CSCBANK S.A.L.
(FORMERLY CREDITCARD SERVICES COMPANY S.A.L.)

CONSOLIDATED FINANCIAL STATEMENTS
AND INDEPENDENT AUDITORS' REPORT
YEAR ENDED DECEMBER 31, 2010

CSCBANK S.A.L.
(FORMERLY CREDITCARD SERVICES COMPANY S.A.L.)
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YEAR ENDED DECEMBER 31, 2010

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INDEPENDENT AUDITORS' REPORT

To the Shareholders
CSCBANK S.A.L. (Formerly CreditCard
Services Company S.A.L.)
Beirut, Lebanon

We have audited the accompanying consolidated financial statements of CSCBANK S.A.L. (formerly CreditCard Services Company S.A.L.) and its Subsidiaries (the "Group"), which comprise the consolidated statement of financial position as at December 31, 2010, and the consolidated statement of income, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements:

Management is responsible for the preparation and fair presentation of these 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 financial statements that are free from material misstatements, whether due to fraud or error.

Auditor's Responsibility:

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the consolidated 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 and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the 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 present fairly, in all material respects, the consolidated financial position of CSCBANK S.A.L. (formerly CreditCard Services Company S.A.L.) and its subsidiaries as of December 31, 2010, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards.

Beirut, Lebanon	UHY Andy Bryan	Deloitte & Touche
May 17, 2011	UHY Andy Bryan	Deloitte & Touche

CSCBANK S.A.L.
(FORMERLY CREDITCARD SERVICES COMPANY S.A.L.)
CONSOLIDATED STATEMENT OF FINANCIAL POSITION

ASSETS	Notes	December 31, 2010 LBP'000	December 31, 2009 LBP'000
Cash and central banks	5	14,045,077	15,480,077
Deposits with banks and financial institutions	6	121,695,758	43,569,058
Financial assets at fair value through profit or loss		-	156,629
Trading assets	7	7,647,805	1,002,867
Loans and advances	8	45,973,365	26,444,901
Available-for-sale investment securities	9	19,393,430	81,571,143
Investments in associates	10	8,550,487	2,335,181
Regulatory blocked funds	11	6,000,000	-
Property and equipment	12	24,530,273	24,830,862
Intangible assets	13	2,678,789	2,674,925
Other assets	14	834,077	939,137
Total assets		251,349,061	199,004,780
LIABILITIES			
Due to banks and financial institutions	15	104,365,995	88,824,975
Customers' deposits	16	18,506,613	-
Creditors' operating accounts	17	18,181,400	20,975,192
Creditors' operating accounts - related parties	18	7,689,107	1,633,817
Accounts payable and other creditors	19	4,919,995	4,039,155
Other liabilities	20	1,459,876	1,317,278
Provisions	21	5,606,883	3,568,720
Total liabilities		160,729,869	120,359,137
EQUITY			
Capital	22	55,000,000	40,000,000
Reserves	23	1,017,503	974,370
Retained earnings		7,070,753	8,231,757
Cumulative change in fair value of available-for-sale securities	24	351,355	7,563,534
Currency translation adjustment		(4,882)	10,929
Profit for the year		24,420,684	18,393,154
Equity attributable to equity holders of the parent		87,855,413	75,173,744
Non-controlling interests		2,763,779	3,471,899
Total Equity		90,619,192	78,645,643
Total Liabilities and Equity		251,349,061	199,004,780
Fiduciary accounts	32	15,222,129	24,150,521
Standby letters of credit	34	20,422,660	18,462,331

SEE ACCOMPANYING NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

CSCBANK S.A.L.
(FORMERLY CREDITCARD SERVICES COMPANY S.A.L.)
CONSOLIDATED STATEMENT OF INCOME

	Notes	Year Ended December 31, 2010 LBP'000	Year Ended December 31, 2009 LBP'000
Commission and fee revenue	25	74,785,204	66,849,128
Commission and fee expense	26	(38,157,513)	(31,679,985)
Net commission and fee income		36,627,691	35,169,143
Interest income	27	8,375,119	8,219,335
Interest expense	28	(1,316,109)	(1,680,713)
		7,059,010	6,538,622
Other financial revenues	29	11,517,910	1,684,293
Net gain / (losses) on financial assets at fair value through profit and loss		203,158	(144,051)
Net loss on investments in trading assets	7	(89,247)	-
Other operating income		180,000	300,000
Group share in profit from associate	10	190,350	-
Net financial revenues		55,688,872	43,548,007
Allowance for impairment of loans and advances	8	(422,176)	(673,373)
Write-off of receivables		(67,958)	-
Provision for contingency and impairment of investment in associate	10&21	(1,196,009)	-
		(1,686,143)	(673,373)
Net financial revenues after impairment losses		54,002,729	42,874,634
Salaries and related charges	30	(15,427,841)	(11,720,732)
General and administrative expenses	31	(9,284,357)	(8,263,177)
Depreciation and amortization expenses	12 & 13	(3,912,069)	(3,412,497)
Other income		463,694	206,504
Other expense		(97,515)	(23,320)
		(28,258,088)	(23,213,222)
Profit before income tax		25,744,641	19,661,412
Income tax		(496,464)	(353,587)
Profit for the year		25,248,177	19,307,825
Attributable to:			
Equity holders of the parent		24,420,684	18,393,154
Non-controlling interests		827,493	914,671
		25,248,177	19,307,825

SEE ACCOMPANYING NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

CSCBANK S.A.L.
(FORMERLY CREDITCARD SERVICES COMPANY S.A.L.)
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Year Ended December 31, 2010 LBP'000	Year Ended December 31, 2009 LBP'000
Profit for the year	25,248,177	19,307,825
Other Comprehensive income:		
Change in fair value of available-for-sale securities	3,003,072	8,188,796
Realized change in fair value of available-for-sale Securities recycled to profit and loss	(10,794,096)	(1,324,776)
Deferred tax on change in fair value of available-for-sale securities	578,845	(624,042)
Change in cumulative translation adjustments	(15,811)	23,397
Total other comprehensive income	(7,227,990)	6,263,375
Total comprehensive income	18,020,187	25,571,200
Attributable to:		
Equity holder of the parent	17,192,694	24,656,529
Non-controlling interest	827,493	914,671
	18,020,187	25,571,200

CSCBANK S.A.L.
(FORMERLY CREDITCARD SERVICES COMPANY S.A.L.)
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Equity Attributable to Equity Holders of the Parent								
	Capital LBP'000	Reserves LBP'000	Retained Earnings LBP'000	Change in Fair Value of Available-for-Sale Securities LBP'000	Cumulative Translation Adjustment LBP'000	Profit for the Year LBP'000	Total LBP'000	Non Controlling Interests LBP'000	Total LBP'000
Balance December 1, 2009	15,000,000	2,209,138	17,984,989	1,323,556	(12,468)	18,131,280	54,636,495	3,917,350	58,553,845
Total comprehensive income for 2009	-	-	-	6,239,978	23,397	18,393,154	24,656,529	914,671	25,571,200
Allocation of 2008 income	-	1,659,221	16,472,059	-		(18,131,280)	-	-	-
Capital increase	25,000,000	(2,893,989)	(22,106,011)	-	-	-	-	-	-
Dividend distribution – Note 22	-	-	(4,000,000)	-	-	-	(4,000,000)	-	(4,000,000)
Decrease in non-controlling interests	-	-	-	-	-	-	-	(1,360,122)	(1,360,122)
Exchange difference	-	-	(119,280)	-	-	-	(119,280)	-	(119,280)
Balance as at December 31, 2009	40,000,000	974,370	8,231,757	7,563,534	10,929	18,393,154	75,173,744	3,471,899	78,645,643
Total comprehensive income for 2010	-	-	-	(7,212,179)	(15,811)	24,420,684	17,192,694	827,493	18,020,187
Allocation of 2009 income	-	1,836,554	16,556,600	-		(18,393,154)	-	-	-
Capital increase – Note 22	15,000,000	(1,798,020)	(13,201,980)	-	-	-	-	-	-
Dividend distribution – Note 22	-	-	(4,500,000)	-	-	-	(4,500,000)	-	(4,500,000)
Decrease in non-controlling interests	-	-	-	-	-	-	-	(1,619,592)	(1,619,592)
Effect of change in ownership in subsidiaries	-	-	(83,979)	-	-	-	(83,979)	83,979	-
Exchange difference	-	4,599	68,355	-	-	-	72,954	-	72,954
Balance as at December 31, 2010	55,000,000	1,017,503	7,070,753	351,355	(4,882)	24,420,684	87,855,413	2,763,779	90,619,192

SEE ACCOMPANYING NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

CSCBANK S.A.L.
(FORMERLY CREDITCARD SERVICES COMPANY S.A.L.)
CONSOLIDATED STATEMENT OF CASH FLOWS

	Notes	Year Ended December 31, 2010 LBP'000	2009 LBP'000
Cash flows from operating activities:			
Profit for the year before income tax		25,744,641	19,661,412
Adjustments:			
Allowance for impairment of loans and advances		422,176	673,373
Provisions	21	2,119,890	390,201
Provision for impairment in investment in associate	10	105,525	-
Write-off of receivables		67,958	-
Depreciation and amortization		3,912,069	3,412,497
Interest income		(8,375,119)	(8,219,335)
Interest expenses		1,316,109	1,680,713
Loss on disposal of fixed assets		41,061	-
Increase in deposits with banks and financial institutions		(59,670,126)	(3,000,000)
(Increase)/decrease in due from banks and financial institutions		(1,199,193)	1,156,756
(Increase)/decrease in loans and advances to customers		(18,848,126)	574,559
Decrease/(increase) in advances to related parties		259,197	(300,720)
Decrease/(increase) in other assets		105,060	(201,874)
Interest received		8,991,633	8,443,388
Interest paid		(1,635,143)	(1,583,141)
Income tax paid		(353,587)	(295,802)
Increase in regulatory blocked funds		(6,000,000)	-
Increase in customers' deposits		18,506,613	-
Decrease in creditors' operating accounts		(2,793,792)	(405,575)
Increase/(decrease) in accounts payable and other creditors		712,919	(1,167,084)
Increase/(decrease) in creditors' operating accounts – related parties		6,055,290	(255,980)
Increase/(decrease) in other liabilities	35	721,443	(255,326)
Settlement of provisions		(81,727)	(267,632)
Non-controlling interests		(1,535,613)	(1,360,122)
Exchange difference		(24,834)	(95,883)
Net cash (used in) / provided by operating activities		(31,435,676)	18,584,425
Cash flows from investing activities:			
Increase in investments in associates		(6,320,831)	(130,391)
Decrease in securities	35	46,594,507	6,549,101
Increase in property and equipment and intangible assets		(3,658,407)	(9,956,907)
Net cash provided by / (used in) investing activities		36,615,269	(3,538,197)
Cash flows from financing activities:			
Dividends paid		(4,500,000)	(4,000,000)
Net cash used in financing activities		(4,500,000)	(4,000,000)
Net increase in cash and cash equivalents		679,593	11,046,228
Cash and cash equivalents – beginning of period	35	(34,257,917)	(45,304,145)
Cash and cash equivalents – end of period	35	(33,578,324)	(34,257,917)

SEE ACCOMPANYING NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. FORMATION AND OBJECTIVE OF THE COMPANY

CSCBank S.A.L.(the "Bank") (formerly CreditCard Services Company S.A.L. (the "Company")) is a Lebanese joint stock company registered in Lebanon under commercial registration No.62620 dated August 20, 1992 and was registered at the Central Bank of Lebanon as a financial institution under Number 30.

On June 30, 2010, the Central Bank of Lebanon approved the conversion of the Company into a specialized bank under the name CSCBANK S.A.L. As a result, the Company was removed from the list of financial institutions and was registered at the Central Bank of Lebanon as a specialized bank under Number 133.

The Bank's current operations are to extend credit facilities from its own funds and from the funds obtained from banks and financial institutions, in addition to issuing, acquiring, managing, and marketing credit cards and other types of cards in local as well as international markets, and conducting fiduciary operations, financial intermediation, and establishment and management of mutual investment funds and management of the electronic clearing system with the Central Bank of Lebanon.

The Bank's headquarters are located in Beirut.

CSC Bank S.A.L. is subject to the regulations provided in decree number 50 dated July 15, 1983 and Central Bank of Lebanon decision number 6101 dated February 8, 1996.

The Bank operates within the following guidelines:

(a) The objective is exclusive utilization of resources in medium and long-term loans, in investment in securities and in issuing medium and long-term letters of guarantee subject to sufficient collaterals. Advances and loans are considered medium or long-term if maximum 15% of the loan balance will be repaid within the first two years; otherwise the loan will not qualify as medium and long-term debt.

(b) The Bank is prohibited from accepting deposits with less than six-month maturity. However, the Bank has the right to provide the depositor the permission to withdraw before maturity. In this case, the Bank will automatically be entitled to charge a penalty interest computed on the drawn balance at the rate of 5% and for the remaining period until maturity.

(c) The Bank can place its available liquidity in short-term placements (less than one year) in the form of deposits with banks, fiduciary facilities to financial institutions or as Lebanese treasury bonds. Moreover, the Bank can borrow or receive deposits from banks, financial institutions, and insurance companies for less than six-month maturity period.

(d) Investment in Property, Plant and equipment and non-current equity securities should not exceed the Bank equity. However, the Bank can carry additional investments in non-current equity securities not to exceed 50% of the total deposits and borrowings with maturities greater than five years.

(e) Loans should be provided only against real or bank guarantees. The Bank is entitled to provide clean loans to the public sector, to the government, or to large companies based on the Central Bank of Lebanon approval and on case-by-case basis. Under any circumstance, the value of the loan extended to customers should not exceed 60% of the appraisal value of the real and / or face value of the bank guarantees provided. Also, the aggregate balance of the loans extended to one debtor or a group of related companies should not exceed 20% of the Bank's equity.

(f) The total medium and long-term loans and investments in LBP in the private sector should not drop under 10% of the Bank's obligations in LBP that include equity, deposits and debts.

(g) The total Bank investments and loans to the public sector, in any currency, should not exceed:

- Its investments in participations and in private sector, in Lebanese mixed companies, and in shares or investment funds that do not invest in Lebanese treasury bills.
- Its investments in financial intermediation operations as a market maker on condition that the respective bonds are liquidated within a six-month period.

(h) The Bank has the right to issue debentures and bonds up to six times its equity, as directed by article Number 125 of the Commercial Law and as approved by the general assembly. Interest paid on these bonds is tax exempt.

(i) According to tax regulations, the Bank is exempt from income tax for the first seven fiscal years from the date of its conversion into a bank. The Bank becomes subject to income tax starting the eighth fiscal year. A cost of capital of 4% applicable on the Bank's paid up capital is considered as deductible for tax purposes. In case there is a deficit in the taxable statement of comprehensive income in any year, this deficit cannot be carried forward to the next year. Accrued taxes on profit are recorded in the statement of financial position after deducting paid withheld taxes on interest income.

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

2.1 Standards and Interpretations effective for the current period with no effect on the consolidated financial statements

The following new and revised standards, interpretations have been adopted in the current period with no material impact on the disclosures and amounts reported for the current and prior years but may affect the accounting for future transactions or arrangements:

Amendments to IFRS 2 *Share-based Payment – Group Cash-settled Share-based Payment Transactions.*	The amendments clarify the scope of IFRS 2, as well as the accounting for group cash-settled share-based payment transactions in the separate (or individual) financial statements of an entity receiving the goods or services when another group entity or shareholder has the obligation to settle the award.
IFRS 3 (revised) *Business Combinations* and consequential amendments to IAS 27 (revised) *Consolidated and Separate Financial Statements*, IAS 28 (revised) *Investments in Associates* and IAS 31 (revised) *Interests in Joint Ventures.*	IFRS 3 (revised) allows a choice on a transaction-by-transaction basis for the measurement of non-controlling interest either at fair value or at the non-controlling interest's share of recognized identifiable net assets of the acquiree. Contingent consideration is measured at fair value at the acquisition date; subsequent adjustments to the consideration are recognized against the cost of acquisition only to the extent that they arise from new information obtained within the measurement period about the fair value at the date of acquisition. All other subsequent adjustments to contingent consideration classified as an asset or a liability are recognized in profit or loss. All acquisition-related costs are expensed. IAS 27 (revised in 2008) requires that transactions with non-controlling interests to be recognized within equity, with no impact on goodwill or profit or loss.
Amendments to IAS 39 *Financial Instruments: Recognition and Measurement – Eligible Hedged Items*	The amendments provide clarification on two aspects of hedge accounting: identifying inflation as a hedged risk or portion, and hedging with options.

IFRIC 17 *Distributions of Non-cash Assets to Owners*	The Interpretation provides guidance on the appropriate accounting treatment when an entity distributes assets other than cash as dividends to its shareholders.
IFRIC 18 Transfers of Assets from Customers	The Interpretation addresses the accounting by recipients for transfers of property, plant and equipment from 'customers' and concludes that when the item of property, plant and equipment transferred meets the definition of an asset from the perspective of the recipient, the recipient should recognise the asset at its fair value on the date of the transfer, with the credit being recognised as revenue in accordance with IAS 18 *Revenue*.
Improvements to IFRSs issued in 2009 (those that are mandatory for the first time for the financial year beginning January 1, 2010)	• Amendments to IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations* – Disclosures of non-current assets (or disposal groups) classified as held for sale or discontinued operations. • Amendments to IFRS 8 *Operating Segments* – Disclosure of information about segment assets. • Amendments to IAS 1 *Presentation of Financial Statements*- Current/non-current classification of convertible instruments. • Amendments to IAS 7 *Statement of Cash Flows* – Classification of expenditures on unrecognized assets. • Amendments to IAS 17 *Leases* – Classification of leases of land and buildings. • Amendments to IAS 36 *Impairment of Assets* – Unit of accounting for goodwill impairment test. • Amendments to IAS 38 *Intangible Assets* – Additional consequential amendments arising from revised IFRS 3. Measuring the fair value of an intangible asset acquired in a business combination. • Amendments to IAS 39 *Financial Instruments: Recognition and Measurement* – Treating loan prepayment penalties as closely related embedded derivatives. Scope exemption for business combination contracts. Cash flow hedge accounting. • IFRIC 9 *Reassessment of Embedded Derivatives* - Scope of IFRIC 9 and revised IFRS 3. • IFRIC 16 *Hedges of a Net Investment in a Foreign Operation* – Amendment to the restriction on the entity that can hold hedging instruments.

2.2 Standards and Interpretations in issue but not yet effective

The Group has not applied the following new standards, amendments and interpretations that have been issued but not yet effective:

	Effective for Annual Periods Beginning on or After
• Amendments to IFRS 1 Limited Exemption from Comparative IFRS 7 *Disclosures* for First-time Adopters.	July 1, 2010
• Amendments to IFRS 7 *Disclosures – Transfers of Financial Assets* increase the disclosure requirements for transactions involving transfers of financial assets. These amendments are intended to provide greater transparency around risk exposures of transactions when a financial asset is transferred but the transferor retains some level of continuing exposure in the asset. The amendments also require disclosures where transfers of financial assets are not evenly distributed throughout the period. Currently, the Group has not entered into such transactions.	July 1, 2011
• IFRS 9 *Financial Instruments* issued in November 2009 and amended in October 2010 introduces new requirements for the classification and measurement of financial assets and financial liabilities and for derecognition. IFRS 9 requires all recognized financial assets that are within the scope of IAS 39 to be subsequently measured at amortized cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortized cost. All other debt investments and equity investments are measured at their fair values. At initial recognition, an entity may make an irrevocable election to present in other comprehensive income subsequent changes in the fair value of an investment in an equity instrument that is not held for trading. The gain or loss that is presented in the consolidated other comprehensive income includes any related foreign exchange component. Dividends on such investments are recognized in the consolidated statement of income in accordance with IAS 18 *Revenue* unless the dividend clearly represents a recovery of part of the cost of the investment. Amounts presented in consolidated other comprehensive income shall not be subsequently transferred to the consolidated statement of income. However, the entity may transfer the cumulative gain or loss within equity.	Early adoption decided by the Group effective January 1, 2011

	Effective for Annual Periods Beginning on or After
The most significant effect of IFRS 9 regarding the classification and measurement of financial liabilities relates to the accounting for changes in fair value of a financial liability (designated as at fair value through profit or loss) attributable to changes in the credit risk of the issuer. Specifically, under IFRS 9, for financial liabilities that are designated as at fair value through profit or loss, the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of the issuer is recognized in consolidated other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in consolidated other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value attributable to a financial liability's credit risk are not subsequently reclassified to the consolidated statement of income.	
The directors anticipate that IFRS 9 will be early adopted in the Group's consolidated financial statements for the annual period beginning January 1, 2011 and that its application will have an impact on amounts reported in respect of the Group's financial assets as summarized under section 2.3 below.	
• IAS 24 *Related Party Disclosures* (as revised in 2009) modifies the definition of a related party and simplifies disclosures for government-related entities. The disclosure exemptions introduced in IAS 24 (as revised in 2009) do not affect the Group because it is not a government-related entity. However, disclosures regarding related party transactions and balances in these financial statements may be affected when the revised version of the Standard is applied in future accounting periods because some counterparties that did not previously meet the definition of a related party may come within the scope of the Standard.	January 1, 2011
• The amendments to IAS 32 titled *Classification of Rights Issues* address the classification of certain rights issues denominated in a foreign currency as either an equity instrument or as a financial liability. To date, the Group has not entered into any arrangements that would fall within the scope of the amendments.	February 1, 2010

	Effective for Annual Periods Beginning on or After
• Amendment to IFRIC 14 - *Prepayments of a Minimum Funding Requirement.* The amendments correct an unintended consequence of IFRIC 14 *IAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction*.	January 1, 2011
• IFRIC 19 *Extinguishing Financial Liabilities with Equity Instruments* provides guidance regarding the accounting for the extinguishment of a financial liability by the issue of equity instruments. In particular equity instruments issued under such arrangements will be measured at their fair value, and any difference between the carrying amount of the financial liability extinguished and the fair value of equity instruments issued will be recognized in profit or loss. To date, the Group has not entered into transactions of this nature.	July 1, 2010
• Improvements to IFRSs issued in 2010 - Amendments to: IFRS 3; IFRS 7; IAS1; IAS 27; IAS34; IFRIC 13.	Most of the amendments are effective for annual periods beginning on or after January 1, 2011

2.3 Impact of the adoption of IFRS 9 effective January 1, 2011 on the amounts reported

As discussed in section 2.2 above, the directors anticipate that IFRS 9 will be adopted in the Group's consolidated financial statements for the annual period beginning January 1, 2011. Management preliminary assessment of the impact of the application of IFRS 9 is summarized as follows:

- In accordance with the provisions of IFRS 9, adoption by the Group in 2011 will be applied retrospectively and comparative amounts will not be restated as permitted by IFRS 9.

- Effective January 1, 2011 the Group's available-for-sale financial assets under IAS 39 will be classified as financial assets through profit or loss and as amortized cost. Accordingly it is expected that the cumulative fair value gains in relation to these available-for-sale financial assets amounting to LBP351million will be reclassified to retained earnings to the extent of approximately LBP75million and the remaining amount (along with the cumulative deferred tax charge) of approximately LBP276million will be offset against those financial assets which will be classified as amortized cost.

- Effective January 1, 2011 part of the Group's financial assets classified as at amortized cost (loans & receivables and held-to-maturity) under IAS 39 will be classified as at amortized cost as at January 1, 2011.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Statement of Compliance:

The consolidated financial statements are prepared in accordance with International Financial Reporting Standards.

B. Basis of Preparation:

The consolidated financial statements are prepared on the historical cost basis with the exception of the measurement at fair value of certain financial instruments which are measured at fair value in line with International Accounting Standard No. 39 (IAS39).

Assets and liabilities are grouped according to their nature and are presented in an approximate order that reflects their relative liquidity.

The principal accounting policies are set out below:

C. Basis of Consolidation:

The consolidated financial statements of CSCBank S.A.L. (formerly CreditCard Services Company S.A.L.) include the financial statements of the Bank and the companies in which the Bank has a controlling financial interest. Control is achieved where the Bank has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

The results of subsidiaries acquired or disposed of during the year are included in the consolidated income statement from the effective date of acquisition or up to the effective date of disposal, as appropriate.

The consolidated subsidiaries consist of “CSC Finance S.A.L.” and “CSC S.A.L. (Holding)” and its subsidiaries detailed as follows:

Company	Ownership Percentage	Ownership Date	Activity
	%		
CSC Finance S.A.L.	100	2010	Financial Institution
CSC S.A.L. (Holding)	100	2003	Holding
- CSC Overseas Development Ltd.	100	2003	Financial Intermediary
- CSC24seven.com Ltd	50	2003	Financial Institution
- CSC Yemen Ltd	51	2004	Financial Intermediary
- CSC Egypt SAE	50% + 1 share	2005	Financial Intermediary
- CSC Europe Ltd (formerly CSC Cyprus Ltd)	100	2006	Financial Intermediary
- CSC Jordan Overseas Ltd (formerly CSC Iraq Ltd)	60	2008	Financial Intermediary
- CSC Jordan Ltd	60	2005	Financial Intermediary
- CSC Syria Overseas Ltd	84	2008	Financial Intermediary
- CSC Syria Ltd	84	2008	Financial Intermediary

Non-controlling interests in the net assets of consolidated subsidiaries are identified separately from the Group's equity therein. Non-controlling interests consist of the amount of those interests at the date of the original business combination and the non-controlling's share of changes in equity since the date of the combination.

Where necessary, adjustments are made to the financial statements of the subsidiaries to bring their accounting policies in line with those used by other entities of the Group.

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

The Bank accounts for its investments in subsidiaries in its standalone financial statements using the cost method.

D. Business Combinations:

The acquisition of subsidiaries is accounted for using the purchase method. The cost of the acquisition is measured at the aggregate of the fair values, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree, plus any costs directly attributable to the business combination. The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under IFRS 3 *Business Combinations* are recognized at their fair values at the acquisition date, except for non-current assets (or business units to be disposed of) that are classified as held for sale in accordance with IFRS 5 *Non-Current Assets Held for Sale and Discontinued Operations*, which are recognized and measured at fair value less costs to sell.

Goodwill arising on acquisition is recognized as an asset and initially measured at cost, being the excess of the cost of the business combination over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities recognized. If, after reassessment, the Group's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities exceeds the cost of the business combination, the excess is recognized immediately in the statement of income.

The interest of non-controlling shareholders in the acquiree is initially measured at the non-controlling interests' proportion of the net fair value of the assets, liabilities and contingent liabilities recognized.

E. Foreign Currencies:

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

In preparing the financial statements of the individual entities, transactions in currencies other than reporting currency (foreign currencies) are recorded at the rates of exchange prevailing at the dates of the transactions. At each statement of financial position date, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences are recognized in profit or loss in the period in which they arise except for exchange differences on transactions entered into in order to hedge certain foreign currency risks, and exchange differences on monetary items receivable from or payable to a foreign operation for which settlement is neither planned nor likely to occur, which form part of the net investment in a foreign operation, and which are recognized in the foreign currency translation reserve and recognized in profit or loss on disposal of the net investment.

For the purpose of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations are expressed in Lebanese Pounds using exchange rates prevailing at the statement of financial position date. Income and expense items are translated at the average exchange rates for the period. Exchange differences arising, if any, are classified in "Other Comprehensive Income" under foreign currency translation reserve and accumulated under equity. Such exchange differences are recognized in profit or loss in the period in which the foreign operation is disposed of.

F. Investments in Associates:

An associate is an entity over which the Group has significant influence and that is neither a subsidiary nor an interest in a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

The results and assets and liabilities of associates, except where the Group has control over the associates' financial and operating policies, are incorporated in the consolidated financial statements using the equity method of accounting, except when the investment is classified as held for sale, in which case it is accounted for under IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations*. Under the equity method, investments in associates are carried in the consolidated statement of financial position at cost as adjusted for post-acquisition changes in the Group's share of the net assets of the associate, less any impairment in the value of individual investments. Losses of an associate in excess of the Group's interest in that associate (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate) are not recognized.

Any excess of the cost of acquisition over the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities of the associate recognized at the date of acquisition is recognized as goodwill. The goodwill is included within the carrying amount of the investment and is assessed for impairment as part of the investment. Any excess of the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition, after reassessment, is recognized immediately in the statement of income.

G. Property and Equipment:

Property and equipment are stated at cost net of accumulated depreciation and impairment loss if any. Depreciation is computed using the straight-line method over the estimated useful lives of the assets based on the following annual percentage rates:

Buildings	2% - 3%
Freehold improvements	6%
Computer equipment	10% - 20%
Technical equipment	10% - 20%
Office equipment	10%
Furniture and fixtures	7.5% - 10%
Other properties and equipment	10% - 20%

Subsequent expenditure on property and equipment is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is expensed as incurred.

H. Intangible Assets other than Goodwill:

Intangible assets consisting of computer software are amortized over a period of 5 years and are subject to impairment testing. Subsequent expenditure on software assets is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is expensed as incurred.

I. Impairment of Tangible and Intangible Assets:

At each statement of financial position date, the carrying amounts of tangible and intangible assets are reviewed to determine whether there is any indication that these assets have suffered an impairment loss. If any such indication exists, the recoverable amount is estimated in order to determine the extent of impairment provision required, if any.

Recoverable amount is defined as the higher of:

- Fair value that reflects market conditions at the statement of financial position date, less cost to sell, if any. To determine fair value the Group adopts the market comparability approach using as indicators the current prices for similar assets in the same location and condition.

- Value in use: the present value of estimated future cash flows expected to arise from the continuing use of the asset and from its disposal at the end of its useful life, only applicable to assets with cash generation units.

In this connection, the recoverable amount of the Group's owned properties and of properties acquired in satisfaction of debts, is the estimated market value, as determined by real estate appraisers on the basis of market compatibility by comparing with similar transactions in the same geographical area and on the basis of the expected value of a current sale between a willing buyer and a willing seller, that is, other than in a forced or liquidation sale.

The impairment loss is charged to income.

J. Financial assets and Liabilities:

Recognition and Derecognition:

The Group initially recognizes loans and advances, deposits, debt securities issued and subordinated liabilities on the date that they are originated. All other financial assets and liabilities are initially recognized on the trade date at which the Group becomes a party to the contractual provisions of the instrument.

A financial asset (or a part of a financial asset, or a part of a group of similar financial assets) is derecognized, when the contractual rights to the cash flows from the financial asset expires.

In instances where the Group is assessed to have transferred a financial asset, the asset is derecognized if the Group has transferred substantially all the risks and rewards of ownership. Where the Group has neither transferred nor retained substantially all the risks and rewards of ownership, the financial asset is derecognized only if the Group has not retained control of the financial asset. The Group recognizes separately as assets or liabilities any rights and obligations created or retained in the process.

A financial liability (or a part of a financial liability) can only be derecognized when it is extinguished, that is when the obligation specified in the contract is either discharged, cancelled or expires.

Offsetting:

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

Fair Value Measurement:

The fair values of financial assets and financial liabilities are determined as follows:

- the fair value of financial assets and financial liabilities with standard terms and conditions and traded on active liquid markets are determined with reference to quoted market prices;

- the fair value of other financial assets and financial liabilities and those traded in inactive markets (excluding derivative instruments) are determined either based on quoted prices adjusted downward for factors related to illiquidity or in accordance with generally accepted pricing models based on discounted cash flow analysis using prices from observable current market transactions, as applicable; and

- the fair value of derivative instruments, are calculated using quoted prices. Where such prices are not available, use is made of discounted cash flow analysis using the applicable yield curve for the duration of the instruments for non-optional derivatives, and option pricing models for optional derivatives.

Impairment of Financial Assets:

Financial assets, other than those at fair value through profit or loss, are assessed for indicators of impairment at each reporting date. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the asset, the estimated future cash flows of the investment have been impacted.

Impairment losses on assets carried at amortized cost are measured as the difference between the carrying amount of the financial assets and the present value of estimated future cash flows discounted at the original effective interest rate. Losses are recognized in profit or loss and reduce the carrying amount of the asset to its estimated recoverable amount.

In respect of available-for-sale investment securities, the cumulative losses previously recorded under other comprehensive income are recognized in profit or loss in case of impairment losses substantiated by a prolonged decline in fair value of the investment securities.

With the exception of available-for-sale equity instruments, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortized cost would have been had the impairment not been recognized.

In respect of available-for-sale equity securities, any increase in fair value subsequent to an impairment loss is recognized directly in other comprehensive income.

Designation at Fair Value Through Profit or Loss:

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

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

K. Investment Securities:

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

Available-for-Sale Investment Securities:

Available-for-sale investments are non derivative investments that are not designated as another category of financial assets. Unquoted equity securities whose fair value cannot be reliably measured are carried at cost. All other available-for-sale investments are carried at fair value and unrealized gains or losses are included in other comprehensive income and accumulated under equity.

The change in fair value on available-for-sale debt securities reclassified to held-to-maturity is segregated from the change in fair value of available-for-sale debt securities under other comprehensive income and is amortized over the remaining term to maturity of the debt security as a yield adjustment.

Exchange of Debt Securities

Debt securities exchanged against securities with longer maturities, with similar risks, and issued by the same issuer, are not derecognized from financial assets because they do not meet the conditions for derecognition. Premiums and discounts derived from the exchange of said securities are deferred to be amortized as a yield enhancement on a time proportionate basis, over the period of the extended maturities.

L. Trading assets and liabilities:

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

Subsequent to their initial recognition, trading securities are not reclassified.

M. Loans and Advances

Loans and advances are non-derivative financial assets that have fixed or determinable payments that are not quoted in an active market and are classified as ‘loans and receivables’. Loans and receivables are measured at amortized cost, less any impairment. Interest income is recognized by applying the effective interest rate.

Non-performing loans and advances to customers are stated net of unrealized interest and provision for credit losses because of doubts and the probability of non-collection of principal and/or interest.

N. Goodwill:

Goodwill arising on the acquisition of a subsidiary or a jointly controlled entity represents the excess of the cost of acquisition over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of the subsidiary or jointly controlled entity recognized at the date of acquisition. Goodwill is initially recognized as an asset at cost and is subsequently measured at cost less any accumulated impairment losses.

On disposal of a subsidiary or a jointly controlled entity, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

The Group's policy for goodwill arising on the acquisition of an associate is described under “Investments in Associates”.

For the purpose of impairment testing, goodwill is allocated to each of the Group's cash-generating units expected to benefit from the synergies of the combination. Cash-generating units to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit. An impairment loss recognized for goodwill is not reversed in a subsequent period.

O. Financial Liabilities and Equity Instruments Issued by the Group:

Classification as debt or equity:

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangement.

Equity instruments:

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments are recorded at the proceeds received, net of direct issue costs.

Other financial liabilities:

Other financial liabilities, including borrowings, are initially measured at fair value, net of transaction costs.

Other financial liabilities are subsequently measured at amortized cost, with interest expense recognized on an effective yield basis.

P. Provisions:

Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the statement of financial position date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognized as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

Provision for employees' end-of-service indemnities

The provision for employees' termination benefits is based on the liability that would arise if the employment of all the staff were terminated at the statement of financial position date.

The Group provides for employees' end-of-service indemnities in accordance with applicable Labor and Social Security Law with the contracted employment terms or with the Board of Directors resolutions. The entitlement to these benefits is usually based upon the employees' length of service, the employees' salaries and other requirements outlined in the relevant laws.

Q. Fiduciary Deposits:

All risks and rewards related to fiduciary deposits, whether held on a discretionary or non-discretionary basis, belong to the account holders. Accordingly, they are reflected as off-balance sheet accounts.

R. Income Tax:

Income tax expense is the sum of the tax currently payable and deferred tax. Income tax is determined and provided for in accordance with the tax prevailing laws.

Current Tax

Current tax payable is calculated based on taxable profit for the period. Taxable profit differs from profit as reported in the statement of income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the statement of financial position date.

Debt securities invested by Group entities operating in Lebanon are subject to withheld tax by the issuer, and deducted at year end from the corporate tax liability not eligible for deferred tax benefit, and therefore, accounted for as prepayment on corporate income tax and reflected as a part of income tax provision.

Deferred Tax

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the financial position liability method. Deferred tax liabilities are generally recognized for all taxable temporary differences and deferred tax assets are recognized to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilized. Such assets and liabilities are not recognized if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each statement of financial position date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is charged or credited in the statement of income, except when it relates to items charged or credited directly to other comprehensive income, in which case the deferred tax is also dealt with in other comprehensive income.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

T. Revenue Recognition:

Revenue is recognized when services are performed and charged to clients. Revenue from fees is recognized when contractually earned, and interest income on performing cardholder's balances is recognized on an accrual basis, except for non-performing loans and advances for which interest income is only recognized upon realization. Fees received but not yet earned are recorded as deferred revenues.

Interest income and expense include the amortization of discount or premium.

Interest income and expense presented in the statement of income include:

- Interest on financial assets and liabilities at amortized cost.
- Interest on available-for-sale investment securities.

Net trading income presented in the statement of income includes:

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

Interest income and expense on financial portfolio designated at fair value through profit or loss upon initial recognition is recognized under net income from other financial instruments carried at fair value.

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

4. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in note 3, the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

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

Key Sources of Estimation Uncertainty:

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

a. Allowances for Credit Losses:

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

b. Determining Fair Values:

The determination of fair value for financial assets for which there is no observable market price requires the use of valuation techniques as described in Note 3C. 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, uncertainly of market factors, pricing assumptions and other risks affecting the specific instrument.

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

Level 1 - quoted prices for identical items in active, liquid and visible markets such as stock exchanges,

Level 2 - observable information for similar items in active or inactive markets,

Level 3 -unobservable inputs used in situations where markets either do not exist or are illiquid.

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

c. Impairment of available for-sale equity investments:

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

5. CASH AND CENTRAL BANKS

This caption is composed of the following:

	December 31, 2010		
	Accounts in LBP	Accounts in Foreign Currencies	Total
	LBP'000	LBP'000	LBP'000
Cash on hand and Automated Teller Machines (ATM)	19,934	45,086	65,020
Current accounts with Central Bank of Lebanon	1,781,595	5,378,375	7,159,970
Current accounts with other central banks	-	36,337	36,337
	1,801,529	5,459,798	7,261,327
Time deposit with Central Bank of Lebanon	-	6,783,750	6,783,750
	1,801,529	12,243,548	14,045,077

	December 31, 2009		
	Accounts in LBP	Accounts in Foreign Currencies	Total
	LBP'000	LBP'000	LBP'000
Cash on hand and Automated Teller Machines (ATM)	37,591	54,802	92,393
Current accounts with Central Bank of Lebanon	4,377,015	7,791,558	12,168,573
Current accounts with other central banks	-	219,111	219,111
	4,414,606	8,065,471	12,480,077
Time deposit with Central Bank of Lebanon	3,000,000	-	3,000,000
	7,414,606	8,065,471	15,480,077

6. DEPOSITS WITH BANKS AND FINANCIAL INSTITUTIONS

This caption is composed of the following:

	December 31, 2010		
	Accounts in LBP	Accounts in Foreign Currencies	Total
	LBP'000	LBP'000	LBP'000
Current, non-interest bearing accounts:			
Resident banks and financial institutions	74,939	2,368,662	2,443,601
Resident related banks	792,963	397,975	1,190,938
Non-resident related banks	-	233,418	233,418
Non-resident banks and financial institutions	-	20,399,576	20,399,576
	867,902	23,399,631	24,267,533
Time deposit accounts:			
Resident banks and financial institutions	43,500,000	27,553,431	71,053,431
Resident related banks	6,500,000	8,311,113	14,811,113
Non-resident banks and financial institutions	-	10,742,568	10,742,568
	50,000,000	46,607,112	96,607,112
Accrued interest receivable	469,898	351,215	821,113
Total	51,337,800	70,357,958	121,695,758

	December 31, 2009		
	Accounts in LBP	Accounts in Foreign Currencies	Total
	LBP'000	LBP'000	LBP'000
Current, non-interest bearing accounts:			
Resident banks and financial institutions	89,939	5,027,820	5,117,759
Resident related banks	112,192	313,713	425,905
Non-resident related banks	-	365,963	365,963
Non-resident banks and financial institutions	-	18,753,761	18,753,761
	202,131	24,461,257	24,663,388
Time deposit accounts:			
Resident banks and financial institutions	3,000,000	7,660,631	10,660,631
Resident related banks	-	1,507,500	1,507,500
Non-resident banks and financial institutions	-	6,693,727	6,693,727
	3,000,000	15,861,858	18,861,858
Accrued interest receivable	1,997	41,815	43,812
Total	3,204,128	40,364,930	43,569,058

Time deposits as at December 31, 2010 and 2009 bear the following maturities and interest rates:

	December 31, 2010			
	LBP		Foreign Currencies	
	Amount	Average Interest Rate	Amount	Average Interest Rate
	LBP'000	%	LBP'000	%
First quarter of 2011	7,000,000	7.12%	25,429,486	4.66%
Second quarter of 2011	4,000,000	6.88%	8,311,113	4.00%
Fourth quarter of 2011	39,000,000	6.79%	9,851,513	2.00%
First quarter of 2012	-		3,015,000	5.00%
	50,000,000		46,607,112	

	December 31, 2009			
	LBP		Foreign Currencies	
	Amount	Average Interest Rate	Amount	Average Interest Rate
	LBP'000	%	LBP'000	%
First quarter of 2010	-		14,354,358	4.66%
Third quarter of 2010	-		1,507,500	5.5%
First quarter of 2011	3,000,000	8.10%	-	
	3,000,000		15,861,858	

Accrued interest receivable is segregated between the major currencies as follows as at December 31, 2010 and 2009:

	December 31,					
	2010			2009		
Currency	Non-related Parties	Related Parties	Total	Non-related Parties	Related Parties	Total
	LBP'000	LBP'000	LBP'000	LBP'000	LBP'000	LBP'000
LBP	389,764	80,134	469,898	1,997	-	1,997
US Dollar	231,156	71,734	302,890	-	18,989	18,989
Euro	48,325	-	48,325	22,826	-	22,826
	669,245	151,868	821,113	24,823	18,989	43,812

7. TRADING ASSETS

	December 31,	
	2010	2009
	Fair Value	Fair Value
	LBP'000	LBP'000
Quoted equities in:		
US Dollar	7,630,941	684,239
Sterling Pound	8,619	309,087
Jordanian Dinar	8,245	9,541
	7,647,805	1,002,867

Total unrealized losses on trading assets amounted to 89million and were recorded in the consolidated statement of income for the year ended December 31, 2010 (Nil as at December 31, 2009).

8. LOANS AND ADVANCES

This caption consists of the following:

	December 31,	
	2010	2009
	LBP'000	LBP'000
a. Due from banks and financial institutions	24,492,137	23,452,667
b. Loans and advances to customers	21,067,006	2,318,815
c. Advances to related parties	414,222	673,419
	45,973,365	26,444,901

8-a. DUE FROM BANKS AND FINANCIAL INSTITUTIONS

This caption consists of the following:

	December 31,	
	2010	2009
	LBP'000	LBP'000
Due from banks and financial institutions	24,492,137	23,452,667
Doubtful debts	586,972	451,370
	25,079,109	23,904,037
Allowances for bad debts	(586,972)	(451,370)
	24,492,137	23,452,667

Due from banks and financial institutions represent amounts paid by the Group related to the transactions conducted by the cardholders who are customers of the client banks and financial institutions and amounts billed by the Group to these banks and financial institutions for the services rendered. These transactions are generated and settled according to the conditions of the contracts signed between both parties. The settlement period does not exceed one month. These balances are classified as regular accounts and are non-interest bearing.

The movement of provision for banks and financial institutions uncollectible balances during 2010 and 2009 is summarized as follows:

	2010	2009
	LBP'000	LBP'000
Balance January 1,	451,370	220,677
Addition	159,723	226,909
Currency translation effect	(24,121)	3,784
Balance December 31,	586,972	451,370

8-b. LOANS AND ADVANCES TO CUSTOMERS

Loans and advances to customers consist of the following:

	December 31, 2010			December 31, 2009		
	Gross Amount net of Unrealized Interest	Impairment Allowance	Book Value	Gross Amount net of Unrealized Interest	Impairment Allowance	Book Value
	LBP'000	LBP'000	LBP'000	LBP'000	LBP'000	LBP'000
Regular customers - individuals (retail):						
- Medium term loan	5,612,488	-	5,612,488	2,924,521	-	2,924,521
- Credit cards	10,372,348	-	10,372,348	10,062,963	-	10,062,963
- Medium term advances	368,662	-	368,662	1,427,689	-	1,427,689
- Other	350,623	-	350,623	339,284	-	339,284
	16,704,121	-	16,704,121	14,754,457	-	14,754,457
Classified customers - individuals (retail):						
- Doubtful and bad loans	1,429,877	(1,429,877)	-	1,176,795	(1,176,795)	-
	1,429,877	(1,429,877)	-	1,176,795	(1,176,795)	-
Regular customers – corporate:						
- Discounted bills	4,243,425	-	4,243,425	-	-	-
- Small and medium enterprises	119,460	-	119,460	169,075	-	169,075
	4,362,885	-	4,362,885	169,075	-	169,075
Risks transferred through fiduciary accounts:						
- Fiduciary accounts	-	-	-	(12,374,241)	-	(12,374,241)
- Accrued interest payable on Fiduciary Accounts	-	-	-	(320,418)	-	(320,418)
	-	-	-	(12,694,659)	-	(12,694,659)
Accrued interest receivable	-	-	-	89,942	-	89,942
	22,496,883	(1,429,877)	21,067,006	3,495,610	(1,176,795)	2,318,815

The movement of doubtful and bad loans and related unrealized interest and allowance for impairment during 2010 and 2009 is summarized as follows:

	2010			
	Doubtful and Bad Loans	Unrealized Interest	Allowance for Impairment	Net Book Value
	LBP'000	LBP'000	LBP'000	LBP'000
Balance January 1	1,309,241	(132,446)	(1,176,795)	-
Additions	519,344	(256,891)	(262,453)	-
Effect of exchange rates changes	(9,371)	-	9,371	-
Balance December 31	1,819,214	(389,337)	(1,429,877)	-

	2009			
	Doubtful and Bad Loans	Unrealized Interest	Allowance for Impairment	Net Book Value
	LBP'000	LBP'000	LBP'000	LBP'000
Balance January 1	903,224	(132,446)	(770,778)	-
Additions	406,017	-	(446,464)	(40,447)
Settlements	-	-	40,447	40,447
Balance December 31	1,309,241	(132,446)	(1,176,795)	-

8-c. ADVANCES TO RELATED PARTIES

This caption represents non-interest bearing accounts receivable resulting from current operations with related parties. Balances due from related parties are settled within periods not exceeding three months. The majority of these balances are denominated in U.S. Dollar.

	December 31,	
	2010	2009
	LBP'000	LBP'000
Advances to associates	205,759	115,877
Advances to shareholders and other related parties	208,463	557,542
	414,222	673,419

9. AVAILABLE-FOR-SALE INVESTMENT SECURITIES

Available-for-sale investment securities comprises the following:

	December 31, 2010							
	LBP			Counter Value of Foreign Currency				
	Amortized Cost	Carrying Fair Value	Cumulative Change in Fair Value	Amortized Cost	Carrying Fair Value	Cumulative Change in Fair Value	Provision for Impairment Loss	Total
	LBP'000	LBP'000	LBP'000	LBP'000	LBP'000	LBP'000	LBP'000	LBP'000
Quoted shares	-	-	-	7,073,576	7,768,742	695,166	(2,341,671)	5,427,071
Non-quoted shares	-	-	-	4,830,092	4,830,092	-	-	4,830,092
Lebanese Government bonds	4,500,000	4,428,673	(71,327)	4,819,933	4,547,449	(272,484)	-	8,976,122
	4,500,000	4,428,673	(71,327)	16,723,601	17,146,283	422,682	(2,341,671)	19,233,285
Accrued interest receivable	-	20,805	-	-	139,340	-	-	160,145
	4,500,000	4,449,478	(71,327)	16,723,601	17,285,623	422,682	(2,341,671)	19,393,430

	December 31, 2009								
	LBP			Counter Value of Foreign Currency					
	Amortized Cost	Carrying Fair Value	Cumulative Change in Fair Value	Amortized Cost	Carrying Fair Value	Cumulative Change in Fair Value	Provision for Impairment Loss	Provision for Early Redemption	Total
	LBP'000	LBP'000	LBP'000	LBP'000	LBP'000	LBP'000	LBP'000	LBP'000	LBP'000
Quoted shares	-	-	-	11,384,772	15,725,468	4,340,696	(2,427,060)	-	13,298,408
Non-quoted shares	-	-	-	2,501,758	2,501,758	-	-	-	2,501,758
Lebanese Government bonds	27,296,765	28,883,210	1,586,445	28,631,305	30,387,610	1,756,305	-	-	59,270,820
Certificates of deposit issued by local banks	-	-	-	961,095	987,322	26,227	-	-	987,322
Certificates of deposit issued by Central Bank of Lebanon	800,000	884,172	84,172	3,015,000	3,363,534	348,534	-	(198,889)	4,048,817
	28,096,765	29,767,382	1,670,617	46,493,930	52,965,692	6,471,762	(2,427,060)	(198,889)	80,107,125
Accrued interest receivable	-	381,027	-	-	1,082,991	-	-	-	1,464,018
	28,096,765	30,148,409	1,670,617	46,493,930	54,048,683	6,471,762	(2,427,060)	(198,889)	81,571,143

The movement of available-for-sale investment securities is summarized as follows:

	December 31, 2010		
	LBP	Counter Value of Foreign Currency	Total
	LBP'000	LBP'000	LBP'000
Balance January 1	29,767,382	50,339,743	80,107,125
Acquisitions	4,500,000	9,927,036	14,427,036
Sales	(28,057,000)	(39,608,563)	(67,665,563)
Change in fair value	(1,741,944)	(6,049,080)	(7,791,024)
Effect of discount/premium amortization	(39,765)	247,306	207,541
Effect of changes in exchange rates	-	(51,830)	(51,830)
Balance December 31	4,428,673	14,804,612	19,233,285

	December 31, 2009		
	LBP	Counter Value of Foreign Currency	Total
	LBP'000	LBP'000	LBP'000
Balance January 1	14,059,015	65,754,707	79,813,722
Acquisitions	14,996,500	3,450,521	18,447,021
Redemption	(500,000)	-	(500,000)
Sales	-	(24,629,564)	(24,629,564)
Change in fair value	1,217,263	5,646,757	6,864,020
Provision for early redemption	-	(13,704)	(13,704)
Effect of discount/premium amortization	(5,396)	143,814	138,418
Effect of changes in exchange rates	-	(12,788)	(12,788)
Balance December 31,	29,767,382	50,339,743	80,107,125

Available-for-sale debt securities are segregated over remaining periods to maturity as follows:

	December 31, 2010							
	LBP				Counter Value of Foreign Currencies			
Remaining period to maturity	Nominal Value	Amortized Cost	Net Carrying Fair Value	Yield	Nominal Value	Amortized Cost	Net Carrying Fair Value	Yield
	LBP'000	LBP'000	LBP'000	%	LBP'000	LBP'000	LBP'000	%
Lebanese Government Bonds:								
- 1 Year to 3 Years	750,000	750,000	747,432	5.94	599,232	598,933	602,947	5.87
- 3 Years to 5 Years	750,000	750,000	753,606	6.18	4,221,000	4,221,000	3,944,502	5.47
- Beyond 5 Years	3,000,000	3,000,000	2,927,635	7.90	-	-	-	
	4,500,000	4,500,000	4,428,673		4,820,232	4,819,933	4,547,449	

	December 31, 2009							
	LBP				Counter Value of Foreign Currencies			
Remaining period to maturity	Nominal Value	Amortized Cost	Net Carrying Fair Value	Yield	Nominal Value	Amortized Cost	Net Carrying Fair Value Adjusted for the Effect of Provision for Early Redemption	Yield
	LBP'000	LBP'000	LBP'000	%	LBP'000	LBP'000	LBP'000	%
Lebanese Government Bonds:								
- 1 Year to 3 Years	20,050,000	20,061,866	21,232,976	8.58%	1,495,954	1,495,954	1,495,363	6.80%
- 3 Years to 5 Years	7,207,000	7,234,899	7,650,234	8.36%	14,321,250	14,387,225	14,988,847	8.61%
- Beyond 5 Years	-	-	-	-	12,828,825	12,748,126	13,903,400	6.85%
	27,257,000	27,296,765	28,883,210	-	28,883,210	28,631,305	30,387,610	
Certificates of deposit issued by local banks:								
-3 years to 5 years	-	-	-	-	979,875	961,095	987,322	8.45%
	-	-	-	-	979,875	961,095	987,322	
Certificates of deposit issued by Central Bank of Lebanon:								
-3 years to 5 years	800,000	800,000	884,172	9.25%	-	-	-	
- Beyond 5 Years	-	-	-	-	3,015,000	3,015,000	3,164,645	10.00%
	800,000	800,000	884,172		3,015,000	3,015,000	3,164,645	
	28,057,000	28,096,765	29,767,382		32,640,904	32,607,400	34,539,577	

10. INVESTMENTS IN ASSOCIATES

	December 31, 2010	December 31, 2009
	LBP'000	LBP'000
Arab Company for Internet Services Ltd	6,320,833	-
Credit Card Management Company S.A.L.	1,184,714	1,184,714
Universal Cards Company	1,044,940	1,044,940
IPN Yemen	105,525	105,527
	8,656,012	2,335,181
Allowance for impairment in value of investment	(105,525)	-
	8,550,487	2,335,181

The Group's investment in 20% equity stake of "Credit Card Management Company S.A.L." includes LBP442million representing the goodwill arising from the acquisition of equity interest in the above company.

The investment in Universal Cards Company as at December 31, 2010 and 2009 represents a 40% equity stake in the company's capital of SAR6,500,000 (LBP2.61billion).

During 2010, the Group purchased a 40% equity stake in Arab Company for Internet Services Ltd. (registered in Jordan) for a total consideration of LBP6.13billion (Note 18) representing 40% of the estimated value of the said company amounting to JOD7.2 million at the acquisition date. The total book value of the company at the acquisition date was JOD1.02 million. As per the purchase contract, the Group and the remaining shareholders in the Company cannot transfer or convert their shares to non-related parties for a period of 3 years from the date of acquisition. Furthermore, the Group recognized its share in the company's profit for the year ended December 31, 2010 in the amount of LBP190million.

The investment in IPN Yemen as at December 31, 2010 and 2009 represents a 35% equity stake in the company's capital of USD200,000 (LBP301million). During 2010, the investment was fully impaired and the related allowance was recorded in the statement of income for the year ended December 31, 2010.

11. REGULATORY BLOCKED FUNDS

Regulatory blocked funds represent a non-interest earning compulsory deposit placed with the Lebanese Treasury upon conversion into CSCBANK S.A.L. This deposit is refundable in case of cease of operations, according to article 132 of the Money and Credit law.

12. PROPERTY AND EQUIPMENT

The caption consists of the following:

	Buildings	Freehold/ Leasehold Improvements	Computer Equipment	Technical Equipment	Office Equipment	Furniture and Fixtures	Other Properties and Equipment	Advances on Property and Equipment	Total
	LBP'000	LBP'000	LBP'000	LBP'000	LBP'000	LBP'000	LBP'000	LBP'000	LBP'000
Cost:									
Balance as at January 1, 2009	7,292,950	6,037,613	8,992,051	3,595,838	1,467,198	516,951	577,781	28,553	28,508,935
Additions	5,456,685	1,573,513	1,241,684	190,829	85,321	81,863	78,253	304,875	9,013,023
Transfers	-	28,630	-	-	-	-	-	(28,630)	-
Adjustments and disposals	-	(29,384)	-	-	-	-	(6)	-	(29,390)
Balance as at December 31, 2009	12,749,635	7,610,372	10,233,735	3,786,667	1,552,519	598,814	656,028	304,798	37,492,568
Additions	158,288	884,529	1,167,628	114,196	209,139	16,805	114,740	53,666	2,718,991
Transfers	-	304,875	-	-	-	-	-	(304,875)	-
Effect of foreign currency exchange differences	-	-	(12,475)	(868)	(934)	(56)	(118)	-	(14,451)
Adjustments and disposals	-	-	(47,378)	-	-	-	-	-	(47,378)
Balance as at December 31, 2010	12,907,923	8,799,776	11,341,510	3,899,995	1,760,724	615,563	770,650	53,589	40,149,730
Accumulated depreciation:									
Balance as at January 1, 2009	557,297	1,630,009	4,544,114	2,351,930	614,939	222,748	263,667	-	10,184,704
Additions	207,763	405,597	1,399,547	211,237	133,007	38,001	80,462	-	2,475,614
Adjustments and disposals	-	(7)	1,399	(76)	64	-	8	-	1,388
Balance as at December 31, 2009	765,060	2,035,599	5,945,060	2,563,091	748,010	260,749	344,137	-	12,661,706
Additions	254,286	655,160	1,517,257	300,948	128,495	50,220	70,151	-	2,976,517
Effect of foreign currency exchange differences	-	-	(10,941)	(848)	(553)	(12)	(95)	-	(12,449)
Adjustments and disposals	-	-	(6,317)	-	-	-	-	-	(6,317)
Balance as at December 31, 2010	1,019,346	2,690,759	7,445,059	2,863,191	875,952	310,957	414,193	-	15,619,457
Net book value:									
As at December 31, 2010	11,888,577	6,109,017	3,896,451	1,036,804	884,772	304,606	356,457	53,589	24,530,273
As at December 31, 2009	11,984,575	5,574,773	4,288,675	1,223,576	804,509	338,065	311,891	304,798	24,830,862

13. INTANGIBLE ASSETS

The caption consists of the following:

	Computer Software LBP'000
Cost:	
Balance as at January 1, 2009	8,704,511
Additions	974,673
Adjustments	(21)
Balance as at December 31, 2009	9,679,163
Additions	939,416
Balance as at December 31, 2010	10,618,579
Accumulated depreciation:	
Balance as at January 1, 2009	6,067,365
Additions	936,883
Adjustments	(10)
Balance as at December 31, 2009	7,004,238
Additions	935,552
Balance as at December 31, 2010	7,939,790
Net book value:	
As at December 31, 2010	2,678,789
As at December 31, 2009	2,674,925

14. OTHER ASSETS

This caption consists of the following:

	December 31, 2010 LBP'000	December 31, 2009 LBP'000
Deferred charges	14,106	-
Prepaid expenses	671,038	690,750
Other debit balances	148,934	248,387
	834,078	939,137

15. DUE TO BANKS AND FINANCIAL INSTITUTIONS

This caption consists of the following:

	December 31, 2010				
	Accounts in LBP		Accounts in Foreign Currencies		
	Amount	Average Interest Rate	Amount	Average Interest Rate	Total
	LBP'000	%	LBP'000	%	LBP'000
Banks and financial institutions current accounts	14,330,025		74,520,161		88,850,186
Term deposits	-		15,470,234	2.52	15,470,234
	14,330,025		89,990,395		104,320,420
Accrued interest payable	-		45,575		45,575
	14,330,025		90,035,970		104,365,995

	December 31, 2009				
	Accounts in LBP		Accounts in Foreign Currencies		
	Amount	Average Interest Rate	Amount	Average Interest Rate	Total
	LBP'000	%	LBP'000	%	LBP'000
Banks and financial institutions current accounts	12,840,563		64,392,886		77,233,449
Term deposits	-		11,547,335	3.60	11,547,335
	12,840,563		75,940,221		88,780,784
Accrued interest payable	-		44,191		44,191
	12,840,563		75,984,412		88,824,975

"Banks and financial institutions current accounts" represents non-interest bearing balances due to several banks resulting mainly from the automated teller machines transactions, whereas most of the "term deposits" are balances deposited with the Group by bank issuers of credit cards, in guarantee of the credit facilities granted on these cards.

"Banks and financial institutions current accounts" balances are generated and settled in accordance with the contractual terms between these banks and the Group within an average period not exceeding one month.

The Group on a daily basis, performs clearing transactions with Lebanese banks, using the electronic clearing system of the Central Bank of Lebanon, in accordance with the Central Bank of Lebanon requirements in its circular No. 92 dated January 24, 2003.

16. CUSTOMERS' DEPOSITS

Customers' deposits are allocated by currencies as follows:

	December 31,	
	2010	2009
	LBP'000	LBP'000
US Dollar	14,615,754	-
Euro	3,413,319	-
Sterling pound	477,540	-
	18,506,613	-

In 2010, interest expense on customers' deposits amounted to LBP437million and was recorded under interest expenses in the income statement.

17. CREDITORS' OPERATING ACCOUNTS

This caption consists of the following:

	December 31,	
	2010	2009
	LBP'000	LBP'000
Due to companies, merchants and points of sale	6,650,478	7,018,585
Debit and internet cards	11,512,517	13,616,752
Other credit balances	18,405	339,855
	18,181,400	20,975,192

Creditors operating accounts are short term, non-interest bearing accounts, mostly denominated in foreign currencies.

"Due to companies, merchants and points of sale" represents the balances due to resident and non-resident merchants, as a result of credit card transactions, settled according to the respective merchants' contractual terms.

"Debit and internet cards" represents pledged funds received against credit facilities granted to customers using these cards.

18. CREDITORS' OPERATING ACCOUNTS – RELATED PARTIES

The caption represents non-interest bearing current credit accounts with related parties.

"Creditors operating accounts - related parties" as at December 31, 2010 and 2009 includes the balance due to a related party company against the Group's use, in credit card operations, of machines owned by the related party and placed in commercial stores against a fixed commission fee for each type of transaction and monthly rental charges. It also includes the balances due to two related companies that provide the Group with network communication and internet services, against a fixed commission fee for each type of transaction and monthly rental charges.

19. ACCOUNTS PAYABLE AND OTHER CREDITORS

This caption consists of the following:

	December 31,	
	2010	2009
	LBP'000	LBP'000
Charge back payable	484,591	239,650
Due to National Social Security Fund	108,133	141,025
Accrued income and other taxes	919,289	624,060
Suppliers of fixed assets, software and other suppliers	1,384,489	992,231
Other liabilities	2,023,493	2,042,189
Total	4,919,995	4,039,155

Under Article 14 of Legislative Decree No. 50 issued on July 15, 1983, applicable to specialized banks, the Bank is exempt from tax on profits for the first seven financial years effective July's 2010, the date of its conversion into a specialized bank. The Bank's profits for the six-months period ended December 31, 2010 remain subject to tax on profits.

The Group's Lebanese entities tax returns after 2006 are still subject to examination and final assessment by the Income Tax Department. Management is of the opinion that additional tax liability, if any, will not be material.

In 2009, the Company's National Social Security Fund (NSSF) declarations related to the period from November 1, 2006 up to February 28, 2009 were reviewed by the NSSF authorities. This revision resulted in additional liabilities paid and recorded in the consolidated statement of income in the amount of LBP216million. Subsequent to the statement of financial position date, the Social Security inspectors performed a review of the Bank's social security declarations for the period from March 1, 2009 up to March 31, 2011. This revision did not result in any additional liabilities.

20. OTHER LIABILITIES

This caption consists of the following:

	December 31, 2010	December 31, 2009
	LBP'000	LBP'000
Accrued expenses	1,415,896	708,472
Deferred revenues	41,188	29,961
Deferred tax	2,792	578,845
	1,459,876	1,317,278

"Deferred revenues" represent credit card issuance fees received in advance and recognized in income upon issuance of the related cards in the period subsequent to the statement of financial position date.

21. PROVISIONS

This caption consists of the following:

	December 31, 2010	December 31, 2009
	LBP'000	LBP'000
Provision for employees end of service indemnity	3,596,902	2,617,133
Provision for miscellaneous other charges	2,009,981	951,587
	5,606,883	3,568,720

Movement of employees' end-of-service indemnity provision was as follows:

	2010	2009
	LBP'000	LBP'000
Balance - beginning of the year	2,617,133	2,281,637
Additions (Note 32)	1,029,406	346,524
Settlements	(49,637)	(11,028)
Balance - end of the year	3,596,902	2,617,133

Movement of provision for miscellaneous other charges was as follows:

	2010	2009
	LBP'000	LBP'000
Balance - beginning of the year	951,587	1,164,514
Additions	1,090,484	43,677
Settlements	(32,090)	(256,604)
Balance end of the year	2,009,981	951,587

22. CAPITAL

Capital as at December 31, 2009 consists of 1,600,000 shares of LBP25,000 each, authorized and fully paid. On June 12, 2010, the shareholders' extraordinary general assembly decided to increase the capital by an amount of LBP15billion to become LBP55billion through the issuance of 600,000 new nominative shares of LBP25,000 each.

The increase was effected by transferring LBP1.78billion from legal reserves and LBP13.22billion from retained earnings.

The capital increase was approved by the Central Bank of Lebanon on September 14, 2010.

Furthermore, on June 12, 2010, the shareholders' ordinary general assembly decided to distribute dividends in the amount of LBP4.5billion fully settled during 2010.

Also, on April 7, 2009, the shareholders' ordinary general assembly decided to distribute dividends in the amount of LBP4billion fully settled during 2009.

23. RESERVES

This caption consists of the following:

	December 31,	
	2010	2009
	LBP'000	LBP'000
Legal reserves	358,083	643,352
Other reserves	659,420	331,018
	1,017,503	974,370

The Group's Lebanese entities transfer 10% of their annual net income to legal reserve until such reserve reaches one third of capital, as required by the Lebanese Code of Commerce and Money and Credit Law. This reserve is not available for distribution however it can be used for capital increase.

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

This caption consists of the following:

	December 31,	
	2010	2009
	LBP'000	LBP'000
Unrealized gain on quoted equity securities	695,166	4,340,696
Unrealized loss on Lebanese Government bonds	(343,811)	3,342,750
Unrealized loss on certificates of deposit issued by commercial banks	-	26,227
Unrealized gain on certificates of deposit issued by Central Bank of Lebanon	-	432,706
Less: Deferred tax	-	(578,845)
	351,355	7,563,534

The movement of cumulative change in fair value of available-for-sale investment securities is as follows:

	2010	2009
	LBP'000	LBP'000
Balance on January 1	7,563,534	1,323,556
Unrealized gain/(loss) during the year on:		
Lebanese Government bonds	(340,805)	3,750,611
Certificates of deposits issued by commercial banks	-	54,883
Certificates of deposits issued by Central Bank of Lebanon	-	297,504
Quoted equity securities	3,343,877	4,085,798
Realized gain on sale of securities recycled to income	(10,794,096)	(1,324,776)
Change in deferred tax	578,845	(624,042)
Net change for the year	(7,212,179)	6,239,978
Balance on December 31	351,355	7,563,534

25. COMMISSION AND FEE REVENUE

This caption consists of the following:

	Year Ended December 31, 2010 LBP'000	Year Ended December 31, 2009 LBP'000
Card fees	8,013,198	8,771,227
Commissions earned from cardholders' spending	44,386,879	39,962,803
Commissions earned from the ATM network	17,714,299	11,770,664
Commissions earned from merchants	1,697,183	2,646,108
Other commissions earned	2,973,645	3,698,326
	74,785,204	66,849,128

26. COMMISSION AND FEE EXPENSE

This caption consists of the following:

	Year Ended December 31, 2010 LBP'000	Year Ended December 31, 2009 LBP'000
Clearing and commission fees paid to International and Regional Switches and ATM network usage	23,789,918	17,716,827
Commissions paid on cardholders' spending	12,924,202	13,175,452
Other commissions paid	1,443,393	787,706
	38,157,513	31,679,985

27. INTEREST INCOME

This caption consists of the following:

	Year Ended December 31, 2010 LBP'000	Year Ended December 31, 2009 LBP'000
Interest on deposits with banks and financial institutions	1,714,403	768,296
Interest on investments in available-for-sale debt securities	4,023,470	5,117,640
Interest on loans and advances to customers	2,637,246	2,333,399
	8,375,119	8,219,335

28. INTEREST EXPENSE

This caption consists of the following:

	Year Ended December 31, 2010 LBP'000	Year Ended December 31, 2009 LBP'000
Interest on due to banks and financial institutions	756,928	566,292
Interest to customers	439,821	685,609
Other interest	119,360	428,812
	1,316,109	1,680,713

29. OTHER FINANCIAL REVENUES

This caption consists of the following:

	Year Ended December 31, 2010 LBP'000	Year Ended December 31, 2009 LBP'000
Dividend income	723,814	359,517
Gain on sale of available-for-sale securities	10,794,096	1,324,776
	11,517,910	1,684,293

30. SALARIES AND RELATED CHARGES

This caption consists of the following:

	Year Ended December 31, 2010 LBP'000	Year Ended December 31, 2009 LBP'000
Salaries	12,026,758	9,436,558
Transportation and other benefits	1,171,139	958,586
National Social Security Fund contributions	1,200,538	979,064
Provision for end-of-service indemnity	1,029,406	346,524
	15,427,841	11,720,732

31. GENERAL AND ADMINISTRATIVE EXPENSES

This caption consists of the following:

	Year Ended December 31, 2010 LBP'000	Year Ended December 31, 2009 LBP'000
Miscellaneous taxes and fees	880,410	860,010
Telecommunication	1,387,618	1,493,330
Water, electricity and fuel	637,088	551,164
Professional services and legal fees	2,207,625	1,728,985
Maintenance, security and other building expenses	1,649,677	1,526,733
Travel, accommodation and entertainment	807,418	677,000
Software and other licensing fees	44,891	13,823
Stationary and printing	286,823	331,649
Insurance fees	104,887	96,074
Transportation, shipping and porters	119,190	57,321
Publicity and advertising	200,089	251,241
Rent and related services	293,209	361,229
Subscriptions and conferences	10,782	15,190
Attendance fees	297,060	-
Donations	27,362	24,084
Other expenses	330,228	275,344
	9,284,357	8,263,177

32. FIDUCIARY ACCOUNTS

This caption consists of the following:

	December 31, 2010 LBP'000	December 31, 2009 LBP'000
Discretionary deposits sharing in credit risks (Note 8-a)	-	12,374,241
Non-discretionary deposits	15,222,129	11,776,280
	15,222,129	24,150,521

In 2009, the discretionary customers' deposits represented fiduciary deposits assigned to finance advances from the Group's portfolio with the approval of the accounts holders and related risks and rewards belong to the account holders.

The non-discretionary fiduciary deposits are invested according to the contractual terms with the account holders and for their account.

33. MEMO ACCOUNTS

This caption consists of the following:

	December 31,	
	2010	2009
	LBP'000	LBP'000
Facilities extended and not utilized	1,119,417,119	1,060,279,993
of which facilities extended covered by contracts with banks and financial institutions	1,066,843,052	1,024,736,045
Assets under custody	221,272,772	198,766,897

Non-utilized credit facilities extended to individual customers and banks amounted to LBP1,119billion as at December 31, 2010 (LBP1,060billion in 2009), resulting from the issuance of revolving credit cards and charge cards. Facilities to the extent of LBP1,067billion are subject to contractual terms signed with banks to settle the dues to the Group within limited time periods (LBP1,024billion as at December 31, 2009).

In addition, the banks and each of the cardholders of the banks are jointly and severally liable for all charges incurred by the Group as a consequence of the use of the cards. In case of default of one or more banks, the Group has recourse against the cardholders of such bank for the dues incurred by the cardholders and not yet settled to the Bank.

The total commitments related to the extended facilities do not necessarily represent future cash requirements, since the Group does not expect these funds to be drawn at one time, noting that the Group is continuously collecting utilized amounts from banks and the payment period varies between daily and monthly according to the agreements with the banks.

Assets under custody represent the receivables of credit card facilities granted to banks' customers and managed by the Group, on behalf of those banks. These receivables amounted to LBP221billion as at December 31, 2009 (LBP199billion as at December 31, 2009). A commission fee is paid to the Group against the management of these receivables.

34. COMMITMENTS AND LIABILITIES

Standby letters of credit have been issued in favor of international credit card companies as well as regional switches for the amount of USD13,547,370 as at December 31, 2010 (USD12,246,986 in 2009), to guarantee any shortage in the credit facilities coverage granted by the above mentioned companies for credit card operations. Accordingly, the Group could be liable for the risks of these letters of credit, since the Group operates through issuing, marketing and managing those credit cards based on contracts signed between the Group and the international credit card companies.

35. STATEMENT OF CASH FLOWS

Cash and cash equivalents as presented in the statement of cash flows comprise the following:

	December 31,	
	2010	2009
	LBP'000	LBP'000
Cash and central banks	14,045,077	15,480,077
Current accounts with banks and financial institutions (Note 6)	24,267,533	24,663,388
Time deposits with banks and financial institutions (Note 6)	32,429,486	14,354,358
Due to banks and financial institutions (Note 15)	(104,320,420)	(88,755,740)
Net total (creditor)	(33,578,324)	(34,257,917)

Time deposits with banks and financial institutions and due to banks and financial institutions represent balances with original maturities of 90 days or less from their origination.

The following non-cash transactions were excluded from the cash flow statement for the year 2010:

- The change in fair value of investments in available-for-sale securities in the amount of LBP7.21billion against available-for-sale securities in the amount of LBP7.79billion and against other liabilities in the amount of LBP578.8million for the year end December 31, 2010.

36. CAPITAL RISK MANAGEMENT

The Group manages its capital to comply with the capital adequacy requirements set by Central Bank of Lebanon, the Group's lead regulator. The subsidiaries of the Group operating abroad are also required to respect particular ratios according to the competent authorities of supervisions.

Central Bank of Lebanon requires each bank or banking group to observe the minimum capital adequacy ratio set by the regular at 12% (Basel II Ratio).

The Group's capital is split as follows:

Tier I Capital: Comprises share capital after deduction of treasury shares, Shareholders' cash contribution to capital, reserves from appropriation of profits, retained earnings (exclusive of current year's net profit) and minority interest.
Tier II Capital: Comprises qualifying subordinated liabilities and cumulative change in fair value of available-for-sale securities.

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

Also, various limits are applied to the elements of capital base: Qualifying Tier II capital cannot exceed Tier I capital and qualifying short term subordinated loan capital may not exceed 50% of Tier I capital.

The Group's capital adequacy ratio (Basle II) was as follows:

	2010 **In million of LBP**
Total regulatory capital	64,253
Credit risk	151,522
Market risk	19,064
Operational risk	79,645
Risk-weighted assets	250,231
Capital adequacy ratio	**25.67%**

37. FINANCIAL INSTRUMENTS

a. Credit Risk:

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Group attempts to control credit risk by monitoring credit exposures, limiting transactions with specific counter-parties, and continually assessing the creditworthiness of counter-parties. The Group attempts to control credit risk related to individual clients through insuring part of the facilities granted with private insurance companies and by taking guarantees when necessary. Also, credit risk related to banks and financial institutions is mostly guaranteed by term deposits from bank issuers of credit cards.

Concentrations of credit risk arise when a number of counter-parties are engaged in similar business activities, or activities in the same geographic region, or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations of credit risk indicate the relative sensitivity of the Group's performance to developments affecting a particular industry or geographical location.

The Group attempts to control concentration of credit risk by diversifying and distributing its credit activities to avoid undesirable concentration of risk arising from customers having similar economic features or same geographical region.

The tables below reflect the Group's exposure to credit risk by counterparty segregated between the categories of financial assets:

Deposits with banks and financial institutions:

	December 31, 2010	
	Amount	No. of counterparties
	LBP'000	
Less than LBP100million	455,526	16
Between LBP100million and LBP500million	4,545,616	19
Between LBP500million and LBP1billion	3,656,388	5
Over LBP1billion	113,038,228	15
	121,695,758	55

	December 31, 2009	
	Amount	No. of counterparties
	LBP'000	
Less than LBP100million	552,492	20
Between LBP100million and LBP500million	4,714,639	15
Between LBP500million and LBP1billion	2,254,087	3
Over LBP1billion	36,047,840	11
	43,569,058	49

Due from banks and financial institutions:

	December 31, 2010	
	Amount	No. of counterparties
	LBP'000	
Less than LBP100million	1,059,725	61
Between LBP100million and LBP500million	6,075,119	25
Between LBP500million and LBP1billion	651,946	1
Over LBP1billion	16,705,347	8
	24,492,137	95

	December 31, 2009	
	Amount	No. of counterparties
	LBP'000	
Less than LBP100million	1,537,007	79
Between LBP100million and LBP500million	4,149,439	18
Between LBP500million and LBP1billion	3,414,137	5
Over LBP1billion	14,352,084	4
	23,452,667	106

Loans and advances to customers:

	December 31, 2010	
	Amount	No. of counterparties
	LBP'000	
Less than LBP10million	7,869,937	4,462
Between LBP10million and LBP50million	1,870,794	112
Between LBP50million and LBP100million	199,305	3
Over LBP100million	11,126,970	11
	21,067,006	4,588

	December 31, 2009	
	Amount	No. of counterparties
	LBP'000	
Less than LBP10million	8,834,369	8,248
Between LBP10million and LBP50million	1,705,808	104
Between LBP50million and LBP100million	379,140	6
Over LBP100million	4,094,157	5
	15,013,474	8,363

b. Liquidity Risk:

Liquidity risk is the risk that an institution will be unable to meet its net funding requirements. Liquidity risk can be caused by market disruptions or credit downgrades, which may cause certain sources of funding to dry up immediately. The Group is managing its assets and liabilities in a way to provide and maintain a sufficient rate of liquidity. The majority of the Group's financial assets and liabilities carry short term maturities and their maturities are disclosed under the related notes.

c. Market Risk:

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

Currency Risk:

The Group is exposed to exchange risk associated with the effects of fluctuations in prevailing foreign currency exchange rates on its financial position and cash flows.

Segregation of assets and liabilities between Lebanese Pounds and other foreign currencies (F/Cies) base accounts as at December 31, 2010 and 2009:

	December 31, 2010			
	LBP	US Dollar	Other currencies	Total
	LBP'000	LBP'000	LBP'000	LBP'000
ASSETS				
Cash and Central Banks	1,801,529	8,699,837	3,543,711	14,045,077
Deposits with banks and financial institutions	51,337,800	43,764,483	26,593,475	121,695,758
Trading assets	-	7,630,941	16,864	7,647,805
Loans and advances	7,377,779	34,816,859	3,778,727	45,973,365
Available-for-sale investment securities	4,449,478	13,359,871	1,584,081	19,393,430
Investments in associates	1,184,714	-	7,365,773	8,550,487
Regulatory blocked funds	6,000,000	-	-	6,000,000
Property and equipment	21,974,553	2,379,584	176,136	24,530,273
Intangible assets	2,439,235	216,045	23,509	2,678,789
Other assets	4,732	760,176	69,169	834,077
Total assets	96,569,820	111,627,796	43,151,445	251,349,061
LIABILITIES				
Due to banks and financial institutions	14,330,025	62,280,684	27,755,286	104,365,995
Customers' deposits	-	14,615,754	3,890,859	18,506,613
Creditors' operating accounts	9,392	12,657,379	5,514,629	18,181,400
Creditors' operating accounts – related parties	-	885,662	6,803,445	7,689,107
Accounts payable and other creditors	801,274	2,797,637	1,321,084	4,919,995
Other liabilities	40,703	1,331,303	87,870	1,459,876
Provisions	1,662,706	3,861,076	83,101	5,606,883
Total liabilities	16,844,100	98,429,495	45,456,274	160,729,869
Equity	82,053,639	8,357,817	207,736	90,619,192
Total liabilities and equity	98,897,739	106,787,312	45,664,010	251,349,061
Net Foreign Exchange Risk	(2,327,919)	4,840,484	(2,512,565)	-

	December 31, 2009			
	LBP	US Dollar	Other currencies	Total
	LBP'000	LBP'000	LBP'000	LBP'000
ASSETS				
Cash and Central Banks	7,414,606	2,992,891	5,072,580	15,480,077
Deposits with banks and financial institutions	3,204,128	12,306,288	28,058,642	43,569,058
Financial assets at fair value through profit or loss	-	156,629	-	156,629
Trading assets	-	684,240	318,627	1,002,867
Loans and advances	7,086,945	15,206,780	4,151,176	26,444,901
Available-for-sale investment securities	30,148,409	49,774,747	1,647,987	81,571,143
Investments in associates	1,290,241	-	1,044,940	2,335,181
Property and equipment	22,944,730	1,739,423	146,709	24,830,862
Intangible assets	2,653,735	-	21,190	2,674,925
Other assets	3,357	889,019	46,761	939,137
Total assets	74,746,151	83,750,017	40,508,612	199,004,780
LIABILITIES				
Due to banks and financial institutions creditors	12,840,563	55,119,238	20,865,174	88,824,975
Creditors' operating accounts	19,885	12,867,148	8,088,159	20,975,192
Creditors' operating accounts – related parties	87,158	1,201,465	345,194	1,633,817
Accounts payable and other creditors	754,191	2,153,389	1,131,575	4,039,155
Other liabilities	625,735	628,467	63,076	1,317,278
Provisions	1,153,000	2,383,849	31,871	3,568,720
Total liabilities	15,480,532	74,353,556	30,525,049	120,359,137
Equity	60,602,255	15,244,559	2,798,829	78,645,643
Total liabilities and equity	76,082,787	89,598,115	33,323,878	199,004,780
Net Foreign Exchange Risk	(1,336,636)	(5,848,098)	7,184,734	-

Interest Rate Risk:

The Group is exposed to various risks associated with the effects of fluctuations in the prevailing levels of market interest rates on its financial position and cash flows. The Group is exposed to interest rate risk as a result of mismatches or gaps in the amounts of assets and liabilities that mature or re-price in a given period. The structure of the financial statements in Lebanese Pounds and foreign currencies presented below, show interest sensitivity which reflect the mismatches in the sources and application of funds between assets earning fixed interest rates over medium to long term period versus short term funding subject to floating rates.

Interest sensitivity analysis for accounts in LBP:

	December 31, 2010											
		Floating Interest Rate					Fixed Interest Rate					
	Non-Interest Earning	Up to 1 Year	1 - 3 Years	3 - 5 Years	Over 5 Years	Total	Up to 1 Year	1 - 3 Years	3 - 5 Years	Over 5 Years	Total	Grand Total
	LBP'000	LBP'000	LBP'000	LBP'000	LBP'000	LBP'000	LBP'000	LBP'000	LBP'000	LBP'000	LBP'000	LBP'000
ASSETS												
Cash and Central Banks	1,801,529	-	-	-	-	-	-	-	-	-	-	1,801,529
Deposits with banks and financial institutions	-	51,337,800	-	-	-	51,337,800	-	-	-	-	-	51,337,800
Loans and advances	7,377,779	-	-	-	-	-	-	-	-	-	-	7,377,779
Available-for-sale investment securities	20,805	-	-	-	-	-	-	747,432	753,606	2,927,635	4,428,673	4,449,478
Investments in associates	1,184,714	-	-	-	-	-	-	-	-	-	-	1,184,714
Regulatory blocked funds	6,000,000	-	-	-	-	-	-	-	-	-	-	6,000,000
Property and equipment	21,974,553	-	-	-	-	-	-	-	-	-	-	21,974,553
Intangible assets	2,439,235	-	-	-	-	-	-	-	-	-	-	2,439,235
Other assets	4,732	-	-	-	-	-	-	-	-	-	-	4,732
Total assets	40,439,728	-	-	-	-	51,337,800	-	747,432	753,606	2,927,635	4,428,673	96,569,820
LIABILITIES												
Due to banks and financial institutions	14,330,025	-	-	-	-	-	-	-	-	-	-	14,330,025
Creditors' operating accounts	9,392	-	-	-	-	-	-	-	-	-	-	9,392
Accounts payable and other creditors	801,274	-	-	-	-	-	-	-	-	-	-	801,274
Other liabilities	40,703	-	-	-	-	-	-	-	-	-	-	40,703
Provisions	1,662,706	-	-	-	-	-	-	-	-	-	-	1,662,706
Total liabilities	16,844,100	-	-	-	-	-	-	-	-	-	-	16,844,100
	23,595,628	51,337,800	-	-	-	51,337,800	-	747,432	753,606	2,927,635	4,428,673	79,725,720

Interest sensitivity analysis for accounts in foreign currencies:

		December 31, 2010										
		Floating Interest Rate					Fixed Interest Rate					
	Non-Interest Earning	Up to 1 Year	1 - 3 Years	3 - 5 Years	Over 5 Years	Total	Up to 1 Year	1 - 3 Years	3 - 5 Years	Over 5 Years	Total	Grand Total
	LBP'000	LBP'000	LBP'000	LBP'000	LBP'000	LBP'000	LBP'000	LBP'000	LBP'000	LBP'000	LBP'000	LBP'000
ASSETS												
Cash and Central Banks	12,243,548	-	-	-	-	-	-	-	-	-	-	12,243,548
Deposits with banks and financial institutions	23,551,761	46,806,197	-	-	-	46,806,197	-	-	-	-	-	70,357,958
Trading assets	7,647,805	-	-	-	-	-	-	-	-	-	-	7,647,805
Loans and advances	17,510,121	-	-	-	-	-	13,296,452	7,789,013	-	-	21,085,465	38,595,586
Available-for-sale investment securities	10,396,503	-	-	-	-	-	-	602,947	3,944,502	-	4,547,449	14,943,952
Investments in associates	7,365,773	-	-	-	-	-	-	-	-	-	-	7,365,773
Property and equipment	2,555,720	-	-	-	-	-	-	-	-	-	-	2,555,720
Intangible assets	239,554	-	-	-	-	-	-	-	-	-	-	239,554
Other assets	829,345	-	-	-	-	-	-	-	-	-	-	829,345
Total assets	82,331,885	46,806,197	-	-	-	46,806,197	13,296,452	8,391,502	3,944,502	-	25,632,914	154,779,241
LIABILITIES												
Due to banks and financial institutions	74,565,736	15,470,234	-	-	-	15,470,234	-	-	-	-	-	90,035,970
Customers' deposits	-	18,506,613	-	-	-	18,506,613	-	-	-	-	-	18,506,613
Creditors' operating accounts	18,172,008	-	-	-	-	-	-	-	-	-	-	18,172,008
Creditors' operating accounts - related parties	7,689,107	-	-	-	-	-	-	-	-	-	-	7,689,107
Accounts payable and other creditors	4,118,721	-	-	-	-	-	-	-	-	-	-	4,118,721
Other liabilities	1,419,173	-	-	-	-	-	-	-	-	-	-	1,419,173
Provisions	3,944,177	-	-	-	-	-	-	-	-	-	-	3,944,177
Total liabilities	109,908,922	33,976,847	-	-	-	33,976,847	-	-	-	-	-	143,885,769
	(27,577,037)	12,829,350	-	-	-	12,829,350	13,296,452	8,391,502	3,944,502	-	25,632,914	10,893,472

Interest sensitivity analysis for accounts in LBP:

		December 31, 2009										
		Floating Interest Rate					**Fixed Interest Rate**					
	Non-Interest Earning	**Up to 1 Year**	**1 - 3 Years**	**3 - 5 Years**	**Over 5 Years**	**Total**	**Up to 1 Year**	**1 - 3 Years**	**3 - 5 Years**	**Over 5 Years**	**Total**	**Grand Total**
	LBP'000	**LBP'000**	**LBP'000**	**LBP'000**	**LBP'000**	**LBP'000**	**LBP'000**	**LBP'000**	**LBP'000**	**LBP'000**	**LBP'000**	**LBP'000**
ASSETS												
Cash and Central Banks	4,414,606	-	-	-	-	-	3,000,000	-	-	-	3,000,000	7,414,606
Deposits with banks and financial institutions	204,128	-	-	-	-	-	3,000,000	-	-	-	3,000,000	3,204,128
Financial assets at fair value through profit or loss	-	-	-	-	-	-	-	-	-	-	-	-
Trading assets	-	-	-	-	-	-	-	-	-	-	-	-
Loans and advances	7,086,945	-	-	-	-	-	-	-	-	-	-	7,086,945
Available-for-sale investment securities	381,027	-	-	-	-	-	-	21,232,976	8,534,406	-	29,767,382	30,148,409
Investments in associates	1,290,241	-	-	-	-	-	-	-	-	-	-	1,290,241
Property and equipment	22,944,730	-	-	-	-	-	-	-	-	-	-	22,944,730
Intangible assets	2,653,735	-	-	-	-	-	-	-	-	-	-	2,653,735
Other assets	3,357	-	-	-	-	-	-	-	-	-	-	3,357
Total assets	38,978,769	-	-	-	-	-	6,000,000	21,232,976	8,534,406	-	35,767,382	74,746,151
LIABILITIES												
Due to banks and financial institutions	12,840,563	-	-	-	-	-	-	-	-	-	-	12,840,563
Creditors' operating accounts	19,885	-	-	-	-	-	-	-	-	-	-	19,885
Creditors' operating accounts - related parties	87,158	-	-	-	-	-	-	-	-	-	-	87,158
Accounts payable and other creditors	754,191	-	-	-	-	-	-	-	-	-	-	754,191
Other liabilities	625,735	-	-	-	-	-	-	-	-	-	-	625,735
Provisions	1,153,000	-	-	-	-	-	-	-	-	-	-	1,153,000
Total liabilities	15,480,532	-	-	-	-	-	-	-	-	-	-	15,480,532
Net Assets	23,498,237	-	-	-	-	-	6,000,000	21,232,976	8,534,406	-	35,767,382	59,265,619

Interest sensitivity analysis for accounts in foreign currencies:

		December 31, 2009										
		Floating Interest Rate					Fixed Interest Rate					
	Non-Interest Earning	Up to 1 Year	1 - 3 Years	3 - 5 Years	Over 5 Years	Total	Up to 1 Year	1 - 3 Years	3 - 5 Years	Over 5 Years	Total	Grand Total
	LBP'000	LBP'000	LBP'000	LBP'000	LBP'000	LBP'000	LBP'000	LBP'000	LBP'000	LBP'000	LBP'000	LBP'000
ASSETS												
Cash and Central Banks	8,065,471	-	-	-	-	-	-	-	-	-	-	8,065,471
Deposits with banks and financial institutions	24,503,072	60,727	-	-	-	60,727	15,801,131	-	-	-	15,801,131	40,364,930
Financial assets at fair value through profit or loss	-	-	-	-	-	-	156,629	-	-	-	156,629	156,629
Trading assets	1,002,867	-	-	-	-	-	-	-	-	-	-	1,002,867
Loans and advances	17,044,115	(610,680)	2,924,521	-	-	2,313,841	-	-	-	-	-	19,357,956
Available-for-sale investment securities	16,883,157	-	-	-	-	-	-	1,495,363	14,789,958	18,254,256	34,539,577	51,422,734
Investments in associates	1,044,940	-	-	-	-	-	-	-	-	-	-	1,044,940
Property and equipment	1,886,132	-	-	-	-	-	-	-	-	-	-	1,886,132
Intangible assets	21,190	-	-	-	-	-	-	-	-	-	-	21,190
Other assets	935,780	-	-	-	-	-	-	-	-	-	-	935,780
Total assets	71,386,724	(549,953)	2,924,521	-	-	2,374,568	15,957,760	1,495,363	14,789,958	18,254,256	50,497,337	124,258,629
LIABILITIES												
Due to banks and financial institutions	64,437,077	11,547,335	-	-	-	11,547,335	-	-	-	-	-	75,984,412
Creditors' operating accounts	20,955,307	-	-	-	-	-	-	-	-	-	-	20,955,307
Creditors' operating accounts - related parties	1,546,659	-	-	-	-	-	-	-	-	-	-	1,546,659
Accounts payable and other creditors	3,284,964	-	-	-	-	-	-	-	-	-	-	3,284,964
Other liabilities	691,543	-	-	-	-	-	-	-	-	-	-	691,543
Provisions	2,415,720	-	-	-	-	-	-	-	-	-	-	2,415,720
Total liabilities	93,331,270	11,547,335	-	-	-	11,547,335	-	-	-	-	-	104,878,605
Net Assets	(21,944,546)	(12,097,288)	2,924,521	-	-	(9,172,767)	15,957,760	1,495,363	14,789,958	18,254,256	50,497,337	19,380,024

38. FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES

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

	December 31, 2010			
	Level 1	Level 2	Level 3	Total
	LBP'000	LBP'000	LBP'000	LBP'000
Trading assets				
Quoted equity securities	7,647,805	-	-	7,647,805
	7,647,805	-	-	7,647,805
Available-for-sale investment securities:				
Quoted shares	5,427,071	-	-	5,427,071
Lebanese Government bonds	-	-	8,976,122	8,976,122
	5,427,071	-	8,976,122	14,403,193
Non-quoted shares				4,830,092
				19,233,285

	December 31, 2009			
	Level 1	Level 2	Level 3	Total
	LBP'000	LBP'000	LBP'000	LBP'000
Financial assets at fair value through profit or loss	-	156,629	-	156,629
Trading assets				
Quoted equity securities	1,002,867	-	-	1,002,867
	1,002,867	-	-	1,002,867
Available-for-sale investment securities:				
Quoted shares	13,298,408	-	-	13,298,408
Lebanese Government bonds	-	-	59,270,820	59,270,820
Certificates of deposit issued by the Central Bank of Lebanon	-	4,048,817	-	4,048,817
Certificates of deposit issued by local banks	-	-	987,322	987,322
	13,298,408	4,048,817	60,258,142	77,605,367
Non-quoted shares				2,501,758
				80,107,125

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

a) Deposits with Central Bank and financial institutions:

The fair value of current deposits (including non-interest earning compulsory deposits with Central Banks), and overnight deposits is their carrying amount. The estimated fair value of fixed interest earning deposits with maturities or interest reset dates beyond one year from the balance sheet date is based on the discounted cash flows using prevailing money-market interest rates for debts with similar credit risk and remaining maturity.

b) Loans and advances to customers and to banks and to financial institutions:

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

c) Banks and financial institutions and credit accounts and operating credit accounts:

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

39. COMPARATIVE FINANCIAL STATEMENTS

Certain 2009 comparative figures were reclassified to conform to the current year presentation.