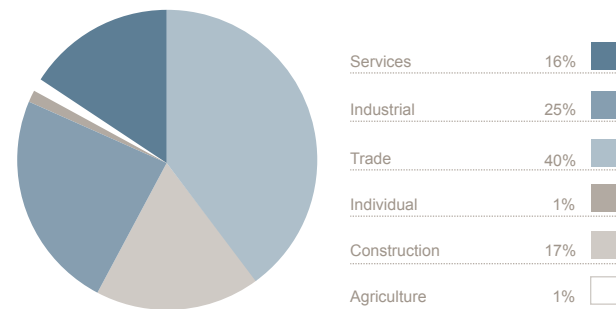
Our social responsibility engagement was taken to higher levels in 2015, with the support of multiple green and ecofriendly development projects.

We also dealt diligently with the challenges imposed by the anti-money laundering and terrorism financing regulations that were tightened in the course of the year due to the international security turmoil, and ensured full compliance with the Corporate Governance guidelines.

At the Corporate Banking Division, we continued to address human resource management functions with a strategic view, by continuously developing our employees and making their work experience a rewarding one through learning opportunities, a framework for career development, as well as their physical wellbeing supported by the various facilities that are put at their service in the new corporate headquarters, and by adequately recognizing their dedication to the Bank and to our customers.

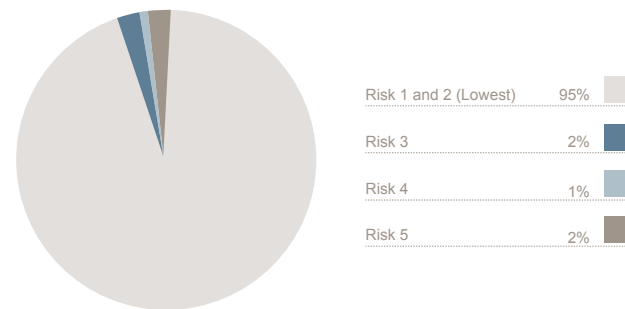
Corporate Loans

In percentage, split by industry



Corporate Asset Risks

In percentage, split by risk categories



Foreign Entities

The Foreign Entities Division was founded in 2008 under Credit Libanais Banking Group as the main pillar for establishing new Foreign Entities and acts as a bridge that links Credit Libanais - Lebanon with its affiliates abroad. FED's main mission is to provide coordination, support, and follow-up on the affiliated operational prerequisites. Its crucial concern is to ensure full compliance and adherence to all the regulators requirements in the hosted countries and safeguard the Bank's image abroad.

Adaptation of Credit Libanais - Lebanon products and services, implementation and continuous upgrading of the systems and applications, elaboration of reports, continuous support for the Foreign Entities in terms of Operations, Finance, Human Resources, Risk and other needs are key success factors to ensure a standard approach among Credit Libanais local and foreign branches.

Despite the turbulences and instability that characterized the year 2015, the Foreign Entities function supported the Bank's affiliates in standing strong against all insecurities and increased the number of branches in the African continent by a new branch in Dakar, Senegal.

Cyprus Branch

Cyprus is now out of the danger zone, and the recession seems to have run its course. The Year 2015 has been marked by a surprising return to growth and was a year of correction, reform and consolidation. Moreover, financial conditions have gradually improved. Cyprus' unexpectedly good growth figures in the first half of 2015, the return in confidence and significant improvements in banks' solvability determined the Cypriot government to lift the two-year lasting capital controls in April 2015. The economy expanded for the first time in four years in 2015, GDP growth reached 2.3% in the third quarter and is expected to increase in 2016. Over the course of the year, Cyprus regained access to international capital markets, the banking system stabilized, credit ratings improved, and the country's fiscal position recovered markedly.

In line with Credit Libanais strategy to upgrade its banking system "Misys - Equation", a management decision has been taken to implement the latest banking system version in Cyprus Branch in 2016, which was successfully achieved as planned. Efforts were deployed to develop the system to fit the branch requirements as well as the Central Bank of Cyprus reporting needs.

Bahrain Branch

The branch main achievement in 2015 was the launching of the "Electronic Fund Transfer System – EFTS" in November 2015, a national electronic payments and transactions system connecting all commercial banks, their customers (retail and corporate), and bills originators. The EFTS service main objective is to support customers through the electronic delivery channels of the Bank on 24/7 bases such as ATMs, Internet Banking, Mobile Banking, in addition to branches.

Over the years, since its inception in the island, Bahrain branch proved to be a well standing branch of the Bank in the Gulf area, taking part in supporting the Lebanese community in Bahrain and keeping loyal to the Bahraini government. Moreover, since Retail Banking in Bahrain is the main engine for the branch's growth in the kingdom, the branch is setting a new strategy to introduce new card products to the Bahraini market in an effort to increase its market share in the card business.

Bahrain branch registered remarkable results at year end 2015. Total deposits reached US\$ 78.1 million as a result of attracting new customers. Focusing on offering syndicated loans in the Bahraini market in addition to different types of retail and corporate loans, the branch performance improved by increasing the total volume of loans that reached US\$12.7 million.

BDL Supervisory Classification	BDL Supervisory Description	Moody's Loan Grading	Moody's Loan Grading Description
1	Normal	1	Excellent
1	Normal	2	Strong
1	Normal	3	Good
1	Normal	4	Satisfactory
2	Follow up	5	Adequate
3	Watch and Settlement	6	Marginal
3	Watch and Settlement	7	Vulnerable
4	Substandard	8	Substandard
5	Doubtful	9	Doubtful
6	Loss	10	Loss

The Global Business Development Desk

The Global Business Development Desk continues to actively identify target groups of Lebanese, regional and international institutions, corporate, correspondent banking and private investors, domestically and in the MENA region, in line with the Group expansion and business development strategy.

Iraq Branches - Baghdad and Erbil

Since their first presence in the Iraqi market, Lebanese banks had and still have faith in Iraq and in its banking sector. Despite all the unrests in the country and the worries of foreign banks, Lebanese banks are still standing and struggling to remain strong in the country and help in the advancement of the banking sector in Iraq.

In 2015, a split between the Central bank of Iraq in Baghdad and that in Kurdistan took place. The decision has had an effect on the Lebanese banks in Iraq and their businesses and funds, and many Lebanese banks are weighing the impact of the required capital increase of their branches as requested by the Central Bank due in mid-2016. Credit Libanais two branches in Baghdad and Erbil are still conserving their position in Iraq and in process of improving their products and services.

Credit International SA (CISA) - Senegal:

Senegal is one of the most stable countries in Africa and aspires to become an emerging country. The Senegalese economy will continue to accelerate in 2016. Overall, real GDP is expected to grow to 5.3% in 2016-17, with the economy mainly driven by the services sector, particularly telecommunications and financial services. Senegal's economic growth will accelerate to 6% next year, boosted by a government development plan, increasing trade with neighboring Mali and lower oil prices.

After setting its ground in the country, our subsidiary bank Credit International SA – CISA opened a new branch in the Industrial Zone of the capital, Dakar on June 15, 2015. The new branch will strengthen and increase our market share in the banking sector expecting to capture high volume of deposits and finance projects in different fields.

Based on applying a continuous development strategy, Senegal branch marked a significant progress by increasing the total deposits and loans in 2015. Total assets reflected a yearly increase of 32%. Total customer deposits grew by 41% year-on-year, while total loans increased by 26%.

Affiliated Companies

Credit Card Management SAL (CCM)

www.ccm.com.lb

CCM is the largest processor for card payment acceptance and issuance in Lebanon. CCM offers a single point of contact to all merchants looking to accept international cards such as Visa, MasterCard and Amex on all point of sale solutions: in-store top counter POS to wireless and mobile POS. CCM also offers merchants proprietary loyalty and gift card programs customized to their needs and businesses.

Online services are made available to existing customers; merchants can securely access their POS information, manage their proprietary cards schemes in terms of card issuance requests, turnovers and earnings, and generate accounting and management reports.

CCM's help desk provides all merchants with a single point of contact for all queries and needs in order to centralize, monitor and ensure a quick and efficient response to all their needs.

CCM continued to deploy new series of POS embedded with more flexibility features and wireless connectivity options, to better satisfy our customers.

It is with great pride and pleasure that Credit Card Management SAL successfully obtained the Visa certification of its new personalization center in its new premises in Adlieh.

It is thanks to the dedicated work and determination of CCM management and employees that the new center certification was successfully completed in compliance with the physical and logical security requirements of the bankcard personalization process.

CCM always strives for excellence and efficiency and aims to adopt the latest modern technologies and systems.

In order to respond to the ever dynamic and changing environment, CCM invested and developed EMV and NFC products and services. The new premises have been equipped with the latest IT, network infrastructure and security systems. Services offered cover a wide range of options from chip card personalization, card embossing, encoding, indenting to secure storage, mailing and secure transportation.

Once again in 2015, CCM provided its customers, banks and merchants, with quality service and up to date technologies and products.

Merchant's proprietary loyalty card programs were enhanced with additional features in line with their needs, meeting their concerns with regards to a secure, reliable and customer friendly product.

	CCM General inquiries	+ 961 1 901224	
	Website	www.ccm.com.lb	
	Help desk	+ 961 1 899915	
	E-mail	ccmhelpdesk@ccm.com.lb	

NetCommerce SAL The Payment Gateway for Internet Credit Card Processing www.netcommercepay.com

NetCommerce SAL has been a leading provider of internet payment services and e-business solutions since 1999, enabling Lebanese merchants to access worldwide markets and sell their products and services online in real-time, using Visa and MasterCard card types.

A Reputation You Can Trust

With a growing portfolio of more than 10,000 merchants who trust NetCommerce to process their payment transactions securely and reliably, NetCommerce has become the largest payment gateway in Lebanon, processing hundreds of thousands of transactions each year from various operating industries.

The Most Secure and Reliable Solution for Payment Online

NetCommerce adopts the latest world technology and security implementations to deliver innovative, reliable, and secure payment processing solutions, and allows both merchants and cardholders to trade and purchase online with confidence.

- NetCommerce uses VeriSign Authentication Services and solutions that allow companies and consumers to engage in e-commerce transactions securely.
- NetCommerce is PCI-DSS (Payment Card Industry Data Security Standard) compliant since March 2010. This program applies the latest security implementation derived by Visa and MasterCard for the protection of cardholder data and payment services.
- NetCommerce also implements the Verified by Visa and MasterCard Secure Code protocols. These protocols provide 3D-Secure payment authentication between the merchant, cardholder, issuer bank, and the acquirer bank on each transaction to better authenticate each payment online.

Ease of Integration

NetCommerce has developed its own payment platform to respond to the different needs of the Lebanese market, with the ability to develop custom and vertical solutions that are tailored to the needs of both market and customers.

NetCommerce has made easy the integration into its payment interface, with different options that best suit the different merchants' needs.

NetCommerce's forecast and expectations for the years to come is to continue gaining a significant market share by acquiring new markets, remaining in line with technology and providing payment solutions for high tech emerging businesses, E-Government projects, and mobile technologies. In this respect and in addition to the previous success in governmental projects, NetCommerce continues to address new governmental services, ministries, and syndicates to further move the online payment services in Lebanon towards a successful e-government.

	NetCommerce General inquiries	+ 961 1 879 709
	Website	www.netcommercepay.com
	Help desk	+ 961 1 879 709 (ext: 11)
	E-mail	info@netcommerce.com.lb

The International Payment Network SAL (IPN)

Established in 1996 at the initiative of Credit Libanais and with the participation of 5 other major Lebanese banks, International Payment Network sal (IPN) grew to become Lebanon's leading ATM Network Switch, currently owned by 5 leading banks, that manages the most extensive network in the country with around 900 ATMs and servicing more than 17 member banks.

To ensure an excellent service to customers in terms of Automated Teller Machines, IPN continuously reinvests in state of the art technology and has finalized the main part of its software solution from Base 24 to Base 24 EPS, known to be the most innovative finance services solution worldwide, which currently runs under the Non Stop High Availability System NS series.

From the security perspective, following the EMV compliance rightfully acquired several years ago, IPN has been certified since 2011 as PCI compliant according to the norms of Visa and MasterCard international, and since 2012 as ISO 9001:2008 compliant.

IPN services in terms of ATM Services include Cash Withdrawal, Balance Inquiry, Mini Statement, Mobile Recharge, Account Transfers, Pin Change, BNA (band and envelop deposit), Bills Payment and much more.

IPN services in terms of ATM Solutions include Installation of ATMs, Choice of ATM supplier, Customized Screens and Receipts, Managements of ATMs Cash Position, Control of Consumables, Control of Captured Cards, Encryption Key Management, 24/7 Service Desk Support, Anti-Skimming Detective Alert, Assistance in Applying for all Visa/MasterCard/Amex Mandate Certifications, and Host-to-Host connections.

	IPN General inquiries	+ 961 1 871 248
	Help desk	+ 961 1 878470
	E-mail	atmhelpdesk@ipn.com.lb

Credilease SAL

Credilease is a financial institution affiliated to Credit Libanais sal, which extends a range of credit facilities to customers in a fast and personalized manner. Solutions brought are efficient, confidential and competitive and are specifically designed to meet the individual and corporate needs of each customer.

At Credilease, we understand the financial challenges each business faces. For this reason, we strive to provide financial alternatives to respond to all customers in our competitive world.

Credilease offers the following financial services:

- Leasing operations such as rent to own: machinery, transport equipment, industrial equipment, hospital equipment, etc.
- Credit facilities such as car loans, personal loans, housing loans, subsidized loans.
- Consumer finance loans as well as credit facilities to household and consumer appliances sectors.
- Credilease is also ready to extend investment and private banking activities including equity and asset management services.

A highly trained and skilled team is always available to develop the best suitable personalized service needed. Employees are knowledgeable and equipped with the latest technological tools to provide a fast, reliable and confidential service.

	Credit Libanais Tower, Corniche el Nahr Adlieh – Beirut, Lebanon	
Tel/Fax	+961 1 425760/1/2/3/4	
E-mail	info@credilease.com	
Website	www.creditlibanais.com	

Treasury, Global Markets, Asset Management and Private Banking

Credit Libanais operates Treasury, Global Markets, Asset Management and Private Banking Activities through two divisions:

- The Treasury and Global Markets that offers a range of global financial services in treasury and cash management, foreign exchange, capital markets and brokerage.
- The Private Banking and Asset Management that offers a broad range of advisory and asset management services to high net-worth clients.

With high quality services, Credit Libanais aims at enhancing the development and expansion of financial and capital market activities in Lebanon.

The Division's performance was facilitated by its leading position in an array of treasury and capital market services and products, and by strict risk management.

As the trusted advisor of customers in Lebanon and the region, CL Group Treasury, Global Markets, Asset Management and Private Banking grew on the solid values of excellence, integrity and creativity.

Ethics and deontology principles are highly respected by our team of experts who invest their effort in building a strong and reputable image for the Treasury, Global Markets, Asset Management and Private Banking division with the objective of becoming a leading player in local and regional markets. We aim to be viewed as the team of choice in terms of customer satisfaction, employee engagement, profitability and growth. In addition, we are in full compliance with the Central Bank of Lebanon and the Capital Markets Authority requirements and regulations and have always adopted the best banking international practices, norms and standards.

CL Group Treasury, Global Markets, Asset Management and Private Banking puts at the disposal of customers a broad range of investment solutions, as well as portfolio management and brokerage services, including equities, fixed income, foreign exchange trading, multi-asset class investment funds, exchange traded funds (ETFs), hedge funds, structured products with various underlying instruments, capital protected products, Sharia'a-compliant investment products, custody services and safekeeping of various types of financial instruments. The Bank also provides private banking customers with continuous updated perspectives pertaining to market trends and economic forecasts. Credit Libanais' private banking and asset management team is backed by an in-house research unit that regularly communicates market reports and updates to customers, to assist them in making informed decisions regarding their future investments and portfolio allocation.

With the continued geopolitical developments in the region in addition to the slow-down witnessed in the global economy, 2015 was another challenging year. Amidst such mixed developments, we followed a more proactive approach while closely monitoring our portfolios and taking appropriate measures to limit avoidable exposures.

This has resulted in a positive growth in both financial results and assets under management, positively driven by increased volumes of customers seeking well-balanced investment opportunities.

Treasury and Foreign Exchange Desk

Our Group Treasury continued to further build its capabilities by diversifying funding operations and effectively managing risks. The optimization of synergies throughout the Group enabled us to closely select investment opportunities in various markets and optimize our Asset/Liability management model.

The Group Treasury and Foreign Exchange desk supports various activities of our growing branch network, subsidiaries and affiliates both domestically and internationally. In parallel, we strive to diversify our customer base and products, by offering a variety of services related to interest rates and foreign exchange markets. Our activities encompass deposits, foreign exchange, lending, and raising money to fund assets and cater to specific transactions. Our professional trading desk offers a combination of praised financial services supported by efficient channels of execution.

Our Money Market and Foreign Exchange business also reaped excellent results with record customer volumes, positively affected by a period of exceptional volatility on Foreign Exchange and increasing customer hedging needs. All this despite challenges faced by historically low interest rates and yields and further tightening of the international regulatory framework.

Risks inherent to these activities are mainly driven by exposure to foreign exchange fluctuations and interest rate mismatches. We identify these sensitivity risks by regularly running simulations and conducting stress test analyses that enable us to better manage exposures according to changes in market conditions and trends.

Global Markets

CL Group Global Markets Division comprises the sales, trading and structuring of a wide range of financial products including bonds, equities, equity-linked products, commodities and securitized instruments.

Fixed Income Markets

Trading activity focuses on fixed income trading where Credit Libanais acts as a Market-Maker in Lebanese domestic and international securities, which increases our capacity to satisfy both institutional and private customers' transaction needs at competitive terms and conditions.

In addition, Credit Libanais extensively covers major international fixed income markets with the objective to further developing our securities and brokerage services.

In 2015, CL Group's fixed income trading desk performed well despite several challenges and the continuing difficult market conditions mainly driven by uncertainty surrounding world interest rate environment. Our market share and income streams increased in terms of volumes and geographical coverage.

Risks inherent to our proprietary activities are managed according to strict investment policies through a system of continuous monitoring of position limits, and sensitivity analysis of our portfolios, in terms of credit risk, market risk and country risk exposures.

Equity Markets

The year 2015 was marked by a decline in commodity prices (particularly oil) shy global economic growth, foreign exchange currency volatility and a tendency towards increasing interest rates by the Federal Reserve. All these factors combined led to an almost flat performance of Equity Markets. Despite all these conditions, CL Group's experienced team was able to seize attractive market opportunities to attract new customers and further develop existing business relationships.

We succeeded in branching out our coverage and developing our offering terms to increase our market share. In 2015, mutual fund activities witnessed a regain in activity, based on customers' needs for risk mitigation and investment diversification. Investors showed a continuous increased interest in ETFs, covering different economic sectors, commodities, and various geographical areas, mostly driven by capital gains or portfolio hedging.

Over the elapsed year, Beirut Stock Exchange (BSE), in which Credit Libanais holds a member seat through its subsidiary Credit Libanais Investment Bank, witnessed a limited demand and low volumes due to a dull performance caused by regional turmoil and domestic political tensions.

Private Banking and Asset Management

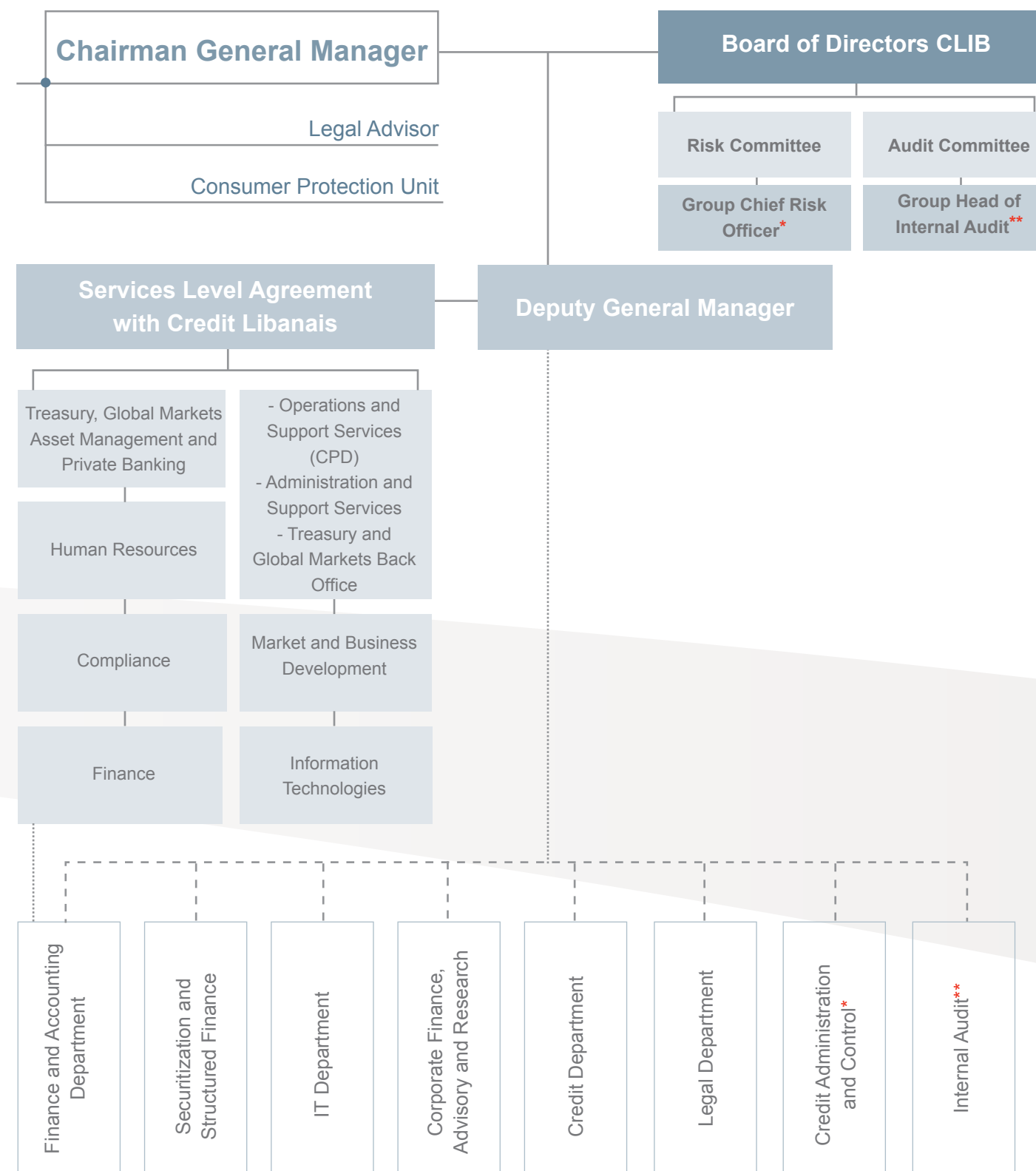
Driven by highly trained and qualified professionals enjoying extensive knowledge and expertise, our private banking and asset management team offers personalized investment advice to high net-worth individuals. The team's main drivers remain the long term satisfactory relationship with customers, with special emphasis on capital preservation and growth.

During 2015, CL Group Financial Advisors followed a proactive approach in developing their customer base, taking advantage of the market's improved outlook allowing investors to lock interesting levels of gains on their portfolios. Our advisory team constantly assists customers in developing investment strategies and identifying appropriate market entry and exit options, while monitoring portfolios on an on-going basis. Our primary concern remains the proper allocation of assets and investments to each particular investor, allowing them to meet their specific requirements and investment objectives.

Our comprehensive services include tailor-made investment products, innovative solutions in terms of assets and products allocation, as well as geographical diversification. Our Investment advisory process is based on customers' risk tolerance, diversification objectives, and risk/return expectations.

For a more efficient interaction and portfolios follow-up, we have implemented a new online banking service that allows our customers to benefit from a quasi-live update of the value and performance of their securities holdings and portfolios.

Investment Banking (CLIB) CLIB Organization Chart



Company Profile

A fully-owned (99.86%) subsidiary of Credit Libanais, Credit Libanais Investment Bank acts as the investment banking arm of Credit Libanais. Throughout its 20-year history (established in 1996), Credit Libanais Investment Bank has offered a plethora of services and investment banking activities to its customers in accordance with legislative decree number 50, dated July 1983.

Core Values

On the 20th birthday of its establishment, and thanks to a dedicated team of professionals, CLIB is relentlessly on the lookout for new business ventures while engaging in inorganic growth opportunities for the Group, as well as for local, regional and international private and institutional customers in an endeavor to preserve its strong market positioning among its peers in Lebanon.

Strategy

CLIB's strategy pivots around bolstering its position in equity project financing and advisory services and continuing to provide a wide array of investment banking services through:

- A complete set of medium and long term investment plans
- Financial services
- Issuing bonds and Certificates of Deposit
- Syndication of loans
- Establishment of investment funds
- Granting medium and long term loans
- Corporate finance and advisory services

Credit Libanais Investment Bank (CLIB) furnishes its customers with a comprehensive bouquet of advisory and financing solutions ranging from term lending to highly structured and specialized products across the investment banking spectrum. During the year 2015, CLIB analyzed and participated in several local and regional investment opportunities including asset backed securitizations and private equity ventures in the knowledge economy. In addition, Credit Libanais Investment Bank has studied acquisition opportunities on behalf of the Group both on the local and international fronts. In this context, net profits deriving from investment banking activities accounted for 10.65% of the Group's 2015 consolidated net profits.

2015 at a Glance

The Lebanese economy remained in the doldrums for a fifth consecutive year, dragged by an ever-escalating Syrian crisis. Notwithstanding the economic recession, CLIB succeeded in growing its commercial and investment banking portfolios, while concurrently preserving a sound asset quality. In details, CLIB better positioned itself in 2015 among investment banks in Lebanon in spite of the shy 0.4% drop in commercial loans (SME & Corporate) which was offset by a 1.3% increase in housing loans where the collateral value does not fall below 60% of the loan amount at any time. Meanwhile customer deposits at CLIB rose by 14.8% in 2015 fueling balance sheet growth to 13.79%.

Apart from conventional commercial banking services, CLIB extends its customers an array of investment banking services including funding for project finance, direct equity financing, access to investment funds, financial intermediation, corporate advisory services and economic research, to name but a few.

Corporate Finance and Advisory Department

The year 2015 was a dynamic year for the Corporate Finance and Advisory Department at Credit Libanais Investment Bank notwithstanding the harsh local and regional political conditions. The Syrian crisis coupled with the local political paralysis crippled major economic sectors and hampered economic growth.

CLIB continued to extend its advisory role to the Group in terms of spotting and analyzing new business ventures, and assessing attractive investment opportunities domestically and internationally.

In addition, the department analyzed and engaged in several structured finance transactions and studied and analyzed several acquisition opportunities in the banking industry backed by intensive due diligence.

Furthermore, the department analyzed several regional expansion ventures whether greenfield or in the form of acquisitions. Concurrently, the CLIB acted as financial advisor to an affiliated bank in West Africa and successfully completed a sale of a minority stake to a large African insurance group.

Also on the advisory front, the Corporate Finance and Advisory department at CLIB completed several valuation mandates for corporate customers based in Lebanon.

On the asset management front, CLIB's advisory arm structured a USD-denominated fixed income fund that is expected to be offered on the market in 2016.

Finally, CLIB continued to actively venture into the ICT sector as part of Lebanese private equity funds that are BDL compliant and that invest in Lebanese start-up companies.

Services

The Corporate Finance and Advisory Department at CLIB is well equipped to offer a wide array of tailor-made financial services and solutions to private and institutional clients, locally, regionally and internationally, specifically in the following areas:

Financial Advisory

These include engineering financial solutions designed to meet the strategic and organizational needs of institutional clients. This includes financial assistance to customers in need of:

- Evaluating the financial performance of their business
- Assessing the viability of an expansion / investment alternative
- Seeking financial reengineering / turnaround
- Opening their capital to prospective investors
- Merging with / acquiring another business unit
- Strategic alliances and partnering transactions

Debt and Equity Placements

Services include advising customers to help them make a more informed decision regarding the desirable capital structure, locating financing sources as well as negotiating and positioning their company.

Mergers and Acquisitions

This includes offering comprehensive assistance to customers seeking to merge with or acquire other private or public business units. CLIB is involved in every step of the transaction including:

- Preparation of the sale
- Determination of the strategy
- Company valuation
- Search
- Determination of the best financing structure
- Negotiation of the contract
- Due diligence

Recapitalization and Strategic Advisory

The restructuring of a company's capital structure, most often with the aim of making a company's debt/equity assortment more sustainable.

Research Unit

The Economic Research Unit at Credit Libanais, via its weekly economic newsletter, sheds light on major local economic developments as well as the local money market, fixed income and equity markets. In this perspective, the Economic Research Unit continued to widen the global reach of its economic research publications by weaving new alliances with highly frequented financial portals and renowned newswires. Aside from its weekly economic newsletter, the research unit also issued and distributed a number of research publications in the year 2015 including a thorough analysis and econometric model pertaining to the discovery of oil and gas reserves in Lebanese waters and the possible ramifications for said discovery on the country's macro indicators.

The research publications succeeded in stealing the spotlights in the headlines of the economic sections of major local and regional TV stations, newspapers and bulletins. In addition, the Economic Research unit conducted several interviews with local and foreign television stations, newspapers and magazines, addressing a variety of hot economic topics with constructive ideas. The Research Unit continues to monitor the daily performance activity of the Beirut Bourse (BSE) under the umbrella of its stock market benchmarks, namely the Credit Libanais Aggregate Stock Index (CLASI), the Financial Sector Stock Index (CLFI) and Construction Sector Stock Index (CLCI). These three indices mirror to local and regional stock market enthusiasts trends in the market capitalization of listed stocks by sector or industry and can be used as a gauge to monitor the Beirut stock exchange's daily performance.

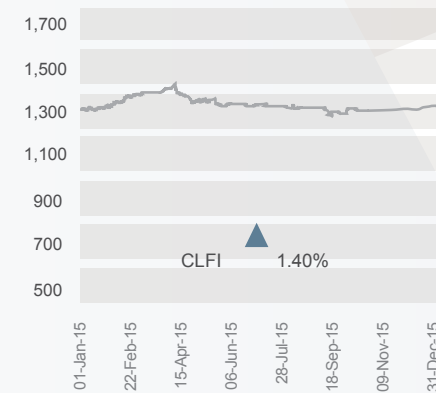
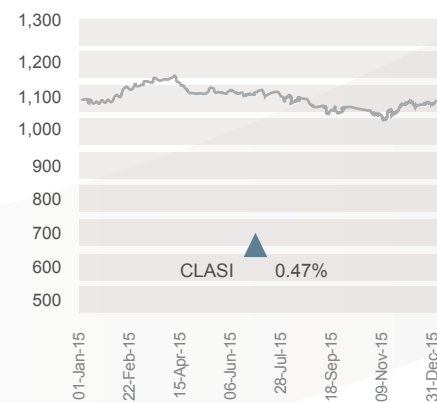
Indices Performance

	Inception Date	Inception Value	Value on January 1, 2015	Value on December 31, 2015	%Change in 2015	%Change since inception	Year High	Year Low	All Time High	All Time Low
CLASI	Oct-06	1,000	1,083.93	1,089.15	0.47%	8.91%	1,168.56	1,030.59	1,801.01	836.11
CLFI	Oct-06	1,000	1,371.53	1,390.69	1.40%	39.07%	1,515.23	1,351.03	1,666.64	864.82
CLCI	Oct-06	1,000	613.31	613.89	-2.76%	-38.61%	656.08	485.11	1,948.82	485.11

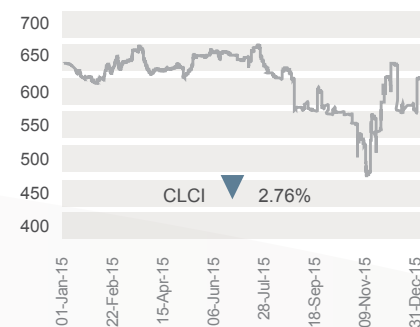
Credit Libanais Aggregate Stock Index CLASI
Yearly Performance

Index Value

Credit Libanais Financial Sector Stock Index CLFI
Yearly Performance



Credit Libanais Construction Sector Stock Index CLCI
Yearly Performance



Banking Information Technologies

- The recently executed Credit Libanais Data Center is one of the most technologically advanced in the region with many exclusive features.
- It is a landmark reference for the banking sector in the country and is visited by national and regional peers.
- The data center that handles all the functions of the Bank is Tier III Certified of the Design, Constructed Facility and Operations, and spans about 450 m2 with 120 kW of net IT load.
- An additional 350-m2 space hosts the sister company Credit Card Management (CCM), which has a dedicated server room within the CL data center.
- The data center provides reliable services to more than 1,600 employees, departmental servers and thousands of users in Lebanon and abroad.
- Our disaster site is located miles away and contains all the necessary equipment to run the Bank in the remote case of system failure at the main site.
- Credit Libanais has a modern IT infrastructure, with efficient software applications, the latest technology and specialized IT professionals, in order to provide the best service to customers.
- The core banking platforms, the Trade finance and the newly selected Corporate Online Banking, were all acquired from Misys, one of the leading international firms in this domain.
- The Equation system is a customer-centric banking system providing full universal banking functionality for both front and back office deployment.
- It has an enhancement for the wide range of retail banking instruments such as lending, deposits, and payments in addition to supporting business and enterprise banking requirements including treasury and trade services.
- The Bank's strategy is to utilize the same core banking for all the group branches, including the foreign ones. This has improved the efficiency and productivity, reduced operation costs and provided a better MIS and financial consolidation.

Green and Energy Efficient Data Center based on Latest Technology

- IBM AS400
- DS8000
- Blades and supporting DS7000 storage from IBM
- Storage for EMC

IT plays a key role in developing and sustaining IT services and infrastructure that most effectively support the, mission, vision, values, strategic directions and most importantly, customers' growing needs. During last year CL Group Information Technologies efficiently performed its responsibilities with regards to investment in a Technology Transformation Program on different levels. As this report is being compiled, three major strategic projects have been implemented, namely the migration of Cyprus Core banking to the latest Equation core banking system, the implementation of a corporate online banking and the upgrade of the core banking to the latest release.

On the other hand and in order to support the Bank's multi-organizational structure, a financial consolidation solution producing efficient consolidation process and automated robust data collection from the Bank's various accounting sources, has been implemented.

For the Bahrain operation the implementation of the EFTS (Electronic Fund Transfer System) and Electronic Bill Presentment and Payment, has been completed as well. This system provides payment services to the Banks and Billers (service providers) in Bahrain covering a Near-real time (in less than 30 seconds) processing of the messages with Single money transfer (NRT module) and EBPP (Electronic Bill Presentment and Payment).

There are further opportunities ahead in the coming year as per the strategic plan as we are looking forward to further optimize our systems by the implementation of multiple transformational business.

The Quality Management System (QMS)

QMS is a management system which directs and controls an organization with regards to quality. QMS provides us with a framework for continual improvement that helps us achieve quality objectives and enhances customer satisfaction.

QMS is based on the solid principles of customer focus, leadership, involvement of people, process approach and system approach to management.

QMS benefits and principles are highlighted in improved business planning, greater quality awareness, improved communication, higher customer satisfaction, reduced costs of non-quality, and greater control of processes and activities throughout the organization.

In 2015, Credit Libanais renewed its ISO Certification for the fourth time. The SGS ISO External Auditors performed the ISO Renewal Audit in August and October 2015, and the results were positive.

Moreover, QMS was extended to the subsidiary International Payment Network – IPN, whereby the renewal of the First ISO Certification was successfully achieved in 2015 in compliance with the requirements of ISO 9001:2008 Standard. Following closely on the heels of this achievement, the management sister company, Credit Libanais d'Assurances et de Reassurances – CLA successfully obtained ISO certification in 2015.

The success of Credit Libanais Group depends on our people. We are proud of staff involvement and aware of the commitment of top-level management toward the implementation of the ISO requirements and toward the mission to ensure continuous improvement within the Bank.

Human Resources

The strength of Credit Libanais Group is built on employees' proficiencies and their dedication to work

- The Human Resources function plays an increasingly important and strategic role in attracting and retaining talent, putting adequate practices in place to get employees' engagement.
- The central concern is to recruit the right candidate for the right job and to manage and retain that talent.
- Our main objective is to support the Bank create and enhance our stakeholder value by implementing HR practices aligned with the overall vision and strategy of the Bank.

Major functions include:

Recruitment and On-Boarding	<ul style="list-style-type: none"> ■ Providing the required human capital to meet operational and strategic goals. ■ Recruitment process ensures the selection of the most qualified and best available staff in line with the principles of non-discrimination and equal opportunities.
Employee Relations	<ul style="list-style-type: none"> ■ Communicating, listening, resolving employees issues and taking appropriate actions towards keeping a motivated and positive working environment.
Remuneration Policy	<ul style="list-style-type: none"> ■ Translating Credit Libanais' objectives for good corporate governance. ■ Attracting and retaining talents, as well as motivating and rewarding good risk-based performance, while observing the applicable laws and regulations.
Training and Development	<ul style="list-style-type: none"> ■ Helping in meeting the current and future challenges. ■ Sharing knowledge. ■ Preparing employees for managerial positions and addressing performance problems through E-learning programs, Specialized Schools and Managerial Programs.

Recruitment Process

In 2015, we faced several challenges in finding and retaining the right talent in an unstable and highly competitive market where the pressures are pushing the younger Lebanese workforce to look for opportunities abroad.

The Bank operates in a difficult external context, impacting on its HR practices. However, the HR have succeeded in maintaining a good reputation and in attracting qualified candidates, by preserving our values of respect, integrity and fairness. Those values are mirrored in the equal opportunity employment and career advancement where discrimination is eliminated. External and internal recruitment are part of those principles relying on the candidates' qualifications and experiences, as well as the business requirements. The external recruitment is crucial in filling our vacant positions with qualified persons, fitting our Bank values and job requirements. Therefore, we developed and enlarged our candidates' pool from different sources: the career online, our participation in job fairs, CVs referred to us by our stakeholders and other.

Since we believe in building experiences, our internal recruitment process is part of our practices which helps retaining our talent and motivates our workforce, ensuring the continuity and sustainability of our activities for the future.

Continuous Communication

We believe that open communication is the key to stay connected and aligned. The communication starts with the onboarding process where the Human Resources team members welcome the new hires in a professional way, to promote the Bank values, the Human Resources practices regarding the equal opportunities policy and the non-discrimination policy. The objective of the on-boarding is to set the tone of an overall employee/Bank long-term human relationship, making the new joiner feel part of the business and understands the Bank culture.

This communication continues throughout the employment and ends with the exit interview process upon resignation.

Remuneration Policy

The remuneration policy translates CL objectives for good corporate governance. In this framework, the remuneration is effectively aligned with sound risk management and promotes long-term health of the Bank’ and appropriate prudent risk taking, while remaining competitive among the leading banks in the local market. Employees are remunerated in accordance with the achievement of the objectives based on their functions. Total granted remunerations do not affect the Bank’ current/ future capacities, neither its financial position nor interests. We take into consideration the various work specificities of the Bank and its scope of work, as well as employees’ type, level, and responsibilities, when determining the fixed or variable remunerations items. Currently, there are no remuneration arrangements concerning clawbacks or deferrals payments. Each employee is remunerated according to the Bank overall performance and granted these remunerations in line with the performance of both the concerned employee and its work unit.

Employee Relations

Reaching the Bank’ strategy and objectives also relies on the “internal customers” satisfaction, which mainly depends on a good relationship with the employer. Several means leads to this, such as implementing a communication and listening plan, enabling the resolution of any matter and developing an adequate action plan, particularly the grievance procedure.

Thus, any innovation or change in the Bank strategy and regulations will be easily adopted by employees; it will help us prevent any violation to the Bank’s regulations. A happy “customer” is more productive, motivated, committed, satisfied, and confident.

Learning and Development

The year 2015 ended with various successful accomplishments. A wide range of learning activities were delivered throughout the year to train and develop staff in order to meet the current and future challenges of the Bank ranging from training employees in their current jobs, to sharing knowledge, preparing employees for managerial positions and addressing performance problems. Equipped with technologically-advanced learning environments that are comfortable, aesthetically-pleasing, and accessible to staff, most of our technical and behavioral training courses were accomplished internally.

The Bank’s learning program is based on internal/ in-house, external and overseas training activities which are complemented by the ongoing online E-learning system.

Training Schools

The Training and Development Department launched the Product Knowledge Project - Customer Relations (CR) School III” for the third time at Credit Libanais. It is a successful and efficient development plan conducted every two years for all Customer Relations staff across the branches. Targeted at and customized only for them, the training covers major performance problems, product awareness and applications, product competitive advantage and major issues faced.

Some of the topics include: Cards, Customer Relations system, Loan Products, Marketing of Products, Consumer Protection Awareness, etc. All of these courses are of tremendous benefit since they enhance sales and reduce mistakes in the applications, thus reduce risk and time for processing and accepting applications.

The E-Learning Program

Credit Libanais is the first Bank in Lebanon to implement an E-learning program. Almost all staff members are registered users. In addition to the blended curriculum courses customized for each function, two mandatory courses were added for the year 2015: The Anti-Money-Laundering and Security Awareness courses were designed, developed and tailored for Credit Libanais. Since 2011, the E-learning program has been a very effective tool owing to its user friendly characteristics, time flexibility and content standardization.

The Career Management Program

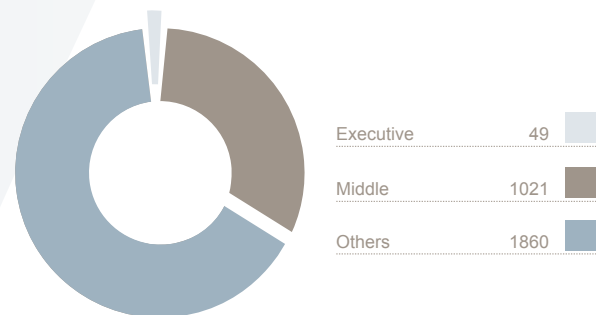
The Training and Development Department initiated its first Panel Interview Committee which is part of the Career Management Process for the Leadership Pool.

The Panel interview is the last step in pipelining our Leadership Pool members. The main objective is to agree on the “next best fit” of the candidate along with his/her managerial skills readiness. The technical readiness for that fit will be known by applying technical assessment when the need is highlighted at a later stage. Noting that all employees in the Leadership Pool have already passed through a selection process with direct advice from the Heads of Divisions and have undergone special training and development programs like the Executive Development Program (EDP) or Individual Career Program (ICP). A large percentage of the members have already been promoted or transferred. The promotion rate is 50% since the development programs started.

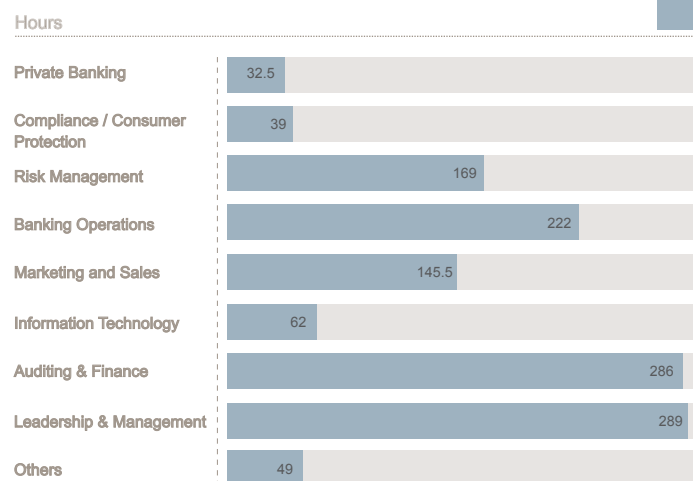
Training Activity Report Per Category For The Year 2015

Internal/External & Overseas Seminars: 1294 Hours.

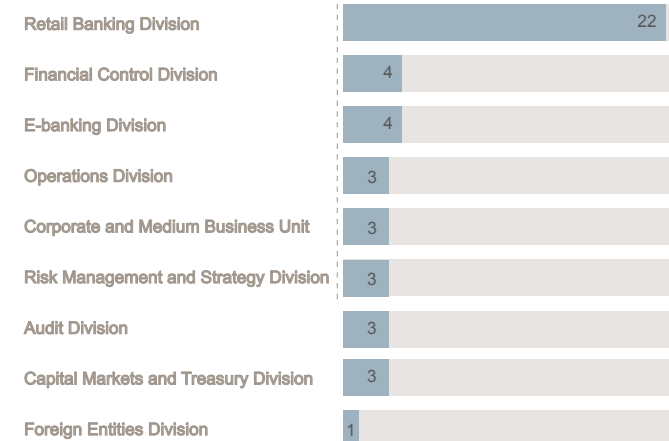
Total Number of Trainees: 2930



Training Activities Per Field



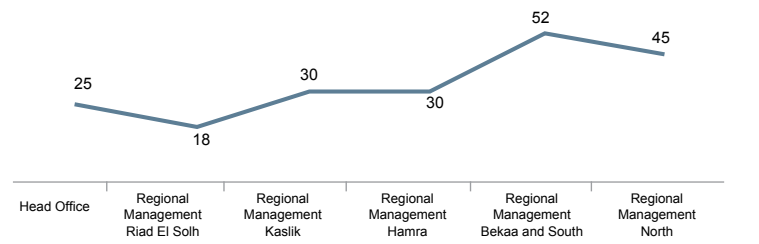
Potential Positions for Managerial Functions



Summer Internship

Summer internship at Credit Libanais is an ongoing well-structured program for university students. In 2015, a significant number of candidates were accepted from various renowned universities in Lebanon.


Numbers of interns in Head Office and Regions





MOVING FORWARD

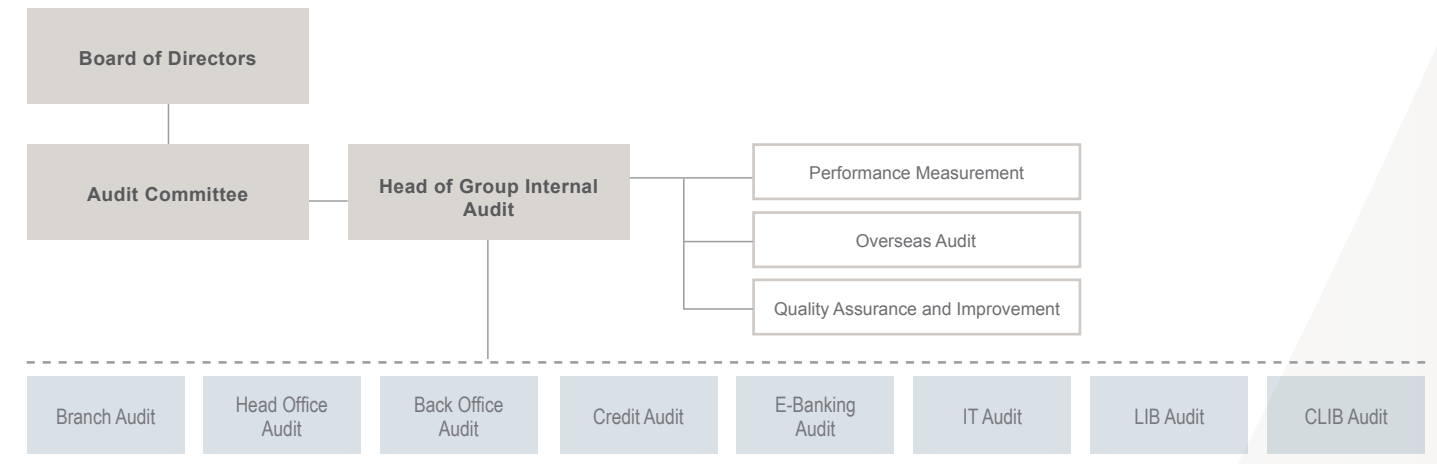
AND EARNING TRUST ON SOLID GROUNDS



CONTROL FUNCTIONS

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Internal Audit



Internal Audit Division

The Internal Audit Division (IAD) is responsible for strengthening Credit Libanais' business risk/control environment by providing comprehensive and independent professional audit and consulting services to all divisions and entities operating within the Group, and by assisting management in maintaining proper controls over the assets and operations, thus adding value to the overall business performance.

The mission of the internal audit function is to ensure that management establishes and consistently maintains a sound internal control and governance environment in the Bank.

Vision

Internal Audit strives to provide best quality internal audit services with the highest standards of governance and professional excellence, while adding value to all business units.

The ultimate goal of the internal audit function is to independently serve the bank and its key stakeholders by contributing to the achievement of the bank's strategic goals and objectives in a changing business environment.

Values

The key values of the Bank's Internal Audit Division are integrity, objectivity, confidentiality and competency.

Role

The Internal Audit Division provides assurance to the Board through its Audit Committee that:

- The tone of control set by the Board is properly applied by management throughout the Bank.
- The deployed internal controls are adequate to mitigate risks.
- Governance processes are effective and efficient.
- Organizational goals and objectives are met.

Main Objectives

- Align the audit activities with the bank's strategy.
- Address risky activities and processes by providing tailored recommendations and implementing best practices.
- Add value to the business risk control environment.
- Ensure adequate implementation of risk management procedures and methodologies and the efficient functioning of the internal control framework.
- Complete a full coverage of the audit areas mentioned in the audit year plan.
- Assign a risk control grade for each business unit and to monitor its improvement over time.

Other Objectives

- Provide consultancy services regarding the improvement of the risk control framework.
- Stimulate objectivity, uniformity, comparability, confidentiality and transparency.
- Accelerate and promote improvements in the control environment.
- Fulfill and properly handle all management requests and special assignments in a timely manner.
- Conduct independent and objective audit reviews and evaluations, while meeting the auditees' expectations.
- Conduct adequate tests and reviews of information systems and applications.
- Maintain quality services and audit documentation according to standards.
- Appraise management actions regarding:
 - ▶ Effectiveness of measures taken to assess and manage risks.
 - ▶ Reliability, consistency and integrity of data.
 - ▶ Measures taken to safeguard assets, documents and records.
 - ▶ Compliance with policies, laws and regulations.
 - ▶ Respect of code of conduct and the bank's values.

The internal audit function strives to increase the value added to Credit Libanais Group structures, systems and processes and to improve operational effectiveness and efficiency by:

- Establishing robust risk assessment methodology and annual planning process to focus on existing and emerging risky areas such as strategic, technology and business risks.
- Aligning the audit work plans and other oversight activities with the Bank's strategic goals, objectives and plans.
- Coordinating oversight activities between internal audit function as a third line of defense and other assurance providers within the group, including risk management, compliance and information security functions.
- Regularly reviewing and improving the quality of audit reports by increasing the use of available information technology tools to gather, analyze and present factual data to further enhance the accuracy, completeness and timeliness of audit reports.
- Attract and retain internal audit staff with the right balance of education, technical experience and professional skills and competencies.

Organizational Structure of the IAD

The IAD is business-centric, and is composed of specialized audit departments that have gained sufficient experience in the business and can provide quality services and pertinent recommendations to improve the activities of business units. These departments include Branch Audit, Head Office Audit, Credit Audit, E-banking & Cards Audit, IT Audit, Back-Office Audit, Overseas Audit (Limassol, Bahrain, Senegal, Iraq), other affiliated banks (Credit Libanais Investment Bank and Lebanese Islamic Bank) and subsidiaries (Credilease, CLA, etc.). Audit department heads enjoy sufficient expertise to manage a team composed of senior and junior auditors, and to deliver high quality audit and consulting services. They report hierarchically to the Head of IAD (Chief Audit Executive) who in turn reports to the Board of Directors, through the Audit Committee.

Knowledge Management

The IAD is adequately structured and staffed with qualified internal auditors to carry out their duties and responsibilities in a professional manner. They have full knowledge and expertise over the business areas they examine, and are considered experts in their field of specialization, capable of delivering high quality services to auditees, whether the latter are branches, centralized activities or affiliated companies.

Audit Methodology and Approach

The division follows a risk-based approach when auditing business units. This consists of identifying and assessing the inherent risks to the business, the effectiveness of controls that mitigate those risks, and the residual risks remaining after these controls are in place. Based on this approach and related risk assessment, emphasis and priority are placed on the business areas where the highest risks are identified.

Professional Staff

Sufficient technical and on-the-job trainings are delivered to allow our audit team to excel in their missions. Personal development plans are performed for every auditor and include training and education in order to maintain proficiency. Auditors are encouraged to enroll for the CIA (Certified Internal Auditors) certification to enhance their professional knowledge and skills. In that respect, some members have already started attending the CIA courses, in addition to the E-learning courses that were made available to all audit staff to enhance their technical knowledge and continuously improve their professional skills and capabilities.

Support and Development

The Quality Assurance and Improvement Department within the IAD covers all aspects of internal audit activities and continuously monitors its effectiveness through developing quality assurance techniques. It helps the Head of IAD in adding value through improving the Bank's operations and providing assurance to the Board that the internal audit function is in conformity with the set standards and the Code of Ethics.

Branch Audit

All branches are assigned an overall audit rating according to the level of internal controls exercised by branch management and to residual operational risks inherent to their activities. Based on the overall audit rating, corrective measures are taken in branches to enhance their risk profiles and to address the observations and deficiencies raised in the audit reports.

Branch Audit Department contributed in the issuance of several new procedural notes that improved the internal control framework and enhanced management oversight over branch operations and activities.

The department exercised regular follow-up with branches to ensure that reported audit deficiencies were properly addressed and timely regularized. Audit assignments in branches were conducted according to the annual audit plan approved by the Board Audit Committee for the year 2015.

Head Office Audit

This department covered all centralized (non-credit related) activities as scheduled in the year plan of 2015 and conducted on-site missions among the different business divisions and support functions.

Credit Audit

Periodic risk-based audits over credit processes and portfolios are undertaken by the Credit Audit Department and include consideration of the adequacy and clarity of credit policies and procedures, and in-depth analysis of selection of loan accounts for commercial facilities and retail products. The department conducts regular review over the adequacy of provisions to cover any potential impairment over the loan portfolio. This department covered credit assignments as scheduled in the year plan of 2015 which encompassed retail products, retail and corporate commercial facilities and credit risk management processes.

Overseas Audit

This department covered the audit of operations and activities pertaining to foreign branches and entities (Limassol, Bahrain, Baghdad and Erbil branches, and the affiliated bank (Credit International S.A. in Senegal) during 2015. Reports issued were discussed with local management and communicated to the regulatory authorities.

Back-Office Audit

This department exercises an off-site control over specific MIS and exception reports produced on branches, and initiates inquiries with branch management for particular deficiencies, while maintaining close coordination with the branch audit team in charge of performing on-site visits to branches, thus complementing the oversight function exercised by the IA Division over branch operations and activities in a way to improve the role of internal audit function.

IT Audit

Several audit assignments were performed on the IT functions which covered various systems, applications and processes applied at the Bank level. An IT General Control review was also conducted to enhance physical and logical security over the IT environment.

Special Assignments

Special assignments were conducted by the IA Division at the request of the General Management and different issues that needed additional investigation and proper follow-up were tackled.

Affiliated Banks/Subsidiaries

Resident auditors are assigned to review the operations and activities of the affiliated banks (CLIB and LIB). Internal audit reports issued based on an approved year plan for 2015 were duly submitted to their respective Board Audit Committees. Furthermore, an audit field visit was performed at Credit International SA (Senegal) covering all activities and operations of this affiliated bank.

This department also covered during 2015 the non-banking subsidiaries in which the parent bank Credit Libanais maintains controlling interest, in accordance with regulatory requirements.

Quality Assurance & Improvement

A timely follow-up is being conducted by this department on all audited businesses to ensure that all observations raised in the internal audit reports are well implemented within the timeframe agreed-upon, which was reflected in a significant improvement in the control framework during the year 2015.

Review reports are being submitted to management and to the Board Audit Committee on a quarterly basis showing the major audit findings that were identified and that might affect the realization of the Bank's objectives, in addition to a briefing showing the compliance of auditees with the audit recommendations and their current status.

Quality reviews are also conducted by this department over the audit files and documentation to ensure that quality services are consistently delivered throughout all the audit assignments and in accordance with the standards and policies set.

Major Activities in 2015

- Introduction of new tools and techniques to better manage and properly allocate the audit resources and to enhance the internal audit function within the Group.
- Standardization of the audit reports, including the introduction of a systematic rating methodology of audit observations and the assignment of an overall audit rating for all audited units.
- Greater audit coverage includes all branches and central departments within the last 2 years (Audit Cycle).
- Several training hours were invested in our people through attending internal and external workshops and training sessions pertaining to relevant business and banking topics. In addition, many auditors are preparing for the CIA certification (Certified Internal Auditors).
- The Board Audit Committee of the parent bank (Credit Libanais) met on a regular basis (6 meetings in 2015 attended by all members) to discuss the major activities and findings that occurred during the internal audit assignments, out of which:
 - ▶ two meetings were dedicated to discuss with the external auditors the financial reporting and accounting issues,

- ▶ one meeting with the Head of Compliance and AML to discuss developments and actions taken by the Bank to combat money laundering and financing terrorism, and
 - ▶ three meetings with other senior management officers to discuss the major challenges facing their duties, and the ways to overcome them.
- Separate meetings were also dedicated to the Audit Committees of the affiliated banks (4 meetings for each of CLIB and LIB, and 2 meetings for CISA during the year 2015).

Compliance and AML/CFT

In 2015, CL Group continued to strengthen its compliance function through appointing a dedicated FATCA team, acquiring automated solutions to adapt CL banking systems to local and international laws and regulations, and is proceeding as per the FATCA/IRS timetable agenda. Moreover, to extend compliance to all stakeholders and strengthen the entire control environment, we implemented at Group level a compliance procedural framework focused on FATCA integration through the Bank group as we amended KYC forms and conducted FATCA due diligence with our FFIs, in an effort to ensure a sound correspondent banking network as well as capital markets and private banking FATCA compliant environments.

Extensive training programs are continuously conducted to familiarize our staff with such new procedures and regulatory requirements.

A rigorous compliance culture toned at the top is spread throughout Credit Libanais Group. Our compliance policy applied through a strict body of procedures and appropriate rules of conduct, complies with international, regional and local banking regulatory standards. We ensure that the firm's structures, processes and procedures are in place in order to prevent, manage and mitigate compliance risks. Credit Libanais Group has embedded Regulatory Compliance across all entities, locally and abroad, to ensure application of sound banking practices within a safe financial environment, while abiding by highly recognized ethics and code of conducts.

The Bank has put in place a compliance policy, procedural manuals, applicable standards and processes to reinforce the application of compliance best practices through a dynamic organizational strategy which ensures sustainable business advantages. Compliance code of ethics is duly respected through the organization.

Moreover, the compliance function has been duly implemented and responsibilities of Branch compliance officers have been fully integrated and reinforced at the level of all branches within the Group in accordance with the Lebanese Central Bank regulatory requirements. In this respect, special compliance tasks and duties training sessions were tailored and administrated for the appointed branch compliance officers.

The compliance function sets out the Bank's mechanisms and procedures in view of:

Protecting the reputation of the Bank and increasing its credibility towards all stakeholders concerned with the safety of the financial institutions' interests and sound reputation.

Maintaining efficient AML/CFT compliance procedures and compliant business strategies in respect to legal and regulatory frameworks.

Ensuring that policies and controls are efficiently applicable top down within the Bank with respect to the code of compliance ethics and the regulatory compliance regulations.

Minimizing the exposure to irregularities by implementing a preventive compliance program to mitigate risks.

Sustaining sound relationships with the banking and financial community globally by conducting transparent and comprehensive banking practices.

Board of Directors and Senior Management involvement in enhancing the Compliance Culture

Group CL Compliance strategy is designed in accordance with the Board of Directors and Senior Management guidelines. In fact, the Compliance tone is set at the top to ensure effective and responsible follow-up on policy and procedures' implementation throughout the whole financial institution. Moreover senior management assesses the activities of the Compliance Division for performance adequacy and efficiency. The compliance function has the necessary independence, authority, resources, expertise and access to information to perform its duties.

Legal and Regulatory Compliance

In accordance with local and international regulations, CL Group Legal Compliance Department identifies, prevents and mitigates legal risks; while ensuring compliance with local and foreign regulators' directives (Central Bank of Lebanon, Banking Control Commission, Special Investigation Commission, Association of Banks or other Central Banks or regulators where the Bank has presence abroad).

THE AML /CFT Compliance

In accordance with law 318 of April, 2001 and all subsequent BDL circulars regulating the control of financial and banking operations for Fighting Money Laundering and Countering Financing of Terrorism, the AML/CFT Compliance Department ensures a rigorous control on banking transactions, correspondent banking relations and all regulated banking operations requesting a stringent AML/CFT program. AML/CFT department is entrusted with the following duties:

- ✦ Developing a corporate AML program including documented policies and procedures, designation of compliance officers and compliance enhanced training programs for the Bank employees.
- ✦ Monitoring activities in view of identifying unusual or suspicious transactions, or ranging outside the risk profile parameters either set by legislation or in accordance with the Bank's risk assessment policies.
- ✦ Reporting unusual or suspicious transactions to the Central Bank's Special Investigation Commission (SIC) investigating details surrounding the suspicious transactions and documenting the resolution.

- ✦ Identifying, documenting and assessing compliance risks associated with customer's activities on a pro-active basis;
- ✦ Assessing appropriate adequacy of the Bank's compliance procedures and guidelines, promptly remediating any identified deficiencies or irregularities and proposing adequate adjustments.
- ✦ Providing guidance and advice to staff in collaboration with the Legal department and relevant business units.
- ✦ Assisting management in educating staff on compliance issues, and act as a contact point within the Bank for compliance queries from staff members.
- ✦ Providing technical expertise to AML/CFT delegates by administering in-house trainings. AML/CFT delegates will also enhance their performing skills by following external training sessions.
- ✦ Monitoring compliance by performing sufficient compliance risk assessment and independent testing.

AML/CFT Procedural Framework

Know Your Customer

Enhanced KYC management is the due diligence that financial institutions must perform to identify their customers and establish related relevant information to undertake business with them.

Establishment of Customer Identity

The Bank establishes and maintains relationships exclusively with those customers whose source of wealth and funds, as well as the nature of business activities undertaken with our Bank, can be reasonably established as legitimate. Moreover, a reasonably designed Risk Based Approach framework and methodology for customer identification and verification is applied when assessing the degrees of potential Money-Laundering risks associated with customers and transactions which represent higher risks to our Bank.

In this respect, Credit Libanais operates an Enhanced Due Diligence (EDD) in customer screening and monitoring which relies on the following steps:

- ✦ Application of appropriate Due Diligence when entering into relationship with customers.
- ✦ Exercising an on-going monitoring on customers' profiles and customers' transactions throughout the course of the relationship.

- ✦ Updating of customers profiles and establishment of a clean Customer Database enabling as well the customer's identification and verification processes as the assignment of adequate banking services and products to the right customers for business relationship enhancement.

Establishment of a Beneficial Owner

Whenever the Bank is required to identify a customer, the ultimate beneficial owner(s) is/are also effectively identified.

Establishment of Account Purpose

Prior to opening an account for a customer, the Bank gathers sufficient information from the customer concerning the purpose and reasons for the opening of account.

Enhanced Customer Due Diligence

Enhanced customer due diligence is performed on those customers identified with a higher risk profile, additional inquiries are made or information is obtained from those customers.

AML/CFT Compliance Officers

A successful Compliance Officer is a qualified delegate that abides by the Bank's corporate culture, places emphasis on compliance, and possesses the ability to manage compliance risks while permitting business development.

In this respect, the Bank has integrated the branches compliance officers' function, as per the directives of the Central Bank of Lebanon (Intermediate Circular 371) in order to apply rigorous compliance controls and stringent monitoring of banking operations and financial transactions at the branch level.

Compliance Management Tools

The latest tools are accessible to the AML/CFT function for more efficiency and effectiveness. Those are:

The AML/CFT Reporter

AML-Reporter is an automated activity monitoring system designed to mitigate reputation and regulatory risk. In conjunction with the bank's AML (Anti-Money Laundering) program, the software helps meet the requirements of local regulators, as well as assisting in meeting the international FATF (Financial Action Task Force) and MENAFATF (Middle East and North Africa Financial Action Task Force) recommendations.

The Alert Management and Check Surveillance Tool within AML/CFT Reporter

This tool and its related process of customer surveillance is particularly relevant when considering the latest developments occurred in global sanctions lists designations since the financial and banking community have to strictly abide to these sanctions programs in order to maintain sound banking practices and sound correspondent banking .

Credit Libanais group is keen on protecting the Bank from any potential financial crime or abuse by applying more stringent and rigorous controls in this respect.

The AML/CFT Reporter is implemented at both the branch level and the AML/CFT Compliance Unit level. An online system allows both ends to monitor accounts and analyze alerts when an unusual activities suspicious customer profile breaks the expected client's profile.

The Designated Name Filtering System (DNFS)

The bank has also integrated an automated filtering tool that can assist the Bank in comparing our customer Data base and funds transfer activity to International black-listed names and the ones provided by the Special Investigation Commission (SIC), and other lists of undesirables published globally.

Compliance, AML and CFT Committee

The Compliance, AML and CFT Committee ensures that crucial compliance issues are coordinated and communicated throughout the Bank. Its main goal is to reflect the involvement of the whole bank's Management in the decision making process regarding AML/CFT issues.

AML/CFT Compliance Awareness and Training

In view of ensuring the understanding of the compliance regulatory requirements and adequate application of the procedural framework, CL has implemented an AML/ Compliance Training Unit focused on providing all Bank employees with adequate AML/Compliance training in-house sessions.

Moreover, this Unit is dedicated to conducting AML/CFT and Compliance research in view of assessing the risks associated with the implementation of new products and activities at the Bank.

Furthermore, the Training Unit provides the Bank with procedural directives in the form of Compliance Guidelines and a Duties and Responsibilities Manual. In parallel, the Unit ensures the communication of the Code of Conduct and Business Ethics and the promotion of the compliance culture internally, in accordance with BDL Basic circular 128.

FATCA Implementation Process

The Lebanese financial banking sector regulators issued directives to banks operating in Lebanon and their foreign entities to act as a compliant Participating Foreign Financial Institution - PFFI to the American Fiscal Law "FATCA" (Foreign Account Tax Compliance Act), released by the US Internal Revenue Service (IRS) and enacted on March 18, 2010.

The installation and testing of the last version of a turnkey solution on the production server was done. Moreover, Reports of U.S. persons who opened accounts at our Banking Group or financial affiliates were duly sent to the IRS in 2015 in line with the set deadlines.

Credit Libanais Group successfully registered since April 2014 to the Internal Revenue Service - IRS, as a compliant PFFI to FATCA, and fully implemented FATCA provisions regarding Foreign Financial Institutions' duties towards the American fiscal authorities. Accordingly, Credit Libanais Group has established the required procedural programs to implement a "FATCA Strategy" and a "FATCA Action Plan". Moreover, a FATCA solution was acquired from a specialized vendor in order to assist Credit Libanais FFIs in the identification and reporting process of customers who must abide by FATCA regulations. Therefore, CL acts as an entirely FATCA Compliant Group. A designated working group of FATCA experts ensures the proper follow-up and implementation process to avoid compliance breaches. FATCA focused training sessions encompassing all employees are regularly conducted and supervised by the Compliance Division, across all units and entities.

Consumer Protection Principles of Banking and Financial Operations with Customers

The International Framework

The global financial crisis that started in 2007 highlighted the need for more effective financial consumer protection measures as consumers face more sophisticated and complex financial markets. The availability of information has grown both in quantity and complexity, and the pace of change, in terms of new product developments, product innovations, and technological advances, has increased dramatically, according to the OECD.

In February 2011, the G20 called on the OECD, the Financial Stability Board (FSB) and other relevant international organizations to develop common principles related to consumer protection in the field of financial services. These principles were endorsed at the G20 meeting on 14-15 October 2011.

The financial consumer protection principles set clear and transparent rules of conduct for financial institutions in the daily conduct of business. The aim of the principles is to ensure that consumers receive the information required, allowing them to make informed decisions and shielding them from unfair or deceptive practices.

The National Framework

In Lebanon, BDL issued in February 2015 circular No. 134 related to the Principles of Banking and Financial Operations with Customers, following which the Bank established a new Unit directly reporting to the Chairman General Manager, entrusted with the application of BDL Circular 134 and related BCC Circular 281, with regards to conducting Principles of Banking and Financial Operations with Customers. Completely independent from the operations execution, the Unit periodically reports to the Chairman General Manager and the Board of Directors on matters related to the implementation of the Policy and Charter, and puts forth suggestions for improvements of Principles of Banking and Financial Operations with customers as per the regulatory requirements. Moreover, the new Unit is responsible for spreading awareness among staff and customers in matters related to Customers Rights and Duties, as well as standards of suitability, transparency, fairness and equitability, establishing a clear complaints handling mechanism across CL Banking Group branches, website and social media channels. The Unit also ensures financial literacy through training, capacity building and enhancement of professional experience including the implementation of the provision of the BDL Basic Circular # 103 dated March 9, 2006.

Local Regulatory Requirements

- The BDL Basic Circular No. 134, addressed to Banks and Financial Institutions related to the Principles of Banking and Financial Operations with Customers.
- The BCCL (Banking Control Commission of Lebanon) Circular No. 281, addressed to Banks and Financial Institutions complementing the Circular No. 134 issued by BDL.
- The BDL Basic Circular No. 124, addressed to Banks and Financial Institutions and its related BCCL Circular No. 273.
- The CMA (Capital Markets Authority) of Lebanon regulations, namely (Series 3000) related to Business Conduct.

The Consumer Protection Unit (CPU) Framework of Action

According to the Policy approved by the Chairman General Manager and the Board of Directors on July 30, 2015, the Consumer Protection Unit at Credit Libanais Group shall:

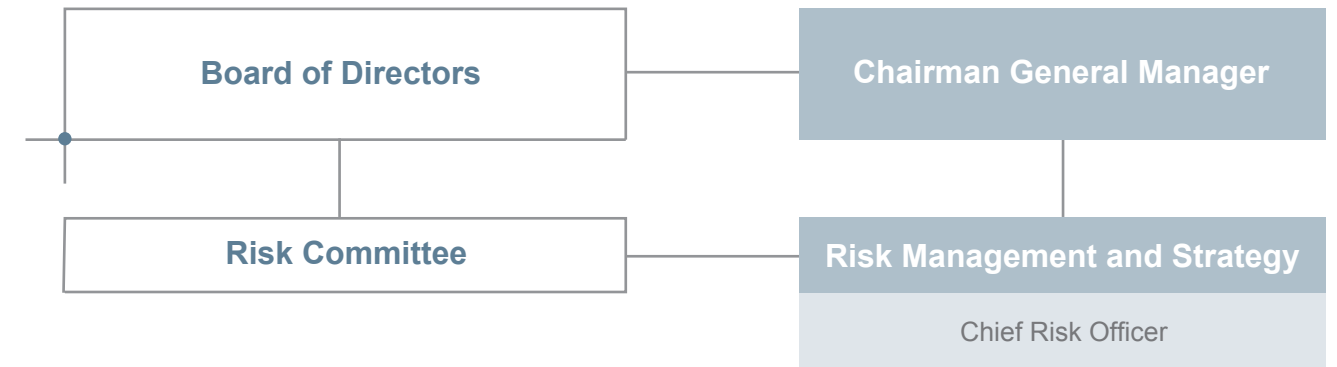
- Take prior cognizance of the advertisements, brochures, contract samples, account statements and other documents provided to customers; review them and submit the necessary suggestions that guarantee their clarity and transparency.
- Participate in the preparation of a clear, transparent and simple Key Facts Statement concerning services and products, to be given to, and signed by the customer upon receipt.
- Include in the Code of Conduct, specific criteria concerning the relationship with customers.
- Contribute to the development of customers' awareness and education programs.
- Obtain the customer's signature on the List of "Customer Rights and Duties".
- Protect the customers' personal and financial information, without prejudice to the legislation in force, particularly the Banking secrecy Law and Anti-Money Laundering Law.
- Suggest and participate in the development of training programs that educate employees on how to deal/interact with customers, and how to explain to them the features, risks and suitability of products and services with the customer's situation and needs.
- Follow-up on handling claims from customers, examining them and giving an opinion in this regard. Inform the customer about the outcome of the claim.
- Submit directly to the General Manager periodic reports, at least quarterly, about customers' claims, the nature, handling, and outcome of these claims, and the measures proposed to improve the policy relating to the Consumer Protection Unit. The General Manager must be promptly notified of any major critical claim that might expose the Bank or the Financial Institution to high reputational risks or significant financial losses; and a copy of these claims must be sent to the Board of Directors.

Scope of Application at CL Banking Group

- ▶ CL Branches in Lebanon
- ▶ Credit Libanais Investment Bank sal (CLIB)
- ▶ Lebanese Islamic Bank sal (LIB)
- ▶ Credilease sal

AT CREDIT LIBANAIS GROUP, WE BELIEVE THAT CONSUMER CONFIDENCE AND TRUST PROMOTE FINANCIAL STABILITY AND GROWTH OVER THE LONG TERM. WE HAVE THEREFORE INTEGRATED CONSUMER PROTECTION PRINCIPLES WITHIN OUR DAILY POLICIES AND PROCEDURES TO PROTECT CONSUMERS' RIGHTS WHILE ALSO HIGHLIGHTING TO THEM THE FACT THAT THESE RIGHTS DO COME WITH CONSUMERS' RESPONSIBILITIES.

Risk Management and Strategy



Risk Management and Strategy

The Risk Management and Strategy function is fully independent from the commercial lines of business reporting to the Chairman General Manager and the Board through the Board Risk Committee. In addition to Credit Libanais SAL, its scope covers local and foreign banking and financial institutions of CL Group. Duties are carried out through an integrated strategic risk planning and process review, supported by sound risk management practices and effective framework. The cornerstone of this function is a strong risk management culture supported by a robust set of policies, procedures and limits, managed by professionals and other functional teams.

Risk Governance Framework

The Bank's risk governance framework includes well defined organizational responsibilities for risk management, typically referred to as the three lines of defense:

- The first line of defense is the Business Lines, which take risks and are responsible and accountable for the ongoing management of such risks. The manner in which the Business Line executes its responsibilities reflects the Bank's existing risk culture.
- The second line of defense includes: (1) an independent Risk Management Function, which complements the Business Lines' risk activities through its monitoring and reporting responsibilities. The risk management function promotes the importance of Senior Executive Management and Business Line managers in identifying and assessing risks critically, (2) the Finance Function plays a critical role in ensuring that business performance and profit and loss results are accurately captured and reported to the Board, SEM and Business Lines and (3) an independent and effective compliance function, which routinely monitors compliance with laws, corporate governance rules, regulations, codes and policies to which the Bank is subject.
- The third line of defense consists of an independent and effective Internal Audit Function which conducts risk-based and general audits and reviews in order to provide independent review and objective assurance to the Board on the quality and effectiveness of the Bank's internal control system, the first and second lines of defense and the risk governance framework including links to organizational culture, as well as strategic and business planning, compensation and decision-making processes.

Risk Appetite Framework

CL Group applies the following six overarching principles in the risk identification, monitoring and management throughout the organization:

- balancing risk and reward is achieved through (a) aligning risk appetite with the Bank's overall business strategy, (b) diversifying risk, (c) pricing appropriately for risk, and (d) mitigating risk through preventive controls;
- management of risk is shared at all levels of the organization;
- effective decision-making is based on a strong understanding of risk;
- all business activities are conducted with a view of not risking the Bank's reputation;
- ensuring that provided services are suitable for and understood by the Bank's customers; and
- applying appropriate judgment as a mandate throughout the organization for the management of risk.

Enterprise-wide Risk Management Framework (ERM)

The Bank follows a comprehensive ERM Framework, appropriately scaled to its size, complexity and risk profile. Under ERM, the Board is responsible for confirming the risk appetite, and monitoring compliance to risk management processes. Management is responsible for identifying, evaluating, mitigating and reporting on risk exposures.

The ERM framework involves an objective, pro-active enterprise-wide view of all risks and their associated risk appetite to ensure that they are fully aligned with the Bank's objectives and strategies, and reflects the quality, competencies and capacity of the Bank's people, technology and capital.

ERM process aggregates risks across the entire Group to assess the Bank's risk profile in relation to its risk absorption capacity.

Basel II/III - Solvency Supervision and Capital Adequacy Framework

At CL Group, capital and liquidity requirements issued and reviewed by the Basel Committee on Banking Supervision (BCBS), covering capital adequacy, capital buffers, and liquidity risk management are applied on a cross-border level across local and foreign subsidiaries. Moreover, CL Group fully complies with home (i.e. BDL and BCC) and host regulatory requirements to comply with the Basel II/III framework.

Below are the BDL ratios and deadlines introduced by BDL Basic Circular No. 44, which are more conservative and have earlier deadlines than the Basel III requirements:

Minimum Regulatory Requirements	2015	2014	2013	2012
As at 31 December				
Common Equity Tier 1 Ratio	8%	7%	6%	5%
Tier 1 Equity Ratio	10%	9.5%	8.5%	8%
Total Regulatory Capital Ratio	12%	11.5%	10.5%	10%

BDL adopted a capital conservation buffer of 2% and 2.5% to be effective respectively in 2014 and 2015 and which is incorporated in the above ratios.

Risk Policies and Strategy / ICAAP

Enterprise Risk Management (ERM) Policies

The Board approves and ensures the implementation of appropriate and prudent ERM policies that set out the risk limits for all significant risk areas and reviews and confirms that the Bank's risk exposure is aligned with its risk appetite. In parallel, Senior Executive Management implements the ERM policies, processes and controls which address the identification, measurement, evaluation and mitigation of significant risk exposures; it also ensures reporting on ERM processes and findings, including the level and direction of risk exposures and extent of risk management activities.

ERM policies include the following:

Capital Management

Capital Management's fundamental elements include the implementation of a policy that addresses the quantity, quality and composition of capital needed, reflecting the Bank's inherent risks related to current and planned operations; the distribution of dividends and redemptions of capital instruments to shareholders; and monitoring and reporting requirements.

Credit Risk Management

Credit Risk Management implements policies that address the authorized types and classes of credit instruments; limits

credit instrument; effective credit assessment process; defined and prudent levels of decision-making authority for approving credit exposures; the management of delinquent and impaired loans; and monitoring and Board reporting requirements.

Operational Risk Management

Operational Risk Management's fundamental constituents include implementing a policy that addresses the defined and prudent levels of decision-making authority; the security and operation of the Management Information Systems; the technology development and maintenance; the safeguarding of the Bank's premises, assets and records of financial and other key information; the disaster recovery and business continuity plans; the outsourcing of services; the internal controls; the internal audit; and monitoring and Board reporting requirements.

Market Risk Management

Market Risk Management's fundamental parts include implementing a policy that addresses the authorized types, limits and concentration of investments, other financial instruments, and assets; the defined and prudent levels of decision-making authority; identifying, measuring, providing for and recording market impairments; and monitoring and Board reporting requirements.

Asset and Liability Risk Management

CL Group Asset and Liability Risk Management's fundamental basics include implementing a policy that addresses the limits on the balance sheet mix and maturities of capital, deposits, loans and investments; criteria for pricing of deposits and loans; limits on the exposure to Foreign Currency Risk; limits on the exposure to changes in interest rates; use of appropriate techniques for measuring the Bank's Asset and Liability Risk and evaluating the potential impact under current and reasonably foreseeable scenarios; the use of analysis and appropriate consultation for the purchase of derivatives for hedging purposes; and monitoring and Board reporting requirements.

Liquidity Risk Management

Liquidity Risk Management's fundamental features include implementing a policy that addresses the limits on the sources, quality and amount of liquid assets to meet normal operational, contingency funding for significant deposit withdrawals and regulatory requirements; and monitoring and Board reporting requirements.

Internal Capital Adequacy Assessment Process

The Bank operates with capital positions well above the minimum regulatory capital ratios, with an amount of capital that is commensurate with its risk profile on stand-alone and consolidated basis. In addition, the Bank has robust, forward-looking capital planning processes and governance, which account for its inherent risks and that permit continued operations during times of economic and financial stress.

As per regulatory requirements, CL Group refined its risk methodologies and included more sensitive risk measures for the evaluation of the Internal Capital Adequacy Assessment Processes (ICAAP), to ensure that the Bank holds adequate capital to maintain ready access to funding, continue operations and meet its obligations to creditors and counterparties, and continues to serve as credit intermediaries, even under adverse conditions. Consequently, the Bank submitted the Fifth Internal Capital Adequacy Assessment Report (ICAAR) on a consolidated basis for the Board review and ensured that standalone capital ratios are appropriate. Various stress tests were conducted and the preliminary results of the ICAAP showed that the Bank is able to sustain the low to medium stress tests without reducing the capital conservation buffer.

The Board, its Risk Committee and the ALCO approved the ICAAR, under audit supervision.

Risk Profile

Based on the detailed analysis of the different types of the Bank's risks, the Bank considers that there is a low risk of the Bank encountering difficulties in the future, considering its overall medium-high inherent risk, its good internal governance, risk management and control that are appropriate to its activities. Based on the review of all types of risk, the Bank's overall risk profile is ranked medium-low with some increasing trend, due to the unstable political and economic environment in Lebanon and the potential future expansion plans. Noting that, the quality of capital, the approved capital targets including the buffers and the capital planning, reflect appropriate levels. Therefore, the assessment of the capital adequacy is ranked good.

Capital Structure and Regulatory Capital Ratios

CL Group maintains an actively managed capital base to cover risks inherent to the business. The adequacy of the Bank's capital is monitored using, amongst other measures, the rules and ratios established by the BDL and the BCC, especially BDL Basic Circulars No. 43 and No. 44 and BCC Memo No. 5/2016 issued on March 21, 2016.

The Bank is being supervised on stand-alone and consolidated basis and, as such, receives information on the capital adequacy of, and sets capital requirements for, the Bank as a whole. Subsidiaries are (i) directly regulated by their host banking supervisors, who set and monitor their capital adequacy requirements and (ii) monitored at Credit Libanais Head Office level, which conducts fully consolidated regulatory reporting.

Effective strategies and policies are being additionally established and reviewed periodically by the Bank, with the aim of maintaining adequate levels of individual capital.

Regulatory Capital Structure

C/V millions of LBP	2015	2014
Common Equity Tier 1 Capital resources		
Share capital	257,400	257,400
Share premium account		
Legal reserves	101,833	92,852
Reserves for unspecified banking risks	103,695	90,019
Other reserves	231,401	210,756
Reserves for Assets under Liquidation	14,025	11,807
Reserves for irrecoverable bad debts as per BDL Circular N°. 73	3,986	4,010
Retained earnings	178,051	180,426
Profit or loss account (taking into account interim net losses)	100,413	96,794
Minority Interest	1,798	791
Revaluation of fixed assets	65,584	65,584
Net unrealized Profit / Loss on Financial Assets held at FVOCI	34,139	27,744
Foreign Currency Position	444	188
Common Equity Tier 1	1,092,768	1,038,370
Common Equity Tier 1 Regulatory Adjustments		
Profit and loss account	(100,413)	(96,794)
Gross unrealized Profit on Financial Assets held at FVOCI	(36,816)	(30,338)
Revaluation of fixed assets	(65,584)	(65,584)
Reserves for Assets under Liquidation	(14,025)	(11,807)
Reserves for irrecoverable bad debts as per BDL Circular N°. 73	(3,986)	(4,010)
Intangible assets including goodwill	(5,989)	(6,013)
Foreign Currency Position	(444)	(188)
Excess over limits of articles 152 and 153 of the Code of Money and Credit		(13,278)
Other Common Equity Deductions		
Common Equity Tier 1 After Deductions	865,511	810,359

C/V millions of LBP	2015		2014	
Share Capital - Non-cumulative perpetual preferred shares	11,000		11,000	
Share premium - Non-cumulative preferred shares	139,750		139,750	
Minority Interest	310			
Additional Tier 1 Capital	151,060		150,750	
Additional Tier 1 Capital Regulatory Adjustments				
Total Tier 1 Capital	1,016,572		961,109	
Tier 2 Capital Resources				
Medium to long-term subordinated debt instruments	113,063		113,063	
Real estate revaluation approved by the BDL and qualifying under Tier 2 Capital	7,828		7,828	
50% of the Foreign Currency Position	222		94	
50% of the gross unrealized profit on Financial Assets held at FVOCI	18,408		15,169	
(Other Tier 2 Capital Deductions)	(67,838)		(45,225)	
Total Tier 2 Capital	71,683		90,928	
Total Capital	1,088,255		1,052,037	
Total Risk Weighted Assets	7,034,806		6,669,803	
Common Equity Tier 1 Ratio	12.30%		12.15%	
Tier 1 Capital Ratio	14.45%		14.41%	
Total Capital Ratio	15.47%		15.77%	

The above three ratios are higher than Basel III regulatory requirements, so the Bank is considered as well capitalized.

Pillar 1 Capital Requirements

The tables below set out Pillar 1 Capital Requirements and associated risk weighted assets for CL Group with separate disclosures for the credit risk, market risk and operational risk requirements.

C/V millions of LBP	2015		2014	
Pillar 1 Capital Requirements for:				
Credit risk	511,466		484,844	
Market risk	9,724		8,377	
Operational risk	41,595		40,364	
Total Pillar 1 Capital Requirements	562,785		533,585	

Credit Risk: Standardized Approach by Exposure Class

Disclosure of the amount of exposures subject to the Standardized Approach of Credit Risk and their related risk weighted assets and capital requirements.

C/V millions of LBP	2015			2014		
	Exposure Value	Risk Weighted Assets	Capital Requirements	Exposure Value	Risk Weighted Assets	Capital Requirements
Interest Rate Levels						
Central governments and central banks	8,623,205	2,412,770	193,022	7,604,718	2,102,509	168,201
Public Sector Entities (PSEs)	3,544	---	---	10,503	---	---
Banks	1,038,722	284,424	22,754	1,045,620	283,556	22,685
Corporates	1,366,294	1,403,329	112,266	1,817,885	1,840,914	147,273
Small and Medium Enterprises (SMEs)	1,039,164	696,601	55,728	760,431	477,792	38,223
Retail	442,586	331,525	26,522	462,760	346,619	27,730
Residential Mortgage Loan	1,378,092	480,629	38,450	1,245,974	434,874	34,790
Claims secured by Commercial Real Estate	217,072	220,015	17,601	51,988	51,988	4,159
Securitization positions standardized approach	7,726	4,830	386	8,584	5,253	420
Non-performing loans	112,245	80,818	6,466	86,625	57,453	4,596
Other Assets	696,605	478,383	38,271	659,971	459,588	36,767
Total for Credit Risk	14,925,255	6,393,324	511,466	13,755,059	6,060,544	484,844

Market Risk: Standardized Approach

Disclosure of the level of Market Risk in terms of capital requirements and risk weighted assets as per the Standardized Approach, which is detailed in the BCC Circular No. 256 dated September 26, 2007.

C/V millions of LBP	2015		2014	
Equity Position Risk	0		0	
Interest Rate Risk (FVTP&L):				
Specific Risk	1,729		1,876	
General Market Risk	1,608		926	
Equities Risk (FVTP&L):				
Specific Risk	61		134	
General Market Risk	61		134	
Foreign Exchange Risk	6,263		5,308	
Total Capital Requirements for Market Risk	9,723		8,377	
Total Risk Weighted Assets for Market Risk	121,546		104,714	

Operational risk: Basic Indicator Approach

Disclosure of the level of Operational Risk in terms of capital requirements and risk weighted assets as per the Basic Indicator Approach, which is detailed in the BCC Circular No. 257 dated October 08, 2007.

C/V millions of LBP	2015	2014
Capital Requirements for Operational Risk	41,595	40,364
Risk Weighted Assets for Operational Risk	519,936	504,544

Internal Capital Required (Pillar 1 + Pillar 2)

This section of the ICAAP relates to the identification and individual quantification of the different risks to which the Bank is or might be exposed in the future and their subsequent aggregation. The Internal Capital Required (ICR) under the ICAAP: (a) is the sum of the capital requirements needed under Pillar 1 and Pillar 2, (b) is considered in the capital planning, and (c) is finally used to determine the Capital Targets, since the Bank, in the present and in the future period covered by its capital plan, holds a level of capital tailored to its risks and an appropriate buffer in excess of the minimum capital requirements under Pillar 1.

Capital Targets

CL Group indicates its policies and targets for the distribution of capital among the various significant legally independent institutions, considering the individual risks of each entity, and specifically indicating the policy and capital targets of the Group. CL Group sets its capital targets that are the result of the ICAAP, which includes:

- Internal Capital Required calculated above; and
- the capital buffer addressed in its capital planning.

The aforementioned targets are compared with the capital effectively available at the Group level as at December 31, 2015, stating available capital resources in excess of the minimum capital requirements.

Capital Planning

In light of the new Basel III requirements and CL Group's expansion plans locally and abroad, a semi-annual 5-year capital planning exercise is prepared, on a stand-alone and consolidated basis, which is presented to the Board after being approved by the ALCO and the Board Risk Committee.

Risk Management Project Office

In 2015, Risk Management launched several internal projects or organizational improvements aiming at a proper measurement and management of risks within a governance structure ensuring timely information and escalation, well beyond increasingly demanding regulatory requirements now leading to Basel III. The ultimate objective remains to optimize the allocation of capital and reduce uncertainty, thus the cost of capital. The projects encompass:

- reviewing and assisting in the implementation of the Board-approved Code of Corporate Governance at all the Group entities level, which includes, inter alias, the Bank's strategy as per BCC Circular No. 262 dated December 15, 2009 and the remuneration policy and system as per the requirements of BDL Basic Circular No. 133 dated August 6, 2014;
- managing the Corporate Governance, Nominations, Human Resources and Remuneration Committee and Risk Management Committees' agendas, documentation, and follow up on the implementation of related decisions;
- contribution to the upgrading of the data warehouse for timely database risk aggregation at the Group level; and
- the upgrading of the core banking system and related risks.

Credit Portfolio Management

The Bank's approach to controlling various risks begins with optimizing the diversification of its commitments.

The management criteria set out in its internal policies include measures designed to maintain a healthy degree of diversification of credit risk in its portfolios as set out in the BDL Basic Circular No. 48, dated August 13, 1998 and BCC Circular No. 276 dated June 21, 2013. These instructions are mainly reflected in the application of various aggregate limits on the scope of its commitments.

The criteria established for portfolio diversification and related limits, which are set by type of business segments, products, entities, credit risk mitigants, economic sector, regional and country exposures, are based on the findings of sector-based studies and analyses conducted by the Risk Management and Strategy Division at Group level, and are approved by the Credit Policy Committee. Continuous analyses are performed to anticipate problems with any sector or borrower before they materialize as defaulted payments.

Credit Risk Management

Our credit risk management principles are guided by the six overall risk management principles discussed in the Risk Management overview section. In particular, the following principles are complemented by the items below with respect to credit risk management. The effective balancing of risk and return is achieved through:

- ensuring that credit quality is not compromised for growth;
- diversifying credit risks in transactions, relationships and portfolios;
- using our credit risk rating and scoring systems, policies and tools;
- appropriate pricing of the credit risks taken; applying consistent credit risk exposure measurements; and
- mitigating credit risk through prevention and early detection and warning signals' controls.

Our business activities are conducted in such a way as to avoid any reputational risks. The Bank has selective lending criteria in this respect, such as avoiding:

- granting credit to entities subject to economic sanctions;
- credit transactions that facilitate illegal activity, or contribute to misleading financial statements or regulatory reporting;
- credit transactions involving undocumented agreements, disbursements or funds transfers; and

- credit facilities granted to a business or individuals engaged in activities inconsistent with generally accepted standards of ethical behavior in the community.

Credit Risk Management Framework

The Credit Risk Management (CRM) Framework is broadly categorized into the following main components: (a) the Board, its Risk Committee, the Credit Policy Committee, Credit Committees and Senior Executive Management's oversight; (b) organizational structure; and (c) systems and procedures for identification, acceptance, measurement, monitoring and control of risks.

Credit Risk Governance

Board Oversight

The Board approves the Bank's Credit Risk strategy and policies relating to credit risk and its management as per regulatory requirements, based on the Bank's overall business strategy, at least once annually. The Board responsibilities: (a) delineating the Bank's overall risk appetite in relation to credit risk in the Bank strategy; (b) ensuring that Bank's overall credit risk exposure is maintained at prudent levels and consistent with the available capital; (c) ensuring that Senior Executive Management as well as individuals responsible for CRM possess sound expertise and knowledge, to accomplish the CRM function; (d) ensuring that the Bank implements sound fundamental principles that facilitate the identification, measurement, monitoring and control of credit risk; and (e) ensuring that appropriate plans and procedures for CRM are in place.

Credit Risk Appetite

The Bank has in place a Board-approved statement of credit risk appetite.

Credit Strategy

The Bank's credit strategy determines its risk appetite, and develops a plan to optimize return while keeping credit risk within predetermined limits. The strategy provides continuity in approach and takes into account the cyclical aspect of the country's economy and the resulting shifts in composition and quality of overall credit portfolio.

Credit Risk Policy

Credit Risk Management contributes together with Senior Executive Management to develop and establish credit risk policies and credit administration procedures, as part of the overall CRM Framework. Such policies and procedures provide guidance to the staff on various types of lending including corporate, SME, retail lending products, corporate finance, disseminated to all the concerned parties in the Bank. It is the prime responsibility of Senior Executive Management to ensure effective implementation of the Risk policies approved by the Board.

Limit Setting

Limits are used to ensure the portfolio is well diversified and within the risk appetite, as approved by the Board and they are set by type of business segments, products, entities, credit risk mitigants, economic sector, regional and country exposures.

Credit Risk Management Functions

To maintain the overall credit risk exposure within the parameters set by the Board, the Bank established a sound risk management structure to facilitate effective management oversight and proper execution of CRM and control processes as follows:

Credit Risk Management

The Bank's Credit Risk Management, fully independent from the commercial lines of business, reports to the Chief Risk Officer and ensures clear segregation of functions. Responsibilities of the Credit Risk Management include: (a) following a holistic approach in management of credit risks inherent in the Bank portfolio and ensuring that they remain within the risk appetite established by the Board; (b) ensuring that Business Lines comply with risk parameters and prudential limits established by the Board; (c) establishing systems and procedures relating to risk identification, Management Information System, monitoring of loan/investment portfolio quality, early warning signals and impairments; (d) working out remedial measures when deficiencies/problems are identified; and (e) undertaking portfolio evaluations and conducting comprehensive studies on the environment to test the resilience of the loan portfolio.

Credit Origination

The Bank operates within a sound and well-defined criteria for new credits, as well as for the expansion of existing credits.

Credits are extended within the target markets and lending strategy of the Bank. Before approving any credit facility, the Bank makes an assessment of the risk profile of the customer/ transaction. Upon structuring credit facilities, the Bank appraises the amount and timing of the cash flows, as well as the financial position of the borrower, the purpose of the funding and the repayment capacity. Due consideration is given to the risk reward trade-off in granting a credit facility and credit is priced to cover all embedded costs, Expected Credit Losses (ECL) and Risk Adjusted Return On Capital (RAROC).

Commercial Facilities

For commercial facilities, the Bank's credit approval process is either initiated by a Relationship Manager (RM) for corporate customers with a turnover above US\$ 2 million or total aggregate facilities exceeding US\$ 500,000- and by the Account Manager (AM) or branch managers for Retail Commercial customers (SMEs) with a turnover below US\$ 2 million or total aggregate facilities below US\$ 500,000-. Standard Credit presentations are prepared and submitted by the RM/AM to the relevant Credit Committee members and in parallel to the Credit Risk analysts who provide an independent review and recommendation to be taken into consideration by the Credit Committee members prior to taking a final decision.

Once approved, all reviewed or new files, whether related to a corporate or retail commercial facility, are submitted to the respective Credit Administration and Control (CAC) Department for review before disbursement after having been completed by RM/AM, in order to monitor that all the required terms and conditions, approved by the Credit Committee are duly satisfied and complied with, to end up with a credit file prepared in line with the BCC Circular No. 238 dated October 23, 2002. Once disbursed, the Credit Department's (at both Corporate and Retail Commercial) RM/AM is responsible for the daily monitoring and performance of the facilities. Review and renewal of facilities are subject to the same approval process as the original granted facilities and are conducted a least once annually or twice for files classified under watch.

Retail Lending Products

For Retail Lending Products, the Bank's credit initiation process begins at the branch level or at the dealers' level, where applications are submitted based on a standard loan application form. The credit application information is replicated on the Fair Isaac Corporation (FICO) system, in order to generate a risk score for the loan in a standardized manner to assist in the decision process.

The respective Retail Lending Unit reviews the loan application, performs the preliminary credit assessment and forwards the application with the recommendation to the respective delegated Credit Committee for decision. Decisions are based on the Lending products standard criteria approved by the Bank's Central Credit Committee and reviewed annually taking into consideration the regulatory requirements, the market conditions and the products' performance.

Credit Administration

The Credit Administration Function is an essential monitoring part of the credit granting process and performs the following major monitoring and control functions: (a) Legal Documentation Review, (b) Credit Disbursement and Limits Management, (c) Credit Monitoring, (d) Loan Repayment, (e) Maintenance and Custody of Credit Files, and (f) Collateral and Security Documents.

Credit Risk Measurement

Capitalization under Pillar 1

In the calculation of the Credit Risk capital requirements, the following regulations are complied with:

- the Standardized Approach, according to the BDL Basic Circular No. 104 dated April 1, 2006;
- distribution of Loans portfolio, according to the BDL Basic Circular No.115 dated December 14, 2007, which classifies the credit exposures as Retail, SME, Corporate, Residential and Commercial Real Estate portfolios, as well as past due loans; and
- Credit Risk Mitigation, according to the BDL Basic Circular No.121 dated June 26, 2009 and the BCC Circular No. 261 dated August 21, 2009, which is a technique used to reduce credit risks associated with an exposure through the application of Credit Risk Mitigants. In this respect, the Bank uses the comprehensive approach for the treatment of collateral.

Internal Credit Risk Rating

The Credit Risk Rating is a summary indicator of the Bank's individual credit exposure. An internal rating system categorizes all credits into various classes on the basis of underlying credit quality. Credit Libanais uses Moody's Risk Analyst for Credit Risk Rating of commercial facilities and FICO for credit scoring for Retail Lending Products.

Credit Risk Rating System

The corporate and SME Credit Risk Rating System is designed to measure and identify the risks inherent in our credit activities in an accurate and consistent manner. Each obligor is assigned a borrower rating (BR), reflecting the probability of default (PD), after an assessment of the credit quality of the obligor. Generally, the key risk factors assessed include industry, markets, firm competitiveness, company's qualitative assessment, management quality and financial performance indicators.

In line with the BDL Basic Circular No. 58 dated November 10, 1998, the Bank maps the BDL classification against Moody's risk rating as per the table below:

BDL Supervisory Classification	BDL Supervisory Description	Moody's Loan Grading	Moody's Loan Grading Description
1	Normal	1	Excellent
1	Normal	2	Strong
1	Normal	3	Good
1	Normal	4	Satisfactory
2	Follow up	5	Adequate
3	Watch and Settlement	6	Marginal
3	Watch and Settlement	7	Vulnerable
4	Substandard	8	Substandard
5	Doubtful	9	Doubtful
6	Loss	10	Loss

Credit Risk Scoring System

Credit Libanais implemented in January 2011 the Fair Isaac Corporation (FICO) system that provides a single, flexible, accessible and consistent way of rapidly processing credit applications related to retail lending products. Implementing the FICO system makes it easier to ensure compliance with the Bank's Credit Risk Policy parameters, by deploying automated standardized business and acceptance rules and scoring processes. The FICO solution facilitates the use of risk-based decision-making as a tool, thus enabling the Bank to be more risk oriented in its customer selection and to improve and streamline the scorecard development process, which translates into tangible business benefits and improvement of the overall credit decision-making process.

Credit Risk Monitoring and Control

Credit risk monitoring refers to continuous monitoring of individual credits inclusive of off-balance sheet exposures to obligors, as well as the overall credit portfolio of the Bank. The Bank enunciates a system that enables it monitor the quality of the credit portfolio on a day-to-day basis and takes remedial measures as and when any deterioration occurs. This enables the Bank to ascertain whether loans are being serviced as per facility terms, the adequacy of provisions, the overall risk profile is within the limits established by management and compliance of regulatory limits. The establishment of an efficient and

effective credit monitoring system enables Senior Executive Management to monitor the overall quality of the total credit portfolio and its trends. Consequently, the management fine-tunes or reassesses its credit strategy/policy accordingly before encountering any major setback.

Delegation of Authority

The Bank establishes responsibility for credit sanctions and delegates authority to approve credits or changes in credit terms in line with the Bank's lending policies and procedures. The Board approves the overall lending authority structure, and explicitly delegates credit sanctioning authority to Senior Executive Management and the Credit Committees. Lending authority assigned to officers is commensurate with the experience, ability and personal character. The Bank develops risk-based authority structures where lending power is tied to the risk ratings of the obligor and the type of the lending product. The Bank adopts multiple credit approval levels for the credit origination such as credit ratings, risk approvals etc. to institute an effective system of checks and balances. The Credit Risk Policy specifies the escalation process to ensure appropriate reporting and approval of credit extension beyond prescribed limits. It also defines the authorities for unsecured credit while remaining within the home and host regulatory limits, approvals of disbursement in excess of limits and any other exceptions to credit policy.

Managing Collection of Delinquent Loans

A loan is delinquent if any of its scheduled payments are in arrears for a period greater than three days. Retail loans which are in arrears are actively managed by the Collection Department and the Regional Management with the intent of avoiding losses, or mitigating it to the greatest extent possible. Therefore, the Bank established a process whereby unpaid loans are effectively dealt with in a timely manner. Management makes general provisions for delinquent loans on a monthly basis, in accordance with the requirements of BDL Basic Circular No. 81 and BCC Circular No. 280. The Board receives monthly reports on the status of delinquent loans and establishes close follow up with all the concerned parties.

The following three stages are considered when treating retail delinquent loans: (1) a collection campaign through SMS and outbound calls is launched for customers with one unpaid bills, (2) first warning letter demanding payment is issued for customers with two unpaid bills, (3) second warning letter sent in case of three unpaid bills, and (4) retail lending products are automatically transferred to recovery after the fourth unpaid bill with downgrade to BDL 4 classification.

For commercial facilities, RMs/AMs and the Head of Business Units actively follow up on all the unpaid bills under the direct supervision and control of the Credit Risk Management and Credit Administration and Control Departments. All collection activities are documented in the file of each delinquent loan. Delinquent loans or excesses over limits are regularly communicated to the Senior Executive Management and pertinent credit committees for close monitoring and decisions accordingly. Decisions of downgrade and classification of the Borrowers are taken at the level of the respective Credit Committee including an impairment study.

Managing Problem Credits

The Bank establishes strict systems and policies to identify and follow up on problem loans in line with the guidelines specified in the BDL Basic Circular No. 58 and its amendments. Once the loan is identified as problematic, it is managed under a dedicated remedial function independent of the originating Business Lines. The resources, expertise and more concentrated focus of this function improve collection results. The problem loan management process encompasses at least the following elements:

Negotiation and follow-up: a proactive effort is taken in dealing with defaulting obligors to implement remedial plans, at an early stage to prevent the Bank from litigations and loan losses.

Workout remedial strategies: appropriate remedial strategies such as restructuring of loan facility, enhancement in credit limits or reduction in interest rates help improve obligor's repayment capacity in line with BDL Basic Circular No. 135 dated October 26, 2015.

Review of collateral and proceeding with an impairment test: the Bank ascertains the loan recoverable amount by marking to market the values of available collateral with formal valuation and an impairment test is performed in order to determine the specific provisions needed.

Status Report and Review: problem credits are subject to more frequent reviews and monitoring. Progress made on problem loans is reported to the Recovery Committee, including all the proposals for impairment and provisioning in accordance with the recovery progress.

Policy and Tools for the Monitoring and Recovery of Impaired Assets

The BDL Basic Circular No. 58 requires, inter alia, banks to classify loans into six categories as follows:

- Loans classified "Normal" represent loans that systematically respect all engagements and conditions relative to granted lines.
- Loans classified "Follow Up" represent loans that show some reduction in profitability and financial performance, have some missing documents, are not in full compliance with the BDL and the BCC Circulars and have been overdue for review for more than six months.
- Loans classified "Watch and Settlement" represent loans for which overdue repayments are between 60 and 90 days in arrears, show deteriorating financials or conditions of the economic sector or the country where the loans are used, rescheduled loans more than once since the date of granting, excess over limit and the customer has non-performing loans at other banks. These loans are reviewed on a semi-annual basis.
- Loans classified "Substandard" represent non-performing loans with deteriorating creditworthiness and witnessing unpaid facilities or excesses exceeding 90 days and below 180 days overdue repayment. For these classified loans, all interest and commissions are reserved and no longer recognized in the income statement of the Bank.

- Loans classified “Doubtful” represent loans that display most of the criteria of “substandard loans” albeit with a higher degree of severity. Partial specific provision should be allocated against the loans after an impairment test, taking into consideration the expected cash flow to be generated from any existing credit risk mitigants. All interest and commissions are reserved and no longer recognized in the income statement of the Bank; and
- Loans classified “Loss” represent loans that display most of the criteria of “doubtful loans” and denote a very limited or non-existent capacity of reimbursement. Full specific provision should be allocated against these loans and all interest and commissions are reserved and no longer recognized in the income statement of the Bank.

Consequently, the Bank believes that it has satisfied all the related regulatory requirements.

In line with BDL Basic Circular No. 81 revised December 24, 2014, BCC Circular No. 280 dated January 02, 2015, which refer to BCC Memo 14/2009 dated October 16, 2009 and BCC Memo 15/2013 dated December 12, 2013, the Bank has amended its own model to set out retail specific and collective provisions based on the new requirements, whereas non-retail collective provision level are based on six-year historical credit loss information, which is verified by the External Auditors. The Bank periodically reviews the SME and Corporate loan portfolio and allocates specific provisions for loans. This exercise covers incurred losses for credit activity of Group CL.

RISK MANAGEMENT DUTIES ARE CARRIED OUT THROUGH AN INTEGRATED STRATEGIC RISK PLANNING AND PROCESS REVIEW, SUPPORTED BY SOUND RISK MANAGEMENT PRACTICES AND EFFECTIVE FRAMEWORK.

In line with BCC Circular No. 280, the Bank allocated at least the following percentage of specific and collective provisions based on the net outstanding amount of retail loans as per the table below:

Minimum	Past Due Days	BDL Supervisory Classification	BDL Supervisory Description	Housing Loan	Car Loan	Credit Cards Loan	Other Retail Loan
Collective Provision	0 - 30 Days****	1	Normal	**	0.5%	0.5%	0.5%**
	31 - 60 Days	1 / 2	Normal / Follow up	---	15%	25%	15%
	61 - 90 Days	3	Watch and Settlement	---	20%	35%	25%
Specific Provision***	91 - 120 Days	4	Substandard	---	30%	40%	35%
	121 - 180 Days			---	40%	50%	50%
	181 - 360 Days	5 / 6	Doubtful / Loss	25%*	50%	100%	100%
	1 - 2 Years			50%*	100%		
	2 - 5 Years			100%*			
Above 5 Years	100% of the outstanding regardless of the value of the mortgage						

* Provisions are calculated on a net outstanding housing loan amount after deducting the value of the real estate securing the loan or 60% of the fair value of the mortgage, whichever is lower

** Excluding housing, student and education loans

*** Accrual of interest is ceased

**** As per article 7.4 of BCC 280, the Bank is required to: (i) set aside collective provision of at least 0.25% of retail loans past due 30 days or less by the end of 2014, (ii) 0.5% by the end of 2015, (iii) 1% by the end of 2016, and (iv) 1.5% by the end of 2017

In addition, the Bank sets aside general reserves in LBP of at least 1% of net outstanding retail loans past due 30 days or less by the end of 2015 after excluding the related amount of the collective provision, and (ii) will increase this percentage by 0.5% annually over the next six years starting in 2015. Housing, student and education loans are excluded from retail loans when calculating the general reserves for the retail loan portfolio. The general reserves are deducted from the net profit and included in Common Equity Tier 1 capital.

Moreover, the Bank sets aside general reserves in LBP of at least 0.5% of net outstanding performing non-retail loans by the end of 2015 after excluding the related amount of the collective provision, and (ii) will increase this percentage by 0.5% annually over the next three years starting in 2015. Non-retail loans for which the BCC has requested the allocation of provisions and credits granted against pledged securities are excluded from non-retail loans when calculating the general reserves for the non-retail loan portfolio. The general reserves are deducted from the net profit.

In addition to the BCC's periodic reviews, the Bank's external and internal auditors conduct an annual review of the Bank's loan portfolio, and provide recommendations for allocation of additional or new provisions.

With reference to the BDL Basic Circular No. 50 dated October 15, 1998, the Bank maintains, on an annual basis, a general reserve, which is included in Tier 1 Capital and charged against net profits, for unspecified risks of an amount equal to a minimum of 0.2% and a maximum of 0.3% of the Bank's total RWA, as determined with reference to the BDL's capital adequacy requirements. This reserve is required to reach 1.25% of RWA, at the end of the tenth fiscal year and 2% of RWA, at the end of the twentieth fiscal year, which the Bank is in compliance with.

Settlement Risk

Our trading activities may give rise to risk at the time of settlement of those trades. Settlement risk is the risk of loss due to the failure of the counterparty to honor its obligations to deliver cash, securities or other assets as contractually agreed.

For many types of transactions, we mitigate the settlement risk by closing the transaction through a clearing agent. Acceptance of settlement risk requires approval from the Financial Institutions and Country Credit Committee.

Environmental and Social Risks

The Bank continuously endeavors to ensure effective Social and Environmental Management practices in all its lending activities and seeks to effectively manage and mitigate environmental and social risks in the projects they finance.

International Finance Corporation (IFC)

CL Group is directed by its agreement with the IFC to adhere to sound banking principles and promote the full range of its activities in environmentally and socially reliable developments. The Bank addresses this mandate and its general principles by ensuring that all loans granted to customers undergo environmental and social appraisal along with the financial, economic and legal analysis of customers prior to granting any facilities.

Social and Environmental Management System (SEMS)

The Credit Risk Management has developed the SEMS with the basic objective of ensuring that the environmental and social implications of a potential customer are identified and assessed early in the Bank's planning and decision-making process and that these environmental considerations are incorporated into the preparation and approval of facilities. The procedures outline how the Bank incorporates these objectives into its overall appraisal process and, during implementation, at a practical level. The procedures summarize the nature of environmental appraisal and monitoring activities undertaken during the different stages of a project life cycle and the responsibilities for carrying them out. The purpose of such procedures is to improve the decision-making process and to ensure that the loan under consideration is socially and environmentally sound and sustainable.

Market, Financial Institutions and Country Risk Management

Market Risk Management

CL Group is exposed to market risk through its trading activities, which are carried out both for customers and on a proprietary basis. The overall objective of managing market risk is to avoid unexpected losses due to changes in market prices and to optimize the use of market risk capital. The Bank manages these potential exposures on a daily basis within pre-defined limits for each of the major types of market risk established within the Bank's policies and commensurate with the risk appetite approved by the Board.

Interest Rate Risk

The interest rate risk the Bank is exposed to in its banking book is assessed from both, the net interest income (NII) and the economic value of equity (EVE) perspectives using interest rate re-pricing gap analysis according to the BCC Circular No.250 dated May 23, 2006 and duration gap analysis on stand-alone and consolidated levels. On the other hand, the management of interest rate risk in the trading book is achieved through mark-to-market, limit establishment, exposure and sensitivity analysis. CL Group's interest rate risk positions are monitored by the Market Risk Management department and the Treasury department. Hedging strategies are used to ensure positions maintained within established limits. One of the principal objectives of CL Group is to optimize net interest income. In order to manage this risk optimally, the function is under the supervision of the Group Asset and Liability Committee (ALCO), which regularly monitors all interest rate risk positions and ensures they comply with interest rate risk limits.

Foreign Exchange Risk (Currency Risk)

Non-trading currency risk derives from the Group's investments in overseas subsidiaries, associates and branches. In line with the local regulatory requirements, Credit Libanais does not maintain material non-trading open currency positions, other than the structural foreign currency translation exposures arising from its investments in foreign subsidiaries and associated undertakings and their related currency funding.

Credit Libanais applies various hedging strategies to manage and minimize adverse effects arising from these exposures. The policy requires structural and capital ratio foreign exchange positions to be reviewed regularly by the Group Asset and

Liability Committee (ALCO). The Bank is allowed to hold a net trading position not exceeding 1% of its net shareholders' equity, as long as the global foreign position does not exceed 40% of its net shareholders' equity as per the BDL Basic Circular No. 32 dated April 24, 1997.

Equity Position Risk

The Bank has established a comprehensive transaction and position based limits framework against which regular monitoring is performed. CL Group sets tight limits on equity exposures and the types of equity instruments that traders are allowed to take positions in as part of the Investment Policy.

Liquidity Risk and Funding Management

The Bank's Liquidity Risk Management Policy establishes specific liquidity gap limits and includes cash flow projections and emergency funding mechanisms. The monitoring and control of liquidity risk is established on an ongoing basis and involves balance sheet ratio analysis and the measurement of the cash flow gaps and stress positions. In accordance with the BDL circulars, the ratio of net liquid assets to deposits and commitments in foreign currencies and Lebanese Pounds should not be less than 10% and 40%, respectively. In addition, the BDL imposes that the Bank's loan to deposit ratio does not exceed 70% and that net foreign currency liquidity over the Bank's Liabilities should be no less than 10%, noting that the Bank complies with those ratios. Moreover, the Bank is abiding with the Liquidity Coverage Ratio (LCR) and Net Stable Funding Ratio (NSFR) as required by the Basel III framework.

Financial Institutions Risk Management

The Financial Institutions' Credit Risk strategy, policies and procedures serve as a basis for the Financial Institutions standard credit presentation and review. The Bank defined a framework and an action plan for activities with Banks and Financial Institutions in which credit risk is inherent and has set the criteria for risk acceptance and the guidelines followed in the FI Risk Management process. The key objective behind the Financial Institutions Risk Management function is to assess, independently from correspondent banking initiating Business Lines, the inherent risks with specific Banks and Financial Institutions and how they are mitigated. A Financial Institutions Risk Administration Unit has been established, and has the responsibility of following-up and monitoring the relationships of the Bank with its financial counterparties.

Country Risk Management

To effectively control the level of risk associated with international activities, CL Group has a Risk Management process that focuses on the broadly defined concept of Country and Cross border risks. A sound Country Risk Management process includes oversight by ALCO and Country exposure limits. Limits reflect several considerations, including the country's risk rating and the Bank's appetite for risk.

Operational Risk Management

Operational Risk Governance Framework

The Bank has established the roles and responsibilities of the below three lines of defense:

- The first line of defense is Business Line management, which is responsible for identifying and managing the risks inherent in the products, activities, processes and systems for which it is accountable.
- The second line of defense responsibilities that are assigned to the Operational Risk Management Function (ORMF) include challenging the business units' inputs to, and outputs from, the Bank's operational risk management tools, operational risk measurement activities, and operational risk reporting systems.
- The third line of defense is an independent review and challenge of the Bank's operational risk management controls, processes and systems. The internal auditors perform these reviews. They are competent, appropriately trained, not involved in the development, implementation and operation of the ORMF and independent of the process or system under review.

Operational Risk Management Function

The ORMF has a reporting structure independent from the risk generating Business Lines and is responsible for the design, maintenance and on-going development of the Operational Risk Framework within the Bank. This function includes the operational risk measurement and reporting processes, risk committees and responsibility for Board reporting. The ORMF has direct access to internal audit findings.

Operational Risk Management Environment

Identification and Assessment

Senior Executive Management ensures (i) the identification and assessment of the operational risk inherent in all material products, activities, processes and systems to make sure the inherent risks and incentives are well understood; and (ii) that there is an approval process for all new products, activities, processes and systems that fully assesses operational risk.

Monitoring and Reporting

Senior Executive Management implements a process to regularly monitor operational risk profiles and material exposures to losses. Appropriate reporting mechanisms are in place at the Board, Senior Executive Management, and Business Line levels that support proactive management of operational risk.

Control and Mitigation

The Bank has a strong control environment that utilizes policies, processes and systems, appropriate internal controls and appropriate risk mitigation and/or transfer strategies. Typical practices to control/mitigate operational risk in CL Group include the following:

- control processes and procedures that include a system for ensuring compliance with policies;
- traditional internal controls that address operational risk;
- risk management policies and activities to identify, measure, and manage technology risks;
- risk management policies and activities that encompass outsourcing; and
- consideration for the use of risk mitigation including insurance.

During 2015, the Operational Risk Management Department (ORMD) continued its operational risk assessment and monitoring of the new core banking system Equation, ensuring adequate control environment, in addition to the Risk Control Self-Assessment (RCSA) process conducted at Departments/Units levels, aiming at reviewing jointly with the assessed Department/Unit the quality of the business processes, the effective controls in order to decide on a plan of action needed for mitigation of inherent business risks and improvement of the operational risk control process.

Throughout 2015, the ORMD continued to further build a suitable infrastructure for the Operational Risk Management (ORM) framework through: i) identification and assessment of the Operational Risks inherent in all material products, activities, processes and systems, ii) active participation in projects launched by the Bank; iii) review and assessment of CL Group procedures and operational manuals; iv) monitoring critical P&L accounts, v) analysis of MIS and periodical reports received from the Bank's units / departments vi) issuance of operational risk assessment case analysis recommending corrective measures in remedy to high risks, vii) collection, analysis, monitoring and follow-up on operational risk weaknesses to improve and viii) conducting training and risk awareness sessions on Operational Risk Framework.

Disclosures

The Bank's public disclosures allow stakeholders to assess its approach to operational risk management.

Policies and Procedures

The ORM Policies and Procedures include the tasks performed at the ORMD, mainly: (i) Loss Data Collection and Analysis; (ii) Data Loss Reconciliation and Analysis of internal periodical reports received; (iii) Review and assessment of Procedures, Retail Lending Products criteria, Business Requirements, Processes and Systems; (iv) Active participation in new projects implemented in the Bank including assessment and validation of business requirements ensuring covering all the operational, technical and internal controls on systems; (v) generation of ORM reports and follow-up on operational risk cases analyzed and issued for remedial actions with concerned Business Units; (vi) ORM reporting to Senior Executive Management; (vii) Risk Control Self-Assessments; and (viii) Key Risk Indicators Methodology.

Internal Loss Data Collection and Analysis

In line with the BCC Circular No. 252 dated September 14, 2006, the ORMD developed procedures, under which it launched the collection process on operational loss events / probable events / near misses and provided the Business Lines with supporting guidance and a standardised template to ensure a consistent approach. So far, this has resulted in building up an ample operational risk database. The resulting financial losses are being mapped within the seven loss events and the eight Business Lines of the Basel II accord. Operational risk management coordinators were assigned throughout the Bank to assist line management in fulfilling this responsibility and to act as the eye and ear of the ORMD. Extensive training sessions are periodically provided to the Operational Risk coordinators to improve the ORM environment and disseminate the risk culture.

Incidents, which are reported, are analyzed and fed into a risk map also originating from other sources such as Risk Control Self-Assessments, Key Risk Indicators or audit reports, are used as a tool to follow-up on outstanding issues and as the basis for reporting Operational Risk to Senior Executive Management and the Board.

Risk and Control Self-Assessments (RCSA)

The Bank is implementing a number of programs and tools to support line management. These include RCSA which is a structured approach that helps line management to identify and assess inherent risks in their existing or new products, processes, activities or systems and take mitigating actions for risks which are rated high or medium or decide on transfer of the risks where possible. RCSA missions consisting of questionnaires and workshop sessions, typically evaluate inherent risks (the risks before controls are considered), the effectiveness of the control environment and residual risks (the risk exposure after controls are considered). Scorecards build on RCSAs by weighting residual risks to provide a means of translating the RCSA output into metrics that give a relative ranking of the control environment.

Key Risk Indicators (KRIs)

The ORMD identifies and develops appropriate Key Risk Indicators (KRIs) that provide management with early warning signals of Operational Risk issues, which are primarily a selection from a pool of operations/control indicators identified and tracked by various functions of the Bank on a periodic basis and are considered to be relevant for the management of tracking and escalation triggering.

Operational Risk Capital Requirements

As per the BDL Basic Circular No.104 and the BCC Circular No. 257, the capital charge required to cover the Operational Risk is calculated using the Basel II Basic Indicator Approach (BIA).

Information Security Risks

The Information Security Team managed to safeguard CL Group "Information Asset" and in particular the IT Environment against numerous cyber-attacks by setting several security objectives at the beginning of the year and making sure that all of them are properly met.

To note that these objectives were aligned with international security standards "ISO 27001" and "PCI-DSS".

With respect to the general policy affirming that the security is the responsibility of each and every member, Information Security Team achieved the following objectives with the collaboration of all divisions and team members of the Bank and subsidiaries:

- reviewed and maintained CL Group information security policies and procedures;
- achieved prestigious and honorable security certifications, and earned the following accreditations: (i) Certified Information Systems Security Professional (CISSP), (ii) ISO PECB certified trainer, (iii) ISO 27001 Risk Manager, and (iv) ISO 27001 Lead Auditor;
- maintained PCI-DSS certification for subsidiaries;
- developed comprehensive security awareness program; and increased the security awareness of CL staff members in different key areas and topics by publishing the security awareness course online and requested staff member to attend;
- devised additional security standards for new applications and platforms and pursued IT team to implement them;
- created, managed and maintained the access rights of CL employees on Equation core banking application and managed all access right to critical applications for CL Group;
- automated several security processes to increase the efficiency and minimize the response time;
- created database consisting of logs and data entries intended to analyze threats, if any, to remediate promptly and efficiently;
- conducted several security assessments for various applications, devices and operating systems which enhanced and increased their security posture;
- enforced the implementation of the patch management which reduced the vulnerabilities and weaknesses of the IT environment;
- applied and maintained security countermeasures on CL ATMs;
- safeguarded CL Group from cyber-attacks and from virus threats; and,
- kept the findings of the internal and external IT auditors to minimum for CL Group and mitigated them promptly.

The year 2015 was a fruitful year for CL Group from information security perspective. In fact, the Group increased its security posture, did not encounter any uncontrolled cyber threats or major security incidents. Moreover, the Group managed to maintain the PCI-DSS certification for the Bank and its subsidiaries.

Business Continuity Planning

At Credit Libanais, Business Continuity and Resilience are key levers to ensure the continuity of operations under adverse conditions. Our approach to Business Continuity is compliant with leading Business Continuity Management standards and Central Bank regulations; it is compatible with the strategic orientation of the Bank that consists among others in continuing to serve our customers in any circumstances and safekeeping the Bank's pivotal role in the national economic activities. This means that Business Continuity does not exist as an isolated practice within the Bank, totally separated from its business; quite the contrary, Business Continuity is supporting the achievement of the Bank business goals and is an integral part of both the Bank's strategy and the routine operations.

A great emphasis is put on the participation of Senior Executive Management in managing Business Continuity from defining the general objectives, assigning the required roles and responsibilities, and providing required financial, human, technical and other resources. Senior Executive Management is undertaking a very active role – not only by conducting the activities already mentioned, but also by communicating the purpose and importance of Business Continuity; consequently our Business Continuity program has reached a satisfactory level of maturity through the involvement and commitment of Senior Executive Management and staff.

Our approach to Business Continuity is also characterized by the following:

- The Bank is working on identifying on continuous basis who are the interested parties related to Business Continuity, and what is expected from them.
- The Bank has developed and is maintaining a comprehensive Business Continuity strategy based on the results of business impact analysis and appropriate continuity options selected accordingly, such as: a) recovering failed systems within their recovery time objectives; and b) securing the necessary resources. The strategy includes: a) the implementation of suitable preventive and other risk mitigation approaches to minimize the possibility and/or severity of incidents; b) continuous validation of the plans through exercising and testing; and c) maintaining all the needed resources, including people availability and readiness, thus ensuring overall preparedness.
- The Bank has implemented a continuous awareness program, systematically explaining how Business Continuity can help both the Bank and its employees, motivating them to behave accordingly and thereby gradually changing corporate culture towards the resilience mindset.

In addition to the above and with the recent convergence of all CL Group head office activities to the new CL tower in Adlieh during 2015, the Bank has: a) restructured, reorganized, and outfitted all its contingency sites accordingly and b) put in place an effective emergency response plan tailored for high rise building using best practice methodologies and equipment and based on the building smart infrastructure in order to manage the overarching priority of any emergency response that is to ensure the safety of People.

Finally, Credit Libanais was and is still committed to ensuring continuity of critical businesses and functions, in order to protect the bank's assets and all stakeholders' interests, safeguard revenues, improve investors and customers' security, and sustain confidence.



MOVING FORWARD

WITH HIGH ETHICAL STANDARDS AND PRINCIPLES

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Corporate Responsibility

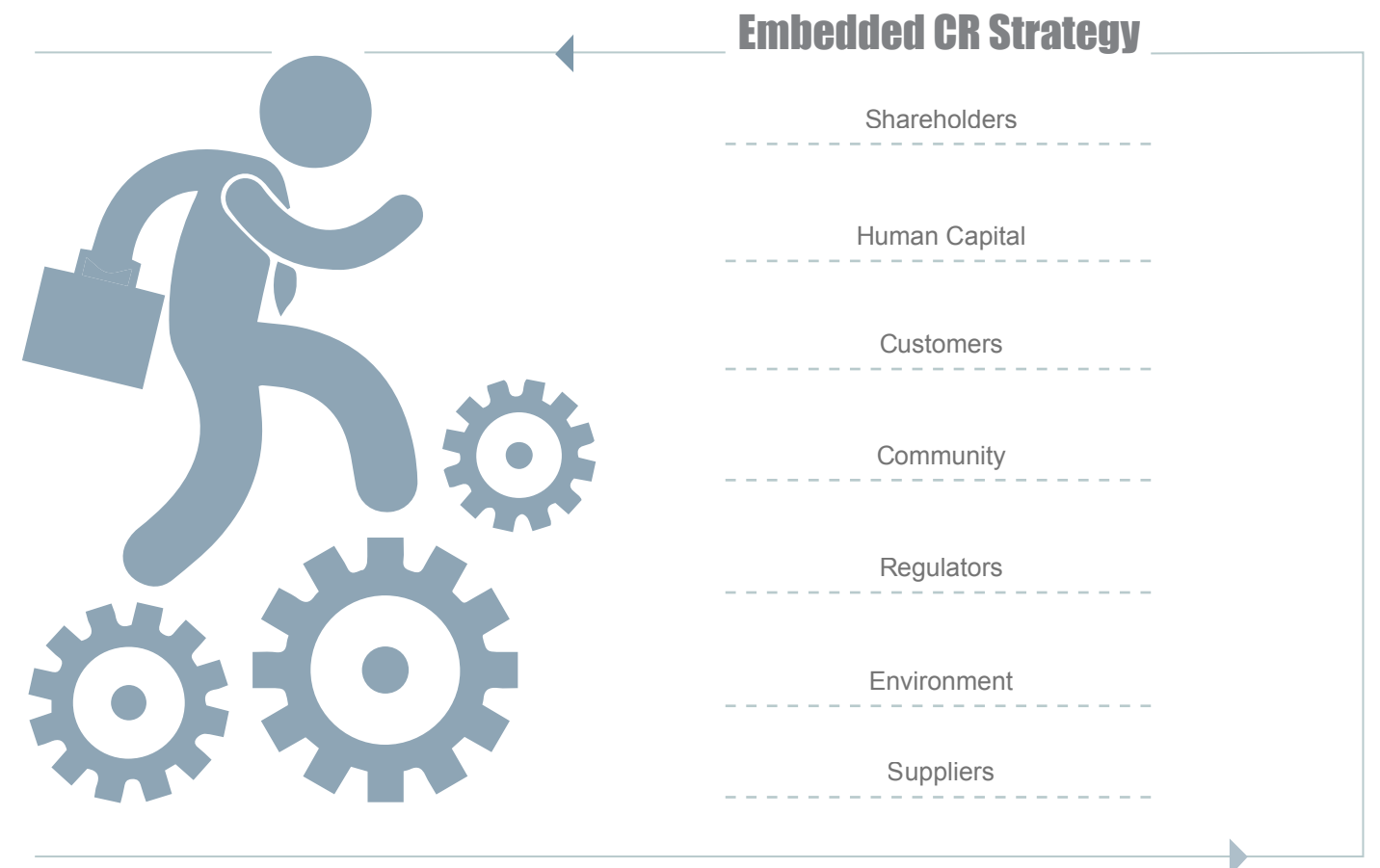


Corporate Responsibility and CL Strategy

As a leading financial institution, we are conscious of our important role in the societies and are committed to our Corporate Responsibility towards customers, employees, communities and the environment, and aim to remain one of the best corporate accountable citizen and a source of major wealth creation where we operate.

Our Core Values are defined by high standards of ethics and integrity, respect of human and labor rights, as well as national and international banking regulations and best practices.

Founded in Beirut in 1961, Credit Libanais Group is today a leading universal group with total assets reaching USD 9.9 billion providing a full range of banking services, with a well-established domestic business franchise. Headquartered in Adlieh (Beirut, Lebanon), CL Group serves some 300,000 customers across its network of 73 local and foreign branches and employs a workforce of 1636 employees. We operate in Lebanon, Cyprus, Bahrain, Senegal, Iraq and Canada.



In 2015, Credit Libanais officially joins the UN Global Compact

On November 6, 2015 Credit Libanais officially joins the United Nations Global Compact, the world's largest corporate responsibility initiative with over 8000 business and 4000 non-business participants in 170 countries.

The UN Global Compact Ten Principles encompass the following areas that touch the day-to-day operations:

The UN Global Compact's ten principles



HUMAN RIGHTS

Principle 1: Businesses should support and respect the protection of internationally proclaimed human rights; and
Principle 2: make sure that they are not complicit in human rights abuses.



LABOUR

Principle 3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;
Principle 4: the elimination of all forms of forced and compulsory labour;
Principle 5: the effective abolition of child labour; and
Principle 6: the elimination of discrimination in respect of employment and occupation.



ENVIRONMENT

Principle 7: Businesses should support a precautionary approach to environmental challenges;
Principle 8: undertake initiatives to promote greater environmental responsibility; and
Principle 9: encourage the development and diffusion of environmentally friendly technologies.



ANTI-CORRUPTION

Principle 10: Businesses should work against corruption in all its forms, including extortion and bribery.

Corporate Responsibility and Corporate Governance

Based on a solid foundation of openness, transparency and accountability, our corporate governance contributes to a safe and sound banking system that fosters trust as well as customer and shareholder value.

Board Commitment to Corporate Governance

Credit Libanais recognizes the responsibility of the Board for setting the tone of a corporate culture of integrity and compliance across all layers of our organization.

Code of Corporate Governance

CL commitment to corporate governance has four key elements: good relations with shareholders; effective cooperation between the management and BOD; a system of performance-related compensation; and transparent and timely reporting. Effective governance processes are detailed in the Code of Corporate Governance as per BDL circulars and the guidelines of the Association of Banks in Lebanon.

Remuneration Policy

Our remuneration policy reflects CL's objectives for good corporate governance. In line with the Central Bank requirements set out in the basic circular # 133 dated 6 August 2014, the remuneration policy and procedure was prepared and validated by the HR and Training Committee in December 2014 prior to its submission to the CGNHRR committee for approval on the 20th of January 2015. In their meeting held in March 2015, the Board of Directors reviewed and approved the remuneration policy and procedure.

Preventing Financial Crime

Credit Libanais is firmly committed to fighting crimes of money laundering and financing of terrorism in accordance with national and international rules and regulations. We believe that financial crime prevention is not only the responsibility of the Group's dedicated compliance officers, but also the duty of every staff member in each area of activity. We have clear policies, procedures and rules of good conduct in place, to prevent money laundering and the financing of terrorism in all jurisdictions where the Bank operates, to protect our reputation.

Fighting Corruption

CL Group strives to be an open and honest business, and we value the free flow of information. As stated in CL Employee Handbook, the Bank encourages all stakeholders to report any dishonest or illegal activity (violation of a law, rule, regulation, fraud, corruption) occurring at the Bank. CL prohibits retaliation of any kind against individuals who made reports in good faith or complaints of violation of the business ethics.

Transparency in Procurement

Purchases are made based on a bidding call, which are presented to bid committees, screening committees, compliance committees and delivery acceptance committees. The installation of this purchasing system several years ago allowed the Bank to give equal opportunities to suppliers based on the quality of their goods and services, while ensuring that we receive best quality over price ratios. Suppliers must therefore have sound implementation strategies and conduct their business responsibly.

Corporate Responsibility and People Capital Optimization

Employees

CL People policy consists of improving the capability and commitment of our strongest assets, our employees, to drive sustainable high performance, while helping them thrive and achieve their goals. In line with this strategy, we further built on the performance management system as well as the learning and development programs to help them acquire new competencies to proactively address customers' needs for solutions and advice. We further encourage transparency and open lines of communication to ensure that our people clearly understand the purpose, strategy and values of the Bank. By complying with our standards of conduct in business activities, our employees reinforce Credit Libanais reputation, image and success.



CL Group workforce



Women
in the workforce



University
Graduates

Open Channels of Communications

To ensure an adequate communication of corporate news among CL Group's employees and facilitate top-down and bottom-up communication, the Corporate Publishing department ensures the publication of the Group's newsletter in two languages: Arabic and English. The goal of this internal publication is to disseminate informative, argumentative, educative, financial and economic articles among staff members. It also features financial education articles, CR initiatives, staff latest news as well as various events.

The Corporate Publishing department also ensures the preparation of the Annual Documentary broadcast during the Staff Annual Ceremony as well as the timely publishing of the Annual Report and other corporate publications. Moreover, CL Group staff regularly receives updates related to the latest developments in the banking industry through the FX and Market Snapshots, Weekly Market Watch, Monthly Economic Wrap, and CL Indices. This plethora of information is communicated via various internal and external e-channels.

The Work Environment and Employee Satisfaction

In order to meet our business objectives, CL Group is committed to ensuring a pleasant, stimulating and attractive workplace for employees. Managers are responsible for creating a good work environment in their departments and branches to reinforce the employees' perception of Credit Libanais image.

Employment Opportunities, Organic Growth and Recruitment

We strive to support diversity at CL Group and ensure equal opportunities for all staff. This policy governs all aspects of employment and career advancement: selection, job assignment, compensation, discipline, termination, and access to benefits and training. Any employee concerned about any type of discrimination in the workplace is encouraged to raise these issues with their immediate supervisor or with the recruitment and evaluation department at the Human Resources division. We also continue to encourage internal recruitment for more senior positions as a Group strategy for promoting organic growth. Moreover, CL Group is present in job fairs with major local colleges and universities to attract the best diverse talents to the Bank.

Competency Development through e-learning

We are the first Bank in the region to have implemented and benefited from the E-learning process. The usage rate competed with top companies worldwide, according to the European e-learning barometer. Flexibility is a major benefit of e-learning since it offers our staff the possibility of taking courses anytime anywhere from the comfort of their home or office. CL's e-learning program yielded excellent results; the majority of staff members are registered users. Learners' satisfaction, surveys and results are extremely encouraging.

The Bank's learning program is also based on internal and external training activities to further develop our staff competencies and working processes.

Pay for Performance

CL Group relies on a pay-for-performance philosophy, where each employee's compensation is determined by a number of factors, including the employee's individual performance, e-learning achievement, direct supervisor's feedback, to name but a few.

Honoring Best Performers

During the Staff Annual Ceremony, Credit Libanais honors star employees across the Group, based on their performance throughout the year. Different criteria are used in the evaluation process. The aim remains to use a comprehensive approach that highlights the efforts of devoted and efficient employees in view of rewarding them, since they are the Bank's most important and valuable assets.

Employee Health and Well-Being

Maintaining a healthy working environment is an important part of our efforts to create a performance culture. The health and safety of our staff is paramount to us. Regular fire drill simulations are conducted for staff and extensive training in safety and injury prevention is disseminated across the Bank. All Group entities are equipped with fire extinguishers and medical aid kits, in addition to evacuation sets distributed to wardens. Safety instruction boards and exit signs are installed in all branches and buildings. Moreover, we have successfully implemented an Emergency Response Plan (ERP) across the Group, which consists of evaluating existing safety measures, collecting detailed contact information of all staff, appointing wardens responsible for staff evacuation, and conducting trainings. The ERP is activated in case of unexpected life-threatening events that may cause physical damage and critical disruption of operations.

Employee Engagement and Volunteerism

Being a good corporate citizen, we give our employees opportunities to engage in volunteer work. For the third year in a row, Credit Libanais hosts a Blood Drive in partnership with “Donner Sang Compter”, a non-governmental Lebanese organization where collected blood units are donated to local hospitals. This campaign took place at the Bank’s new Headquarters and involved its staff from all branches, departments and sister companies and aimed at encouraging employees to give blood and join forces for a good cause. Under the slogan “A heartfelt Gift – Donate and save a life”, Credit Libanais’ employees participated in large numbers and donated generously, thus giving back to the community.



Employee Visa Global Challenge

To synergize employee engagement, Credit Libanais participated in the Visa Global Challenge, a unique learning opportunity for Visa Inc. clients and processors to apply their knowledge, skills and abilities in a fictitious marketplace to create the most profitable card portfolio. Teams battled their way through five rounds, each round representing a year in the life of a card program. Credit Libanais Cards Team reached the 8th place Worldwide and 1st in the Division (out of 132 teams in total). Way to go CL Team!

Employee Share Ownership Program

The Employee Stock Ownership Program, introduced back in 2006 thanks to the generous contribution of shareholders is a firm belief of our Group that citizenship starts internally. The Employee Stock Ownership Program serves to align employees’ interests with those of shareholders and ultimately enhance employees’ loyalty and productivity.

Team Building through Sports

CL Basketball and Mini-Football teams are composed of CL employees from various divisions and regions of the Bank. Throughout the year, tournaments and competition games are organized, and our teams compete against major teams in Lebanon. Sports teams reinforce the group spirit and bring our people closer together.

In 2015, CL football team proudly won the championship of the inter-companies foot-salle tournament. The team also reached the semi-final of the inter-bank tournament. CL football team reached and won the final game thanks to the excellent performance of CL team players, the support of fans, and the wonderful follow-up of the team’s management and coach. This achievement reinforced the high team spirit of motivated staff and fans.

To encourage staff participation in sports events, CL sponsors many events, including marathons in various Lebanese regions, triathlons, rallies, as well as a variety of tournaments. In 2015, CL staff ran for the NGO “Kunhadi” during the “BDL Beirut Marathon 2015” to increase awareness on matters of road safety and safe driving in Lebanon.



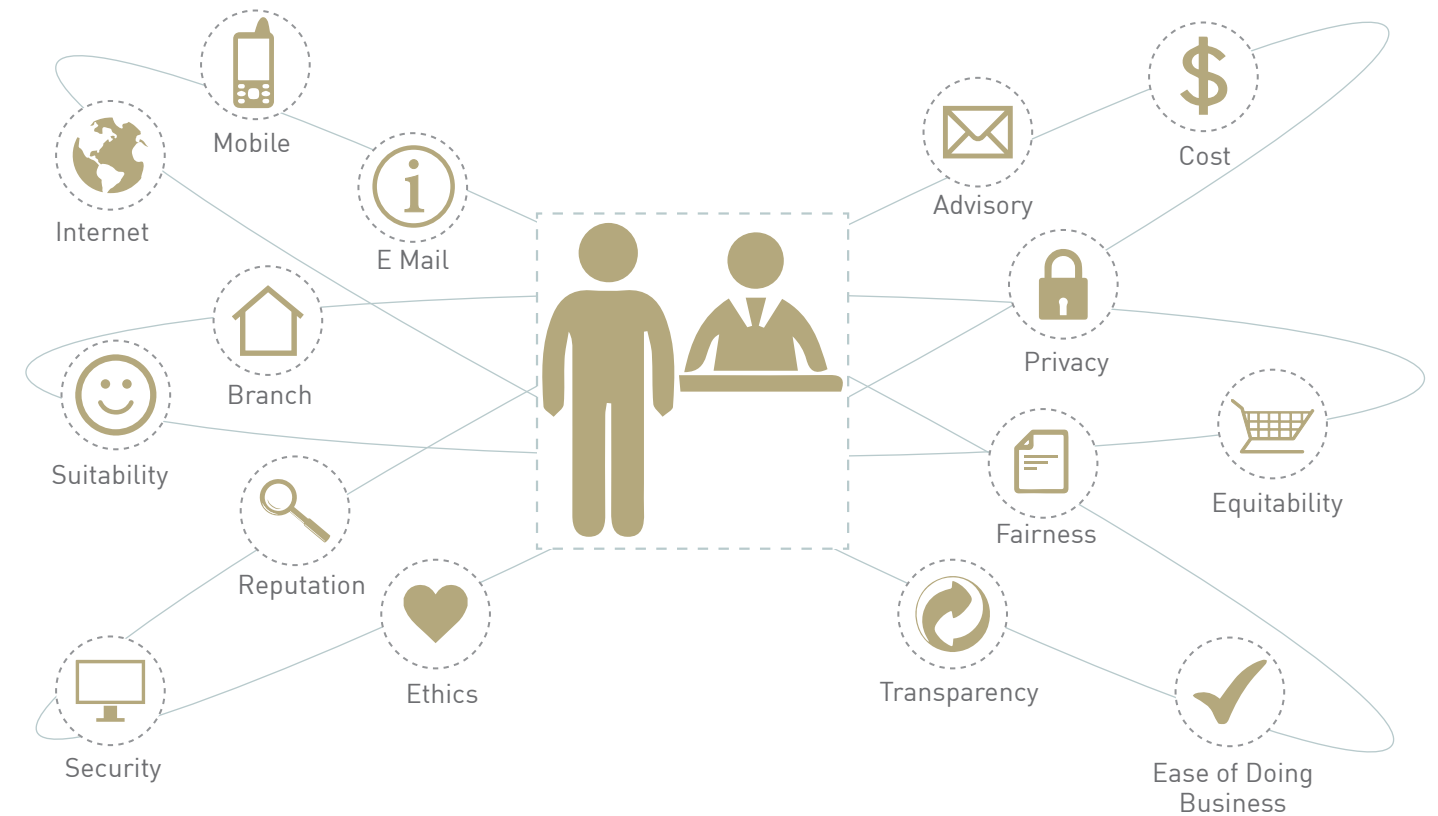
CL employee Georges Hanna ran the 42Km race for a humanitarian cause.

Corporate Responsibility and Customer Experience

In 2015, the Bank established a new Unit directly reporting to the Chairman General Manager, entrusted with the application of BDL Circular 134 and related BCC Circular 281, with regards to conducting Principles of Banking and Financial Operations with Customers. This Unit regularly reports to the Chairman GM and the BOD with regards to the implementation of said circulars and puts forth suggestions for improvements. The Unit also ensures spreading of the culture of a transparent and fair relationship with customers, through training, capacity building and enhancement of professional expertise. Staff trainings focused on matters of Customer Rights and Duties, financial awareness, adoption of standards of suitability, transparency, fairness and equitability while dealing with customers.

Enhanced Customer Experience through various touchpoints

The availability of various customer touchpoints allows customers to execute their banking transactions around the clock wherever they are. Those include the branches, ATMs, online portal, internet gateways, mobile phones, to name but a few.



Some years ago, the Bank embarked on a journey to enhance customers experience by launching the first e-payment services for built property taxes in Lebanon. The importance of this leading step dwells on the benefits provided to taxpayers, residents and expatriates, to settle their built property taxes all week long including Sundays and holidays, using their credit/debit card, in a most easy and secure way.

More leading e-services include:

Settlement of subscription fees for pharmacists over the Internet

With CL online payment services, pharmacists can pay their subscription fees online in a secure and easy way.

Settlement of subscription fees for lawyers over the Internet

With CL online payment services, lawyers registered at the Beirut Bar Association can pay their subscription fees online in a secure and easy way.

Settlement of subscription fees for Engineers and Architects in Beirut

This service has been the first of its kind in Lebanon in terms of e-payment services offered by a Lebanese bank to its customers.

Launching of e-payment services for the water subscription fees

This new service allows all subscribers to pay their water-utility fees online, in a most convenient and secure manner.

Tailored Customer Relationships

Tailored relationships with our retail, commercial and corporate customers allow us to better respond to their needs by offering them custom-made services and products.

Tailored Corporate ATM Deposit Card to Corporate Customers

Keeping pace with the latest banking technologies, Credit Libanais offers the ATM Deposit card allowing corporate customers and institutions to make ATM cash and checks deposits into a corporate account, in a safe and flexible manner. This card gives companies representatives the opportunity to deposit cash in Lebanese Pounds and US dollars, as well as checks drawn on local banks at their convenience through a number of the Bank's ATMs across Lebanon.

Customer Satisfaction

Credit Libanais has implemented a system for collecting, measuring and managing feedback from personal and business customers. We employ all relevant quantitative and qualitative research methodologies, including surveys delivered through online, mobile, and phone channels in addition to qualitative focus groups. We also conduct mystery shopper campaigns and advertise our electronic inbox for complaints to make it easier for customers to reach us. A more sophisticated method of familiarizing our customers with the highest levels of customer service is the use of courtesy campaigns regularly conducted by CL Customer Service Center. In 2015, a special section on the corporate website has been devised to ensure more transparency and easier communication of customers' complaints and feedback.

Corporate Responsibility and the Communities

Credit Libanais Group believes in its fundamental role in society and its responsibility to create a long-term value for all stakeholders. Safeguarding our culture and protecting our heritage and family values is vital to maintaining our unique identity.



To materialize our sustainability strategy, we support:

Economic growth in communities where we do business.

Initiatives that help build well-being, wealth and capacity.

Resources to promote economic self-sufficiency.

Educational and Academic Events

We constantly contribute to university and school events that aim at offering professional guidance and presenting different employers to students. CL is regularly present at major events such as job fairs and forums that were held in various universities across Lebanon.

Professional Conferences

To encourage exchange of new developments among peer professionals and reinforce channels of communication in various industries, we sponsor many a conference over the course of the year, encompassing a variety of sectors such as banking, economic, medical, social, financial and many other aspects of the Lebanese dynamic society.

Cultural and Heritage Events

CL supports music and cultural festivals organized in various Lebanese cities and towns throughout the seasons, in view of encouraging arts, reviving traditions and preserving our unique heritage. We sponsor several cultural activities that bring us closer to our communities and enable us leverage our partnerships with them, thereby doubling the rewards. By helping them prosper, Credit Libanais prospers as well.

Philanthropy

Our selected contributions to professional, educational, sports, cultural and social activities have positively impacted the communities we work in and by the same token, boosted CL's image in various Lebanese regions and towns.

Corporate Responsibility and Responsible Financing



Credit Libanais Group always seeks sustainable investments in view of maximizing financial returns while achieving social and environmental good. We remain committed to regularly reviewing our credit facilities granting processes in view of securing profitable incentives for the Bank while alleviating our footprint and that of our customers and/or communities.

Responsible Financing

We strive to constantly assure customers that their funds are not invested in companies that violate internationally recognized principles in the areas of human rights, employee rights, the environment and anti-corruption.

Banking Inclusion Strategy

Part of our responsibility towards our community is to support financial inclusion to ensure that everyone has access to financial services. In this perspective, Credit Libanais further builds on its banking inclusion strategy to reach out to an increasing number of Lebanese in towns and remote areas across Lebanon, at an affordable cost.

While domiciling employees' salaries at our Bank enables the private and public sectors to easily pay employees through a bank account, such a procedure usually reduces operating costs and boosts the efficiency of institutions. Consequently, new account holders cash their salaries at Credit Libanais and have access to a variety of banking products and services.

Focused Public Sector Initiatives

In a move towards facilitating the banking experience of public sector servants and enhancing the financial inclusion ratios, special retail loans (car, personal, housing) targeting the Lebanese Army and Internal Security Forces are specially designed to that purpose.

A Special Housing Loan Protocol signed with the Beirut Bar Association

This protocol aims at providing housing loans at preferential interest rates to lawyers registered with the Beirut Bar Association, enabling lawyers to acquire or build a primary residence in Lebanon.

A Special Housing Loan Protocol with the Lebanese Customs Authorities

This protocol aims at providing housing loans at preferential interest rates to Lebanese Customs officers and agents, according to the Protocol signed with our bank.

Facilitating Access to Capital through Lending Partnerships

We have partnered with international lending institutions with a view to providing access to affordable capital to wider segments of our communities. Such partnerships may be in the form of risk sharing, capital allocation or guarantees. Whenever possible, we try to match these funds with existing subsidies in the Lebanese market in order to lower the cost of borrowing for our customers.

Building Capacity through Micro-Finance

Very small loans are the building blocks on which people rely to earn their living. To this end, Credit Libanais partners with numerous local, regional and international agencies to make the financing of very small businesses also possible within the Lebanese economy.

Offering Attractive Facilities to SMEs

Credit Libanais has long partnered with Kafalat national institution to offer subsidized loans to small and medium businesses, as well as a number of institutions specialized in Micro Finance. We believe that the right financing helps SME customers start up or expand their businesses. Moreover, Credit Libanais has contracted a line of credit and a credit risk sharing agreement with the International Finance Corporation (IFC) to make affordable lending available to a wider segment of customers. Continuous new financing schemes are devised according to new circulars issued by BDL to stimulate start-up businesses and the local economy.

PART OF OUR RESPONSIBILITY TOWARDS OUR COMMUNITY IS TO SUPPORT FINANCIAL INCLUSION TO ENSURE THAT EVERYONE HAS ACCESS TO FINANCIAL SERVICES.

Corporate Responsibility and the Environment

Social and Environmental Management System (SEMS) in credit assessment

In collaboration with the International Finance Corporation (IFC), Credit Libanais created and adopted a tailor-made Social and Environmental Management System (SEMS) that consists of assessing the environmental and social risks and opportunities arising from customers' business activities.

Environmental Considerations and the International Finance Corporation (IFC)

Through our agreement with IFC, we strive to enhance and adhere to sound banking principles and promote an environmentally and socially reliable development across the full range of our activities.

Environmental Considerations and the European Investment Bank (EIB)

All projects financed by the Bank through the European Investment Bank (EIB) are also required to be acceptable in environmental terms. Credit Libanais is in full acceptance and adherence with the EIB's environmental objectives, namely to:

- ⌘ Preserve, protect and improve the quality of the environment.
- ⌘ Protect human health, in relation to the environment.
- ⌘ Ensure the prudent and rational utilization of natural resources to conserve nature.
- ⌘ Promote measures to deal with regional or worldwide environmental problems, notably climate change and access to potable water and sanitation. In doing so, both banks apply the principles of "prevention", "precaution" and "polluter countries", as embedded in the European Community policy.

In this perspective, all projects requesting financing from the EIB have to comply with the Environmental Survey covering both the environmental and the social impact of the project being financed.

Environmental Sustainability and Green Products

Credit Libanais weighs the importance of regularly reviewing and updating its lending strategies to align them with industry standards in terms of Social and Responsible Investment (SRI). Our strategy centers around three priorities:

- ⌘ Reducing the intensity of our environmental footprint.
- ⌘ Promoting environmentally responsible business activity.
- ⌘ Offering environmental products and services.

In line with the Central Bank's recommendations and recently issued circulars, we provide green facilities to fund projects that have a positive environmental impact. Projects encompass eco-friendly initiatives in Lebanon, such as green architecture and ecological ventures, implementation of renewable energy, wind power, solar water heating panels, energy saving lighting systems, tiles cladding, and eco-bricks. Loans are granted at competitive interest rates and for long terms, as a token of Credit Libanais' commitment to the planet and a step towards green banking.

An Ecofriendly Working Environment

CL Group's recently-executed landmark 32-story Head Office Tower in Ashrafiieh responds to the latest trends in construction and utilization sustainability.

At CL Group new Head Office Tower, special attention has been given to using environmentally friendly construction materials, taking into account the use of renewable energy sources for future daily utilization. Considerations such as efficiently using energy, water, and other natural resources, reducing waste, pollution and environmental degradation were also been given broad attention in all phases of the project, from design to commissioning. Those considerations are reflected in the green :



A green Tier III Certified Data Center

CL Group main data center is about 450 m² with 120 kW of net IT load and is designed to handle all the functions of the Bank. An additional 350-m² space hosts the sister company Credit Card Management (CCM), which has a dedicated server room within CL data center.

The main data center environment is water cooled at relatively high temperatures, which greatly increases the efficiency and reduces cost.

CL Tier III data center features are summarized as follows:

- ❑ Chilled water-cooled white space. The chilled water system significantly increases efficiency and running costs.
- ❑ The chiller compressors and pumps optimize energy consumption based on actual demand.
- ❑ A special variable primary chilled water system further reduces energy expenditures.
- ❑ Computer room air conditioning units reduce energy consumption.
- ❑ Cold air containment enhances the overall system efficiency.
- ❑ The fresh air for the data center is centrally pre-treated with an energy recovery unit.
- ❑ Associated office space is air conditioned by a VRV (variable refrigerant flow) system for high efficiency and lower energy expenditures. The system interfaces with the BMS (Building Management System) for scheduling and centralized parameterization to avoid operation during unoccupied periods.
- ❑ The latest VRV system technology provides cooling to the office space
- ❑ Re-circulated air from offices ventilates the UPS/battery room through transfer fans, which reduces the amount of treated fresh air.
- ❑ Modular UPS systems adjust capacity to actual IT loads. The lighting is switched by a lighting control system that includes automatic motion sensors and centralized parameterization and scheduling to avoid operation during unoccupied periods.
- ❑ The BMS (Building Management System) integrates all subsystems, either directly or via SNMP (Simple Network Management Protocol), KNX, and Data Center Infrastructure Management (DCIM) controls. The system allows an overall insight on the operations of the data center, monitoring all energy expenditures, faults, and alerts.
- ❑ DCIM optimizes operations and increases overall efficiency.

Recycling Endeavors and Reducing Paper Consumption

To reduce the Bank's carbon footprint, CL departments and branches became greener this year with reduced paper consumption and responsible recycling for glass, plastic, electronic consumables and others.

- A scrupulous procedure is integrated at Credit Libanais to promote the recycling of used papers. This activity encourages the contribution of all divisions within the Group to separate papers that are collected at the Group level and delivered to a local recycling plant.
- To encourage environmental moves in the workplace, personal printers are replaced by large departmental ones shared by many employees. New printers have the features to print double sided documents, thereby reducing paper consumption.

In this perspective, Credit Libanais is extending support to local NGOs who benefit from the recycled material to finance awareness campaigns or acquire medical support equipment to patients across Lebanon. These endeavors constitute another building block in the green culture disseminated throughout CL Group.

CREDIT LIBANAIS WEIGHS THE IMPORTANCE OF REGULARLY REVIEWING AND UPDATING ITS LENDING STRATEGIES TO ALIGN THEM WITH INDUSTRY STANDARDS IN TERMS OF SOCIAL AND RESPONSIBLE INVESTMENT (SRI).



MOVING FORWARD

AND RISING TO THE CHALLENGES TO FURTHER CREATE VALUE

CREDIT LIBANAIS GROUP

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FINANCIAL RESULTS

Management's Discussion and Analysis of Financial Condition and Results of Operations of Credit Libanais Group

Basis of Presentation

The following discussion and analysis have been prepared based on the audited consolidated financial statements of the Group as at and for the years ended 31 December 2015 and 2014 and on selected financial information.

The consolidated financial statements of the Group as at 31 December 2015 represent the financial position of Credit Libanais Group which incorporates the activities of Credit Libanais SAL together with its wholly owned subsidiaries, Credit Libanais Investment Bank SAL (CLIB), Lebanese Islamic Bank SAL (LIB) and Credit International SA – Senegal (CISA) and other companies directly or indirectly owned by Credit Libanais SAL. All material inter-company transactions incurred during the years 2015 and 2014 were eliminated when preparing the consolidated financial statements in accordance with regulations and standards agreed upon for consolidation purposes.

Lebanese Banking Sector

Total Lebanese banking sector assets reached LBP 280,379 billion (or US\$ 185.99 billion) as at 31 December 2015, compared to LBP 264,863 billion as at 31 December 2014 (or US\$ 175.70 billion), reflecting an annual increase of LBP 15,516 billion or 5.86% year-on-year. Total loans to private sector made by the Lebanese banks increased by 6.53% in 2015 to LBP 81,743 billion (or US\$ 54.22 billion) as at 31 December 2015 up from LBP 76,730 billion as at 31 December 2014. Total customer deposits, including non-resident private deposits, held by the Lebanese banking sector increased by 4.95% in 2015 to LBP 233,589 billion (or US\$ 154.95 billion) as at 31 December 2015 from LBP 222,564 billion as at 31 December 2014. In addition, the deposit dollarization rate decreased to 64.88% as at 31 December 2015, compared to 65.71% as at year-end 2014.

Analysis of Financial Position

Total Assets

As at 31 December 2015, the Group had total assets of LBP 14,978.19 billion, compared to LBP 13,812.33 billion as at 31 December 2014, reflecting a year-on-year increase of LBP 1,165.86 billion or 8.44%. This increase in total assets, particularly in liquid assets, was substantially matched by increases in funding, which consisted primarily of customer deposits. The average growth in total assets of the Lebanese banking sector stood at 5.86% during the year 2015.

The Group's share of total assets of the Lebanese banking sector reached 5.34% at year-end 2015, compared to 5.21% at year-end 2014.

Sources of Funding

The following table sets out a breakdown of the Group's sources of funding as at 31 December 2015 and 2014, respectively:

31 December	millions LBP	2015	2014	Percentage Change
Banks and Financial Institutions		671,656	498,115	34.84%
- Demand deposits		35,970	42,879	-16.11%
- Time deposits		635,686	455,236	39.64%
Customer Deposits		12,671,623	11,665,846	8.62%
- Demand deposits		1,304,709	1,249,246	4.44%
- Time deposits		4,499,156	3,901,700	15.31%
- Sight saving accounts		226,299	220,525	2.62%
- Time saving accounts		6,641,459	6,294,375	5.51%
Total		13,343,279	12,163,961	9.70%

Customer deposits

Total customer deposits of the Group increased by 8.62% to LBP 12,671.62 billion as at 31 December 2015 from LBP 11,665.85 billion as at 31 December 2014, while the average growth rate in total deposits of the Lebanese banking sector stood at 4.95% during the year 2015. Customer deposits represent the principal source of the Group's funding and comprised 84.60% and 84.46% of the Group's total assets as at 31 December 2015 and 2014, respectively.

As at 31 December 2015, savings accounts, which are mostly held by individuals and have, average maturities of approximately 3 to 6 months, represented the largest portion of the Group's customer deposits 54.20%. Demand deposits, which earn the minimum balance rate offered by the Group, represented 10.30% of total deposits; and time deposits, which are mostly held by businesses, represented 35.50% of total deposits.

The following table sets out the compositions of the Group's customer deposits, by currency, as at 31 December 2015 and 2014, respectively:

31 December	Deposits		Increase	Percentage Change	
	2015	2014		Group	Sector
In LBP (LBP billion)	5,945.07	5,313.97	631.10	11.88%	7.51%
In foreign currency (converted into USD million)	4,462.06	4,213.52	248.54	5.90%	3.62%
Total (LBP billion)	12,671.62	11,665.85	1,005.77	8.62%	4.95%

Year-on-year, foreign currency deposits were 5.90% higher as at 31 December 2015, compared to 31 December 2014, while LBP deposits increased by 11.88% over the year 2015, compared to an increase of 7.51% in LBP deposits for the Lebanese banking sector. As at 31 December 2015, customer deposits held in foreign currencies, principally US Dollars, represented 53.08% of total customer deposits as at such date, compared to 54.43% as at 31 December 2014 and marginally below the sector, while the banking sector's deposits dollarization decreased to 64.88% as at year-end 2015 from 65.71% as at year-end 2014. The Group's deposits in foreign currency were lower than the sector's average primarily because of the Group's retail activities in rural areas (Bekaa region) where customers traditionally use Lebanese Pound as the functional currency.

Foreign currency deposits are primarily comprised of time deposits and savings accounts.

Loans Portfolio

As at 31 December 2015, loans and advances to customers (net of provisions for doubtful debts and reserved interest) amounted to LBP 4,474.88 billion, compared to LBP 4,305.33 billion as at 31 December 2014, reflecting a year-on-year increase of 3.94%. Over the same period, aggregate loans to private sector made by Lebanese banks grew by 6.53%. The growth in the Group's loans portfolio reflected primarily the extension of housing loans to individuals and commercial facilities to Corporate and SMEs, which are subsidised or guaranteed by financial public institutions. The growth in the loans volume as at year-end 2015, compared to year-end 2014, consolidated the Group's position in the retail market, through the introduction of new consumer lending products resulting in the enlargement and diversification of its retail customer base.

The ratio of the Group's total loans to total assets was 29.88% as at 31 December 2015, compared to 31.17% as at 31 December 2014. The Group's loans-to-deposits ratio improved to 35.31% as at 31 December 2015 compared to 36.91% as at 31 December 2014 and compared to the average of 35% for the Lebanese banking sector.

The table below sets out the composition of the Group's loans portfolio, by currency, as at 31 December 2015 and 2014, respectively:

31 December	Loans		Increase	Percentage Change	
	2015	2014		Group	Sector
In LBP (LBP billion)	1,854.09	1,675.57	178.52	10.65%	9.73%
In foreign currency (converted into USD million)	1,738.50	1,744.45	-5.95	-0.34%	5.50%
Total (LBP billion)	4,474.88	4,305.33	169.55	3.94%	6.53%

Of the Group's total loans portfolio, LBP 1,854.09 billion or 41.43% were denominated in Lebanese Pounds, with the remaining 58.57% denominated in foreign currencies, principally in US Dollars, as at 31 December 2015. Loans in foreign currencies represented 38.96% of total foreign currency customer deposits as at 31 December 2015, compared to 41.41% of total foreign currency customer deposits as at 31 December 2014, and compared to the average of 41.26% for the Lebanese banking sector as at 31 December 2015.

To support and reinforce the loans portfolio during the difficult economic conditions prevailing in the country, Credit Libanais Group improved the level of provisions set against non-performing loans (NPLs), increasing those by the amount of LBP 14.65 billion as provision charge during the year 2015, before deduction of the write back provision (compared to LBP 15.86 billion during the year 2014). Total provisions and suspended interest on doubtful loans amounted to LBP 144.66 billion at 31/12/2015 and represented 3.13% of the total loan portfolio, or 75.49% of non-performing loans. The Group continues to adopt a conservative policy in terms of provisions on NPLs, as confirmed by the amount of collections and recoveries realized every year resulting in substantial provisions written-back to the income statement for LBP 2.18 billion during the year 2015, compared to LBP 5.73 billion during the year 2014.

The following table sets out the composition of the Group's loans portfolio by the borrower's economic activity, after accounting for specified loan loss provisions. As at 31 December 2015 and 2014.

Loans by Industry	31 December	millions LBP	2015	2014	Percentage Change
Retail (personal, consumer and housing loans)			1,911,108	1,841,422	3.78%
Trade and Services			1,231,844	1,354,131	-9.03%
Industries			595,219	591,691	0.60%
Construction and Real Estate			652,242	428,919	52.07%
Brokerage			16,430	10,908	50.62%
Agriculture			68,038	78,258	-13.06%
Total			4,474,881	4,305,329	3.94%

Personal, consumer and housing loans decreased to 42.71% of total loans as at 31 December 2015, compared to 42.77% as at 31 December 2014, while trade and services loans decreased down to 27.53% of total loans as at 31 December 2015, compared to 31.45% as at 31 December 2014. The Group's industrial loans, construction loans, brokerage loans and agriculture loans comprised 13.30%, 14.58%, 0.36% and 1.52% of total loans, respectively, as at 31 December 2015, compared to 13.75%, 9.96%, 0.25% and 1.82% of total loans, respectively, as at 31 December 2014.

Liquidity

As at 31 December 2015, Credit Libanais Group maintained high liquidity levels which represented 74% of total customer deposits and other liabilities and 67% of total assets, compared to 72% and 65% respectively, as at 31 December 2014. Liquidity was distributed on the basis of 51% in Lebanese Pounds and 49% in foreign currencies at 31 December 2015, compared to 49% and 51% respectively as at 31 December 2014.

As a result of the international financial crisis that almost affected the majority of banks operating all over the world, the Group reconsidered the risk exposures maintained with its bank correspondents and accordingly redistributed the liquidity held and the credit limits granted to them in a way to avoid high concentration of liquidity with a single correspondent and to deal with prime banks that can benefit from their government's financial support.

Lebanese government securities

The following table sets out the composition of the Group's portfolio of Lebanese treasury bills and Eurobonds as at 31 December 2015:

As at 31 December 2015	billions LBP	In LBP	In FC	Total
Ordinary Treasury bills		2,626.77	1,136.46	3,763.23
Plus: Accrued interest on treasury bills		36.89	16.39	53.28
Total		2,663.66	1,152.85	3,816.51

The average rate of return on Lebanese Pounds ordinary treasury bills subscribed by Credit Libanais SAL and amounting to LBP 2,626.77 billion stood at 6.97%. The overall yield on the Group's portfolio of treasury bills held in Lebanese Pounds aggregated to 6.97% at 31 December 2015, compared to 6.90% at the end of the preceding year. The average yield on Lebanese Government treasury bills issued in foreign currencies was 6.53% at 31 December 2015, compared to 6.61% at the end of the preceding year.

The following table sets out the composition of the Group's portfolio of Lebanese treasury bills, by maturity, as at 31 December 2015:

As at 31 December 2015	billions LBP	In LBP	In FC	Total
Less than 6 months		311	71	382
Between 7 and 12 months		289	50	339
Between 13 and 18 months		380	86	466
Between 19 and 24 months		277	45	322
Between 2 and 5 years		828	204	1,032
Over 5 years		542	680	1,222
Total Lebanese treasury bills		2,627	1,136	3,763

Investments and Marketable Securities

The Group held investments and marketable securities amounting to LBP 1,654.61 billion as at year-end 2015 compared to LBP 1,122.86 billion as at year-end 2014, reflecting an increase of LBP 531.75 billion or 47.36%. All investments consisted of instruments and papers issued by Lebanese banks and prime local and international companies and are quoted in regulated financial markets.

The following table sets out the composition of the Group's portfolio of investments and marketable securities, by type of instrument, as at 31 December 2015:

As at 31 December 2015	millions LBP	In LBP	In FC	Total
Corporate Bonds & Other Sovereign Bonds		---	61,964	61,964
Certificates of deposit		---	25,644	25,644
Unquoted & quoted Equity Securities & Preferred Shares		4,660	88,381	93,041
Certificates of deposits issues by the Central Bank		986,301	487,662	1,473,963
Total investment and marketable securities		990,961	663,651	1,654,612

Average rate of return on bonds and certificates of deposit held in foreign currencies stood at 5.30% for the year ended 31 December 2015, compared to 6.30% for the year ended 31 December 2014.

Shareholders' Equity

Shareholders' equity is divided into core capital (Tier I) and supplementary capital (Tier II). Tier I capital comprises paid-up common share capital, reserves, retained earnings, and reserves for unspecified banking risks, less any unfavorable change in fair value of available-for-sale securities.

The following table sets out the composition of the Group's shareholders' equity as at 31 December 2015 and 2014, respectively:

31 December	millions LBP	2015	2014	Percentage Change
Shareholders' equity				
Share capital - common shares		257,400	257,400	0.00%
Share capital - preferred shares		11,000	11,000	0.00%
Share premium - preferred shares		139,750	139,750	0.00%
Capital reserves		209,666	186,183	12.61%
Retained earnings		125,714	117,880	6.65%
Fair value reserve		34,139	27,744	23.05%
Other reserves		240,329	221,688	8.41%
Profit for the year		94,546	91,253	3.61%
Total equity attributable to equity holders of the Bank		1,112,544	1,052,898	5.66%
Non-controlling interest		27,757	23,741	16.92%
Total equity		1,140,301	1,076,639	5.91%

At 31 December 2014, the authorised and issued share capital comprised 23,400,000 ordinary shares with a nominal value of LBP 11,000. All shares rank equally with regards to the Bank's residual assets. The holders of ordinary shares are entitled to receive dividends as declared from time to time. All issued shares are fully paid.

In July 2013, the extraordinary general assembly of shareholders approved the issue of 1,000,000 perpetual non-cumulative preferred shares with a nominal value of LBP 11,000; increasing the share capital of the Bank from LBP 257,400 million to LBP 268,400 million, thus an increase of LBP 11,000 million. The share premium amounted to LBP 139,750 per share.

Holders of these shares receive a non-cumulative dividend at the Bank's discretion, or whenever dividends to ordinary shareholders are declared. They do not have the right to participate in any additional dividends declared for ordinary shareholders. These shares do not have voting rights.

Equity to assets ratio reached 7.61% as at 31 December 2015, compared to 7.79% at year-end 2014.

Capital Adequacy

During 2015, the Group conducted a quantitative impact study to assess the implications of the Basel III Accord on the shareholders' equity of the Group. The capital adequacy ratio stood at 15.47% at year-end 2015 compared to 15.77% at year-end 2014 (compared to the minimum required 10.5%), after taking into consideration credit, market and operational risks of the Group.

Asset / Liability Management

The Group's consolidated balance sheet is structured in terms of percentage of total assets as shown in the table below at 31 December 2015 and 2014:

Assets As at 31 December	2015	2014	Liabilities & Equity As at 31 December	2015	2014
Cash and banks	30%	30%	Due to banks	4%	4%
Treasury bills and Eurobonds	25%	27%	Customers deposits	85%	84%
Marketable securities	11%	8%	Long-term liabilities	---	---
Net loans and advances	30%	31%	Other creditors and payables	3%	3%
Fixed assets	2%	2%	Shareholders' equity	8%	9%
Other debtors and receivables	2%	2%			
Total Assets	100%	100%	Total Liabilities and Equity	100%	100%

Results of Operations

Interest Income

The following table sets out the principal components of the Group's interest income, by amount and as a percentage change therein, for each of the years ended 31 December 2015 and 2014, respectively:

31 December	millions LBP	2015	2014	Percentage Change
Financial Assets at amortised cost (including Lebanese government securities)		346,648	328,398	5.56%
Deposits with banks		138,234	91,876	50.46%
Loans and Advances to Customers		297,822	285,951	4.15%
Total		782,704	706,225	10.83%

Interest on Financial Assets at amortised cost represents interest earned primarily on Lebanese treasury bills denominated in Lebanese Pounds and Government and corporate Eurobonds issued in foreign currencies (including principally US Dollars and Euro) Lebanese treasury bills continued to comprise the substantial majority of the Group's portfolio of Financial Assets classified at amortized cost in 2015 and 2014, reflecting the Group's significant portfolio of liquid assets that is largely financed by customer deposits gathered through the Group's branch network.

The overall yield on the portfolio of Lebanese treasury bills held by the Group in Lebanese Pounds was 6.97% as at 31 December 2015, compared to 6.90% as at year-end 2014, and the average yield on Lebanese government Eurobonds issued in foreign currencies was 6.53% as at 31 December 2015 and 6.61% as at 31 December 2014.

Interest income on the Group's loans portfolio increased by 4.15% during the year 2015 primarily due to the extension of additional loans to retail and corporate customers during the year 2015 which increased by LBP 169.55 billion or 3.94%.

Accordingly, total interest income for the year ended 31 December 2015 increased by 10.83% compared to total interest income for the year ended 31 December 2014.

Interest Expense

The following table sets out the principal components of the Group's interest expense, by amount and as a percentage change therein, for each of the years ended 31 December 2015 and 2014, respectively:

31 December	millions LBP	2015	2014	Percentage Change
Loans from Central Bank of Lebanon		4,767	2,181	118.57%
Customer deposits		538,408	482,603	11.56%
Deposits from banks		3,088	3,282	-5.91%
Subordinated Debt Issued		7,633	7,547	1.14%
Total		553,896	459,613	11.76%

The Group's interest expense is principally comprised of interest paid on customer deposits, as these constitute the primary source of funding for the Group and aggregate to 84.60% of total assets at 31 December 2015. The total amount of interest paid on customer deposits increased in 2015, compared to 2014, by 11.56% as a result of the increase in total Group's customer deposits by 8.62% as at 31 December 2015 compared to 31 December 2014.

Net Interest Income

The following table sets out the Group's net interest income and net interest margin for each of the years ended 31 December 2015 and 2014, respectively:

31 December	millions LBP	2015	2014	Percentage Change
Interest earned		782,704	706,225	10.83%
Interest paid		(553,896)	(495,613)	11.76%
Net interest income		228,808	210,610	8.64%
Net interest margin (%)		1.65%	1.66%	

The Group's net interest income increased by 8.64% in 2015 to LBP 228.81 billion for the year ended 31 December 2015 from LBP 210.61 billion for the year ended 31 December 2014 overcoming the diminishing returns of sovereign investments amidst the global economic downturn and the regional turmoil as well as the competitive market in terms of attracting deposits.

Non-interest income

The following table sets out the Group's non-interest income deriving from commissions, fees and other operating income for each of the years ended 31 December 2015 and 2014, respectively:

31 December	millions LBP	2015	2014	Percentage Change
Fees and Commissions income		99,312	98,315	1.01%
Fees and Commissions expense		(44,076)	(41,364)	6.56%
Net Commissions		55,236	56,951	-3.01%
Net trading income		16,210	18,174	-10.81%
Net gain on financial investments		2,947	2,977	-1.01%
Other operating income		2,059	6,077	-66.12%
Share of profit of investments in equity accounted investees		1,984	1,857	6.84%
Total Non-interest Income		78,436	86,036	-8.83%

Total net commissions, decreased by 3.01% to LBP 55.24 billion for the year ended 31 December 2015, compared to LBP 56.95 billion for the year ended 31 December 2014. Net commissions, consisting primarily of commissions and fees on accounts, fees for issuances of letters of credit and letters of guarantee, origination and commitment fees on loans and transaction-processing, development of retail services, electronic banking products and other non-interest generated revenues such as fees from its plastic card businesses, including the sponsoring and processing of debit and charge cards such as Visa, MasterCard and Amex, the processing of transactions made through its network of point-of-sale ("POS") terminals installed at different locations throughout the country and the cross-selling of related financial services, including bancassurance products through the Group's insurance subsidiary Credit Libanais d'Assurances (CLA).

Net gain on Trading and Financial Investments amounted to LBP 19.16 billion in 2015, compared to LBP 21.15 billion in the preceding year.

The Group's non-interest income decreased by 8.83% down to LBP 78.44 billion at 31 December 2015, from LBP 86.04 billion at the end of the preceding year. It contributed to 26.60% of the Group's net financial income at 31 December 2015, compared to 30.03% at 31 December 2014.

Net Operating Income

The group decreased the provisions allocated for loan losses by 7.65% at 2015. Allowances for loan losses amounted to LBP 14.65 billion for the year ended 31 December 2015, compared to LBP 15.87 billion for the preceding year.

Provisions written-back on loans decreased down to an amount of LBP 2.18 billion for the year ended 31 December 2015, compared to LBP 5.74 billion for the year ended 31 December 2014.

As a result of the combined effects of the foregoing, the Group's net financial income for the year ended 31 December 2015 amounted to LBP 292.86 billion, compared to LBP 284.66 billion for the year ended 31 December 2014, reflecting a year-on-year increase of 2.88%.

Other operating income is the result of activities and operations incurred by the Group outside the normal course of banking business. It is constituted of Income received on sale of assets held in recovery of bad debts amounting to LBP 0.23 billion, rental income amounting to LBP 0.18 billion and other income amounting to LBP 1.65 billion.

Staff Expenses and Related Charges

The following table sets out the principal components of the Group's staff expenses and related charges for each of the years ended 31 December 2015 and 2014, respectively:

31 December	millions LBP	2015	2014	Percentage Change
Wages and salaries		74,826	71,308	4.93%
Allowances to the Board of Directors		2,546	2,522	0.95%
Compulsory social security obligations		10,866	10,573	2.77%
Employee benefits obligation		4,043	4,099	-1.37%
Other personnel expenses		15,445	16,026	-3.63%
Total staff expenses and related charges		107,726	104,528	3.06%

Total staff expenses and related charges amounted to LBP 107.73 billion for the year ended 31 December 2015, compared to LBP 104.53 billion for the year ended 31 December 2014, reflecting a year-on-year increase of 3.06%. The increase in staff expenses was largely attributable to year-on-year salaries increase and its implication on the related personnel charges and social security contribution.

General Operating Expenses

The following table sets out the principal components of the Group's general operating expenses for the years ended 31 December 2015 and 2014, respectively:

31 December	millions LBP	2015	2014	Percentage Change
Taxes		5,628	6,603	-14.77%
Premiums for the guarantee of deposits		5,776	5,397	7.02%
Rental charges and related expenses		5,594	6,456	-13.35%
Lawyers, audit and consultancy fees		4,855	4,161	16.68%
Data processing services		3,311	3,275	1.10%
Mail and telecommunication (PTT, Swift)		2,784	3,060	-9.02%
Maintenance and repairs		4,813	4,601	4.61%
Electricity, water and heating		3,153	4,178	-24.53%
Travel and entertainment		2,541	2,444	3.97%
Transportation charges		2,348	3,037	-22.69%
Insurance premiums		2,774	2,432	14.06%
Advertising and public relations expenses		7,138	5,780	23.49%
Computer maintenance and charges		2,631	2,403	9.49%
Office stationery and printing		1,523	1,393	9.33%
Board of directors attendance allowances		2,374	2,406	-1.33%
Training, documentation and services fees		695	636	9.28%
Other expenses		1,994	2,654	-24.87%
Total general operating expenses		59,932	60,916	-1.62%

General operating expenses decreased by 1.62% to LBP 59.93 billion for the year ended 31 December 2015, compared to LBP 60.92 billion for the year ended 31 December 2014.

The Group's overall cost-to-income ratio improved to 58.01% as at 31 December 2015 compared to 59.37% as at 31 December 2014.

Profit before Tax

The following table sets out the Group's pre-tax profit for the years ended 31 December 2015 and 2014, respectively:

31 December	millions LBP	2015	2014	Percentage Change
Profit before income tax		116,605	110,408	5.61%
Income tax		(16,187)	(13,579)	19.20%
Net profit for the year		100,418	96,829	3.71%

The Group's pre-tax profits for the year 2015 amounted to LBP 116.61 billion (or the equivalent of US\$ 77.35 million), compared to LBP 110.41 (or the equivalent of US\$ 73.24 million) for the year 2014, a year-on-year increase of 5.61%.

This is despite the political instability in the region especially the uncertainties related to the suspended presidential elections as well as the civil unrest, extremist movement and turmoil in surrounding countries namely our closest neighbours Syria and Iraq where our operations have suffered significantly.

Return on shareholders' equity (before tax) stood at 11.18% at year-end 2015, compared to 11.17% at year-end 2014. Return on average assets recorded 0.81% compared to 0.84% at the end of the preceding year.

Profit Appropriation

The Group's consolidated profits for the year ended 31 December 2015 are generated from the following entities:

As at 31 December 2015	millions LBP	Profits Before Tax	Income Tax	Net Profits
Profit from Credit Libanais SAL		90,326	(14,668)	75,658
Profit from Credit Libanais Investment Bank SAL		12,258	(1,051)	11,207
Profit from Credit International SA (Senegal)		954	(42)	912
Profit from Credilease SAL		382	(80)	302
Profit from Lebanese Islamic Bank SAL		4	---	4
Eliminations of the inter-group dividend distributions		(192)	---	(192)
Profits deriving from the Group's banking activities		103,732	(15,841)	87,891
Group's share in profits of subsidiaries and affiliated companies		12,873	(346)	12,527
Net profit for the year		116,605	(16,187)	100,418



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The General Assembly of Shareholders of Credit Libanais SAL met on 02 June 2016 and approved the consolidated financial statements of Credit Libanais Group as at 31 December 2015, showing net profits (after tax) amounting to LBP 100.42 billion, and resolved the appropriation of the profits for the year 2015 deriving from Credit Libanais SAL and amounting to LBP 75.66 billion as follows:

To transfer an amount of LBP 7.66 billion representing 10% of these profits to a legal reserve account as per the requirements of article 132 of the Code of Money and Credit.

To allocate an amount of LBP 12.70 billion to a special reserve for unspecified banking risks, computed on the basis of 2% of the total risk weighted assets and off-balance sheet commitments as at the end of each financial year, as per BDL Circ. 1439

To allocate 831.27 million in reserves for Real Estate acquired in recovery of bad debts not yet disposed of, at the rate of 5% of their book value as per BCC memo 4/2008 dated 14/01/2008.

To allocate an amount of LBP 248.89 million representing unrealized profit on revaluation of financial instruments classified as FVTPL as per BCC circular 270 dated September 19, 2011.

To allocate an amount of LBP 10.55 billion representing dividends on preferred shares for the period between 01/01/2015 and 31/12/2015, at an annual return of 7% of the USD 100 million preferred shares issued; and to deduct the amount of tax charged by the bank as a result of the distribution of these dividends amounting to LBP 527.63 million.

To allocate an amount of LBP 4.86 billion representing the collective reserve on the bank's loan portfolio as per BDL intermediary decision No 11917 dated December 24, 2012 which amends decision 7776 dated 21/02/2001.

To allocate an amount of LBP 225.37 million in reserve for Property acquired in settlement of debts.

To transfer the remaining profits, after the allocations and distributions listed above, to the retained earnings which will aggregate an amount of LBP 38.06 billion and to distribute out of these retained earnings an amount of LBP 35.10 billion to common shareholders of Credit Libanais SAL.

In closing, the Board of Directors of Credit Libanais SAL would like to express its gratitude for the continuous enthusiasm, confidence and support of our shareholders and customers, and for the efforts and devotion of the Group's senior management and employees.

Yours Sincerely,

Dr. Joseph Torbey
Chairman General Manager

Independent Auditors' Report

To the shareholders of Credit Libanais S.A.L.

We have audited the accompanying consolidated financial statements of Credit Libanais (the "Bank" or "Group"), which comprise the consolidated statement of financial position as at 31 December 2015, the consolidated statements of comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

Management's responsibility for the consolidated financial statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' responsibility

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

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

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

Opinion

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2015, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards.

KPMG

22 March 2016

Beirut, Lebanon

DFK Fiduciaire du Moyen-Orient

CREDIT LIBANAIS

Consolidated Statement of Financial Position

As at 31 December	(millions LBP)	Note	2015	2014
Assets				
Cash and balances with Central Banks		7	3,459,720	3,084,948
Balances with other banks and financial institutions		8	1,073,739	1,075,776
Loans and advances to customers		9	4,458,356	4,269,371
Loans and advances to related parties		40	16,525	35,958
Debtors by acceptances			75,737	145,142
Financial assets at fair value through other comprehensive income		10	92,273	86,433
Financial assets at fair value through profit or loss		11	54,757	34,695
Financial assets at amortised cost		12	5,324,095	4,669,361
Investments in equity-accounted investees		13	18,440	19,812
Property and equipment		14	233,641	226,180
Intangible assets		15	5,989	6,013
Assets held for sale		16	37,156	36,631
Other assets		17	127,763	122,007
Total assets			14,978,191	13,812,327
Liabilities				
Loans and deposits from Central Banks		18	576,312	397,350
Deposits from other banks and financial institutions		19	95,344	100,765
Deposits from customers		20	12,231,766	11,237,014
Deposits from related parties		40	439,856	428,832
Engagement by acceptances			75,737	145,142
Subordinated debt issued		21	120,376	120,376
Tax liabilities		22	18,161	16,716
Other liabilities		23	238,345	250,408
Provisions for risks and charges		24	41,993	39,085
Total liabilities			13,837,890	12,735,688

As at 31 December	(millions LBP)	Note	2015	2014
Shareholders' equity				
Share capital - common shares		25	257,400	257,400
Share capital - preferred shares		25	11,000	11,000
Share premium - preferred shares		25	139,750	139,750
Capital reserves		26	209,666	186,183
Retained earnings			125,714	117,880
Fair value reserve		27	34,139	27,744
Other reserves		28	240,329	221,688
Profit for the year			94,546	91,253
Total equity attributable to equity holders of the Bank			1,112,544	1,052,898
Non-controlling interest			27,757	23,741
Total equity			1,140,301	1,076,639
Total liabilities and equity			14,978,191	13,812,327

The notes on pages 152 to 205 are an integral part of these consolidated financial statements.

The consolidated financial statements were approved by the Board of Directors on 22 March 2016.

Dr. Joseph Torbey
Chairman General Manager

CREDIT LIBANAIS

Consolidated Statement of Comprehensive Income

As at 31 December	(millions LBP)	Note	2015	2014
Interest income		29	782,704	706,225
Interest expense		29	(553,896)	(495,613)
Net Interest income			228,808	210,612
Fee and commission income		30	99,312	98,315
Fee and commission expense		30	(44,076)	(41,364)
Net fee and commission income			55,236	56,951
Net trading income/gain on financial investments		31	19,157	21,151
Other income		32	2,059	6,077
Total operating income			305,260	294,791
Net impairment on loans and advances		33	(12,479)	(10,128)
Net reversal of impairment losses on financial investments			78	-
Net operating income			292,859	284,663
Personnel expenses		34	(107,726)	(104,528)
Depreciation and amortisation		14,15	(10,580)	(10,668)
Other expenses		35	(59,932)	(60,916)
Total operating expenses			(178,238)	(176,112)
Share of profit of investments in equity-accounted investees		13	1,984	1,857
Profit before income tax			116,605	110,408
Tax expense		36	(16,187)	(13,579)
Profit for the year			100,418	96,829
Other comprehensive income, net of tax				
Items that will never be reclassified to profit or loss				
Fair value reserve (financial assets at fair value through other comprehensive income)				
Net change in fair value		27	6,395	5,742
Other comprehensive income for the year, net of tax			6,395	5,742
Total comprehensive income for the year			106,813	102,571

As at 31 December	(millions LBP)	Note	2015	2014
Profit attributable to:				
Equity holders of the Bank			94,546	91,253
Non-controlling interest			5,872	5,576
Profit for the year			100,418	96,829
Total Comprehensive income attributable to:				
Equity holders of the Bank			100,941	96,995
Non-controlling interest			5,872	5,576
Total comprehensive income for the year			106,813	102,571

The notes on pages 152 to 205 are an integral part of these consolidated financial statements.

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Consolidated Statement of Changes in Equity

For the year ended 31 December 2015	(millions LBP)	Note	Share capital- common Shares	Share capital- preferred Shares	Share Premium- preferred Shares	Capital Reserves	Retained Earnings	Fair Value Reserve	Other Reserves	Profit for the Year	Total	Non-controlling Interest	Total Equity
Balance at 1 January 2015			257,400	11,000	139,750	186,183	117,880	27,744	221,688	91,253	1,052,898	23,741	1,076,639
Total comprehensive income for the year													
Profit for the year			---	---	---	---	---	---	---	94,546	94,546	5,872	100,418
Other comprehensive income, net of tax													
Net change in fair value of financial assets at fair value through other comprehensive income			---	---	---	---	---	6,395	---	---	6,395	---	6,395
Total other comprehensive income			---	---	---	---	---	6,395	---	---	6,395	---	6,395
Total comprehensive income for the year			---	---	---	---	---	6,395	---	94,546	100,941	5,872	106,813
Transactions with owners recorded directly in equity													
Contributions by and distributions to owners of the Bank													
Transfer to retained earnings			---	---	---	---	91,253	---	---	(91,253)	---	---	---
Transfer to reserves			---	---	---	23,530	(38,155)	---	14,601	---	(24)	24	---
Dividend to preferred shareholders		25	---	---	---	---	(11,080)	---	---	---	(11,080)	---	(11,080)
Dividends to common shareholders		25	---	---	---	---	(30,391)	---	7,204	---	(23,187)	(3,264)	(26,451)
Other movements			---	---	---	---	692	---	(2,012)	---	(1,320)	1,544	224
Prior year adjustment			---	---	---	---	(1,183)	---	(1,412)	---	(2,595)	---	(2,595)
Tax on previous year inter group dividends			---	---	---	---	(798)	---	---	---	(798)	---	(798)
Allowances to directors			---	---	---	---	(2,504)	---	---	---	(2,504)	(160)	(2,664)
Translation difference			---	---	---	(47)	---	---	260	---	213	---	213
Total contributions by and distribution to owners of the Bank			---	---	---	23,483	7,834	---	18,641	(91,253)	(41,295)	(1,856)	(43,151)
Total transactions with owners recorded directly in equity			---	---	---	23,483	7,834	---	18,641	(91,253)	(41,295)	(1,856)	(43,151)
Balance at 31 December 2015			257,400	11,000	139,750	209,666	125,714	34,139	240,329	94,546	1,112,544	27,757	1,140,301

The notes on pages 152 to 205 are an integral part of these consolidated financial statements.

For the year ended 31 December 2014	(millions LBP)	Note	Share capital- common Shares	Share capital- preferred Shares	Share Premium- preferred Shares	Capital Reserves	Retained Earnings	Fair Value Reserve	Other Reserves	Profit for the Year	Total	Non-controlling Interest	Total Equity
Balance at 1 January 2014			257,400	11,000	139,750	160,464	96,699	22,002	221,028	98,629	1,006,972	20,917	1,027,889
Total comprehensive income for the year													
Profit for the year			---	---	---	---	---	---	---	91,253	91,253	5,576	96,829
Other comprehensive income, net of tax													
Net change in fair value of financial assets at fair value through other comprehensive income			---	---	---	---	---	5,742	---	---	5,742	---	5,742
Total other comprehensive income			---	---	---	---	---	5,742	---	---	5,742	---	5,742
Total comprehensive income for the year			---	---	---	---	---	5,742	---	91,253	96,995	5,576	102,571
Transactions with owners recorded directly in equity													
Contributions by and distributions to owners of the Bank													
Transfer to retained earnings			---	---	---	---	98,629	---	---	(98,629)	---	---	---
Transfer to reserves			---	---	---	25,756	(24,719)	---	(1,046)	---	(9)	9	---
Dividend to preferred shareholders		25	---	---	---	---	(3,201)	---	---	---	(3,201)	---	(3,201)
Dividends to common shareholders		25	---	---	---	---	(53,223)	---	6,001	---	(47,222)	(2,359)	(49,581)
Other movements			---	---	---	---	9,131	---	(8,931)	---	200	(1)	199
Prior year adjustment			---	---	---	---	---	---	1,546	---	1,546	---	1,546
Reserve for property acquired in settlement of debt			---	---	---	---	(2,303)	---	2,303	---	---	---	---
Tax on previous year inter group dividends			---	---	---	---	(664)	---	---	---	(664)	(262)	(926)
Allowances to directors			---	---	---	---	(2,469)	---	---	---	(2,469)	(139)	(2,608)
Translation difference			---	---	---	(37)	---	---	787	---	750	---	750
Total contributions by and distribution to owners of the Bank			---	---	---	25,719	21,181	---	660	(98,629)	(51,069)	(2,752)	(53,821)
Total transactions with owners recorded directly in equity			---	---	---	25,719	21,181	---	660	(98,629)	(51,069)	(2,752)	(53,821)
Balance at 31 December 2014			257,400	11,000	139,750	186,183	117,880	27,744	221,688	91,253	1,052,898	23,741	1,076,639

The notes on pages 152 to 205 are an integral part of these consolidated financial statements.

CREDIT LIBANAIS

Consolidated Statement of Cash Flows

For the year ended 31 December	(millions LBP)	Note	2015	2014
Cash flows from operating activities				
Profit for the year			100,418	96,829
Adjustments for:				
- Depreciation and amortisation			10,580	10,668
- Net impairment loss on loans and advances to banks and financial institutions			1,914	---
- Net impairment loss on loans and advances to customers			10,565	9,283
- Net impairment loss on loans and advances to related parties			---	845
- Net interest income			(228,808)	(210,612)
- Net loss on sale of property and equipment			13	7
- Net gain on assets held for sale			(225)	(1,105)
- Tax expense			16,187	13,579
- Share of profit of investments in equity-accounted investees			1,372	(2,079)
- Other movements			(3,939)	1,746
			(91,923)	(80,839)
Changes in:				
- Cash and balances with Central Banks			(238,130)	(967,951)
- Balances with other banks and financial institutions			(12,022)	16,482
- Loans and advances to customers			(198,720)	(379,800)
- Loans and advances to related parties			19,430	(15,291)
- Other assets			(5,756)	(3,111)
- Deposits from other banks and financial institutions			4,078	(7,171)
- Loans and Deposits from Central Banks			176,372	317,876
- Deposits from customers			986,618	792,136
- Deposits from related parties			9,391	76,113
- Other liabilities			(12,063)	(13,967)
- Provisions for risks and charges			2,908	375
			640,183	(265,148)
Interest received			766,807	694,788
Interest paid			(544,125)	(489,099)
Income taxes paid			(14,742)	(14,711)
Net cash from (used in) operating activities			848,123	(74,170)

For the year ended 31 December	(millions LBP)	Note	2015	2014
Cash flows from investing activities				
Net change in investment securities			(661,125)	125,098
Acquisition of property and equipment			(16,954)	(61,082)
Proceeds from the sale of property and equipment			1,026	82
Acquisition of intangible assets			(2,111)	(3,613)
Proceeds from the sale of intangible assets			9	21
Net change in assets held for sale			(300)	2,289
Net cash (used in) from investing activities			(679,455)	62,795
Cash flows from financing activities				
Dividends paid			(35,065)	(51,087)
Allowances to directors			(2,504)	(2,469)
Changes in non-controlling interest			(1,856)	(2,752)
Net cash (used in) from financing activities			(39,425)	(56,308)
Net increase (decrease) in cash and cash equivalents			129,243	(67,683)
Cash and cash equivalents at 1 January			1,536,099	1,603,032
Effect of exchange rate			213	750
Cash and cash equivalents at 31 December		37	1,665,555	1,536,099

The notes on pages 152 to 205 are an integral part of these consolidated financial statements.

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Notes to the Consolidated Financial Statements

1. Reporting entity

Credit Libanais S.A.L. (the "Bank" or the "Group") is a Lebanese joint stock Company registered since 1961 in Lebanon under no. 10742 in the Beirut register of Commerce, and under no. 53 on the Bank's list at the Central Bank of Lebanon. The address of the Bank's registered office is Achrafieh, Kornich Nahr-Adlieh, Credit Libanais Headquarter Building, Beirut, Lebanon. The consolidated financial statements of the Bank as at and for the year ended 31 December 2015 comprise the Bank and its subsidiaries (together referred to as the Group and individually as Group entities). The Group primarily is involved in retail, commercial and investment banking activities through their headquarters as well as their branches and subsidiaries located in Lebanon, Cyprus, Bahrain, Iraq and Senegal. The parent company is EFG Hermes CL Holding S.A.L. incorporated in Lebanon, and the ultimate parent company is EFG Hermes Holding S.A.E. incorporated in Egypt.

2. Basis of preparation

(a) Basis of accounting

The consolidated financial statements have been prepared in accordance with IFRS. Details of the Group's accounting policies are included in Note 3.

(b) Basis of measurement

The consolidated financial statements have been prepared on the historical cost basis except for the following material items in the statement of financial position:

- financial instruments at fair value through other comprehensive income are measured at fair value,
- financial instruments at fair value through profit and loss are measured at fair value.

(c) Functional and presentation currency

These consolidated financial statements are presented in Lebanese Pounds (LBP), which is the Bank's functional currency. All amounts have been rounded to the nearest million.

(d) Use of estimates and judgements

In preparing these consolidated financial statements, management has made judgments, estimates and assumptions that affect the application of the Group's accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively.

3. Significant accounting policies

The accounting policies set out below have been applied consistently to all years presented in these consolidated financial statements, and have been applied consistently by Group entities.

(a) Basis of consolidation

(i) Non-controlling interests

Non-controlling interests are measured at their proportionate share of the acquiree's identifiable net assets at the acquisition date.

Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

(ii) Subsidiaries

Subsidiaries are investees controlled by the Group. The Group controls an investee if it is exposed to, or has rights to, variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investees. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date when control ceases.

(iii) Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses (except for foreign currency transaction gains or losses) arising from intra-group transactions, are eliminated in preparing the consolidated financial statements.

Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

(b) Foreign currency

(i) Foreign currency transactions

Transactions in foreign currencies are translated into the respective functional currencies of the operations at the spot exchange rates at the date of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated to the functional currency at the spot exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between amortised cost in the functional currency at the beginning of the year, adjusted for effective interest and payments during the year, and the amortised cost in foreign currency translated at the spot exchange rate at the end of the year.

Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated to the functional currency at the spot exchange rate at the date that the fair value was determined. Non-monetary items that are measured based on historical cost in a foreign currency are translated using the spot exchange rate at the date of the transaction.

Foreign currency differences arising on translation are generally recognised in profit or loss. However, foreign currency differences arising from the translation of financial assets at fair value through other comprehensive income are recognised in other comprehensive income (except on impairment in which case foreign currency differences that have been recognised in other comprehensive income are reclassified to profit or loss).

(ii) Foreign operations

The assets and liabilities of foreign operations are translated to LBP at spot exchange rates at the reporting date. The income and expenses of foreign operations are translated to LBP at spot exchange rates at the dates of the transactions. Foreign currency differences are recognised in Other Comprehensive Income, and accumulated in the foreign currency translation reserve (translation reserve), except to the extent that the translation difference is allocated to NCI.

(c) Interest

Interest income and expense are recognised in profit or loss using the effective interest method. The effective interest rate is the rate that exactly discounts the estimated future cash payments and receipts through the expected life of the financial asset or liability (or, where appropriate, a shorter period) to the carrying amount of the financial asset or liability.

When calculating the effective interest rate, the Group estimates future cash flows considering all contractual terms of the financial instrument, but not future credit losses.

The calculation of the effective interest rate includes all transaction costs and fees paid or received that are an integral part of the effective interest rate. Transaction costs include incremental costs that are directly attributable to the acquisition or issue of a financial asset or liability.

Interest income and expense presented in the statement of comprehensive income include interest on financial assets and financial liabilities measured at amortised cost calculated on an effective interest rate basis.

Interest income and expense on all trading assets and liabilities are considered to be incidental to the Group's trading operations and are presented together with all other changes in the fair value of trading assets and liabilities in net trading income.

(d) Fees and commission

Fees and commission income and expense that are integral to the effective interest rate on a financial asset or liability are included in the measurement of the effective interest rate.

Other fees and commission income, including account servicing fees, investment management fees, sales commission and placement fees, are recognised as the related services are performed.

Other fees and commission expense relate mainly to transaction and service fees, which are expensed as the services are received.

(e) Net trading income / gain on financial investments

Net trading income comprises gains less losses related to trading assets and liabilities, and includes all realised and unrealised fair value changes, interest, dividends and foreign exchange differences. Net gain on financial investments relates to non-trading derivatives held for risk management purposes that do not form part of qualifying hedge relationships and financial assets and liabilities designated at fair value through profit or loss. It includes interest, dividends and net gain from exchange of financial assets at amortised cost.

(f) Dividends

Dividend income is recognised when the right to receive income is established. Usually this is the ex-dividend date for equity securities and preferred shares. Dividends are presented in net trading income / gain on financial investments.

(g) Income tax

Income tax comprises current and deferred tax. It is recognised in profit or loss except to the extent that it relates to items recognised directly in equity or in other comprehensive income.

(i) Current tax

Current tax comprises the expected tax payable on the taxable income for the year and any adjustment to tax payable in respect of previous years. It is measured using tax rates enacted or substantively enacted at the reporting date.

(ii) Deferred tax

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for:

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss; and
- temporary differences related to investments in subsidiaries to the extent that it is probable that they will not reverse in the foreseeable future.

Deferred tax assets are recognised for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date.

The measurement of deferred tax reflects the tax consequences that would follow the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

Additional taxes that arise from the distribution of dividends by the Group are recognised at the same time as the liability to pay the related dividend is recognised. These amounts are generally recognised in profit or loss because they generally relate to income arising from transactions that were originally in profit or loss.

(h) Financial assets and financial liabilities

(i) Recognition

The Group initially recognises loans and advances, deposits and subordinated debt issued on the date that they are originated. Regular way purchases and sales of financial assets are recognised on the trade date at which the Group commits to purchase or sell the asset. All other financial assets and liabilities (including assets designated at fair value through profit or loss) are recognised initially on the trade date, which is the date that the Group becomes a party to the contractual provisions of the instrument.

A financial asset or financial liability is measured initially at fair value plus, for an item not at fair value through profit or loss, transaction costs that are directly attributable to its acquisition or issue.

(ii) Classification

Financial assets

The Group classifies its financial assets as measured at amortised cost or fair value.

See Notes 3(i), (j), (k) and (l).

A financial asset qualifies for amortised cost measurement only if it meets both of the following conditions:

- the asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

If a financial asset does not meet both of these conditions, then it is measured at fair value.

The Group makes an assessment of a business model at a portfolio level as this reflects best the way the business is managed and information is provided to management.

In making an assessment of whether an asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows, the Group considers:

- management's stated policies and objectives for the portfolio and the operation of those policies in practice;
- how management evaluates the performance of the portfolio;
- whether management's strategy focuses on earning contractual interest revenues;
- the degree of frequency of any expected asset sales; the reason for any asset sales; and
- whether assets that are sold are held for an extended period of time relative to their contractual maturity or are sold shortly after acquisition or an extended time before maturity.

Financial assets held for trading are not held within a business model whose objective is to hold the asset in order to collect contractual cash flows.

The Group has designated certain financial assets at fair value through profit or loss in either of the following circumstances:

- The assets or liabilities are managed, evaluated and reported internally on a fair value basis.
- The designation eliminates or significantly reduces an accounting mismatch, which would otherwise arise.

The Group has made an election to present in other comprehensive income changes in the fair value of certain investments in equity instruments that are not held for trading see *accounting policies 3(l)*.

Financial assets are not reclassified subsequent to their initial recognition, except when the Group changes its business model for managing financial assets.

Financial liabilities

The Group classifies its financial liabilities as measured at amortised cost. See Note 3(q).

(iii) Derecognition

Financial assets

The Group derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred or in which the Group neither transfers nor retains substantially all the risks and rewards of ownership and it does not retain control of the financial asset.

On derecognition of a financial asset, the difference between the carrying amount of the asset (or the carrying amount allocated to the portion of the asset derecognised), and the consideration received (including any new asset obtained less any new liability assumed) and any cumulative gain or loss that has been recognised in other comprehensive income is recognised in profit or loss. Any interest in such transferred financial assets that qualify for derecognition that is created or retained by the Group is recognised as a separate asset or liability.

The Group enters into transactions whereby it transfers assets recognised on its statement of financial position, but retains either all or substantially all of the risks and rewards of the transferred assets or a portion of them. In such case, the transferred assets are not derecognised. Examples of such transactions are securities lending and sale and repurchase transactions.

When assets are sold to a third party with a concurrent total rate of return swap on the transferred assets, the transaction is accounted for as a secured financing transaction similar to sale and repurchase transactions as the Group retains all or substantially all the risks and rewards of ownership of such assets.

In transactions in which the Group neither retains nor transfers substantially all the risks and rewards of ownership of a financial asset and it retains control over the asset, the Group continues to recognise the asset to the extent of its continuing involvement, determined by the extent to which it is exposed to changes in the value of the transferred asset.

In certain transactions, the Group retains the obligation to service the transferred financial asset for a fee. The transferred asset is derecognised if it meets the derecognition criteria. An asset or liability is recognised for the servicing contract, depending on whether the servicing fee is more than adequate (asset) or is less than adequate (liability) for performing the servicing.

Financial liabilities

The Group derecognises a financial liability when its contractual obligations are discharged, cancelled or expire.

(iv) Offsetting

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

Income and expenses are presented on a net basis only when permitted under IFRS, or for gains and losses arising from a group of similar transactions such as in the Group's trading activity.

(v) Amortised cost measurement

The amortised cost of a financial asset or financial liability is the amount at which the financial asset or financial liability is measured at initial recognition, minus principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between the initial amount recognised and the maturity amount, minus any reduction for impairment.

(vi) Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or, in its absence, the most advantageous market to which the Group has access at that date. The fair value of a liability reflects its non-performance risk.

When available, the Group measures the fair value of an instrument using the quoted price in an active market for that instrument. A market is regarded as active if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

If there is no quoted price in an active market, then the Group uses valuation techniques that maximise the use of relevant observable inputs and minimise the use of unobservable inputs. The chosen valuation technique incorporates all of the factors that market participants would take into account in pricing a transaction.

The best evidence of the fair value of a financial instrument at initial recognition is normally the transaction price – i.e. the fair value of the consideration given or received. If the Group determines that the fair value at initial recognition differs from the transaction price and the fair value is evidenced neither by a quoted price in an active market for an identical asset or liability nor based on a valuation technique that uses only data from observable markets, then the financial instrument is initially measured at fair value, adjusted to defer the difference between the fair value at initial recognition and the transaction price. Subsequently, that difference is recognised in profit or loss on an appropriate basis over the life of the instrument but no later than when the valuation is wholly supported by observable market data or the transaction is closed out.

If an asset measured at fair value has a bid price and an ask price, then the Group measures assets and long positions at a bid price.

Portfolios of financial assets and financial liabilities that are exposed to market risk and credit risk that are managed by the Group on the basis of the net exposure to either market or credit risk are measured on the basis of a price that would be received to sell a net long position (or paid to transfer a net short position) for a particular risk exposure. Those portfolio-level adjustments are allocated to the individual assets and liabilities on the basis of the relative risk adjustment of each of the individual instruments in the portfolio.

The fair value of a demand deposit is not less than the amount payable on demand, discounted from the first date on which the amount could be required to be paid.

(vii) Identification and measurement of impairment

At each reporting date the Group assesses whether there is

objective evidence that financial assets carried at amortised cost are impaired. A financial asset or a group of financial assets is impaired when objective evidence demonstrates that a loss event has occurred after the initial recognition of the asset(s), and that the loss event has an impact on the future cash flows of the asset(s) that can be estimated reliably.

Objective evidence that financial assets are impaired can include significant financial difficulty of the borrower or issuer, default or delinquency by a borrower, the restructuring of a loan or advance by the Group on terms that the Group would not consider otherwise, indications that a borrower or issuer will enter bankruptcy, the disappearance of an active market for a security, or other observable data relating to a group of assets such as adverse changes in the payment status of borrowers or issuers in the group, or economic conditions that correlate with defaults in the group.

The Group considers evidence of impairment for loans and advances and investment securities measured at amortised costs at both a specific asset and collective level. All individually significant loans and advances and investment securities measured at amortised cost are assessed for specific impairment. Those found not to be specifically impaired are then collectively assessed for any impairment that has been incurred but not yet identified. Loans and advances and investment securities measured at amortised cost that are not individually significant are collectively assessed for impairment by grouping together loans and advances and investment securities measured at amortised cost with similar risk characteristics.

In assessing collective impairment, the Group uses statistical modelling of historical trends of the probability of default, the timing of recoveries and the amount of loss incurred, and makes a judgment if current economic and credit conditions are such that the actual losses are likely to be greater or lesser than is suggested by historical trends. Default rates, loss rates and the expected timing of future recoveries are regularly benchmarked against actual outcomes to ensure that they remain appropriate.

Impairment losses on assets measured at amortised cost are calculated as the difference between the carrying amount of the financial amount and the present value of estimated future cash flows discounted at the asset's original effective interest rate.

Impairment losses are recognised in profit or loss and reflected in an allowance account against loans and advances or investment securities at amortised cost. If an event occurring after the impairment was recognised causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

The Group writes off certain loans and advances and investment securities, when Group Credit determines that there is no realistic prospect of recovery.

(i) Cash and cash equivalents

Cash and cash equivalents include cash on hand, unrestricted balances held with central banks and highly liquid financial assets with original maturities of three months or less from the acquisition date that are subject to an insignificant risk of changes in their fair value, and are used by the Group in the management of its short-term commitments.

Cash and cash equivalents are carried at amortised cost in the statement of financial position.

(j) Trading assets and liabilities

Trading assets and liabilities are those assets and liabilities that the Group acquires or incurs principally for the purpose of selling or repurchasing in the near term, or holds as part of a portfolio that is managed together for short-term profit or position taking. Trading assets are measured at fair value with changes in fair value recognised as part of net trading income in profit or loss.

(k) Loans and advances

Loans and advances are non-derivative financial assets with fixed or determinable payments, other than investment securities, that are not quoted in an active market and the Group does not intend to sell immediately or in the near term.

Subsequent to initial recognition loans and advances are measured at amortised cost using the effective interest method.

(l) Investment securities

Subsequent to initial recognition investment securities are accounted for depending on their classification as either amortised cost, fair value through profit or loss or fair value through other comprehensive income.

Investment securities are measured at amortised cost using the effective interest method, if:

- they are held within a business model with an objective to hold assets in order to collect contractual cash flows and the contractual terms of the financial asset give rise, on specified dates, to cash flows that are solely payments of principal and interest; and
- they have not been designated previously as measured at fair value through profit or loss.

The Group elects to present changes in fair value of certain investments in equity instruments held for strategic purposes in other comprehensive income. The election is irrevocable and is made on an instrument-by-instrument basis at initial recognition.

Gains and losses on such equity instruments are never reclassified to profit or loss and no impairment is recognised in profit or loss. Dividends are recognised in profit or loss unless they clearly represent a recovery of part of the cost of the investment, in which case they are recognised in other comprehensive income. Cumulative gains and losses recognised in other comprehensive income are transferred to retained earnings on disposal of an investment.

Other investment securities are measured at fair value through profit or loss.

(m) Property and equipment

(i) Recognition and measurement

Items of property and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses.

Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

If significant parts of an item of property or equipment have different useful lives, then they are accounted for as separate items (major components) of property and equipment.

Any gain or loss on disposal of an item of property and equipment (calculated as the difference between the net proceeds from disposal and the carrying amount of the item) is recognised within other income/other expenses in profit or loss.

(ii) Subsequent costs

Subsequent expenditure is capitalised only when it is probable

that the future economic benefits of the expenditure will flow to the Group. Ongoing repairs and maintenance are expensed as incurred.

(iii) Depreciation

Depreciation is calculated to write off the cost of items of property and equipment less their estimated residual values using the straight-line basis over their estimated useful lives, and is generally recognised in profit or loss. Land is not depreciated.

The estimated useful lives of significant items of property and equipment are as follows:

buildings	50 years
installations and improvements	16.67 years
furniture and equipment	12.5 years
vehicles	10 years
power generators	12.5 years

Depreciation methods, useful lives and residual values are reassessed at each reporting date and adjusted if appropriate.

(n) Intangible assets

Software

Software acquired by the Group is measured at cost less accumulated amortisation and any accumulated impairment losses.

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

Software is amortised on a straight line basis in profit or loss over its estimated useful life, from the date that it is available for use. The estimated useful life of software for the current and comparative periods is three to ten years. Amortisation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

(o) Assets held for sale

Properties acquired through the enforcement of security over loans and advances to customers are accounted for in accordance with the Directives issued by the Banking Regulators.

These assets are initially measured at fair value at the date of enforcement of the security. A reserve is constituted for assets not disposed of within two years of the date of enforcement at a rate of 20% or 5%.

The accumulated reserve is classified under "Other reserves" in equity.

(p) Impairment of non-financial assets

At each reporting date, the Group reviews the carrying amounts of its non-financial assets to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

The recoverable amount of an asset is the greater of its value in use and its fair value less costs to sell.

Impairment losses are recognised in profit or loss.

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

(q) Deposits and subordinated debt issued

Deposits and subordinated debt issued are the Group's sources of debt funding.

Deposits and subordinated debt issued are initially measured at fair value minus incremental direct transaction costs, and subsequently measured at their amortised cost using the effective interest method.

(r) Provisions

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined using management's best estimates to the risk specific to the liability.

(s) Share capital and reserves

(i) Share issue costs

Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds.

(ii) Dividends on ordinary shares

Dividends on ordinary shares are recognised in equity in the period in which they are approved by the Group's shareholders.

Dividends for the year that are declared after the date of the balance sheet are dealt with in the subsequent events note.

(t) Standards issued but not yet effective

A number of new standards and amendments to standards are effective for annual periods beginning after 1 January 2015 and earlier adoption is permitted; however, the Group has not early applied the following new or amended standards in preparing these consolidated financial statements. The new standards which may be relevant to the Group are set out below.

(i) IFRS 15 Revenue from contracts with customers

IFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It replaces existing revenue recognition guidance, including IAS 18 Revenue, IAS 11 *Construction Contracts* and IFRIC 13 *Customer Loyalty Programmes*. IFRS 15 is effective for annual reporting periods on or after 1 January 2018, with early adoption permitted.

The Group is assessing the potential impact on its consolidated financial statements resulting from the application of IFRS 15.

(ii) IFRS 9 Financial instruments

IFRS 9 Financial instruments as issued in July 2014. The Group currently applies phase I of IFRS 9 as issued in November 2009 which only addressed the classification and measurement of financial assets and did not provide a new impairment model. The currently applied version of the standard established only two primary measurement categories for debt instruments. The complete version as issued in 2014 establishes three primary measurement categories for financial assets that are debt instruments: amortised cost, fair value through other comprehensive income and fair value through profit and loss. The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset. There is now a new expected credit losses model that replaces the incurred loss impairment model used in IAS 39. For financial liabilities, the only change was the recognition of changes in own credit risk in other comprehensive income, for liabilities designated at fair value through profit or loss. The new IFRS 9 also replaces the hedge effectiveness tests with a requirement for an economic relationship between the hedged item and hedging instrument and for the hedged ratio to be the same as the one management actually use for risk management purposes. The complete version of the standard

is effective for accounting periods beginning on or after 1 January 2018. Early application is permitted. The Group is yet to assess the impact of the complete version, more specifically the requirements of the new impairment model.

The following amended standards are not expected to have a significant impact on the Group's consolidated financial statements.

- Clarification of Acceptable Methods of Depreciation and Amortisation (Amendments to IAS 16 and IAS 38)
- Equity Method in Separate Financial Statements (Amendments to IAS 27)

4. Financial risk management

(a) Introduction and overview

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

- credit risk -----
- liquidity risk -----
- market risks -----
- operational risks -----

This note presents information about the Group's exposure to each of the above risks, the Bank's objectives, policies and processes for measuring and managing risk, and the Group's management of capital.

Risk management framework

The Bank's Board of Directors has overall responsibility for the establishment and oversight of the Bank's risk management framework. The Board of Directors has established the Board Risk Committee, Credit Policy Committee and the Asset and Liability Management Committee (ALCO), which are responsible for developing and monitoring Bank risk management policies.

The Group's risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities. The Group, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Board Risk Committee, the Credit Policy Committee and the Asset Liability Management Committee (ALCO) oversee

how management monitors compliance with the Group's risk management policies and procedures, and review the adequacy of the risk management framework in relation to the risks faced by the Group. The Audit Committee is assisted in its oversight role by Internal Audit. Internal Audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the Audit Committee.

(b) Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's loans and advances to customers and other banks, and investment debt securities. For risk management reporting purposes the Group considers and consolidates all elements of credit risk exposure.

For risk management purposes, credit risk arising on trading assets is managed independently by the market risk management function. The overall objective of managing market risk is to avoid unexpected losses due to changes in market prices and to optimise the use of market risk capital. The Group manages these potential exposures on a daily basis within predefined limits for each of the major types of market risk established within the Group's policies and commensurate with the risk appetite defined by the Board of Directors.

Management of credit risk

The Board of Directors has delegated responsibility for the oversight of credit risk to its Risk Management Committee, Credit Policy Committee and allocated Credit Committees. An independent Credit Risk Management function, reporting to the Chief Risk Officer (CRO), is responsible for management of the Group's credit risk, including:

- Formulating credit policies covering collateral requirements, credit assessment, risk grading and reporting, documentary and legal procedures, and compliance with regulatory and statutory requirements.
- Establishing the authorisation structure for the approval and renewal of credit facilities.
- Reviewing and assessing credit risk. The Credit Committee assesses all credit exposures in excess of designated limits, prior to facilities being committed to customers by the business unit concerned. Renewals and reviews of facilities are subject to the same review process.

- Limiting concentrations of exposure to counterparties, geographies and sectors. The Group's approach to controlling this concentration of exposure is by the diversification of its commitments and by setting limits at level of aggregate of products, economic sectors, region and segments.
- Developing and maintaining the Group's credit risk rating system. This system is a summary indicator of the Group's individual credit exposure. An internal rating system categorises all credits into various classes on the basis of underlying credit quality. A well-structured credit rating framework is an important tool for monitoring and controlling risk inherent in individual credits as well as in credit portfolios of the Group or a business line. The importance of internal credit rating framework becomes more eminent due to the fact that historically major losses to banks stemmed from default in loan portfolios. While the Group already has a system for rating individual credits in addition to the risk categories prescribed by the Central Bank of Lebanon, the Group established an internal rating framework. The internal rating framework benefits the Group in a number of ways such as: credit selection, amount of exposure, tenure and price of facility, frequency or intensity of monitoring, analysis of migration of deteriorating credits and more accurate computation of future loan loss provision; and deciding the level of approving authority of loan.
- Reviewing compliance with agreed exposure limits, including those for selected sectors, geography and product types. Regular reports on the credit quality of portfolios are provided to the Credit Policy Committee who may require appropriate corrective action to be taken.
- Providing advice, guidance and specialist skills to promote best practice throughout the Group in the management of credit risk.

Each Credit Officer is required to implement Group credit policies and procedures, with credit approval authorities delegated from the Group Credit Committee. Each Credit Officer reports on all credit related matters to management and the Group Credit Committee.

Each Credit Officer is responsible for the quality and performance of his/her credit portfolio and for monitoring and controlling all credit risks in his/her portfolios, including those subject to central approval.

Regular audits of Group Credit processes are undertaken by Internal Audit.

Analysis of credit quality

The tables below set out information about the credit quality of financial assets and the allowance for impairment/loss held by the Group against those assets. Allowance for impairment held against assets classified within credit grades 1 to 6 is in respect of losses incurred but not yet specifically identified. The carrying amount of assets with credit grades 1 to 6 that are collectively impaired represents the estimated proportion of the total assets within these grades (rather than individually identified assets) to which such allowance is estimated to relate.

millions LBP	Loans and Advances to Customers		Loans and Advances to Related Parties		Balances with Central Banks, Other Banks and Financial Institutions		Investment Debt Securities	
	2015	2014	2015	2014	2015	2014	2015	2014
Carrying amount	4,458,356	4,269,371	16,525	35,958	4,469,706	4,100,929	5,378,852	4,704,056
Amount committed/guaranteed	---	---	---	---	---	---	---	---
Individually impaired								
- Grade 4: Substandard	61,308	51,997	---	---	---	---	---	---
- Grade 5: Impaired	139,174	116,220	---	---	9,578	10,189	---	---
- Grade 6: Impaired	48,812	39,230	3,638	3,462	129	129	---	---
- Gross amount	249,294	207,447	3,638	3,462	9,707	10,318	---	---
- Allowance for impairment	(63,807)	(55,331)	(3,035)	(3,035)	(9,540)	(7,626)	---	---
- Unrealised interest	(72,976)	(59,628)	(512)	(376)	---	---	---	---
- Carrying amount	112,511	92,488	91	51	167	2,692	---	---
Past due but not impaired								
- Grade 3: Low-fair risk	175,742	179,416	639	1,330	---	---	---	---
- Carrying amount	175,742	179,416	639	1,330	---	---	---	---
Neither past due nor impaired								
- Grades 1-2: Low-fair risk	4,173,064	4,000,309	15,793	34,572	4,433,429	4,064,081	5,291,192	4,629,512
- Allowance for collective impairment	(19,147)	(18,198)	---	---	---	---	---	---
- Interest receivable	16,186	15,356	2	5	36,110	34,156	87,660	74,544
- Carrying amount	4,170,103	3,997,467	15,795	34,577	4,469,539	4,098,237	5,378,852	4,704,056
Total carrying amount	4,458,356	4,269,371	16,525	35,958	4,469,706	4,100,929	5,378,852	4,704,056

millions LBP	Lending commitments and financial guarantees	
	2015	2014
Amount committed/guaranteed	769,669	757,739
Off balance sheet	---	---
Maximum exposure	---	---
Lending commitments	---	---
- Grade 1-3: low - fair risk	580,365	567,013
- Financial guarantees	---	---
Grade 1-3: low - fair risk	189,304	190,726
Total exposure	769,669	757,739

Impaired loans and investment debt securities

The Group regards a loan and advance or a debt security as impaired where there is objective evidence that a loss event has occurred since initial recognition and such loss event has an impact on future estimated cash flows from the asset. In addition, a retail loan is considered impaired if it is overdue for 90 days or more. Loans that are subject to a collective provision for losses incurred but not yet identified are not considered impaired. Impaired loans and advances are graded 4 to 6 in the Bank's internal credit risk grading system.

Set out below is an analysis of the gross and net (of allowances for impairment) amounts of individually impaired assets by risk grade.

millions LBP	Loans and Advances to Customers		Loans and Advances to Related Parties		Balances with Central Banks, Other Banks and Financial Institutions	
	Gross	Net	Gross	Net	Gross	Net
31 December 2015						
Grade 4: Individually impaired	61,308	46,486	---	---	---	---
Grade 5: Individually impaired	139,174	66,025	---	---	9,578	167
Grade 6: Individually impaired	48,812	---	3,638	91	129	---
	249,294	112,511	3,638	91	9,707	167
31 December 2014						
Grade 4: Individually impaired	51,997	40,014	---	---	---	---
Grade 5: Individually impaired	116,220	52,474	---	---	10,189	2,692
Grade 6: Individually impaired	39,230	---	3,462	51	129	---
	207,447	92,488	3,462	51	10,318	2,692

The Group believes that no impairment allowance is necessary with respect to investment debt securities.

Past due but not impaired loans and investment debt securities

Past due but not impaired loans and investment debt securities are those for which contractual interest or principal payments are past due, but the Group believes that impairment is not appropriate on the basis of the level of security / collateral available and / or the stage of collection of amounts owed to the Group.

Write-off policy

The Bank writes off a loan or an investment debt security balance, and any related allowances for impairment losses and suspended interest, when Group Credit Committee determines that the loan or security is uncollectible. This determination is made after considering information such as the occurrence of significant changes in the borrower's / issuer's financial position such that the borrower / issuer can no longer pay the obligation, or that proceeds from collateral will not be sufficient to pay back the entire exposure.

Collateral held

Type of credit exposure

The Group holds collateral against certain of its credit exposures. The table below sets out the principal types of collateral held against loans and advances to customers and related parties.

millions LBP	2015	2014
Principal type of collateral held for secured lending		
- Engagement by signature received	38,082	33,313
- Personal guarantees received	3,603,144	3,310,088
- Mortgages and real securities received	4,561,560	4,156,383
- Mobilisation bills received as guarantee	92,345	398,076
- Bills received as guarantee	3,459	3,602
- Commitment and contingencies received	80,614	99,363
	8,379,204	8,000,825

The Group typically does not hold collateral against balances with other banks and financial institutions and against investment securities, and no such collateral was held at 31 December 2015 or 2014.

The Group did not obtain non-financial assets during the year by taking possession of collateral held as security against loans and advances.

The Bank's policy is to pursue timely realisation of the collateral in an orderly manner. The Group generally does not use the non-cash collateral for its own operations.

Concentration of credit risk

The Group monitors concentrations of credit risk by sector and by geographic location. An analysis of concentrations of credit risk from loans and advances and investment securities is shown below:

millions LBP	Loans and Advances to Customers		Loans and Advances to Related Parties		Balances with Central Banks, Other Banks and Financial Institutions		Investment Debt Securities	
	2015	2014	2015	2014	2015	2014	2015	2014
Carrying amount	4,458,356	4,269,371	16,525	35,958	4,469,706	4,100,929	5,378,852	4,704,056
Concentration by sector								
Retail	1,909,417	1,839,536	1,691	1,886	---	---	---	---
Trade and services	1,229,165	1,352,338	2,679	1,793	---	---	---	---
Industries	595,219	573,273	---	18,418	---	---	---	---
Construction and real estate	641,884	415,362	10,358	13,557	---	---	---	---
Brokerage	15,232	10,604	1,198	304	---	---	---	---
Agriculture	67,439	78,258	599	---	---	---	---	---
Banks and financial institutions	---	---	---	---	1,073,739	1,075,776	76,317	83,284
Corporate	---	---	---	---	---	---	12,059	8,664
Government	---	---	---	---	3,395,967	3,025,153	5,290,476	4,612,108
	4,458,356	4,269,371	16,525	35,958	4,469,706	4,100,929	5,378,852	4,704,056
Concentration by location								
Lebanon	4,336,002	4,165,778	16,518	35,958	3,457,090	3,091,863	5,325,393	4,588,531
Middle East and Africa	104,538	84,094	7	---	320,588	340,166	45,291	105,421
Europe	16,270	17,484	---	---	512,571	534,557	8,168	7,834
Other	1,546	2,015	---	---	179,457	134,343	---	2,270
	4,458,356	4,269,371	16,525	35,958	4,469,706	4,100,929	5,378,852	4,704,056

Concentration by location for loans and advances to customers, related parties and banks and financial institutions are based on the country of domicile. Concentration by location for investment securities is based on the country of domicile of the issuer of the security. At 31 December 2015, the lending commitments and financial guarantees, classified within credit grade 1 to 3, amounted to LBP 769,669 million (2014: LBP 757,739 million).

Trading assets

An analysis of the credit quality of the maximum credit exposure, based on the median rating of the three eligible rating agencies as per Basel II (Moody's, Standard & Poor's and Fitch) where applicable, is as follows:

millions LBP	From A+ to A-	From BBB+ to BBB-	From BB+ to BB-	From B+ to B-	From CCC+ to CCC- or NR	Total
31 December 2015						
Financial assets at fair value through profit or loss	3,737	4,263	1,625	45,132	---	54,757
31 December 2014						
Financial assets at fair value through profit or loss	2,271	12,269	5,413	14,742	---	34,695

Settlement risk

The Group's activities may give rise to risk at the time of settlement of transactions and trades. Settlement risk is the risk of loss due to the failure of an entity to honour its obligations to deliver cash, securities or other assets as contractually agreed.

For certain types of transactions the Group mitigates this risk by conducting settlements through a settlement/clearing agent to ensure that a trade is settled only when both parties have fulfilled their contractual settlement obligations. Settlement limits form part of the credit approval/limit monitoring process described earlier. Acceptance of settlement risk on free settlement trades requires transaction specific or counterparty specific approvals from Group Risk.

(c) Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting obligations associated with its financial liabilities that are settled by delivering cash or another financial asset.

Management of liquidity risk

The Group's Board of Directors sets the Group's strategy for managing liquidity risk and delegates the responsibility for the oversight of the implementation of this policy to the Risk Committee and ALCO. ALCO approves the Group's liquidity policies and procedures. Central Treasury manages the Bank's liquidity position on a day-to-day basis and reviews daily reports covering the liquidity position of both the Bank and foreign branches.

The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation. The key elements of the Group's liquidity strategy are as follows:

- Maintaining a diversified funding base consisting of customer deposits (both retail and corporate) and maintaining contingency facilities;
- Carrying a portfolio of highly liquid assets, diversified by currency and maturity;
- Monitoring liquidity ratios, maturity mismatches, behavioural characteristics of the Group's financial assets and liabilities, and the extent to which the Group's assets are encumbered and so not available as potential collateral for obtaining funding.

In addition, the Group maintains statutory deposits with Central Banks. As per Lebanese banking regulations, the Group must retain non-interest bearing balances with the Central Bank of Lebanon equivalent to 25% of the sight deposits and 15% of term deposits denominated in Lebanese Pounds. As for foreign currencies, the Group must retain with the Central Bank of Lebanon interest bearing statutory investments equivalent to 15% of all deposits regardless of their nature.

The liquidity position is assessed and managed under a variety of scenarios, giving due consideration to stress factors relating to both the market in general and specifically to the Group. The Group maintains a solid ratio of highly liquid net assets in foreign currencies to deposits and commitments in foreign currencies taking market conditions into consideration. In accordance,

with the Central Bank of Lebanon circulars, the ratio of net liquid assets to deposits and commitments in foreign currencies and Lebanese Pounds should not be less than 10% and 40% respectively. The highly liquid net assets consist of cash and balances with Central Banks, balances with other banks and financial institutions less deposits from banks and financial institutions and deposits that mature within one year. Deposits and commitments are composed of total deposits from customers in addition to acceptances and loans that mature within one year.

When a branch is subject to a liquidity limit imposed by its local regulator, the branch is responsible for managing its overall liquidity within the regulatory limit in co-ordination with Central Treasury. Central Treasury monitors compliance of all foreign branches with local regulatory limits on a daily basis.

Exposure to liquidity risk

The key measure used by the Group for managing liquidity risk is the ratio of net liquid assets to deposits from customers. For this purpose net liquid assets are considered as including cash and cash equivalents and investment debt securities for which there is an active and liquid market less any deposits from banks and financial institutions, other borrowings and commitments maturing within the next month. A similar, but not identical, calculation is used to measure the Group's compliance with the liquidity limit established by the Central Bank of Lebanon and the Banking Control Commission. Details of the reported Group ratio of net liquid assets to deposits from customers at the reporting date was as follows:

	2015	2014
At 31 December	35.88%	32.23%

Maturity analysis for assets and liabilities

The tables below set out the remaining contractual maturities of the Bank's assets and liabilities.

31 December 2015	millions LBP	Amount Without Maturity	1-3 Months	3-6 Months	6 Months to 1 Year	1-5 Years	More Than 5 Years	Total
Assets								
Cash and balances with Central Banks		99,722	852,253	170,347	194,468	503,505	1,639,425	3,459,720
Balances with other banks and financial institutions		308	1,060,954	---	12,477	---	---	1,073,739
Loans and advances to customers		109,550	1,534,369	84,950	97,571	937,088	1,694,828	4,458,356
Loans and advances to related parties		94	14,264	---	153	---	2,014	16,525
Debtors by acceptances		---	75,401	336	---	---	---	75,737
Financial assets at fair value through other comprehensive income		63,499	---	---	---	---	28,774	92,273
Financial assets at fair value through profit or loss		721	---	602	15	31,975	21,444	54,757
Financial assets at amortised cost		86,940	167,935	212,553	390,853	2,124,612	2,341,202	5,324,095
Other assets		18,440	---	---	---	---	---	18,440
Property and equipment		233,641	---	---	---	---	---	233,641
Intangible assets		5,989	---	---	---	---	---	5,989
Assets held for sale		37,156	---	---	---	---	---	37,156
Other assets		127,763	---	---	---	---	---	127,763
Total assets		783,823	3,705,176	468,788	695,537	3,597,180	5,727,687	14,978,191
Liabilities								
Loans and deposits from Central Bank		(6)	(24,702)	(9,645)	(20,059)	(174,048)	(347,852)	(576,312)
Balances from other banks and financial institutions		(542)	(62,674)	(10,056)	(8,856)	(13,216)	---	(95,344)
Deposits from customers		(69,935)	(10,257,532)	(1,028,076)	(665,749)	(210,474)	---	(12,231,766)
Deposits from related parties		(3,042)	(400,855)	(15,895)	(20,064)	---	---	(439,856)
Engagement by acceptances		---	(75,401)	(336)	---	---	---	(75,737)
Subordinated debt issued		(7,313)	---	---	---	(113,063)	---	(120,376)
Tax liabilities		(6,371)	(3,923)	(7,867)	---	---	---	(18,161)
Other liabilities		(213,942)	(24,403)	---	---	---	---	(238,345)
Provisions for risks and charges		(41,993)	---	---	---	---	---	(41,993)
Shareholders' equity		(1,140,301)	---	---	---	---	---	(1,140,301)
Total liabilities and shareholders' equity		(1,483,445)	(10,849,490)	(1,071,875)	(714,728)	(510,801)	(347,852)	(14,978,191)
Liquidity gap		(699,623)	(7,144,314)	(603,087)	(19,191)	3,086,379	5,379,835	---
Cumulative gap		(699,622)	(7,843,936)	(8,447,023)	(8,466,214)	(5,379,835)	---	---

31 December 2014	millions LBP	Amount Without Maturity	1-3 Months	3-6 Months	6 Months to 1 Year	1-5 Years	More Than 5 Years	Total
Assets								
Cash and balances with Central Banks		93,864	732,582	165,825	262,305	366,322	1,464,050	3,084,948
Balances with other banks and financial institutions		2,779	1,065,254	---	205	7,538	---	1,075,776
Loans and advances to customers		89,646	1,457,834	74,373	134,025	867,721	1,645,772	4,269,371
Loans and advances to related parties		57	34,406	---	---	32	1,463	35,958
Debtors by acceptances		---	127,937	17,205	---	---	---	145,142
Financial assets at fair value through other comprehensive income		55,779	---	---	---	---	30,654	86,433
Financial assets at fair value through profit or loss		260	---	277	1,357	20,907	11,894	34,695
Financial assets at amortised cost		74,283	231,391	471,698	284,734	2,271,781	1,335,474	4,669,361
Investments in equity-accounted investees		19,812	---	---	---	---	---	19,812
Property and equipment		226,180	---	---	---	---	---	226,180
Intangible assets		6,013	---	---	---	---	---	6,013
Assets held for sale		36,631	---	---	---	---	---	36,631
Other assets		122,007	---	---	---	---	---	122,007
Total assets		727,311	3,649,404	729,378	682,626	3,534,301	4,489,307	13,812,327
Liabilities								
Loans and deposits from Central Bank		(9)	(21,158)	(5,401)	(12,180)	(114,306)	(244,296)	(397,350)
Deposits from other banks and financial institutions		(535)	(63,932)	(10,208)	(4,276)	(19,825)	(1,989)	(100,765)
Deposits from customers		(61,801)	(9,558,665)	(888,566)	(534,340)	(193,642)	---	(11,237,014)
Deposits from related parties		(1,409)	(408,620)	(18,666)	(137)	---	---	(428,832)
Engagement by acceptances		---	(127,937)	(17,205)	---	---	---	(145,142)
Subordinated debt issued		(7,313)	---	---	---	(113,063)	---	(120,376)
Tax liabilities		(5,354)	(4,019)	(7,343)	---	---	---	(16,716)
Other liabilities		(211,897)	(38,511)	---	---	---	---	(250,408)
Provisions for risks and charges		(39,085)	---	---	---	---	---	(39,085)
Shareholders' equity		(1,076,639)	---	---	---	---	---	(1,076,639)
Total liabilities and shareholders' equity		(1,404,042)	(10,222,842)	(947,389)	(550,933)	(440,836)	(246,285)	(13,812,327)
Liquidity gap		(676,731)	(6,573,438)	(218,011)	131,693	3,093,465	4,243,022	---
Cumulative gap		(676,731)	(7,250,169)	(7,468,180)	(7,336,487)	(4,243,022)	---	---

The above tables show the undiscounted cash flows on the Group's assets and liabilities on the basis of their earliest possible contractual maturity.

The Group's expected cash flows on some assets and liabilities vary significantly from the contractual cash flows. For example, demand deposits from customers are expected to maintain a stable or increasing balance.

As part of the management of its liquidity risk arising from financial liabilities, the Group holds liquid assets comprising cash and cash equivalents, compulsory reserves with Central Banks and investment securities for which there is an active and liquid market so that they can be readily sold to meet liquidity requirements. In addition, the Bank maintains agreed lines of credit with banks.

Liquidity reserves

millions LBP	2015		2014	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Cash and balances with Central Banks	1,447,679	1,447,679	1,234,907	1,234,907

(d) Market risks

Market risk is the risk that changes in market prices, such as interest rates, equity prices, foreign exchange rates will affect the Group's income or the value of its holdings of financial instruments. The objective of the Group's market risk management is to manage and control market risk exposures within acceptable parameters in order to ensure the Group's solvency while optimising the return on risk.

Management of market risks

Overall authority for market risk management is vested in ALCO. ALCO sets up limits for each type of risk in aggregate and for portfolios, with market liquidity being a primary factor in determining the level of limits set for trading portfolios. The Group Market Risk is responsible for the development of detailed risk management policies (subject to review and approval by ALCO) and for the day-to-day review of their implementation.

The Group employs a range of tools to monitor and limit market risk exposures.

Exposure to interest rate risk

The principal risk to which portfolios are exposed is the risk of loss from fluctuations in the future cash flows or fair values of financial instruments because of a change in market interest rates. Interest rate risk is managed principally through monitoring interest rate gaps and by having pre-approved limits for repricing bands. A summary of the Group's interest rate gap position is as follows:

31 December 2015	millions LBP	Carrying Amount	Less Than 3 Months	3-6 Months	6-12 Months	1-5 Years	More Than 5 Years	Non Interest Bearing
Assets								
Cash and balances with Central Banks		3,459,720	940,710	98,741	167,332	---	1,639,425	613,512
Balances with other banks and financial institutions		1,073,739	654,233	---	12,477	937,088	---	407,029
Loans and advances to customers		4,458,356	1,534,369	84,950	97,571	---	1,694,828	109,550
Loans and advances to related parties		16,525	14,264	---	153	---	2,014	94
Debtors by acceptances		75,737	---	---	---	---	---	75,737
Financial assets at fair value through other comprehensive income		92,273	---	---	---	---	---	92,273
Financial assets at fair value through profit or loss		54,757	---	---	---	---	---	54,757
Financial assets at amortised cost		5,324,095	167,935	212,553	390,853	2,124,612	2,341,202	86,940
Investments in equity-accounted investees		18,440	---	---	---	---	---	18,440
Property and equipment		233,641	---	---	---	---	---	233,641
Intangible assets		5,989	---	---	---	---	---	5,989
Assets held for sale		37,156	---	---	---	---	---	37,156
Other assets		127,763	---	---	---	---	---	127,763
Total assets		14,978,191	3,311,511	396,244	668,386	3,061,700	5,677,469	1,862,881
Liabilities								
Loans and deposits from Central Banks		(576,312)	(19,926)	(9,645)	(20,059)	(174,048)	(347,852)	(4,782)
Deposits from other banks and financial institutions		(95,344)	(32,028)	(10,056)	(8,856)	(13,216)	---	(31,188)
Deposits from customers		(12,231,766)	(9,042,930)	(1,028,076)	(665,749)	(210,474)	---	(1,284,537)
Deposits from related parties		(439,856)	(373,760)	(15,895)	(20,064)	---	---	(30,137)
Engagement by acceptances		(75,737)	---	---	---	---	---	(75,737)
Subordinated debt issued		(120,376)	---	---	---	(113,063)	---	(7,313)
Tax liabilities		(18,161)	---	---	---	---	---	(18,161)
Other liabilities		(238,345)	---	---	---	---	---	(238,345)
Provisions for risks and charges		(41,993)	---	---	---	---	---	(41,993)
Shareholders' equity		(1,140,301)	---	---	---	---	---	(1,140,301)
Total liabilities and equity		(14,978,191)	(9,468,644)	(1,063,672)	(714,728)	(510,801)	(347,852)	(2,872,494)
Interest rate sensitivity gap		---	(6,157,133)	(667,428)	(46,342)	2,550,899	5,329,617	(1,009,613)
Cumulative gap		---	(6,157,133)	(6,824,561)	(6,870,903)	(4,320,004)	1,009,613	---

31 December 2014	millions LBP	Carrying Amount	Less Than 3 Months	3-6 Months	6-12 Months	1-5 Years	More Than 5 Years	Non Interest Bearing
Assets								
Cash and balances with Central Banks		3,084,948	796,331	67,838	263,812	---	1,464,050	492,917
Balances with other banks and financial institutions		1,075,776	685,874	---	205	7,538	---	382,159
Loans and advances to customers		4,269,371	1,457,834	74,373	134,025	867,721	1,645,772	89,646
Loans and advances to related parties		35,958	34,406	---	---	32	1,463	57
Debtors by acceptances		145,142	---	---	---	---	---	145,142
Financial assets at fair value through other comprehensive income		86,433	---	---	---	---	---	86,433
Financial assets at fair value through profit or loss		34,695	---	---	---	---	---	34,695
Financial assets at amortised cost		4,669,361	231,391	471,698	284,734	2,271,781	1,335,474	74,283
Investments in equity-accounted investees		19,812	---	---	---	---	---	19,812
Property and equipment		226,180	---	---	---	---	---	226,180
Intangible assets		6,013	---	---	---	---	---	6,013
Assets held for sale		36,631	---	---	---	---	---	36,631
Other assets		122,007	---	---	---	---	---	122,007
Total assets		13,812,327	3,205,836	613,909	682,776	3,147,072	4,446,759	1,715,975
Liabilities								
Loans and deposits from Central Banks		(397,350)	(18,975)	(5,401)	(12,180)	(114,306)	(244,296)	(2,192)
Deposits from other banks and financial institutions		(100,765)	(23,780)	(10,208)	(4,276)	(19,825)	(1,989)	(40,687)
Deposits from customers		(11,237,014)	(8,398,280)	(888,566)	(534,340)	(193,642)	---	(1,222,186)
Deposits from related parties		(428,832)	(377,627)	(18,666)	(137)	---	---	(32,402)
Engagement by acceptances		(145,142)	---	---	---	---	---	(145,142)
Subordinated debt issued		(120,376)	---	---	---	(113,063)	---	(7,313)
Tax liabilities		(16,716)	---	---	---	---	---	(16,716)
Other liabilities		(250,408)	---	---	---	---	---	(250,408)
Provisions for risks and charges		(39,085)	---	---	---	---	---	(39,085)
Shareholders' equity		(1,076,639)	---	---	---	---	---	(1,076,639)
Total liabilities and equity		(13,812,327)	(8,818,662)	(922,841)	(550,933)	(440,836)	(246,285)	(2,832,770)
Interest rate sensitivity gap		---	(5,612,826)	(308,932)	131,843	2,706,236	4,200,474	(1,116,795)
Cumulative gap		---	(5,612,826)	(5,921,758)	(5,789,915)	(3,083,679)	1,116,795	---

The management of interest rate risk against interest rate gap limits is supplemented by monitoring the sensitivity of the Group's financial assets and liabilities to various standard and non-standard interest rate scenarios. Standard scenarios that are considered on

a monthly basis include a 100 basis point (bp) parallel fall or rise in all yield curves. An analysis of the Group's sensitivity to an increase or decrease in market interest rates, assuming no asymmetrical movement in yield curves and a constant financial position, is as follows:

millions LBP	Change in bp	Sensitivity of Net Interest Income
31 December 2015		
LBP	+100	(70,647)
USD	+50	(15,947)
EUR	+25	(893)
31 December 2014		
LBP	+100	(59,312)
USD	+50	(11,886)
EUR	+25	(1,063)

Overall interest rate risk positions are managed by Risk Management, which uses investment securities, advances to banks, deposits from banks to manage the overall position arising from the Group's activities.

Exposure to currency risks

The Group monitors any concentration risk in relation to any individual currency in regard to the translation of foreign currency transactions and monetary assets and liabilities into the functional currency of the Group, and with regard to the translation of foreign operations into the presentation currency of the Group.

The following table presents the breakdown of assets and liabilities by currency:

31 December	2015			2014		
	LBP	Other	Total	LBP	Other	Total
Assets						
Cash and balances with Central Banks	1,387,134	2,072,586	3,459,720	1,147,969	1,936,979	3,084,948
Balances with other banks and financial institutions	40,369	1,033,370	1,073,739	30,902	1,044,874	1,075,776
Loans and advances to customers	1,852,740	2,605,616	4,458,356	1,674,780	2,594,591	4,269,371
Loans and advances to related parties	1,347	15,178	16,525	785	35,173	35,958
Debtors by acceptances	---	75,737	75,737	---	145,142	145,142
Financial assets at fair value through other comprehensive income	4,660	87,613	92,273	4,776	81,657	86,433
Financial assets at fair value through profit or loss	28,120	26,637	54,757	---	34,695	34,695
Financial assets at amortised cost	3,621,836	1,702,259	5,324,095	3,236,796	1,432,565	4,669,361
Investments in equity-accounted investees	18,393	47	18,440	19,765	47	19,812
Property and equipment	224,062	9,579	233,641	216,176	10,004	226,180
Intangible assets	5,607	382	5,989	5,755	258	6,013
Assets held for sale	6,747	30,409	37,156	6,798	29,833	36,631
Other assets	108,850	18,913	127,763	100,101	21,906	122,007
Total assets	7,299,865	7,678,326	14,978,191	6,444,603	7,367,724	13,812,327
Liabilities						
Loans and deposits from Central Banks	572,556	3,756	576,312	391,781	5,569	397,350
Deposits from other banks and financial institutions	12,542	82,802	95,344	13,239	87,526	100,765
Deposits from customers	5,821,414	6,410,352	12,231,766	5,202,583	6,034,431	11,237,014
Deposits from related parties	123,656	316,200	439,856	111,387	317,445	428,832
Engagements by acceptances	---	75,737	75,737	---	145,142	145,142
Subordinated debt issued	---	120,376	120,376	---	120,376	120,376
Tax liabilities	7,558	10,603	18,161	7,450	9,266	16,716
Other liabilities	90,490	147,855	238,345	94,604	155,804	250,408
Provisions for risks and charges	40,568	1,425	41,993	37,779	1,306	39,085
Shareholders' equity	880,992	259,309	1,140,301	835,366	241,273	1,076,639
Total liabilities and equity	7,549,776	7,428,415	14,978,191	6,694,189	7,118,138	13,812,327
	(249,911)	249,911	---	(249,586)	249,586	---

The Group is subject to currency risk on financial assets and liabilities denominated in currencies other than the Group's functional currency, which is the Lebanese Pound (LBP). Most of these financial assets and liabilities are denominated in US Dollars or Euros.

An analysis of the Group's sensitivity to a change in currency rates, assuming all other variables remain constant, is as follows:

millions LBP	Increase in Currency Rate	Effect on Profit Before Tax	Effect on Equity
31 December 2015			
USD	1%	290	3,341
EUR	1%	(1)	---
BHD	1%	334	---
XOF	1%	---	---
31 December 2014			
USD	1%	151	3,219
EUR	1%	42	---
BHD	1%	301	---
XOF	1%	4	---

(e) Operational risks

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the Group's processes, personnel, technology and infrastructure, and from external factors other than credit, market and liquidity risks, such as those arising from legal and regulatory requirements and generally accepted standards of corporate behaviour. Operational risks arise from all of the Group's operations.

The Group's objective is to manage operational risk so as to balance the avoidance of financial losses and damage to the Group's reputation with overall cost effectiveness and innovation. In all cases, the Group policy requires compliance with all applicable legal and regulatory requirements.

The Board of Directors has delegated responsibility for operational risks to management which is responsible for the development and implementation of controls to address operational risk.

This responsibility is supported by the development of overall Bank standards for the management of operational risk in the following areas:

- requirements for appropriate segregation of duties, including the independent authorisation of transactions;
- requirements for the reconciliation and monitoring of transactions;
- compliance with regulatory and other legal requirements;
- documentation of controls and procedures;
- requirements for the periodic assessment of operational risks faced, and the adequacy of controls and procedures to address the risks identified;
- requirements for the reporting of operational losses and proposed remedial action;
- development of contingency plans;
- training and professional development;
- ethical and business standards; and
- risk mitigation, including insurance where this is cost effective.

Compliance with Group standards is supported by a programme of periodic reviews undertaken by Internal Audit. The results of Internal Audit reviews are discussed with the management, with summaries submitted to the Audit Committee and senior management of the Group.

(f) Capital management

Regulatory capital

The Group's lead regulator, the Central Bank of Lebanon, sets and monitors capital requirements for the Group as a whole. The Group's regulatory capital adequacy ratio at 31 December was as follows:

	2015	2014
Capital adequacy ratio - Tier 1 capital	13.71%	14.41%
Capital adequacy ratio - Total capital	14.73%	15.77%

To monitor the adequacy of its capital, the Group uses ratios established by the Bank for International Settlements (BIS). In line with Basel III and Central Bank of Lebanon Basic Circular no. 44 amended by Central Bank of Lebanon Intermediary Circular no. 282, the minimum requirements for capital adequacy ratios are set at 8% by the BIS and 12% by the Central Bank of Lebanon. These ratios measure capital adequacy (minimum 8% as required by BIS and 12% as required by the Central Bank of Lebanon) by comparing the Group's eligible capital with its statement of financial position, off-balance-sheet commitments and market and other risk positions at weighted amounts to reflect their relative risk.

The market risk approach covers the risk of open positions in currencies and debt and equity securities. Assets are weighted according to broad categories of notional risk, being assigned a risk weighting according to the amount of capital deemed to be necessary to support them. Six categories of risk weights (0%, 20%, 35%, 50%, 75%, 100%) are applied; for example cash and LBP placements with the Central Bank have a 0% risk weighting which means that no capital is required to support the holding of these assets.

Off-balance-sheet credit instruments are taken into account by applying different categories of conversion factors, designed to convert these items into statement of financial position equivalents.

The results of the capital adequacy computation exercise are presented to Senior Management and the Group's Risk Committee for regular review and monitoring of the Group's overall capitalisation levels.

The resulting equivalent amounts are then weighted for risk using the same percentages as for on-balance-sheet assets.

The Group's regulatory capital comprises two tiers:

- Tier 1 capital, which includes ordinary share capital, share premium, retained earnings and NCI after deductions for intangible assets, and other regulatory adjustments relating to items that are included in equity but are treated differently for capital adequacy purposes; and
- Tier 2 capital, which includes qualifying subordinated liabilities, and the element of the fair value reserve relating to unrealised gains and losses on equity instruments measured at fair value through other comprehensive income and real estate revaluation reserve.

The Group's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business.

The Bank and its individually regulated operations have complied with all externally imposed capital requirements.

	2015	2014
Risk weighted assets		
Credit risk	6,393,324	6,060,544
Market risk	121,546	104,715
Operational risk	519,936	504,544
Total risk weighted assets	7,034,806	6,669,803

The Bank's regulatory capital position under Basel III at 31 December was as follows:

	2015	2014
Tier 1 capital	964,533	961,109
Tier 2 capital	71,683	90,928
Total regulatory capital	1,036,216	1,052,037

5. Use of estimates and judgements

The preparation of the consolidated financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Management discusses with the Audit Committee the development, selection and disclosure of the Group's critical accounting policies and their application, and assumptions made relating to major estimation uncertainties. Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment within the next financial year and about critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the consolidated financial statements is disclosed below.

These disclosures supplement the commentary on financial risk management (see Note 4).

Impairment

Assets accounted for at amortised cost are evaluated for impairment on a basis described in Note 4(i)(vii).

The specific component of the total allowances for impairment applies to financial assets evaluated individually for impairment and is based upon management's best estimate of the recoverable amounts that are expected to be received. In estimating these recoverable amounts, management makes judgements about a debtor's financial situation and the net realisable value of any underlying collateral. Each impaired asset is assessed on its merits, and the workout strategy and estimate of amounts considered recoverable are independently approved by the Credit Risk function.

A collective component of the total allowance is established for:

- groups of homogenous loans that are not considered individually significant; and
- groups of assets that are individually significant but that were not found to be individually impaired.

Collective allowance for groups of assets that are individually significant but that were not found to be individually impaired cover credit losses inherent in portfolios of loans and advances, with similar credit risk characteristics when there is objective evidence to suggest that they contain impaired loans and advances, but the individual impaired items cannot yet be identified.

Investments in equity securities were evaluated for impairment on the basis described in Note 4(i)(vii).

An assessment as to whether an investment in sovereign debt (see Note 5(b)) is impaired may be complex. In making such an assessment, the Group considers the following factors.

- The market's assessment of creditworthiness as reflected in the bond yields.
- The rating agencies' assessments of the creditworthiness.
- The ability of the country to access the capital markets for new debt issuance.
- The probability of debt being restructured resulting in holders suffering losses through voluntary or mandatory debt forgiveness.

See Note 5(b) for the Group's assessment of whether there is objective evidence of impairment of its investments in sovereign debt, based on the above factors.

6. Fair values of financial instruments

The fair values of financial assets and financial liabilities that are traded in active markets are based on quoted market prices or dealer price quotations. For all other financial instruments, the Group determines fair values using other valuation techniques.

For financial instruments that trade infrequently and have little price transparency, fair value is less objective, and requires varying degrees of judgment depending on liquidity, concentration uncertainty of market factors, pricing assumptions and other risks affecting the specific instrument.

(a) Valuation models

The Group measures fair values using the following fair value hierarchy, which reflects the significance of the inputs used in making the measurements.

- Level 1: inputs that are quoted market prices (unadjusted) in active markets for identical instruments.

- Level 2: inputs other than quoted prices included within Level 1 that are observable either directly (i.e. as prices) or indirectly (i.e. derived from prices). This category includes instruments valued using: quoted market prices in active markets for similar instruments; quoted prices for identical or similar instruments in markets that are considered less than active; or other valuation techniques in which all significant inputs are directly or indirectly observable from market data.
- Level 3: inputs that are unobservable. This category includes all instruments for which the valuation technique includes inputs not based on observable data and the unobservable inputs have a significant effect on the instrument's valuation. This category includes instruments that are valued based on quoted prices for similar instruments for which significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

Valuation techniques include net present value and discounted cash flow models, comparison with similar instruments for which market observable prices exist. Assumptions and inputs used in valuation techniques include risk-free and benchmark interest rates, bond and equity prices and foreign currency exchange rates.

The objective of valuation techniques is to arrive at a fair value measurement that reflects the price that would be received to sell the asset or paid to transfer the liability in an orderly transaction between market participants at the measurement date.

The Group uses widely recognised valuation models for determining the fair value of common and more simple financial instruments, like interest rate and currency swaps that use only observable market data and require little management judgment and estimation. Observable prices and model inputs are usually available in the market for listed debt and equity securities, exchange-traded derivatives and simple over the counter derivatives such as interest rate swaps. Availability of observable market prices and model inputs reduces the need for management judgement and estimation and also reduces the uncertainty associated with determining fair values. Availability of observable market prices and inputs varies depending on the products and markets and is prone to changes based on specific events and general conditions in the financial markets.

(b) Financial instruments measured at fair value – fair value hierarchy

The following table analyses financial instruments measured at fair value at the reporting date, by the level in the fair value hierarchy into which the fair value measurement is categorised. The amounts are based on the values recognised in the statement of financial position.

31 December 2015	Carrying Amount			Fair Value				
	Designated at Fair Value	Amortised Cost	Other Financial Liabilities	Total	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value								
<i>Financial assets at fair value through profit or loss</i>								
- Lebanese government treasury bills and eurobonds	42,109	---	---	42,109	13,989	28,120	---	42,109
- Corporate bonds	5,888	---	---	5,888	5,888	---	---	5,888
- Financial international sukuk	2,969	---	---	2,969	2,969	---	---	2,969
- Certificates of deposits issued by banks	3,023	---	---	3,023	3,023	---	---	3,023
- Other debt instruments	768	---	---	768	768	---	---	768
<i>Financial assets at fair value through other comprehensive income</i>								
- Unquoted equity securities	7,762	---	---	7,762	---	---	7,762	7,762
- Quoted equity securities	53,927	---	---	53,927	53,927	---	---	53,927
- Preferred shares	30,584	---	---	30,584	6,169	24,415	---	30,584
	147,030	---	---	147,030				
Financial assets not measured at fair value								
- Cash and balances with Central Banks	---	3,459,720	---	3,459,720	63,753	3,395,967	---	3,459,720
- Balances with other banks and financial institutions	---	1,073,739	---	1,073,739	---	1,073,739	---	1,073,739
- Loans and advances to customers	---	4,458,356	---	4,458,356	---	4,361,696	---	4,361,696
- Loans and advances to related parties	---	16,525	---	16,525	---	16,478	---	16,478
- Financial assets at amortised cost	---	5,324,095	---	5,324,095	1,643,725	3,685,656	---	5,329,381
	---	14,332,435	---	14,332,435				
Financial liabilities not measured at fair value								
- Loans and deposits from Central Banks	---	---	(576,312)	(576,312)	---	(576,312)	---	(576,312)
- Deposits from other banks and financial institutions	---	---	(95,344)	(95,344)	---	(95,344)	---	(95,344)
- Deposits from customers	---	---	(12,231,766)	(12,231,766)	---	(12,233,604)	---	(12,233,604)
- Deposits from related parties	---	---	(439,856)	(439,856)	---	(439,856)	---	(439,856)
- Subordinated debt issued	---	---	(120,376)	(120,376)	---	(120,376)	---	(120,376)
	---	---	(13,463,654)	(13,463,654)				

31 December 2014	Carrying Amount			Fair Value				
	Designated at Fair Value	Amortised Cost	Other Financial Liabilities	Total	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value								
Financial assets at fair value through profit or loss								
- Lebanese government eurobonds	11,467	---	---	11,467	11,467	---	---	11,467
- Corporate bonds	15,221	---	---	15,221	15,221	---	---	15,221
- Financial international sukuk	3,057	---	---	3,057	3,057	---	---	3,057
- Certificates of deposits issued by banks	2,993	---	---	2,993	2,993	---	---	2,993
- Certificates of deposits issued by the Central Bank of Lebanon	282	---	---	282	282	---	---	282
- Other debt instruments	1,675	---	---	1,675	1,675	---	---	1,675
Financial assets at fair value through other comprehensive income								
- Unquoted equity securities	7,362	---	---	7,362	---	---	7,362	7,362
- Quoted equity securities	46,340	---	---	46,340	46,340	---	---	46,340
- Preferred shares	32,731	---	---	32,731	9,476	23,255	---	32,731
	121,128	---	---	121,128				
Financial assets not measured at fair value								
- Cash and balances with Central Banks	---	3,084,948	---	3,084,948	59,795	3,025,153	---	3,084,948
- Balances with other banks and financial institutions	---	1,075,776	---	1,075,776	---	1,075,776	---	1,075,776
- Loans and advances to customers	---	4,269,371	---	4,269,371	---	4,236,702	---	4,236,702
- Loans and advances to related parties	---	35,958	---	35,958	---	35,978	---	35,978
- Financial assets at amortised cost	---	4,669,361	---	4,669,361	1,424,984	3,252,112	---	4,677,096
	---	13,135,414	---	13,135,414				
Financial liabilities not measured at fair value								
- Loans and deposits from Central Banks	---	---	(397,350)	(397,350)	---	(397,350)	---	(397,350)
- Deposits from other banks and financial institutions	---	---	(100,765)	(100,765)	---	(100,765)	---	(100,765)
- Deposits from customers	---	---	(11,237,014)	(11,237,014)	---	(11,237,301)	---	(11,237,301)
- Deposits from related parties	---	---	(428,832)	(428,832)	---	(428,832)	---	(428,832)
- Subordinated debt issued	---	---	(120,376)	(120,376)	---	(120,376)	---	(120,376)
	---	---	(12,284,337)	(12,284,337)				

7. Cash and balances with Central Banks

	millions LBP	2015	2014
Cash		63,753	59,795
Unrestricted balances with Central Banks		1,912,319	1,756,177
Mandatory reserves with the Central Bank of Lebanon		1,440,087	1,228,912
Mandatory reserves with the Central Bank of Iraq		2,239	1,706
Mandatory reserves with the Central Bank of Cyprus		553	520
Mandatory reserves with the Central Bank of Bahrain		600	600
Mandatory reserves with the Central Bank of Senegal		4,200	3,169
Interest receivable		35,969	34,069
		3,459,720	3,084,948

In accordance with Central Bank of Lebanon regulations, the Bank is required to constitute mandatory reserves in Lebanese pounds (LBP) of 15% and 25% of the average weekly customers' term and sight commitment accounts denominated in Lebanese pounds respectively. The Bank is also required to constitute mandatory reserves in foreign currency (FCY) calculated on the basis of 15% of total customers deposit accounts denominated in foreign currency, regardless of their nature.

Foreign branches and subsidiaries with banking operations are also subject to mandatory reserve requirements with varying percentages, according to the banking rules and regulations of the countries in which they are operating.

Mandatory reserve deposits are not available for use in the Group's day-to-day operations. Cash on hand and LBP reserves are non-interest bearing, whereas FCY reserves are floating-rate assets.

8. Balances with other banks and financial institutions

	millions LBP	2015	2014
Current accounts		406,721	379,380
Term deposits		654,232	683,064
Loans and advances to banks		12,478	10,553
Impaired loans to banks and financial institutions		9,707	10,318
Less specific allowance for impairment		(9,540)	(7,626)
Interest receivable		141	87
		1,073,739	1,075,776

9. Loans and advances to customers

2015	millions LBP	Gross Amount	Unrealised Interest	Impairment Allowance	Carrying Amount
Regular retail customers:					
		124,385	---	---	124,385
		1,627,854	---	---	1,627,854
		46,889	---	---	46,889
		40,235	---	---	40,235
		317,489	---	---	317,489
Regular corporate customers:					
		2,016,212	---	---	2,016,212
Classified retail customers:					
		36,864	---	---	36,864
		42,231	(12,110)	---	30,121
		67,484	(23,570)	(18,091)	25,823
		21,192	(9,845)	(11,347)	---
Classified corporate customers:					
		138,878	---	---	138,878
		19,077	(2,712)	---	16,365
		71,690	(12,712)	(18,776)	40,202
		27,620	(12,027)	(15,593)	---
		---	---	(19,147)	(19,147)
		16,186	---	---	16,186
		4,614,286	(72,976)	(82,954)	4,458,356

2014	millions LBP	Gross Amount	Unrealised Interest	Impairment Allowance	Carrying Amount
Regular retail customers:					
Cash collateral		110,044	---	---	110,044
Mortgage		1,430,371	---	---	1,430,371
Personal		55,318	---	---	55,318
Credit cards		38,237	---	---	38,237
Other		395,141	---	---	395,141
Regular corporate customers:					
Corporate		1,971,198	---	---	1,971,198
Classified retail customers:					
Watch		41,893	---	---	41,893
Substandard		40,498	(10,549)	---	29,949
Doubtful		50,100	(20,071)	(14,066)	15,963
Bad		15,128	(7,303)	(7,825)	---
Classified corporate customers:					
Watch		137,523	---	---	137,523
Substandard		11,499	(1,434)	---	10,065
Doubtful		66,120	(11,134)	(18,475)	36,511
Bad		24,102	(9,137)	(14,965)	---
Collective allowance		---	---	(18,198)	(18,198)
Accrued interest receivable		15,356	---	---	15,356
		4,402,528	(59,628)	(73,529)	4,269,371

Impairment allowance

	millions LBP	2015	2014
Allowances for impairment			
Balance at 1 January		73,529	67,061
Impairment loss for the year:			
- Charge for the year		11,384	12,212
- Recoveries and releases		(2,175)	(5,210)
Transfer from provisions for risks and charges		(5)	818
Difference of exchange		228	(422)
Reversal of provision		(7)	(930)
Balance at 31 December		82,954	73,529

Unrealised interest

	millions LBP	2015	2014
Balance at 1 January		59,628	56,238
Unrealised interest on non-performing loans		17,005	11,599
Unrealised interest recovered		(3,657)	(8,209)
Balance at 31 December		72,976	59,628

10. Financial assets at fair value through other comprehensive income

	millions LBP	2015	2014
Unquoted equity securities		7,762	7,362
Quoted equity securities		53,927	46,340
Preferred shares		28,774	30,654
Accrued dividend receivable		1,810	2,077
		92,273	86,433

11. Financial assets at fair value through profit or loss

	millions LBP	2015	2014
Lebanese government treasury bills and eurobonds		41,439	11,315
Interest receivable		670	152
		42,109	11,467
Corporate bonds		5,869	15,146
Interest receivable		19	75
		5,888	15,221
Financial international sukuk		2,955	3,045
Interest receivable		14	12
		2,969	3,057
Certificates of deposits issued by banks		3,015	2,985
Interest receivable		8	8
		3,023	2,993
Certificates of deposits issued by the Central Bank of Lebanon		---	277
Interest receivable		---	5
		---	282
Other debt instruments		759	1,666
Interest receivable		9	9
		768	1,675
		54,757	34,695

12. Financial assets at amortised cost

	millions LBP	2015	2014
Lebanese government treasury bills and eurobonds		3,678,621	3,571,370
Other sovereign bonds		41,621	32,288
Interest receivable		54,163	52,501
		3,774,405	3,656,159
Certificates of deposits issued by the Central Bank of Lebanon		1,441,401	922,612
Interest receivable		32,561	21,588
		1,473,962	944,200
Certificates of deposits issued by banks		22,561	22,536
Interest receivable		60	60
		22,621	22,596
Other debt instruments - Corporate bonds		52,951	46,272
Interest receivable		156	134
		53,107	46,406
		5,324,095	4,669,361

13. Investments in equity-accounted investees

Company	Country of Incorporation	Ownership Interest	Ownership Interest
Agence Générale de Courtage d'Assurances S.A.L.	Lebanon	25.86%	25.86%
Credit Card Management S.A.L.	Lebanon	28.96%	28.96%
International Payment Network S.A.L.	Lebanon	20.18%	20.18%
Net Commerce S.A.L.	Lebanon	19.10%	19.10%
Hot spot Properties S.A.L.	Lebanon	48.12%	48.12%
Dourrat Loubnan Al Iqaria S.A.L.	Lebanon	45.00%	45.00%
Agence Générale de Courtage d'Assurances S.A.L.	Lebanon	8,295	9,859
Credit Card Management S.A.L.	Lebanon	2,918	2,626
International Payment Network S.A.L.	Lebanon	1,626	1,624
Net Commerce S.A.L.	Lebanon	270	261
Hot spot Properties S.A.L.	Lebanon	1,615	1,681
Dourrat Loubnan Al Iqaria S.A.L.	Lebanon	3,716	3,761
		18,440	19,812

The Group's share of its equity-accounted investees for the year was LBP 1,984 million (2014: LBP 1,857 million).

Summary financial information for equity-accounted investees is as follows.

	millions LBP	2015	2014
Current assets		33,888	33,005
Non current assets		48,391	43,485
Current liabilities		(20,151)	(18,309)
Non current liabilities		(10,647)	(9,140)
Net assets		51,481	49,041
Income		17,580	17,286
Expenses		(9,939)	(10,122)
Profit		7,641	7,164

14. Property and equipment

millions LBP	Land and Buildings	Installations and Improvements	Furniture and Equipment	Vehicles	Power Generators	Advances on Capital Expenditures	Total
Cost							
Balance at 1 January 2014	72,287	49,550	49,011	1,988	2,278	84,132	259,246
Additions	1,489	138	2,420	54	29	56,952	61,082
Disposals	---	---	(949)	(34)	(2)	---	(985)
Transfers	---	3,159	350	---	60	(3,569)	---
Balance at 31 December 2014	73,776	52,847	50,832	2,008	2,365	137,515	319,343
Balance at 1 January 2015	73,776	52,847	50,832	2,008	2,365	137,515	319,343
Prior year adjustment	(902)	---	---	---	---	---	(902)
Additions	57	1,202	7,749	141	43	8,664	17,856
Disposals	---	(600)	(1,566)	(143)	(47)	---	(2,356)
Transfers	---	1,438	732	---	33	(2,203)	---
Balance at 31 December 2015	72,931	54,887	57,747	2,006	2,394	143,976	333,941
Accumulated Depreciation							
Balance at 1 January 2014	14,753	37,195	31,065	1,162	1,364	---	85,539
Depreciation for the year	1,092	2,824	4,216	178	210	---	8,520
Disposals	---	---	(864)	(30)	(2)	---	(896)
Balance at 31 December 2014	15,845	40,019	34,417	1,310	1,572	---	93,163
Balance at 1 January 2015	15,845	40,019	34,417	1,310	1,572	---	93,163
Depreciation for the year	1,122	2,506	4,476	151	199	---	8,454
Disposals	---	---	(1,214)	(85)	(18)	---	(1,317)
Transfers	---	(62)	62	---	---	---	---
Balance at 31 December 2015	16,967	42,463	37,741	1,376	1,753	---	100,300
Carrying amounts							
Balance at 1 January 2014	57,534	12,355	17,946	826	914	84,132	173,707
Balance at 31 December 2014	57,931	12,828	16,415	698	793	137,515	226,180
Balance at 31 December 2015	55,964	12,424	20,006	630	641	143,976	233,641

15. Intangible assets

millions LBP	Key Money	Licenses	Software	Total
Cost				
Balance at 1 January 2014	1,853	4,959	17,031	23,843
Additions	30	3,301	282	3,613
Disposals	---	(7)	(21)	(28)
Balance at 31 December 2014	1,883	8,253	17,292	27,428
Balance at 1 January 2015	1,883	8,253	17,292	27,428
Additions	---	1,052	1,059	2,111
Disposals	---	(10)	(6)	(16)
Balance at 31 December 2015	1,883	9,295	18,345	29,523
Accumulated Amortisation				
Balance at 1 January 2014	1,593	3,443	14,238	19,274
Amortisation for the year	38	779	1,331	2,148
Disposals	---	(7)	---	(7)
Balance at 31 December 2014	1,631	4,215	15,569	21,415
Balance at 1 January 2015	1,631	4,215	15,569	21,415
Amortisation for the year	41	1,200	885	2,126
Disposals	---	(7)	---	(7)
Balance at 31 December 2015	1,672	5,408	16,454	23,534
Carrying amounts				
Balance at 1 January 2014	260	1,516	2,793	4,569
Balance at 31 December 2014	252	4,038	1,723	6,013
Balance at 31 December 2015	211	3,887	1,891	5,989

16. Assets held for sale

	millions LBP	2015	2014
Balance at 1 January		36,631	37,815
Additions		1,538	---
Disposals		(1,013)	(1,184)
Balance at 31 December		37,156	36,631

17. Other assets

	millions LBP	2015	2014
Accounts receivable and prepayments		8,554	8,231
Reinsurers' share of technical reserves		18,649	14,550
Inventories of apartments		886	859
Restricted deposits with the Central Treasury		6,015	6,015
Deferred charges		4,155	4,744
Other assets		89,504	87,608
		127,763	122,007

18. Loans and deposits from Central Banks

	millions LBP	2015	2014
Current account		4,776	2,183
Loans from Central Banks		571,530	395,158
Accrued interest payable		6	9
		576,312	397,350

Following the Central Bank of Lebanon basic decision no. 6116 related to basic circular no. 23 and intermediate circular no. 367 issued on 11 August 2014, the Central Bank of Lebanon offered the commercial

banks facilities that are subject to an interest rate of 1% per annum payable on a yearly basis. These facilities were given subject to granting mainly loans back to clients at an average interest rate of 5.2%.

19. Deposits from other banks and financial institutions

	millions LBP	2015	2014
Current deposits		30,646	40,152
Term deposits		7,484	7,375
Loan from bank		942	---
Financial institutions		55,730	52,703
Accrued interest payable		542	535
		95,344	100,765

20. Deposits from customers

	millions LBP	2015	2014
Term deposits		4,230,997	3,637,981
Current deposits		1,232,876	1,180,772
Savings		6,653,221	6,318,979
Other credit balances		44,737	37,481
Accrued interest payable		69,935	61,801
		12,231,766	11,237,014

21. Subordinated debt issued

	millions LBP	2015	2014
Subordinated debt		113,063	113,063
Accrued interest payable		7,313	7,313
		120,376	120,376

During 2010, the Bank issued subordinated bonds for an amount of USD 75,000,000 bearing an interest rate of 6.75% payable annually and maturing on 15 January 2018. These subordinated debts are included in Tier 2 capital as per local regulatory requirements.

22. Tax liabilities

	millions LBP	2015	2014
Income tax		2,393	1,234
Taxes on interest		6,024	5,294
Taxes on salaries		1,843	2,049
Deferred tax liabilities		6,371	5,354
Other taxes		1,530	2,785
		18,161	16,716

23. Other liabilities

	millions LBP	2015	2014
Margins held against documentary credits		24,403	38,511
Due to reinsurance		23,238	28,327
Technical reserves for insurance companies		106,085	94,975
Accrued expenses		5,685	3,974
Unearned revenue		219	275
Other creditors		28,590	34,269
Other payables		50,125	50,077
		238,345	250,408

24. Provisions for risks and charges

	millions LBP	2015	2014
Provision for structural exchange position (a)		5,611	5,611
Provision for employee benefits obligations (b)		33,110	31,683
Provision for risks and charges (c)		3,002	1,516
Provision for loss on foreign currency position (d)		270	275
		41,993	39,085

(a) Provision for structural exchange position

This provision is taken as per the requirement of Central Bank Circular number 32 related to foreign exchange position.

(b) Provision for employee benefits obligations

The movement in the provision for employee benefits obligations during the year was as follows.

	millions LBP	2015	2014
Balance at 1 January		31,683	29,045
Provision raised during the year		3,232	3,827
Provision used during the year		(1,796)	(1,133)
Provision written-off during the year		(9)	(56)
Balance at 31 December		33,110	31,683

The provision for employee benefits obligations' amount recognised in the consolidated financial statements is not materially different from what would be required as per IAS 19 *Employee benefits*.

(c) Provision for risks and charges

The movement in the provision for risks and charges during the year was as follows.

	millions LBP	2015	2014
Balance at 1 January		1,516	4,070
Provision transferred during the year		1,568	---
Provision raised during the year		205	158
Provision used during the year		(21)	---
Provision released		(250)	(1,868)
Transfer from/to collective allowance		5	(818)
Difference of exchange		(21)	(26)
Balance at 31 December		3,002	1,516

(d) Provision for loss on foreign currency position

As per local regulatory requirements, the Group provides for an amount equivalent to 5 percent of its year-end foreign exchange position.

25. Share capital and share premium

At 31 December 2015, the authorised and issued share capital comprised 23,400,000 ordinary shares with a nominal value of LBP 11,000. All shares rank equally with regards to the Bank's residual assets.

The holders of ordinary shares are entitled to receive dividends as declared from time to time. All issued shares are fully paid.

Dividends

The following dividends were declared and paid by the Group during the year.

millions LBP	2015	2014
LBP 1,130.38 per ordinary share (2014: LBP 2,118.85)	26,451	49,581
LBP 11,080 per preferred share (2014: 11,080)	11,080	3,201
	37,531	52,782

Issue of preferred shares

In July 2013, the extraordinary general assembly of shareholders approved the issue of 1,000,000 perpetual non-cumulative preferred shares with a nominal value of LBP 11,000; increasing the share capital of the Bank from LBP 257,400 million to LBP 268,400 million, thus an increase of LBP 11,000 million. The share premium amounted to LBP 139,750 per share.

Holders of these shares receive a non-cumulative dividend at the Bank's discretion, or whenever dividends to ordinary shareholders are declared. They do not have the right to participate in any additional dividends declared for ordinary shareholders. These shares do not have voting rights.

26. Capital reserves

millions LBP	2015	2014
General banking risks reserve (a)	104,103	90,396
Legal reserve (b)	101,965	92,980
Reserve appropriated to capital increase (c)	3,598	2,807
	209,666	186,183

(a) General banking risks reserve

The Group is required, according to the Central Bank regulations and commencing at 1996, to set-up a reserve for general banking risks at a minimum of 0.2% and a maximum rate of 0.3% of the risk weighted

assets and off-balance sheet financial instruments in local and foreign currencies. This reserve should not be less than 1.25% and 2% by the end of the 10th and the 20th years, respectively. This reserve is not available for distribution.

(b) Legal reserve

The Lebanese Commercial Law and the Group's articles of association stipulate that 10% of the net annual profits be transferred to legal reserve. This reserve is not available for distribution.

(c) Reserve appropriated to capital increase

As per Banking Control Commission circular no. 173, the gain realised on the sale of an asset acquired in settlement of debt should be recognised in the statement of comprehensive income at the date of the sale and transferred subsequently to the statement of changes in equity under reserve appropriated to capital increase caption.

27. Fair value reserve

millions LBP	2015	2014
Fair value reserve	34,139	27,744

The movement in fair value reserve is as follows:

millions LBP	2015	2014
Balance at 1 January	27,744	22,002
Financial assets at fair value through other comprehensive income	6,395	5,742
Balance at 31 December	34,139	27,744

28. Other reserves

millions LBP	2015	2014
Reserve for property acquired in settlement of debt	14,025	11,807
Other reserves	226,304	209,881
	240,329	221,688

29. Net interest income

millions LBP	Note	2015	2014
Interest income			
Cash and balances with Central Banks		134,661	88,270
Balances with other banks and financial institutions		3,573	3,606
Loans and advances to customers		297,019	284,871
Loans and advances to related parties	40	803	1,080
Financial assets at amortised cost		346,648	328,398
Total interest income		782,704	706,225
Interest expense			
Loans and deposits with Central Banks		(4,767)	(2,181)
Deposits from other banks and financial institutions		(3,088)	(3,282)
Deposits from customers		(513,401)	(462,210)
Deposits from related parties	40	(25,007)	(20,393)
Subordinated debt issued		(7,633)	(7,547)
Total interest expense		(553,896)	(495,613)
Net interest income		228,808	210,612

30. Net fee and commission income

millions LBP	2015	2014
Fee and commission income		
Fees on credit cards and ATM transactions	27,933	27,279
Fees on transactions with customers	26,344	27,587
Fees on various banking transactions	38,728	35,966
Fees on letters of guarantee	6,307	7,483
Total fee and commission income	99,312	98,315
Fee and commission expense		
Fees on credit cards and ATM transactions	(27,893)	(27,508)
Fees on various banking transactions	(16,183)	(13,856)
Total fee and commission expense	(44,076)	(41,364)
Net fee and commission income	55,236	56,951

31- Net trading income / gain on financial investments

millions LBP	2015	2014
Net gain on trading portfolio	3,936	1,980
Net gain on sale of investment securities (a)	7,113	8,616
Net gain on foreign currency position	5,161	7,578
Dividend received on quoted securities	2,141	2,478
Dividend received on unquoted securities	137	1,450
Net gain from exchange of financial assets at amortised cost (b)	2,109	156
Interest paid on islamic banking activities	(1,440)	(1,107)
	19,157	21,151

(a) Net gain on sale of investment securities

During 2015, the Group sold for matching liquidity purposes Lebanese Treasury Bills issued by the Lebanese Government maturing on November 2019, June 2024, October 2024 and October 2025 amounting to LBP 50,000 million, LBP 10,000 million, LBP 15,000 million and LBP 50,000 million respectively. The gain on these transactions amounted to LBP 1,580 million, LBP 430 million, LBP 615 million and 4,488 million respectively.

During 2014, the Group sold for matching liquidity purposes Eurobonds issued by the Lebanese Government and certificates of deposits issued by the Central Bank of Lebanon maturing on April 2015, March 2017, March 2020 and April 2021 amounting to USD 23 million, USD 19 million, USD 17 million and USD 18 million respectively. The gain on these transactions amounted to LBP 149 million, LBP 2,879 million, LBP 920 million and LBP 3,643 million respectively. Moreover, the Group also sold, for the same purpose, corporate bonds (Abbey National and Merrill Lynch & Co.) maturing on April 2016 and November 2018 amounting to USD 2 million and USD 5 million respectively. The gain on these transactions amounted to LBP 113 million and LBP 912 million.

(b) Net gain from exchange of financial assets at amortised cost

During 2015 and following the offer of the Central Bank of Lebanon, the Group performed the following transactions:

- BDL Euro Certificate of Deposits maturing in April 2015 were sold against Lebanese Republic Eurobonds maturing in February 2025 and February 2030 amounting to USD 72 million and USD 30 million respectively. The gain on the transaction amounted to LBP 1,918 million.
- Lebanese Republic Eurobonds maturing in January 2016 were sold against Lebanese Republic Eurobonds maturing in November 2024 amounting to USD 10.5 million. The gain on the transaction amounted to LBP 191 million.

During 2014 and following the offer of the Central Bank of Lebanon, the Group sold Lebanese Republic Eurobonds maturing on May 2014 and bought Lebanese Republic Eurobonds maturing on April 2020 and November 2026 amounting to USD 19.5 million and USD 3 million respectively. The gain on the transaction amounted to LBP 156 million.

32. Other income

	millions LBP	2015	2014
Gain on sale of assets held for sale		225	1,105
Rental income		177	262
Gain on sale of property and equipment		17	20
Other income		1,640	4,690
		2,059	6,077

33. Net impairment on loans and advances

	millions LBP	2015	2014
Allowance for impairment on loans and advances to customers		(11,384)	(12,212)
Credit loss expense		(1,356)	(2,281)
Allowance for impairment on loans and advances to banks and financial institutions		(1,914)	---
Allowance for impairment on loans and advances to related parties		---	(1,375)
Write-back of allowance for impairment on loans and advances to customers		2,175	5,210
Write-back of allowance for impairment on loans and advances to related parties		---	530
		(12,479)	(10,128)

34. Personnel expenses

	millions LBP	2015	2014
Wages and salaries		74,826	71,308
Allowances to the Board of Directors		2,546	2,522
Compulsory social security obligations		10,866	10,573
Employee benefits obligation		4,043	4,099
Other personnel expenses		15,445	16,026
		107,726	104,528

35. Other expenses

	millions LBP	2015	2014
Rental and building charges		5,594	6,456
Taxes and similar disbursements		5,628	6,603
Advertising expenses		7,138	5,780
Electricity, water and heating charges		3,153	4,178
Insurance premiums		2,774	2,432
Information technology costs		3,311	3,275
Repairs and maintenance charges		4,813	4,601
Postage and telecommunication charges		2,784	3,060
Professional fees		4,855	4,161
Premiums for the guarantee of deposits		5,776	5,397
Travel and entertainment fees		2,541	2,444
Computer maintenance charges		2,631	2,403
Transportation charges		2,348	3,037
Board of directors attendance allowance		2,374	2,406
Stationery and office supplies		1,523	1,393
Training charges		695	636
Other expenses		1,994	2,654
		59,932	60,916

36. Tax expense

	millions LBP	2015	2014
Income tax expense on the Bank's operations		(14,419)	(12,058)
Income tax expense on subsidiaries and branches		(1,768)	(1,521)
		(16,187)	(13,579)

Reconciliation of tax expense on the Bank's operations in Lebanon

millions LBP	2015	2014
Profit before income tax	116,605	110,408
Income tax expense	(16,187)	(13,579)
Profit for the year	100,418	96,829
Current tax liability	850	100
Less: profit of branches abroad and subsidiaries	(23,803)	(19,343)
Non-deductible expenses	9,483	5,437
5% tax on interest received	13,570	11,958
Less: dividends received	(7,377)	(13,574)
Less: tax exempt income	(177)	(178)
Taxable income	92,964	81,229
Corporate income tax expense at 15%	13,945	12,184
Less: tax paid on interest received*	(12,927)	(12,186)
Excess of corporate tax over tax paid on interest	1,018	---
Effective income tax rate	13.88%	12.30%

* The Bank in Lebanon is subject to a withholding tax of 5% on certain interest income which is considered as a prepayment on corporate income tax due. In case this withholding tax exceeds the calculated corporate income tax expense, the excess is not reimbursable and is considered as a final income tax expense.

37. Cash and cash equivalents

millions LBP	2015	2014
Cash and balances with Central Banks	647,953	513,211
Balances with other banks and financial institutions	1,053,024	1,065,223
Loans and deposits with Central Banks	(4,776)	(2,183)
Deposits from other banks and financial institutions	(30,646)	(40,152)
	1,665,555	1,536,099

38. Commitments and contingencies

millions LBP	2015	2014
Financing commitments		
Financing commitments given to customers	514,150	499,097
Financing commitments given to financial institutions	215,956	250,212
Guarantees		
Guarantees given to customers	189,304	190,726
Securities' commitments	80,614	99,363
Restricted and non-restricted fiduciary accounts	10,627	10,671
Commitments of signature received from financial intermediaries	38,082	33,313
Other commitments received	8,260,508	7,868,149
Assets under management	558,739	622,620

39. Group entities

Company	Business Activity	Country of Incorporation	2015 % of Control	2014 % of Control
Credit Libanais Investment Bank SAL	Banking	Lebanon	99.86	99.86
Lebanese Islamic Bank SAL	Banking	Lebanon	99.84	99.84
Cedar's Real Estate SAL	Real estate	Lebanon	99.92	99.92
Soft Management SAL	IT solutions	Lebanon	47.00	47.00
Hermes Tourism and Travel SAL	Tourism and ticketing	Lebanon	99.99	99.99
Credit Libanais d'Assurances et de Reassurances SAL	Insurance	Lebanon	66.97	66.97
Business Development Center SARL	Advertising	Lebanon	98.62	98.62
Capital Real Estate SAL	Real estate	Lebanon	98.00	98.00
Credilease SAL	Leasing services	Lebanon	99.26	99.26
Collect SAL	Collection services of receivables	Lebanon	44.94	44.94
Credit International SA	Banking	Senegal	87.82	92.82
Credit Libanais SAL (Limassol Branch)	Banking	Cyprus	Branch	Branch
Credit Libanais SAL (Bahrain Branch)	Banking	Bahrain	Branch	Branch
Credit Libanais SAL (Baghdad Branch)	Banking	Iraq	Branch	Branch
Credit Libanais SAL (Erbil Branch)	Banking	Iraq	Branch	Branch

During 2015, the Group sold 50,000 shares in Credit International SA reducing its ownership from 92.82% to 87.82%.

40. Related parties

(a) Transactions and balances with key management personnel

Key management personnel and their immediate relatives have transacted with the Group during the year as follows:

	millions LBP	2015	2014
Direct facilities and credit balances			
- Loans and advances		7,736	25,557
- Deposits		407,279	399,042
Indirect facilities			
- Letters of credit		---	67
- Letters of guarantees		440	25

Interest rates charged on balances outstanding from related parties are equal to the internally approved rates for employees of the Bank.

No impairment losses have been recorded against balances outstanding during the year with key management personnel, and no specific allowance has been made for impairment losses on balances with key management personnel and their immediate relatives at the year end.

Key management personnel compensation for the year comprised:

	millions LBP	2015	2014
Short-term employee benefits		10,363	10,622

(b) Balances with associated companies

	millions LBP	2015	2014
Direct facilities and credit balances			
- Loans and advances		8,787	10,396
- Deposits		29,535	28,381
Indirect facilities			
- Letters of guarantees		1,191	1,026

(c) Loans and advances to related parties

	millions LBP	2015	2014
Loans and advances to shareholders, directors and other key management personnel		7,736	25,557
Net loans and advances to associated companies		8,787	10,396
Accrued interest receivable		2	5
		16,525	35,958

(d) Interest income on loans and advances to related parties

	millions LBP	2015	2014
Interest income on loans and advances on related parties		803	1,080

(e) Deposits from related parties

	millions LBP	2015	2014
Term deposits		268,159	263,719
Current deposits		27,095	30,993
Savings		141,560	132,711
Accrued interest payable		3,042	1,409
		439,856	428,832

(f) Interest expense on deposits from related parties

	millions LBP	2015	2014
Interest expense on deposits from related parties		25,007	20,393

41. Subsequent events

On the 16th of March 2016, the Board of directors of EFG Hermes S.A.E., the ultimate parent company of the Bank, approved the following:

- Proceeding with all necessary steps required to complete the sale of 9,408,749 shares of its holding in the Bank, representing 40% of the total outstanding shares of the Bank at a gross price at 33\$ per share to a consortium of Lebanese and Arab investors. This sale process is subject to a number of conditions precedent, including the approval of the Central Bank of Lebanon with targeted execution no later than 30 June 2016.

- Entering into an underwriting agreement with Credit Libanais Investment Bank S.A.L., a wholly owned subsidiary of the Bank, which will guarantee the sale through an irrevocable underwriting agreement of the remaining 5,506,134 shares indirectly owned by EFG Hermes S.A.E. in the Bank. This represents the remaining holding of EFG Hermes S.A.E. in the Bank, with execution taking place at the same price, on or before the 31st of May 2017.

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FINANCIAL RESULTS



Board of Directors

Chairman General Manager

Dr. Joseph Torbey

Members

H.E Dr. Samir Makdessi

H.E Mr. Jacques Joukhadarian

Dr. Chafic Moharram

Mr. Joe Issa El Khoury

Dr. Michel Khadige

Mr. Moustafa Alaeddine

Management's Discussion and Analysis of Results

Basis of Presentation

The following discussion and analysis have been prepared based on the audited financial statements of Credit Libanais Investment Bank ("CLIB") SAL for the years ended 31 December 2014 and 2015 and on selected financial information.

Analysis of Financial Position

1) Statement of Financial Position

a) Total Assets

CLIB assets witnessed a healthy 13.70% growth in 2015, particularly in liquid assets which was substantially matched by an increase in funding consisting primarily of customer deposits.

The following table sketches the changes in major asset classes year-on-year.

As at end of	millions LBP	2015	2014	% Change
Cash and balances with Central Banks		166,997	128,985	29.47
Balances with other banks and financial institutions		405	413	-2.11
Head Office, branches, parent company, sisters, fin. inst. & subs.		574,791	458,532	25.35
Loans and advances to customers		343,086	342,129	0.28
Loans and advances to related parties		422	393	7.24
Financial assets at fair value/OCI		18,211	20,063	-9.23
Financial assets at amortised cost		107,861	106,726	1.06
Investment in associates		39,163	38,969	0.50
Property & equipment		1,112	1,107	0.43
Intangible assets		541	977	-44.67
Assets held for sale		15,292	15,403	-0.72
Other assets		1,961	3,142	-37.58
Total Assets		1,269,841	1,116,840	13.70

b) Liabilities & Shareholders' Equity

Total Liabilities showed a 14.68% increase to reach LBP 1,106 billion in 2015 compared to LBP 964 billion at year end 2014. The 14.79% rise in total deposits, which constitute 99.39% of CLIB's liabilities, was the main driver behind this increase.

On the equity side, shareholders' equity increased to LBP 163.80 billion in 2015, an increase of 7.51% compared to the LBP 152.36 billion recorded in 2014.

The following table sketches the development of the liability and equity accounts during the period 2014-2015:

As at end of	millions LBP	2015	2014	% Change
Loans and deposits with Central Banks		934	294	217.61
Head Office, branches, parent company, sisters, fin. Inst. & subs.		6	---	---
Deposits from Customers		1,075,965	934,891	15.09
Deposits from related parties		23,281	22,705	2.53
Current tax liabilities		1,524	1,191	27.97
Other liabilities		2,215	3,575	-38.03
Provision for risks and charges		2,115	1,821	16.05
Total Liabilities		1,106,039	964,478	14.68

Shareholders' Equity	As at end of	millions LBP	2015	2014	% Change
Share capital-Common Shares			80,000	80,000	---
Capital reserves			41,786	38,955	7.27
Available-for-sale financial instruments revaluation reserve			832	887	-6.22
Retained Earnings			11,524	11,524	---
Other reserves			18,453	9,556	93.11
Result of the period			11,207	11,439	-2.03
Total Shareholders' Equity			163,802	152,361	7.51
Total Liabilities & Shareholders' Equity			1,269,841	1,116,840	13.70

The following table portrays the evolution of CLIB's sources and uses of funds during the period 2014-2015:

Sources of Funds	As at end of	millions LBP	2015	2014	% of Total Sources
Head Office			6	---	---
Customers' deposits			1,075,965	934,891	97.88
Deposits from related parties			23,281	22,705	2.12
Total			1,099,252	957,596	100.00

The above table clearly states that the entirety of CLIB's financing is sourced from customer deposits

Uses of Funds	As at end of	millions LBP	2015	2014	% of Total Uses
Head Office, branches, parent company, sisters, fin. Inst. & subs.			574,791	458,532	62.59
Loans & advances to customers			343,086	342,129	37.36
Loans & advances to related parties			422	393	0.05
Total			918,299	801,055	100.00

On the fund's utilization front, loans and advances to customers, while remaining flat YOY, were reduced to a 37.41% share of the total fund utilization in 2015 compared to 42.76% in 2014.

On the other hand, CLIB's current account with the Head Office, branches and parent company has witnessed a 25.35% increase in 2015 to constitute the bulk of CLIB's funds deployment at a ratio of 62.59% in 2015 compared to 57.24% in 2014.

2) Statement of Income

Credit Libanais Investment Bank posted after tax net profits of LBP 11.21 billion in 2015, a decrease of 2.03% from the LBP 11.44 billion registered in 2014.

The following table highlights the yearly change of the major items in CLIB's statement of income:

As at end of	millions LBP	2015	2014	% Change
Interest and similar income		65,378	57,204	14.29
Interest and similar expense		(46,202)	(38,554)	19.84
Net Interest income		19,176	18,649	2.82
Fees & commissions income		373	404	-7.61
Fees & commissions expense		(76)	(1,226)	93.78
Net Fees & commissions income / (loss)			(2)	136.07
Net gain (loss) on trading portfolio		(417)	(1,051)	-60.35
Net gain on disposal of subsidiary		---	---	---
Net gain on financial investments		2,258	4,924	-54.14
Other operating income		181	803	-77.50
Total operating income		21,495	22,503	-4.48
Credit loss expense		(1,196)	(1,393)	-14.13
Net reversal of impairment losses on financial investments		78	---	---
Net operating income		20,376	21,110	-3.48
Staff costs		(3,633)	(3,227)	12.58
Depreciation and amortization		(521)	(1,051)	-50.40
Other operating expenses		(3,964)	(4,669)	-15.11
Total Operating Expenses		(8,118)	(8,947)	-9.27
Operating Profit		12,258	12,163	0.78
Profit before tax		12,258	12,163	0.78
Income Tax expense		(1,051)	(724)	45.19
Profit for the year		11,207	11,439	-2.03
Other comprehensive income				
Net gain on available-for-sale financial assets		(55)	168	-132.83
		11,152	11,607	-3.92

Profits of CLIB are stated on an individual basis and do not include the share of the bank in the companies in which it holds a direct interest.

After consolidating the share of CLIB in the profit of affiliated companies, Net profits for the year 2015 would aggregate LBP 15.60 billion compared to LBP 16.12 billion in 2014.

CLIB's Pre-tax consolidated return on average equity and on average assets reached 10.76% and 1.39% respectively in 2015, compared to 11.43% and 1.59% respectively in 2014.

Statement of Financial Position

As at 31 December	millions LBP	2015	2014
Assets			
Cash and balances with the central bank		166,997	128,985
Due from banks and financial institutions		405	413
Head office, branches, parent company, foreign sister financial institutions & subsidiaries		574,791	458,532
Loans and advances to customers		343,086	342,129
Loans and advances to related parties		422	393
Financial assets at Fair value through other comprehensive income		18,211	20,063
Financial assets at amortized cost		107,861	106,726
Investments in associates		39,163	38,969
Property and equipment		1,112	1,107
Intangible assets		541	977
Assets acquired in recovery of bad debts		15,292	15,403
Other assets		1,961	3,142
Total Assets		1,269,841	1,116,840
Liabilities			
Loans and deposits with Central Banks		934	294
Head office, branches, parent company, foreign sister financial institutions & subsidiaries		6	---
Customers' deposits		1,075,965	934,892
Related parties' deposits		23,281	22,705
Current tax liabilities		1,524	1,191
Other liabilities		2,215	3,575
Provision for risks and charges		2,115	1,821
Total Liabilities		1,106,039	964,478

As at 31 December	millions LBP	2015	2014
Shareholders' Equity			
Share capital - Common shares		80,000	80,000
Legal reserves		24,495	23,352
General Banking risks reserve		14,483	12,797
Capital reserve		2,807	2,807
Other reserves		11,091	3,504
Reserve for property acquired in settlement of debt		6,064	4,753
Special Reserves Against doubtful debts		1,298	1,298
Fair value reserve		832	887
Retained Earnings		11,524	11,524
Profit for the year		11,207	11,439
Total Equity Attributable to Equity Holders of the Bank		163,802	152,361
Non-Controlling Interest		---	---
Total Shareholders' Equity		163,802	152,361
Total Liabilities & Shareholders' Equity		1,269,841	1,116,840

Statement of Comprehensive Income

As at 31 December	millions LBP	2015	2014
Interest and similar income		65,378	57,204
Interest and similar expense		(46,202)	(38,554)
Net interest income		19,176	18,649
Fees and commission income		373	404
Fees and commission expense		(76)	(1,226)
Net fees and commission income		297	(822)
Net gain/loss on financial investments		2,258	4,924
Net gain/loss on disposal of subsidiaries		---	---
Net gain on FVTPL financial instruments		(417)	(1,051)
Other operating income		181	803
Total Operating Income		21,495	22,503
Credit losses(gains)		(1,196)	(1,393)
Net reversal of impairment losses on financial investments		78	
Net Operating Income		20,376	21,110
Staff expenses		(3,633)	(3,227)
Depreciation and Amortisation		(521)	(1,051)
Other operating expenses		(3,964)	(4,669)
Total Operating Expenses		(8,118)	(8,947)
Profit Before Tax		12,258	12,163
Income Tax Expense		(1,051)	(724)
Profit for the Period		11,207	11,439
Change in Fair Value of Financial Instruments through OCI		(55)	168
Total comprehensive income for the year		11,152	11,607

Statement of Cash Flows

	millions LBP	2015	2014
Cash Flows From Operating Activities			
Profit before tax		12,258	12,162
Adjustments for:			
Depreciation and Amortization		521	1,051
Net (recovery) Impairment Loss on loans and advances to customers		1,196	1,389
Net Provision for End of service indemnity		330	189
Gain /Loss on sale of shares in an associate		---	---
		14,305	14,792
Financial Assets maturing later than 3 months		(224,414)	(36,444)
Change in loans and advances to customers and related parties		(2,182)	(1,613)
Change in other assets		1,181	158
Change in deposits from customers		141,074	108,140
Change in deposits from related parties		575	6,814
Change in Current Tax Liabilities		6	(409)
Change in other liabilities		(1,360)	(248)
		(70,814)	91,188
Income tax paid		(724)	(1,156)
Settled End of Service indemnity		(37)	(3)
Net cash flows from operating activities		(71,575)	90,029
Cash Flows From Investing Activities			
Acquisition of Property and Equipment		(90)	(6)
Proceeds from investments in associates		(194)	188
Net change in investment securities		662	11,590
Net change in assets acquired in recovery of bad debts		111	---
Net cash used in investing activities		489	11,772
Cash flows from financing activities			
Distribution of dividends		---	(8,000)
Effect of exchange rate fluctuation on cash & cash		289	381
Net cash from financing activities		289	(7,619)
Net decrease in cash and cash equivalents		(70,797)	94,182
Cash and cash equivalents at 1 January		152,967	58,785
Cash and cash equivalents at 31 December		82,170	152,967

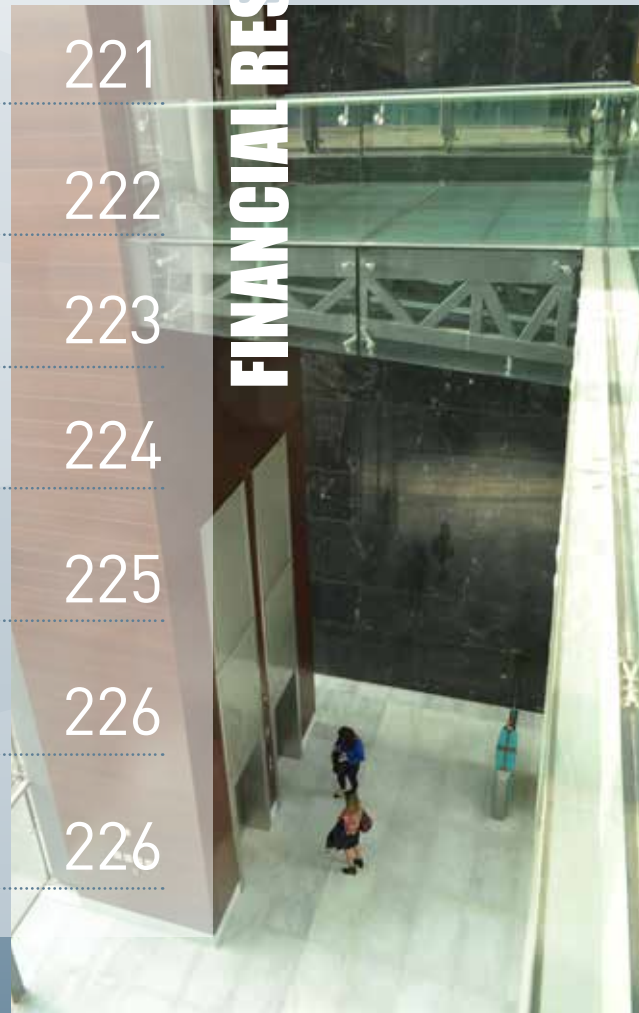
Statement of Changes in Equity

As at 31 December	millions LBP	Share Capital- Common Shares	Legal Reserve	General Banking Risks Reserve	Capital Reserve	Other Reserves	Reserve For Property Acquired in Settlement of Debt	Special Reserves Against Doubtful Debts	Fair Value Reserve	Retained Earnings	Profit For the Year	Total Equity
Balance at 01 January 2014		80,000	22,233	11,241	---	4,271	3,323	1,298	719	15,572	11,188	149,845
Profit allocation 2013		---	1,119	1,556	2,807	---	600	---	---	5,105	(11,188)	---
Distribution of dividends		---	---	---	---	---	---	---	---	(8,000)	---	(8,000)
Transfer to retained earnings		---	---	---	---	(1,148)	---	---	---	1,148	---	---
Reserve for property acquired in settlement of debt		---	---	---	---	---	830	---	---	(830)	---	---
Adjustment		---	---	---	---	381	---	---	---	---	---	381
Profit for the year		---	---	---	---	---	---	---	---	---	11,439	11,439
Net Change in fair value of financial assets at fair value through OCI		---	---	---	---	---	---	---	168	---	---	168
Total comprehensive income for the year 2014		---	---	---	---	---	---	---	168	---	11,439	11,607
Balance at 31 December 2014		80,000	23,352	12,796	2,807	3,504	4,753	1,298	887	12,996	11,439	153,833
Prior Year adjustments										(1,472)		(1,472)
Balance at 01 January 2015		80,000	23,352	12,796	2,807	3,504	4,753	1,298	887	11,524	11,439	152,361
Profit allocation 2014		---	1,144	1,694	---	7,167	1,434	---	---	---	(11,439)	---
Transfer to reserves		---	---	---	---	123	(123)	---	---	---	---	---
Adjustment		---	---	(7)	---	296	---	---	---	---	---	289
Profit for the year		---	---	---	---	---	---	---	---	---	11,207	11,207
Net Change in fair value of financial assets at fair value through OCI		---	---	---	---	---	---	---	(55)	---	---	(55)
Total comprehensive income for the year		---	---	---	---	---	---	---	(55)	---	11,207	11,152
Balance at 31 December 2015		80,000	24,495	14,483	2,807	11,091	6,064	1,298	832	11,524	11,207	163,802

**CREDIT LIBANAIS
D'ASSURANCES ET DE
REASSURANCES (CLA) SAL**

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FINANCIAL RESULTS



Board of Directors

Chairman General Manager

Mr. Jacques Sehnaoui

Members

Credit Libanais SAL

The Honorable Mr. Said Mirza

Mr. Khaldoun Barakat

H.E. Mr. Jacques Joukhadarian

Agence Générale de Courtage d'Assurances (AGCA) SAL

Mr. Elie Torbey

Statement of the Chairman General Manager



As insurance companies follow the development of the economy in general, insurance premiums generated in the country's insurance sector increased by 3.1% year on year to USD 1.52 billion, recording as such a slight increase in written premiums except in one or two lines of business. The industry premium stagnation was clearly reflected in the company's written premiums for the year 2015.

Credit Libanais d'Assurances et de Réassurances (CLA) gross written premiums amounted to LBP 26.337 billion in 2015, nevertheless the company's after tax profits did reach LBP 17.417 billion at the end of the year under review.

CLA maintained a profitable business throughout the years, the success being attributed to the loyal customer base, proper risk evaluation and human resources competence. Being ISO certified as of August 1, 2015, CLA is following international insurance practices and regulations as well as local insurance control commission guidelines and procedures.

In conclusion, 2015 has been another successful year for CLA. The Company, led by a talented and strong senior executive team has delivered improved financial results and is well positioned for sustained growth and continued improvement in customer satisfaction and shareholders returns.

Sincerely,
Jacques J. Sehnaoui
Chairman General Manager

Management's Discussion and Analysis of Results

A Year in Review

CLA's total assets increased confirming the company's strength since in 2015 the company total assets amounted to LBP 206.048 billion as compared to LBP 193.659 billion in 2014 with a percentage increase of 6.4 %.

Cash flow statement for the company at the end of the year 2015 it is not nearly similar to the cash flow statement of the year 2014. The net cash provided from operating activities decreased by 36.2 % from LBP 14.424 billion in 2014 to LBP 9.214 billion in 2015.

The total gross written premium amounting to LBP 26.377 billion in 2015. As well as the Gross written premiums for the life insurance business amounted to LBP 15.384 billion in 2015.

The after tax profits recorded in 2015, amounting to LBP 17.417 billion as compared to LBP 16.684 billion in 2014 with a percentage increase of 4.3 % mainly attributed to the increase of operating and financial income.

Performance by class of business

Motor

The motor line of business showed a slight decrease in premiums from LBP 4.029 billion in 2014 to LBP 3.239 billion for the year under review.

The loss ratio for the motor class of business for the year 2015 based on accounting year production is 48.24 % as compared to 44.06 % in 2014.

Marine

The marine business showed a decrease in premiums from LBP 225 million in 2014 to LBP 117 million for 2015.

Fire

The premiums income for the fire business in 2015 totaled LBP 5.329 billion compared to LBP 7.062 billion achieved in the year 2014 this recording a percentage decrease of 24.5%.

Life

In 2015, the generated income under the life business totaled LBP 15.384 billion as compared to LBP 19.872 billion in 2014, a percentage decrease of 22.6 %.

The loss ratio recorded for the year under review is 28.50 % compared to the loss ratio of 17.73 % recorded in the year 2014.

Casualty

Casualty business premium income generated for the year 2015 amounted to LBP 2.308 billion as compared to LBP 2.594 billion in 2014, a percentage decrease of 1.10 %.

The lines of business falling under the casualty class are mainly Hospitalization, Workmen's compensation, personal accident, theft on property...etc.

The loss ratio calculated on this line of business is 17.26 % in 2015 while it was 18.14% in 2014.

Technical Reserves

At the end of year 2015, an increase in the unexpired risks reserves has been recorded to become LBP 97.217 billion with a difference of LBP 6.581 billion between this year and the year 2014 when it recorded LBP 90.636 billion including the premium deficiency reserves.

Outstanding claims reserves increased from LBP 4.339 billion in 2014 to 8.875 LBP billion in 2015 including IBNR due to an increase in claims.

As a result, CLA recorded as technical reserves LBP 106.085 billion in its books for 2015 as compared to LBP 94.975 billion in 2014 with an increase of 11.7%.

The loss ratio Increase from 23.58 % in 2014 to 46.60% in 2015.

Insurance Activities

Credit Libanais insurance services are offered in coordination with Credit Libanais d'Assurances et de Reassurances (CLA) SAL, the 66,97% owned bancassurance subsidiary.

CLA offers a diversified product portfolio and has recently increased the availability to products in the motor, marine, fire and life lines of business.

Insurance Products

SAFEDRIVE

A comprehensive car insurance scheme

SAFETRAVEL

A travel Insurance program providing worldwide emergency medical assistance of up to \$200,000.

A LA CARTE

A travel Insurance, purchase protection and wallet cover service linked to bank cards

SAFEWAY

A third-party car insurance scheme covering death and total personal disability for the driver and his family

SAFEMIND

A personal accident insurance service offering worldwide coverage

SAFE STEPS

A long-term savings program, providing children with financial assistance during university education

SAFEGUARD

A personal accident policy, which provides the insured and his/her family with worldwide coverage for personal accidents, including death and disability

Independent Auditors' Report

To the shareholders of Credit Libanais d'Assurances et de Reassurances sal

Report on the financial statements

We have audited the accompanying financial statements of Credit Libanais D'Assurances et de Réassurances sal which comprise the statement of financial position as of 31 December 2015, the statements of comprehensive income, changes in equity and cash flows for the year then ended, and a summary of significant accounting policies.

Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' responsibility

Our responsibility is to express an opinion on these 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 about whether the financial statements are free from material misstatement.

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

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

Opinion

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Credit Libanais D'Assurances et de Reassurances sal as of 31 December 2015 and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

16 March 2016
Beirut, Lebanon

DFK Fiduciaire du Moyen-Orient

Statement of Financial Position

As at 31 December 2015	LBP	2015	2014
Assets			
Property and equipment		739,730,571	455,706,122
Intangible assets		146,460,992	230,786,095
Deferred acquisition costs		10,005,076,052	9,955,845,344
Financial assets at amortised cost		7,263,850,231	10,333,121,984
Unquoted equity investments		5,636,306,250	5,636,306,250
Premium receivables		1,726,086,735	1,484,851,600
Receivables from related party		7,537,500,000	7,537,500,000
Reinsurance balances receivable		3,694,620,492	3,899,100,646
Other receivables		39,519,893	30,191,364
Reinsurance assets		18,648,536,734	14,550,200,789
Bank deposits		148,100,980,690	135,965,927,598
Cash and cash equivalents		2,509,839,493	3,579,971,578
Total Assets		206,048,508,133	193,659,509,370
Equity and liabilities			
Equity			
Capital		10,005,000,000	10,005,000,000
Legal reserve		3,335,000,000	3,335,000,000
Other reserves		37,009,012,692	30,689,076,507
Retained earnings		17,417,402,313	16,684,798,706
Total Equity		67,766,415,005	60,713,875,213
Liabilities			
Insurance liabilities		106,085,344,967	94,975,577,125
Unearned reinsurance commission		3,188,104,159	3,347,654,216
Retirement benefit obligation		1,328,551,336	1,185,708,336
Accounts payable		7,782,202	52,297,262
Other creditors and accruals		485,840,343	380,194,633
Reinsurance balances payable		22,936,459,093	28,224,061,141
Reinsurance deposits		3,056,948,622	3,333,562,880
Taxes payable		1,193,062,406	1,446,578,564
Total Liabilities		138,282,093,128	132,945,634,157
Total liabilities and equity		206,048,508,133	193,659,509,370

The financial statements were approved on 11 April 2016 by the Board of Directors.

Statement of Comprehensive Income

For the year ended 31 December 2015	LBP	2015	2014
Insurance premium revenue		26,377,076,012	33,682,353,644
Insurance premium ceded to reinsurers		-8,114,137,400	-7,847,269,308
Net insurance premium revenue		18,262,938,612	25,835,084,336
Change in unearned premium revenue		-1,592,638,738	-9,472,925,596
Net earned premium		16,670,299,874	16,362,158,740
Net investment income		9,657,908,596	9,113,024,881
Reinsurance commission income and profit sharing		2,098,973,894	3,235,554,186
Other operating income		44,203	6,278,602
Net income		28,427,226,567	28,717,016,409
Insurance claims and loss adjustment expenses		-5,151,197,894	-4,954,424,733
Insurance claims recovered from reinsurers		2,676,351,743	1,846,890,345
Change in outstanding claims		-334,643,886	-121,228,735
Net insurance claims		-2,809,490,037	-3,228,763,123
Expense for acquisition of insurance contracts		-2,917,593,747	-3,235,220,030
Expense for administration and other expenses		-4,710,979,080	-4,650,322,161
Depreciation and amortisation expense		-204,638,868	-182,899,386
Provision for end of service indemnities		-153,979,000	-83,851,000
Net foreign exchange loss		-16,212,806	-145,671,877
Net allowance for provision		89,444,284	-138,260,126
Expenses		-10,723,449,254	-11,664,987,703
Profit before tax		17,703,777,313	17,052,028,706
Income tax		-286,375,000	-367,230,000
Total comprehensive income for the year		17,417,402,313	16,684,798,706

Statement of Changes in Equity

	LBP	Capital	Legal Reserve	Other Reserves	Profit For the Year	Total
Balance as at 31/12/2013		10,005,000,000	3,335,000,000	25,484,513,483	13,561,663,024	52,386,176,507
Allocation of 2013 profit		---	---	13,561,663,024	(13,561,663,024)	---
Dividends and Bonuses distributed		---	---	(8,357,100,000)	---	(8,357,100,000)
Profit for the year 2014		---	---	---	16,684,798,706	16,684,798,706
Balance as at 31/12/2014		10,005,000,000	3,335,000,000	30,689,076,507	16,684,798,706	60,713,875,213
Allocation of 2014 profit		---	---	16,684,798,706	(16,684,798,706)	---
Dividends and Bonuses distributed		---	---	(10,364,862,521)	---	(10,364,862,521)
Profit for the year 2015		---	---	---	17,417,402,313	17,417,402,313
Balance as at 31/12/2015		10,005,000,000	3,335,000,000	37,009,012,692	17,417,402,313	67,766,415,005

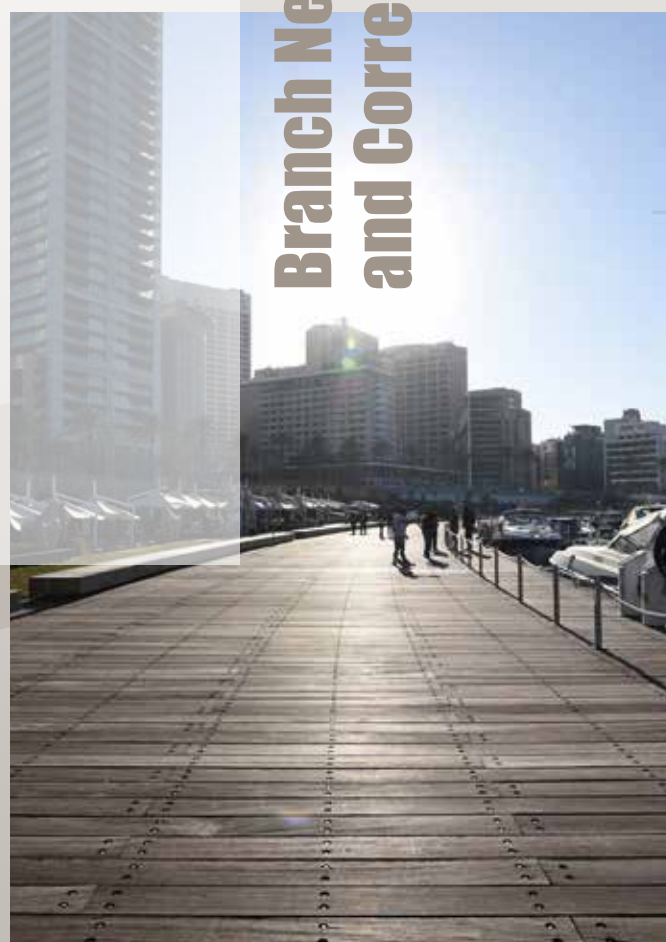
Statement of Cash Flows

	LBP	2015	2014
Operating activities			
Profit for the year		17,703,777,313	17,052,028,706
Adjusted for:			
Depreciation and amortisation charges		204,638,868	182,899,386
Provision for end of service indemnities		153,979,000	83,851,000
Write off of Intangible assets		---	16,789,783
Interest income		(9,826,873,668)	(9,280,255,097)
Interest expense and related charges		168,965,072	167,230,216
Gain from sale of property and equipment		(44,203)	(6,212,321)
Allowance of provision for doubtful debts		(89,444,284)	138,260,126
Change in other payables and accruals		105,645,710	(8,156,171)
Change in accounts payable		(44,515,060)	---
Change in other receivables		(9,328,529)	(18,702,090)
Change in reinsurance assets		(4,098,335,945)	(43,946,326)
Change in insurance liabilities		11,109,767,842	10,364,785,501
Change in unearned reinsurance commissions		(159,550,057)	(156,661,364)

	LBP	2015	2014
Change in deferred acquisition cost		(49,230,708)	(439,843,628)
Change in premiums and reinsurance payables		(5,287,602,048)	(1,881,860,885)
Change in taxes payable		(172,661,158)	(259,448,135)
Change in reinsurance balance receivables		204,480,154	(125,913,044)
Change in premiums receivable		(151,790,850)	(729,150,346)
Employees' end of service benefits paid		(11,136,000)	(138,730,283)
Income tax paid		(367,230,000)	(325,562,000)
Interest expense paid		(168,965,072)	(167,230,216)
Net cash provided from operating activities		9,214,546,377	14,424,172,812
Cash flows from investing activities			
Acquisition of Property and equipment		(393,816,886)	(134,809,695)
Acquisition of Intangible assets		(28,190,250)	(7,793,775)
Increase in bank deposits (more than 3 months)		(7,594,312,775)	(40,261,882,893)
Matured bonds		3,015,000,000	---
Subsidized loan granted to Dourat Loubnan		---	(9,421,875)
Proceeds from disposal of property and equipment		17,713,125	10,778,625
Interest income received		9,989,519,021	9,288,505,492
Net cash (used in) provided from financing activities		5,005,912,235	(31,114,624,121)
Cash flows from financing activities			
Change in reinsurance deposits		(276,614,259)	121,303,544
Dividends and bonuses distributed		(10,364,862,521)	(8,357,100,020)
Net cash used in financing activities		(10,641,476,780)	(8,235,796,476)
Net increase in cash and cash equivalents		3,578,981,832	(24,926,247,785)
Cash & cash equivalents at the beginning of the year		82,961,548,687	107,887,796,472
Cash & cash equivalents at the end of the year		86,540,530,519	82,961,548,687

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Branch Network and Correspondent Banks



Head Office and Branch Network

Call Center +961 1 607 100
Lebanon 1518

Credit Libanais SAL

Credit Libanais Tower - Corniche El Nahr, Adlieh Roundabout Ashrafieh 1100 2811 - Beirut, Lebanon

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E-mail: info@creditlibanais.com.lb - feedback@creditlibanais.com.lb

Credit Libanais d'Assurances et de Reassurances (CLA) SAL

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Credit Libanais Investment Bank (CLIB) SAL

Credit Libanais Tower - Corniche El Nahr, Adlieh Roundabout Ashrafieh 1107 2080 - Beirut, Lebanon

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Lebanese Islamic Bank SAL

Hamra, Roma Street, Liberty Tower 9th Floor - Beirut, Lebanon

P.O.Box: 113/5357 Hamra - Beirut
Fax: +961 1 755 316/8 - **Phone:** +961 1 755 310/1/2/3/4/5
Website: www.lebaneseislamicbank.com.lb
E-mail: lib@libonline.com.lb

CL Branches in Lebanon

BEIRUT

Adlieh (Main Branch) Credit Libanais Tower Corniche El Nahr, Adlieh Roundabout,
P.O.Box: 16-6729
Fax: (01) 608 047 - **Phone:** (01) 608 048/9 - 608 050
 Branch Manager: Mr. Rami Nassif

Ashrafieh Zahret Al Ihsan St., Sausalito Bldg.
Fax: (01) 204 643 - **Phone:** (01) 216 540 - 204 641
 Branch Manager: Mr. Najil Khayat

Badaro Badaro St., Khatoun Center
Fax: (01) 382 145 - **Phone:** (01) 387 878/9
 Branch Manager: Ms. Clauda Khoury

Gefinor Clemenceau St., Gefinor Center 1st floor, Bloc C
Fax: (01) 740 168 - **Phone:** (01) 739 830/1
 Branch Manager: Ms. Noha Yammout

Geitawi Facing Geitawi Hospital
Fax: (01) 582 087 - **Phone:** (01) 580 715/6
 Branch Manager: Mr. Costi Saroufim

Hamra Hamra St., Ghanem Bldg.
Fax: (01) 340 390 - **Phone:** (01) 346 960 - 342 954/5 - 350 293
 Branch Manager: Mr. Saadeddine Akel

Liberty Tower Hamra, Rome St., Liberty Tower Bldg.
Fax: (01) 740 017 - **Phone:** (01) 740 017/8/9
 Branch Manager: Ms. Rana Takieddine

Mar Elias Mousaitbeh, Mar Elias St.
Fax: (01) 312 028 - **Phone:** (01) 819 116 - 312 021
 Branch Manager: Mr. Houssam El Hajj

Mazraa Corniche El-Mazraa, Salam Blvd., Choueiry Bldg.
Fax: (01) 300 937 - **Phone:** (01) 313 590 - 317435
 Branch Manager: Mr. Bassam Matta

Raouche Hajj Toufic Nassar Bldg.
Fax: (01) 807 475 - **Phone:** (01) 807 454 - 807 492
 Branch Manager: Mr. Ahmad Kichli

Riad El Solh Beirut Central District, Riad El Solh Square, Asseily Bldg.
Fax: (01) 983 141 - **Phone:** (01) 983 141/2/3
 Branch Manager: Ms. Lina Dabaghi

Rmeil Nahr St., Zoghbi Bldg.
Fax: (01) 445 275 - **Phone:** (01) 445 684 - 443806
 Branch Manager: Ms. Marie Ayoub

Sassine Sassine Square, Independance Ave., Credit Libanais Bldg.
Fax: (01) 203 007 - **Phone:** (01) 332 889 - 218 608
 Branch Manager: Mr. Joseph S. Raad

Sofil Ashrafieh, Charles Malek Ave., Sofil Center
Fax: (01) 215 044 - **Phone:** (01) 200 028/9 - 201 292
 Branch Manager: Ms. Georgette Abdo

Starco Mina El Hosn, George Picot St., Starco Center, Bloc A, 1st Floor
Fax: (01) 367 584
Phone: (01) 367 582/3
 Branch Manager: Mr. Ali Berro

Verdun (Unesco) Unesco St., Boubes Bldg.
Phone/Fax: (01) 790 511 - 790 289
 Branch Manager: Ms. Fadia Hammoud

Bourj El Brajneh Zein Harb Road, Yassine Bldg.
Fax: (01) 450 471 - **Phone:** (01) 450 470/2
 Branch Manager: Mr. Nadim Hatoum

Bourj Hammoud Municipality Square, Mukhtarian & Sarkissian Bldg.
Fax: (01) 265 299 - **Phone:** (01) 262 393
 Branch Manager: Ms. Arpie Tcheboukjian

Broummana Main Road, Tawil Bldg.
Fax: (04) 862 105 - **Phone:** (04) 960 664 - 960 349
 Branch Manager: Mr. Naoum Labaki

Bauchrieh Industrial City St., Boulghourjian Bldg.
Fax: (01) 497 332 - **Phone:** (01) 497 092- 497 260
 Branch Manager: Mr. Atef Renno

Beit Mery Notre Dame St., Dr. Sawan Bldg.
Fax: (04) 871 176 - **Phone:** (04) 871 916 - 871 761
 Branch Manager: Mr. Adib Hamouche

Bhamdoun Main Road, Bhamdoun Station, Mouttawah Center
Fax: (05) 260 247 - **Phone:** (05) 260 244/5/6/7
 Branch Manager: Mr. Imad Abdel Nour

Fanar Fanar Roundabout, Samra Center
Fax: (01) 902 362 - **Phone:** (01) 902 360/1/2
 Branch Manager: Ms. Antoinette Tannoury

Furn El Chebbak Damascus Road, Ghaoui Bldg.
Phone/Fax: (01) 281 518/9
 Branch Manager: Ms. Ghada Bassil

Ghobeiry Airport Blvd., Moucharafieh Square, Wazneh Bldg.
Fax: (01) 552 781 - **Phone:** (01) 552 781/2
 Branch Manager: Mr. Fawaz Toufeili

Hadeth Adib Al Chidiac St., Kafaa't Intersection, Wehbe Center
Fax: (05) 466 680 - **Phone:** (05) 466 681/2
 Branch Manager: Mr. Chawki Al Asmar

Haret Hreik Hady Nasrallah Blvd., Diab and Ayad Bldg.
Fax: (01) 278 004 - **Phone:** (01) 278 042/9 - 278 121
 Branch Manager: Mr. Noureddine Ballout

Haret Hreik Menchieh St., Dabaja Bldg.
Fax: (01) 556 784 - **Phone:** (01) 556 780/1/2
 Branch Manager: Mr. Alaa Diab

Haret Sakhr Jounieh highway, Credit Libanais Tower
Fax: (09) 636 842 - **Phone:** (09) 636 841 - (03) 675 004
 Branch Manager: Mr. Chakib Khoury

Hazmieh Jisr El Bacha Main Road, S & S Center
Fax: (05) 952 425 - **Phone:** (05) 952 426
 Branch Manager: Ms. Randa Khater

Jal El Dib Main Road, Next to Mar Takla Church, Facing The Public Garden
Fax: (04) 721 853 - **Phone:** (04) 721 850/1/2
 Branch Manager: Ms. Marie Abi Haidar

Jbeil Main St., Kordahi & Matta Center
Fax: (09) 949 588 - **Phone:** (09) 942 588 - 949 558
 Branch Manager: Mr. Antoine Habib

Jbeil Fères Collège des Frères, Street 13, Khoury Business Center
Phone/Fax: (09) 540 496/7/8 - 540 534
 Branch Manager: Mr. Akram Khoury

Chehim Main Road, El Chraifeh St., Raiif Abdallah Bldg.
Fax: (07) 242 405/6 - **Phone:** (07) 242 405/6/7
 Branch Manager: Mr. Ahmad Charafeddine

Dekwaneh Main Road, Rawda Roundabout
Fax: (01) 686 903 - **Phone:** (01) 686 794/5
 Branch Manager: Ms. Reine Abi Hatab

Dora Dora Roundabout, Bassil Bldg.
Fax: (01) 264 813 - **Phone:** (01) 251 832 - 260 358
 Branch Manager: Mr. Antoine Kmeid

Jdeideh Nahr El Mott Roundabout, Montelibano Bldg.
Fax: (01) 887 780 - **Phone:** (01) 898 065 - 887 779
 Branch Manager: Mr. Kamal Zakhem

Jisr Dora Highway, Karantina Bridge, Azar Bldg.
Fax: (01) 257 641 - **Phone:** (01) 257 640/1
 Branch Manager: Mr. Antoine Saba

Jounieh Facing La Cité
Fax: (09) 832 075 - **Phone:** (09) 832 069/70 - 832 063/5
 Branch Manager: Mr. Michel Ghalieh

Kaslik Main Road, Kaslik Plaza Center
Fax: (09) 640 244 - **Phone:** (09) 639 945 - 640 794 - 640 118
 Branch Manager: Mr. Joseph Kmeid

Khaldeh Saida Highway, Credit Libanais Bldg.
Fax: (05) 810 893 - **Phone:** (05) 810 891/2/3
 Branch Manager: Mr. Mahfoud Ghanem

Kornet Chehwan Main Road, Forum 600 Center
Fax: (04) 913 911 - **Phone:** (04) 913 911 - 928 240
 Branch Manager: Mr. Joseph Mallouk

Mkalles Main Road, Factory Center
Fax: (01) 698 753 - **Phone:** (01) 698 750/1/2/3/4
 Branch Manager: Mr. Emile Moukarzel

Sin El Fil Fouad Chehab Road, St. Georges Center
Fax: (01) 491 899 - **Phone:** (01) 495 370/1 - 482 368
 Branch Manager: Ms. Katia Ayoub

Zouk Jounieh Highway, Zeayter Bldg.
Fax: (09) 211 556 - **Phone:** (09) 210 485/7 - 211 542
 Branch Manager: Mr. Joseph B. Khoury

Zouk Mosbeh Geita Main Road, Near Pizza Hut
Fax: (09) 211 083 - **Phone:** (09) 211 082 - 210 744 - 210 711
 Branch Manager: Ms. Amale Araman

MOUNT LEBANON

Amchit Main Road, Jafoury Bldg.
Fax: (09) 621 072 - **Phone:** (09) 622 781/2
 Branch Manager: Mr. Paul Ajaltouni

Antelias Rahabneh St., Antelias Square, St. Elie Center
Fax: (04) 419 760 - **Phone:** (04) 418 582/3
 Branch Manager: Ms. Nohad Torbey

Awkar Main Road
Fax: (04) 544 763 - **Phone:** (04) 544 760/1/2
 Branch Manager: Ms. Amal El Azar

NORTH

Abdeh Abdeh Main Road, Haddad Bldg.
Fax: (06) 470 650/1/2 - **Phone:** (06) 470 650/1/2 - (03) 583 586
 Branch Manager: Mr. Aghiad Dandachi

Amioun Koura Main Road, Azar Bldg.
Fax: (06) 952 714 - **Phone:** (06) 952 715/6/7
 Branch Manager: Mr. Esper El Azar

Tripoli - Azmi Azmi St., Haytham Center
Fax: (06) 215 900 - **Phone:** (06) 215 900/1/2
 Branch Manager: Mr. Nazih Naja

Zghorta Main Road, Kareh & Mouawad Bldg.
Fax: (06) 668 601 - **Phone:** (06) 668 600/1/2/3
 Branch Manager: Ms. Elissar Frangieh

Batroun Main Road, Juliette Adaymi Bldg.
Fax: (06) 642 168 - **Phone:** (06) 742 074/5
 Branch Manager: Mr. Nidal Farah

Kobbe Kobbe Main Road, Yehya Center
Fax: (06) 393 902 - **Phone:** (06) 393 900/1
 Branch Manager: Mr. Walid Rima

Tripoli - Tell Abdel Hamid Karam St., Kantara Bldg.
Fax: (06) 430 350 - **Phone:** (06) 430 350/1/2 - 424 434
 Branch Manager: Mr. Chadi Kalaoun

BEKAA

Bar Elias Damascus Road, Araji Bldg.
Fax: (08) 510 267 - **Phone:** (08) 510 265/6/7
 Branch Manager: Mr. Wajih Araji

Chtaura Damascus Road, Rose Massabki Bldg.
Fax: (08) 544 802 - **Phone:** (08) 540 833 - 543 555/666
 Branch Manager: Mr. Wassim Rahal

Ferzol Main Road, Ordre Salvatoriens Bldg.
Fax: (08) 950 540 - **Phone:** (08) 950 54/12/3/4
 Branch Manager: Mr. Michel Gerges

Jeb Jannine Ismaïl Sharanek Bldg.
Fax: (08) 660 233 - **Phone:** (08) 660 233 - 660 710
 Branch Manager: Mr. Souheil Charanik

Machghara Main Road, Albert Karam Bldg.
Phone/Fax: (08) 650 250 - 650 297
 Branch Manager: Mr. Antoine Hajjar

Rachaya - Dahr El Ahmar Dib Mounzer Bldg.
Fax: (08) 590 303 - **Phone:** (08) 591 013/4
 Branch Manager: Mr. Nidal Abou Hjeili

Zahle Hoch Al Omara, Deir Mar Chaaya Bldg.
Fax: (08) 800 459 - **Phone:** (08) 810 142/3 - 803 200
 Branch Manager: Mr. Aziz Chamma

SOUTH

Bint Jbeil Main Road, Charara Center
Fax: (07) 450 802 - **Phone:** (07) 450 800/1 - (03) 675 012
 Branch Manager: Mr. Ghassan Ghafari

Nabatieh Main Road, Sabbagh Bldg.
Fax: (07) 767 911 - **Phone:** (07) 767 909/10/11
 Branch Manager: Mr. Zahi Jaffal

Saida 1 Riad El Solh St., Zaatary Bldg.
Fax: (07) 721 401 - **Phone:** (07) 721 401/2 - 751 101/2/3
 Branch Manager: Mr. Samih Kaakour

Saida 2 East Blvd., Elia Roundabout, Center Zaatari 2035
Fax: (07) 755 793 - **Phone:** (07) 755 790/1/2
 Branch Manager: Mr. Mohamad Saad

Tyr Rest House St., Farran Bldg.
Fax/Phone: (07) 742 854/5/6
 Branch Manager: Mr. Riad Chebli

Tyr Abbassieh Abbassieh, Main Road, Jal Al Baher, Sea Center
Fax: (07) 351 094 - **Phone:** (07) 351 064 - 351 074 - 351 084
 Branch Manager: Mr. Hussein Saleh

CL Worldwide

Limassol, Cyprus Branch

Chrysalia Court, 1st Floor, 206 Arch. Makarios III Avenue, CY 3303

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Country Manager: Ms. Hayat Harfouche

E-mail: limassol@creditlibanais.com.lb - feedback@creditlibanais.com

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E-fax: +973 17 910 573 - **Fax:** +973 17 582 224 - **Phone:** +973 17 560 570

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Country Manager: Mr. Aghar Kanafani

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Senegal

Credit International, SA (CISA)-Dakar

Agence Principale

Credit International sa, Immeuble le Goelan, Boulevard Djily Mbaye, Intersection Henri Dunan

B.P.: 50117 Dakar RP

Fax: +221 33 822 80 80 - **Phone:** +221 33 829 64 64 / +221 33 889 18 18

General Manager: Mr. Christian Khalife

Website: www.cisenegal.com

E-mail: info@cisenegal.com

Credit International, SA (CISA)-Zone Industrielle - Dakar

Zone Industrielle de Dakar, Km 2.8 Boulevard du Centenaire de la commune de Dakar

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Irak

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SWIFT/BIC: CLIB IQ BA

Branch Manager: Mr. Marwan Abi Hana

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P.O. Box: 20 Newroz

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SWIFT/CIB: CLIB IQ BA

Country Manager: Mr. Fouad Kabbara

Website: www.creditlibanais.com.lb

E-mail: erbil@creditlibanais.com.lb

Correspondent Banks Network

Help line for transfers

Central Processing Department
 Phone : + 961 1 258 106/9 Ext. 100/111
 Fax : + 961 1 257 635/6

Australia

Westpac Banking Corporation - Sydney

Austria

UniCredit Bank AG - Vienna

Bahrain

National Bank of Bahrain - Manama

Belgium

KBC Bank NV - Brussels

Canada

National Bank of Canada - Montreal
 Bank of Montreal - Montreal

Cyprus

Bank of Cyprus Public Company Ltd - Nicosia

Denmark

Danske Bank A/S - Copenhagen

France

Natixis - Paris

Germany

Deutsche Bank AG - Frankfurt
 Commerzbank AG - Frankfurt
 Bayerische Landesbank - Munich

Italy

Intesa Sanpaolo SPA - Milan
 UniCredit SPA - Milan

Japan

The Bank of Tokyo-Mitsubishi UFJ LTD - Tokyo
 Sumitomo Mitsui Banking Corporation - Tokyo

Kuwait

Gulf Bank KSC - Kuwait City
 National Bank of Kuwait SAK - Kuwait City

Luxembourg

Clearstream Banking SA - Luxembourg

Norway

DNB Bank ASA - Oslo

Saudi Arabia

The National Commercial Bank - Jeddah
 Al Rajhi Bank - Riyadh

Spain

Banco Bilbao Vizcaya Argentaria SA (BBVA) - Madrid
 Banco de Sabadell - Sabadell

Sri Lanka

Bank of Ceylon - Colombo
 Commercial Bank of Ceylon PLC - Colombo

Sweden

Skandinaviska Enskilda Banken AB (Publ) - Stockholm

Switzerland

Credit Suisse AG - Geneva

Thailand

Bangkok Bank Public Company Limited - Bangkok

Turkey

Akbank TAS - Istanbul
 Yapi Ve kredi Bankasi - Istanbul

UAE

The National Bank of Abu Dhabi - Abu Dhabi
 Standard Chartered Bank - Dubai
 Emirates NBD - Dubai

UK

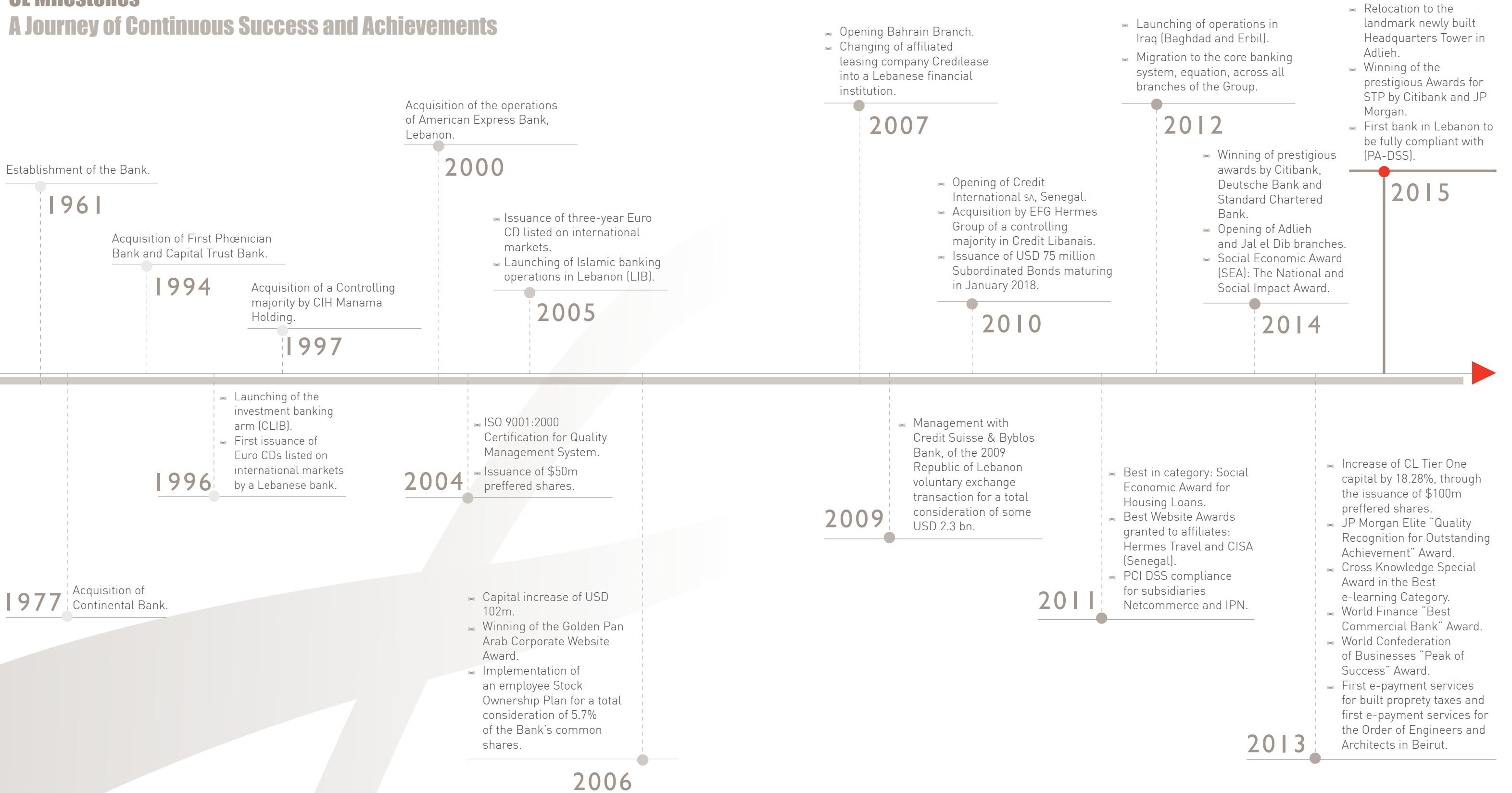
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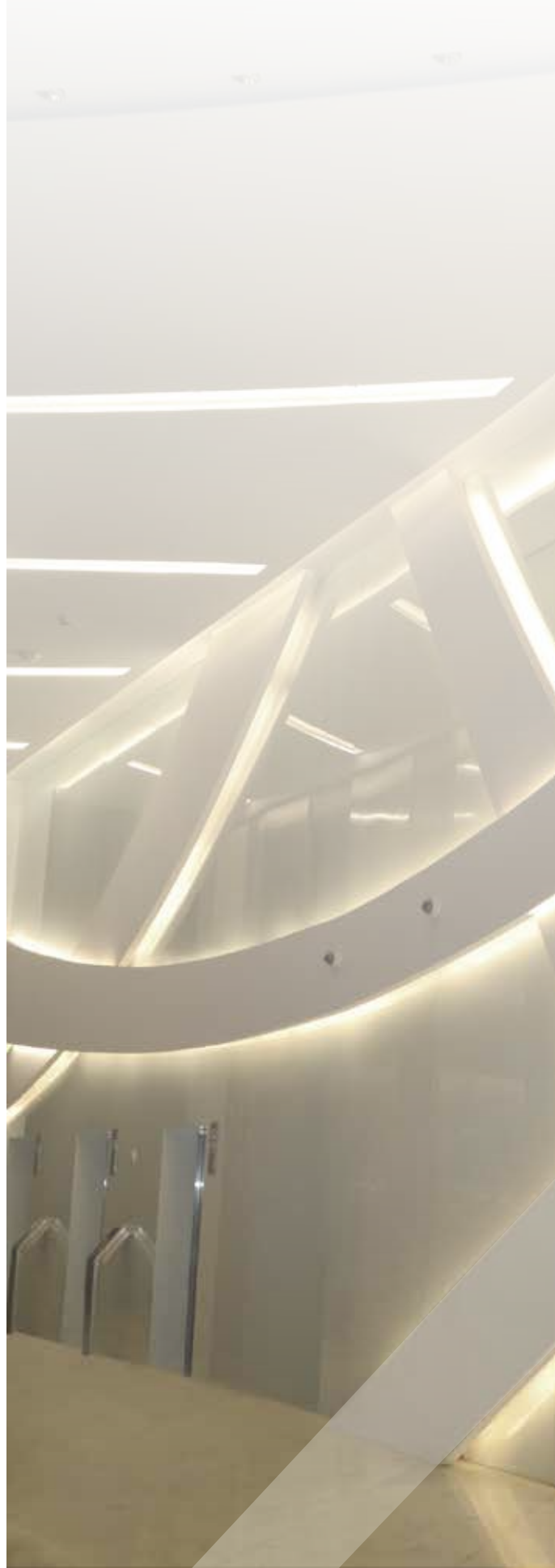
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CL Milestones

A Journey of Continuous Success and Achievements







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