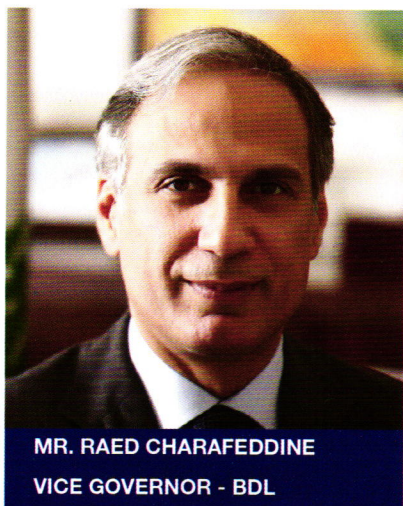


BANQUE DU LIBAN AFTER HALF A CENTURY



An Eye on the Future

Banque du Liban's 50th anniversary represents a historic milestone and a testament to the remarkable success of this institution in the midst of local and regional financial, economic, political and security challenges.

During his twenty year tenure as BDL Governor, Dr. Riad Salamé had led numerous achievements for the Bank and its related bodies. The innovative monetary policy ensured the stability of the Lebanese Lira, maintained competitive interest rates and attracted regional and foreign capital. The prudent regulations safeguarded the financial sector which continued to expand regionally and globally while complying with international standards. The various types of interest rate subsidies and stimulus

packages have continuously claimed major contributions to economic growth and social development.

Internally, BDL has made significant progress in the institutionalization of its overall monetary policy capabilities through the Open Market and Investment Committees, combined with strong competences in directorates, performing tools and advanced analytical methods. BDL has also embarked upon a comprehensive overhaul of its cash operations, successfully developed the National Payments Systems (e.g. RTGS and Clear), and adopted advanced internal technology systems (e.g. Oracle ERP and sophisticated information systems).

Building on these achievements and momentum at BDL and its related bodies, BDL recently launched an integrated modernization project aimed at maintaining the sustainability of the current success to future generations.

This project includes two basic dimensions. The first focuses on institutionalizing the financial sector stability assessments. The second focuses on the development of the institutional structure of the Central Bank and its related bodies.

In the first dimension, BDL completed a full assessment of the financial sector in order to identify areas for improvement and formulate a clear plan to institutionalize the financial sector stability. That included developing systems comprising the early warning system, the integrated system of

stress tests, and risk classification systems for banks and financial institutions. In addition, the Bank has adopted the key success factors needed for effective implementation of such systems, including the corporate governance system, organizational structure support, operating model, the legal framework, the required efficient reporting, protocols and procedures. This dimension of the project ensures that the financial sector is fully cognizant of all elements of risk and address them in an increasingly versatile and complex environment.

In the second dimension, BDL concluded a full review and evaluation of its key institutional elements including strategy, operating model and interaction within the Bank and the relevant bodies, the corporate governance and management structures, the human resources capacities and procedures. A comparative assessment was built on leading central banks benchmarks used in the design of most organizational structures and specialized capacity building and centers of excellence in all activities and functions. BDL formulated a comprehensive modernization plan which regroups forty six programs.

The success of this plan is a warranty for future generations as it is going to be an essential component to maintain the stability of the financial sector and the sustainability of economic growth and the continuity of BDL and related bodies to be the pillars of strength in the economy and the basis of national identity.