

**BANQUE DU LIBAN**

The Governor

530/1

Beirut, February 24, 2012

Ambassador Mark D. Wallace
United Against Nuclear Iran
P.O. Box 1028
New York, NY 10185-1028
United States of America

Dear Ambassador Wallace,

I have received your letter dated February 20, 2012 and would like to thank you for the opportunity it has presented me with in order to clarify Banque du Liban point of view vis-à-vis the issues addressed in your letter.

First, I highlight that Banque du Liban, the central bank of Lebanon, does not have any financial relationship with the Iranian central bank, Bank Markazi. Furthermore, none of the Lebanese banks and financial institutions has financial relationships with Iranian financial institutions. There are no Iranian banks in Lebanon except for one branch of an Iranian bank that operates on the Lebanese territory since the 1960s, Bank Sadirat Iran, and which is supervised, as all banks operating in Lebanon, by the Banking Control Commission and the Special Investigation Commission (Lebanon's Financial Intelligence Unit). The said branch's balance sheet totals to a mere USD 135 million with a relatively low volume of transactions and, more importantly, has no interbank operations.

Regarding SWIFT and AEG, as you mentioned in your letter, AEG is a regional partner of SWIFT providing services in more than 40 countries including Lebanon. The SWIFT website clearly indicates that AEG is a key partner of SWIFT similar to any other partner of SWIFT, such as IBM, Microsoft and other US and European companies. Additionally, AEG is a privately incorporated company in Lebanon, not Iran, providing normal business services and products, not engaging in banking and financial activities and, accordingly, not subject to the supervision of Banque du Liban as the central bank of Lebanon.

Banque du Liban sole relationship with AEG is that of a purely contractual nature whereby the latter provides the former with SWIFT services, namely disaster recovery connection to SWIFT like any other provider of services and products needed for the daily operations of a central bank.

In view of the above, any issue pertaining to AEG, as a key partner of SWIFT, should be addressed to SWIFT not Banque du Liban.



On the other hand, Banque du Liban publically announced that it is directly supervising the transfer of the assets and liabilities of the Lebanese Canadian Bank to Société Générale de Banque au Liban through an audit and vetting process undertaken by the Banking Control Commission, the Special Investigation Commission (Lebanon's Financial Intelligence Unit) and three audit firms, among which are two of the big four international audit firms, Deloitte and Ernst and Young; noting that Société Générale de Banque au Liban was closely monitoring the process. Moreover, we were continuously liaising with the United States Treasury Department regarding the matter and its consequences.

In the same vein, I would like to emphasize that the interview with the New York Times Jo Becker was not abridged; however, I refrained, in my capacity as governor of the central bank of Lebanon, from answering certain inquiries due to their confidential nature. It is also worth noting that reference to 200 accounts is overstated since the issue relates to 37 customers whom the parties to the merger agreed, based on an utterly business decision, not to include in the deal.

Lastly, as always, I reaffirm Banque du Liban commitment to comply with the resolutions issued by the international competent and legitimate authorities. Furthermore, Lebanon prides itself with its highly regulated banking sector, and as such, I would like to extend to you an invitation to personally visit Banque du Liban and any other entity in Lebanon you deem necessary so as to satisfy your concerns and alleviate any doubts you might have regarding the policies and procedures implemented in this matter.

Sincerely,

Riad Toufic Salamé