

RT
144
C.1

CAPITAL ADEQUACY OF LEBANESE BANKS

**A RESEARCH TOPIC PRESENTED
TO THE BUSINESS SCHOOL
LEBANESE AMERICAN UNIVERSITY**

**IN PARTIAL FULFILLMENT
OF THE REQUIREMENTS FOR
THE DEGREE MASTER OF SCIENCE
IN BUSINESS MANAGEMENT**

**BY
HANI Wafa
FALL, 1994-1995**

**LEBANESE AMERICAN UNIVERSITY
P.O. BOX 13-5053/225
BEIRUT/LEBANON**

APPROVAL OF RESEARCH TOPIC

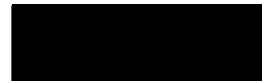
CANDIDATE : HANI WAFI
DATE : Fall 1994-1995
DEGREE : MASTER OF SCIENCE IN BUSINESS
MANAGEMENT
ADVISOR : DR. NIHAD PASHA
TITLE OF
RESEARCH TOPIC : CAPITAL ADEQUACY OF LEBANESE
BANKS

The following professors nominated to serve as the advisory of the above candidate have approved his research work.

Advisory

DR. NIHAD PASHA

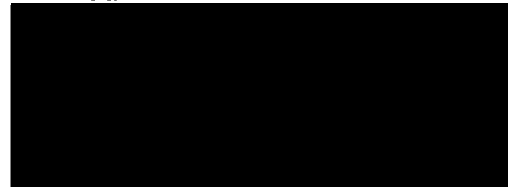
NAME



SIGNATURE

DR. SAWSAN EL-HAJJAR

NAME



ABSTRACT

The purpose of the research is to determine whether the Lebanese banking sector has an adequate level of capital which will enable it to operate in different changing economic conditions, while maintaining a certain level of guarantee and safety to customers and depositors. Before addressing the issue of capital adequacy, an overview was taken of the Lebanese economy from 1975 till 1992 with a look at the performance of the banking sector during these years.

The subject on capital adequacy was divided into two parts, whereby the first part was concerned with the functions of capital; in addition, to its sources. The second part looked at the means of measuring capital from the past 80 years till now with a look at the Basle Committee Agreement that has more or less set a certain international standard for capital adequacy valuation.

This research concentrated on a sample of 16 Lebanese banks chosen randomly. The balance sheets of each bank from 1983 till 1992 were used to calculate the BDL ratio for capital adequacy represented in circular number 435. Also the BA ratio and the Baz capital adequacy ratio were used to calculate the adequate level of capital for the sample banks. These ratios were compared to the one

fixed by BDL and BA which is 3%, while the Baz capital adequacy ratio was compared to the 8% level of the Basle Committee Agreement. There was a plan to apply BDL circular number 1114, which is the adjusted version of the Basle Committee Agreement, but the absence of detailed balance sheets prevented the application of this circular.

After calculating the three mentioned ratios from the period of 1983 till 1992, an evaluation of these ratios was conducted for each bank. It was seen that the Lebanese banks were functioning at a relatively adequate level of capital, and with the continuous supervision of BDL the banking sector could reach the 8% level set by the Basle Committee.

LEBANESE AMERICAN UNIVERSITY

" RESEARCH PROJECT RELEASE FORM "

I, Hani Yahya Wafa,
authorize the Lebanese American University to supply
copies of my research project to libraries or individuals
upon request.


Signature

27/2/95
Date

DEDICATION

I Would like to dedicate this project to :

My parents and my sister for their support,
My brother and his family,
Nada and Fouad with love,
Hanadi, thank you.

TABLE OF CONTENTS

	<u>PAGE</u>
<u>CHAPTER I</u> : INTRODUCTION	p. 1
1 . 1 BANK CAPITAL	p. 1
1 . 2 OBJECTIVE OF THE RESEARCH	p. 2
1 . 3 LIMITATIONS OF THE STUDY	p. 3
1 . 4 CONSTRUCTION OF THE STUDY	p. 3
<u>CHAPTER II</u> : OVERVIEW OF THE LEBANESE ECONOMY AND THE BANKING SECTOR	p. 5
2 . 1 LEBANESE ECONOMY 1975-1992	p. 5
2 . 2 LEBANESE BANKING SECTOR	p. 9
<u>CHAPTER III</u> : CAPITAL ADEQUACY	p. 17
3 . 1 CAPITAL	p. 17
3 . 1.1 FUNCTIONS	p. 17
3 . 1.2 SOURCES	p. 19
3 . 2 CAPITAL ADEQUACY CONCEPT	p. 21
3 . 3 MEASURES OF CAPITAL ADEQUACY	p. 24
3 . 4 BASLE COMMITTEE AGREEMENT	p. 29

<u>CHAPTER IV</u>	: RESEARCH DESIGN AND METHODOLOG	p. 35
	4 . 1 THE BASIC APPROACH	p. 35
	4 . 2 THE PRACTICE FOR DATA COLLECTION	p. 36
	4 . 3 METHODOLOGY AND METHODS USED TO COLLECT DATA	p. 36
<u>CHAPTER V</u>	: CAPITAL ADEQUACY IN LEBANON	p. 39
	5 . 1 THE LEGAL FRAMEWORK	p. 39
	5 . 2 CAPITAL RATIOS	p. 41
	5 . 3 PROCEDURE	p. 46
	5 . 4 RESULTS AND ANALYSIS	p. 57
	5 . 5 EVALUATION OF BDL, BA, AND BAZ CAPITAL ADEQUACY RATIO	p. 91
<u>CHAPTER VI</u>	: CONCLUSIONS AND RECOMMENDATIONS	p. 95
	6 . 1 SUMMARY OF MAJOR FINDINGS	p. 95
	6 . 2 RECOMMENDATIONS	p. 96
	6 . 3 LIMITATIONS OF THE STUDY	p. 98
	6 . 4 CURRENT BDL POLICY	p. 99
<u>BIBLIOGRAPHY</u>		p.101
<u>APPENDIX I</u>	: SAMPLE BALANCE SHEETS	
<u>APPENDIX II</u>	: CIRCULAR No. 1114	

CHAPTER I

INTRODUCTION

1.1 BANK CAPITAL

The ultimate strength of a bank lies in its capital position. The best long-term indicator of a bank's longevity is probably capital adequacy. Capital in any business should be sufficient to cover the business risks of that organization. Banks with low risk activities require less capital than most other banks¹. Commercial banks have relied historically on asset management, rather than on liability and capital funds management, to achieve their profitability and liquidity objectives. However, recent years have seen a shift in the emphasis of management to include adjustments to liquidity and capital funds to meet their objectives². The role of capital is to protect depositors and cover any losses that may result. Thus, the quality of management and the adequacy of capital are two key factors that contribute to the success of a banking business and its persistence in bad times.

It is clear that Lebanon, which was once a major financial and commercial center for the region, has faced many challenges and problems. The deteriorating economic situation and

¹ Ramin Habibi, "Impact of the Basle Agreement on the Arab Banks Capital Adequacy", Arab Banker vol. VIII, No 5, Sep-Oct 1988, p. 14.

² Edward W. Reed, Richard V. Cutter, Edward K. Bill and Richard K. Smith, Commercial Banking, 3rd ed., (PrenticeHall Inc., Jersey), 1984, p.2

the increasing rate of inflation in the past years have led many banks to incur losses, especially on loans made in US dollars, due to their inability to collect bad loans and to the devaluation of the Lebanese pound vis-a-vis the US dollar. Also Lebanese banking operations have shrunk in size while the number of banks has remained the same (84 banks and 600 branches). In addition, many skilled and qualified personnel have emigrated because of low wages, thus creating a gap in the management structure of banks. In view of the difficult situation that the banking sector has been through, many people have had doubts as to where the Lebanese banking sector was heading. There were many banks in Lebanon with small and limited capital and the survival of these banks was not only a concern of their shareholders and owners but also of their depositors. But since 1992, the political situation has become somewhat stable, reflecting the economic condition in general. Also, BDL started to issue new circulars to organize and regulate banking operations so as to achieve a better banking performance than the previous years.

1.2 OBJECTIVE OF THE RESEARCH

The objective of this research is to determine whether the Lebanese banking sector has an adequate level of capital which will enable it to operate in different changing economic conditions, while maintaining a certain level of guarantee and safety to customers and depositors in any future developments.

Banking is like any other business, it has risk; however, the level of risk in banking may be different from other businesses. Since banks depend on the community for its funds, then any loss

that the bank will incur will have its effect on its depositors. Although depositors earn interest on their deposits, this interest does not entitle them to bear the risk of the business and ultimately lose their funds when losses occur. The owners of the bank should be responsible for the risk they take and be ready to absorb any losses that may result. Therefore, if a certain level of adequate capital is maintained, combined with sound management to run the business effectively and profitably, then the fear of possible losses in the future could be minimized or absorbed through sound and safe banking.

1.3 LIMITATIONS OF THE STUDY

The application of circular no. 1114 was not possible because such an application requires detailed balance sheets that could not be provided by the sampled banks for the purpose of this research. These balance sheets are found with the Banking Control Commission but they do not divulge such information without the consent of the bank. Therefore, the ratio devised by Dr. Freddie Baz for the calculation of capital adequacy is the closest to reflecting the capital situation of the banks.

1.4 CONSTRUCTION OF THE STUDY

This study is composed of six chapters. Chapter I is the introduction, while Chapter II starts by taking an overview of the Lebanese economy during the past seventeen years and its effect on the Lebanese banking sector. Chapter III addresses the issue of capital, its definition and adequacy concept, with the means of

measuring it. Chapter IV is concerned with the research design and methodology. Chapter V is concerned with capital adequacy in Lebanon with a look at the legal framework; in addition, a comparison between the capital of Lebanese banks with an evaluation of the capital ratios relative to the Basle Committee Agreement. Based on the analysis, recommendations concerning an adequate level of capital are presented in the last chapter, Chapter VI.

CHAPTER II

OVERVIEW OF THE LEBANESE ECONOMY AND BANKING SECTOR

Before the issue of capital adequacy and the level of capital among Lebanese banks is discussed, a quick preview of the Lebanese economy in general before and after the war, with a specific look at the performance of the banking sector during these periods of war, will be summarized.

2.1 LEBANESE ECONOMY (1975 - 1992)

The Lebanese economy has shown an unexpected ability to withstand the consequences of war and destruction that has hit this country. Lebanon has faced many problems yet managed to survive; however, what astonishes everyone is the ability of the Lebanese economy to adapt to the different problems that it has faced throughout the past seventeen years³.

The two years of 1975 - 1976 were characterized by the private sector's partial loss of its ability and vitality.

The years 1977 - 1982 showed the ability of the Lebanese economy to adapt to the problems caused by the two years war through the influx of foreign transfers from Lebanese working abroad, especially in the rich Gulf region. Also the inflow of Palestinian money into Lebanon for political and economic reasons,

³ Ahmad Salloum. " Restructuring Lebanese Banks, strengthening their financial position, and improving their performance levels are necessary conditions in facing the coming phase ". Al Masaref Al Arabiya. No. 131, Nov. 1991, p. 151

and the economic decentralization of some activities in different regions of the country led in early 1982 to an 80% restoration of the GNP of 1974 (considering prices to have remained fixed)⁴. However, some of the negative consequences that began to show were the decrease in capital investment, the emigration of skilled labor and the beginning of the collapse of public services.

The 1982 - 1985 period was a period of grave economic deterioration due to the Israeli invasion in 1982 and the heavy internal wars that took place in different regions of the country. The GNP showed a sharp decline and in 1985 was 50% of the GNP before the war⁵. Also, there was a decline in exports and foreign transfers, the emergence of an internal debt problem, a deficit in the Balance of Payments and a sharp decline in the Central Bank's foreign reserves in addition to a decrease in the purchasing power of the Lebanese pound.

The 1986 - 1988 period showed a slight improvement in economic activity but with a growing social and living problem. According to a study done by the "UNDP", GNP was about \$3.27 billion in 1988 and the reason for this was due to high inflation and depreciation of the Lebanese pound vis-a-vis foreign currencies⁶. This resulted in a great ability of Lebanese exports to compete in Arab and international markets. In addition, inflow of foreign currencies into Lebanon led to a great surplus in the balance of payments, but the internal debt kept on growing and the Lebanese lira continued to depreciate, creating a big gap in the distribution of income between wages and profits.

1989 - 1990 were the worst years that Lebanon has

⁴Ibid, p. 152

⁵Ibid, p. 152

⁶Ibid, p. 152

ever seen due to the intense fighting and the huge destruction that demolished the country and especially Beirut. This led to a huge emigration of citizens and especially young people. GNP decreased by 20% in 1989 compared to 1988 and a further decrease in 1990 by 15% of the 1989 level, thus ranking Lebanon among the low income countries with the individual contribution to the GNP being \$62.50/month⁷.

With the ending of the war in 1990, the economy started to show some signs of improvement by early 1991. Some of the major positive aspects of 1991 were⁸:

1 - The immense improvement in economic activity whereby the GNP showed a 27% increase which reflected the ability of the economy to recuperate in a very short period of time.

2 - An increase in the size of local and foreign investments. Commercial banks showed an increase of 22% in loans in 1991 to various sectors of the economy; in addition, there was Saudi and Kuwaiti investment in the real estate and construction sector and in Treasury bonds.

3 - Expansion in industrial activities with the reopening of factories closed because of the war and the reestablishment of small and medium size factories (about 300 factories).

4 - A large increase in construction in different regions in the country with a high demand for land and buildings, thus leading to an increase in real estate prices.

5 - A revitalization of the tourism sector for the first time in sixteen years with the establishment of many contracts with foreign

⁷Ibid, pp. 152-153

⁸" Lebanese banking activity experiences is strong revival thanks to the process of banking sector reforms, and to the improvement of the economic environment ". Al Masaref Al Arabiya. No. 143, Nov. 1992, pp. 191-194

investors for the construction of commercial centers and the renovation of some of the destroyed hotels and furnished apartments.

6 - Increase in the activity of the transportation sector due to the reopening of Beirut port and the closure of illegal ports.

7 - Slight financial improvement due to the appreciation of the Lebanese lira vis-a-vis foreign currencies and the increase in the Central Bank's foreign currency reserves. This was accompanied by an increase in Lebanese currency deposits and acquisition of Treasury bonds. Also there was an increase in government returns through custom duties and taxes.

In spite of all the positive aspects that characterized 1991, there were still some problems that existed, namely⁹ :

1 - An increase in public spending by 82% in 1991 due to the increase in expenses because of the transition from a state of war into that of peace; in addition, an increase in the cost of living for the public sector.

2 - Increase in the budget deficit due to an increase in public expenditure by 44.3% in 1991 while the public return covered only 33% of the expense.

3 - Continuous increase of the internal debt, which rose by 153.6% to reach \$3 billion in 1991, constituting about 88% of the gold and foreign exchange reserves at that time.

4 - Increase in the money supply (M1) by 46.8% to reach \$784.3 million in 1991, leading to an inflation in prices by about 62.8% in 1991 in comparison to 50% in 1990.

5 - Absence of foreign assistance that was promised to Lebanon as the war ended except for small amounts of money in

⁹Ibid, p. 195

the form of loans to rebuild the infrastructure.

The economic problems continued in early 1992 with the US \$ reaching the LL3000 mark, accompanied by a sharp decrease in the Central Bank's foreign reserves, and an increase in US \$ deposits in banks, which led the government to establish a committee of Lebanese economic experts to find means of controlling the deteriorating economic situation. This committee came out with a plan to control inflation and improve the monetary situation and try to increase the domestic production. It also suggested the privatization of some public services such as electricity, telephones and water so as to improve the monetary situation of the government, improve the quality of these sectors, and attract local and foreign investments¹⁰.

2.2 LEBANESE BANKING SECTOR (1975 - 1992)

After this brief history of the economy during the seventeen years of civil war, we can now look back and see how Lebanese banks were performing during these years and why some banks were on the verge of bankruptcy while others had already gone bankrupt.

Before the beginning of the Lebanese crisis, the banking sector was at its peak, and this was due to the private enterprise and laissez-faire system that characterized Lebanon. The banking sector was characterized by freedom of exchange, free movement of funds, banking secrecy, joint accounts, liberal taxation laws and deposit guarantee. These factors made the banking sector in Lebanon one of the most dynamic in the region

¹⁰ibid, p. 195

and gave the impression that Lebanon was a regional market or rather a center for international financing¹¹. However, Lebanese banks provided a narrow range of products and services which were sometimes sophisticated, but were limited to individual banks and were not a characteristic of the whole system. In spite of all of this, the banking sector was characterized by a high liquidity ratio as a result of the economic growth of the seventies in the Gulf countries because of the oil boom. This led foreign banks to open thirty new offices in Lebanon, reaching 65 in addition to the already existing 74 banks distributed among local, Arab, and a mixture of owners. Deposits in 1974 amounted to LL 9444 million (US \$ 4057 million) and credit amounted to 40% of total deposits, mostly serving to recycle Gulf-originating surplus liquidity through foreign correspondents¹².

The beginning of the war in 1975 had a rather negative effect on the banking sector. Due to the inability of banks to function properly, the development and acquisition of new technologies and advanced bank services were brought to a halt. Also most foreign banks closed their offices¹³. However, the inflow of money into the country continued and increased as a result of tens of thousands of Lebanese living abroad in the Gulf and the U.S. Also many of the fighting factions were financed from abroad, in addition to the huge amounts of money transferred into Lebanon by the Palestinians present at that time. These huge inflows kept the banking sector operating while the rest of the economy was

¹¹Nada Baassiri. Troubled Banks in Lebanon : Problems and Prospects. MBA Project, American University of Beirut, 1991, p. 2

¹²Fadi Hariz. The Performance of Lebanese Commercial Banks in Crisis : Years 1985-1989. Thesis, American University of Beirut 1992, pp. 12-14

¹³Saad Andari. " Financial and Economic Aspects of Banking Problems". Al Masaref Al Arabiya. No. 138, June 1992, p. 45

stagnant. What also contributed to the functioning of the banking sector with a certain degree of confidence was the 9.2 million ounces of gold that were backing the Lebanese pound, the intact liberal system and the banking secrecy law¹⁴.

Between 1975 and May 1982 bank deposits increased by 387%. While these increases created the impression of a boom, the fact is that the boom was only a reflection of the money transfers by the productive nationals from foreign countries. It has been estimated that between 1977 and 1981, the total remittances of non-resident Lebanese amounted to U.S.\$ 7.75 billion (\$ rate = LL 3.14). With the future of the country not being clear, many banks adopted a conservative policy which led to a slow-down in loans to private sectors compared to public sectors (Treasury Bills). This created two problems: over-liquidity due to high deposits and decrease in loans, and the diminishing market for private investment with an increase in competition. As a result of these problems, banks found that investing in Treasury bills was the safest investment that could provide a certain level of return, since they could be discounted at the Central Bank any time they were needed, and the majority of them were short term. Some banks on the other hand decided to look for new opportunities abroad and opened a number of branches in the Gulf, Europe, and the U.S. such as Banque du Liban et d'Outre Mer, Banque Saradar, Byblos Bank and Bank Audi. This move was successful for the following reasons¹⁵:

- These banks absorbed most of the Lebanese deposits sent

¹⁴Ibrahim Salibi. The Viability of The Lebanese Banking System. MBA Project, American University of Beirut 1985, pp. 15-16

¹⁵ibid, pp. 16-20

abroad.

- Lebanese banks were in continuous contact with the international financial institutions as new technologies developed.

- The Lebanese banking units enjoyed an excellent image and reputation and reflected sound banking policies.

However, the coming years of the war were to show that the period between 1975 - 1982 was somehow a period of boom and prosperity compared to the end of the 1980s.

As a result of the 1982 invasion, many qualified bank personnel at the management and technical level left the country. Also the deteriorating economic situation led to new types of customers being added to the list of doubtful debts due to a decrease in their revenues or in their assets. Another type of customers also emerged and those were the ones that could pay but refrained from doing so to benefit from the devaluation of the Lebanese lira, since most loans were in Lebanese lira. An increase in the interest rates affected the quality of loans; good customers became doubtful customers, and non-active customer accounts worsened. Some banks had to increase their capital so as to cover indirectly some real accumulated losses. Finally, in search of new investment opportunities, many banks entered the speculation game, especially in the foreign exchange market¹⁶. The year 1983 was the turning point for the whole country. It was the first time since 1976 that the balance of payments showed a deficit, of \$839 million. This deficit continued in subsequent years with some modest surpluses in 1985 and 1987; however, the trend was downward with further depreciation of the Lebanese lira. Exports and imports fell in real terms. The Lebanese lira lost most of its

¹⁶Nada Baassiri. *Op. Cit.* p. 4

value between 1985 - 1987 (90%) and all of it in 1989 (99%). The foreign exchange reserves of the Central Bank decreased severely as a result of attempting to stabilize the national currency. Inflation continued to increase and so did prices. The total consolidated assets of commercial banks as well as credits to the private sector increased in nominal terms but not in real terms. Deposits decreased as people relied on their previous savings to survive, coupled with a decrease in foreign transfers due to the recession in the Gulf region and the fall of oil prices¹⁷. It was clear now that the banking sector was facing troubles. Large portions of deposits were sent abroad and many deposits were transferred from Lebanese liras into US dollars, showing that depositors attempted to safeguard their purchasing power by converting into foreign currency. Another point is the sharp decrease in foreign banks, Arab and non-Arab, with an increase in wholly owned Lebanese banks. Yet, the major direct threat to Lebanese banks was equity erosion. Due to the devaluation of the Lebanese currency, most of the banks' capital was wiped out, and the only thing that kept banks surviving was the large fixed assets they held or real estate seized on behalf of clients to cover bad loans. Also some banks conducted risky operations for some time which led the BCC to issue circular no. 106 in 1980 stipulating the diversion of profits into reserves. But no matter what risks banks took, foreign exchange speculation was a characteristic of the whole system. Lebanese banks enjoyed excess liquidity but mostly in foreign currencies. Excess liquidity in Lebanese liras could have been channelled into treasury bills, but a large part of it was used for speculative purposes, causing further depreciation of the Lebanese lira. Also,

¹⁷Fadi Hariz. Op. Cit., pp. 20-23

Lebanese commercial banks granted loans in foreign currencies to residents without any proper guarantee or collateral. Hence, commercial banks tended to switch back and forth between foreign exchange speculation and holding treasury bills. Thus interest rates on treasury bills were influenced by the exchange rate speculation. Between 1985 - 1987 interest rates on treasury bills increased as the US \$/LL exchange rate was increasing at an increasing rate, but declined and stabilized in 1988 - 1989 when the US \$/LL exchange rate increased at a decreasing rate¹⁸.

The 1989 - 1990 war had the most devastating effect on the banking sector and led to an increase in the number of troubled banks. For example, in 1988, 37 banks were refloated at a cost of LL2 billion, while in 1989 the amount spent to refloat banks amounted to LL93 billion and reached LL169 billion in 1990. The Lebanese lira depreciated 423% (compared to 1974) in 1990 and inflation was 403%. Thus most of the Lebanese converted their deposits into foreign currencies to safeguard their deposits, in a process later to be called the "dollarization" of the economy. This led to more pressure on the Lebanese lira, forcing the Central Bank to intervene by selling US \$210 million in the first half of 1990, but this process worked only temporarily and for a short period of time. The second half of 1990 witnessed heavy fluctuation of the dollar exchange rate ranging between LL645 and LL1220; therefore, as a result of continued pressure on the Lebanese pound and the continued decrease in the country's foreign reserves, the Central Bank decided to float the local currency in the market leaving the forces of supply and demand to set the proper price. This led to panic among the people and the dollar increased immediately from

¹⁸Ibid, pp. 25-32

LL800 to LL1200 in September 1990. However, the improving political conditions in October 1990 reflected positively on the exchange rate, which reached LL685, but finally closed the year at LL842¹⁹.

The year 1990 could be characterized by an increase in the number of troubled banks for the following reasons²⁰:

1 - External Factors : The effect of the war on the banking sector and especially the 1989 - 1990 war that led to continuous damage and destruction of the economy; in addition, the deterioration of the Lebanese currency and the decline in banking activity as a result of increased risk, dwindling capital, and increased cost of resources and other expenses.

2 - Internal Factors : The absence of proper management and the lack of expertise and ethics led to many cases of fraud and theft, plus a lot of risky investments in foreign exchange.

3 - Absence of Control : Due to the lack of sufficient personnel in the Banking Control Committee (BCC), control on banks' activities declined, especially those that were concerned with the application of circulars and articles.

1991 was a year in which the banking sector experienced strong revival due to bank reforms and legislation issued at that time. Among the laws issued were the Law of Bank Reforms, the Law of Bank Mergers, and the improvement of the solvency position to meet the required rate set by the Basle committee agreement. The consolidated balance sheets of banks showed an increase in assets valued in LL by 43.5% and those valued in \$ by 35.9% compared to 1990. Credit to the private and

¹⁹Ahmad Sallum. *Op. Cit.* pp. 159-160

²⁰Hisham Al Bsati. " Banking Reform in Lebanon ". *Al Iktissad Wal Aamal*. V. XI No. 122-123, Feb.-Mar., p. 59

public sector amounted to 33%. Deposits increased by 40.8%. As a result of the improving banking activity, net profits of banks increased by 34.6%²¹.

As a result of banking legislation and laws introduced in 1991, the year 1992 witnessed an improvement in the performance of the banking sector and the closure of the issue of troubled banks coupled with an improvement in the general economic activities of the country. Deposits increased by 140% reaching LL12.2 trillion. Credit facilities to the private sector increased, reaching 61%. Also, this year witnessed an increase in the capital of many banks. However, the main problem of the Lebanese banking sector is the issue of overbanking. Around ten strong and big banks control more than 50% of the market, twenty banks control about 83%, and the remaining 64 banks are trying to compete for the rest of the market²².

²¹ "Banking activity experiences a strong revival, thanks to the process of banking sector reforms, and to the improvement of the economic environment". Op. Cit. pp. 190-205

²² "A new role for banking in the reconstruction process". Al Masaref Al Arabiya. No. 155, Nov. 1993, pp. 177-185

CHAPTER III

CAPITAL ADEQUACY

3.1 CAPITAL

According to the Federal Financing Institutions Examination Council in the USA, capital is considered to consist of two elements: primary and secondary capital.

Primary capital includes common stock, perpetual preferred stocks, capital surplus, undivided profits, contingency reserves, mandatory convertible instruments, and reserves for loans and losses.

Secondary capital includes preferred stocks with limited life period and subordinated loans and debentures. However, secondary capital cannot constitute more than 50% of the primary capital²³.

There has always been some disagreement between the banking industry and the banking authorities on which form of capital to adopt. The banking authorities have always preferred equity capital because debt capital is restricted by maturities while the banking industry has relied on both means for attracting capital.

3.1.1 Functions

"The function of a bank's capital is that of absorbing short and intermediate term losses resulting from events that managerial

²³Edward W. Reed, Richard V. Cotter, Edward K. Bill and Richard K. Smith. Op. Cit. p.181

foresight cannot be reasonably expected to anticipate; a margin of safety that, preferably, would allow a bank to continue operations without loss of momentum and, at least, would buy time in which a bank could reestablish its operational momentum.²⁴

It has always been considered that the main function of a bank's capital is the protection of the depositors against possible losses in the future. It has the role of establishing enough confidence in the bank among depositors, supervisors, and regulators so that it will not be forced into insolvency and possible liquidation. The bank's capital as in any other business is needed to start operations and supply the working mechanism of the institution²⁵.

Another function of capital is to provide a certain return for stock-holders investing in the banking business, otherwise they would invest their money in some other business that will provide them with an acceptable level of return depending on the risk entailed. Since banking relies mainly on attracting funds from depositors and using these funds as loans to future investors in the economy, the government through its own regulators has interfered and set some limits and regulations as to the minimum level of capital requirement for the establishment of a bank and the opening of branches. The major issue by regulators is the control of loans issued by the bank with respect to its capital²⁶. Regulators have used capital requirements to ensure that capital is sufficient " to

²⁴John M. Mason. Financial Management of Commercial Banks, (Boston, Warren, Gorham and Lamont, 1979) p. 154

²⁵Howard D. Crosse, and George H. Hempel. Management Policies for Commercial Banks. Second ed. (Prentice Hall Inc., New Jersey, 1973) pp. 70-71

²⁶Emmanuel N. Roussakis. Commercial Banking in an Era of Deregulation. Greenwood Press Inc., New York, 1984, pp. 130-131

absorb credit risks, interest rate risks, earning risks and payment risks.²⁷"

3.1 . 2 Sources

There are three sources of capital for a bank: equity capital, debt capital, and reserve from loan losses. Equity capital consists of common stocks, capital surplus, undivided profits, and preferred stocks. Debt capital consists of capital notes and debentures. Reserves for loan losses are funds established to absorb possible loan losses in the future.

a - Equity Capital

It consists mainly of the book value of common shares representing the stockholders' investment in the business. In addition to this, it includes any paid in capital in excess of par, being the difference between the issue price of the share and its par value. Also earnings that have been accumulated are transferred to the capital surplus account or placed in a reserve account. Another item of equity capital is preferred stocks, which are stocks that are given preferential claims on assets and earnings above common stocks. However, preferred stocks being part of the equity capital, their claims are subordinate to depositors and all other people indebted to the bank. Since holders of preferred stocks have no voting rights, this has made banks which are family owned to raise capital while maintaining their control on the bank. The last component of equity capital is contingency and capital reserves

²⁷Lowell L. Bryan. Breaking up the Bank. Dow-Jones Irwin, Homewood, Illinois, 1988, p.9

accounts that are allocated either from undivided profits or from current earnings and are used in case of unexpected events such as retirement of preferred stock or dividend payments²⁸.

b - Debt Capital

In the past, banks have relied heavily on using mandatory convertible bonds, capital notes and debentures as a means of raising capital. These capital notes and debentures are similar to long-term deposits. The issuer may benefit from the fact that no reserve requirement is needed; and also since these debt instruments have fixed maturities, then the need for liquidity or for secondary reserves is also not necessary. Another point to mention is that the cost of issuing debt is smaller than that of issuing equity. Also banks that are closely held prefer the issuing of debt as a good way of securing additional capital without the dilution of their control²⁹.

c - Reserve for Loan Losses

Since lending entails risk, and losses do sometimes occur, then banks must maintain a reserve for loan losses. It is technically an asset-valuation reserve rather than an equity reserve. They are considered to be expenses in the determination of earnings. Regulators do sometimes include part or all of the reserve as being part of the bank's lending base³⁰.

²⁸Emmanuel N. Roussakis. Op. Cit. pp. 110-112

²⁹Paul F. Jessup. Innovations in Bank Management. Holt, Rinehart and Winston, New York, 1969, pp. 193-194

³⁰John A. Haslem. Commercial Bank Management. (Preston Publishing Company Inc., Virginia, 1995) p.225

3.2 CAPITAL ADEQUACY CONCEPT

The ultimate strength of a bank depends on the adequacy of its capital funds. However, how much capital is adequate has been the center of disagreement between the banks on one side and the regulators on the other. The bank's stockholders, being interested in maximizing their profits, may wish to operate with as little capital as possible so as to gain the greatest possible return on their investments. The regulators on the other hand take an extremely conservative view because they view capital as a cushion to absorb any future losses. Regulators, by setting a certain level of capital, focus on averting crisis and preventing bank failures in the future. However, history has shown that capital alone does not prevent bank failures³¹.

There have always been conflicting interests between the bankers, depositors, and regulators on the adequate level of capital.

The bankers in general prefer to maintain their capital at levels approximated by the highest of the following³²:

1 - The minimum amount of loan loss reserves necessary to anticipate any possible loss from normal business risk or misjudgement of credit worthiness.

2 - The minimum necessary capital to convince uninsured depositors that adequate protection exists.

3 - The minimum amount necessary for a bank's needs for a permanent source of funds to support asset expansion.

³¹Donald S. Howard and Gale M. Hoffman. Evolving Concepts of Bank Capital Management. Citibank, New York, 1980, pp. 15-16

³²John A. Haslem. Op. Cit. p. 217

From the bank's point of view, maintaining a level of capital higher than the largest of the above minima will result in a decrease in the return on its total equity capital investment which is in contradiction with the main objective of the business, which is maximizing profits.

Depositors are also concerned with the bank's capital adequacy. Depositors can be divided into two groups: the insured and the uninsured. The insured depositors who know that they will get compensated in case of failure are not concerned with the adequacy of capital. The uninsured depositors are more concerned and always aspire for more capital than bank managers and stockholders are willing to provide. The uninsured depositor is always worried about whether a bank will be able to meet its liabilities on any given day in case of demand and time deposits. In addition to these two groups, there are the large depositors that view a bank's capital as a means of growth and expansion for the bank, and thus as a result of an increase in operations they can anticipate a wider and larger range of services. Also there is the fact that a large capital base generally enables the bank to make larger loans and serve more large customers³³.

Finally, regulators have always been concerned with the adequacy of banks' capital and their safety. They desire capital to act as a means of preventing bank failures and minimizing depositors' loss in case of default. They seek to maintain a healthy competitive banking industry. They have imposed certain minimum capital requirements for the establishment of new banks and have set norms and standards to ensure adequacy of capital later on³⁴.

³³ibid, pp. 218-219

³⁴ibid, pp. 217-218

However, higher capital requirements will lead to a decline in the return on the invested capital unless there is a large increase in profits because investors will find bank stocks to be unattractive investments, thus limiting the bank's ability to raise capital from the public.

Capital adequacy depends on liquidity, stable earnings growth, and the quality of management. Liquidity is the ability to meet every financial commitment day in and day out. Therefore, any well-managed bank with an established presence in the world money markets could acquire the necessary funds to meet any ongoing obligation at a fair market price, thus reducing the necessity to maintain secondary or capital reserves. "There is no amount of capital that will salvage a bank which is grossly mismanaged. Conversely, a strong, well-managed bank can operate on a very thin capital base...³⁵" Thus the strength of the banking industry lies in the ability and resourcefulness of its managers to meet and solve unexpected problems with skill, imagination, innovation and good judgement. Therefore, a bank that is able to understand and manage the interrelationship between capital and liquidity is a bank that will be able to survive and grow. Thus a bank, by mismatching the maturities of its liabilities and its assets, tends to profit from the difference in interest rate trends without the need for a large amount of liquidity.

It should also be said that even if a certain level of capital has been agreed on for a certain period of time under certain economic conditions, there is no assurance that this level would be appropriate a year later or even a month later, since capital markets are constantly responding to changes in economic

³⁵Donald S. Howard. Op. Cit. p.11

conditions. The adequate level of capital has changed over time and must continue to do so as banking adjusts to the changes in global capital markets and economic conditions. Therefore, banks should be able to adjust their capital levels in a way that will minimize the effect of changing economic conditions.

3.3 MEASURES OF CAPITAL ADEQUACY

Throughout many years of banking, several ratios were developed to measure or reflect the adequacy of bank capital. However, capital ratios should not be considered as the only means of evaluating a bank's performance, but should rather act as a "screening device" for the whole banking industry³⁶.

There are four major ratios developed in the U.S.A. that have been used as possible indicators of the performance of banks and these are³⁷:

1 - Capital / Total Deposit Ratio

This was the first capital ratio formula introduced in 1909 by a California banking law and later recommended by the Comptroller of the Currency in the U.S.A. in 1914. In his report, he recommended that the minimum ratio of capital funds to total deposits should be 1:10; that is, capital should be at least 10 percent of total deposits. This ratio was widely used before World War II.

³⁶John A. Haslem. Op. Cit. p. 205

³⁷Emmanuel N. Roussakis. Op. Cit. pp. 132-134

2 - Capital / Total Assets Ratio

During World War II, regulators realized that maintaining a 10 percent ratio would have grave consequences on the funding of the war, since bank deposits were increasing due to the purchase of government securities thus narrowing the safety margin. Therefore, in 1947 the Federal Deposit Insurance Company (FDIC) and the Federal Reserve System introduced the capital / total assets ratio; because they believed that capital funds were required to cover losses, so they had to be measured in terms of items in the balance sheet that will result in loss. This ratio reflects how much the bank's assets are financed by its capital. A minimum of 7 percent was suggested by the Federal Reserve as an indication of adequate capital.

3 - Risk - Asset Ratio

This ratio was introduced in 1948 by the Comptroller of the Currency who suggested a minimum of 20 percent as an adequate ratio. This ratio measures capital adequacy by relating capital to those assets that are subject to loss. The main reason for using this ratio is that it takes into account the differences in risk associated with the bank's different asset structures.

4 - Adjusted Risk - Asset Ratio

This ratio is the ratio of capital to adjusted risk assets which consists of total assets less cash, U.S. government securities, and loans insured and guaranteed by the Federal Government and its

agencies. Regulatory authorities considered a 1 to 6 relationship between capital funds and adjusted risk assets to be satisfactory.

Bank assets usually vary from minimum risk to maximum risk, so in an attempt to account for the various levels of risk that a bank's assets are subject to, several methods and techniques have been developed of which the most important are:

1- The Federal Reserve Bank of New York Formula

In 1952, the Federal Reserve Bank of New York devised a new means of measuring capital adequacy. The formula divided a bank's assets into six categories. Each of the categories was assigned a specific capital requirement reflecting the amount of risk present in the asset. The total of the capital requirements against each category should represent the total capital requirement of the bank. The six categories and their corresponding risk weights are³⁸:

(i) Highly liquid assets. These include cash on hand, bank balances, U.S. government securities maturing within five years, bankers' acceptances, and Federal funds sold. No capital requirement is needed against these riskless assets.

(ii) Minimum risk assets. This category includes U.S. government securities with maturities of five years or more, government guaranteed loans and securities of government agencies, loans secured by similar assets and by savings passbooks, prime commercial papers, and brokers loans. A capital requirement of 5% is needed for these assets.

(iii) Portfolio assets. They include the remaining loan portfolio

³⁸George Hempell, Howard Crosse. Op. Cit. pp. 77-80

not mentioned before and the rest of the investments, grade securities maturing in more than five years. A 12% capital requirement is needed.

(iv) Assets with more than normal banking risk. This includes those assets that have some risk because of certain financial conditions. A 20% capital requirement is needed.

(v) Workout assets. These include doubtful loans, stocks, defaulted securities, and real estate assets. A 50% capital requirement is needed.

(vi) Assets that are classified as loss and fixed assets- premises, furniture and fixtures. For these assets a 100% capital allocation is needed.

2- The Board of Governors Formula

This was developed in 1956 and was referred to as "Form for Analyzing Bank Capital" or ABC form. It was a somewhat more complex approach to capital adequacy. It classified assets into ten categories and combined a capital adequacy test with a liquidity test, requiring more capital for banks that are less liquid. In 1972 a revised form was introduced calling for separate capital computations for 29 different categories of assets, total assets, and trust departments gross earnings. Capital requirements were determined after assessment of the credit risk and market risk of each category of assets and the amount of liquidity available. This formula was used by the Federal Reserve until 1978³⁹.

In 1981, the Federal Reserve and the Comptroller of the

³⁹Emmanuel N. Roussakis. Op. Cit. p. 135

Currency based their capital policy on three features⁴⁰:

- 1 - Bank size
- 2 - Significant flexibility for sound and well managed banks
- 3 - The measurement of capital adequacy through two principal ratios - primary capital : total assets, and total capital : total assets. Primary capital consists of funds that have no due dates such as common and perpetual preferred stock, debt instruments convertible into stock, surplus undivided profit, equity reserves and allowance for possible loan losses. Total capital includes in addition to the primary capital what is known as secondary capital constituting limited-life preferred stock and subordinated notes and debentures. However, secondary capital is limited to no more than 50 percent of the primary capital.

However, there are other factors that the Comptroller of the Currency uses and these are⁴¹:

- 1 - Management quality
- 2 - Asset liquidity
- 3 - History of earnings and their retention
- 4 - Quality and character of ownership
- 5 - Burden of occupancy expense
- 6 - Potential deposit volatility
- 7 - Quality of operating procedures
- 8 - Ability to meet present and future needs of the trading area.

In addition, there is an industry approach to quantifying capital needs. This was introduced in 1972 by George Vojta of the

⁴⁰Ibid, p. 136

⁴¹John A. Haslem. Op. Cit. p. 205

First National City Bank (now Citibank). He stressed the effectiveness of earnings performance for bank capital and proposed two tests for capital adequacy. The first test is the degree to which after-tax current earnings net of dividend payments cover a five year moving average of loan loss anticipated by the management. The second test implies that total capital should not exceed 20 times twice the average loan loss experience provided that earnings are twice the historical loss experience; also provided that management performance is rated superior by regulators, if classified assets do not exceed 50% of capital funds, and if there are no sizeable concentrations in either the bank's assets or the liabilities. The two tests are subject to the restraint that the total capital requirement be not less than 5% of total assets nor more than 20%. A test of this approach resulted in capital requirements lower than one suggested by supervisory authorities; therefore, it did not gain much approval among these authorities⁴².

3.4 BASLE COMMITTEE AGREEMENT

On July 11, 1988, the central bank governors of twelve leading western industrialized nations decided on a fixed risk-based capital requirement for banks in their countries. The countries were Belgium, France, Italy, Canada, Japan, Germany, Netherlands, Sweden, Luxemburg, U.K., Switzerland, and U.S. The agreement was the result of many months of study and negotiation by the Basle Committee on Banking Regulation and Supervisory Practices, which included representatives from the previously

⁴²Ibid, p. 205

mentioned countries, and the bank of international settlements⁴³.

The purpose of the agreement is to control bank risk taking and hence help to preserve and protect the safety and soundness of the international financial system. It has had a major impact on many international banks, obliging them to choose between raising additional equity capital or lowering the risk profile of their asset portfolios⁴⁴.

The principal objectives of this agreement are⁴⁵:

- To make regulatory capital requirements more sensitive to differences in risk profiles among banks;
- To factor off-balance sheet exposures into the assessment of capital;
- To minimize disincentives to holding liquid, low-risk assets; and
- To achieve greater consistency in the evaluation of the capital adequacy of major banks throughout the world.

The agreement includes a definition of capital and a framework for calculating weighted risk assets and off-balance sheet items to broad risk categories. It is calculated by dividing its capital (numerator) by its weighted risk assets (denominator). Capital consists of two types: core capital elements (Tier 1 capital) and supplementary capital elements (Tier 2 capital)⁴⁶.

⁴³Thomas Eysel and Nasser Arshadi. "The Wealth Effects of the Risk-Based Capital Requirements in Banking". *Journal of Banking and Finance*. V. 14, 1990, p. 179

⁴⁴Kerry Cooper, James Kalari and John Wagstor. "A Note on the Stock-Market Effects of the Adoption of Risk-Based Capital Requirements on International Banks in Different Countries". *Journal of Banking and Finance*. V. 15, 1991, p. 368

⁴⁵The Board of Governors. *Federal Reserve Bulletin*. March 1981, p. 157

⁴⁶Ibid, pp. 158-159

(i) Core Capital Elements (Tier 1 Capital)

It consists of the following elements:

- Common stockholder's equity
- Non cumulative perpetual preferred stock
- Minority interest in equity accounts of consolidated subsidiaries.

This capital must represent at least 50% of the total capital (Tier 1 + Tier 2 Capital).

(ii) Supplementary Capital Elements (Tier 2 Capital)

It consists of the following elements:

- Allowance for loan and lease losses
- Perpetual preferred stocks and related surplus
- Hybrid capital instruments and mandatory convertible debt securities
- Subordinated debt and intermediate-term preferred stock
- Discount of supplementary capital instruments.

The maximum amount of Tier 2 capital that may be included in a bank's qualifying total capital is limited to 100% of Tier 1 capital.

The procedure for calculating the risk based capital is by assigning to the assets and credit equivalent amounts of off-balance sheet items, one of several broad risk categories according to the guarantor. Then the dollar value of the amount of assets in each category is multiplied by the risk weight associated with that category. The resulting weighted values from each of the risk

categories are added together to form the bank's total weighted risk assets that comprise the denominator of the risk-based capital ratio. However, risk weights for off-balance sheet items are determined by a two-step process. First, the credit equivalent amounts of off-balance sheet items are determined by multiplying the off-balance sheet item by a credit conversion factor. Second, the credit equivalent amount is treated like any balance sheet and is assigned to the appropriate risk category depending on the guarantor or the nature of the collateral⁴⁷.

Assets are classified into one of four weighting categories as follows⁴⁸:

a - Category 1: 0%. It includes:

- Cash
- Direct debt of the U.S. government and its agencies or of the central government of the OECD (Organization for Economic Corporation and Development).

b- Category 2: 20%. It includes:

- Claims on domestic depository institutions
- Debt conditionally guaranteed by the U.S. government
- Debt of government-sponsored agencies whose debt is not explicitly guaranteed by the U.S. government.

c - Category 3: 50%. It includes:

⁴⁷Ibid, p. 163

⁴⁸J. Robert Kelly. " Risk Based Capital Guidelines for Banks ". Journal of Accountancy. Jan. 1990, p. 116

- Accruing loans secured by first liens on one-to-four family houses.
- Mortgage-backed securities backed by conventional mortgages.
- Certain state or local revenue bonds or revenue-backed obligations.

d - Category 4: 100%. It includes all other assets.

The face amount of an off-balance sheet item is incorporated into the risk based capital ratio by multiplying it by a credit equivalent factor. The resultant credit equivalent amount is assigned to the appropriate risk category according to the guarantor⁴⁹:

a - Items with a 100% conversion factor.

These include direct credit substitutes such as financial standby letters of credit, financial guarantees and acceptances.

b - Items with a 50% conversion factor.

These include transaction related contingencies such as bid bonds, and performance standby letters of credit.

c - Items with a 20% conversion factor.

These include short-term, self liquidating trade related contingencies which arise from the movement of goods such as commercial letters of credit.

d - Items with a 0% conversion factor.

These include unused portions of commitments

⁴⁹The Board of Governors. Op. Cit. pp. 167-169

with an original maturity of one year or less.

By the end of 1992, all banks should have met the minimum ratio of qualifying total capital to weighted risk assets of 8% of which at least 4% should be in the form of Tier 1 capital.

CHAPTER IV

RESEARCH DESIGN AND METHODOLOGY

4.1 THE BASIC APPROACH

As mentioned before, this research is an attempt to see whether Lebanese banks have an adequate level of capital to insure the safety and continuity of the Lebanese banking sector in the years to come. Lebanon is expected to enter into a phase of economic recovery which eventually will lead to an increase in economic operations. Lebanese banks are going to face challenges and competition from other banks, whether Arab or foreign. Therefore, Lebanese banks should establish themselves within the banking industry so as to be able to meet any future challenges.

There are several measures to evaluate the adequacy of capital, as was mentioned in chapter III, but the ones applied to Lebanon are more or less limited to the ratios adopted by Banque Du Liban and the Bankers Association. This research has attempted to apply the required financial ratios for Lebanon, and an attempt to apply the Basle Committee Agreement.

4.2 THE PRACTICE FOR DATA COLLECTION

The information and data in this project was mainly from primary and secondary sources. Chapter II was mainly from articles in Arabic published in economical and financial magazines, while chapter III was mainly from books on capital and its financial management during the past fifty years. Also several Master's projects presented in the past few years at the American University of Beirut were used.

4.3 METHODOLOGY AND MEASURES USED TO COLLECT DATA

The data used in this project were the balance sheets from 1983 to 1992 of sixteen Lebanese banks used as a sample. At December 31, 1992, there was a total of 72 banks operating in Lebanon, and these banks were classified into six categories:

- Lebanese banks (SAL)	44 banks
- Lebanese banks (SAL) with foreign Arab control	8 banks
- Lebanese banks (SAL) with foreign non-Arab control	4 banks
- Foreign Arab banks	5 banks
- Foreign non-Arab banks	7 banks
- Medium and long-term credit banks	<u>4 banks</u>
	<u>72 banks</u>

The seventy two banks were then classified into four groups:

a - Alpha Group: Banks with deposits over 200 million US dollars. These consist of the first twelve banks.

b - Beta Group: Banks with deposits between 50 and 200 million US dollars. These include the next seventeen banks.

c - Gamma Group: Banks with deposits between 20 and 50 million US dollars. These include the next fifteen banks.

d - Delta Group: Banks with deposits under 20 million US dollars. These include the remaining twenty eight banks.

This research has concentrated on Lebanese banks (SAL) in order to exclude any possible external economic factor that may affect the result. A random sample of four banks from each group was chosen according to their ranking by total assets. Table I shows the sample of banks according to their total assets and their rank as at December 31, 1992. The balance sheets of each bank were used to calculate the Banque Du Liban ratio, Bankers Association ratio and the Baz Capital Adequacy ratio devised by Mr. Baz, the editor of Bilanbanques. These ratios were compared to the one fixed by Banque Du Liban and BA ratio which is 3%. However, the Baz Capital Adequacy ratio was compared to the 8% level of the Basle Committee Agreement.

**TABLE I: RANKING OF SAMPLE BANKS
AS AT DEC. 31.1992**

	TOTAL ASSETS		RANK
	LL MILLION	USD MILLION	
ALPHA GROUP			
Banque du Liban et d'Outre Mer	1273201.241	692.710	1
Banque Libano-Française	992657.485	540.075	3
Fransabank	683687.231	371.973	7
Credit Libanais	509469.572	277.187	11
BETA GROUP			
Saudi Lebanese Bank	370445.872	201.548	14
Banque Beyrouth pour le Commerce	243311.200	132.378	17
Société Nouvelle de la Banque de Syrie et du Liban	140314.266	76.341	24
Allied Business Bank	121391.907	66.046	26
GAMMA GROUP			
Banque de l'Industrie et du Travail	107807.807	58.655	30
Bank of Beirut	72662.507	39.533	34
Al Mawarid Bank	50434.261	27.440	40
Metropolitan Bank	40895.207	22.25	44
DELTA GROUP			
Banque Pharaon et Chiha	36652.414	19.941	50
Banque Joseph Lati et fils	16976.167	9.236	60
Banque J. Geagea	8406.503	4.574	63
Banque de Crédit National	5418.476	2.948	66

Source: Freddie Baz, Bilan banques (Beirut: Bankdata.1993): p.680

CHAPTER V

CAPITAL ADEQUACY IN LEBANON

5.1 LEGAL FRAMEWORK

In Lebanon, there are two major regulatory authorities that are responsible for the regulation of banking activities and protecting depositors, and these are the Lebanese Central Bank and the Banking Control Commission.

- Lebanese Central Bank (BDL)

According to the Code of Money and Credit, the Central Bank is responsible for protecting the currency to insure a firm basis for a continuous growth in the economic and social status. The role of BDL is to⁵⁰:

- protect the currency;
- keep a stable economy;
- control and protect the banking sector; and
- - - develop the money market.

- Banking Control Commission (BCC)

This was established in 1967 as a result of the Intra bank crisis in 1966. Its primary role was to protect the banking sector and to help it in periods of crisis. Due to the absence of any major

⁵⁰Article 70. Decree No. 6102, Code of Money and Credit. (5.10.1973)

control before the establishment of the BCC, many troubled banks existed and hence the first step taken by the BCC was to liquidate all troubled banks and then to request all banks to provide detailed information about their prevailing status. Also the BCC issued circulars in conjunction with BDL and was assigned the responsibility of assuring their applicability. The circulars were concerned with matters such as liquidity, capital adequacy, equity capital, and others⁵¹.

- National Deposit Insurance Corporation (NDIC)

It was established in 1967 as a means of securing depositors' funds in case of bank failures. The effect of deposit insurance is that it reduces the depositors' fear of losing their funds and thus reduces the incentive to make substantial withdrawals when their banks face difficulties. In 1974, the amount covered by the NDIC was up to LL 30000 (\$ 13000). This amount was raised to LL 250000 (\$ 2870) in 1986 and to LL 1 million (\$ 1900) in 1988. These days it is around LL 5 million (\$ 3000). NDIC is funded by a fixed premium rate charged on bank deposits⁵².

- Supreme Banking Commission

This was established to act as a specialized banking court, and is composed of the Governor of the Central Bank, a sub-governor, the Director - General of the Ministry of Finance, a member of the Banking Control Commission, a judge, the Director of the National Deposit Insurance Corporation, and a specialist in banking and financial matters. The function of this court is to find a

⁵¹Boutros Najib Boulos. Banking Control Commission : Function and Procedures. (In Arabic), Beirut, 1987, p. 11

⁵²Article 14. Decree No. 14013 (16.03.1970) modified in 1991

means of solving the problems of banks that are not able to pay or function anymore⁵³.

5.2 CAPITAL RATIOS

There are mainly two ratios that have been developed to determine the capital adequacy of Lebanese banks. The first one is the BDL ratio which has been developed by Banque Du Liban in the form of circular no. 435, and the second is the BA ratio which has been developed by the Bankers Association as an alternative. In addition to these ratios, Banque Du Liban issued circular no. 1114 of August 12, 1992 to enable Lebanese banks to converge gradually to suit international laws and regulations in order to adopt the Basle Committee agreement with all of its conditions and recommendations.

a- Circular no. 435⁵⁴

On October 26, 1983, Banque Du Liban issued a circular no. 435 by which it outlined a procedure for the computation of capital adequacy as being the ratio of private funds to total assets plus engagement by signature. It resembles to some extent the Capital to Total Assets ratio.

⁵³Article 1, Legislative Decree No. 44 (05.08.1967)

⁵⁴BDL Circular No. 435 dated Oct. 6, 1983

Private funds consist of:

- Capital	LIABILITY
- Reserves	"
- Profits carried forward	"
- Results of the financial year (Profit)	"
- Less: Results (Loss)	ASSET

Total Assets plus Engagement by Signatures include:

- Cash	ASSET
- Banks and Correspondents	"
- Miscellaneous	"
- Portfolio-Bills	"
- Loans and advances extended against real guarantees (Banks excluded)	"
- Loans and advances against personal guarantees (Banks excluded)	"
- Miscellaneous debtors	"
- Banks	"
- Doubtful and Litigious	"
- Portfolio-securities	"
- Shareholders	"
- Interim Dividend for the financial year	"
- Fixed assets	"
- Signature credits	HORS BILAN
- Less: Provisions for doubtful debts	LIABILITY

According to this circular, all banks should maintain a minimum ratio of 3% as of the end of 1985 and on.

b- Bankers Association Proposal

The Lebanese Bankers Association did not accept the capital ratio proposal by BDL because they saw that most banks would not be able to comply with this ratio, since most banks deposits were in foreign currencies whose prices have increased tremendously relative to the Lebanese currency; while private funds were in Lebanese pounds. Therefore, the Bankers Association recommended some adjustments to be made to the computation of the BDL ratio so as to exclude those items that do not include risk and hence include only a certain percentage of risky assets depending on the level of risk.

On July 28, 1986, the Bankers Association proposed a new ratio, defined as the ratio of equity capital to risky assets. This ratio resembles to some extent the Capital to Risky Assets ratio.

Equity capital consists of:

- Capital	LIABILITY
- Reserves	"
- Cumulative Profits	"
- Results of the financial year (Profit)	"
- Provisions for doubtful debts	"
- Less: Results (Loss)	ASSET
- Less: Shareholders (Uncalled profit and balance due on called capital)	"

Risky assets and the corresponding risk weights are:

- Portfolio-Bills (100%)	ASSET
- Loans and advances extended against real guarantees (Banks excluded) (100%)	"
- Loans and advances against personal guarantees (Banks excluded) (100%)	"
- Miscellaneous debtors (100%)	"
- Doubtful debts (100%)	"
- Banks and correspondents (25%)	"
- Signature credits (25%)	HORS BILAN
- Engagements initiated by opening documentary credits (25%)	"

c- Baz Capital Adequacy Ratio

It was planned at the beginning of this project to apply the Basle ratio to the sample banks, but due to the unavailability of detailed balance sheet data and the difference between the items considered in the computation of the Basle ratio and the available balance sheet items, the application of the Basle ratio became difficult. Also an attempt to adapt circular no. 1114 that was issued by Banque du Liban in August 1992 was also difficult because the items mentioned in the circular required banking information not found in the balance sheets of banks, but rather within the detailed records of banks and this information is difficult to obtain.

Therefore, in face of these obstacles, I applied a capital adequacy ratio devised by Mr. Freddie C. Baz, the editor of Bilanbanques 1993, which is similar to the Basle ratio since it assigns relative weights to assets and to certain Hors Bilan items. According to Mr.

Baz, capital adequacy is defined as the ratio of equity capital to risk weighted assets.

Equity Capital consists of:

- Subordinated borrowings and debenture loans	LIABILITY
- Provisions for risks and expenses	"
- Share Capital	"
- Reserves and Premiums	"
- Balance carried forward	"
- Net Income (or Loss) for the year	"
- Revaluation variance	"

Risk Weighted Assets and the corresponding risk weights are:

- Lebanese Treasury Bills (0%)	ASSETS
- Banks and Financial Institutions (20%)	"
- Head Office, Branches, and Subsidiaries (50%)	"
- Commercial Bills discounted (100%)	"
- Loans to Customers (100%)	"
- Bank Acceptances (100%)	"
- Marketable Securities (100%)	"
- Miscellaneous Debtor Accounts (20%)	"
- Regularization Accounts (50%)	"
- Financial Fixed Assets (100%)	"
- Non-Financial Fixed Assets (100%)	"
- Revaluation Variance (0%)	"
- Guarantees and Endorsements (50%)	HORS BILAN
- Confirmed Documentary Credits (50%)	"

- Other Engagements by Signature (50%)
- Bank's Assets given as Guarantees (100%)

HORS BILAN

"

5.3 PROCEDURE

The balance sheet data for this research have been taken from Bilanbanques issued by Freddie Baz. However, during the period 1983-1988 some items on the balance sheets were mixed together under one item thus making it difficult to compute certain capital ratios and eventually possibly leading to some degree of inaccuracy in the computation of the capital ratios that are considered in this study. Also the balance sheet structure for the period 1982-1988 (Table II) is different from that for 1989-1990 (Table III).

Thus BDL and BA ratios will be applied to the two different structures of the balance sheets from 1983-1988 and from 1989-1992. However, the Capital Adequacy ratio will be applied only for the years 1991 and 1992 because it was not used before these periods.

1- BDL Ratio (1983-1988) ⁵⁵

$$\text{Capital ratio} = \frac{\text{Private Funds}}{\text{Total Assets} + \text{Engagements by Signatures}}$$

Private Funds =

Capital + Reserves + Profits carried forward + Results of the financial year - Results (Loss).

⁵⁵Refer to Table II

TABLE II. TYPICAL BALANCE SHEET ITEMS (1983-1988)

ASSETS

1. Cash and Banks
2. Portfolio Bills
3. Advances and Debtor accounts (Except Banks)
4. Portfolio securities
5. Shareholders
6. Interim Dividend for the Financial Year
7. Real Estate and Installations
8. Order and Regularization Accounts
9. Results (loss)

LIABILITIES

10. Saving Accounts
11. Checking Accounts
12. Current Accounts
13. Deposits at Notice or with Fixed Maturity
14. Banks and Correspondents
15. Miscellaneous Creditors
16. Debenture loans
17. Provisions
18. Order and Regularization Accounts
19. Profits Carried Forward
20. Reserves
21. Capital
22. Results of the Fin. Year

TOTAL LIABILITIES

HORS-BILAN

23. Discounted Bills Circulating Under our Endorsement
24. Assets on Collection
25. Engagements by Acceptance
26. Engagements by Guarantees and Endorsement
27. Opening of Confirmed Credits
28. Other engagements

TOTAL HORS-BILAN

TABLE III. TYPICAL BALANCE SHEET ITEMS (1989-1992)

ASSETS

1. Cash and Central Bank
2. Lebanese Treasury Bills
3. Banks and Financial Institutions
 - Call
 - Time
4. Head office, Branches, Mother Company, Banks
 - Call
 - Time
5. Discounted bills
6. Advances and credits
 - Short term
 - Medium and long term
 - Debtor accounts against creditors accounts
7. Debtors by acceptances
8. Securities
- 9 Sundry Debtor Accounts
10. Regularization Accounts (debtor)
11. Financial Fixed Assets
12. Non-Financial Fixed Assets
13. Differences in Revaluation

TOTAL ASSETS: (after deduction of Provision for Doubtful Debts)

HORS-BILAN

14. Engagements by Signature Received
15. Real Securities Received

TOTAL

LIABILITIES

16. Central Bank
17. Banks and Financial Institutions
 - Call
 - Time
18. Head Office, Branches, Mother Company, Banks
 - Call
 - Time
19. Deposits
 - Call
 - Time
 - Saving Accounts at Call
 - Saving Accounts at Time
 - Creditor Accounts Against Debtor Accounts
20. Engagements by Acceptances
21. Sundry Creditors Accounts
22. Regularization Accounts (Creditors)
23. Subordinated Loans and Debenture Loans
24. Provisions Against Risks and Charges
25. Capital
26. Reserves and Premiums
27. Profits Carried Forward (Creditor and Debtor)
28. Profit of the Year (Gain and Losses)
29. Differences in Revaluation

TOTAL LIABILITIES

HORS-BILAN

30. Engagements by Signature Given
 - a- Guarantees and Endorsements on Bills
 - b- Discounted Bills Circulating under our Endorsement
 - c- Engagement by Documentary Credits
 - d- Other Engagements
31. Banks Asset Given in Guarantee

Source: Freddie Baz; Bilanbanques (Beirut; Bankdata 1989)

TABLE III (i) CURRENT BALANCE SHEET ITEMS (1989-1992)

ASSETS

1. Cash and Central Bank
2. Lebanese Treasury Bills
3. Banks and Financial Institutions
 - Current Accounts
 - Loans and Time Deposits
4. Head Office and Branches, Parent Company and Foreign Sister Financial Institutions and Subsidiaries
 - Current Accounts
 - Loans and Time Deposits
5. Commercial Bills Discounted
6. Loans to Customers
 - Short Term Loans
 - Medium and Long Term Loans
 - Debtor Accounts against Creditor Accounts
7. Bank Acceptances
8. Marketable Securities
9. Miscellaneous Debtor Accounts
10. Regularization Accounts
11. Financial Fixed Assets
12. Non-Financial Fixed Assets
13. Revaluation Variance

TOTAL ASSETS *

CONTRA ACCOUNTS

14. Engagements by Signature Received
15. Real Securities Received

TOTAL CONTRA ACCOUNTS

LIABILITIES

16. Central Bank
17. Banks and Financial Institutions
 - Current Accounts
 - Time Deposits and Borrowings
18. Head Office and Branches, Parent Company and Foreign Sister Financial Institutions and Subsidiaries
 - Current Accounts
 - Time Deposits and Borrowings
19. Deposits from Customers
 - Sight Deposits
 - Time Deposits
 - Sight Saving Accounts
 - Creditor Accounts against Debtor Accounts
20. Engagements by Acceptances
21. Miscellaneous Creditor Accounts
22. Regularization Accounts
23. Subordinated Borrowings and Debenture Loans
24. Provisions for Risks and Expenses
25. Share Capital
26. Reserves and Premiums
27. Balance Carried Forward
28. Net Income (or Loss) for the Year
29. Revaluation Variance

TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY

CONTR ACCOUNTS

30. Engagements by Signature Issued
 - Guarantees and Endorsements
 - Discounted Bills Circulating under our Endorsement
 - Confirmed Documentary Credits
 - Other Engagements
31. Bank's Assets given as Guarantees

TOTAL CONTRA ACCOUNTS

TOTAL FOOTINGS

* After deduction of Provisions for Doubtful Debts

Source: Freddie Baz, Bilanbanques (Beirut, Bankdata 1991)

Total Assets + Engagements by Signatures =

Cash & Banks + Portfolio-Bills + Advances & Debtors
Accounts (except banks) + Miscellaneous Debit Accounts +
Portfolio Securities + Shareholders + Real Estate & Installations +
Engagements by Acceptances + Engagements by Guarantees &
Endorsements - Provisions for Doubtful Debts.

2- BDL Ratio (1989-1992)⁵⁶

Capital Ratio = $\frac{\text{Private Funds}}{\text{Total Assets + Engagements by Signatures}}$

Private Funds =

Capital + Reserves and Premiums + Differences in
Revaluation + Profits carried forward + Profits for the year (Gains or
Losses).

Total Assets + Engagements by Signatures =

Cash & Central Bank + Banks & Financial Institutions + Head
Office, Branches, Mother Company, Banks + Discounted Bills +
Advances & Credits + Debtors by Acceptances + Sundry Debtor
Accounts + Lebanese Treasury Bills + Securities + Financial Fixed
Assets + Non-Financial Fixed Assets + Guarantees &
Endorsements on Bills - Provisions for Doubtful Debts.

⁵⁶Refer to Table III

3- BA Ratio (1983-1988)⁵⁷

$$\text{Capital Ratio} = \frac{\text{Equity Capital}}{\text{Risky Assets}}$$

Equity Capital =

Capital + Reserves + Profits carried forward + Results of the financial year + Provisions for Doubtful Debts - Results (Loss) - Shareholders.

Risky Assets =

100% of [Portfolio-Bills + Advances & Debtors Accounts (Except Banks) + Miscellaneous Debit Accounts] + 25% of (Banks & Correspondents + Engagements by Acceptances + Engagements by Guarantees & Endorsements + Opening of Confirmed Credits).

4- BA Ratio (1989-1992)⁵⁸

$$\text{Capital Ratio} = \frac{\text{Equity Capital}}{\text{Risky Assets}}$$

Equity Capital =

Capital + Reserves & Premiums + Differences in Revaluation + Profits carried forward + Profits for the year (Gains or Losses) + Provisions for Doubtful Debts.

⁵⁷Refer to Table II

⁵⁸Refer to Table III

Risky Assets =

100% of (Discounted Bills + Advances & Credit + Sundry Debtor Accounts + Debtors by Acceptances) + 25% of (Head Office, Branches, Mother Company, Banks + Guarantees & Endorsements on Bills + Engagements by Documentary credits).

Before I proceed further, I would like to identify some data problems and limitations and to propose some assumptions that are necessary to solve these problems. Because the available balance sheet structure is not detailed, two or more items are mixed together under a single item. These items are:

- "Banks and Correspondents", which is required for the computation of BA ratio, is not available as a separate item for the years 1983-1988, but included under "Cash and Banks". However, this item is available for the years 1989-1992 as a separate item entitled "Head Office, Branches, Mother Company, Banks".

- "Provisions for Doubtful Debts", which is required for the computation of both BDL and BA ratios, is included under the item "Provisions" for the years 1983-1988. For the years 1989-1992, this item is available but not included in the balance sheet.

A solution to these problems would be to make the following assumptions:

- "Banks and Correspondents" is a fixed percentage of "Cash and Banks" over the period 1983-1988. This percentage will be computed by averaging it over the years 1989-1992 for each of the

sample banks.

- "Provisions for Doubtful Debts" is a fixed percentage of total "Provisions" over the period 1983-1988. This percentage will be computed by averaging it over the years 1989-1992 for each of the sample banks.

After computing these two fixed percentages, "Provisions for Doubtful Debts" and "Banks and Correspondents" for the years 1983-1988 can be computed by multiplying these percentages by the corresponding items in accordance with the two assumptions mentioned above. For example, page 56 shows the computation of these two fixed ratios for Banque du Liban et D'Outre Mer.

Using these percentages, "Banks and Correspondents" and "Provisions for Doubtful Debts" for Banque du Liban et D'Outre Mer for the year 1986 are calculated as follows:

Cash and Banks = LL 24,321,993,000

Banks and Correspondents = $0.2 \times 24,321,993,000 =$
4,864,398,600

Total Provisions = LL 2,367,098,000

Provisions for Doubtful Debts = $0.57 \times 2,367,098,000 =$
1,349,245,860

	1989 (Million LL)	1990 Million (LL)	1991 Million (LL)	1992 Million (LL)
Cash and Central Bank	12546.567	14210.408	31651.299	74324.754
Banks and Fin. Inst.	103405.784	24621.213	238455.582	494350.683
Banks and Corresp.	23392.639	49400.269	98547.208	156624.711
Cash and Banks	139344.990	369822.815	368654.089	725300.148
% of Banks and Corresp. in Cash and Banks	16.79 %	13.36 %	26.73 %	21.59 %
Average Percentage			20 %	
Prov. for Risks and Exp.	1115.370	1697.674	2332.904	7118.666
Prov. for Doubtful Debts	3085.948	2369.212	2984.670	4966.681
Total Provisions	4201.318	4066.886	5317.574	12085.347
% of Prov. for Doubtful Debts in Total Prov.	73.45 %	58.26 %	56.13 %	41.09 %
Average Percentage			57 %	

The above percentages for 1989 were derived as follows:

- Cash and Central Bank + Banks and Fin. Inst. + Banks and Correspondant = Cash & Banks
 LL 12546.567 + LL 103405.784 + LL 23392.639 = LL 139344.990

The percentage of Banks and Correspondants in Cash & Banks is equal to Banks and Correspondants divided by Cash & Banks
 = LL 23392.639 / 139344.990 = 16.79%

The average percentage is equal to the summation of the percentage from 1989 to 1992 divided by four
 = (16.79% + 13.36% + 26.73% + 21.59%) divided by 4 = 20%

- Provision for Risks and Expenses + Provisions for Doubtful Debts = Total Provision
 LL 1115.370 + LL 3085.948 = LL 4201.318

The percentage of Provisions for Doubtful Debts in Total Provision is equal to Provisions for Doubtful Debts divided by Total Provision
 = LL 3085.948 / LL 4201.318 = 73.45%

The average percentage is equal to the summation of the percentage from 1989 to 1992 divided by four
 = (73.45% + 58.26% + 56.13% + 41.09%) divided by 4 = 57%

5- Baz Capital Adequacy Ratio (1991-1992)⁵⁹

$$\text{Baz Capital Adequacy Ratio} = \frac{\text{Equity Capital}}{\text{Risk Weighted Assets}}$$

Equity Capital =

Subordinated Borrowings and Debenture Loans + Provisions for Risk and Expenses + Capital + Reserves and Premiums + Balance carried forward + Net Income (or Loss) for the year + Revaluation variance.

Risk Weighted Assets =

20% of (Banks and Financial Institutions + Miscellaneous Debtor Accounts) + 50% of (Head Office, Branches and Subsidiaries + Regularization Accounts + Guarantees and Endorsements + Confirmed Documentary Credits + Other Engagements) + 100% of (Commercial Bills discounted + Loans to Customers + Bank Acceptances + Marketable Securities + Financial and Non-Financial Fixed Assets + Bank's Assets given as Guarantees).

5.4 RESULTS AND ANALYSIS

The general trend in the BDL ratio is a decreasing one over time, although the year 1992 showed some improvement for most banks discussed. Probably the decrease in this ratio could have been the result of an increase in banking activities and

⁵⁹Refer to Table III (i)

eventually an increase in the banks' assets without any proper increase of capital or reserves due to the absence of any control by the BCC during the mid 1980s until after 1991 when the political and security situation began improving. Another possible result could be the devaluation of the Lebanese lira against foreign currencies which led to the dissolution of bank capital, being denominated in Lebanese currency, and the inflation of bank assets, being denominated in foreign currencies. For the BA ratio, there is no specific trend because there are increasing and decreasing ratios within the various years. However, one can conclude that the general trend of most banks to increase. This could be the result of the exclusion of cash and Lebanese Treasury Bills from Assets, which constitute a big amount of a bank's assets, since these items are risk free and concentrating only on the risky assets. As a result of this, BA ratios are relatively high compared to the BDL ratio.

In addition to these factors, banks in general would prefer to maintain as low a capital as possible, but a circular issued by BDL on 30th March 1992 forced banks to maintain a minimum capital of one billion Lebanese Pounds for the head office and one hundred million for each branch. In case a bank wishes to open a branch outside Lebanon, then it must maintain, in addition to the required capital outside, three times the amount necessary to open a branch in Lebanon. Banks were given until August 19, 1994 to apply this circular. The Baz Capital Adequacy ratio used was only applied for the last two years; therefore, we can assume the trend, and it seems it is an increasing one for most banks.

1 - BDL Ratio

Table VI shows the BDL ratio for the sample sixteen banks, along with their Private Funds and Total Assets plus Engagements. It can be clearly seen that there was a sharp drop in the BDL ratio between 1985 and 1986. This was due to a sharp increase in Total Assets plus Engagements by approximately 273% from 1985 to 1986 while the increase in Private Funds was about 111%. The results in Table VI indicate that the BDL ratio for all sample banks has decreased over the period from 1983 to 1989 and showed some fluctuations from 1990 to 1992 possibly due to changes in capital, or assets, or both.

a- Alpha Group

BDL ratios for the sample four banks are shown in Table VII. For Banque du Liban et d'Outre Mer, the BDL ratio dropped from 3.55% in 1983 to 0.42% in 1988, then it started showing some increase in the following years due to the increase in capital from LL 200 million in 1988 to LL 18 billion in 1992.

Banque Libano-Francaise also saw a drop in the BDL ratio from 3.00% in 1983 to 0.10% in 1988. However, it started increasing again due to an increase in capital from LL 400 million in 1988 to LL 5 billion in 1992.

Fransabank saw the BDL ratio drop from 2.86% in 1983 to 1.40% in 1988, but it started to increase from 1989 to 1991 due to the increase in capital from LL300 million in 1988 to LL 5 billion in 1991. However, it again dropped in 1992 in spite of increasing capital to LL 8.8 billion. This was probably due to the increase in banking operations with an increase in Lebanese Treasury Bills and loans to customers.

**TABLE IV: PROVISIONS FOR DOUBTFUL DEBTS
FOR 1989, 1990, 1991 AND 1992**

	Provisions for Doubtful Debts Million (LL)			
	1989	1990	1991	1992
ALPHA GROUP				
Banque du Liban et d'Outre Mer	3085.948	2369.212	2984.670	4966.681
Banque Libano-Française	15947.608	34228.569	40694.263	81208.348
Fransabank	7868.202	16260.279	17748.244	51880.297
Credit Libanais	5943.300	13381.075	16281.290	50531.595
BETA GROUP				
Saudi Lebanese Bank	2144.862	4601.658	7990.383	29858.775
Banque Beyrouth pour le Commerce	2096.473	3199.012	2751.022	10021.159
Société Nouvelle de la Banque de Syrie et du Liban	8383.280	16569.170	17514.374	33995.076
Allied Business Bank	307.014	995.558	1112.374	2079.337
GAMMA GROUP				
Banque de l'Industrie et du Travail	18909.866	21678.353	4705.992	15401.180
Bank of Beirut	1394.654	3185.584	4350.210	10501.356
Al Mawarid Bank	884.169	1697.896	1929.436	3230.794
Metropolitan Bank	174.007	302.183	406.383	670.526
DELTA GROUP				
Banque Pharaon et Chiha	757.907	1302.537	1667.380	7821.990
Banque Joseph Lati et fils	---	---	3997.000	1988.000
Banque J. Geagea	123.78	641.375	267.502	549.981
Banque de Crédit National	---	---	---	---

Source: Freddie Baz, Bilanbanques (Beirut: Bankdata.1991 and 1993)

**TABLE V: % OF BANKS AND CORRESPONDENTS
AND PROVISIONS FOR DOUBTFUL DEBTS IN CASH AND BANKS AND
PROVISIONS FOR THE YEAR 1983-1988**

	% of banks and correspondents in cash and banks	% of provisions for doubtful debts in provisions
ALPHA GROUP		
Banque du Liban et d'Outre Mer	20 %	57 %
Banque Libano-Française	---	88 %
Fransabank	---	81 %
Credit Libanais	---	91 %
BETA GROUP		
Saudi Lebanese Bank	53 %	84 %
Banque Beyrouth pour le Commerce	---	92 %
Société Nouvelle de la Banque de Syrie et du Liban	---	92 %
Allied Business Bank	---	47 %
GAMMA GROUP		
Banque de l'Industrie et du Travail	---	59 %
Bank of Beirut	---	88 %
Al Mawarid Bank	---	72 %
Metropolitan Bank	---	70 %
DELTA GROUP		
Banque Pharaon et Chiha	---	79 %
Banque Joseph Lati et fils	---	96 %
Banque J. Geagea	---	87 %
Banque de Crédit National	---	---

TABLE VI BDL RATIO

	BANQUE DU LIBAN ET D'OUTRE MER		BANQUE LIBANO FRANÇAISE	
	Private funds (LL)	Total assets + Engagement by signature (LL)	BDL ratio (%)	Private funds (LL)
1983	201387966	5668032970	3.55%	151543781
1984	241684154	7639952160	3.16%	194582008
1985	257167000	12749348310	2.02%	223465000
1986	317721000	38841026140	0.82%	223465000
1987	626112000	223547078100	0.28%	516085000
1988	1128096000	270017933700	0.42%	1517770000
1989	1711432000	187826671000	0.91%	2999864000
1990	4515367000	393915419000	1.15%	5995573000
1991	6530667000	550435092000	1.19%	10230904000
1992	25556498000	1289982981000	1.98%	25240421000
				Total assets + Engagement by signature (LL)
				BDL ratio (%)
				BDL ratio (%)

	FRANSABANK		CREDIT LIBANAIS	
	Private funds (LL)	Total assets + Engagement by signature (LL)	BDL ratio (%)	Private funds (LL)
1983	97187628	3399950486	2.86%	63103263
1984	119671888	4319481201	2.77%	64142156
1985	147319000	7187353140	2.05%	64473000
1986	147319000	17330540010	0.85%	92258000
1987	463572000	78148520520	0.60%	1064547000
1988	1456305000	104000498300	1.40%	1754305000
1989	3052835000	118954219000	2.57%	1891310000
1990	5546035000	163900749000	3.38%	4402422000
1991	9741390000	288901439000	3.37%	4686470000
1992	16031643000	636019639000	2.52%	38783184000
				Total assets + Engagement by signature (LL)
				BDL ratio (%)
				BDL ratio (%)

	SAUDI LEBANESE BANK			BANQUE BEYROUTH POUR LE COMMERCE		
	Private funds (LL)	Total assets + Engagement by signature (LL)	BDL ratio (%)	Private funds (LL)	Total assets + Engagement by signature (LL)	BDL ratio (%)
1983	60219382	714391022	8.43 %	22344691	615968820	3.63 %
1984	61239008	1074333470	5.70 %	30519040	839543303	3.64 %
1985	61258000	1831767000	3.34 %	30519000	1537075000	2.00 %
1986	61260000	6892756000	0.89 %	48519000	5138565000	0.94 %
1987	63027000	44731784000	0.14 %	120519000	27570225000	0.44 %
1988	269848000	48947374000	0.55 %	504519000	41099827000	1.23 %
1989	283727000	65138920000	0.44 %	1200519000	50574722000	2.37 %
1990	2502302000	13109769000	1.91 %	2400519000	8785164000	2.73 %
1991	4376351000	151697552000	2.88 %	3000519000	113387291000	2.65 %
1992	8294659000	344252012000	2.41 %	3000519000	237784457000	1.26 %

	STE NVELLE DE LA BANQUE DE SYRIE ET DU LIBAN			ALLIED BUSINESS BANK		
	Private funds (LL)	Total assets + Engagement by signature (LL)	BDL ratio (%)	Private funds (LL)	Total assets + Engagement by signature (LL)	BDL ratio (%)
1983	67177390	1967502779	3.41 %	20019070	182017667	11.00 %
1984	67177390	2389773180	2.81 %	40019070	195990166	20.42 %
1985	67177000	3162018000	2.13 %	39725000	471286000	8.43 %
1986	67177000	6802226000	0.99 %	42856000	1882877000	2.28 %
1987	67177000	23822448000	0.28 %	132390000	10292353000	1.29 %
1988	369630000	34108420000	1.08 %	162406000	18544513000	0.88 %
1989	317896000	28747762000	1.11 %	527971000	24206173000	2.18 %
1990	317896000	34256502000	0.93 %	956708000	41179394000	2.32 %
1991	457896000	55414610000	0.83 %	1344629000	61670244000	2.18 %
1992	1935385000	109456345000	1.78 %	2570227000	128265206000	2.00 %

BANQUE DE L'INDUSTRIE ET DU TRAVAIL				BANK OF BEIRUT		
Private funds (LL)	Total assets + Engagement by signature (LL)	BDL ratio (%)	Private funds (LL)	Total assets + Engagement by signature (LL)	BDL ratio (%)	
1983	45884745	1786459246	2.57 %	56352840	321686244	17.52 %
1984	45884745	2131438144	2.15 %	56352840	415921186	13.55 %
1985	45885000	2587308000	1.77 %	56353000	687560000	8.20 %
1986	45885000	4826906000	0.95 %	56353000	1802580000	3.13 %
1987	95885000	20406328000	0.47 %	56353000	8317398000	0.68 %
1988	95885000	25770819000	0.37 %	56353000	12844346000	0.44 %
1989	96000000	8349650000	1.15 %	56353000	13379997000	0.42 %
1990	556000000	16881735000	3.29 %	306353000	22646945000	1.35 %
1991	556000000	41056564000	1.35 %	306352000	27008597000	1.13 %
1992	3772500000	93350060000	4.04 %	306352000	64363729000	0.48 %

AL MAWARID BANK				METROPOLITAN BANK		
Private funds (LL)	Total assets + Engagement by signature (LL)	BDL ratio (%)	Private funds (LL)	Total assets + Engagement by signature (LL)	BDL ratio (%)	
1983	32330923	327670166	9.87 %	30340164	328929781	9.22 %
1984	30393567	506489141	6.00 %	30340164	342552560	8.86 %
1985	30546000	1106922000	2.76 %	30340000	551938000	5.50 %
1986	40610000	2767823000	1.47 %	30340000	1655871000	1.83 %
1987	55336000	10474673000	0.53 %	257515000	12720792000	2.02 %
1988	93111000	12213904000	0.76 %	256286000	14043258000	1.83 %
1989	161624000	19106364000	0.85 %	263424000	16106518000	1.64 %
1990	259686000	30427221000	0.85 %	265026000	20761513000	1.28 %
1991	947808000	22831449000	4.15 %	264592000	23724032000	1.12 %
1992	1144085000	47912667000	2.39 %	290772000	40489463000	0.72 %

	BANQUE PHARAON ET CHIHA			BANQUE JOSEPH LATI ET FILS		
	Private funds (LL)	Total assets + Engagement by signature (LL)	BDL ratio (%)	Private funds (LL)	Total assets + Engagement by signature (LL)	BDL ratio (%)
1983	19047119	330397778	5.77 %	6362176	66718131	9.54 %
1984	15066039	354232128	4.25 %	6512166	76495320	8.51 %
1985	15200000	480111000	3.17 %	6625000	96876000	6.84 %
1986	15839000	1120016000	1.41 %	7394000	231845000	3.19 %
1987	15949000	6089669000	0.26 %	7582000	1203515000	0.63 %
1988	79054000	12530142000	0.63 %	33418000	3103025000	1.08 %
1989	272942000	10271771000	2.66 %	33932000	3803003000	0.89 %
1990	271946000	12123137000	2.24 %	94317000	6379036000	1.48 %
1991	270270000	18139902000	1.49 %	184317000	5331656000	3.46 %
1992	5744020000	29590649000	19.41 %	817345000	16139154000	5.06 %

	BANQUE J. GEAGEA			BANQUE DE CREDIT NATIONAL		
	Private funds (LL)	Total assets + Engagement by signature (LL)	BDL ratio (%)	Private funds (LL)	Total assets + Engagement by signature (LL)	BDL ratio (%)
1983	10886939	111982281	9.72 %	7170871	37970340	18.89 %
1984	10886939	1218932270	8.93 %	7206550	51789121	13.92 %
1985	10887000	186946000	5.82 %	7239000	76396000	9.48 %
1986	10887000	417282000	2.61 %	7467000	155619000	4.80 %
1987	23973000	2274699000	1.05 %	9029000	546645000	1.65 %
1988	60439000	3267848000	1.85 %	104388000	744884000	14.01 %
1989	60033000	1776343000	3.38 %	104388000	808343000	12.91 %
1990	62593000	2392080000	2.62 %	104388000	1464418000	7.13 %
1991	211507000	2655780000	7.96 %	104387000	2391880000	4.36 %
1992	614646000	8320986000	7.39 %	111988000	5442558000	2.06 %

TABLE VII BDL RATIO FOR ALPHA GROUP

YEAR	Liban et D'O. Mer %	Libano- Française %	Fransabank %	Credit Libanais %	Average %
1983	3.55	3.00	2.86	2.12	2.88
1984	3.16	2.89	2.77	1.63	2.61
1985	2.02	2.25	2.05	0.93	1.81
1986	0.82	0.89	0.85	0.45	0.75
1987	0.28	0.50	0.60	1.16	0.64
1988	0.42	0.10	1.40	1.34	0.82
1989	0.91	1.80	2.57	1.87	1.79
1990	1.15	2.33	3.38	3.08	2.49
1991	1.19	2.14	3.37	2.28	2.25
1992	1.98	2.60	2.52	8.43	3.88

TABLE VIII BDL RATIO FOR BETA GROUP

YEAR	Saudi Leb Bank %	Bey. pr Commerce %	Sté nvelle de Bq.Syrie et Liban %	Allied Bus. Bank %	Average %
1983	8.43	3.63	3.41	11.00	6.62
1984	5.70	3.64	2.81	20.42	8.14
1985	3.34	2.00	2.13	8.43	3.98
1986	0.89	0.94	0.99	2.28	1.28
1987	0.14	0.44	0.28	1.29	2.15
1988	0.55	1.23	1.08	0.88	0.94
1989	0.44	2.37	1.11	2.18	1.53
1990	1.91	2.73	0.93	2.32	1.97
1991	2.88	2.65	0.83	2.18	2.14
1992	2.41	1.26	1.78	2.00	1.86

TABLE IX BDL RATIO FOR GAMMA GROUP

YEAR	L'industrie du travail %	Bank of Beirut %	Al Mawarid %	Metropolitan %	Average %
1983	2.57	17.52	9.87	9.22	9.80
1984	2.15	13.55	6.00	8.86	7.64
1985	1.77	8.20	2.76	5.50	4.56
1986	0.95	3.13	1.47	1.83	1.85
1987	0.47	0.68	0.53	2.02	0.93
1988	0.37	0.44	0.76	1.83	0.85
1989	1.15	0.42	0.85	1.64	1.02
1990	3.29	1.35	0.85	1.28	1.69
1991	1.35	1.13	4.15	1.12	1.94
1992	4.04	0.48	2.39	0.72	1.91

TABLE X BDL RATIO FOR DELTA GROUP

YEAR	Pharaon et Chiha %	Joseph Lati et fils %	J. Geagea %	Credit National %	Average %
1983	5.77	9.54	9.72	18.89	10.98
1984	4.25	8.51	8.93	13.92	8.90
1985	3.17	6.84	5.82	9.48	6.33
1986	1.41	3.19	2.61	4.80	12.01
1987	0.26	0.63	1.05	1.65	3.59
1988	0.63	1.08	1.85	14.01	4.39
1989	2.66	0.89	3.38	12.91	4.96
1990	2.24	1.48	2.62	7.13	3.37
1991	1.49	3.46	7.96	4.36	4.32
1992	19.41	5.06	7.39	2.06	8.48

TABLE XI BDL RATIO BY GROUP

YEAR	Average % Alpha gr.	Average % Beta gr.	Average % Gamma gr.	Average % Delta gr.	Average %
1983	2.88	6.62	9.80	10.98	7.57
1984	2.61	8.14	7.64	8.90	6.82
1985	1.81	3.98	4.56	6.33	4.17
1986	0.75	1.28	1.85	12.01	3.97
1987	0.64	2.15	0.93	3.59	1.83
1988	0.82	0.94	0.85	4.39	1.75
1989	1.79	1.53	1.02	4.96	2.33
1990	2.49	1.97	1.69	3.37	2.38
1991	2.25	2.14	1.94	4.32	2.66
1992	3.88	1.86	1.91	8.48	4.03

Finally, Credit Libanais witnessed the same as all the banks mentioned before and saw the BDL drop from 2.88% in 1983 to 0.82% in 1989. It started to show some increase in the coming years due to an increase in capital; however, there was a huge increase from 2.28% in 1991 to 8.43% in 1992, and this was mainly due to the enormous increase of capital from LL 1.06 billion in 1991 to LL 31 billion in 1992.

b - Beta Group

BDL ratios for the sample banks are shown in Table VIII. Saudi Lebanese Bank has a drop from 8.43% in 1983 to 0.44% in 1989 and then saw some increase in 1990 and 1991 due to the increase in capital from LL 250 million in 1989 to LL 750 million in 1990, but it showed a drop in 1992 due to the increase in banking operations without any additional increase in capital.

Banque Beyrouth pour le Commerce saw a decrease in the BDL ratio from 3.63% in 1983 to 0.44% in 1987, then witnessed an increase in 1988, 1989, and 1990 because of the increase in capital from LL 120 million in 1987 to LL 504 million in 1988 to LL 1.2 billion in 1989 and to LL 2.4 billion in 1990. There was another decrease in 1991 and 1992 in spite of the increase in capital to LL 3 billion due to an increase in Total Assets plus Engagement by Signature by 1.3 times between 1990 and 1991 and 2.1 times between 1991 and 1992 while capital increased only 1.25 times.

For Societe Nouvelle de la Banque de Syrie et du Liban, there was a drop from 3.4% in 1983 to 0.28% in 1987 and then some fluctuations between 1989 and 1991 due to changes in the size of operations. However, there was an increase in 1992 to 1.78% due to the high net income recorded in 1992, reaching approximately LL 1.5 billion.

Finally, Allied Business Bank saw an increase in 1984 from 11.00% in 1983 to 20.42% due to the increase in capital from LL 20 million to LL 40 million. However, later it showed a decline to 0.88% in 1988. From 1989 to 1992 the ratio remained more or less stable, around 2.00%, since there was a continuous increase in reserves and premiums and profits offset by a relative increase in assets.

c- Gamma Group

BDL ratios for the sample banks are shown in Table IX. For Banque de l'Industrie et du Travail, the BDL decreased from 2.57% in 1983 to 0.37% in 1988, but then it increased to 1.15% in 1989 due to a drop in Total Assets plus Engagements by approximately 32%. The year 1990 saw the ratio increase to 3.29% due to the increase in Private Funds by 5.8 times from LL 96 million in 1989 to LL 556 million in 1990, while the increase in Total Assets plus Engagements was only by 2 times. The BDL ratio increased from 1.35% in 1991 to 4.04% in 1992 due to the increase in capital from LL 500 million to LL 3.7165 billion in 1992.

For Bank of Beirut, the BDL has decreased from 17.52% in 1983 to 0.42% in 1989. The year 1990 saw an increase in capital by LL 250 million which led to the increase in BDL ratio to reach 1.35%. The years 1991 and 1992 saw a decrease in BDL ratio to 1.13% and 0.48% respectively since Private Funds remained the same as 1990 but Total Assets plus Engagements saw an increase reaching LL 27,008,597,000 in 1991 and LL 64,363,729,000 in 1992.

Al Mawarid Bank saw a drop in BDL from 9.87% in 1983 to 0.53% in 1987. There was a slight increase in 1988 to 0.76% due to

an increase in Private Funds by approximately 1.68 times compared to the increase in Total Assets plus Engagements by approximately 1.17 times. The years 1989 and 1990 had the same ratio of 0.85% because the increase in Private Funds and Total Assets plus Engagements was the same, around 1.6 times. The year 1991 saw an increase to 4.15% due to the increase in capital from LL 30 million in 1990 to LL 600 million in 1991. It dropped again in 1992 to 2.39% because of the increase in Total Assets plus Engagements by 2.1 times compared to 1991 while Private Funds increased only by 1.2 times.

Finally for Metropolitan Bank, BDL decreased from 9.22% in 1983 to 0.72% in 1992. An increase in capital from LL 30 million in 1986 to LL 250 million in 1987, 8.33 times, resulted in an increase of 8.5 times in Private Funds. This was accompanied by an increase in Total Assets plus Engagements by 7.7 times from LL 1,655,871,000 to LL 12,720,792,000 and the net effect on BDL was a 1.1 times increase from 1.83% in 1986 to 2.02% in 1987.

d- Delta Group

BDL ratios for the sample banks are shown in Table X. For Banque Pharaon et Chiha, BDL ratio decreased from 5.77% in 1983 to 0.26% in 1987 and then increased in 1988 to 0.63% due to the increase in Private Funds as a result of improvement in profits of about LL 64 million. The increase in 1989 to 2.66% was due to the revaluation variance of around LL 257 million. However, the huge increase in 1992 of the BDL ratio, reaching 19.41% is a result of the increase in net income to reach about LL 5.7 billion.

For Banque Joseph Lati et Fils, the BDL ratio has decreased from 9.54% in 1983 to 1.48% in 1990. However, there was a sudden drop from 3.19% in 1986 to 0.63% in 1987, nearly 5 times,

due to an increase in Total Assets plus Engagements from LL 231,845,000 to LL 1,203,515,000, nearly 5 times, while Private Funds remained approximately the same. From 1987 to 1988 capital increased 5 times, from LL 6 million to LL 30 million which led to a 4.4 times increase in Private Funds. This was accompanied by a 2.6 times increase in Total Assets plus Engagements from LL 1,203,515,000 to LL 3,103,025,000, which led to an increase in BDL from 0.63% to 1.08%. Moreover, an increase in capital from LL 30 million in 1989 to LL 90 million in 1990 to LL 180 million in 1991 and to LL 810 million in 1992 led to an increase in BDL ratio from 0.89% to 1.48% to 3.46% and to 5.06%.

For Banque J. Geagea, the BDL ratio decreased from 9.72% in 1983 to 1.05% in 1987. It then increased in 1988 to 1.85% due to an increase in capital from LL 20 million to LL 50 million. The years 1991 and 1992 saw an increase reaching 7.96% and 7.39%, due also to the increase in capital to LL 200 million in 1991 and LL 500 million in 1992.

Finally, for Banque de Credit National, BDL decreased from 18.89% to 1.65% in 1987. However, there was a big increase in 1988 to 14.01% due to an increase in capital from LL 5 million in 1987 to LL 100 million. However, from 1989 to 1992 there was a continuous decrease reaching 2.6%, since Total Assets plus Engagements were continuously increasing without any major increase in Private Funds.

e - BDL Ratio by Group

Table XI shows the BDL ratio by group for the sample four groups. BDL ratio for the Alpha group decreased from 2.88% in 1983 to 0.82% in 1988, but then started increasing again from 1989

to 1992. For the Beta group, it decreased from 6.62% to 0.94% in 1988 and then started to show some increase. For the Gamma group, it dropped from 9.80% to 0.85% in 1988, but then saw some increase; and for the Delta group, there was a drop from 10.98% in 1983 to 3.59% in 1987 and then some increase. Till 1986, the average BDL ratio for all sample banks was above the 3% minimum required, but from 1987 to 1991, the ratio fell below the minimum standard due to deteriorating economic and political situations which reflected the value of the Lebanese currency against foreign currencies. It increased in 1992 above the 3% level because of improving economic conditions accompanied with a relatively stable exchange rate.

From the results of Table XI, it can be concluded that the Alpha group, which contains mostly large banks, has lower BDL ratios than the rest of the groups over the period from 1983 to 1988. This is because the Alpha group has more assets than capital. The increases that were seen from 1989 and on were probably due to the increase in capital of most banks. It should be noted that the Delta group that contains mostly small banks has maintained a ratio greater than 3% for all the years, since these banks have a relatively well balanced ratio between their assets and capital.

2 - BA Ratio

Table XII shows BA ratios for the sample sixteen banks along with their Equity Capital and Risky Assets. The first thing one notices is the high BA ratios obtained with respect to BDL ratios and the 3% minimum required ratio. Nearly all banks in the sample have attained much higher BA ratios than BDL ratios, and well

TABLE XII BA RATIO

	BANQUE DU LIBAN ET D'OUTRE MER			BANQUE LIBANO FRANÇAISE		
	Equity Capital (LL)	Risky Assets (LL)	BA ratio (%)	Equity Capital (LL)	Risky Assets (LL)	BA ratio (%)
1983	384070496	2057436222	18.67 %	151543781	2306427261	6.57 %
1984	431244842	2542984419	16.96 %	503087009	3591775070	14.01 %
1985	619868000	3612119000	17.16 %	810614000	4738571000	17.11 %
1986	1666967000	9678685000	17.22 %	2145450000	12633801000	16.98 %
1987	6898310000	59662404000	11.56 %	10038874000	42161952000	23.81 %
1988	9190528000	77752636000	11.82 %	14967338000	61778260000	24.23 %
1989	4797380000	16852792000	28.47 %	18947472000	59359936000	31.92 %
1990	6884579000	39485227000	17.44 %	40224142000	113722692000	35.37 %
1991	9515337000	94930351000	10.02 %	50925167000	162963918000	31.25 %
1992	30073179000	253932445000	11.84 %	106448769000	356241232000	29.88 %

	FRANSABANK			CREDIT LIBANAIS		
	Equity Capital (LL)	Risky Assets (LL)	BA ratio (%)	Equity Capital (LL)	Risky Assets (LL)	BA ratio (%)
1983	204519018	1791448020	11.42 %	171123804	1096462605	15.61 %
1984	269325992	2363021876	11.40 %	212549780	1302837811	16.31 %
1985	409035000	3162822000	12.93 %	273255000	1667001000	16.39 %
1986	904409000	6897588000	13.11 %	610510000	3022006000	20.20 %
1987	5101962000	26624909000	14.23 %	3586744000	21165091000	16.95 %
1988	8583113000	35861356000	23.93 %	7193652000	31566499000	22.79 %
1989	10921037000	32994213000	33.10 %	7834610000	28662001000	27.33 %
1990	21806314000	55767322000	39.10 %	17783497000	40645193000	43.75 %
1991	27489634000	85714812000	32.07 %	20967760000	52418565000	40.00 %
1992	67911940000	226644166000	29.96 %	89314779000	115900446000	77.06 %

	SAUDI LEBANESE BANK			BANQUE BEYROUTH POUR LE COMMERCE		
	Equity Capital (LL)	Risky assets (LL)	BA ratio (%)	Equity Capital (LL)	Risky Assets (LL)	BA ratio (%)
1983	63553700	288818492	22.00 %	55916165	300010086	18.64 %
1984	90890351	583375384	15.58 %	90003555	439913569	20.46 %
1985	155389000	716859000	21.68 %	152119000	698892000	21.77 %
1986	269105000	1847565000	14.57 %	561356000	1747714000	32.12 %
1987	1315540000	13049656000	10.08 %	2515525000	7260908000	34.65 %
1988	2261087000	15648841000	14.45 %	2938426000	12147680000	24.19 %
1989	2428589000	25399058000	9.56 %	3296992000	16401929000	20.10 %
1990	5419960000	49263401000	11.00 %	5599531000	26020926000	21.52 %
1991	8850734000	66871573000	13.24 %	5751541000	32835239000	17.52 %
1992	30801434000	155302674000	19.83 %	13021678000	74105832000	17.57 %

	STE NVELLE DE LA BANQUE DE SYRIE ET DU LIBAN			ALLIED BUSINESS BANK		
	Equity Capital (LL)	Risky Assets (LL)	BA ratio (%)	Equity Capital (LL)	Risky Assets (LL)	BA ratio (%)
1983	177373949	1331710765	13.32 %	21531290	75957114	28.35 %
1984	221625458	1411239611	15.70 %	42000029	114125188	36.80 %
1985	345429000	1756908000	19.66 %	43756000	145952000	30.00 %
1986	1056626000	3195959000	33.00 %	63466000	357741000	17.74 %
1987	6434529000	11212293000	57.39 %	236117000	1184719000	20.00 %
1988	7866084000	13089782000	60.10 %	321663000	2284425000	14.08 %
1989	8701176000	7490965000	116.16 %	834985000	7801595000	10.70 %
1990	16887066000	15290782000	110.44 %	1952266000	16300520000	11.98 %
1991	17972270000	19169867000	93.75 %	2457003000	24058461000	10.21 %
1992	35931461000	40226332000	89.32 %	4649564000	44848864000	10.37 %

	BANQUE DE L'INDUSTRIE ET DU TRAVAIL			BANK OF BEIRUT		
	Equity Capital (LL)	Risky Assets (LL)	BA ratio (%)	Equity Capital (LL)	Risky Assets (LL)	BA ratio (%)
1983	80142988	1215346838	6.59 %	63479854	239756992	26.48 %
1984	89003302	1628406790	5.47 %	75130865	309440280	24.28 %
1985	65397000	1776860000	3.68 %	90772000	426263000	21.30 %
1986	76062000	2177966000	3.49 %	163644000	908002000	18.02 %
1987	4600177000	10720211000	42.91 %	641749000	3149263000	20.38 %
1988	5566624000	12359714000	45.04 %	1021847000	8854572000	11.54 %
1989	19005866000	12211314000	155.64 %	1451007000	5855922000	24.78 %
1990	22234353000	21820615000	101.90 %	3491937000	11815036000	29.56 %
1991	5211877000	19595484000	26.60 %	4656562000	14256857000	32.66 %
1992	19173680000	51420415000	37.29 %	10807708000	25882421000	41.78 %

	AL MAWARID BANK			METROPOLITAN BANK		
	Equity Capital (LL)	Risky Assets(LL)	BA ratio (%)	Equity Capital (LL)	Risky Assets (LL)	BA ratio (%)
1983	34038505	208355693	16.34 %	37301935	179510282	20.78 %
1984	35711139	303596391	11.76 %	38239508	198577071	19.26 %
1985	48795000	384310000	12.70 %	43051000	230750000	18.66 %
1986	135226000	554577000	24.38 %	47690000	434369000	11.00 %
1987	627350000	1628802000	38.52 %	418355000	1673585000	25.00 %
1988	794570000	1588618000	50.00 %	312201000	2210023000	14.12 %
1989	1045793000	3254397000	32.14 %	437431000	3271209000	13.37 %
1990	1957582000	4308093000	45.44 %	567209000	3763131000	15.07 %
1991	2877240000	4593864000	62.63 %	670975000	4343937000	15.45 %
1992	4374879000	13191728000	33.16 %	961298000	12253956000	7.85 %

	BANQUE PHARAON ET CHIHA			BANQUE JOSEPH LATIET FILS		
	Equity Capital (LL)	Risky Assets (LL)	BA ratio (%)	Equity Capital (LL)	Risky Assets (LL)	BA ratio (%)
1983	25367547	174338878	14.55 %	7810550	36383982	21.47 %
1984	22233251	212462356	10.47 %	7733540	46739659	16.55 %
1985	22530000	250008000	9.00 %	8078000	48438000	16.68 %
1986	26633000	351997000	7.57 %	9618000	103168000	9.32 %
1987	166820000	1350871000	12.35 %	13718000	531225000	2.58 %
1988	527263000	3175216000	16.61 %	46053000	2080962000	2.21 %
1989	1030849000	4974618000	20.72 %	33932000	2551685000	1.33 %
1990	1574483000	7810498000	20.16 %	94317000	4818529000	1.96 %
1991	1937650000	8178510000	23.69 %	4181317000	6887582000	60.71 %
1992	13566010000	24269095000	55.90 %	2805345000	11276889000	24.88 %

	BANQUE J. GEAGEA			BANQUE DE CREDIT NATIONAL		
	Equity Capital (LL)	Risky Assets (LL)	BA ratio (%)	Equity Capital (LL)	Risky Assets (LL)	BA ratio (%)
1983	17480402	62042884	28.18 %	7170871	13912034	51.54 %
1984	20814419	62997697	33.04 %	7206550	25775898	27.96 %
1985	22514000	68515000	32.86 %	7239000	31272000	23.15 %
1986	33029000	86206000	38.31 %	7517000	39105000	19.22 %
1987	94581000	189937000	49.80 %	9029000	76395000	11.82 %
1988	163406000	284695000	57.40 %	104388000	111596000	93.54 %
1989	183761000	225053000	81.65 %	104388000	84518000	123.51 %
1990	703968000	684631000	102.82 %	104388000	622230000	16.78 %
1991	479009000	1453565000	32.95 %	104387000	836628000	12.48 %
1992	1164627000	3680847000	31.64 %	111988000	2118575000	5.29 %

TABLE XIII BA RATIO FOR ALPHA GROUP

YEAR	Liban et D'O. Mer %	Libano- Française %	Fransabank %	Credit Libanais %	Average %
1983	18.67	6.57	11.42	15.61	13.07
1984	16.96	14.01	11.40	16.31	14.67
1985	17.16	17.11	12.93	16.39	15.90
1986	17.22	16.98	13.11	20.20	16.88
1987	11.56	23.81	14.23	16.95	16.64
1988	11.82	24.23	23.93	22.79	20.69
1989	28.47	31.92	33.10	27.33	30.21
1990	17.44	35.37	39.10	43.75	33.92
1991	10.02	31.25	32.07	40.00	28.34
1992	11.84	29.88	29.96	77.06	37.19

TABLE XIV BA RATIO FOR BETA GROUP

YEAR	Saudi Leb Bank %	Bey. pr Commerce %	Sté nvelle de Bq.Syrie et Liban %	Allied Bus. Bank %	Average %
1983	22.00	18.64	13.32	28.35	20.58
1984	15.58	20.46	15.70	36.80	22.14
1985	21.68	21.77	19.66	30.00	23.28
1986	14.57	32.12	33.00	17.74	24.36
1987	10.08	34.65	57.39	20.00	30.53
1988	14.45	24.19	60.10	14.08	28.21
1989	9.56	20.10	116.16	10.70	39.13
1990	11.00	21.52	110.44	11.98	38.74
1991	13.24	17.52	93.75	10.21	33.68
1992	19.83	17.57	89.32	10.37	34.27

TABLE XV BA RATIO FOR GAMMA GROUP

YEAR	L'industrie du travail %	Bank of Beirut %	Al Mawarid %	Metropolitan %	Average %
1983	6.59	26.48	16.34	20.78	17.55
1984	5.47	24.28	11.76	19.26	15.19
1985	3.68	21.30	12.70	18.66	14.09
1986	3.49	18.02	24.38	11.00	14.22
1987	42.91	20.38	38.52	25.00	31.70
1988	45.04	11.54	50.00	14.12	30.18
1989	155.64	24.78	32.14	13.37	56.48
1990	101.90	29.56	45.44	15.07	47.99
1991	26.60	32.66	62.63	15.45	34.34
1992	37.29	41.78	33.16	7.85	30.02

TABLE XVI BA RATIO FOR DELTA GROUP

YEAR	Pharaon et Chiha %	Joseph Lati et fils %	J. Geagea %	Credit National %	Average %
1983	14.55	21.47	28.18	51.54	28.94
1984	10.47	16.55	33.04	27.96	22.01
1985	9.00	16.68	32.86	23.15	20.42
1986	7.57	9.32	38.31	19.22	18.61
1987	12.35	2.58	49.80	11.82	19.14
1988	16.61	2.21	57.40	93.54	42.44
1989	20.72	1.33	81.65	123.51	56.80
1990	20.16	1.96	102.82	16.78	35.43
1991	23.69	60.71	32.95	12.48	32.46
1992	55.90	24.88	31.64	5.29	29.43

TABLE XVII BA RATIO BY GROUP

YEAR	Average % Alpha gr.	Average % Beta gr.	Average % Gamma gr.	Average % Delta gr.	Average %
1983	13.07	20.58	17.55	28.94	20.04
1984	14.67	22.14	15.19	22.01	18.50
1985	15.90	23.28	14.09	20.42	18.42
1986	16.88	24.36	14.22	18.61	18.52
1987	16.64	30.53	31.70	19.14	24.50
1988	20.69	28.21	30.18	42.44	30.38
1989	30.21	39.13	56.48	56.80	45.66
1990	33.92	38.74	47.99	35.43	39.02
1991	28.34	33.68	34.34	32.46	32.21
1992	37.19	34.27	30.02	29.43	32.73

above the 3% minimum level over the period considered. The general trend in the BA ratio is a random one but it tends to show some increase over time with some fluctuations within the years.

a- Alpha Group

Table XIII shows BA ratios for the sample banks. For Banque du Liban et d'Outre Mer, the BA ratio decreased from 18.67% in 1983 to 11.82% in 1988. A sudden drop occurred in 1987 to 11.56% from 17.22% in 1986. This is due to the increase in Equity Capital by 4.14 times while Risky Assets increased by 6.16 times. In 1989, it increased to 28.47% from 11.82% in 1988. This large increase could be attributed to the increase in capital from LL 200 million to LL 1 billion. However, it decreased to 17.44% in 1989 because of the increase in Risky Assets by 2.34 times from LL 16,852,792,000 to LL 39,485,227,000 while Equity Capital increased 1.44 times from LL 4,797,380,000 to LL 6,884,579,000. It dropped again in 1991 to 10.02% and to 11.84% in 1992.

Banque Libano-Francaise saw the BA ratio increasing from 6.57% to 35.37% in 1990 with a slight drop in 1986 to 16.98% from 17.11% in 1985. The years 1991 and 1992 saw a drop to 31.25% and 29.88% due to the increase in Risky Assets from LL 113,722,692,000 to LL 162,963,918,000, 1.43 times, to LL 356,241,232,000, 2.19 times, while Equity Capital increased from LL 40,224,142,000 to LL 50,925,167,000, 1.27 times, to LL 106,448,769,000, 2.09 times.

Fransabank also saw the BA ratio increasing from 11.42% in 1983 to 39.10% in 1990. The years 1991 and 1992 saw some drop to 32.07% and 29.96% due to the increase in banking activities and especially loans to customers thus resulting in an increase in Risky

Assets at a higher rate than the increase in Equity Capital.

Finally, for Credit Libanais, the BA ratio also increased from 15.61% in 1983 to 43.75%. However, there was a drop in 1987 to 16.95% from 20.20% due to the increase in Risky Assets in 1987 by about 7 times compared to the increase in Equity Capital by 5.87 times. There was a slight drop in 1991 to 40.00% but then a big increase in 1992 with the BA ratio reaching 77.06% due to the increase in capital from LL 1.06 billion to LL 31 billion.

b - Beta Group

BA ratios for the sample four banks are shown in Table XIV. For Saudi Lebanese Bank, the ratio was a fluctuating one showing some increase in one year then a decrease in another until it started exhibiting an increasing trend from 1989, increasing from 9.56% to 19.83% in 1992.

Banque Beyrouth pour le Commerce saw the BA ratio increasing from 18.64% in 1983 to 34.65% in 1987 followed by a sharp drop in 1988 to 24.19% since Risky Assets increased by about 1.67 times while Equity Capital increased by about 1.17 times. The trend from 1988 and on was mostly a decreasing one, reaching 17.57% in 1992 mainly due to an increase in operations without any proper increase of equity.

For Societe Nouvelle de la Banque de Syrie et du Liban, the trend was an increasing one with the BA ratio increasing from 13.32% in 1983 to 116.16% in 1989. This increase in 1989 is due to a decrease in the bank's operations with Risky Assets decreasing from LL 13,089,782,000 to LL 7,490,965,000. The ratio started declining reaching 89.32% in 1992 in spite of an increase in operations.

Finally, for Allied Business Bank the BA ratio was relatively high during 1983 to 1985 but then started showing some decline. There was a sudden drop in 1986 to 17.74% from 30.00% due to an increase in Risky Assets by about 2.45 times while Equity Capital increased by about 1.45 times. There was a slight increase in 1987 to 20.00% but it started to decrease again reaching 10.37% in 1992.

c - Gamma Group

BA ratios for sample banks are found in Table XV. For Banque de l'Industrie et du Travail, the BA ratio decreased from 6.59% in 1983 to 3.49% in 1986. The year 1987 saw an increase to 42.91% since Equity Capital increased by about 4.92 times. This is mostly due to the big increase in Provisions and eventually led to the increase of provisions for doubtful debts. The years 1989 and 1990 also saw high ratios of 155.64% and 101.90% mainly because of the large amount of provisions for doubtful debts reaching LL 18,909,866,000 in 1989 and LL 21,678,353,000 in 1990. The ratio then dropped to 26.60% in 1991 and 37.29% in 1992 because of the drop in provisions for doubtful debts to LL 4,705,992,000 and to LL 15,401,180,000 .

For Bank of Beirut, the BA ratio decreased from 26.48% in 1983 to 11.54% in 1988 with some slight increase in 1987 reaching 20.38% compared to 18.02% in 1986. There was an increase in 1989 to 24.78% mainly because of a drop in banking operations which led to a drop in Risky Assets by 0.66 times from LL 8,854,572,000 to LL 5,855,955,000 while Equity Capital increased by 1.42 times from LL 1,021,847,000 to LL 1,451,007,000. There was a continuous increase in 1990, 1991 and 1992 reaching 29.56%, 32.66% and 41.78% respectively. This is mainly due to

the increase in provisions for doubtful debts to LL 3,185,584,000 in 1990, LL 4,350,210,000 in 1991, and LL 10,501,356,000 in 1992.

Al Mawarid Bank saw the BA ratio decreasing from 16.34% in 1983 to 12.70% in 1985. The ratio almost doubled in 1986 to 24.38% due to the increase in Equity Capital by about 2.44 times while Risky Assets increased by about 1.44 times. The years 1987 and 1988 also saw an increase reaching 38.52% and 50.00%, mainly due to an increase in provisions for doubtful debts while 1988 saw some decline in operations with Risky Assets decreasing from LL 1,628,802,000 to LL 1,588,618,000. The ratio then showed a decrease in 1989 to 32.14% but then increased to 63.63% in 1991 due to an increase in capital from LL 30 million to LL 600 million. The year 1992 saw a drop by about half reaching 33.16% since Risky Assets increased by about 2.87 times while Equity Capital increased by about 1.52 times.

Finally for Metropolitan Bank, the ratio decreased from 20.78% in 1983 to 13.37% in 1989. There was a major increase in 1987 to 25.00% compared to 11.00% in 1986, but this was mainly due to the increase in capital from LL 30 million to LL 250 million. It increased in 1990 and 1991 to 15.07% and 15.45% respectively but then decreased again to 7.85% in 1992 since the increase in Risky Assets was about double that of Equity Capital.

d - Delta Group

BA ratios for the sample four banks are found in Table XVI. Banque Pharaon et Chiha exhibited a decreasing trend from 1983 to 1986, dropping from 14.55% to 7.57%. However, from 1987 to 1992 the trend was an upward one with the BA ratio increasing from 12.35% to 55.90% due to an increase in provisions for doubtful debts and also due to the huge net income recorded for

the year 1992, reaching LL 5,719,629,000.

Banque Joseph Lati et Phils saw the ratio dropping from 21.47% in 1983 to 1.96% in 1990. There was a sharp increase in 1991 to 60.71% due to the increase in provisions for doubtful debts to LL 3,997,000 accompanied with an increase in capital from LL 90 million to LL 180 million. There was a drop again in 1992 to 24.88% due to an increase in Risky Assets by about 1.67 times compared to an increase in Equity Capital by about 0.67 times.

For Banque J. Geagea, the ratio was an increasing one from 28.18% in 1983 to 102.82% in 1990. The years 1991 and 1992 saw a major drop reaching 32.95% and 31.64% respectively, mainly due to an increase in banking operations without a major change in equity. In 1991, Risky Assets increased by 2.12 times from LL 684,631,000 to LL 1,453,565,000 while Equity Capital decreased by about 0.68 times from LL 703,968,000 to LL 479,009,000 due to a drop in provisions for doubtful debts.

Finally, for Banque de Credit National, the BA ratio decreased from 51.54% in 1983 to 11.82% in 1987 then it showed an enormous increase in 1988 and 1989, reaching 93.54% and 123.51% respectively. This is mainly due to the increase in capital from LL 5 million in 1987 to LL 100 million accompanied with a decline in Risky Assets in 1989. From 1990 and on the ratio started decreasing from 16.78% to 5.29% mainly because Equity Capital remained more or less the same while Risky Assets was increasing from LL 84,518,000 in 1989 to LL 622,230,000 in 1990, to LL 836,628,000 in 1991 and to LL 2,118,575,000 in 1992.

e - BA Ratio by Group

Table XVIII shows BA ratios by group. BA ratios for the Alpha

group showed an increasing trend from 13.07% in 1983 to 37.19% in 1992 while the rest of the groups had fluctuating results some increasing then decreasing while others were the opposite decreasing then increasing. On average, the BA ratio for all banks was somewhat stable from 1984 to 1986 then saw some increase until 1989 when it started decreasing again.

It should be noted that the Alpha group, which represents mostly large banks, has recorded lower BA ratios than the other groups. However, the Alpha group was the only group to record an increase in BA ratios in 1991 and 1992 while all the other groups saw a decline in their ratios mainly due to the increase in capital of large banks represented in the Alpha group.

3 - Baz Capital Adequacy Ratio

Table XVIII shows the Baz Capital Adequacy ratio for the sample banks along with their Equity Capital and Risk Weighted Assets for the years 1991 and 1992 since this method was not devised before these years. There is no general trend since nine banks showed an increasing trend and the rest of the seven banks showed a decreasing one. Those that showed an increase were the result of an increase in capital or an increase in provisions for risks and expenses and sometimes it was both. On the other hand, those that showed a decrease were probably due to an increase in operations leading to an increase in their risky assets without any proper adjustment on their equity.

a - Alpha Group

Table XIX shows the capital adequacy ratio for the sample

TABLE XVIII CAPITAL ADEQUACY RATIO

	1991	1992
Banque du Liban et d'Outre Mer		
Equity Capital (LL)	8863571000	32675164000
Risk Weighted Assets (LL)	182571699000	421229032500
Capital Adequacy Ratio (%)	4.85 %	7.76 %
Banque Libano Française		
Equity Capital (LL)	17031903000	40211384000
Risk Weighted Assets (LL)	218936119100	485675603500
Capital Adequacy Ratio (%)	7.78 %	8.28 %
Fransabank		
Equity Capital (LL)	13018557000	21167660000
Risk Weighted Assets (LL)	122893019200	309348026500
Capital Adequacy Ratio (%)	10.59 %	6.84 %
Credit Libanais		
Equity Capital (LL)	6250232000	42272434000
Risk Weighted Assets (LL)	92977167000	190127844800
Capital Adequacy Ratio (%)	6.72 %	22.23 %
Saudi Lebanese Bank		
Equity Capital (LL)	5631349000	10523612000
Risk Weighted Assets (LL)	84422897000	187370409000
Capital Adequacy Ratio (%)	6.67 %	5.62 %
Banque Beyrouth pour le Commerce		
Equity Capital (LL)	3303084000	3869008000
Risk Weighted Assets (LL)	42860580000	93871422000
Capital Adequacy Ratio (%)	7.71 %	4.12 %
Sté Nvelle de la Bq de Syrie et du Liban		
Equity Capital (LL)	2135610000	4775602000
Risk Weighted Assets (LL)	28878791000	58689738000
Capital Adequacy Ratio (%)	7.40 %	8.14 %
Allied Business Bank		
Equity Capital (LL)	2793211000	6700514000
Risk Weighted Assets (LL)	31261304000	60591682000
Capital Adequacy Ratio (%)	8.94 %	11.06 %

	1991	1992
Bq de l'Industrie et du Travail		
Equity Capital (LL)	952795000	4448576000
Risk Weighted Assets (LL)	24699370000	60949936000
Capital Adequacy Ratio (%)	3.90 %	7.30 %
Bank of Beirut		
Equity Capital (LL)	1789378000	578765000
Risk Weighted Assets (LL)	17159861000	35516245000
Capital Adequacy Ratio (%)	10.43 %	1.63 %
Al Mawarid Bank		
Equity Capital (LL)	1638382000	2611537000
Risk Weighted Assets (LL)	6459507000	16058923000
Capital Adequacy Ratio (%)	25.36 %	16.26 %
Metropolitan Bank		
Equity Capital (LL)	418250000	599543000
Risk Weighted Assets (LL)	8530626000	18638246000
Capital Adequacy Ratio (%)	4.90 %	3.22 %
Banque Pharaon et Chiha		
Equity Capital (LL)	825738000	6377730000
Risk Weighted Assets (LL)	9917840000	17808605000
Capital Adequacy Ratio (%)	8.33 %	35.81 %
Bq Joseph Lati et Fils		
Equity Capital (LL)	257408000	957730000
Risk Weighted Assets (LL)	7497419000	12957240000
Capital Adequacy Ratio (%)	3.43 %	7.39 %
Banque J. Geagea		
Equity Capital (LL)	263160000	733268000
Risk Weighted Assets (LL)	1946830000	4732331000
Capital Adequacy Ratio (%)	13.52 %	15.50 %
Banque de Credit National		
Equity Capital (LL)	244351000	249690000
Risk Weighted Assets (LL)	1031851000	2479141000
Capital Adequacy Ratio (%)	23.68 %	10.07 %

TABLE XIX CAPITAL ADEQUACY RATIO FOR ALPHA GROUP

Year	Liban et d'Outre Mer (%)	Libano- Française (%)	Fransabank (%)	Credit Libanais (%)	Average (%)
1991	4.85	7.78	10.59	6.72	7.48
1992	7.76	8.28	6.84	22.23	11.27

TABLE XX CAPITAL ADEQUACY RATIO FOR BETA GROUP

Year	Saudi Leb. Bank (%)	Beyrouth pr le Commerce (%)	Ste Nvelle Bq Syrie et Liban (%)	Allied Business Bank (%)	Average (%)
1991	6.67	7.71	7.40	8.94	7.68
1992	5.62	4.12	8.14	11.06	7.24

TABLE XXI CAPITAL ADEQUACY RATIO FOR GAMMA GROUP

Year	L'Insustrie et du Travail (%)	Bank of Beirut (%)	Al Mawarid (%)	Metropolitan (%)	Average (%)
1991	3.90	10.43	25.36	4.90	11.15
1992	7.30	1.63	14.25	3.12	6.58

TABLE XXII CAPITAL ADEQUACY RATIO FOR DELTA GROUP

Year	Pharaon et Chiha (%)	Joseph Lati et Fils (%)	J. Geagea (%)	Credit National (%)	Average (%)
1991	8.33	3.43	13.52	23.68	12.24
1992	35.81	7.39	15.50	10.07	17.19

TABLE XXIII CAPITAL ADEQUACY RATIO BY GROUP

Year	Average Alpha Group (%)	Average Beta Group (%)	Average Gamma Group (%)	Average Delta Group (%)	Average (%)
1991	7.48	7.68	11.15	12.24	9.64
1992	11.27	7.24	6.58	17.19	10.57

four banks. Banque du Liban et d'Outre Mer saw an increase from 4.85% in 1991 to 7.76% in 1992 mainly due to the increase in capital from LL 3 billion to LL 18 billion and also an increase in provisions for risks and expenses from LL 2,332,904,000 to LL 7,118,666,000. Also net income increased from LL 2,015,300,000 to LL 7,025,831,000. This led to equity capital increasing by 3.69 times while Risk Weighted Assets increased by 2.31 times. The net effect was an increase in the Capital Adequacy ratio by 1.6 times (3.69/2.31).

Banque Libano-Francaise showed an increase from 7.78% in 1991 to 8.28% in 1992. Equity Capital increased by about 2.36 times from LL 17,031,903,000 to LL 40,211,384,000 despite the fact that there was no increase in capital. Risk weighted Assets increased by about 2.22 times from LL 218,936,119,100 to LL 485,675,603,500.

For Fransabank, the capital adequacy ratio saw a drop from 10.59% to 6.84%. Although there was an increase in capital from LL 5 billion in 1991 to LL 8.8 billion in 1992, the increase in assets was large enough to offset any increase in equity, especially the increase in loans to customers by approximately 2.87 times and the increase in confirmed credits by the same ratio while the increase in capital was only 1.76 times.

Finally for Credit Libanais, the ratio increased from 6.72% in 1991 to 22.23% in 1992 mainly because of the huge increase in capital from LL 1 billion to LL 31 billion.

b - Beta Group

Table XX has all the capital ratios of the sample banks. For Saudi Lebanese Bank there was a slight drop of 1.05% from 1991 becoming 5.62% in 1992. Although there was an increase in equity

capital, the increase in risky assets was much more. Equity Capital increased by 1.87 times, while Risk Weighted Assets increased by about 2.22 times.

Banque Beyrouth pour le Commerce also saw the Capital adequacy ratio drop from 7.71% in 1991 to 4.12% in 1992. This is due to the increase in loans to customers from LL 28,838,450,000 to LL 63,536,187,000 and also the increase in non-financial fixed assets by about 3.50 times from LL 963,268,000 to LL 3,369,666,000.

For Societe Nouvelle de la Banque de Syrie et du Liban Capital Adequacy saw an increase from 7.40% in 1991 to 8.14% in 1992. The increase is probably due to the increase in provisions and to the profit recorded for the current year of LL 1,477,489,000.

Finally for Allied Business Bank, there was an increase from 8.94% to 11.06% mainly due to the increase in capital from LL 400 million to LL 1 billion, nearly 2.5 times, which led to an increase in equity capital by about the same.

c - Gamma Group

Capital Adequacy ratios for the sample banks are found in Table XXI. For Banque de l'Industrie et du Travail, the ratio increased from 3.90% to 7.30% mainly due to an increase in capital from LL 500 million in 1991 to LL 3.7165 billion in 1992.

Bank of Beirut saw a major drop from 10.43% to 1.63%. The reason behind this is probably the drop in provisions for risks and expenses by about 80% in 1992 which led to about an 80% change in the ratio. Equity Capital dropped a third from LL 1,789,378,000 in 1991 to LL 578,765,000.

Also Al Mawarid Bank experienced a drop in the ratio from 25.36% to 16.26%. The increase in Equity Capital was by about

1.59 times, while the increase in Risk Weighted Assets was 2.49 times, leading to an approximate decrease in the ratio by 1.56 times (2.49/1.59). This could probably be the result of an increase in operations especially loans to customers and the opening of confirmed credits without any adequate increase in the equity.

Finally for Metropolitan Bank, there was a slight drop from 4.90% to 3.22% mainly because of the increase in operations without any increase in equity. Loans to customers increased by 2.85 times from LL 3,691,694,000 to LL 10,514,858,000. Also Bank Acceptances increased by 5.37 times from LL 194,297,000 to LL 1,043,966,000.

d - Delta Group

Table XXII shows the ratios for all the sample banks. Banque Pharaon et Chiha saw a huge increase from 8.33% in 1991 to 35.81% in 1992. This is only due to the huge net income recorded in 1992 compared to 1991 with net income for the year increasing by about 1476 times from LL 3,874,000 to LL 5,719,629,000.

For Banque Joseph Lati et Phils the ratio increased from 3.43% to 7.39% due to an increase in Equity Capital by about 3.72 times while Risk Weighted Assets increased by about 1.73 times.

Banque J. Geagea saw a slight increase from 13.52% to 15.50% mainly due to an increase in capital from LL 200 million to LL 500 million. Also provisions for risks and expenses increased from LL 51 million to LL 118 million.

Finally for Banque de Credit National there was a drop from 23.68% to 10.07% mainly due to an increase in assets without any increase in equity. Loans to customers increased from LL 794,100,000 to LL 2,096,169,000 and also financial fixed assets increased from LL 4 million to LL 18 million.

e - Baz Capital Adequacy by Group

Table XXIII shows the Capital Adequacy ratios by group and if we take the general view, the average is high, around the 10% level. The Alpha group had an increase from 11.27% while the Beta group remained around the 7% average. The Gamma group showed a decline from 11.15% to 6.58%. The Delta group showed an increase, mainly due to the huge increase in Banque Pharaon et Chiha's ratio which offset the trend of the ratio.

5.5 EVALUATION OF BDL, BA, AND BAZ CAPITAL ADEQUACY RATIOS

This research has analyzed the capital adequacy of Lebanese banks by computing three ratios. Every one of the ratios has a certain weakness. The major weakness with the BDL ratio is that it does not include provisions, which has a similar function to capital funds, in private funds. Provisions are usually funds set aside to cover losses or anticipated losses. Therefore, at least a certain percentage of provisions should have been included in the BDL ratio, which would probably have led to an increase in the ratio. Another point is that BDL ratio considers all assets to be risky assets with 100% riskiness. However, some assets do not bear any risk at all and no capital is needed to be set aside against them. By assuming all assets to be 100% risky, the amount of capital needed against them will be overestimated, eventually leading to a lower BDL.

As for the BA ratio, it is a little better than the BDL ratio because it excludes assets that bear no risk like Cash and Treasury Bills, but the risk categories it assigns to the different accounts are

very narrow and not elaborate, as only two risk categories are included, 25% and 100%. Another point is that the BA ratio should not have been limited to the 3% level, because if this was the criteria of measurement, since all sample banks recorded a higher ratio than 3%, then most Lebanese banks and the Lebanese Banking sector would have been in excellent condition for the last ten years, which is not the case.

The Baz Capital Adequacy ratio devised by Freddie Baz is better than the previous ratios in the sense that there are several risk weights assigned to different items of the balance sheet ranging from 0% for risk free accounts to 100% for risky accounts. Also there is a 20% and 50% level of riskiness. In addition, this ratio includes all provisions in the equity capital because provisions were actually devised to help protect the bank against possible changes. Also it uses the same level of percentage devised by the Basle Committee and circular No. 1114, which is the 8% mark. The difference between this ratio and circular No. 1114 is that the circular was more detailed, dividing a bank's assets into five categories: 0%, 20%, 50%, 75% and 100%. Also the risk weights varied within one account depending on the maturity - if it is one year or less or more than one year. In addition to these, off-balance sheet items had conversion factors ranging from 1% to 100% depending on the nature of the account. Therefore, certain accounts had to be multiplied by the conversion factor before assigning to it the weighted risk percentage. But despite all these differences, the capital adequacy ratio devised by Freddie Baz is a good approximate measure of the adequacy of banks compared to BDL and BA ratios.

TABLE XXIV CAPITAL AND \$ EQUIVALENTS (1983-1992)

	\$ Value at year end	Bq Liban et d'Outre Mer		Bq Libano Française		Fransabank		Credit Libanais	
		LL	\$ Eq	LL	\$ Eq	LL	\$ Eq	LL	\$ Eq
1983	5.49	100000000	18214936	100000000	18214936	40000000	7285974	6000000	10928966
1984	8.89	100000000	11248594	100000000	11248594	40000000	4499438	6000000	674915
1985	18.1	200000000	11049724	100000000	5524862	40000000	2209945	6000000	331491
1986	87	200000000	2298851	100000000	1149425	40000000	459770	6000000	68965
1987	455	200000000	439560	100000000	219780	40000000	87912	6000000	131866
1988	530	200000000	377358	400000000	754717	300000000	566038	6000000	11320
1989	505	1000000000	1980198	400000000	792079	1000000000	1980198	6000000	11881
1990	842	3000000000	3562945	400000000	475059	1000000000	1187648	106000000	125890
1991	879	3000000000	3412969	5000000000	5688282	5000000000	5688282	1060000000	120591
1992	1838	18000000000	9793254	5000000000	2720348	8800000000	4787813	31000000000	1686615

	\$ Value at year end	Saudi Lebanese Bank		Bq Beyrouth pr le Commerce		Sté Nvelle Bq de Syrie et du Liban		Allied Business Bank	
		LL	\$ Eq	LL	\$ Eq	LL	\$ Eq	LL	\$ Eq
1983	5.49	50000000	9107468	20000000	3642987	35000000	6375228	20000000	3642987
1984	8.89	50000000	5624297	300000000	3374578	35000000	3937008	40000000	449943
1985	18.1	50000000	2762431	300000000	1657459	35000000	1933702	40000000	220994
1986	87	50000000	574713	480000000	551724	35000000	402299	40000000	45977
1987	455	50000000	109890	120000000	263736	35000000	76923	80000000	1758
1988	530	250000000	471698	504000000	950943	35000000	66038	80000000	1509
1989	505	250000000	495050	1200000000	2376238	35000000	69307	400000000	7920
1990	842	750000000	890736	2400000000	2850356	35000000	41568	400000000	4750
1991	879	750000000	853242	3000000000	3412969	350000000	398180	400000000	45500
1992	1838	750000000	408052	3000000000	1632209	350000000	190424	1000000000	5440

	\$ Value at year end	Bq de l'Industrie et du Travail		Bank of Beirut		Al Mawarid Bank		Metropolitan Bank	
		LL	\$ Eq	LL	\$ Eq	LL	\$ Eq	LL	\$ Eq
1983	5.49	4000000	7285974	5000000	9107468	30000000	5464481	30000000	5464481
1984	8.89	4000000	4499438	5000000	5624297	30000000	3374578	30000000	3374578
1985	18.1	4000000	2209945	5000000	2762431	30000000	1657459	30000000	1657459
1986	87	4000000	459770	5000000	574713	30000000	344828	30000000	344828
1987	455	4000000	87912	5000000	109890	30000000	65934	250000000	54945
1988	530	4000000	75472	5000000	94340	30000000	56604	250000000	471699
1989	505	4000000	79208	5000000	99010	30000000	59406	250000000	49505
1990	842	50000000	593824	30000000	356295	30000000	35629	250000000	29681
1991	879	50000000	568828	30000000	341297	600000000	682594	250000000	28441
1992	1838	371650000	2022035	30000000	163221	600000000	326442	250000000	13601

	\$ Value at year end	Bq Pharaon et Chiha		Bq Joseph Lati et Fils		Bq J. Geagea		Bq de Credit National	
		LL	\$ Eq	LL	\$ Eq	LL	\$ Eq	LL	\$ Eq
1983	5.49	12800000	2331512	6000000	1092896	10000000	1821494	5000000	91074
1984	8.89	12800000	1439820	6000000	674916	10000000	1124859	5000000	56243
1985	18.1	12800000	707182	6000000	331492	10000000	552486	5000000	27624
1986	87	12800000	147126	6000000	68966	10000000	114943	5000000	5747
1987	455	12800000	28132	6000000	13187	20000000	43956	5000000	10988
1988	530	12800000	24151	30000000	56604	50000000	94340	100000000	18867
1989	505	12800000	25347	30000000	59406	50000000	99010	100000000	19802
1990	842	12800000	15202	90000000	106888	50000000	59382	100000000	11876
1991	879	12800000	14562	180000000	204778	200000000	227531	100000000	11376
1992	1838	12800000	6964	810000000	440696	500000000	272035	100000000	5440

Source: Freddie Baz, Bilanbanques (Beirut, Bank Data 1985, 1987, 1989, 1991 and 1993)

CHAPTER VI

CONCLUSIONS AND RECOMMENDATIONS

This research has analyzed the capital adequacy of Lebanese banks during the period from 1983 to 1992. Sixteen banks were taken as a sample and were divided into four groups according to their deposits, then the banks within these groups were ranked according to their total assets. Three ratios have been computed, BDL (Banque Du Liban), BA (Bankers Association), and Baz Capital Adequacy ratios. BDL was established by Banque Du Liban through circular no. 435 of October 26, 1983. The BA ratio was established by the Bankers Association on July 28, 1986 as an alternative to the BDL ratio, taking risk into account. Finally, the Baz Capital Adequacy ratio was devised by Freddie Baz in 1992 to measure the adequacy of banks in a similar way to the Basle agreement.

The point to consider is that whether these ratios could be considered as optimal or not for measuring capital adequacy. In fact none of them is the optimal ratio but due to the inability to apply circular no. 1114 regarding capital adequacy, I had to rely on the above mentioned ratios to get an approximate evaluation of capital adequacy.

6.1 SUMMARY OF MAJOR FINDINGS

As a brief summary of the major findings of this research, the following paragraphs will summarize the major issues

resulting from the evaluation of the capital adequacy of Lebanese banks.

Most banks were unable to maintain the 3% level set by Banque Du Liban and even at times showed very low ratios compared to the required level. The average of the BDL ratio decreased from 7.57% in 1983 to 3.97% in 1986. It further decreased to 1.83% in 1987 and 1.75% in 1988. From 1989 to 1991, the ratio was ranging between 2.33% and 2.66% when it showed an increase in 1992 reaching 4.03% due to the improvement in the economic situation.

The BA ratio did not show a stable trend but was rather fluctuating throughout the years. From 1983 to 1986, the average ratio decreased from 20.04% to 18.52%, then started exhibiting an increase, reaching 45.66% in 1989. From 1990 to 1992 the ratio started decreasing again, reaching 32.7% in 1992.

As for the Capital Adequacy ratio devised by Mr. Baz, it was only applied for two years, 1991 and 1992. However, the average of the ratio by group showed an increase from 9.64% in 1991 to 10.57% in 1992 and both of them are higher than the 8% level set for this ratio.

6.2 RECOMMENDATIONS

It is true that the banking sector has showed signs of weakness during previous years due to the continuous wars that existed in the country, but we can say that with the nomination of Mr. Rafic Hariri as Prime Minister in September 1992, there was an upsurge in confidence which reflected on the country's economic and monetary aggregates, hence reversing the negative trend that

had marked the preceding nine months of that year. In analyzing the situation of banks in Lebanon, one should start from 1992 and onward. It is true that the previous years were also a yardstick for evaluating banks, but they were mostly characterized by wars and an unstable political situation with no proper control. As for shareholders' equity and capital adequacy, in 1992 banks showed an improvement in core capital from 72.9 billion to 206.5 billion Lebanese pounds. Also there was an equivalent increase in supplementary capital from 147.2 billion to 314.4 billion Lebanese pounds⁶⁰.

One can say that with a stable political situation and proper control from BDL, most Lebanese banks could achieve the required 8% level set by the Basle Committee Agreement through the adoption of BDL circular no. 1114. However, circular no. 1114 gave the banks a transitory period ending in February 1995 to achieve the required 8%; therefore, by the end of 1992 the ratio of 3% was acceptable by BDL.

Also BDL through circular no. 1114 allowed banks to reevaluate their fixed assets (Buildings and Land) that are totally owned by the bank in a period ending 15th February 1995 with the purpose of including a maximum rate of 50% on capital gain resulting from the revaluation provided it is accompanied by an equal amount of cash capital. This item is to be considered only if it leads to the achievement of the 8% level. In addition, banks could during the transitory period include a maximum of 30% of the supplementary capital within the core capital but this percentage should decrease to reach 20% in 15/8/93, 15% in 15/2/94, 10% in 15/8/94 and 0% in 15/2/95.

⁶⁰Freddie C. Baz. Bilanbanques. (Bank data 1993) p. 15

In a small interview with Dr. Makram Sader, of the Lebanese Banking Association, he said that most banks have reached the 8% level set by BDL. He pointed out that if banks wanted to increase their operations in the future then they have to increase their capital, and according to him the only possible way is either internally through a cash injection or externally through the issue of stocks. However, he said that there was a previous law prohibiting banks to issue or sell any of its stocks without the consent of BDL. Currently there is a law under discussion in the parliament allowing banks to freely sell up to 25% of their stocks without getting the approval of BDL. He also mentioned the absence of financial institutions in Lebanon whereby these institutions could act as intermediaries or brokers for banks attracting capital from outside for investment in Lebanese banks. In the end, he said that although the banking sector is currently oversized, all banks are in good condition and he anticipates that many banks will in the future act as niches specializing in certain banking operations only.

6.3 LIMITATIONS OF THE STUDY

Several problems have been encountered, mainly due to the absence of detailed data. Therefore, certain assumptions had to be adopted throughout the analysis and certain ratios were disregarded due to an inability calculate them; therefore, some of the results obtained lacked accuracy.

In calculating the BDL ratio from 1983 - 1988, one has to take into account "Provisions for doubtful debts" but these amounts are found under one item in the balance sheet called

"Provisions". Also this problem applies for the calculation of BA ratio. Also "Banks and Correspondents", which is required for the computation of the BA ratio, is not found as a separate item for the years 1983-1988 but is included under "Cash and Banks".

The major problem was the inability to apply circular no. 1114 due to the absence of detailed information and the complexity of the application of the circular.

6.4 CURRENT BDL POLICY

The current policy of BDL is to maintain a stable and healthy banking environment irrespective of the size of the bank. According to Mr. Riyad Salame, Governor of BDL, all banks should by 15 February 1995 reach the 8% level set by the Basle Committee and enforced through circular no. 1114, otherwise banks not reaching that level will lose their banking classification. However, according to 1993 statistics, 37 out of 71 banks had a ratio higher than 8% while only 13 banks had a ratio less than 2%, thus making the average percentage rate among banks to be 6.6% compared to 3.8% in 1992.

It is true that the number of banks currently in Lebanon is large compared to the banking activity now, so the idea of banks merging together to form one big entity is a good idea that could help many banks to survive. Unfortunately, the law does not stipulate such an action and the BDL leaves the option to banks to merge by themselves if they feel it is necessary. Eventually competition will lead banks to increase their capital to continue and hence some banks will not be able to compete, but as far as the BDL is concerned, those banks that can meet the required capital

adequacy rate of 8 percent can continue to function.

BIBLIOGRAPHY

BOOKS

Boulos, Boutros N. Banking Control Commission: Function and Procedures. (in Arabic). Beirut, 1987.

Bryan, Lowell L. Breaking up the Bank. Homewood Illinois. Dow-Jones Irwin, 1988.

Crosse, Howard D. and Hemple, George H. Management Policies for Commercial Banks. 2nd edition. Prentice Hall Inc., New Jersey, 1973.

Haslem, John A. Commercial Bank Management. Reston Publishing Company Inc., Virginia, 1985.

Howard, Donald S. and Hoffman, Gail M. Evolving Concepts of Bank Capital Management. Citibank, New York, 1980.

Jesup, Paul F. Innovations in Bank Management. Holt, Rinehart and Winston, New York, 1969.

Mason, John M. Financial Management of Commercial Banks. Boston, Warren, Gorham & Lamont, 1979.

Reed, Edward W.; Cotter, Richard V.; Bill, Edward K. and Smith, Richard K. Commercial Banking. 3rd ed. Prentice Hall Inc., New Jersey, 1984.

Roussakis, Emmanuel N. Commercial Banking in an Era of Deregulation. Greenwood Press Inc., New York, 1984.

ARTICLES

Al Bsat, Hisham. "Banking Reform in Lebanon". Al Iktissa Wal Aamal. V. XI, No. 122-123, Feb-Mar 1991.

Andari, Saad. "Financial and economic Aspects of Banking Problems". Al Masaref Al Arabiya. No. 138, June 1992.

Cooper, Kerry; Kalari, James and Wagstor, John. "A Note on the Stock - Market Effects of the Adoption of Risk - Based Capital Requirements on International Banks in Different Countries". Journal of Banking and Finance. V. 15, 1991.

Eyssel, Thomas and Arshadi, Nasser. "The Wealth Effects of the Risk - Based Capital Requirements in Banking". Journal of Banking and Finance. V. 14, 1990.

Habibi, Ramin. "Impact of the Basle Agreement on the Arab Banks' Capital Adequacy". Arab Banker. Vol. VIII, No. 5, Sep-Oct 1988.

Kelly, Robert J. "Risk- Based Capital and Guidelines for Banks".
Journal of Accountancy. Jan 1990.

Salloum, Ahmad. "Restructuring Lebanese Banks,
Strengthening their Financial Position, and Improving their
Performance Level are Necessary Conditions in Facing the
Coming Phase". Al Masaref Al Arabiya. No. 131, Nov 1991.

The Board of Governors. "Capital Adequacy Guidelines For
State Member Banks: Risk - Based Measure". Federal Reserve
Bulletin. Mar 1989.

"A New Role for Banking in the Reconstruction Process".
Al Masaref Al Arabiya. No. 155, Nov 1993.

"Lebanese Banking Activity Experiences a Strong Revival
Thanks to the Process of Banking Sector Reforms, and to
Improvement of the Economic Environment". Al Masaref Al
Arabiya. No. 143, Nov 1992.

PROJECTS AND THESIS

Baassiri, Nada. Troubled Banks in Lebanon: Problems and
Prospect. MBA Project. American University of Beirut, 1991.

Hariz, Fadi. The Performance of Lebanese Commercial Banks
in Crisis : Years 1985 - 1989. Thesis. American University of
Beirut, 1992.

Salibi, Ibrahim. The Viability of the Lebanese Banking System.
MBA Project. American University of Beirut, 1985.

OTHERS

Baz, Freddie. Bilanbanques. Bank data 1985, 1987, 1989, 1991
and 1993.

BDL Circular no. 435.

BDL Circular no. 1090.

BDL Circular no. 1114.

Article 70, Decree no. 6102. Code of Money and Credit,
05/10/1973.

Article 14, Decree no. 14013, 16/03/1970.

Article 1, Legislative Decree no. 44, 05/08/1967.

APPENDIX I

SAMPLE BALANCE SHEETS

BALANCE SHEET (IN MILLIONS LL)

ANQUE DU LIBAN ET D'OUTRE MER

	1983	1984	1985	1986	1987	1988
ASSETS						
CASH AND BANKS	3716.093	3199.909	5577.658	24321.993	145001.760	186092.588
PORTFOLIO BILLS	199.338	178.319	151.879	209.759	1099.847	823.598
ADVANCES AND DEBTOR A/C (EXCEPT BANKS)	1579.291	2053.899	2924.195	7489.677	46058.573	61953.668
PORTFOLIO SECURITIES	82.703	2100.207	3870.112	6203.978	17727.978	28719.057
SHAREHOLDERS						
INTERIM DIVIDEND FOR THE FINANCIAL YEAR	40.825	41.561	46.270	82.518	442.361	491.454
REAL ESTATE AND INSTALLATIONS	5.966	39.282	65.142	593.583	2121.500	3014.782
ORDER AND REGULARIZATION A/C						
RESULTS (LOSS)						
TOTAL ASSETS :	5624.216	7613.177	12635.256	38901.508	212452.019	281095.147
LIABILITIES						
SAVING ACCOUNTS	2910.341	3751.449	5842.277	15344.511	78027.136	116191.399
CHECKING ACCOUNTS						16007.910
CURRENT ACCOUNTS	377.361	566.650	683.798	2947.172	11528.335	
DEPOSITS AT NOTICE OR WITH FIXED MATURITY	991.837	2022.558	3953.871	14946.956	95857.853	115996.002
BANKS AND CORRESPONDENTS	640.276	393.413	752.123	2104.193	11077.491	12205.128
SEVERAL OTHER CREDITORS	182.517	144.774	167.417	331.604	2515.438	2525.009
REBENTURE LOANS OR OTHER DEPOSITS						
PROVISIONS			636.317	2367.098	11003.856	14144.618
ORDER AND REGULARIZATION ACCOUNTS	320.496	492.649	342.285	542.253	1815.798	2896.986
PROFITS CARRIED FORWARD			0.014	0.167	0.121	0.110
RESERVES	101.388	101.388	41.670	57.000	117.600	426.000
CAPITAL	100.000	100.000	200.000	200.000	200.000	200.000
RESULTS OF THE FINANCIAL YEAR		40.296	15.484	60.554	308.391	501.985
TOTAL LIABILITIES	5624.216	7613.177	12635.256	38901.508	212452.019	281095.147
RESOURCES - BILAN						
SCOUTED BILLS CIRCULATING UNDER OUR ENDORSEMENT						
ASSETS ON COLLECTION	172.279	261.580	545.344	2963.537	15699.809	13196.396
ENGAGEMENTS BY ACCEPTANCE			76.582	190.251	1211.474	2002.569
ENGAGEMENTS BY GUARANTEES AND ENDORSEMENT	232.467	346.867	465.354	1692.096	7377.284	8125.725
OPENING OF CONFIRMED CREDITS	139.545	256.217	486.713	1168.249	12426.827	12554.661
OTHER ENGAGEMENTS		0.200	0.200		0.200	0.200
TOTAL RESOURCES - BILAN	544.291	864.864	1574.193	6014.133	36715.594	35879.551

BALANCE SHEET (IN MILLIONS LL)

BANQUE DU LIBAN ET D'OUTRE MER

	1989	1990	1991	1992
ASSETS				
CASH AND CENTRAL BANK	12546.567	14210.408	31651.299	74324.754
LEBANESE TREASURY BILLS	41028.539	58724.755	114446.461	345850.558
BANKS AND FINANCIAL INSTITUTIONS	103405.784	246212.138	238455.582	494350.683
CURRENT ACCOUNTS	9285.937	11908.501	28211.010	29417.519
LOANS AND TIME DEPOSITS	94119.847	234303.637	210244.572	464933.164
H.O. & BRANCHES,PARENTS CO. AND FOREIGN				
SISTER FINANCIAL INSTITUTIONS & SUBSIDIARIES	23392.639	49400.269	98547.208	156624.711
CURRENT ACCOUNTS	830.134	2897.923	11371.295	16845.279
LOANS AND TIME DEPOSITS	22562.505	46502.346	87175.913	139779.432
COMMERCIAL BILLS DISCOUNTED	155.837	409.115	1035.506	2880.349
LOANS TO CUSTOMERS	7147.138	16752.839	51590.823	173131.654
SHORT TERM LOANS	7095.758	16752.839	51590.823	172943.037
MEDIUM AND LONG TERM LOANS	51.380			188.617
DEBTOR ACCOUNTS AGAINST CREDITOR ACCOUNTS				
BANK ACCEPTANCES	910.080	1561.111	5584.742	11605.091
MARKETABLE SECURITIES	0.176	0.438	0.438	0.438
MISCELLANEOUS DEBTOR ACCOUNTS	795.431	2057.973	580.880	4140.557
REGULARIZATION ACCOUNTS	747.098	2952.889	1436.490	1513.287
FINANCIAL FIXED ASSETS	33.157	44.094	72.734	107.895
NON-FINANCIAL FIXED ASSETS	378.119	979.855	3330.973	8671.264
REVALUATION VARIANCE				
TOTAL ASSETS*	190540.565	393305.884	546733.136	1273201.241
CONTRA ACCOUNTS				
ENGAGEMENTS BY SIGNATURE RECEIVED	14659.158	28793.079	91171.440	324857.635
REAL SECURITIES RECEIVED	4791.528	1217.151	20806.108	66777.386
TOTAL CONTRA ACCOUNTS	19450.686	30010.230	111977.548	391635.021
LIABILITIES				
CENTRAL BANK				
BANKS AND FINANCIAL INSTITUTIONS	1338.924	4162.683	1442.567	3935.756
CURRENT ACCOUNTS	515.591	3695.000	553.701	1847.903
TIME DEPOSITS AND BORROWINGS	823.333	467.683	888.866	2087.853
H.O. & BRANCHES,PARENTS CO. AND FOREIGN				
SISTER FINANCIAL INSTITUTIONS & SUBSIDIARIES	11005.498	77859.556	76758.592	104100.660
CURRENT ACCOUNTS	905.499	275.406	11.399	1522.110
TIME DEPOSITS AND BORROWINGS	10099.999	77584.150	76747.193	102578.550
DEPOSITS FROM CUSTOMERS	170880.167	296910.201	443088.319	1093617.282
SIGHT DEPOSITS	16556.452	24687.367	43441.426	132218.636
TIME DEPOSITS	292.071	1773.696	4500.998	13974.454
SIGHT SAVING ACCOUNTS	14410.580	30192.750	30813.495	96255.248
TIME SAVING ACCOUNTS	139621.064	240256.388	364332.400	851168.944
CREDITOR ACCOUNTS AGAINST DEBTOR ACCOUNTS				
ENGAGEMENTS BY ACCEPTANCES	910.070	1561.111	5584.742	11605.091
MISCELLANEOUS CREDITOR ACCOUNTS	2247.901	3859.031	7468.022	18981.706
REGULARIZATION ACCOUNTS	1331.203	2740.261	3527.323	8285.582
SUBORDINATED BORROWINGS AND DEBENTURE LOANS				
PROVISIONS FOR RISKS AND EXPENSES	1115.370	1697.674	2332.904	7118.666
SHARE CAPITAL	1000.000	3000.000	3000.000	18000.000
RESERVES AND PREMIUMS	127.000	210.000	1500.000	498.424
BALANCE CARRIED FORWARD	1.096	1.432	15.367	32.243
NET INCOME (OR LOSS) FOR THE YEAR	583.336	1303.935	2015.300	7025.831
REVALUATION VARIANCE				
TOTAL LIABILITIES AND SHAREHOLDERS EQUITY	190540.565	393305.884	546733.136	1273201.241
CONTRA ACCOUNTS				
ENGAGEMENTS BY SIGNATURE ISSUED	8012.377	25461.657	46314.684	92130.189
GUARANTEES AND ENDORSEMENTS	1119.152	5931.636	8123.116	23261.708
DISCOUNTED BILLS CIRCULATING UNDER OUR ENDORSEMENT				
CONFIRMED DOCUMENTARY CREDITS	6865.435	19484.851	37883.275	68812.755
OTHER ENGAGEMENTS	27.790	45.170	308.293	55.726
BANK'S ASSETS GIVEN AS GUARANTEES				
TOTAL CONTRA ACCOUNTS	8012.377	25461.657	46314.684	92130.189
TOTAL FOOTINGS	198552.942	418767.541	593047.820	1365331.430
TOTAL L/C OPENINGS OF THE YEAR			138121.000	378385.000
* AFTER DEDUCTION OF PROVISIONS FOR DOUBTFUL DEBTS	4085.948	2369.212	2984.670	4966.681

BALANCE SHEET (IN MILLIONS LL)

INQUE LIBANO - FRANCAISE

	1983	1984	1985	1986	1987	1988
ASSETS						
CASH AND BANKS	2320.849	1388.636	3041.471	9828.674	54729.579	69224.005
PORTFOLIO BILLS	63.337	72.592	155.314	195.400	957.566	2360.193
ADVANCES AND DEBTOR A/C (EXCEPT BANKS)	2045.525	3179.224	4085.529	9124.714	33859.058	51860.107
PORTFOLIO SECURITIES	50.995	1444.656	1994.449	3287.413	4971.429	25289.970
SHAREHOLDERS						
INTERIM DIVIDEND FOR THE FINANCIAL YEAR	28.546	30.076	27.740	33.123	118.602	394.530
REAL ESTATE AND INSTALLATIONS	23.700	26.625	4.371	13.001	97.060	118.730
ORDER AND REGULARIZATION A/C						
RESULTS (LOSS)						
TOTAL ASSETS :	4532.952	6141.809	9308.874	22482.325	94733.294	149247.535
LIABILITIES						
SAVING ACCOUNTS	3198.112	4204.642	6608.561	15604.683	63970.247	97180.092
CHECKING ACCOUNTS	139.793	144.865	231.342	533.748	2518.911	3250.247
CURRENT ACCOUNTS	93.366	102.232	197.324	491.557	2388.044	3177.988
DEPOSITS AT NOTICE OR WITH FIXED MATURITY	76.957	175.970	142.343	450.857	1304.566	2650.085
BANKS AND CORRESPONDENTS	325.637	265.910	370.435	863.648	3852.647	12733.787
SCCELLANEOUS CREDITORS	89.158	23.455	654.306	1848.931	9038.495	11035.594
VENTURE LOANS OR OTHER DEPOSITS	357.710	554.511				
PROVISIONS		350.574	667.215	2184.074	10823.624	15283.600
ORDER AND REGULARIZATION ACCOUNTS	100.675	125.068	213.883	281.362	320.675	2418.372
PROFITS CARRIED FORWARD	9.823	8.558	8.558	8.558	12.910	64.427
RESERVES	41.721	86.024	114.907	114.907	403.175	1053.343
CAPITAL	100.000	100.000	100.000	100.000	100.000	400.000
RESULTS OF THE FINANCIAL YEAR						
TOTAL LIABILITIES	4532.952	6141.809	9308.874	22482.325	94733.294	149247.535
RESOURCES - BILAN						
RESOURCES	122.717	191.283	384.299	1493.565	8697.770	8656.425
RESOURCES ON COLLECTION				807.170	3847.015	3999.565
RESOURCES BY ACCEPTANCE	539.531	925.709	1221.414	3781.437	14435.379	11967.032
RESOURCES BY GUARANTEES AND ENDORSEMENT	250.729	434.129	769.498	2438.909	11098.918	14265.244
OPENING OF CONFIRMED CREDITS	0.225	0.225	0.225	0.225	0.225	0.225
OTHER ENGAGEMENTS						
TOTAL RESOURCES - BILAN	913.202	1551.346	2375.436	8521.306	38079.307	38888.491

BALANCE SHEET (IN MILLIONS LL)

BANQUE LIBANO-FRANCAISE

	1989	1990	1991	1992
ASSETS				
CASH AND CENTRAL BANK	5607.404	8037.618	19369.593	52412.103
LEBANESE TREASURY BILLS	47955.527	67677.020	134131.753	298871.151
BANKS AND FINANCIAL INSTITUTIONS	62591.489	92318.673	188178.853	321995.845
CURRENT ACCOUNTS	10327.724	12133.810	14571.225	19612.512
LOANS AND TIME DEPOSITS	52263.765	80184.863	173607.628	302383.333
H.O. & BRANCHES, PARENTS CO. AND FOREIGN				
SISTER FINANCIAL INSTITUTIONS & SUBSIDIARIES				
CURRENT ACCOUNTS				
LOANS AND TIME DEPOSITS				
COMMERCIAL BILLS DISCOUNTED	550.559	459.870	685.876	3277.298
LOANS TO CUSTOMERS	47308.827	96486.078	129108.386	278658.543
SHORT TERM LOANS	41370.896	82287.487	107580.321	235537.601
MEDIUM AND LONG TERM LOANS	5175.921	10424.979	18620.099	31948.098
DEBTOR ACCOUNTS AGAINST CREDITOR ACCOUNTS	762.010	3773.612	2907.966	11172.844
BANK ACCEPTANCES	3771.277	4589.567	17236.208	22734.798
MARKETABLE SECURITIES	0.955	1.480	2.289	1464.351
MISCELLANEOUS DEBTOR ACCOUNTS	322.932	248.371	104.095	188.265
REGULARIZATION ACCOUNTS	803.671	1679.469	1089.777	1431.991
FINANCIAL FIXED ASSETS	18.773	18.773	31.049	6604.992
NON-FINANCIAL FIXED ASSETS	665.266	975.612	2012.127	5018.148
REVALUATION VARIANCE				
TOTAL ASSETS*	169596.680	272492.531	491950.006	992657.485
CONTRA ACCOUNTS				
ENGAGEMENTS BY SIGNATURE RECEIVED	155485.745	265561.888	306016.687	722191.024
REAL SECURITIES RECEIVED	32111.769	52830.076	80295.467	181874.668
TOTAL CONTRA ACCOUNTS	187597.514	318391.964	386312.154	904065.692
LIABILITIES				
CENTRAL BANK				
BANKS AND FINANCIAL INSTITUTIONS	19882.294	21670.383	44669.650	99497.479
CURRENT ACCOUNTS	15243.989	18825.505	34171.435	93194.072
TIME DEPOSITS AND BORROWINGS	4638.305	2844.878	10498.215	6303.407
H.O. & BRANCHES, PARENTS CO. AND FOREIGN				
SISTER FINANCIAL INSTITUTIONS & SUBSIDIARIES				
CURRENT ACCOUNTS				
TIME DEPOSITS AND BORROWINGS				
DEPOSITS FROM CUSTOMERS	135295.624	227223.710	396466.388	791927.157
SIGHT DEPOSITS	12218.440	21422.280	39189.493	113370.216
TIME DEPOSITS	4275.083	8926.404	9089.216	29930.390
SIGHT SAVING ACCOUNTS	15753.860	27134.094	50278.018	118987.254
TIME SAVING ACCOUNTS	99876.759	163821.200	284898.172	507058.184
CREDITOR ACCOUNTS AGAINST DEBTOR ACCOUNTS	3171.482	5919.732	13011.489	22581.113
ENGAGEMENTS BY ACCEPTANCES	3771.277	4589.567	17236.208	22734.798
MISCELLANEOUS CREDITOR ACCOUNTS	3235.192	6053.122	10402.923	29018.295
REGULARIZATION ACCOUNTS	2401.594	4056.581	6142.934	9268.372
SUBORDINATED BORROWINGS AND DEBENTURE LOANS				
PROVISIONS FOR RISKS AND EXPENSES	2010.835	2903.595	6800.999	14970.963
SHARE CAPITAL	400.000	400.000	5000.000	5000.000
RESERVES AND PREMIUMS	1053.343	2501.553	801.123	5024.657
BALANCE CARRIED FORWARD	64.427	98.311	194.449	206.248
NET INCOME (OR LOSS) FOR THE YEAR	1482.094	2995.709	4235.332	15009.516
REVALUATION VARIANCE				
TOTAL LIABILITIES AND SHAREHOLDERS EQUITY	169596.680	272492.531	491950.006	992657.485
CONTRA ACCOUNTS				
ENGAGEMENTS BY SIGNATURE ISSUED	29625.363	47755.234	63317.412	205529.312
GUARANTEES AND ENDORSEMENTS	13777.233	21079.899	26814.973	65451.272
DISCOUNTED BILLS CIRCULATING UNDER OUR ENDORSEMENT				
CONFIRMED DOCUMENTARY CREDITS	15848.130	26675.335	36502.439	140078.040
OTHER ENGAGEMENTS				
BANK'S ASSETS GIVEN AS GUARANTEES				
TOTAL CONTRA ACCOUNTS	29625.363	47755.234	63317.412	205529.312
TOTAL FOOTINGS	199222.043	320247.765	555267.418	1198186.797
TOTAL L/C OPENINGS OF THE YEAR			269854.758	504578.788
* AFTER DEDUCTION OF PROVISIONS FOR DOUBTFUL DEBTS	15847.608	334228.569	40694.263	81208.348

BALANCE SHEET (IN MILLIONS LL)

	1983	1984	1985	1986	1987	1988
MANABANK						
ASSETS						
CASH AND BANKS	762.803	949.645	1776.555	7110.196	46891.316	53038.940
PORTFOLIO BILLS	40.614	64.742	68.759	95.504	87.645	926.967
ADVANCES AND DEBTOR A/C (EXCEPT BANKS)	1622.270	2101.813	2782.473	5951.488	22055.263	30845.990
PORTFOLIO SECURITIES	729.580	854.541	1951.463	2837.300	3281.483	20006.827
SHAREHOLDERS						
INTERIM DIVIDEND FOR THE FINANCIAL YEAR	29.865	30.899	32.811	58.967	144.914	234.024
REAL ESTATE AND INSTALLATIONS	82.277	83.409	86.519	105.847	668.884	1386.507
ORDER AND REGULARIZATION A/C						
RESULTS (LOSS)						
TOTAL ASSETS :	3267.409	4085.049	6698.580	16159.302	73129.505	106439.255
LIABILITIES						
SAVING ACCOUNTS	2178.769	2662.194	4438.280	10727.358	54113.493	74689.099
CHECKING ACCOUNTS	162.336	159.432	283.344	554.832	2188.859	4311.645
CURRENT ACCOUNTS	146.149	235.353	451.968	907.349	3630.445	5924.390
DEPOSITS AT NOTICE OR WITH FIXED MATURITY	85.787	202.469	357.735	766.025	1239.230	1311.591
BANKS AND CORRESPONDENTS	147.351	127.449	254.282	912.129	2292.803	3262.704
SCHELLANEOUS CREDITORS	49.976	100.470	123.409	324.549	1731.668	2079.065
ADVENTURE LOANS OR OTHER DEPOSITS	141.458	163.233	93.342	450.938	1137.762	1895.839
PROVISIONS	132.508	184.758	323.106	934.679	5726.408	8798.528
ORDER AND REGULARIZATION ACCOUNTS	125.888	130.019	225.795	434.124	605.265	2710.089
PROFITS CARRIED FORWARD	57.187	79.672	107.319	107.319	423.572	1156.305
RESERVES	40.000	40.000	40.000	40.000	40.000	300.000
CAPITAL						
RESULTS OF THE FINANCIAL YEAR						
TOTAL LIABILITIES	3267.409	4085.049	6698.580	16159.302	73129.505	106439.255
ACTORS - BILAN						
SCOUTED BILLS CIRCULATING UNDER OUR ENDORSEMENT						
ASSETS ON COLLECTION	80.788	95.295	123.158	283.818	1514.299	1643.459
ENGAGEMENTS BY ACCEPTANCE	35.240	81.930	134.644	172.813	1436.311	2209.394
ENGAGEMENTS BY GUARANTEES AND ENDORSEMENT	286.909	385.566	702.364	1861.362	8889.980	3865.163
OPENING OF CONFIRMED CREDITS	192.104	318.372	409.351	1368.207	7601.714	10279.037
OTHER ENGAGEMENTS						
TOTAL ACTORS - BILAN	595.041	881.163	1369.517	3686.200	19442.304	17997.053

BALANCE SHEET (IN MILLIONS LL)

FRANSABANK

	1989	1990	1991	1992
ASSETS				
CASH AND CENTRAL BANK	4129.435	6878.337	10684.523	33288.738
LEBANESE TREASURY BILLS	36164.573	49053.173	89812.099	220583.488
BANKS AND FINANCIAL INSTITUTIONS	51856.772	67372.318	119435.512	215305.594
CURRENT ACCOUNTS	10737.371	14291.756	19981.138	42305.468
LOANS AND TIME DEPOSITS	41119.401	53080.562	99454.374	173000.126
H.O. & BRANCHES, PARENTS CO. AND FOREIGN				
SISTER FINANCIAL INSTITUTIONS & SUBSIDIARIES				
CURRENT ACCOUNTS				
LOANS AND TIME DEPOSITS				
COMMERCIAL BILLS DISCOUNTED	48.314	14.829	266.734	1445.216
LOANS TO CUSTOMERS	26222.933	48671.992	66349.199	190714.665
SHORT TERM LOANS	20923.406	37730.384	50846.812	155775.865
MEDIUM AND LONG TERM LOANS	4342.317	9023.489	5216.529	20574.376
DEBTOR ACCOUNTS AGAINST CREDITOR ACCOUNTS	957.210	1918.119	10285.858	14364.424
BANK ACCEPTANCES	2423.216	1563.872	10783.474	12314.122
MARKETABLE SECURITIES	3.759	1.731	1.731	1.704
MISCELLANEOUS DEBTOR ACCOUNTS	43.740	85.675	94.744	111.721
REGULARIZATION ACCOUNTS	1707.281	830.602	944.156	2809.019
FINANCIAL FIXED ASSETS	3.089	4.972	5.162	5.141
NON-FINANCIAL FIXED ASSETS	568.634	1142.303	4670.169	7107.823
REVALUATION VARIANCE	80.067	80.067		
TOTAL ASSETS*	123251.813	175699.871	303047.503	683687.231
CONTRA ACCOUNTS				
ENGAGEMENTS BY SIGNATURE RECEIVED	45092.634	84311.914	123283.898	284029.637
REAL SECURITIES RECEIVED	9337.750	22390.909	40086.535	92078.749
TOTAL CONTRA ACCOUNTS	54430.384	106702.823	163370.433	376108.386
LIABILITIES				
CENTRAL BANK				
BANKS AND FINANCIAL INSTITUTIONS	7523.187	3687.035	13836.231	54365.888
CURRENT ACCOUNTS	2041.627	1354.347	9037.163	23500.441
TIME DEPOSITS AND BORROWINGS	5481.560	2332.688	4799.068	30865.447
H.O. & BRANCHES, PARENTS CO. AND FOREIGN				
SISTER FINANCIAL INSTITUTIONS & SUBSIDIARIES				
CURRENT ACCOUNTS				
TIME DEPOSITS AND BORROWINGS				
DEPOSITS FROM CUSTOMERS	100992.882	150054.570	253912.765	566426.889
SIGHT DEPOSITS	12632.417	16678.144	48455.434	108252.420
TIME DEPOSITS	2196.778	3819.851	5536.230	37414.862
SIGHT SAVING ACCOUNTS	15361.664	20414.314	22989.989	55976.324
TIME SAVING ACCOUNTS	69752.442	105488.728	162967.708	349893.457
CREDITOR ACCOUNTS AGAINST DEBTOR ACCOUNTS	1049.581	3653.533	13963.404	14889.826
ENGAGEMENTS BY ACCEPTANCES	2423.216	1563.873	10784.474	12314.122
MISCELLANEOUS CREDITOR ACCOUNTS	4752.298	7987.460	7468.090	21338.854
REGULARIZATION ACCOUNTS	1320.315	2555.305	4027.386	8073.818
SUBORDINATED BORROWINGS AND DEBENTURE LOANS				
PROVISIONS FOR RISKS AND EXPENSES	3187.080	4305.593	3277.167	5136.017
SHARE CAPITAL	1000.000	1000.000	5000.000	8800.000
RESERVES AND PREMIUMS	456.305	1972.768	465.968	941.390
BALANCE CARRIED FORWARD				
NET INCOME (OR LOSS) FOR THE YEAR	1516.463	2493.200	4275.422	6290.253
REVALUATION VARIANCE	80.067	80.067		
TOTAL LIABILITIES AND SHAREHOLDERS EQUITY	123251.813	175699.871	303047.503	683687.231
CONTRA ACCOUNTS				
ENGAGEMENTS BY SIGNATURE ISSUED	26266.656	21724.137	32874.642	106542.766
GUARANTEES AND ENDORSEMENTS	5357.956	5371.825	4547.336	7021.724
DISCOUNTED BILLS CIRCULATING UNDER OUR ENDORSEMENT				
CONFIRMED DOCUMENTARY CREDITS	11666.082	16351.986	28327.306	81212.042
OTHER ENGAGEMENTS	9242.618	0.326		18309.000
BANK'S ASSETS GIVEN AS GUARANTEES				
TOTAL CONTRA ACCOUNTS	26266.656	21724.137	32874.642	106542.766
TOTAL FOOTINGS	149518.469	197424.008	335922.145	790229.997
TOTAL L/C OPENINGS OF THE YEAR			79983.476	245925.340
* AFTER DEDUCTION OF PROVISIONS FOR DOUBTFUL DEBTS	7868.202	16260.279	17748.244	51880.297

BALANCE SHEET (IN MILLIONS LL)

	1983	1984	1985	1986	1987	1988
CREDIT LIBANAIS						
ASSETS						
CASH AND BANKS	1869.611	1428.684	3058.434	15420.059	68018.122	78004.130
PORTFOLIO BILLS	89.795	31.094	38.689	68.251	15.634	71.160
ADVANCES AND DEBTOR A/C (EXCEPT BANKS)	948.784	1159.189	1394.003	2377.365	19086.356	28125.356
PORTFOLIO SECURITIES	7.128	1292.260	2336.768	2164.995	4325.258	25163.548
SHAREHOLDERS						
INTERIM DIVIDEND FOR THE FINANCIAL YEAR	28.072	21.089	49.815	59.460	112.749	394.303
REAL ESTATE AND INSTALLATIONS	9.848	11.079	83.222	115.273	374.105	547.530
ORDER AND REGULARIZATION A/C						
RESULTS (LOSS)						
TOTAL ASSETS :	2953.238	3943.395	6960.931	20205.403	91932.224	132306.027
LIABILITIES						
SAVING ACCOUNTS	2165.235	3018.939	5302.763	13957.030	69227.032	90835.702
CHECKING ACCOUNTS	175.058	223.286	382.663	1643.187	4877.599	6862.176
CURRENT ACCOUNTS	115.571	158.073	402.730	1488.279	4394.995	3934.038
DEPOSITS AT NOTICE OR WITH FIXED MATURITY	61.342	65.813	208.895	1357.797	5235.606	6489.816
BANKS AND CORRESPONDENTS	94.735	83.558	75.298	549.801	2076.582	7935.229
SCCELLANEOUS CREDITORS	91.115	74.560	137.807	357.620	1552.335	6699.196
VENTURE LOANS OR OTHER DEPOSITS						
PROVISIONS	118.704	163.085	229.431	569.508	2771.645	5977.304
ORDER AND REGULARIZATION ACCOUNTS	68.375	91.939	156.871	189.923	731.883	1818.261
PROFITS CARRIED FORWARD					489.403	570.074
RESERVES	3.103	4.142	4.473	32.258	515.144	515.144
CAPITAL	60.000	60.000	60.000	60.000	60.000	60.000
RESULTS OF THE FINANCIAL YEAR						
TOTAL LIABILITIES	2953.238	3943.395	6960.931	20205.403	91932.224	132306.027
ACTORS - BILAN						
UNACCOUNTED BILLS CIRCULATING UNDER OUR ENDORSEMENT						
ASSETS ON COLLECTION	73.672	129.466	293.867	623.623	4600.203	3505.658
ENGAGEMENTS BY ACCEPTANCE	25.125	52.669	124.798	375.284	1031.120	2892.475
ENGAGEMENTS BY GUARANTEES AND ENDORSEMENT	113.987	110.486	151.719	332.933	1325.363	1563.651
OPENING OF CONFIRMED CREDITS	96.422	287.064	660.719	1597.342	5895.919	9083.807
OTHER ENGAGEMENTS						
TOTAL ACTORS - BILAN	309.206	579.685	1231.103	2929.182	12852.605	16985.591

BALANCE SHEET (IN MILLIONS LL)

CREDIT LIBANAIS

	1989	1990	1991	1992
ASSETS				
CASH AND CENTRAL BANK	4988.331	12185.223	18059.616	67318.427
LEBANESE TREASURY BILLS	23519.884	27185.523	49584.302	115771.331
BANKS AND FINANCIAL INSTITUTIONS	42400.801	64805.490	91744.118	195305.650
CURRENT ACCOUNTS	7561.098	14295.622	29578.352	49850.679
LOANS AND TIME DEPOSITS	34839.703	50509.868	62165.766	145454.971
H.O. & BRANCHES, PARENTS CO. AND FOREIGN				
SISTER FINANCIAL INSTITUTIONS & SUBSIDIARIES	59.193	60.103		
CURRENT ACCOUNTS	59.193	60.103		
LOANS AND TIME DEPOSITS				
COMMERCIAL BILLS DISCOUNTED		27.732	224.057	645.395
LOANS TO CUSTOMERS	26559.065	37684.759	44098.424	96196.851
SHORT TERM LOANS	16325.163	19759.900	25399.190	63646.376
MEDIUM AND LONG TERM LOANS	10209.853	17530.325	18343.246	31872.985
DEBTOR ACCOUNTS AGAINST CREDITOR ACCOUNTS	24.049	394.534	355.988	677.490
BANK ACCEPTANCES	456.340	574.073	2814.150	9037.676
MARKETABLE SECURITIES				
MISCELLANEOUS DEBTOR ACCOUNTS	186.787	467.799	1446.702	1363.804
REGULARIZATION ACCOUNTS	479.517	852.249	2096.865	5259.693
FINANCIAL FIXED ASSETS	6666.934	10272.058	1146.233	2676.927
NON-FINANCIAL FIXED ASSETS	899.956	1081.116	10937.242	15893.818
REVALUATION VARIANCE				
TOTAL ASSETS*	106216.808	155196.125	222151.709	509469.572
CONTRA ACCOUNTS				
ENGAGEMENTS BY SIGNATURE RECEIVED	43079.216	78295.636	85026.357	151598.861
REAL SECURITIES RECEIVED	4366.365	12225.471	15833.379	45854.092
TOTAL CONTRA ACCOUNTS	47445.581	90521.107	100859.736	197452.953
LIABILITIES				
CENTRAL BANK		6833.064	7691.110	16082.208
BANKS AND FINANCIAL INSTITUTIONS	594.752	414.091	866.714	794.871
CURRENT ACCOUNTS	211.085	102.106	438.841	223.440
TIME DEPOSITS AND BORROWINGS	383.667	311.985	427.873	571.431
H.O. & BRANCHES, PARENTS CO. AND FOREIGN				
SISTER FINANCIAL INSTITUTIONS & SUBSIDIARIES			342.919	284.976
CURRENT ACCOUNTS			342.919	284.976
TIME DEPOSITS AND BORROWINGS				
DEPOSITS FROM CUSTOMERS	95889.157	138238.034	198226.631	429529.170
SIGHT DEPOSITS	11777.628	18511.634	30359.449	100001.460
TIME DEPOSITS	3990.767	8415.293	9782.163	20235.389
SIGHT SAVING ACCOUNTS	7199.330	9916.373	11524.353	29397.768
TIME SAVING ACCOUNTS	72579.914	99527.121	144154.777	277110.706
CREDITOR ACCOUNTS AGAINST DEBTOR ACCOUNTS	341.518	1867.613	2405.889	2783.847
ENGAGEMENTS BY ACCEPTANCES	456.340	574.073	2814.150	9037.676
MISCELLANEOUS CREDITOR ACCOUNTS	5335.803	1520.573	3915.495	6677.958
REGULARIZATION ACCOUNTS	1228.810	1897.425	2044.458	4790.279
SUBORDINATED BORROWINGS AND DEBENTURE LOANS				
PROVISIONS FOR RISKS AND EXPENSES	820.636	1316.443	1563.762	3489.250
SHARE CAPITAL	60.000	1060.000	1060.000	31000.000
RESERVES AND PREMIUMS	515.144	515.144	515.144	515.144
BALANCE CARRIED FORWARD	1316.166	2194.479	2951.518	6505.821
NET INCOME (OR LOSS) FOR THE YEAR		632.799	159.808	762.219
REVALUATION VARIANCE				
TOTAL LIABILITIES AND SHAREHOLDERS EQUITY	106216.808	155196.125	222151.709	509469.572
CONTRA ACCOUNTS				
ENGAGEMENTS BY SIGNATURE ISSUED	5780.042	7503.215	15340.929	34626.881
GUARANTEES AND ENDORSEMENTS	1302.904	2031.574	1648.011	6647.266
DISCOUNTED BILLS CIRCULATING UNDER OUR ENDORSEMENT				
CONFIRMED DOCUMENTARY CREDITS	4477.138	5471.641	13692.918	27979.615
OTHER ENGAGEMENTS				
BANK'S ASSETS GIVEN AS GUARANTEES			6400.000	6400.000
TOTAL CONTRA ACCOUNTS	5780.042	7503.215	21740.929	41026.881
TOTAL FOOTINGS	111996.850	162699.340	243892.638	550496.453
TOTAL L/C OPENINGS OF THE YEAR			53472.509	140997.652
* AFTER DEDUCTION OF PROVISIONS FOR DOUBTFUL DEBTS	5943.300	13381.075	16281.290	50531.595

BALANCE SHEET (IN MILLIONS LL)

AUDI LEBANESE BANK

	1983	1984	1985	1986	1987	1988
ASSETS						
CASH AND BANKS	231.512	377.852	906.542	5513.966	36479.995	32769.102
PORTFOLIO BILLS	3.389	8.596	4.576	17.758	0.800	9.913
ADVANCES AND DEBTOR A/C (EXCEPT BANKS)	237.028	496.770	532.569	946.029	7152.753	10467.923
PORTFOLIO SECURITIES	183.500	142.018	366.440	330.940	700.340	6376.060
SHAREHOLDERS	6.518					
INTERIM DIVIDEND FOR THE FINANCIAL YEAR	12.428	14.562	18.597	19.575	81.295	83.216
REAL ESTATE AND INSTALLATIONS	1.567	2.346	1.119	1.400	5.422	16.786
ORDER AND REGULARIZATION A/C						
RESULTS (LOSS)						
TOTAL ASSETS :	675.942	1042.144	1829.843	6829.668	44420.605	49723.000
LIABILITIES						
SAVING ACCOUNTS	289.387	555.578	1085.424	3894.060	30100.703	38075.185
CHECKING ACCOUNTS	28.546	36.370	56.279	140.239	1308.427	860.625
CURRENT ACCOUNTS	85.266	42.392	83.226	196.671	1216.596	1017.643
DEPOSITS AT NOTICE OR WITH FIXED MATURITY	79.003	121.133	282.728	1306.055	651.421	1162.763
BANKS AND CORRESPONDENTS	64.341	93.568	17.871	54.243	3928.859	984.131
DISCREETANEOUS CREDITORS	51.475	94.158	120.007	890.514	5549.811	4521.215
RENTURE LOANS OR OTHER DEPOSITS						
PROVISIONS	11.729	35.299	112.061	247.434	1491.087	2370.523
ORDER AND REGULARIZATION ACCOUNTS	5.975	2.407	10.989	39.192	110.674	461.067
PROFITS CARRIED FORWARD	5.139	9.197				
RESERVES	1.022	1.124	11.241	11.258	11.437	13.709
CAPITAL	50.000	50.000	50.000	50.000	50.000	250.000
RESULTS OF THE FINANCIAL YEAR	4.059	0.918	0.017	0.002	1.590	6.139
TOTAL LIABILITIES	675.942	1042.144	1829.843	6829.668	44420.605	49723.000
OTHERS - BILAN						
DISCOUNTED BILLS CIRCULATING UNDER OUR ENDORSEMENT						
ASSETS ON COLLECTION	15.917	15.850	27.351	93.582	684.678	808.483
ENGAGEMENTS BY ACCEPTANCE	8.526	8.482	10.650	73.245	500.138	
ENGAGEMENTS BY GUARANTEES AND ENDORSEMENT	41.342	55.705	86.523	199.088	1068.977	1232.400
OPENING OF CONFIRMED CREDITS	21.037	47.591	141.216	340.380	2680.899	2083.994
OTHER ENGAGEMENTS		0.600	0.600			
TOTAL OTHERS - BILAN	86.822	128.228	266.340	706.295	4934.692	4124.877

SAUDI LEBANESE BANK

	1989	1990	1991	1992
ASSETS				
CASH AND CENTRAL BANK	1269.741	2301.215	3838.421	12379.753
LEBANESE TREASURY BILLS	11893.970	20250.399	38080.702	101182.278
BANKS AND FINANCIAL INSTITUTIONS	13604.887	27477.031	27201.243	62598.600
CURRENT ACCOUNTS	3528.246	3727.539	3592.947	7435.892
LOANS AND TIME DEPOSITS	10076.641	23749.492	23608.296	55162.708
H.O. & BRANCHES, PARENTS CO. AND FOREIGN				
SISTER FINANCIAL INSTITUTIONS & SUBSIDIARIES	18687.743	48109.180	32627.137	53984.158
CURRENT ACCOUNTS	2179.042	11082.955	3122.165	1395.097
LOANS AND TIME DEPOSITS	16508.701	37026.225	29504.972	52589.061
COMMERCIAL BILLS DISCOUNTED	25.316	56.743	184.763	224.545
LOANS TO CUSTOMERS	19716.247	33977.363	53581.881	132127.398
SHORT TERM LOANS	7406.325	19976.107	35005.468	84454.537
MEDIUM AND LONG TERM LOANS	4859.101	6081.462	8582.686	26081.292
DEBTOR ACCOUNTS AGAINST CREDITOR ACCOUNTS	7450.821	7919.794	9993.727	21591.569
BANK ACCEPTANCES	587.810	319.737	1439.120	5048.451
MARKETABLE SECURITIES	1.000	1.000	1.000	1.000
MISCELLANEOUS DEBTOR ACCOUNTS	1.422	36.913	41.036	35.361
REGULARIZATION ACCOUNTS	204.491	284.738	568.903	2311.886
FINANCIAL FIXED ASSETS	7.740	7.740	7.740	7.740
NON-FINANCIAL FIXED ASSETS	97.374	134.007	225.939	544.702
REVALUATION VARIANCE				
TOTAL ASSETS*	66097.741	132956.066	157797.885	370445.872
CONTRA ACCOUNTS				
ENGAGEMENTS BY SIGNATURE RECEIVED	2611.650	26209.920	38343.043	83331.990
REAL SECURITIES RECEIVED	10204.624	25617.064	36059.585	87057.746
TOTAL CONTRA ACCOUNTS	12816.274	51826.984	74402.628	170389.736
LIABILITIES				
CENTRAL BANK				
BANKS AND FINANCIAL INSTITUTIONS	57.510	1237.438	2497.052	4529.774
CURRENT ACCOUNTS	57.510	1237.438	1154.281	940.981
TIME DEPOSITS AND BORROWINGS			1342.771	3588.793
H.O. & BRANCHES, PARENTS CO. AND FOREIGN				
SISTER FINANCIAL INSTITUTIONS & SUBSIDIARIES	7727.860	24349.248	5135.448	4621.143
CURRENT ACCOUNTS	7008.388	22269.398	2905.994	3859.189
TIME DEPOSITS AND BORROWINGS	719.472	2079.850	2229.454	761.954
DEPOSITS FROM CUSTOMERS	54987.275	101001.217	139882.320	338745.940
SIGHT DEPOSITS	3786.549	5025.154	11008.091	19848.736
TIME DEPOSITS	1317.325	4205.717	5168.757	13988.819
SIGHT SAVING ACCOUNTS	3032.832	5963.215	6906.265	20791.330
TIME SAVING ACCOUNTS	38114.778	73462.728	94333.516	227043.856
CREDITOR ACCOUNTS AGAINST DEBTOR ACCOUNTS	8735.791	12344.403	22465.691	57073.199
ENGAGEMENTS BY ACCEPTANCES	587.810	319.737	1439.120	5048.451
MISCELLANEOUS CREDITOR ACCOUNTS	914.658	1250.040	1271.925	1874.878
REGULARIZATION ACCOUNTS	856.022	1152.670	1940.671	5102.074
SUBORDINATED BORROWINGS AND DEBENTURE LOANS		1684.000	3516.000	7352.000
PROVISIONS FOR RISKS AND EXPENSES	682.879	1143.414	1254.998	2228.953
SHARE CAPITAL	250.000	750.000	750.000	750.000
RESERVES AND PREMIUMS	3.373	6.830	11.035	19.266
BALANCE CARRIED FORWARD	17.863	30.355	61.472	99.316
NET INCOME (OR LOSS) FOR THE YEAR	12.491	31.117	37.844	74.077
REVALUATION VARIANCE				
TOTAL LIABILITIES AND SHAREHOLDERS EQUITY	66097.741	132956.066	157797.885	370445.872
CONTRA ACCOUNTS				
ENGAGEMENTS BY SIGNATURE ISSUED	3705.308	11381.400	13871.954	17483.517
GUARANTEES AND ENDORSEMENTS	1390.532	2950.099	2458.953	5976.801
DISCOUNTED BILLS CIRCULATING UNDER OUR ENDORSEMENT				
CONFIRMED DOCUMENTARY CREDITS	2314.776	8431.301	11413.001	11506.716
OTHER ENGAGEMENTS				
BANK'S ASSETS GIVEN AS GUARANTEES				
TOTAL CONTRA ACCOUNTS	3705.308	11381.400	13871.954	17483.517
TOTAL FOOTINGS	69803.049	144337.466	171669.839	387929.389
TOTAL L/C OPENINGS OF THE YEAR			18631.600	70634.000
* AFTER DEDUCTION OF PROVISIONS FOR DOUBTFUL DEBTS	2144.862	4601.658	7990.383	29858.775

BALANCE SHEET (IN MILLIONS LL)

ANQUE BEYROUTH POUR LE COMMERCE

	1983	1984	1985	1986	1987	1988
ASSETS						
CASH AND BANKS	192.444	320.216	552.940	3373.302	21784.613	25357.625
PORTFOLIO BILLS	13.000	13.754	21.890	17.629	71.668	373.622
ADVANCES AND DEBTOR A/C (EXCEPT BANKS)	268.242	408.124	629.069	1580.833	6480.645	10874.541
PORTFOLIO SECURITIES	134.275	101.800	331.200	380.700	971.400	5709.300
SHAREHOLDERS						
INTERIM DIVIDEND FOR THE FINANCIAL YEAR	5.412	5.535	16.856	42.794	85.872	462.959
REAL ESTATE AND INSTALLATIONS	0.328	1.267	3.230	9.032	112.047	19.485
ORDER AND REGULARIZATION A/C						
RESULTS (LOSS)						
TOTAL ASSETS :	613.701	850.696	1555.185	5404.290	29506.245	42797.532
LIABILITIES						
SAVING ACCOUNTS	101.893	122.346	220.234	885.247	5047.650	5539.982
CHECKING ACCOUNTS	27.431	33.506	77.477	197.333	766.117	1603.229
CURRENT ACCOUNTS	92.385	44.686	97.723	620.040	3911.382	1740.890
DEPOSITS AT NOTICE OR WITH FIXED MATURITY	287.594	479.496	854.191	2548.390	13999.046	26077.251
BANKS AND CORRESPONDENTS	9.091	10.495	3.964	11.931	680.707	670.858
MISCELLANEOUS CREDITORS	30.113	59.961	120.610	487.675	2201.846	2725.739
REBENTURE LOANS OR OTHER DEPOSITS						
PROVISIONS	36.491	64.657	132.174	557.431	2603.267	2645.551
ORDER AND REGULARIZATION ACCOUNTS	6.359	5.030	18.293	47.724	175.711	1289.513
PROFITS CARRIED FORWARD	1.961	0.136	0.136	0.136	0.136	0.136
RESERVES	0.383	0.383	0.383	0.383	0.383	0.383
CAPITAL	20.000	30.000	30.000	48.000	120.000	504.000
RESULTS OF THE FINANCIAL YEAR						
TOTAL LIABILITIES	613.701	850.696	1555.185	5404.290	29506.245	42797.532
OTHERS - BILAN						
DISCOUNTED BILLS CIRCULATING UNDER OUR ENDORSEMENT						
ASSETS ON COLLECTION	14.635	20.662	45.504	101.915	735.557	723.663
ENGAGEMENTS BY ACCEPTANCE	13.852	17.781	52.435	105.003	390.039	364.001
ENGAGEMENTS BY GUARANTEES AND ENDORSEMENT	21.585	31.817	54.285	151.141	180.994	391.686
OPENING OF CONFIRMED CREDITS	39.635	22.544	85.011	340.865	2263.346	2842.379
OTHER ENGAGEMENTS		0.125	0.125	0.125	0.125	12.500
TOTAL OTHERS - BILAN	89.707	92.929	237.360	699.049	3570.061	4334.229

BALANCE SHEET (IN MILLIONS LL)

BANQUE BEYROUTH POUR LE COMMERCE

	1989	1990	1991	1992
ASSETS				
CASH AND CENTRAL BANK	1940.585	3420.974	4915.877	10529.005
LEBANESE TREASURY BILLS	14098.996	21569.059	38185.959	81731.172
BANKS AND FINANCIAL INSTITUTIONS	19857.289	39247.694	37691.841	75253.069
CURRENT ACCOUNTS	9873.081	19963.959	21627.770	49742.319
LOANS AND TIME DEPOSITS	9984.208	19283.735	16064.071	25510.750
H.O. & BRANCHES, PARENTS CO. AND FOREIGN SISTER FINANCIAL INSTITUTIONS & SUBSIDIARIES				
CURRENT ACCOUNTS				
LOANS AND TIME DEPOSITS				
COMMERCIAL BILLS DISCOUNTED	313.519	76.621	444.715	828.491
LOANS TO CUSTOMERS	13996.956	23174.359	28838.450	63536.187
SHORT TERM LOANS	13513.338	22650.288	26008.776	54605.139
MEDIUM AND LONG TERM LOANS	217.290	126.492	658.222	1695.388
DEBTOR ACCOUNTS AGAINST CREDITOR ACCOUNTS	266.328	397.579	2171.452	7235.660
BANK ACCEPTANCES	572.937	1175.725	1641.478	5471.047
MARKETABLE SECURITIES	122.550	122.550	122.550	122.550
MISCELLANEOUS DEBTOR ACCOUNTS	671.145	360.887	366.617	1601.028
REGULARIZATION ACCOUNTS	154.607	443.496	300.940	868.965
FINANCIAL FIXED ASSETS				
NON-FINANCIAL FIXED ASSETS	496.225	654.708	963.268	3369.686
REVALUATION VARIANCE				
TOTAL ASSETS*	52224.809	90246.073	113471.695	243311.200
CONTRA ACCOUNTS				
ENGAGEMENTS BY SIGNATURE RECEIVED	938.478	1935.885	1103.842	2443.562
REAL SECURITIES RECEIVED	2725.251	5646.871	6470.605	20570.215
TOTAL CONTRA ACCOUNTS	3663.729	7582.756	7574.447	23013.777
LIABILITIES				
CENTRAL BANK				
BANKS AND FINANCIAL INSTITUTIONS	2578.119	5270.229	4306.467	10280.119
CURRENT ACCOUNTS	2578.119	5270.229	4306.467	10280.119
TIME DEPOSITS AND BORROWINGS				
H.O. & BRANCHES, PARENTS CO. AND FOREIGN SISTER FINANCIAL INSTITUTIONS & SUBSIDIARIES				
CURRENT ACCOUNTS				
TIME DEPOSITS AND BORROWINGS				
DEPOSITS FROM CUSTOMERS	45859.704	77923.168	99894.072	213110.737
SIGHT DEPOSITS	4522.817	8029.888	13337.553	28164.027
TIME DEPOSITS	3076.287	6318.130	8117.997	17868.937
SIGHT SAVING ACCOUNTS	6147.017	9325.078	13042.136	39930.293
TIME SAVING ACCOUNTS	32018.980	54107.077	63427.247	120225.655
CREDITOR ACCOUNTS AGAINST DEBTOR ACCOUNTS	94.603	142.995	1969.139	6921.825
ENGAGEMENTS BY ACCEPTANCES	572.937	1175.725	1641.478	5471.047
MISCELLANEOUS CREDITOR ACCOUNTS	786.914	1040.974	1015.442	1172.303
REGULARIZATION ACCOUNTS	1064.898	2192.733	3311.152	9407.986
SUBORDINATED BORROWINGS AND DEBENTURE LOANS				
PROVISIONS FOR RISKS AND EXPENSES	161.718	242.725	302.565	868.489
SHARE CAPITAL	1200.000	2400.000	3000.000	3000.000
RESERVES AND PREMIUMS	0.383	0.383	0.383	0.383
BALANCE CARRIED FORWARD	0.136	0.136	0.136	0.136
NET INCOME (OR LOSS) FOR THE YEAR				
REVALUATION VARIANCE				
TOTAL LIABILITIES AND SHAREHOLDERS EQUITY	52224.809	90246.073	113471.695	243311.200
CONTRA ACCOUNTS				
ENGAGEMENTS BY SIGNATURE ISSUED	3389.488	4933.336	6175.916	10676.316
GUARANTEES AND ENDORSEMENTS	600.993	1248.049	2967.558	5363.381
DISCOUNTED BILLS CIRCULATING UNDER OUR ENDORSEMENT				
CONFIRMED DOCUMENTARY CREDITS	2788.495	3685.287	3208.358	5312.935
OTHER ENGAGEMENTS				
BANK'S ASSETS GIVEN AS GUARANTEES				
TOTAL CONTRA ACCOUNTS	3389.488	4933.336	6175.916	10676.316
TOTAL FOOTINGS	55614.297	95179.409	119647.611	253987.516
TOTAL L/C OPENINGS OF THE YEAR			19711.000	33536.000
* AFTER DEDUCTION OF PROVISIONS FOR DOUBTFUL DEBTS	2096.473	3199.012	2751.022	10021.159

BALANCE SHEET (IN MILLIONS LL)

OCIETE NOUVELLE DE LA BANQUE DE SYRIE ET DU LIBAN

	1983	1984	1985	1986	1987	1988
ASSETS						
CASH AND BANKS	380.378	618.636	665.625	2598.352	14141.889	17926.682
PORTFOLIO BILLS	11.793	11.670	24.896	23.300	6.131	15.856
ADVANCES AND DEBTOR A/C (EXCEPT BANKS)	1268.490	1345.571	1632.535	2877.147	9867.654	11941.690
PORTFOLIO SECURITIES	219.922	317.352	717.832	1176.222	1595.784	8632.544
SHAREHOLDERS						
INTERIM DIVIDEND FOR THE FINANCIAL YEAR	45.169	51.679	53.439	71.286	81.852	184.142
REAL ESTATE AND INSTALLATIONS	40.811	44.172	43.397	64.655	126.137	368.814
ORDER AND REGULARIZATION A/C						
RESULTS (LOSS)						
TOTAL ASSETS :	1966.563	2389.080	3137.664	6810.962	25819.447	39069.728
LIABILITIES						
SAVING ACCOUNTS	1108.652	1414.183	1920.949	3780.068	13724.905	21970.748
CHECKING ACCOUNTS	74.374	80.912	119.511	228.454	763.515	1393.995
CURRENT ACCOUNTS	200.167	167.153	312.913	735.736	1860.576	2972.909
DEPOSITS AT NOTICE OR WITH FIXED MATURITY	40.610	41.302	43.083	110.323	93.504	796.424
BANKS AND CORRESPONDENTS	197.042	269.848	58.927	17.207	451.732	613.451
MISCELLANEOUS CREDITORS	114.290	130.205	217.292	664.281	1717.037	1751.027
REBENTURE LOANS OR OTHER DEPOSITS						
PROVISIONS	119.779	167.878	302.448	1075.488	6984.835	8186.120
ORDER AND REGULARIZATION ACCOUNTS	44.472	50.422	95.364	132.228	156.166	1015.424
PROFITS CARRIED FORWARD	0.077	0.077	0.077	0.077	0.077	0.077
RESERVES	32.100	32.100	32.100	32.100	32.100	32.100
CAPITAL	35.000	35.000	35.000	35.000	35.000	35.000
RESULTS OF THE FINANCIAL YEAR						
TOTAL LIABILITIES	1966.563	2389.080	3137.664	6810.962	25819.447	39069.728
OTHERS - BILAN						
DISCOUNTED BILLS CIRCULATING UNDER OUR ENDORSEMENT						
ASSETS ON COLLECTION	16.467	14.372	27.129	208.050	1388.712	1405.132
ENGAGEMENTS BY ACCEPTANCE	0.315		19.767	40.454	58.607	313.864
ENGAGEMENTS BY GUARANTEES AND ENDORSEMENT	151.633	199.313	326.236	1004.915	4471.003	2590.097
OPENING OF CONFIRMED CREDITS	53.765	16.681	52.144	136.679	824.423	1624.981
OTHER ENGAGEMENTS		0.240	0.240	0.240	0.240	0.200
TOTAL OTHERS - BILAN	222.180	230.606	425.516	1390.338	6742.985	5934.274

BALANCE SHEET (IN MILLIONS LL)

SOCIETE NOUVELLE DE LA BANQUE DE SYRIE ET DU LIBAN

	1989	1990	1991	1992
ASSETS				
CASH AND CENTRAL BANK	1584.028	2599.674	3965.445	7444.994
LEBANESE TREASURY BILLS	12535.112	14230.309	27058.087	48313.085
BANKS AND FINANCIAL INSTITUTIONS	13857.075	16123.497	20382.721	45495.345
CURRENT ACCOUNTS	3177.805	5708.337	8163.583	21006.365
LOANS AND TIME DEPOSITS	10679.270	10415.160	12219.138	24488.980
H.O. & BRANCHES, PARENTS CO. AND FOREIGN				
SISTER FINANCIAL INSTITUTIONS & SUBSIDIARIES				
CURRENT ACCOUNTS				
LOANS AND TIME DEPOSITS				
COMMERCIAL BILLS DISCOUNTED	0.261	20.749	263.280	390.763
LOANS TO CUSTOMERS	6035.108	13320.683	15360.826	32779.413
SHORT TERM LOANS	4760.084	11683.127	12500.385	26901.970
MEDIUM AND LONG TERM LOANS	1241.176	1558.386	2545.765	5367.563
DEBTOR ACCOUNTS AGAINST CREDITOR ACCOUNTS	33.848	79.170	314.676	509.880
BANK ACCEPTANCES	190.348	255.540	1200.869	3155.931
MARKETABLE SECURITIES	2.975	2.975	2.975	0.539
MISCELLANEOUS DEBTOR ACCOUNTS	47.787	15.765	2.242	13.398
REGULARIZATION ACCOUNTS	661.830	730.017	119.737	1090.336
FINANCIAL FIXED ASSETS	9.514	10.639	309.638	309.638
NON-FINANCIAL FIXED ASSETS	169.227	173.485	646.374	1283.009
REVALUATION VARIANCE	37.815	37.815	37.815	37.815
TOTAL ASSETS*	35131.080	47521.148	69350.009	140314.266
CONTRA ACCOUNTS				
ENGAGEMENTS BY SIGNATURE RECEIVED	13319.841	29214.025	46563.315	102917.964
REAL SECURITIES RECEIVED	3744.221	6275.279	9607.576	25098.014
TOTAL CONTRA ACCOUNTS	17064.062	35489.304	56170.891	128015.978
LIABILITIES				
CENTRAL BANK				
BANKS AND FINANCIAL INSTITUTIONS	1365.598	912.223	2357.379	941.458
CURRENT ACCOUNTS	99.254	123.283	270.797	179.798
TIME DEPOSITS AND BORROWINGS	1266.344	788.940	2086.582	761.660
H.O. & BRANCHES, PARENTS CO. AND FOREIGN				
SISTER FINANCIAL INSTITUTIONS & SUBSIDIARIES				
CURRENT ACCOUNTS				
TIME DEPOSITS AND BORROWINGS				
DEPOSITS FROM CUSTOMERS	31071.020	42694.057	60885.446	124997.216
SIGHT DEPOSITS	5076.790	5540.456	7089.105	16544.203
TIME DEPOSITS	759.736	1349.680	1743.588	2202.419
SIGHT SAVING ACCOUNTS	3425.573	4229.986	4866.227	10544.067
TIME SAVING ACCOUNTS	21766.251	31400.908	46924.926	95316.990
CREDITOR ACCOUNTS AGAINST DEBTOR ACCOUNTS	42.670	173.027	261.600	389.537
ENGAGEMENTS BY ACCEPTANCES	190.348	255.540	1200.869	3155.931
MISCELLANEOUS CREDITOR ACCOUNTS	728.174	1259.351	2239.841	4642.663
REGULARIZATION ACCOUNTS	720.630	927.351	530.864	1801.396
SUBORDINATED BORROWINGS AND DEBENTURE LOANS				
PROVISIONS FOR RISKS AND EXPENSES	737.414	1154.730	1677.714	2840.217
SHARE CAPITAL	35.000	35.000	350.000	350.000
RESERVES AND PREMIUMS	245.004	245.004	70.004	70.004
BALANCE CARRIED FORWARD	0.077	0.077	0.077	0.077
NET INCOME (OR LOSS) FOR THE YEAR				1477.489
REVALUATION VARIANCE	37.815	37.815	37.815	37.815
TOTAL LIABILITIES AND SHAREHOLDERS EQUITY	35131.080	47521.148	69350.009	140314.266
CONTRA ACCOUNTS				
ENGAGEMENTS BY SIGNATURE ISSUED	6539.049	9071.041	13915.935	22866.331
GUARANTEES AND ENDORSEMENTS	2699.607	4072.356	3736.527	4265.306
DISCOUNTED BILLS CIRCULATING UNDER OUR ENDORSEMENT				
CONFIRMED DOCUMENTARY CREDITS	2170.236	2639.822	5634.072	11282.000
OTHER ENGAGEMENTS	1669.206	2358.863	4545.336	7319.025
BANK'S ASSETS GIVEN AS GUARANTEES				
TOTAL CONTRA ACCOUNTS	6539.049	9071.041	13915.935	22866.331
TOTAL FOOTINGS	41670.129	56592.189	83265.944	163180.597
TOTAL L/C OPENINGS OF THE YEAR			20233.786	39529.413
* AFTER DEDUCTION OF PROVISIONS FOR DOUBTFUL DEBTS	8383.280	16569.170	17514.374	33995.076

BALANCE SHEET (IN MILLIONS LL)

	1983	1984	1985	1986	1987	1988
ASSETS						
CASH AND BANKS	70.960	51.150	246.868	1325.410	8487.768	14260.631
PORTFOLIO BILLS	1.400	1.231	0.955	0.285	15.358	27.154
ADVANCES AND DEBTOR A/C (EXCEPT BANKS)	71.887	107.720	133.334	274.321	849.750	1763.864
PORTFOLIO SECURITIES	31.389	20.009	59.459	81.835	137.377	1666.377
SHAREHOLDERS						
INTERIM DIVIDEND FOR THE FINANCIAL YEAR	1.489	2.610	4.079	15.476	31.502	193.410
REAL ESTATE AND INSTALLATIONS	3.712	5.579	0.992	0.947	99.311	270.134
ORDER AND REGULARIZATION A/C			4.629	0.631		
RESULTS (LOSS)						
TOTAL ASSETS :	180.837	188.299	450.316	1698.905	9621.066	18121.570
LIABILITIES						
SAVING ACCOUNTS	78.889	98.387	284.449	987.369	5754.287	11144.666
CHECKING ACCOUNTS			18.023	59.306	327.354	933.203
CURRENT ACCOUNTS	12.377	7.224	7.871	127.783	726.757	843.843
DEPOSITS AT NOTICE OR WITH FIXED MATURITY	13.396	9.024	44.532	193.158	737.820	1713.419
BANKS AND CORRESPONDENTS	20.784	2.154	5.729	16.048	0.562	64.860
SCHELLANEOUS CREDITORS	31.829	27.058	35.080	217.365	1716.235	2829.942
VENTURE LOANS OR OTHER DEPOSITS						
PROVISIONS	3.217	4.215	8.576	43.852	220.696	338.844
ORDER AND REGULARIZATION ACCOUNTS	0.325	0.217	1.702	10.537	4.965	90.387
PROFITS CARRIED FORWARD						
RESERVES	0.020	0.020	0.019	0.303	47.904	72.302
CAPITAL	20.000	40.000	40.000	40.000	80.000	80.000
RESULTS OF THE FINANCIAL YEAR			4.335	3.184	4.486	10.104
TOTAL LIABILITIES	180.837	188.299	450.316	1698.905	9621.066	18121.570
OTHERS - BILAN						
DISCOUNTED BILLS CIRCULATING UNDER OUR ENDORSEMENT						
ASSETS ON COLLECTION	129.792	158.776	180.825	230.765	437.248	575.091
ENGAGEMENTS BY ACCEPTANCE	6.405	15.251	1.120	79.809	240.524	311.680
ENGAGEMENTS BY GUARANTEES AND ENDORSEMENT	4.275	5.444	29.501	126.353	633.801	540.653
OPENING OF CONFIRMED CREDITS		0.070	16.029	126.379	674.120	1121.293
OTHER ENGAGEMENTS			0.070	0.120	0.120	0.120
TOTAL OTHERS - BILAN	140.472	179.541	227.545	563.426	1985.813	2548.837

BALANCE SHEET (IN MILLIONS LL)

ALLIED BUSINESS BANK

	1989	1990	1991	1992
ASSETS				
CASH AND CENTRAL BANK	935.478	1881.587	2881.775	7365.372
LEBANESE TREASURY BILLS	3507.136	5573.248	9429.023	20577.180
BANKS AND FINANCIAL INSTITUTIONS	12069.430	17679.592	22642.100	49554.112
CURRENT ACCOUNTS	4427.412	6336.291	7247.363	29486.813
LOANS AND TIME DEPOSITS	7642.018	11343.301	15394.737	20067.299
H.O. & BRANCHES, PARENTS CO. AND FOREIGN SISTER FINANCIAL INSTITUTIONS & SUBSIDIARIES				
CURRENT ACCOUNTS				
LOANS AND TIME DEPOSITS				
COMMERCIAL BILLS DISCOUNTED	15.408	12.630	19.426	116.159
LOANS TO CUSTOMERS	6026.035	13326.021	19516.694	37097.670
SHORT TERM LOANS	5968.984	10843.391	15689.096	29568.411
MEDIUM AND LONG TERM LOANS	48.834	2473.772	3764.787	7203.462
DEBTOR ACCOUNTS AGAINST CREDITOR ACCOUNTS	8.217	8.858	62.811	325.797
BANK ACCEPTANCES	1049.500	1450.830	987.674	3257.752
MARKETABLE SECURITIES				
MISCELLANEOUS DEBTOR ACCOUNTS	19.072	206.994	979.062	656.176
REGULARIZATION ACCOUNTS	132.223	58.985	112.586	263.312
FINANCIAL FIXED ASSETS	26.377	39.215	40.877	378.377
NON-FINANCIAL FIXED ASSETS	368.277	588.999	805.897	2125.797
REVALUATION VARIANCE				
TOTAL ASSETS*	24148.936	40818.101	57415.114	121391.907
CONTRA ACCOUNTS				
ENGAGEMENTS BY SIGNATURE RECEIVED	1772.503	5212.195	20550.528	44049.650
REAL SECURITIES RECEIVED	618.874	3012.323	3845.137	7987.309
TOTAL CONTRA ACCOUNTS	2391.377	8224.518	24395.665	52036.959
LIABILITIES				
CENTRAL BANK				
BANKS AND FINANCIAL INSTITUTIONS	267.107	472.106	2.677	1254.482
CURRENT ACCOUNTS	267.107	472.106	2.677	1254.482
TIME DEPOSITS AND BORROWINGS				
H.O. & BRANCHES, PARENTS CO. AND FOREIGN SISTER FINANCIAL INSTITUTIONS & SUBSIDIARIES				
CURRENT ACCOUNTS				
TIME DEPOSITS AND BORROWINGS				
DEPOSITS FROM CUSTOMERS	21700.385	35023.966	50162.160	102494.005
SIGHT DEPOSITS	4438.903	5232.323	9121.749	20108.266
TIME DEPOSITS	1453.043	1095.919	2032.653	4483.869
SIGHT SAVING ACCOUNTS	1132.536	2485.895	3728.166	8179.325
TIME SAVING ACCOUNTS	14665.098	26041.679	35266.283	69471.439
CREDITOR ACCOUNTS AGAINST DEBTOR ACCOUNTS	10.805	168.150	13.309	251.106
ENGAGEMENTS BY ACCEPTANCES	1049.500	1450.830	987.674	3257.752
MISCELLANEOUS CREDITOR ACCOUNTS	67.671	1725.242	2518.482	3873.504
REGULARIZATION ACCOUNTS	269.851	453.124	950.910	3811.650
SUBORDINATED BORROWINGS AND DEBENTURE LOANS				
PROVISIONS FOR RISKS AND EXPENSES	266.451	736.125	1448.582	4130.287
SHARE CAPITAL	400.000	400.000	400.000	1000.000
RESERVES AND PREMIUMS	28.513	127.970	595.500	944.629
BALANCE CARRIED FORWARD				
NET INCOME (OR LOSS) FOR THE YEAR	99.458	428.738	349.129	625.598
REVALUATION VARIANCE				
TOTAL LIABILITIES AND SHAREHOLDERS EQUITY	24148.936	40818.101	57415.114	121391.907
CONTRA ACCOUNTS				
ENGAGEMENTS BY SIGNATURE ISSUED	2766.318	5216.180	10222.421	14884.428
GUARANTEES AND ENDORSEMENTS	496.474	1415.836	5480.090	9215.948
DISCOUNTED BILLS CIRCULATING UNDER OUR ENDORSEMENT				
CONFIRMED DOCUMENTARY CREDITS	2269.844	3800.344	4742.331	5668.480
OTHER ENGAGEMENTS				
BANK'S ASSETS GIVEN AS GUARANTEES				
TOTAL CONTRA ACCOUNTS	2766.318	5216.180	10222.421	14884.428
TOTAL FOOTINGS	26915.254	46034.281	67637.535	136276.335
TOTAL L/C OPENINGS OF THE YEAR			21426.340	34922.000
* AFTER DEDUCTION OF PROVISIONS FOR DOUBTFUL DEBTS	307.014	995.558		
			1112.374	2079.337

BALANCE SHEET (IN MILLIONS LL)

BANQUE DE L'INDUSTRIE ET DU TRAVAIL

	1983	1984	1985	1986	1987	1988
ASSETS						
CASH AND BANKS	280.931	231.913	671.709	2426.361	13795.096	15458.291
PORTFOLIO BILLS	40.218	40.096	27.222	14.452	6.910	2.765
ADVANCES AND DEBTOR A/C (EXCEPT BANKS)	1105.614	1500.843	1699.051	2061.980	10484.310	12137.524
PORTFOLIO SECURITIES	173.832	126.038	36.629	9.957	10.009	3326.009
SHAREHOLDERS						
INTERIM DIVIDEND FOR THE FINANCIAL YEAR	37.707	49.385	33.498	30.748	40.882	59.712
REAL ESTATE AND INSTALLATIONS	6.400	54.652	62.659	64.866	83.936	102.093
ORDER AND REGULARIZATION A/C						
RESULTS (LOSS)						
TOTAL ASSETS :	1644.702	2002.927	2530.768	4608.364	24421.143	31086.394
LIABILITIES						
SAVING ACCOUNTS	1094.935	1369.896	1507.949	2965.285	10932.832	15385.369
CHECKING ACCOUNTS	33.965	34.151	48.311	115.281	281.411	566.121
CURRENT ACCOUNTS	55.751	42.920	59.332	180.163	607.266	618.680
DEPOSITS AT NOTICE OR WITH FIXED MATURITY	41.617	17.687	13.523	45.622	199.025	97.790
BANKS AND CORRESPONDENTS	101.664	108.805	437.971	180.242	351.938	279.428
SCHELLANEOUS CREDITORS	201.229	252.229	330.419	971.046	4194.956	4593.955
REBENTURE LOANS OR OTHER DEPOSITS						
PROVISIONS	58.065	73.082	33.071	51.147	7719.139	9357.184
ORDER AND REGULARIZATION ACCOUNTS	11.594	58.275	54.307	53.693	88.691	141.982
PROFITS CARRIED FORWARD	0.156	0.156	0.159	0.159	0.159	0.159
RESERVES	5.726	5.726	5.726	5.726	5.726	5.726
CAPITAL	40.000	40.000	40.000	40.000	40.000	40.000
RESULTS OF THE FINANCIAL YEAR						
TOTAL LIABILITIES	1644.702	2002.927	2530.768	4608.364	24421.143	31086.394
OTHERS -- BILAN						
SCOUNTED BILLS CIRCULATING UNDER OUR ENDORSEMENT						
ASSETS ON COLLECTION	36.376	43.193	45.522	157.306	472.220	243.712
ENGAGEMENTS BY ACCEPTANCE	30.953	48.122	12.102	54.144	127.782	52.357
ENGAGEMENTS BY GUARANTEES AND ENDORSEMENT	151.462	178.159	126.607	259.441	495.630	254.899
OPENING OF CONFIRMED CREDITS	95.643	123.588	63.637	92.551	292.553	570.444
OTHER ENGAGEMENTS						
TOTAL OTHERS -- BILAN	314.434	393.062	247.868	563.442	1388.185	1121.412

BALANCE SHEET (IN MILLIONS LL)

BANQUE DE L'INDUSTRIE ET DU TRAVAIL

	1989	1990	1991	1992
ASSETS				
CASH AND CENTRAL BANK	707.454	515.691	2784.266	4988.078
LEBANESE TREASURY BILLS	3735.701	3382.303	5888.796	17870.969
BANKS AND FINANCIAL INSTITUTIONS	10445.571	12617.955	17113.170	32988.121
CURRENT ACCOUNTS	3243.766	4722.900	7183.709	10118.323
LOANS AND TIME DEPOSITS	7201.805	7895.055	9929.461	22869.798
H.O. & BRANCHES, PARENTS CO. AND FOREIGN SISTER FINANCIAL INSTITUTIONS & SUBSIDIARIES				
CURRENT ACCOUNTS				
LOANS AND TIME DEPOSITS			58.933	242.660
COMMERCIAL BILLS DISCOUNTED				
LOANS TO CUSTOMERS	11801.316	21374.807	18468.854	49400.650
SHORT TERM LOANS	1498.352	2983.021	17329.643	39836.965
MEDIUM AND LONG TERM LOANS	10205.599	18185.170		
DEBTOR ACCOUNTS AGAINST CREDITOR ACCOUNTS	97.365	206.616	1139.211	9563.685
BANK ACCEPTANCES	47.944	79.939	561.385	1055.207
MARKETABLE SECURITIES	5.609	5.737	5.737	8.460
MISCELLANEOUS DEBTOR ACCOUNTS	208.151	193.587	70.726	90.694
REGULARIZATION ACCOUNTS	795.817	377.200	1954.960	156.394
FINANCIAL FIXED ASSETS	4.400	4.400	4.400	6.500
NON-FINANCIAL FIXED ASSETS	60.099	92.110	102.573	949.959
REVALUATION VARIANCE	50.115	50.115	50.115	50.115
TOTAL ASSETS*	27862.177	38693.844	47063.915	107807.807
CONTRA ACCOUNTS				
ENGAGEMENTS BY SIGNATURE RECEIVED	5730.105	10536.002	10536.002	27268.245
REAL SECURITIES RECEIVED	2744.662	4612.619	4612.619	27824.866
TOTAL CONTRA ACCOUNTS	8474.767	15148.621	15148.621	55093.111
LIABILITIES				
CENTRAL BANK				
BANKS AND FINANCIAL INSTITUTIONS		0.013	244.300	1589.960
CURRENT ACCOUNTS		0.013	244.300	1589.960
TIME DEPOSITS AND BORROWINGS				
H.O. & BRANCHES, PARENTS CO. AND FOREIGN SISTER FINANCIAL INSTITUTIONS & SUBSIDIARIES				
CURRENT ACCOUNTS				
TIME DEPOSITS AND BORROWINGS				
DEPOSITS FROM CUSTOMERS	24742.892	33033.057	30787.171	70571.381
SIGHT DEPOSITS	1552.496	1911.473	3037.140	6894.714
TIME DEPOSITS	1328.668	1537.714	2489.344	4297.046
SIGHT SAVING ACCOUNTS	1325.145	1275.774	2784.628	3403.486
TIME SAVING ACCOUNTS	12868.437	14613.953	20560.440	46673.839
CREDITOR ACCOUNTS AGAINST DEBTOR ACCOUNTS	7668.146	13694.143	1915.619	9302.296
ENGAGEMENTS BY ACCEPTANCES	47.944	79.939	561.385	1055.207
MISCELLANEOUS CREDITOR ACCOUNTS	1084.738	272.849	1047.366	1573.793
REGULARIZATION ACCOUNTS	117.650	328.615	278.229	1307.605
SUBORDINATED BORROWINGS AND DEBENTURE LOANS				
PROVISIONS FOR RISKS AND EXPENSES	1772.953	4423.371	13589.464	27937.361
SHARE CAPITAL	40.000	500.000	500.000	3716.500
RESERVES AND PREMIUMS	5.726	5.726	5.726	5.726
BALANCE CARRIED FORWARD	0.159	0.159	0.159	0.159
NET INCOME (OR LOSS) FOR THE YEAR				
REVALUATION VARIANCE	50.115	50.115	50.115	50.115
TOTAL LIABILITIES AND SHAREHOLDERS EQUITY	27862.177	38693.844	47063.915	107807.807
CONTRA ACCOUNTS				
ENGAGEMENTS BY SIGNATURE ISSUED	5652.176	775.019	2166.458	5185.079
GUARANTEES AND ENDORSEMENTS	243.271	293.559	703.716	1149.942
DISCOUNTED BILLS CIRCULATING UNDER OUR ENDORSEMENT				
CONFIRMED DOCUMENTARY CREDITS	372.339	395.570	1038.627	1374.872
OTHER ENGAGEMENTS	5036.566	85.890	424.115	2660.265
BANK'S ASSETS GIVEN AS GUARANTEES				
TOTAL CONTRA ACCOUNTS	5652.176	775.019	2166.458	5185.079
TOTAL FOOTINGS	33514.353	39468.863	49230.373	112992.886
TOTAL L/C OPENINGS OF THE YEAR			2858.874	6481.781
* AFTER DEDUCTION OF PROVISIONS FOR DOUBTFUL DEBTS	18909.866	21678.353	4705.992	15401.180

BALANCE SHEET (IN MILLIONS LL)

	1983	1984	1985	1986	1987	1988
BANK OF BEIRUT						
ASSETS						
CASH AND BANKS	50.330	81.328	132.679	767.976	5499.402	5162.937
PORTFOLIO BILLS	15.316	11.984	11.081	37.688	9.494	2707.768
ADVANCES AND DEBTOR A/C (EXCEPT BANKS)	217.085	285.601	390.260	782.221	2756.608	5583.575
PORTFOLIO SECURITIES	19.360	15.360	94.500	123.000	360.910	20.410
SHAREHOLDERS						
TERIM DIVIDEND FOR THE FINANCIAL YEAR	3.176	8.463	13.761	59.461	26.943	46.296
REAL ESTATE AND INSTALLATIONS	0.331	0.158	5.058	0.840	5.099	3.473
ORDER AND REGULARIZATION A/C						
RESULTS (LOSS)						
TOTAL ASSETS :	305.598	402.894	647.339	1771.186	8658.456	13524.459
LIABILITIES						
SAVING ACCOUNTS	153.376	234.401	458.431	1350.531	6757.916	10626.597
CHECKING ACCOUNTS	18.117	20.741	24.446	46.197	156.499	332.005
CURRENT ACCOUNTS	13.577	10.808	8.627	26.441	226.796	222.967
DEPOSITS AT NOTICE OR WITH FIXED MATURITY	9.824	3.646	3.958	13.395	86.565	122.944
BANKS AND CORRESPONDENTS	21.841	8.539	2.391	13.380	235.933	151.622
MISCELLANEOUS CREDITORS	22.617	44.927	47.954	127.638	443.018	799.356
VENTURE LOANS OR OTHER DEPOSITS						
PROVISIONS	8.099	21.339	39.113	121.922	665.223	1097.152
ORDER AND REGULARIZATION ACCOUNTS	1.794	2.140	6.066	15.329	30.153	115.463
PROFITS CARRIED FORWARD						
RESERVES	1.257	1.257	6.353	6.353	6.353	6.353
CAPITAL	50.000	50.000	50.000	50.000	50.000	50.000
RESULTS OF THE FINANCIAL YEAR	5.096	5.096				
TOTAL LIABILITIES	305.598	402.894	647.339	1771.186	8658.456	13524.459
OTHERS - BILAN						
DISCOUNTED BILLS CIRCULATING UNDER OUR ENDORSEMENT						
ASSETS ON COLLECTION	7.849	11.165	11.078	67.041	462.220	411.456
ENGAGEMENTS BY ACCEPTANCE	2.578	2.211	3.301	13.719	5.767	12.943
ENGAGEMENTS BY GUARANTEES AND ENDORSEMENT	20.968	29.753	76.396	125.802	243.670	275.910
OPENING OF CONFIRMED CREDITS	5.875	15.457	19.990	212.850	1283.206	1964.062
OTHER ENGAGEMENTS						
TOTAL OTHERS - BILAN	37.270	58.586	110.765	419.412	1994.863	2664.371

BALANCE SHEET (IN MILLIONS LL)

BANK OF BEIRUT

	1989	1990	1991	1992
ASSETS				
CASH AND CENTRAL BANK	629.812	807.010	1504.704	3535.233
LEBANESE TREASURY BILLS	5151.867	6279.195	8683.550	18429.912
BANKS AND FINANCIAL INSTITUTIONS	3228.446	7003.055	6764.851	25839.040
CURRENT ACCOUNTS	849.729	2843.893	4797.498	6075.553
LOANS AND TIME DEPOSITS	2378.717	4159.162	1967.353	19763.487
H.O. & BRANCHES, PARENTS CO. AND FOREIGN				
SISTER FINANCIAL INSTITUTIONS & SUBSIDIARIES				
CURRENT ACCOUNTS				
LOANS AND TIME DEPOSITS				
COMMERCIAL BILLS DISCOUNTED	46.711	102.685	102.773	329.955
LOANS TO CUSTOMERS	5492.095	10841.993	13038.326	23698.252
SHORT TERM LOANS	3777.118	6568.747	9085.169	13616.905
MEDIUM AND LONG TERM LOANS	1714.977	2737.171	2622.813	7132.849
DEBTOR ACCOUNTS AGAINST CREDITOR ACCOUNTS		1536.075	1330.344	2948.498
BANK ACCEPTANCES		169.162	133.000	382.162
MARKETABLE SECURITIES	20.410	21.620	1.710	1.710
MISCELLANEOUS DEBTOR ACCOUNTS	4.137	13.714	13.018	23.608
REGULARIZATION ACCOUNTS	49.325	100.823	115.324	133.222
FINANCIAL FIXED ASSETS			0.001	
NON-FINANCIAL FIXED ASSETS	68.209	115.940	179.103	289.413
REVALUATION VARIANCE				
TOTAL ASSETS*	14691.012	25455.197	30536.360	72662.507
CONTRA ACCOUNTS				
ENGAGEMENTS BY SIGNATURE RECEIVED	2204.830	3715.606	4713.683	11542.708
REAL SECURITIES RECEIVED	670.415	922.026	702.762	4701.434
TOTAL CONTRA ACCOUNTS	2875.245	4637.632	5416.445	16244.142
LIABILITIES				
CENTRAL BANK				
BANKS AND FINANCIAL INSTITUTIONS	1432.012	1909.345	2107.311	4465.138
CURRENT ACCOUNTS	5.415	689.181	1957.311	191.338
TIME DEPOSITS AND BORROWINGS	1426.597	1220.164	150.000	4273.800
H.O. & BRANCHES, PARENTS CO. AND FOREIGN				
SISTER FINANCIAL INSTITUTIONS & SUBSIDIARIES				
CURRENT ACCOUNTS				
TIME DEPOSITS AND BORROWINGS				
DEPOSITS FROM CUSTOMERS	12523.507	21970.226	25564.367	59147.741
SIGHT DEPOSITS	1121.692	2208.314	3250.587	6967.381
TIME DEPOSITS	648.384	398.167	664.234	8994.813
SIGHT SAVING ACCOUNTS	918.466	1586.616	1593.402	2874.930
TIME SAVING ACCOUNTS	9834.965	16293.381	18723.158	37180.076
CREDITOR ACCOUNTS AGAINST DEBTOR ACCOUNTS		1483.748	1332.986	3130.541
ENGAGEMENTS BY ACCEPTANCES		169.162	133.000	382.162
MISCELLANEOUS CREDITOR ACCOUNTS	462.046	378.083	633.941	7408.349
REGULARIZATION ACCOUNTS	162.004	199.684	308.363	680.352
SUBORDINATED BORROWINGS AND DEBENTURE LOANS				
PROVISIONS FOR RISKS AND EXPENSES	55.090	522.344	1483.026	272.413
SHARE CAPITAL	50.000	300.000	300.000	300.000
RESERVES AND PREMIUMS	6.353	6.353	6.352	6.352
BALANCE CARRIED FORWARD				
NET INCOME (OR LOSS) FOR THE YEAR				
REVALUATION VARIANCE				
TOTAL LIABILITIES AND SHAREHOLDERS EQUITY	14691.012	25455.197	30536.360	72662.507
CONTRA ACCOUNTS				
ENGAGEMENTS BY SIGNATURE ISSUED	1990.309	5430.811	4583.424	11151.223
GUARANTEES AND ENDORSEMENTS	132.964	488.155	937.771	2335.800
DISCOUNTED BILLS CIRCULATING UNDER OUR ENDORSEMENT				
CONFIRMED DOCUMENTARY CREDITS	1118.950	2261.774	2941.187	3457.976
OTHER ENGAGEMENTS	738.395	2680.882	704.466	5357.447
BANK'S ASSETS GIVEN AS GUARANTEES				
TOTAL CONTRA ACCOUNTS	1990.309	5430.811	4583.424	11151.223
TOTAL FOOTINGS	16681.321	30886.008	35119.784	83813.730
TOTAL L/C OPENINGS OF THE YEAR			15355.071	22072.139
* AFTER DEDUCTION OF PROVISIONS FOR DOUBTFUL DEBTS	1394.654	3185.584	4350.210	10501.356

BALANCE SHEET (IN MILLIONS LL)

MAWARID BANK

	1983	1984	1985	1986	1987	1988
ASSETS						
CASH AND BANKS	67.223	91.724	441.492	2017.174	9115.509	9046.926
PORTFOLIO BILLS	1.709	0.980	0.088	0.320	462.889	158.145
ADVANCES AND DEBTOR A/C (EXCEPT BANKS)	202.883	286.763	359.497	514.939	983.906	1285.486
PORTFOLIO SECURITIES	17.512	46.980	206.100	106.100	70.100	2015.100
SHAREHOLDERS						
INTERIM DIVIDEND FOR THE FINANCIAL YEAR	25.071	24.471	24.903	69.730	79.456	90.432
REAL ESTATE AND INSTALLATIONS	0.167	0.139	0.237	0.642	5.077	9.537
ORDER AND REGULARIZATION A/C		0.944	0.945			
RESULTS (LOSS)						
TOTAL ASSETS :	314.565	452.001	1033.262	2708.905	10716.937	12605.626
LIABILITIES						
SAVING ACCOUNTS	205.423	329.173	721.377	1880.018	7054.310	9151.956
CHECKING ACCOUNTS	11.245	10.229	26.008	63.810	426.191	381.636
CURRENT ACCOUNTS	6.188	5.976	21.929	74.198	252.982	846.055
DEPOSITS AT NOTICE OR WITH FIXED MATURITY	6.212	0.403	1.194	80.752	19.910	166.495
BANKS AND CORRESPONDENTS	30.633	27.833	147.817	322.438	722.615	1.724
VARIOUS CREDITORS	19.658	37.410	44.770	111.295	1368.644	945.457
SAVING DEPOSITS						
PROVISIONS	2.372	7.385	25.346	131.411	794.464	974.248
ORDER AND REGULARIZATION ACCOUNTS	0.503	2.255	13.331	4.372	22.485	44.944
PROFITS CARRIED FORWARD					7.577	20.828
RESERVES	2.059	1.337	1.338	1.552	4.508	8.285
CAPITAL	30.000	30.000	30.000	30.000	30.000	30.000
RESULTS OF THE FINANCIAL YEAR	0.272		0.152	9.059	13.251	33.998
TOTAL LIABILITIES	314.565	452.001	1033.262	2708.905	10716.937	12605.626
OTHERS - BILAN						
UNACCOUNTED BILLS CIRCULATING UNDER OUR ENDORSEMENT						
ASSETS ON COLLECTION	6.188	2.969	2.625	2.346	24.429	141.111
ENGAGEMENTS BY ACCEPTANCE		1.542	1.554			
ENGAGEMENTS BY GUARANTEES AND ENDORSEMENT	14.980	59.346	91.536	154.177	334.827	319.275
OPENING OF CONFIRMED CREDITS	0.077	2.525	5.811	3.094	393.200	260.689
OTHER ENGAGEMENTS						
TOTAL OTHERS - BILAN	21.245	66.382	101.526	159.617	752.456	721.075

BALANCE SHEET (IN MILLIONS LL)

AL MAWARID BANK

	1989	1990	1991	1992
ASSETS				
CASH AND CENTRAL BANK	1578.283	3337.311	2142.969	6227.588
LEBANESE TREASURY BILLS	5074.445	4598.630	9520.003	19087.099
BANKS AND FINANCIAL INSTITUTIONS	8860.000	13650.695	8042.088	12017.238
CURRENT ACCOUNTS	1090.713	793.957	1620.453	5746.884
LOANS AND TIME DEPOSITS	7769.287	12856.738	6421.635	6270.354
H.O. & BRANCHES, PARENTS CO. AND FOREIGN				
SISTER FINANCIAL INSTITUTIONS & SUBSIDIARIES				
CURRENT ACCOUNTS				
LOANS AND TIME DEPOSITS				
COMMERCIAL BILLS DISCOUNTED				193.255
LOANS TO CUSTOMERS	1147.366	2251.480	4239.090	12122.496
SHORT TERM LOANS	917.492	2225.784	3487.246	10963.366
MEDIUM AND LONG TERM LOANS	194.851	0.140	577.803	943.851
DEBTOR ACCOUNTS AGAINST CREDITOR ACCOUNTS	35.023	25.556	174.041	215.279
BANK ACCEPTANCES			224.745	565.059
MARKETABLE SECURITIES	164.646			
MISCELLANEOUS DEBTOR ACCOUNTS			7.998	12.847
REGULARIZATION ACCOUNTS	12.147	18.065	30.567	65.448
FINANCIAL FIXED ASSETS	80.956	73.135	7.500	7.500
NON-FINANCIAL FIXED ASSETS	7.500	7.500	118.771	135.731
REVALUATION VARIANCE	84.808	107.244		
TOTAL ASSETS*	17010.151	24044.060	24333.731	50434.261
CONTRA ACCOUNTS				
ENGAGEMENTS BY SIGNATURE RECEIVED	1400.392	4282.812	2507.098	5715.355
REAL SECURITIES RECEIVED	1464.245	2771.988	1885.663	4768.735
TOTAL CONTRA ACCOUNTS	2864.637	7054.800	4392.761	10484.090
LIABILITIES				
CENTRAL BANK				
BANKS AND FINANCIAL INSTITUTIONS	0.121	3329.839	32.643	75.848
CURRENT ACCOUNTS	0.121	3329.839	32.643	75.848
TIME DEPOSITS AND BORROWINGS				
H.O. & BRANCHES, PARENTS CO. AND FOREIGN				
SISTER FINANCIAL INSTITUTIONS & SUBSIDIARIES				
CURRENT ACCOUNTS				
TIME DEPOSITS AND BORROWINGS				
DEPOSITS FROM CUSTOMERS	15504.258	19258.421	22077.391	46508.161
SIGHT DEPOSITS	4966.770	5727.018	1774.039	5306.473
TIME DEPOSITS	66.862	13317.576	208.081	438.872
SIGHT SAVING ACCOUNTS	2295.281		3346.144	7940.423
TIME SAVING ACCOUNTS	7911.986		16091.500	32023.601
CREDITOR ACCOUNTS AGAINST DEBTOR ACCOUNTS	263.359	213.827	657.627	798.792
ENGAGEMENTS BY ACCEPTANCES	164.646		224.745	565.059
MISCELLANEOUS CREDITOR ACCOUNTS	808.471	583.705	230.600	410.619
REGULARIZATION ACCOUNTS	5.413	6.755	129.970	263.037
SUBORDINATED BORROWINGS AND DEBENTURE LOANS				
PROVISIONS FOR RISKS AND EXPENSES	365.618	605.654	690.574	1467.452
SHARE CAPITAL	30.000	30.000	600.000	600.000
RESERVES AND PREMIUMS	15.137	15.137	133.497	367.432
BALANCE CARRIED FORWARD	54.826	116.487		
NET INCOME (OR LOSS) FOR THE YEAR	61.661	98.062	214.311	176.653
REVALUATION VARIANCE				
TOTAL LIABILITIES AND SHAREHOLDERS EQUITY	17010.151	24044.060	24333.731	50434.261
CONTRA ACCOUNTS				
ENGAGEMENTS BY SIGNATURE ISSUED	7720.953	8154.192	488.197	1192.282
GUARANTEES AND ENDORSEMENTS	3061.338	8154.192	457.721	774.648
DISCOUNTED BILLS CIRCULATING UNDER OUR ENDORSEMENT				
CONFIRMED DOCUMENTARY CREDITS	4659.615		30.476	417.634
OTHER ENGAGEMENTS				
BANK'S ASSETS GIVEN AS GUARANTEES				
TOTAL CONTRA ACCOUNTS	7720.953	8154.192	488.197	1192.282
TOTAL FOOTINGS	24731.104	32198.252	24821.928	51626.543
TOTAL L/C OPENINGS OF THE YEAR			7148.038	1058.657
* AFTER DEDUCTION OF PROVISIONS FOR DOUBTFUL DEBTS	884.169	1697.896	1929.436	3230.794

BALANCE SHEET (IN MILLIONS LL)

	1983	1984	1985	1986	1987	1988
METROPOLITAN BANK						
ASSETS						
CASH AND BANKS	111.923	116.810	296.652	1162.768	11037.014	10600.794
PORTFOLIO BILLS	5.148	2.189	2.432	3.021		
ADVANCES AND DEBTOR A/C (EXCEPT BANKS)	175.989	194.827	226.734	378.953	1513.702	1912.983
PORTFOLIO SECURITIES	14.025	16.000	16.000	82.725	183.300	1308.450
SHAREHOLDERS						
INTERIM DIVIDEND FOR THE FINANCIAL YEAR	18.341	17.258	17.152	19.651	111.657	205.340
REAL ESTATE AND INSTALLATIONS	0.691	0.557	0.879	10.053	28.131	101.249
ORDER AND REGULARIZATION A/C						
RESULTS (LOSS)						
TOTAL ASSETS :	326.117	347.641	559.849	1657.171	12873.804	14128.816
LIABILITIES						
SAVING ACCOUNTS	149.960	144.685	250.295	700.093	5929.028	11958.751
CHECKING ACCOUNTS	6.244	6.300	8.853	71.980	69.378	284.582
CURRENT ACCOUNTS	1.514	0.939	1.255	22.135	305.818	283.790
DEPOSITS AT NOTICE OR WITH FIXED MATURITY	1.240	0.103				
BANKS AND CORRESPONDENTS	30.165	22.396	31.060	92.228	3912.589	219.608
VARIOUS OTHER CREDITORS	95.625	161.385	219.629	713.123	2130.113	898.850
REBENTURE LOANS OR OTHER DEPOSITS						
PROVISIONS	9.945	11.285	18.158	24.787	229.770	79.878
ORDER AND REGULARIZATION ACCOUNTS	1.084	0.208	0.259	2.485	39.593	147.071
PROFITS CARRIED FORWARD						
RESERVES	0.340	0.340	0.340	0.340	7.515	6.286
CAPITAL	30.000	30.000	30.000	30.000	250.000	250.000
RESULTS OF THE FINANCIAL YEAR						
TOTAL LIABILITIES	326.117	377.641	559.849	1657.171	12873.804	14128.816
OTHERS - BILAN						
DISCOUNTED BILLS CIRCULATING UNDER OUR ENDORSEMENT						
ASSETS ON COLLECTION	45.023	44.236	44.676	43.951	62.320	
ENGAGEMENTS BY ACCEPTANCE	0.120		3.204	18.326		
ENGAGEMENTS BY GUARANTEES AND ENDORSEMENT	10.344	3.368	2.475	7.777	35.959	71.605
OPENING OF CONFIRMED CREDITS	1.561	2.878	0.657	183.478	603.571	1116.554
OTHER ENGAGEMENTS						
TOTAL OTHERS - BILAN	57.048	50.482	51.012	253.532	701.850	1188.159

BALANCE SHEET (IN MILLIONS LL)

METROPOLITAN BANK

	1989	1990	1991	1992
ASSETS				
CASH AND CENTRAL BANK	473.376	600.644	855.285	1157.606
LEBANESE TREASURY BILLS	3284.463	2660.140	2887.741	4969.143
BANKS AND FINANCIAL INSTITUTIONS	8835.273	13659.966	16046.827	22816.316
CURRENT ACCOUNTS	3169.720	10937.168	3423.255	7210.040
LOANS AND TIME DEPOSITS	5665.553	2722.798	12623.572	15606.276
H.O. & BRANCHES, PARENTS CO. AND FOREIGN				
SISTER FINANCIAL INSTITUTIONS & SUBSIDIARIES				
CURRENT ACCOUNTS				
LOANS AND TIME DEPOSITS			34.984	10.403
COMMERCIAL BILLS DISCOUNTED				
LOANS TO CUSTOMERS	2727.770	3424.217	3691.694	10514.858
SHORT TERM LOANS	2668.475	3166.980	3224.203	9540.028
MEDIUM AND LONG TERM LOANS	16.441	66.034	342.558	649.794
DEBTOR ACCOUNTS AGAINST CREDITOR ACCOUNTS	42.854	191.203	124.933	325.036
BANK ACCEPTANCES	202.205	149.583	194.297	1043.966
MARKETABLE SECURITIES	0.700	0.700	0.700	0.700
MISCELLANEOUS DEBTOR ACCOUNTS	66.443	41.042	29.930	52.240
REGULARIZATION ACCOUNTS	62.434	90.345	33.479	79.792
FINANCIAL FIXED ASSETS	7.500	7.500	7.500	7.500
NON-FINANCIAL FIXED ASSETS	198.995	213.317	254.363	242.683
REVALUATION VARIANCE				
TOTAL ASSETS*	15859.159	20847.454	24036.800	40895.207
CONTRA ACCOUNTS				
ENGAGEMENTS BY SIGNATURE RECEIVED	976.304	1413.070	3808.917	7472.046
REAL SECURITIES RECEIVED	622.813	937.621	2444.265	6101.836
TOTAL CONTRA ACCOUNTS	1599.117	2350.691	6253.182	13573.882
LIABILITIES				
CENTRAL BANK				
BANKS AND FINANCIAL INSTITUTIONS	664.931	1030.518	481.260	1115.162
CURRENT ACCOUNTS	664.931	1030.518	481.260	550.169
TIME DEPOSITS AND BORROWINGS				564.993
H.O. & BRANCHES, PARENTS CO. AND FOREIGN				
SISTER FINANCIAL INSTITUTIONS & SUBSIDIARIES				
CURRENT ACCOUNTS				
TIME DEPOSITS AND BORROWINGS				
DEPOSITS FROM CUSTOMERS	13971.462	18564.659	22230.187	36961.061
SIGHT DEPOSITS	914.471	866.857	1281.518	3079.879
TIME DEPOSITS	668.647	169.642	144.128	199.314
SIGHT SAVING ACCOUNTS	576.695	4319.138	8597.329	681.691
TIME SAVING ACCOUNTS	11780.247	12833.853	12125.831	32506.942
CREDITOR ACCOUNTS AGAINST DEBTOR ACCOUNTS	31.402	375.169	81.381	493.235
ENGAGEMENTS BY ACCEPTANCES	202.205	149.583	194.297	1043.966
MISCELLANEOUS CREDITOR ACCOUNTS	526.752	579.975	552.136	860.284
REGULARIZATION ACCOUNTS	145.084	139.218	160.670	315.191
SUBORDINATED BORROWINGS AND DEBENTURE LOANS				
PROVISIONS FOR RISKS AND EXPENSES	85.301	118.475	153.658	308.771
SHARE CAPITAL	250.000	250.000	250.000	250.000
RESERVES AND PREMIUMS	13.424	15.026	14.592	17.210
BALANCE CARRIED FORWARD				
NET INCOME (OR LOSS) FOR THE YEAR				23.562
REVALUATION VARIANCE				
TOTAL LIABILITIES AND SHAREHOLDERS EQUITY	15859.159	20847.454	24036.800	40895.207
CONTRA ACCOUNTS				
ENGAGEMENTS BY SIGNATURE ISSUED	1407.837	1336.932	2229.994	4409.058
GUARANTEES AND ENDORSEMENTS	483.800	306.587	127.094	344.574
DISCOUNTED BILLS CIRCULATING UNDER OUR ENDORSEMENT				
CONFIRMED DOCUMENTARY CREDITS	615.364	286.569	1445.035	2185.380
OTHER ENGAGEMENTS	308.673	743.776	657.865	1879.104
BANK'S ASSETS GIVEN AS GUARANTEES				
TOTAL CONTRA ACCOUNTS	1407.837	1336.932	2229.994	4409.058
TOTAL FOOTINGS	17266.996	22184.386	26266.794	45304.265
TOTAL L/C OPENINGS OF THE YEAR				
* AFTER DEDUCTION OF PROVISIONS FOR DOUBTFUL DEBTS	174.007	302.183	406.383	670.526

BALANCE SHEET (IN MILLIONS LL)

ANQUE PHARAON ET CHIHA

	1983	1984	1985	1986	1987	1988
ASSETS						
CASH AND BANKS	102.113	106.874	184.605	668.253	4786.853	8477.964
PORTFOLIO BILLS	1.200	3.395	2.653	20.251	32.757	132.377
ADVANCES AND DEBTOR A/C (EXCEPT BANKS)	166.140	203.454	243.611	326.141	1298.673	2992.328
PORTFOLIO SECURITIES	30.730	17.825	33.280	67.457	23.957	1200.667
SHAREHOLDERS						
INTERIM DIVIDEND FOR THE FINANCIAL YEAR	9.833	9.774	9.625	35.480	65.126	134.563
REAL ESTATE AND INSTALLATIONS			325.015	321.740	305.324	269.224
ORDER AND REGULARIZATION A/C		0.789	0.750	0.629		
RESULTS (LOSS)						
TOTAL ASSETS :	310.016	342.111	799.539	1439.951	6512.690	13207.123
LIABILITIES						
OVERDRAWING ACCOUNTS	215.100	235.892	349.363	947.166	4327.710	5657.150
CHECKING ACCOUNTS	15.405	15.295	22.292	60.164	401.696	729.215
CURRENT ACCOUNTS	28.340	36.064	57.986	44.425	103.197	1231.626
DEPOSITS AT NOTICE OR WITH FIXED MATURITY	17.521	26.577	15.749	16.870	30.006	186.818
BANKS AND CORRESPONDENTS	0.168	0.177	0.225	3.692	544.423	4368.919
SCHELLANEOUS CREDITORS	6.435	3.178	3.681	15.763	593.409	117.765
ADVENTURE LOANS OR OTHER DEPOSITS						
PROVISIONS	8.000	9.073	9.279	13.663	190.976	567.353
ORDER AND REGULARIZATION ACCOUNTS			325.015	321.740	305.324	269.223
PROFITS CARRIED FORWARD	0.022	0.040			0.010	-1.071
RESERVES	2.659	3.015	3.015	3.029	3.029	3.029
CAPITAL	12.800	12.800	12.800	12.800	12.800	12.800
RESULTS OF THE FINANCIAL YEAR	3.566	0.134	0.134	0.639	0.110	64.296
TOTAL LIABILITIES	310.016	342.111	799.539	1439.951	6512.690	13207.123
ACTORS - BILAN						
DISCOUNTED BILLS CIRCULATING UNDER OUR ENDORSEMENT						
ASSETS ON COLLECTION	1.304	1.346	1.182	2.210	17.281	24.376
ENGAGEMENTS BY ACCEPTANCE		20.078	13.667	13.228	33.173	
ENGAGEMENTS BY GUARANTEES AND ENDORSEMENT	26.701					40.451
OPENING OF CONFIRMED CREDITS	1.291	2.376	1.307	9.190	44.592	161.592
OTHER ENGAGEMENTS		0.080			0.080	
TOTAL ACTORS - BILAN	29.296	23.880	16.156	24.628	95.126	226.419

BALANCE SHEET (IN MILLIONS LL)

BANQUE PHARAON ET CHIHA

	1989	1990	1991	1992
ASSETS				
CASH AND CENTRAL BANK	213.551	404.377	774.774	1578.089
LEBANESE TREASURY BILLS	1861.488	1665.872	4287.236	6156.194
BANKS AND FINANCIAL INSTITUTIONS	3809.648	2878.441	5744.142	3225.413
CURRENT ACCOUNTS	2321.454	2878.441	1936.703	1389.220
LOANS AND TIME DEPOSITS	1488.194		3807.439	1836.193
H.O. & BRANCHES, PARENTS CO. AND FOREIGN SISTER FINANCIAL INSTITUTIONS & SUBSIDIARIES				
CURRENT ACCOUNTS				
LOANS AND TIME DEPOSITS				
COMMERCIAL BILLS DISCOUNTED	42.909	71.813	24.304	70.947
LOANS TO CUSTOMERS	4600.759	7427.401	7596.956	12686.841
SHORT TERM LOANS	781.229	1518.081	1649.869	3616.680
MEDIUM AND LONG TERM LOANS	2648.212	5404.975	5535.357	8984.952
DEBTOR ACCOUNTS AGAINST CREDITOR ACCOUNTS	1171.318	504.345	411.730	85.209
BANK ACCEPTANCES	134.978	51.767	246.159	65.559
MARKETABLE SECURITIES	3.470	3.470	3.470	7.537
MISCELLANEOUS DEBTOR ACCOUNTS	136.694	185.037	214.477	11199.307
REGULARIZATION ACCOUNTS	3.524		5.337	114.509
FINANCIAL FIXED ASSETS				
NON-FINANCIAL FIXED ASSETS	160.044	529.974	659.332	1542.641
REVALUATION VARIANCE	257.802	256.806	251.256	5.377
TOTAL ASSETS*	11224.867	13474.958	19807.443	36652.414
CONTRA ACCOUNTS				
ENGAGEMENTS BY SIGNATURE RECEIVED				
REAL SECURITIES RECEIVED	1392.211	4552.057	6009.381	11714.668
TOTAL CONTRA ACCOUNTS	1392.211	4552.057	6009.381	11714.668
LIABILITIES				
CENTRAL BANK				
BANKS AND FINANCIAL INSTITUTIONS	1976.085	785.775	404.611	1258.501
CURRENT ACCOUNTS	0.150	13.374	349.320	51.863
TIME DEPOSITS AND BORROWINGS	1975.935	772.401	55.291	1206.638
H.O. & BRANCHES, PARENTS CO. AND FOREIGN SISTER FINANCIAL INSTITUTIONS & SUBSIDIARIES				
CURRENT ACCOUNTS				
TIME DEPOSITS AND BORROWINGS				
DEPOSITS FROM CUSTOMERS	8465.810	11729.610	17835.682	27857.202
SIGHT DEPOSITS	1533.991	3284.574	5255.169	5169.811
TIME DEPOSITS	104.424	107.626	176.866	720.649
SIGHT SAVING ACCOUNTS	831.922	991.655	1202.542	2828.707
TIME SAVING ACCOUNTS	4947.484	7185.192	11141.656	19028.857
CREDITOR ACCOUNTS AGAINST DEBTOR ACCOUNTS	1047.989	160.563	59.449	109.178
ENGAGEMENTS BY ACCEPTANCES	134.978	51.767	246.159	65.559
MISCELLANEOUS CREDITOR ACCOUNTS	79.441	71.884	408.839	332.550
REGULARIZATION ACCOUNTS	41.051	54.679	86.414	760.872
SUBORDINATED BORROWINGS AND DEBENTURE LOANS				
PROVISIONS FOR RISKS AND EXPENSES	254.560	509.297	555.468	633.710
SHARE CAPITAL	12.800	12.800	12.800	12.800
RESERVES AND PREMIUMS	3.029	3.029	3.029	3.416
BALANCE CARRIED FORWARD	-1.071	-0.689	-0.689	2.798
NET INCOME (OR LOSS) FOR THE YEAR	0.382		3.874	5719.629
REVALUATION VARIANCE	257.802	256.806	251.256	5.377
TOTAL LIABILITIES AND SHAREHOLDERS EQUITY	11224.867	13474.958	19807.443	36652.414
CONTRA ACCOUNTS				
ENGAGEMENTS BY SIGNATURE ISSUED	320.315	297.918	386.454	985.762
GUARANTEES AND ENDORSEMENTS	66.137	207.522	256.432	880.111
DISCOUNTED BILLS CIRCULATING UNDER OUR ENDORSEMENT				
CONFIRMED DOCUMENTARY CREDITS	170.974	90.396	130.022	105.651
OTHER ENGAGEMENTS	83.204			
BANK'S ASSETS GIVEN AS GUARANTEES				
TOTAL CONTRA ACCOUNTS	320.315	297.918	386.454	985.762
TOTAL FOOTINGS	11545.182	13772.876	20193.897	37638.176
TOTAL L/C OPENINGS OF THE YEAR			1151.227	1464.574
* AFTER DEDUCTION OF PROVISIONS FOR DOUBTFUL DEBTS	757.907	1302.537	1667.380	7821.990

BALANCE SHEET (IN MILLIONS LL)

ANQUE J. LATI ET FILS

	1983	1984	1985	1986	1987	1988
ASSETS						
CASH AND BANKS	14.308	17.195	23.880	106.088	612.492	708.993
PORTFOLIO BILLS	19.517	21.744	16.430	34.758	192.406	1381.686
ADVANCES AND DEBTOR A/C (EXCEPT BANKS)	14.429	21.947	25.148	45.312	281.164	466.266
PORTFOLIO SECURITIES	7.749	4.409	5.909	8.859	18.757	180.307
SHAREHOLDERS						
INTERIM DIVIDEND FOR THE FINANCIAL YEAR	3.880	3.823	4.594	5.242	9.110	42.259
REAL ESTATE AND INSTALLATIONS	1.112	1.151	1.375	1.322	8.247	11.589
ORDER AND REGULARIZATION A/C						
RESULTS (LOSS)						
TOTAL ASSETS :	60.995	70.269	77.336	201.581	1122.176	2791.100
LIABILITIES						
MOVING ACCOUNTS	36.820	43.785	49.421	131.481	853.716	1942.110
CHECKING ACCOUNTS	1.801	1.405	3.289	13.282	53.727	226.500
CURRENT ACCOUNTS	0.036	0.315	0.019	7.666	88.904	63.140
DEPOSITS AT NOTICE OR WITH FIXED MATURITY						
BANKS AND CORRESPONDENTS	6.679	10.601	10.879	23.378	32.107	169.431
MISCELLANEOUS CREDITORS	5.849	3.633	4.215	10.358	72.107	302.600
VENTURE LOANS OR OTHER DEPOSITS						
PROVISIONS	1.509	1.272	1.514	2.317	6.392	13.161
ORDER AND REGULARIZATION ACCOUNTS	1.939	2.746	1.374	5.705	7.641	40.740
PROFITS CARRIED FORWARD						
RESERVES	0.245	0.512	0.625	1.394	1.582	3.418
CAPITAL	6.000	6.000	6.000	6.000	6.000	30.000
RESULTS OF THE FINANCIAL YEAR	0.117					
TOTAL LIABILITIES	60.995	70.269	77.336	201.581	1122.176	2791.100
ACTORS - BILAN						
DISCOUNTED BILLS CIRCULATING UNDER OUR ENDORSEMENT						
ASSETS ON COLLECTION	0.033	0.061	0.390	0.390	19.773	42.240
ENGAGEMENTS BY ACCEPTANCE	1.077	0.826	3.123	33.809	23.696	225.525
ENGAGEMENTS BY GUARANTEES AND ENDORSEMENT	7.206	7.773	19.264	33.809	72.027	110.624
OPENING OF CONFIRMED CREDITS	1.469	3.595	5.052	58.583	134.896	595.891
OTHER ENGAGEMENTS						
TOTAL ACTORS - BILAN	9.785	12.255	27.829	92.782	250.392	974.280

BALANCE SHEET (IN MILLIONS LL)

BANQUE J. LATI ET FILS

	1989	1990	1991	1992
ASSETS				
CASH AND CENTRAL BANK	100.976	114.937	218.020	255.326
LEBANESE TREASURY BILLS	254.378	346.416	701.330	1995.653
BANKS AND FINANCIAL INSTITUTIONS	803.866	1026.024	1320.763	4129.003
CURRENT ACCOUNTS	111.986	188.635	367.216	777.314
LOANS AND TIME DEPOSITS	691.880	837.389	953.547	3351.689
H.O. & BRANCHES, PARENTS CO. AND FOREIGN SISTER FINANCIAL INSTITUTIONS & SUBSIDIARIES				
CURRENT ACCOUNTS				
LOANS AND TIME DEPOSITS				
COMMERCIAL BILLS DISCOUNTED	50.305	112.530	178.009	1142.009
LOANS TO CUSTOMERS	2081.583	3922.678	5094.869	7708.407
SHORT TERM LOANS	2082.133	3923.228	4983.767	7666.484
MEDIUM AND LONG TERM LOANS	-0.550	-0.550	105.367	41.923
DEBTOR ACCOUNTS AGAINST CREDITOR ACCOUNTS			5.735	
BANK ACCEPTANCES	198.706	516.942	1304.273	1629.856
MARKETABLE SECURITIES	0.657	0.657		
MISCELLANEOUS DEBTOR ACCOUNTS	0.470	1.837	4.245	11.040
REGULARIZATION ACCOUNTS	10.951	41.198	4.927	54.137
FINANCIAL FIXED ASSETS			0.657	0.657
NON-FINANCIAL FIXED ASSETS	35.164	47.842	39.772	50.079
REVALUATION VARIANCE				
TOTAL ASSETS*	3537.056	6131.061	8866.865	16976.167
CONTRA ACCOUNTS				
ENGAGEMENTS BY SIGNATURE RECEIVED	0.662	0.662	132.512	0.662
REAL SECURITIES RECEIVED	406.994	1107.050	1154.759	2391.316
TOTAL CONTRA ACCOUNTS	407.656	1107.712	1287.271	2391.978
LIABILITIES				
CENTRAL BANK				
BANKS AND FINANCIAL INSTITUTIONS	107.491	215.995	449.912	815.339
CURRENT ACCOUNTS	96.634	215.995	449.912	815.339
TIME DEPOSITS AND BORROWINGS	10.857			
H.O. & BRANCHES, PARENTS CO. AND FOREIGN SISTER FINANCIAL INSTITUTIONS & SUBSIDIARIES				
CURRENT ACCOUNTS				
TIME DEPOSITS AND BORROWINGS				
DEPOSITS FROM CUSTOMERS	3015.716	5048.489	6491.441	12796.997
SIGHT DEPOSITS	204.865	295.252	660.117	1244.387
TIME DEPOSITS	18.950	10.285	33.944	349.825
SIGHT SAVING ACCOUNTS	770.769	1535.845	1535.551	4577.890
TIME SAVING ACCOUNTS	2021.132	3207.096	4261.829	6624.895
CREDITOR ACCOUNTS AGAINST DEBTOR ACCOUNTS		0.011		
ENGAGEMENTS BY ACCEPTANCES	198.706	516.942	1304.273	1629.856
MISCELLANEOUS CREDITOR ACCOUNTS	162.868	163.756	291.234	459.179
REGULARIZATION ACCOUNTS		47.971	72.597	317.066
SUBORDINATED BORROWINGS AND DEBENTURE LOANS				
PROVISIONS FOR RISKS AND EXPENSES	18.343	43.591	70.091	140.385
SHARE CAPITAL	30.000	90.000	180.000	810.000
RESERVES AND PREMIUMS	3.932	4.317	4.317	7.345
BALANCE CARRIED FORWARD				
NET INCOME (OR LOSS) FOR THE YEAR				
REVALUATION VARIANCE				
TOTAL LIABILITIES AND SHAREHOLDERS EQUITY	3537.056	6131.061	8863.865	16976.167
CONTRA ACCOUNTS				
ENGAGEMENTS BY SIGNATURE ISSUED	882.482	1058.166	1224.745	3142.307
GUARANTEES AND ENDORSEMENTS	276.898	289.473	466.718	1205.124
DISCOUNTED BILLS CIRCULATING UNDER OUR ENDORSEMENT				
CONFIRMED DOCUMENTARY CREDITS	605.584	768.693	758.027	1937.183
OTHER ENGAGEMENTS				
BANK'S ASSETS GIVEN AS GUARANTEES				
TOTAL CONTRA ACCOUNTS	882.482	1058.166	1224.745	3142.307
TOTAL FOOTINGS	4419.538	7189.227	10088.610	20118.474
TOTAL L/C OPENINGS OF THE YEAR				7539.450
* AFTER DEDUCTION OF PROVISIONS FOR DOUBTFUL DEBTS			3997.000	1988.000

BALANCE SHEET (IN MILLIONS LL)

ANQUE J. GEAGEA

	1983	1984	1985	1986	1987	1988
ASSETS						
CASH AND BANKS	34.240	46.755	70.170	261.693	2003.515	2761.025
PORTFOLIO BILLS	6.374	2.466	0.666	2.899	0.217	0.225
ADVANCES AND DEBTOR A/C (EXCEPT BANKS)	53.491	58.015	64.632	76.094	169.081	263.605
PORTFOLIO SECURITIES	14.401	15.877	52.503	77.585	102.644	265.144
SHAREHOLDERS						
INTERIM DIVIDEND FOR THE FINANCIAL YEAR	2.720	2.504	2.536	4.784	7.817	22.494
REAL ESTATE AND INSTALLATIONS	0.042	0.065	0.101	0.444	0.998	1.506
ORDER AND REGULARIZATION A/C						
RESULTS (LOSS)						
TOTAL ASSETS :	111.268	125.682	190.608	423.499	2284.272	3313.999
LIABILITIES						
SAVING ACCOUNTS	58.717	62.527	105.541	227.168	1424.809	1834.192
CHECKING ACCOUNTS	6.327	5.419	11.428	35.919	117.829	106.555
CURRENT ACCOUNTS	3.096	1.865	6.528	14.044	204.837	150.630
DEPOSITS AT NOTICE OR WITH FIXED MATURITY						
BANKS AND CORRESPONDENTS	13.652	15.171	22.431	53.843	96.308	10.645
MISCELLANEOUS CREDITORS	10.064	17.726	16.338	46.976	327.848	1010.842
VENTURE LOANS OR OTHER DEPOSITS						
REVISIONS	7.579	11.410	13.364	25.450	81.159	118.356
ORDER AND REGULARIZATION ACCOUNTS	0.947	0.677	4.091	9.212	7.509	22.343
PROFITS CARRIED FORWARD	0.018					
RESERVES	0.868	0.887	0.887	0.887	0.887	3.973
CAPITAL	10.000	10.000	10.000	10.000	20.000	50.000
RESULTS OF THE FINANCIAL YEAR					3.086	6.463
TOTAL LIABILITIES	111.268	125.682	190.608	423.499	2284.272	3313.999
ACTORS - BILAN						
DISCOUNTED BILLS CIRCULATING UNDER OUR ENDORSEMENT						
ASSETS ON COLLECTION	0.418	0.185	0.410	1.832	20.502	15.494
ENGAGEMENTS BY ACCEPTANCE						
ENGAGEMENTS BY GUARANTEES AND ENDORSEMENT	7.349	6.202	8.066	16.369	62.033	58.325
OPENING OF CONFIRMED CREDITS	1.361	3.863	4.801	12.483	20.522	25.134
OTHER ENGAGEMENTS		0.200	0.200	0.600	1.800	5.750
TOTAL ACTORS - BILAN	9.128	10.450	13.477	31.284	104.857	104.703

BALANCE SHEET (IN MILLIONS LL)

BANQUE J. GEAGEA

	1989	1990	1991	1992
ASSETS				
CASH AND CENTRAL BANK	110.561	76.246	138.196	257.927
LEBANESE TREASURY BILLS	232.693	239.100	546.496	1312.566
BANKS AND FINANCIAL INSTITUTIONS	1272.514	1919.495	755.690	3255.113
CURRENT ACCOUNTS	422.516	112.535	465.950	1253.223
LOANS AND TIME DEPOSITS	849.998	1806.960	289.740	2001.890
H.O. & BRANCHES, PARENTS CO. AND FOREIGN SISTER FINANCIAL INSTITUTIONS & SUBSIDIARIES				
CURRENT ACCOUNTS				
LOANS AND TIME DEPOSITS				
COMMERCIAL BILLS DISCOUNTED	0.115		35.072	274.529
LOANS TO CUSTOMERS	193.427	641.375	1130.329	3090.699
SHORT TERM LOANS	93.082	379.843	135.781	443.390
MEDIUM AND LONG TERM LOANS	100.345	261.532	994.548	2647.309
DEBTOR ACCOUNTS AGAINST CREDITOR ACCOUNTS				
BANK ACCEPTANCES				
MARKETABLE SECURITIES	1.204	1.204	86.897	0.204
MISCELLANEOUS DEBTOR ACCOUNTS	6.150	11.167	58.572	40.762
REGULARIZATION ACCOUNTS	26.388	42.799	43.602	33.385
FINANCIAL FIXED ASSETS	0.440	5.280	6.280	6.280
NON-FINANCIAL FIXED ASSETS	24.255	44.011	44.416	135.038
REVALUATION VARIANCE				
TOTAL ASSETS*	1867.747	2980.677	2845.550	8406.503
CONTRA ACCOUNTS				
ENGAGEMENTS BY SIGNATURE RECEIVED	149.253	21.893	170.547	216.542
REAL SECURITIES RECEIVED	132.728	257.413	1084.976	2865.676
TOTAL CONTRA ACCOUNTS	281.981	279.306	1255.523	3082.218
LIABILITIES				
CENTRAL BANK				
BANKS AND FINANCIAL INSTITUTIONS	108.831	211.773	9.692	365.041
CURRENT ACCOUNTS	108.831	211.773	9.692	365.041
TIME DEPOSITS AND BORROWINGS				
H.O. & BRANCHES, PARENTS CO. AND FOREIGN SISTER FINANCIAL INSTITUTIONS & SUBSIDIARIES				
CURRENT ACCOUNTS				
TIME DEPOSITS AND BORROWINGS				
DEPOSITS FROM CUSTOMERS	1661.887	2632.938	2458.438	7166.809
SIGHT DEPOSITS	193.515	1013.821	603.947	2293.356
TIME DEPOSITS	2.652	4.337	4.542	1122.889
SIGHT SAVING ACCOUNTS	343.517	308.700	331.960	699.574
TIME SAVING ACCOUNTS	1122.203	1306.080	1517.989	3050.990
CREDITOR ACCOUNTS AGAINST DEBTOR ACCOUNTS				
ENGAGEMENTS BY ACCEPTANCES				
MISCELLANEOUS CREDITOR ACCOUNTS	15.723	21.610	78.524	104.519
REGULARIZATION ACCOUNTS	1.613	10.966	35.736	36.866
SUBORDINATED BORROWINGS AND DEBENTURE LOANS				
PROVISIONS FOR RISKS AND EXPENSES	19.660	40.797	51.653	118.622
SHARE CAPITAL	50.000	50.000	200.000	500.000
RESERVES AND PREMIUMS	8.504	9.628	9.841	11.113
BALANCE CARRIED FORWARD				
NET INCOME (OR LOSS) FOR THE YEAR	1.529	2.965	1.666	103.533
REVALUATION VARIANCE				
TOTAL LIABILITIES AND SHAREHOLDERS EQUITY	1867.747	2980.677	2845.550	8406.503
CONTRA ACCOUNTS				
ENGAGEMENTS BY SIGNATURE ISSUED	101.444	128.356	918.366	1099.426
GUARANTEES AND ENDORSEMENTS	58.712	95.577	121.334	497.849
DISCOUNTED BILLS CIRCULATING UNDER OUR ENDORSEMENT				
CONFIRMED DOCUMENTARY CREDITS	42.732	32.779	797.032	601.577
OTHER ENGAGEMENTS				
BANK'S ASSETS GIVEN AS GUARANTEES				
TOTAL CONTRA ACCOUNTS	101.444	128.356	918.366	1099.426
TOTAL FOOTINGS	1969.191	3109.033	3763.916	9505.929
TOTAL L/C OPENINGS OF THE YEAR			1432.614	1323.225
* AFTER DEDUCTION OF PROVISIONS FOR DOUBTFUL DEBTS	123.728	641.375	267.502	549.981

BALANCE SHEET (IN MILLIONS LL)

ANQUE DE CREDIT NATIONAL

	1983	1984	1985	1986	1987	1988
ASSETS						
CASH AND BANKS	7.829	11.842	22.474	98.782	448.589	597.992
PORTFOLIO BILLS	0.003	0.008		0.005	0.064	
ADVANCES AND DEBTOR A/C (EXCEPT BANKS)	13.536	25.729	31.205	39.039	76.251	111.516
PORTFOLIO SECURITIES	13.962	11.596	19.986	15.093	18.008	29.470
SHAREHOLDERS						
INTERIM DIVIDEND FOR THE FINANCIAL YEAR	2.484	2.457	2.464	2.455	3.413	5.587
REAL ESTATE AND INSTALLATIONS	0.143	0.208		0.085	4.196	4.895
ORDER AND REGULARIZATION A/C						
RESULTS (LOSS)						
TOTAL ASSETS :	37.957	51.840	76.129	155.459	550.521	749.460
LIABILITIES						
SAVING ACCOUNTS	20.404	33.239	53.566	114.206	383.331	359.245
CHECKING ACCOUNTS		3.729	6.016	21.139	71.914	165.298
CURRENT ACCOUNTS	4.074	1.219	1.305	6.034		86.628
DEPOSITS AT NOTICE OR WITH FIXED MATURITY						
BANKS AND CORRESPONDENTS	0.687	0.083	0.216			2.983
MISCELLANEOUS CREDITORS	0.302	0.116	0.171	0.593		
REBENTURE LOANS OR OTHER DEPOSITS						
PROVISIONS	5.170	6.038	7.194	5.059	13.941	26.668
ORDER AND REGULARIZATION ACCOUNTS	0.149	0.209	0.421	0.962	4.630	4.250
PROFITS CARRIED FORWARD	1.138	1.234	1.267	1.297	1.501	
RESERVES	0.926	0.937	0.940	0.942	0.966	4.029
CAPITAL	5.000	5.000	5.000	5.000	5.000	100.000
RESULTS OF THE FINANCIAL YEAR	0.107	0.036	0.033	0.227	1.562	0.359
TOTAL LIABILITIES	37.957	51.840	76.129	155.459	550.521	749.460
ACTORS - BILAN						
DISCOUNTED BILLS CIRCULATING UNDER OUR ENDORSEMENT						
ASSETS ON COLLECTION	0.747	0.154	0.378			
ENGAGEMENTS BY ACCEPTANCE						
ENGAGEMENTS BY GUARANTEES AND ENDORSEMENT	0.157	0.157	0.267	0.245	0.320	0.320
OPENING OF CONFIRMED CREDITS	1.334					
OTHER ENGAGEMENTS						
TOTAL ACTORS - BILAN	2.238	0.311	0.645	0.245	0.320	0.320

BALANCE SHEET (IN MILLIONS LL)

BANQUE DE CREDIT NATIONAL

	1989	1990	1991	1992
ASSETS				
CASH AND CENTRAL BANK	57.200	78.982	102.380	256.788
LEBANESE TREASURY BILLS	182.135	255.432	420.772	1377.009
BANKS AND FINANCIAL INSTITUTIONS	472.227	495.983	1006.412	1637.216
CURRENT ACCOUNTS	472.227	495.983	936.142	1637.216
LOANS AND TIME DEPOSITS			70.270	
H.O. & BRANCHES, PARENTS CO. AND FOREIGN				
SISTER FINANCIAL INSTITUTIONS & SUBSIDIARIES				
CURRENT ACCOUNTS				
LOANS AND TIME DEPOSITS				
COMMERCIAL BILLS DISCOUNTED		7.927	4.482	3.032
LOANS TO CUSTOMERS	72.307	576.343	794.100	2096.169
SHORT TERM LOANS	10.374	209.703	367.165	1232.046
MEDIUM AND LONG TERM LOANS				
DEBTOR ACCOUNTS AGAINST CREDITOR ACCOUNTS	61.933	366.640	426.935	864.123
BANK ACCEPTANCES				
MARKETABLE SECURITIES	6.120	6.120	6.120	6.120
MISCELLANEOUS DEBTOR ACCOUNTS	12.150	37.874	33.001	9.757
REGULARIZATION ACCOUNTS	12.146	5.714	9.487	14.384
FINANCIAL FIXED ASSETS		5.411	4.432	18.001
NON-FINANCIAL FIXED ASSETS	5.959			
REVALUATION VARIANCE				
TOTAL ASSETS*	820.244	1469.786	2381.186	5418.476
CONTRA ACCOUNTS				
ENGAGEMENTS BY SIGNATURE RECEIVED				
REAL SECURITIES RECEIVED				
TOTAL CONTRA ACCOUNTS	0.000	0.000	0.000	0.000
LIABILITIES				
CENTRAL BANK				
BANKS AND FINANCIAL INSTITUTIONS				
CURRENT ACCOUNTS				
TIME DEPOSITS AND BORROWINGS				
H.O. & BRANCHES, PARENTS CO. AND FOREIGN				
SISTER FINANCIAL INSTITUTIONS & SUBSIDIARIES				
CURRENT ACCOUNTS				
TIME DEPOSITS AND BORROWINGS				
DEPOSITS FROM CUSTOMERS	651.164	1240.908	2101.493	5096.642
SIGHT DEPOSITS	45.518	189.652	641.282	1213.781
TIME DEPOSITS				
SIGHT SAVING ACCOUNTS	54.111	279.599	362.789	980.263
TIME SAVING ACCOUNTS	486.504	403.639	663.408	2031.439
CREDITOR ACCOUNTS AGAINST DEBTOR ACCOUNTS	65.031	368.018	434.014	871.159
ENGAGEMENTS BY ACCEPTANCES				
MISCELLANEOUS CREDITOR ACCOUNTS	4.273	17.117	12.090	19.875
REGULARIZATION ACCOUNTS	11.748	23.557	23.252	52.269
SUBORDINATED BORROWINGS AND DEBENTURE LOANS				
PROVISIONS FOR RISKS AND EXPENSES	48.671	83.816	139.964	137.702
SHARE CAPITAL	100.000	100.000	100.000	100.000
RESERVES AND PREMIUMS	4.388	4.388	4.387	4.387
BALANCE CARRIED FORWARD				
NET INCOME (OR LOSS) FOR THE YEAR				7.601
REVALUATION VARIANCE				
TOTAL LIABILITIES AND SHAREHOLDERS EQUITY	820.244	1469.786	2381.186	5418.476
CONTRA ACCOUNTS				
ENGAGEMENTS BY SIGNATURE ISSUED	0.244	0.344	20.181	38.466
GUARANTEES AND ENDORSEMENTS	0.244	0.344	20.181	38.466
DISCOUNTED BILLS CIRCULATING UNDER OUR ENDORSEMENT				
CONFIRMED DOCUMENTARY CREDITS				
OTHER ENGAGEMENTS				
BANK'S ASSETS GIVEN AS GUARANTEES				
TOTAL CONTRA ACCOUNTS	0.244	0.344	20.181	38.466
TOTAL FOOTINGS	820.488	1470.130	2401.367	5456.942
TOTAL L/C OPENINGS OF THE YEAR				
* AFTER DEDUCTION OF PROVISIONS FOR DOUBTFUL DEBTS				

APPENDIX II

CIRCULAR No. 1114

On August 12, 1992, BDL issued Circular no. 1114 in which it outlined a procedure for the computation of a risk weighted capital ratio similar to the Basle ratio of 1987. This Circular defines capital ratio as being the ratio of equity capital to weighted risky assets and off-balance sheet items.

A- EQUITY CAPITAL

Equity capital consists of two capital elements: Tier I Capital (or Core Capital) and Tier II Capital (or Supplementary Capital).

1. Tier I Capital Core Capital

Core Capital consists of:

- Paid-up capital.
- Additional paid-in capital.
- Reserves.
- Positive balance of retained earnings.

2. Tier II Capital Supplementary Capital

Supplementary Capital consists of:

- Subordinated loans with maturities of less than five years the maximum of which shall not exceed 50% of Core Capital.
- A maximum of 50% of capital gain resulting from revaluation of bank premises (Real Estate and Installations), provided that it is accompanied by an equal amount of cash capital injection. This item can be considered only if it leads to the achievement of the 8% level.
 - Gains resulting from the revaluation of overseas branches' capitals.

- 60% of the valuation gain of foreign exchange position held against Core Capital and free reserves approved by BDL.
- Unappropriated provisions, the maximum of which shall not exceed 1.25% of risky assets and off-balance sheet items.

The maximum amount of Supplementary Capital that is allowed to be included in the capital base (Tier I Capital + Tier II Capital) should not exceed the amount of Core Capital.

B - TRANSITORY PERIOD

Banks shall gradually increase their capital so that by February 15, 1995 they reach a minimum ratio of equity capital to risky assets and off-balance sheet items of 8%. During this period, all banks must attain the following ratios by the following dates: 4% by 15/2/1993, 5% by 15/8/1993, 6% by 15/2/1994, 7% by 15/8/1994, and 8% by 15/2/1995.

C- RISK WEIGHTS

Circular No. 1114 divided bank's assets into five risk categories: 0%, 20%, 50%, 75% and 100%. The following is a list of the assets and their corresponding risk weights.

<u>Assets</u>	<u>Risk Weights</u>
Cash at vault	0%
Cash at BDL	0%
Treasury Bills	0%
Placements with other banks	
Incorporated with OECD countries	0%
Incorporatd outside OECD countries	20% if maturity is one year or less

With subsidiaries and affiliates inside OECD countries	50%
With subsidiaries and affiliates outside OECD countries	50% if maturity is one year or less

Assets

Risk Weights

Advances and loans to or claims on OECD governments & Central Banks, or any advance secured by them	0%
Non-OECD governments & Central Banks, or any advance secured by them	0% if the currency of the claim is the same as their own currency
OECD public sector or any other claims guaranteed by them	20%
Lebanese public sector in LL, or any claims guaranteed by them	20%
Privates collateralized by pledged deposits of OECD currencies	0% if the currency of the pledge is the same as the currency of the advance. If not, then 0% if the amount of the pledge is greater than or equal to 120% of the amount of the advance; or 20% if the amount of the pledge is between 100% and 120% of the amount of the advance.
Private sector collateralized by a real guarantee	75% if the amount of the advance does not exceed 50% of the amount of the collateral
All other assets	100%

D - OFF-BALANCE SHEET ITEMS

Off-balance sheet items are weighted in accordance with similar balance sheet items and then multiplied by the following conversion factors.

Off-Balance Sheet ItemsConversion Factor

Letters of credits not covered by merchandise	100%
Letters of Guarantee and acceptances except those concerning participation in tenders or good performance	100%
Letters of credit guaranteed by merchandise	50%
Letters of Guarantee for tenders participations and good performance	50%
Forward exchange contracts with maturity more than one year	8%
Forward exchange contracts with maturity less than one year	4%
Forward interest contracts with maturity more than one year	2%
Forward interest contracts with maturity less than one year	1%