Allied for Accounting & Auditing E&Y
Public accountants & consultants

KPMG Hazem Hassan
Public accountants & consultants

Report on Review of unconsolidated Interim Financial Statements

To: The Board of directors of Commercial International Bank (Egypt) S.A.E

Introduction

We have performed a review for the accompanying unconsolidated balance sheet of Commercial International Bank (Egypt) S.A.E as of 31 March 2010 and the related unconsolidated statements of income, cash flows and changes in equity for the financial period from January 1st, 2010 up to March 31st, 2010, and a summary of significant accounting policies and other explanatory notes. Management is responsible for the preparation and fair presentation of these unconsolidated interim financial statements in accordance with central bank of Egypt's rules, pertaining to the preparation and presentation & the financial statements, issued on June 27, 2002 and it's amendments, including amendments that relates to financial investments issued on December 16, 2008 and in light of the prevailing Egyptian laws. Our responsibility is to express a conclusion on these unconsolidated interim financial statements based on our review.

Scope of Review

We conducted our review in accordance with Egyptian Standard on Review Engagements 2410, "Review of unconsolidated Interim Financial Statements Performed by the Independent Auditor of the Bank." A review of unconsolidated interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters in the Bank, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Egyptian Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion on these unconsolidated interim financial statements.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying unconsolidated interim financial statements do not present fairly, in all material respects, the unconsolidated financial position of the Bank as at 31 March 2010, and of its financial performance and its cash flows for the financial period then ended in accordance with central bank of Egypt's rules, pertaining to the preparation and presentation & the financial statements, issued on June 27, 2002 and it's amendments, including amendments that relates to financial investments issued on December 16, 2008 and in light of the prevailing Egyptian laws.

Auditors

Nabil Akram Istanbouli
Egyptian financial supervisory Authority
Number "71"
Allied for Accounting & Auditing E&Y
Public accountants & consultants

KPMG Hazem Hassan
Public Accountants and Consultants
Ehab Fawzy Akl
Egyptian financial supervisory Authority
Number "9"
KPMG Hazem Hassan
Public accountants & consultants

Cairo, 12 May 2010

Activities report for the Period from

1 Jan.2010 to 31 March.2010

The following are the significant variances for the Balance Sheet and Income Statement as of March 31,2010 compared to December 31,2009

1) Balance sheet (amounts in EGP Billion)	**Balance As Of 31 Mar.2010**	**Balance As Of 31 Dec.2009**	**Variance %**
- Total assets	**68.3**	**64.1**	**6.6**
- Contingent Liabilities & Commitments	**11.8**	**12.6**	**(7.0)**
- Loans & Overdraft (Net)	**29.5**	**27.4**	**7.6**
- Investments	**11.0**	**9.5**	**15.9**
- Treasury Bills and other Governmental Notes	**13.6**	**13.2**	**3**
- Customers Deposits	**58.3**	**54.8**	**6.3**
- Other Provisions	**0.4**	**0.4**	**-**
- Total Shareholders' Equity & Net Profit	**7.0**	**6.9**	**0.2**

2) Income statement (amounts in EGP Million)	**From 01 Jan 2010 to 31 March 2010**	**From 01 Jan 2009 to 31 March 2009**	**Variance %**
- Interest received	**1,034.9**	**1,048.0**	**(1.2)**
- Interest paid	**(515.8)**	**(530.7)**	**(2.8)**
- Banking Fees & Commissions	**187.1**	**133.3**	**40.3**
- Net Profit After Tax	**570**	**498.6**	**14.3**

Commercial International Bank

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Unconsolidated Balance Sheet In

Mar. 31, 2010

	Note No.	Mar. 31, 2010 EGP	Dec. 31, 2009 EGP (Restated)
Assets:-			
- Cash and Due From Central Bank	**(15)**	4,098,439,328	4,179,212,739
- Due From Banks	**(16)**	7,909,044,105	7,785,042,557
- Treasury Bills and other Governmental Notes	**(17)**	13,571,018,384	13,191,665,954
- Trading Financial Assets	**(18)**	386,670,420	380,620,682
- Loans and Overdrafts for Banks (Net After Provision)	**(19)**	191,260,819	200,765,433
- Loans and Overdrafts for Customers (Net After Provision)	**(20)**	29,337,106,271	27,242,306,896
- Financial Derivatives	**(21)**	158,429,339	225,347,220
- **Financial Investments:-**			
- Available for Sale	**(22)**	8,961,113,259	7,420,529,606
- Held to Maturity	**(22)**	547,554,450	579,926,673
- Financial Investments in Subsidiary and Associated Co.	**(23)**	1,138,316,682	1,138,277,487
- Real estate investments	**(24)**	42,485,364	42,485,364
- Debit Balances and Other Assets	**(25)**	1,173,221,010	918,003,883
- Deferred Tax	**(33)**	46,125,577	39,799,318
- Fixed Assets (Net)	**(26)**	750,334,191	718,847,964
Total Assets		**68,311,119,199**	**64,062,831,776**
Liabilities and Shareholder's Equity:-			
Liabilities:-			
- Due to Banks	**(27)**	1,061,560,353	458,145,229
- Customers Deposits	**(28)**	58,314,988,875	54,842,629,843
- Financial Derivatives	**(21)**	107,471,850	150,526,830
- Credit Balances and Other Liabilities	**(30)**	1,372,560,936	1,128,964,486
- Long Term Loans	**(29)**	89,230,051	93,237,042
- Other Provisions	**(31)**	405,290,617	443,728,578
Total Liabilities		**61,351,102,682**	**57,117,232,007**
Shareholders' Equity:-			
- Issued and Paid in Capital	**(32)**	2,925,000,000	2,925,000,000
- Reserves	**(32)**	3,264,397,454	2,077,203,969
- Reserve for employee stock ownership plan (ESOP)		180,651,201	161,728,984
- Retained Earning		20,231,298	(1,942,684)
Total Shareholders' Equity		**6,390,279,952**	**5,161,990,269**
- Net Profit of the Period / Year		569,736,565	1,783,609,500
Total Shareholders' Equity and Net Profit		**6,960,016,517**	**6,945,599,768**
Total Liabilities and Shareholders' Equity		**68,311,119,199**	**64,062,831,776**
Contingent Liabilities and Commitments			
- letters of Credit, Guarantees and Other Commitments	**(37)**	11,757,641,390	12,637,872,568

The Accompanying Notes are an Integral part of the Financial Statements and are to be Read Therewith
(Review Report attached)

Hisham Ezz El-Arab
Chairman
& Managing Director

Commercial International Bank

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Unconsolidated Income Statement For The Period Ended

Mar. 31, 2010

	Note No.	Mar. 31, 2010	Mar. 31, 2009
		EGP	EGP
			(Restated)
- Interest and similar income	(6)	1,034,922,676	1,047,983,025
- Interest expense and similar charges	(6)	(515,815,154)	(530,723,818)
Net Interest Income		**519,107,522**	**517,259,207**
- Fees & Commissions Income	(7)	204,371,718	149,349,876
- Fees & Commissions Expense	(7)	(17,257,198)	(16,029,590)
Net Fees and Commissions Income		**187,114,520**	**133,320,286**
- Dividends Income	(8)	84,821,549	99,707,405
- Net Trading Income	(9)	80,673,822	146,813,800
- (Losses) Profit from Financial Investments	(22)	58,397,638	(2,354,217)
- Administrative Expenses	(10)	(289,008,834)	(253,063,490)
- Other Operating (Expenses) Income	(11)	22,733,232	(52,133,285)
- Return (Losses) Of Impairment From Loans	(12)	(1,911,080)	(11,765,527)
Net Profit Before Tax		**661,928,369**	**577,784,180**
- Income Tax	(13)	(98,518,063)	(85,340,806)
- Deferred Tax	(13) & (33)	6,326,259	6,137,381
Net Profit After Tax		**569,736,565**	**498,580,755**

Earning Per Share

	Note No.	Mar. 31, 2010	Mar. 31, 2009
- **Basic**	(14)	**1.59**	**1.51**
- **Diluted**	(14)	**1.55**	**1.47**

Hisham Ezz El-Arab
Chairman
& Managing Director

البنـــك التجـــارى الدولـــى
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Unconsolidated Cash Flow For The Period Ended

Mar. 31, 2010

	Mar. 31, 2010 EGP	Mar. 31, 2009 EGP (Restated)
Cash Flow From Operating Activities:-		
- Net Income Before Tax	661,928,369	577,784,180
Adjustments To Reconcile Net Income To Net Cash Provided By Operating Activities		
- Depreciation	45,303,560	46,334,096
- Provisions (Formed During The Period)	2,082,736	37,088,123
- Trading Financial Investments Evaluation Differences	(14,065,167)	(9,294,939)
- Impairment Of Assets	(1,296,453)	(2,329,265)
- Utilization Of Provisions (Except Provision For Doubtful Debts)	(1,361,150)	(3,962,272)
- Provisions No Longer Used	(37,554,170)	-
- Fcy Revaluation Differences Of Provisions Balances (Except Doubtful Debts)	409,559	2,899,477
- Profits From Selling Fixed Assets	(1,833,430)	(609,735)
- Profits From Selling Financial Investments	(62,495,543)	(7,567,855)
- Losses From Selling An Investment In Subsidiary	-	-
- Fcy Revaluation Diff.Of Long Term Loans	(886,352)	(560,550)
- Share Based Payments	18,922,217	20,419,257
Operating Profits Before Changes In Operating Assets And Liabilities	**609,154,174**	**660,200,517**
Net Decrease (Increase) In Assets		
- Due From Banks	24,633,442	(2,425,305,063)
- Treasury Bills And Other Governmental Notes	1,454,263,087	193,665,319
- Trading Financial Assets	8,015,429	(251,344,208)
- Financial Derivatives (Net)	23,862,901	(55,017,097)
- Loans And Overdrafts	(2,087,309,696)	(434,661,139)
Net Increase (Decrease) In Liabilities		
- Debit Balances And Other Assets	(249,236,101)	176,950,933
- Due To Banks	603,415,124	1,906,408,400
- Customers Deposits	3,472,359,032	2,362,070,467
- Credit Balances And Other Liabilities	145,078,386	(349,001,794)
Net Cash Provided From Operating Activities	**4,004,235,779**	**1,783,966,335**

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Unconsolidated Cash Flow For The Period Ended

Mar. 31, 2010

		Mar. 31, 2010 EGP	Mar. 31, 2009 EGP (Restated)
	Cash Flow From Investing Activities:-		
-	Investments in Subsidiaries And Associated Companies	(39,195)	(245,505)
-	Purchase Of Fixed Assets , Premises And Fitting- Out Of Branches	(80,937,383)	(58,043,594)
-	Redemption Of Held To Maturity Financial Investments	33,318,731	33,520,654
-	Held To Maturity Financial Investment Purchases	(946,509)	(9,181,620)
-	Available For Sale Financial Investment	(1,392,664,099)	(2,756,011,968)
-	Real estate investments	-	3,839,052
	Net Cash (Used In) Provided From Investing Activities	**(1,441,268,455)**	**(2,786,122,981)**
	Cash Flow From Financing Activities:-		
-	Increase (Decrease) In Long - Term Loans	(3,120,639)	7,041,206
-	Dividends Paid	(658,369,589)	(478,236,553)
	Net Cash (Used In) Financing Activities	**(661,490,228)**	**(471,195,347)**
	Net Cash And Cash Equivalent Changes	1,901,477,096	(1,473,351,994)
	Beginning Balance Of Cash And Cash Equivalent	10,062,335,630	8,622,040,072
	Cash And Cash Equivalent Balance At The End Of The Period	**11,963,812,726**	**7,148,688,078**
	Cash And Cash Equivalent Are Represented As Follows:-		
-	Cash And Due From Central Bank	4,098,439,328	5,118,066,563
-	Due From Banks	7,909,044,105	8,291,704,629
-	Treasury Bills And Other Governmental Notes	13,571,018,384	10,681,933,650
-	Due From Banks (Time Deposits)	(7,484,826,893)	(8,142,259,335)
-	Treasury Bills With Maturity More Than Three Months	(6,129,862,198)	(8,800,757,429)
	Total Cash And Cash Equivalent	**11,963,812,726**	**7,148,688,078**

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Unconsolidated Statement of Changes in Shareholders' Equity as of
Mar. 31, 2010

2009

	Capital EGP	Legal Reserve EGP	General Reserve EGP	Retained Earning EGP	Special Reserve EGP	Reserve For A.F.S Investments Revaluation Diff. EGP	Banking Risks Reserve EGP	Profits Of The Year EGP	Reserve For Employee Stock Ownership Plan (ESOP) EGP	Total EGP
- Beginning Balnace	2,925,000,000	432,851,511	407,547,602	(1,942,684)	185,993,785	(20,312,399)	-	1,615,100,458	86,727,903	**5,630,966,176**
- Effect Of Adjusting Accounting Standards	-	-	-	-	20,536,766	-	-	-	-	**20,536,766**
- Beginning Balnace After Adjustments	2,925,000,000	432,851,511	407,547,602	(1,942,684)	206,530,551	(20,312,399)	-	1,615,100,458	86,727,903	**5,651,502,942**
- Transferred To Reserves	-	80,755,023	1,056,108,882	-	-	-	-	(1,136,863,905)	-	**-**
- Dividends Paid	-	-	-	-	-	-	-	(478,236,553)	-	**(478,236,553)**
- Net Profit Of The Year	-	-	-	-	-	-	-	1,783,609,500	-	**1,783,609,500**
- Addition from Financial Investment Revaluation	-	-	-	-	-	(86,277,201)	-	-	-	**(86,277,201)**
- Effect Of Adjusting Accounting Standards	-	-	-	-	-	-	-	-	-	**-**
- Reserve For Employees Stock Ownership Plan (ESOP)	-	-	-	-	-	-	-	-	75,001,081	**75,001,081**
- Effect Of Adjusting Accounting Standards	-	-	-	-	-	-	-	-	-	**-**
- Usage Part Of Reserve	-	-	-	-	-	-	26,652,790	(26,652,790)	-	**-**
										-
Balance At The End Of The Year	**2,925,000,000**	**513,606,534**	**1,463,656,484**	**(1,942,684)**	**206,530,551**	**(106,589,600)**	**26,652,790**	**1,756,956,710**	**161,728,984**	**6,945,599,768**

2010

	Capital EGP	Legal Reserve EGP	General Reserve EGP	Retained Earning EGP	Special Reserve EGP	Reserve For A.F.S Investments Revaluation Diff. EGP	Banking Risks Reserve EGP	Profits Of The Period EGP	Reserve For Employee Stock Ownership Plan (ESOP) EGP	Total EGP
										-
- Beginning Balnace	2,925,000,000	513,606,534	1,463,656,484	(1,942,684)	206,530,551	(106,589,600)	26,652,790	1,756,956,710	161,728,984	**6,945,599,768**
- Transferred To Reserves	-	87,847,835	1,010,739,284	-	-	-	-	(1,098,587,119)	-	**-**
- Dividends Paid	-	-	-	-	-	-	-	(658,369,589)	-	**(658,369,589)**
- Net Profit Of The Period	-	-	-	-	-	-	-	569,736,565	-	**569,736,565**
- Transferred To Retained Earning	-	-	-	22,173,982	(22,173,982)	-	-	-	-	**-**
- Addition from Financial Investment Revaluation	-	-	-	-	-	84,127,558	-	-	-	**84,127,558**
- Effect Of Adjusting Accounting Standards	-	-	-	-	-	-	44,378,643	(44,378,643)	-	**-**
- Reserve For Employees Stock Ownership Plan (ESOP)	-	-	-	-	-	-	-	-	18,922,217	**18,922,217**
Balance At The End Of The Period	**2,925,000,000**	**601,454,369**	**2,474,395,768**	**20,231,298**	**184,356,569**	**(22,462,042)**	**71,031,433**	**525,357,923**	**180,651,201**	**6,960,016,519**

Commercial International Bank (Egypt) S.A.E.
Notes to the Unconsolidated Financial Statements
For the Financial Period
from January 1, 2010 to March 31, 2010

1. General information

Commercial International Bank (Egypt) provide retail, corporate banking and investment banking services in various parts of Egypt through its Head Office and one hundred & eight branches, in addition to forty seven units and employs over 4284 people in the balance sheet date.

Commercial International Bank (Egypt) S.A.E was formed as a commercial Bank on August 7, 1975 under the Investment Law No. 43 for 1974 . The address of its registered office is as follows: Nile Tower 21/23 Sharel Degol St, Giza.

The Bank listing on the Cairo & Alex stock exchange, with further listings in Kuwait and Abu Dhabi stock exchange .

2. Summary of significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

2.1 Basis of preparation

- The Unconsolidated financial statements have been prepared in accordance with Egyptian Financial Reporting Standards 2006. The Unconsolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of trading, financial assets and financial liabilities held at fair value through profit or loss, available for sale and all derivatives contracts.

  The following is a summary of significant changes in accounting policies and financial statements due to the application of these accounting adjustments:
- Changed the disclosure requirements of the objectives and policies and methods of risk management, financial management and capital adequacy and some other explanatory notes.
- The bank set the relevant parties in accordance with the requirements of the amended and added some new clarifications on these parties
- Collecting all facilities controlled by the bank directly or indirectly, irrespective of the activity of these installations. Previously, there were no collection facilities that do not work in banking or finance. The users of these financial statements, independent reading consolidated financial statements of the Bank, as and for the period ended March 31, 2010, so for getting complete information on the Bank's financial position and results of its work and its cash flows and changes in owner equity.
- Studying all the differences that result in tax obligations for tax deferred and recognized retroactively, and for deferred tax assets and retained tax losses, it has been recognized only within the limits of future economic benefits expected of them. Shows the note (38) the impact of the recognition of differences in the tax numbers comparison
- Note number (35) shows the impact of that change on the item of owner equity and available for sale, investments which were previously measured at cost adjusted rate differentials in exchange rates or fair value whichever is less with the incurred of the decline in value of the income statement.
- As a Result of the application instructions and the new criteria to recognize all derivatives in the first of January 2009 in the financial statements, as separate derivatives implicit in the history of recognition in the financial statements was the measurement of all derivatives at fair value
- Has changed the method of measuring loans and facilities impairment and other debt instruments, which are measured at amortized cost, Resulted in cancellation of the General Provisions component of loans and facilities and instead total provision was provided for groups of assets that carry a credit risk and similar characteristics or individual provision. As a result of changing the way of provision provided increase the specified provision, which were configured for specific items by amount of EGP 20,536,766. The total increase in the outstanding provision in the 1st of Jan 2009 had retained to special reserve in owner's equity according to the new way.

- When the actual rate of return determined for applying the amortized cost method to calculate the income and the cost of the return on debt instruments, in commissions and fees associated with the acquisition or issuance of debt instruments and added to or deducted from the value of the acquisition / release as part of the cost of treatment, which lead to change the actual rate of return of those tools. It was not practicable to apply the impact of this accounting change retroactively, but that change has been applied to debt instruments acquired or issued on or after the first January 2010
- The Bank has applied the new accounting requirements for payment shown on the shares of such regulations in force on or after the first of January 2010. As a result, the income statement for the fiscal year ended March 31, 2009 added by amount of 18,922,217 LE is the cost of stock options granted to employees.

- Purchase accounting was applied to all acquisitions made on or after the first of January 2009 in accordance with the new requirements of accounting, and there was no effect on the bank unconsolidated or consolidated financial statements of the bank.

- The Bank has conducted Assets Acquired as Settlement of Debts of the purpose of ascertaining the applicability of rules classified as non-current assets held for sale under other assets, did not result in a difference in the classification or value measured those assets.

2.2 Subsidiaries and Associates

(a) Subsidiaries

- Subsidiaries are all entities (including special purpose entities) over which the Bank has owned directly or indirectly the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Bank has the ability to control the entity.

(b) Associates

- Associates are all entities over which the Bank has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for by the equity method of accounting and are initially recognised at cost. The Group's investment in associates includes goodwill (net of any accumulated impairment loss) identified on acquisition.

- The purchase method of accounting is used to account for the acquisition of subsidiaries by the Bank. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any minority interest. The excess of the cost of acquisition over the fair value of the Bank's share of the identifiable net assets acquired is recorded as goodwill If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognised directly in the income statement under the item income (expense) Other operating.

- Accounting for subsidiaries and associates in the financial statements are recorded by cost method , according to this method, investments are a cost of acquisition including any good will and deduct any impairment losses in value, and recorded the dividends in the income statement in the adoption of the distribution of these profits and evidence of the right bank debts.

2.3 Segment reporting

A business segment is a group of assets and operations engaged in providing products or services that are subject to risks and returns that are different from those of other business segments. A geographical segment is engaged in providing products or services within a particular economic environment that are subject to risks and returns different from those of segments operating in other economic environments.

2.4 Foreign currency translation

(a) Functional and presentation currency

The financial statements are presented in Egyptian pound, which is the Bank's functional and presentation currency.

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement, except when deferred in equity as qualifying cash flow hedges and qualifying net investment hedges.

Changes in the fair value of monetary securities denominated in foreign currency classified as available for sale are analysed between translation differences resulting from changes in the amortised cost of the security and other changes in the carrying amount of the security. Translation differences related to changes in the amortised cost are recognised in profit or loss, and other changes in the carrying amount are recognised in equity.

Translation differences on non-monetary items, such as equities held at fair value through profit or loss, are reported as part of the fair value gain or loss. Translation differences on non-monetary items, such as equities classified as available-for-sale financial assets, are included in the fair value reserve in equity.

2.5 Financial assets

The Bank classifies its financial assets in the following categories: financial assets at fair value through profit or loss; loans and receivables; held-to-maturity investments; and available-for-sale financial assets. Management determines the classification of its investments at initial recognition.

(a) Financial assets at fair value through profit or loss
This category has two sub-categories: financial assets held for trading, and those designated at fair value through profit or loss at inception.

A financial asset is classified as held for trading if it is acquired or incurred principally for the purpose of selling or repurchasing in the near term or if it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking. Derivatives are also categorised as held for trading unless they are designated as hedging instruments.

Financial assets and financial liabilities are designated at fair value through profit or loss when:

- doing so significantly reduces measurement inconsistencies that would arise if the related derivatives were treated as held for trading and the underlying financial instruments were carried at amortised cost for loans and advances to customers or banks and debt securities in issue'
- Certain investments, such as equity investments, are managed and evaluated on a fair value basis in accordance with a documented risk management or investment strategy and reported to key management personnel on that basis are designated at fair value through profit and loss; and
- Financial instruments, such as debt securities held, containing one or more embedded derivatives significantly modify the cash flows, are designated at fair value through profit and loss.

according to the finacial assets for trading which are reclassified in the periods that begin form first of ian 2009 it is reclassified according to the fair value in the date of reclassification .
bank in all conditions doesn't reclassify any financial instrument moving to programs of financial instruments reclassified with fair value from profit and loss or to financial assets program for trading .

(b) Loans and receivables
Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market, other than: (a) those that the bank intends to sell immediately or in the short term, which are classified as held for trading, or those that the bank upon initial recognition designates as at fair value through profit or loss; (b) those that the bank upon initial recognition designates as available for sale; or (c) those for which the holder may not recover substantially all of its initial investment, other than because of credit deterioration.

(c) Held-to-maturity financial assets
Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Bank's management has the positive intention and ability to hold to maturity. If the Bank were to sell other than an insignificant amount of held-to-maturity assets, the entire category would be reclassified as available for sale.

(d) Available-for-sale financial assets
Available-for-sale investments are those intended to be held for an indefinite period of time, which may be sold in response to needs for liquidity or changes in interest rates, exchange rates or equity prices.

Regular-way purchases and sales of financial assets at fair value through profit or loss, held to maturity and available for sale are recognised on trade-date – the date on which the Bank commits to purchase or sell the asset.

Financial assets are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit and loss are initially recognised at fair value, and transaction costs are expensed in the income statement. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or where the Bank has transferred substantially all risks and rewards of ownership. Financial liabilities are derecognised when they are extinguished − that is, when the obligation is discharged, cancelled or expires.

Available-for-sale financial assets and financial assets at fair value through profit or loss are subsequently carried at fair value. Loans and receivables and held-to-maturity investments are carried at amortised cost using the effective interest method. Gains and losses arising from changes in the fair value of the 'financial assets at fair value through profit or loss' category are included in the income statement in the period in which they arise. Gains and losses arising from changes in the fair value of available-for-sale financial assets are recognised directly in equity, until the financial asset is derecognised or impaired.
At this time, the cumulative gain or loss previously recognised in equity is recognised in profit or loss. However, interest calculated using the effective interest method and foreign currency gains and losses on monetary assets classified as available for sale are recognised in the income statement. Dividends on available-for-sale equity instruments are recognised in the income statement when the bank's right to receive payment is established.

The fair values of quoted investments in active markets are based on current bid prices. If there is no active market for a financial asset, the

Bank establishes fair value using valuation techniques. These include the use of recent arm's length transactions, discounted cash flow analysis, option pricing models and other valuation techniques commonly used by market participants.
The Bank re-tab the financial asset tabbed within the range of financial instruments available for sale, which left the definition of loans and debts (bonds or loans), quoting a set of tools available for sale to the group of loans and receivables or financial assets held to maturity - all as the case - when available Bank has the intent and ability to hold these financial assets in the foreseeable future or until maturity and are re-tab at fair value in the history of re-tab, and not process any profits or losses on those assets that have been recognized previously in equity and in the following manner:

1 - In case of financial asset re-tab, which has a fixed maturity are amortized gains or losses over the remaining life of the investment retained until the maturity date in a manner effective yield is consumed any difference between the value on the basis of amortized cost and value on an accrual basis over the remaining life of the financial asset using the effective yield method, and in the case of the decay of the value of the financial asset is later recognition of any gain or loss previously recognized directly in equity in the profits and losses.

2 - in the case of financial asset which has no fixed maturity continue to profit or loss in equity until the sale of the asset or to dispose of it, then be recognized in the profit and loss In the case of erosion of the value of the financial asset is later recognition of any gain or loss previously recognized directly within equity in the profits and losses.

If the Bank to adjust its estimates of payments or receipts are the settlement of the carrying amount of the financial asset (or group of financial assets) to reflect the actual cash inflows and the adjusted estimates to be recalculated book value and then calculates the present value of estimated future cash flows at the effective yield of the financial instrument and is recognized settlement recognized as income or expense in the profit and loss.

In all cases, if the bank re-Tab financial asset in accordance with what is referred to The Bank at a later date to increase its estimate of the proceeds of future cash result of the increase will be recovered from the cash receipts, is the recognition of the impact of this increase in settlement of the interest rate effective from the date of change in the estimate and not in settlement of the balance of the original notebook in the history of change in the estimate.

2.6 Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously.

2.7 Derivative financial instruments and hedge accounting

Derivatives are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at their fair value. Fair values are obtained from quoted market prices in active markets, including recent market transactions, and valuation techniques, including discounted cash flow models and options pricing models, as appropriate. All derivatives are carried as assets when fair value is positive and as liabilities when fair value is negative.

2.8 Interest income and expense

Interest income and expense for all interest-bearing financial instruments, except for those classified as held for trading or designated at fair value through profit or loss, are recognised within 'interest income' and 'interest expense' in the income statement using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial asset or a financial liability and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial asset or financial liability. When calculating the effective interest rate, the Bank estimates cash flows considering all contractual terms of the financial instrument (for example, prepayment options) but does not consider future credit losses. The calculation includes all fees and points paid or received between parties to the contract that are an integral part of the effective interest rate, transaction costs and all other premiums or discounts.

Once a financial asset or a group of similar financial assets has been written down as a result of an impairment loss, interest income is recognised using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss.
when it is collected and this is after redeeming all dues of consumer loans and personnel mortgages also small loans for economic activities. as for loans given to institutions it is related to the monetary base also , it raises the return after that , according to rescheduling conditions on the loan till paying 25% from rescheduling payments with a minimum one year without being late , if the customer is always paying at his due dates the interest calculated is added to the loan balance which makes revenues (interest on rescheduling without deficits) without interests aside before rescheduling which is avoiding revenues except after paying all the loan balance in the balance sheet before rescheduling.

2.9 Fee and commission income

Fees and commissions are generally recognised on an accrual basis when the service has been provided. Loan commitment fees for loans that are likely to be drawn down are deferred (together with related direct costs) and recognised as an adjustment to the effective interest rate on the loan. Loan syndication fees are recognised as revenue when the syndication has been completed and the Bank has retained no part of the loan package for itself or has retained a part at the same effective interest rate as the other participants. Commission and fees arising from negotiating, or participating in the negotiation of, a transaction for a third party – such as the arrangement of the acquisition of shares or other securities or the purchase or sale of businesses – are recognised on completion of the underlying transaction. Portfolio and other management advisory and service fees are recognised based on the applicable service contracts, usually on a time-apportionate basis. Asset management fees related to investment funds are recognised rateably over the period in which the service is provided. The same principle is applied for wealth management, financial planning and custody services that are continuously provided over an extended period of time. Performance linked fees or fee components are recognised when the performance criteria are fulfilled.

2.10 Dividend income

Dividends are recognised in the income statement when the bank's right to receive payment is established.

2.11 Sale and repurchase agreements

Securities sold subject to repurchase agreements ('repos') are reclassified in the financial statements as pledged assets when the transferee has the right by contract or custom to sell or repledge the collateral; the counterparty liability is included in amounts due to other banks, deposits from banks, other deposits or deposits due to customers, as appropriate. Securities purchased under agreements to resell ('reverse repos') are recorded as loans and advances to other banks or customers, as appropriate. The difference between sale and repurchase price is treated as interest and accrued over the life of the agreements using the effective interest method. Securities lent to counterparties are also retained in the financial statements.

2.12 Impairment of financial assets

(a) Assets carried at amortised cost

The Bank assesses at each balance sheet date whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

The criteria that the Bank uses to determine that there is objective evidence of an impairment loss include:

- Delinquency in contractual payments of principal or interest;
- Cash flow difficulties experienced by the borrower (for example, equity ratio, net income percentage of sales);
- Breach of loan covenants or conditions;
- Initiation of bankruptcy proceedings;
- Deterioration of the borrower's competitive position;
- Deterioration in the value of collateral; and
- Downgrading below investment grade level.

The estimated period between a loss occurring and its identification is determined by local management for each identified portfolio. In general, the periods used vary between three months and 12 months; in exceptional cases, longer periods are warranted.

The Bank first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, and individually or collectively for financial assets that are not individually significant. If the Bank determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is or continues to be recognised are not included in a collective assessment of impairment.

The amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognised in the income statement. If a loan or held-to-maturity investment has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract. As a practical expedient, the Bank may measure impairment on the basis of an instrument's fair value using an observable market price.

The calculation of the present value of the estimated future cash flows of a collateralised financial asset reflects the cash flows that may result from foreclosure less costs for obtaining and selling the collateral, whether or not foreclosure is probable.

For the purposes of a collective evaluation of impairment, financial assets are grouped on the basis of similar credit risk characteristics (ie, on the basis of the Group's grading process that considers asset type, industry, geographical location, collateral type, past-due status and other relevant factors). Those characteristics are relevant to the estimation of future cash flows for groups of such assets by being indicative of the debtors' ability to pay all amounts due according to the contractual terms of the assets being evaluated.

Future cash flows in a group of financial assets that are collectively evaluated for impairment are estimated on the basis of the contractual cash flows of the assets in the Bank and historical loss experience for assets with credit risk characteristics similar to those in the Bank. Historical loss experience is adjusted on the basis of current observable data to reflect the effects of current conditions that did not affect the period on which the historical loss experience is based and to remove the effects of conditions in the historical period that do not currently exist.

Estimates of changes in future cash flows for groups of assets should reflect and be directionally consistent with changes in related observable data from period to period (for example, changes in unemployment rates, property prices, payment status, or other factors indicative of changes in the probability of losses in the Bank and their magnitude). The methodology and assumptions used for estimating future cash flows are reviewed regularly by the Bank to reduce any differences between loss estimates and actual loss experience.

(b) Assets classified as available for sale

The Bank assesses at each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets is impaired. In the case of equity investments classified as available for sale, a significant or prolonged decline in the fair value of the security below its cost is considered in determining whether the assets are impaired. Impairment losses recognised in the income statement on equity instruments are not reversed through the income statement. If, in a subsequent period, the fair value of a debt instrument classified as available for sale increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in profit or loss, the impairment loss is reversed through the income statement.

2.13 Fixed Assets

Land and buildings comprise mainly branches and offices. All property, plant and equipment is stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or are recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Bank and the cost of the item can be measured reliably. All other repairs and maintenance are charged to other operating expenses during the financial period in which they are incurred. Land is not depreciated. Depreciation of other assets is calculated using the straight-line method to allocate their cost to their residual values over their estimated useful lives, as follows:

– Buildings	20 years,
– Leasehold improvements	3 years
– Equipment and motor vehicles	3 years, or over the period of the lease if less
- Furniture and safes	8 years.
- Transportations	5 years
- Computers and Core Systems	3/10 years
- Fixtures and fittings	5 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. The recoverable amount is the higher of the asset's fair value less costs to sell and value in use.

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in other operating expenses in the income statement.

2.14 Impairment of non-financial assets

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets other than goodwill that suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

2.15 Leases

The accounting treatment for the finance lease in accordance with law 95 of 1995, if the contract entitles the lessee to purchase the asset at a specified date and the value selected, or the current value of the total lease payments representing at least 90% of the value of the asset. The other leases contracts are considered operating leases contracts.

Being lessee

Finance lease contract recognizes the lease cost, including the cost of maintenance of the leased assets, within the expenses in the income statement for the period in which they occurred. If the bank decided to exercise the rights to purchase the leased assets, the cost of the right to purchase it as an asset are capitalized and amortized over the useful life of the expected remaining life of the asset in the same manner as similar assets.

And recognition of payments under the operating lease expense minus any discounts obtained from the lesser under expenses in the income statement on a straight-line basis over the term of the contract

Being lesser

For assets leased financially, assets are recorded in the fixed assets in the Budget and amortized over the expected useful life of this asset in the same manner as similar assets. Lease income is recognized on the basis of rate of return on the lease in addition to an amount corresponding to the cost of depreciation for the period. The difference between the recognized rental income and the total finance lease clients' accounts is transferred to the budget in the income statement until the expiration of the lease where it is used to off set with a net book value of the leased asset. Maintenance and insurance expenses are loaded on the income statement when incurred to the extent they are not charged to the tenant.

In case there is objective evidence that the Bank will not be able to collect all assets of financial lease debtors, it will be reduced to the recoverable amount.

For assets leased under operating lease of fixed assets, it appears in the budget and amortized over the expected useful life of the asset in the same way as similar assets, and the lease income recorded less any discounts given to the lessee on a straight-line method over the contract period.

2.16 Cash and cash equivalents

For the purposes of the cash flow statement, cash and cash equivalents comprise balances with less than three months' maturity from the date of acquisition, including cash and non-restricted balances with central banks, treasury bills and other eligible bills, loans and advances to banks, amounts due from other banks and short-term government securities.

2.17 Provisions

Provisions for restructuring costs and legal claims are recognised when: the Bank has a present legal or constructive obligation as a result of past events; it is more likely than not that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.
Provisions which negated the purpose of wholly or partly repaid within the item other operating income (expense).
Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

(c) Share-based compensation

The Group operates an equity-settled, share-based compensation plan. The fair value of the employee services received in exchange for the grant of the options is recognised as an expense.

The total amount to be expensed over the vesting period is determined by reference to the fair value of the options granted, excluding the impact of any non-market vesting conditions (for example, profitability and sales growth targets). Non-market vesting conditions are included in assumptions about the number of options that are expected to become exercisable. At each balance sheet date, the entity revises its estimates of the number of options that are expected to become exercisable. It recognises the impact of the revision of original estimates, if any, in the income statement, and a corresponding adjustment to equity over the remaining vesting period.

The proceeds received net of any directly attributable transaction costs are credited to share capital (nominal value) and share premium when the options are exercised.

2.18 income tax

Income tax on the profit or loss for the year includes each of year tax and deferred tax and is recognized in the income statement except for income tax relating to items of equity that are recognized directly in equity.

Income tax is recognized based on net taxable profit using the tax rates applicable at the date of the budget in addition to tax adjustments for previous years.

Deferred taxes arising from temporary time differences between the book value of assets and liabilities are recognized in accordance with the principles of accounting and value according to the foundations of the tax, this is determining the value of deferred tax on the expected manner to realize or settle the values of assets and liabilities, using tax rates applicable at the date of the budget.

Deferred tax assets of the Bank recognized when there is likely to be possible to achieve profits subject to tax in the future to be possible through to use that asset, and is reducing the value of deferred tax assets with part of that will come from tax benefit expected during the following years, that in the case of expected high benefit tax, deferred tax assets will increase within the limits of the above reduced.

2.19 Borrowings

Borrowings are recognised initially at fair value net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between proceeds net of transaction costs and the redemption value is recognised in the income statement over the period of the borrowings using the effective interest method.

2.20 Dividends

Dividends deducted form equity in the period, which the General Assembly of the shareholders acknowledges these distributions. These distributions include the share of workers in the profits and remuneration of the Governing Council.

2.21 Comparatives

Where necessary, comparative figures have been adjusted to conform with changes in presentation in the current year.

3. Financial risk management

The Bank's activities expose it to a variety of financial risks and those activities involve the analysis, evaluation, acceptance and management of some degree of risk or combination of risks. Taking risk is core to the financial business, and the operational risks are an inevitable consequence of being in business. The Bank's aim is therefore to achieve an appropriate balance between risk and return and minimise potential adverse effects on the Bank's financial performance.

The Bank's risk management policies are designed to identify and analyse these risks, to set appropriate risk limits and controls, and to monitor the risks and adherence to limits by means of reliable and up-to-date information systems. The Bank regularly reviews its risk management policies and systems to reflect changes in markets, products and emerging best practice.

Risk management is carried out by a central treasury department (Bank Treasury) under policies approved by the Board of Directors. Bank Treasury identifies, evaluates and hedges financial risks in close co-operation with the Bank's operating units. The Board provides written principles for overall risk management, as well as written policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments. In addition, credit risk management is responsible for the independent review of risk management and the control environment.

3.1 Credit risk

The Bank takes on exposure to credit risk, which is the risk that counterparty will cause a financial loss for the Bank by failing to discharge an obligation. Management therefore carefully manages its exposure to credit risk. Credit exposures arise principally in loans and advances, debt securities and other bills. There is also credit risk in off-balance sheet financial arrangements such as loan commitments. The credit risk management and control are centralised in a credit risk management team in Bank Treasury and reported to the Board of Directors and head of each business unit regularly.

3.1.1 Credit risk measurement

(a) Loans and advances

In measuring credit risk of loan and advances to customers and to banks at a counterparty level, the Bank reflects three components (i) the 'probability of default' by the client or counterparty on its contractual obligations; (ii) current exposures to the counterparty and its likely future development, from which the Bank derive the 'exposure at default';

and (iii) the likely recovery ratio on the defaulted obligations (the 'loss given default').

These credit risk measurements, which reflect expected loss (the 'expected loss model') and are required by the Basel Committee on Banking Regulations and the Supervisory Practices (the Basel Committee), are embedded in the Bank's daily operational management. The operational measurements can be contrasted with impairment allowances required under IAS 26, which are based on losses that have been incurred at the balance sheet date (the 'incurred loss model') rather than expected losses (Note 3/A).

(i) The Bank assesses the probability of default of individual counterparties using internal rating tools tailored to the various categories of counterparty. They have been developed internally and combine statistical analysis with credit officer judgment and are validated, where appropriate, by comparison with externally available data. Clients of the Bank are segmented into four rating classes. The Bank's rating scale, which is shown below, reflects the range of default probabilities defined for each rating class. This means that, in principle, exposures migrate between classes as the assessment of their probability of default changes. The rating tools are kept under review and upgraded as necessary. The Bank regularly validates the performance of the rating and their predictive power with regard to default events.

Bank's internal ratings scale and mapping of external ratings

Bank's rating	**Description of the grade**
1	Performing loans
2	Regular watching
3	Watch list
4	Non performing loans

(iii) Loss given default or loss severity represents the Bank expectation of the extent of loss on a claim should default occur. It is expressed as percentage loss per unit of exposure and typically varies by type of counterparty, type and seniority of claim and availability of collateral or other credit mitigation.

(b) Debt securities and other bills

For debt securities and other bills, external rating such as Standard & Poor's rating or their equivalents are used by bank Treasury for managing of the credit risk exposures. The investments in those securities and bills are viewed as a way to gain a better credit quality mapping and maintain a readily available source to meet the funding requirement at the same time.

3.1.2 Risk limit control and mitigation policies

The bank manages, limits and controls concentrations of credit risk wherever they are identified − in particular, to individual counterparties and banks, and to industries and countries.

The Bank structures the levels of credit risk it undertakes by placing limits on the amount of risk accepted in relation to one borrower, or groups of borrowers, and to geographical and industry segments. Such risks are monitored on a revolving basis and subject to an annual or more frequent review, when considered necessary. Limits on the level of credit risk by product, industry sector and by country are approved quarterly by the Board of Directors.

The exposure to any one borrower including banks and brokers is further restricted by sub-limits covering on- and off-balance sheet exposures, and daily delivery risk limits in relation to trading items such as forward foreign exchange contracts. Actual exposures against limits are monitored daily.

Exposure to credit risk is also managed through regular analysis of the ability of borrowers and potential borrowers to meet interest and capital repayment obligations and by changing these lending limits where appropriate.
Some other specific control and mitigation measures are outlined below.

(a) Collateral

The bank employs a range of policies and practices to mitigate credit risk. The most traditional of these is the taking of security for funds advances, which is common practice. The bank implements guidelines on the acceptability of specific classes of collateral or credit risk mitigation. The principal collateral types for loans and advances are:

- Mortgages over residential properties;
- Mortgage business assets such as premises, inventory and accounts receivable;
- Mortgage financial instruments such as debt securities and equities.

Longer-term finance and lending to corporate entities are generally secured; revolving individual credit facilities are generally unsecured. In addition, in order to minimise the credit loss the bank will seek additional collateral from the counterparty as soon as impairment indicators are noticed for the relevant individual loans and advances.

Collateral held as security for financial assets other than loans and advances is determined by the nature of the instrument. Debt securities, treasury and other governmental securities are generally unsecured, with the exception of asset-backed securities and similar instruments, which are secured by portfolios of financial instruments.

(b) Derivatives
The bank maintains strict control limits on net open derivative positions (i.e., the difference between purchase and sale contracts), by both amount and term. At any one time, the amount subject to credit risk is limited to the current fair value of instruments that are favourable to the bank (i.e., assets where their fair value is positive), which in relation to derivatives is only a small fraction of the contract, or notional values used to express the volume of instruments outstanding. This credit risk exposure is managed as part of the overall lending limits with customers, together with potential exposures from market movements. Collateral or other security is not usually obtained for credit risk exposures on these instruments, except where the bank requires margin deposits from counterparties.

Settlement risk arises in any situation where a payment in cash, securities or equities is made in the expectation of a corresponding receipt in cash, securities or equities. Daily settlement limits are established for each counterparty to cover the aggregate of all settlement risk arising from the Bank market transactions on any single day.

(c) Master netting arrangements
The bank further restricts its exposure to credit losses by entering into master netting arrangements with counterparties with which it undertakes a significant volume of transactions. Master netting arrangements do not generally result in an offset of balance sheet assets and liabilities, as transactions are usually settled on a gross basis. However, the credit risk associated with favourable contracts is reduced by a master netting arrangement to the extent that if a default occurs, all amounts with the counterparty are terminated and settled on a net basis. The Bank overall exposure to credit risk on derivative instruments subject to master netting arrangements can change substantially within a short period, as it is affected by each transaction subject to the arrangement.

(d) Credit-related commitments
The primary purpose of these instruments is to ensure that funds are available to a customer as required.
Guarantees and standby letters of credit carry the same credit risk as loans. Documentary and commercial letters of credit – which are written undertakings by the Bank on behalf of a customer authorising a third party to draw drafts on the Bank up to a stipulated amount under specific terms and conditions – are collateralised by the underlying shipments of goods to which they relate and therefore carry less risk than a direct loan.

Commitments to extend credit represent unused portions of authorisations to extend credit in the form of loans, guarantees or letters of credit. With respect to credit risk on commitments to extend credit, the Bank is potentially exposed to loss in an amount equal to the total unused commitments. However, the likely amount of loss is less than the total unused commitments, as most commitments to extend credit are contingent upon customers maintaining specific credit standards. The Bank monitors the term to maturity of credit commitments because longer-term commitments generally have a greater degree of credit risk than shorter-term commitments.

3.1.3 Impairment and provisioning policies
The internal and external rating systems described in Note 3.1.1 focus more on credit-quality mapping from the inception of the lending and investment activities. In contrast, impairment provisions are recognised for financial reporting purposes only for losses that have been incurred at the balance sheet date based on objective evidence of impairment (see Note 2.13). Due to the different methodologies applied, the amount of incurred credit losses provided for in the financial statements are usually lower than the amount determined from the expected loss model that is used for internal operational management and banking regulation purposes.

The impairment provision shown in the balance sheet at year-end is derived from each of the four internal rating grades. However, the majority of the impairment provision comes from the bottom two gradings. The table below shows the percentage of the Bank's on- and off-balance sheet items relating to loans and advances and the associated impairment provision for each of the Bank's internal rating categories:

Bank's rating

	31 March 2010		31Dec.2009	
	Loans and advances (%)	**Impairment provision (%)**	**Loans and advances (%)**	**Impairment provision (%)**
1-Performing loans	28,428,671,318	603,897,085	26,363,698,438	559,879,925
2-Reular watching	1,312,351,662	55,781,507	1,370,765,821	61,404,360
3-Watch list	309,210,490	29,762,727	384,723,397	32,208,051
4-Non performing loans	1,021,731,978	620,524,219	862,001,836	650,702,109
	31,071,965,449	1,309,965,538	28,981,189,492	1,304,194,445

The internal rating tool assists management to determine whether objective evidence of impairment exists under IAS 26, based on the following criteria set out by the Bank:

- Delinquency in contractual payments of principal or interest;
- Cash flow difficulties experienced by the borrower (eg equity ratio, net income percentage of sales);
- Breach of loan covenants or conditions;
- Initiation of bankruptcy proceedings;
- Deterioration of the borrower's competitive position;
- Deterioration in the value of collateral; and
- Downgrading below investment grade level.

The Bank's policy requires the review of individual financial assets that are above materiality thresholds at least annually or more regularly when individual circumstances require. Impairment allowances on individually assessed accounts are determined by an evaluation of the incurred loss at balance-sheet date on a case-by-case basis, and are applied to all individually significant accounts. The assessment normally encompasses collateral held (including re-confirmation of its enforceability) and the anticipated receipts for that individual account.

Collectively assessed impairment allowances are provided for: (i) portfolios of homogenous assets that are individually below materiality thresholds; and (ii) losses that have been incurred but have not yet been identified, by using the available historical experience, experienced judgment and statistical techniques.

Pattern of measuring the danger of general banking activities

In addition to the four categories of measuring credit worthiness discussed in disclosure 1/a the management makes small groups more detailed according to the CBE rules assets facing credit risk are classified to detailed conditions relying greatly on customer's information , activities , financial position and his regular payments to his debts .

The bank calculates the provisions needed for assets impairment in addition to credit regulations according to special percentages .

From CBE , in the case of increase of impairment loss provision needed according to CBE than that for purposes of making the financial statements according to the Egyptian rules , the risk of general banking reserve is included in owners equity deducted from the retained earning with this increase , this reserve is modified with periodic basis with the increase and decrease , which equals the increase in provisions and this reserve is not distributed ,

And this is categories of institutional worthiness according to internal ratings according to CBE rules and rates of provisions needed for assets impairment related to credit risk :

CBE RATING	categorization	PROVISION %	INTERNAL RATING	INTERNAL RATING
1	Low Risk	0	1	Good Loans
2	Average Risk	1%	1	Good Loans
3	Satisfactory Risk	1%	1	Good Loans
4	Reasonable Risk	2%	1	Good Loans
5	Acceptable Risk	2%	1	Good Loans
6	Marginally Acceptable risk	3%	2	Normal Follow up
7	Watch list	5%	3	Special Follow up
8	Substandard	20%	4	Non Performing loans
9	Doubtful	50%	4	Non Performing loans
10	Bad Debt	100%	4	Non Performing loans

3.1.4 Maximum exposure to credit risk before collateral held or other credit enhancements

	Maximum exposure	
	31 March 2010	**31 Dec.2009**
Credit risk exposures relating to on-balance sheet assets are as follows:		
Treasury bills and other governmental securities	13,571,018,384	13,191,665,954
Trading assets		
− Debt securities	101,888,582	111,334,360
Loans and advances to banks	191,260,819	200,765,433
Loans and advances to customers:		
Loans to individuals:		
− Overdrafts	693,787,829	986,868,989
− Credit cards	463,872,627	452,129,339
− Term loans	1,350,582,571	1,006,597,234
− Mortgages	361,245,056	291,663,968
Loans to corporate entities:		
− Overdrafts	3,604,775,360	3,367,186,944
− Direct loans	17,980,507,506	15,268,369,667
− Syndicated loans	6,365,707,680	7,380,011,341
− Other loans	60,226,002	27,596,578
Derivative financial instruments	158,429,339	225,347,220
Investment securities	9,406,119,377	7,884,902,625
Total	**54,309,421,130**	**50,394,439,651**
Credit risk exposures relating to off-balance sheet items are as follows:		
Financial guarantees	1,147,834,000	931,471,000
Loan commitments and other credit related liabilities	579,351,354	469,403,911
Letter of Credit	700,884,667	820,272,115
Letter of guarantee	10,477,405,369	11,348,196,542
At 31 December	**12,905,475,390**	**13,569,343,568**

The above table represents a worse case scenario of credit risk exposure to the Bank at 31 March 2010 and 2009, without taking account of any collateral held or other credit enhancements attached. For on-balance-sheet assets, the exposures set out above are based on net carrying amounts as reported in the balance sheet.

As shown above, 57.55% of the total maximum exposure is derived from loans and advances to banks and customers; 17.01% represents investments in debt securities.

Management is confident in its ability to continue to control and sustain minimal exposure of credit risk to the bank resulting from both its loan and advances portfolio and debt securities based on the following:

- 95.72% of the loans and advances portfolio is categorised in the top two grades of the internal rating system.
- 95.72% of the loans and advances portfolio are considered to be neither past due nor impaired.
- Of the 1,021,731,978 loans and advances assessed on an individual basis
- An improvement in the credit quality of loans and advances has resulted in a lower impairment charge in the income statement, showing a decrease;
- The bank has introduced a more stringent selection process upon granting loans and advances
- More than 59.64% of the investments in debt securities and other bills have at least at A- credit rating.

3.1.5 Loans and advances

Loans and advances are summarised as follows:

	31 March 2010		31 December 2009	
	Loans and advances to customers	Loans and advances to banks	Loans and advances to customers	Loans and advances to banks
Neither past due nor impaired	29,549,762,161	191,260,819	27,533,698,826	200,765,433
Past due but not impaired	309,210,490		384,723,397	
Individually impaired	1,021,731,978		862,001,836	
Gross	**30,880,704,630**	**191,260,819**	**28,780,424,059**	**200,765,433**
Less: allowance for impairment	1,309,965,538		1,304,194,445	
Net	**29,570,739,092**	**191,260,819**	**27,476,229,613**	**200,765,433**

During the Period ended 31 March 2010, the bank's total loans and advances increased by 7% as a result of the expansion of the lending business in Egypt. When entering into new markets or new industries, in order to minimise the potential increase of credit risk exposure, the bank focused more on the business with large corporate enterprises or banks with good credit rating or retail customers providing sufficient collateral.

(a) Loans and advances neither past due or impaired

The credit quality of the portfolio of loans and advances that were neither past due nor impaired can be assessed by reference to the internal rating system adopted by the bank.

31 March 2010

	Loans and advances to customers								
	Individual (retail customers)				Corporate entities				
	Over-drafts	Credit cards	Term loans	Mort-gages	Over draft	Direct loans	Syndicated loans	Total Loans and advances to customers	Total Loans and advances to Corporate entities
Grades:									
1-Performing loans	678,271,992	396,890,19	1,222,991,237	352,746,981	3,177,788,358	16,200,338,192	5,795,747,282	**2,650,900,402**	**25,173,873,832**
2-Reular watching	5,373,306	10,117,163	17,729,038	571,200	50,611,636	1,098,618,240	73,549,571	**33,790,708**	**1,222,779,447**
3-Watch list	835,970	317,403	563,301		47,918,397	157,048,801	72,763,891	**1,716,674**	**277,731,090**
4-Non performing loans					64,477,259	267,247,765	69,482,736	**-**	**401,207,759**
Total	**684,481,267**	**407,324,759**	**1,241,283,576**	**353,318,181**	**3,340,795,650**	**17,723,252,998**	**6,011,543,480**	**2,686,407,783**	**27,075,592,128**

Mortgage loans in the sub-standard class were considered not to be impaired after taking into consideration the recoverability from collateral.

31 December 2009

	Loans and advances to customers								
	Individual (retail customers)				Corporate entities				
	Over-drafts	Credit cards	Term loans	Mort-gages	overdraft	Direct loan	Syndicated loans	Total Loans and advances to customers	Total Loans and advances to Corporate entities
Grades:									
1-Performing loans	890,676,721	384,637,875	903,863,918	290,596,009	3,136,943,440	13,939,917,693	6,257,182,856	**2,469,774,524**	**23,334,043,989**
2-Reular watching	12,820,602	3,957,706	8,073,382	357,919	43,390,654	1,093,427,248	147,333,950	**25,209,608**	**1,284,151,852**
3-Watch list	1,324,269		8,603	140,599	50,802,089	197,825,470	102,414,317	**1,473,470**	**351,041,876**
4-Non performing loans					55,277,044	156,022,682		**-**	**211,299,726**
Total	**904,821,591**	**388,595,581**	**911,945,903**	**291,094,527**	**3,286,413,227**	**15,387,193,093**	**6,506,931,123**	**2,496,457,603**	**25,180,537,443**

(b) Loans and advances past due but not impaired

Loans and advances less than 90 days past due are not considered impaired, unless other information is available to indicate the contrary. Gross amount of loans and advances by class to customers that were past due but not impaired were as follows:

31 Mar 2010

	Individual (retail customers)				
	Overdrafts	**Credit cards**	**Term loans**	**Mortgages**	**Total**
Past due up to 30 days	186,242,816	77,370,133	1,702,918	567,172	**265,883,038**
Past due 30 - 60 days	2,801,747	9,103,462	4,956,985	175,205	**17,037,399**
Past due 60-90 days	2,768,001	3,361,046	518,470	16,700	**6,664,217**
Total	**191,812,563**	**89,834,641**	**7,178,373**	**759,077**	**289,584,654**

	Corporate entities			
	overdraft	**Direct loans**	**Syndicated loans**	**Total**
Past due up to 30 days		40,736,809		**40,736,809**
Past due 30-60 days	4,394,741	6,692,891		**11,087,632**
Past due 60-90 days	299,500,473	126,704,158	159,348	**426,363,979**
Total	**303,895,214**	**174,133,858**	**159,348**	**478,188,420**

31 December 2009

	Individual (retail customers)				
	Overdrafts	**Credit cards**	**Term loans**	**Mortgages**	**Total**
Past due up to 30 days	135,042,604	24,262,417	1,137,995	587,951	**161,030,967**
Past due 30-60 days	11,669,707	3,789,215	6,274,817	120,991	**21,854,730**
Past due 60-90 days	1,310,615	1,428,700	549,114	8,149	**3,296,577**
Total	**148,022,926**	**29,480,332**	**7,961,925**	**717,092**	**186,182,274**

	Corporate entities			
	overdraft	**Direct loans**	**Syndicated loans**	**Total**
Past due up to 30 days		38,372,513		**38,372,513**
Past due 30-60 days	83,594,723	28,072,549		**111,667,272**
Past due 60-90 days	64,026,688	235,371,149	159,348	**299,557,185**
Total	**147,621,411**	**301,816,211**	**159,348**	**449,596,970**

Loans and advances assessed on an individual basis before cash flows from guarantees are EGP 1,021,731,978
The breakdown of the gross amount of individually impaired loans and advances by class, along with the fair value of related collateral held by the Bank as security, are as follows:

	Individual				Corporate entities			Total
31 Mar 2010	**Overdrafts**	**Credit cards**	**Term loans**	**Mort-gages**	**overdraft**	**Direct loans**	**Syndicated loans**	
Individually impaired loans	5,234,681	41,208,000	70,360,535	2,939,000	**176,065,265**	**516,897,498**	**209,027,000**	**1,021,731,978**
Fair value of collateral								
31 December 2009								
Individually impaired loans	4,978,512	39,136,769	72,300,784	2,540,770	**170,916,226**	**522,861,775**	**49,267,000**	**862,001,836**
Fair value of collateral								

3.1.6 Debt securities, treasury bills and other governmental securities

The table below presents an analysis of debt securities, treasury bills and other governmental securities by rating agency designation at 31 March 2010, based on Standard & Poor's ratings or their equivalent:

	Treasury bills and other bills	Trading securities	Investment securities	Designated at fair value	Total
AAA		440,440	794,293,658		**794,734,098**
AA- to AA+		35,651,942	545,751,136		**581,403,078**
A- to A+		50,362,401	388,575,565		**438,937,966**
Lower than A-	13,571,018,384	77,485,856	6,838,911,384		**20,487,415,624**
Unrated		222,729,781	2,079,452,803		**2,302,182,584**
Total	**13,571,018,384**	**386,670,420**	**10,646,984,546**		**24,604,673,350**

3.1.8 Concentration of risks of financial assets with credit risk exposure

(a) Geographical sectors

The following table breaks down the bank's main credit exposure at their carrying amounts, as categorised by geographical region as of 31 March 2010. For this table, the bank has allocated exposures to regions based on the country of domicile of its counterparties.

31 March 2010	Arab Republic of Egypt					
	Cairo	Alex, Delta & sinai	Upper Egypt	Total	Gulf Countries	Total
Treasury bills and other governmental securities	13,571,018,384			**13,571,018,384**		**13,571,018,384**
Trading Assets – Debt Securities						
– Debt securities	101,888,582			**101,888,582**		**101,888,582**
Loans and advances to banks	191,260,819			191,260,819		191,260,819
Loans and advances to customers:						
Loans to individuals:						
– Overdrafts	296,894,352	327,200,868	66,952,319	**691,047,539**	2,740,290	**693,787,829**
– Credit cards	336,526,869	103,055,665	23,996,577	**463,579,111**	293,516	**463,872,627**
– Term loans	869,114,867	378,420,587	102,884,548	**1,350,420,002**	162,569	**1,350,582,571**
– Mortgages	298,475,674	56,551,035	6,218,347	**361,245,056**		**361,245,056**
Loans to corporate entities:						
– Overdrafts	3,208,709,083	395,274,507	791,770	**3,604,775,360**		**3,604,775,360**
– Credit cards	12,601,234,709	4,888,339,767	490,933,030	**17,980,507,506**		**17,980,507,506**
– Term loans	6,365,707,680			**6,365,707,680**		**6,365,707,680**
– Mortgages	57,658,805	2,004,241	562,956	**60,226,002**		**60,226,002**
Derivative financial instruments	158,429,339			**158,429,339**		**158,429,339**
Investment securities – debt securities	9,406,119,377			**9,406,119,377**		**9,406,119,377**
Pledged assets						
Other assets						
As at 31 march 2010	**47,463,038,538**	**6,150,846,670**	**692,339,547**	**54,306,224,755**	**3,196,374**	**54,309,421,130**

(b) Industry sectors

The following table breaks down the Group's main credit exposure at their carrying amounts, as categorised by the industry sectors of our counterparties.

31 March 2010	Financial institutions	Manufacturing	Other industries	Individuals	Total
Treasury bills and other governmental bills	13,571,018,384				**13,571,018,384**
Financial Assets for trading					
− Debt Instruments	**101,888,582**				101,888,582
Loans and advances to banks	191,260,819				**191,260,819**
Loans and advances to customers:					
Loans to individuals:					
− Overdrafts				693,787,829	**693,787,829**
− Credit cards				463,872,627	**463,872,627**
− Term loans				1,350,582,571	**1,350,582,571**
− Mortgages				361,245,056	**361,245,056**
Loans to corporate entities:					
− Overdrafts	3,604,775,360				**3,604,775,360**
− Direct loans	17,980,507,506				**17,980,507,506**
− Syndicated loans	6,365,707,680				**6,365,707,680**
− Other loans	60,226,002				**60,226,002**
Derivative financial instruments	158,429,339				**158,429,339**
Investment securities − debt instrument	9,406,119,377				**9,406,119,377**
Other assets					
	51,439,933,047			**2,869,488,082**	**54,309,421,130**

3.2 Market risk

The bank takes on exposure to market risks, which is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risks arise from open positions in interest rate, currency and equity products, all of which are exposed to general and specific market movements and changes in the level of volatility of market rates or prices such as interest rates, credit spreads, foreign exchange rates and equity prices. The Bank separates exposures to market risk into either trading or non-trading portfolios.

The market risks arising from trading and non-trading activities are concentrated in Bank Treasury and monitored by two teams separately. Regular reports are submitted to the Board of Directors and heads of each business unit.

Trading portfolios include those positions arising from market-making transactions where the Bank acts as principal with clients or with the market

Non-trading portfolios primarily arise from the interest rate management of the entity's retail and commercial banking assets and liabilities. Non-trading portfolios also consist of foreign exchange and equity risks arising from the Bank's held-to-maturity and available-for-sale investments.

3.2.1 Market risk measurement techniques

As part of the management of market risk, the Bank undertakes various hedging strategies (Note 20.2). The Bank also enters into interest rate swaps to match the interest rate risk associated with the fixed-rate long-term debt securities and loans to which the fair value option has been applied. The major measurement techniques used to measure and control market risk are outlined below.

(a) Value at risk

The Bank applies a 'value at risk' methodology (VAR) to its trading and non-trading portfolios, to estimate the market risk of positions held and the maximum losses expected, based upon a number of assumptions for various changes in market conditions. The Board sets limits on the value of risk that may be accepted for the Bank, trading and non-trading separately, which are monitored on a daily basis by Bank Treasury.

VAR is a statistically based estimate of the potential loss on the current portfolio from adverse market movements. It expresses the 'maximum' amount the Bank might lose, but only to a certain level of confidence (98%). There is therefore a specified statistical probability (2%) that actual loss could be greater than the VAR estimate. The VAR model assumes a certain 'holding period' until positions can be closed (10 days). It also assumes that market moves occurring over this holding period will follow a similar pattern to those that have occurred over 10-day periods in the past. The Bank's assessment of past movements is based on data for the past five years. The Bank applies these historical changes in rates, prices, indices, etc. directly to its current positions − a method known as historical simulation. Actual outcomes are monitored regularly to test the validity of the assumptions and parameters/factors used in the VAR calculation.

The use of this approach does not prevent losses outside of these limits in the event of more significant market movements.

As VAR constitutes an integral part of the Bank's market risk control regime, VAR limits are established by the Board annually for all trading and non-trading portfolio operations and allocated to business units. Actual exposure against limits, together with a consolidated bank-wide VAR, is reviewed daily by Bank Treasury. Average daily VAR for the Bank during the current year was 261,174,959 LE

The quality of the VAR model is continuously monitored by back-testing the VAR results for trading books. All back-testing exceptions and any exceptional revenues on the profit side of the VAR distribution are investigated, and all back-testing results are reported to the Board of Directors.

(b) Stress tests

Stress tests provide an indication of the potential size of losses that could arise in extreme conditions. The stress tests carried out by Bank Treasury include: risk factor stress testing, where stress movements are applied to each risk category; emerging market stress testing, where emerging market portfolios are subject to stress movements; and ad hoc stress testing, which includes applying possible stress events to specific positions or regions − for example, the stress outcome to a region following a currency peg break.

The results of the stress tests are reviewed by senior management in each business unit and by the Board of Directors. The stress testing is tailored to the business and typically uses scenario analysis.

3.2.2 VAR summary for 2009 and 2010

(a) Bank VAR by risk type

	31 March 2010			31 December 2009		
	Average	**High**	**Low**	**Average**	**High**	**Low**
1)Foreign exchange risk	1,792,025	10,729,891	166,214	1,628,590	4,994,042	602,443
2)Interest rate risk	48,013,213	67,255,525	34,498,955	114,823,244	138,750,321	85,152,133
For non trading purposes	54,156,284	74,921,730	40,389,256	100,832,141	117,268,237	73,561,270
For trading purposes	9,553,355	20,715,061	4,155,521	15,535,403	26,362,163	7,301,319
3)Equities risk	25,153,555	28,069,450	22,824,206	23,496,965	25,916,213	20,021,611
4)Investment fund	4,869,180	4,984,231	4,710,973	4,806,556	5,074,884	4,556,113
Total VAR	**78,917,402**	**96,920,732**	**65,604,975**	**143,985,000**	**169,843,273**	**114,046,822**

(b) Trading portfolio VAR by risk type

	31 March 2010			31 December 2009		
	Average	**High**	**Low**	**Average**	**High**	**Low**
1) Foreign exchange risk	356,024	2,397,186	118,917	307,823	883,615	116,378
2) Interest rate risk	8,147,337	10,264,927	6,191,081	42,269,890	58,591,001	32,865,596
For non trading purposes	9,025,736	12,462,404	7,137,231	45,989,917	67,921,405	29,653,822
For trading purposes	3,225,770	6,932,136	1,205,298	6,769,105	11,457,200	3,229,241
3) Equities risk	6,192,784	6,856,055	5,600,135	5,899,644	7,221,488	4,866,168
4) investment fund	1,290,392	1,479,013	1,099,468	1,480,875	1,704,370	1,265,702
Total VAR	**11,858,224**	**13,647,447**	**10,071,620**	**44,101,339**	**60,067,638**	**35,133,019**

The increase of VAR in 2010, especially the interest rate risk, mainly relates to the increased volatility of market interest rates in global principal financial markets.

The above three VAR results are calculated independently from the underlying positions and historical market moves. The aggregate of the trading and non-trading VAR results does not constitute the bank's VAR due to correlations and consequent diversification effects between risk types and portfolio types.

3.2.3 Foreign exchange risk

The Bank takes on exposure to the effects of fluctuations in the prevailing foreign currency exchange rates on its financial position and cash flows. The Board sets limits on the level of exposure by currency and in aggregate for both overnight and intra-day positions, which are monitored daily. The table below summarises the Bank's exposure to foreign currency exchange rate risk at 31 December. Included in the table are the Bank's financial instruments at carrying amounts, categorised by currency.

Concentrations of currency risk – on- and off-balance sheet financial instruments

	LE	US$	Euro	£	Other	Total
31 March 2010						
Assets						
Cash and balances with central banks	3,794,995,401	206,389,567	63,558,937	14,686,943	18,808,480	**4,098,439,329**
Due from banks	40,239,183	3,713,340,204	3,528,420,175	429,751,099	197,293,445	**7,909,044,105**
Treasury bills and other governmental securities Financial assets for trading	13,961,250,000					**13,961,250,000**
Loans and overdraft to banks	240,819,742	85,349,697	7,269,988		53,230,993	**386,670,420**
Loans and overdraft to customers		191,260,819				**191,260,819**
	15,069,829,105	14,986,251,553	818,653,438	5,761,089	209,444	**30,880,704,630**
Derivative financial instruments	158,429,339					**158,429,339**
Financial assets designated at fair value						**0**
Investment securities:						**0**
– Available for sale	7,836,779,356	1,092,927,256	31,406,647			**8,961,113,259**
– Held to maturity	257,560,276	289,994,173				**547,554,450**
Other assets						
Total financial assets	**41,359,902,402**	**20,565,513,269**	**4,449,309,186**	**450,199,131**	**269,542,361**	**67,094,466,350**
Liabilities						
Due to banks	944,058,133	68,317,408	49,148,447	36,364		**1,061,560,353**
Deposits from customers	34,724,339,219	18,337,768,088	4,546,283,854	473,962,872	232,634,843	**58,314,988,875**
Trading liabilities						
Derivative financial instruments	107,471,850					**107,471,850**
Debt securities in issue						
Other loans	65,296,432	9,893,859	14,039,760			**89,230,051**
Financial liabilities designated at fair value						
Other liabilities						
Total financial liabilities	**35,841,165,634**	**18,415,979,355**	**4,609,472,062**	**473,999,236**	**232,634,843**	**59,573,251,129**
Net on-balance sheet financial position	**5,518,736,768**	**2,149,533,915**	**(160,162,875)**	**(23,800,104)**	**36,907,518**	**7,521,215,221**

3.2.4 Interest rate risk

Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Fair value interest rate risk is the risk that the value of a financial instrument will fluctuate because of changes in market interest rates. The Bank takes on exposure to the effects of fluctuations in the prevailing levels of market interest rates on both its fair value and cash flow risks. Interest margins may increase as a result of such changes but may profit decrease in the event that unexpected movements arise. The Board sets limits on the level of mismatch of interest rate repricing that may be undertaken, which is monitored daily by Bank Treasury.

The table below summarises the Bank's exposure to interest rate risks. It includes the Bank's financial instruments at carrying amounts, categorised by the earlier of repricing or contractual maturity dates.

	Up to1 Month	1-3 Months	3-12 Months	1-5 years	Over 5 years	Non- interest bearing	Total
31 March 2010							
Assets							
Cash and central banks balances						4,098,439,328	**4,098,439,328**
Due from banks	4,065,918,320	3,305,070,671	237,028,951			301,026,163	**7,909,044,105**
Treasury and other governmental securities Financial assets for trading	2,061,525,000	5,464,325,000	6,435,400,000				**13,961,250,000**
Financial assets for Trading	234,168,197		24,964,465	58,611,197		68,926,561	**386,670,420**
Loans and overdraft to banks	28,194,788	78,179,397	28,437,364	56,449,270			**191,260,819**
Loans and overdraft to customers	16,386,207,329	6,719,097,446	4,981,221,689	2,453,655,622	340,522,545		**30,880,704,63**
Financial Derivatives (Currency Swaps)	90,371,343	332,880,051	679,506,619	845,994,365	10,460,447	96,152,108	**2,055,364,934**
Financial assets designated at fair value							
Investment securities:							**-**
– Available for sale	883,717,585	627,006,760	319,606,100	6,399,236,131	94,849,705	636,696,979	**8,961,113,259**
– Held to maturity			245,559,460	301,994,990			**547,554,450**
Other assets							
Total financial assets	**23,750,102,561**	**16,526,559,324**	**12,951,724,648**	**10,115,941,575**	**445,832,697**	**5,201,241,139**	**68,991,401,945**
Liabilities							
Due to banks	966,247,001					95,313,352	**1,061,560,353**
Deposits form customers	26,997,969,041	6,622,337,128	4,575,240,153	9,954,620,925	446,889,939	9,717,931,688	**58,314,988,875**
Financial Liabilities for Trading							**-**
Financial Derivatives(Currency Swaps)	311,291,649	864,751,010	171,102,652	569,602,906		87,659,228	**2,004,407,445**
Other deposits	3,732,051	1,568,000	31,901,000	52,029,000			**89,230,051**
Other liabilities							
Total financial liabilities	**28,279,239,743**	**7,488,656,138**	**4,778,243,805**	**10,576,252,832**	**446,889,939**	**9,900,904,268**	**61,470,186,724**
Total interest re-pricing gap	**(4,529,137,181)**	**9,037,903,187**	**8,173,480,843**	**(460,311,257)**	**(1,057,242)**	**(4,699,663,129)**	**7,521,215,221**

3.3 Liquidity risk

Liquidity risk is the risk that the Bank is unable to meet its payment obligations associated with its financial liabilities when they fall due and to replace funds when they are withdrawn. The consequence may be the failure to meet obligations to repay depositors and fulfil commitments to lend.

3.3.1 Liquidity risk management process

The Bank's liquidity management process, as carried out within the Bank and monitored by a separate team in Bank Treasury, includes:

- Day-to-day funding, managed by monitoring future cash flows to ensure that requirements can be met. This includes replenishment of funds as they mature or is borrowed by customers. The Bank maintains an active presence in global money markets to enable this to happen;
- Maintaining a portfolio of highly marketable assets that can easily be liquidated as protection against any unforeseen interruption to cash flow;
- Monitoring balance sheet liquidity ratios against internal and requirements of central bank of Egypt
- Managing the concentration and profile of debt maturities.

Monitoring and reporting take the form of cash flow measurement and projections for the next day, week and month respectively, as these are key periods for liquidity management. The starting point for those projections is an analysis of the contractual maturity of the financial liabilities and the expected collection date of the financial assets .

Bank Treasury also monitors unmatched medium-term assets, the level and type of un drawn lending commitments, the usage of overdraft facilities and the impact of contingent liabilities such as standby letters of credit and guarantees.

3.3.2 Funding approach

Sources of liquidity are regularly reviewed by a separate jointly by team in Bank Assets & liabilities Management, liabilities Investments and Bank Insurance to maintain a wide diversification by currency, geography, provider, product and term.

3.3.3 Non-derivative cash flows

The table below presents the cash flows payable by the Bank under non-derivative financial liabilities by remaining contractual maturities at and the maturities assumption for non contractual products On the basis of there behaviour studies of balance sheet date. The amounts disclosed in the table are the contractual undiscounted cash flows, whereas the Bank manages the inherent liquidity risk based on expected undiscounted cash inflows.

31 March 2010	Up to 1 month	1-3 months	3-12 months	1-5 years	Over 5 years	Total
Liabilities						
Due to banks	1,061,560,353	0	0	0	0	**1,061,560,353**
Deposits form customers	18,261,816,584	8,112,780,936	7,739,174,200	16,401,388,535	7,799,828,621	**58,314,988,875**
Trading liabilities						
Debt securities in issue	3,732,051	1,568,000	31,901,000	52,029,000		**89,230,051**
Other loans	5,152,486	8,722,485	5,937,652			**19,812,623**
Derivatives						
Other liabilities						
Total liabilities (contractual maturity dates)	19,332,261,474	8,123,071,421	7,777,012,851	16,453,417,535	7,799,828,621	**59,485,591,902**
Total assets (contractual maturity dates)	23,750,102,561	16,526,559,324	12,951,724,648	10,115,941,575	5,647,073,837	**68,991,401,945**

Assets available to meet all of the liabilities and to cover outstanding loan commitments include cash, due from CBE and due from banks items in the course of collection and treasury and other government bills; loans and overdrafts to banks; and loans and overdrafts to customers. In the normal course of business, a proportion of customer loans contractually repayable within one year will be extended. In addition, debt securities and treasury and other bills have been pledged to secure liabilities. The Bank would also be able to meet unexpected net cash outflows by selling securities and accessing additional funding sources such as asset-backed markets.

3.3.4 Derivative cash flows

(a) Derivatives settled on a net basis

The Bank's derivatives that will be settled on a net basis include:

- Foreign exchange derivatives: over-the-counter (OTC) currency options, currency futures, exchange traded currency options; and
- Interest rate derivatives: interest rate swaps, forward rate agreements, OTC interest rate options, other interest rate contracts, exchange traded interest rate futures and exchange traded interest rate options.

The table below analyses the Bank's derivative financial liabilities that will be settled on a net basis into relevant maturity groupings based on the remaining period at the balance sheet to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

	Up to 1 month	1 -3 months	3 -12 months	1-5 years	Over 5 years	Total
31 March 2010						
liabilities 2010						
Derivatives held for trading:						
− Foreign exchange derivatives	(5,152,486)	(8,722,485	(5,937,652)			**(19,812,623)**
− Interest rate derivatives			(1,932,916)	(9,741,684)	(68,495)	**(11,743,095**
Total	**(5,152,486)**	**(8,722,485)**	**(7,870,568)**	**(9,741,684)**	**(68,495)**	**(31,555,718)**

OFF Balance sheet items

31 Mar 2010	**Up to 1 year**	**1-5 years**	**Over 5 years**	**Total**
Financial Guarantees , Bills and other facilities	8,801,525,466	2,940,969,537	15,146,387	**11,757,641,390**

3.4 Fair value of financial assets and liabilities

(a) Financial instruments measured at fair value using a valuation technique

The total amount of the change in fair value estimated using a valuation technique that was recognised in profit or loss during 31/3/2010 LE 31,722,068,230 and LE 29,676,669,819 in 31/12/2009

(b) Financial instruments not measured at fair value

The table below summarises the carrying amounts and fair values of those financial assets and liabilities not presented on the Bank's balance sheet at their fair value.

	Carrying value		**Fair value**	
	31 March2010	**31 Dec.2009**	**31 March2010**	**31 Dec.2009**
Financial Assets				
Due from banks	7,909,044,105	7,785,042,557		
Loans and overdraft to banks			191,260,819	200,765,433
Loans and overdraft to customers				
− Retail customers (individual)			2,869,488,082	**2,737,259,530**
− Large corporate customers			28,011,216,547	**26,043,164,529**
Available For Sale			102,548,332	115,553,654
Investment securities (held-to-maturity)			547,554,450	579,926,673
Total Financial Assets	**7,909,044,105**	**7,785,042,557**	**31,722,068,230**	**29,676,669,819**
Financial liabilities				
Due to banks	1,061,560,353	458,145,229		
Deposits from customers	58,314,988,875	54,842,629,843		
− Retail customers				
Debt securities in issue				
Other loans	89,230,051	93,237,042		
Total Financial Liabilities	**59,465,779,279**	**55,394,012,114**		

(i) Due from other banks

Due from other banks includes inter-bank placements and items in the course of collection.

The fair value of floating rate placements and overnight deposits is their carrying amount. The estimated fair value of fixed interest bearing deposits is based on discounted cash flows using prevailing money-market interest rates for debts with similar credit risk and remaining maturity.

(ii) Loans and overdrafts to customers
Loans and advances are net of provisions for impairment. The estimated fair value of loans and advances represents the discounted amount of estimated future cash flows expected to be received. Expected cash flows are discounted at current market rates to determine fair value.

(iii) Loans and overdrafts to banks
Loans and banking facilities represented in loans not from deposits at banks. The expected fair value of the loans and facilities represents the discounted value of future cash flows expected to be collected. Cash flows are discounted using the current market rate to determine fair value.

(iii) Investment securities
Investment securities include only interest-bearing assets held to maturity; assets classified as available for sale are measured at fair value. Fair value for held-to-maturity assets is based on market prices or broker/dealer price quotations. Where this information is not available, fair value is estimated using quoted market prices for securities with similar credit, maturity and yield characteristics.

(iv) Due to other banks and customers, other deposits and other borrowings
The estimated fair value of deposits with no stated maturity, which includes non-interest-bearing deposits, is the amount repayable on demand.

The estimated fair value of fixed interest-bearing deposits and other borrowings not quoted in an active market is based on discounted cash flows using interest rates for new debts with similar remaining maturity.

(v) Debt securities in issue
The aggregate fair values are calculated based on quoted market prices. For those notes where quoted market prices are not available, a discounted cash flow model is used based on a current yield curve appropriate for the remaining term to maturity.

3.5 Capital management

The Bank’s objectives when managing capital, which is a broader concept than the ‘equity’ on the face of balance sheets, are:

- to comply with the capital requirements set by the regulators of the banking markets where the entities within the Bank operate;
- To safeguard the Bank’s ability to continue as a going concern so that it can continue to provide returns for shareholders and benefits for other stakeholders; and
- To maintain a strong capital base to support the development of its business.

Capital adequacy and the use of regulatory capital are monitored daily by the Bank’s management, employing techniques based on the guidelines developed by the Basel Committee and the European Community Directives, as implemented by the *[name of country’s authority]* (the Authority), for supervisory purposes. The required information is filed with the Authority on a quarterly basis.

The Authority requires each bank or banking group to: (a) hold the minimum level of the issued and paid up capital of EGP500m, and (b) maintain a ratio of total regulatory capital to the risk-weighted asset (the ‘Basel ratio’) at or above the internationally agreed minimum of 10%. In addition, those individual banking subsidiaries or similar financial institutions not incorporated in Arab Republic of Egypt are directly regulated and supervised by their local banking supervisor, which may differ from country to country.

The dominator of capital adequacy consists of:

- Share capital, consisting of paid-up capital (after deducting the book value of treasury shares), and retained earnings and reserves resulting from the distribution of profits with the exception of General risk reserve banking, and deducting there from previously recognized goodwill and any transferred loss

- Qualifying subordinated loan capital , which consists of the equivalent of the risk allocation year according to the principles of credit issued by the Central Bank of Egypt for not more than 1.25% of total assets and liabilities weighted with risk, loans / deposits support in excess of the schedule of five years (with consumption of 20% of their value in each year of the last five years of the schedule) and 45% of the increase between the fair value and book value for each of the financial investments available for sale and held to maturity in subsidiaries.

When calculating the total dominator of capital adequacy, it shall not exceed the capital cushions (Qualifying subordinated loan

capital) for share capital and loans not to increase (deposits) support for half of the share capital.
Assets are risk weighted ranging from zero to 100% classified by the relation of the debtor to all each asset to reflect the credit risk associated with it, taking the cash collateral account. These are used for the treatment of off balance sheet items after adjustments to reflect the nature of contingency and the potential loss of those amounts
The table below summarises the composition of regulatory capital and the ratios of the Bank for the years ended 31 December. During those two years, the individual entities within the Bank and the Bank complied with all of the externally imposed capital requirements to which they are subject.

	31 March 2010	31 December 2009
Tier 1 capital		
Share capital (net of the treasury shares)	2,925,000,000	**2,925,000,000**
General bank reserves	2,474,395,768	2,474,395,768
Legal reserve	601,454,369	601,454,369
Other reserve		
Retained earnings	303,086,745	241,133,169
Minority interests	20,231,298	(1,942,684)
Less: goodwill		
Total qualifying Tier 1 capital	**6,324,168,180**	**6,240,040,622**
Tier 2 capital		
Redeemable preference shares (general risk provision)	538,804,977	510,442,970
Loans/deposits		
Convertible bonds (including liability and equity portions)		
45% of the increase in fair value than the book value for A.F.S.		
– Financial investments available for sale		
– held to maturity and in subsidiaries		
Total qualifying Tier 2 capital	**538,804,977**	**510,442,970**
Less investments in associates		
Total capital 1+2	**6,862,973,157**	**6,750,483,592**
Risk-weighted assets:		
On-balance sheet	38,280,072,140	36,143,068,815
Off-balance sheet	4,824,326,028	4,692,368,750
Total risk-weighted assets	**43,104,398,168**	**40,835,437,565**
Basel ratio (%)	**%15.92**	**%16.53**

The increase of the regulatory capital in the year of 2010 is mainly due to the contribution of the current-year profit.

4. Critical accounting estimates and judgments

The Bank makes estimates and assumptions that affect the reported amounts of assets and liabilities within the next financial year. Estimates and judgments are continually evaluated and based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances and available info.

(a) Impairment losses on loans and overdraft

The Bank reviews its loan portfolios to assess impairment at least on a quarterly basis. In determining whether an impairment loss should be recorded in the income statement, the Bank makes judgments as to whether there is any observable data indicating that there is a measurable decrease in the estimated future cash flows from a portfolio of loans before the decrease can be identified with an individual loan in that portfolio. This evidence may include observable data indicating that there has been an adverse change in the payment status of borrowers in a Bank, or national or local economic conditions that correlate with defaults on assets in the Bank. Management uses estimates based on historical loss experience for assets with credit risk characteristics and objective evidence of impairment similar to those in the portfolio when scheduling its future cash flows. The methodology and assumptions used for estimating both the amount and timing of future cash flows are reviewed regularly to reduce any differences between loss estimates and actual loss experience. To the extent that the net present value of estimated cash flows differs by +/-5%, the provision of impairment loses would be lower by 192,093,722 than the provided provision.

(b) Impairment of available for-sale equity investments

The Bank determines that available-for-sale equity investments are impaired when there has been a significant or prolonged decline in the fair value below its cost. This determination of what is significant or prolonged requires judgment. In making this judgment, the Bank evaluates among other factors, the normal volatility in share price. In addition, impairment may be appropriate when there is evidence of a deterioration in the financial health of the investee, industry and sector performance, changes in technology, and operational and financing cash flows.

(c) Fair value of derivatives

The fair value of financial instruments that are not quoted in active markets are determined by using valuation techniques. Where valuation techniques (for example, models) are used to determine fair values, they are validated and periodically reviewed by qualified personnel independent of the area that created them. All models are certified before they are used, and models are calibrated to ensure that outputs reflect actual data and comparative market prices. To the extent practical, models use only observable data; however, areas such as credit risk (both own and counterparty), volatilities and correlations require management to make estimates. Changes in assumptions about these factors could affect reported fair value of financial instruments. For example, to the extent that management used a tightening of 20 basis points in the credit spread,.

(e) Held-to-maturity investments

The non-derivative financial assets with fixed or determinable payments and fixed maturity are being classified held to maturity. This classification requires significant judgment. In making this judgment, the Bank evaluates its intention and ability to hold such investments to maturity. If the Bank fails to keep these investments to maturity other than for the specific circumstances – for example, selling an insignificant amount close to maturity – it will be required to reclassify the entire category as available for sale. The investments would therefore be measured at fair value not amortised cost.

5. Segment analysis

(a) By business segment

The Bank is divided into main business segments on a worldwide basis:

- Retail banking – incorporating private banking services, private customer current accounts, savings, deposits, investment savings products, custody, credit and debit cards, consumer loans and mortgages;
- Corporate banking – incorporating direct debit facilities, current accounts, deposits, overdrafts, loan and other credit facilities, foreign currency and derivative products; and
- Investment banking – incorporating financial instruments trading, structured financing, corporate leasing, and merger and acquisitions advice.
- Others – other Bank operations comprise fund management, institutional finance and providing computer services, none of which constitutes a separately reportable segment.

Transactions between the business segments are on normal commercial terms and conditions.

31 March 2010	**Corporate Banking**	**Sme's**	**Investment Banking**	**Retail Banking**	**Total**
Revenue and Expenses according business segment	567,782,399	14,083,395	110,602,234	326,531,535	1,018,999,563
Activity gains					
Sector expenses	(130,387,558)	(18,381,995)	(6,244,364)	(209,717,868)	(364,731,785)
Total sector activities	**437,394,841**	**(4,298,600)**	**104,357,870**	**116,813,667**	**654,267,778**
Profit before tax	437,394,841	(4,298,600)	104,357,870	116,813,667	**654,267,778**
Tax	(66,715,773)	0	(423,275)	(17,392,165)	**(84,531,213)**
Profit for the Period	**370,679,068**	**(4,298,600)**	**103,934,595**	**99,421,502**	**569,736,565**
Assets and liabilities according to business segment	50,797,113,047	627,447,000	15,373,000	2,869,488,082	**54,309,421,130**
Total Assets	**50,797,113,047**	**627,447,000**	**15,373,000**	**2,869,488,082**	**54,309,421,130**

31 December 2009	Corporate Banking	Sme's	Investment banking	Retail Banking	Total
Revenue and Expenses according business segment	2,112,205,681	1,233,264,123	35,755,000	40,989,074	**3,422,213,878**
Sector expenses	(499,571,860)	(763,045,467)	(28,445,000)	(18,890,191)	**(1,309,952,518)**
Total sector activities	**1,612,633,821**	**470,218,656**	**7,310,000**	**22,098,883**	**2,112,261,360**
Profit before tax	1,612,633,821	470,218,656	7,310,000	22,098,883	**2,112,261,360**
tax	(252,484,787)	(73,899,941)	(1,150,000)	(1,117,132)	**(328,651,860)**
Profit for the year	**1,360,149,034**	**396,318,715**	**6,160,000**	**20,981,751**	**1,783,609,500**
Assets and liabilities according to business segment	47,657,180,121	220,223,300	15,311,000	2,737,259,530	50,394,439,651
Total assets	47,657,180,121	**220,223,300**	**15,311,000**	**2,737,259,530**	**50,394,439,651**

(b) By Geographical segment

31 March 2010	Cairo	Alex, Delta & sinai	Upper Egypt	Total	Gulf Countries	Total
Revenue and Expenses according business segment	825,699,655	166,215,234	25,382,791	1,017,297,680	1,701,882	**1,018,999,562**
Sector expenses	(249,842,165)	(94,946,755)	(19,495,720)	(364,284,640)	(447,145)	**(364,731,785)**
Total sector activities	**575,857,490**	**71,268,479**	**5,887,071**	**653,013,040**	**1,254,737**	**654,267,777**
Unallocated costs						
Profit before tax	575,857,490	71,268,479	5,887,071	653,013,040	1,254,737	**654,267,777**
tax	(69,095,888)	(14,143,991)	(1,093,983)	(84,333,862)	(197,350)	**(84,531,212)**
Profit for the Period	**506,761,602**	**57,124,488**	**4,793,088**	**568,679,178**	**1,057,387**	**569,736,565**

31 December 2009	Arab Republic of Egypt					
	Cairo	Alex, Delta & sinai	Upper Egypt	Total	Gulf Countries	Total
Revenue and Expenses according business segment	**2,694,752,367**	**604,289,656**	**90,005,198**	**3,389,047,221**	**6,513,865**	**3,395,561,086**
Sector expenses	(887,737,726)	(331,898,850)	(80,523,392)	**(1,300,159,968)**	(9,792,550)	**(1,309,952,518)**
Total sector activities	**1,807,014,641**	**272,390,806**	**9,481,806**	**2,088,887,253**	**(3,278,685)**	**2,085,608,568**
Profit before tax	1,807,014,641	272,390,806	9,481,806	**2,088,887,253**	(3,278,685)	**2,085,608,568**
tax	(266,683,079)	(57,301,417)	(4,577,700)	**(328,562,197)**	(89,663)	**(328,651,860)**
Profit for the year	**1,540,331,562**	**215,089,389**	**4,904,106**	**1,760,325,056**	**(3,368,348)**	**1,756,956,708**

(6) Net Interest Income

	Mar.31, 2010 EGP	Mar.31, 2009 EGP
- Interest Received from Loans and similar items:-		
- Banks	20,362,909	47,339,471
- Clients	500,353,138	574,314,806
	520,716,047	621,654,277
- Treasury Bills and Bonds	328,219,716	316,427,760
- Reverse Repose	240,209	26,351,249
- Financial Investment In Held to Maturity and Available for Sale Debt Instruments	185,745,077	83,551,401
- Other	1,627	(1,662)
Total	**1,034,922,676**	**1,047,983,025**
- Interest Paid on deposits and similar items:-		
- Banks	15,414,399	30,305,517
- Clients	500,203,846	499,992,447
	515,618,245	530,297,964
- Other	196,909	425,854
Total	**515,815,154**	**530,723,818**
Net	**519,107,522**	**517,259,207**

(7) Net Income From fees & Commissions

	Mar.31, 2010 EGP	Mar.31, 2009 EGP
fees & Commissions Income :		
Fees & Commissions Related to Credit	124,662,435	98,936,368
Fees from Corporate Financing	-	-
Custody Fees	12,330,407	11,074,246
Other Fees	67,378,876	39,339,262
Total	**204,371,718**	**149,349,876**
fees & Commissions Expense :		
Other Fees Paid	(17,257,198)	(16,029,590)
Total	**(17,257,198)**	**(16,029,590)**
Net fees & Commissions	**187,114,520**	**133,320,286**

(8) Dividends

	Mar.31, 2010 EGP	Mar.31, 2009 EGP
Available for Sale Securities	60,651,357	95,161,746
Subsidiaries and Associated	24,170,192	4,545,659
Total	**84,821,549**	**99,707,405**

(9) Trading Net Profit

	Mar.31, 2010 EGP	Mar.31, 2009 EGP
- Profit From Foreign exchange	75,053,936	81,813,058
- (Losses) From Revaluations of Trading Assets and Liabilities in Foreign Currencies	(452,089)	1,002,487
- Profit From Forward Foreign exchange Deals Revaluation	(4,192,906)	5,935,047
- (Losses) Profit From Intrest Rate Swaps Revaluation	(10,479,717)	5,844,465
- (Losses) Profit From Swap Deals Revaluation	(1,926,175)	(342,130)
- Trading Debt Instruments	11,125,580	61,078,853
- Trading Equity Instruments	11,545,193	(8,517,980)
Total	**80,673,822**	**146,813,800**

(10) Administrative Expenses

	Mar.31, 2010 EGP	Mar.31, 2009 EGP
Personnel costs		
- Wages & Salaries	123,857,292	94,552,086
- Social Insurance	6,437,041	6,275,601
- Other Benefits	4,454,437	4,604,825
- **Other Administrative Expenses**	154,260,064	147,630,977
Total	**289,008,834**	**253,063,490**

(11) Other Operating (Expenses) Income

	Mar.31, 2010 EGP	Mar.31, 2009 EGP
- (Losses) Profits From Assets & Liabilities Revaluation Except Trading	(1,567,464)	(12,411,954)
- Profits From Selling Equipments And Fixed Assets	1,833,430	609,735
- Provision No Longer Used	37,486,370.00	(25,322,596.00)
- Others	(15,019,104)	(15,008,470)
Total	**22,733,232**	**(52,133,285)**

(12) Return (Losses) Of Impairment From Loans

	Mar.31, 2010 EGP	Mar.31, 2009 EGP
Loans And Overdrafts For Customers	(2,014,936)	(11,765,527)
Held to Maturity Financial Investments	103,856	-
Total	**(1,911,080)**	**(11,765,527)**

(13) Adjustments to Calculate the Effective Tax Rate

	Mar.31, 2010 EGP	Mar.31, 2009 EGP
- Profit Before Tax	661,928,369	577,784,180
- Tax Rate	20%	20%
Income Tax Based On Accounting Profit	**132,385,674**	**115,556,836**
Add / (Deduct)		
- Non-Deductible Expenses	61,259	3,339,468
- Tax Exemptions	(35,347,641)	(39,707,984)
- Effect Of Provisions	(4,907,488)	15,105
Income Tax	**92,191,804**	**79,203,425**
Effective Tax Rate	**13.93%**	**13.71%**

(14) Earning Per Share

	Mar.31, 2010 EGP	Mar.31, 2009 EGP
- Net Profit For The Period Available for Distribution	525,357,923	497,989,608
- Board Member's Bonus	(7,880,369)	(7,469,844)
- Staff Profit Sharing	(52,535,792)	(49,798,961)
Shareholders' Share In Profits	**464,941,762**	**440,720,803**
- Number Of Shares	292,500,000	292,500,000
Basic Earning Per Share	**1.59**	**1.51**
- By Issuance Of ESOP Earning Per Share Will Be:-		
Number Of Shares Including ESOP Shares	300,641,285	299,101,053
Diluted Earning Per Share	**1.55**	**1.47**

(15) Cash And Due From Central Bank

	Mar.31, 2010 EGP	Dec.31, 2009 EGP
- Cash	927,429,154	911,152,111
- Reserve Balance With CBE:-		
- Current Accounts	3,171,010,174	3,268,060,628
Total Cash & Due From Central Bank	**4,098,439,328**	**4,179,212,739**
Balances without Interest	**4,098,439,328**	**4,179,212,739**

(16) Due From Banks

	Mar.31, 2010 EGP	Dec.31, 2009 EGP
- Current Accounts	424,217,212	275,582,222
- Deposits	7,484,826,893	7,509,460,335
Total Due From Banks	**7,909,044,105**	**7,785,042,557**
- Central Banks (Except Obligatory Reserve)	2,232,765,447	2,121,116,884
- Local Banks	368,575,578	813,100,753
- Foreign Banks	5,307,703,080	4,850,824,920
Total Due From Banks	**7,909,044,105**	**7,785,042,557**
- Non Bearing Interest Balances	424,217,212	275,582,222
- Fixed Bearing Interest Balances	7,484,826,893	7,509,460,335
Total Due From Banks	**7,909,044,105**	**7,785,042,557**
- Current Balances	7,909,044,105	7,785,042,557
Total Due From Banks	**7,909,044,105**	**7,785,042,557**

(17) Treasury Bills And Other Governmental Notes

	Mar.31, 2010 EGP	Dec.31, 2009 EGP
- 91 Days Maturity	7,525,850,000	5,647,025,000
- 182 Days Maturity	4,950,125,000	4,539,175,000
- 364 Days Maturity	1,485,275,000	3,451,725,000
	13,961,250,000	**13,637,925,000**
- Unearned Income	(390,231,616)	(446,259,046)
Total Treasury Bills	**13,571,018,384**	**13,191,665,954**

(18) Financial Assets For Trading

	Mar.31, 2010 EGP	Dec.31, 2009 EGP
- **Debt Instruments:-**		
- Government Bonds	75,247,628	75,348,284
- Other Debt Instruments	8,328,034	-
Total Debt Instruments	**83,575,662**	**75,348,284**
- **Equity Instruments:-**		
- Foreign Company Shares	68,926,562	57,624,532
- Mutual Fund	215,855,277	211,661,790
Total Equity Instruments	**284,781,838**	**269,286,322**
Funds Managed By Others	18,312,920	35,986,076
Total Financial Assets For Trading	**386,670,420**	**380,620,682**

(19) Loans And Overdrafts For Banks

	Mar.31, 2010 EGP	Dec.31, 2009 EGP
- Time and Term Loans	191,260,819	200,765,433
Total Loans and Overdrafts For Banks	**191,260,819**	**200,765,433**
Distributed To:-		
- Non-Current Balances	191,260,819	200,765,433
Net Loans And Overdrafts For Banks	**191,260,819**	**200,765,433**

(20) Loans And Overdrafts For Customers

	Mar.31, 2010 EGP	Mar.31, 2009 EGP
Retail		
- Overdrafts	693,787,829	986,868,989
- Credit Cards	463,872,627	452,129,339
- Personal Loans	1,350,582,571	1,006,597,234
- Real state Loans	361,245,056	291,663,968
Total (1)	**2,869,488,082**	**2,737,259,530**
Corporate		
- Overdrafts	3,604,775,360	3,367,186,944
- Direct Loans	17,980,507,506	15,268,369,667
- Syndicated loans	6,365,707,680	7,380,011,341
- Other Loans	60,226,002	27,596,577
Total (2)	**28,011,216,547**	**26,043,164,529**
Loans And Overdrafts For Customers (1+2)	**30,880,704,630**	**28,780,424,059**
- Unearned Bills Discount	(82,259,038)	(92,637,396)
- Provision For Doubtful Debts	(1,309,965,539)	(1,304,194,446)
- Interest In Suspense	(151,373,781)	(141,285,321)
Net Loans And Overdrafts For Customers	**29,337,106,271**	**27,242,306,896**
Distributed To:-		
Current Balances	11,249,134,682	10,362,261,423
Non-Current Balances	18,087,971,589	16,880,045,473
Net Loans And Overdrafts For Customers	**29,337,106,271**	**27,242,306,896**

(20) Loans And Overdrafts For Customers (Cont.)

- **Analysis Of The Doubtful Debts Provision For Customers**

Mar.31, 2010

Retail

	Overdrafts	Credit Cards	Personal Loans	Real state Loans	Total
- Balance At Beginning Of The Period	6,217,574	63,472,214	123,755,953	6,607,506	**200,053,247**
- Formed During The Period	3,088,988	(7,245,867)	(14,456,958)	1,319,369	**(17,294,468)**
- Write Off During The Period	-	-	-	-	-
- Recoveries From Written Off Debts	-	321,520	-	-	**321,520**
- Foreign Currency Revaluation Diff.	-	-	-	-	-
Balance At The End Of The Period	**9,306,562**	**56,547,867**	**109,298,995**	**7,926,875**	**183,080,299**

Corporate

	Overdrafts	Direct Loans	Syndicated loans	Other Loans	Total
- Balance At Beginning Of The Period	182,615,379	456,119,614	461,400,856	4,005,349	**1,104,141,198**
- Formed During The Period	3,209,919	7,918,816	8,110,266	70,404	**19,309,404**
- Write Off During The Period	-	-	-	-	-
- Recoveries From Written Off Debts	452,101	1,129,216	-	-	**1,581,318**
- Foreign Currency Revaluation Diff.	-	1,853,320	-	-	**1,853,320**
Balance At The End Of The Period	**186,277,399**	**467,020,966**	**469,511,122**	**4,075,753**	**1,126,885,240**

Dec.31, 2009

Retail

	Overdrafts	Credit Cards	Personal Loans	Real state Loans	Total
Balance At Beginning Of The Year	2,439,210	50,894,643	152,213,149	3,960,474	**209,507,476**
Formed During The Year	3,778,364	11,412,910	(28,457,196)	2,647,032	**(10,618,890)**
Write Off During The Year	-	(63,301)	-	-	**(63,301)**
Recoveries From Written Off Debts	-	1,227,962	-	-	**1,227,962**
Foreign Currency Revaluation Diff.	-	-	-	-	-
Balance At The End Of The Year	**6,217,574**	**63,472,214**	**123,755,953**	**6,607,506**	**200,053,247**

Corporate

	Overdrafts	Direct Loans	Syndicated loans	Other Loans	Total
Balance At Beginning Of The Year	187,125,155	451,736,126	485,564,104	4,232,079	**1,128,657,464**
Formed During The Year	3,031,459	41,692,243	(24,163,248)	(226,730)	**20,333,724**
Write Off During The Year	(11,186,847)	(54,216,933)	-	-	**(65,403,780)**
Recoveries From Written Off Debts	3,645,612	19,080,865	-	-	**22,726,477**
Foreign Currency Revaluation Diff.	-	(2,172,687)	-	-	**(2,172,687)**
Balance At The End Of The Year	**182,615,379**	**456,119,614**	**461,400,856**	**4,005,349**	**1,104,141,198**

(21) Financial derivatives

Derivatives

The bank uses the following financial derivatives for non hedging purposes.

- Forward contracts represents commitments of buying foreign and local currencies including unexecuted spot transactions. Future contracts for foreign currencies and/or interest rates represents contractual commitments to receive or pay net amount on the basis of changes in foreign exchange rates or interest rates, and/or buying or selling foreign currencies or financial instruments in a future date with a fixed contractual price under active financial market.

- Credit risk is considered low, and future interest rate contracts represents future exchange rate contracts negotiated for case by case, these contracts requires financial settlements of any differences in contractual interest rates and prevailing market interest rates on future dates based on contractual amount (nominal value) pre agreed upon.

- Foreign exchange and/or interest rate swap represents commitments to exchange cash flows, resulting from these contracts exchange of currencies or interest (fixed rate versus variable rate for example) or both (meaning foreign exchange and interest rate contracts)/ contractual amounts are not exchanged except for some foreign exchange contracts

- Credit risk is represented in the expected cost of foreign exchange contracts that takes place if other parties default to fulfill their liabilities.
  This risk is monitored continuously through comparisons of fair value and contractual amount, and to control continuously through comparisons of fair value and contractual amount, and to control the outstanding credit risk, the bank evaluates other parties using the same methods as in borrowing activities.

- Options contracts in foreign currencies and/or interest rates represents contractual agreements for the buyer (issuer) to seller (holders) as a right not an obligations whether to buy (buy option) or to sell (sell option) at a certain day or within certain period for a certain amount in foreign currency or interest rate. Options contracts are either traded in the market or negotiated between the bank and one of its client (Off balance sheet). The bank exposed to credit risk for purchased options contracts only and in the line of its book cost which represent its fair value.

- The contractual value for some derivatives options considered a base to compare the realized financial instruments on the balance sheet, but it didn't provide indicator on the projected cash flows of the fair value for current instruments, those amounts doesn't reflects credit risk or interest rate risk.

- Derivatives in the banks benefit represent (assets) conversely it represents (liabilities) as a result of the changes in foreign exchange prices or interest rates related to these derivatives. Contractual / expected total amounts of financial derivatives can fluctuate from time to time and also the range through which the financial derivatives can be in benefit of the bank or conversely against its benefit and the total fair value of the financial derivatives in assets and liabilities. hereunder are the fair values of the booked financial derivatives.

For Trading Derivatives

		Mar.31, 2010			Dec.31, 2009	
	Notional Amount	**Assets**	**Liabilities**	**Notional Amount**	**Assets**	**Liabilities**
- **Foreign Derivatives:-**						
- Forward Foreign exchange contracts	**2,403,361,834**	12,386,321	11,876,548	**2,216,238,458**	11,313,445	6,610,765
- Currency swap	**2,836,136,003**	49,334,658	7,379,823	**2,282,456,175**	59,700,304	8,520,349
- Options	**285,447,124**	556,252	556,252	**1,115,741,508**	6,680,711	6,680,711
Total Derivatives (1)		**62,277,231**	**19,812,623**		**77,694,460**	**21,811,825**
- **Interest rate derivatives:-**						
- Interest rate Swaps	**1,896,935,595**	20,235,976	11,743,095	**1,468,824,580**	25,635,166	6,697,411
Total Derivatives (2)		**20,235,976**	**11,743,095**		**25,635,166**	**6,697,411**
- Commodity	**197,367,253**	75,916,132	75,916,132	**219,509,800**	122,017,594	122,017,594
Total Derivatives (3)		**75,916,132**	**75,916,132**		**122,017,594**	**122,017,594**
Total Assets (liability) For Trading Derivatives (1+2+3)		**158,429,339**	**107,471,850**		**225,347,220**	**150,526,830**

(22) Financial Investment

	Mar.31, 2010	Mar.31, 2009
- Available For Sale Financial Investment:-	**EGP**	**EGP**
- Debt Instruments Listed - Fair Value	8,214,109,693	6,756,292,076
- Equity Instruments Listed - Fair Value	102,548,332	115,553,654
- Unlisted Instruments	644,455,234	548,683,876
Total Available For Sale Financial Investment	**8,961,113,259**	**7,420,529,606**
- Held To Maturity Financial Investment:-		
- Listed Debt Instruments	243,411,944	262,758,830
- Unlisted Instruments	304,142,506	317,167,843
Total Held To Maturity Financial Investment	**547,554,450**	**579,926,673**
Total Financial Investment	**9,508,667,709**	**8,000,456,279**
- Listed Balances	7,515,231,329	7,134,604,560
- Unlisted Balances	1,993,436,380	865,851,719
	9,508,667,709	**8,000,456,279**
- Fixed Interest Debt Instruments	7,269,877,413	5,701,939,359
- Variable Interest Debt Instruments	1,554,343,239	1,601,779,389
	8,824,220,653	**7,303,718,749**

	Available for Sale Financial Investment	Held to Maturity Financial Investment	Total
- Opening Balance 1/1/2009	**2,762,232,984**	**681,263,274**	**3,443,496,258**
- Addition	9,345,814,437	-	9,345,814,437
- Deduction (Selling - Recovery)	(4,578,286,645)	(100,347,555)	(4,678,634,201)
- Differences In Revaluation Of The Cash Assets In Foreign Currencies	(8,035,073)	(989,046)	(9,024,119)
- Profit From Fair Value Deference	(86,277,201)	-	(86,277,201)
- Deduct - Impairment Losses	(14,918,896)	-	(14,918,896)
Balance At The End Of Year	**7,420,529,606**	**579,926,673**	**8,000,456,279**
- Opening Balance 1/1/2010	**7,420,529,606**	**579,926,673**	**8,000,456,279**
- Addition	2,235,189,914	-	2,235,189,914
- Deduction (Selling - Recovery)	(779,926,416)	(33,422,587)	(813,349,003)
- Differences In Revaluation Of The Cash Assets In Foreign Currencies	1,192,597	946,509	2,139,106
- Profit From Fair Value Deference	84,127,558	-	84,127,558
- Deduct - Impairment Provision	-	103,856	103,856
Balance At The End Of Period	**8,961,113,260**	**547,554,450**	**9,508,667,710**

	Mar.31, 2010	Mar.31, 2009
- Profit (Losses) From Financial Investment	**EGP**	**EGP**
Profit From Selling Available For Sale Financial Instruments	57,206,665	(4,679,568)
(Losses) From Impairment Of Equity Instruments Available For Sale	-	(2,312,308)
(Losses) Of Impairment From Available For Sale Debt Instruments	1,192,597	4,641,573
Return (Losses) Of Impairment From Held to Maturity Investments	(1,624)	(3,914)
	58,397,638	**(2,354,217)**

(23) Financial Investments in Subsidiary and Associated Companies

	Mar.31, 2010 Value (EGP)	%	Dec.31, 2009 Value (EGP)	%
(A) Subsidiary Companies:-				
- Commercial International Capital Holding Co.	1,045,411,957	99.98	1,045,411,957	99.98
(B) Associated Companies:-				
- Commercial International life insurance co.	44,520,250	45	44,520,250	45
- Corplease co.	32,000,000	40	32,000,000	40
- Cotecna Trade Support	48,750	39	48,750	39
- Haykala for Investment	600,000	40	600,000	40
- Egypt Factors	10,735,725	39	10,696,530	39
- International. Co. for Appraisal and Collection.	1,000,000	40	1,000,000	40
- International Co. for Security and Services (Falcon)	4,000,000	40	4,000,000	40
Total	**1,138,316,682**		**1,138,277,487**	

The Financial Investments in subsidiary and associated companies are represented as follows :-

	Mar.31, 2010	Dec.31, 2009
- Financial Investments Unlisted in Stock Exchange	1,138,316,682	1,138,277,487
Total	**1,138,316,682**	**1,138,277,487**

(24) Real estate investments *

Assets	Mar.31, 2010 EGP Book value	Dec.31, 2009 EGP Book value
- Building number 17 tiba st. Eldokki next to shooting club	7,600,000	7,600,000
- Commercial unit number f 35 in arkadia mall (14 elbahr st. Boulak kornish el nile)	361,200	361,200
- Floor 3 building number 131 eltahriri st. Eldokki + part of the garage	3,239,200	3,239,200
- Appartment in the first floor 230 meters elmadina tower elgomhoria st. Port said	1,000,000	1,000,000
- 338.32 meters on a land and building the property number 16 elmakrizi st. Heliopolis	1,650,000	1,650,000
- Villa number 27/291 elgamil portsaid	225,000	225,000
- Villa number 113 royal hills 6th of october	2,500,000	2,500,000
- A land area with 1468.85 meters elsaidi basin -markaz nabrouh eldakahlia	1,321,965	1,321,965
- Land and a bulding in elmansoura elnahda street 766.3 meters	7,663,000	7,663,000
- Agricultural area 1 feddan 14t and 17.25 shares near el azazi fakous elsharkia	322,000	322,000
- Land number 16 mit khamis elmansoura (3 carats, 15 share)which equals 645 meters	1,935,000	1,935,000
- land with a villa model number 10 on land number 219 Elshorouk 2000 compound villas	2,525,500	2,525,500
- Agriculutral area 27 feddans 19 carats markaz shebin eldakahlia	7,225,833	7,225,833
- Agriculutral area 19 feddans 17 carats El-Hesas El-Dakahlia	4,916,666	4,916,666
Total	**42,485,364**	**42,485,364**

(25) Debit Balances and Other Assets

	Mar.31, 2010 EGP	Dec.31, 2009 EGP
- Accrued Revenues	465,184,615	453,873,774
- Prepaid Expenses	70,810,155	67,433,667
- Advances for Purchase of Fixed Assets	54,860,374	48,879,348
- Accounts receivable and Other Assets **	577,735,513	343,186,741
- Assets Acquired as Settlement of Debts	4,630,353	4,630,353
	1,173,221,010	**918,003,883**

* This Include The Value Of Premises That Was Not Recorded Under The Bank's Name By EGP 34.884.964 Which Were Acquired Against Settlement Of The Debts Mentioned Above, In The Same Time The Legal Procedures Are Under Process To Register Or Sell These Assets Within The period required by law.

** Include EGP 8,331,048 as Assets Held For Sale.

(26) Net Fixed Assets

Mar.31, 2010

	Land	Premises	IT	Vehicles	Fitting -Out	Machines & Equipment	Furniture & Furnishing	**Total**
	EGP	EGP	EGP	EGP	EGP	EGP	EGP	**EGP**
Opening Balance (3)	60,548,180	333,931,594	639,002,727	21,076,715	235,612,855	234,103,089	96,403,749	**1,620,678,909**
Additions (Deductions) During The Period	0	67,300,000	4,498,079	32,000.00	2,220,392	1,291,623	1,447,693	**76,789,787**
Closing Balance (1)	**60,548,180**	**401,231,594**	**643,500,806**	**21,108,715**	**237,833,247**	**235,394,712**	**97,851,442**	**1,697,468,696**
Accu.Depreciation at Beginning of The Year (4)	-	122,545,577	406,752,292	20,147,077	167,756,764	132,600,857	52,028,378	**901,830,945**
Current Period Depreciation	-	4,031,594	21,816,609	131,392	10,677,760	6,490,838	2,155,367	**45,303,560**
Accu.Depreciation at End of The Year (2)	**-**	**126,577,171**	**428,568,901**	**20,278,469**	**178,434,524**	**139,091,695**	**54,183,745**	**947,134,505**
End of Period Net Assets (1-2)	60,548,180	274,654,423	214,931,905	830,246	59,398,723	96,303,017	43,667,697	**750,334,191**
Beginning of Period Net Assets (3-4)	**60,548,180**	**211,386,017**	**232,250,435**	**929,638**	**67,856,091**	**101,502,232**	**44,375,371**	**718,847,964**
Depreciation Rates		**%5**	**%20**	**%20**	**%33.3**	**33.3%**	**20%**	

- Net Fixed Assets Value On The Balance Sheet Date Includes EGP 63,561,697 Non Registered Assets While Their Registrations Procedures Are In Process.

(27) Due To Banks

	Mar.31, 2010 EGP	Dec.31, 2009 EGP
- Current Accounts	161,560,353	258,145,229
- Deposits	900,000,000	200,000,000
	1,061,560,353	**458,145,229**
- Central Banks	30,686,595	33,070,672
- Local Banks	922,731,911	215,963,990
- Foreign Banks	108,141,847	209,110,567
	1,061,560,353	**458,145,229**
- Non Bearing Interest Balances	161,560,353	258,145,229
- Floating Bearing Interest Balances	-	-
- Fixed Bearing Interest Balances	900,000,000	200,000,000
	1,061,560,353	**458,145,229**
- Current Balances	161,560,353	258,145,229
- Non-Current Balances	900,000,000	200,000,000
	1,061,560,353	**458,145,229**

(28) Customers Deposits

	Mar.31, 2010 EGP	Dec.31, 2009 EGP
- Demand Deposits	14,789,584,133	14,490,335,257
- Time Deposits	22,326,000,491	21,669,911,514
- Certificates of Deposit	12,380,152,906	9,805,872,397
- Saving Deposits	7,906,117,894	8,024,613,798
- Other Deposits	913,133,451	851,896,877
	58,314,988,875	**54,842,629,843**
- Corporate Deposits	19,463,024,500	18,712,676,141
- Retail Deposits	38,851,964,375	36,129,953,702
	58,314,988,875	**54,842,629,843**
- Non Bearing Interest Balances	15,702,717,584	15,342,232,134
- Floating Bearing Interest Balances	6,538,430	10,746,100
- Fixed Bearing Interest Balances	42,605,732,861	39,489,651,609
	58,314,988,875	**54,842,629,843**
- Current Balances	45,850,798,631	44,951,662,006
- Non-Current Balances	12,464,190,244	9,890,967,837
	58,314,988,875	**54,842,629,843**

(29) Long Term Loans

	Rate %	Maturity Date	Maturing Through Next Year EGP	Balance as of Mar.31, 2010 EGP	Balance as of Dec.31, 2009 EGP
- F.I.S.C.	7	3-5 years	15,088,497	34,314,000	36,314,000
- KFW Private Sector Industry (Phase II)	9 - 10.5	10 YEARS	5,004,762	12,661,733	9,581,678
- UNIDO	1	2011	1,349,330	1,378,028	2,249,926
- Agricultural Research and Development Fund (ARDF)	3.5 - 5.5 depends on maturity date	3-5 years	18,577,540	29,826,191	33,687,857
- Ministry of Agriculture (V.S.P)	3.5 - 5.5 depends on maturity date	3-5 years	40,000	60,000	60,000
- Social Fund	3 months T/D or 9% which more	2010	679,250	1,096,241	1,485,844
- Spanish Microfinance Loan	0.5	2012	45,403	9,893,858	9,857,737
Total			**40,784,782**	**89,230,051**	**93,237,042**

(30) Credit Balances and Other Liabilities

	Mar.31, 2010 EGP	Mar.31, 2009 EGP
- Accrued Interest Payable	192,439,494	172,395,377
- Accrued Expenses	79,703,334	63,907,016
- Accounts Payable	751,998,029	460,698,162
- Income Tax	98,518,063	306,398,840
- Other Credit balances	249,902,016	125,565,091
Total	**1,372,560,936**	**1,128,964,486**

(31) Other Provisions

Mar.31, 2010
EGP

	Opening Balance	Formed During the Period	FCY Balance Reval. Difference	Usage During the Period	Balance No Longer Required	Closing Balance
- Provision For Income Tax Claims	146,909,685	-	-	-	(20,000,000)	**126,909,685**
- Provision For Legal Claims	3,401,533	67,800	-	-	-	**3,469,333**
- Provision For Contingent	281,592,486	-	412,905	-	(17,554,170)	**264,451,221**
- Provision For Other Claim	11,824,874	-	(3,346)	(1,361,150)	-	**10,460,378**
Total	**443,728,578**	**67,800**	**409,559**	**(1,361,150)**	**(37,554,170)**	**405,290,617**

Dec.31, 2009
EGP

	Opening Balance	Formed During the year	FCY Balance Reval. Difference	Usage During the year	Balance No Longer Required	Closing Balance
- Provision For Income Tax Claims	146,909,685	-	-	-	-	**146,909,685**
- Provision For Legal Claims	1,271,113	2,838,002	-	(190,504)	(517,078)	**3,401,533**
- Provision For Contingent	244,688,780	37,653,452	(749,746)	-	-	**281,592,486**
Provision For Other Claim	8,723,449	8,820,000	25,167	(5,743,742)	-	**11,824,874**
Total	**401,593,027**	**49,311,454**	**(724,579)**	**(5,934,246)**	**(517,078)**	**443,728,578**

(32) Shareholders Equity

(A) Capital:-

- The authorized capital reached EGP 20 billion according to the extraordinary general assembly decision on 17 Mar,2010

- Issued and paid in capital reached EGP 2,950,721,800 to be divided on 295,072,180 shares with EGP 10 par value for each share on 21/04/2010 according to board of directors decision on 11/11/2009 by using 25,721,800 million after shares issuance of first tranch for E.S.O.P program.

- The extraordinary general assembly approved in the meeting of 26 june,2006 to activate a motivating and rewarding program for the bank's employees and managers through employee share ownership plans (ESOP) by issuing a maximum of 5% of issued and paid-in capital at par value ,through 5 years starting 31,dec 2006 and delegated the board of directors to establish the rewarding terms and conditions and increase the paid in capital according to the program.

- Dividend deducted from shareholders' equity in the period in which the General Assembly recognizes the shareholders of this dividend, which includes the share of workers in the profits and remuneration of the Board of Directors stated in the law

(B) Reserves:-

- According to the bank statues 5% of net profit is to increase legal reserve until reaches 50% of the bank's issued and paid in capital
- Concurrence of central bank of Egypt for usage of special reserve is required.

(33) Deferred Tax Assets and Liabilities

Deferred tax assets and liabilities are attributable to the following:	Assets (liabilities) Mar.31, 2010 EGP	Assets (liabilities) Dec.31, 2009 EGP
- Fixed Assets (Depreciation)	(24,008,765)	(26,940,482)
- Other Provisions(Excluded Loan Loss, Contingent Liabilities And Income Tax Provisions)	2,785,942	3,045,281
- Other Items(Other Investments Revaluation Difference)	31,517,523	31,517,523
- Reserve For Employee Stock Ownership Plan (ESOP)	35,830,877	32,176,996
Total	**46,125,577**	**39,799,318**

(34) Share-Based Payments

- According to the extraordinary general assembly meeting on June 26, 2006, the bank launched new employees share ownership plan (ESOP) scheme and issued equity-settled share-based payments. Such employees should complete a term of 3 years of service in the bank to have the right in ordinary shares at face value (right to share) that will be issued on the vesting date; otherwise such grants will be forfeited. Equity-settled share-based payments are measured at fair value at the grant date, and expensed on a straight-line basis over the vesting year (3 years) with corresponding increase in equity based on estimated number of shares that will eventually vest. The fair value for such equity instruments is measured by use of Black-Scholes pricing model.

Details of the rights to share outstanding during the Year are as follows:

	Number of Shares
- Outstanding At The Beginning Of The Year	6,447,102
- Granted During The Year	1,694,183
- Forfeited During The Year	-
- Exercised During The Year	-
- Expired During The Year	-
- **Outstanding At The End Of The Year**	**8,141,285**

- The estimated fair value of the equity instrument granted to the first tranch is EGP 30.54 .
- The estimated fair value of the equity instrument granted to the second tranch is EGP 54.12 .
- The estimated fair value of the equity instrument granted to the third tranch is EGP 27.40 .
- The estimated fair value of the equity instrument granted to the forth tranch is EGP43.40 .
- The equity instrument fair value for the first, second and third trenches have been adjusted to reflect the dilution effect of the Stock dividend that took place in 2009.

(35) Reserves and Retained Earnings

	Mar.31, 2010 EGP	Dec.31, 2009 EGP
- Legal Reserve	601,454,369	513,606,534
- General Reserve	2,474,395,768	1,463,656,484
- Retained Earning	20,231,298	(1,942,684)
- Special Reserve	184,356,569	206,530,551
- Reserve For A.F.S Investments Revaluation Diff.	(22,462,042)	(106,589,600)
- Banking Risks Reserve	71,031,433	26,652,790
Total Reserves and Retained Earnings at the End of the Period	**3,329,007,394**	**2,101,914,074**

A- Banking Risks Reserve

	Mar.31, 2010 EGP	Dec.31, 2009 EGP
- Opening Balance	26,652,790	-
- Effect Of Adjusting Accounting Standards	44,378,643	26,652,790
Ending Balance	**71,031,433**	**26,652,790**

B- Legal Reserve

	Mar.31, 2010 EGP	Dec.31, 2009 EGP
- Opening Balance	513,606,534	432,851,511
- Used During The Period	-	-
- Transferd from Profits	87,847,835	80,755,023
Ending Balance	**601,454,369**	**513,606,534**

C- Reserve For A.F.S Investments Revaluation Diff.

	Mar.31, 2010 EGP	Dec.31, 2009 EGP
- Opening Balance	(106,589,600)	(20,312,399)
- Gains (Losses) from A.F.S Investment Revaluation	84,127,558	(101,196,097)
- Losses from Impairment	-	14,918,896
Ending Balance	**(22,462,042)**	**(106,589,600)**

D- Retained Earning

	Mar.31, 2010 EGP	Dec.31, 2009 EGP
- Opening Balance	(1,942,684)	(1,942,684)
- Transferred To Special Reserve	22,173,982	-
Ending Balance	**20,231,298**	**(1,942,684)**

(36) Cash And Cash Equivalent

	Mar. 31, 2010 EGP	Dec. 31, 2009 EGP
- Cash And Due From Central Bank	4,098,439,328	4,179,212,740
- Due From Banks	7,909,044,105	7,785,042,557
- Treasury Bills And Other Governmental Notes	13,571,018,384	13,191,665,954
- Due From Banks (Time Deposits)	(7,484,826,893)	(7,509,460,335)
- Treasury Bills With Maturity More Than Three Months	(6,129,862,198)	(7,584,125,286)
Total Cash And Cash Equivalent	**11,963,812,726**	**10,062,335,630**

(37) Contingent Liabilities And Commitments

(A) Legal Claims

There are a number of existing cases filed against the bank in 31/03/2010 without provision as it's not excpected to make any losses from it.

(B) Capital Commitments

- **Financial Investments:-**

The capital commitments for the financial investments reached on the date of financial position EGP 137,825,829 as follows:-

	Investments value EGP	Paid EGP	Remaining EGP
- Available for Sale Financial Investments	489,366,617	352,140,788	137,225,829
- Financial Investments in associates Co.	1,200,000	600,000	600,000

- **Fixed Assets and Branches Constructions;-**

The value of Commitments for the purchase of fixed assets contracts and branches constructions that have not been implemented till the date of financial statement amounted to EGP 5.193.252

(C) Loans, Facilities and Gurantees Commitments

	Mar.31, 2010 EGP	Dec.31, 2009 EGP
- Letters Of Guarantee	10,477,405,369	11,348,196,542
- Letters Of Credit (Import And Export)	700,884,667	820,272,115
- Customers Acceptances	579,351,354	469,403,911
Total	**11,757,641,390**	**12,637,872,568**

(38) Comparative Figures

- The Comparative Figures Are Amended To Confirm With The Reclassification Of The Current Year And General Assembly Held on 17th Of March, 2010, Decisions, For Ratifying The Appropriation Account Of Year 2009.
- Some items in income statement and balance sheet have been restated According to Central Bank of Egypt new regulation issued in December 16, 2008 as Follows:-

	Balance Bfore Adjustments Year 2009	Balance After Adjustments Year 2009
- Loans and Overdrafts for Customers (Net After Provision)	27,102,918,752	27,242,306,896
- Reconciliation Accounts - Credit Balances	1,106,662,383	1,128,964,486
- Other Provisions	373,832,092	443,728,578
- Special Reserve	185,993,785	206,530,551
- Banking Risks Reserve	-	26,652,790
- Provisions (Income Statement)	(42,420,690)	-
- Other Operating (Expenses) Income	(26,960,475)	(52,133,285)
- Return (Losses) Of Impairment From Loans	-	(11,765,527)
- Income Tax	(80,599,387)	(85,340,806)

(39) Mutual Funds

- Osoul Fund

- The Bank established an accumulated return mutual fund under license no.331 issued from capital market authority on 22/02/2005. CI Assets Management Co.- Egyptian joint stock co - manages the fund.
- The number of certificates issued reached 55,552,484 with redeemed value EGP 8,397,869,006.
- The market value per certificate reached EGP 151.17 on 31/03/2010.
- The Bank portion got 1,592,725 certificates with redeemed value EGP 240,772,238.

- Istethmar Fund

- CIB bank established the second accumulated return mutual fund under license no.344 issued from capital market authority on 26/02/2006. CI Assets Management Co.- Egyptian joint stock co - manages the fund.
- The number of certificates issued reached 3,958,432 with redeemed value EGP 329,974,892.
- The market value per certificate reached EGP 83.36 on 31/03/2010.
- The bank portion got 194,744 certificates with redeemed value EGP 16,233,860.

- Aman Fund (CIB and Faisal Islamic Bank Mutual Fund)

- The bank and Faisal Islamic Bank established an accumulated return mutual fund under license no.365 issued from capital market authority on 30/07/2006. CI Assets Management Co.- Egyptian joint stock co - manages the fund.
- The number of certificates issued reached 986,633 with redeemed value EGP 64,062,081 .
- The market value per certificate reached EGP 64.93 on 31/03/2010.
- The bank portion got 38,504 certificates with redeemed value EGP 2,500,065.

(40) Transactions With Related Parties

All Banking Transactions With Related Parties Are Conducted In Accordance With The Normal Banking Practices And Regulations Applied To All Other Customers Without Any Discrimination.

	EGP
- Loans & Overdrafts	647,285,423
Customer Deposits	237,720,491
Contingent Accounts	137,660,960

	Income	Expenses
	EGP	EGP
- International Co. for Security & Services	165,579	12,414,585
- Corplease Co.	14,797,979	195,543
- Commercial International Life Insurance Co.	45,291	474,830
- Commercial International Brokerage Co.	508,374	541,024
- Dinamic Company	6,753	4,392
- Egypt Factors	1,364,991	8,681
- CI Assets Management	1,919	3,869
- Commercial International Capital Holding Co.	6,329	29,612