

Review Report

To the Board of Directors of Commercial International Bank (Egypt)

Introduction

We have performed a limited review of the accompanying unconsolidated balance sheet of Commercial International Bank (Egypt) S.A.E as of 30 September 2010 and the related unconsolidated statements of income, cash flows and changes in equity for the nine months then ended, and a summary of significant accounting policies and other explanatory notes. Management is responsible for the preparation and fair presentation of these interim unconsolidated financial statements in accordance with the Central Bank of Egypt's rules issued on 16 December 2008. Our responsibility is to express a conclusion on these interim unconsolidated financial statements based on our limited review.

Scope of Limited Review

We conducted our limited review in accordance with Egyptian Standard on Review Engagements No. 2410, "Limited Review of Interim Financial Statements of an Entity Performed by its Independent Auditor." A limited review of interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters in the bank, and applying analytical and other limited review procedures. A limited 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 interim unconsolidated financial statements.

Conclusion

Based on our limited review, nothing has come to our attention that causes us to believe that the accompanying interim unconsolidated financial statements do not present fairly, in all material respects, the unconsolidated financial position of Commercial International Bank- Egypt (S.A.E) as at 30 September 2010 and of its unconsolidated financial performance and its unconsolidated cash flows for the nine months then ended in accordance with the Central Bank of Egypt's rules issued on 16 December 2008 and in the light of the prevailing Egyptian laws and regulations relating to the preparation of these unconsolidated financial statements.

Auditors



Allied For Accountaning & Auditing E & Y
Public Accountants & Consultants



KPMG Hazem Hassan
Public Accountants & Consultants

Activities report for the Year from

1 Jan.2010 to 30 September.2010

The following are the significant variances for the Balance Sheet and Income Statement as of September 30,2010 compared to December 31,2009

	<u>Balance As Of</u>	<u>Balance As Of</u>	<u>Variance</u>
<u>1) Balance sheet</u>	<u>30 Sep.2010</u>	<u>31 Dec.2009</u>	<u>%</u>
(amounts in EGP Billion)		(Restated)	
- Total assets	71.1	64.1	11.0
- Contingent Liabilities & Commitments	11.5	12.6	(9.1)
- Loans & Overdraft (Net)	33.9	27.4	23.5
- Investments	14.7	9.5	54.2
- Treasury Bills and other Governmental Notes	8.4	13.2	(36.2)
- Customers Deposits	60.6	54.8	10.4
- Other Provisions	0.4	0.4	0.0
- Total Shareholders' Equity & Net Profit	8.0	6.9	15.5
	<u>The Rate As Of</u>	<u>The Rate As Of</u>	<u>Variance</u>
2)Capital Adequacy Ratio	<u>30 Sep.2010</u>	<u>31 Dec.2009</u>	
Capital Adequacy Ratio	14.87%	16.53%	(1.7)
	<u>From 01 Jan 2010</u>	<u>From 01 Jan 2009</u>	<u>Variance</u>
3) Income statement	<u>to 30 September 2010</u>	<u>to 30 September 2009</u>	<u>%</u>
(amounts in EGP Million)		(Restated)	
- Interest received	3,306.5	3,045.7	8.6
- Interest paid	(1,665.0)	(1,539.6)	8.2
- Banking Fees & Commissions	551.7	433.5	27.3
- Net Profit After Tax	1,541.1	1,308.5	17.8

Unconsolidated Balance Sheet In
Sep. 30, 2010

	Note No.	<u>Sep. 30, 2010</u> <u>EGP</u>	<u>Dec. 31, 2009</u> <u>EGP</u> <u>(Restated)</u>
<u>Assets:-</u>			
- Cash and Due From Central Bank	(15)	4,532,172,246	4,179,212,739
- Due From Banks	(16)	7,571,838,916	7,785,042,557
- Treasury Bills and other Governmental Notes	(17)	8,416,562,813	13,191,665,954
- Trading Financial Assets	(18)	925,523,301	380,620,682
- Loans and Overdrafts for Banks (Net After Provision)	(19)	137,153,805	200,765,433
- Loans and Overdrafts for Customers (Net After Provision)	(20)	33,766,969,059	27,242,306,896
- Financial Derivatives	(21)	219,896,414	225,347,220
<u>Financial Investments:-</u>			
- Available for Sale	(22)	12,250,984,609	7,420,529,606
- Held to Maturity	(22)	346,213,455	579,926,673
- Financial Investments in Subsidiary and Associated Co.	(23)	1,155,299,047	1,138,277,487
- Real estate investments	(24)	36,495,664	42,485,364
- Debit Balances and Other Assets	(25)	946,952,172	918,003,883
- Deferred Tax	(33)	39,595,490	39,799,318
- Fixed Assets (Net)	(26)	732,237,863	718,847,964
<u>Total Assets</u>		<u>71,077,894,855</u>	<u>64,062,831,776</u>
<u>Liabilities and Shareholder's Equity:-</u>			
<u>Liabilities:-</u>			
- Due to Banks	(27)	750,373,798	458,145,229
- Customers Deposits	(28)	60,554,784,523	54,842,629,843
- Financial Derivatives	(21)	183,606,745	150,526,830
- Credit Balances and Other Liabilities	(30)	1,078,463,393	1,128,964,486
- Long Term Loans	(29)	135,064,615	93,237,042
- Other Provisions	(31)	354,735,020	443,728,578
<u>Total Liabilities</u>		<u>63,057,028,094</u>	<u>57,117,232,007</u>
<u>Shareholders' Equity:-</u>			
- Issued and Paid in Capital	(32)	5,901,443,600	2,925,000,000
- Reserves	(32)	418,203,033	2,077,203,969
- Reserve for employee stock ownership plan (ESOP)		139,930,990	161,728,984
- Retained Earning		20,231,298	(1,942,684)
<u>Total Shareholders' Equity</u>		<u>6,479,808,920</u>	<u>5,161,990,269</u>
- Net Profit of the Period / Year		1,541,057,841	1,783,609,500
<u>Total Shareholders' Equity and Net Profit</u>		<u>8,020,866,761</u>	<u>6,945,599,768</u>
<u>Total Liabilities and Shareholders' Equity</u>		<u>71,077,894,855</u>	<u>64,062,831,776</u>
<u>Contingent Liabilities and Commitments</u>			
- letters of Credit, Guarantees and Other Commitments	(37)	11,483,268,710	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

Unconsolidated Income Statement For The Period Ended
Sep. 30, 2010

	Note No.	<u>Last 3 Months</u> <u>Sep. 30, 2010</u> <u>EGP</u>	<u>Last 9 Months</u> <u>Sep. 30, 2010</u> <u>EGP</u>	<u>Last 3 Months</u> <u>Sep. 30, 2009</u> <u>EGP</u> <u>(Restated)</u>	<u>Last 9 Months</u> <u>Sep. 30, 2009</u> <u>EGP</u> <u>(Restated)</u>
- Interest and similar income	(6)	1,134,669,623	3,306,493,377	980,253,475	3,045,676,359
- Interest expense and similar charges	(6)	(584,051,294)	(1,664,991,389)	(480,150,211)	(1,539,561,730)
<u>Net Interest Income</u>		<u>550,618,329</u>	<u>1,641,501,988</u>	<u>500,103,264</u>	<u>1,506,114,629</u>
- Fees & Commissions Income	(7)	196,212,109	609,954,166	169,149,881	482,795,217
- Fees & Commissions Expense	(7)	(23,208,938)	(58,278,187)	(17,258,138)	(49,245,907)
<u>Net Fees and Commissions Income</u>		<u>173,003,171</u>	<u>551,675,979</u>	<u>151,891,743</u>	<u>433,549,310</u>
- Dividends Income	(8)	9,631,799	124,246,264	34,425	124,483,365
- Net Trading Income	(9)	84,669,197	252,193,234	81,893,208	348,214,943
- Profit from Financial Investments	(22)	13,188,574	174,541,834	30,899,725	61,932,618
- Administrative Expenses	(10)	(297,088,681)	(877,566,249)	(256,456,363)	(787,045,956)
- Other Operating (Expenses) Income	(11)	31,068,789	3,181,161	19,877,248	(6,397,212)
- Return (Losses) Of Impairment From Loans	(12)	(30,774,858)	(28,702,347)	(212,532,293)	(139,568,922)
<u>Net Profit Before Tax</u>		<u>534,316,320</u>	<u>1,841,071,865</u>	<u>315,710,957</u>	<u>1,541,282,775</u>
- Income Tax	(13)	(96,038,310)	(299,810,196)	(52,226,625)	(247,855,431)
- Deferred Tax	(13) & (33)	1,635,132	(203,828)	5,661,761	15,042,127
<u>Net Profit After Tax</u>		<u>439,913,142</u>	<u>1,541,057,841</u>	<u>269,146,093</u>	<u>1,308,469,471</u>
<u>Earning Per Share</u>					
- Basic	(14)	0.64	2.14	0.40	1.96
- Diluted	(14)	0.63	2.10	0.40	1.93


Hisham Ezz El-Arab
 Chairman
 & Managing Director

Unconsolidated Cash Flow For The Period Ended
Sep. 30, 2010

	<u>Sep. 30, 2010</u>	<u>Sep. 30, 2009</u>
	<u>EGP</u>	<u>EGP</u>
		<u>(Restated)</u>
<u>Cash Flow From Operating Activities:-</u>		
- Net Income Before Tax	1,841,071,865	1,541,282,775
<u>Adjustments To Reconcile Net Income To Net Cash Provided By Operating Activities</u>		
- Depreciation	134,728,750	139,198,324
- Provisions (Formed During The Period)	83,404,585	145,946,885
- Trading Financial Investments Evaluation Differences	(70,759,769)	4,743,400
- Impairment Of Assets	(32,544,969)	4,690,062
- Utilization Of Provisions (Except Provision For Doubtful Debts)	(1,556,850)	(5,887,041)
- Provisions No Longer Used	(108,037,726)	-
- Fcy Revaluation Differences Of Provisions Balances (Except Doubtful Debts)	4,657,616	(259,087)
- Profits From Selling Fixed Assets	(2,073,253)	(15,344,069)
- Profits From Selling Financial Investments	(126,694,967)	(3,416,690)
- Losses From Selling An Investment In Associated	96	-
- Fcy Revaluation Diff.Of Long Term Loans	176,557	434,463
- Share Based Payments	56,766,651	60,117,462
	<u>1,779,138,586</u>	<u>1,871,506,484</u>
<u>Net Decrease (Increase) In Assets</u>		
- Due From Banks	135,222,889	(597,919,600)
- Treasury Bills And Other Governmental Notes	1,047,055,612	2,202,353,652
- Trading Financial Assets	(474,142,850)	(297,407,494)
- Financial Derivatives (Net)	38,530,721	(40,675,900)
- Loans And Overdrafts	(6,528,511,716)	(930,946,199)
<u>Net Increase (Decrease) In Liabilities</u>		
- Debit Balances And Other Assets	(52,520,084)	(126,134,904)
- Due To Banks	292,228,569	532,783,421
- Customers Deposits	5,712,154,680	2,009,329,063
- Credit Balances And Other Liabilities	(350,311,291)	(404,771,069)
	<u>1,598,845,115</u>	<u>4,218,117,454</u>
<u>Net Cash Provided From Operating Activities</u>		

Unconsolidated Cash Flow For The Period Ended
Sep. 30, 2010

	<u>Sep. 30, 2010</u>	<u>Sep. 30, 2009</u>
	<u>EGP</u>	<u>EGP</u> <u>(Restated)</u>
<u>Cash Flow From Investing Activities:-</u>		
- (Payments) Incomings form (Purchase) selling Subsidiary and Associated Co.	(17,021,560)	53,998,565
- Purchase Of Fixed Assets , Premises And Fitting- Out Of Branches	(122,473,601)	(107,011,020)
- Redemption Of Held To Maturity Financial Investments	249,632,622	82,086,393
- Held To Maturity Financial Investment Purchases	(15,919,404)	(22,033)
- Purchase Of Available For Sale Financial Investment	(4,561,124,872)	(5,042,543,745)
- Real estate investments	5,989,700	4,359,052
<u>Net Cash (Used In) Provided From Investing Activities</u>	<u>(4,460,917,116)</u>	<u>(5,009,132,788)</u>
<u>Cash Flow From Financing Activities:-</u>		
- Increase (Decrease) In Long - Term Loans	41,651,016	(12,863,095)
- Dividends Paid	(658,369,589)	(478,236,553)
- Capital Increase	25,721,800	-
<u>Net Cash (Used In) Financing Activities</u>	<u>(590,996,773)</u>	<u>(491,099,648)</u>
Net Cash And Cash Equivalent Changes	(3,453,068,774)	(1,282,114,982)
Beginning Balance Of Cash And Cash Equivalent	10,062,335,630	8,622,040,072
<u>Cash And Cash Equivalent Balance At The End Of The Period</u>	<u>6,609,266,856</u>	<u>7,339,925,090</u>
<u>Cash And Cash Equivalent Are Represented As Follows:-</u>		
- Cash And Due From Central Bank	4,532,172,246	4,173,466,533
- Due From Banks	7,571,838,916	6,489,758,105
- Treasury Bills And Other Governmental Notes	8,416,562,813	9,783,643,420
- Due From Banks (Time Deposits)More Than Three Months	(7,374,237,446)	(6,314,873,872)
- Treasury Bills With Maturity More Than Three Months	(6,537,069,673)	(6,792,069,096)
<u>Total Cash And Cash Equivalent</u>	<u>6,609,266,856</u>	<u>7,339,925,090</u>

Unconsolidated Statement of Changes in Shareholders' Equity as of
Sep. 30, 2010

<u>Sep. 30, 2009</u>	<u>Capital</u> <u>EGP</u>	<u>Legal Reserve</u> <u>EGP</u>	<u>General Reserve</u> <u>EGP</u>	<u>Retained Earning</u> <u>EGP</u>	<u>Special Reserve</u> <u>EGP</u>	<u>Reserve For</u> <u>A.F.S Investments</u> <u>Revaluation Diff.</u> <u>EGP</u>	<u>Banking</u> <u>Risks Reserve</u> <u>EGP</u>	<u>Profits Of The period</u> <u>EGP</u>	<u>Reserve For Employee</u> <u>Stock Ownership</u> <u>Plan (ESOP)</u> <u>EGP</u>	<u>Total</u> <u>EGP</u>
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 Period	-	-	-	-	-	-	-	1,308,469,471	-	1,308,469,471
Addition from Financial Investment Revaluation	-	-	-	-	-	53,977,115	-	-	-	53,977,115
Effect Of Adjusting Accounting Standards	-	-	-	-	-	-	-	-	-	-
Reserve For Employees Stock Ownership Plan (ESOP)	-	-	-	-	-	-	-	-	60,117,462	60,117,462
Balance At The End Of The period	2,925,000,000	513,606,534	1,463,656,484	(1,942,684)	206,530,551	33,664,716	-	1,308,469,471	146,845,365	6,595,830,436

<u>Sep. 30, 2010</u>	<u>Capital</u> <u>EGP</u>	<u>Legal Reserve</u> <u>EGP</u>	<u>General Reserve</u> <u>EGP</u>	<u>Retained Earning</u> <u>EGP</u>	<u>Special Reserve</u> <u>EGP</u>	<u>Reserve For</u> <u>A.F.S Investments</u> <u>Revaluation Diff.</u> <u>EGP</u>	<u>Banking</u> <u>Risks Reserve</u> <u>EGP</u>	<u>Profits Of The Period</u> <u>EGP</u>	<u>Reserve For Employee</u> <u>Stock Ownership</u> <u>Plan (ESOP)</u> <u>EGP</u>	<u>Total</u> <u>EGP</u>
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
Capital Increase	2,976,443,600	(476,326,032)	(2,474,395,768)	-	-	-	-	-	-	25,721,800
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	-	-	-	-	-	-	-	1,541,057,841	-	1,541,057,841
Transferred To Retained Earning	-	-	-	22,173,982	(22,173,982)	-	-	-	-	-
Addition from Financial Investment Revaluation	-	-	-	-	-	110,090,291	-	-	-	110,090,291
Transferred to Bank Risk Reserve	-	-	-	-	-	-	113,960,161	(113,960,161)	-	-
Reserve For Employees Stock Ownership Plan (ESOP)	-	-	78,564,646	-	-	-	-	-	(21,797,994)	56,766,651
Balance At The End Of The period	5,901,443,600	125,128,337	78,564,646	20,231,298	184,356,569	3,500,691	140,612,951	1,427,097,681	139,930,990	8,020,866,762

Commercial International Bank (Egypt) S.A.E.
Notes to the Unconsolidated Financial Statements
For the Financial Period
from January 1, 2010 to September 30, 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 six units and employs over 4299 employees 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.

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 issued in 2006 and its amendments and in accordance with the instructions of the Central Bank of Egypt approved by the Board of Directors as of December 16, 2008 consistent with the principles referred to.
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 preparation of these financial statements are according to relevant domestic laws, and the bank also prepared consolidated financial statements of the Bank and its subsidiaries in accordance with Egyptian Accounting Standards, the affiliated companies are entirely included in the consolidated financial statements and these companies are the companies that the bank which - directly or indirectly – has more than half of the voting rights or has the ability to control the financial and operating policies of an enterprise, regardless of the type of activity, the consolidated financial statements of the Bank can be obtained from the Bank's management. the investments in subsidiaries and associate Companies are Disclosed in the separate financial statements of the Bank and its accounting treatment is at coat deducting Impairment Losses from it.

And separated financial statements of the bank should be read with its consolidated financial statements, as of and for the period ended September 30 , 2009 so you can get complete information on the financial position of the bank for the Results of its operations and its cash flows and changes in ownership rights.

And the financial statements of the Bank until December 31, 2009 was prepared using the Central Bank of Egypt instructions in force until that date, which differ in some aspects from the new Egyptian Accounting Standards issued in 2006 and its amendments. In preparing the financial statements for the fiscal period ended September 30, 2010, management has amended certain accounting policies and measurement bases to be consistent with new accounting standards and with the requirements of preparation and presentation of the financial statements of banks and foundations of the recognition and measurement of the Board of Directors of the Central Bank of Egypt in December 16, 2008.

Central Bank of Egypt instructions amendments published in force from the first January 2010

The management has applied the Central Bank of Egypt instructions concern the rules of preparation and presentation of the financial statements of banks and foundations of the recognition, measurement and Egyptian Accounting Standards applicable on the activities of the bank. And the comparative figures have been adjusted for the year 2009 according to circumstances, in accordance with the requirements of such new instructions and the standards.

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 September 30, 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.
- The Bank's in consolidated financial statements use the equity method in associates companies instead of the cost method.
And For the purpose of applying the equity method The bank compares the cost of acquisition with the fair value of net assets of the investee company at the date of acquisition and to determine the difference as goodwill.
And In those cases where the fair value of net assets of the investee company is not available at the date of acquisition The book values of net assets regarded as equal to the fair value and identify Goodwill on this basis. And after that changes in equity of the associate company subsequent to the date of acquisition was taken to adjust the book value in the financial statement As a result of an amendment to retained earnings in first of January 2009 by the amount of (18,601,847) Egyptian Pound represent The net losses resulting from applying the equity method until this date
And The Bank continued to use the cost method of accounting for associates in these unconsolidated financial statements

As a result of applying Central Bank of Egypt regulations and the EAS, good will accounting policy had been changed starting January 2009 by annual impairment test in the consolidated financial statements affecting income statement with 20% amortization of the good will or the impairment amount which bigger.
- 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 September 30, 2010 added by amount of EGP56.766.651 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 in foreign currencies

The bank hold accounts in Egyptian pounds and prove transactions in other currencies during the financial year on the basis of prevailing exchange rates at the date of the transaction, and re-evaluation of balances of assets and liabilities of monetary other currencies at the end of the financial period on the basis of prevailing exchange rates at that date, and is recognized in the list Gains and losses resulting from the settlement of such transactions and the differences resulting from the assessment within the following items

- Net trading income or net income from financial instruments classified at fair value through profit and loss of assets / liabilities held for trading or those classified at fair value through profit and loss according to type .
- Income (expense) Other operating for the rest of the items

the analysis of changes in fair value of financial instruments with monetary foreign currency seed available for sale investments (debt instruments) between the valuation differences resulting from changes in amortized cost of the tool and the differences resulted from changing the prevailing exchange rates and the differences resulted from changing the fair value of the tool, and is recognized in the income differentials in the evaluation of changes in the cost of expendable income loans and similar income and differences related to changing the exchange rate in income (expense) Other operating, and are recognized in equity differential change in fair value (fair value reserve / financial investments available for sale). Include differences arising on the items non-monetary gains and losses resulting from the change in fair value, such as equity instruments held at fair value through profit and loss are recognized differences assessment resulting from equity instruments classified as financial investments available for sale within 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 issue⁷
- 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 financial assets for trading which are reclassified in the periods that begin from first of Jan 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 re-measured 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 according to historical default ratios. 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.

If no impairment losses result from the previous assessment of impairment in this case the asset 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 when there is objective evidence for asset

impairment. 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.

For the purposes of evaluation of impairment for a group of a financial assets according to historical default ratios 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 classify under available for sale or held to maturity 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. During Periods start from First of January 2009, The Decrease Consider significant cause it become 10% From cost of book value and the decrease consider to be extended if it continue for period more than 9 months, and if the mentioned evidences become available then the accumulated loss to be post from the equity and disclosed at the income statement, 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 Real Estate Investments

The real estate investments represent lands and buildings owned by the Bank In order to obtain rental returns or capital gains and therefore does not include real estate assets which the bank exercised its work through or those that have owned by the bank as settlement of debts.

2.14 Fixed Assets

Land and buildings comprise mainly branches and offices. All property, plant and equipment is stated at historical cost less depreciation & impairment losses. 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, or over the period of the lease if less
- Furniture and safes	5 years.
- Typewriters, Collocutors & air-conditions	8 years
- Transportations	5 years
- Computers and Core Systems	3/10 years
- Fixtures and fittings	3 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.

2.15 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.

2.16 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.

2.17 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.

2.18 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 which become due

after one year from the financial statement date using appropriate rate for the due date (without being affected by effective tax rate) which reflect time value of money ,and if the due date is less than one year we calculate the estimated value of obligation but if it have significant impact then it calculated using the current value.

(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.

2.19 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.

2.20 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.

2.21 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 Board of Directors .

2.22 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. And the most important types of financial risks are credit risk , market risk , liquidity risk and other operating risks. Also market risk include exchange rate risk, rate of return risk and other risks.

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 EAS 26, which are based on losses that have been incurred at the balance sheet date (the 'incurred loss model') rather than expected losses (Note 4/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	Nonperforming loans

And the loans expose to default depend on the banks expectation for the outstanding amounts when default occur.

(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, and if this rating is not available, then other ways similar to those used with the credit customers are uses. 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 individual, counterparties, product, and 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 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 recognized for financial reporting purposes only for losses that have been incurred at the balance sheet date based on objective evidence of impairment. 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 CBE regulation purposes.

The impairment provision shown in the balance sheet at the period-end is derived from each of the four internal rating grades. However, the majority of the impairment provision comes from the bottom two grades. The table below shows the percentage of the Bank's in 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

	Sep.30, 2010		Dec.31, 2009	
	Loans and advances (%)	Impairment provision (%)	Loans and advances (%)	Impairment provision (%)
1-Performing loans	91.42	52.38	90.97	42.93
2-Regular watching	4.99	4.94	4.73	4.71
3-Watch list	0.70	2.02	1.33	2.47
4-Non performing loans	2.89	40.66	2.97	49.89
	100.00	100.00	100.00	100.00

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

- Cash flow difficulties experienced by the borrower
- Breach of loan covenants or conditions
- Initiation of bankruptcy proceedings
- Deterioration of the borrower's competitive position
- Bank granted concessions may not be approved under normal circumstances, for economic, legal reasons, or financial difficulties facing the borrower
- Deterioration in the value of collateral
- Deterioration in the credit situation

The Bank's policy requires the review of all 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 portfolios of homogenous assets by using the available historical experience, experienced judgment and statistical techniques.

Pattern of measuring the general banking risk

In addition to the four categories of measuring credit worthiness discussed in disclosure 3.1.1.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 determined by 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 EAS, the general banking risk 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 are categories of institutional worthiness according to internal ratings compared with CBE ratings and rates of provisions needed for assets impairment related to credit risk :

CBE RATING	Categorization	PROVISION%	INTERNAL RATING	Categorization
1	Low Risk	0%	1	Performing loans
2	Average Risk	1%	1	Performing loans
3	Satisfactory Risk	1%	1	Performing loans
4	Reasonable Risk	2%	1	Performing loans
5	Acceptable Risk	2%	1	Performing loans
6	Marginally Acceptable risk	3%	2	Regular watching
7	Watch list	5%	3	Watch list
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

	<u>Sep.30, 2010</u>	<u>Dec.31, 2009</u>
In Balance sheet items exposed to credit risk		
Treasury Bills and other Governmental Notes	8,416,562,813	13,191,665,954
Trading Financial Assets		
– Debt Instruments	527,343,264	111,334,360
Loans and Overdrafts for Banks	137,153,805	200,765,433
Loans and advances to customers:		
Retail:		
- Overdrafts	973,398,111	852,902,695
- Credit Cards	493,395,044	451,907,954
- Personal Loans	1,787,178,476	1,005,586,641
- Real state Loans	421,662,989	292,518,318
- Other Loans	49,921,171	67,037,522
Corporate:		
- Overdrafts	3,058,375,911	3,434,116,195
- Direct Loans	21,119,923,599	15,918,861,867
- Syndicated loans	7,247,104,758	6,663,779,140
- Other Loans	145,018,990	93,713,728
Financial Derivatives	219,896,414	225,347,220
Financial Investments (Debt Instruments)	12,022,883,257	7,884,902,625
Financial Investments in Subsidiary and Associated Co.	1,155,299,047	1,138,277,487
Total	<u>57,775,117,648</u>	<u>51,532,717,139</u>
Off Balance sheet items exposed to credit risk		
Financial guarantees	622,723,348	931,471,000
Customers Acceptances	502,401,863	469,403,911
Letter of Credit	1,061,524,617	820,272,115
Letter of guarantee	9,919,342,230	11,348,196,542
Total	<u>12,105,992,058</u>	<u>13,569,343,568</u>

The above table represents the Maximum bank exposure to credit risk at 30 September 2010, without taking account of any collateral held. For in balance sheet items, the exposures set out above based on net carrying amounts as reported in the balance sheet.

As shown above, 61.71% of the total maximum exposure is derived from loans and advances to banks and customers; 21.72% represents investments in debt Instruments.

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 Instruments based on the following:

- 97.10% of the loans and advances portfolio is categorized in the top two grades of the internal rating system.
- 97.10% of the loans and advances portfolio are considered to be neither past due nor impaired.
- loans and advances assessed on an individual basis valued EGP 1,022,609,350
- The bank has implemented more prudent processes when granting loans and advances during the financial period ended in Sep.30.2010.
- 79.47% of the investments in debt Instruments are represented in governmental instruments.

3.1.5 Loans and advances

Loans and advances are summarized as follows:

	<u>Sep.30, 2010</u>		<u>Dec.31, 2009</u>	
	<u>Loans and advances to customers</u>	<u>Loans and advances to banks</u>	<u>Loans and advances to customers</u>	<u>Loans and advances to banks</u>
	<u>EGP</u>	<u>EGP</u>	<u>EGP</u>	<u>EGP</u>
Neither past due nor impaired	34,023,888,457	137,153,805	27,533,698,826	200,765,433
Past due but not impaired	249,481,242	-	384,723,397	-
Individually impaired	1,022,609,350	-	862,001,836	-
Gross	<u>35,295,979,048</u>	<u>137,153,805</u>	<u>28,780,424,059</u>	<u>200,765,433</u>
Less: impairment provision	1,258,832,182	-	1,304,194,446	-
Net	<u>34,037,146,866</u>	<u>137,153,805</u>	<u>27,476,229,613</u>	<u>200,765,433</u>

- Impairment losses for loans and advances has reached EGP 1,258,832,182 and for more details about impairment provisions and loans for customers and banks see note 19 and 20

- During the Period ended 30 September 2010, the bank's total loans and advances increased by 22.26% as a result of the expansion of the lending business in Egypt. When entering into new market or new industries, to decrease the 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.

- Net Loans and advances to customers and banks:

EGP

<u>Sep.30, 2010</u>	Retail				Corporate			<u>Total Loans and advances to customers</u>	<u>Total Loans and advances to banks</u>
	<u>Overdrafts</u>	<u>Credit cards</u>	<u>Personal loans</u>	<u>Mortgages</u>	<u>Overdraft</u>	<u>Direct loans</u>	<u>Syndicated loans</u>		
Grades:									
1-Performing loans	890,299,511	453,119,571	1,684,040,488	420,076,130	2,709,621,873	18,836,115,423	6,603,539,284	31,596,812,280	137,153,805
2-Regular watching	57,907,869	14,341,705	25,834,573	-	122,921,388	1,262,375,358	222,084,775	1,705,465,669	
3-Watch list	59,419	1,469,875	2,414,067	-	23,327,753	106,083,247	90,706,314	224,060,674	
4-Non performing loans	1,311,198	377,067	12,776,165	-	76,524,621	237,755,544	182,063,649	510,808,243	
Total	949,577,996	469,308,218	1,725,065,293	420,076,130	2,932,395,635	20,442,329,572	7,098,394,022	34,037,146,866	137,153,805

<u>Dec.31, 2009</u>	Retail				Corporate			<u>Total Loans and advances to customers</u>	<u>Total Loans and advances to banks</u>
	<u>Overdrafts</u>	<u>Credit cards</u>	<u>Personal loans</u>	<u>Mortgages</u>	<u>Overdraft</u>	<u>Direct loans</u>	<u>Syndicated loans</u>		
Grades:									
1-Performing loans	890,676,721	384,637,875	903,863,918	290,596,009	3,136,943,440	13,739,152,260	6,257,182,856	25,603,053,079	200,765,433
2-Regular watching	12,820,602	3,957,706	8,073,382	357,919	43,390,654	1,093,427,248	147,333,950	1,309,361,461	
3-Watch list	1,324,269	-	8,603	140,599	50,802,089	197,825,470	102,414,317	352,515,347	
4-Non performing loans	-	-	-	-	55,277,044	156,022,682	-	211,299,726	
Total	904,821,592	388,595,581	911,945,903	291,094,527	3,286,413,227	15,186,427,660	6,506,931,123	27,476,229,613	200,765,433

- 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.

EGP

<u>Sep.30, 2010</u>	Retail					Corporate			
	<u>Overdrafts</u>	<u>Credit cards</u>	<u>Personal loans</u>	<u>Mortgages</u>	<u>Total</u>	<u>Overdraft</u>	<u>Direct loans</u>	<u>Syndicated loans</u>	<u>Total</u>
Past due up to 30 days	294,114,339	103,078,591	4,379,394	1,525,920	403,098,244	-	62,947,367	65,976,025	128,923,392
Past due 30 - 60 days	56,486,053	12,731,064	3,500,467	148,708	72,866,292	1,128,501	25,000,000	-	26,128,501
Past due 60-90 days	1,578,452	3,922,365	760,668	108,411	6,369,896	121,500,764	54,599,852	7,592,667	183,693,283
Total	352,178,845	119,732,020	8,640,529	1,783,039	482,334,433	122,629,265	142,547,219	73,568,692	338,745,176

<u>Dec.31, 2009</u>	Retail					Corporate			
	<u>Overdrafts</u>	<u>Credit cards</u>	<u>Personal loans</u>	<u>Mortgages</u>	<u>Total</u>	<u>Overdraft</u>	<u>Direct loans</u>	<u>Syndicated loans</u>	<u>Total</u>
Past due up to 30 days	135,042,604	24,262,417	1,137,995	587,951	161,030,967	-	38,372,513	-	38,372,513
Past due 30-60 days	11,669,707	3,789,215	6,274,817	120,991	21,854,730	83,594,723	28,072,549	-	111,667,272
Past due 60-90 days	1,310,615	1,428,700	549,114	8,149	3,296,578	64,026,688	235,371,149	159,348	299,557,185
Total	148,022,926	29,480,332	7,961,926	717,091	186,182,275	147,621,411	301,816,211	159,348	449,596,970

- Individually impaired loans.

Loans and advances assessed on an individual basis before cash flows from guarantees are totaled EGP 1,022,609,350

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:

	Retail				Corporate			Total
	Overdrafts	Credit cards	Personal loans	Mortgages	overdraft	Direct loans	Syndicated loans	
Sep.30, 2010								
Individually impaired loans	7,664,553	25,962,720	80,780,716	3,756,837	149,371,188	545,208,686	209,864,649	1,022,609,350
Dec.31, 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

- Loans and advances Restructured

Restructuring activities include extended payment arrangements, execute obligatory management programs, modification and deferral of payments. Restructuring policies and practices are based on indicators or criteria which, in the judgment of local management, indicate that payment will most likely continue. These policies are kept under continuous review. Restructuring is most commonly applied to term loans, in particular customer finance loans Renegotiated loans that would otherwise be past due or impaired totaled at the of the financial period EGP 2,387,848,340

	<u>Sep.30, 2010</u>	<u>Dec.31, 2009</u>
Loans and advances to customers – individuals:		
– Direct loans	2,387,848,340	2,511,008,801
Total	2,387,848,340	2,511,008,801

3.1.6 Debt instruments, treasury bills and other governmental notes

The table below presents an analysis of Debt instruments, treasury bills and other governmental notes by rating agency designation at 30 September 2010, based on Standard & Poor's ratings or their equivalent:

<u>Sep.30, 2010</u>	<u>Treasury bills and other Gov. notes</u>	<u>Trading Financial Assets</u>	<u>Financial Investments</u>	<u>Designated at fair value</u>	<u>Total</u>
AAA	-	-	1,372,735,260	-	1,372,735,260
AA- to AA+	-	44,876,998	488,234,352	-	533,111,351
A- to A+	-	46,713,957	403,810,710	-	450,524,667
Lower than A-	8,416,562,813	512,507,965	9,506,657,748	-	18,435,728,527
Unrated	-	321,424,380	1,981,059,041	-	2,302,483,421
Total	8,416,562,813	925,523,301	13,752,497,111	-	23,094,583,226

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 book values categorized by geographical region at the end of financial period. For this table, the bank has allocated exposures to regions based on the country of domicile of its counterparties.

Sep.30, 2010	EGYPT				Gulf Countries	Total
	Cairo	Alex, Delta & Sinai	Upper Egypt	Total		
- Treasury bills and other governmental notes	8,416,562,813	-	-	8,416,562,813	-	8,416,562,813
- Trading Financial Assets						
- Debt instruments	527,343,264	-	-	527,343,264	-	527,343,264
- Loans and advances to banks	137,153,805	-	-	137,153,805	-	137,153,805
- Loans and advances to customers:						
- Retail:						
- Overdrafts	449,723,301	426,839,351	94,371,202	970,933,854	2,464,257.00	973,398,111
- Credit cards	361,051,618	108,369,307	23,590,137	493,011,062	383,982.00	493,395,044
- Personal loans	1,157,967,127	500,182,064	128,847,012	1,786,996,203	182,273.00	1,787,178,476
- Mortgages	346,386,770	66,945,606	8,330,613	421,662,989	-	421,662,989
- Other loans	14,637,827	35,283,344	-	49,921,171	-	49,921,171
- Corporate:						
- Overdrafts	2,669,769,303	385,692,391	2,914,217	3,058,375,911	-	3,058,375,911
- Direct Loans	15,306,417,984	5,246,133,296	567,372,319	21,119,923,599	-	21,119,923,599
- Syndicated loans	6,815,403,263	431,701,495.00	-	7,247,104,758	-	7,247,104,758
- Other loans	132,236,732	12,312,426.00	469,832.00	145,018,990	-	145,018,990
- Financial Derivatives	219,896,414	-	-	219,896,414	-	219,896,414
- Financial Investments (Debt Instruments)	12,022,883,257	-	-	12,022,883,257	-	12,022,883,257
- Financial Investments in Subsidiary and Associated Co.	1,155,299,047	-	-	1,155,299,047	-	1,155,299,047
	49,732,732,524	7,213,459,280	825,895,332	57,772,087,136	3,030,512	57,775,117,648

(b) Industry sectors

The following table breaks down the Group's main credit exposure at their book value categorized by the industry sectors of our counterparties.

Sep.30, 2010	Financial institutions	Manufacturing	Other industries	Wholesale and retail trade	Total
Treasury bills and other governmental bills	8,416,562,813	-	-	-	8,416,562,813
Financial Assets for trading					
- Debt Instruments	527,343,264	-	-	-	527,343,264
Loans and advances to banks	137,153,805	-	-	-	137,153,805
Retail:					
- Overdrafts	-	-	-	973,398,111	973,398,111
- Credit cards	-	-	-	493,395,044	493,395,044
- Term loans	-	-	-	1,787,178,476	1,787,178,476
- Mortgages	-	-	-	421,662,989	421,662,989
- Other loans	-	-	-	49,921,171	49,921,171
Corporate:					
- Overdrafts	3,058,375,911	-	-	-	3,058,375,911
- Direct loans	21,119,923,599	-	-	-	21,119,923,599
- Syndicated loans	7,247,104,758	-	-	-	7,247,104,758
- Other loans	145,018,990	-	-	-	145,018,990
Derivative financial instruments	219,896,414	-	-	-	219,896,414
Investment securities – debt instrument	12,022,883,257	-	-	-	12,022,883,257
Financial Investments in Subsidiary and Associated Co.	1,155,299,047	-	-	-	1,155,299,047
	54,049,561,858	-	-	3,725,555,791	57,775,117,648

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 risk exposure department 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. The Bank also enters into interest rate swaps to match the interest rate risk associated with the fixed-rate long-term Debt instruments 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%) the validity of the assumptions and parameters/factors used in the VAR calculation.

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 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 risk exposure department.

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 Value at Risk (VAR) Summary

- Total VAR by risk type

	Sep.30, 2010			Dec.31, 2009		
	Medium	High	Low	Medium	High	Low
1- Foreign exchange risk	163,131	481,861	45,309	307,823	883,615	116,378
2- Interest rate risk	25,310,572	39,127,750	8,425,205	42,269,890	58,591,001	32,865,596
- For non trading purposes	30,612,526	54,554,688	15,825,407	45,989,917	67,921,405	29,653,822
- For trading purposes	9,844,965	15,513,560	4,975,027	6,769,105	11,457,200	3,229,241
3- Equities risk	6,379,822	7,414,204	5,640,407	5,899,644	7,221,488	4,866,168
4- Investment fund	1,231,251	1,321,045	1,125,177	1,480,875	1,704,370	1,265,702
Total VAR	27,867,775	41,101,616	11,836,284	44,101,339	60,067,638	35,133,019

- Trading portfolio VAR by risk type

	Sep.30, 2010			Dec.31, 2009		
	Medium	High	Low	Medium	High	Low
1- Foreign exchange risk	163,131	481,861	45,309	307,823	883,615	116,378
2- Interest rate risk	-	-	-	-	-	-
- For non trading purposes	-	-	-	-	-	-
- For trading purposes	9,844,965	15,513,560	4,975,027	6,769,105	11,457,200	3,229,241
3- Equities risk	6,379,822	7,414,204	5,640,407	5,899,644	7,221,488	4,866,168
4- investment fund	1,231,251	1,321,045	1,125,177	1,480,875	1,704,370	1,265,702
Total VAR	13,260,704	14,779,781	10,610,398	10,728,264	11,758,526	9,767,308

The increase of VAR 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.

- Non Trading portfolio VAR by risk type

	Sep.30, 2010			Dec.31, 2009		
	Medium	High	Low	Medium	High	Low
1- Foreign exchange risk	-	-	-	-	-	-
2- Interest rate risk	-	-	-	-	-	-
- For non trading purposes	30,612,526	54,554,688	15,825,407	45,989,917	67,921,405	29,653,822
- For trading purposes	-	-	-	-	-	-
3- Equities risk	-	-	-	-	-	-
4- investment fund	-	-	-	-	-	-
Total VAR	30,612,526	54,554,688	15,825,407	45,989,917	67,921,405	29,653,822

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 summarizes the Bank's exposure to foreign currency exchange rate risk and Bank's financial instruments at carrying amounts, categorized by currency.

	<u>EGP</u>	<u>USD</u>	<u>EURO</u>	<u>GBP</u>	<u>Other</u>	<u>Equivalent EGP Total</u>
<u>Sep.30, 2010</u>						
<u>Assets</u>						
Cash and Due From Central Bank	4,122,423,928	257,675,151	103,405,755	17,693,348	30,974,064	4,532,172,246
Due from banks	764,487,014	3,592,782,778	2,826,870,434	325,424,345	62,274,344	7,571,838,916
Treasury Bills and other Governmental Notes	8,871,075,000	-	-	-	-	8,871,075,000
Trading Financial Assets	743,332,739	112,333,682	7,622,362	-	62,234,519	925,523,301
Loans and Overdrafts for Banks	-	120,418,618	16,735,187	-	-	137,153,805
Loans and Overdrafts for Customers	18,160,040,869	15,923,983,554	1,039,348,120	42,879,970	129,726,536	35,295,979,049
Financial Derivatives	174,256,147	42,645,336	2,994,931	-	-	219,896,414
<u>Financial Investments:-</u>						
- Available for Sale	10,627,328,733	1,591,860,449	31,795,427	-	-	12,250,984,609
- Held to Maturity	100,675,698	245,537,757	-	-	-	346,213,455
- Financial Investments in Subsidiary and Associated Co.	1,137,532,207	17,766,840	-	-	-	1,155,299,047
Total Financial Assets	44,701,152,335	21,905,004,166	4,028,772,216	385,997,663	285,209,463	71,306,135,842
<u>Liabilities</u>						
Due to Banks	17,903,215	686,890,282	45,540,921	39,380	-	750,373,798
Customers Deposits	35,966,510,222	19,860,918,351	4,214,840,952	442,732,070	69,782,928	60,554,784,523
Financial Derivatives	104,967,209	72,187,004	6,452,532	-	-	183,606,745
Other loans	113,652,118	10,233,506	11,178,991	-	-	135,064,615
Total Financial Liabilities	36,203,032,764	20,630,229,144	4,278,013,396	442,771,451	69,782,928	61,623,829,681
Net on-Balance Sheet Financial Position	8,498,119,571	1,274,775,022	(249,241,180)	(56,773,787)	215,426,535	9,682,306,161

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 reprising that may be undertaken, which is monitored daily by Assets & Liabilities Management Dept.

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

	<u>Up to 1 Month</u>	<u>1-3 Months</u>	<u>3-12 Months</u>	<u>1-5 years</u>	<u>Over 5 years</u>	<u>Non- interest bearing</u>	<u>Total</u>
Sep.30, 2010							
Assets							
Cash and Due From Central Bank	-	-	-	-	-	4,532,172,246	4,532,172,246
Due from banks	3,681,283,979	3,592,862,580	124,306,721	-	-	173,385,636	7,571,838,916
Treasury Bills and other Governmental Notes (Face Value)	568,375,000	1,337,800,000	6,964,900,000	-	-	-	8,871,075,000
Trading Financial Assets	337,779,568	-	75,681,116	399,425,657	33,512,132	79,124,828	925,523,301
Loans and overdraft to banks	17,054,240	47,369,746	57,895,369	14,834,450	-	-	137,153,805
Loans and overdraft to customers	17,843,021,500	8,126,738,636	6,116,919,520	2,858,206,719	351,092,673	-	35,295,979,049
Financial Derivatives (including IRS notional amount)	609,462,914	331,086,686	765,850,156	1,476,817,019	26,621,967	87,970,139	3,297,808,881
Financial Investments:-							
– Available for sale	675,125,443	1,222,791,985	641,901,491	8,358,995,550	831,141,597	521,028,543	12,250,984,609
– Held to maturity	1,073,998	215,000	257,595,730	87,328,728	-	-	346,213,455
Financial Investments in Subsidiary and Associated Co.	-	-	-	-	-	1,155,299,047	1,155,299,047
Total Financial Assets	23,733,176,641	14,658,864,633	15,005,050,103	13,195,608,124	1,242,368,370	6,548,980,439	74,384,048,309
Liabilities							
Due to banks	209,607,017	190,765,750	-	-	-	350,001,031	750,373,798
Customers Deposits	25,590,131,671	9,109,733,084	4,295,693,596	12,102,369,376	454,497,140	9,002,359,658	60,554,784,523
Financial Derivatives (including IRS notional amount)	673,008,864	1,291,814,457	228,648,556	451,656,428	495,421,500	120,969,407	3,261,519,211
Other Loans	2,083,146	11,437,926	82,336,950	39,206,593	-	-	135,064,615
Total financial liabilities	26,474,830,698	10,603,751,217	4,606,679,102	12,593,232,396	949,918,640	9,473,330,096	64,701,742,147
Total interest re-pricing gap	(2,741,654,057)	4,055,113,417	10,398,371,002	602,375,728	292,449,730	(2,924,349,657)	9,682,306,161

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 fulfill 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 Assets & Liabilities Management Dept, 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. Assets & Liabilities Management Dept. 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, 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 behavior 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.

<u>Sep.30, 2010</u>	<u>Up to 1 Month</u>	<u>One to Three Months</u>	<u>Three to Twelve Months</u>	<u>Twelve Months to One Year</u>	<u>Over Five Years</u>	<u>Total</u>
Liabilities						
Due to Banks	559,608,048	190,765,750	-	-	-	750,373,798
Customers Deposits	16,250,330,170	10,643,107,305	7,432,103,582	18,500,961,946	7,728,281,520	60,554,784,523
Other loans	2,083,146	11,437,926	82,336,950	39,206,593	-	135,064,615
Financial Derivatives (Foreign Exchange Derivatives)	44,278,263	8,822,379	9,536,695	-	-	62,637,337
Total liabilities (contractual maturity dates)	16,856,299,627	10,854,133,360	7,523,977,227	18,540,168,539	7,728,281,520	61,502,860,273
Total financial assets (contractual maturity dates)	10,513,392,223	6,263,139,441	16,673,862,553	25,626,384,082	12,141,387,402	71,218,165,702
<u>Dec.31, 2009</u>	<u>Up to 1 Month</u>	<u>One to Three Months</u>	<u>Three to Twelve Months</u>	<u>Twelve Months to One Year</u>	<u>Over Five Years</u>	<u>Total</u>
Liabilities						
Due to Banks	409,579,156	4,049,703	8,099,405	16,393,099	20,023,867	458,145,229
Customers Deposits	17,630,864,392	8,479,674,960	7,333,919,085	13,692,437,981	7,705,733,424	54,842,629,843
Other loans	3,967,682	14,002,441	27,740,623	47,526,296	-	93,237,042
Financial Derivatives (Foreign Exchange Derivatives)	8,864,618	8,069,253	4,877,954	-	-	21,811,825
Total liabilities (contractual maturity dates)	18,053,275,848	8,505,796,357	7,374,637,067	13,756,357,377	7,725,757,291	55,415,823,939
Total financial assets (contractual maturity dates)	13,715,802,876	5,921,889,859	14,273,219,862	19,288,837,927	11,253,257,091	64,453,007,614

3.3.4 Derivative cash flows

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
 - 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.

	<u>Up to</u> <u>1 Month</u>	<u>One to Three</u> <u>Months</u>	<u>Three to Twelve</u> <u>Months</u>	<u>Twelve Months to One</u> <u>Year</u>	<u>Over Five</u> <u>Years</u>	<u>Total</u>
Sep.30. 2010						
liabilities						
Financial Derivatives						
- Foreign exchange derivatives	44,278,263	8,822,379	9,536,695	-	-	62,637,337
- Interest rate derivatives	-	-	1,768,353	17,634,786	59,236,397	78,639,536
Total	44,278,263	8,822,379	11,305,048	17,634,786	59,236,397	141,276,873

OFF Balance sheet items

Sep.30. 2010	<u>Up to 1 year</u>	<u>1-5 years</u>	<u>Over 5 years</u>	<u>Total</u>
Financial Guarantees , Bills and other facilities	9,181,561,265	2,132,292,464	169,414,981	11,483,268,710
Total	9,181,561,265	2,132,292,464	169,414,981	11,483,268,710

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 recognized in profit or loss during September 30, 2010 EGP 35,779,346,307 and EGP 29,676,669,820 in Dec.31,2009

(b) Financial instruments not measured at fair value

The table below summarizes the book value and fair value of those financial assets and liabilities not presented on the Bank's balance sheet at their fair value.

	<u>Book value</u>		<u>Fair value</u>	
	<u>Sep.30. 2010</u>	<u>31 Dec.2009</u>	<u>Sep.30. 2010</u>	<u>31 Dec.2009</u>
Financial Assets				
Due from banks	7,571,838,916	7,785,042,557	-	-
Loans and overdraft to banks	-	-	137,153,805	200,765,433
Loans and overdraft to customers:				
- Retail	-	-	3,725,555,791	2,669,953,130
- Corporate	-	-	31,570,423,257	26,110,470,930
Financial Investments:				
Available For Sale	-	-	-	115,553,654
Held to maturity	-	-	346,213,455	579,926,673
Total Financial Assets	7,571,838,916	7,785,042,557	35,779,346,307	29,676,669,820
Financial liabilities				
Due to banks	750,373,798	458,145,229	-	-
Customers Deposits	60,554,784,523	54,842,629,843	-	-
Other loans	135,064,615	93,237,042	-	-
Total Financial Liabilities	61,440,222,936	55,394,012,114	-	-

Due from banks

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.

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.

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.

Financial Investments

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.

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.

3.5 Capital management

The Bank's objectives when managing capital, which consists of another items in addition of owner's equity stated in balance sheet are:

- To comply with the capital requirements in Egypt.
 - To safeguard the Bank's ability to continue as a on going concern so that it can continue to provide returns for shareholders and stakeholders.
 - 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 as implemented by the Central bank Of Egypt, for supervisory purposes. The required information is filed with the Authority on a quarterly basis.
- Central bank Of Egypt requires the following:
- Hold the minimum level of the issued and paid up capital of EGP500 Million
 - Maintain a ratio of total regulatory capital to the risk weighted asset or above the agreed minimum of 10%.

- Tier One:

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

- Tier Two:

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 summarizes the composition of regulatory capital and the ratios of the Bank at the end of financial period and the bank has complied with all Capital adequacy requirements as following :

	<u>Sep.30, 2010</u>	<u>Dec.31, 2009</u>
Tier 1 capital		
Share capital (net of the treasury shares)	5,901,443,600	2,925,000,000
General reserves	78,564,646	2,474,395,768
Legal reserve	125,128,337	601,454,369
Other reserve	267,520,908	241,133,169
Retained earnings	20,231,298	(1,942,684)
Total qualifying Tier 1 capital	6,392,888,788	6,240,040,622
Tier 2 capital		
Redeemable preference shares (general risk provision)	586,955,082	510,442,970
Loans/deposits		
<u>45% of the increase in fair value than the book value for A.F.S Investments:-</u>	1,575,311	-
Total qualifying Tier 2 capital	588,530,393	510,442,970
Less investments in associates		
Total capital 1+2	6,981,419,181	6,750,483,592
Risk-weighted assets:		
In-balance sheet	42,262,091,606	36,143,068,815
Off-balance sheet	4,694,314,984	4,692,368,750
Total risk-weighted assets	46,956,406,590	40,835,437,565
Capital Adequacy ratio (%)	14.87%	16.53%

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%

(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.

(d) 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 amortized 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

* 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.

<u>Sep.30, 2010</u>	<u>Corporate</u>	<u>SME's</u>	<u>Investment</u>	<u>Retail</u>	<u>Total</u>
	<u>Banking</u>		<u>Banking</u>	<u>Banking</u>	
Revenue according to business	1,696,053,205	45,601,815	63,340,386	1,063,104,158	2,868,099,564
Activity gains					
Expenses according to business	(364,511,536)	(51,738,056)	(17,600,304)	(593,177,803)	(1,027,027,699)
Activities results by sector	1,331,541,669	(6,136,241)	45,740,082	469,926,355	1,841,071,865
Profit before tax	1,331,541,669	(6,136,241)	45,740,082	469,926,355	1,841,071,865
Tax	(216,262,149)	-	(7,428,867)	(76,323,007)	(300,014,024)
Profit for the Period	1,115,279,520	(6,136,241)	38,311,215	393,603,348	1,541,057,841
Assets and liabilities according to business segment	63,399,763,260	906,645,563	1,718,170,400	5,053,315,631	71,077,894,855
Total Assets	63,399,763,260	906,645,563	1,718,170,400	5,053,315,631	71,077,894,855

<u>Dec.31, 2009</u>	<u>Corporate</u>	<u>SME's</u>	<u>Investment</u>	<u>Retail</u>	<u>Total</u>
	<u>Banking</u>		<u>banking</u>	<u>Banking</u>	
Revenue according to business	2,112,205,681	1,233,264,123	35,755,000	40,989,074	3,422,213,878
Expenses according to business	(499,571,860)	(763,045,467)	(28,445,000)	(18,890,191)	(1,309,952,518)
Activities results by sector	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	61,090,037,946	220,223,300	15,311,000	2,737,259,530	64,062,831,776
Total assets	61,090,037,946	220,223,300	15,311,000	2,737,259,530	64,062,831,776

(b) By Geographical segment

	<u>Egypt</u>				<u>Other Countries</u>	<u>EGP</u>
	<u>Cairo</u>	<u>Alex. Delta & Sinai</u>	<u>Upper Egypt</u>	<u>Total</u>		<u>Total</u>
<u>Sep.30, 2010</u>						
Revenue according to business	2,225,726,311	552,255,785	83,966,078	2,861,948,174	6,151,390	2,868,099,564
Expenses according to business	(723,669,472)	(239,469,020)	(63,033,103)	(1,026,171,595)	(856,103)	(1,027,027,699)
Activities results by sector	1,502,056,838	312,786,765	20,932,975	1,835,776,579	5,295,287	1,841,071,865
Unallocated costs						
Profit before tax	1,502,056,838	312,786,765	20,932,975	1,835,776,579	5,295,287	1,841,071,865
Tax	(244,769,440)	(50,970,527)	(3,411,157)	(299,151,125)	(862,900)	(300,014,024)
Profit for the Period	1,257,287,398	261,816,238	17,521,818	1,536,625,454	4,432,387	1,541,057,841
Geographical segments Assets	62,532,752,938	7,850,398,714	691,688,503	71,074,840,155	3,054,700	71,077,894,855
Total Assets	62,532,752,938	7,850,398,714	691,688,503	71,074,840,155	3,054,700	71,077,894,855

	<u>Egypt</u>				<u>Other Countries</u>	<u>EGP</u>
	<u>Cairo</u>	<u>Alex. Delta & Sinai</u>	<u>Upper Egypt</u>	<u>Total</u>		<u>Total</u>
<u>Dec.31, 2009</u>						
Revenue according to business	2,694,752,367	604,289,656	90,005,198	3,389,047,221	6,513,865	3,395,561,086
Expenses according to business	(861,084,935)	(331,898,850)	(80,523,392)	(1,273,507,177)	(9,792,550)	(1,283,299,727)
Activities results by sector	1,833,667,432	272,390,806	9,481,806	2,115,540,044	(3,278,685)	2,112,261,359
Profit before tax	1,833,667,432	272,390,806	9,481,806	2,115,540,044	(3,278,685)	2,112,261,359
tax	(266,683,079)	(57,301,417)	(4,577,700)	(328,562,196)	(89,663)	(328,651,859)
Profit for the year	1,566,984,353	215,089,389	4,904,106	1,786,977,848	(3,368,348)	1,783,609,500
Geographical Segments Assets	58,679,070,495	5,220,836,561	159,979,784	64,059,886,840	2,944,936	64,062,831,776
Total Assets	58,679,070,495	5,220,836,561	159,979,784	64,059,886,840	2,944,936	64,062,831,776

(6) Net Interest Income

	<u>Last 3 Months</u> <u>Sep.30, 2010</u> <u>EGP</u>	<u>Last 9 Months</u> <u>Sep.30, 2010</u> <u>EGP</u>	<u>Last 3 Months</u> <u>Sep.30, 2009</u> <u>EGP</u>	<u>Last 9 Months</u> <u>Sep.30, 2009</u> <u>EGP</u>
- Interest Received from Loans and similar items:-				
- Banks	37,047,754	83,663,166	24,890,428	104,384,151
- Clients	583,512,418	1,645,986,132	519,271,528	1,631,607,438
	<u>620,560,172</u>	<u>1,729,649,298</u>	<u>544,161,956</u>	<u>1,735,991,589</u>
- Treasury Bills and Bonds	463,770,191	1,446,726,559	57,401,449	842,163,421
- Reverse Repose	7,587,626	16,639,271	23,747,868	74,641,951
- Financial Investment In Held to Maturity and Available for Sale Debt Instruments	42,750,811	113,490,905	354,941,334	392,815,402
- Other	823	(12,656)	868	63,996
Total	<u><u>1,134,669,623</u></u>	<u><u>3,306,493,377</u></u>	<u><u>980,253,475</u></u>	<u><u>3,045,676,359</u></u>
- Interest Paid on deposits and similar items:-				
- Banks	16,036,854	53,033,274	47,261,789	144,432,231
- Clients	566,999,195	1,610,393,822	432,730,697	1,394,135,448
	<u>583,036,049</u>	<u>1,663,427,096</u>	<u>479,992,486</u>	<u>1,538,567,679</u>
- Other	1,015,245	1,564,293	157,725	994,051
Total	<u><u>584,051,294</u></u>	<u><u>1,664,991,389</u></u>	<u><u>480,150,211</u></u>	<u><u>1,539,561,730</u></u>
Net	<u><u>550,618,329</u></u>	<u><u>1,641,501,988</u></u>	<u><u>500,103,264</u></u>	<u><u>1,506,114,629</u></u>

(7) Net Income From fees & Commissions

	<u>Last 3 Months</u> <u>Sep.30, 2010</u> <u>EGP</u>	<u>Last 9 Months</u> <u>Sep.30, 2010</u> <u>EGP</u>	<u>Last 3 Months</u> <u>Sep.30, 2009</u> <u>EGP</u>	<u>Last 9 Months</u> <u>Sep.30, 2009</u> <u>EGP</u>
fees & Commissions Income :				
Fees & Commissions Related to Credit	112,512,837	372,440,048	105,460,129	313,849,653
Custody Fees	8,120,120	32,090,844	6,518,119	25,765,258
Other Fees	75,579,152	205,423,274	57,171,633	143,180,306
Total	<u><u>196,212,109</u></u>	<u><u>609,954,166</u></u>	<u><u>169,149,881</u></u>	<u><u>482,795,217</u></u>
Other Fees Paid	(23,208,938)	(58,278,187)	(17,258,138)	(49,245,907)
Total	<u><u>(23,208,938)</u></u>	<u><u>(58,278,187)</u></u>	<u><u>(17,258,138)</u></u>	<u><u>(49,245,907)</u></u>
Net fees & Commissions	<u><u>173,003,171</u></u>	<u><u>551,675,979</u></u>	<u><u>151,891,743</u></u>	<u><u>433,549,310</u></u>

(8) Dividends

	<u>Last 3 Months</u> <u>Sep.30, 2010</u>	<u>Last 9 Months</u> <u>Sep.30, 2010</u>	<u>Last 3 Months</u> <u>Sep.30, 2009</u>	<u>Last 9 Months</u> <u>Sep.30, 2009</u>
Trading Securities	1,330,647	1,330,647	-	1,763,898
Available for Sale Securities	315,300	90,765,049	34,425	118,173,808
Subsidiaries and Associated	7,985,852	32,150,568	-	4,545,659
Total	<u><u>9,631,799</u></u>	<u><u>124,246,264</u></u>	<u><u>34,425</u></u>	<u><u>124,483,365</u></u>

(9) Net Trading Income

	<u>Last 3 Months</u> <u>Sep.30, 2010</u> <u>EGP</u>	<u>Last 9 Months</u> <u>Sep.30, 2010</u> <u>EGP</u>	<u>Last 3 Months</u> <u>Sep.30, 2009</u> <u>EGP</u>	<u>Last 9 Months</u> <u>Sep.30, 2009</u> <u>EGP</u>
- Profit From Foreign exchange	63,232,115	254,534,348	58,699,941	222,864,442
- Profit (Losses) From Revaluations of Trading Assets and Liabilities in Foreign Currencies	1,592,925	5,891,900	(2,162,717)	(1,369,148)
- (Losses)Profit From Forward Foreign exchange Deals Revaluation	(1,869,559)	(7,561,812)	(2,172,308)	(1,166,883)
- (Losses) Profit From Interest Rate Swaps Revaluation	(21,667,328)	(68,207,435)	(16,409,094)	(15,583,224)
- (Losses) Profit From Swap Deals Revaluation	(5,701,227)	(13,742,720)	861,784	409,439
- Trading Debt Instruments	34,808,748	61,127,104	39,801,625	139,406,550
- Trading Equity Instruments	14,273,523	20,151,849	3,273,977	3,653,767
Total	<u><u>84,669,197</u></u>	<u><u>252,193,234</u></u>	<u><u>81,893,208</u></u>	<u><u>348,214,943</u></u>

(10) Administrative Expenses

	<u>Last 3 Months</u> <u>Sep.30, 2010</u> <u>EGP</u>	<u>Last 9 Months</u> <u>Sep.30, 2010</u> <u>EGP</u>	<u>Last 3 Months</u> <u>Sep.30, 2009</u> <u>EGP</u>	<u>Last 9 Months</u> <u>Sep.30, 2009</u> <u>EGP</u>
Staff Costs				
- Wages & Salaries	123,427,415	366,957,009	110,906,769	308,799,059
- Social Insurance	3,414,406	14,953,463	4,429,060	15,106,452
- Other Benefits	5,952,205	17,662,856	3,414,473	11,316,955
- Other Administrative Expenses	164,294,656	477,992,920	137,706,061	451,823,491
Total	297,088,681	877,566,249	256,456,363	787,045,956

(11) Other Operating (Expenses) Income

	<u>Last 3 Months</u> <u>Sep.30, 2010</u> <u>EGP</u>	<u>Last 9 Months</u> <u>Sep.30, 2010</u> <u>EGP</u>	<u>Last 3 Months</u> <u>Sep.30, 2009</u> <u>EGP</u>	<u>Last 9 Months</u> <u>Sep.30, 2009</u> <u>EGP</u>
(Losses) Profits From Assets & Liabilities Revaluation Except Trading	(4,465,685)	(56,484,121)	15,269,259	6,554,742
- Profits From Selling Equipments And Fixed Assets	24,781	2,073,253	(49,152)	15,344,069
- Return (Losses) Of other Provision	41,207,182	92,094,323	4,046,118	(5,966,211)
- Others	(5,697,489)	(34,502,294)	611,023	(22,329,812)
Total	31,068,789	3,181,161	19,877,248	(6,397,212)

(12) Return (Losses) Of Impairment From Loans

	<u>Last 3 Months</u> <u>Sep.30, 2010</u> <u>EGP</u>	<u>Last 9 Months</u> <u>Sep.30, 2010</u> <u>EGP</u>	<u>Last 3 Months</u> <u>Sep.30, 2009</u> <u>EGP</u>	<u>Last 9 Months</u> <u>Sep.30, 2009</u> <u>EGP</u>
Loans And Overdrafts For Customers	(30,885,763)	(29,026,496)	(212,944,046)	(139,980,675)
Held to Maturity Financial Investments	110,905	324,149	411,753	411,753
Total	(30,774,858)	(28,702,347)	(212,532,293)	(139,568,922)

(13) Adjustments to Calculate the Effective Tax Rate

	<u>Last 3 Months</u> <u>Sep.30, 2010</u> <u>EGP</u>	<u>Last 9 Months</u> <u>Sep.30, 2010</u> <u>EGP</u>	<u>Last 3 Months</u> <u>Sep.30, 2009</u> <u>EGP</u>	<u>Last 9 Months</u> <u>Sep.30, 2009</u> <u>EGP</u>
- Profit Before Tax	534,316,320	1,841,071,865	315,710,957	1,541,282,775
- Tax Rate	20%	20%	20%	20%
Income Tax Based On Accounting Profit	106,863,264	368,214,373	63,142,191	308,256,555
Add / (Deduct)				
- Non-Deductible Expenses	5,865,520	6,000,329	169,742	3,192,196
- Tax Exemptions	(22,546,345)	(74,692,467)	(27,116,405)	(86,050,703)
- Effect Of Provisions	4,220,739	491,789	10,369,335	7,415,256
Income Tax	94,403,178	300,014,024	46,564,863	232,813,304
Effective Tax Rate	17.67%	16.30%	14.75%	15.11%

(14) Earning Per Share

	<u>Last 3 Months</u> <u>Sep.30, 2010</u> <u>EGP</u>	<u>Last 9 Months</u> <u>Sep.30, 2010</u> <u>EGP</u>	<u>Last 3 Months</u> <u>Sep.30, 2009</u> <u>EGP</u>	<u>Last 9 Months</u> <u>Sep.30, 2009</u> <u>EGP</u>
- Net Profit For The Period Available for Distribution	425,372,033	1,427,097,681	269,146,093	1,308,469,471
- Board Member's Bonus	(6,380,580)	(21,406,465)	(4,037,191)	(19,627,042)
- Staff Profit Sharing	(42,537,203)	(142,709,768)	(26,914,609)	(130,846,947)
Shareholders' Share In Profits	376,454,249	1,262,981,448	238,194,292	1,157,995,481
- Number Of Shares	590,144,360	590,144,360	590,144,360	590,144,360
Basic Earning Per Share	0.64	2.14	0.40	1.96
- By Issuance Of ESOP Earning Per Share Will Be:- Number Of Shares Including ESOP Shares	601,282,570	601,282,570	601,282,570	601,282,570
Diluted Earning Per Share	0.63	2.10	0.40	1.93

(15) <u>Cash And Due From Central Bank</u>	Sep.30, 2010	Dec.31, 2009
	EGP	EGP
- Cash	1,577,198,450	911,152,111
- <u>Reserve Balance With CBE:-</u>		
- Current Accounts	2,954,973,796	3,268,060,628
<u>Total Cash & Due From Central Bank</u>	<u>4,532,172,246</u>	<u>4,179,212,739</u>
Balances without Interest	<u>4,532,172,246</u>	<u>4,179,212,739</u>
(16) <u>Due From Banks</u>	Sep.30, 2010	Dec.31, 2009
	EGP	EGP
- Current Accounts	197,601,470	275,582,222
- Deposits	7,374,237,446	7,509,460,335
<u>Total Due From Banks</u>	<u>7,571,838,916</u>	<u>7,785,042,557</u>
- Central Banks (Except Obligatory Reserve)	3,173,806,654	2,121,116,884
- Local Banks	429,117,811	813,100,753
- Foreign Banks	3,968,914,451	4,850,824,920
<u>Total Due From Banks</u>	<u>7,571,838,916</u>	<u>7,785,042,557</u>
- Non Bearing Interest Balances	173,385,636	275,582,222
- Fixed Bearing Interest Balances	7,398,453,280	7,509,460,335
<u>Total Due From Banks</u>	<u>7,571,838,916</u>	<u>7,785,042,557</u>
- Current Balances	7,571,838,916	7,785,042,557
<u>Total Due From Banks</u>	<u>7,571,838,916</u>	<u>7,785,042,557</u>
(17) <u>Treasury Bills And Other Governmental Notes</u>	Sep.30, 2010	Dec.31, 2009
	EGP	EGP
- 91 Days Maturity	1,906,175,000	5,647,025,000
- 182 Days Maturity	1,608,900,000	4,539,175,000
- 364 Days Maturity	5,356,000,000	3,451,725,000
	8,871,075,000	13,637,925,000
- Unearned Income	(454,512,187)	(446,259,046)
<u>Total Treasury Bills</u>	<u>8,416,562,813</u>	<u>13,191,665,954</u>
<u>Total Treasury Bills And Other Governmental Notes</u>	<u>8,416,562,813</u>	<u>13,191,665,954</u>
(18) <u>Financial Assets For Trading</u>	Sep.30, 2010	Dec.31, 2009
	EGP	EGP
- <u>Debt Instruments:-</u>		
- Government Bonds	508,482,016	75,348,284
- Other Debt Instruments	18,861,249	35,986,076
<u>Total Debt Instruments</u>	<u>527,343,264</u>	<u>111,334,360</u>
- <u>Equity Instruments:-</u>		
- Foreign Company Shares	79,124,828	57,624,532
- Mutual Fund	319,055,209	211,661,790
<u>Total Equity Instruments</u>	<u>398,180,037</u>	<u>269,286,322</u>
Total Financial Assets For Trading	<u>925,523,301</u>	<u>380,620,682</u>

(19) Loans And Overdrafts For Banks**Sep.30, 2010****Dec.31, 2009****EGP****EGP**

- Time and Term Loans	137,153,805	200,765,433
<u>Total Loans and Overdrafts For Banks</u>	137,153,805	200,765,433

Distributed To:-

- Non-Current Balances	137,153,805	200,765,433
<u>Net Loans And Overdrafts For Banks</u>	137,153,805	200,765,433

(20) Loans And Overdrafts For Customers**Sep.30, 2010****Dec.31, 2009****EGP****EGP****Retail**

- Overdrafts	973,398,111	852,902,695
- Credit Cards	493,395,044	451,907,954
- Personal Loans	1,787,178,476	1,005,586,641
- Real state Loans	421,662,989	292,518,318
- Other Loans	49,921,171	67,037,522
<u>Total (1)</u>	3,725,555,791	2,669,953,130

Corporate

- Overdrafts	3,058,375,911	3,434,116,195
- Direct Loans	21,119,923,599	15,918,861,867
- Syndicated loans	7,247,104,758	6,663,779,140
- Other Loans	145,018,990	93,713,728
<u>Total (2)</u>	31,570,423,257	26,110,470,930

Loans And Overdrafts For Customers (1+2)**35,295,979,048****28,780,424,060**

- Unearned Bills Discount	(67,537,154)	(92,637,396)
- Impairment Provision	(1,258,832,182)	(1,304,194,446)
- Interest In Suspense	(202,640,653)	(141,285,321)

Net Loans And Overdrafts For Customers**33,766,969,059****27,242,306,897****Distributed To:-**

Current Balances	12,571,223,598	10,362,261,423
Non-Current Balances	21,195,745,461	16,880,045,473
<u>Net Loans And Overdrafts For Customers</u>	33,766,969,059	27,242,306,896

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

- Analysis Of The Impairment Provision For Customers

Sep.30, 2010

Retail

	<u>Overdrafts</u>	<u>Credit Cards</u>	<u>Personal Loans</u>	<u>Real state Loans</u>	<u>Total</u>
- 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	7,077,610	(4,344,471)	(24,570,543)	808,521	(21,028,883)
- Write Off During The Period	-	(19,821,527)	-	-	(19,821,527)
- Recoveries From Written Off Debts	-	1,559,078	219,800	-	1,778,878
- Foreign Currency Revaluation Diff.	-	-	-	-	-
Balance At The End Of The Period	13,295,184	40,865,294	99,405,210	7,416,027	160,981,715

Corporate

	<u>Overdrafts</u>	<u>Direct Loans</u>	<u>Syndicated loans</u>	<u>Other Loans</u>	<u>Total</u>
- 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	-	50,055,378	-	-	50,055,378
- Write Off During The Period	-	(83,237,383)	-	-	(83,237,383)
- Recoveries From Written Off Debts	-	10,612,698	-	-	10,612,698
- Foreign Currency Revaluation Diff.	-	16,278,575	-	-	16,278,575
Balance At The End Of The Period	182,615,379	449,828,883	461,400,856	4,005,349	1,097,850,467

Dec.31, 2009

Retail

	<u>Overdrafts</u>	<u>Credit Cards</u>	<u>Personal Loans</u>	<u>Real state Loans</u>	<u>Total</u>
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

	<u>Overdrafts</u>	<u>Direct Loans</u>	<u>Syndicated loans</u>	<u>Other Loans</u>	<u>Total</u>
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.

A- For Trading Derivatives

	Notional Amount	Sep.30, 2010		Notional Amount	Dec.31, 2009	
		Assets	Liabilities		Assets	Liabilities
- Foreign Derivatives:-						
- Forward Foreign exchange contracts	1,562,807,286	10,019,395	12,878,527	2,216,238,458	11,313,445	6,610,765
- Currency swap	3,204,452,561	120,511,317	48,363,247	2,282,456,175	59,700,304	8,520,349
- Options	201,713,049	1,395,563	1,395,563	1,115,741,508	6,680,711	6,680,711
Total Derivatives (1)		131,926,275	62,637,337		77,694,460	21,811,825
- Interest rate derivatives:-						
- Interest rate Swaps	2,199,803,087	28,850,351	78,199,964	1,468,824,580	25,635,166	6,697,411
Total Derivatives (2)		28,850,351	78,199,964		25,635,166	6,697,411
- Commodity	125,326,708	42,329,872	42,329,872	219,509,800	122,017,594	122,017,594
Total Derivatives (3)		42,329,872	42,329,872		122,017,594	122,017,594
Total Assets (Liability) For Trading Derivatives (1+2+3)		203,106,498	183,167,173		225,347,220	150,526,830

B- For Hedging Derivatives

	Notional Amount	Sep.30, 2010		Notional Amount	Dec.31, 2009	
		Assets	Liabilities		Assets	Liabilities
Interest rate Swaps	878,109,380	16,789,916	439,571	-	-	-
Total Assets (Liability) For Hedging Derivatives (1+2+3+4)		16,789,916	439,571		-	-
Total Financial Derivatives (1+2+3+4)		219,896,414	183,606,745		225,347,220	150,526,830

(22) Financial Investment

	<u>Sep.30, 2010</u>	<u>Dec.31, 2009</u>		
	<u>EGP</u>	<u>EGP</u>		
- Available For Sale Financial Investment:-				
- Debt Instruments Listed - Fair Value	10,941,116,640	6,756,292,076		
- Equity Instruments Listed - Fair Value	104,828,582	115,553,654		
- Unlisted Instruments	1,205,039,388	548,683,876		
<u>Total Available For Sale Financial Investment</u>	<u>12,250,984,609</u>	<u>7,420,529,606</u>		
- Held To Maturity Financial Investment:-				
- Listed Debt Instruments	63,163,199	262,758,830		
- Unlisted Instruments	283,050,256	317,167,843		
<u>Total Held To Maturity Financial Investment</u>	<u>346,213,455</u>	<u>579,926,673</u>		
<u>Total Financial Investment</u>	<u>12,597,198,064</u>	<u>8,000,456,279</u>		
- Listed Balances	10,733,851,603	7,134,604,560		
- Unlisted Balances	1,863,346,461	865,851,719		
	<u>12,597,198,064</u>	<u>8,000,456,279</u>		
- Fixed Interest Debt Instruments	9,928,562,799	5,701,939,359		
- Variable Interest Debt Instruments	2,094,320,457	1,601,779,389		
	<u>12,022,883,257</u>	<u>7,303,718,748</u>		
	<u>Available for Sale</u>	<u>Held to Maturity</u>	<u>Total</u>	
	<u>Financial</u>	<u>Financial</u>		
	<u>Investment</u>	<u>Investment</u>		
- 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 (Losses)From Fair Value Deference	(86,277,201)	-	(86,277,201)	
- Return (Deduct) - Impairment Losses	(14,918,896)	-	(14,918,896)	
<u>Balance At The End Of Year</u>	<u>7,420,529,606</u>	<u>579,926,673</u>	<u>8,000,456,279</u>	
- Opening Balance 1/1/2010	7,420,529,606	579,926,673	8,000,456,279	
- Addition	6,274,741,383	5,012,500	6,279,753,883	
- Deduction (Selling - Recovery)	(1,596,441,818)	(249,632,622)	(1,846,074,440)	
- Differences In Revaluation Of The Cash Assets In Foreign Currencies	42,065,147	10,906,904	52,972,051	
- Profit (Losses)From Fair Value Deference	110,090,291	-	110,090,291	
<u>Balance At The End Of Period</u>	<u>12,250,984,610</u>	<u>346,213,455</u>	<u>12,597,198,064</u>	
	<u>Last 3 Months</u>	<u>Last 9 Months</u>	<u>Last 3 Months</u>	<u>Last 9 Months</u>
	<u>Sep.30, 2010</u>	<u>Sep.30, 2010</u>	<u>Sep.30, 2009</u>	<u>Sep.30, 2009</u>
	<u>EGP</u>	<u>EGP</u>	<u>EGP</u>	<u>EGP</u>
- Profit (Losses) From Financial Investment				
Profit From Selling Available For Sale Financial Instruments	10,259,925	142,325,523	52,713,949	82,591,409
(Losses) From Impairment Of Equity Instruments Available For Sale	-	(9,844,327)	(12,606,588)	(14,918,896)
Return (Losses) Of Impairment From Available For Sale Debt Instruments	2,929,409	42,065,147	(9,204,689)	(5,729,370)
(Losses) From Selling Investments In Subsidiaries And Associates.	-	(96)	-	-
Profit (Losses) Of Selling Held to Maturity Debt Investments	(760)	(4,413)	(2,947)	(10,525)
	<u>13,188,574</u>	<u>174,541,834</u>	<u>30,899,725</u>	<u>61,932,618</u>

(23) Financial Investments in Subsidiary and Associated Companies

	<u>Sep.30, 2010</u>		<u>Dec.31, 2009</u>	
	<u>Value (EGP)</u>	<u>%</u>	<u>Value (EGP)</u>	<u>%</u>
(A) <u>Subsidiary Companies:-</u>				
- Commercial International Capital Holding Co.	1,045,411,957	99.98	1,045,411,957	99.98
(B) <u>Associated Companies:-</u>				
- Commercial International life insurance co.	44,520,250	45	44,520,250	45
- Corplease co.	42,000,000	40	32,000,000	40
- Cotecna Trade Support	-	39	48,750	39
- Haykala for Investment	600,000	40	600,000	40
- Egypt Factors	17,766,840	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	<u>1,155,299,047</u>		<u>1,138,277,487</u>	

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

- Financial Investments Unlisted in Stock Exchange	1,155,299,047	1,138,277,487
Total	<u>1,155,299,047</u>	<u>1,138,277,487</u>

(24) Real estate investments

<u>Assets</u>	<u>Sep.30, 2010</u>	<u>Dec.31, 2009</u>
	<u>EGP</u>	<u>EGP</u>
	<u>Book value</u>	<u>Book value</u>
- 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
- Apartment 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
- Villa number 113 royal hills 6th of october	2,500,000	2,500,000
- A land area with 1468.85 meters elsaiddi 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
- Agricultural area 47 feddans 11 carats markaz shebin eldakahlia	12,142,499	12,142,499
Total	<u>36,495,664</u>	<u>42,485,364</u>

(25) Debit Balances and Other Assets

	<u>Sep.30, 2010</u>	<u>Dec.31, 2009</u>
	<u>EGP</u>	<u>EGP</u>
- Accrued Revenues	583,614,017	453,873,774
- Prepaid Expenses	78,561,817	67,433,667
- Advances for Purchase of Fixed Assets	25,307,553	48,879,348
- Accounts receivable and Other Assets**	254,838,432	343,186,741
- Assets Acquired as Settlement of Debts	4,630,353	4,630,353
	<u>946,952,172</u>	<u>918,003,883</u>

* This Include The Value Of Premises That Was Not Recorded Under The Bank's Name By EGP 28.895.664 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**Sep.30, 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	-	70,539,200	51,360,158	32,000	12,866,879	5,354,386	7,966,026	148,118,649
Closing Balance (1)	60,548,180	404,470,794	690,362,885	21,108,715	248,479,734	239,457,475	104,369,775	1,768,797,558
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	-	13,748,398	63,690,212	392,383	30,202,904	19,464,255	7,230,598	134,728,750
Accu.Depreciation at End of The Year (2)	-	136,293,975	470,442,504	20,539,460	197,959,668	152,065,112	59,258,976	1,036,559,695
End of Period Net Assets (1-2)	60,548,180	268,176,819	219,920,381	569,255	50,520,066	87,392,363	45,110,799	732,237,863
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 60,763,220 Non Registered Assets While Their Registrations Procedures Are In Process.

(27) Due To Banks

	<u>Sep.30, 2010</u>	<u>Dec.31, 2009</u>
	<u>EGP</u>	<u>EGP</u>
- Current Accounts	437,176,298	258,145,229
- Deposits	313,197,500	200,000,000
	<u>750,373,798</u>	<u>458,145,229</u>
- Central Banks	44,276,006	33,070,672
- Local Banks	161,122,522	215,963,990
- Foreign Banks	544,975,270	209,110,567
	<u>750,373,798</u>	<u>458,145,229</u>
- Non Bearing Interest Balances	350,001,031	258,145,229
- Floating Bearing Interest Balances	-	-
- Fixed Bearing Interest Balances	400,372,767	200,000,000
	<u>750,373,798</u>	<u>458,145,229</u>
- Current Balances	437,176,298	258,145,229
- Non-Current Balances	313,197,500	200,000,000
	<u>750,373,798</u>	<u>458,145,229</u>

(28) Customers Deposits

	<u>Sep.30, 2010</u>	<u>Dec.31, 2009</u>
	<u>EGP</u>	<u>EGP</u>
- Demand Deposits	14,252,800,135	14,490,335,257
- Time Deposits	22,266,305,559	21,669,911,514
- Certificates of Deposit	14,881,304,383	9,805,872,397
- Saving Deposits	8,136,903,204	8,024,613,798
- Other Deposits	1,017,471,242	851,896,877
	<u>60,554,784,523</u>	<u>54,842,629,843</u>
- Corporate Deposits	19,421,079,750	18,712,676,141
- Retail Deposits	41,133,704,773	36,129,953,702
	<u>60,554,784,523</u>	<u>54,842,629,843</u>
- Non Bearing Interest Balances	9,002,359,658	15,342,232,134
- Floating Bearing Interest Balances	-	10,746,100
- Fixed Bearing Interest Balances	51,552,424,865	39,489,651,609
	<u>60,554,784,523</u>	<u>54,842,629,843</u>
- Current Balances	45,546,522,349	44,951,662,006
- Non-Current Balances	15,008,262,174	9,890,967,837
	<u>60,554,784,523</u>	<u>54,842,629,843</u>

(29) Long Term Loans

	<u>Rate</u>	<u>Maturity Date</u>	<u>Maturing Through</u>	<u>Balance as of</u>	<u>Balance as of</u>
	<u>%</u>		<u>Next Year</u>	<u>Sep.30, 2010</u>	<u>Dec.31, 2009</u>
			<u>EGP</u>	<u>EGP</u>	<u>EGP</u>
- F.I.S.C.	7	3-5 years	22,665,283	39,195,644	36,314,000
- KFW Private Sector Industry (Phase II)	9 - 10.5	10 YEARS	5,985,945	10,948,592	9,581,678
- UNIDO	1	2011	230,398	230,398	2,249,926
- Agricultural Research and Development Fund (ARDF)	3.5 - 5.5 depends on maturity date	3-5 years	69,767,222	73,977,222	33,687,857
- Ministry of Agriculture (V.S.P)	3.5 - 5.5 depends on maturity date	3-5 years	-	-	60,000
- Social Fund	3 months T/D or 9% which more	2010	249,000	479,250	1,485,844
- Spanish Microfinance Loan	0.5	2012	6,822,339	10,233,508	9,857,737
Total			<u>105,720,187</u>	<u>135,064,615</u>	<u>93,237,042</u>

(30) Credit Balances and Other Liabilities

	<u>Sep.30, 2010</u>	<u>Sep.30, 2009</u>
	<u>EGP</u>	<u>EGP</u>
- Accrued Interest Payable	221,638,151	172,395,377
- Accrued Expenses	96,865,161	63,907,016
- Accounts Payable	443,107,321	460,698,162
- Income Tax	299,810,196	306,398,840
- Other Credit balances	17,042,564	125,565,091
Total	<u>1,078,463,393</u>	<u>1,128,964,486</u>

(31) Other Provisions

	<u>Sep.30, 2010</u>					
	<u>EGP</u>					
	<u>Opening</u> <u>Balance</u>	<u>Formed</u> <u>During the Period</u>	<u>FCY Balance</u> <u>Reval. Difference</u>	<u>Usage</u> <u>During the Period</u>	<u>Balance</u> <u>No Longer Required</u>	<u>Closing</u> <u>Balance</u>
- Provision For Income Tax Claims	146,909,685	-	-	-	(70,000,000)	76,909,685
- Provision For Legal Claims	3,401,533	5,450	-	(5,000)	(2,725,450)	676,533
- Provision For Contingent	281,592,486	15,392,916	4,652,266	-	(35,312,276)	266,325,392
- Provision For Other Claim	11,824,874	545,037	5,350	(1,551,850)	-	10,823,411
Total	443,728,578	15,943,403	4,657,616	(1,556,850)	(108,037,726)	354,735,020

	<u>Dec.31, 2009</u>					
	<u>EGP</u>					
	<u>Opening</u> <u>Balance</u>	<u>Formed</u> <u>During the year</u>	<u>FCY Balance</u> <u>Reval. Difference</u>	<u>Usage</u> <u>During the year</u>	<u>Balance</u> <u>No Longer Required</u>	<u>Closing</u> <u>Balance</u>
- 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 5,901,443,600 to be divided on 590,144,360 shares with EGP 10 par value for each share based on

1- Increase Issued and Paid up Capital by amount EGP 25,721,800 in April 21, 2010 in according to Board of Directors decision on November 11,2009 by issuance of first tranche for E.S.O.P program

2- Increase Issued and Paid up Capital by amount EGP 2,950,721,800 in July 15, 2010 according to Board of Directors decision on May 12 ,2010 by distribution of one share for every outstanding share by capitalizing on the General Reserve and part of the Legal Reserve.

- 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 statutes 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

	<u>Assets (liabilities)</u> <u>Sep.30, 2010</u>	<u>Assets (liabilities)</u> <u>Dec.31, 2009</u>
	<u>EGP</u>	<u>EGP</u>
Deferred tax assets and liabilities are attributable to the following:		
- Fixed Assets (Depreciation)	(22,992,597)	(26,940,482)
- Other Provisions(Excluded Loan Loss, Contingent Liabilities And Income Tax Provisions)	2,299,988	3,045,281
- Other Items(Other Investments Revaluation Difference)	32,862,389	31,517,523
- Reserve For Employee Stock Ownership Plan (ESOP)	27,425,710	32,176,996
<u>Total</u>	<u>39,595,490</u>	<u>39,799,318</u>

(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:

	<u>Number of Shares</u>
- Outstanding At The Beginning Of The Year	10,322,024
- Granted During The Year	3,388,366
- Forfeited During The Year	-
- Exercised During The Year	(2,572,180)
- Expired During The Year	-
- Outstanding At The End Of The Year	<u>11,138,210</u>

- The estimated fair value of the equity instrument granted to the first tranche is EGP 30.54 .
- The estimated fair value of the equity instrument granted to the second tranche is EGP 27.06 .
- The estimated fair value of the equity instrument granted to the third tranche is EGP 13.70 .
- The estimated fair value of the equity instrument granted to the fourth tranche is EGP 21.70 .
-
- The equity instrument fair value for the first, second and third tranches have been adjusted to reflect the dilution effect of the Stock dividend that took place in 2010.

(35) Reserves and Retained Earnings

	<u>Sep.30, 2010</u> <u>EGP</u>	<u>Dec.31, 2009</u> <u>EGP</u>
- Legal Reserve	125,128,337	513,606,534
- General Reserve	78,564,646	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.	3,500,691	(106,589,600)
- Banking Risks Reserve	140,612,951	26,652,790
Total Reserves and Retained Earnings at the End of the Period	<u>552,394,491</u>	<u>2,101,914,074</u>
A- <u>Banking Risks Reserve</u>	<u>Sep.30, 2010</u> <u>EGP</u>	<u>Dec.31, 2009</u> <u>EGP</u>
- Opening Balance	26,652,790	-
- Effect Of Adjusting Accounting Standards	113,960,161	26,652,790
Ending Balance	<u>140,612,951</u>	<u>26,652,790</u>
B- <u>Legal Reserve</u>	<u>Sep.30, 2010</u> <u>EGP</u>	<u>Dec.31, 2009</u> <u>EGP</u>
- Opening Balance	513,606,534	432,851,511
- Used During The Period	(476,326,032)	-
- Transferred from Profits	87,847,835	80,755,023
Ending Balance	<u>125,128,337</u>	<u>513,606,534</u>
C- <u>Reserve For A.F.S Investments Revaluation Diff.</u>	<u>Sep.30, 2010</u> <u>EGP</u>	<u>Dec.31, 2009</u> <u>EGP</u>
- Opening Balance	(106,589,600)	(20,312,399)
- Gains (Losses) from A.F.S Investment Revaluation	110,090,291	(101,196,097)
- Losses from Impairment	-	14,918,896
Ending Balance	<u>3,500,691</u>	<u>(106,589,600)</u>
D- <u>Retained Earning</u>	<u>Sep.30, 2010</u> <u>EGP</u>	<u>Dec.31, 2009</u> <u>EGP</u>
- Opening Balance	(1,942,684)	(1,942,684)
- Transferred To Special Reserve	22,173,982	-
Ending Balance	<u>20,231,298</u>	<u>(1,942,684)</u>

(36) Cash And Cash Equivalent

	<u>Sep. 30, 2010</u> <u>EGP</u>	<u>Dec. 31, 2009</u> <u>EGP</u>
- Cash And Due From Central Bank	4,532,172,246	4,179,212,740
- Due From Banks	7,571,838,916	7,785,042,557
- Treasury Bills And Other Governmental Notes	8,416,562,813	13,191,665,954
- Due From Banks (Time Deposits) More Than Three Months	(7,374,237,446)	(7,509,460,335)
- Treasury Bills With Maturity More Than Three Months	(6,537,069,673)	(7,584,125,286)
Total Cash And Cash Equivalent	<u>6,609,266,856</u>	<u>10,062,335,630</u>

(37) Contingent Liabilities And Commitments**(A) Legal Claims**

There are a number of existing cases filed against the bank in 30/09/2010 without provision as it's not expected 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 141,001,029 as follows:-

	<u>Investments value</u> <u>EGP</u>	<u>Paid</u> <u>EGP</u>	<u>Remaining</u> <u>EGP</u>
- Available for Sale Financial Investments	472,706,993	332,305,964	140,401,029
- 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 2,417,411

(C) Loans, Facilities and Guarantees Commitments

	<u>Sep.30, 2010</u> <u>EGP</u>	<u>Dec.31, 2009</u> <u>EGP</u>
- Letters Of Guarantee	9,919,342,230	11,348,196,542
- Letters Of Credit (Import And Export)	1,061,524,617	820,272,115
- Customers Acceptances	502,401,863	469,403,911
Total	<u>11,483,268,710</u>	<u>12,637,872,568</u>

(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:-

	<u>Balance Before</u> <u>Adjustments Year</u> <u>2009</u>	<u>Balance After</u> <u>Adjustments Year</u> <u>2009</u>
- 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 65,451,019 with redeemed value EGP 10,279,082,534.
- The market value per certificate reached EGP 157.05 on 30/09/2010.
- The Bank portion got 1,915,749 certificates with redeemed value EGP 300,868,380.

- 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 3,904,441 with redeemed value EGP 301,461,890.
- The market value per certificate reached EGP 77.21 on 30/09/2010.
- The bank portion got 194,744 certificates with redeemed value EGP 15,036,184.

- 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 897,140 with redeemed value EGP 52,554,461.
- The market value per certificate reached EGP 58.58 on 30/09/2010.
- The bank portion got 45,434 certificates with redeemed value EGP 2,661,524.

- Hemaya Fund

- CIB bank established an accumulated return mutual fund under license no.585 issued from capital market authority on 23/06/2010. CI Assets Management Co.- Egyptian joint stock co - manages the fund.
- The number of certificates issued reached 2,035,617 with redeemed value EGP 204,783,070.
- The market value per certificate reached EGP 100.60 on 30/09/2010.
- The bank portion got 422,034 certificates with redeemed value EGP 42,456,620.

(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.

- Loans & Overdrafts	<u>EGP</u>	
- Customer Deposits	772,912,263	
- Contingent Accounts	138,473,417	
	219,739,125	
	<u>Income</u>	<u>Expenses</u>
	<u>EGP</u>	<u>EGP</u>
- International Co. for Security & Services	478,394	43,422,065
- Corplease Co.	48,247,805	643,517
- Commercial International Life Insurance Co.	165,442	1,394,739
- Commercial International Brokerage Co.	1,736,868	1,877,701
- Dinamic Company	36,606	31,519
- Egypt Factors	5,085,484	36,790
- CI Assets Management	7,632	13,325
- Commercial International Capital Holding Co.	56,580	251,845
- Haykala for Investment	333	2,876
- CI Capital Researches	143	594

(41) Tax Status

- The bank's corporate income tax position has been examined and settled with the tax authority from the start up of operations up to the end of year 1984.
- Corporate income tax for the years from 1985 up to 2000 were paid according to the tax appeal committee decision and the disputes are under discussion in the court of law.
- The bank's corporate income tax position has been examined and settled with the tax authority from 2001 up to 2004.
- Corporate income tax for the years 2005-2006 has been examined from the tax authority and paid.
- The bank pays salary tax according to concerning domestic regulations and laws, and the disputes are under discussion in the court of law.
- The bank pay stamp duty tax according to concerning domestic regulations and laws, and the disputes are under discussion in the court of law .

(42) Main Currencies Positions

	<u>Sep. 30, 2010</u>	<u>Dec. 31, 2009</u>
	<u>in thousand EGP</u>	<u>in thousand EGP</u>
- Egyptian Pound	32,624	60,421
- US Dollar	10,169	(29,077)
- Sterling Pound	(230)	279
- Japanese Yen	(168)	599
- Swiss Franc	(237)	1,081
- Euro	6,912	15,912